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A How To Guide for the Alessa False Positive Analyzer

In This Guide You Will Learn How To:

- Use your current screening data to instantly analyze what data sets and configurations are driving your false positives
- How to interpret the data findings from your instant analysis
- How to consider taking some simple action steps to immediately reduce the number of false positives

Getting Started

- Activate the Alessa False Positive Analyzer tool at: www.falsepositiv.com
- If you don't currently have your screening history/audit report from your current sanctions/watchlist/PEP screening platform, simply request it by asking:

    "Can you please send me my screening history report for the last 12 months?"

- Once you have your screening history report, you are now ready to put the Alessa False Positive Analyzer into action.

Once you activate the tool, you will be asked two questions:
1. How many records do you screen annually?
2. What is your ideal percentage of false positives? (15-25% is often viewed as the average rate.)

Then you will "Click Here to Upload Your Data", where you will be prompted to upload your screening history report from the last 12 months. On your screening history report, if you prefer, you can delete the names of the profile records that were screened, the Analyzer does not require names. Then simply hit the Next button at the bottom right of the screen.

Map data file fields to analyzer fields

Fields required by tool	Uploaded fields
Resolution Status*	resolution_status
Resolution Date	resolution_date
Entity Type*	entity_type
Datasets	Select Matching Field
Category	Select Matching Field
Update Categorization	update_categorization
Match Score	match_score
Keywords	keywords
Country	country
Date Of Birth	Select Matching Field

Field Mapping

The False Positive Analyzer is meant to work with virtually any screening export. The customized Field Mapping will allow you to map the key data field headers to match the headers in your screening history report.
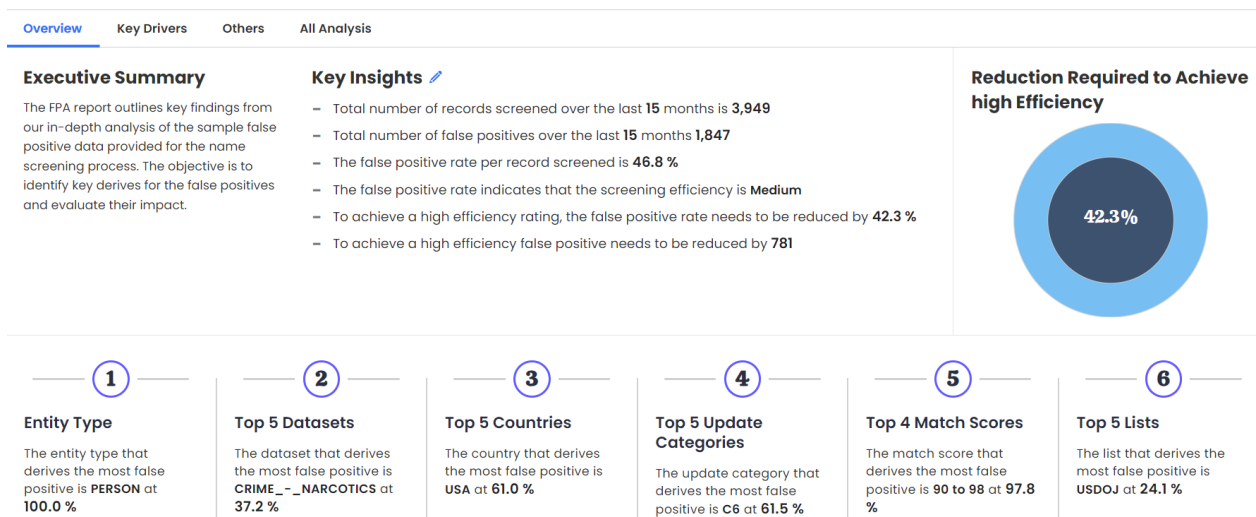
Reviewing the Instant Analysis Dashboard

Once you have completed the field mapping, simply hit the "Submit" button and your screening history data will be instantly analyzed.

Your screening history report has now been analyzed and broken down into six key categories that provide deep insight into the data sets and configurations that are driving your false positives:

Entity Type
- Top 5 Datasets
- Top 5 Countries
- Top 5 Update Categorization
- Top 4 Match Score
- Top 5 Lists

Overview   Key Drivers   Others   All Analysis

Executive Summary

The FPA report outlines key findings from our in-depth analysis of the sample false positive data provided for the name screening process. The objective is to identify key derives for the false positives and evaluate their impact.

