IDC MarketScape: Worldwide Anti-Money Laundering Solutions in Financial Services 2018 Vendor Assessment

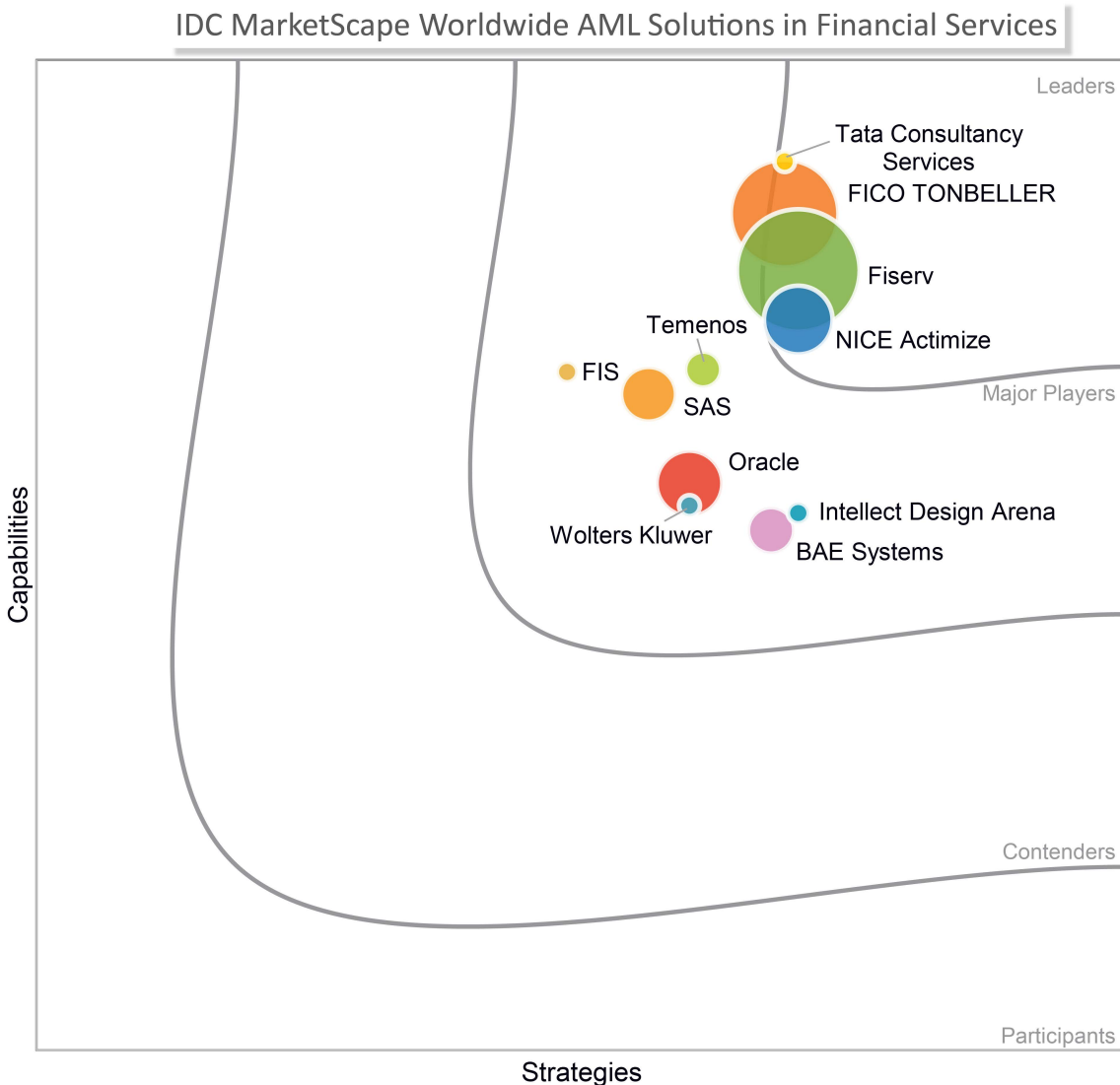Karen Massey   Steven D'Alfonso

THIS IDC MARKETSCAPE EXCERPT FEATURES: FISERV

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Anti-Money Laundering Solutions in Financial Services Vendor Assessment

