

Infographic: Multi-layered Approach to Transaction Monitoring

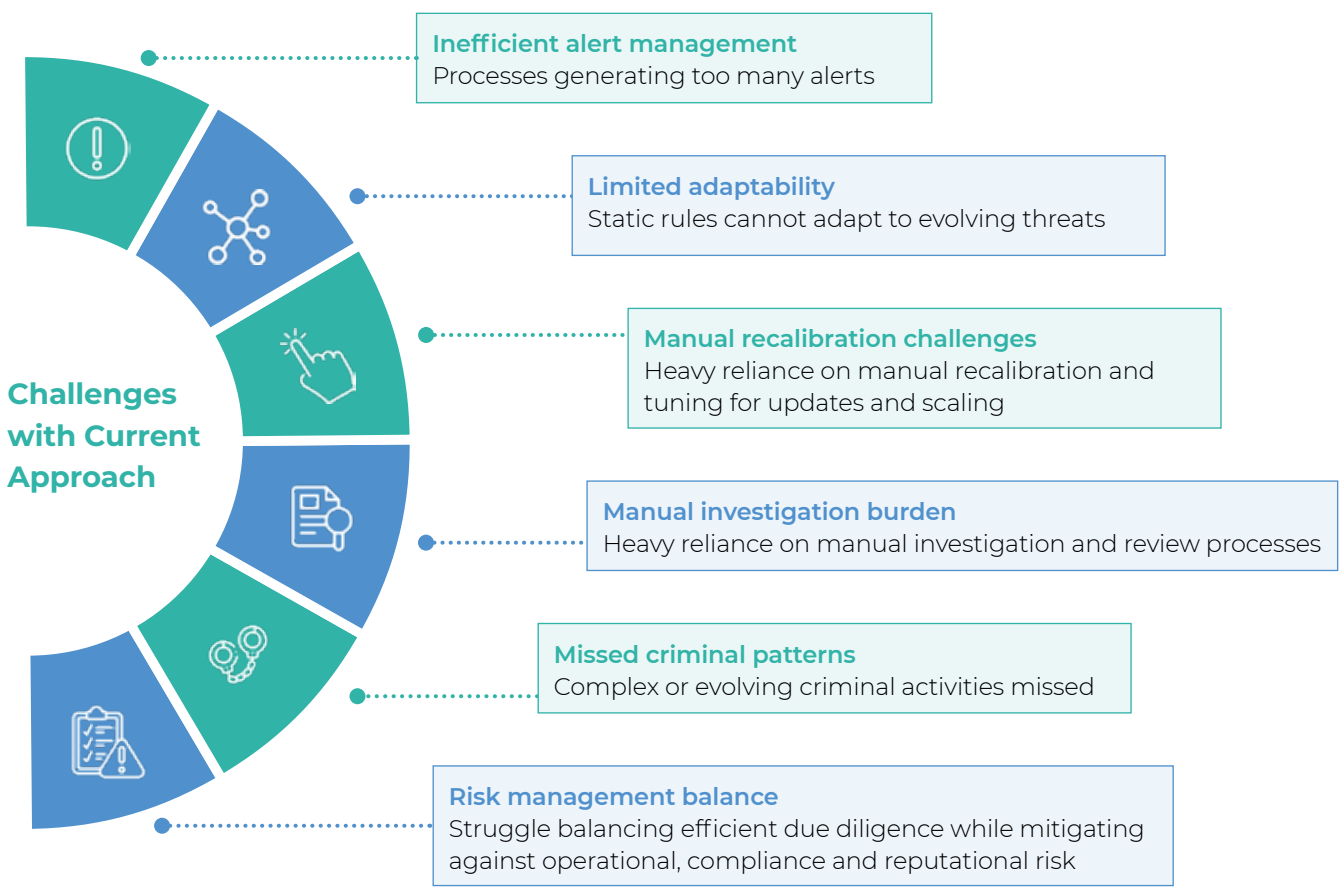
Advancing Compliance and Risk Management in Banking and Fintech

01 Current Approach to Transaction Monitoring

Many fintechs and banks approach transaction monitoring with a single-layer, heuristic rule-based detection methodology. While known and established, this method relies heavily on human models that cannot account for all known and unknown risk factors, often introducing bias.

