



Link Index

Anti-Money Laundering
Transaction Monitoring for
Financial Services and Fintechs

May 2024 | Strictly Confidential

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Executive Summary: Market Overview

Anti-Money Laundering (AML) transaction monitoring for financial institutions (FIs) and fintechs is a critical compliance process designed to detect the use of financial transactions for money laundering or terrorist financing activities. This process involves continuously surveilling customer transactions to identify patterns or activities indicating money laundering or other illicit financial activity. While money laundering activity poses headline and reputational risks to financial institutions, the primary impetus for investment in AML transaction monitoring stems from stringent global regulations such as the US Bank Secrecy Act, USA PATRIOT Act, and the EU's 4th, 5th, and 6th AML Directives.

The AML transaction monitoring market is mature, characterized by the dominance of established players, a slow rate of new entrants, and companies with an average age of over 12 years.¹ Recent trends indicate a slowdown in funding, with the total funding in the last year reaching less than 10% of that in the previous two years combined.¹ From the perspective of solution buyers, AML officers are focused on finding efficient solutions that balance budgetary pressures with fixed compliance requirements. There is a particular interest in advanced capabilities that reduce analyst workloads, shorten alert response times, and offer integrations into adjacencies across the customer lifecycle, such as fraud and KYC.

Challenges

- **Rising AML program costs.** In the past two years, the average expenditure on AML transaction monitoring programs has surged by 23%, mainly due to the high costs associated with manual reviews.²
- **Fragmented global regulations.** Over half of financial institutions and fintech customers, 58%, identify regulatory standardization as a significant challenge compared to just 20% who do not view it as a challenge.²
- **An uncertain outlook for AI.** 36% of financial institution buyers are skeptical about the regulatory acceptance of generative AI for AML transaction monitoring. Of those skeptical, 72% of customers believe that potential bias and 67% believe that a lack of explainability will be substantial obstacles.²

Future Demands

- **Utilizing AI to the extent allowed by law.** Customers are keen to embrace AI / ML-powered transaction monitoring solutions and consider self-learning capabilities as primary benefits. 78% of customers use AI / ML or hybrid solutions, compared to 22% using a rules-based approach.²
- **AML transaction monitoring solutions with fraud and account opening capabilities.** 46% of financial institutions and fintech customers want an end-to-end platform from onboarding to transaction monitoring.²

Key Purchasing Criteria (KPC)

- **Regulatory Compliance:** 90% of customers prioritize regulatory compliance.²
- **Scalability:** 88% of customers prioritize scalability.²
- **Data Quality:** 86% of customers prioritize data quality.²
- **Product Integration:** 82% of customers prioritize product integration.²

(1) Link (2) AML Transaction Monitoring in Financial Services and Fintech Buyer Survey, October 2023 (N=50 customers in financial services and fintech)

Executive Summary: Vendor Landscape

Vendor Landscape

Liminal's AML Transaction Monitoring in Financial Services and Fintech landscape analysis pinpoints the top vendors from dozens of solutions. Predominantly, solutions target financial institutions and fintech, making these verticals most relevant. Two significant groups emerged: incumbent solution providers with strong market penetration in financial services and challengers looking to capture new market share through attractive automation capabilities.

Our analysis has identified 18 leading companies excelling in effective AML transaction monitoring. Alongside identifying these key players, we extensively evaluated their product offerings, strategies, and market presence. This process has led to the creation of the first Link Index for AML Transaction Monitoring in Financial Services and Fintech. This benchmarking encapsulates these top vendors' expertise, market influence, and strategy.

Landscape Analysis

- Large incumbent players such as SAS, Oracle, and NICE Actimize remain well-placed in the AML transaction monitoring market, with a dominant market position among the most significant global financial institutions.
- Four of the top five strategic players benchmarked by Liminal are challenger platforms offering heavy levels of automation, AI-based alert generation, and AI co-pilot capabilities.
- Companies such as Featurespace, NICE Actimize, and Feedzai utilize their decision-making models for fraud-related applications and provide FRAML (Fraud and Anti-Money Laundering) solutions.

Key Benefits of Leading AML Transaction Monitoring Solutions

- **Reduction in false positive alerts:** Industry false positive averages are typically above 90%, whereas leading transaction monitoring solutions offer sub-50% false positive rates.
- **Increased Suspicious Activity Report (SAR) filing automation:** Through streamlined case management and regulatory e-filing, vendors can reduce the costs of drafting Suspicious Activity Reports (SARs).
- **Reduction of manual review time by 23%:** By minimizing time spent on manual reviews, financial institutions and fintechs require fewer employees to review the same volume of alerts.¹
- **Positive ROI:** Financial institutions and fintechs can expect to return \$5.30 for every \$1 spent on adopting a leading AML transaction monitoring solution.²

Top 18 Vendors for AML Transaction Monitoring for Financial Services and Fintech



(1) Savings valued are calculated for every dollar spent on a business verification solution, assuming onboarding volumes of 10,000 entities

(2) Estimation determined from conversations with experts

AML Transaction Monitoring vendors work alongside financial institutions and fintechs as they undergo digital transformation

AML transaction monitoring is a compliance-driven process to prevent financial transactions from being utilized for money laundering or terrorist financing. The market stems from several regulatory developments across North America and Europe, including the USA Patriot Act and the EU 4th, 5th, and 6th AML Directives.

However, financial institutions face a fundamental tension regarding AML programs – they see these programs as cost centers that require substantial resources but also need to demonstrate sufficient compliance to regulators through comprehensive audits. Therefore, they demand solutions to continue demonstrating compliance efforts while addressing cost inefficiencies and laggard response times. Additionally, as financial institutions and fintechs undergo digital transformation, they seek vendors that can effectively collaborate with them and support their internal initiatives.

Leading solution providers have positioned themselves at the forefront of digital transformation by providing automated transaction monitoring capabilities, easy-to-use case management systems, and cloud deployments. Meanwhile, other solutions remain highly manual, need more sophistication, and require complex on-premise integrations. Financial institutions can leverage newer technologies to continue the fight against money laundering and address compliance program inefficiencies.



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Market Overview

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Compliance program costs, lack of standardized regulations, and little consensus regarding the viability of generative AI pose challenges for solution seekers



Costly manual reviews lead to increased spend

Over the last two years, there has been a 23% average rise in expenditures on AML transaction monitoring programs, primarily fueled by expensive manual reviews.¹

Perpetually viewed as a cost center, financial institutions continue to struggle to limit the costs of AML transaction monitoring programs.



Disparate global regulatory frameworks pose challenges

58% of financial institutions and fintechs cite regulatory standardization as a challenge in preventing money laundering.¹

AML regulations and enforcement differ across different geographies, creating gaps in defense against money laundering.



Questions remain regarding regulatory approval of generative AI for AML

Nearly 40% of buyers are skeptical that regulators will accept generative AI for AML monitoring, citing potential bias (72%) and lack of explainability (67%) as key barriers.¹

While generative AI can streamline AML transaction monitoring workflows, regulatory acceptance remains a concern.

(1) AML Transaction Monitoring in Financial Services and Fintech Buyer Survey, October 2023 (N=50 customers in financial services and fintech)

AML transaction monitoring buyers seek automated solutions that can improve the operational efficiency of their compliance programs



Maintaining an effective AML program requires high levels of manual review.

Causes

Human analysts have traditionally been required to tune rules-based systems.

Customer Demands

Customers are eager to embrace AI-based solutions that substantially reduce manual rule tuning.



Drafting alert, case, and SAR narratives is a time-consuming task for AML analysts.

Analysts manually gather KYC and transaction data from disparate systems to build case files and draft SAR narratives.

60% of customers are considering using generative AI for the drafting of SAR narratives.¹



AML transaction monitoring solutions do not offer a comprehensive view of customers.

AML transaction monitoring systems lack integration into account opening/KYC processes and data.

46% of financial institutions and fintechs want an end-to-end platform, from onboarding to transaction monitoring.¹



AML and fraud teams maintain separate technology stacks to monitor many of the same transactions.

Fraud teams' growth-oriented considerations have enabled a faster technology adoption curve relative to AML.

Over 60% of banks and fintechs consolidated their fraud and AML programs or plan to do so within two years.¹



Cross-industry collaboration around AML remains limited to optional FinCEN 314(b) information sharing.

Competitive concerns around sharing customer data have overridden opportunities for finding efficiencies in AML transaction monitoring.

62% of financial institutions and fintechs believe collaborative data sharing can enhance AML transaction monitoring effectiveness.¹

(1) AML Transaction Monitoring in Financial Services and Fintech Buyer Survey, October 2023 (N=50 customers in financial services and fintech)

Leading vendors are addressing compliance challenges, but new customer demands include AI/ML, adjacent capability coverage, and effective data sharing



AI / ML Features

The ability to leverage AI / ML to more efficiently identify risks while also decreasing manual review times.



Fraud Detection

Preventing and detecting fraud with capabilities including user risk scoring, transaction risk scoring, and alert management.



Account Opening (AO) Capabilities

Gathering and validating information during the account opening phase, including name, date of birth, and address.



Data Sharing

Exchanging relevant information with other financial institutions to enhance anti-money laundering efforts.

Description

Blockers

Lack of R&D Budget
Explainability Concerns

Siloed Fraud and AML Teams
Complex Data Integrations

Siloed AO and AML Teams
Complex Data Integrations

Lack of Internal Prioritization
Lack of Regulatory Insistence

Europe's data sharing initiatives, FATFs global leadership, and financial services' digital transformations are helping combat money laundering



Europe has laid the groundwork for successful data sharing

The 5th Anti-Money Laundering Directive (5AMLD) promotes transparency and facilitates effective information exchange to combat AML. Other initiatives like the Netherlands Joint Action Plan and the United Kingdom Economic Crime Plan aim to streamline data sharing between private entities.^{1,2}



FATF provides global standards in the fight against money laundering

FATF has established a set of 40 recommendations, acknowledged as international standards, for combating money laundering and terrorist financing. Indonesia joined FATF as its 40th member country in 2023, and we expect the task force to expand its membership and continue to combat financial crime effectively moving forward.¹



Digital transformation is enabling a shift to AI / ML adoption

Financial services and fintechs have undergone significant digital transformation. 78% either exclusively use AI/ML-enabled transaction monitoring solutions or take a hybrid approach, citing quicker detection (73%) and self-learning capabilities (61%) as the top reasons driving adoption.³

(1) European Union, 5AMLD (2) Future of Financial Intelligence Sharing, RUSI (3) Financial Action Task Force (FATF), "Members"

Vendors are falling short of demands for automated solutions, AO and fraud capability coverage, and product differentiation



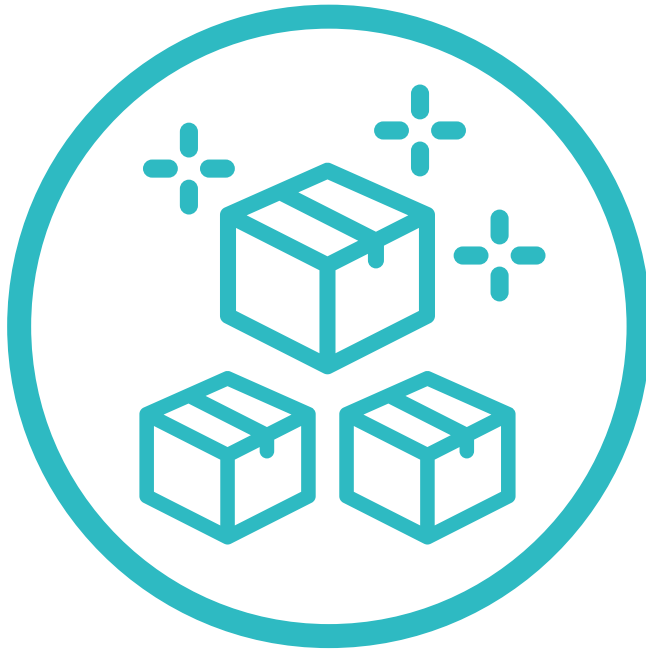
Automation

Financial institutions and fintechs allocate substantial resources to manual tasks that could be automated. On average, about 40% of AML program resources are dedicated to the manual review of alerts. While some solutions offer automated capabilities like intelligent alert prioritization, others require analysts to manually review alerts, significantly increasing the time spent.¹



