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## OCBC BANK PILOTS ARTIFICIAL INTELLIGENCE SOLUTIONS WITH TWO FINTECHS TO FIGHT MONEY LAUNDERING

*Anti-money laundering transaction monitoring tools being explored could  
increase analysts' productivity by 100 per cent*

**Singapore, 19 July 2017** – OCBC Bank has piloted two financial technology (Fintech) solutions to enhance its competency in fighting money laundering and terrorism financing. The two Fintech companies involved – BlackSwan Technologies and Silent Eight – were part of the second Fintech Accelerator Programme run by OCBC Bank's Fintech unit, The Open Vault at OCBC. The companies leverage artificial intelligence to conduct research on individuals and entities suspected of illegal financing. This is done by searching for information on individual profiles, and mapping how suspicious transactions may be linked to one another to see if they are indeed fraudulent or illegal. Today, this process is carried out manually by an internal compliance analyst, with the total time required lasting between one hour and a few days. The Fintech solutions speed things up significantly – for instance, the “desktop” component of the research can be reduced from one hour to just one minute – and can increase the overall productivity of an analyst by 100 per cent.

### **AI solution for suspicious transactions**

Suspicious transaction monitoring is usually done in two parts. When suspicious transactions are flagged to the compliance team, the analysts – who function like OCBC Bank's internal private investigators – start by conducting desktop research on the individuals involved to see if the transaction that is highlighted is “reasonable” – meaning, if the transaction is typical of the individual's usual banking behaviour. The analysts conduct research by scanning social media accounts, newspapers, search engines and databases to create a “dossier” of the individual, to get a comprehensive understanding of banking patterns, associates and behaviours. This process can take up to one hour or more. Subsequently, the suspicious transactions need to be mapped and analysed to find possible patterns of connections, including connections to past transactions or other transactions that may have been flagged as suspicious. This process is more complicated and time-consuming, typically taking analysts two to three days to complete.

**Silent Eight**, one of the Fintech solutions piloted, helps to automate the desktop research process by enabling analysts to digitally scan Internet search engines, news sites and internal and external databases to put together the suspicious individual's "dossier" within just a minute. Artificial intelligence enables the system to filter out irrelevant information such as individuals with identical names.

**BlackSwan Technologies**, the second transaction monitoring Fintech solution, leverages artificial intelligence to analyse the suspicious transactions, mapping them to a network of related transactions to identify possible connections with other individuals or companies which may be atypical or previously unknown. This can simplify the task of the analyst and provide useful leads to follow up on.

Mr Alex Ng, Head of OCBC Bank's Group Transaction Surveillance that led the pilot with Silent Eight and BlackSwan Technologies, said: "We saw great potential in these two Fintech start-ups. We felt that this 'back office process' of transaction monitoring could definitely use an innovative solution to help automate things and make our investigative research more timely and effective. The Open Vault at OCBC Fintech Accelerator Programme gave us the opportunity to work closely with the Fintechs during a short burst of three months, to experiment by providing them with anonymised real data to see how the solutions can meet our needs. We were not disappointed."

Money laundering and terrorism financing is a growing area of concern, with the Monetary Authority of Singapore announcing earlier in April this year a government-industry effort to strengthen Singapore's capabilities in identifying and fighting these threats, and increasing our efficiency in doing so. This is important since Singapore is an international financial centre and trade hub. The Fintech pilot conducted by OCBC Bank reinforces its commitment to building a more robust system of checks on suspicious individuals and transactions to stem the flow of illegal funds.

#### **Four other Fintech pilots completed**

The Open Vault at OCBC Fintech Accelerator Programme, which is into its second year, saw OCBC Bank complete a total of six concurrent Fintech pilots within a 12-week programme. The programme attracted applications from close to 100 Fintech start-ups from 26 countries, of which six were eventually chosen to run pilot tests with OCBC Bank. The start-ups were given exclusive access to anonymised bank and customer data to test their solutions.