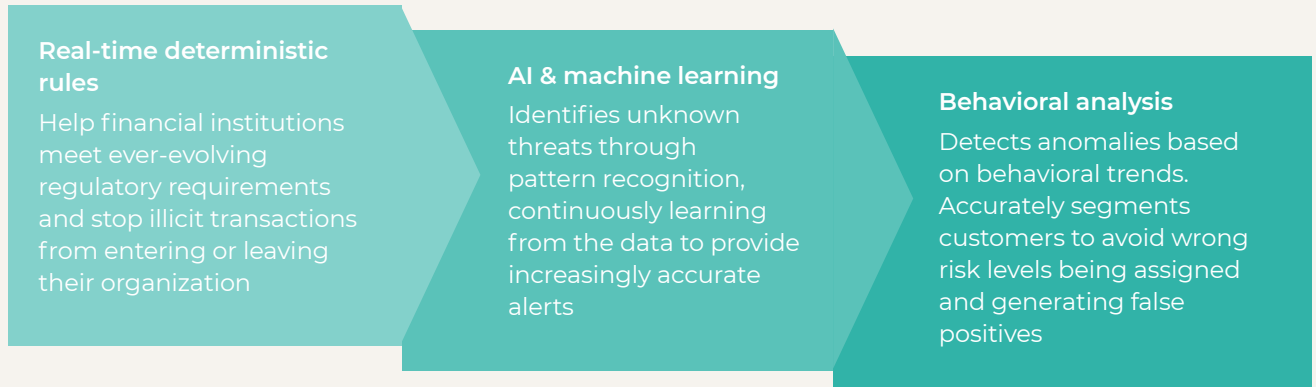
Traditional rule-based systems are typically reactive, requiring substantial time for calibration and tuning, and are resource-intensive due to manual reviews and periodic updates that lag behind evolving threats.

This approach demands significant front-end and back-end resources. It often lacks the flexibility and depth needed to effectively identify complex financial crimes, leaving organizations exposed to regulatory fines and reputational damage.



02 Why Shift to a Multi-layered Approach?

Definition: A multi-layered approach focuses on a risk-based methodology, combining layers of: real-time deterministic rules, AI & machine learning and customer behavioral analysis.



