



Insights Article

Build vs. Buy: The Age-Old Risk Management Dilemma

Legacy Technology and Silos don't stop Modern Financial Crime

Fraudsters and money launderers—they're an ingenious, imaginative bunch. Not only do financial institutions (FIs) have to combat sophisticated scams, they're also up against criminals using the latest technology to commit their crimes at scale.

FIs need to maintain a strong footing against the rising tide of complex threats, regulatory pressures, and shifting customer expectations; an organization letting their guard down is risking substantial losses or regulatory fines and most certainly reputational damage.

It's widely accepted that the right tools help FIs make better, faster decisions. Most FIs use multiple detection tools each with their own disconnected case manager—resulting in missed incidents, poor decision-making, frustrated investigators, and inefficient operations—leading to higher costs. In addition to fragmented case managers, FIs may also be using a centralized legacy solution they have bought or built their own that is currently outdated.

A recent Aite Novarica report indicates that **52%** of FIs are unsatisfied with their existing case management solution, which impacts the effectiveness of financial crime investigations.¹

For example, many case management systems marketed to FIs were initially built around the needs of AML departments, and then modified to meet the demands of other departments. Not understanding the nuanced differences has led to an incomplete enterprise case manager that falls short of meeting all financial crime investigation needs.

Finding the Right Case Management Solution

How do you find a system that can meet the needs of discerning investigators while effectively addressing efficiency audit and security concerns? Is it better to build the system in-house or purchase it from a vendor to serve these needs? Almost all large FIs looking for the right financial crime case management system must decide if it's better to build it or buy a pre-existing system.

This Article explores this internal debate, and also proposes a third option: What if you can BUY a solution that provides **80%** of the desired functionality with the ability to BUILD the additional **40%** (yes, that's **120%**)—to not only address your needs now but also scale for the future?

¹Inscoc, S. (2022, May). Improving case management: vital for fraud investigation success. Aite Novarica.

Buying Your Last Line of Defense to Fight Financial Crime

Financial crime case management platforms are the last line of defense to fight financial crime and meet regulatory obligations. Ultimately, these solutions can enable analysts to improve decision-making and efficiency, while creating repeatable and auditable processes that satisfy examiners.

This is particularly critical as FIs must demonstrate proven, consistent practices to governing bodies. To manage evolving threats, they need to leverage future-ready technologies that facilitate sharing information across financial risk and compliance functions. Many FIs struggle with their internal efforts to modernize in-house developed technology, and other vendor products might not meet the needs of all groups using the solution.

NICE Actimize believes that the modern case manager must be powered by intelligent automation and analytics and provide productivity and operational efficiency, single-view risk profiles, and automated task functionalities.

According to Aite Novarica's report, a case management solution must be designed to:

- Ingest cases from numerous internal systems as well as manual input according to suspicious account activity.
- Enable investigators to document their investigative processes and establish the identities of all involved parties, including victims, suspects, and law enforcement entities.
- Aggregate any quantity of alerts into an individual case, without the need for manual keying per alert.
- Act as a historical account of every investigation and be used to pinpoint recurring fraud, enabling suitable investigators to take suitable action.
- Serve as a foundation for data in SARs filed for instances of fraud that must be reported.
- Contain the necessary data for an FI to defend against potential lawsuits, regardless of whether or not the original investigator who worked on the case is available.

²Inscoc, S. (2022, May). Improving case management: vital for fraud investigation success. Aite Novarica.

Top Considerations When Building a Case Management System

Around **20%** of FIs rely on case management systems built in-house, compared to the **80%** who use vendor solutions.² On the surface, it may seem like the obvious choice is to build, but there are numerous factors to consider.

Control and Ownership	In-house built solutions provide control and complete system ownership and allow the solution to be optimized to specific requirements. But ultimately, the demands on personnel, expense, maintenance, and time-to-value may not be justified—especially when considering critical system criteria, like integration, user adoption, quality assurance, product support, scalability, user access controls, and security.
Development and Maintenance	FIs must provide continuous funding and IT resources to develop new functionality on a sustained basis. Fraud tactics aren't stagnant and require dynamic, future-proof case management tools that can evolve to stay relevant in combating new financial crime risks.
Specialized Talent	In-house built solutions demand specialized financial crime skills to develop even the simplest capabilities. Basic business process management solutions might offer an appealing blank canvas but can result in a slower time-to-value, as they're not readily integrated with existing solutions. Also, a lack of financial crime expertise and the right software engineering skills can result in a poor final product.
User Adoption	Any solution must be intuitive to be successful. It must be designed to meet user needs with minimal training. Ideally, it should improve productivity, streamline workflows, and adapt alongside a fluctuating market and changing investigation practices. Otherwise, it could result in failed adoption, resulting in wasted resources and costs.
Costs	In-house built case management systems that initially save an organization money could end up costing more over time. For example, paying a team of internal engineers to continuously maintain the solution rather than focusing on the core product can quickly result in lost opportunity costs.
Resources	Numerous FIs have technical talent that are already familiar with the tech stack. But the building, maintaining, upgrading, and future-proofing will demand a significant commitment from both technical and business personnel to ensure the solution produces the desired outcome.



