

Proof of Value in Just Two Days

ThetaRay's Transaction Monitoring Solution Bolsters Correspondent Banking

Executive Summary

A leading global bank with an expanding footprint and a strong presence in the financial capitals of the world, with ~\$3.4 billion in revenue in 2023 and annual profits of over \$1 billion, had decided to de-risk its international transactions over the past few years by reducing its correspondent banking network. The bank was looking for a solution to improve its risk management.

Project Scope: Proof Of Concept (POC)

Following the de-risk approach of many traditional financial institutions, the bank had significantly reduced its correspondent banking activities. The bank issued a tender together with a Proof of Value (PoV) request, looking for a transaction monitoring system that could easily integrate into the bank's correspondent banking environment and provide coverage for complex scenarios. Additionally, a system was required to address evolving models and autonomous adaptation to rules capabilities.

Objectives

- Improve its risk coverage including previously unidentified typologies.
- Improve alert efficiency.
- Increase its correspondent banking activities.
- Grow its revenues.

The PoV required the transaction monitoring solution to cover both known and unknown correspondent banking AML typologies, as well as pseudo-customers and non-customers effectively.

Furthermore, it was important to the bank for the system to improve alert efficiency to enable their investigation team to focus on real risk. Thus limiting false positive ratios was critical.

ThetaRay was selected in the tender to implement its cross-border Transaction Monitoring solution on-premise for the PoV. The bank provided several million historical raw correspondent banking SWIFT messages. The files were ingested into ThetaRay's machine learning transaction monitoring solution, and the data was processed through three types of analysis:

- Full path - corridors of payment flows
- Transaction originator analysis
- Transaction recipient analysis

Results



Short time to value

The PoV took only two days from data validation to alerts, and only five days to complete a full report. ThetaRay Transaction Monitoring proved its ability to take raw data from the SWIFT gateway without any additional processing.

(Full production mode would take a few weeks to complete.)



Robust combined risk analysis

ThetaRay Transaction Monitoring solution used both AI and rules-based analysis as it processed the transactions, finding the following:

- Full path - average of 1.5 alerts per day
- Transaction originator analysis - average 5.1 alerts per day
- Transaction recipient analysis - 3.3 alerts per day



Substantial reduction of false positives

ThetaRay significantly reduced the number of false positive alerts, producing an average of 10 alerts per day.



Increased risk coverage

The solution was able to create patterns and scenarios immediately and dynamically to cover both known and unknown risks.



Increased business opportunities

Due to ThetaRay's unparalleled detection of high-risk transactions that were previously unidentified by the bank's systems, the financial institution recognized that the new data could drive business opportunities. For example, data indicating banks engaged in low-risk transactions presented an opportunity to foster deeper relationships and expand business with these financial institutions.