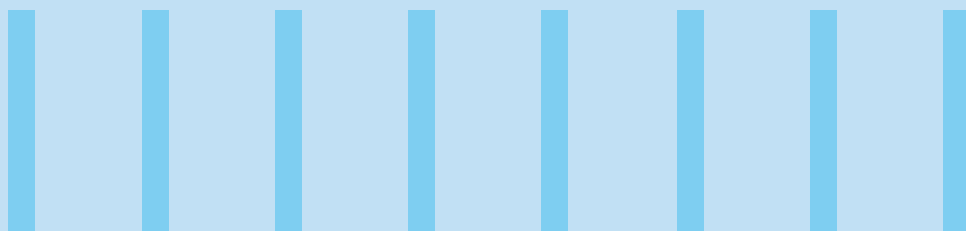


AN INTEGRATED APPROACH FOR FINANCIAL CRIME COMPLIANCE (IFCC)

AN INFOSYS PERSPECTIVE



Unified approach to integrated financial crime compliance management


Background

- Financial institutions face an escalating and increasingly sophisticated threat landscape from financial crime, encompassing fraud, money laundering, and other illicit activities.
- Historically, Fraud & Anti-Money Laundering (AML) functions have operated in isolation, leading to **significant inefficiencies, fragmented insights, and critical vulnerabilities**.
- This siloed approach results in duplicated efforts, **delayed threat detection**, inconsistent risk assessments, and a **failure to identify complex, multi-vector criminal activities** that exploit the gaps between these disparate functions.

Challenges Faced


- Operating independent fraud, risk, and AML programs results in **redundant processes, increased costs, and inconsistent user experiences**.
- Disparate systems limit holistic visibility, **reducing the ability to identify suspicious patterns** that span multiple domains.
- Regulatory bodies are increasingly expecting integrated risk frameworks, holding **organizations accountable for enterprise-wide risk and compliance exposures**.
- As fraudsters and financial criminals employ more sophisticated tactics, **siloed defense mechanisms become less effective**.

Key considerations for an Integrated Approach




Unified Risk Categorization

Align how all financial crimes compliance risks are defined and measured to create a consistent risk profile across departments.




Data Integration

Consolidate transaction, KYC, cybersecurity, and customer data into a single, accessible repository for better analysis




Technology Compliance

Choose scalable platforms that support AI-driven analytics and seamless Financial Crimes Compliance case management.



Regulatory Compliance

Ensure the integrated system meets reporting requirements across different jurisdictions while maintaining compliance accuracy.



Vendor Selection

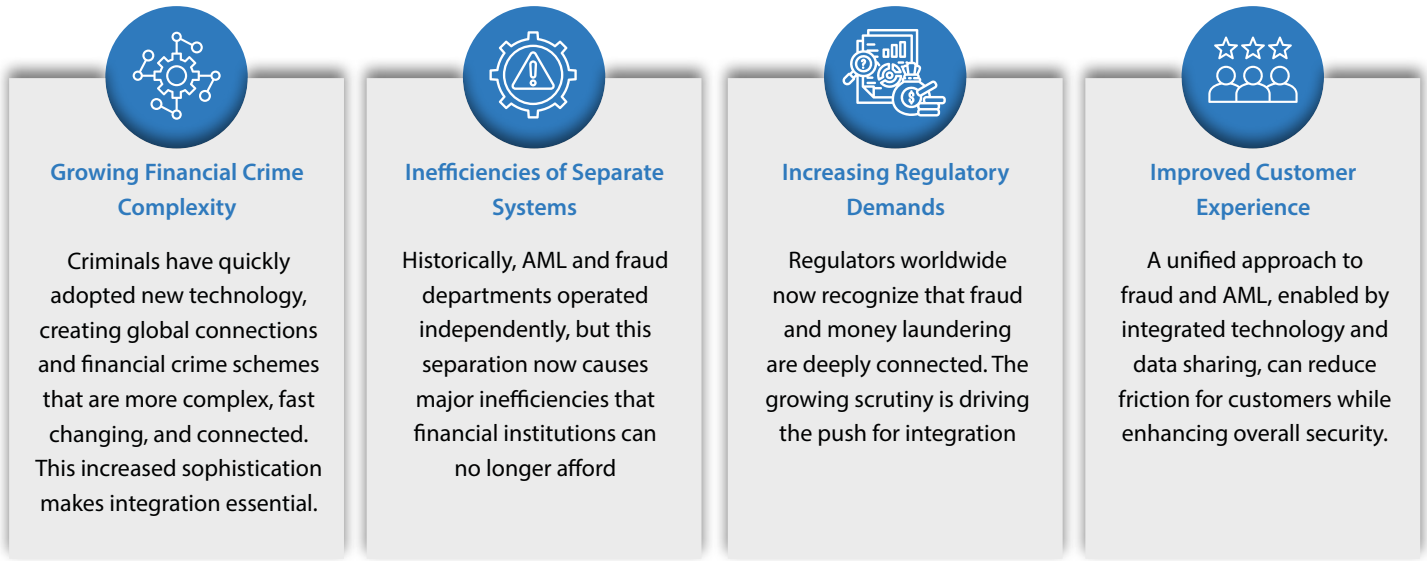
Evaluate providers offering robust Integrated Financial Crimes Compliance solutions or strong integration capabilities for existing systems.



