AML: KEY SUCCESS FACTORS

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AI in AML: need for a continuous oversight and updating

The increasing number and size of fines related to anti-money laundering (AML) violations highlight significant gaps in the current approaches to detecting and preventing illicit financial activities. These fines indicate the need for more advanced technologies, like artificial intelligence (AI), to improve AML processes.

Artificial intelligence in the anti-money laundering area upgrades and enhances risk management efforts by providing acceptable means for detecting, stopping, and reporting money laundry operations, ensuring regulatory practices, and strict international and regional laws that are built into the system to ensure uniformity and integrity within the financial system. AI-employed AML compliance tools with their sophisticated algorithms offer a deeper insight into money laundering risks.AI with its multiple functions is on its way to becoming a necessary tool both in AML processes and the financial industry in general. AML tools can process extensive amounts of data in a short period and provide a comprehensive insight into the patterns and anomalies that may indicate the presence of AML crimes or the existence of deficiencies that could lead to different financial crimes.There is a wide application of the AI in AML. From the initial driven risk assessment, predictive analytics proactive risk management to real-time monitoring for immediate action, streamlining compliance process, and anomaly detection by advanced data analytics. AI surely should be watched as a strong AML execution and implementation tool.

AI is on its way to becoming a fundamental tool for dealing with the latest financial and economic challenges. We agree that AI technologies hold an enormous capacity for automation, supporting rapid processes and efficient workflows. It leads to the fact that by AI usage, professionals can devote themselves to higher-level tasks and more important strategic matters.

Blockchain analysis tools have become crucial in AML surveillance for cryptocurrencies and digital assets, making it possible to monitor and identify suspicious transactions. These technologies are specifically tailored to monitor, identify patterns, detect anomalities and suspicious activities in the digital world. Furthermore, they provide investigators with a full vision of the money flow that gives institutions the power to be able to see cryptocurrency transactions effectively.

AI is fundamentally changing the AML landscape. The technology can stay ahead of sophisticated money laundering techniques that continually change to evade detection.

But we shouldn`t forget that the effectiveness of the technology is heavily dependent on the quality of the underlying data, the sophistication of the algorithms, and the continuous oversight and tuning of these systems.

By leveraging advanced data analytics and AI, financial institutions can enhance their AML capabilities, reduce risks, and ensure compliance with regulatory requirements. However, effective data management requires addressing challenges related to data quality, privacy, and regulatory compliance to ensure that AML efforts are successful and responsible.

Generative AI systems use a wide variety of data types and algorithmic models. The nature of the explanation for a decision or prediction by a system can vary greatly, depending on the specifics of the data and the algorithms used.

AI relies on inputs provided by the human factor, data that is put into the system, and rules and frameworks that are set following legal, social, ethical, and social rules. While one part of these inputs can be provided more easily, the other part is subject to continuous and significant changes and requires updating and regular control. Extreme importance should be given to the input and control of these parameters so that the results can be applied and benefited from them. Experts and educated professionals must be continuously involved in the use of AI for AML purposes and we must be aware of the responsibility that lies with them.

It is our responsibility to have a thorough awareness of the potential risks associated with AI.

Therefore it is important to stress that the AI use can open some inevitable ethical, legal, and social concerns. Special attention should be put on the training datasets, data privacy and security, and potential biases in predictive algorithms.

I would like to state clearly - AI in AML has undoubtedly an enormous, growing potential but it should be used with a clear and deep understanding of its functioning and full elimination of possible biases and non-transparency.

Financial institutions must remain cautious, professional, and well-informed on all legal, social, ethical, and social concerns while using the power of AI in AML. A complete and deep understanding of the possible risks of using AI in AML is the key to its efficient, lawful, and high-quality use.

The potential of AI usage in AML is huge and indisputable but let`s be fully aware of all possible risks and dilemmas in order to avoid possible problems and not generate new ones at the end of the day.

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Setting up the new EU Anti-Money Laundering Authority (AMLA) for success

The creation of the new EU AMLA is an opportunity to tackle financial crime on a pan-European basis by working together in a collective and holistic manner. We are at an inflection point in the journey of financial crime prevention with the creation of this enhanced regulatory framework. However, we cannot be complacent and assume AMLA's success is guaranteed.

AMLA, as an independent authority, has a critical role in tackling ML/TF risks through it's direct and indirect supervision of entities, and via oversight and coordination responsibilities. AMLA needs to do that in a way which fosters excellent cooperation with other supervisory authorities, EU bodies and agencies, national competent authorities and other stakeholders.

