



# HAWK:AI

ENDING FINANCIAL CRIME.  
EFFICIENTLY.

## CSI CX24

Think Outside the Black Box | Why AI is Crucial to Community Banks

Overcoming Operational Hurdles with Innovative Technology

April 16, 2024



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# CONTENT

1. Framing the problem: challenges regulated institutions face today
2. Traditional approaches and limitations
3. Current technology at your disposal
4. Why firms adapt and why they don't
5. Winning with emerging technology



# HAWK:AI BUSINESS OVERVIEW



# A GLOBAL SOLUTION TO FINANCIAL CRIME

Founded in 2018 and headquartered in Munich, 100+ employees serving a global market.

80+ bank, payment, & fintech clients globally

Secure, private & compliant  
SOC/2 & ISO 27001 certifications

Flexible cloud deployment, SaaS  
or VPC, with multi-cloud

Recognized market leader





# TRUSTED FINANCIAL CRIME PLATFORM

## 01/ HAWK:AI at its core

Enabling FIs to address their FinCrime (e.g. sanctions, fraud) challenges, in real time with AI.

## 02/ Anytime, anywhere, securely

Real-time, cloud-native SaaS solution enabling monitoring of big data across various platforms.

## 03/ Sharing insights, not data

AI-enabled solutions, leveraging model learnings to distribute insights across our client network.

## 04/ Deliver immediate client value

No-code configurations, APIs, and no-to-minimal dev to deploy = time to value in months, not years.

## 05/ Trusted, Explainable AI

Patent-pending AI Explainability proven in regulatory exams.

## 06/ Tier 1 leadership

Experienced founders and management team with significant track-record and domain expertise.



# FRAMING THE PROBLEM CHALLENGES REGULATED INSTITUTIONS FACE TODAY



# GLOBAL OBSTACLES TO EFFECTIVE FINCRIME PROGRAMS

Macro conditions are making it harder for firms to combat financial crime.



Macro-economic turmoil accelerates FinCrime.



Compliance spending is non-discretionary, constantly in budget questioning.



Continuous solution upgrades required to cope with fast-paced regulatory landscape.



Arms race to counter rapidly evolving digital criminal behavior.



Continuous push to reduce labor costs drives demand for AI/ML-based solutions.



Financial institutions need operating models & systems that deliver synergies quickly.



# CATEGORIZING THE OBSTACLES

Macro conditions are making it harder for firms to combat financial crime.

## 1. EVOLVING REGULATORY PRESSURE

69%

respondents who expect an increase in financial crime risks over next 12 months

*Fraud and Financial Crime Report, June 2023, Kroll*

## 2. ECONOMIC CONSTRAINTS

~\$58B ↑

Worldwide AML tech and operational spend

*IT and Operational Spending on Anti-Money Laundering: 2023 Edition. Celent*

## 3. DATA & TECHNOLOGICAL LIMITATIONS

88% ↑

Higher average compliance FTE cost when spending <50% of annual compliance costs on technology (~\$122K)

*True Cost of Financial Crime Compliance Study, 2022, LNRS*





# MAINTAINING VS. ADVANCING

A challenged system means we fall further behind.

## 1. EVOLVING REGULATORY PRESSURE

Trade-offs in priorities between exam management and fincrime fighting improvements

