

Intelligence-led financial crime risk management

[Voice over]

Over recent years HSBC has transformed how we manage financial crime risk. But we're not stopping there.

We want to help lead the industry, by defining a new intelligence-led approach to financial crime risk management. This will allow us to step up efforts to keep human traffickers, drug dealers and other criminals out of the banking system.

Think of the way we hunt for suspicious activity now as a bit like looking for a needle in a haystack. While we're searching, other financial crime could be missed. And at the same time, normal customer activity can be caught up.

Being intelligence-led allows us to more precisely target suspicious activity, while leaving genuine customers unaffected. We know this is an industry-wide challenge. And while millions of suspicious-activity reports are filed annually, 80-90 per cent are of no immediate value.

It's estimated that not even one per cent of the criminal funds flowing through the international financial system each year are believed to be confiscated by law enforcement.

So why is this? At the moment, across the industry, we only use a small amount of the data available, to monitor and screen customers and transactions.

Our current systems use rules to target broad segments. This produces lots of false alerts about unsuspecting activity, while information on individual customers is limited.

By using our size and scale to our advantage, we can harness the potential of our data. And by applying tools like artificial intelligence we can better analyse it.

Of course, we'll need to work with a range of partners, and show regulators and others the benefits of our new approach.

But those benefits are significant. We will be faster and more accurate at detecting suspicious activity, reducing the number of false alerts.

At the same time, we'll gain deeper and richer insight into customers. This will help us make better risk decisions. And we'll be able to provide better information to the bank and law enforcement.

Ultimately it helps us get things right for all our customers, while protecting the integrity of the financial system we all rely on.

HSBC – Together protecting a world of opportunity.