GLOBAL FINANCIAL CRIMES COMPLIANCE INTRODUCING ALTERYX

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INTRODUCTION

MUFG Bank has launched the Global Financial Crimes Division ("GFCD"), which is responsible for promoting a globally integrated and consistent financial crimes compliance program.

The bank introduced Alteryx to achieve its mission of building a globally integrated and consistent financial crimes compliance program.We interviewed Tomohiro Yoshimine (Head of FCOJ COE for Japan), Nobuhisa Hamada and Yoshiro Fujimori (Technology Unit of the GFCD Operation Group), and Yuji Matsuura and Seiichiro Ono (Intelligence & Analytics [" I & A"] Team in FCOJ COE for Japan) about the background leading up to the introduction of Alteryx and what kinds of changes and effects Alteryx has had on GFCD operations.

MUFG BANK' S GFCD TO FIGHT AGAINST GLOBAL FINANCIAL CRIMES, PROTECT TRUST OF FINANCIAL SYSTEM

The Global Financial Crimes Division (GFCD) was launched in November 2017. Based in New York City, where information and insights on global financial crimes are gathered, the GFCD operates in four locations, including London, Singapore, and Tokyo

MISSION TO CREATE A GLOBALLY INTEGRATED AND CONSISTENT FINANCIAL CRIMES COMPLIANCE PROGRAM

Regulatory authorities do not merely keep an eye on money laundering and the outflow of funds to economically sanctioned countries. They also recommend that financial institutions in countries around the world actively utilize new technologies to detect crimes

We have been able to reduce the data-cleansing process from the 130 hours per time that it took previously to about 5 hours.

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"Our mission is to establish and deliver a globally integrated and consistent financial crimes compliance program that enables us to meet financial crime regulatory standards in the jurisdictions in which we operate."

— Mr. Yoshimine,
Head of FCOJ COE for Japan,
Global Financial Crimes Division

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It is in this context that GFCD was launched in November 2017. To develop and build a robust financial crimes compliance program, GFCD has set up its Head Quarter in New York City, where it gathers knowledge on how to deal with AML (anti-money laundering)/CFT (countering the financing of terrorism) and economic sanctions.

" The launch of GFCD demonstrates MUFG Bank's strong commitment to 'uphold the trust in financial countermeasures and fight against financial crimes in all areas of the business.' Our mission is to establish and deliver a globally integrated and consistent financial crimes compliance program that enables us to meet financial crimes regulatory standards in the jurisdictions in which we operate." (Mr. Yoshimine)

ALTERYX DEPLOYED TO UNIFY GLOBAL SYSTEMS AND HANDLE LARGE VOLUMES OF DATA

CHALLENGE 1: MASSIVE DATA PROCESSING AND DIVERSIFIED IT SYSTEMS

MUFG Bank, as a megabank, has a large number of transaction data. In AML operations, the staff have to judge each case that the AML system detected with their own eyes, one by one, if it is truly suspicious. Also, detecting new high-risk transactions with eyes was a challenge since it requires a significant workload.

"The amount of data was tremendous and caused difficulty for the staff to check and judge with their eyes. Besides, there were limited IT systems and personnel to find relationships between transactions. We also had issues to find out the higher risk items and focus on them as the types of transactions were becoming more and more complex." (Mr. Yoshimine)

I&A, which carries out operations in the field, also felt that the issues that Mr. Yoshimine mentioned existed.

" One of I&A missions is to analyze data from hundreds of thousands of domestic transfers and overseas remittances. We had to go through an inefficient process since we relied on manual tasks in Excel, which took us hours." (Mr. Ono)

"I&A needs advanced analysis against increasingly complex risks. However, when we launched I&A, there were no tools to achieve this. This absence of technology proved challenging in performing sound analysis." (Mr. Ono)

"The main issue was how to deal with the data in different formats to utilize it as consistent data without developing IT system. In terms of the system's repair cost, we also considered how quickly we could make a profit by reducing differences as much as possible and how to improve the performance." (Mr. Fujimori)

CHALLENGE 2: INSUFFICIENT HUMAN RESOURCES OF DATA SCIENTISTS WHO CAN PERFORM EXPLORATORY ANALYSIS

They needed exploratory data analysis skills to spot global financial crimes and take action quickly. The points were how they could tune monitoring scenarios and statistically analyze the data and generate alerts. They had to be more predictive in detecting whether there are potential threats.

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"We couldn't even communicate if we didn't have the same skill set/knowledge. When dealing with difficult languages or various libraries, we had to rely on people who could understand them. On the other hand, there's not much we could do in Excel. People who were professional in data analysis but not in data processing struggled with vast amount of data, spending a lot of time and effort on the task." (Mr. Fujimori)

"Enormous volumes of transaction data are generated in Tokyo, from individual customers to leading enterprises. Without analyzing the data in Tokyo, where we handle a complex and diverse range of products, we could not detect risks correctly." (Mr. Hamada)

It is anticipated that a considerable number of data scientists will be required to use new technologies, but there are not enough data scientists currently in the Japanese labor market. This is why they decided to use Alteryx, which has a great user interface that can easily be used by people who are still unfamiliar with analytics tools.

