Vendor Analysis

Vendor Analysis: LexisNexis Risk Solutions

Watchlist Screening and Monitoring Solutions, 2022

Chartis

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About Chartis

Chartis Research is the leading provider of research and analysis on the global market for risk technology. It is part of Infopro Digital, which owns market-leading brands such as Risk and WatersTechnology. Chartis' goal is to support enterprises as they drive business performance through improved risk management, corporate governance and compliance, and to help clients make informed technology and business decisions by providing in-depth analysis and actionable advice on virtually all aspects of risk technology. Areas of expertise include:

- Credit risk.
- Operational risk and governance, risk management and compliance (GRC).
- Market risk.
- Asset and liability management (ALM) and liquidity risk.
- Energy and commodity trading risk.
- Financial crime, including trader surveillance, anti-fraud and anti-money laundering.
- Cyber risk management.
- Insurance risk.
- Regulatory requirements.
- Wealth advisory.
- Asset management.

Chartis focuses on risk and compliance technology, giving it a significant advantage over generic market analysts.

The firm has brought together a leading team of analysts and advisors from the risk management and financial services industries. This team has hands-on experience of developing and implementing risk management systems and programs for Fortune 500 companies and leading consulting firms.

Visit **www.chartis-research.com** for more information.

Join our global online community at **www.risktech-forum.com**.

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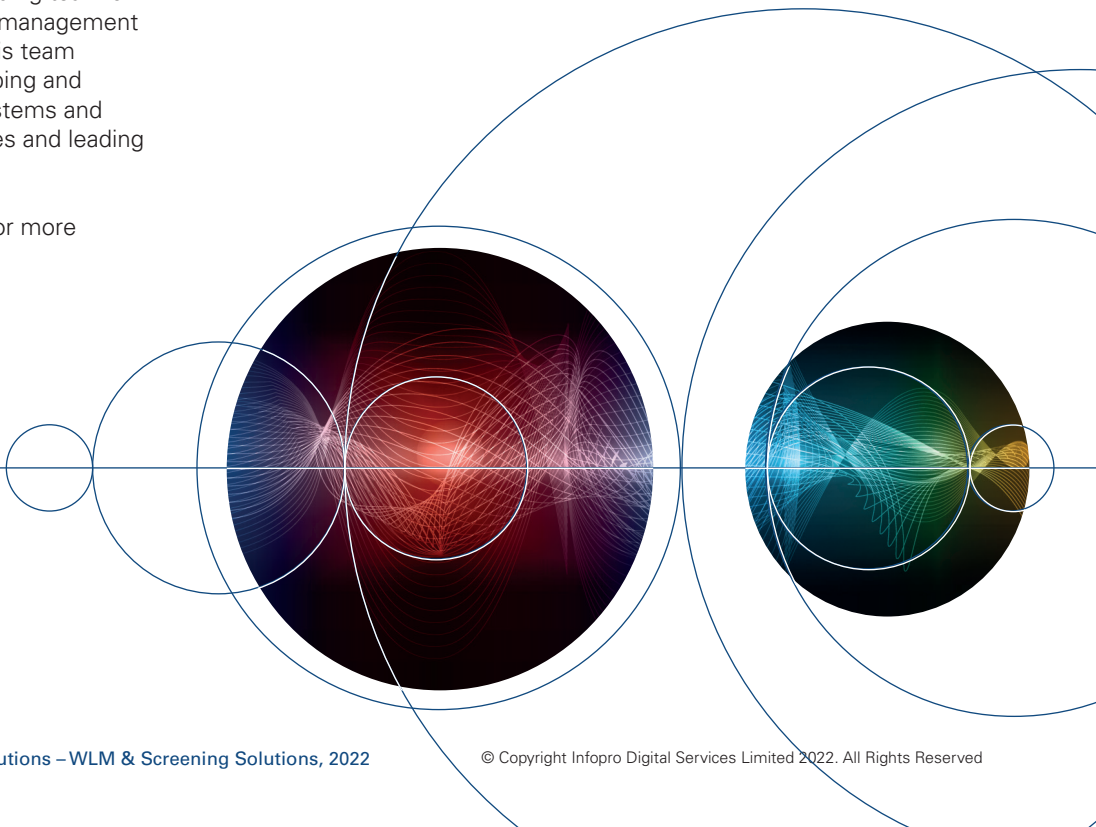

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1. Report context

This Vendor Analysis is based on the Chartis reports *Financial Crime Risk Management Systems: Watchlist Monitoring Solutions, 2022; Market Update and Vendor Landscape* and *Financial Crime Risk Management Systems: Watchlist Screening and Monitoring Solutions, 2022; Vendor Landscape (Part II)*. This section summarizes the key theses in those reports; subsequent sections take a detailed look at the quadrant positioning and scoring for LexisNexis® Risk Solutions, and Chartis' underlying opinion and analysis.

Key thesis

Since Chartis first analyzed it in 2019, the watchlist screening and monitoring market has grown and evolved, and financial institutions now have considerably more options and solutions to help them meet the challenges they face.

Against a backdrop of a spread of anti-money laundering (AML) into adjacent areas of compliance – trade finance, gambling and gaming, and FinTech – several market developments have occurred:

- Investment in watchlist screening and monitoring technology and solutions from banks and other financial institutions has increased, especially in the automation of previously manually intensive processes.
- New vendors have disrupted the market by using advanced technology, including artificial intelligence (AI) and analytics, to solve market challenges that were traditionally addressed using more conventional approaches.
- Established vendors have strengthened their offerings in the face of this emerging threat, via a combination of mergers and acquisition (M&A) activity and research and development (R&D) investment.
- Banks, notably Tier 1 institutions, have also invested in technology resources and capabilities, and now want more ownership of the financial crime architecture. As a result, vendors that offer best-in-class solutions that can be integrated more easily have been more successful than those offering more focused capabilities.
- Commercial metrics such as customer experience, whether related to faster onboarding, lower costs or faster payments, are increasingly being considered by firms as part of their compliance and risk functions.

Key themes in the market landscape include a move from regulatory to operational pressures, the growing use of advanced technology, more automation of 'downstream' processes, and an evolution in component-based offerings. Overall, thanks largely to technology, the watchlist monitoring (WLM) market has grown and developed, in the right direction for users and vendors – and the vendor landscape reflects this shift.

Vendors have focused on a few key areas: moving toward 'global' and mid-tier banking solutions, strengthening their end-to-end capabilities, and investing in more product R&D. Notably, they have been exploring ways in which technology can boost their solutions, in areas including analytics, the cloud, orchestration and downstream process optimization.

Demand-side takeaways

A move from regulatory to operational pressures

While senior compliance professionals are mainly concerned with regulations and systems for compliance, decisions about which vendor offering to buy are increasingly based on firms' operational requirements – namely efficiency.

It is important to stress that efficiency does not supersede effective anti-financial crime operations (i.e., having fully auditable solutions and processes that do not miss potential hits). Rather, there is a feeling that recent technological advances and solution developments mean that both efficiency and efficacy can be achieved simultaneously to a high standard.

Banks, notably in the Tier 1 bracket, reported significant performance gaps in areas where firms continue to rely heavily on manual processes and decision-making. This is driving a push toward the automation and streamlining of processes using third-party technology.