Fraud and AO coverage

Customers want comprehensive solutions that address fraud, account opening processes, and AML requirements. 46% of enterprise customers prefer platforms that solve more than AML transaction monitoring alone. Despite top vendors offering such solutions, many point solutions focus solely on AML transaction monitoring because they do not have the capability sets or access to the necessary data consortiums required for comprehensive fraud detection.¹



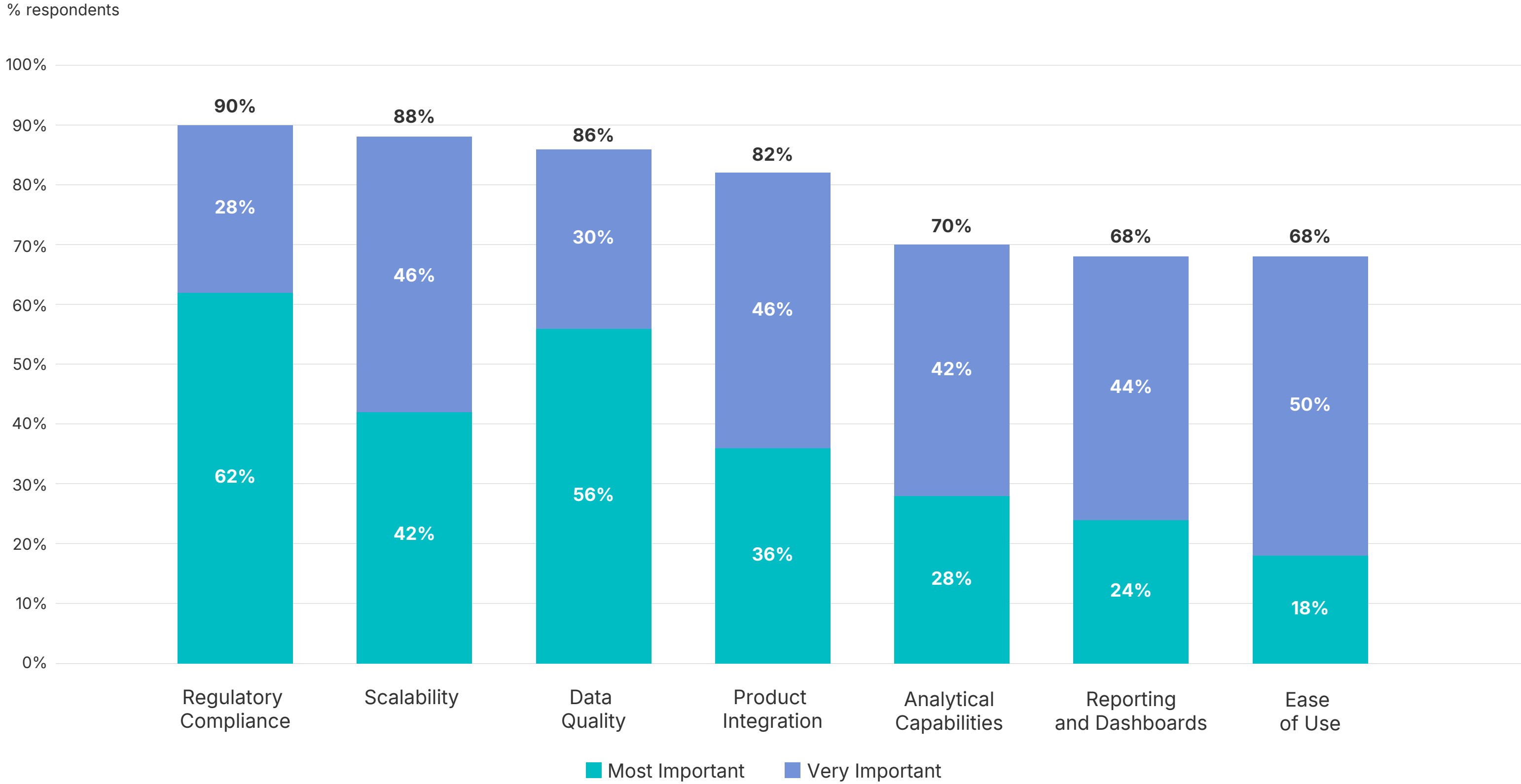
Product Differentiation

Meeting compliance requirements is at the crux of AML transaction monitoring product capabilities, leaving little incentive for legacy players to innovate. All 18 top vendors cover over 60% of demand capabilities, resulting in minimal product differentiation. Further innovation isn't expected as top players already possess the most highly coveted product features.¹

(1) AML Transaction Monitoring in Financial Services and Fintech Buyer Survey, October 2023 (N=50 customers in financial services and fintech)

Financial services and Fintechs prioritize compliance, scalability, data quality, and product integration when purchasing AML transaction monitoring solutions

Key Purchasing Criteria for AML Transaction Monitoring in Financial Services and Fintech



(1) AML Transaction Monitoring in Financial Services and Fintech Buyer Survey, October 2023 (N=50 customers in financial services and fintech)

Leading solutions can deliver substantial returns to financial institutions by enhancing the operational efficiency of their compliance programs

46%

Reduction in False Positives²

Industry average false positive rates are between 90-99%¹, but customers leveraging leading AML transaction monitoring see false positive rates below 50%.² With each manual review costing about \$8, AML teams can reduce the time and cost of reviewing non-suspicious transactions.²

48%

Increased Automation in SAR Drafting²

When a transaction is flagged as suspicious and necessitates a SAR, top AML transaction monitoring systems automate the drafting and filing of the report. Breakthroughs, such as AI co-pilots and generative AI, transform manual processes into more efficient, streamlined operations.

23%

Reduction in Manual Review Time²

Effective fraud prevention strategies encourage user engagement by minimizing transaction abandonment, thereby boosting completion rates²

Financial institutions and Fintechs can expect to return \$5.30 for every \$1 spent on a top AML Transaction Monitoring solution

(1) PwC, "From source to surveillance..." (2) AML Transaction Monitoring in Financial Services and Fintech Buyer Survey, March 2024 (N=64 customers in financial services and fintech)

Financial services and Fintechs can expect to save between \$2.5M to \$37M per year by leveraging a leading AML transaction monitoring solution

Cost Optimization with a leading vendor

Note: Savings Calculation is simplified (Full Calculation in Appendix)

Category	Process	Volume	Reduction	Cost	Savings	Total Savings
Regional and Community Financial Services & Fintechs	Reduction in False Positives	210,000 False Positive Reviews	46% Reduction in False Positives	\$8 Reduction Cost per review	~\$2.2 MM Savings	~\$2.5 MM Total Savings
	Automation of SAR Processes	19,625 SAR Filings	48% Automated SAR Filings	\$36.2 Savings Per Automated Case	~\$340,000 Savings	
Multi-National and National Financial Services & Fintechs	Reduction in False Positives	3,080,000 False Positive Reviews	46% Reduction in False Positives	\$8 Reduction Cost per review	~\$32.0 MM Savings	~\$37.0 MM Total Savings
	Automation of SAR Processes	287,840 SAR Filings	48% Automated SAR Filings	\$36.2 Savings Per Automated Case	~\$5.0 MM Savings	

*ROI data captured two surveys: AML Transaction Monitoring in Financial Services and Fintech Buyer Survey, March 2024 (N=64 customers in financial services and fintech) and AML Transaction Monitoring in Financial Services and Fintech Buyer Survey, October 2023 (N=50 customers in financial services and fintech)



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Customers consider automated transaction monitoring, CTR filing, sanctions screening, SAR filing, record keeping, and user risk scoring to be key capabilities

Demand ¹	Product Capabilities ²
H	Automated Transaction Monitoring
H	Currency Transaction Reporting (CTR) Filing
H	Governance / Record Keeping
H	Rule-based Transaction Monitoring
H	Sanctions/PEP Screening
H	Suspicious Activity Reports (SAR) Filing
H	User AML Risk Scoring
M	Blockchain Analysis
M	Transaction Risk Scoring
M	Intelligent Alert Prioritization
M	Negative News Search
M	Transaction Link Analysis
L	Embedded Scenario/Model Builder
L	Predictive Insights Generation
L	Whitebox Explanations

H High Demand M Medium Demand L Low Demand

(1) AML Transaction Monitoring in Financial Services and Fintech Buyer Survey, October 2023 (N=50 customers in financial services and fintech)

(2) See Appendix for Definitions of Product Capabilities

Other Factors For Consideration

Automation of Workflows



Buyers demand workflow automation to process large volumes of transactions, freeing up compliance staff to focus on higher-risk cases and strategic activities.

Buyer Satisfaction



Factors such as responsiveness to support requests and continuous product enhancements improve buyer satisfaction. Organizations that are deeply satisfied with their vendor are far more likely to retain that solution long-term.

Ease of Use



Compliance staff need to efficiently review and investigate alerts without getting bogged down in cumbersome workflows. 68% of customers highly prioritize ease of use as a KPC.¹

Product Integration



Buyers will prioritize solutions with flexible integration deployments that meet unique technical and risk postures. 82% of customers highly prioritize product integration as a KPC.¹

Scalability



Buyers seek highly scalable solutions to process increased transaction volumes while maintaining AML program compliance. 88% of customers highly prioritize scalability as a KPC.¹

In the future, buyers want comprehensive solutions that manage the full customer risk lifecycle, from AO and fraud prevention to ongoing transaction monitoring

Future AML Product Capabilities¹

- Address Verification
- Bank Account Ownership Verification
- Banned List Check
- Credit Decisioning & Prequalification
- Device Risk Scoring
- Document Liveness
- Document Verification
- Form Pre-fill
- Government ID Number Verification
- Liveness / Spoofing Detection
- Location Intelligence
- Name Verification
- Phone Number Verification
- Sanctions/PEP Screening
- TIN / EIN Verification
- User Risk Scoring
- Verification of Employment
- Verification of Income (VOI)

Future Fraud Product Capabilities¹

- Automated Transaction Monitoring
- Behavioral Profiling
- Bot Detection
- Chargeback Management
- Chargeback Protection (Liability Shift)
- Device Fingerprinting
- Device Risk Scoring
- Dynamic Friction
- Location Intelligence
- Proxy and VPN Detection
- Real-time Fraud Monitoring
- Signal Sharing Network
- Social Engineering and Scam Detection
- Transaction Risk Scoring
- User Risk Scoring

Other Factors For Consideration

Automation



Customer perception of a vendor's current machine learning and analytics capabilities, strategic data management, policy adaptation, and AI explainability can significantly influence a buyer's confidence in their AML transaction monitoring solution.

Value For Money



Customer perception of the value of their AML transaction monitoring solution, in relation to its price, may be influenced by added features and product capabilities that go beyond the fundamental requirements of AML compliance.

(1) See Appendix for Definitions of Product Capabilities

We identified five key market presence criteria: brand awareness, leadership, market penetration, company size, and employee growth



Brand Awareness

A well-known vendor will be able to capture more customers. We gauged the awareness of each vendor for their AML transaction monitoring solution among buyers in financial services and fintech.



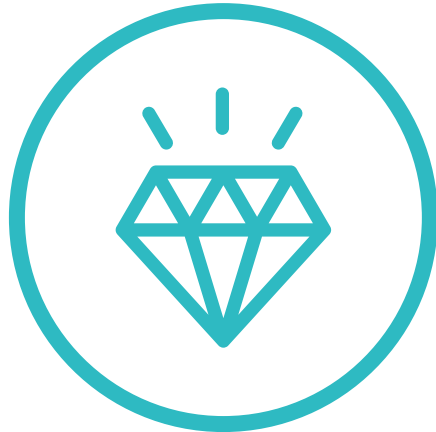
Company Size

Large vendors possess the stability and the capacity to accommodate bigger clients, thus driving larger revenues. We compiled employee headcount data and compared top companies.



Employee Growth

Vendors experiencing headcount growth indicate strong prospects for revenue growth and position it as a more formidable player in the market. We calculated year-over-year growth and compared vendors to each other.



Market Leadership Perception

Vendors perceived as market-leading are better positioned to capture market share. We surveyed 64 AML transaction monitoring customers in financial institutions and fintech to analyze the levels of customer satisfaction across vendors.