In order to fully realise AMLA's potential, there a number of steps required. A clear legal mandate, strong, independent leadership, sufficient resources and appropriate skillsets are all integral building blocks of a successful supervisory approach. In the first instance, the clear legal mandate set out in the AML Package needs to be further bolstered by level 2 texts that promote maximum harmonisation and regulatory alignment. The commencement of direct supervision of the highest risk cross border entities by 2028 is dependent on the development of a robust methodology for assessing EU wide ML/TF risk capable of effectively identifying the firms that pose the greatest risk. In the short term AMLA must prioritise the adoption of the risk methodology for identifying directly supervised firms.

An equally pressing task vital to the successful launch of AMLA is the creation of an independent and impartial Executive Board. AMLA must prioritise the appointment of individuals with the necessary technical expertise and experience in the strategic leadership of large, complex organisations with multifaceted mandates. AMLA must prioritise the recruitment of highly trained AML/CFT supervisors, policy experts and investigators. Diversity of thought, background and experience are important considerations. Similar people looking at similar information and facing similar circumstances are, unsurprisingly, likely to rely on similar assumptions and make similar decisions. This type of groupthink must be avoided.

As the fulcrum of the EU's AML/CFT framework, it is incumbent on AMLA to act as a catalyst for the development of innovative solutions in the fight against money laundering and to ensure that it does not inadvertently stifle much needed innovation. Technologies such as AI are more frequently becoming enablers of crime. These same technologies have the potential to revolutionise customer identification and verification, transaction monitoring and suspicious activity reporting. Realising the potential of AI while managing its risks requires a robust regulatory response with appropriate safeguards. Critical to such a response is ensuring that human judgement and critical thinking must remain central. AMLA must play its part in enabling the responsible deployment of AI by obliged entities through the development of clear standards and guidance that put transparency, explainability and governance at their core. In addition, with its role and responsibility in coordinating joint analysis by Financial Intelligence Units (FIUs) across the EU 27, AMLA will have to rapidly establish and make available tools and technologies to enable joint analyses and the secure dissemination of information.

Finally, in order to unlock the potential of this analyses and to ensure that it leads to the ultimate prosecution of cross-border money laundering offences, AMLA must concentrate on building effective working relationships with other authorities and agencies. This includes EURPOL, the European Financial and Economic Crime Centre and the European Public Prosecutor's Office (EPPO). AMLA must also play a lead role in supporting the development of Partnerships for Information Sharing. Such partnerships have the potential to address a long recognised gap in the EU AML/CFT framework and to resolve the perceived conflict between the public interest in fighting money laundering and terrorism and the fundamental rights to privacy. AMLA will have a vital role in the success of such partnerships by working with EU data protection authorities to develop adequate governance and legal frameworks for the Partnerships for Information Sharing.

A harmonised rulebook, overseen by a single supervisor that raises standards and delivers increased alignment and cooperation across the regulatory landscape is certainly a good starting point to realise AMLA's potential. However, history has taught us that no system is entirely 'future proof' and vigilance, agility and innovation are constantly required. Since the first AML Directive was enacted in 1991, the legislative landscape has continuously developed in line with our awareness and understanding of the ML/TF risks. AMLA will need to ensure that this process of evolution continues.

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Priorities in AMLA's start up: a multi-stakeholder effort

The design of AMLA as an organization is complex and seems unprecedented among EU agencies. It has to accommodate for the fact that one Authority is in charge of two well definite and separate functions, each assisted by its own governance and decision making structures and procedures: AML/CFT supervision across different financial and non-financial sectors and in various forms; support to Financial Intelligence Units, also in various forms, including impulse and coordination of joint analyses. Distinct governance settings and procedures are designed in Regulation (EU) 2024/1620 (AMLA Regulation); their actual configuration and effective functioning will depend on implementation.

Here lies one of the most compelling priorities for AMLA after its recent creation as a EU legal person: setting, testing and launching its governance system. AMLA will have to bootstrap itself under two complementary respects: configure and convene its General Board; envisage an internal structure that can support multiple and separate tasks, absent any track record. All this while the staff will be recruited gradually and the assigned tasks will kick-in progressively over the next three years, to reach a steady-state in 2028 with the start of direct supervision.

