

Data to anchor a new age of risk management

The growth of AI and real-time compliance drives new requirements in data and analytics

6 data trends

1 Increasing regulatory burden

Since 2008, regulatory change in developed markets has increased by

500%

\$181 billion

is now spent by financial institutions globally

Operating costs related to compliance increased over the past decade by

60%



As a result of regulations and the importance of compliance:

\$181 billion per year

is spent on financial crime compliance

\$10,000 per employee

is the average cost of compliance according to large banks – a 10% tax on revenue

3 Compliance problems are fundamentally data problems

Among risk and compliance teams:

60% can't gather the necessary data

45% are unable to organise data



2 Costs of non-compliance: financial and productivity

Global regulators levied record fines against banks from 2018–2019

\$10 billion



In 2020, the SEC alone issued 715 enforcement actions, ordering violators to pay more than

\$4.68 billion

In 2019, US and Canadian financial institutions' combined cost of compliance for AML totalled

\$31.5 billion

Costs go beyond fines

Up to \$15 million is lost for non-compliance on average in a year at a bank – 2.71 times higher than what firms typically pay to stay compliant

Non-compliance costs

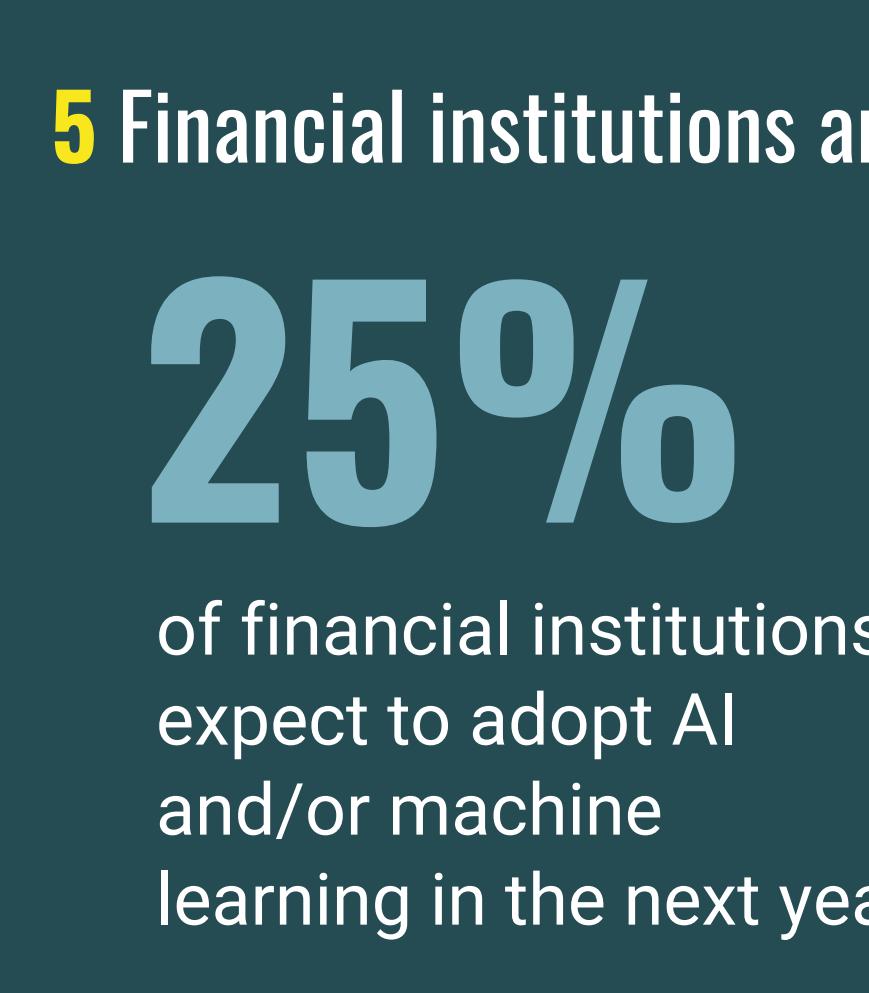


4 Safeguarding customers and reputation management

Fraud and money laundering are major customer, reputational and compliance concerns for financial firms

Up to \$2 trillion

the UN estimates is laundered each year



90%

of laundered money remains undetected.