## 2. ECONOMIC CONSTRAINTS

“Do more with the same,” firms prioritizing revenue operations

## 3. DATA & TECHNOLOGICAL LIMITATIONS

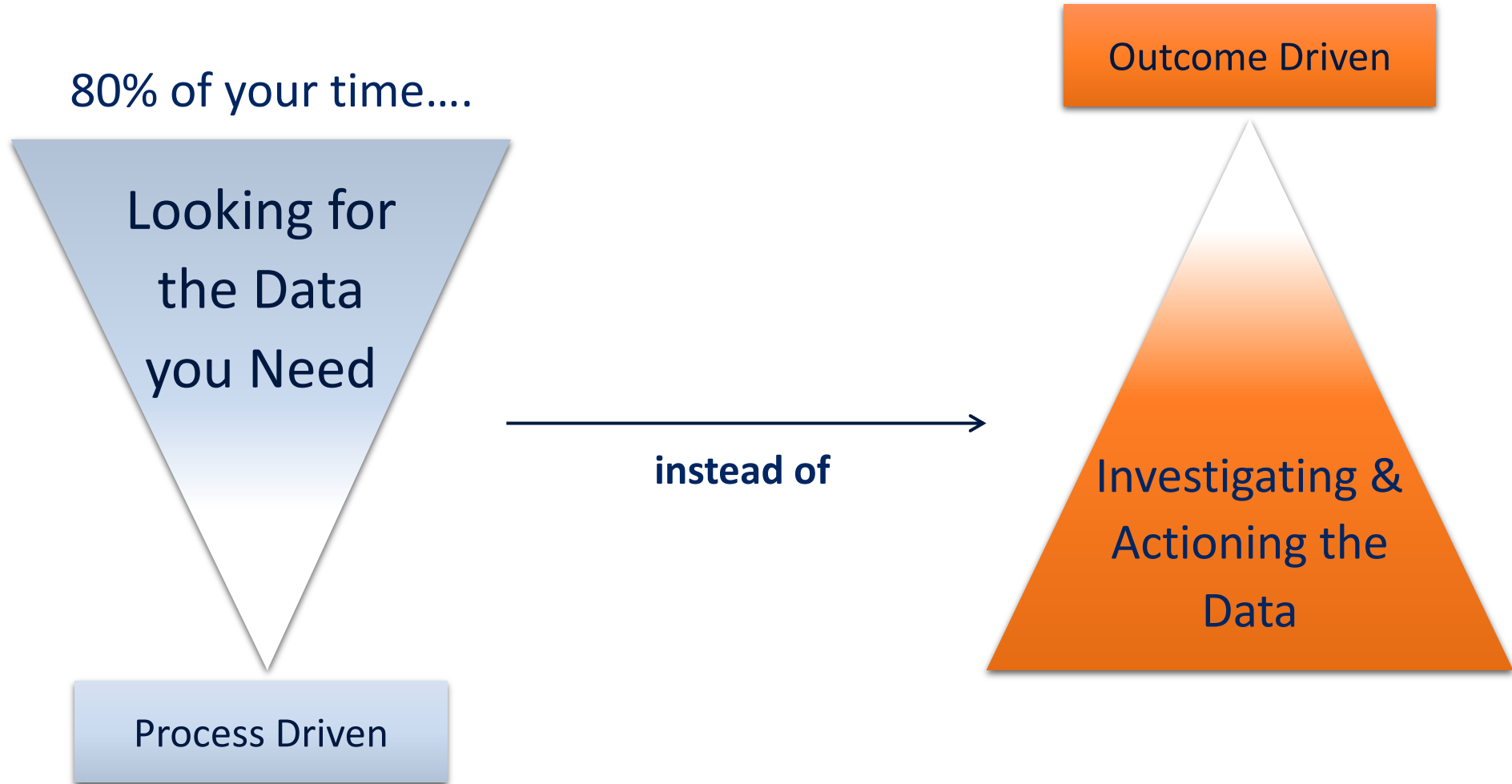
Checklist priorities and status quo budgeting, continued data and change management shortcomings



# TRADITIONAL APPROACHES AND LIMITATIONS








# THE 80/20 RULE





# HAVE WE REALLY EVOLVED?

	Approach	Context	Outcome
	Static alert, no reasoning	Do we know why this alert was generated?	<b>Missing context, searching for answers</b>
	Physically fill, submit reports	Lacking integrated filing capabilities	<b>Manual submission = time wasted</b>
	Coded rules, no automation nor models	Inability to adjust timely, easily - no scaling possible	<b>Minimal efficiency, effectiveness, flexibility</b>
	Racks and servers, internal maintenance	Upgrades, response time, shared internal resources, maintenance headaches	<b>Explosive costs on antiquated tech</b>
	Batch processing data	Limitations gathering and distributing customer, transaction, event activity	<b>Decisioning after damage is done</b>

