Chartis

VENDOR SPOTLIGHT

Watchlist and Adverse Media Monitoring Solutions, 2024

LSEG Risk Intelligence

Executive Summary

The markets for name and transaction screening solutions, often grouped under one umbrella, are dynamic and diverse. They include a range of vendors, from long-standing incumbents, which are managing some of the largest banks' detection and prevention of financial crime, to emerging vendors with alternative approaches.

In an era characterized by growing regulatory scrutiny and evolving threats from financial crime, organizations are becoming increasingly reliant on these solutions, which can play an indispensable role in mitigating risks, ensuring compliance and safeguarding reputations. As the market continues to evolve, vendors must remain vigilant, agile and customer-focused, leveraging technology and strategic partnerships to deliver innovative solutions that address the dynamic needs of their clients.

Key Considerations

- The market for watchlist and adverse media monitoring solutions continues to expand rapidly, driven by regulatory requirements, increasing financial crime, and the need for comprehensive risk mitigation strategies.
- Demand for sophisticated monitoring solutions capable of real-time detection and response has grown, and innovations in artificial intelligence (AI), machine learning (ML) and Big Data analytics are revolutionizing the capabilities of screening and monitoring solutions.
- To stay ahead in a fiercely competitive landscape, leading vendors are investing heavily in product innovation, strategic partnerships and geographic expansion. Mergers and acquisitions are also reshaping the market, as companies seek to bolster their offerings and broaden their market reach.

> **LSEG Risk Intelligence's category leadership position in our quadrants reflects both its established industry position and its continual innovation. The engine of its strength is in researching, validating, processing and delivering vast quantities of data with an expanding focus, making a tangible difference to its client and partnership network.**
>
> **— Nick Vitchev, Chartis Research**

LSEG Risk Intelligence – Category Leader

Our analysis of LSEG Risk Intelligence is included in the Chartis report Watchlist and Adverse Media Monitoring Solutions, 2024: Market Update and Vendor Landscape, published in May 2024. The report also includes other providers of watchlist and adverse media monitoring solutions: Alertspeed, AP Solutions IO, ComplyAdvantage, DataVisor, Dixtior, Dow Jones Risk & Compliance, Eastnets, FIS, Giant Oak, IMTF, Innovative Systems (FinScan), KYC360, LexisNexis Risk Solutions, Lynx, Manipal Group, Moody's, Napier, Neterium, NICE Actimize, NominoData, Oracle, Owlin, Quantifind, Ripjar, RZOLUT, Salv, SAS, Screena, SGR Compliance, Sigma360, smartKYC, SymphonyAI, Threat.Digital, Tookitaki and ThetaRay.

Chartis has named LSEG Risk Intelligence as a category leader in the 2024 RiskTech Quadrants® for Name and Transaction Screening Solutions (see Figures 1 and 2 on page 3) and Adverse Media Monitoring Solutions (see Figures 3 and 4 on page 5). The company's platform leverages the extensive World-Check database against an advanced analytics engine, to screen and monitor customers efficiently while prioritizing scalability, speed and real-time monitoring, data management and the integrity of operations in an increasingly complex regulatory environment.

LSEG Risk Intelligence's deep expertise and support for sanctions and adverse media monitoring requirements enable the solution to provide breadth across risk types and client use cases, with an ability to address a broad array of customers in a rapidly evolving industry landscape.

Figure 1: LSEG Risk Intelligence's positioning; name and transaction screening solutions, 2024