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Growing use of advanced technology

The use of such advanced technology as AI, machine learning (ML), natural language processing (NLP) and robotic process automation (RPA) has increased significantly in recent years. This has been driven by banks' willingness to embrace these technologies, FinTechs' tech-heavy approach and the embedding of more advanced technology into vendors' solutions.

Although there are relatively few applications that involve heavy use of AI and ML in compliance compared with other areas of financial crime (such as credit card fraud), there are nevertheless some very effective uses of more advanced tools in tackling AML. Chartis believes that we are reaching a tipping point in terms of broader acceptance of this type of technology. This is happening on both the supply side, where vendors are offering practical AI- and ML-based solutions, and in banks, where much of the pushback based on early – and flawed – AI offerings has been superseded by more cautious but effective recent trials.

Supply-side takeaways

Established vendors have seen competition from new market entrants, as well as from other established firms. This has led to something of a regeneration of the watchlist management and monitoring market, with many vendors investing significantly in strengthening their capabilities and presence. Vendors have focused on four notable areas:

- **A move toward 'global' solutions**. Vendors that were focused on specific regions have expanded their expertise, footprint and solutions to cover a broader base of customers. While few still have a truly global footprint, there are now many more options for clients, wherever they are based.
- **A growth in mid-tier banking solutions**. While traditionally the mid-tier banking space has been served by a relatively small number of vendors, there are now many more options for mid-tier banks. Even vendors that have focused on top-tier clients that process vast volumes of transactions and data have built solutions packaged for medium-sized banks. Almost all vendors are looking outside the banking sector and increasingly building solutions – and winning clients – in other areas, such as trade finance, gambling and cryptocurrencies.
- **Strengthening end-to-end capability**. Increasingly, mid-tier and non-banking clients are demanding a one-stop shop that provides functionality and transparency for the purposes of internal audit. As a result, vendors are filling gaps in their portfolios in order to be better able to provide everything under one broad offering. To this end, several vendors are acquiring or partnering with providers of orchestration platforms (or building their own) to offer solutions in a convenient format.
- **More product R&D**. Vendors and their clients have realized that enriching a reliable engine or solution with advanced technology can incrementally improve the performance of that solution and its results. Vendors across the landscape have invested significant time and resources into strengthening their solutions with technology – in particular, AI/ML, analytics and reporting.

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2. Quadrant context

Introducing the Chartis RiskTech Quadrant®

This section of the report contains:

- Chartis RiskTech Quadrants® for watchlist monitoring, name screening, transaction screening and transaction monitoring solutions, 2022.
- An examination of the featured vendor's positioning and its scores as part of Chartis' analysis.
- A consideration of how the quadrant reflects the broader vendor landscape.

Summary information

What does the Chartis quadrant show?

The RiskTech Quadrant® uses a comprehensive methodology that involves in-depth independent research and a clear scoring system to explain which technology solutions meet an organization's needs. The RiskTech Quadrant® does not simply describe one technology option as the best watchlist screening and monitoring solution; rather, it has a sophisticated ranking methodology to explain which solutions are best for specific buyers, depending on their implementation strategies.

The RiskTech Quadrant® is a proprietary methodology developed specifically for the risk technology marketplace. It assesses vendors' product, technology and organizational capabilities. Section 4 of this report sets out the generic methodology and criteria used for the RiskTech Quadrant®.

How are quadrants used by technology buyers?

Chartis' RiskTech® and FinTech™ quadrants provide a view of the vendor landscape in a specific area of risk, financial and/or regulatory technology. We monitor the market to identify the strengths and weaknesses of different solutions and track the post-sales performance of companies selling and implementing these systems. Users and buyers can consult the quadrants as part of their wider research when considering the most appropriate solution for their needs.

Note, however, that Chartis does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Chartis' publications consist of the opinions of its research analysts and should not be construed as statements of fact.

How are quadrants used by technology vendors?

Technology vendors can use Chartis' quadrants to achieve several goals:

- Gain an independent analysis and view of the provider landscape in a specific area of risk, financial and/or regulatory technology.
- Assess their capabilities and market positioning against their competitors and other players in the space.
- Enhance their positioning with actual and potential clients and develop their go-to-market strategies.

In addition, Chartis' Vendor Analysis reports, like this one, offer insight into specific vendors and their capabilities, with further analysis of their quadrant positioning and scoring.

Chartis Research RiskTech Quadrant® for watchlist screening and monitoring solutions, 2022

Figure 1 illustrates Chartis' view of the watchlist screening and monitoring vendor landscape, highlighting LexisNexis® Risk Solutions.

Quadrant dynamics

General quadrant takeaways

The most significant takeaway from the 2022 quadrant is the strength of the overall field of vendors. While established vendors have considerably enhanced their offerings, those in the relatively early stages of growth are continuing to find new solutions to the industry's challenges.

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Figure 1: RiskTech Quadrant® for watchlist screening and monitoring solutions, 2022

Source: Chartis Research

The diversity of requirements among end users in the marketplace is enabling vendors to find natural clusters of customers. Vendors split largely into two main categories:

- Those that specialize in solutions for high-volume/high-complexity screening and monitoring. These vendors usually target Tier 1 banks and large non-bank financial institutions.
- Those that target mid-sized firms with a variety of end-to-end products that aim to ease the implementation of an all-in-one solution.

Vendor positioning in context – completeness of offering

As one of the long-established vendors in this space, LexisNexis® Risk Solutions has been through many iterations and changes. Most recent among these was its merger with Accuity, which has created a strong combined entity providing solutions that serve a broad range of market needs.

In our watchlist screening and monitoring research, we took a detailed look at firms' varying needs across the market, and segmented these into the following three broad categories:

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- Very large or complex organizations looking for best-in-class solutions, and with a focus on processing high volumes and managing high complexity.
- Mid-tier global organizations requiring multiple solutions that can be scaled up and easily tuned to account for changing requirements.
- Small regional banks, 'neo banks', financial institutions and non-financial organizations requiring out-of-the-box, flexible solutions that can integrate easily into existing systems or workflows.

In this context, in terms of completeness of offering, LexisNexis® Risk Solutions has several strong capabilities, notably in the core WLM areas of name/account screening and transaction screening. The company has differentiated itself from other vendors in the market by offering solutions designed for specific market segments and use cases. At one end of the offerings scale are the vendor's account and transaction screening solutions: Firco Insight and Firco Continuity, respectively.

These best-of-breed solutions offer high performance in handling vast volumes of records and transactions, and can be customized for complex use cases. Tier 1 banks in particular have expressed a preference for these capabilities, as highlighted by interviews (with senior executives at banks and financial institutions) conducted by Chartis during its research. Our assessment is that LexisNexis Risk Solutions has significantly enhanced its already established Tier 1 solutions, and has a strong enhancement roadmap firmly in place.

The research also examined two other rapidly growing end-user clusters: small and medium-sized banks and non-banking/financial organizations. LexisNexis Risk Solutions has several neatly packaged offerings that fit the needs of these market segments in the areas of name, transaction and trade compliance screening. The company is only one of a few vendors that can combine the software elements of watchlist management with proprietary watchlist data, a feat it accomplishes with its Global WatchList and WorldCompliance watchlist products. These solutions can help to streamline the way that systems are deployed, and help to reduce false positive rates significantly, especially in the emerging market segments identified by Chartis.

