

Palantir Foundry for AML



As the scale and sophistication of financial crimes continue to grow, it is increasingly difficult to effectively monitor global financial flows and to detect and prevent criminal activity. New payment technologies, including cryptocurrencies and near real-time payment services, have opened fresh avenues for money laundering and terrorist financing. Meanwhile, global financial institutions have invested billions into compliance solutions and are submitting record levels of suspicious activity reports in light of new regulations and heightened international scrutiny.

Against the rapidly changing landscape of increasing regulations and complexity, financial institutions are under more pressure than ever to employ forward-thinking AML strategies. These institutions have to turn around decisions within critical time windows, with increasing accountability over data quality and provenance. In practice, this requires joining millions of records across traditionally siloed databases, arming teams with the necessary tools to analyze that data quickly, and providing secure infrastructure for collaboration, engaging with regulatory bodies, and writing findings back to core systems.

AML Teams across the board face three key technical obstacles:

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| 01 Reducing false positives

How do I reduce false positives my team has to review while still covering relevant risks? | → | The same risk rating and alerting logic established 20–30 years ago is still practiced today. Many legacy applications have static and cumbersome rules-based processes that fail to calculate holistic risk scores based on a complete client picture, leaving institutions vulnerable to emerging risk factors and inundated with excessive noise from over-inclusive alerts. These systems also lack the necessary feedback loops to incorporate back into the risk analytics and data foundation - limiting learnings to critical signals that drive operational efficiencies. |
| 02 Minimizing reliance on black box systems

How do I reduce reliance on inflexible / black box solutions without having to build from scratch? | → | Often times financial institutions feel locked in to inflexible or black box systems. Given the nature of these systems it can be impossible or very costly to make any changes to rules, workflows, models or interfaces in order to respond to changing regulatory demands. Similarly the black box nature of the solutions makes it hard to explain to a regulator or auditor how the system actually operates. |
| 03 Siloed data and workflows

Key processes such as Transaction Monitoring, KYC, Fraud and Sanctions Screening operate in silos. How can I break down these silos while still fulfilling my regulatory obligations? | → | The largest institutions have petabytes of data, usually stored in disparate systems acquired over time or implemented to solve a single problem. This makes a canonical client view impossible or impractical to obtain without incurring the high operational costs of stitching together scattered and frequently conflicting data sources. These siloed workflows lead to repeated work and make investigations too slow to respond to today's rapid environment. |
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As a result, many financial institutions lack confidence in what their data tells them. The inability to trust your data is not only crippling to security and operations, but it severely limits opportunities for innovation. To achieve effective AML at scale, today's financial institutions require a data-driven, risk-based, secure and collaborative solution that improves signal and lowers costs while satisfying regulatory needs.

Proven Technology for a Risk-Based Approach

Migrate to a risk-based approach.

Improve true positive rate by 40X and cut investigative time in half

Leverage a modular & open platform.

Deliver 70+ use cases on a single platform

Unified compliance ecosystem.

Lower costs by 90%

Palantir's software is trusted by banking giants, up-and-coming fintechs, and regulators alike, leveraging multi-layered security with best-in-class architecture to make better decisions with data.

Foundry is an enterprise software product for integrating, managing, analyzing, and modeling data at massive scale to drive operations. While enterprise data systems typically address volume—the challenges of storing and processing lots of information—Foundry was built to address complexity. This allows compliance organizations to move rapidly and thoughtfully from legacy, rules-based systems, to an open, risk-based approach that addresses money laundering challenges more effectively and efficiently.

Foundry for AML is a regulator-approved approach to improving your AML risk posture by implementing a next generation AI-based solution in less than 6 weeks.

Foundry for AML offers financial institutions a unified compliance ecosystem to solve their most complex screening, investigation, and transaction monitoring problems. The solution provides a host of open and configurable tooling to meet today's strict compliance and workflow needs. Most importantly, the platform enables you to seamlessly link siloed systems and processes by integrating with existing AML datasets, tools, and roadmaps.