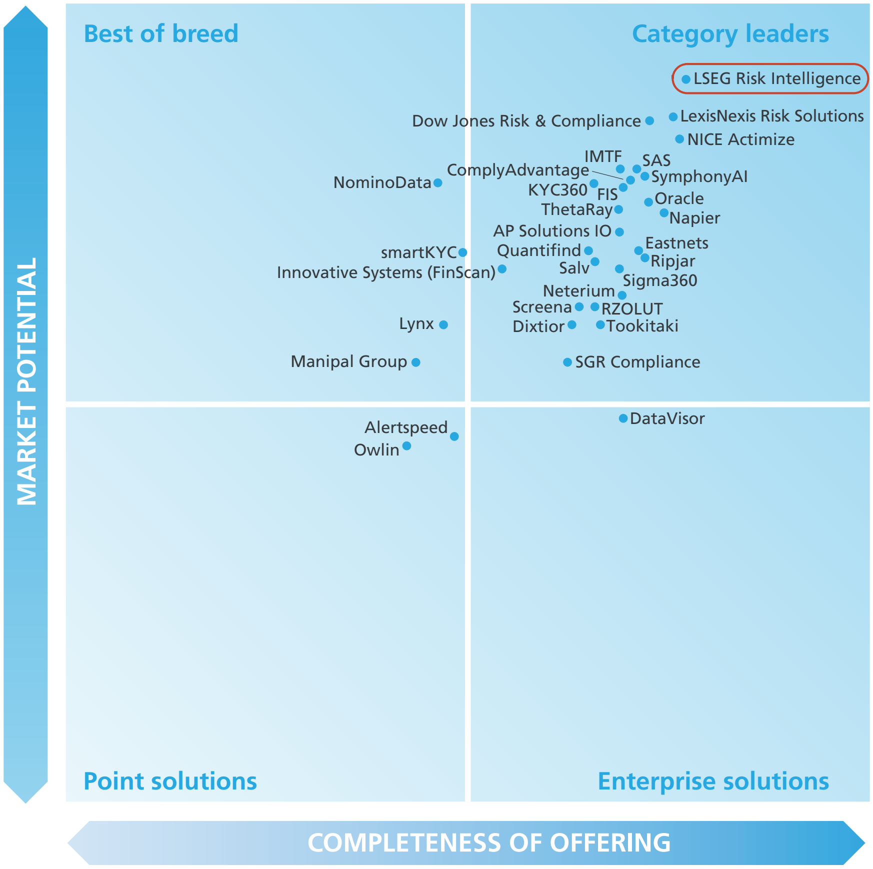
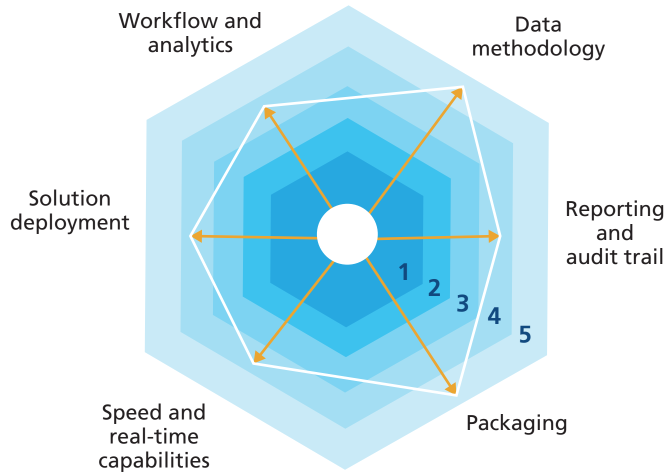


Figure 2: LSEG Risk Intelligence's capabilities, name and transaction screening solutions, 2024



Name and Transaction Screening Solutions

Data methodology (5 stars: best-in-class capabilities)

LSEG Risk Intelligence's World-Check One platform offers comprehensive data management and enhancement systems with robust data, continuously updated, ensuring seamless compliance across both internal and external datasets. LSEG Risk Intelligence's offering is designed to be flexible, responding effectively to end-user use cases and client risk appetites, and facilitating data management across a variety of client needs. This flexibility, paired with World-Check One's extensive watchlist and sanctions data, ensures that all relevant information is known and incorporated into risk management processes.

Packaging (5 stars: best-in-class capabilities)

LSEG Risk Intelligence's best-in-class solutions offer options that provide a comprehensive, user-friendly experience and end-user support for diverse client needs. Key features include add-on data modules and ultimate beneficial owner (UBO), adverse media and identity checks. In particular, LSEG Risk Intelligence's proprietary customer/business data provision and management are distinguished by ease of use and industry-leading packaging.

Reporting and audit trail (4 stars: industry-leading capabilities)

LSEG Risk Intelligence's World-Check platform emphasizes clear and auditable decision-making. At the core of the platform, World-Check One offers robust reporting and audit trail functions; every action taken within the system, from searches to match resolutions, is date-stamped and documented. This meticulous log provides a clear record of due diligence efforts for regulatory reporting and internal audits. Furthermore, World-Check One generates detailed reports that can be customized to showcase sanctions screening activity, risks identified and mitigation steps taken.