By merging the legacy LexisNexis Risk Solutions and Accuity businesses, the combined entity has been able to offer a broader range of solutions to its clients under one umbrella. Moreover, the company's acquisition of TruNarrative in 2021 has been an important move for LexisNexis Risk Solutions. It has enabled the firm to add transaction monitoring capability and an orchestration platform that allows many of its products, both from within the WLM sphere and beyond, to be ingested and combined efficiently and effectively. This chimes with Chartis' observation of a significant move toward orchestration platforms in 2022.

Table 1: Completeness of offering – LexisNexis Risk Solutions (watchlist screening and monitoring solutions, 2022)

Completeness of offering criterion	Coverage
Data methodology	High
Speed and real-time capabilities	High
Packaging	High
Solution deployment	High
Reporting and audit trail	High

Source: Chartis Research

Table 1 shows Chartis' rankings for the vendor's coverage against each of the completeness of offering criteria.

In terms of solution methodology, Chartis believes that LexisNexis Risk Solutions showcases a number of highly effective techniques, including the use of advanced filtering technology. One notable example is the Firco Insight solution and its approach to risk assessment in the reduction of false positives. The vendor is one of only a few firms with a demonstrable ability to screen extremely high volumes of names and transactions.

Beyond the Tier 1 segment, LexisNexis Risk Solutions offers a range of solutions for mid-market institutions, packaging data and software together – a factor that contributed to Chartis' strong rating for 'Packaging'. The company also provides several solution deployment options, from on-premise to cloud and software as a service (SaaS), a vital approach when serving a broad customer base. The company also offers professional services support for its solutions at the integration and maintenance stages, which many Tier 1 banks still prefer over self-serve options.

Since Chartis last reviewed the market in 2019, LexisNexis Risk Solutions has made significant

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progress in reporting and analytics, integrating new options that provide greater auditability and more analytics beyond core reporting. Again, this is in line with wider trends that Chartis is seeing in compliance and financial crime sectors and capabilities.

Vendor positioning in context – market potential

Chartis' market potential rating for LexisNexis® Risk Solutions is very high in the 2022 iteration of our research, thanks to the company's strong showing across all key criteria. While the vendor is a relative newcomer to transaction monitoring, this functionality is nevertheless a strong fit with its broader portfolio of solutions, offering considerable opportunities in this space.

Strong customer satisfaction is also a factor for LexisNexis Risk Solutions, bolstered by success in several case studies and robust examples of addressing client challenges. With customers across multiple geographies, enterprise sizes and industry verticals, the vendor has one of the largest customer footprints in the market. Chartis' recognition of the level of product and market development needed to maintain and grow such a large presence and boost market opportunities is reflected in our ratings for customer satisfaction and market presence.

LexisNexis Risk Solutions has a solid roadmap built on strong recent growth, successful integrations of its acquisitions and investment in R&D. Two key factors contribute to the company's strong placement in the 2022 quadrant: the orchestration and transaction monitoring capabilities that the TruNarrative acquisition brings, and the possibilities arising from an amalgamation of the company's various complementary solutions.

Table 2 shows Chartis' rankings for the vendor's coverage against each of the market potential criteria.

Chartis Research RiskTech Quadrant® for name screening solutions, 2022

Figure 2 illustrates Chartis' view of the name screening vendor landscape, highlighting LexisNexis Risk Solutions.

Table 2: Market potential – LexisNexis Risk Solutions (watchlist screening and monitoring solutions, 2022)

Market potential criterion	Coverage
Customer satisfaction and success	High
Market penetration	High
Growth strategy	High
Financials	High

Source: Chartis Research

Quadrant dynamics

Vendor positioning in context – completeness of offering

Chartis ranked LexisNexis Risk Solutions as a category leader in name (account) screening, due to the vendor's comprehensive solutions across the key markets we examined. Its Firco Insight solution showcases strong innovation in addressing the challenges faced by top-tier institutions in handling vast volumes and complexity at speed. Reporting and auditability are other factors that had a strong impact on our scoring.

In addition to its products and services for Tier 1 banks and other large organizations, LexisNexis Risk Solutions has other offerings – including its Bridger and Firco Compliance Link products – that are a strong fit for mid- and small-tier banks, as well as firms outside banking that have suitable packaging and deployment options.

Table 3 shows Chartis' rankings for the vendor's coverage against each of the completeness of offering criteria.

Table 3: Completeness of offering – LexisNexis Risk Solutions (name screening solutions, 2022)

Completeness of offering criterion	Coverage
Data methodology	High
Speed and real-time capabilities	High
Packaging	High
Solution deployment	High
Reporting and audit trail	High

Source: Chartis Research

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Figure 2: RiskTech Quadrant® for name screening solutions, 2022

Source: Chartis Research

Vendor positioning in context – market potential

Our strong market potential ranking for LexisNexis® Risk Solutions in this category was based on a combination of the company's ability to leverage its existing position in the market and the opportunities generated by its product roadmap. The addition of the TruNarrative solution opens the vendor up to broader, fast-growing markets, which will help to further enhance its competitive advantage.

Table 4 shows Chartis' rankings for the vendor's coverage against each of the market potential criteria.

Table 4: Market potential – LexisNexis Risk Solutions (name screening solutions, 2022)

Market potential criterion	Coverage
Customer satisfaction and success	High
Market penetration	High
Growth strategy	High
Financials	High

Source: Chartis Research

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Figure 3: RiskTech Quadrant® for transaction screening solutions, 2022

Source: Chartis Research

Chartis Research RiskTech Quadrant® for transaction screening solutions, 2022

Figure 3 illustrates Chartis' view of the transaction screening vendor landscape, highlighting LexisNexis® Risk Solutions.

Quadrant dynamics

Vendor positioning in context – completeness of offering

Much of the rationale behind the strong ranking for LexisNexis Risk Solutions in name screening is also relevant for the vendor's transaction screening portfolio. The company has a strong focus on transaction screening with its Firco Continuity solution, which is designed for handling vast volumes at speed. As with the company's name screening offering, mid- and lower-tier organizations are well-served in this area with a portfolio of solutions.

Table 5 shows Chartis' rankings for the vendor's coverage against each of the completeness of offering criteria.

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Vendor positioning in context – market potential

LexisNexis® Risk Solutions has a heritage in transaction screening, and maintains a strong focus on this area, both of which were key factors in our assessment of its potential success in this market. The company's innovation roadmap across its portfolio is very robust and, in our view, focuses on addressing issues that remain challenges in the industry.

Table 6 shows Chartis' rankings for the vendor's coverage against each of the market potential criteria.

Chartis Research RiskTech Quadrant® for transaction monitoring solutions, 2022

Figure 4 illustrates Chartis' view of the transaction monitoring vendor landscape, highlighting LexisNexis Risk Solutions.

Quadrant dynamics

Vendor positioning in context – completeness of offering

Although LexisNexis Risk Solutions is a relative newcomer to transaction monitoring, we regard it as a category leader in this area, with a flexible offering that is a strong fit for a growing mass market.

Table 7 shows Chartis' rankings for the vendor's coverage against each of the completeness of offering criteria.