As for the governance, it is well known that national supervisory authorities are several and diverse, in and across Member States. This is accounted for in AMLA Regulation, which foresees that national supervisory authorities "shall share a single vote and shall agree on a single common representative", either permanent or ad-hoc for particular meetings or votes. Much less known is which authority supervises what sector in each Country and which will sit in the General Board as a national representative, particularly for the non-financial sector. The undefined composition of the Board in supervisory configuration poses a challenge. Efforts are currently being deployed to make sure that national representatives are designated soon, in view of possible meetings already in 2024. Heterogeneous supervisor s will very likely sit alongside each other.

As for the internal organization, its features are not envisaged in the Regulation. The Authority will set itself up by allocating connected tasks in suitable "units". The articulation of such units, their levels and relations, the underlying working procedures will have to be worked out against a backdrop of still scarce, if not absent, experience. While different approaches are possible, it is reasonable to assume that the organizational design will be kept lean in the start-up phase, with short reporting lines; Members of the Executive Board could directly oversee operational structures, in line with the approach followed for the Single Resolution Board, an Agency of comparable dimension. A rigorous separation should be maintained between the supervisory and the FIUs' "arms".

While AMLA sets itself up, amidst some uncertainties, important decisions are looming.

Important decisions await the General Board not too far into the future. The Board will have to devise its own rules of procedures, participate in the selection of the members of the Executive Board and, in the FIU configuration, set up the "Standing Committee" that will play a key role in the FIUs' Mechanism.

AMLA should be able at the soonest to take stock, and ownership, of preparatory work that is being conducted by, respectively, supervisors and FIUs to facilitate the transition to the new supranational framework. In March the European Commission requested EBA's technical advice for the preparation of regulatory technical standards in some "priority areas", important for the implementation of the risk-based approach. The call for advice concerns the methodology for classifying the risk profile of cross-border credit or financial institutions that may be selected for direct supervision, the methodology for risk-based supervision, the information necessary for customer due diligence, criteria for determining pecuniary sanctions or administrative measures. EBA has set up an ad-hoc "Forum" where national AML supervisors contribute to prospective AMLA's technical standards.

FIUs are equally committed to perform technical work that AMLA can consider and use in areas of priority for the Mechanism. Based on a work plan articulated in 20 projects under 5 thematic areas, the EU FIUs' Platform has accomplished results in matters that fall under AMLA's competences for the adoption of implementing standards or guidance. Templates have been designed for the reporting of suspicious transactions; these will facilitate the gathering and processing of information by FIUs and simplify obliged entities' compliance. Templates have also been prepared for FIU-to-FIU exchanges: these cover the entire cycle of FIUs' cooperation (requests, responses, spontaneous disclosures, feedback). Other streams of work are currently pursued by FIUs: a "methodology" for the joint analyses; indications for the selection of suspicious transaction reports that, being of a cross-border nature, should be mandatorily shared.

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Transforming EU AML/CFT supervision: AMLA's immediate priorities

In financial regulation, crisis and financial failure have created the political will for change, including for the establishment of new agencies in response to specific policy needs. The establishment of a new authority for AML/CFT, the Anti-Money Laundering Authority (AMLA), is expected to fundamentally reshape the regulatory landscape. This presents both short and long-term challenges, each of considerable complexity. This article focuses on three of AMLA's short-term priorities: establishing a new supervisory framework, organising its internal infrastructure, and engaging with stakeholders.

1. New Supervisory Framework

The establishment of AMLA aims to enhance supervision across EU member states by directly supervising high-risk financial institutions operating on a cross-border basis and achieving convergence of supervisory practices with respect to all other obliged entities. AMLA will harmonise the quality and effectiveness of supervisory practices throughout Europe. One of AMLA's foremost priorities will be to develop a regulatory framework and a risk assessment methodology to facilitate supervision. This involves the implementation of comprehensive policies, technical standards, guidelines, and reporting requirements.

Respecting the principle of proportionality is important with respect to the development of this framework. AMLA's risk assessment methodology must strike a delicate balance—providing effective risk identification and supervision without overburdening National Competent Authorities (NCAs) and obliged entities. Setting proportional requirements is critical to ensure that AMLA's regulations are robust yet implementable. A consistent approach towards supervising non-obliged entities indirectly is also crucial to maintaining an equitable and comprehensive regulatory environment.

2. Internal Infrastructure

Equally important is the establishment of AMLA's internal organisational structure. This includes the setup of governance mechanisms—such as the board, executive team, and advisory committees—and the recruitment of key personnel and experts to ensure efficient resource management. A well-defined training plan for new regulations, technical standards, and guidelines will be essential for effective internal operations.