Solution deployment (4 stars: industry-leading capabilities)

LSEG Risk Intelligence's deployment offerings are tailored to fit organizations' specific needs, providing scalable solutions that help mitigate the risks associated with financial crimes including money laundering and terrorism financing. LSEG Risk Intelligence offers numerous deployment options for its clients, from on-premise to software as a service (SaaS) to cloud-native or application programming interface (API) integration. With an intuitive interface and robust frameworks, LSEG Risk Intelligence aims to deliver a secure and seamless user experience while helping to bolster regulatory compliance.

Speed and real-time capabilities (4 stars: industry-leading capabilities)

LSEG Risk Intelligence's comprehensive sanctions screening and monitoring capabilities are provided in real time. With traditional name screening, payment screening (including cryptocurrencies) and social media screening, customers can be proactively monitored against evolving sanctions.

Workflow and analytics (4 stars: industry-leading capabilities)

LSEG Risk Intelligence's solution allows users to screen potential customers and third parties against a large risk intelligence database that includes more than 100,000 structured and curated records. World-Check boasts a user-friendly interface for reviewing matches, generating alerts and managing cases, and provides an API for integrating screening into existing systems, with a cloud-based option for one-off checks.

Adverse Media Monitoring Solutions

Data methodology (5 stars: best-in-class capabilities)

LSEG Risk Intelligence offers the robust database and data enhancement processes of its World-Check and World-Check One data solution offerings. The company's advanced data governance systems, powered by reliable, always-on data feeds that are updated 24/7, guarantee frictionless compliance for end users. Via LSEG Risk Intelligence's Due Diligence Centre, the company's third-party risk workflow platform, a 360-degree risk model provides a view of customers and third parties based on various qualitative and quantitative factors. Supporting 60+ languages and supplemented by LSEG Risk Intelligence's global team of multilingual analysts, the solutions offer continuous monitoring and periodic review.

Reporting and audit trail (4 stars: industry-leading capabilities)

World-Check provides a comprehensive audit trail specifically tailored for adverse media monitoring. Every search conducted, along with the rationale for including or excluding specific alerts, is meticulously documented and time-stamped. This provides a clear record for auditors and regulators, demonstrating a transparent and accountable approach to monitoring negative media. World-Check One allows clients to generate detailed reports that not only showcase identified adverse media mentions but also the context and actions taken. This enables analysts and investigators to communicate their risk management efforts effectively and demonstrate a proactive approach to mitigating reputational threats.

Solution deployment (4 stars: industry-leading capabilities)

By continuously monitoring for negative information, sanctions and third-party risk around customers, LSEG Risk Intelligence mitigates the risks associated with financial crime, including money laundering and terrorism financing. With numerous deployment options for clients, the solution ensures a seamless user experience while strengthening regulatory compliance programs.

Speed and real-time capabilities (4 stars: industry-leading capabilities)

The LSEG Risk Intelligence solution provides comprehensive and flexible adverse media monitoring timelines for institutions of all sizes. For Tier 1 clients, real-time screening is accomplished via LSEG Risk Intelligence's partner network; for all other clients, real-time screening and monitoring is handled by the company's SaaS solution offering. LSEG Risk Intelligence's adverse media offering goes beyond traditional options to offer screening via social media and blogs, emphasizing its versatility and comprehensiveness.

Workflow and analytics (4 stars: industry-leading capabilities)

