

# Anti-Money Laundering Solutions: zGlobal Financial Framework

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As per United Nations Office on Drugs and Crime (UNODC) report, the average loss by laundered cash in one year is around \$800 billion to \$3 Trillion, which is 2-5% of the worldwide GDP. Likewise, at the country level, the Public Authority of India cites around \$18 billion is lost through illegal money laundering annually. This amount makes India a massive target for international money laundering. These instances illustrate how important it is for the world to eliminate or at least minimize its deadly impact on the economy to ensure that it doesn't succumb. But before that, let's uncover a few things to gain a clear insight into Money laundering.

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Hence, with the growing awareness among organizations of anti-money laundering solutions for financial crimes, the market is expanding drastically with increasing global trade, new technologies, and regulatory frameworks. In fact, according to MarkNtel Advisors, The Global [Anti-Money Laundering Solutions \(AML\) Market](#) is projected to grow at a CAGR of around 18.2% during 2023-28.

Further, enforcing government regulations due to increasing terrorist funding activities propels the demand for these solutions. For instance, in March 2022, the international police organization launched the INTERPOL financial crime and Anti-corruption Centre (IFCACC) to offer a collaborative global response to the increasing

transnational financial crimes. As a result, the market for anti-money laundering solutions is expected to surge exponentially in the upcoming years.

## **Governments Stringent Regulations: General Procedures to Comply With**

Many governments have created efficient AML control systems and compliance programs to detect and prevent criminal activities. For instance,

In the U.S., Bank Secrecy Act is the initial measure to combat money laundering and financial terrorism. The underlying provisions of the act offer financial transparency between the institutions and government to deter and detect the misuse of U.S. economic structure to launder criminal proceeds. Hence, the banks and other institutions are subject to the BSA record-keeping requirements.

Similarly, in U.K. and Ireland, all transactions are covered by AML compliance with the nation's AML laws monitored by the Cayman Islands Monetary Authority (CIMA). Further, In UAE, supervisory authorities lay down detailed guidelines for the regulated entities to efficiently handle the risk of finance terrorism. Regulated entities must register on the goAML portal launched by the UAE's Final Intelligence Unit (FIU).

### **A Responsible AML Compliance Adhere with the Common procedures,**

- Firms of any size in the nation must establish and verify the identities of their consumers in order to conduct an efficient risk assessment. Hence, the customer due diligence process (CDD) should include collecting names, addresses, tax identification numbers, and ownership information.
- To reflect ongoing circumstances, businesses must revive Know your customer (KYC) customer data. It is a superior identity verification process to understand customers' financial dealings better.
- In order to prevent suspicious activity, firms must screen their customers for unusual transactions of high-risk customers. Further, it is inevitable for high-ranking officials such as politically exposed persons (PEP) to determine the level of compliance risk they present.

### **Important sectors to Deploy AML Solutions for the Stability in Financial Markets**

- Banking is the foremost firm to prioritize AML solutions due to potential threats of various kinds. Recently, a tier 2 regional bank in the US stated that integrating AI base AML solutions reduced the alert volume by 55% and suspicious activity report (SAR) yield by 25%. Further, another tier 1 bank reported a reduced manual effort from two weeks of staff time to less than a minute through the facilitation of automated ML due diligence document reviews.
- In Capital Markets, using the SAS model (statistical analysis software) is expected to reduce the exposure of fraudulence and financial crimes to detect and report illicit activities. It also minimizes the investigation costs of anti-money laundering technologies.

- Insurance policies use AML solutions to verify the legitimization of illicit gains. Money launders often buy insurance policies to establish the flow of innocent transactions and checks to retrieve funds legally.
- Retail business has become unsuspecting victims of criminal activity due to the increasing use of payment processors to launder money. The use e-commerce retail merchant account to process transactions is called transaction laundering.
- Criminals derive funds from extortion and embezzlement in the public sector by targeting profit margins. AML solutions help locate and restore stolen funds and are sure to end upcoming crimes.

## **In a Nutshell,**

Hence, institution of any sizes prioritizing the anti-money laundering solutions is not only legal and moral obligation, but it makes business sense. Many regulatory authorities across geographies have launched AML regulations to prevent illegitimate activities. Further, the advent next-gen AML technologies have become more prevalent in identifying financial crimes. Therefore, a successful AML program involves the compliance with the regulations and integration of ultra-technologies results in operational efficiency and effective business case.

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