Table 5: Completeness of offering – LexisNexis Risk Solutions (transaction screening solutions, 2022)

Completeness of offering criterion	Coverage
Data methodology	High
Speed and real-time capabilities	High
Packaging	High
Solution deployment	High
Reporting and audit trail	High

Source: Chartis Research

Table 6: Market potential – LexisNexis Risk Solutions (transaction screening solutions, 2022)

Market potential criterion	Coverage
Customer satisfaction and success	High
Market penetration	High
Growth strategy	High
Financials	High

Source: Chartis Research

Table 7: Completeness of offering – LexisNexis Risk Solutions (transaction monitoring solutions, 2022)

Completeness of offering criterion	Coverage
Data methodology	High
Speed and real-time capabilities	Medium
Packaging	High
Solution deployment	High
Reporting and audit trail	Medium

Source: Chartis Research

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Figure 4: RiskTech Quadrant® for transaction monitoring solutions, 2022

Source: Chartis Research

Vendor positioning in context – market potential

In our research, we identified strong market potential for LexisNexis Risk Solutions in the transaction monitoring area, due to the solution's fit with the company's broader portfolio, underpinned by its orchestration platform.

Table 8 shows Chartis' rankings for the vendor's coverage against each of the market potential criteria.

Table 8: Market potential – LexisNexis Risk Solutions (transaction monitoring solutions, 2022)

Market potential criterion	Coverage
Customer satisfaction and success	Medium
Market penetration	High
Growth strategy	High
Financials	Medium

Source: Chartis Research

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3. Vendor context

Overview of relevant solutions/ capabilities

As one of the largest risk data aggregators in the US, LexisNexis® Risk Solutions provides customers with data, solutions and tools that combine public and industry-specific content with advanced technology and analytics. These solutions are designed to help users evaluate and predict risk and enhance operational efficiency.

LexisNexis Risk Solutions has customers across a wide range of industries, including insurance, financial services, e-commerce, healthcare and government. Its extensive data assets and advanced analytics enable clients to manage such risks as identity theft, fraud and money laundering to prevent financial crime and insurance and government-benefit scams. The company also:

- Helps those without traditional credit histories obtain access to funds.
- Assists agencies in collecting revenue.
- Enhances research to improve business outcomes for healthcare companies.
- Works with law enforcement to help solve crimes.

The company's watchlist monitoring solutions are seamless, near-real-time screening tools that handle large volumes of transactions. The solutions combine fast processing with advanced filtering, to screen customers and third parties while managing alerts and compliance screening processes on a single platform. This helps firms to reduce costs and improve operational consistency. The solutions also leverage shared global intelligence on digital identity and location to identify sanctions evasion via digital channels – a key differentiator for the firm.

Table 9 provides a summary of the vendor and its solutions.

Table 9: LexisNexis® Risk Solutions – company information

Company	LexisNexis Risk Solutions
Headquarters	1000 Alderman Dr, Alpharetta, GA 30005
Other offices	UK, Singapore, Australia, Brazil
Description	LexisNexis Risk Solutions leverages data and advanced analytics to provide insights to help businesses and government entities reduce risk and improve their decision-making. The company provides data and technology solutions for a wide range of industries, including insurance, financial services, e-commerce, healthcare and government. LexisNexis Risk Solutions is part of RELX (LSE: REL/ NYSE: RELX), a global provider of information and analytics for professional and business customers.
Solution	LexisNexis Risk Solutions' watchlist monitoring offerings are seamless, near-real-time screening solutions that handle large volumes of transactions. The solutions combine fast processing with advanced filtering, screening customers and third parties while managing alerts and compliance screening processes on a single platform. This helps firms reduce costs and improve their operational consistency. The solutions also leverage shared global intelligence on digital identity and location to help firms identify sanctions evasion via digital channels. The company's target markets are financial services, capital markets, non-banking financial institutions (NBFIs), manufacturing, logistics, freight, shipping, energy, telecom, media, utilities, travel, hospitality, gaming and other market data-driven organizations.

Source: LexisNexis Risk Solutions

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LexisNexis® Risk Solutions delivers configurable, end-to-end watchlist screening solutions that enable businesses to complete initial screening and conduct ongoing monitoring across the customer relationship. By connecting businesses to current and continuously updated watchlist and sanctions intelligence, and to innovative screening technology, the company helps businesses:

- Streamline the screening of customers and financial transactions.
- Adhere to global regulatory requirements.
- Balance customer acquisition and management with compliance mandates.
- Minimize the operations impacts of false positives and alerts.
- Raise the effectiveness of critical customer management and compliance workflows.

LexisNexis Risk Solutions' watchlist screening solutions combine extensive coverage of more than 1,500 watchlists, industry-proven screening technology and advanced analytics to facilitate faster initial watchlist screening and automate ongoing monitoring. The company provides a single source for robust watchlist data and refined screening technology that can be configured to specific risk tolerances and easily scaled as business requirements evolve. Its solutions effectively expedite screening workflows at each point of the customer lifecycle. By providing end-to-end watchlist screening, the company supports businesses from customer information management and data hygiene through to initial screening, ongoing monitoring, customer due diligence and investigations, and regulatory review and audit requirements.

The company's offerings can help businesses to increase the efficiency of watchlist and sanctions screening and simplify ongoing monitoring. This is achieved with tailored data segments that deliver authoritative intelligence to fit specific risk-based strategies, including:

- **State-owned enterprises**. A proprietary list of government-owned and government-linked corporations and businesses, as well as senior employees of those entities.
- **Politically exposed persons**. An extensive database of politically exposed persons (PEPs) and their family members and associates.
- **Adverse media**. An extensive database of profiles that have been linked to illicit activities from more than 30,000 news feeds worldwide.
- **Sanctions lists**. Information from the most important sanctions lists worldwide, including the Office of Foreign Assets Control (OFAC), the EU, the UN and Her Majesty's Treasury (HMT). The company's OFAC sanctions lists cover entities with ownership of 10% or more.
- **Entities associated with sanctions**. Family members and associates of sanctioned entities, branches and operational units of sanctioned banks, and entities owned or controlled by subjects sanctioned by OFAC, the EU or HMT.
- **Enforcement actions**. Information from more than 1,600 enforcement sources worldwide, such as the Food and Drug Administration (FDA), Department of Health & Human Services (HHS), Securities and Exchange Commission (SEC) and Federal Bureau of Investigation (FBI) in the US and the Financial Conduct Authority (FCA) in the UK.
- **Registration data**. Concentrated coverage of registration lists focused on specific risk and compliance issues built from various government sources.

LexisNexis Risk Solutions blends leading technologies with human intelligence to deliver robust, yet structured, global risk intelligence in a concise, curated format that can be used to automate decisioning and accelerate critical screening workflows. The company's extensive coverage of global risk intelligence is updated continually by a team of more than 400 researchers to reflect the most recent trends and dynamics in global risk.

Vendor leading practices

Extensive consumer and business data

The vendor maintains more than 12 petabytes of content that comprises billions of public and proprietary records (see Figure 5).

LexisNexis Risk Solutions is one of the leading risk data aggregators in the US, and is well-positioned to meet organizations' end-to-end needs. It has an extensive collection of digital identity, physical identity, contributory intelligence, behavioral intelligence, screening data, public records, criminal records, due diligence data and consortium intelligence to enable this.