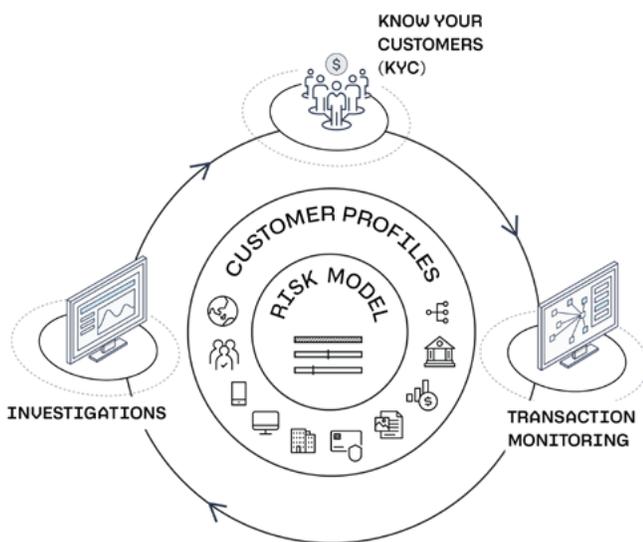
This unified and holistic solution enables organizations to create a golden record of all entities and customers so that every piece of risk-relevant information is in the hands of decision-makers to take critical action at any point in the customer journey. Whether it be at the point of onboarding, during a future investigation, while surveilling transactions, or conducting KYC refresh,

Foundry for AML creates the fabric for cross-pollination of data that ensures higher compliance levels to protect the institution from bad actors.

Palantir has deployed this solution to over a dozen of the world's largest financial institutions to centralize and accelerate their operations in compliance with the rapidly-changing regulatory terrain. Our customers have been able to lower their costs by 90%, improve their true positive rate by 40X and cut their investigative time in half while improving their risk posture and regulatory relationships. This approach also provides financial institutions with the flexibility to deliver 70+ use cases on a single platform.

One Approach, Every Challenge

Foundry for AML is a future-proof solution primed for unexpected regulatory changes and business requirements. Foundry's extensible and scalable system provides a data foundation for continued transformation in a rapidly changing world. As regulation changes in expected and unexpected ways, the data infrastructure is designed to adapt and scale along with changing organizational needs. This end-to-end system allows users to automatically generate feedback for continuous optimization and improvement. Foundry for AML allows for constant fine tuning of the rule and scenario models that contribute to KYC and sanctions screening, risk rating, investigations, and transaction monitoring. This feedback is pushed back into the risk analytics and data foundation so that analysts ultimately spend less time collecting AML risk data or combing through batches of false positives, and more time analyzing high-risk activity—allowing you to get smarter and faster in how you respond to suspicious activity.



Enabling Collaboration Across the AML Organization

Data silos created over time make it increasingly difficult to generate a single entity view that accurately depicts all risk relevant details when making critical decisions. As a result, AML functions such as KYC, Investigations, and Transaction Monitoring become increasingly siloed and inherently less efficient & compliant themselves. Foundry for AML is designed to connect those previously siloed data sources, both internal and external, and break down the walls for better communication between the pre and post onboarding AML functions. With Foundry for AML, all critical details captured during onboarding, via investigations, and through transaction surveillance live in one central location, and are designed to be leveraged by any and all AML teams along the entire customer journey.

Foundry for AML will reduce the time it takes to onboard customers and investigate alerts, advance positive relationships with the regulators, and ultimately become a catalyst for growth—contributing to your bottom line.

Modular software opens a new frontier in AML

Palantir provides pre-built workflows that enable operational decision making in hours. At the same time, the platform is highly modular to enable customers to leverage their existing best of breed solutions. Foundry has an open architecture with publicly documented APIs at every layer of the software, which means that the system can interoperate seamlessly with your architecture today, and as it evolves over time. You can own and operate the development and refinement of rules and scenarios in Foundry independently. This flexibility enables organizations to anticipate and prepare for ongoing changes in the regulatory landscape, while also empowering the AML function to scale and grow with the business as new revenue streams and product lines are created.

KYC, Onboarding, & Sanctions Screening

- 85% automated KYC reviews
- 20X increase in average reviews per analyst
- 10X reduction in corporate customer onboarding time
- Model sensitivity of 92% vs ~70% for legacy systems

Impact in Action

An international bank's static, cumbersome, and inconsistent verification process made it impossible to understand past analyst decisions, and apply a more sophisticated risk-based approach.