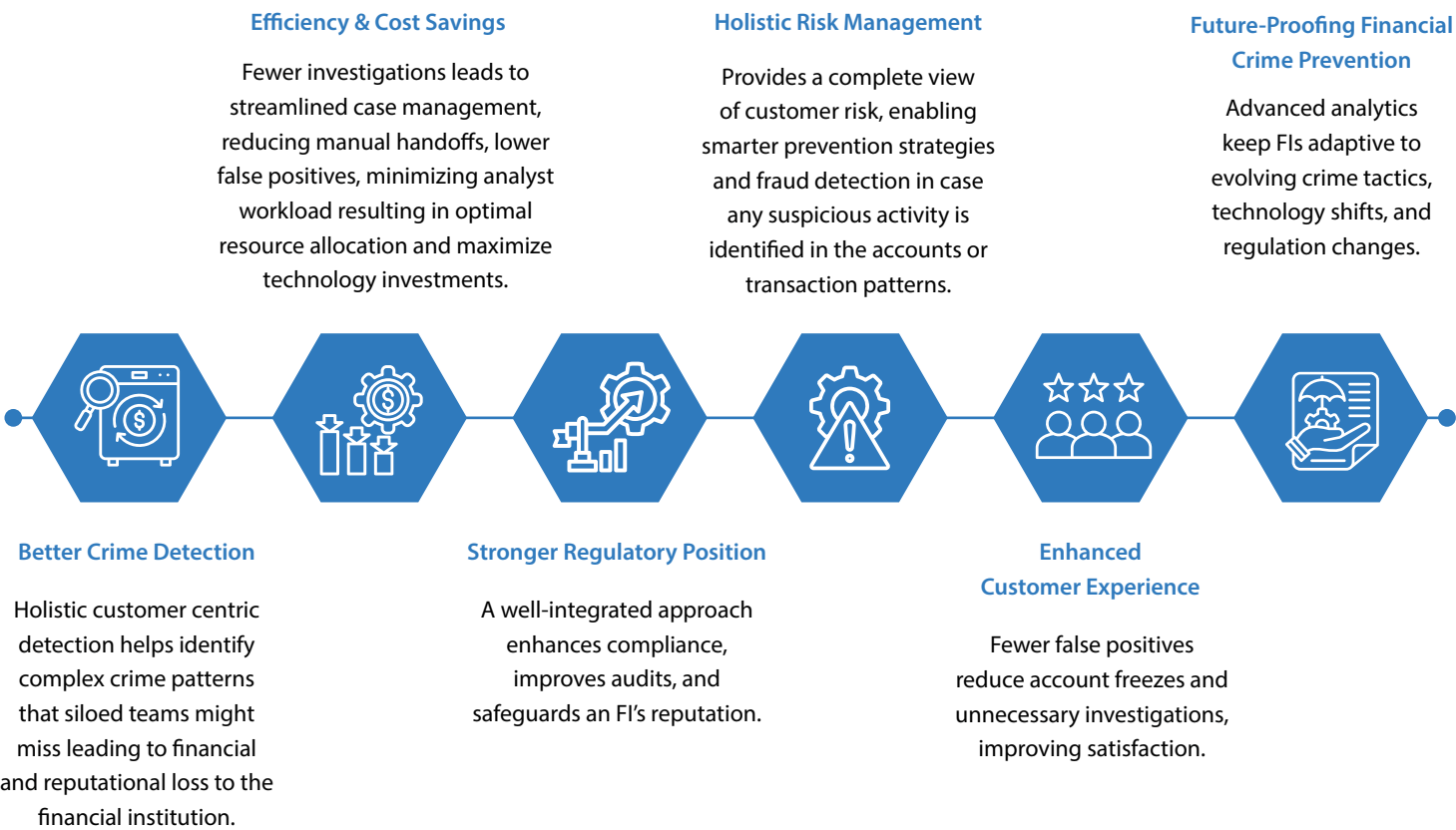
Adopting a holistic approach to integrated financial crime compliance platforms (iFCC)

