November 2024

GenAI
Trends in Financial Crime Compliance

Insights from 300 Leaders

RIPJAR

Canada
12%

France
4%

Australia
8%

Singapore
7%
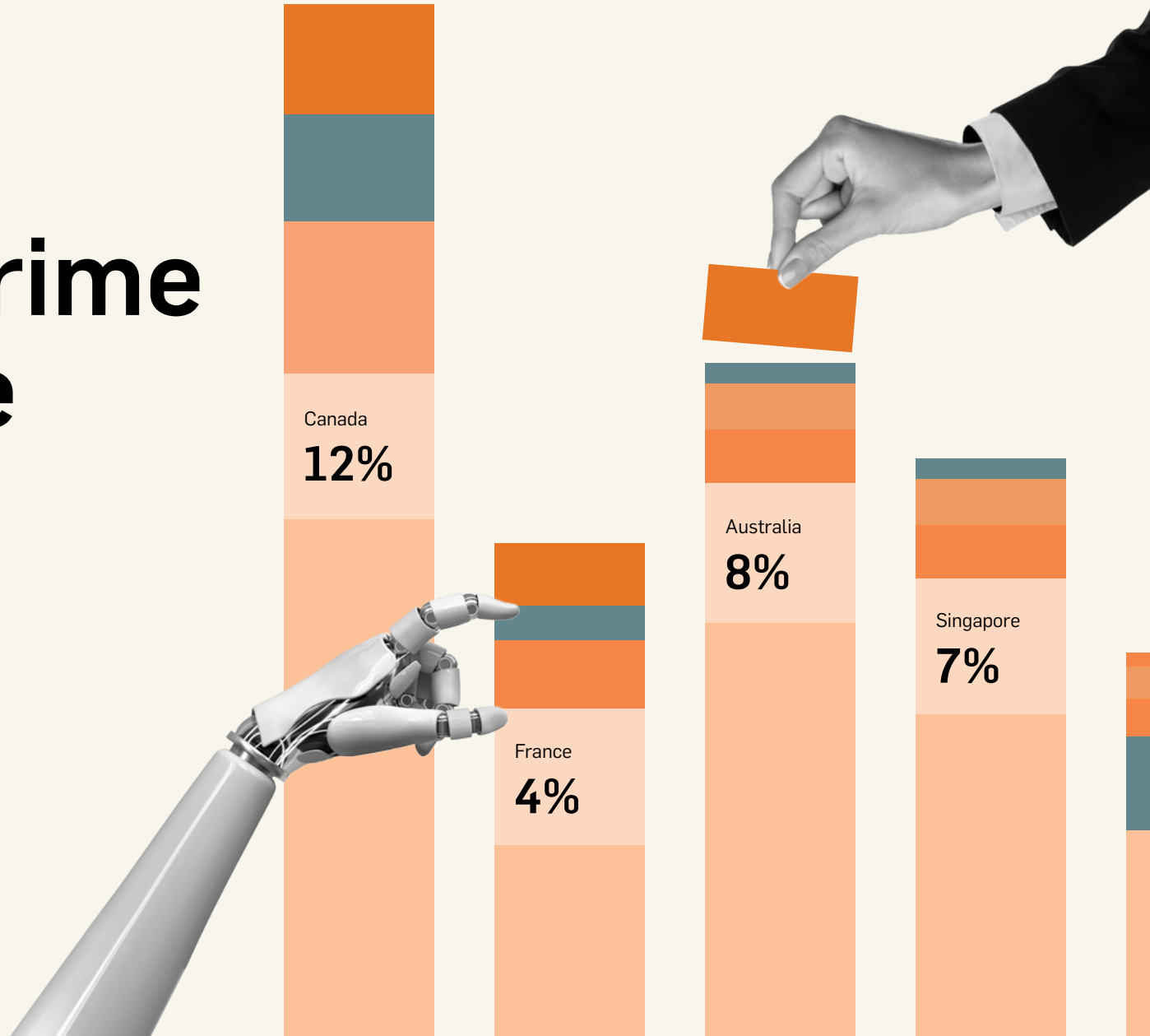
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Why GenAI matters now

Generative AI (GenAI) arrives at a critical time for anti-financial crime compliance. In 2024, tightening anti-money laundering (AML) legislation in countries like Singapore and Australia increased regulatory oversight[1,2], while ongoing instability in Europe and the Middle East keeps sanctions in focus[3]. With data volumes growing daily, compliance teams need ways to save time and improve efficiency.

GenAI works alongside traditional AI, which includes machine learning models that recognise patterns and make predictions. Unlike traditional AI, GenAI — powered by large language models (LLMs) — can create new content based on learned patterns. In financial crime compliance, this includes automating tasks like writing detailed suspicious activity reports, summarising activities for investigations, and contextualising large amounts of unstructured data.

At Ripjar, we've already explored the practical considerations for adopting this technology[4] — but how do compliance professionals themselves see GenAI's role? To find out, we gathered insights from 300 compliance leaders across key financial markets.