Market Penetration

Having more customers increases your presence in the market. We surveyed financial institutions and fintechs to analyze the most frequently used vendors.

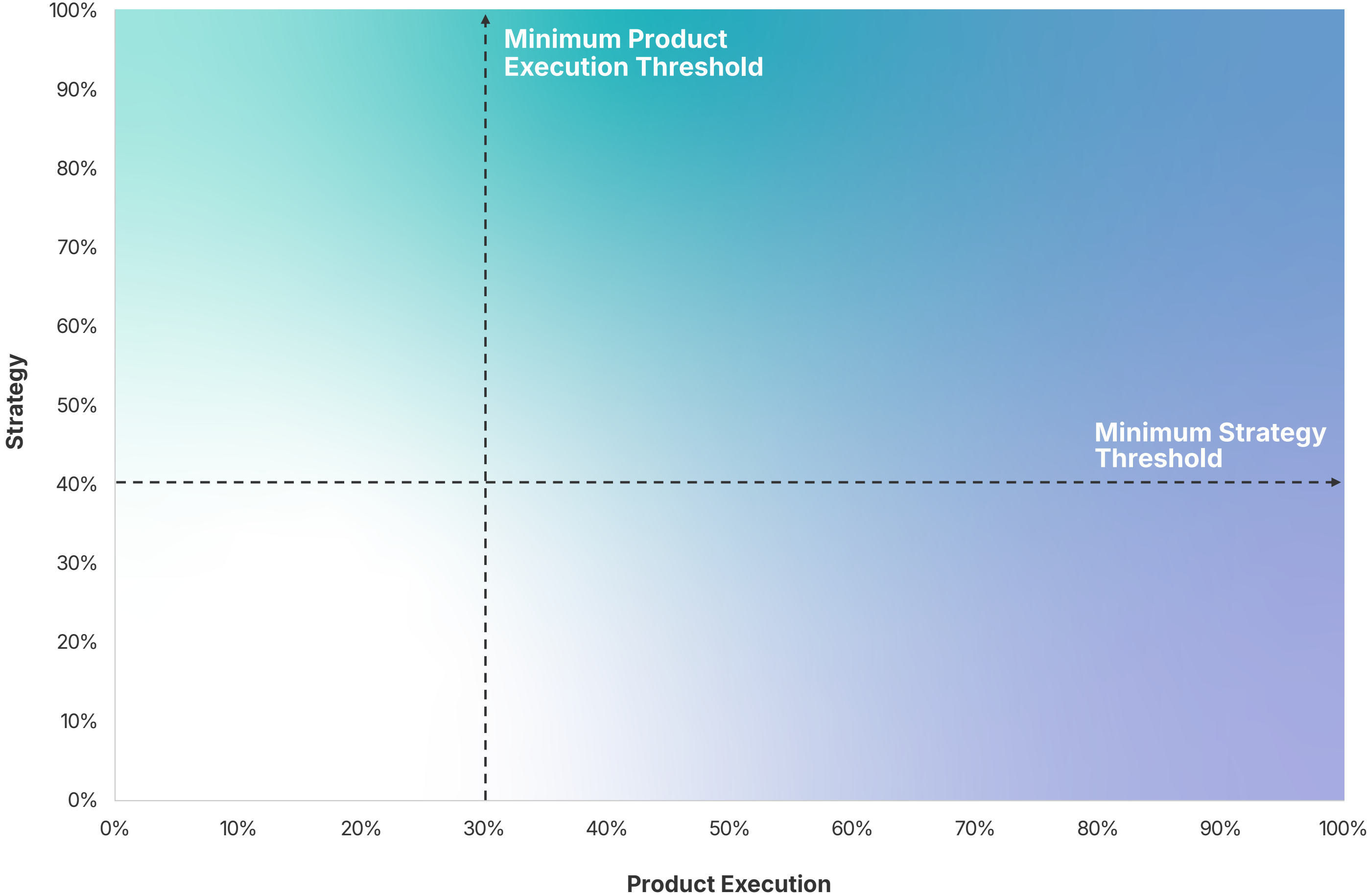
To identify the leading vendors in AML transaction monitoring, we set benchmarks for minimum product execution and minimum strategy thresholds

Minimum Product Execution Threshold

To establish a minimum product execution threshold, we surveyed financial services and fintech buyers to identify the most highly valued capabilities for AML transaction monitoring. By prioritizing capabilities according to demand, we determined that a company needs a minimum product execution score of 31% to meet product capability demand sufficiently.

Minimum Strategy Threshold

We established a leadership strategy threshold by analyzing critical future demand elements, including AO and fraud capabilities. Leading vendors attain a minimum strategy score of 41%.



The 70 companies analyzed, 41 met minimum product execution requirements, with the top 18 classified as Leading Vendors

● Leading Vendors

Strong overall solutions that possess must-have capabilities for this market use case

● Product-Focused Vendors

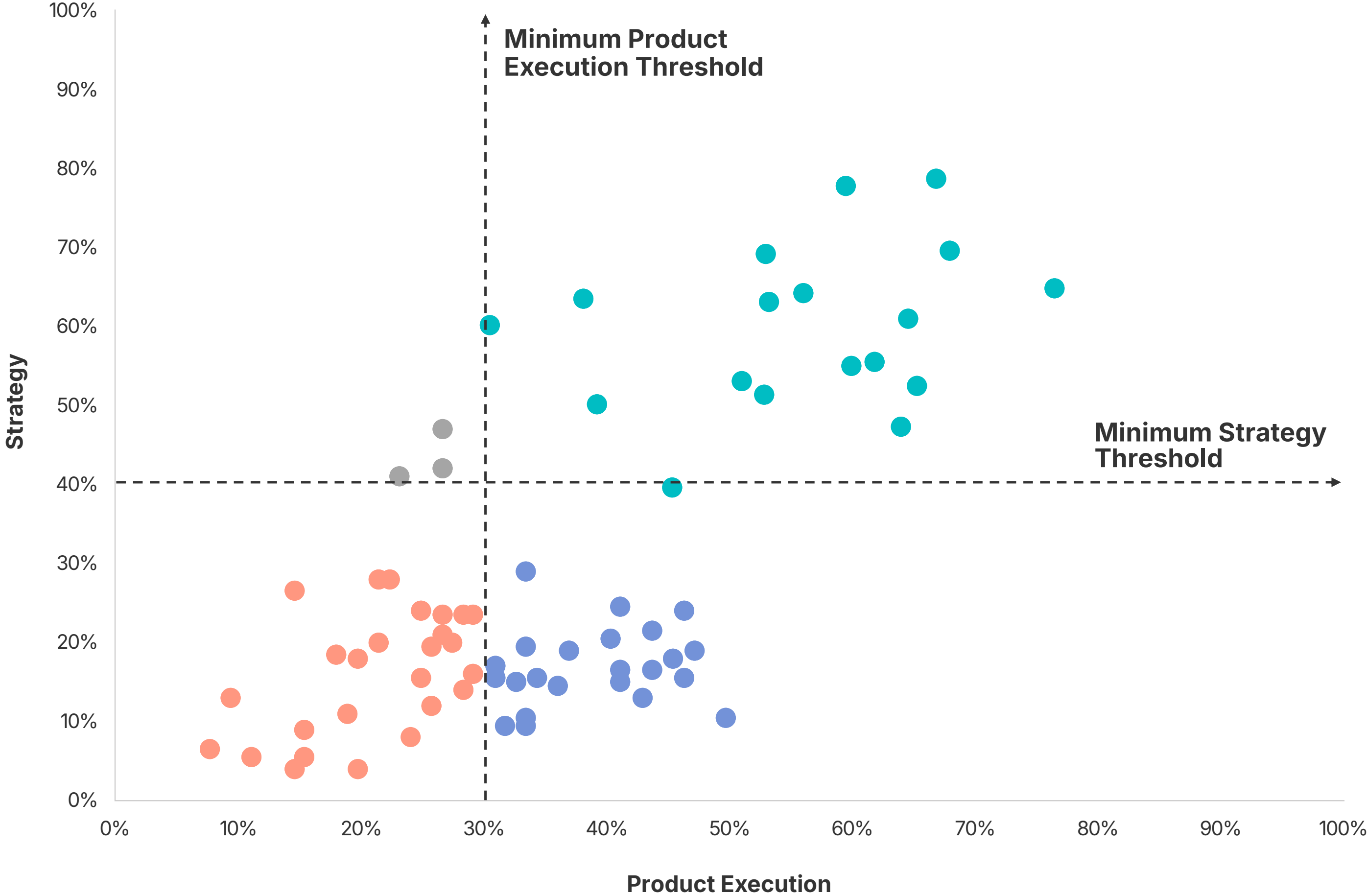
Solutions with strong product capabilities that perform lower than the leading strategy threshold

● Adjacent Vendors

Strong overall solutions but do not have all the required capabilities for this market use case

● Specialized Vendors

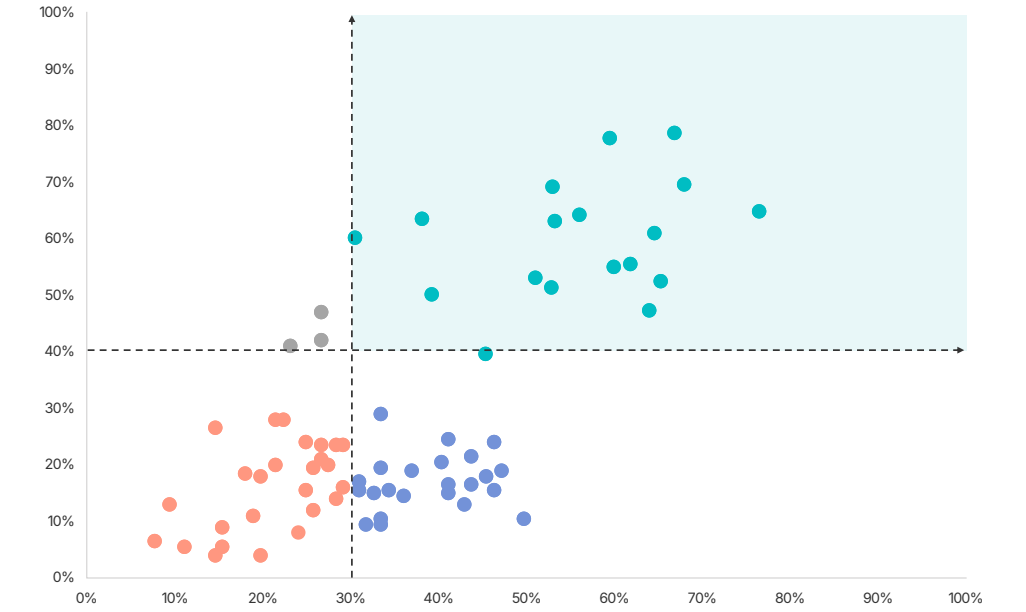
Solutions that can solve a part of the use case but do not have all must-have capabilities



Vendor positioning on the Link Index for AML Transaction Monitoring for Financial Services and Fintechs



Link Index for AML Transaction Monitoring for Financial Services and Fintech



Note: Companies with an asterisk (*) participated in an Analyst Briefing with Liminal for this report

Leading vendors are differentiating themselves through automation capabilities and enabling synergies between fraud and compliance initiatives



Challenger vendors are offering highly automated solutions

Vendors like HAWK:AI and Alloy provide automation to compete with other established players.



Solution providers offering automated solutions are best positioned to support financial institutions and Fintechs in their digital transformation initiatives.



Incumbent solutions have the highest market penetration

SAS, Oracle, and NICE Actimize are leading vendors with high penetration among financial services and fintech.



While incumbent providers still have the highest market penetration, newer and more automated solutions are capturing market share.



Vendors are enabling a transition to FRAML

Vendors like Featurespace, NICE Actimize, and Feedzai are leveraging their decision models for fraud use cases.



Although compliance teams typically function as cost centers, vendors assist their clients by offering comprehensive capabilities that would typically require two or more vendors' services.



Maintaining compliance is table stakes for AML vendors

Vendors have proven their support in maintaining compliance, but buyer demands are shifting.



