

Press Release:

Frequently Asked Questions on the use of Artificial Intelligence as a tool to accelerate effectiveness in fighting financial crime by Financial Institutions

The Global Coalition to Fight Financial Crime established a Technology and Innovation Experts Working Group in 2022¹, inviting leading experts and practitioners to consider amongst other things, “*the use of Artificial Intelligence² (AI) as a tool to accelerate effectiveness in fighting financial crime*”. In this paper published today, the experts group have focussed on Financial Institutions and have formulated and answered 10 important questions (FAQ’s) which reveal the state of thinking which should overall encourage further support in the years to come.

The opportunity to use AI to fight financial crime including money laundering is potentially far reaching. We are already seeing successfully deployed use cases and expect to see more as the opportunities become available to more and the challenges inherent in this area are addressed. The use of AI in fighting financial crime including money laundering, will benefit from a broader acceptance and use of AI in other areas, where public and private sector leaders see significant benefits and introduce other successful programs, such that the anti financial crime space is not an outlier.

Whilst we are convinced that AI will play a major role in the future of fighting financial crime, including combatting money laundering, questions around success will depend just as much on the partnerships that are formed, data pools that can be accessed, the selection of AI types used, the activity being transformed, the implementation of the solution and the feedback and control environments put in place to track progress and minimise bias and unintended consequences.

The GCFFC wishes to thank all the experts, with particular thanks to Laura Hutton and Felix Hoddinott from Quantexa, Dan Margetts and Joceyln Norval from ING, Wolfgang Berner & Felix Berkham from Hawk AI, Phale McMillan from NatWest, and Karim Rajwani, an advisor, as well as the reviewers of this paper.

Statement from the Chair GCFFC: John Cusack

“The use of AI in fighting financial crime presents us with the opportunity to dramatically improve effectiveness and not just efficiency. AI to be truly effective though must learn from lots of human intelligence based as much on known criminal activity and not just suspicion or unusuality. This requires both public and private sectors to work together, prioritise and be selective on the data that is used to educate the systems of the future and have controls to ensure the models we make are models we all can trust”.

Statement from the Co Chair of the GCFFC Technology & Innovation Working Group: David Wilson, Group Head of Risk Intelligence, London stock Exchange Group (LSEG)

“The goal of the Experts Group is to help Financial Institutions understand the current state of thinking and highlight examples of leading practices which offer real opportunities to improve effectiveness. The use of AI to fight financial crime including money laundering is potentially far reaching and the paper covers successfully deployed use cases, along with challenges and key considerations”.

Statement from the Co Chair of the GCFFC Technology & Innovation Working Group: Markus Schulz, Global Head Financial Crime Compliance, ING

“This is the first paper of our Technology Think Tank, which we expect to supplement over time to consider not only FI’s use of AI, but also others in the ecosystem, such as by supervisors. We recognise that many are progressing with AI and the use cases and benefits are likely to quickly develop with experience, although the uptake of AI solutions is still early across the ecosystem, and so the contents of this paper will need to be

updated on a regular basis, but is nevertheless a good baseline to continue to chart the opportunities and the progress of deploying AI in the fight against financial crime by those in the Financial Services industry”.

Statement from the Deputy Chair of the MENA FCCG³: Michael Matossian

“The MENA Financial Crime Compliance Group, supports the publication of this paper by the GCFFC experts. Our FI’s recognise the important role AI can play in fighting financial crime as well as the many aspects that come with successfully designing and deploying these tools, and this paper helps FI’s and practitioners better understand their AML/CTF programmes”.

¹ See: <https://www.gcffc.org/experts-on-technology/>

² See: Artificial Intelligence (AI) refers to the simulation of human intelligence processes by machines, particularly computer systems. It involves creating systems that can perform tasks that typically require human intelligence, such as visual perception, speech recognition, decision-making, language translation, problem-solving, and learning from experience. AI systems aim to imitate and replicate human cognitive functions, enabling them to analyse and interpret data, make informed decisions, and adapt to different situations. Key characteristics of various artificial intelligence systems include: 1) **Learning**: AI systems which can learn from data and improve their performance over time. Machine learning and deep learning are subfields of AI that focus on developing algorithms that can automatically learn and improve from experience. 2) **Reasoning**: AI systems which can use logical rules and reasoning to make decisions and draw conclusions based on available information. 3) **Problem-Solving**: AI systems which can analyse complex problems, break them down into smaller components, and find solutions through various algorithms and heuristics. 4) **Perception**: AI systems which can interpret and understand data from the environment, such as visual input from cameras, audio input from microphones, and text input from documents. 5) **Natural Language Processing (NLP)**: AI systems which can understand, generate, and interact with human language. This includes tasks like language translation, sentiment analysis, and chatbot interactions. 6) **Adaptation**: AI systems which can adapt to new situations and changing environments. They can adjust their behaviour based on new data and experiences. 7) **Autonomy**: Some advanced AI systems can operate autonomously, making decisions and performing tasks without human intervention.

³ The MENA FCCG, is a voluntary body comprised of 13 banks from nine MENA countries, and is committed to bring collective action in the fight against money laundering and terrorist finance and help advance the economies of the region. See: <http://menafccg.com>