Methodology

We surveyed 300 compliance leaders from financial services organisations who are decision-makers regarding AI adoption. The survey targeted major financial sectors across North America, Europe, the Middle East, and Asia. Respondents came from countries such as the United States, the United Kingdom, the United Arab Emirates, Hong Kong, and Singapore. They represented a range of organisation sizes, offering insights from mid-sized firms to larger enterprises.

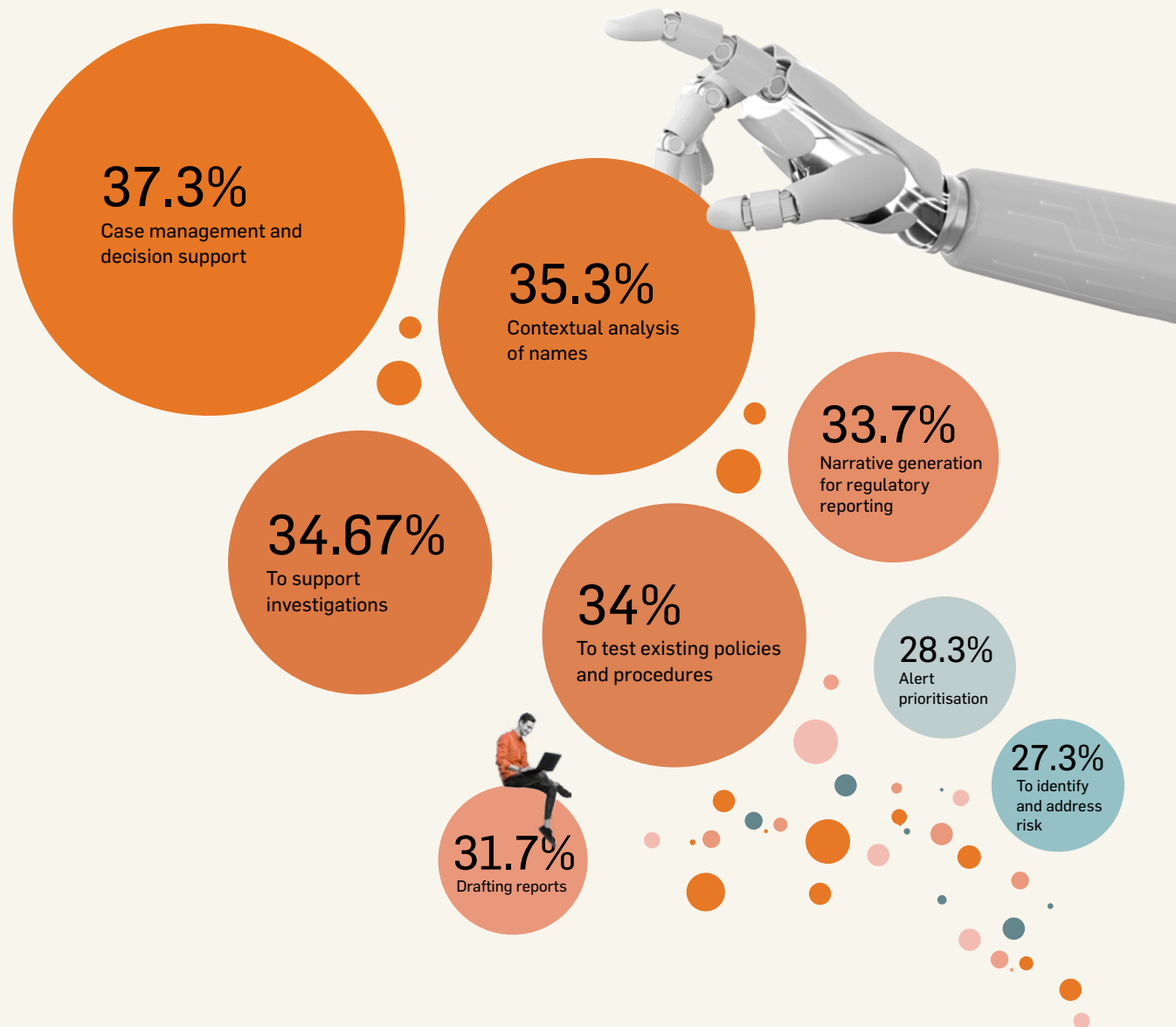# GenAI use in compliance varies, with adoption set to grow

Undeniably, GenAI has dominated discussions over the past year — but it's more than just talk. Compliance leaders are integrating it into their processes, with almost all respondents (98.7%) using GenAI for at least some aspect of customer screening and monitoring.

The most common applications include case management, decision support, contextual analysis of names, and supporting investigations, where GenAI creates narrative insights, understands linguistic nuances, and synthesises complex data to deliver accurate assessments.

GenAI adoption is expected to grow quickly. Just over half (50.3%) of compliance leaders predict widespread adoption of GenAI for screening and monitoring within the next 1-2 years, while 35.3% foresee this happening in 3-5 years. This illustrates that many in the industry see GenAI as a near-term solution, set to play an increasingly important role in compliance strategies.

To keep pace with peers and the industry, financial institutions should explore the strategic use of GenAI in compliance.

How are compliance teams using GenAI?