Leading vendors in the market offer the highly demanded capabilities for AML transaction monitoring. They are differentiated by their strengths in other areas, such as ease of integration, use, and scalability.



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Vendor Overview




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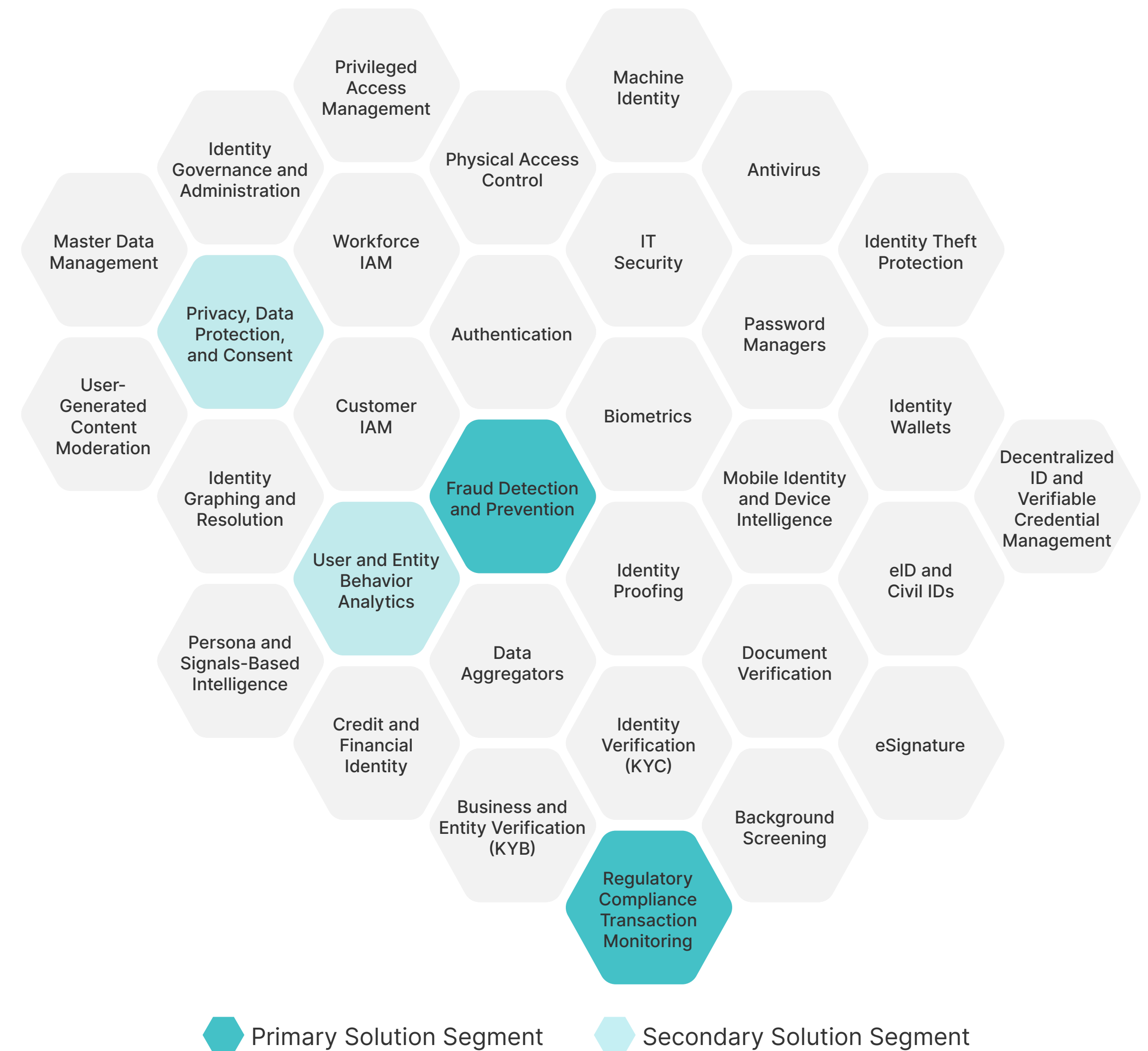


Unit21

Unit21 is a security platform designed to fight financial crimes for companies across multiple industries, primarily financial services, fintech, cryptocurrency, and payments. Through a simple API and dashboard, the company's low-code, no-code orchestration platform features case and operations management, transaction monitoring, analytics, and reporting. It helps companies better detect and manage money laundering, fraud, and other sophisticated risks. Its existing client base includes Dave and Crypto.com.

Company Information ¹	
Headquarters	San Francisco, CA, United States
No. of Employees	123 as of February 2024
Last Raised	\$45.0M, Series C Round in June 2023
Primary Segment	Regulatory Compliance Transaction Monitoring, Fraud Detection
Vertical Focus	Financial Services, Crypto
Geographic Focus	NA, Europe, EMEA
Notable Customers	  

(1) Link



Unit21's Strategy

Strategy	Excellent	Unit21 offers competitive rules configurations that can be leveraged for AML and fraud programs; customers also suggest a high value for money.
Future Product Capability (AML)	Exceptional	Unit21 offers a platform that utilizes data for precise and automated AML monitoring from start to finish, emphasizing traceability. The company provides non-monetary data to enhance its AI and machine learning models for efficient threat detection.
Future Product Capability (Fraud)	Excellent	The company provides pre-configured rules that need minimal engineering resources and are effective for detecting and preventing fraud. Unit21 safeguards against fraud threats, including payment fraud, account takeover, and money mules.
Automation	Strong	Unit21 excels in providing explainable AI solutions, ensuring that financial institutions can offer interpretable insights. As regulators face a significant increase in AI solutions for AML transaction monitoring, the importance of explainability continues to grow.
Value for Money	Exceptional	Unit21 provides a highly flexible and customizable solution that solves various customer challenges. The company emphasizes that its AI models are adaptable for multiple risk detection scenarios, offering a product that can accommodate any customer requirement.

Note: The Exceptional, Excellent, and Strong scoring buckets are relative to the performance of only the leading vendor for AML transaction monitoring. Vendors outside of the scoring buckets are not considered as a leading vendor for AML transaction monitoring.

Analyst Notes on Strategy

Unit21's Transaction Monitoring solution is designed to identify and mitigate risks associated with compliance and fraud. This system provides a comprehensive solution tailored to meet the intricate requirements of its users. Unit21 continually enhances its range of products to encompass a more comprehensive array of fraud scenarios, including check transactions, Automated Clearing House (ACH) processes, and first-party fraud. This strategic expansion and refinement of its solutions portfolio places Unit21 at the leading edge of technological progress in the financial security and compliance sectors.

Unit21's methodologies utilize all pertinent data points related to customers throughout their lifecycle, from the initial onboarding process through various stages of customer engagement, including login behaviors. This continuous monitoring facilitates an in-depth understanding of each customer's activities, leading to more accurate identification of fraudulent actions and potential money laundering activities. Clients have the option to employ predefined templates that address common fraud typologies, continuously update and refine detection rules, and adapt to the evolving dynamics of financial crime and regulatory changes. Furthermore, Unit21's analytical models emphasize the analysis of entity relationships and patterns of information sharing, such as shared device fingerprints or overlapping Personally Identifiable Information (PII). These capabilities are enhanced by the integration with their Network Analysis Tool, which visually maps various connections across customer data points, offering insights that traditional methods might overlook.

Unit21's Market Presence

Market Presence	Strong	Unit21 has a wide range of customers, from crypto and fintech to banking, contributing to their presence across different verticals and organizational sizes.
Brand Awareness	Excellent	Unit21 recently secured \$45M in funding. The company has allocated these funds to various marketing, sales, and product initiatives aimed at increasing the visibility of its comprehensive suite of AML and fraud capabilities.
Market Leadership	Strong	Although the company is viewed as less established than some other established players in the space, Unit21's ascent to a leadership position within the market over the past six years highlights the competitiveness of its solutions.
Market Penetration	Excellent	Unit21 serves various clients across banking, fintech, and cryptocurrency, demonstrating its capability to cater to different markets. Notable clients include Crypto.com, a cryptocurrency exchange, Dave, a neobank, and Directions Credit Union.
Company Size	Excellent	Unit21 has more than 100 employees, facilitating ongoing product development and expanding its roadmap. Given its recent funding round, we anticipate further team growth, which will enable the company to attract more large institutions as clients.
Employee Growth	Strong	Although Unit21's employee growth rate is lower than some of the other vendors we've profiled, we expect the recent infusion of capital to provide the necessary financial backing to support its operations and expansion.

Analyst Notes on Market Presence

Founded in 2018, Unit21 is a relatively new participant in the AML compliance sector. Despite its recent inception, the company has rapidly expanded its global footprint by establishing new offices in Sao Paulo, London, and Singapore, broadening its international presence across Latin America, Europe, and Asia. This geographic expansion indicates Unit21's swift growth and efficacy in tackling global compliance challenges. The company is increasingly recognized as a significant competitor to well-established providers of regulatory compliance solutions, a status attributed to its strong commitment to developing advanced capabilities.

Unit21 has cultivated a robust client ecosystem, which includes prominent entities such as Chime, Sallie Mae, and WorldRemit, underscoring its substantial market presence. In 2023 alone, Unit21's systems monitored transactions amounting to over \$2.77 trillion, illustrating its services' extensive scale and impact. Additionally, the company has attracted significant investment from high-profile investors, including Tiger Global and Google. This financial support enhances Unit21's credibility and provides a solid foundation for ongoing innovation and further expansion in the market. This blend of strategic expansion, a strong client base, and substantial financial backing places Unit21 in a favorable position for continued growth and development within the global compliance industry.

Note: The Exceptional, Excellent, and Strong scoring buckets are relative to the performance of only the leading vendor for AML transaction monitoring. Vendors outside of the scoring buckets are not considered as a leading vendor for AML transaction monitoring.

Unit21 Transaction Monitoring & Case Manager

Unit21's transaction monitoring solutions provide financial institutions with a library of pre-built rules that compliance experts have vetted. Risk and compliance teams can quickly set up and customize their monitoring capabilities. The platform offers a flexible, no-code environment where teams can customize pre-built rules, workflows, and permissions. This enables them to adapt to changing operations and regulations without relying on costly engineering resources. Unit21 is data agnostic and includes pre-built integrations like Chainalysis to conduct blockchain analysis.

