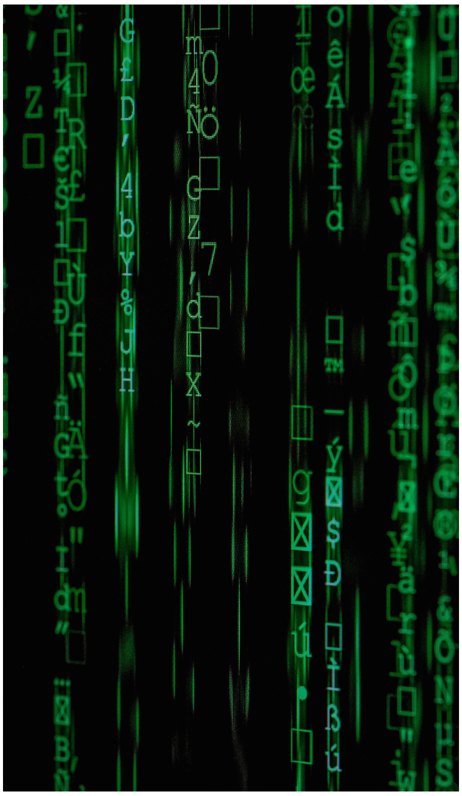
# 4. ACTIONS THE FALSE POSITIVES

A false positive occurs when a transaction or customer record is flagged, but upon review, the match is determined to be incorrect. False positives are problematic because they require time and resources to investigate.

False positives have become a major concern in AML compliance and are mostly associated with regulatory compliance technologies (RegTechs). The issue is so prevalent that banks struggle to justify further investment in these tools unless they can make compliance cheaper and faster by reducing the noise it generates in the first place.

Although many RegTechs promote their ability to significantly reduce false positives while effectively combating all types of money laundering, their impact on disrupting the persistent $2.9 trillion annual crime rate since 1999 is minimal. Worse still, their false alerts can lead to the de-risking or even de-banking of legitimate customers.

The failure lies with regulators who continue to overlook a significant obstacle: both public and private sector entities lack a genuine understanding of how money is laundered in practice. The red flags that form the basis of the AML regime primarily catch inexperienced criminals or those who make careless errors.



**In addition to inadvertently aiding criminals, banks and financial institutions also bear substantial costs associated with investigating false positives, which are ultimately passed on to customers or shareholders. Moreover, legitimate customers who trigger these false positives may face the consequences of de-risking or de-banking, disrupting their access to financial services. This not only hinders their business growth but also impacts their reputation and leads to social exclusion due to their inability to freely participate in the legitimate economy.**

It is fair to say, that the global war on dirty money is being led "*down tramlines that were originally badly set and now trap us all in keeping going in the wrong direction*".

**Vortex Risk corrects the direction on how to lead the war on dirty money** by empowering individuals and regulated institutions with understanding of how criminals can launder dirty money through their organisations. This practical knowledge is necessary to combat money laundering effectively while fostering a safe and more inclusive global economy.

**Vortex Risks unique Risk Analysis Merging Platform (RAMP) methodology is designed to alert on true money laundering actors** who make risk-based decision on how to best distance themselves from their dirty money. RAMP highlights steps, actions, tools, services, and parties that criminals might utilise depending on their money laundering needs. It also explains the criminal reasoning behind their choices, the risks to those involved, and the warning signs beyond what 'red flags' are ever likely to capture.

**RAMP users can take pride in disrupting the criminal modus operandi** and feel empowered to grow their business relationships with legitimate customers instead of clearing the false alerts they generate.