AMLA must implement robust IT tools for communication, monitoring, and reporting. Ensuring data security is imperative, especially as AMLA will be managing and further developing the European Banking Authority's EuReCA database. A solid IT foundation will be vital for AMLA in executing its supervisory duties efficiently and securely.

Moreover, the possible establishment of a Financial Crime Academy under AMLA's framework would significantly enhance capacity and effectiveness in AML/CFT supervision at both national and supranational levels. This specialised institution would offer targeted training programs, promoting standardisation and consistent supervisory practices across the EU. It would ensure continuous professional development, adapting to evolving financial crime threats, and foster interdisciplinary collaboration for innovation and knowledge sharing. The Academy would build robust capacities, facilitating effective cross-border cooperation and the development of advanced analytical tools, essential for a comprehensive approach to financial crime prevention.

3. Stakeholder Engagement

The effectiveness of AMLA will hinge on its ability to engage with stakeholders from the very start of its operations. One of AMLA's short-term priorities will be to establish cooperation with national AML agencies for seamless exchange of information. This will align its operations with international standards and regulations. Building public awareness, education, and cooperation with financial institutions and relevant obliged entities will ensure compliance and foster a collaborative approach to AML/CFT efforts.

Moreover, as a new EU agency, AMLA should integrate into the broader framework of the European System of Financial Supervision (ESFS). The ESAs and the ECB play pivotal roles in aligning prudential supervision with AML/CFT risks. Therefore, they will be crucial stakeholders in AMLA's collaborative network, ensuring that AML/CFT considerations are deeply embedded in the supervisory fabric of the EU's financial system.

A critical aspect of AMLA's integration will be the convergence between the Single Supervisory Mechanism (SSM) and AMLA's supervision. This convergence should aim to create a more cohesive and effective supervisory environment where prudential and AML/CFT supervision work in tandem. This is also important in the context of national supervisors, efforts between different supervisory authorities need to be synchronised for overall financial integrity.

The success of AMLA's implementation will not solely rest on its own efforts. Its operations will directly influence NCAs' supervisory activities, necessitating that each NCA takes a proactive stance during this transition. For example, Maltese authorities such as the FIAU and the MFSA actively participate in EBA working groups to lay the groundwork for AMLA's supervisory activities.

By engaging in these working groups, NCAs can provide critical insights and practical perspectives, shaping AMLA's approach to be robust, comprehensive, and adaptable to the diverse regulatory environments and challenges faced by different member states. Such engagement is vital for creating a harmonized, yet flexible, AMLA that can effectively combat financial crime while accommodating the unique needs and contexts of various EU jurisdictions.

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AI is a game-changer in Europe's fight against financial crime

How will the EU's Anti-Money Laundering Authority support deployment of artificial intelligence (AI) to combat crime?

One priority for the European Union's Anti-Money Laundering Authority (AMLA) in the short term is to support the implementation of the anti-money laundering/counter-financing of terrorism (AML/CFT) regulatory framework, with the aim of implementing a single set of rules across the bloc by 2027.

The AMLA will help to develop tools and processes to enable consistent application of AML/CFT rules, including the exchange of information among key financial intelligence units (FIUs) in the bloc. As part of this drive, the AMLA will evaluate the capabilities and risks of artificial intelligence (AI) and machine learning (ML) models for AML/CFT.

It is likely the authority will classify models with systemic risks, establishing codes of practice for AI development and outsourcing in collaboration with developers and experts to ensure the advancement of trustworthy AI systems used to combat financial crime.

How will AI and digital technologies improve defenses and make it easier to spot criminal activity?

AI-enabled technologies are already improving execution of AML processes and will continue to do so. There is a constant technological arms race as the bad actors laundering money are also exploiting AI innovations. That makes AI an important area of focus for AMLA, FIUs, and technology providers alike.

The power of AI hinges on data, and organizations have access to vast quantities to identify where money laundering risks lie. Data may be ingested into AI systems from sanctions lists, watchlists, lists of politically exposed persons, negative news stories, and many more sources. AI is the ideal technology to process this information and turn it into real insights. Where a risk and compliance analyst might drown under the weight of adverse media stories published each day - and even struggle to match a correct name against a story - AI thrives on it.

AI technologies are enabling advances such as the development of virtual know-your-customer research assistants to support, speed, and improve human decision-making; as well as other tools for quicker detection of suspicious activities, and to indicate where money laundering risks exist in real-time.