iFCC, a combination of all Fin Crimes Compliance programs, is a modern-day approach that represents the shift from separate teams to a holistic financial crime strategy. It acknowledges that fraud proceeds are often laundered, and money laundering frequently involves fraud. By merging data, systems, and expertise, financial institutions (FIs) gain a 360-degree view of risks, enabling better detection, prevention, and response to financial crimes.

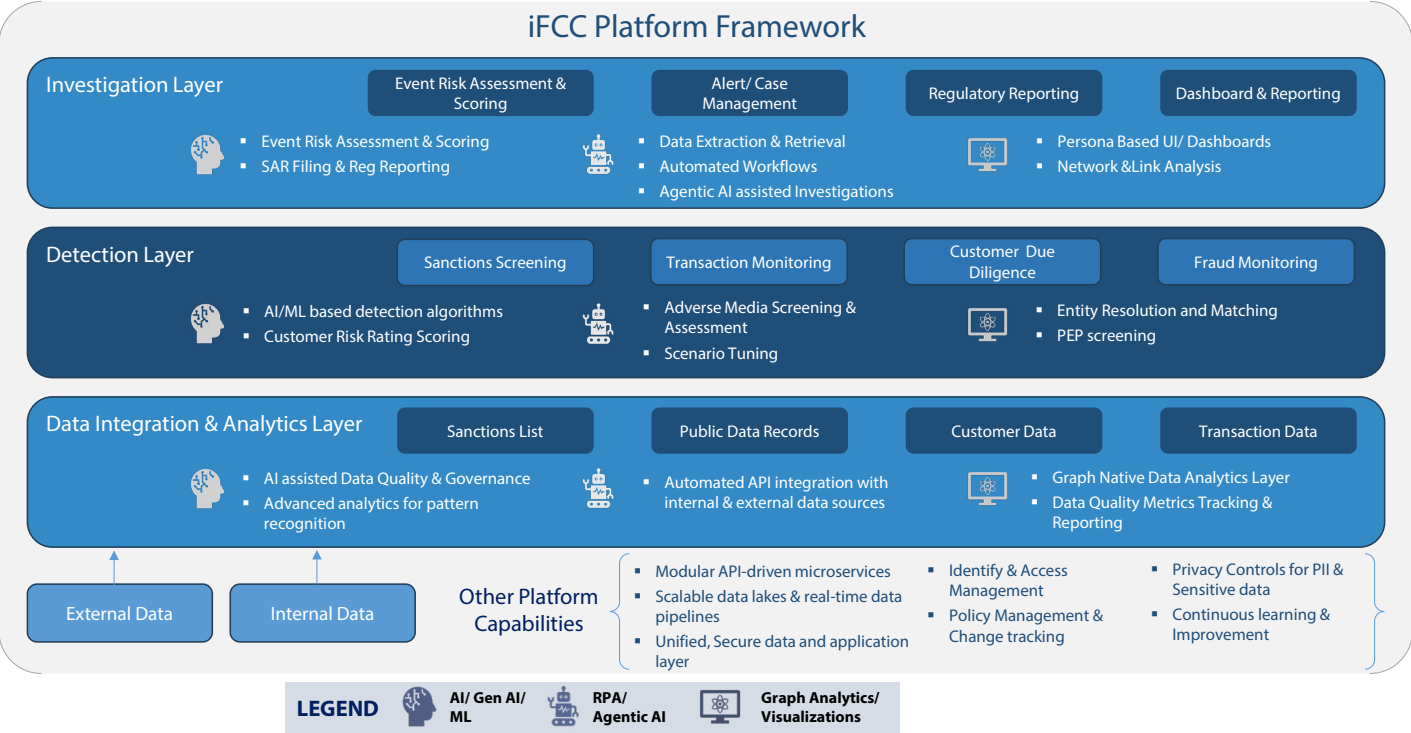
Key Drivers for Integration