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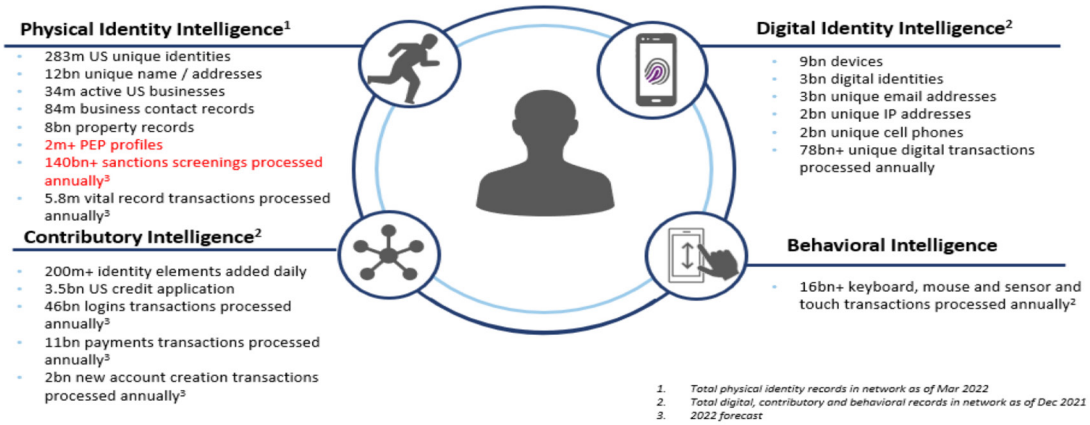
Figure 5: Data resources



Source: LexisNexis Risk Solutions

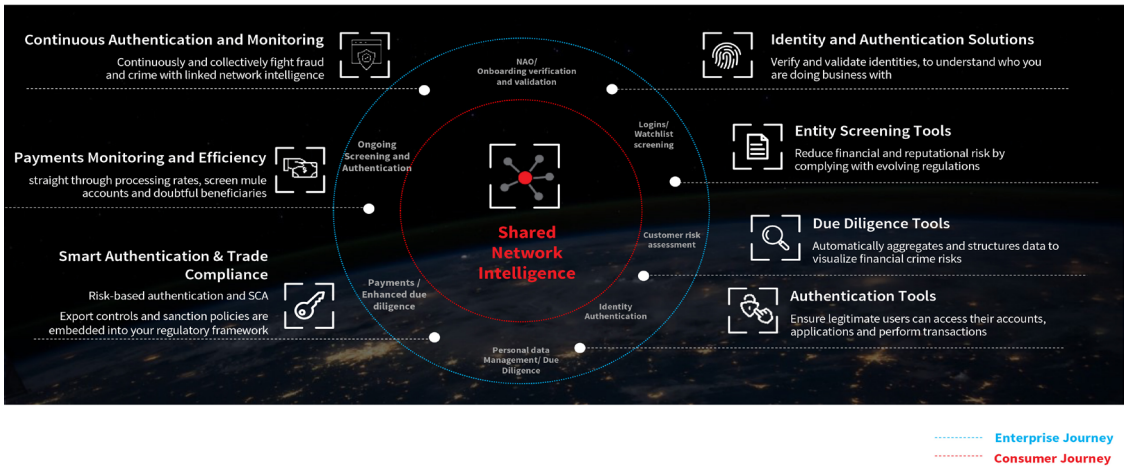
The company leverages its leading Big Data computing platform with extensive data assets, proprietary advanced linking technology and a sophisticated analytics platform, to enable businesses of all sizes to turn their data into actionable insights, achieve results more quickly and make better decisions (see Figure 6).

LexID® and LexID® Digital

LexisNexis Risk Solutions' proprietary linking technologies, LexID® and LexID® Digital (see Figures 7 and 8), bring together the company's extensive data assets, helping to improve the accuracy of customer data management and provide operational efficiencies within risk processes across the entire customer lifecycle. Key features include:

- **Extensive data**. Its patented Scalable Automated Linking Technology (SALT) enables LexisNexis Risk Solutions to resolve billions of records into millions of entities, leveraging its data with a high degree of precision and recall.
- **Big Data technology**. The company has a leading open-source Big Data technology platform for data management.
- **Advanced proprietary linking**. Substantial volumes of data and complex problems can be processed quickly, with 99+% precision for consumer linking and 98+% for businesses.

Figure 6: Enterprise solutions



Source: LexisNexis Risk Solutions

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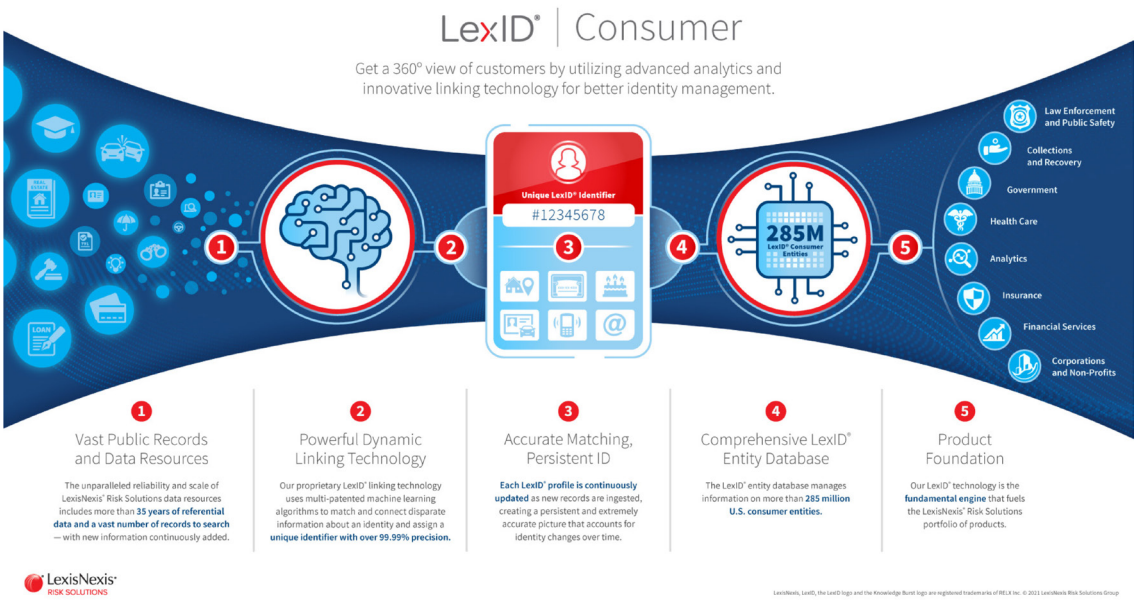
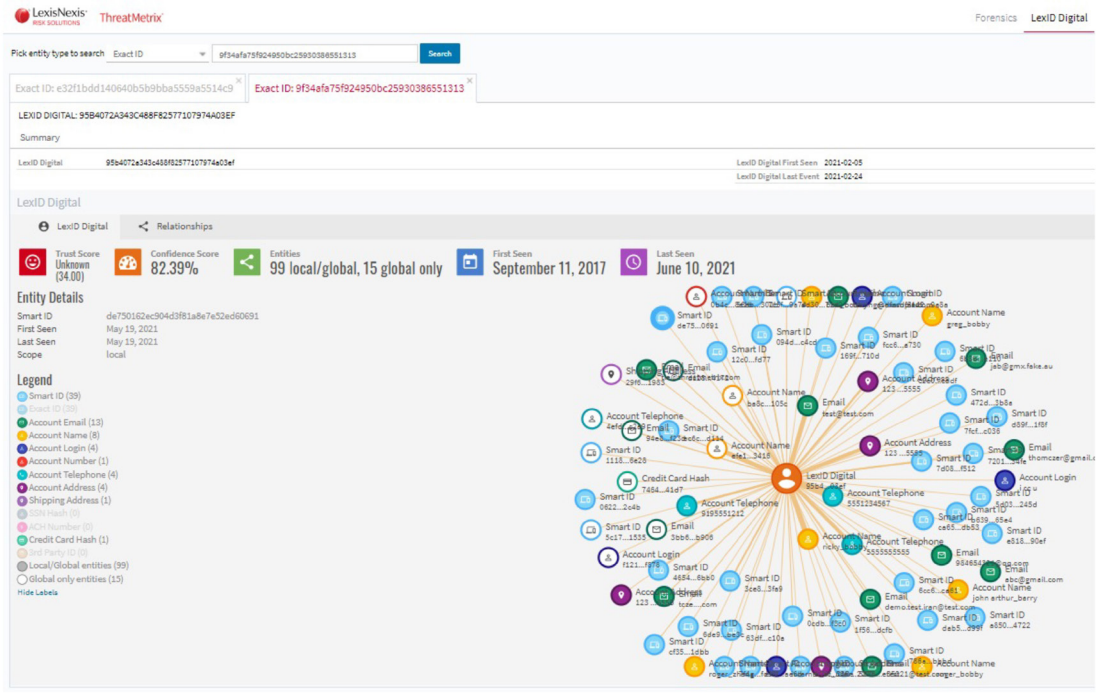
Figure 7: LexID