Through data integration, ML/AI, and operational decision-making workflows, Foundry for AML enabled the bank to [fully automate 85% of KYC reviews](#), and [increase analyst efficiency 20X](#).

Today, a new ML model runs over 20+ data sources to automatically score each customer across 25 key risk indicators, [reducing the customer onboarding process from 10 days to 10 hours](#).

Legacy KYC solutions are failing to meet industry needs, as evidenced by the legal action against multiple banks and the ever-increasing costs of Compliance programs. Current solutions require too much manual integration and processing, which leads to errors, and increase technical complexity at a time when banks need a streamlined architectural strategy to stay ahead of changes in their markets, customer bases, and compliance regimes. Foundry for AML standardizes, accelerates and automates KYC through data integration, ML/AI, and operational decision making workflows.

Palantir for AML's KYC platform serves as a holistic solution that can be extended across the compliance organization and even enterprise-wide, creating a revolutionary KYC-led approach to data transformation, enabling the rest of the business (credit risk, up/cross-sell efforts, etc.) to leverage the data foundation of customers and counter-parties established right at the point of onboarding. An ML model runs across this integrated customer profile to generate an overall KYC risk score across dozens of key factors. If the system cannot make a decision on its own, those specific factors are delegated to an analyst for review. This means that analysts can focus on reviewing the most complex and critical issues and alerts, rather than wasting time gathering or cross-checking information against multiple sources.

Foundry for AML allows financial institutions to abandon legacy KYC refresh methodologies. The system proactively alerts users on significant changes in risk posture by scoring existing customers in real-time as not only KYC data changes, but also as transaction surveillance is performed on customer transactions. This allows analysts to immediately understand the changing risk landscape of the customer and take appropriate action.



The Enhanced Sanctions Screening module provides out of the box sanctions screening hits and the ability to modify the logic easily.

The Enhanced Sanctions Screening module incorporates critical technologies including network analysis and multiple fuzzy matching techniques across both structured and unstructured data. This module lets financial institutions screen their customer base or other counter-parties using an ML-based entity resolution algorithm against the common sanctions lists (or against existing sanctions list providers).

Foundry for AML integrates data from OFAC, UNSCR and US export.gov consolidated screening lists, among others data sources. The integration pipeline includes complex logic to clean and standardize large volumes of data, resulting in a cleaned set of updated, sanctioned entities. Sanctions lists from new jurisdictions are readily added. Moreover, your custom watchlist of known bad entities can be incorporated, generating a single, unified screening list.

Phrase-level matching is the first step in the matching processes leading to reduced false positives and faster triage of matches. Once phrase-level matching is complete, analysts can then move on to specific case level matches which surface a holistic understanding of the match across the customer's entire network and allows for definitive feedback on specific customers. This module has shown a model sensitivity of 92% vs ~70% for legacy systems.



Case Management & Investigations

- Cut investigation time by 50-90%
- Feedback from the case management system is directly used to improve the performance of the risk model

Impact in Action

A common data model allows analysis and investigation across countries, branches, and systems – including on billions of transactions at one bank.

Within 6 weeks, collaborative teams of lawyers, investigators, and data scientists responded to a critical regulatory demand to understand complex behavioral patterns and proactively surface new leads for investigations.

