

# Cloud to tackle money laundering problem

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(PhysOrg.com) -- Money laundering is estimated at \$1.3 trillion worldwide - a huge problem. Now European researchers are using cloud computing services to boost anti-money laundering efforts by tracking suspicious transactions.

Experts estimate that [money laundering](#) spirits away \$1.3 trillion worth worldwide every year, providing a huge resource for criminal activity.

Seizing the profits of crime is one of the most effective methods for tackling criminals, but gangs have become extremely sophisticated at hiding their ill-gotten gains. Billions of transactions fly through the world's banks every week, making detection an exercise involving needles and haystacks.

But money laundering does leave tracks through the ledgers of banks.

Particular transaction patterns, how money is routed from one account to another and in what timeframe provide investigators with red flags that merit further study.

The trouble is separating the suspicious activity from the honest business of the everyday economy. The size of the data and complexity of the modern banking business offers a shield for crime lords to hide behind. New regulations place a greater onus on banks to tackle the problem.

## **A big, expensive problem**

It is a big problem for the banks, which are liable for huge fines if the institution fails to take robust anti-money laundering (AML) measures to tackle the problem, but it can be a very expensive business for banks, because the quantity of data to be analysed requires costly [computing power](#).

Help is on the way, in the form of new cloud services developed within the BEinGRID project. BEinGRID created a series of Business Experiments to develop the technology required to provide real-world grid and cloud computing services to SMEs.

The Anti-Money Laundering on Grid (AMONG) Business Experiment developed detection services using [grid technology](#). Grids are a computing infrastructure that take advantage of unused processing and storage resources on computers scattered around the world. It makes a supercomputer out of standard PC.

This performance also powers cloud computing services. The cloud is a new computing paradigm which makes it much easier for organisations and people to tap into the power of the web to carry out particular tasks. The cloud can guarantee service levels and security while supplying all the resources - however large - required by the user at reasonable costs.

“Through Grid SW (the GRIA service-oriented infrastructure), AMONG allows banks to cooperate in a cost-efficient, secure and controlled way,” explains Damian Hubaux, Business Experiments Leader in the BEinGRID project and R&D Department Manager for CETIC.

“The solution allows banks to more efficiently spot money laundering than with the data available in a single institution. And more importantly banks control the information given to competitors.” Confidential banking data is not shared.

This solution helps banks to meet the EU's third AML directive, while also working with established AML solutions.

## **Robust results**

By working with the AMONG platform, banks can perform scans of extremely large datasets, a scale of number crunching that would normally be very expensive.

Bankers are excited by the platform's potential: “AMONG takes the next step in providing a holistic view of money laundering activity, and most surprisingly at low cost, securely and regardless of the AML application installed in the bank,” comments Giorgos Panousopoulos, R&D project manager at Exodus SA in Greece.

Another interesting BEinGRID Business Experiment was the Financial Portfolio Management one provided by a grid services company set up by the University of Calabria and Innova, two BEinGRID partners. The company is a grid-based application service provider (ASP).

The financial sector, unlike many others, already uses grid computing - most financial institutions use some kind of grid for number crunching on a massive scale for calculating growth, balancing risk and modelling

scenarios for small banks.

However, grids are high maintenance and present several serious challenges, such as capacity and demand management, return on investment and ensuring scalability.

## **Hiding complexity in the cloud**

The ASP service developed within BEinGRID, on the other hand, employs groundbreaking grid technologies to offer the desired and customised application through a portal, hiding the complexity of the system and placing access to the vast computation resources in the hands of those who need to use them.

Bankers use the service to perform very complex calculations for portfolio management. They get all the processing power they need at lower costs. It has been a very successful experiment.

“Financial asset allocation models entail extremely complex simulations,” explains Alberto Alfiero, Head Director for Finance and Markets at Banca Finnat. “Thanks to participation in BEinGRID, Banca Finnat has been able to run new models and update them extraordinarily faster, going even above expectations. At the same time, the outsourcing solution leads to significant cost savings.”

BEinGRID also performed similar experiments on real-world business problems for financial risk management and data recovery.

## **SMEs clear for the cloud**

These finance services represent the mere tip of the iceberg. BEinGRID developed over two dozen Business Experiments in nine key sectors. It

had over 95 partners and a budget of almost \$30 million, with \$20 million provided by the EU. As such, it is probably the biggest and best-funded attempt worldwide to mainstream grid technologies and cloud services.

BEinGRID developed projects in advanced manufacturing, media, tourism, retail, healthcare, agriculture and telecommunications, among others.

It also developed the many software components required to commercialise grid computing, set up graphical user interfaces, service level agreements, quality of service guarantees and all the other essential elements for industrial-strength grid and cloud services.

It fast-tracked the widespread adoption of grid technologies and cloud services among Europe's SMEs, mainly by providing best practices, case studies and essential components.

**More information:** BEinGRID project - [www.beingrid.eu/](http://www.beingrid.eu/)

Provided by ICT Results

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