



Summary

Customer:

Trading Compliance Team
Large Canadian Bank

Market:

Financial Services
Capital Markets

Location:

Toronto, Ontario

About Alithya

Alithya is a leader in strategy and digital technology, with 2,000 professionals across Canada, the US, and Europe.

Our integrated offering positions us as a leading digital technology partner, highly skilled in designing innovative and efficient digital solutions for business challenges.

For over 25 years, our experts have advised, guided, and assisted Alithya clients in their pursuit of innovation and excellence.

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PROOF OF CONCEPT FOR AN AUTOMATED TRADE SURVEILLANCE VIA MACHINE LEARNING

THE CHALLENGE

- The Trading Compliance team at a large Canadian bank was required a solution for automated surveillance of all their fixed income trades so they could spend more time investigating any suspicious activity
- The rapid increases in market and trade complexity, as well as of the transaction volumes, could lead to manual surveillance processes not to keep up
- It is a challenge for the banks to grow compliance teams of domain and subject matter experts
- Existing trade surveillance systems produce numerous false positives (alerts for benign activity) which reduces the time a compliance officer has for analysis of suspicious activity
- The bank must address surveillance challenges to avoid its compliance risk to increase

SOLUTION

- Alithya consultants recommended a machine learning approach to automate aspects of human judgement required for trading compliance
- Our consultants guided the compliance team in the creation of training sets necessary for the machine learning algorithms
- Alithya deployed a POC which measurably showed the advantage of applying machine learning to reduce false positives in trading compliance alerts

BUSINESS RESULTS

- Reduced false positive Parking Alerts by 68% for all 2016 Fixed Income Trades
- Reduced false positive Wash Trade Alerts by 90% for all 2016 Fixed Income Trades
- By reducing alert false positives, more time can be devoted towards the analysis of highly suspicious trading activity

OTHER OPPORTUNITIES

- Any organization where a rules based system generates a lot of false positives that require further manual investigation and analysis
- Anti-Money Laundering
- Credit Card Fraud Detection