

UOB and Tookitaki strengthen combat against money laundering through co-created machine learning solution

Singapore, 24 August 2018 – United Overseas Bank Limited (UOB) has teamed up with Singapore-based regulatory technology (RegTech) company, Tookitaki Holding Pte. Ltd. (Tookitaki), in its anti-money laundering (AML) fight. The collaboration has resulted in an holistic machine learning solution that would enable UOB to draw out faster and more precise information to prevent and to detect suspicious money laundering activities.

To enhance its AML surveillance, UOB co-created a number of machine learning features¹ for Tookitaki's solution, Anti-Money Laundering Suite (AMLS). These features enable AMLS to conduct deeper and broader analyses of any set of data for greater accuracy beyond that which existing rules-based AML systems provide.

AMLS is also unique to the market as it can be applied to all processes within the AML framework. The industry norm is to use multiple systems to analyse subsets of the same set of data for each process. This is as each process requires the data to be assessed for different purposes, such as monitoring for suspicious transactions or identifying individuals and entities that are involved in AML activities.

With this integrated solution supplementing the Bank's existing AML systems, UOB is able to make sharper, smarter and swifter detection of high-risk individuals and companies and suspicious activities. This is essential given the volume, value and velocity of transactions that flow through the Bank's systems.

UOB has applied the solution for two of the four main processes within the AML framework. The two are name screening and transaction monitoring. In name screening, the Bank identifies high-risk individuals and entities based on internal and external watch lists. This enables UOB to assess more accurately the risk involved to bank them and to remain vigilant against potential AML activities by existing customers. Transaction monitoring involves the identification and reporting of suspicious transactions for investigation.

¹ Features are variables or attributes that guide machine learning algorithms to make accurate and relevant predictions.

The Bank tested the effectiveness of AMLS in a six-month pilot. For name screening alerts, there was a 60 per cent and 50 per cent reduction in false positives² for individual names and corporate names respectively. False positives are those cases flagged by rules-based AML systems for non-compliance with regulatory and internal standards, but eventually found to have been in compliance after investigation. Transaction monitoring saw a five per cent increase in true positives³ and 40 per cent drop in false positives.

When it spots a pattern of suspicious activity, the AMLS also creates a smart rule and adds it to the AML typology library, thus enabling the machine learning models to detect similar patterns for future alerts. This means that over time, the solution will continue to filter the number of false positives and enable more accurate tracking. As such, the Bank's employees would be able to use the time saved to conduct more in-depth investigations on suspicious cases or to focus on other cases quickly and efficiently.

Mr Victor Ngo, Head of Group Compliance, UOB, said, "UOB is committed to upholding a strong risk-focused culture in which regulatory compliance is a key pillar to maintaining the trust our stakeholders place in us. The area of AML requires constant vigilance and continual enhancement to ensure that we stay on top of preventive, detective and enforcement measures. The use of RegTech such as Tookitaki's AMLS enables us to augment our ability to identify actionable alerts and to minimise false positives. These sharpen the accuracy and effectiveness of our AML risk management.

The six-month pilot has shown how AMLS can enhance our processes and over the next six months, we will continue to optimise AMLS' machine learning algorithms by adding new transactional data into the database. We will then implement the solution across the entire AML framework over time," Mr Ngo said.

Mr Abhishek Chatterjee, Founder & CEO, Tookitaki, said, "Our vision is to help banks develop sustainable AML compliance programmes. As such, the three key pillars of Tookitaki AMLS are to provide actionable, scalable and auditable outputs to help banks manage the heavy volume of transactions and alerts. By finding the balance between adoption of the right technology and specialised human investigation, we can create an integrated and sustainable compliance framework for the future."

² Refer to alerts that are found to be non-risk cases after investigation.

³ Refer to alerts that are identified correctly as a defined AML risk after investigation.

Tookitaki's AMLS offers separate modules for the four key processes within the AML framework. For example, the transaction monitoring module is able to detect new, unknown suspicious patterns and prioritise known alerts. The name screening module has three core components – enhanced name matching through a wider range of complex name permutations, reduction of undetermined hits through inference features and accurate alert detection through primary and secondary information. Both the modules feature a self-learning mechanism for automatic, continuous learning, 'explainability' for thorough understanding and to conduct quality investigation.

UOB will roll out AMLS to enhance the other two AML processes, namely customer risk assessment and sanctions screening, progressively.

Tookitaki is a graduate of The FinLab's⁴ second accelerator programme in 2017. Through The FinLab, UOB provides guidance, resources and mentorship to financial technology start-ups to help them secure investor funding, to sign commercial deals and to expand into new markets. The Bank also explores collaborations with these start-ups to support its own innovation and digitalisation efforts.

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About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. UOB is rated among the world's top banks: Aa1 by Moody's and AA- by Standard & Poor's and Fitch Ratings respectively. In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia and Thailand, as well as branches and representative offices across the region.

Over more than eight decades, generations of UOB employees have carried through the entrepreneurial spirit, the focus on long-term value creation and an unwavering commitment to do what is right for our customers and our colleagues.

We believe in being a responsible financial services provider and we are committed to making a difference in the lives of our stakeholders and in the communities in which we operate. Just as we are dedicated to helping our customers manage their finances wisely and to grow their businesses, UOB is steadfast in our support of social development, particularly in the areas of art, children and education.

⁴ The FinLab is a joint venture between UOB and SGInnovate.



About Tookitaki

Tookitaki Holding Pte. Ltd. provides enterprise software solutions in anti-money laundering and reconciliation. Headquartered in Singapore, the start-up is innovating the US\$100-billion regulatory compliance space by bringing in machine learning-powered solutions that are actionable, scalable and explainable. In November 2017, the company received accreditation from Accreditation@SGD, which aims to level the playing field of promising Singapore-based tech-product companies to win projects, to grow and to compete in the global market. In October 2016, Tookitaki won the first place at the Monetary Authority of Singapore's FinTech Awards in the Singapore SME category in recognition of its Know Your Customer/Anti-Money Laundering solution. Tookitaki is backed by institutional investors like Jungle Ventures and Spring Seeds, an investment arm of the Singapore government.

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