Source: IDC, 2018

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Anti-Money Laundering Solutions in Financial Services 2018 Vendor Assessment (Doc #US40133316). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

This IDC Financial Insights study presents a 2018 vendor assessment of worldwide anti-money laundering (AML) solution providers in financial services using the IDC MarketScape model. This research quantitatively and qualitatively assesses multiple characteristics that help explain a vendor's success and position in the marketplace relative to the vendor's peers.

This IDC MarketScape covers vendors that provide AML solutions in financial services to the worldwide banking market. This evaluation is based on a standardized set of parameters from which IDC can produce a comparative analysis of AML solution vendors in financial services.

The technology vendors provided an in-depth assessment of their current capabilities and strategies, and their reference clients were interviewed to assess the vendor's ability to meet the financial institution's (FI's) strategic needs and current requirements. For the purposes of this document, IDC defined AML solutions to include solutions that provide financial institutions the capability to monitor their customers' transaction to identify suspicious activity, generate alerts, and facilitate the investigation of those alerts.

Key findings from this research include:

- Artificial intelligence (AI) and machine learning (ML) are becoming increasingly important to AML efficacy. Savvy AML providers have embedded AI/ML and road maps to assist financial institutions with the tuning of their AML models, helping improve accuracy of alerts.
- Vendors are increasingly using natural language processing and generation to produce regulatory reports, enabling investigators to be more efficient.
- There are clear benefits in choosing a provider that provides end-to-end AML and know-your-customer (KYC) solutions on a shared or unified platform.
- Buyer references placed importance on customer service in terms of the KYC vendor's ability to address technical concerns in a timely manner, as well as transparency and ability to keep pace with regulatory requirements in the product enhancement, update, and strategic directions.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This research includes 11 worldwide providers of AML solutions in financial services. The vendors included in this research are all substantial competitors within the AML software market. While many of these vendors provide end-to-end AML and know-your-customer solutions, the focus of this research

was solely on suspicious activity transaction monitoring. Customer due diligence (CDD) or know-your-customer solutions are being evaluated under a separate IDC MarketScape study. To be included within this document, vendors must sell their solution in multiple worldwide regions and have at least five active customers in at least two regions (North America, EMEA, Latin America, and APAC). Many other vendors were considered for inclusion in this assessment but were omitted due to one or more reasons (such as not meeting the evaluation criteria) or were deemed out of scope for other extenuating circumstances.

ADVICE FOR TECHNOLOGY BUYERS

Anti-money laundering detection and prevention continues to be an area of sensitivity for financial institutions largely driven by regulatory pressures and fines or threat of financial penalties. Regulator expectations around detection capabilities and false positive reductions are increasing. Financial institutions must increasingly apply better risk-based analytics to increase the efficacy of their AML detection engines. IDC Financial Insights estimates that financial institutions will spend $8 billion on financial crime management in 2018.

IDC Financial Insights offers the following guidance to financial institutions for the selection of an AML solution provider:

- **Use this IDC MarketScape for vendor selection.** Financial institutions can use this IDC MarketScape to help develop a short list of vendors from which to solicit information about their services. Technology buyers may use this research to help evaluate a vendor's proposals and demonstrations to evaluate the breadth and depth of a provider's capabilities as compared with the overall market.

- **Select a partner, not just a software provider.** Identify a provider that is committed to being a partner in your institution's long-term journey. While most providers will represent that they have a strong services and support function, IDC Financial Insights found that there are clear leaders in this area based on feedback we received from client references.

- **Get your data in order.** The advanced analytics that vendors showcase will be ineffective unless your data is fit for purpose. Work with vendors that raise this concern early and will work with you to ensure that your data is ready to be used for effective use of their solution.