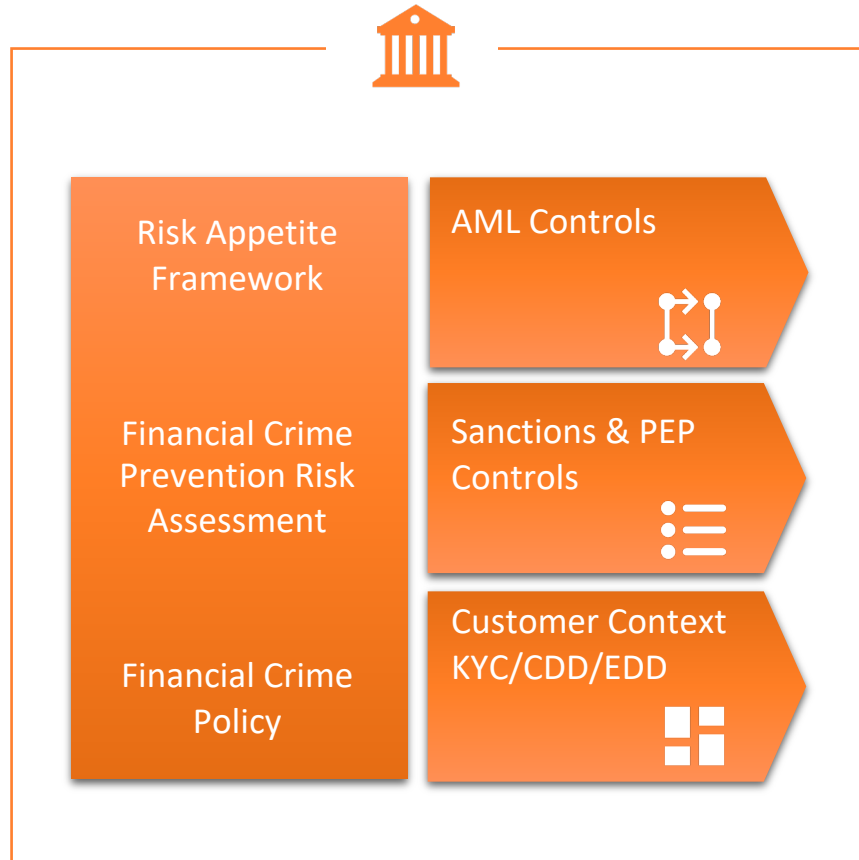


# **CURRENT TECHNOLOGY AT YOUR DISPOSAL**



# A FAMILIAR FIGHT

Your programmatic approach is still founded in risk and controls, addressing criminal typologies.



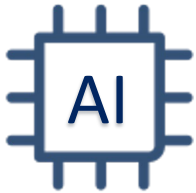
FINANCIAL CRIME TYPES		
Money Laundering	Sanctions Evasion	Anti Bribery Corruption
Tax Evasion	Fraud	Market Manipulation
Terrorist Financing		



# IMPROVING TOOLS

Prevention, Detection, Investigation, and Action is still the name of the game.

The technology at our disposal offers a transformational opportunity to advance your financial crime fight.



## ARTIFICIAL INTELLIGENCE

- **Explainable machine learning**
- **LLMs for data management and reporting**
- **Automated decisioning**



## SAAS

- **Hosted environments**
- **Virtual private clouds**
- **Deployment time to value**



## CONFIGURABILITY

- **Deploy standalone or on top of existing systems**
- **No-code rule and workflow management**
- **Data ingestion flexibility**



# INNOVATION FOR COMMUNITY BANKING

## Legacy Providers



### Old Technology

The cost of running legacy systems built on decades old architecture is crippling.



### Inflexible

Hardcoded rules and workflows requiring coding and vendor intervention.



### Lacks Scale

Performance issues, gaps, and technical challenges as your business begins to grow.



### AI Deficient

No machine learning models and limited alert context and explainability creates inefficiencies.



