Nasdaq Launches Anti-Money Laundering Investigation Technology

September 16, 2020

Nasdaq Automated Investigator to address gap in anti-money laundering (AML) investigations process

NEW YORK, Sept. 16, 2020 (GLOBE NEWSWIRE) -- Today Nasdaq (Nasdaq: NDAQ) announced the launch of the cloud-deployed Nasdaq Automated Investigator for AML, the first automated solution for investigating anti-money laundering (AML) for retail and commercial banks and other financial institutions. Designed, built and offered in partnership with UK-based Caspian, Nasdaq Automated Investigator for AML further expands Nasdaq's global efforts in combatting financial crime and promoting market integrity in the capital markets and beyond.

"The financial industry is making a structural shift to more intelligent technologies and real-time adaptive analytics based on much larger, more diverse data pools to detect and investigate financial crime," said Valerie Bannert-Thurner, SVP and Head of Sell-side and Buy-side Solutions, Market Technology, Nasdaq. "As both a market operator and technology provider, we have a commitment to the capital market ecosystem to keep markets healthy and safe to fight financial crime. Through the years of expertise we have gained as an industry leader in trade surveillance, we are both moving beyond our alerting capabilities to investigation, and expanding our solutions to help eradicate illegal money transactions."

The Automated Investigations Management space is a historically underserviced area of financial crime operations that presents a significant gap in the investigations management process for banks. Many techniques are used to launder money, causing banks to cast a wide net to catch perpetrators. The wide scope of surveillance means AML Transaction Monitoring (AMLTM) systems could potentially trigger as many as 200,000 to 300,000 alerts a month in extreme cases. In response, many banks have tightened the parameters within their AMLTM systems or added additional scoring mechanisms, thereby reducing alerts. However, when banks tune their models too tightly, they run the risk of missing criminal activity and exposing themselves to regulatory sanction. Even those that have tightened their parameters can experience 20,000 to 25,000 alerts in a month.

To support these efforts, the Nasdaq Automated Investigator ingests alert data from any transaction monitoring system, collates all of the necessary data required for analysis, analyzes the data and then replicates complex human decision making to provide a clear, auditable justification for all alerts regardless of volume, and in seconds. The technology is powered by multiple variants of artificial intelligence including both supervised and unsupervised learning in conjunction with business rules to provide a significant increase in operational efficiency. Beyond AML, Nasdaq sees broad applicability for this new category of solutions that the Nasdaq Automated Investigator has established, and plans to roll out functionality across complementary financial crime segments in the future.

"We have designed the Nasdaq Automated Investigator to automate the complex stages of an alert investigation process with tools focused on the mechanics and effectiveness of the actual investigation," said Darren Innes, Head of AML Technology, Sell-Side and Buy-Side Solutions, Nasdaq. "Our solution improves the manually intensive anti-financial crime process by fully automating all stages of the existing manual alert investigation process to deliver accurate, consistent decision-making at scale. This pinpoints the highest-probability of nefarious activity for analysts to prioritize, and provides them a layer of demonstrable explainability that does not currently exist in financial crime investigations."

Nasdaq's market technology powers more than 250 of the world's market infrastructure organizations and market participants, including broker-dealers, exchanges, clearinghouses, central securities depositories and regulators, in over 50 countries with end-to-end, mission-critical technology solutions.

About Nasdaq

Nasdaq (Nasdaq: NDAQ) is a global technology company serving the capital markets and other industries. Our diverse offering of data, analytics, software and services enables clients to optimize and execute their business vision with confidence. To learn more about the company, technology solutions and career opportunities, visit us on LinkedIn, on Twitter @Nasdaq, or at www.nasdaq.com.

Media Contacts

Ryan Wells
Mobile: +1 646 648 3887
ryan.wells@nasdaq.com

Yan-yan Tong
Mobile: +46 (0)73 449 66 83
yan-yan.tong@nasdaq.com

NDAQG