

# TRUSTIBLE.™

## **AI Horizons: Exploring AI, Regulations, and the Future**

Puerto Rico Financial Services Forum

October 2023



*Trustible is an AI governance software company that enables enterprises to manage and mitigate AI risk, build trust, and accelerate responsible AI development.*

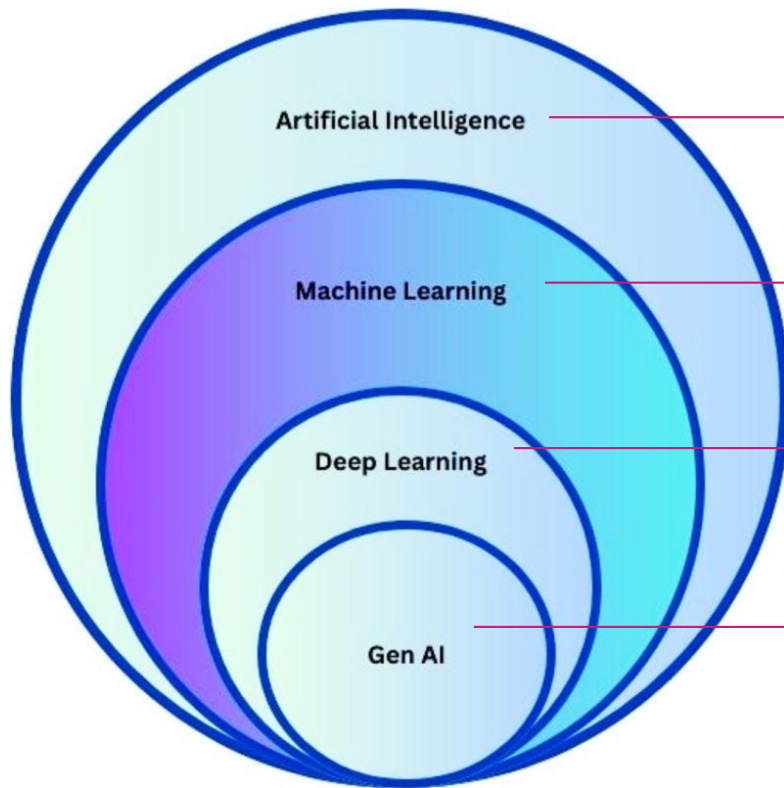
## OUR MISSION

Empower organizations to develop trustworthy & responsible AI.

TRUSTIBLE

# What Exactly is Artificial Intelligence?

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## **Artificial Intelligence**

A computer system's ability to perform tasks that usually require human intelligence.

## **Machine Learning**

A method where computers improve their performance by learning from data.

## **Deep Learning**

Computers using layered networks, like our brain's structure, to analyze & learn from data.

## **Generative AI**

A type of AI that can create new content, like images or content, by learning from existing examples.

# AI can generate \$1T of value for Banks over next few years

~\$1B annual value from AI in Banking<sup>1</sup>...

## Marketing and Sales: \$624.8B

- Personalized advertising
- Automated customer service
- Hyperlocalized pricing

## Risk: \$372.9B

- Fraud detection
- Debt analytics
- Risk Modeling

## Ops: \$24.6

- HR screening
- Retention
- Auditing

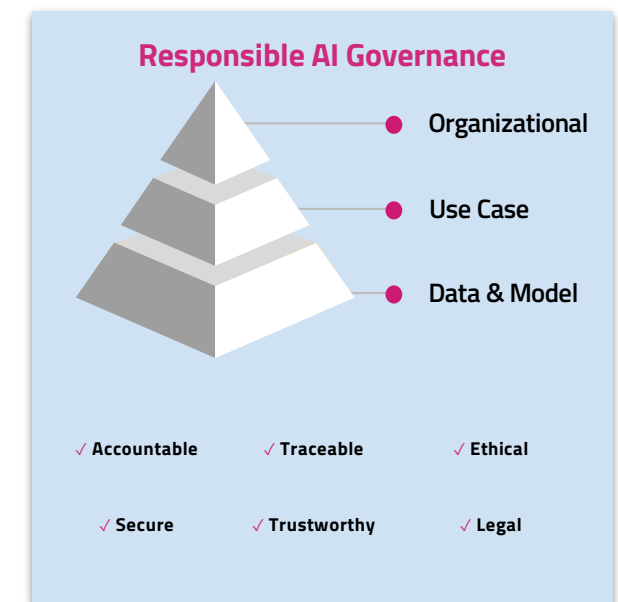
...but significant hurdles to achieve value

