

Reducing False Positives In Name Screening With Biometric AML

Using Image-Matching For Effective AML

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Innovative Biometric AML: An In-depth Definition

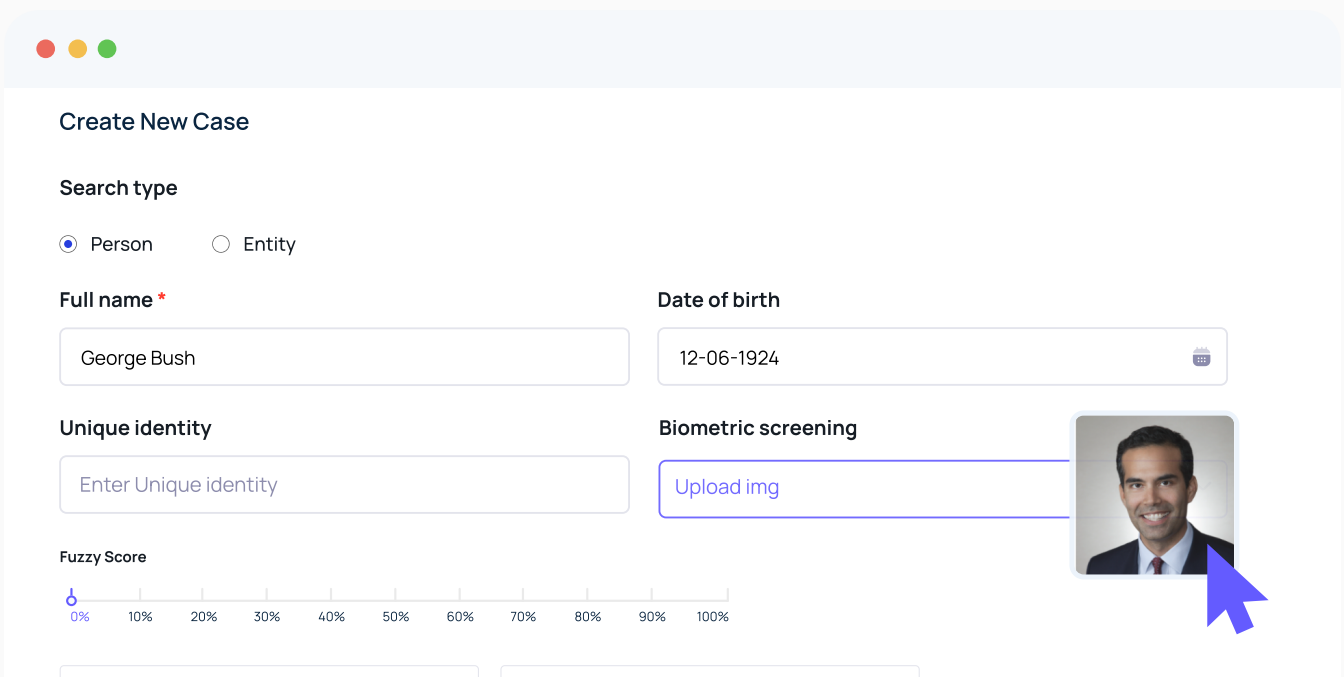
Definition

Biometrics, in its traditional sense, encompasses various identity markers, including irises and fingerprints. In the context of Biometric Anti-Money Laundering with a focus on name-screening and image-matching, it involves comparing the name of the individual in question against the list of designated and sanctioned persons. Additionally, image-matching serves to decrease the probability of a person becoming ensnared in legal issues simply because they happen to share the same name as one of the designated individuals.

Purpose

One of the primary objectives of Biometric AML is to enhance the capability of name-screening. It accomplishes this by incorporating name-screening with image matching to ultimately reduce the occurrence of false positives. False positives, in this context, refer to instances where a system wrongly identifies a person as a match to a designated individual.

Name-screening, while effective, still presents room for false positives, leading to consequences such as airport delays, restricted travel experiences, cumbersome interactions with financial institutions, potential racial profiling, and various associated challenges. Image-matching adds an additional layer of security, ensuring that only the designated person, matching both the name and image, is flagged and highlighted, thereby enhancing accuracy and minimizing errors.

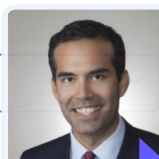


Create New Case

Search type

Person Entity

Full name * **Date of birth**

Unique identity **Biometric screening** 

Fuzzy Score

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

How is Biometric AML better than the conventional AML?

