

True Cost of Financial Crime Compliance Study

Global Summary

The global true cost of financial crime compliance series provides industry-driven insight into financial crime compliance around the world.

organization types:

We surveyed 1,088 financial crime compliance decision makers across multiple markets and



The projected total cost of financial crime compliance across all financial institutions in the 2022 study markets in North

01 KEY FINDING

North America Europe 2020 2022 2022 Change 2020 Change

America, LATAM, EMEA and APAC is \$274.1B.



highest YOY dollar changes.

Factors Driving AML Compliance Costs

% Ranked Among Top 3

Global Average 7% Labor/resource costs (salaries) 18% Labor/resource costs (training) 33%

The average annual cost of financial crime compliance per

organization has risen by double-digits since the pandemic

began in 2020, with U.S. financial institutions reporting the



Evolving criminal threats Increased data privacy requirements Investment in new technology, tools 49%

68%

68%

49%

45%

45%

Increased geo-political risk

Increasing AML regulation

Increasing AML activity

Increased staffing costs

Investment in risk management, de-risking



66%

67%

Trade-based money laundering schemes

Financial crime involving cryptocurrency

64% 64% Corporate structures to launder Money mules laundering crime proceeds crime proceeds **62% 59%** Proceeds of trafficking Corruption and bribery within supply chain

67%

65%

Financial crime involving digital payments

illegal activities

Professional advisers legitimizing



Lacking critical identifying attributes of a business Lack of a standard data registry within non-U.S. markets

technology experienced:

Lower Average Annual Cost of Compliance

Mid/large average annual compliance costs: Markets with highest annual spend (France, Germany, Netherlands)

\$44M

technology

\$56.2M

labor

Effective Solution

real-time behavioral data/analytics.

Non-cooperation from the business

Identifying Ultimate Beneficial Owners

Lack of up-to-date information on the business

Lack a single view of risk for a business entity

Non-standard documentation with offshore financial centers

05 KEY FINDING Financial institutions that have invested in technology solutions, to support financial crime compliance efforts, have experienced lower costs and fewer compliance operations challenges. As an illustration, mid/large financial firms in the highest spending EMEA markets (France,

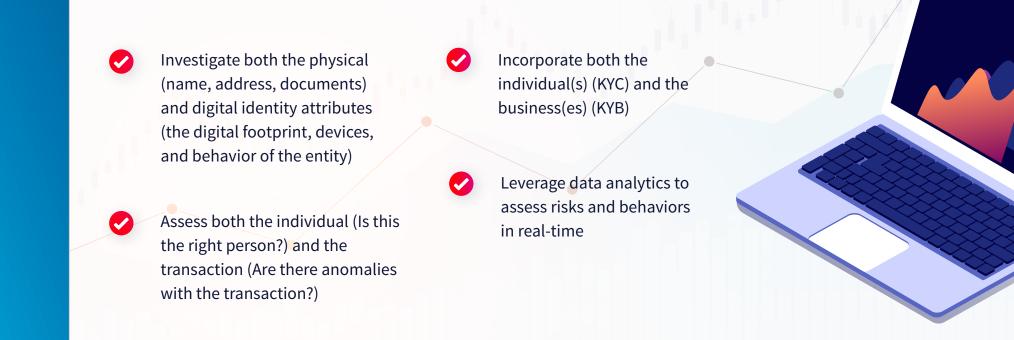


Manual workloads

Delayed on-boarding

45%

Longer due diligence times **Distribution of Compliance Operations Costs** A multi-layered solution approach to financial crime compliance and identity proofing is essential as criminals become more sophisticated.



It is important to assess both the individual and the business (if a business account) with a need for

How LexisNexis® Risk Solutions can help. LexisNexis® Risk Solutions is ready to support your company

reduce the cost of financial crime. Contact us to learn more.

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December 2022 LexisNexis Risk Solutions Group. NXR15749-00-1122-EN-US

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