Can benefit the financial institutions in many ways

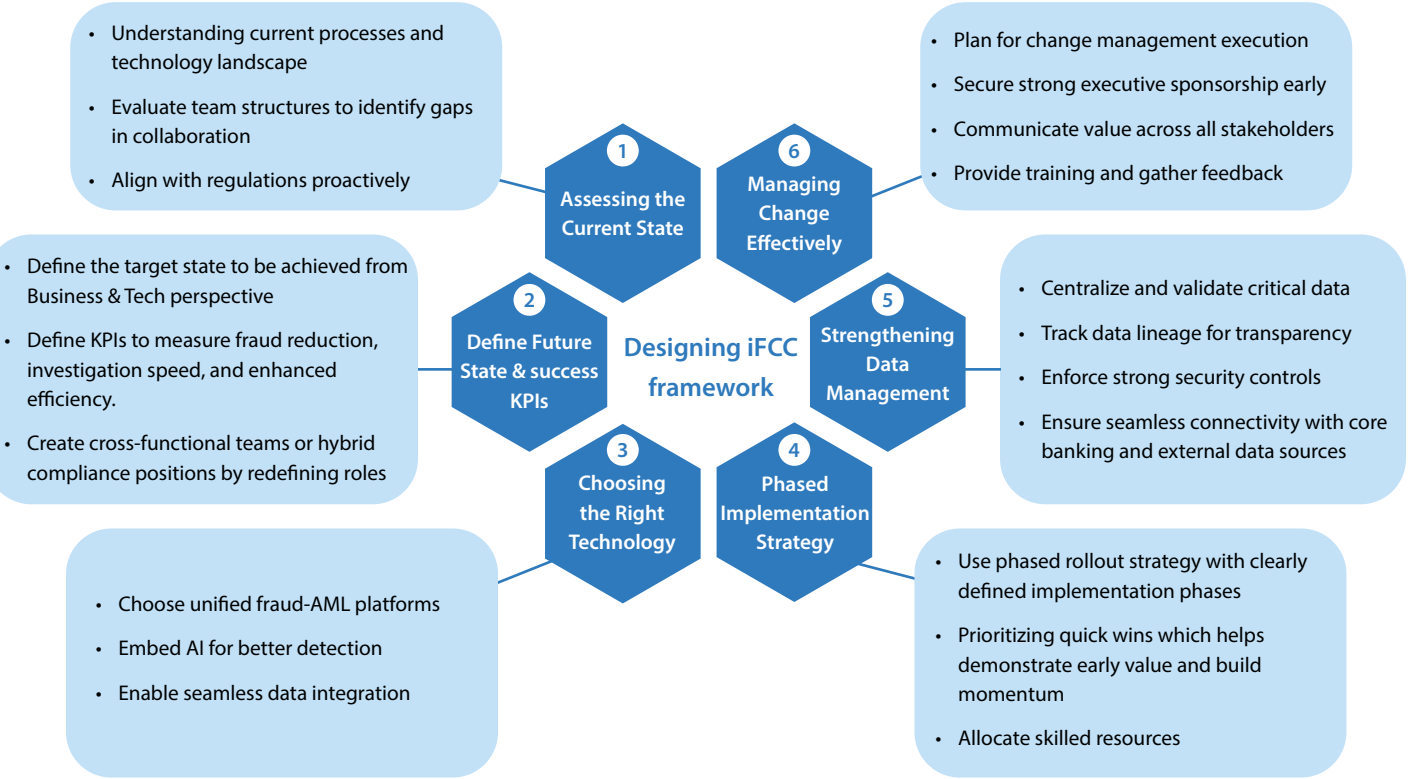


Illustrative Business Architecture and Capabilities for iFCC

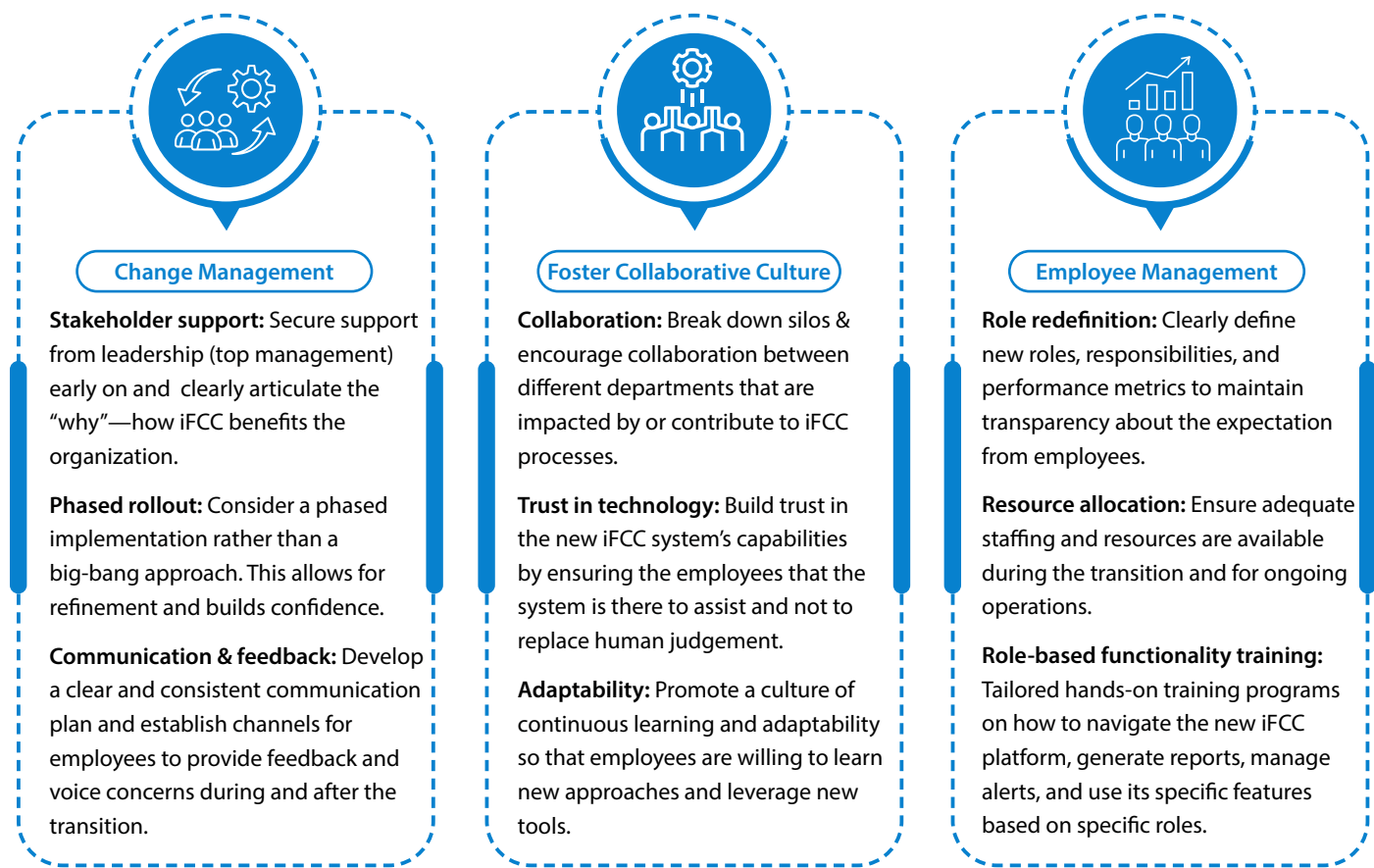


Implementing iFCC framework requires a step-wise approach...