Losses from fraud cases in 2019 were

\$502.5 billion

and in 2021 are forecast to reach

\$721.3 billion



Stock price reactions to negative press were

9X greater than penalties as they erode brand and reputation



5 Financial institutions are looking to data and AI solutions

25%

of financial institutions expect to adopt AI and/or machine learning in the next year

The banking industry invested

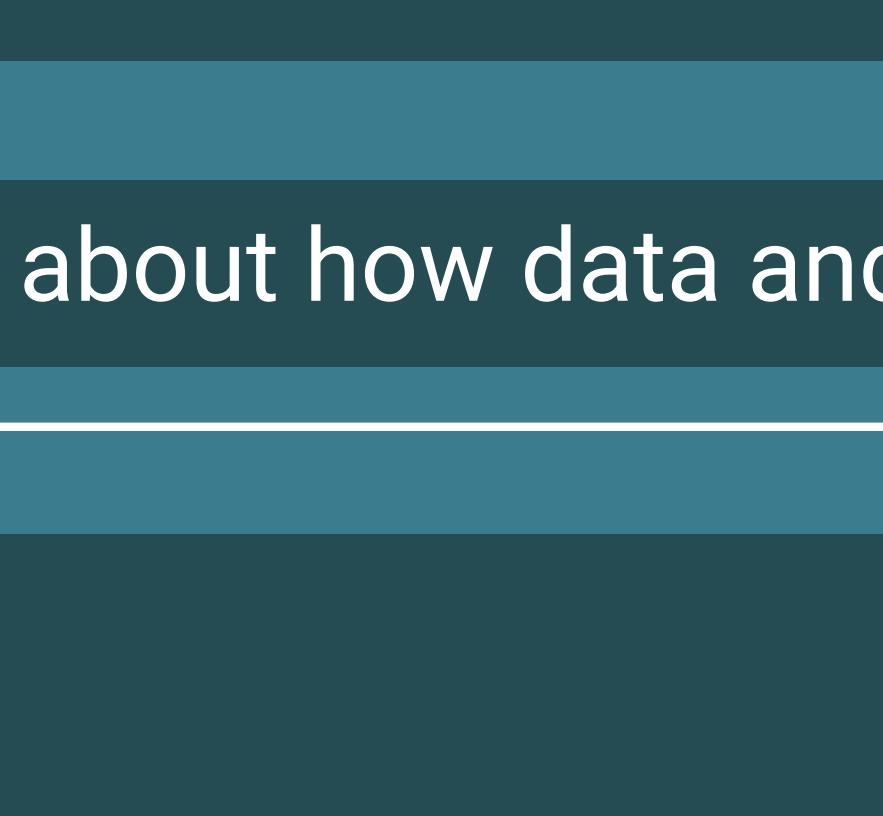
\$5.6 billion

in AI-enabled solutions in 2019

According to 2021 ACAMS research, financial institutions are accelerating adoption of AI and machine learning for AML

57%

have incorporated AI or machine learning into AML compliance processes, or are piloting over the next 18 months



6 Early results

AI adopters believe that AI is key to market leadership, today and in the future, according to a Deloitte 2020 global survey

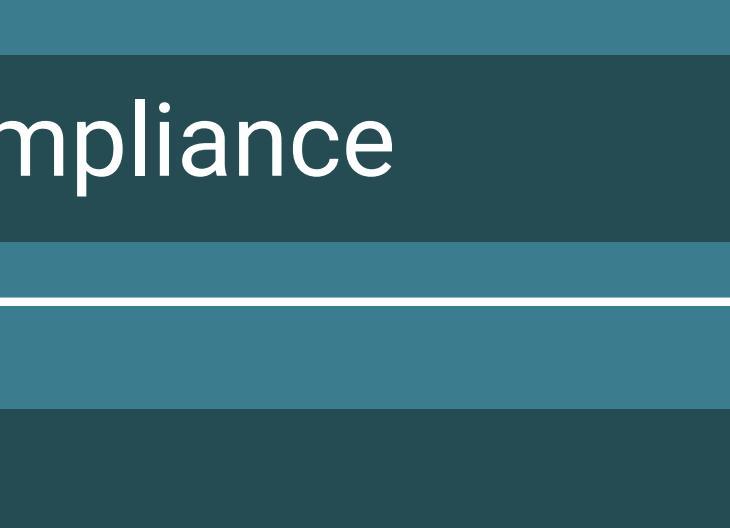


64%

said AI technologies enable them to establish a lead over competitors

Advanced analytics solutions enhance abilities to detect and deter fraudulent attempts. Deloitte reports a rise in submission of proven fraud cases of up to

40%



Learn more about how data and AI can modernise risk and compliance

Notes

1. Ascent RegTec (June 2020), [The not so hidden costs of compliance](#)

2. LexisNexis Risk Solutions (June 2021), [True cost of financial crime compliance study](#)

3. US Securities and Exchange Commission (November 2020), [SEC Division of enforcement annual report for fiscal year 2020](#)

4. Chartis Research and Tata Consultancy Services (October 2019), [The state of AI in risk management](#)

5. UN (2021), [Money laundering overview](#)

6. W McCurdy (August 2021), FStech, [A third of financial institutions accelerating use of AI for AML](#)

7. B Ammanath, D Jarvis and S Hupfer (July 2020), Deloitte, [Thriving in the era of pervasive AI](#)

8. Deloitte (December 2020), [Advanced analytics and innovation in financial crime compliance](#)