



Article

AI unleashed: Rewriting the rules of compliance

Unlock resilience and efficiency with AI-powered systems

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Artificial intelligence is no longer just a buzzword – it's the engine driving the next wave of compliance innovation. At FIS®, the mantra is simple: AI is a controlled asset, not a rogue operator. AI sits inside a governed KYC/AML framework, never outside it. We translate policy into action, govern every model and deliver outcomes our clients can trust.

Navigating the regulatory landscape

Europe's securities watchdog, ESMA, has fired a clear warning: AI can turbocharge efficiency, but it's a double-edged sword. Firms must keep a tight grip on transparency, governance and risk management. If you don't know how your AI makes decisions, you're not in control. Boards must own the risk, staff must be trained, and customers must be told when AI is in the driver's seat.

AI regulation is accelerating. The EU's AI Act demands rigorous data governance, transparency and human oversight. U.K. regulators take a different tack, favoring outcomes and principles over strict technical rules. To stay compliant, financial institutions must build frameworks that satisfy both regimes and harmonize controls across borders. The AI race isn't about who has the fanciest tech. It's about who can prove their systems are safe, smart and compliant to make investments work harder and de-risk for improved decisions.

Data quality and model governance

AI is only as smart as its data, and poor quality means poor compliance. That's why harmonization of data sources and rigorous documentation must be at the core of model governance. You should document, validate and constantly monitor every AI system. This ensures explainability at every step alongside robust data quality assessments and transparent processes.

Balancing resilience and efficiency

Balancing resilience and efficiency is crucial for AI in financial crime prevention. Speed is great, but resilience wins the race. AI models must adapt to new criminal typologies and emerging threats without sacrificing accuracy. Regular challenge testing, monitoring for model drift and updating detection logic to keep ahead of the curve is crucial. Efficiency is about reducing false positives, automating triage and saving investigator time. But resilience ensures the system stays robust as risks evolve.

The necessity of human oversight

Human oversight is non-negotiable because the regulators demand it. Every flagged transaction, onboarding and model update must be subject to human review. Compliance officers are trained to challenge the machine, not rubber-stamp its decisions. Human oversight isn't optional; it's the backbone of trust.

You must embed structured protocols, tiered reviews, mandatory second looks and blind sampling at every stage. This allows you to meet regulatory expectations and strengthen accountability.

Increasing scrutiny and SupTech

The EU's new AMLA authority and the expanded EuReCA database mean scrutiny is rising. The Egmont Group's focus on typology sharing and cross-border cooperation further underscores the need for robust, transparent systems. Asset managers must produce granular evidence of ownership structures and risk rating changes on demand.

The advent of supervisory technology (SupTech) will only increase examination. This requires firms to demonstrate not only compliance but also the effectiveness and governance of their AI models. Firms must be at the ready to provide audit trails, not excuses.

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Transforming the operating model

AI is transforming the operating model. Leading banks report up to 40% fewer false positives, allowing teams to focus on real risks. Investigations are 30-50% faster, and AI helps draft richer Suspicious Activity Reports, improving regulatory outcomes.

Perpetual KYC and behavioral analytics catch profile changes and complex layering schemes earlier, while integrated data sources enable detection of cross-border money laundering. This allows firms to uncover hidden risks and opportunities, providing a clearer view of customer behavior and market trends.

AI as a strategic asset

AI is more than a compliance tool; it's a strategic asset. Firms that leverage AI can scale effortlessly, process vast volumes of transactions in real time, handle surges in data, spot suspicious patterns faster and adapt to new threats with agility. They do this without breaking stride. In today's market, that's the gap between surviving and thriving. AI lets us see what others miss and act before the competition even blinks.

FIS provides a comprehensive investor services and compliance ecosystem to unlock growth for alternative and traditional fund managers and administrators on one integrated platform, adding value for clients and making investments work harder for streamlined investor services.

How to win with AI

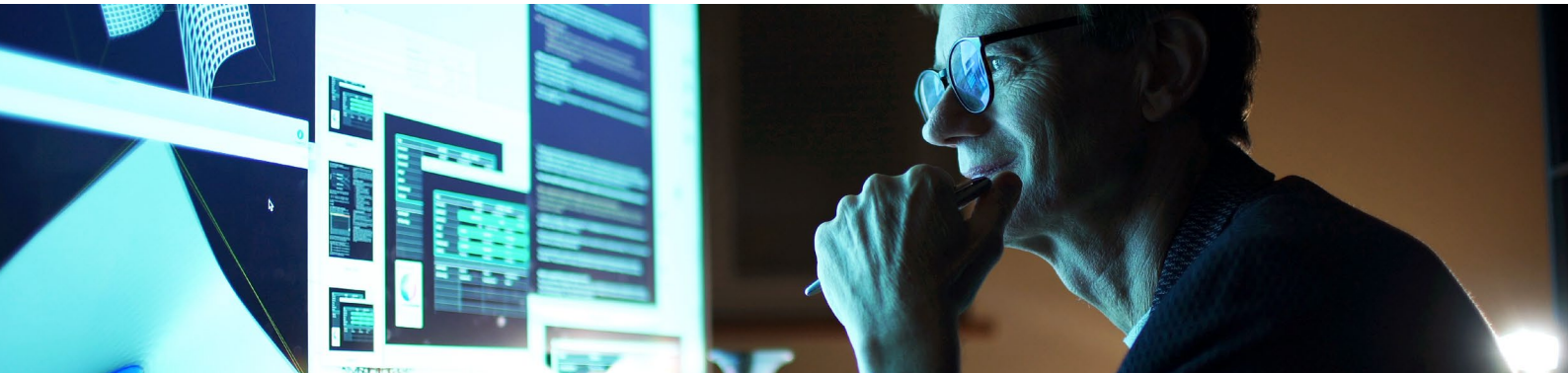
Financial institutions that embrace AI-powered AML solutions are pulling ahead of the pack. To win with AI, firms must move fast, think smart and adopt resilient systems. The frontrunners are building an AI inventory, cataloging every system in use and knowing their tools, risk tiers and regulatory obligations.

Responsible AI frameworks are embedded, covering transparency, bias mitigation and human-in-the-loop protocols. Harmonization of data sources, maintaining lineage and regular quality assessments are treated as compliance imperatives. Continuous monitoring and challenge testing are routine, with models regularly tested for resilience against new criminal typologies and performance metrics documented.

Compliance officers are upskilled in AI literacy, understanding limitations and failure modes to avoid automation bias. A culture of challenge is fostered, encouraging questioning of automated outputs and documenting rationale for overrides. Challenge is the antidote to complacency.

Financial institutions that get this right will not only satisfy regulators – they'll also outpace competitors, win customer trust and shape the future of compliance. FIS isn't just building solutions; it's shaping the conversation. We're committed to leading on compliance innovation and outcomes, not just technology.

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