With AI, digital AML/CFT processes can be more proactive, accurate, and scalable, ultimately strengthening the fight against financial crime.

What are the hurdles to deployment of AI?

There may be a number of challenges to overcome when implementing AI in AML processes, as Moody's identified in a study in 2023.

One of the major issues is what we call "the AI data dilemma". Data is everywhere yet many organizations lack access to the high-quality, unified, and mature datasets needed to train AI algorithms. It is important to solve this problem to ensure accuracy, completeness, and relevance because good data is the starting point for the successful use of AI in AML.

The AMLA and business leaders are also concerned about transparency and interpretability in AI algorithms. These technologies can be perceived as "black boxes" – making it difficult to understand how decisions are made, which is crucial in an AML context. As part of a responsible, consistent development process, it is therefore important that the way AI systems reach decisions can be explained and that bias isn't trained into them. The AMLA and the businesses it governs don't want discriminatory outcomes or inaccurate results.

How much more can AI improve risk assessment and the identification of suspicious activities?

Keeping in mind the issues of accessing data, addressing bias, and delivering transparency, AI could deliver game-changing impacts in efficiency, effectiveness, and insight in the fight against money laundering.

AI can enable real-time monitoring of risk across a counterparty network to detect suspicious activities and potential money laundering schemes. Analyzing vast amounts of data from sources such as sanctions lists, watchlists, and negative news stories, AI can provide timely insights on emerging risks and help organizations take proactive measures to prevent financial crime.

Good data is the starting point for the successful use of AI in AML.

AI can also make it faster and easier to conduct repetitive screening tasks that help identify patterns of suspicious behavior and complete thorough risk assessments - for example in high-risk sectors and with high-risk entities. By analyzing patterns and anomalies in data, AI can flag outliers and alert risk and compliance professionals to investigate further. This proactive approach enhances AML/CFT efforts and makes consistent implementation of AI a powerful tool in an era of risk.

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Can AI and new technologies foster a quick and efficient implementation of AMLA?

The new European AML harmonized regime has created a lot of expectations in particular regarding the creation of AMLA tasked with the implementation of harmonized supervision.

A quick and efficient implementation of this new supervisory agency is therefore the main short-term priority and a crucial test for the credibility of the whole framework.

In that context AI and new digital technologies can significantly improve the efficiency of the AML/ CFT (Anti money laundering and counter financing of terrorism) framework with however some necessary safeguards regarding the use and the extend of data sharing. Regarding financial institutions, AI also offers huge opportunities and, in particular, by automating many of the labor-intensive aspects of AML compliance, it can significantly reduce its overall cost.

1) Enhancing data analysis and pattern recognition:

The main characteristic of AI and machine learning algorithms is that they can analyze a huge amount of data, quickly and accurately, identifying patterns and anomalies much more quickly than traditional methods. These technologies are particularly well suited at recognizing complex and subtle patterns that might indicate money laundering activities. In particular, Natural Language Processing (NPL) can be used to analyze even unstructured data, such as emails, news, articles, social media posts and gather intelligence on emerging money laundering threats.

2) Automating monitoring and screening:

AI can automate the monitoring of transactions and customer activities, flagging suspicious behaviors in real time. This reduces the manual workload for compliance officers and speeds up the detection process. Therefore, it is not only more efficient but also much more cost effective than the widespread manual processes.

3) Enhancing Fraud detection and behavioral analysis:

Machine learning algorithms can learn from past incidents of fraud and adapt to new tactics used by criminals. This continuous learning processes help in maintaining robust fraud detection mechanisms. It can also analyze customer behavior over time to detect deviations from normal patterns.

The use of AI can improve the effectiveness of the AML/CFT framework if implemented carefully.

4) Streamlining analysis of Regulatory reporting:

AI can streamline the process of generating reports for regulatory bodies, ensuring accuracy and compliance with various requirements.

As far as AMLA is concerned it can also streamline the analysis of these reporting. The use of automated processes also reduces the time and resources needed to fullfill these regulatory obligations.

5) Generating efficiency in investigations:

AI tools can help investigators by providing insights, linking related cases, helping to build comprehensive profiles of individuals and organizations and even predicting future criminal activities based on historical data. All these has the potential to enhance the efficiency and effectiveness of investigations which will be very important for the future work of AMLA.