### Costly

Long deployment times, manual submissions, old UI/UX, and 'swivel chair' investigations drain funds.



HAWK:AI



### Innovative Approach

Real-time, AI-driven, and cloud-first approach to give you the most innovative technology.



### Flexible

No-code rules and integrated risk view puts you in control to proactively manage your program.



### Growing with You

Our real-time platform was designed to bend and scale so performance is never compromised.



### Advanced & Explainable AI

Machine learning models that do not require an army of data scientists, nor an oversized budget.



### Economical

Deploy in months, automate processes and data gathering, with no effectiveness compromise.





# WHY FIRMS ADAPT AND WHY THEY DON'T



# SURVIVAL OF THE FITTEST

## **Adapting and evolving are traditionally hindered by:**

- Leadership priorities, lack of internal business case signoff
- Service providers not plugged into core banking platform
- Inability to allocate funds, staff, resources appropriately
- Seconded tech resources with competing priorities
- Existential fear to existing operational structure
- Regulation favors status quo, no compelling event
- Change management struggles



# OVERCOMING OBSTACLES

- Build a solid business case with your partner centered on efficiency and effectiveness ROI.
- Get your ducks in a row with a coalition of stakeholders internally and engage your regulator(s) early on plans. Bring them along.
- Address **explainability** for clarity and transparency in the outcomes of your AI-powered solutions.
- Embrace cloud deployment and security. Ensure your partner clearly articulates integration, data and security management, and meets your tech teams requirements.
- Challenge the status quo. Long deployment cycles, rigid configurability should not be trade-offs.



# WINNING WITH EMERGING TECHNOLOGY



# 3 ESSENTIAL TECHNOLOGY DIFFERENTIATORS

AI-driven, SaaS first, real-time risk engine.

## Efficient

analytics and decisioning  
**reduces compliance cost,**  
dramatically.

False Positive Reduction model	Alert Prioritization model
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## Effective

Find more risk, faster with explainable & governed typology-focused AI models.

Anomaly Detection model	Pattern Detection model
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## Flexible

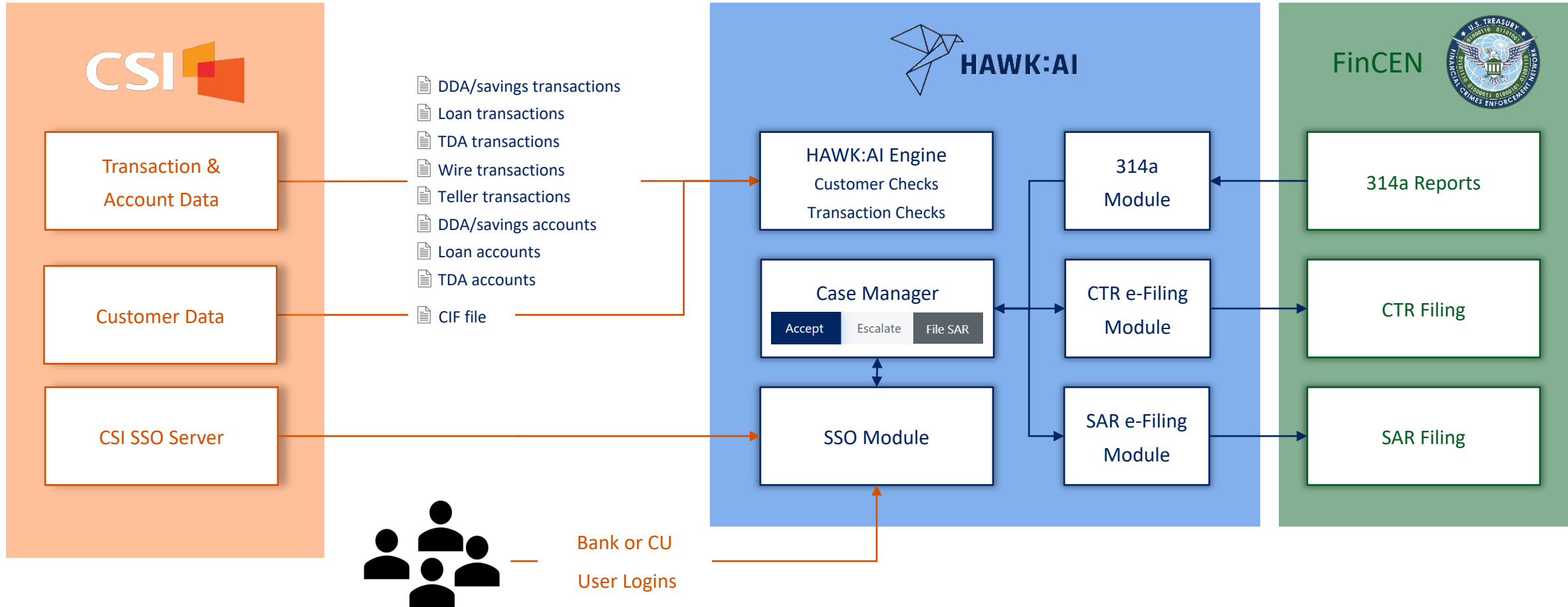
An integrated risk view, user-friendly platform, and modern API allow you to adapt quickly to emerging threats.

