

Data Mining Techniques for Anti-Money Laundering

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Abstract : Today, money laundering (ML) poses a serious threat not only to financial institutions but also to the nation. This criminal activity is becoming more and more sophisticated and seems to have moved from the cliché of drug trafficking to financing terrorism and surely not forgetting personal gain. Most of the financial institutions internationally have been implementing anti-money laundering solutions (AML) to fight investment fraud activities. However, traditional investigative techniques consume numerous man-hours. Recently, data mining approaches have been developed and are considered as well-suited techniques for detecting ML activities. Within the scope of a collaboration project on developing a new data mining solution for AML Units in an international investment bank in Ireland, we survey recent data mining approaches for AML. In this paper, we present not only these approaches but also give an overview on the important factors in building data mining solutions for AML activities.

Keywords : data mining, clustering, money laundering, anti-money laundering solutions

Conference Title : ICCSE 2014 : International Conference on Computer Science and Engineering

Conference Location : Kuala Lumpur, Malaysia

Conference Dates : August 25-26, 2014