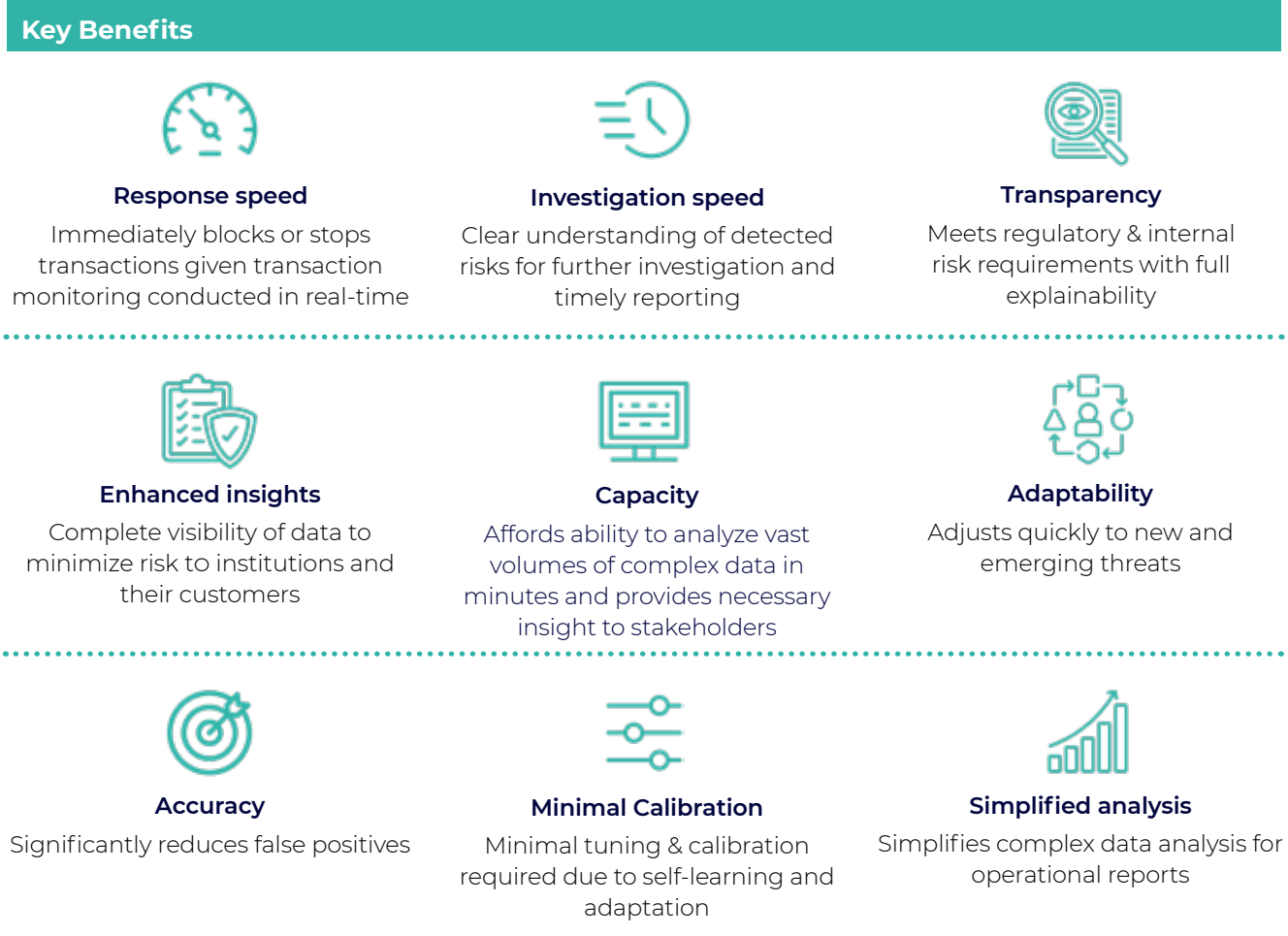
A risk-based approach concentrates on identifying unusual behaviors that rule-based systems might overlook due to their rigidly defined parameters and thresholds. Unlike a rule-based system, unbiased machine learning can establish a baseline of normal behavior by analyzing data patterns directly and dynamically without relying on predefined scenarios or models.

This data-driven approach effectively enhances the detection of both known and unknown threats and detects anomalies accurately, offering greater risk coverage.

03 Benefits of a Transaction Monitoring Multi-layered Approach

A multi-layered approach to transaction monitoring creates a robust defense against financial crime. It ensures an effective response to potential threats by monitoring all users and transactions, considering all the risks they pose to the business and then detecting unwanted behavior that could indicate potential money laundering activity.