AML Transaction Monitoring Product Capability Coverage¹

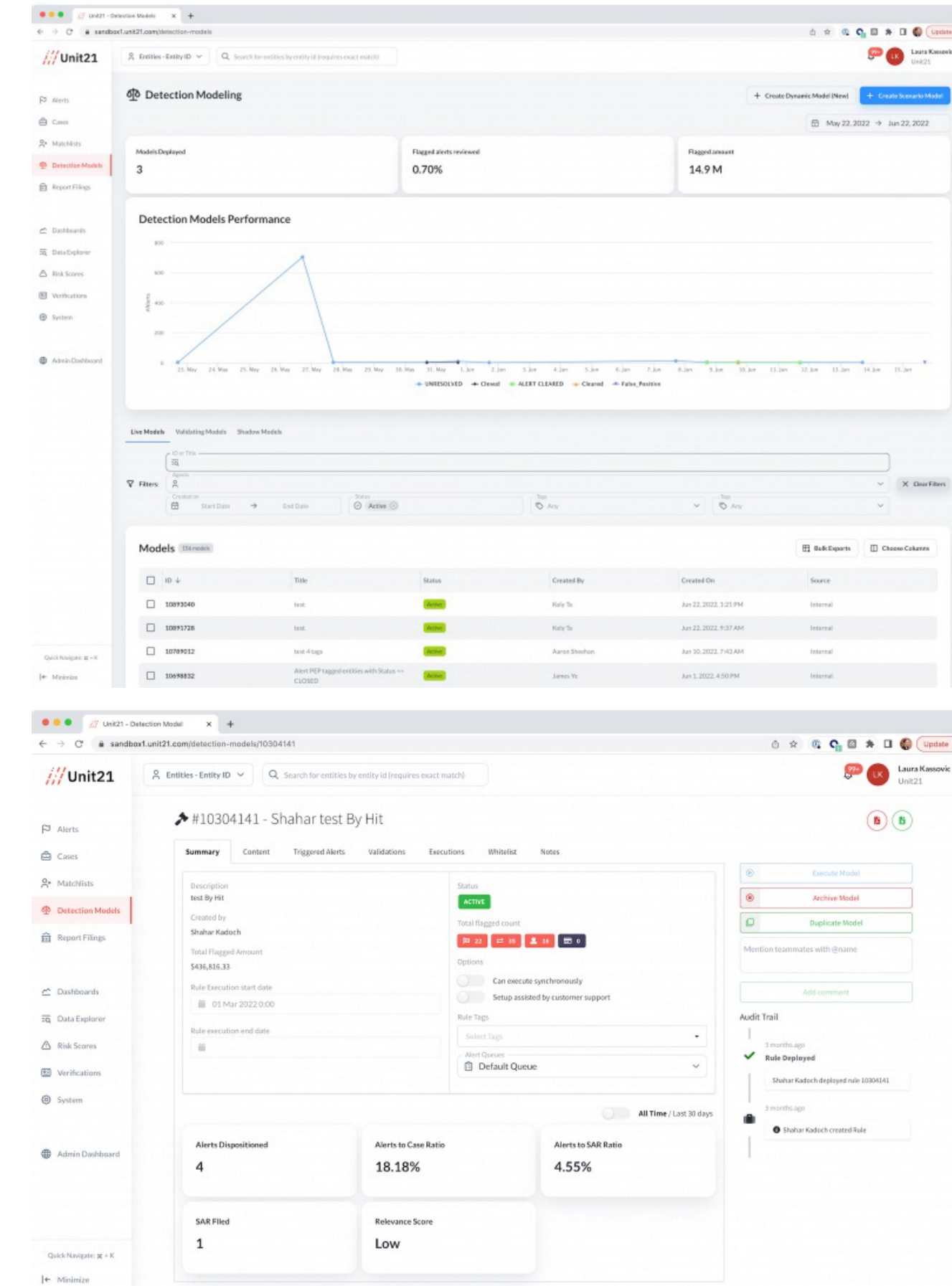
H Automated Transaction Monitoring	M Transaction Risk Scoring
H Currency Transaction Reporting (CTR) Filing	M Intelligent Alert Prioritization
H Governance / Record Keeping	M Negative News Search
H Rule-based Transaction Monitoring	M Transaction Link Analysis
H Sanctions/PEP Screening	L Embedded Scenario/Model Builder
H Suspicious Activity Reports (SAR) Filing	L Predictive Insights Generation
H User AML Risk Scoring	L Whitebox Explanations
M Blockchain Analysis	

H High Demand **M** Medium Demand **L** Low Demand

(1) Please see Appendix for further information regarding Liminal's data acquisition and analysis methodology

(2) Product visuals sourced from unit21.ai

Product Visuals²



Unit21 Transaction Monitoring & Case Manager

Product	Excellent	Unit21's solution offers comprehensive capability coverage with an easily configurable case manager to support AML compliance teams handling investigations.
Product Capability	Exceptional	Unit21 has one of the most comprehensive vendor capability sets and can be finely tuned to specific needs and requirements. This enables them to support financial institution customers effectively through AML transaction monitoring.
Automation of Workflows	Strong	Unit21's case manager offers a no-code setup that allows risk teams to respond more swiftly and efficiently to emerging financial crimes or regulatory changes without any additional engineering or technical lift.
Buyer Satisfaction	Strong	The company satisfies buyers by providing a strong transaction monitoring platform that can be used for fraud and AML use cases. Customers can use their sandbox environment to test and validate rules before they go live.
Ease of Use	Excellent	Through a customizable case management interface, customers can create and manage alerts, define permissions, and focus on necessary data elements. Moreover, Unit21 can ingest any data type, including transaction data, behavior data, user activity, and custom data.
Product Integration	Strong	Unit21 provides a simple dashboard for detecting, investigating, and reporting fraud, money laundering, and other financial risks. Additionally, Unit21 offers a cloud-deployed, no-code API integration.
Scalability	Strong	By offering high customization with various product capabilities, Unit21 can effectively scale as needs evolve without compromising solution accuracy and performance.

Note: The Exceptional, Excellent, and Strong scoring buckets are relative to the performance of only the leading vendor for AML transaction monitoring. Vendors outside of the scoring buckets are not considered as a leading vendor for AML transaction monitoring.

Analyst Notes on Unit21 Transaction Monitoring & Case Manager

Unit21 offers a transaction monitoring solution and case manager that can be used separately or together, depending on the needs of the customer. The transaction monitoring solution provided by Unit21 allows for scalability from simple to complex algorithmic conditions, enabling financial institutions to tailor their alert triggers based on specific variables, calculations, or thresholds. This customization facilitates proactive protection against threats, leveraging an API-based monitoring solution capable of scrutinizing real-time data across transactions, behaviors, and networks.

The case manager enhances the efficiency of compliance teams by enabling the creation of alert queues specific to teams, alert types, or business lines, and by automating the prioritization and deadline assignment of alerts to ensure prompt attention to high-risk issues. Additionally, it streamlines the regulatory filing process for SARs and CTRs through automation, reducing manual efforts in generating, completing, and electronically filing these reports. Customizable workflows further allow users to directly create SARs from cases and automatically populate filing fields, enhancing operational efficiency in compliance processes.



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Survey Results

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Market Demand Survey Results Overview

We conducted outreach to customers in financial institutions and fintechs who leverage AML transaction monitoring solutions.

Our survey was conducted with an overall N=50. We received significant participation from large enterprises with extensive global customer reach and gathered responses from various roles within each organization.

According to our survey findings, we've collected valuable insights to grasp the market's demand for AML transaction monitoring in financial services and fintechs.

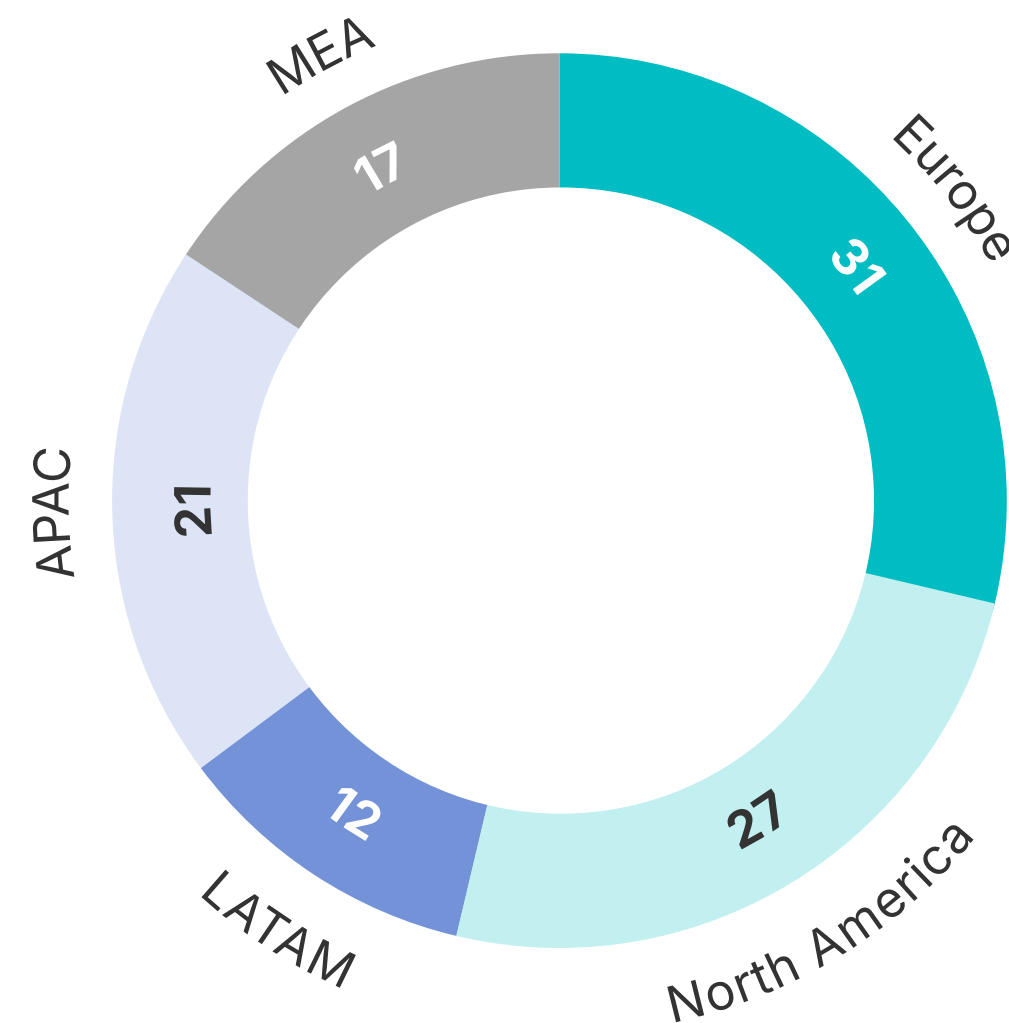


Survey Demographics: Respondent Profile

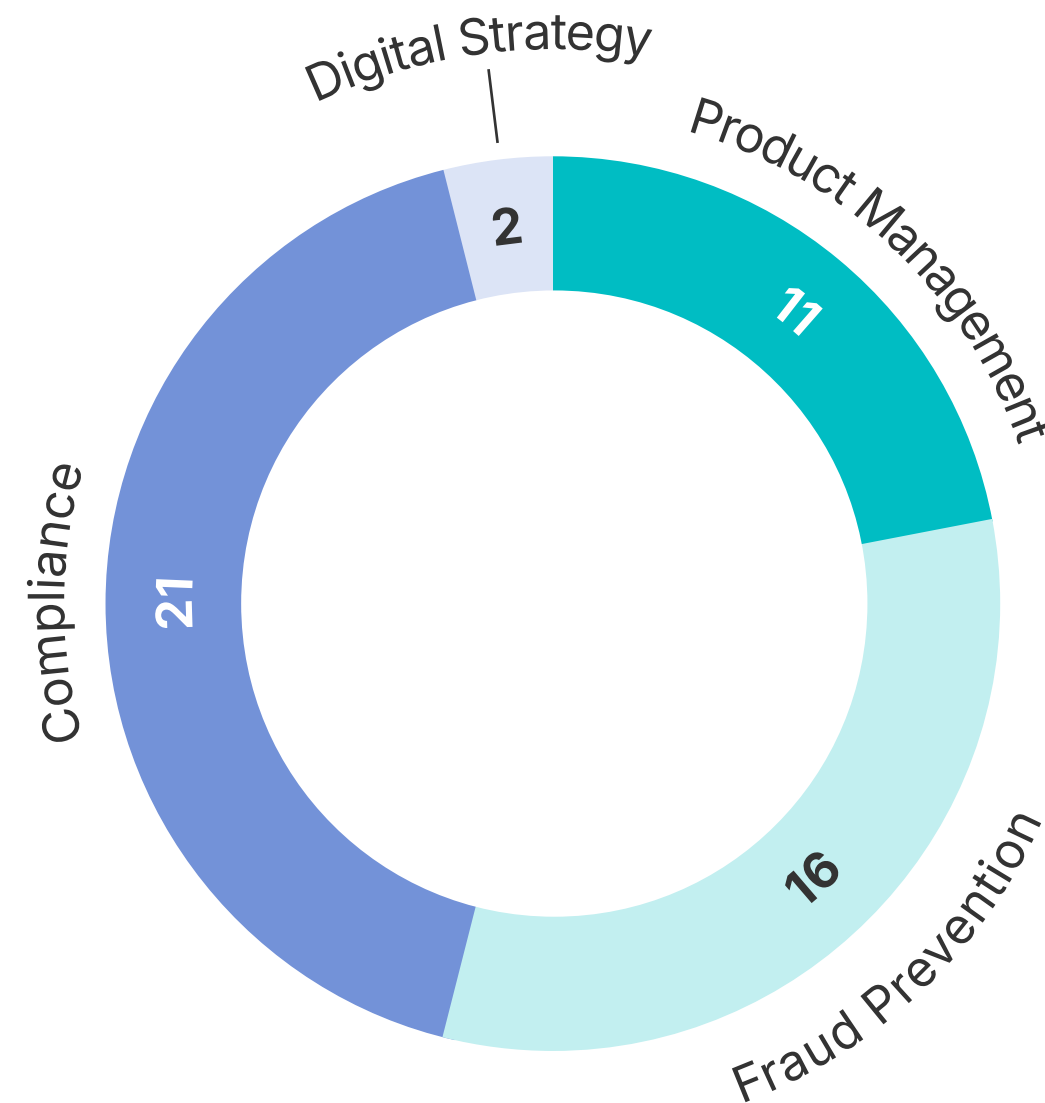
Our survey had a global set of respondents from several geographies, functional areas, and company sizes who are current solution seekers of AML transaction monitoring solutions.