37.3%
Case management and decision support

35.3%
Contextual analysis of names

33.7%
Narrative generation for regulatory reporting

34.67%
To support investigations

34%
To test existing policies and procedures

28.3%
Alert prioritisation

27.3%
To identify and address risk

31.7%
Drafting reports

Compliance leaders are divided on GenAI's biggest benefits

Compliance leaders identified several potential benefits of GenAI for tasks like sanctions screening, adverse media monitoring, and politically exposed persons (PEP) checks. The top advantages include increased efficiency, improved accuracy, enhanced risk discovery, and cost reduction. However, no single benefit stood out, reflecting varied priorities across firms.

Respondents identified multiple benefits of using GenAI for sanctions screening, adverse media and PEP checks.
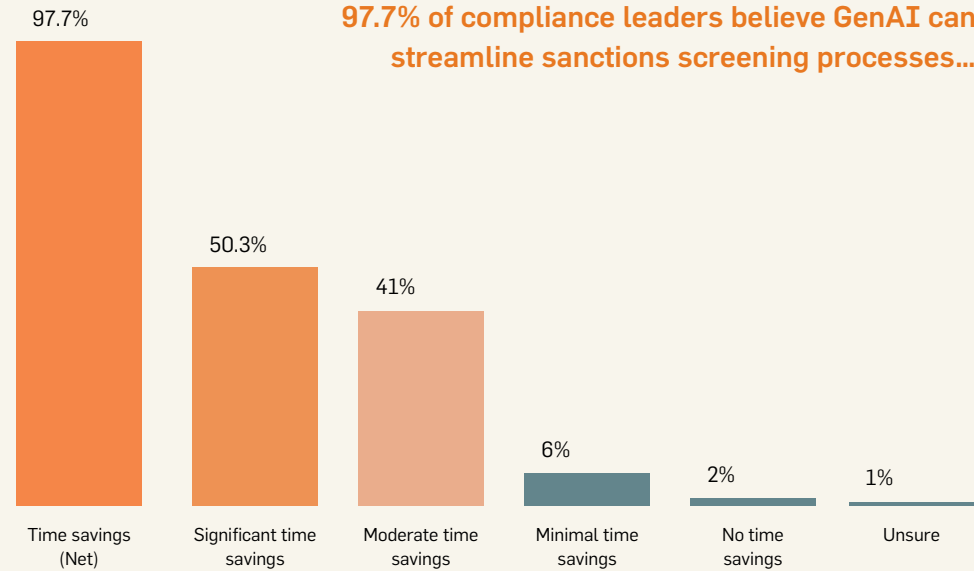
The perceived benefits of using GenAI for sanctions screening, adverse media, and PEP checks.