Conventional AML screening, limited to name and (DoB), lacks availability for all customers, resulting in less precise results and extended wait times. This outdated approach increases false positives, human error, and overall exposure to risk.

Conventional AML screening:
Name + DoB = High Rate of False Positives

Biometric AML, integrating name screening with image matching, significantly reduces the rate of false positives. The uniqueness of a person's image is a discernible feature, enhancing precision and minimizing errors in detection.

Innovative Biometric AML
Name + DoB + ID + Image-Matching = Reduced Risk of False Positives

Regulatory Landscape

Biometric Anti-Money Laundering and FATF

Recommendations

Biometric AML, combining name-screening and image-matching, aligns with the FATF recommendations outlined in Section D, focusing on preventive measures, customer due diligence, and record-keeping.

Recommendation 10

Specifically addressing Recommendation 10, Biometric AML ensures financial institutions can meet the required customer due diligence measures, including establishing business relations, conducting occasional transactions, responding to suspicions of money laundering or terrorist financing, and addressing doubts about customer identification data.

The risk-based approach is inherent in Biometric AML, allowing financial institutions to implement CDD measures effectively.

Recommendations 12–15

Biometric AML addresses challenges posed by politically exposed persons, correspondent banking relationships, and money or value transfer services, aligning with Recommendations 12–14. With a focus on new technologies (Recommendation 15), Biometric AML helps financial institutions identify and mitigate money laundering risks arising from emerging technologies.

Recommendation 18

Biometric AML supports the inclusion of reliable internal controls and AML/CFT measures in foreign branches and subsidiaries, in line with Recommendation 18.

Challenges in Traditional AML Screening

High Rate of False Positives

False positives pose a common challenge in traditional AML screening due to name commonality. Facial Biometrics addresses this concern by providing a unique image association for each case, significantly curtailing false positive occurrences.

Case Management Difficulties

Traditional AML screening encounters complexities in case management. Facial Biometrics simplifies this process by linking a distinct image to each case, facilitating easy differentiation and streamlined case tracking.

False Negatives and Associated Risks

The risk of false negatives in traditional AML screening arises from errors like incorrect dates or misspelled names. Image-matching feature of Biometric AML mitigates these risks, ensuring a more precise and dependable screening process.

Time and Resource Wastage

Traditional AML screening often results in the wastage of time and resources, especially with a high number of false positives. Image-matching feature of Biometric AML significantly reduces both time and resource wastage by eliminating false positives, enhancing the efficiency of the review process.

Industries Benefiting from Biometric AML Screening

▶ Financial Services

High Volume Transaction Screening: In the financial services sector, efficiently screening a high volume of transactions poses a challenge, elevating the risk of encountering false positives. Biometric AML, within this context, mitigates this challenge by minimizing false positives, streamlining the review process, and enhancing the overall efficiency of the AML screening workflow.

▶ Insurance

Complex Policy Structure Analysis: Within the insurance sector, where intricate policy structures pose a complexity for traditional screening methods to identify potential risks, Biometric AML emerges as a valuable solution. It improves accuracy, thereby reducing the risk of overlooking potential issues within complex policy structures.

▶ Investments

Diverse Portfolio Risk Assessment: Investment firms managing diverse portfolios with varying risk levels face challenges in identifying potential threats through traditional screening alone. Biometric AML offers a more accurate risk assessment, ensuring a comprehensive understanding of risks associated with diverse investment portfolios.

▶ Legal and Law Enforcement

Identification of Individuals with False Identities: Legal and law enforcement agencies encounter difficulties in identifying individuals who use false identities, posing potential security threats. Biometric AML acts as a solution by facilitating accurate identification, reducing the chances of false identities, and enhancing overall security measures.

▶ Gaming and Gambling

Mitigating Fraudulent Activities: The gaming and gambling industry faces the challenge of fraudulent activities, including money laundering, which may go undetected through traditional screening. Biometric AML serves as an additional layer of security, mitigating the risk of fraudulent activities and ensuring a more secure gaming environment.

User Perspective on Biometric AML Screening

The user perspective on Biometric AML screening involves an examination of how individuals perceive and engage with biometric technology integrated into AML processes.