34% of consumers would stop interacting with a company altogether if they were using AI irresponsibly

70% of organizations don't feel ready to meet the requirements of emerging AI regulations

73% of enterprises lack access to the right talent and skills to support AI work

AI adoption requires governance



# Complex & uncertain regulatory landscape for AI

## United States

### Federal

- Algorithmic Accountability Act
- White House AI Bill of Rights
- Federal Agency regulations (FTC, SEC, FRB, etc)

### State

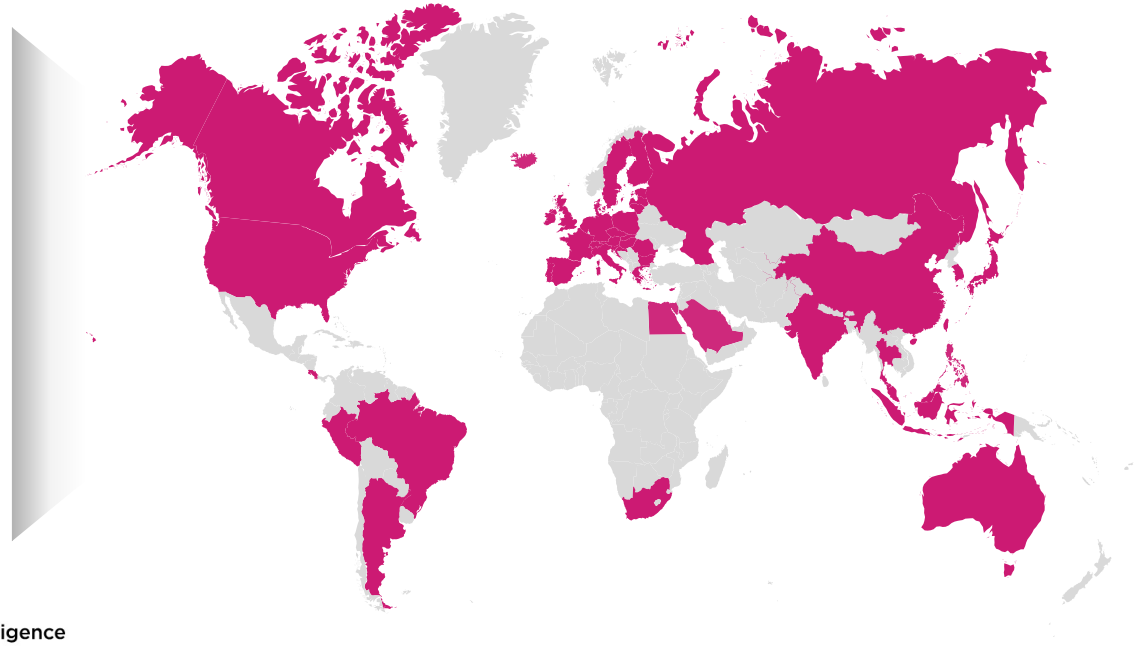
- Data privacy and consumer data protection [10 states]
- AI Regulation to Prevent General Harms [CA, DC, NJ, NY]
- Regulating AI in Employment Settings [IL, MA, NJ, NY, VT]
- Regulating AI in Healthcare [CA, IL, ME, MA, RI, TX]
- Regulating AI in Insurance [CO, NJ, NY, RI]
- Regulating AI Used by the Government [CA, MA, MO, NJ, NY, RI, WA]
- Regulating Generative AI [MA, NY, PA, RI]
- AI Transparency and Understanding [CA, IL, MD, NV, NJ, NM, NY, NC, PA, TX]

## International Frameworks



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## Across the World





**About Alacer:** Established in 2009, and offices in The United States, India, and Australia, The Alacer Group is a global technology and consulting firm specializing in providing comprehensive AML, compliance and fraud solutions.

**Introducing Velocity:** The Velocity Financial Crimes Solution Suite helps financial institutions comply with Bank Secrecy Act (BSA), Anti-Money Laundering (AML), Fraud and FATCA regulations with ease and simplicity. The solution uses multiple detection methods and an advanced analytics engine powered by Hybrid Machine Learning and Artificial Intelligence to help institutions, large and small, achieve compliance while reducing risk.