Increased efficiency
50%

Improved accuracy
48.3%

Enhanced risk discovery
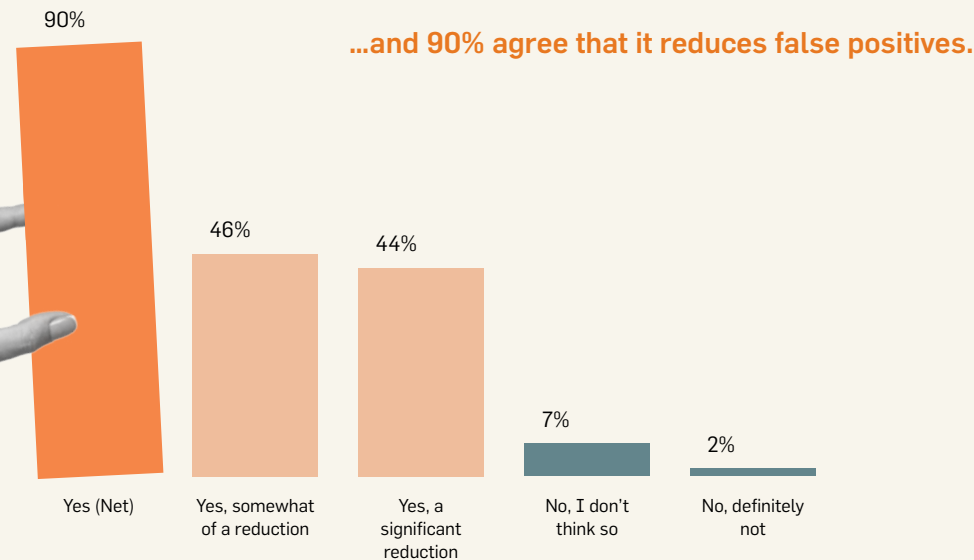47%

Cost reduction
43.7%
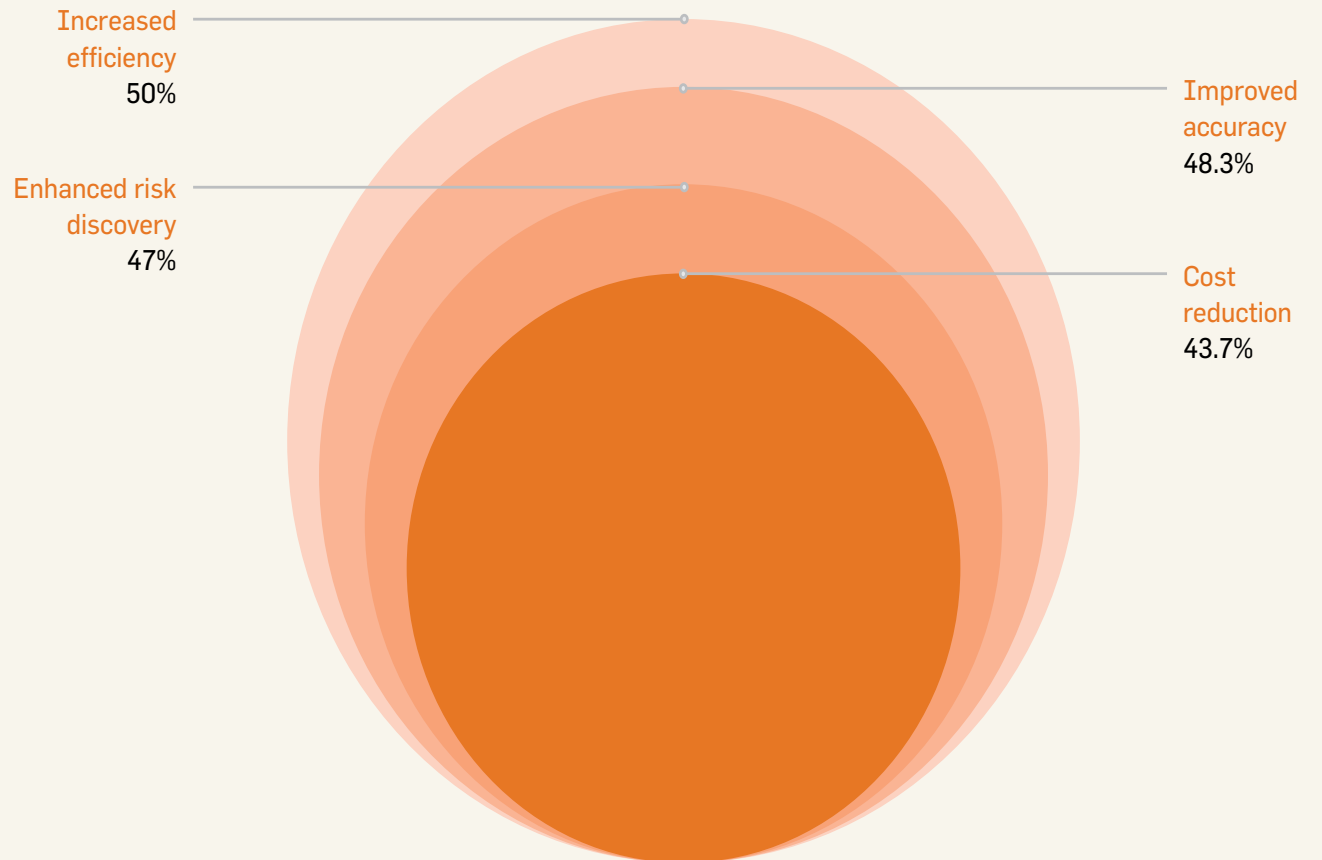
GenAI is believed to save time and reduce false positives substantially

Saving time is critical. An overwhelming 97.7% of compliance leaders believe that GenAI can streamline the sanctions screening and compliance investigation processes. Among them, 50.3% foresee significant time savings, while 41% predict moderate reductions.

The survey also highlights how GenAI can improve accuracy: 90% of respondents agree that it could help reduce false positives — 44% expect significant reductions, while 46% anticipate at least some improvements. Because GenAI allows for faster analysis of unstructured data and contextual understanding, it can deliver insights that help minimise false positives and allow compliance teams to focus on genuine threats.

97.7% of compliance leaders believe GenAI can streamline sanctions screening processes...

97.7%	Time savings (Net)
50.3%	Significant time savings
41%	Moderate time savings
6%	Minimal time savings
2%	No time savings
1%	Unsure

...and 90% agree that it reduces false positives.

90%	Yes (Net)
46%	Yes, somewhat of a reduction
44%	Yes, a significant reduction
7%	No, I don't think so
2%	No, definitely not

Nearly half of compliance teams look to cut costs or scale down risk and compliance staffing

For many financial institutions, the advantages of GenAI come at a critical time. Almost half (49.3%) of compliance leaders are looking to manage costs, including by reducing the size of their risk and compliance teams. GenAI's ability to improve accuracy and streamline operations is pivotal in this context, helping manage costs without reducing staff.

Through efficiencies in screening processes and investigations — such as screening names faster and more thoroughly, and summarising findings into narratives that guide decision-making — GenAI tools allow team members to focus on complex analyses that better use their specialised knowledge and critical thinking skills. Teams can more easily prioritise high-risk cases, clear backlogs, and identify more risks without additional staff. By minimising manual work, limiting the need for staff overtime, and improving the capability of existing teams, these tools can contribute to cost reductions.