Key Insights ✏

- Total number of records screened over the last **15** months is **3,949**
- Total number of false positives over the last **15** months **1,847**
- The false positive rate per record screened is **46.8 %**
- The false positive rate indicates that the screening efficiency is **Medium**
- To achieve a high efficiency rating, the false positive rate needs to be reduced by **42.3 %**
- To achieve a high efficiency false positive needs to be reduced by **781**

Reduction Required to Achieve high Efficiency

42.3%

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① Entity Type

The entity type that derives the most false positive is **PERSON** at **100.0 %**

② Top 5 Datasets

The dataset that derives the most false positive is **CRIME_-_NARCOTICS** at **37.2 %**

③ Top 5 Countries

The country that derives the most false positive is **USA** at **61.0 %**

④ Top 5 Update Categories

The update category that derives the most false positive is **C6** at **61.5 %**

⑤ Top 4 Match Scores

The match score that derives the most false positive is **90 to 98** at **97.8 %**

⑥ Top 5 Lists

The list that derives the most false positive is **USDOJ** at **24.1 %**

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1. Entity Type

Data sets are typically broken up into two main categories: Person/Individual or Company/ Organization. For instance, PEPs are typically listed as a Person/Individual, while a sanctioned company is typically listed as a Company/Organization.

Having a better understanding of whether Persons/Individuals or Company/Organizations are driving your false positives can be very helpful.

Possible Action Steps with Your Current Provider for Entity Type

If most of your false positives are from Companies/Organizations, focus on ensuring your existing data includes key elements like Tax ID and business address to reduce unnecessary alerts. Additionally, pay attention to Match Strength since name matching can be tricky, with many company names sounding similar. To reduce noise, you might consider casting a wider net for name matching during initial onboarding and then tightening thresholds for ongoing screening after a company has passed the initial risk assessment.

If false positives are primarily from Persons/Individuals, reviewing the datasets and lists you use for screening will be crucial.

Possible Action Steps if Your Company Utilizes Alessa for Screening for Entity Type

Alessa offers flexible, dynamic screening configurations based on Entity Type. For example, when Alessa ingests your nightly client file, individuals can follow a customized screening process, using specific lists, match strengths, and updates. Additionally, Alessa's Risk Scoring model can adjust screening based on each client's risk level. Every client receives a nightly update to their risk score, so high-risk clients can be reviewed as a high-priority , while low-risk clients can go through another workflow. This dynamic approach helps tailor screening efforts and reduce the number of false positives your team needs to review.

2. Top Five Dataset

Understanding Screening Data and Reducing False Positives

Screening data is divided into sets like Sanctions, Watchlists, PEPs, Crime, and Enforcement. Reviewing the datasets causing false positives can help improve your screening process. For example:

- **PEPs:** With over 2 million records globally, PEPs often generate false positives, especially since many lack key data, like Date of Birth.
- **Sanctions:** Common names on sanctions lists can also lead to many false positives.

Action Steps with Your Current Provider for Key Datasets

- If PEPs are a major source of false positives, discuss with your provider which PEP categories are active. Local PEPs make up a large part of the global PEP population. Reviewing which categories and associated people (like close associates or relatives) can help reduce noise.
- Similarly, review global sanctions and watchlists to see if they align with your risk appetite. Understanding which lists are active in your current process can help balance efficiency.

Using Alessa for Screening Optimization

- **PEP Scoring:** Alessa's PEP scoring model reduces false positives by assigning High, Medium, or Low risk scores to PEPs nightly. Allowing you to choose a unique workflow for each risk category.
- **Sanctions and Watchlist Screening:** Alessa uses a False Positive Probability (FPP) scoring model to predict which matches are likely to be false positives. This allows for introducing auto-resolving or prioritizing matches based on your risk tollerance, significantly reducing your team's

3. Top Five Countries

For companies with a global presence or international clients, it's essential to identify which geographies are generating the most false positives. For example, if you're a U.S. or Canadian business but find that clients from Europe or South America are causing the bulk of these alerts, adjusting your screening processes accordingly can be beneficial.

Action Steps with Your Current Provider for High-Risk Countries

- Check if your provider allows customer segmentation into Work Groups. For instance, you could create separate groups for "South American Clients" or "Vendors," each with customized screening settings, like different match strengths and lists.

