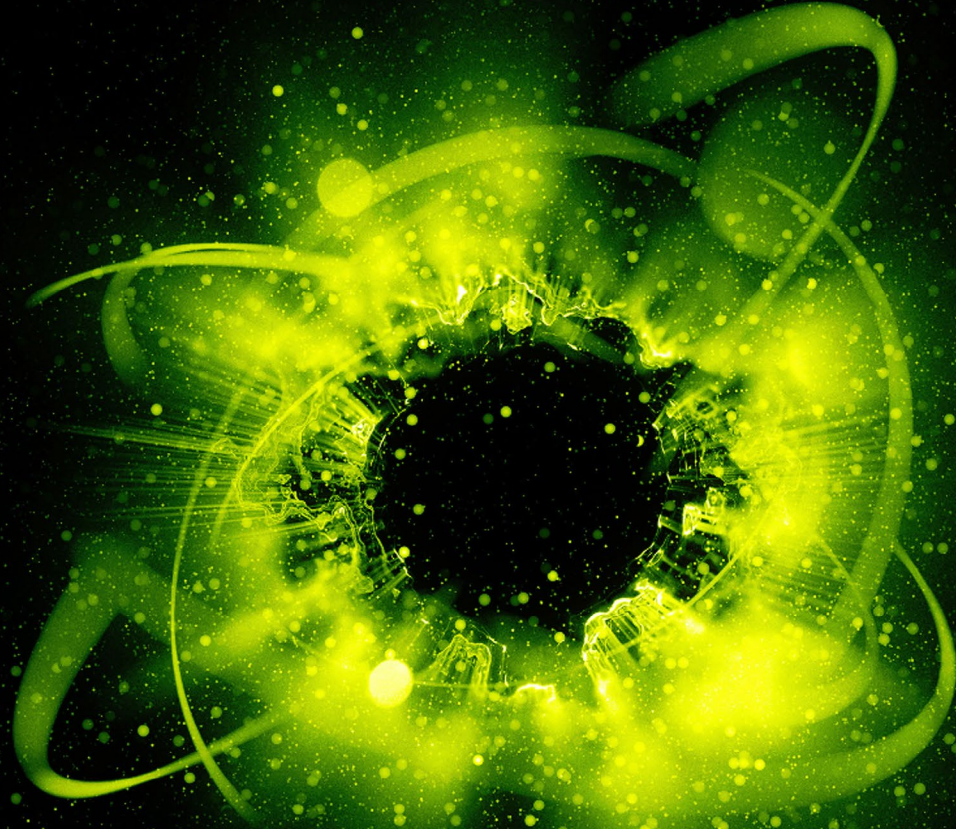


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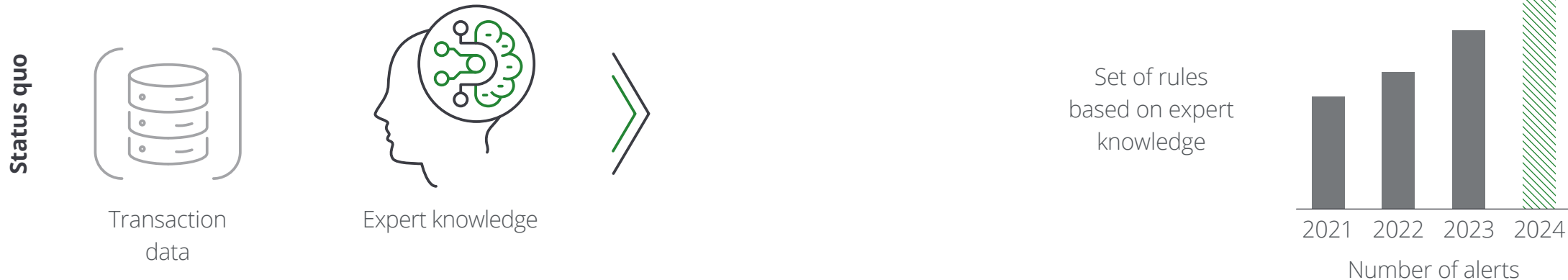


AixAML

Future-oriented solution for an effective and efficient AML transaction monitoring

## Status quo and key challenges

Traditional AML transaction monitoring models rely heavily on a set of expert-defined rules, often generating an excessive number of suspicious activity alerts. This high volume of alerts strains compliance resources with time-consuming manual reviews.

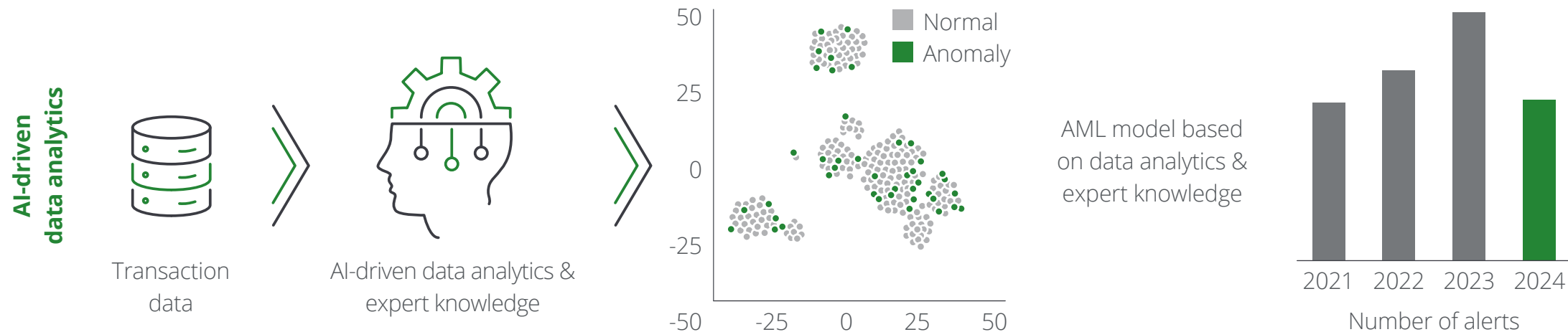


## Challenges

- Traditional AML transaction monitoring models rely on rigid sets of rules and fixed thresholds, prioritizing expert-defined criteria over analyzing underlying transaction data for deeper insights.
- These models generate thousands of alerts annually – and growing – with high false-positive rates, increasing the burden on compliance teams.
- The ability of auditors and regulators to fully replicate the parametrization of these models is limited, which can often result in audit findings.
- Complex and new money laundering or terrorism financing schemes often go undetected—or are only detected after a considerable delay—which makes preventive measures less effective.