49.3%
of compliance leaders are looking to manage costs by reducing the size of their compliance and risk teams
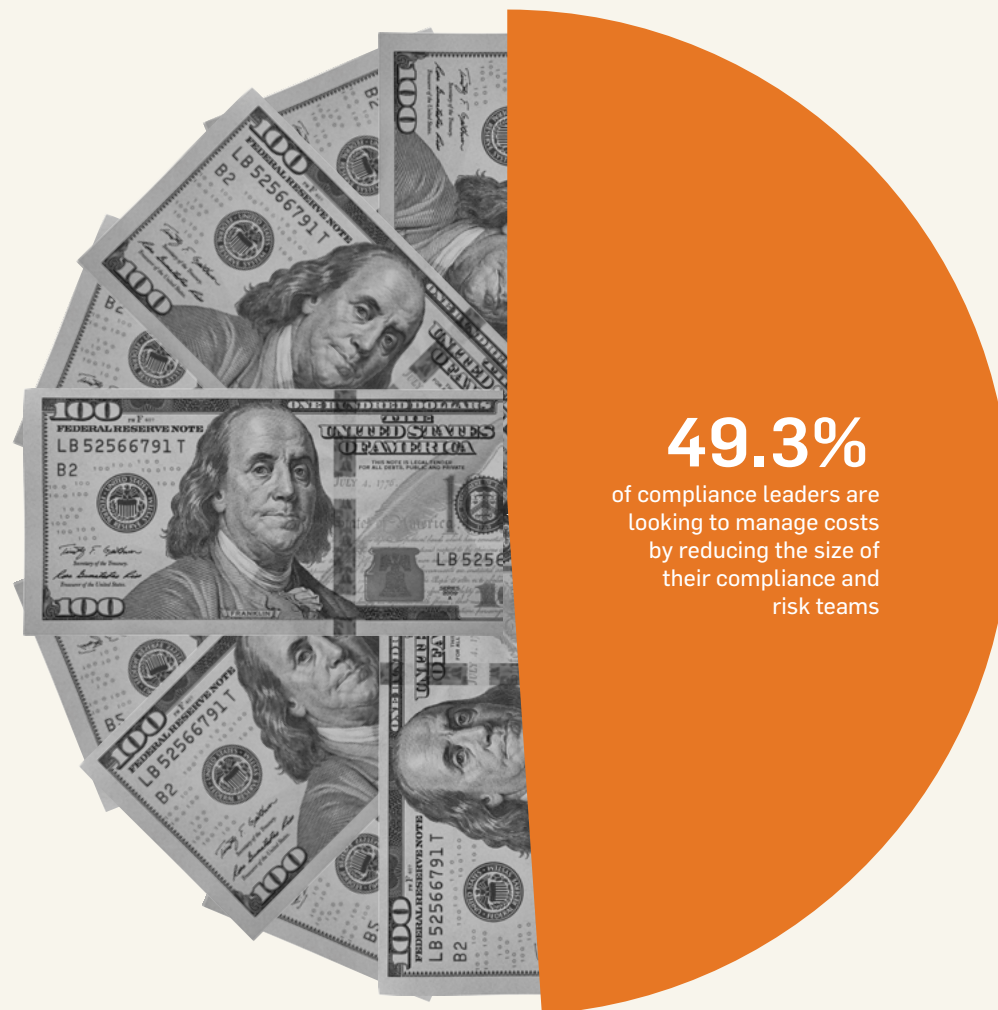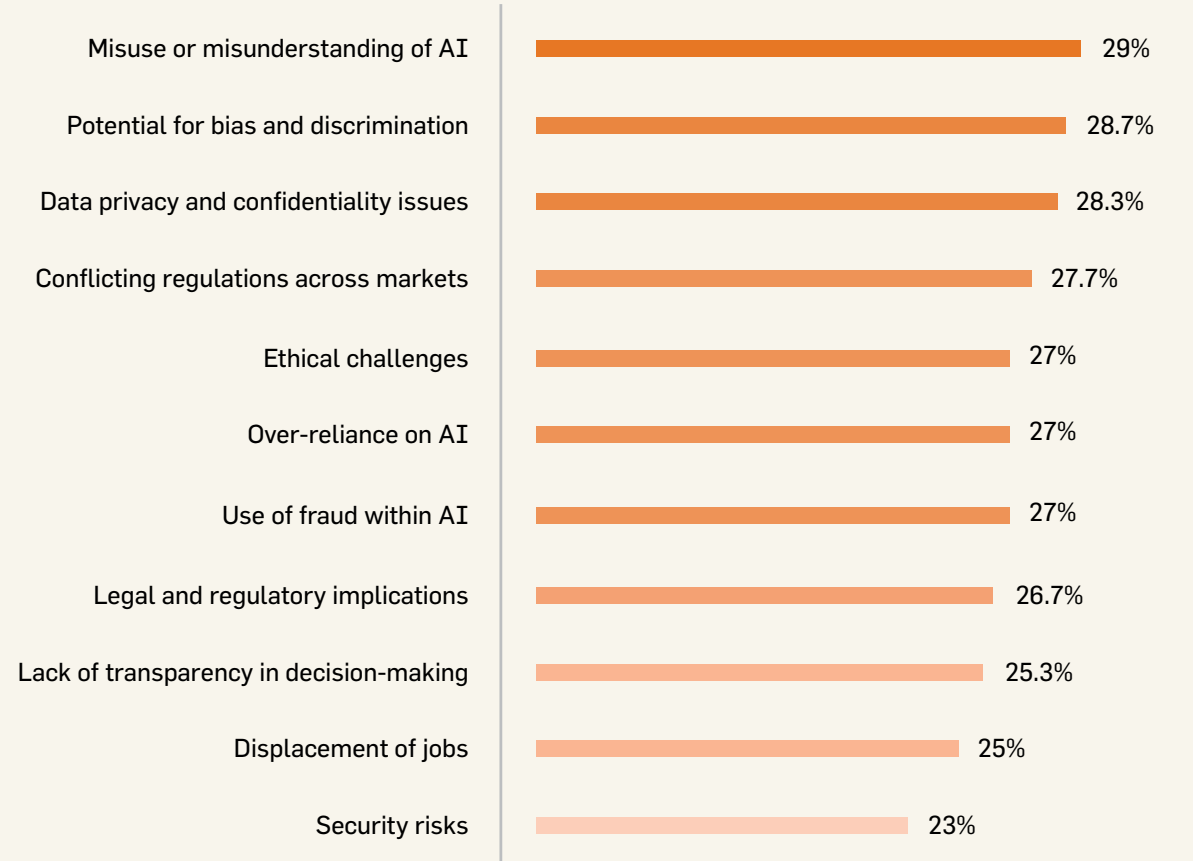
Compliance leaders lack consensus on GenAI concerns

