ICA Compliance Awards (2024)

Innovation in Financial Crime Prevention

Lucinity - Transforming Financial Crime Prevention with Luci and Generative AI

Entry details

Organisation Name Lucinity

Project Title Luci – Transforming Financial Crime Prevention from Hours to Minutes

Project synopsis

Luci represents a paradigm shift in the way risk and compliance teams operate, offering a copilot powered by advanced generative AI.

At its core, Luci aims to significantly enhance the productivity of teams by transforming complex data into understandable insights. The primary objective behind Luci is to streamline the work of risk and compliance professionals, reduce the time spent on decision-making, and ultimately increase overall efficiency. Gone are the days of spending hours deciphering intricate information. Luci's advanced generative AI algorithms process data at an unprecedented speed, empowering users to make informed decisions in a matter of minutes.

Spirit

In today's compliance landscape, analysts face the daunting task of grappling with complex information for a significant portion of their workday. After spending approximately 6 hours wrestling with data, they are left with just 2 hours to perform critical analysis and make informed decisions. This challenge stems from several factors that hinder their effectiveness.

Traditional rule-based systems often generate numerous false alerts, inundating analysts with irrelevant information and consuming valuable time. The need for more context surrounding flagged suspicious activities further complicates the process. Analysts search through multiple systems scattered across the bank to piece together the necessary information, leading to additional delays and inefficiencies. The consequences of this data overwhelm are far-reaching.

Analysts experience fatigue and increased risk of errors in analysis. Inconsistent reviews and a backlog of cases further compound the problem, leaving limited time for timely decision-making and proper documentation. Addressing this challenge requires a holistic solution that streamlines data access, provides relevant context, and optimizes analytical processes.

Compliance teams had high hopes that implementing AI would reduce investigations' costs. However, the reality is that as AI uncovers more illicit activity, investigation costs have actually increased. The growing volume of data and the complexity of investigations have hindered the initial expectation of cost reduction.

Skilled professionals with in-depth knowledge and expertise are vital for effectively analyzing and interpreting the findings generated by AI. The investment required to hire and retain such talent further escalates the overall cost of investigations.

That is where the Luci copilot fits into the picture. Luci works with Lucinity’s augmented intelligence platform to both increase the amount of money laundering caught while reducing the time spent investigating cases, thus improving productivity and efficiency for financial institutions.

Luci enhances decision-making in financial crime prevention by converting complex data into clear insights and actionable intelligence. It offers consistent reasoning, aiding in understanding and explaining intricate details like risk scores and case elements. Luci performs instant summarized searches, efficiently gathering and simplifying crucial information. Additionally, Luci automates routine tasks, such as drafting case summaries and regulatory reports, ensuring consistency with guidelines. This automation allows analysts to focus on higher-level tasks, significantly improving efficiency and consistency in financial crime analysis and reporting.

Approach

Lucinity's journey in the development of the Luci Copilot, an advanced generative AI-driven platform, exemplifies our team's creativity, agility, and strategic management of both internal and external stakeholders, culminating in an outstanding performance in technological innovation.

Development of a Robust Augmented Intelligence Platform:

When Lucinity was first founded, we developed a robust augmented intelligence platform. Lucinity's augmented intelligence approach enabled us to hone our software over five years, resulting in a very strong product suite including case manager, customer intelligence, transaction monitoring, and regulatory reporting. This foundational work laid the groundwork for the Luci Copilot.

Harnessing Generative AI's Potential:

Our decision to capitalize on the launch of OpenAI and the surge in generative AI was a strategic move that accelerated Luci's development. By embracing this emerging technology, we were able to enhance Luci's capabilities, thereby elevating its market position at a time when the industry was looking for it the most.

Collaboration with External Stakeholders and Security Assurance:

Throughout the project, we actively engaged with industry stakeholders, gathering valuable feedback to refine Luci. Addressing concerns around security and privacy, our partnership with Microsoft played a pivotal role. This collaboration ensured that Luci met the highest security standards, a critical factor in managing stakeholder expectations and trust. Luci's design to discern user intent and prevent misuse of AI capabilities demonstrates our commitment to responsible AI usage aligning with the best practices in data security and AI ethics.

Continuous Innovation and Skill Enhancement:

Luci's trainability and scalability are among its most remarkable features. Initially designed for generating case summaries and SAR narratives, Luci rapidly evolved to encompass a wider range of compliance-related tasks. Launching with 27 skills our roadmap is ambitiously set to expand Luci's capabilities substantially by the end of 2024. This continuous innovation is a testament to our team's forward-thinking approach and commitment to staying ahead in the industry.