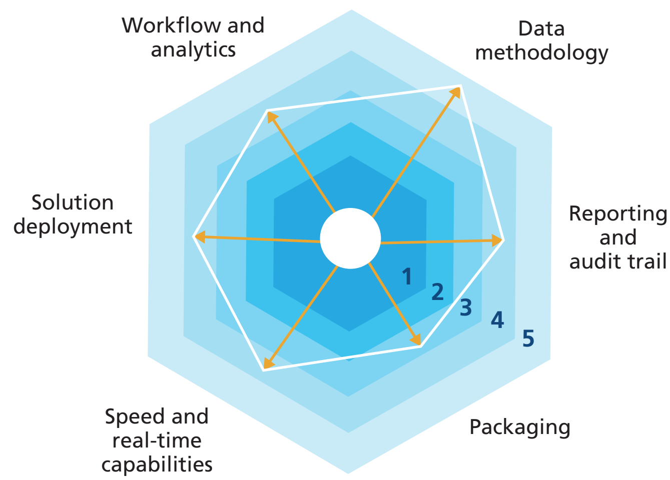
World-Check One, LSEG Risk Intelligence's dedicated platform, transforms adverse media monitoring into a streamlined, industry-leading process. Clients can search through LSEG Risk Intelligence's vast database of structured and unstructured media records to identify individuals and entities mentioned in negative contexts by reputable news sources. Leveraging advanced AI and machine learning (ML) to pinpoint the most relevant information and filter out irrelevant noise, the platform enables clients to generate automated alerts based on pre-defined risk parameters, allowing analysts to focus on the most critical cases.

Packaging (3 stars: advanced capabilities)

LSEG Risk Intelligence simplifies adverse media monitoring with a user-friendly, customizable approach. The solution goes beyond basic monitoring with structured and unstructured data, optional modules (such as UBOs and country risk), or options for third-party risk management. Moreover, LSEG Risk Intelligence's tools can enable end users to tailor their screening processes to fit many organizational and regulatory needs.

Figure 3: LSEG Risk Intelligence's positioning; adverse media monitoring solutions, 2024

Figure 4: LSEG Risk Intelligence's capabilities, adverse media monitoring solutions, 2024



Market Context

With the recent – and highly beneficial – integration of adverse media capabilities, the watchlist monitoring landscape is undergoing a significant shift. Watchlist monitoring, which traditionally focused on tracking financial data and regulatory changes against predefined lists, is now expanding to encompass a variety of data types and sources, including politically exposed persons (PEPs), negative news, social media mentions and online chatter.

This shift reflects a growing need for thorough due diligence and risk management tools. With a vast amount of information readily available online, businesses need a proactive way to identify potential reputational damage, fraud attempts and regulatory violations. By incorporating adverse media screening, institutions can build a more complete picture of the customers and entities with which they do business.

Chartis estimates that financial institutions will spend $6.8 billion on watchlist and adverse media monitoring technology in 2024, rising to $7.2 billion in 2025. This growth will be fueled by investments in data and data management, workflow optimization and the adoption of adverse media monitoring as an independent solution.

Name and Transaction Screening Solutions

Regulatory bodies are likely to continue increasing their scrutiny of financial institutions' sanctions compliance programs. Following global events such as the Russia-Ukraine war, new sanctions are being imposed regularly, and solutions must remain aligned with evolving global anti-money laundering (AML) regulations.

Cloud-based sanctions screening solutions are becoming increasingly popular because of the greater flexibility and scalability they offer.

Adverse Media Monitoring Solutions

The scope and quality of adverse media monitoring solutions are expanding, as highlighted by several factors:

- Financial institutions, banks and payment service providers (PSPs) have realized that adverse media, when managed properly, can be a very strong early warning indicator of risk.
- Adverse media monitoring and screening are typically resource-intensive due to the unstructured nature of the data involved and the variety of global sources and languages.
- Top-tier/Tier 1 banks are taking a more sophisticated approach to adverse media monitoring.

Methodology

Chartis Research ('Chartis') is a research and advisory firm that provides technology and business advice to the global risk management industry. Chartis assesses risk technology vendors using consistent, objective methodology, regardless of business relationships.

Chartis' RiskTech Quadrant® has been used to explain the structure of the market. It employs a comprehensive methodology of in-depth independent research and a clear scoring system to explain which technology solutions meet an organization's needs. The RiskTech Quadrant® does not simply describe one technology solution as the best; rather, it has a sophisticated ranking methodology to explain which solutions would be most suitable for buyers, depending on their implementation strategies.

Chartis evaluates vendors on both current and future dimensions: completeness of offering and market potential.

- **Completeness of offering** criteria include data methodology, speed and real-time capabilities, packaging, workflow and analytics, solution deployment, and reporting and audit trail capabilities.
- **Market potential** considers business model, market penetration, financials, customer satisfaction and growth strategy.

Chartis uses detailed evaluation forms, customer surveys, expert interviews, vendor briefings and other research sources to assess solutions. This rigorous methodology provides an independent view of solutions and vendors.

