

AML Transaction Monitoring Solutions, 2024

Quadrant Update



This report provides Chartis' latest view of the vendor landscape for anti-money laundering (AML) transaction monitoring solutions. It updates and expands on the research in Chartis' report [AML Transaction Monitoring Solutions, 2023: Market and Vendor Landscape](#), published in November 2023. An analysis of demand-side trends, dynamics and implications can be found in the accompanying Chartis report [AML Transaction Monitoring Solutions, 2024: Market Update](#) (in collaboration with 1LoD).

For details of Chartis' research methodology, [click here](#).

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Executive summary

Financial institutions (FIs) and payment service providers (PSPs) require varying types of AML transaction monitoring solutions, depending on the size and complexity of the institution or geographical demands, which has caused the mix of vendor approaches to widen. Transaction monitoring is a relatively mature market with a number of very established players, but we are seeing a strong emergence of newcomers aiming to disrupt the market through nimble, flexible and often easily accessible solutions. Established vendors are responding by leveraging heritage and expertise, especially in complex scenarios, and focusing on adding flexibility and scalability to their technology. The market now comprises a finely balanced blend of transaction monitoring solutions, from on-premises to cloud-based, simple to complex and component to enterprise-wide offerings.

Core system providers traditionally have been slow to innovate in the AML landscape — until recently. This is the result of several factors, including the complexity of core systems, the need for backward compatibility and the cost of innovation. Several component players are offering solution functionality to plug the gaps in the AML capabilities of core systems; these firms are typically more innovative than core system vendors.

This year, however, we are seeing the major incumbents invest heavily in advanced analytics capabilities and generative artificial intelligence (GenAI). Some firms have invested extensively in machine learning (ML), deep learning (DL) and GenAI, while others are developing their link analysis capabilities.

- **Pre-built risk typology modeling.** Many vendors offer prepackaged ML models that address specific requirements within a workflow, such as classifying transaction activity. These models, typically developed based on extensive data analysis and industry expertise, provide a foundation for detecting potential money laundering and terrorist financing schemes. While this is a classic strategy of core providers, some component solution vendors also compete in this space.
- **GenAI.** GenAI is by no means designed to replace human analysts and investigators, but rather is a means to improve efficiency by working alongside them. From pattern recognition, anomaly detection, and risk assessment and scoring to automated case and narrative generation, among other things, GenAI is proving to be powerful in automating and co-piloting an analyst's tasks. Nevertheless, GenAI is a relatively new and developing technology, and its use in AML is evolving. But given its significant potential benefits, we can expect to see widespread adoption of this technology in the coming years.
- **Link analysis and knowledge graphs.** Link analysis enables end users to identify complex relationships and patterns within large datasets by mapping connections between entities and capturing semantic meaning. These techniques provide a more comprehensive view of potential suspicious activity, identifying key entities and third parties and their relationship connections.

Successful players often provide ML and DL anomaly detection capabilities. ML and DL anomaly detection is a powerful tool that can be used to identify suspicious activity that would be difficult to detect using such traditional transaction monitoring methods as core typology-based solutions. ML and DL can be used in a variety of ways within transaction monitoring to improve the solution's accuracy and efficiency, including anomaly detection, transaction clustering, behavioral analytics and false positive reductions.

This report covers the following providers of AML transaction monitoring solutions:¹ Abrigo, BPC, Clari5, ComplyAdvantage, Complytek, DataVisor,

Dixtior, Eastnets, Feedzai, Fenargo, FIS, Flagright, FOCAL, Hawk, IMTF, LexisNexis Risk Solutions, Linkurious, Lucinity, Manipal Group, Napier AI, Nasdaq Verafin, NetGuardians, NICE Actimize, Oracle, Prometeia, PwC, Quantexa, Refine Intelligence, Salv, SAS, Sumsb, Sygno, SymphonyAI, ThetaRay, Tookitaki, Vneuron and WorkFusion.

We aim to provide as comprehensive a view of the vendor landscape as possible within the context of our research. Note, however, that not all vendors we approached supplied adequate information for our analysis, and some declined to participate in this research.

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Vendor landscape

The AML transaction monitoring landscape in 2024 is marked by a continued emphasis on technological advancements and regulatory compliance. As financial institutions grapple with increasing regulatory scrutiny and the evolving tactics of money launderers, the demand for sophisticated monitoring solutions has never been higher.

The diversity of vendor approaches has increased as smaller financial institutions have started to require advanced transaction monitoring capabilities, often as packaged out-of-the-box solutions. These are often focused primarily on basic alerts and typology-based monitoring. More complex and mature institutions require sophisticated solutions that include advanced analytics, data consortiums and workflow management.