- **Leave more time for testing than you think you will need.** IDC Financial Insights found that many end-user references that we spoke with commented about wishing they had had more time to effectively test the system. Be sure to budget enough time into the project plan to allow for thorough testing of rules, workflows, and analytics. Involve end users as early as possible to perform user acceptance testing to identify unintended consequences and establish processes and procedures.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Fiserv

Fiserv is positioned as a Leader in this IDC MarketScape for worldwide AML solutions in financial services.

For more than 30 years, Fiserv has been a trusted leader in financial services technology, helping clients achieve results by driving quality and innovation in payments, processing services, risk and compliance, customer and channel management, and insights and optimization. Based in Brookfield, Wisconsin, Fiserv has 24,000 employees worldwide and more than 12,000 clients across more than 80 countries.

Fiserv is one of the largest AML providers in this IDC MarketScape, with its AML Risk Manager delivering an end-to-end AML compliance and risk management solution utilizing KYC risk scoring and monitoring, data analytics, flexible transaction monitoring tools, sophisticated link analysis and beneficial ownership tools and visualizations, and regulatory and management reporting. Fiserv considers its strengths in AML transaction monitoring to be the ability to monitor multiple levels, define entities, and allow users to create their own detection scenarios.

Strengths

- Fiserv has a unique perspective and expertise in that the company both sells the product and uses it itself to manage risk, making it invested in the efficacy of the solution.
- Client references rate Fiserv high for customer service and responsiveness.
- Fiserv's commitment to AML Risk Manager is apparent in its above-average investment into the solution.

Challenges

- Fiserv's AML Risk Manager clients are predominantly United States based; therefore, Fiserv should look to capitalize on opportunities to grow its non-United States client base.
- Customer references viewed product update frequency and addition of new features and functionality as only moderately favorable.

Consider Fiserv When

Fiserv is highly regarded by both its own core processing clients and core clients of others and appeals to all sizes of institutions wanting a proven AML solution with a large client base and pre-integration.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

This IDC MarketScape is focused on vendors that provide software solutions to financial institutions to monitor their customers' transactions to identify suspicious transactions. For this study, IDC is not including customer risk scoring; rather, customer due diligence capabilities will be assessed under a separate IDC MarketScape that is forthcoming.

LEARN MORE

Related Research

- *Compliance, Fraud, and Risk Analytics: What's Ahead for 2018* (IDC #US44235718, August 2018)
- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2018: Banking* (IDC #US44092518, August 2018)
- *IDC Innovators: Identity Proofing Solutions to Prevent New Account Fraud and Enhance KYC Compliance, 2018* (IDC #US43054918, June 2018)
- *IDC Financial Insights' Worldwide Financial Services Risk Taxonomy, 2018* (IDC #US43438218, June 2018)
- *Pivot Table: Worldwide IT Spending 2016-2021 - Worldwide Financial Services Risk IT Spending Guide, Version 2, CY 2Q18* (IDC #US41396718, June 2018)
- *IDC MarketScape: Worldwide Banking Transformation Systems Integration Services 2018 Vendor Assessment* (IDC #US43575318, February 2018)
- *The Use of Industry Clouds for KYC Compliance* (IDC #US41799817, February 2018)
- *IDC FutureScape: Worldwide Financial Services 2018 Predictions* (IDC #US41796017, October 2017)
- *Business Strategy: The Use of Big Data and Analytics in Anti-Money Laundering Programs* (IDC #FI259979, November 2015)

Synopsis

This IDC Financial Insights study is an assessment of worldwide vendors that provide anti-money laundering (AML) solutions in financial services. AML continues to be an area of sensitivity for financial institutions largely driven by regulatory pressure or threat of financial penalties.

According to Steven D'Alfonso, research director at IDC Financial Insights, "Financial institutions must be in a position to adapt to increasing regulatory pressure and examine expectations around the efficacy of their AML programs." Financial institutions must increasingly apply better risk-based analytics to increase the efficacy of their AML. This study highlights 11 vendors that all provide substantial AML detection capabilities.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.872.8200
Twitter: @IDC
idc-community.com
www.idc.com