

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
Al-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



Growing Financial Crime Complexity

Criminals have quickly adopted new technology, creating global connections and financial crime schemes that are more complex, fast changing, and connected. This increased sophistication makes integration essential.



Inefficiencies of Separate Systems

Historically, AML and fraud departments operated independently, but this separation now causes major inefficiencies that financial institutions can no longer afford



Increasing Regulatory Demands

Regulators worldwide now recognize that fraud and money laundering are deeply connected. The growing scrutiny is driving the push for integration



Improved Customer Experience

A unified approach to fraud and AML, enabled by integrated technology and data sharing, can reduce friction for customers while enhancing overall security.

Can benefit the financial institutions in many ways

Efficiency & Cost Savings

Fewer investigations leads to streamlined case management, reducing manual handoffs, lower false positives, minimizing analyst workload resulting in optimal resource allocation and maximize technology investments.

Holistic Risk Management

Provides a complete view of customer risk, enabling smarter prevention strategies and fraud detection in case any suspicious activity is identified in the accounts or transaction patterns.

Future-Proofing Financial Crime Prevention

Advanced analytics keep Fls adaptive to evolving crime tactics, technology shifts, and regulation changes.











Better Crime Detection

Holistic customer centric detection helps identify complex crime patterns that siloed teams might miss leading to financial and reputational loss to the financial institution.

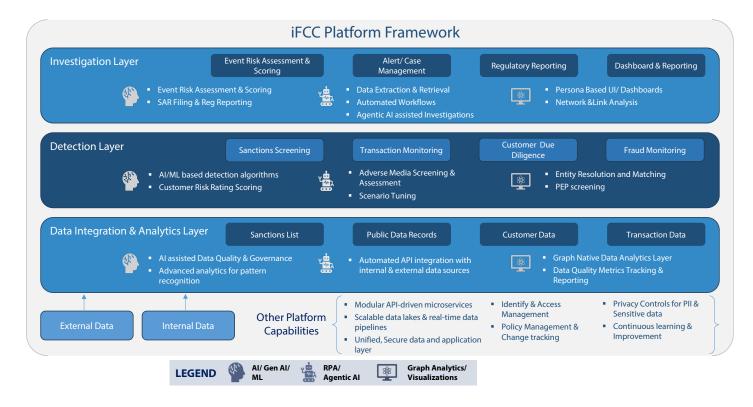
Stronger Regulatory Position

A well-integrated approach enhances compliance, improves audits, and safeguards an FI's reputation.

Enhanced Customer Experience

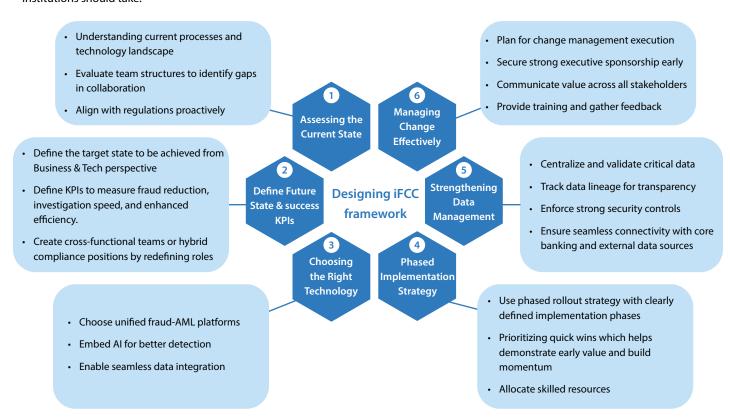
Fewer false positives reduce account freezes and unnecessary investigations, improving satisfaction.

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...



Change Management

Stakeholder support: Secure support from leadership (top management) early on and clearly articulate the "why"—how iFCC benefits the organization.

Phased rollout: Consider a phased implementation rather than a big-bang approach. This allows for refinement and builds confidence.

Communication & feedback: Develop a clear and consistent communication plan and establish channels for employees to provide feedback and voice concerns during and after the transition.



Foster Collaborative Culture

Collaboration: Break down silos & encourage collaboration between different departments that are impacted by or contribute to iFCC processes.

Trust in technology: Build trust in the new iFCC system's capabilities by ensuring the employees that the system is there to assist and not to replace human judgement.

Adaptability: Promote a culture of continuous learning and adaptability so that employees are willing to learn new approaches and leverage new tools.



Employee Management

Role redefinition: Clearly define new roles, responsibilities, and performance metrics to maintain transparency about the expectation from employees.

Resource allocation: Ensure adequate staffing and resources are available during the transition and for ongoing operations.

Role-based functionality training: Tailored hands-on training programs on how to navigate the new iFCC platform, generate reports, manage alerts, and use its specific features based on specific roles.

...and key Technology Considerations



Role in iFCC

- Automate triage, case prep, investigations
- Continuously update models from outcomes
- Discover hidden links, generate hypotheses
- Support analysts with explainable insights



- Take real-time, proactive risk actions
- · Automate complex workflows efficiently
- Self-learn to stay threat-ready
- Reveal deep patterns and insights

Use of Graph Database

Use of Agentic Al

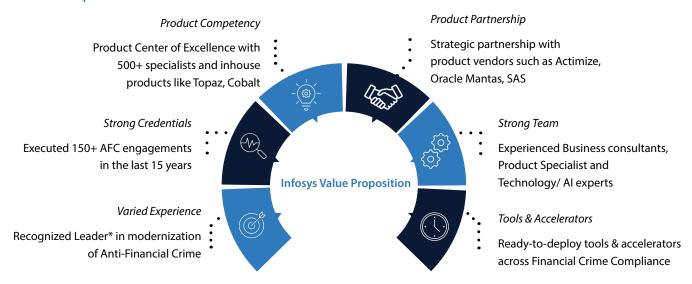
- Connect entities across AML-fraud alerts
- Reveal networks and fraud patterns
- · Trace real owners through structures
- Link shared indicators across activities
- Expose hidden fraud-AML connections
- Speed up investigations with visualization
- Provide full context from linked data

Use of Al

- · Detect hidden patterns and anomalies fast
- Generate scenarios, predict AML outcomes
- · Automate reviews, optimize AML processes
- · Score risks with fewer false positives

- Reduce false alerts with pattern detection
- Adapt to evolving crime tactics automatically
- Deliver real-time, precise risk scores
- Automate alerts, free analyst time

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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