Survey Respondent Demographics (N = 50)¹

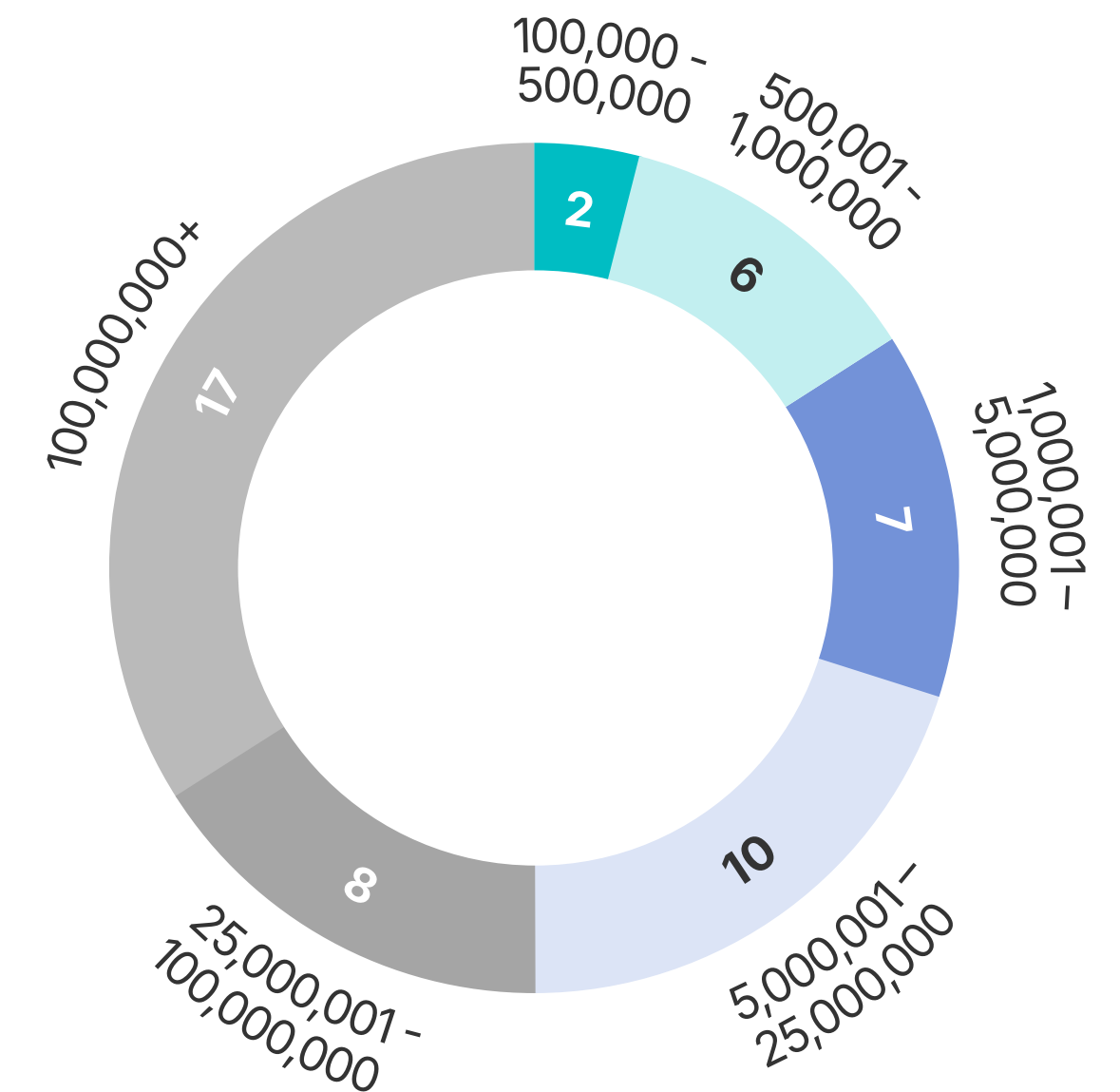
Geography
(By Region)



Functional Area
(By Department)



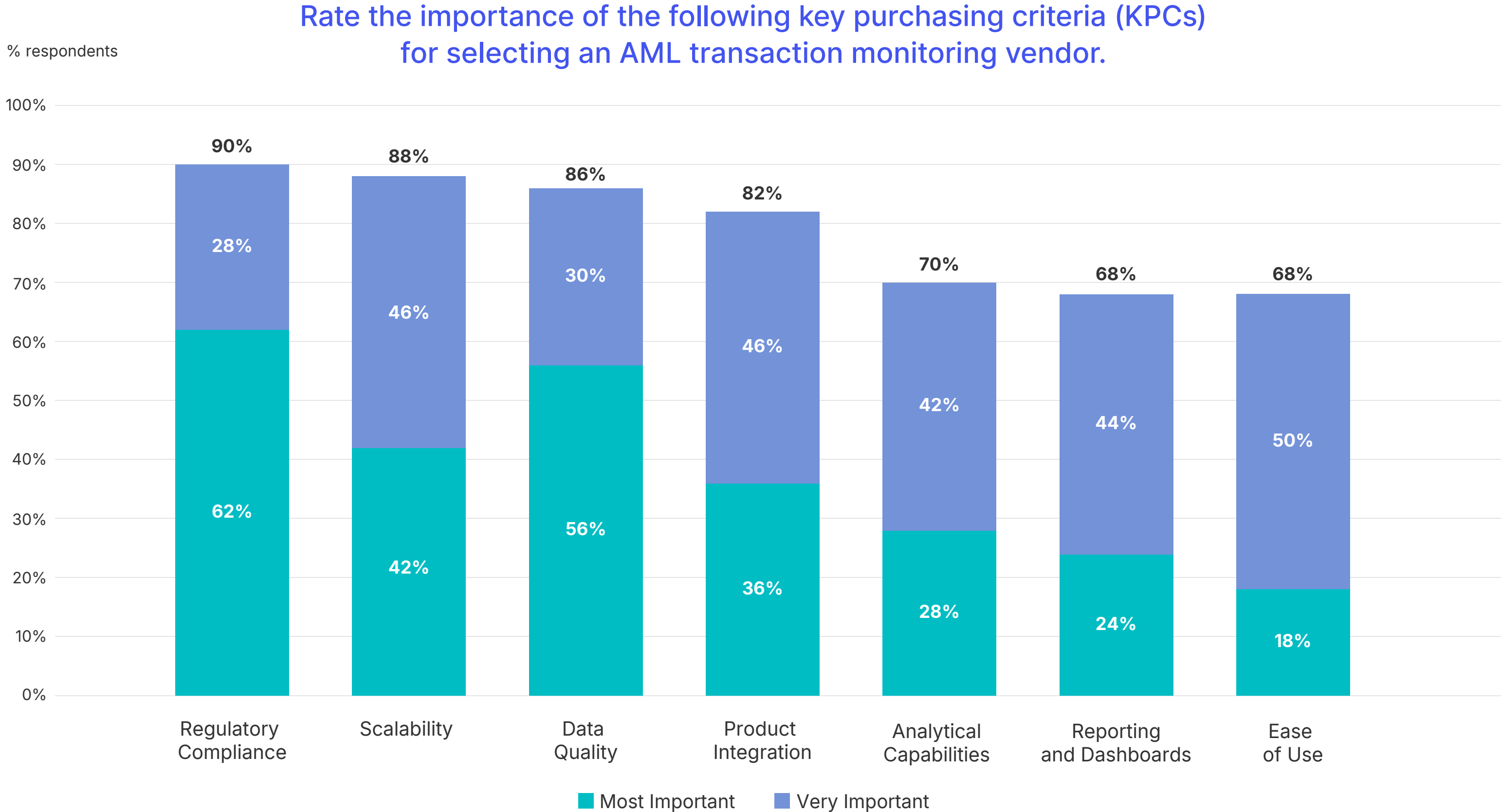
Company Size
(Transactions)



(1) AML Transaction Monitoring in Financial Services and Fintech Buyer Survey, October 2023 (N=50 customers in financial services and fintech)

Regulatory compliance, scalability, data quality, and product integration are the top key purchasing criteria for AML transaction monitoring

Key Purchasing Criteria for AML Transaction Monitoring in Financial Services and Fintechs¹



Regulatory compliance, scalability, data quality, and product integration are the top key purchasing criteria for AML transaction monitoring for financial institutions and fintechs, with 90%, 88%, 86%, and 82% considered high priority, respectively.

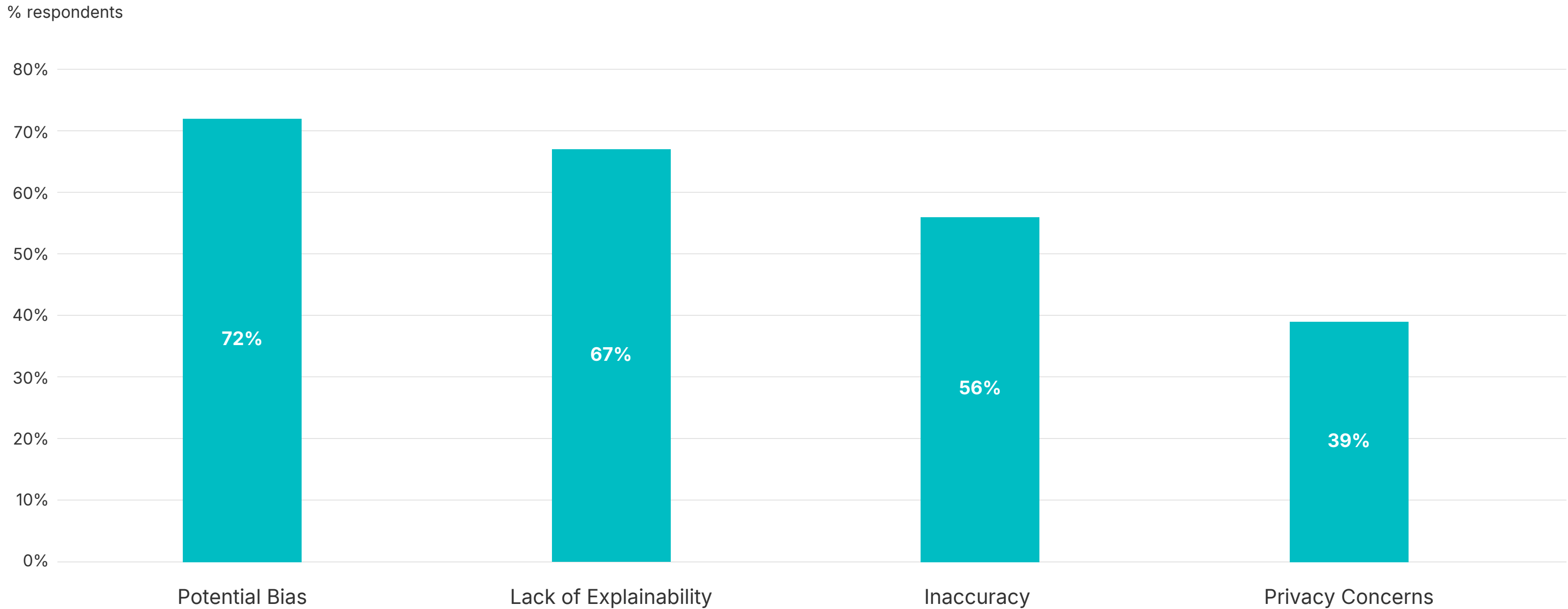
As a regulatory-driven market, customers want compliant solutions that can handle increased transaction volumes as they grow.

