

# WAVESTONE

## **EIFR**

CompliTech : pourquoi et comment « outiller » la compliance ?

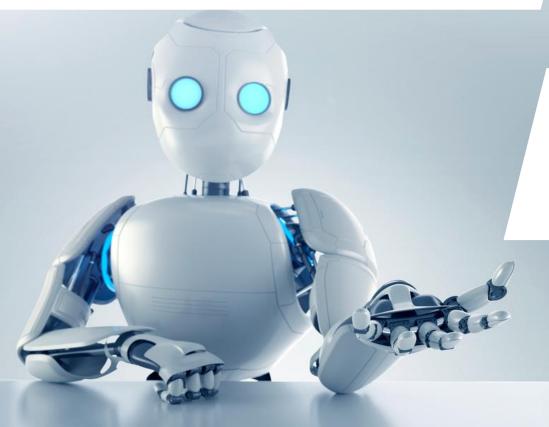
10/12/2018

# AI covers automated treatment allowing to perceive, think, act & learn

AI is the planet we're headed to.

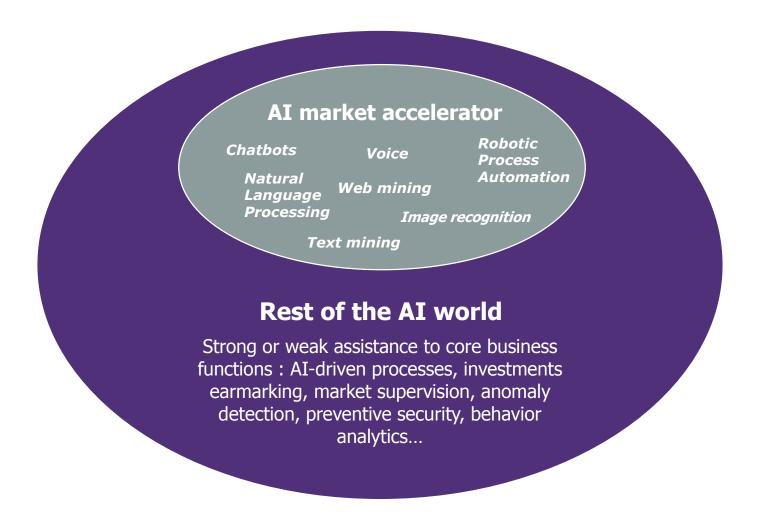
Machine learning is the rocket that's going to get us there. And Big Data is the fuel.

Pedro Domingos – Professeur à l'université de Washington



AI recently knew dramatic progresses thanks to calculation power, data volume burst and some progresses in algorithms (Machine Learning theories...)

# The hottest and loudest AI topics are only a small fraction of the potential Use Cases



### Compliance is undergoing heavy challenges



#### **Increasing regulation**





# Increasing workload to cope with « old tools »

#### Staffs

- 2017: **5.900 FTE** (FR)
- Average experience: 15 years <sup>3</sup>
- +35% to +60% staff augmentation since 2008 crisis
- Up to 50% of new job offers <sup>4</sup>

#### Paradigm change: from « Alerts » to « Indices »

Today ALERTES



- Business Rules built by experts
- Quite steady rules
- Lots of false negatives (lots of undectected incidents)
- Workload and budgets higher & higher
- Attacks evolve faster than rules
- Lots of False Positive (image impact or time lost)

## Machine Learning INDICES



- No prejudjement on data analysis
- Analysis only reflecting datas
- Business experts solicitated after first analysis to improve the model
- Drop down of False Negative & Positive
- Wider, Faster & Cheaper detection

## Every domain of compliance potentially helped by AI; some examples

LCB-FT & Fraud prevention	CND	EP (Politically exposed Person) détection by Web-scrapping
	assurances	to prevent monay laundering and terrorism funding
	CRÉDIT AGRICO CORPORATE & INVESTMENT E	Vocal monitoring tool for market room optimisation and implementation (speech to text)
	Fra	ud Detection (unsupervised learning) for individual savings.
	> 2 M€ of real Fraud detected as anoma	
КҮС	CIB OCR 8	R & Machine Learning for coupling IS and contractual datas
	CID	Technical opportunity study
	Noutline OPC	Fraud Dectection and ML opportunity radar
Customer protection	Neuflize OBC ABN AMRO	(focus on customer protection)
	ANYOMER STANANCES	
Market Abuse	AMF New too	ls, facilitate access to datas for market supervision, Alerting
	_	
Control	CIB	Login Anomalies control (post Kerviel measures)
	CID	Identification of Sensitive Data at Rest
Operational Risks	CIB	Data Transfert Detection
		Automated reactions in case of network incident
Business Continuity	Rte	(Recommandation engine for Dispatcher)

HR enboarding

### The AI-driven transformation lifecycle

To benefit fully from AI, companies need to consider all stages of the AI & Data transformation

Data/AI ΑI Data/IA **Lean-Startup Data** Data/AI Data/AI algorithms Sourcing Strategy (use-cases **Management** at-scale animation) Incl. Startup technical due-diligences AI disruption ambition level Lean-Startup • GDPR, per industry Leverage business • TA industrial & Data Architecture (vs cie stakes & approach compliancy rules value from data & sourcing strategy • IS Master Plan for Smooth colab bw projects AI algorithms Make or Buy AI industrialization assets) AI maturity businesses, data-(BCBS239...) Train internal dataapproach per PoC Business Use Case science & IT Data Governance scientist on real IA solution indust. Plan assessment • AI priorities (perf., Data Quality Steer AI New management sourcing use-cases · Transfer skills and M&A technical due new offers, new biz) & commitments MDM Implementation Industrial strategy models Data Referential ΤP diligence (startups) projects

#### Make or Buy...Key question for compliance use-cases



# Burst of Reg Tech offers offering « plug&play » solutions





AI open-source librairies available everywhere!



Companies Need to master and capitalize on developped solutions

Key question (not so simple) is: is Compliance a « must have » or a « differentiator » to me ?

#### Good practices to land AI in your firm

#### Do's



Think big, start small, and deliver real business-driven use-case in a rhythmed way with an agile Smart Lab.



Capitalize & grew up internally.



Think you can (startups are not allways that much ahead).



Mary your legacy assets with new technology assets to find your own AI path.



Build Feature Teams (Datascience+Business+IT) for every usecase... "from idea to at-scale!"



Use real use-cases to feed Data-quality program with real reasons to act – and avoid costs.

#### Don'ts



« PoC Factory », disconnected with real world (business, IT)



Source AI black-box solutions for TTM-Guarantee.



Believe that datascience is alpha & omega of AI transformation.



Believe that nothing can be done before having run a huge data-quality program.



Work without IT Teams to go faster!



Try & save time by poorly defining the real business question to address!



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