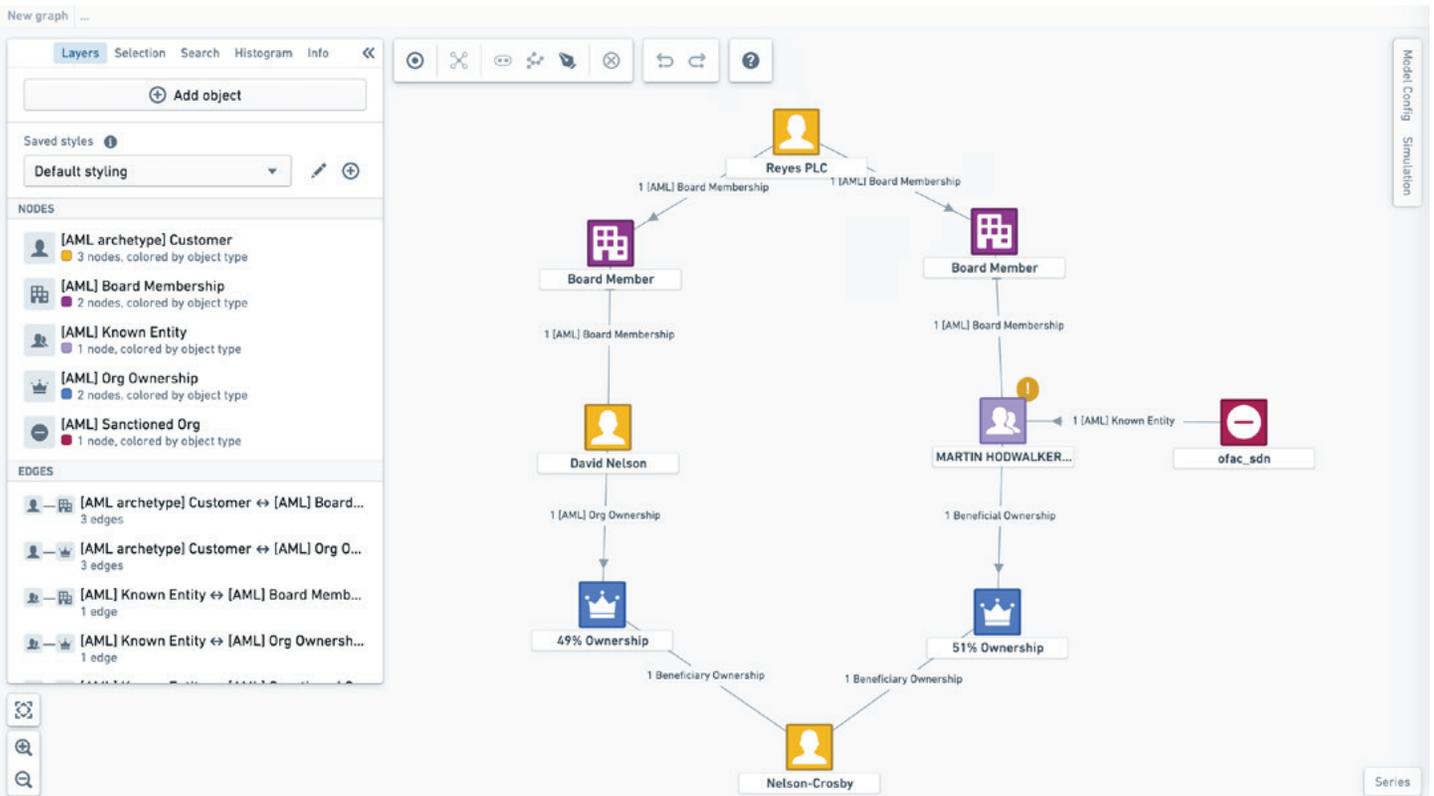
Investigations that would normally take **months or years now happen in days or hours.**

In order to properly understand a complex customer and your risk exposure, it is critical to not only understand the customer itself, but also all the connected entities linked internally or externally. Foundry for AML enables you to build a comprehensive network of all entities who are related to one another through any means (shared address/phone number, same directors/registered agent, transactions, linked to known high-risk actors etc.). This not only provides a more comprehensive understanding of the client's risk, but it also allows you to understand the risk of other clients in the network proactively, rather than waiting for a new review to be triggered.

The solution first leverages Foundry for AML's entity resolution engine and network building models. The investigatory environment allows analysts to immediately understand the critical factors they should investigate. Analysts can then quickly explore the relevant network, understand related entities, and uncover complex transaction behavior for their assigned cases and clients. This customer profile is critical to a full understanding of the AML risk and provides the foundation for the investigations environment.

Throughout this process, a full audit log is created of each step the analyst took and an investigation report outline is generated. This report is dynamically linked to all relevant entities and transactions so that it can be quickly updated.





Discover hidden relationships, ultimate beneficial owner (UBO) and involvement with sanctioned entities.

Foundry for AML's Case Management functionality enables users to document a complete investigation, track a case through its end to end lifecycle, and ultimately generate and automatically file any relevant documents with global regulators. There are robust tools for managers to assign cases based on complex rules and the existing workload of different teams. The specific workflow steps are fully customizable by non-technical users to quickly meet the needs of the organization. In addition, out-of-the-box and customizable reports allow managers to quickly understand the entire workflow and pinpoint bottlenecks or issues.