The technology footprint of these vendors has also expanded, as firms look to build out such capabilities as link analysis and GenAI. Solution providers have also been required to absorb a plethora of information, including transactional and customer data, to build out analytical views of customers and their potentially suspicious activities.

The role of GenAI

As seen and discussed within other areas of risk and financial crime compliance, and technology overall, GenAI is now a significant capability in many firms' strategies. Vendors of AML transaction monitoring solutions are employing GenAI in three key areas, all of which have some risk associated:

- **Narrative generation and automated reporting.** By leveraging GenAI's

ability to process and analyze vast amounts of data in real time, GenAI can automate many of the low-value-add yet time-consuming tasks associated with alert narration and suspicious activity reports (SARs). This is beneficial, as it saves crucial time, especially if an analyst must review an alert, given that it can take upward of 60 minutes to locate the appropriate transactional and customer data before a narrative can be started. While this approach has relatively lower risks than more traditional methods, these functions are not vastly more complex than what can be accomplished with current analytics capabilities.

- **Enhanced scenario testing and simulation.** Many institutions struggle with minimizing false positives, which is essential for an effective AML practice. Applying GenAI can help to mitigate this constant concern. Whether using historical or synthetic data, GenAI can simulate various money laundering or terrorism financing scenarios to test an organization's current or future risk thresholds and models. Some vendors take this to the next step, in which the GenAI model will provide recommendations based on the simulation's outcome. However, this is both riskier and more powerful than a narrative generation and automated SAR filing: firms that test based on historical, but especially with synthetic, data in highly sensitive areas risk biasing their models toward issues within the dataset.
- **Holistic customer view and real-time risk scoring.** Risk scoring and alert prioritization are crucial components of an effective AML transaction monitoring system. By assigning a numerical value to the potential risk associated with a transaction or customer, organizations can prioritize investigations and allocate resources more efficiently. GenAI can integrate data from multiple sources, such as customer profiles, transaction histories and external databases (such as PEPs and sanction watchlists, among others), to provide a more comprehensive view of risk. Once again, this is a powerful yet risky application. As concerns around some GenAI models, particularly deep neural networks, can be difficult to interpret. This can make it challenging to understand the rationale behind risk score changes and alert prioritization.

Quadrant dynamics: which types of firms are winning?

Complexity and diversity have been two key drivers in the 2024 AML transaction monitoring quadrant. Firms that have tended to score higher on

completeness of offering have invested heavily in more complex analytical modeling and workflow management capabilities, and have a focus on unifying data around transaction and customer information. This includes monitoring customer behavior, analyzing metadata and providing a more comprehensive view of the activity.

Vendors have used several different approaches, but those in the far right of the category leader segment of the quadrant have typically been using quantitative transaction monitoring capabilities, a more data-driven approach integrating a broad set of data from identification and verification (ID&V) and fraud signals to KYC data and adverse media. Of course, there is rising use of ML and AI to reduce false positives and generate alerts. Increasingly, low-code/no-code reconfigurability is viewed as table stakes, as are platformization and application programming interface (API) integrations with third parties to provide financial institutions a centralized way to access data and functionality from all anti-money laundering measures.

Many leading vendors have significantly diversified their client base, as transaction monitoring solutions have become a significant concern for more than just banks and FinTechs. Buy-side firms, in particular, have contributed to the growth of some of the key players in this space. However, their significant foothold in primary markets continues to provide many legacy vendors with a strong, durable market presence.

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Chartis RiskTech Quadrant[®] and vendor capabilities for AML transaction monitoring solutions, 2024

As a highly mature and rapidly growing sector, the transaction monitoring market is extremely competitive. The maturity and breadth of the market is reflected in the number of category leaders in our quadrant that occupy leadership positions in several significant market sectors. Chartis believes that this fragmentation and positioning will intensify in the next 12 months, driven by transaction monitoring solutions that apply to specific use cases.

Overall, in our view, the market can be broken down into several clusters, even within the category leaders segment:

- Global or multi-region category leaders that occupy many large segments, with functionality tailored to multiple use cases and a proven track record in supporting these (in, for example, Tier 1 banks, FinTechs and the retail and wealth sectors).
- Category leaders that occupy and lead in a large and growing market segment or stage in the TMS lifecycle (specialists in a particular vertical or region, for example).
- Category leaders that are emerging as strong contenders, gaining significant traction but without having yet found a defined niche.
- Enterprise vendors with the appropriate tech stack for multi-use case or vertical specialisms, which are growing in their respective markets but have yet to reach full maturity.
- Point solution and best-of-breed vendors that excel in certain use cases or stages in the TMS lifecycle.

Compared with the [2023 iteration](#), our 2024 transaction monitoring report presents an expanded view of the market, and includes vendors that offer a different approach to transaction monitoring, focusing on analytics, platforms, automation or alert enrichment.