## AIxAML – Solution

We use statistical methods and machine learning algorithms to parameterize the bank-specific sets of rules based on their transaction data.



### Solution

- Rules designed based on legal and regulatory requirements, FIU typology papers and the results of (institution-)specific risk analyses.
- Analysis of customer transaction behavior using transaction data and a combination of proven and explainable machine learning algorithms as well as conventional statistical methods.
- Identification of anomalies and patterns in transaction behavior – both at the individual customer and group levels – as basis for the data-driven parametrization of the set of rules.
- Backtesting of new sets of rules, including comprehensive documentation of expert-defined and data-driven model design as well as the methodologies used to ensure auditability and transparency.

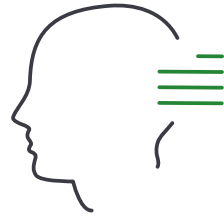
## AIxAML – Added value

Our data-driven approach reduces manual workload and dependencies on key resources while also improving auditability.

Our experience from three implementation projects



Analysis of more than 1.3 billion transaction data records ...



... from roughly 5.9 million clients or 8.7 million accounts ...



... to identify over 20 customer groups with comparable transaction behavior ...



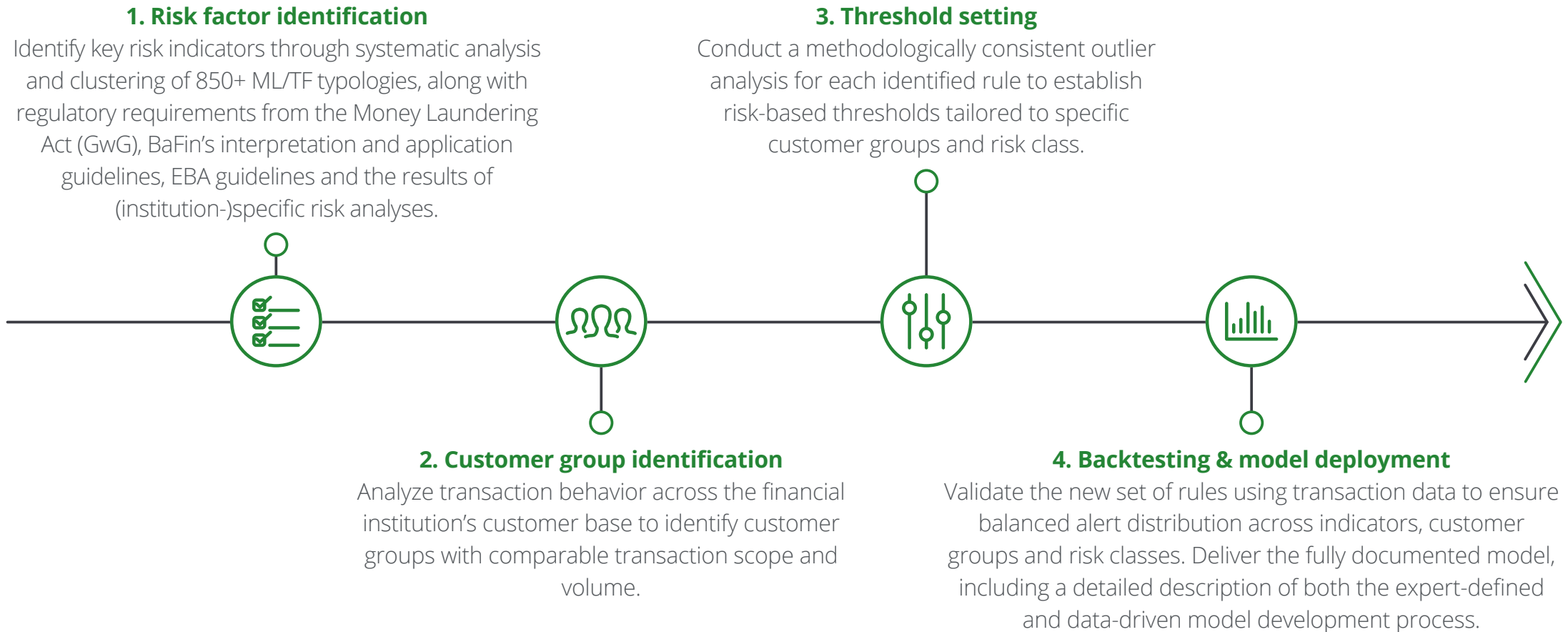
... and parametrize 160+ rules across three financial institutions.

### Added value

- ✓ More accurate parametrization reduces false positives, significantly lowering the overall number of alerts.
- ✓ Improved auditability and reduced reliance on personnel through transparent, data-driven methods of deriving and parametrizing rules.
- ✓ Reduced operational workload as staff deal with fewer, more relevant alerts.
- ✓ More effective prevention of money laundering and terrorist financing by detecting new or more complex patterns.

## AlxAML – Our approach

Our four-step approach covers the full process — from defining the rule set to the initial backtesting of the new model.



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