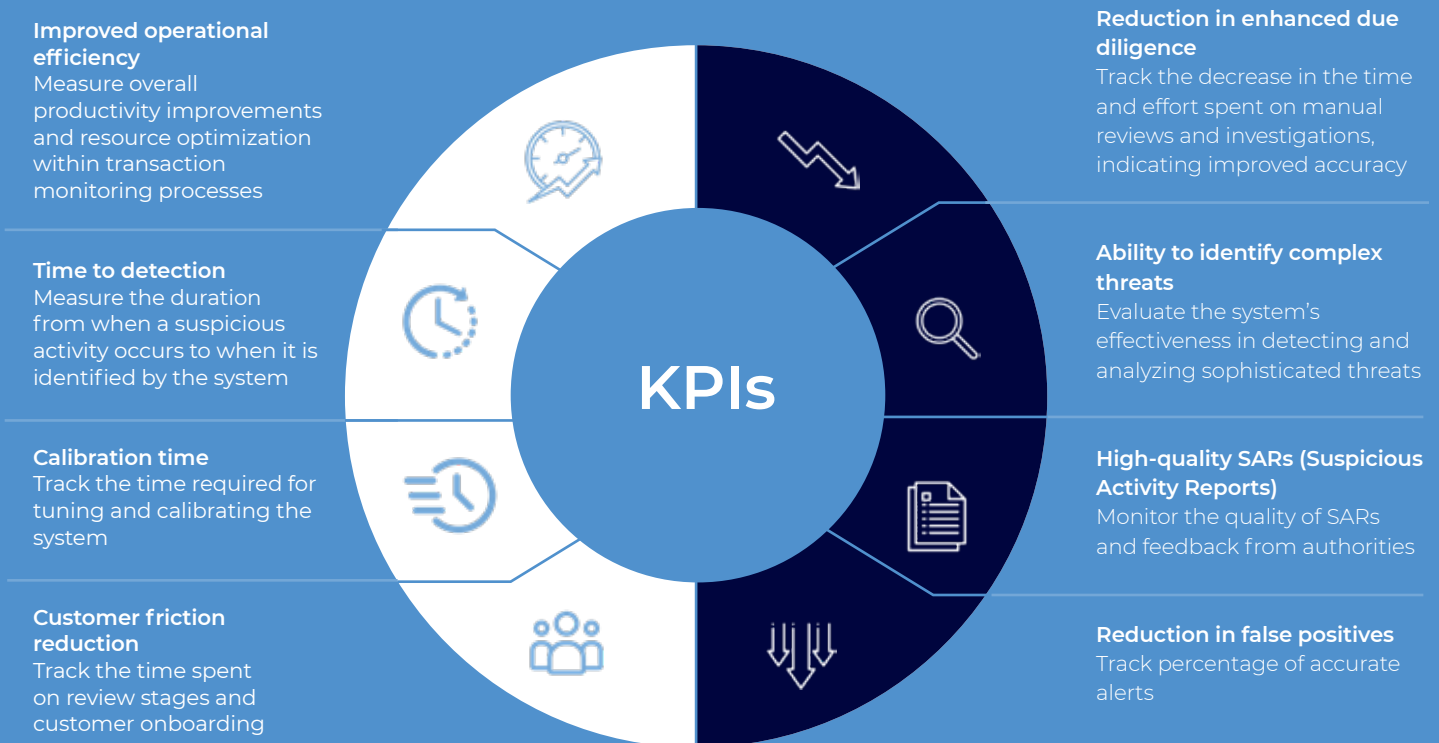
By leveraging AI and machine learning, this approach offers a scalable and continuously adaptive solution to the evolving challenges of financial crime.



04 KPIs: Measuring Efficiency and Effectiveness

By establishing and adhering to KPIs, organizations can assess the efficiency and impact of their transaction monitoring efforts. This ensures ongoing enhancement, while also providing clearer explainability and transparency for stakeholders and regulators.

To gauge the effectiveness of a multi-layered approach, key performance indicators play a critical role. Metrics may include the following:



05 Strengthen Your Risk Detection — Why Multi-layered Monitoring Matters Now

Embracing a multi-layered approach to transaction monitoring is transformative for fintechs and banks looking to strengthen their defenses against financial crime. This methodology not only enhances compliance but also future-proofs your organization against evolving threats.

Explore how this approach can elevate your compliance strategy.