Top Considerations When Buying a Case Management System

FIs evaluating the merits of buying a financial crime case management solution from a vendor also have several criteria to consider and may question if they're able to achieve their goals if they don't build in-house. Some concerns are:

<p>Flexibility</p>	<p>Buying a financial case management solution means vendor dependency, which prevents FIs from having ultimate flexibility. This can introduce risk factors if the vendor lacks specialized domain experience and an agile product development roadmap. Ideally, features and functionalities should also be influenced by FIs as they encounter new financial crime trends or business challenges.</p>
<p>Integration</p>	<p>Integration costs with a pre-built case management solution aren't usually a prime concern, depending on the integration capabilities. Robust APIs play an important role in streamlined integration, controlling integration costs, and minimizing the risk of data issues. FIs must ensure that the vendor solution results in an integrated ecosystem that closes any gaps across business line solutions.</p>
<p>Vendor Risk</p>	<p>The saturation of specialized SaaS products means that a purchased financial crime case management solution can readily solve common problems. But unless the vendor is a well-established market leader, there's always the risk that the product pivots, is acquired, or goes out of business.</p>
<p>Industry Expertise</p>	<p>Typically, vendor case management solutions offer the benefit of having already solved common problems countless times and provide best practices according to the experiences of their target users and deep industry knowledge. But this may come at the expense of your FI's own key differentiators if the vendor lacks specialized knowledge of financial case investigation requirements.</p>
<p>Managing Version Releases</p>	<p>A packaged solution allows FIs to leverage vendor expertise, including extensive dedicated resources for research and development, and experience from previous deployments. They also generally launch one new release every year to continuously enhance their products to address the evolving needs of their customers. However, allocating IT resources to install new releases is challenging depending on a FI's current talent pool, which may equate to delayed upgrade benefits and stalled ROI.</p>
<p>Cost Efficiency</p>	<p>Predictable costs are usually associated with pre-built case management solutions due to the nature of licensing fees. Plus, patch fixes, product development and maintenance, and platform migration fall within the scope of vendor burden. But high friction costs can offset any cost efficiencies later on if the packaged solution requires substantial change management to mitigate the impact of implementation and user adoption.</p>

Now there's a Third Option: Buy AND Build

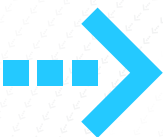
It's time to reframe the build or buy question and the inevitable trade-offs that come along with many systems. The building offers ultimate flexibility and less vendor dependency but buying accelerates time-to-value and lowers long-term total cost of ownership.

Luckily, these aren't the only two options anymore. There's another option available: NICE Actimize's ActOne Extend.

Industry proven [ActOne Extend](#) from NICE Actimize was purposefully built for financial crime risk management. With an open architecture, expansive configurability, and robust developer toolkit, it boasts all the flexibility of an in-house build. Combining the best of both worlds, ActOne treats case management as a hallmark of financial crime prevention—not an afterthought. It's a strategic differentiator in the NICE Actimize product suite, built and refined continuously to help financial institutions stay ahead of the fast-changing threat landscape.

As a powerful AI-fueled case management platform, ActOne delivers a holistic approach to financial crime risk management built on a trifecta approach of consolidation, correlation and extensibility. ActOne:

- Provides a comprehensive view of risk to expedite investigations and decision-making, standardize workflows and improve efficiency.
- Enables FIs to ingest all alert sources and visualize relationships across entities to quickly identify risks.
- Automates manual tasks and event response, such as reviewing information and documenting outcomes.
- Offers the agility and freedom for FIs to tailor the solution to their needs via an extensive API library and other tools.
- Incorporates feedback from the world's most prestigious financial institutions over the last **20** years and is rooted in financial crime management.
- Is used by hundreds of top 10 financial firms and over **250,000** analysts across the globe.
- Covers Anti-Money Laundering, Fraud, and Financial Market Compliance, core lines of Actimize business.
- Is used for corporate security, cybersecurity, human resources management, insurance claims, bank robbery, customer compliance, customer claims, and customer dispute processing.



ActOne Extend is leading the way to provide your organization with better, faster, stronger case management built with expertise and configured to your needs.

[→ Learn More about our Case Management Solution](#)

About NICE Actimize

NICE Actimize is the largest and broadest provider of financial crime, risk and compliance solutions for regional and global financial institutions, as well as government regulators. Consistently ranked as number one in the space, NICE Actimize experts apply innovative technology to protect institutions and safeguard consumers and investors assets by identifying financial crime, preventing fraud and providing regulatory compliance.

The company provides real-time, cross-channel fraud prevention, anti-money laundering detection, and trading surveillance solutions that address such concerns as payment fraud, cybercrime, sanctions monitoring, market abuse, customer due diligence and insider trading.

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