Transaction Monitoring

- Improve true positive rates by 40X
- Lower costs by 90%
- Improve risk posture and relationships with global regulators

Impact in Action

A large global bank wanted to replace a legacy rules-based transaction monitoring system with a behavioral model.

Dramatically faster model iteration and improvement resulted in **40x increase in productive alert disposition**, significantly improving analyst efficiency.

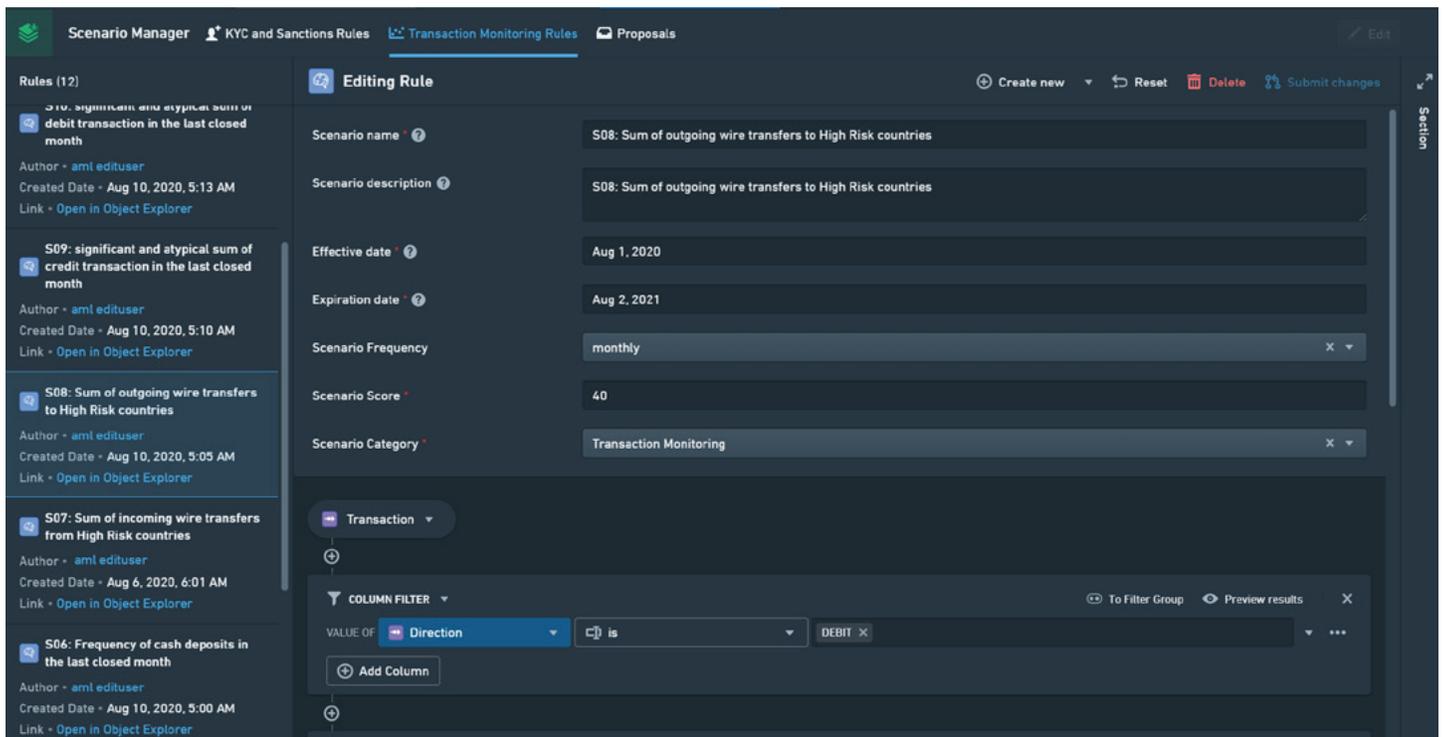
The same model allowed alerts to be resolved **-60% faster at -90% lower cost**.

Foundry for AML provides a holistic solution for transaction monitoring that combines behavioral risk based AI model with out of the box scenarios for critical behaviors. This hybrid approach is providing the first line of defense at a top tier global bank, working to advance beyond a static rules-based approach while improving the quality and number of SARs, as well as ensuring no critical behaviors are missed.