### Module

S



Sanctions & List Screening



Cannabis Screening



Transaction Monitoring



FinCEN 314a



Case Management & E-Reporting



Country Risk Service



Customer Onboarding, Due Diligence & Risk Rating



Crypto Screening



Fraud Prevention / Detection

### Integrated and Robust Compliance Platform

Structured & Unstructured Data	<ul style="list-style-type: none"> <li>Transaction Data</li> <li>Customer &amp; Account Data</li> </ul>	<ul style="list-style-type: none"> <li>Sanction List</li> <li>Other Watch Lists</li> </ul>	<ul style="list-style-type: none"> <li>Third Party Data</li> <li>External Sources</li> </ul>
Dynamic Processing & Analytics	<ul style="list-style-type: none"> <li>Data Quality Management</li> </ul>	<ul style="list-style-type: none"> <li>Filtering / Fuzzy Logic</li> </ul>	<ul style="list-style-type: none"> <li>Detection / Matching / Scoring</li> </ul>
Alerts and Workbenches	<ul style="list-style-type: none"> <li>Sanctions Screening Alerts</li> <li>Transaction Monitoring Alerts</li> </ul>	<ul style="list-style-type: none"> <li>Customer Risk Ratings</li> <li>Fraud Alerts</li> </ul>	<ul style="list-style-type: none"> <li>KYC / CDD / EDD</li> <li>ADMIN Tools</li> </ul>
Workflow Management	<ul style="list-style-type: none"> <li>Branch / Business Units</li> <li>Request for Information (RFI)</li> </ul>	<ul style="list-style-type: none"> <li>Customer Onboarding</li> <li>Alerts &amp; Case Mgt.</li> </ul>	<ul style="list-style-type: none"> <li>On-Demand Screening</li> </ul>
Dynamic Reporting	<ul style="list-style-type: none"> <li>CTR / STR / SAR</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory Reporting</li> </ul>	<ul style="list-style-type: none"> <li>Dashboards / Custom &amp; Ad Hoc Reports</li> </ul>
Process Automation	<ul style="list-style-type: none"> <li>OCR technology enablement</li> </ul>	<ul style="list-style-type: none"> <li>Bank statement and document scanning</li> </ul>	<ul style="list-style-type: none"> <li>Real-time decisioning</li> </ul>

*Velocity is purposefully designed to meet global regulatory compliance standards. Additionally, its powerful reporting capabilities give management insights on effectiveness, productivity, and resource utilization.*

The Alacer Group  
  
 FINCRIME SUITE

**Succeed. Transform. Compute. Perform.**

# Velocity and AI / ML for AML and Fraud Prevention



- **Transaction Monitoring:** AI algorithms are used in conjunction with business rules to continuously monitor massive volumes of financial transactions in real-time to detect suspicious activities. These algorithms, together with a rules-based engine, can spot patterns that would be nearly impossible for humans to identify.
- **Predictive Analytics:** Using historical data, Velocity's AI models can predict which transactions or behaviors are likely to be fraudulent. This foresight enables businesses to act proactively.
- **Customer Due Diligence (CDD):** AI is used for enhanced customer due diligence by automating due diligence procedures, ensuring regulatory compliance is followed, and risk scoring customers or beneficial owners.
- **Natural Language Processing (NLP):** NLP tools are used to scan and analyze vast amounts of unstructured data, such as news articles or regulatory reports, to detect potential risks through Adverse Media for a customer or entity.
- **Anomaly Detection:** Velocity's AI systems establish a normative behavior pattern for FI's customers. Any deviation from this established behavior is flagged for further review.
- **Risk Scoring:** AI assigns and updates risk scores to individuals or entities based on their behavior and other related selected data variables. This helps financial institutions in assessing the risk of engaging with a particular client or in sanctioning a particular transaction.
- **Entity Resolution:** This is used to resolve unique entities and uncover hidden relationships involved in financial crimes. AI visualizes and analyzes links between entities to unearth potentially suspicious networks.
- **ChatGPT:** Velocity uses a version of ChatGPT AI to collect and sort through massive amounts of negative news and generate an easy to read summary of all sources, moreover, it searches in multi-language / multi-country. Chat is also used to write SARs, ensuring adherence to AML protocols, saving time, and increasing productivity.
- **Biometric Authentication:** AI-driven facial recognition, voice recognition, and fingerprint scanning can serve as robust measures against identity theft and fraudulent account access.
- **Optimization of Investigation:** Velocity's AI can prioritize alerts based on risk levels, reducing the number of false positives and ensuring that investigators focus on the most critical alerts. This reduces operational costs and enhances the efficiency of AML teams. If used in conjunctions with Velocity's transaction monitoring optimization module, false positive can be reduced up to 80%.