THREE DECIDING FACTORS FOR CHOOSING ALTERYX

They also revealed that there were three decisive factors for them to select Alteryx.

POINT 1: EASY - TO - USE USER INTERFACE

First of all, it must have an excellent user interface and be intuitive to use. The point is that it is not like a difficult product requiring coding.

"We were looking for something that would be immediately understandable with a glance and easy to use." (Mr. Fujimori)

A platform that is user-friendly has been strongly requested for operations out in the field since that time.

"The key deciding factors in choosing Alteryx are easy-to-use features even for the bankers who have never used those tools, flexibility to make changes, and ease of understanding to visually comprehend the processing process " (Mr. Matsuura)

POINT 2: POWERFUL ENGINE TO HANDLE LARGE AMOUNTS OF DATA

The next point is that the engine must be powerful enough to cope with data cleansing (data processing), which is complex and needs a high processing load. According to Mr. Hamada, this "data-processing perspective" is critical.

POINT 3: NETWORK CAPABILITY TO ENABLE CENTRALIZED DATA MANAGEMENT

They also mentioned the power of network systems that can be managed centrally across the world.

"We need the capability to place servers in various locations and then connect them organically. I think that the big advantage of Alteryx is that it meets completely different requirements at the same time, such as connecting servers and managing intellectual property in one place." (Mr. Fujimori)

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"We appreciate that Alteryx also works well in terms of developing human resources."

"Even after people, who were once amateurs in data-processing, have taken the training, they are still challenging their workflows. In this process, human resources are gradually fostered. It is also effortless to share knowledge."

— Mr. Hamada,
Director, Technology Unit,
Operation Group,
Global Financial Crimes Division,

I&A also asked for expertise and knowledge to be easily shareable at the workplace level and for processes to be visualized.

"The know-how of analysis, which is the accumulation of detailed work, tends to accumulate on an individual basis. It was also important to us whether we could pass on the know-how to the next generation and visualize the analysis process." (Mr. Ono)

In the end, Alteryx was chosen as the system to meet these challenges.

"Ultimately, the capability of Alteryx Server to share workflows globally was desirable to us." (Mr. Hamada)

ANXIETIES IMMEDIATELY AFTER INTRODUCTION AND TOOLS TRAINING

When they deployed Alteryx first, they were not confident about utilizing it due to lack of experience and knowledge. In particular for I&A, which works directly with Alteryx, a big factor was that Alteryx might significantly impact work processes and the content of tasks.

However, Mr. Matsuura says they have got used to handling it, and it has become one of their essential tools now thanks to the continuous training with the Alteryx staff.

"The members created operation manuals and held study sessions to share their know-how and knowledge. We were able to proceed with the learning process through repeated trial and error within teams." (Mr. Matsuura)

Introducing Alteryx was also a turning point for GFCD. After Alteryx was adopted, what kinds of effects did it have and how was it received internally?

ALTERYX EFFECTIVENESS AND INTERNAL ASSESSMENT AFTER DEPLOYMENT

After about a year of deployment of Alteryx, they realized Alteryx not only made data processing more efficient and faster but also brought about unexpected benefits, such as improved individual analysis skills and the ability to review business operations.

EFFECT 1: NUMBER OF PERSON -HOURS SPENT ON PROCESSING LARGE AMOUNTS OF DATA REDUCED TO AROUND ONE TWENTY -SIXTH

First of all, Alteryx allowed them to improve the efficiency of our analytical work.

"The data-cleansing process, which used to take 130 hours per session quarterly, has been reduced to about 5 hours. We realized that having a robust data processing power is amazingly helpful and effective in improving processes. " (Mr. Hamada)

They also have been able to spend more time on individual studies that require more in-depth research by narrowing the massive amount of data over thousands of cases down to just a few dozen to be analyzed. They said that they were able to do more work than they had ever wanted to do, broadening their research scope and making their work more sophisticated.

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Mr. Ono says that the most appreciable point is the "ease of use" . They can now cleanse the enormous data for analysis shortly.

"We had to expand our scope of work as new products, and transaction types were increasing, yet we were unable to respond to those requests on time due to a limited resource such as the number of the members. Alteryx made us more efficient, accelerate our operations, and expand our coverage." (Mr. Matsuura)

EFFECT 2: ENABLED PEOPLE TO IMPROVE THEIR SKILLS (EXPANDED RESOURCES TO HANDLE DATA AND ANALYTICS)

Before the deployment, creating a program required a process of business analysis, detailed design, and coding by a developer. With Alteryx, however, the person in charge can build workflows as intuitively as placing icons.
If the user feels that something is not right with the flow,
he/she can re-arrange and try out the workflow by him/herself like,
"Let's connect this one to that one," or "What if I do them together?" .

