The Bank of East Asia, Limited | Case Study

Since 2017, The Bank of East Asia, Limited ("BEA" or "the Bank") has been adopting the combined testing solutions offered by AML Analytics as part of a strategic global regime of monitoring the performance of their sanction screening systems. This has been in response to the global drive by BEA to increase the effectiveness and efficiency of their AML/CFT controls with the use of technology and to ensure adherence to the stringent regulations of the jurisdiction.

Similar to many other banks, part of the challenge for BEA was to test numerous customer and payment screening systems in the many BEA regional offices around the globe to understand and oversee their levels of performance, as well as drive improvement by optimising the volume of false hits due to the fuzzy logic of screening systems while not compromising on sanctions compliance risk.

All the screening systems are configured differently but they all need to conform to the high regulatory standards of BEA and the local jurisdiction, as well as to the risk appetite of the Bank.

AML Analytics offers three different independent testing and analytical solutions called Sandbox, Global Benchmark and Threshold Analyser. All three solutions enable BEA to understand the performance of their many differently configured screening systems in a systematic way.

With AML Analytics' strong experience in dealing with the regulatory testing of screening systems in many jurisdictions, BEA is able to onboard and verify the test filters and enhance their sanction screening systems by receiving test result metrics for each algorithmic manipulation. Training was also delivered remotely by AML Analytics to facilitate the testing process.

Sandbox

Sandbox allows bespoke testing to be carried out according to the specific requirements of the Bank. Sanction lists, data types, levels of algorithmic manipulation and non-sanctioned names can all be selected and included during the building of a test.

Systematic Sandbox testing allows BEA to identify problematic filters with high false hit rates and to understand each system's configuration, determining weaknesses within the defined detection parameters.

Sandbox has also enabled BEA to facilitate performance improvement and enhancement using Sandbox as a tuning tool to support pre- and post-deployment testing of newly installed screening systems. It has also facilitated the complicated ongoing iterative tuning process that has been vital in supporting the deployment of these new systems as well as during major system upgrades.

Global Benchmark

The Global Benchmark solution has enabled BEA to measure the performance of their sanction screening systems on a monthly basis in terms of efficiency and effectiveness, and compare their scores to the industry-standard around the world.

AML Analytics publishes monthly global and regional Global Benchmark scores as well as more specific Global Benchmark scores for client and payment screening systems at both control and manipulated level. AML Analytics ensures that they have reflected important industry criteria in the scope of their Global Benchmark tests and that customers in APAC, such as BEA, have been able to benefit from the specific APAC Regional Benchmark for more precise peer comparison.

Sandbox and Global Benchmark testing provide assurance of both the effectiveness of a sanction screening system as well as the completeness of a Watch List database. In some cases, the tools help to identify missing records from a data source service provider that helps further in enhancing the quality checking of data during maintenance.

Threshold Analyser

Threshold Analyser is the newest addition to the AML Analytics suite of sanction screening system testing solutions and the uptake of this RegTech tool was rapid by BEA.

Threshold Analyser enables the user to move an interactive threshold level selection toggle in Analyser Online to view the impact on efficiency and effectiveness levels with each selected threshold change, therefore modelling a decrease in the number of false positives produced by the system without reducing accuracy.

The application of a risk-based optimisation approach has led BEA to an accepted balance between maximum sanction alert hit rates whilst ensuring maximum resource efficiency at specified threshold levels.

Threshold Analyser is a vital tool for BEA as they continue to carry out pre- and post- system implementation testing and tuning to ensure system performance in all locations around the globe is in line with published Global Benchmark scores.

About The Bank of East Asia, Limited

Incorporated in 1918, The Bank of East Asia, Limited ("BEA") is a leading Hong-Kong based financial services group listed on The Stock Exchange of Hong Kong, with total consolidated assets of HK$875.2 billion (US$112.1 billion) as of 30 June 2024.

BEA provides a comprehensive range of wholesale banking, personal banking, wealth management and investment services to customers through an extensive network of about 130 outlets covering Hong Kong, the Chinese Mainland, Macau, Taiwan, Southeast Asia, the United Kingdom, and the United States. For more information, please visit: www.hkbea.com.