Global financial institutions turn to AI and automation as trade-based financial crime hits $1.6 trillion annually

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• Trade-based financial crime (TBFC) costs the global economy $1.6 trillion every year
• 42% of financial institutions face fragmented tools and siloed data in detecting TBFC
• 87% of financial institutions are adopting AI for TBFC detection
• 91% of institutions are prioritising automation

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> *Diya Innab, Deputy CEO of Eastnets*

Eastnets, in collaboration with Finextra, has unveiled new research illustrating the growing challenge posed by trade-based financial crime (TBFC), which extracts $1.6 trillion from the global economy each year. As financial institutions battle these losses, the report highlights crucial barriers to detection, both internal and external.

Internally, 42% of financial institutions contend with fragmented systems spread across three to four departments, undermining real-time TBFC detection efforts. Externally, 65% cite complex regulatory requirements as a major hurdle. The result is a slower response to red flags, missed opportunities to prevent financial crime, and heightened risk of regulatory penalties.

AI and automation: a path forward

Institutions are increasingly looking to AI and automation to address these issues. 87% of respondents expect AI to play a transformative role in TBFC detection within the next three years, while 91% are prioritising automation.

“Our research reveals an urgent need for financial institutions to update legacy systems that are simply outpaced by modern financial crime,” said Diya Innab, Deputy CEO of Eastnets. “AI-powered platforms like Eastnets’ SafeTrade integrate complex data streams and enhance real-time detection, helping institutions stay agile, reduce risk, and remain competitive in an evolving market.”

Generative AI detects over-under pricing

A key TBFC tactic is over-under pricing, where the declared value of goods is manipulated. SafeTrade leverages Generative AI and LLMs to analyse historical trade data and build accurate pricing models based on commodity, region, and transaction history.

For example, if a shipment valued at $50,000 is flagged because the usual range for similar goods is between $70,000 and $90,000, SafeTrade immediately alerts the compliance team, enabling timely intervention and reducing the likelihood of undetected fraud. The platform further enhances efficiency by reducing false positives, cutting costs and streamlining operations.

SafeTrade: A unified compliance platform

Eastnets' award-winning SafeTrade platform simplifies and strengthens compliance efforts by unifying all workflows into one platform. Combining document digitisation, vessel tracking, transaction monitoring, and real-time compliance alerts, SafeTrade automates the labour-intensive process of trade document review using Optical Character Recognition (OCR) and Natural Language Processing (NLP). This automation reduces errors and delays while continuously monitoring transactions against ever-changing regulatory standards to keep institutions compliant and resilient in the face of emerging financial crime risks.

Gary Wright, Research Director, Finextra Research commented, "As trade-based financial crime evolves, conventional detection systems are falling short. This is an issue that affects our 45,000 members within the world's leading banks and fintechs. We are delighted to share their viewpoints and priorities in this detailed report with our sponsor Eastnets."

Wright added, "We know financial institutions are facing mounting risks and increased regulatory scrutiny. The research shows they now need to overcome internal fragmentation and embrace advanced solutions that enable real-time insight and identify suspicious patterns in complex trade flows. AI and automation clearly represent the way forward for banks."

The research is published by Eastnets and Finextra in a report titled, "Broken Inside, Broken Outside: The Global Fight Against Trade-Based Financial Crime."

Eastnets will be showcasing SafeTrade at SIBOS 2024 in Beijing, China on 21st-24th October, offering live demonstrations of the platform's capabilities. Financial institutions looking to stay ahead of TBFC and enhance their compliance frameworks are encouraged to visit Eastnets at the event for an in-depth look at how SafeTrade can support their operations.

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This press release can be viewed online at: https://www.einpresswire.com/article/746391814