- Since certain regions have more extensive watchlists and criminal databases, review which lists are activated in your current configuration. In higher-risk regions, consider enabling more comprehensive screening casting a wider net, and in lower-risk areas, tighten the settings to minimize false positives.

Using Alessa for Country-Based Screening

- Alessa's Risk Scoring system works in both nightly and real-time formats, making geography a key component of risk assessment. Clients from high-risk areas can be screened against more extensive lists with casting a wider net for matching, while lower-risk clients can be screened more conservatively.

- With limited resources, it's crucial to prioritize the highest-risk matches. Alessa's configurable Risk Scoring module helps focus efforts on critical cases while reducing thousands of lower-value false positives, streamlining your team's workflow.

4. Top Five Update Categorization

Sanctions, watchlist, and PEP data providers make thousands of profile updates yearly, ranging from critical changes like name corrections or Tax ID additions to less significant updates, such as adding source articles. Clients often aren't aware of which update categories are activated for their ongoing screening, leading to unnecessary alerts.

Action Steps with Your Current Provider for Update Categorization
- Review your provider's update categorization process and identify which categories are currently active in your screening. Some low-value updates may not improve risk identification and could be increasing false positives. Request documentation from your provider to understand how updates are categorized and make adjustments as needed.

Using Alessa for Update Categorization
- Alessa offers Auto-Resolve functionality based on update categorization. If certain lower-value updates are causing unnecessary alerts, you can configure Alessa to Auto-Resolve them or move them to a lower-priority queue. This reduces the number of false positives your team needs to review manually each year, making your process more efficient.

5. Top Five Match Score

Identifying which match scores cause the most false positives can lead to small but impactful adjustments.

Action Steps with Your Current Provider
- Review your match strength settings. Consider adjusting match score for new client onboarding and tightening it for ongoing screening. You can also create specific Work Groups (e.g., clients, vendors, agents) with tailored match strengths for both onboarding and ongoing screening.

Using Alessa for Match Score Optimization
- **Dynamic Match Strength:** Alessa allows you to adjust match score strengths based on daily risk scores, which are updated in real-time or nightly.
- **Automated Work Groups:** Alessa enables the creation of dynamic Work Groups that adjust match strengths based on factors like geography, relationship type, or transaction size. This ensures that clients are screened with the appropriate match strength daily, helping to lower the volume of unnecessary alerts your team has to review.

By optimizing match scores and leveraging Alessa's automation, you can significantly reduce false positives and streamline your screening process.

6. Top Five Lists

Third-party screening databases contain hundreds of lists, (PEPS, Sanctions, Law Enforcement, Watchlists, Local and Global Regulatory Enforcements etc). Understanding the lists you have activated is critical to ensure it aligns with your business and risk appetite. It's crucial to know both which lists are active and which are not, to avoid exposure to AML and fraud risk.

Action Steps with Your Current Provider

- If PEPs generate many false positives, discuss with your provider which PEP lists are active. Local PEPs often drive a large portion of alerts. Understanding which lists are in use, including those covering associates and relatives, can help reduce noise.

- Similarly, review your active global sanctions and watchlists to see if they align with your risk appetite. Adjusting these lists thoughtfully can balance risk management with efficiency.

Using Alessa for List Management

- **PEP Scoring:** Alessa uses a proprietary model to dynamically score PEPs as High, Medium, or Low risk each night. Clients can choose to focus on High and Medium risk PEPs in one workflow and Low-risk PEPs in a different workflow.

- **False Positive Probability (FPP) Scoring:** For sanctions and watchlists, Alessa predicts with high accuracy which matches are likely false positives. These matches can be auto-resolved or deprioritized, reducing manual reviews.

- **Efficient List Management:** Instead of turning lists on and off arbitrarily, Alessa's models allow you to keep more lists active while prioritizing critical alerts, ensuring effective risk management with fewer false positives.

These strategies enable your team to focus on high-priority alerts and improve overall efficiency.

Eliminate Your False Positives with Alessa & RZOLUT

With Alessa and RZOLUT, not only can you discover the root of your false positives, we can help you eliminate them. Book a meeting with one of our risk specialists to learn more or visit the Alessa website to connect with our virtual assistant Allie, today.

www.alessa.com | connect@alessa.com

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