Source: LexisNexis Risk Solutions

Figure 8: LexID Digital



Source: LexisNexis Risk Solutions

LexisNexis® Firco™ Continuity

Firco™ Continuity is a seamless, near-real-time screening solution that allows clients to handle large volumes of transactions while helping to reduce delays and eliminate regulatory actions.

Firco™ Continuity has seamless access to WorldCompliance™ Data, which includes match-verification results that leverage the following segments: global sanctions and enforcements, global state-owned enterprise lists and registrations.

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LexisNexis® Firco™ Insight

Firco™ Insight is a tool to enable firms to screen customers and third parties while efficiently managing alerts. It combines fast processing with advanced filtering using LexisNexis Risk Solutions' proprietary risk scoring technology. Firco™ Insight has seamless access to WorldCompliance™ Data Plus, which includes match-verification results that leverage the following segments: global sanctions and enforcements, global PEP lists, global adverse media Lists, global state-owned enterprise lists and registrations.

LexisNexis RiskNarrative™ financial platform and LexisNexis Compliance Lens

This solution consists of two components: a data component and a technology component. The data component consists of the WorldCompliance™ Data Plus file of human-curated risk profiles, while the technology component consists of the RiskNarrative™ financial crime platform. RiskNarrative™ includes the Compliance Lens screening module, which will allow clients to submit records for matching either via batch or application programming interface (API). It will then deliver those results, again via batch or API, to the financial crime risk management (FCRM) system to be worked as alerts. Optionally, LexisNexis Risk Solutions' state-level criminal records data can be included in this process, in order to expand the screening coverage of negative information.

LexisNexis Financial Crime Digital Intelligence

The LexisNexis Financial Crime Digital Intelligence module on LexisNexis ThreatMetrix® leverages the ThreatMetrix® shared global digital identity and location intelligence for digital financial crime compliance. Financial Crime Digital Intelligence enables organizations to identify true sanctions risk in near-real time, using custom-designed policies and automated workflows that match their risk appetite. While the capabilities of Financial Crime Digital Intelligence will be expanded over time to address many financial crime use cases, the initial focus is on solving for digital sanctions evasion, one of the biggest outstanding problems faced by the market.

LexisNexis Bridger Insight® XG

Bridger Insight® XG helps organizations conduct due diligence and comply with government regulations, including those related to the Bank Secrecy Act, anti-money laundering (AML), foreign corruption and terrorist financing. The solution delivers a combination of filtering software and global screening data coverage. It allows users to access global sanctions and enforcements lists, extensive PEP coverage and profiled adverse media information from LexisNexis® WorldCompliance™ Data. A single, integration-ready platform provides flexibility through a simplified workflow, which helps meet the needs of operations teams of all sizes.

LexisNexis WorldCompliance™ Data Plus

LexisNexis WorldCompliance™ Data Plus helps companies navigate shifting sanctions, compliance and anti-bribery obligations by fortifying screening with a comprehensive and current database of sanctions, enforcements, PEP and negative news content. WorldCompliance™ Data Plus helps organizations screen customers and third parties quickly and efficiently. A customizable, modular solution offering flexible delivery options, WorldCompliance™ Data Plus contains more than 50 risk categories and subcategories.

LexisNexis Firco™ Compliance Link

LexisNexis Firco™ Compliance Link is an integrated financial crime screening solution that assesses sanctions and money laundering risk within customer accounts, financial transactions and shipments of goods.

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Figure 9: LexisNexis Risk Solutions Screening Solutions Portfolio

		Screening Type			Volume		Delivery Methods			Hosting Options			Brief Description
		Entity	Payment	Other	High	Mid-Low	User Interface	Batch	API/Web Services	On-Prem	LexisNexis Risk Solutions Hosted Shared Service	Cloud	
TECHNOLOGY	LexisNexis® Firco™ Continuity		●		●		●	●	●	●		●	Real-time payments screening solution that handles large volumes of transactions without slowing down CX or risking regulatory action.
	LexisNexis® Firco™ Insight	●			●		●	●	●			● LexisNexis Risk Solutions Hosted	Powerful tool for screening customers and third parties while efficiently managing alerts. Combines fast processing with advanced filtering using our proprietary risk scoring technology.
	LexisNexis® Firco™ Compliance Link	●	●	● Trade & Dual Use Goods	●	●	●	●	●	●	●		Everything you need to automate your online compliance screening process on a single, comprehensive platform. Trade & dual use goods capabilities.
	LexisNexis® Bridger Insight® XG	●	●		●	●	●	●	●	●	●	●	Integrated compliance platform that enables organizations to consolidate compliance processes, standardize controls & drive enterprise-wide operational consistency
	LexisNexis® Compliance Lens	●	●			●	●	●	●			● LexisNexis Risk Solutions Hosted	Available on LexisNexis® RiskNarrative™. Combines LexisNexis Risk Solutions filtering engines with world class financial crime & watchlist data to drive down costs and increase efficiency.
	LexisNexis® Financial Crime Digital Intelligence	●			●	●			●		● LexisNexis Risk Solutions Hosted		The Sanctions List Match feature is available via LexisNexis® ThreatMetrix®. Automate a real-time call to check for a match to a sanctions watchlist.
DATA	LexisNexis® WorldCompliance™ Data Plus	●	●	●	●	●	1) Full file; 2) Via connector to LexisNexis Risk Solutions screening solutions; 3) Via other available screening connectors			N/A	N/A	N/A	Industry-recognized, robust compliance data & sanctions expertise that helps efficiently screen transactions and mitigate costly risk.
	LexisNexis® Firco™ Global WatchList®	●	●	● Vessel & Dual Use Goods	●	●	1) Full file; 2) Via connector to LexisNexis Risk Solutions screening solutions; 3) Via other available screening connectors			N/A	N/A	N/A	A comprehensive collection of caution lists from all major sanctioning bodies, law enforcement agencies and financial regulators worldwide. Includes vessel, controlled goods & dual-use goods data.