While compliance leaders are optimistic about GenAI's potential, our survey reveals a wide range of concerns about its implementation. No single challenge stood out as a dominant worry, highlighting a lack of consensus on the biggest risks associated with GenAI adoption.

When implementing AI systems, meeting regulatory expectations for explainability, transparency, and accountability has always been at the top of compliance teams' minds. These considerations become even more critical with GenAI, which operates on complex models such as Large Language Models (LLMs).

Key concerns for using GenAI in customer screening and monitoring

Concern	Percentage
Misuse or misunderstanding of AI	29%
Potential for bias and discrimination	28.7%
Data privacy and confidentiality issues	28.3%
Conflicting regulations across markets	27.7%
Ethical challenges	27%
Over-reliance on AI	27%
Use of fraud within AI	27%
Legal and regulatory implications	26.7%
Lack of transparency in decision-making	25.3%
Displacement of jobs	25%
Security risks	23%

Global regulators are putting the spotlight on GenAI

Regulatory frameworks are developing to address GenAI concerns. A key example is the European Union's landmark Artificial Intelligence (AI) Act, passed in May 2024. This regulation classifies AI systems based on their risk level and mandates compliance measures matching the degree of risk.[5] Singapore recently reaffirmed its National AI Strategy 2.0, which includes updating governance frameworks to address novel risks.[6] Additionally, early-stage discussions of an AI Regulation Bill in the UK — paused in 2024 due to the general election — is indicative of a broader trend towards growing regulatory oversight.[7]

Notably, the global money-laundering and terrorism financing authority, the Financial Action Task Force (FATF), recognises the potential of AI technologies to better identify risks and monitor suspicious activity. However, it stresses the need to balance this with human oversight, warning against over-reliance on new technology.[8]