Besides the pilot tests with Silent Eight and BlackSwan Technologies, OCBC Bank also completed pilot tests with four other Fintech start-ups in the accelerator programme.

#### AI Solution for Life Insurance

**Boundlss** – this Insurtech helps life insurers improve the health and wellbeing of customers through a mobile app that makes customer engagement seamless and convenient. The app draws on data collected from wearables like smart watches and mobile devices, providing personalised health and wellness recommendations continually to customers through a chatbot powered by AI and supported by human experts. Customers can claim rewards on the app for achieving health and wellbeing milestones, encouraging customers to live a healthier and more productive life. Boundlss worked closely with Great Eastern to pilot the solution during the 12-week accelerator programme.

#### Solution for Business Banking

**Strands** and **9Spokes** – OCBC Bank collaborated with these two Fintech companies to help their SME customers better manage their business and cash flow. The solutions provide digital tools and dashboards to simplify the process of managing working capital and financial performance. Small businesses which often have limited time and resources to operate their businesses day-to-day can leverage these solutions to make fact-based decisions that increase productivity and improve their performance.

#### AI Solution for Consumer Marketing

**SQREEM** – this Fintech uses artificial intelligence to mine data from customers' public social media channels and Internet search engines to create micro segments of customers that can be leveraged for targeted marketing. For example, if a customer has indicated publicly on their social media channel that they are looking for travel insurance for an upcoming holiday, the platform can intelligently capture this information and steer an upcoming travel insurance deal or promotion the customer's way if relevant and timely.

Mr Pranav Seth, OCBC Bank's Head of E-Business, Business Transformation and Fintech and Innovation Group, said: "The Open Vault at OCBC continues to focus on bringing the bank and the external Fintech ecosystem together. We want to test new ideas rapidly and create amazing experiences for our customers. This year, we deliberately kept our focus narrow, addressing specific customer needs and business areas. Testing the various technologies using real customer data enables us to deliberate more effectively on how to

bring these solutions to market to benefit our customers and strengthen our internal capabilities.”

The Open Vault at OCBC partnered exclusively with SG Innovate to attract innovators from Singapore and around the globe – all passionate about developing new technologies – to participate in the accelerator programme. The accelerator programme kicked off in May 2017 and provided the selected start-up firms with access to business mentorship, technical expertise from OCBC Bank and dedicated guidance from SG Innovate on piloting their solutions with the bank.

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## SOCIAL MEDIA ASSETS

**Official hashtags:** #ocbcbank #ocbcfintech #theopenvaultatocbc

**Keywords:**

OCBC, Fintech, Innovation Lab, The Open Vault at OCBC, accelerator, AML



**Suggested tweet:** OCBC Bank explores Fintech solutions for money laundering and terrorism financing



**Suggested Facebook post:** OCBC Bank explores Fintech to strengthen money laundering and terrorism financing transaction monitoring, increasing research productivity by 100 per cent.

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## About OCBC Bank

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world’s most highly-rated banks, with an Aa1 rating from Moody’s. Recognised for its financial strength and stability, OCBC Bank has been ranked Asean’s strongest bank and among the world’s five strongest banks by Bloomberg Markets for five consecutive years since the ranking’s inception in 2011.

OCBC Bank and its subsidiaries offer a broad array of commercial banking, specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has over 620 branches and representative offices in 18 countries and regions. These include the more than 330 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and more than 90 branches and offices in Hong Kong, China and Macau under OCBC Wing Hang.

OCBC Bank's private banking services are provided by its wholly-owned subsidiary Bank of Singapore, which has received increasing industry recognition as Asia's Global Private Bank, and was voted "Outstanding Private Bank in Southeast Asia in 2014" by Private Banker International.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the oldest and most established life insurance group in Singapore and Malaysia. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia.

For more information, please visit [www.ocbc.com](http://www.ocbc.com).

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