Future-Focused Product Roadmap:

Our forward-looking product roadmap is geared towards ensuring Lucinity remains at the forefront of industry developments. Over the next 24 months, we plan to enhance Luci's features, further reducing review times, improving efficiency, and transforming the landscape of financial crime prevention.

In summary, Lucinity's development of the Luci Copilot reflects an extraordinary blend of creativity, strategic stakeholder management, and a commitment to ongoing innovation.

Outcome

The Luci Copilot has brought transformative outcomes and impacts to the field of financial crime prevention. Our success measures were clear: enhanced productivity, reduced operational costs, improved user experience, and heightened regulatory compliance.

Immediate Business Benefits: The Luci Copilot has revolutionized productivity and process efficiency within our organization. It enables analysts to shift their focus from mundane tasks to more complex, value-adding activities like deriving insights and establishing connections. This shift has yielded several key benefits:

Improved Financial Crime Mitigation: With Luci, compliance staff can process complex cases more efficiently. The speed of data integration into case management has significantly improved, resulting in faster context gathering and resolution, and enhanced detection of suspicious activities.

Reduction in Operational Costs: Luci's ability to integrate and summarize data from varied sources has enabled analysts to handle a larger volume of cases. This, combined with its narrative drafting capability, has led to a substantial reduction in operational costs.

Enhanced User Experience: Luci has significantly reduced attrition rates by offering a better user experience than traditional systems. With industry studies indicating turnover rates in compliance between 20-30%, meaning thousands of team members replaced annually, Luci's approach to making the job more engaging and fulfilling cannot be overstated.

Regulatory Risk Mitigation: Efficiency and effectiveness improvements have led to better risk mitigation, reduced transaction monitoring alert backlogs, and improved quality in regulatory reporting.

Quantifiable Success: Our case studies show that Luci has reduced the time to investigate a case from 2 hours and 47 minutes to just 29 minutes. This efficiency translates into handling more cases per day and significantly reducing the time to investigate complex cases. These improvements have not only enhanced our productivity but also reduced the likelihood of regulatory fines.

Sustaining Success: We plan to further refine Luci's capabilities and expand its application to other areas of financial crime prevention. Our goal is to continue to add new useful skills that Luci can perform.

Value for the Business: The introduction of Luci has delivered exceptional value for our business. We estimate potential savings of up to $36 million annually in training and recruitment costs for a Tier 1 bank. Additionally, Luci contributes to a $100 million annual increase in productivity. Beyond these financial metrics, Luci enhances job satisfaction and motivation among compliance analysts, addressing high staff turnover rates and fostering a more skilled and engaged workforce.

Validation

The success of Luci is validated even further by the positive feedback and recognition it has garnered from diverse stakeholders. These testimonials and acknowledgments emphasize the real-world impact of Luci in the financial crime prevention domain.

Will Staples, Group MLRO, Currencycloud- "Luci will be a game-changer for us. Its ability to transform complex AI findings into actionable insights will empower our team to make faster, more informed decisions, saving valuable time and resources in our fight against financial crime."

Andrés Fjeldsted, Chief Compliance Officer, Arion Bank- "The partnership with Lucinity has been extremely rewarding and we are grateful for their commitment to innovation and delivering cutting-edge solutions. The Lucinity platform has already made a significant difference in our AML compliance efforts, and we are excited about the impact Luci is poised to have on our operations, particularly in enhancing analyst consistency."

Ray Blake, Director, Dark Money Files- "The Lucinity Copilot is truly amazing. I was impressed with its capabilities and strongly recommend that everyone check it out."

Lucinity's achievements in the field have also been recognized by multiple prestigious organizations:

Lucinity secured top spots among three Cool Vendors by Gartner® when it comes to Applying Generative AI in Banking and was also featured in the 2023 Gartner® Enhance Banking Offerings with GenAI report. Lucinity was awarded the Best Financial Crime Investigation and Reporting Tool in Datos Insights' 2023 AML Impact Awards by Datos Insights. Lucinity launched our platform on the Microsoft Azure Marketplace, making Lucinity available for organizations that have Microsoft Azure credits.

Such achievements coupled with positive feedback from industry peers reflect a significant shift in the approach to financial crime prevention led by Lucinity's futuristic solution. Luci is proving to be a pivotal innovation that is reshaping the industry's approach to Fincrime prevention.