(1) AML Transaction Monitoring in Financial Services and Fintech Buyer Survey, October 2023 (N=50 customers in financial services and fintech)

Potential bias and lack of explainability were the primary reasons buyers thought regulators would limit their acceptance of generative AI

Concerns for Regulatory Acceptance of Generative AI in AML Transaction Monitoring in Financial Services and Fintech^{1,2}

Why do you think regulators will not accept the use of generative AI for AML transaction monitoring use cases such as SAR filings?



Of financial institutions and fintech customers that say regulators will not accept the use of generative AI, 72% point to potential bias, and 67% point to lack of explainability as the reasons why.

Utilizing generative AI in AML transaction monitoring facilitates the generation of SARs and offers guidance to human analysts, among other uses. Regulatory bodies are still in the process of evaluating this emerging technology.

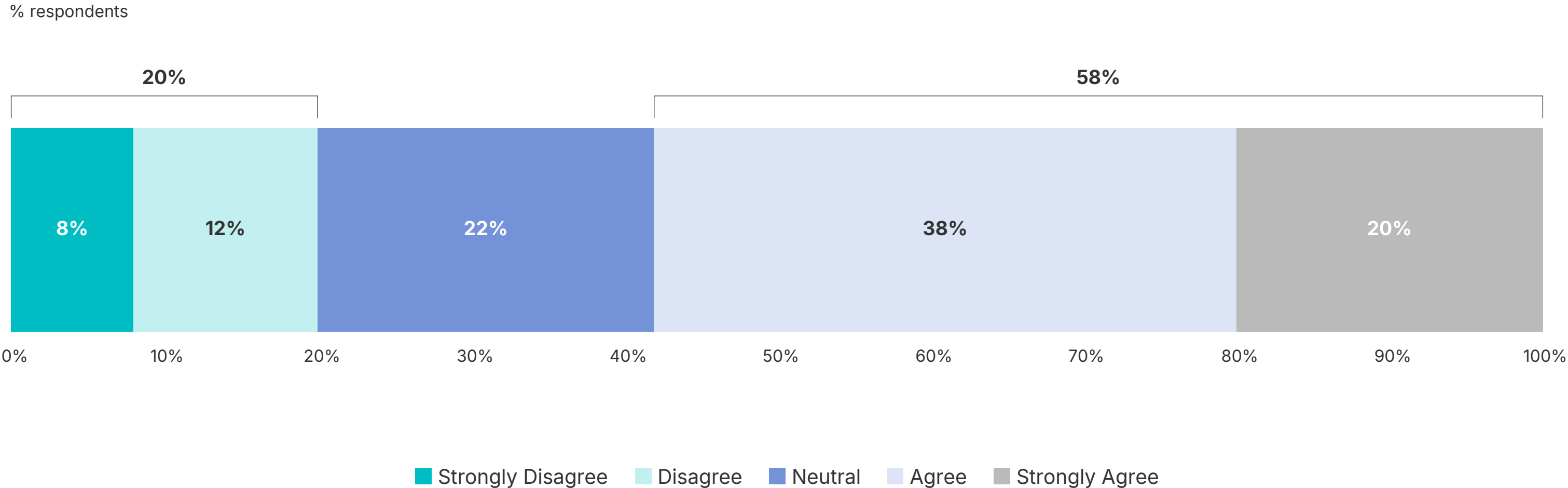
(1) AML Transaction Monitoring in Financial Services and Fintech Buyer Survey, October 2023 (N=50 customers in financial services and fintech)

(2) View of respondents that believed regulators would not accept the use of generative AI (N=19)

Financial institutions believe lack of global regulatory standardization makes AML transaction monitoring more difficult

Perception of Lack of Regulatory Standardization Contributing to More Difficult Money Laundering Prevention¹

What level of confidence do you have in the following statement:
The lack of standardized global AML Transaction Monitoring regulations leads to increased difficulty in preventing money laundering?



58% of financial service and fintech customers believe that the lack of standardized global transaction monitoring regulations increases difficulty in preventing money laundering, whereas only 20% disagree.

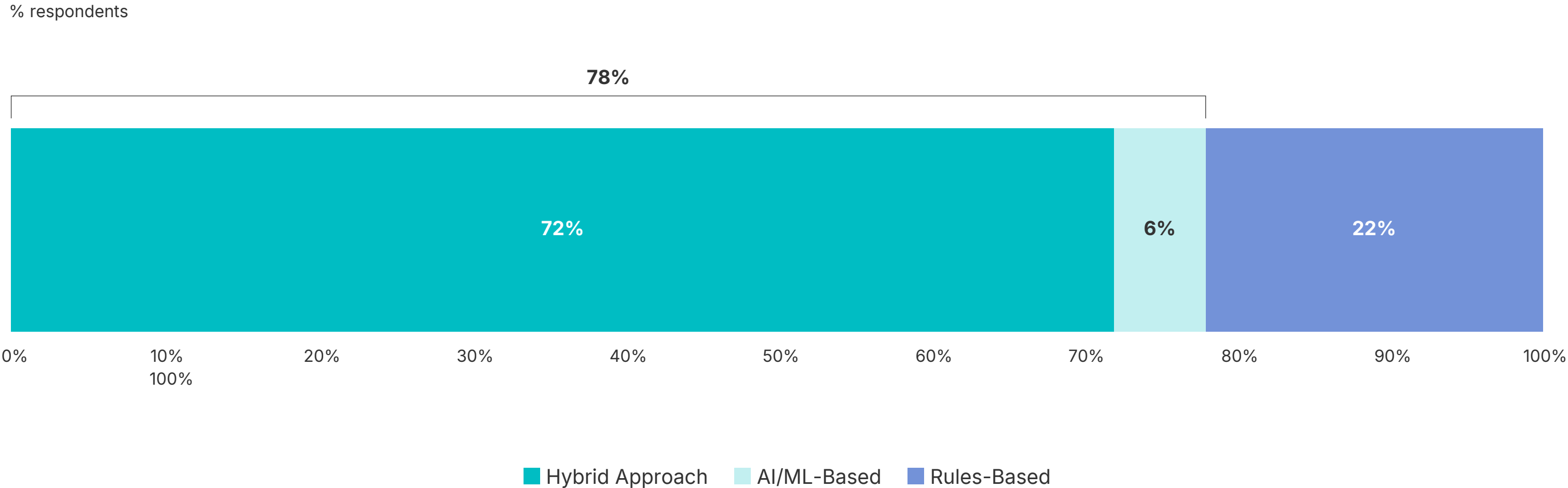
While there have been recent strides with 5AMLD in Europe and growing FATF membership, customers still feel that there needs to be more regulatory standardization to most effectively combat money laundering.

(1) AML Transaction Monitoring in Financial Services and Fintech Buyer Survey, October 2023 (N=50 customers in financial services and fintech)

Most financial institutions have adopted either AI / ML or hybrid approaches to AML transaction monitoring

Portion of AML Transaction Monitoring Approaches Between AI / ML, Hybrid, and Rules-Based¹

Which of the following approaches does your organization prefer for AML Transaction Monitoring solutions?



78% of AML transaction monitoring customers note that they use either AI / ML or hybrid approaches to AML transaction monitoring. The vast majority say they use a hybrid approach.

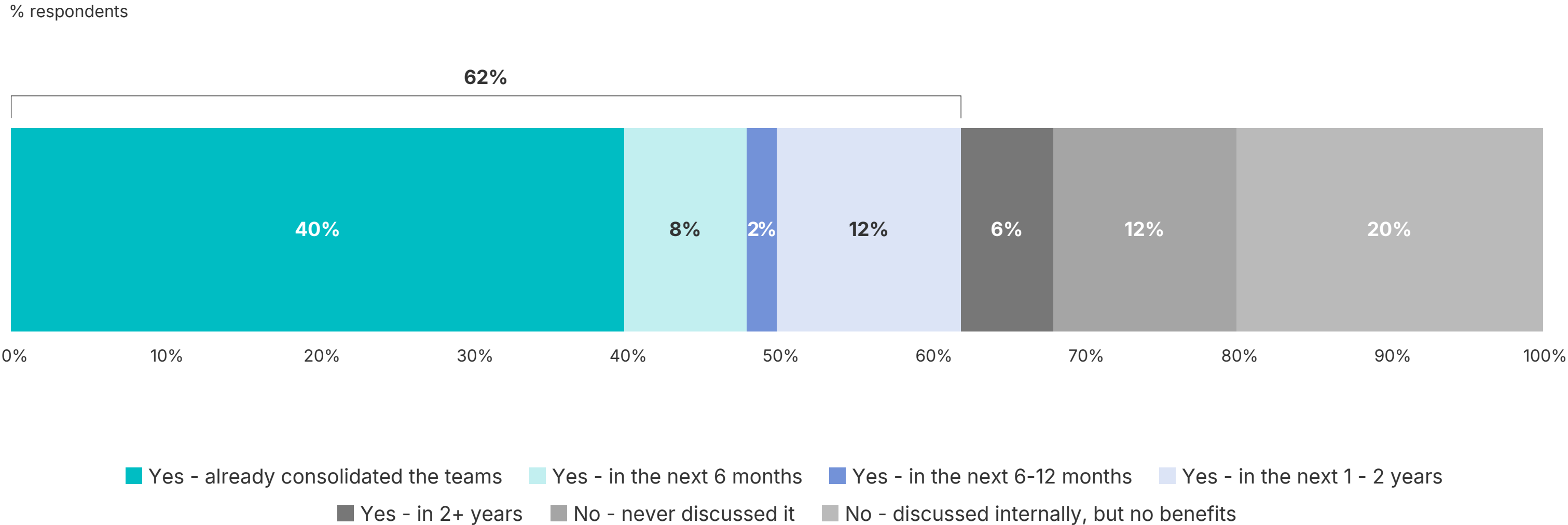
AI / ML models can more effectively uncover financial crime and have self-learning capabilities. We expect AI / ML adoption to significantly increase in the near future, with a shift away from rules-based methods.

(1) AML Transaction Monitoring in Financial Services and Fintech Buyer Survey, October 2023 (N=50 customers in financial services and fintech)

Financial institutions are moving towards a FRAML approach in the near term

Percentage of Customers Adopting a FRAML Approach¹

When does your organization plan on consolidating Fraud and AML/Compliance departments?



40% of financial institution customers have already moved to a FRAML approach, with an additional 22% planning to do so in the next two years.

Merging fraud and AML teams can lead to multiple benefits for financial institutions, including pooling intelligence and insights, streamlined technology infrastructures, and financial savings.