AI overlay or standalone	API data ingestion
No-code configuration	



# HAWK:AI / CSI NUPOINT INTEGRATION

Native integration with the CSI NuPoint core simplifies and expedites your access to financial crime controls.





# RECAP

- 1. These are challenging times.  
Explore your options.**
- 2. AI and other tech advancements will  
improve your program.**
- 3. Bring stakeholders and regulators on the  
journey with you.**



**THANK YOU.**





# REAL RESULTS:

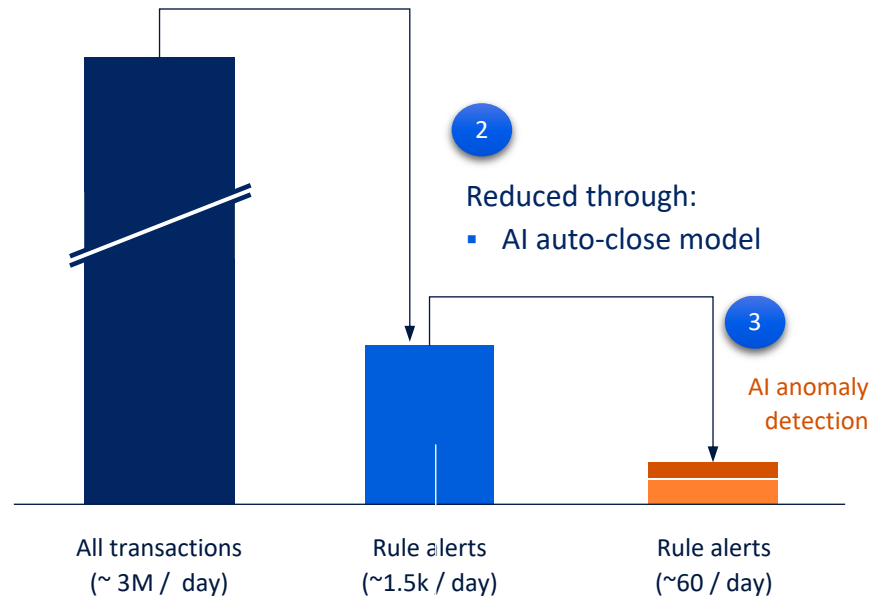
# FALSE POSITIVE REDUCTION

## CHALLENGES

- >95% false positive rate.
- Generic risk thresholds impacting true positives.
- Increasing AML team FTE not a viable option.

## SOLUTION

- 1 Cleaned through:
  - Segmentation
  - Rule optimization



- 1 Optimized rules with client to match their risk appetite. Segmented rules by customer type.

- 2 Applied 'Auto-Close' model trained on labeled historical data according to client's risk tolerance.

- 3 Additional 'Anomaly Detection' model to refine remaining alerts not auto-closed.