

# Watch-List Filtering Vendor Evaluation: Separating the Wheat From the Chaff

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## SAFE BANKING SYSTEMS

Privately held SBS is a relatively small firm based in New York that boasts a healthy roster of blue-chip bank customers. SBS has 25 FI clients in the United States and Canada, nearly half of which are FIs with more than US\$500 billion in assets. SBS' primary product offering is Safe Advanced Solutions, an integrated suite of products and services that enables list management, entity resolution, research, investigation, and reporting.

### FUZZY-MATCHING LOGIC

An artificial intelligence engine drives SBS' entity resolution capabilities. This includes the following:

- Advanced name- and address-matching algorithm based on fuzzy logic
- Tolerance for misspellings, alternate spellings, abbreviations, and other anomalies
- Pattern recognition with cross-cultural linguistic programming
- Various algorithms that hone matching (e.g., matching on first name initials and ignoring one-word aliases)

The fuzzy matching is then augmented by SBS' proprietary indexing and risk scoring, which use advanced analytics to prioritize which alerts should be worked.

### PLANNED ENHANCEMENTS

The following enhancements are planned for release in late 2015:

- **Case management:** In addition to the basics of alert remediation, case management, and Suspicious Activity Report (SAR) filings, SBS' new fully integrated workflow platform will include an emphasis on collective entity resolution (revealing the relationships and available information for related parties) and interactive data visualization (bringing to light large amounts of information in an easily understandable and intuitive way).
- **Safe Alert Manager enhancements:** These will include additional features, such as rotational alignment for greater resolution and false positive reduction, and self-tuning (to "learn" from operator decisions and adjust its scoring accordingly). The Safe Alert Manager can be integrated into various environments (i.e., used with various blocking engines and payment systems) to complement an organization's existing infrastructure and provide an end-to-end AML solution.

### VENDOR ANALYSIS

Aite Group spoke with five SBS customers, all of which are either large banks with more than US\$100 million in assets or large investment management firms. All five of the firms are very satisfied with the solution's performance as well as SBS' responsiveness to service and support requests. The executives are particularly enthusiastic about SBS' service ethos. In the words of one FI executive, "they're the best vendor we've dealt with, they're fantastic at response." Another relates that his bank had a support need on Veteran's Day, which was a holiday for SBS. When the bank called the support line, SBS' CEO answered the phone and was able to facilitate a quick resolution of the issue. A third FI lauds the continuity of service, saying it's been dealing with the same support staff for years, whereas at many of their other vendors, they tend to see a revolving door.

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The interviewees highlighted the solution's key strengths:

- **Superior detection:** The solution uses a combination of an index that ranks the risk of PEP and adverse media hits along with a probabilistic scoring model that is applied to all hits to produce confidence scores that help FIs better identify risk and prioritize alerts. For sanctions, PEPs, and adverse media, SBS takes a social and citation networking approach for collective entity resolution to help better differentiate true matches versus false positives. One FI says that it had been skeptical of SBS' claims until it performed a proof of concept, which not only reduced its false positives substantially but also turned up a number of true matches that its prior solution had missed. Another FI originally brought SBS in to help with a massive one-time screening effort and was so impressed that it ousted its incumbent vendor and now uses SBS for its daily activity as well.
- **Regulator acceptance and proof of compliance:** Thanks to a number of large institutions using the solution as well as white papers that SBS supplies to explain its scoring methodology, regulators are comfortable with SBS' approach.

Areas of improvement include:

- **Case management interface:** Currently, SBS relies on FircoSoft's case management interface, and one executive says that the result is somewhat clunky from a usability perspective (Table M). SBS does have a homegrown solution in development, which it plans to release in late 2015.

**Table M: SBS' Key Strengths and Areas of Improvement**

Strengths	Areas of improvement
Outstanding service and support	Case management
Robust detection analytics	

Source: Aite Group

## BEST-IN-CLASS WATCH-LIST FILTERING SOLUTION

Aite Group is pleased to present an award for the best-in-class watch-list filtering solution. The award criteria are based on the following factors:

- Client feedback
- Aite Group's assessment of the vendor's capability set, product maturity, and future development plans
- The vendor's market penetration and experience with the AML use case

This award goes to SBS. It is not often that FI executives wax rhapsodic about a compliance vendor, but every one of the five executives that Aite Group interviewed did just that when discussing SBS. SBS' solution brings superior performance with its ability to reduce false positives and find false negatives missed by other solutions. It backs that performance with an outstanding level of customer service and support. In the words of one of its FI clients, "SBS is a true partner, not just a vendor."