(1) AML Transaction Monitoring in Financial Services and Fintech Buyer Survey, October 2023 (N=50 customers in financial services and fintech)



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Appendix

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Product Capability Demands for Customers

Demand	Product Capability	Definition
H	Automated Transaction Monitoring	Advanced analytics, machine learning, and other techniques can be used to identify patterns and anomalies that could suggest illicit activity
H	Currency Transaction Reporting (CTR) Filing	U.S. financial institutions must file documents with FinCEN for customer currency transactions exceeding \$10,000 in one day
H	Governance / Record Keeping	Enables entities to navigate regulatory requirements focusing on AML controls for investigation, reporting, and record retention
H	Rule-based Transaction Monitoring	Tracks customer activity based on a predefined set of rules or criteria to flag transactions deviating from expected patterns
H	Sanctions/PEP Screening	Identifies and manages risks associated with sanctions and politically exposed persons (PEPs)
H	Suspicious Activity Reports (SAR) Filing	SARs are documents businesses must file with regulatory bodies when they detect suspicious transactions or activities
H	User AML Risk Scoring	Assess the risk level of their clients concerning money laundering and terrorist financing
M	Blockchain Analysis	Examining data on a blockchain to identify and track the flow of virtual assets and detect connections that may indicate money laundering
M	Transaction Risk Scoring	The process of assessing the riskiness of a transaction. Risk scores are calculated by inferential statistical models based on established rulesets
M	Intelligent Alert Prioritization	Isolates high-risk alerts and focuses analysts' attention on the alerts that matter most with AI / ML prioritization
M	Negative News Search	Identifying and analyzing unfavorable information about individuals, organizations, or entities across various news sources
M	Transaction Link Analysis	Uncover activity patterns between entities by examining the connections and relationships within financial data
L	Embedded Scenario/Model Builder	Financial institutions can use historical data to create, simulate, and analyze new suspicious activity monitoring scenarios
L	Predictive Insights Generation	Leverages AI / ML-based predictive modeling and data analysis to forecast future behaviors, trends, or outcomes based on historical data
L	Whitebox Explanations	Clarifications for transaction monitoring algorithms that are predictable, traceable, and straightforward to describe

H High Demand M Medium Demand L Low Demand

AML Capability Definitions

Product Capabilities	Definition
Address Verification	A critical component of the Know Your Customer (KYC) process that regulated entities use to confirm the physical address of their clients.
Bank Account Ownership Verification	Verifying whether a natural person or legal entity claiming to be a bank account holder is a specific bank account holder
Banned List Check	Banned lists are databases containing details of individuals prohibited from working in specific industries or jobs
Credit Decisioning & Prequalification	Helps lenders assess individuals' creditworthiness and determine their eligibility for financial products
Device Risk Scoring	Risk scoring that assesses the trustworthiness of a device by analyzing various factors, such as IP address, device fingerprint, and location
Document Liveness	Verifying the authenticity of identity documents by ensuring they are not counterfeit, tampered with, or otherwise fraudulent
Document Verification	Document verification establishes an individual is who they say they are through the validation and verification of a government-issued identity document
Form Pre-fill	Refers to the process of automatically populating parts of a Know Your Customer (KYC) form with information that is already known or available about a customer
Government ID Number Verification	The process of validating a government-issued identification number, such as a Social Security Number (SSN) in the US or similar identifiers in other countries
Liveness / Spoofing Detection	Liveness and spoofing detection are designed to distinguish between a real user and a fraudulent attempt to mimic a user's biometric traits
Location Intelligence	Leverages geolocation data to understand user behavior, deliver personalized services, and enhance marketing strategies based on real-time location
Name Verification	Name verification validates an individual's full name against a trusted data source during onboarding to ensure its authenticity and accuracy
Phone Number Verification	A security and validation process used to confirm that a phone number provided by an individual is valid, active, and accessible by that individual
Sanctions / PEP Screening	A critical process used by financial institutions and other organizations to identify and manage risks associated with sanctions and politically exposed persons (PEPs)
TIN / EIN Verification	A process used to confirm that TIN or EIN provided by a business entity matches the records held by the Internal Revenue Service (IRS)
User Risk Scoring	User risk scoring in fraud detection is a critical tool that evaluates the likelihood of a user's behavior indicative of fraudulent activity
Verification of Employment	A process used to confirm a job candidate's or employee's current or past employment status, job title, salary, and other job-related information
Verification of Income (VOI)	Validating the income information through official documentation, such as pay stubs, tax returns, or direct verification with employers

Fraud Capability Definitions

Product Capabilities	Definition
Automated Transaction Monitoring	The use of automated software tools to continuously review and analyze financial transactions to detect suspicious activities
Behavioral Profiling	Involves analyzing data from various sources to identify patterns and characteristics of an individual's behavior
Bot Detection	Involves identifying entities or individuals that mimic user behavior, such as bots, malware, or rogue applications
Chargeback Management	Enables merchants to manage chargeback-related workflows and successfully win chargeback disputes
Chargeback Protection (Liability Shift)	Transfers the liability for losses from fraudulent transactions from the merchant to the issuing bank and includes reimbursement for the chargeback-related costs
Device Fingerprinting	The process of combining specific attributes of a device to create a unique device identity; attributes can include device type, operating system, IP address, and more
Dynamic Friction	Allows businesses to balance security measures with user experience by adjusting the level of friction based on the risk associated with each transaction
Merchant Monitoring	Involves continually surveilling a merchant's behavior, sales, chargeback patterns, and other indicators to detect risk levels and potential fraud changes
Proxy and VPN Detection	Refers to the methods and technologies used to identify whether a user connects to a service or network through a proxy server or a Virtual Private Network (VPN)
Real-time Fraud Monitoring	The surveillance and analysis of networks, accounts, and transactions to identify potentially fraudulent activity in near-real time for automated fraud decisioning
Social Engineering and Scam Detection	Social engineering and scam detection involves rules-based or machine-learning models configured to identify customer behavior indicative of social engineering
Signal Sharing Network	Collaborative platforms where businesses share real-time fraud risk signals and intelligence to enhance fraud prevention strategies

Exceptional, Excellent, Strong Scoring Buckets Definitions

Scoring Buckets	Definition
Exceptional	<p>Vendors in this category represent the pinnacle of performance in the market and are in the top quartile among leading vendors for specific criteria. They not only meet all industry standards but also significantly exceed them. Exceptional vendors demonstrate advanced technological capabilities, comprehensive coverage, innovative solutions, and extraordinary customer service. They consistently deliver superior results and have a proven track record of effectively adapting to changing regulations and complex scenarios in anti-money laundering efforts.</p>
Excellent	<p>Vendors rated as excellent provide very strong services that go beyond the basic fulfillment of criteria and are in the second quartile among leading profiles for specific criteria. They showcase high levels of proficiency and reliability in their solutions and customer support. These vendors are recognized for their robust feature sets, efficient monitoring systems, and effective detection and reporting capabilities. While they may not reach the pinnacle of the Exceptional category, their performance significantly enhances client compliance and risk management processes.</p>
Strong	<p>Vendors classified as strong adequately meet the established criteria necessary for effective AML transaction monitoring and are in the fourth quartile among top vendors (though perform better than vendors who did not make our final list). They ensure compliance with relevant regulations and provide solid, dependable technology and support. These vendors offer functional and effective solutions that satisfy basic requirements for monitoring, detecting, and reporting suspicious activities. While they may lack the cutting-edge features of higher-ranked vendors, their services are competent and reliable for organizations looking to maintain regulatory compliance.</p>

Link Index Methodology: Product

Product Criteria	Weighting	Definition	Why it Matters
Product Capability	50.0%	How complete a vendor's product is at solving AML transaction monitoring for financial services and fintech	Products that meet customers' demand for product capabilities are better at solving AML transaction monitoring
Automation of Workflows	7.5%	A solution's ability to automate various steps involved in AML transaction monitoring	Solutions that effectively automate AML program workflows are best positioned to meet buyers' demands
Buyer Satisfaction	20.0%	How satisfied customers report being when using a specific vendor	A vendor who better satisfies its customers is more likely to retain and increase their customer base
Ease of Use	7.5%	How easy the solutions is to leverage for AML analysts	Financial services and fintech buyers rated ease of use as a top 6 KPC when considering new AML transaction monitoring solutions
Product Integration	7.5%	How easy a solution is to deploy for a customer, given its integration capabilities and product features	Vendors whose solutions are more challenging to adopt will struggle regardless of their product capabilities
Scalability	7.5%	How equipped the company's solutions are at handling changes in transaction volumes	Scalability is vital for transaction monitoring vendors as it ensures their ability to handle increasing volumes and evolving laundering patterns efficiently

Link Index Methodology: Strategy

Market Criteria	Weighting	Definition	Why it Matters
Future Product Capability (AML)	20.0%	How aligned a vendor's current state and roadmap is to shifting customer demands over the next 24 months for compliance-related account opening capabilities	Vendors should adapt product roadmaps to meet demands, including increased demand for cross-lifecycle compliance and transaction monitoring solutions
Future Product Capability (Fraud)	20.0%	How aligned a vendor's current state and roadmap is to shifting customer demands over the next 24 months for fraud	As buyers increasingly demand fraud alongside AML solutions, vendors with comprehensive fraud capabilities will be best positioned
Machine Learning & Analytics (Automation)	10.0%	Machine learning and analytics use advanced computational techniques to analyze vast amounts of transaction data and identify patterns indicative of potential money laundering or other illicit activities	Buyers are looking for AI / ML techniques that offer more sophisticated risk detection and self-learning capabilities
Model Risk Management (Automation)	9.0%	The customization and management of AML risk models to fine-tune for efficient risk detection	Solutions that can continuously adapt based on changing risk postures will be best positioned to support financial services and fintech customers
Policy Adaption (Automation)	8.0%	Adjusting AML policies, procedures, and controls to address evolving requirements and business needs	Vendors need to support continuous policy adaption to support customers as they look to adjust their positives to meet regulatory requirements continuously
Explainability (Automation)	9.0%	The ability to understand and explain to regulators the rationale behind the decisions made by AI algorithms	As customers continue to adopt AI models, they will demand explainable solutions as evidence to regulators
Value For Money	15.0%	The pricing of a solution when compared to other top vendors	AML departments are considered a cost center, and solutions that provide good value for money will be firmly positioned as budgets tighten
Strategic Data Management	9.0%	The systematic and organized approach of handling and utilizing data to support AML compliance efforts effectively	Effectively leveraging different data sources to ensure compliance lies at the heart of AML transaction monitoring solutions

Link Index Methodology: Market Presence

Market Criteria	Weighting	Definition	Why it Matters
Brand Awareness	25.0%	How many vendors were familiar with their solutions for AML transaction monitoring	Companies with strong brand awareness are more likely to be engaged in an RFP for customers looking to purchase new solutions
Market Leadership	30.0%	How many buyers believe a vendor is a market leader	Vendors who are known as market leaders are better suited to capture more market share, regardless of their current position
Market Penetration	25.0%	Weighted average number of transaction processed by size of financial services and Fintech customers	Vendors that process large numbers of transactions for large clients will yield higher market penetration
Company Size	10.0%	Total employee headcount	AML transaction monitoring vendors with a large company will have the resources to capture new business and innovate their solutions
Employee Growth	10.0%	Year over year growth of employee headcount	Vendors that have continued to increase employee headcount have likely seen an increase in demand for their solutions over recent years

ROI Calculations

SAR Automation

Metric	Value	Source
Number of Transactions	88,000,000	Liminal Market & Buyers Guide Survey
Percent Manual Review	21.0%	Liminal Index Survey
Percent that are Alerts	17.7%	Liminal Index Survey
Percent of Reviews need SAR	8.8%	Liminal Index Survey
Total SARs Required	287,844.48	Calculation
Time Spent	1.766666667	Liminal Index Survey
Hourly Rate	\$40.26	Liminal Index Survey
Total Cost	\$20,473,226.48	Calculation
Automated SAR Share	48.30%	Liminal Market & Buyers Guide Survey
Time Spent when Automated	0.866666667	Liminal Index Survey
Hourly Rate	\$40.26	Cell Reference Above
Automated Costs	\$4,850,995.81	Calculation
Unautomated SAR Share	51.70%	Calculation
Time Spend	1.766666667	Liminal Index Survey
Hourly Rate	\$40.26	Liminal Index Survey
Total Cost	\$10,584,658.09	Calculation
Total Automated Costs	\$15,435,653.91	Calculation
SAR Savings	\$5,037,572.58	Calculation

Reduction in False Positives

Metric	Value	Source
Number of Transactions	88,000,000	Liminal Market & Buyers Guide Survey
Percent Manual Review	21.00%	Liminal Index Survey
Percent that are Alerts	17.70%	Liminal Index Survey
Percent False Positive	95.00%	Industry Estimate
Total False Positives	3,107,412.00	Calculation
Cost per False Positive	13	Liminal Market & Buyers Guide Survey
Total Cost	\$40,396,356.00	Calculation
False Positives with Good Vendor	49.00%	Liminal Market & Buyers Guide Survey
Total False Positives	1,602,770.40	Calculation
Cost per False Positive	5	Liminal Market & Buyers Guide Survey
Total Cost	\$8,013,852.00	Calculation
Total Savings	\$32,382,504.00	Calculation



Actionable Market Intelligence

Link

Through our proprietary database, Link, we monitor thousands of companies and products across the digital landscape. Our insights allow us to predict and understand trends before they happen.

Paid and free access options available.

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- Benchmarking Reports
- Outside-in Research
- Market Sizing
- Competitive Battlecards

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- Executive Summits
- Private Events
- Expert Network
- Virtual Workshops
- Ad hoc Support

Advisory

We advise the world's most innovative leaders on building, buying, and investing in the next generation of integrated digital identity technologies.

- Market Intelligence
- Business and Corporate Strategy
- M&A and Commercial Due Diligence

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