UK AI Regulation Bill put on hold since 2024 election

European Union's landmark Artificial Intelligence (AI) Act passed in May 2024

Singapore reaffirmed its National AI Strategy 2.0

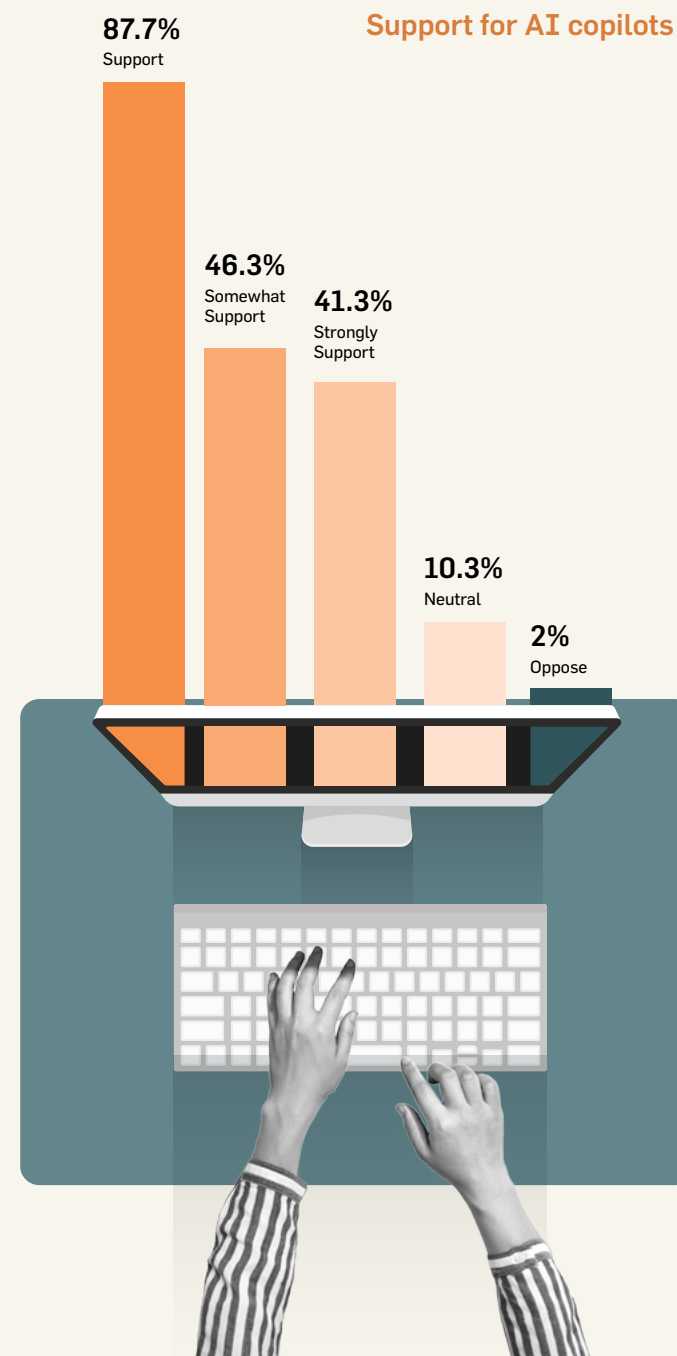# 87.7% of compliance leaders support the use of AI copilots

A balanced approach is reflected in the views of compliance leaders, who see the value in AI tools that work alongside human expertise. The majority (87.7%) support using AI copilots to assist compliance officers in their decision-making processes, with 41.3% strongly supporting and 46.3% somewhat supporting their use. Only 2% oppose, and 10.3% are neutral.

AI copilots act as virtual assistants, automating repetitive tasks like retrieving information and generating summaries, significantly speeding up workflows. This is especially useful in anti-financial crime compliance's high-pressure, under-resourced work environment where teams face burnout.[9] By prioritising critical alerts, AI copilots free analysts to focus on more complex cases, alleviating alert fatigue from large volumes of often false positives.

A key capability of AI copilots is summarisation, with 92% of respondents already using or planning to use AI-driven summarisation tools for compliance-related tasks.

Addressing concerns around GenAI requires maintaining control over these tools, ensuring transparency, and setting clear risk parameters. By understanding limitations and outputs, compliance teams can work with systems to benefit from faster, deeper analysis while maintaining critical oversight.

Compliance leaders are seeing the value in AI tools that work alongside human expertise.

Support for AI copilots

- 87.7% Support
- 46.3% Somewhat Support
- 41.3% Strongly Support
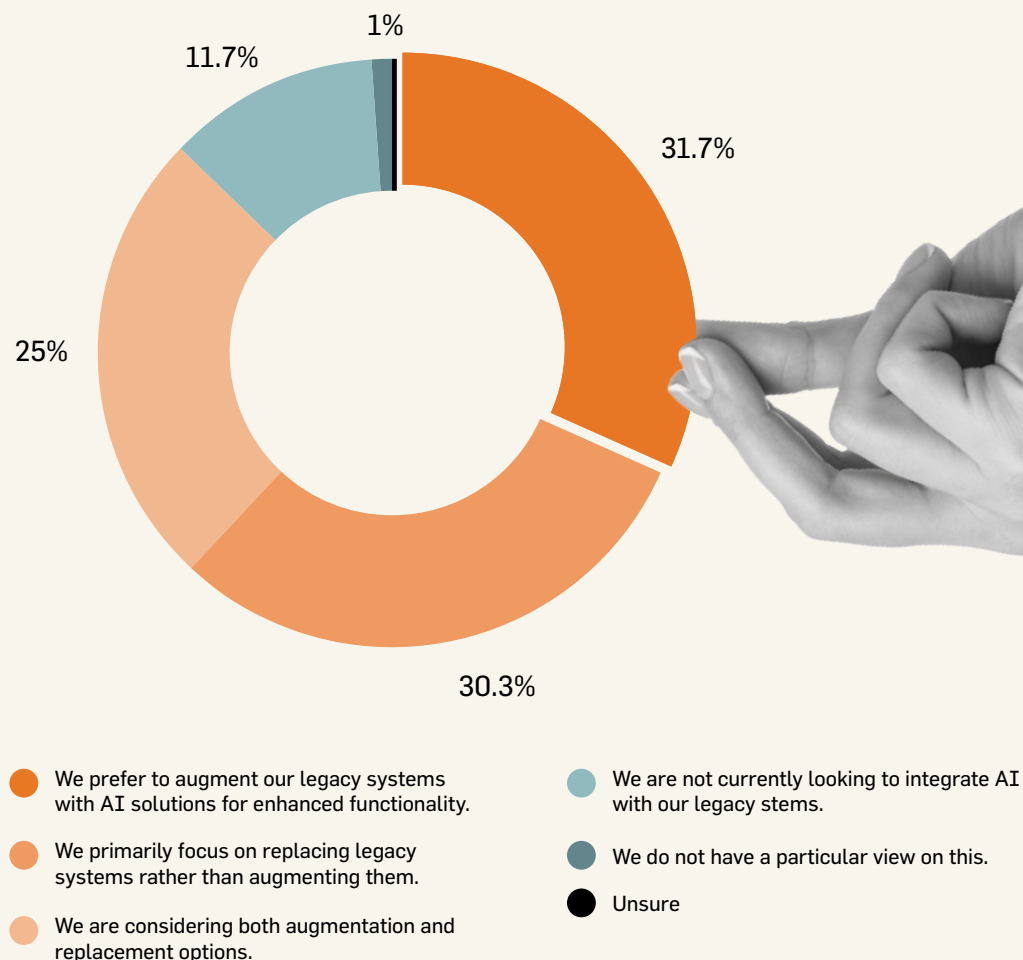- 10.3% Neutral
- 2% Oppose