Put differently, the user perspective considers the usability of biometric systems in AML applications, emphasizing factors such as:



Understanding users' experiences and feedback is crucial in evaluating the adoption and effectiveness of AML screening solutions. This involves exploring how these systems align with users' daily interactions and expectations within the financial security domain. It extends beyond functionality, examining the integration of AML screening into users' workflows, the clarity of interfaces, and satisfaction derived from utilizing the technology in financial security.

Where Effectiveness and Efficiency meets Ergonomic Suitability and Psychological Safety:



Stefano Marzi
AML Officer

“ I have thoroughly reviewed AML Watcher, and its ability to assist compliance professionals in conducting risk intelligence research at the deepest levels truly impressed me. Navigating through adverse media sources' often chaotic and overwhelming content can be challenging. Still, AML Watcher's proprietary biometric data matching capabilities can achieve complete accuracy and filter out false positives. ”



Robert L. Williams
Sanctions Advisor

“ There are a multitude of vendors that offer some of the same features but trust me when I say (and I am speaking as an AML and sanctions expert with over 20 years of expertise) give AML Watcher a try you won't regret it! ”

Biometric AML Screening Checklist

Biometric AML, incorporating name screening with image matching, demands a comprehensive approach aligned with FATF recommendations. The following checklist provides a foundational guide tailored for organizations to meet unique requirements:

1. Customer Due Diligence

- ▶ Implement robust biometric identity verification, combining name screening and image matching, during onboarding.
- ▶ Ensure the biometric system aligns with FATF's risk-based approach, enhancing precision in customer identification.
- ▶ Verify the identity of customers in occasional transactions or exhibiting suspicious behavior through the integrated biometric system.

2 . Record-Keeping

- ▶ Maintain comprehensive records of biometric data, including images, used for identity verification.
- ▶ Align record-keeping practices with FATF standards to facilitate audits and regulatory compliance for enhanced accountability.

3 . Transaction Monitoring

- ▶ Leverage biometric AML, integrating name screening and image matching, for real-time monitoring of transactions.
- ▶ Implement alerts within the system to flag unusual or high-risk transactions, bolstered by the dual identification features.

4 . PEPs and High-Risk Individuals

- ▶ Integrate functionality within the biometric AML system to identify and verify PEPs and high-risk individuals through enhanced image matching.
- ▶ Ensure ongoing monitoring and re-verification for individuals with elevated risk profiles, utilizing the combined name and image data.

5 . Correspondent Banking Relationships

- ▶ Apply biometrics, including name screening and image matching, for establishing and maintaining correspondent banking relationships.
- ▶ Regularly review and update biometric data associated with banking partners to ensure accuracy and compliance.

6 . Training and Awareness:

- ▶ Provide comprehensive training for staff involved in the operation and oversight of the biometric AML system, emphasizing the importance of integrated name screening and image matching.
- ▶ Foster awareness of AML compliance requirements and highlight the critical role of biometric technology, including name screening and image matching, in mitigating risks.

7 . Third-Party Reliance (Recommendation 17)

- ▶ Ensure third parties meet FATF criteria for CDD and compliance, incorporating integrated biometric measures such as name screening and image matching.
- ▶ Maintain clear protocols for obtaining necessary information from third parties and assess their adherence to AML standards, enhancing the reliability of the overall biometric AML framework.

10 . Audit and Review Mechanism

- ▶ Establish a regular audit schedule to assess the effectiveness of the biometric AML system, with a focus on integrated name screening and image matching.
- ▶ Conduct periodic reviews to ensure continued alignment with FATF recommendations, incorporating updates that enhance the precision and efficacy of the biometric AML framework.

Biometric AML Screening with AML Watcher

- ✓ Moreover, the accuracy of results is markedly improved, contributing to a more reliable AML screening process.
- ✓ This also significantly saves time for MLROs, allowing them to prioritize critical tasks without unnecessary delays.
- ✓ Biometric AML, integrated with AML Watcher, significantly reduces false positives, providing precise and exact results.
- ✓ The efficiency of this technology extends to resource utilization by minimizing the need for extensive manual reviews, resulting in significant resource savings.
- ✓ This not only streamlines the MLRO workflow but also enhances efficiency by eliminating the need to sift through numerous searches to find the desired outcome.
- ✓ Automation boosts MLRO confidence by ensuring high accuracy, reducing fuzziness, and minimizing false positives, enhancing overall AML process effectiveness.



Turn Insights into Strategy

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