Source: LexisNexis Risk Solutions

LexisNexis Firco™ Global Watchlist®

LexisNexis Firco™ Global WatchList® is an extensive collection of watchlists from sanctioning bodies, law enforcement agencies and financial regulators around the globe. Clients also have the option of requesting tailored watchlist packages (see Figure 9).

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4. Methodology

Overview

Chartis is a research and advisory firm that provides technology and business advice to the global financial services industry. Chartis provides independent market intelligence regarding market dynamics, regulatory trends, technology trends, best practices, competitive landscapes, market sizes, expenditure priorities, and mergers and acquisitions. Chartis' RiskTech® and FinTech™ quadrant reports are written by experienced analysts with hands-on experience in selecting, developing and implementing financial technology solutions for a variety of international companies in a range of industries, including banking, insurance and capital markets. The findings and analyses in our quadrant reports reflect our analysts' considered opinions, along with research into market trends, participants, expenditure patterns and best practices.

Chartis seeks to include RiskTech and FinTech vendors that have a significant presence in a target market. The significance may be due to market penetration (e.g., a large client base) or innovative solutions. Chartis uses detailed vendor evaluation forms and briefing sessions to collect information about each vendor. If a vendor chooses not to respond to a Chartis request for information, Chartis may still include the vendor in the report. Should this happen, Chartis will base its opinion on direct data collated from technology buyers and users, and from publicly available sources.

Chartis' research clients include leading financial services firms and Fortune 500 companies, leading consulting firms and financial technology vendors.

The vendors evaluated in our quadrant reports can be Chartis clients or firms with whom Chartis has no relationship.

Chartis evaluates all vendors using consistent and objective criteria, regardless of whether they are Chartis clients. Chartis does not give preference to its own clients and does not request compensation for inclusion in a quadrant report, nor can vendors influence Chartis' opinion.

Briefing process

We conducted face-to-face and/or web-based briefings with each vendor.[1] During these sessions, Chartis experts asked in-depth, challenging questions to establish the real strengths and weaknesses of each vendor. Vendors provided Chartis with:

- A business update – an overview of solution sales and client satisfaction.
- A product update – an overview of relevant solutions and R&D roadmaps.
- A product demonstration – key differentiators of their solutions relative to those of their competitors.

In addition to briefings, Chartis used other third-party sources of data, such as conferences, academic and regulatory studies, and publicly available information.

Table 10: Evaluation criteria for Chartis' WLM solutions, 2022 report

Completeness of offering	Market potential
• Data methodology	• Customer satisfaction and success
• Speed and real-time capabilities	• Market presence
• Packaging	• Growth strategy
• Solution deployment	• Financials
• Reporting and audit trail	

Source: Chartis Research

[1] *Note that vendors do not always respond to requests for briefings; they may also choose not to participate in the briefings for a particular report.*

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Evaluation criteria

We develop specific evaluation criteria for each piece of quadrant research from a broad range of overarching criteria, outlined below. By using domain-specific criteria relevant to each individual risk, we can ensure transparency in our methodology and allow readers to fully appreciate the rationale for our analysis. The specific criteria used for WLM solutions are shown in Table 2.

Completeness of offering

- **Depth of functionality**. The level of sophistication and number of detailed features in the software product (e.g., advanced risk models, detailed and flexible workflow, domain-specific content). Aspects assessed include innovative functionality, practical relevance of features, user-friendliness, flexibility and embedded intellectual property. High scores are given to firms that achieve an appropriate balance between sophistication and user-friendliness. In addition, functionality linking risk to performance is given a positive score.

- **Breadth of functionality**. The spectrum of requirements covered as part of an enterprise risk management system. This varies for each subject area, but special attention is given to functionality covering regulatory requirements, multiple risk classes, multiple asset classes, multiple business lines and multiple user types (e.g., risk analyst, business manager, CRO, CFO, compliance officer). Functionality within risk management systems and integration between front-office (customer-facing) and middle/back office (compliance, supervisory and governance) risk management systems are also considered.

- **Data management and technology infrastructure**. The ability of risk management systems to interact with other systems and handle large volumes of data is considered very important. Data quality is often cited as a critical success factor and ease of data access, data integration, data storage and data movement capabilities are all important factors. Particular attention is given to the use of modern data management technologies, architectures and delivery methods relevant to risk management (e.g., in-memory databases, complex event processing, component-based architectures, cloud technology and Software as a Service). Performance, scalability, security and data governance are also important factors.

- **Risk analytics**. The computational power of the core system, the ability to analyze large amounts of complex data in a timely manner (where relevant in real time) and the ability to improve analytical performance are all important factors. Particular attention is given to the difference between 'risk' analytics and standard 'business' analytics. Risk analysis requires such capabilities as non-linear calculations, predictive modeling, simulations, scenario analysis, etc.

- **Reporting and presentation layer**. The ability to present information in a timely manner, the quality and flexibility of reporting tools, and their ease of use, are important for all risk management systems. Particular attention is given to the ability to do ad hoc, 'on-the-fly' queries (e.g., 'what-if' analysis), as well as the range of 'out-of-the-box' risk reports and dashboards.

Market potential

- **Business model**. Includes implementation and support and innovation (product, business model and organizational). Important factors include size and quality of implementation team, approach to software implementation and post-sales support and training. Particular attention is given to 'rapid' implementation methodologies and 'packaged' services offerings. Also evaluated are new ideas, functionality and technologies to solve specific risk management problems. Speed to market, positioning and translation into incremental revenues are also important success factors in launching new products.

- **Market penetration**. Volume (i.e., number of customers) and value (i.e., average deal size) are considered important. Rates of growth relative to sector growth rates are also evaluated. Also covers brand awareness, reputation and the ability to leverage current market position to expand horizontally (with new offerings) or vertically (into new sectors).

- **Financials**. Revenue growth, profitability, sustainability and financial backing (e.g., the ratio of license to consulting revenues) are considered key to the scalability of the business model for risk technology vendors.

- **Customer satisfaction**. Feedback from customers is evaluated, regarding after-sales support and service (e.g., training and ease of implementation), value for money (e.g., price to functionality ratio) and product updates (e.g., speed and process for keeping up to date with regulatory changes).

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- **Growth strategy**. Recent performance is evaluated, including financial performance, new product releases, quantity and quality of contract wins and market expansion moves. Also considered are the size and quality of the sales force, sales distribution channels, global presence, focus on risk management, messaging and positioning. Finally, business insight and understanding, new thinking, formulation and execution of best practices, and intellectual rigor are considered important.