There is a lack of agreement on whether to augment legacy systems or replace them altogether

Many are debating the future of legacy systems: should they be augmented with AI or replaced entirely? Compliance leaders are split on the best approach:

- **31.7%** prefer to augment their existing legacy systems with AI for enhanced functionality
- **30.3%** are primarily focusing on replacing legacy systems rather than augmenting them
- **25%** are considering both augmentation and replacement options

Financial institutions may be cautious about replacing legacy systems due to high initial costs, risks of disruption, and the potential complexity of organisational change. For these organisations, 'ripping and replacing' may be unattractive. Conversely, some may view legacy systems as a source of technical debt that hinders innovation and efficiency, making a complete replacement more appealing.

Should compliance leaders augment or replace legacy systems?

11.7%

1%

31.7%

25%

30.3%

- 🟠 We prefer to augment our legacy systems with AI solutions for enhanced functionality.
- 🟠 We primarily focus on replacing legacy systems rather than augmenting them.
- 🟠 We are considering both augmentation and replacement options.
- 🔵 We are not currently looking to integrate AI with our legacy stems.
- 🔵 We do not have a particular view on this.
- ⚫ Unsure

Moving forward with GenAI in compliance

Compliance leaders are decidedly optimistic about GenAI's role in supporting anti-financial crime programmes. While ethical challenges remain inherent to any new technology, regulatory frameworks are evolving to address these concerns. Particularly promising applications for GenAI are AI copilots and autopilots, which balance human critical thinking with algorithmic analysis and data synthesis, helping teams navigate large-scale complex tasks which were out of reach before.

By improving decision-making and giving compliance managers additional options, these tools allow teams to focus on higher-priority efforts and reduce labour-intensive tasks that contribute to burnout and budget pressures, and which can statistically be performed better with the right AI approach. To stay competitive, financial institutions should begin planning for GenAI's strategic use in anti-financial crime compliance.
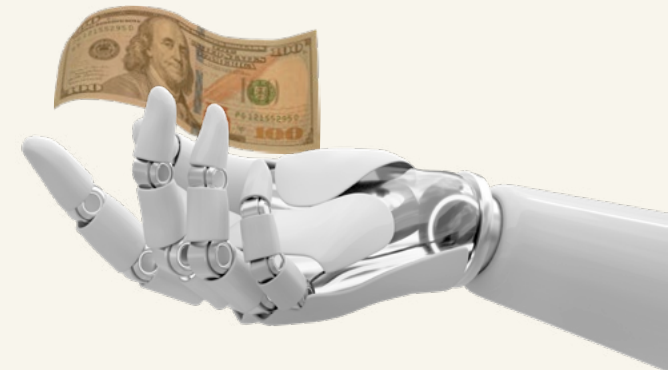
About Ripjar

Banks, governments, financial institutions and enterprises worldwide trust Ripjar to monitor and investigate threats, risks, and criminal activity. Ripjar's Labyrinth platform combines best-in-class natural language processing, machine learning, entity resolutions, automation, data visualisation and security to provide users with clear, precise answers to their most important questions. Ripjar was founded in 2013 by former British Intelligence technologists, and is headquartered in Cheltenham, UK. Learn more at ripjar.com

Labyrinth Screening

Ripjar's industry-leading Labyrinth Screening product brings innovation to all areas of adverse media monitoring, sanctions and watchlist screening. Processing millions of media articles each day, Ripjar's data-agnostic processing hub utilises AI-powered natural language processing to extract meaning from large quantities of data. Next-generation AI Risk Profiles save analysts time by assembling information into single profile views for people and companies, identifying areas of relevant risk across sanctions lists, watchlists, adverse media and PEPs. AI Summaries enhance this by using generative AI to provide a clear, concise summary of adverse media risk.

Compliance Copilot

Compliance Copilot uses Ripjar's unique blend of machine learning and GenAI technology to rapidly automate alerts and assessments, filtering out irrelevant ones and flagging those that need your attention. Download the brochure to learn more about how Compliance Copilot can transform the efficiency of your compliance team.

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