There are more small than mid to large firms.

Small firms represent just under half of the projected total cost of compliance ($13.9B) across the U.S. and Canadian markets. But the smaller firms get hit harder.

Relative to the bottom line, the cost of AML compliance as a percent of total assets is higher among smaller firms (up to .85%) compared to mid to large firms (up to .08%).

The industry expects AML compliance to cost a lot. But just how much?

The LexisNexis® Risk Solutions 2019 True Cost of AML Compliance Study

A collection of key findings and statistics to empower and inform your journey to Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) compliance.

$31.5 BILLION A YEAR

Projected cost of AML compliance across U.S. and Canadian financial services firms.

Let’s break that down

U.S. firms represent the majority of this total since there are significantly more U.S. financial institutions than Canadian.

However, each year U.S. & Canadian financial firms spend similarly when it comes to compliance.

Small Firms

Mid to Large Firms

Asset size of less than $10B

Asset size of $10B+

$1.5 MILLION (U.S.)

$1.4 MILLION (CANADA)

$14.3 MILLION (U.S.)

$14 MILLION (CANADA)

These costs are driven up by overhead investment requirements regardless of scale.

Many firms invest in these tools:

- 66% cloud-based KYC utilities
- 55% shared interbank compliance databases
- 38% in-memory processing
- 34% unstructured data analysis of text

The distribution of compliance costs differs by size of organization.

Small firms tend to leverage AML compliance technology less. Mid to Large U.S. firms leverage AML compliance technology and services more often, especially banks. It is more limited among Canadian firms. Those that leverage AML compliance technology more also have larger compliance teams. This larger workforce contributes greatly to their substantially higher annual AML costs.

Why does this all matter?

Findings show that U.S. and Canadian firms that effectively use compliance technology realize a lower average cost per Full Time Equivalent (FTE) than those who do not.

Many firms expect these technologies/services to become a standard part of the due diligence process in the next five years:

- 90% shared interbank compliance databases
- 68% in-memory processing
- 73% unstructured data analysis of text

Why is this good?

Human resource costs tend to trend upwards year-over-year and quite sharply when firms are faced with increasing regulatory pressures.

Want to know more?

Seeking actionable insights to manage risks and improve results?

LexisNexis® Risk Solutions is your trusted data analytics provider. We deliver targeted solutions that empower well-informed decisions and uphold the highest standards for security and privacy.

We provide solutions for anti-money laundering acts, regulations and guidance:

- Bank Secrecy Act (BSA)
- USA PATRIOT Act
- Office of Foreign Assets Control (OFAC) Regulations
- Financial Crimes Enforcement Network (FinCEN) and Federal Financial Institutions Examination Council (FFIEC) Guidance
- Financial Action Task Force (FATF) and Wolfsberg Group Guidance

For more information, call 866.277.8407 or visit: risk.lexisnexis.com/2019TrueCostofAMLComplianceStudy