

Using Babel Street Solutions to Streamline KYC/KYV Processes

At financial institutions (FIs) worldwide, complex verification and review processes merge with evolving anti-money laundering (AML) mandates to create challenging know your customer (KYC) and know your vendor (KYV) environments. AI-powered solutions can help streamline KYC/KYV compliance while significantly reducing the need for manual intervention.

The scope of money laundering

The United Nations estimates that criminals worldwide launder between \$800 billion and \$2 trillion each year, representing anywhere from 2% to 5% of the world economy.¹ The Financial Action Task Force lists drug trafficking and terrorism as two significant crimes funded by money laundering.² Converting illegal gains into usable funds is necessary for any cash-based crime, including human trafficking, arms sales, racketeering, cybercrime, and other kinds of financial fraud.

AML regulations are enacted to halt these crimes. To comply, FIs have instituted identification, risk assessment, and enhanced due diligence procedures for customers and vendors. But there's a problem. These procedures too often rely on suboptimal technologies for matching names and extracting entities from unstructured text. KYC/KYV processes are therefore time consuming and error prone.

Using Babel Street to automate KYC/KYV

Here are some ways that Babel Street technologies can help FIs enhance regulatory compliance and reduce risk.

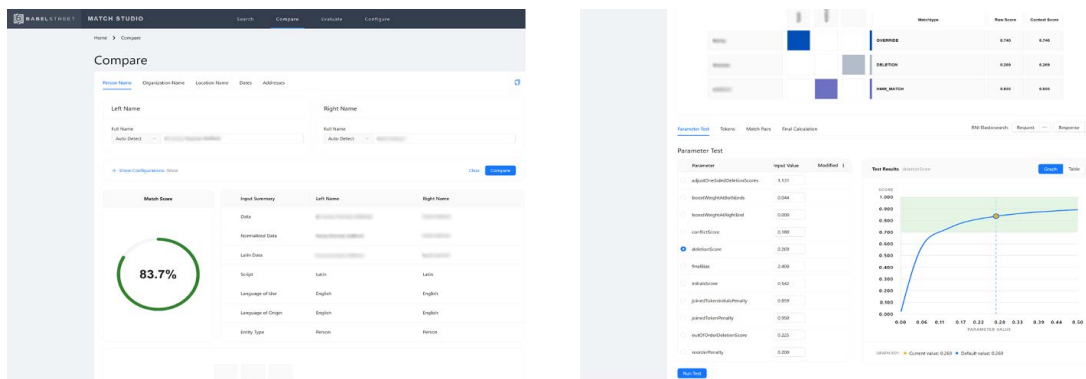
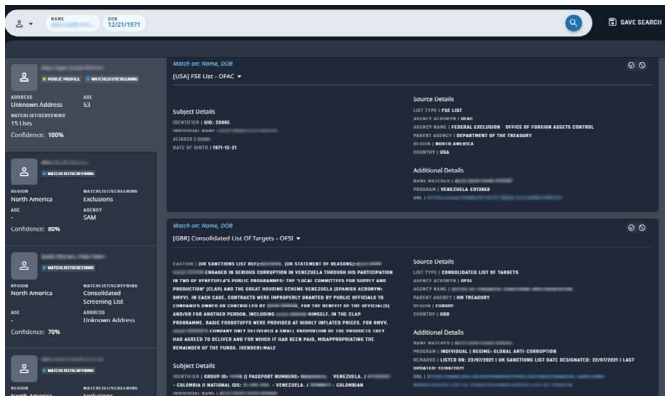


Figure 1: Babel Street Match compares an input name with names on a list, such as internal or external watchlists

Screen names against watchlists

FIs must screen names against known watchlists. Babel Street Match yields a confidence score that indicates the likelihood that the queried name matches a name on a watchlist. FIs generally have a match threshold that triggers human remediation if a match is uncertain. Babel Street Match dramatically reduces the number of false positive matches that require further investigation.



Investigate and remediate matches

When a match is uncertain and requires remediation, or if an FI needs more information on a particular individual, compliance analysts can use Babel Street Insights People Search and Business Search. These searches scour hundreds of international and domestic watchlists along with public records to yield a complete profile of an individual or organization. This is a critical step in vetting potential clients, customers, or partners to avoid doing business with high-risk entities.

Figure 2: A People Search providing more details on an individual who appears on the OFAC list

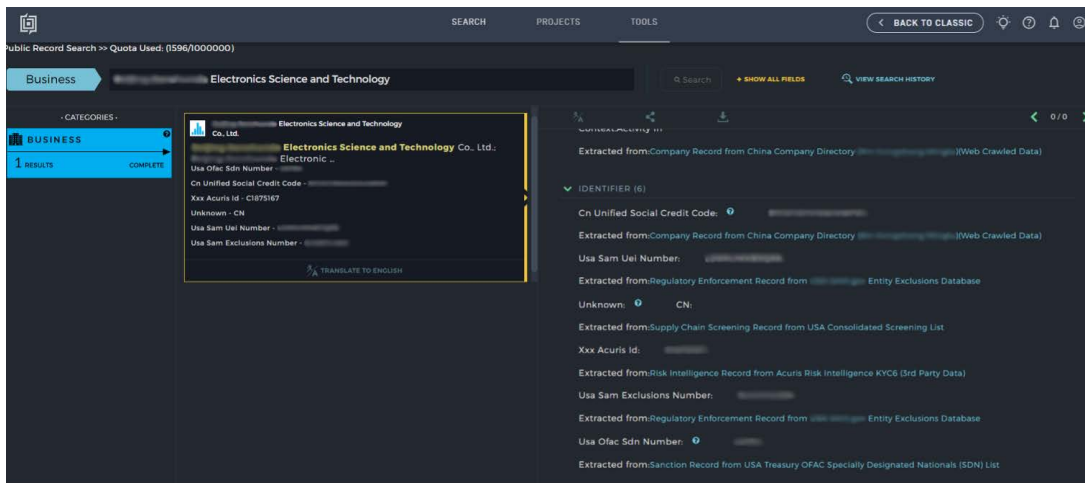


Figure 3: A Business Search providing more details on a business appearing on a government watchlist.

Babel Street’s AI-powered solutions can help streamline KYC/KYV processes while significantly reducing the need for manual intervention. Our natural language processing solutions improve name matching, while our entity resolution capabilities connect names to known identities in FIs’ internal databases and commercial knowledgebases. Intelligence gleaned from publicly available information enables FIs to form robust risk assessments before engaging with questionable entities.

Endnotes

¹ United Nations, “Money Laundering Overview,” 2022, <https://www.unodc.org/unodc/en/money-laundering/overview.html>

² Financial Action Task Force, “Report on the States of Effectiveness and Compliance with the FATF Standards,” accessed February 2025, <https://www.fatf-gafi.org/en/publications/Fatfgeneral/Effectiveness-compliance-standards.html>

Babel Street is the trusted technology partner for the world’s most advanced identity intelligence and risk operations. The Babel Street Insights platform delivers advanced AI and data analytics solutions to close the Risk–Confidence Gap.

Babel Street provides unmatched, analysis-ready data regardless of language, proactive risk identification, 360-degree insights, high-speed automation, and seamless integration into existing systems. We empower government and commercial organizations to transform high-stakes identity and risk operations into a strategic advantage.

Learn more at babelstreet.com.