U.S. FIRMS HAVE REPORTED HIGHER BSA/AML COST INCREASES DURING THE PAST 24 MONTHS. CANADIAN FINANCIAL INSTITUTION COSTS FOR AML MAY BE HIGHER IN THE NEAR TERM.

NEARLY HALF OF BOTH U.S. AND CANADIAN FINANCIAL INSTITUTIONS HAVE:

- Created teams to evaluate emerging payment technologies
  - U.S.: 55%
  - Canada: 49%

- Expanded compliance screening hours (which adds to labor costs)
  - U.S.: 43%
  - Canada: 41%

U.S. FIRMS (MID TO LARGE):

- Leverage BSA/AML compliance technology more
- 92% expect shared interbank compliance databases to be standard within 5 years

CANADIAN FIRMS:

- Are more active in implementing Financial Technology (FinTech) or Regulatory Technology (RegTech)
- 91% expect in-memory processing and
- 70% expect machine learning and artificial intelligence will become standard within 5 years

More investment activity is expected in both the U.S. and Canada over the next 1-2 years to deal with these emerging pressures.

CANADIAN FIRMS HAVE REPORTED:

- Pressure on better beneficial ownership due diligence
- The need to speed up the process of reporting to authorities

U.S. FIRMS EXPRESS MORE CONCERN ABOUT AML COMPLIANCE, SPECIFICALLY:

- 69% of U.S. polled ‘somewhat to very concerned about job satisfaction of compliance staff’
- 26 annual hours of lost productivity due to job dissatisfaction

Increased external support will be needed as more BSA/AML scrutiny is being placed on asset management/investment firm transactions.

Increased investments in compliance technology could benefit the efficiency of asset management/investment firm functions at mid to large scale banks.

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