Fourthline

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AML Watchlist Screening and Ongoing Monitoring

By Fourthline team

Screening a customer at onboarding is an industry standard when it comes to Know Your Customer (KYC) and anti-money laundering (AML) regulatory technology.

While screening is effective in filtering the fraudsters from acceptable customers at the moment of sign-up, it's only the first step of effective KYC and AML best practices. A customer that was screened and compliant today, may not be compliant a week from now. Financial enterprises are required to be constantly monitoring and screening their customers to ensure they know who their customers are and what risk they carry at any given moment. Doing so enables these enterprises to adhere to strict compliance regulations and implement controls based on their respective risk appetites.

So how do financial enterprises with millions of customers know that each one is staying out of trouble on a daily basis?

Unless they've employed a continuous monitoring technology, they don't know for sure.

AML Watchlist Screening and Ongoing Monitoring checks onboarded customers on a daily basis across a series of global databases (e.g. CIFAS, Political Exposed Persons (PEP), sanctions, adverse media) and

lists (e.g. proprietary and client sensitivity lists) that can determine if a user is high risk. This continuous monitoring grants enterprises peace of mind that sanctioned individuals, politicians or known fraudsters don't go unflagged and their business remains clear of regulatory missteps.

In-house continuous monitoring can be costly and time-intensive

Enterprises who choose to manage AML Watchlist Screening and Ongoing Monitoring in-house could have their work cut out for them. Performing the highest caliber of screening and monitoring accurately and across the customer lifecycle is a highly-specialized investigation process that some enterprises may not have the resources for, making continuous monitoring labor-intensive and time-consuming. Financial enterprises with millions of customers need to work with a 3rd party regtech provider or build operational departments and internal back-office systems that are fully dedicated to continuous monitoring.

At Fourthline, we found that an average of 90% of compliance costs of traditional banks and 70% of compliance costs of fintech companies consist of manual checks. On top of being costly, manual processes are highly error-prone. Enterprises with a

large customer database may only have the means to monitor when suspicious transactions are flagged rather than an always-on approach, leaving high-risk cases unaccounted for. There is increasing pressure from regulators to continuously re-verify their customers to keep their enterprises safe and avoid compliance pitfalls.

We take care of the heavy lifting

Our AML Watchlist Screening and Ongoing Monitoring makes use of proprietary algorithms, dedicated expertise and years of diverse industry experience to support identity management throughout the full customer lifecycle.

Our procedures follow the same logic as our bank-grade KYC solutions. Which means it's built on years of refined in-house proprietary logic that is continuously evolving. As a regulated financial institution, we ensure full compliance regardless of varying volumes of customer data or differing regional jurisdictions.

How it works

Getting started

Partners that have Fourthline-onboarded customers don't have to re-KYC and can integrate AML Watchlist and Ongoing Monitoring through our core KYC offering or as a standalone module.

Partners with customers onboarded through in-house or 3rd party solutions can submit accurate customer data to Fourthline through the dedicated API. 10 data points are required: we check for more points, ruling out more false positives and creating a fast and accurate screening process. Customer data that are uncertain or may be inaccurate can undergo re-KYC through Fourthline.

Screening against renowned and proprietary databases

Customers are screened against a set of world-class databases:

- Politically Exposed Person (PEP) and Sanction Screening
- CIFAS
- Fourthline Fraud Prevention List (proprietary)
- Partner Sensitivity List owned by the client
- Fourthline's Anti-Financial Crime (AFC) team of experts investigates hits.

Our approach is unique in that we take on the full investigation of hits and always deliver finalized decisions through an automated feedback loop.

Daily ongoing monitoring

Watchlists are updated on a daily basis with thousands of new entries and updates. Customers are monitored against these lists every single day. After we do the full investigations, partners are alerted of confirmed hits in real time. Fourthline delivers a downloadable report with actionable insights and definitive outcomes – eliminating uncertainty.

Automated solutions with actionable results

"Some companies have millions of users that are just languishing in databases that nobody knows anymore. Is that person a sanction? Are they a PEP? What is it that they're up to? So that's exactly what we've tried to fix with this product." says Alex Jordaan, Product Owner at Fourthline.

Years of experience means we've refined our rule enhanced logic that converts weak identifiers of financial crime into strong ones to detect more risk. Once that risk is detected, our highly-skilled Anti-financial Crime team investigates further. Our automated feedback loop and in-depth reporting mean partners don't have to deal with grey areas, inconclusive hit score percentages, or false positives.

"We do everything in- house. So we have the proprietary logic that we built ourselves. We have the experts that do the investigations we monitor, we build the software ourselves. So everything is up to us. All you need to do is partner." says Jordaan.