The solution first leverages Foundry for AML's entity resolution engine and network building models to build a holistic customer profile, including all relevant accounts and transactions related to that customer. More importantly, though this customer profile includes the full network related to that customer (including any entities who share an address, IP address, device ID, phone number, or transact with the customer), this customer profile is critical to a full understanding of the AML risk. On top of this customer profile, a holistic behavioral risk score is generated--providing a single metric incorporating transaction behavior, KYC information, and third-party data.

- 01 These scores are generated by comparing a customer's behavior to their own previous behavior and a cohort of their peers.
- 02 Most importantly, the risk scores are applied at a network, customer, and account level, making it easy for analysts to understand risk holistically and quickly drill down on the riskiest entities or accounts.
- 03 Finally, the platform only uses risk scoring engines that are easily interpretable by human analysts, as interpretability is critical to a human analyst understanding the results of the model and for explaining to a regulator.





The Scenario Engine provides an easy-to-use point-and-click interface for creating, refining, and reviewing scenarios.

On top of the risk scoring engine, it is critical for the model to learn over time. Palantir has incorporated advanced ML techniques to improve signal detection by incorporating granular feedback on the specific behaviors that were most helpful for the investigation. While these have the potential to be very powerful, it is important that they be applied carefully with a rigorous change review process to ensure that changes to factors, rules, or weights are validated prior to implementation, and have a full audit trail for regulatory review.

Palantir's Scenario Manager is a user-friendly application in Foundry for AML for the creation, refinement, and review of scenarios. The Scenario Manager includes automatic back-testing to assess the performance of changes to scenarios in order to quickly calibrate thresholds while ensuring no critical alerts are missed.

01	Commercial Off-the-Shelf Product	→	<p>Palantir Foundry is the industry's leading commercial data infrastructure, and provides the basis for Foundry for AML as a productized, out-of-the-box solution. As a unified platform, Foundry is reliable and easy to operate, with built-in mechanisms for continuous support and maintenance. It includes a stable, scalable back-end built for complex data environments.</p> <p>By choosing a commercial product, a European multinational bank avoided the risks associated with building a customized system from scratch.</p>
02	Speed to Implementation	→	<p>The Foundry for AML solution can be rapidly implemented to deliver a significant portion of the solution functionality out-of-the-box.</p> <p>A large French bank reduced their scenario development cycle from months to days. Even when faced with a regulatory deadline, building a new set of scenarios would have taken the bank several months. With Foundry, two non-technical AML subject matter experts wrote twenty-six complex transaction monitoring scenarios in two weeks.</p>
03	Foundation for Future Capabilities	→	<p>Foundry provides a data foundation for continued digital transformation in a rapidly changing world. Foundry is designed not for a single, specific use case, but for a virtually infinite range of data sources, use cases, and user groups.</p> <p>For the first time, a bank's regional entities collaborate on a shared platform across multiple jurisdictions. In months, the bank successfully deployed a number of new use cases.</p> <p>Another multinational bank has launched more than 70 in-house use cases in less than 2 years.</p>
04	Cost-Effectiveness	→	<p>Foundry is a fully integrated SaaS solution, with high speed-to-value and multiple features for optimizing Total Cost of Ownership — even when deployed on-premises. By packaging a suite of versatile applications, organizations save on labor, maintenance, support and operational costs.</p> <p>A large European bank accelerated investigation productivity 10x. Previous, triage teams were querying 20+ systems using buggy Excel spreadsheets to contextualize incoming alerts. Now, investigations are 80% faster and investigators review ~20% more information at ~90% lower cost.</p>
05	Openness & Interoperability	→	<p>Foundry is an open, extensible, and scalable system. It is unique in its ability to grow with the organization and adapt to the future needs of the nation. Foundry has an open architecture with publicly documented APIs at every layer of the software. All data in Foundry can be securely exported in industry standard, open formats for use in other systems, and all of the logic used to integrate our clients' data is available and usable in any environment.</p> <p>Foundry for AML natively integrates with many existing transaction monitoring systems, case management systems, sanctions list providers, corporate registries and negative news providers. This enables organizations to understand the holistic picture without replacing existing systems. Multiple large European banks have brought their own risk models and rule libraries to the platform enabled by the open and extensible APIs.</p>