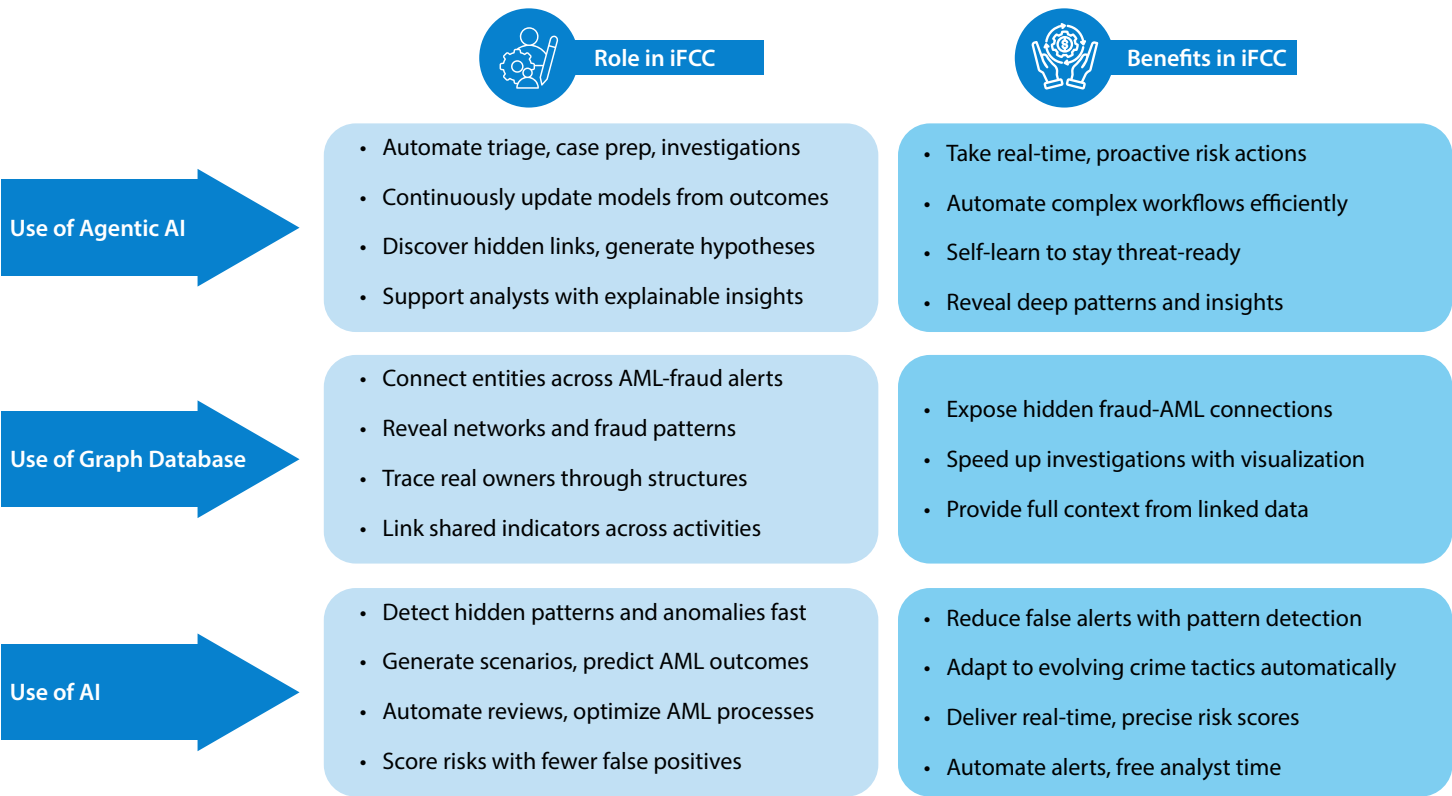
Creating a strong financial crime compliance system requires careful planning, investment, and a commitment to change. It's more than merging AML and fraud teams—it involves changing culture, redesigning processes, data flows, and technology. Here are key steps financial institutions should take.



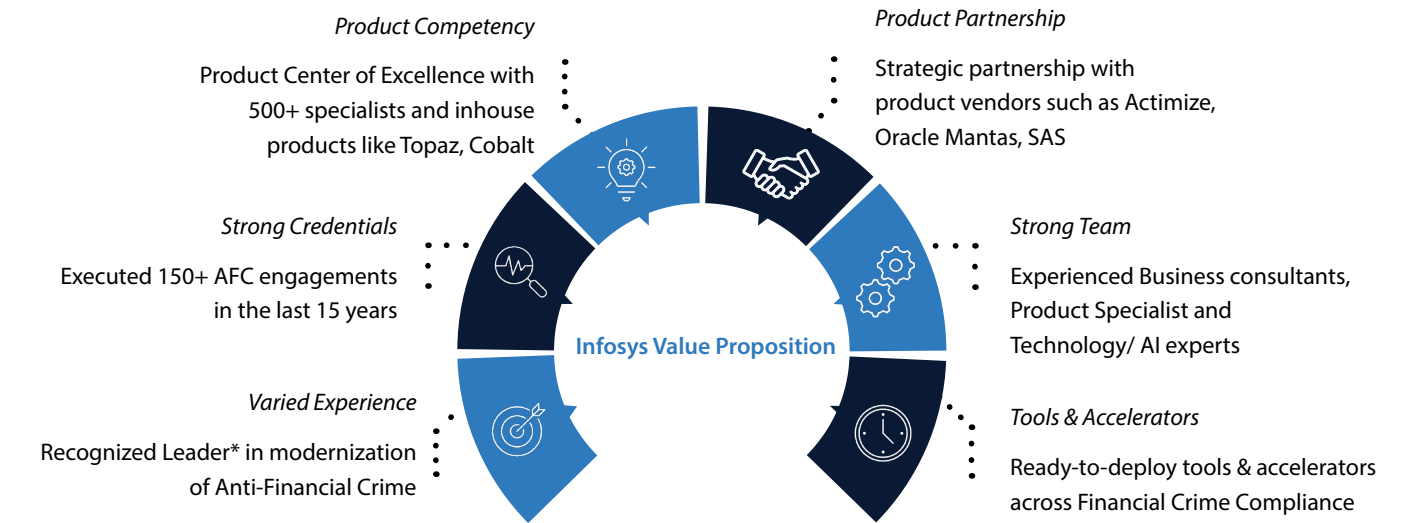
While addressing some important Business Considerations and...