"With Alteryx, I can think of designs while coding on my desk. I can also refine my design and logic by viewing the workflow. By finely cleaning the workflow, I can also organize logic, business design, and business requirements. This was an unexpected advantage to me." (Mr. Fujimori)

Mr. Hamada says that use of Alteryx also contributes to human resource development.

"Even after people, who were once amateurs in data processing, have taken the training, they are still challenging their workflows. In this process human resources are gradually fostered. It is also effortless to share knowledge. We appreciate that Alteryx also works well in terms of developing human resources." (Mr. Hamada)

"In the past, when we decided to "do something", we had to start by submitting a requirements definition document to the systems department. Now we can say, 'Give us the data first, and we'll take care of it'. As long as we have the data and the tools, the end-user (the person in charge of the field) can play with the data in any way. I believe that any end-users will be able to achieve what they want by themselves as the data lake is enhanced, and their Alteryx skills are improved." (Mr. Fujimori)

EFFECT 3: ACCELERATED DIGITAL TRANSFORMATION WITHIN BANK

According to Mr. Hamada, they were able to visualize the need for the MUFG Bank's digital transformation (DX) in a year after Alteryx was deployed.

"Amidst creating tools to handle previously manual analytics processes and steadily improving the skills of personnel engaged in data analytics, awareness of the necessity for digital transformation in the bank has become even keener thanks to the introduction of Alteryx. " (Mr. Hamada)

"At present, discussions and collaborations with the Digital Transformation Division have been further catalyzed to push forward digital transformation across the entire bank, and it has become easier to advance new DX initiatives. I am very grateful that introducing Alteryx has resulted in this." (Mr. Hamada)

EFFECT 4: WITH MORE SOPHISTICATED ANALYSES, I&A STARTED MOVING FORWARD

I&A is now able to carry out even more sophisticated analyses thanks to optimizing its tasks by using Alteryx. With this trend, internal evaluations of I&A gradually changed.

"Our mission is to conduct advanced analytics, But we wouldn't have been able to achieve it without Alteryx. It was very frustrating we did not have anything to do with AI, even if it became the norm. But now, the I&A Team can work on its own, and that's a credit to us internally. Our management also appreciates that they can see fund transfers networks, etc. visually." (Mr. Ono)

PREVENTING GLOBAL FINANCIAL CRIMES BY FURTHER STRENGTHENING AND ENHANCING SYSTEMS

They say the GFCD is setting up an "Alteryx-based analysis organization and eam" and is in the process of using the tool in a trial-and-error fashion.
They also think that they will be able to conduct more experiments and try & error in the future since Alteryx has made it easier for them to verify concepts and do scrap-and-build and try & error by themselves.

" We want to lower the barriers to data processing by providing environments within the department and the bank that encourages people to proactively try it out. Even though the bank is in the information processing industry, the system need to be robust, they are based on old design concept, and have restrictions on how we can access the data. We want to break that down." (Mr. Hamada)

*"It would be great if we could connect our offices in New York, London, Singapore, and Japan with Alteryx servers and use them as a communication tool to exchange information about what we can do and what we can fix with the analysis.
By strengthening communication and sharing knowledgeabout data analysis with each other, we will be able to find things to be detected more precisely. I expect we can utilize Alteryx more in terms of achieving enhancing business operations." (Mr. Fujimori)*

Even for I&A, while they have succeeded in improving the efficiency and sophistication of their business with Alteryx, they say there are still many Alteryx features that they need to learn. Mr. Ono said he would like to have a global perspective in the future and utilize Alteryx for a broader range of tasks.

"We want to utilize Alteryx on a global basis in the future. For example, we are planning to analyze Japan data with the New York Head Quarter's workflow. Also within the FCOJ COE for Japan, we're thinking about whether I&A could do other types of analysis, such as sanctions in addition to AML, or whether we could use Alteryx as a hub to integrate all of the data-driven analytical research for the entire division in Tokyo." (Mr. Ono)

"We understand we currently use only a part of Alteryx capabilities, so there is still significant potential for us to utilize it further. We believe we will be able to combat financial crimes more profoundly and broadly by leveraging various functions of Alteryx with support from Alteryx staff." (Mr. Matsuura)

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About Alteryx

As a global leader in analytic process automation (APA), Alteryx unifies analytics, data science and business process automation in one, end-to-end platform to accelerate digital transformation. Organizations of all sizes, all over the world, rely on the Alteryx Analytic Process Automation Platform to deliver high-impact business outcomes and the rapid upskilling of their modern workforce.

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To conclude, I asked Mr. Yoshimine about future prospects.

"We will continue to strengthen the team to respond appropriately to the ongoing trend of increasing expectation to financial crimes compliance. In particular, we would like to enhance detection capability of high risk transactions based on data analysis by promoting IT and digitization, while at the same time making our operations more active, labor-saving, and efficient." (Mr. Yoshimine)

INTERVIEWEES

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