Winning vendors in this space understand the value that their customers seek, whether this is in integrating data pertinent to a specific region, a user interface that is customized to individual use cases, or a focus on TMS investigations in customer issues. Looking ahead, this specialization in one or more use cases will prove a winning strategy.

Figure 1 illustrates Chartis' view of the vendor landscape for AML transaction monitoring solutions. Table 1 lists the completeness of offering and market potential criteria we used to assess the vendors. Table 2 lists the vendor capabilities in this area.

Figure 1: RiskTech Quadrant® for AML transaction monitoring solutions, 2024



Source: Chartis Research

Table 1: Assessment criteria for vendors of AML transaction monitoring solutions, 2024

Completeness of offering	Market potential
Data and system integrations	Customer satisfaction
Focus on modeling and risk typology	Market penetration
Focus on speed and volume	Growth strategy
Platform and case management	Business model
Workflow automation	Financials
Solution packaging and deployment	

Source: Chartis Research

Table 2: Vendor capabilities for AML transaction monitoring solutions, 2024

Vendor	Data and system integrations	Focus on modeling and risk typology	Focus on speed and volume	Platform and case management	Workflow automation	Solution packaging and deployment
Abrigo	***	*****	****	*****	****	****
BPC	****	*****	****	*****	***	****
Clari5	****	****	*****	****	*****	****
ComplyAdvantage	*****	*****	****	****	***	****
Complytek	****	****	***	****	**	****
DataVisor	****	*****	****	*****	***	***
Dixtior	*****	***	****	****	***	****
Eastnets	****	*****	****	****	***	****
Feedzai	****	*****	*****	*****	*****	****
Fenergo	*****	*****	****	*****	****	***
FIS	*****	****	****	*****	***	****
Flagright	****	****	****	****	****	*****
FOCAL	****	***	***	*****	***	****
Hawk	****	*****	*****	*****	****	****
IMTF	****	****	*****	*****	****	*****
LexisNexis Risk Solutions	*****	****	****	*****	****	****

Key: ***** = Best-in-class capabilities; **** = Industry-leading capabilities; *** = Advanced capabilities; ** = Meets industry requirements; * = Partial coverage/component capability

Vendor	Data and system integrations	Focus on modeling and risk typology	Focus on speed and volume	Platform and case management	Workflow automation	Solution packaging and deployment
Linkurious	**	***	**	*****	***	***
Lucinity	****	****	***	*****	*****	***
Manipal Group	***	****	***	***	***	***
Napier AI	****	*****	****	*****	*****	*****
Nasdaq Verafin	*****	*****	*****	*****	*****	****
NetGuardians	****	*****	****	*****	***	****
NICE Actimize	*****	*****	*****	*****	*****	****
Oracle	*****	*****	*****	*****	*****	****
Prometeia	**	*****	***	*****	*****	***
PwC	*****	*****	*****	*****	****	****
Quantexa	*****	*****	*****	****	*****	****
Refine Intelligence	*	****	***	***	*****	***
Salv	*****	***	****	***	*****	****
SAS	*****	*****	*****	*****	*****	****
Sumsub	*****	****	****	*****	****	****
Sygnio	**	*****	***	****	****	**
SymphonyAI	*****	*****	*****	*****	*****	****
ThetaRay	****	*****	*****	****	*****	****
Tookitaki	*****	*****	****	*****	*****	****
Vneuron	****	****	****	*****	****	****
WorkFusion	****	***	***	****	*****	***

Key: ***** = Best-in-class capabilities; **** = Industry-leading capabilities; *** = Advanced capabilities; ** = Meets industry requirements; * = Partial coverage/component capability

Source: Chartis Research

Note

1. Note that references to companies in the text of this report do not constitute endorsements of their products or services by Chartis.

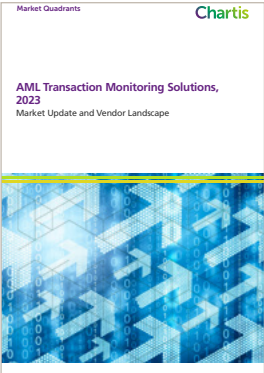
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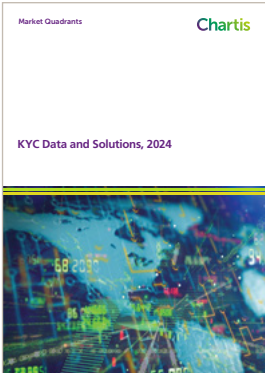
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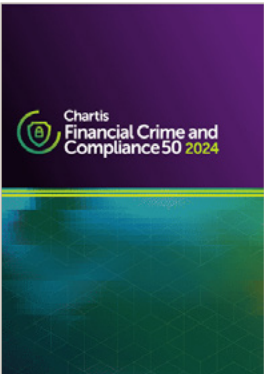
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