...and key Technology Considerations



Infosys can help organizations in seamlessly implementing iFCC based on expertise derived from extensive experience



*Rated as a Leader by Everest Group in 2024 and by ISG-One Research in 2023

Case Study 1
Mid-sized US bank adopted the iFCC approach to enhance its detection mechanism

Case Summary

Challenges

- A mid-sized U.S. bank faced following operational challenges with separate fraud and AML systems:
- Fragmented Detection Systems
 - High False Positive Rates
 - Inefficient Resource Allocation
 - Regulatory Pressure
 - Customer Experience Issues
 - Limited Data Sharing

Key Considerations by Bank

- **System Integration Complexity:** Merging legacy systems required significant technical architecture changes.
- **Data Harmonization:** Standardizing data formats and creating unified customer profiles.
- **Organizational Resistance:** Breaking down silos and overcoming pushback from teams hesitant to change.
- **Regulatory Approval Process:** Ensuring that the integrated approach doesn't create conflicts between AML and fraud prevention efforts.
- **Workflow Redesign:** Restructuring processes and procedures for the unified approach
- **Staff Retraining:** Comprehensive training programs needed for teams to work with the new integrated platform

Benefits after iFCC Implementation

Financial

- Monthly savings of ~\$90,000, combining efficiency gains and more accurate detection measures.
- Annual cost savings through operational efficiencies.

Operational

- Reduction in false positive alerts through intelligent correlation.
- Faster case resolution times due to streamlined workflows.
- Improvement in investigator productivity.

Detection

- Improved ability to identify complex fraud-to-laundering schemes.
- Enhanced customer risk profiling.
- Better pattern recognition across entire customer lifecycle.

Reference: <https://www.acamstoday.org/case-for-integrating-fraud-and-anti-money-laundering-processes/>

Case Study 2

Large regional bank in US adopted iFCC to tackle digital payment fraud and AML

Case Summary

Challenges

The regional bank faced growing losses through advanced digital payment fraud and money laundering resulted due to the following:

- Digital Channel Vulnerabilities
- Account Takeover Schemes
- Business Email Compromise
- Vendor Payment Fraud

Key Considerations by Bank

- **Real-Time Integration:** Connecting fraud detection with AML monitoring for immediate response.
- **Multiple Channel Monitoring:** Integrating monitoring across online banking, mobile apps, and payment systems.
- **Machine Learning Model Development:** Creating unified ML models that could detect both fraud and money laundering patterns.
- **Regulatory Coordination:** Ensuring compliance with both fraud reporting and SAR filing requirements.
- **Customer Communication:** Coordinating fraud and AML outreach without confusion.

Benefits after iFCC Implementation

Financial



- Significant reduction in digital payment fraud losses within 18 months
- Drastic improvement in recovery rates for compromised funds.
- Decreased average loss per incident through faster detection.

Operational



- 10% reduction in investigation time through unified case management.
- Eliminated duplicate customer contacts and account restrictions.
- Streamlined regulatory reporting processes

Detection



- High reduction in false positive card blocks .
- Faster resolution of legitimate transaction disputes.
- Improved customer satisfaction scores related to security measures.

Reference: https://www.splunk.com/en_us/blog/learn/fcrm-financial-crime-risk-management.html



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