6) Allowing regulatory compliance cost reduction:

For financial institutions it is a huge win. By automating many of the labor-intensive aspects of AML compliance, AI and digital technologies can reduce the cost of compliance for financial institutions without compromising on the qualities of controls and deliveries. In particular, for those credit institutions, it has the potential to greatly improve both KYC processes and risk assessment by automating the collection and verification of customer information and by evaluating the risk profiles of both customers and transactions more effectively in considering a broader range of factors and data points.

However, the use of AI and digital technologies must also integrate some necessary safeguards in particular regarding data sharing. Even if the use of those techniques allows for enhanced collaboration by facilitating secure and transparent data sharing between financial institutions and regulators, and therefore should be of great help for the new system; it needs to be balanced against the needs of data protection and the related regulations. Both regulators (and in particular the future AMLA) and financial institutions should carefully look at implementation considerations. Regulatory compliance needs to be achieved, and AI systems must be designed to comply with relevant regulations and standards.

Data quality is another pressure point: ensuring high quality, clean data is crucial for the effectiveness of AI models as well as the necessity to maintain transparency and explainability. All models should be transparent and provide explainable outputs to ensure trust and compliance. Finally, those models must be integrated with existing systems for maximizing its benefits.

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On the eve of a technological revolution, AML comes under European supervision

The AMLA will be deploying new standards to ensure uniform supervision at European level and to develop cross-border knowledge of risks. Private sector reporting bodies will have to harmonize their organizations beyond the perimeter of each Member State and adapt the architecture of their databases and control systems.

At present, AML processes generate a huge operational workload at every stage of the production chain: recording and updating knowledge of customers (KYC) and suppliers (KYS), filtering third parties before entering a relationship, and then monitoring transactions. Harmonizing these processes as they stand at European level would be a colossal task. Some players have attempted it and have chosen to relocate to India to limit costs.

Digitalization has already made certain processes lighter and more secure: OCR (Optical Character Recognition, that recognizes text within a digital image) to read identity documents, or RPA (Robotic process automation, that is based on software robots) to automate the preparation of investigations, for example. But the industry still spends a lot of energy dealing with false positives that add no value. The reason for this is the paucity of customer knowledge, the weakness of detection algorithms that produce 150 alerts for a real suspicion of financial crime, and the still highly manual nature of investigations.

Artificial Intelligence should bring considerable productivity gains through the holistic consolidation of internal information and the use of external databases of unstructured information.

To enhance customer knowledge (KYC), artificial intelligence could take the place of physical networks in ChatGPT-type conversation mode and analyze the links between natural persons (PP) and/or legal entities (PM). Fraudulent documents could be unmasked by cross-referencing with available internal and external data. Lastly, external data extractions could be used to enrich documents and customer files, under the control of Personal Data Protection (RGPD) of course.

Generative AI can extract relevant information from unstructured free text, enabling algorithms to assess matches much more accurately and maximize the effectiveness of investigators by automatically identifying many false positives while highlighting matches representing a real risk, and prioritizing them.

Synthetic data generators can be used to optimize the effectiveness of detection models, through impact studies and calibration tests.

Artificial intelligence enables a combinatorial and dynamic approach to financial crime.

AI can automatically generate analysis reports on detections, citing its sources, including in multiple languages.

To investigate alerts, AI can help analysts by producing a holistic view of customer behavior, a report that analyses and summarizes the data, thus limiting laborious manual searches in disconnected systems.

Finally, a conversational engine can assist analysts.

In addition to efficiency gains through more precise targeting of alerts and effective assistance with their processing, artificial intelligence enables a combinatorial and dynamic approach to financial crime through the simultaneous processing of a very large amount of data, which captures the evolving patterns of money laundering much better than a static threshold-based detection system. We can therefore expect a significant improvement in the prevention, management, and assessment of the risk of financial crime.

But the deployment of high-performance Artificial Intelligence faces several challenges:

- Effective models require reliable data. Detection systems based on simple rules remain necessary, as these solutions exploit “traditional” data and produce a first level of qualified information, upstream of artificial intelligence solutions which can refine this raw material using less secure data.
- The processing of personal data is a challenge, given the many obligations to protect it and the stringent regulations governing its use. Organizations are in various stages of developing and implementing comprehensive AI governance models that include cross-functional coordination, using both existing frameworks and newly established guidelines specific to managing AI risks and ensuring compliance, especially with upcoming regulations like the EU AI Act.

Finally, Artificial Intelligence engines are subject to biases that need to be monitored and controlled.

An artificial intelligence white paper dedicated to financial security, resulting from a consensus between the AMLA and AI solution providers, would make it possible to define market standards that would secure the construction of future LCB-FT systems.