Quadrant construction process

Chartis constructs its quadrants after assigning scores to vendors for each component of the completeness of offering and market potential criteria. By aggregating these values, we produce total scores for each vendor on both axes, which are used to place the vendor on the quadrant.

Definition of quadrant boxes

Chartis' quadrant reports do not simply describe one technology option as the best solution in a particular area. Our ranking methodology is designed to highlight which solutions are best for specific buyers, depending on the technology they need and the implementation strategy they plan to adopt. Vendors that appear in each quadrant have characteristics and strengths that make them especially suited to that particular category, and by extension to particular users' needs.

Point solutions

- Point solutions providers focus on a small number of component technology capabilities, meeting a critical need in the risk technology market by solving specific risk management problems with domain-specific software applications and technologies.
- They are often strong engines for innovation, as their deep focus on a relatively narrow area generates thought leadership and intellectual capital.
- By growing their enterprise functionality and utilizing integrated data management, analytics and business intelligence capabilities, vendors in the point solutions category can expand their completeness of offering, market potential and market share.

Best-of-breed

- Best-of-breed providers have best-in-class point solutions and the ability to capture significant market share in their chosen markets.
- They are often distinguished by a growing client base, superior sales and marketing execution, and a clear strategy for sustainable, profitable growth. High performers also have a demonstrable track record of R&D investment, together with specific product or 'go-to-market' capabilities needed to deliver a competitive advantage.
- Because of their focused functionality, best-of-breed solutions will often be packaged together as part of a comprehensive enterprise risk technology architecture, co-existing with other solutions.

Enterprise solutions

- Enterprise solution providers typically offer risk management technology platforms, combining functionally rich risk applications with comprehensive data management, analytics and business intelligence.
- A key differentiator in this category is the openness and flexibility of the technology architecture and a 'toolkit' approach to risk analytics and reporting, which attracts larger clients.
- Enterprise solutions typically are supported with comprehensive infrastructure and service capabilities, and best-in-class technology delivery. They also combine risk management content, data and software to provide an integrated 'one stop shop' for buyers.

Category leaders

- Category leaders combine depth and breadth of functionality, technology and content with the required organizational characteristics to capture significant share in their market.
- They demonstrate a clear strategy for sustainable, profitable growth, matched with best-in-class solutions and the range and diversity of offerings, sector coverage and financial strength to absorb demand volatility in specific industry sectors or geographic regions.
- They typically benefit from strong brand awareness, a global reach and strong alliance strategies with leading consulting firms and systems integrators.

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5. How to use research and services from Chartis

In addition to our industry reports, Chartis offers customized information and consulting services. Our in-depth knowledge of the risk technology market and best practices allows us to provide high-quality and cost-effective advice to our clients. If you found this report informative and useful, you may be interested in the following services from Chartis.

Advisory services

Advisory services and tailored research provide a powerful way for Chartis clients to leverage our independent thinking to create and enhance their market positioning in critical areas.

Our offering is grounded in our market-leading research, which focuses on the industry and regulatory issues and drivers, critical risk technologies and leading market practices impacting our sector. We use our deep insight and expertise to provide our clients with targeted market and industry analysis, tailoring content to assess the impact and potential of relevant regulatory and business issues, and highlighting potential solutions and approaches.

Chartis' advisory services include:

Market dynamics

The markets that our clients – vendors, institutions and consultants – address are changing at an ever-increasing pace. Understanding the market dynamics is a critical component of success, and Chartis uses its deep industry and technical knowledge to provide customized analysis of the specific issues and concerns our clients are facing.

Market positioning

In today's highly competitive market, it is no longer enough simply to have a leading product or solution. Buyers must be able to appreciate the differentiating capabilities of your brand and solutions, and understand your ability to help them solve their issues.

Working with our clients, we generate compelling, independent co-branded research, targeting critical business issues. This helps our clients to position their solutions effectively, 'own' key issues and stand out from the crowd.

Collaborating closely with our clients, we develop pragmatic, resonant thought-leadership papers with immediate industry relevance and impact.

Our offerings include:

- **Co-branded research** on key market topics to provide a unique and compelling point of view that addresses a key industry driver and highlights the relevant issues. Reports can be tailored to varying levels of depth and can be powered by quantitative survey fieldwork, qualitative industry interviews, our deep domain expertise or a blend of all three.
- **Chairing roundtables and/or facilitating events and workshops** to support clients in hosting compelling events that put them at the heart of the discussion.
- **Targeted marketing through our sister brands**, leveraging the power of our parent group – Infopro Digital – to reach across leading brands such as Risk.net, WatersTechnology, FX Week and Central Banking.

Competitor analysis

Our unique focus on risk technology gives us unrivalled knowledge of the institutions and vendors in the sector, as well as those looking to enter it. Through our industry experts, Chartis clients can tap our insights to gain a much deeper understanding of their competitors and the strategies they should pursue to better position themselves for success.

Regulatory impact analysis

The analysis and assessment of regulatory change and implementation is one of Chartis' core strengths. We can apply our insights to assess the impact of change on the market – either as it applies to vendors and the institutions they serve, or on a client's specific product and customer base. We can also provide insights to guide product strategy and associated go-to-market activities, which we can execute for internal use to drive our clients' strategy or as a co-branded positioning paper to raise market awareness and 'buzz' around a particular issue.

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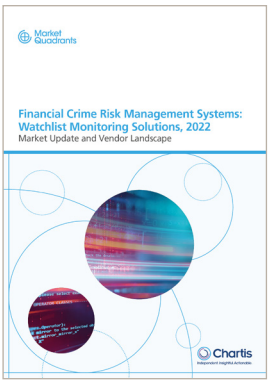
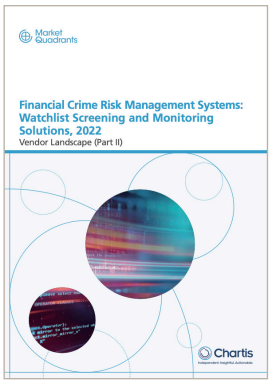
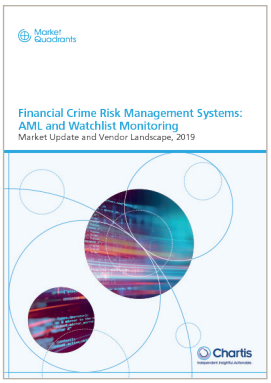
6. Further reading



Financial Crime Risk Management Systems: Watchlist Monitoring Solutions, 2022; Market Update and Vendor Landscape

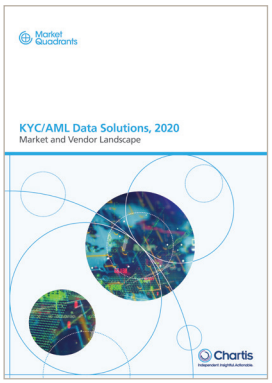


Financial Crime Risk Management Systems: Watchlist Screening and Monitoring Solutions, 2022; Vendor Landscape (Part II)



Financial Crime Risk Management Systems: AML and Watchlist Monitoring: Market Update and Vendor Landscape 2019

Communications Monitoring Solutions, 2022: Market and Vendor Landscape



KYC/AML Software Solutions, 2020: Market Update and Vendor Landscape

Big Bets 2022

For all these reports, see **www.chartis-research.com**

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