Sanctions screening optimization for corporations

Global export controls and sanctions

KPMG uses tested methodology to help ensure the success of sanctions screening programs.

After years of targeting sanctions enforcement actions at banks, regulators are refocusing attention on the corporate sector. Recent cases have crystalized the need for customized and finely tuned screening systems to mitigate risks. KPMG offers a wide range of sanctions screening solutions designed to match individual needs and risk appetites. We can help you ensure that your systems are optimized for both effectiveness and efficiency. Our services leverage leading technology along with regulatory and industry knowledge to meet your needs.

How we can help

System enhancement solutions
Even the most advanced screening systems must be customized, optimized, and tuned to achieve maximum efficiency and effectiveness. Without it, systems generate too many false positive alerts or miss transactions that should be stopped. KPMG's screening solutions help ensure that your resources are used to their fullest potential in the most cost-effective manner.

Screening model validation
Validation testing of the sanctions screening program helps to determine whether the system is working as intended, in line with regulatory expectations and KPMG's understanding of industry practices. KPMG's model validation methodology covers:

— Review of governance framework and conceptual soundness of the system

— Data quality

— System effectiveness and efficiency testing

— Process review

— Benchmarking against other companies

— Outcome analysis and reporting

System optimization
Off-the-shelf screening systems are commonplace, but oftentimes they produce a substantial number of false-positives. KPMG's optimization services takes leading practices to fine tune and optimize screening programs through rules, thresholds, and other methodologies in alignment with your particular risks and risk appetite.

Alert or "Hit" resolution services
Reviewing false-positive is time consuming and can be costly. KPMG's technology can automate review of most "hits" without human review, allowing companies to redeploy critical resources.

Automated Alert Discounting (AAD)
AAD technology is based on a library of algorithms/rules, which are widely applicable, that identify the most common false-positive alerts. After the alert population is sampled, an AAD rule set is implemented to process alerts without human intervention. While not as robust as RPA, discussed below, KPMG previously demonstrated an approximate 60 percent discount of a customer screening alert backlog at a Tier-1 Bank using this tool.

Robotic Process Automation (RPA)
RPA uses emerging technology to apply existing manual alert decision-making processes and policies without the need for human intervention. This solution is completely customized to align with the applicable screening program's alert adjudication policies and procedures and increases consistent alert handling while greatly reducing the need for human reviewers.

KPMG sanctions alert classifier

The KPMG Sanctions Alert Classifier automates alert review decision-making at the first level of review.

— Using advanced machine learning techniques, the tool automates the identification of 'True' and 'False' positive 'Level 1' alerts, at a rate of up to 1 million alerts per minute. The tool can be used with all sanctions screening systems currently in the market.

— The use of supervised machine learning helps ensure transparency and can be independently reviewed by auditors and regulators.

KPMG's Sanctions Alert classifier has been shown to deliver 99.998 percent accuracy in alert review decision-making. Alerts can be decisioned faster, with a higher degree of accuracy at reduced cost.

Managed services

Even with an optimized system, there are escalated alerts that require human review. KPMG has trained reviewers overseen by a former OFAC Compliance Officer who can assist with escalated alert clearing, reducing the burden on your staff.

Case studies

Global financial institution

Issue: Client with large screening volume experiencing:

— Poor data quality resulting in poor quality alerts being generated

— Traditional tuning techniques unable to keep pace with regulatory and technology change

— Manual alert review processes beset with human error, and an inability to manage "spikes," which result in backlogs.

Solution: Tuning and optimization to discount false positive alerts, as well as implementation of the KPMG Sanctions Alert Classifier.

Results:

— More than 50 FTE reduction in the first year, expected to rise above 100 FTE reduction in the second year, resulting in a multimillion-dollar cost reduction.

— Over 99 percent sanction alert classification accuracy through applied machine learning, achieving a higher accuracy compared to a human reviewer.

Manufacturer with international sales

Issue: Client screening system producing large number of false positives, resulting in an alert backlog of appx 62,000 alerts.

Solution: Tuning and optimization, along with KPMG's Automated Alert Discounting.

Results: Alerts are assigned a score in order to more easily identify false-positives, which greatly reduces the burden on review staff. The project resulted in 99.27 percent alerts discounted and less than 500 alerts requiring analysis by a human reviewer.

What's the best approach for my screening system?

With numerous options for improving screening efficiency and effectiveness, you may be wondering what mix of solutions best fits your needs. Reach out to us using the contact information below, and we can discuss your particular situation and customize a plan that works for you.

Contact us

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