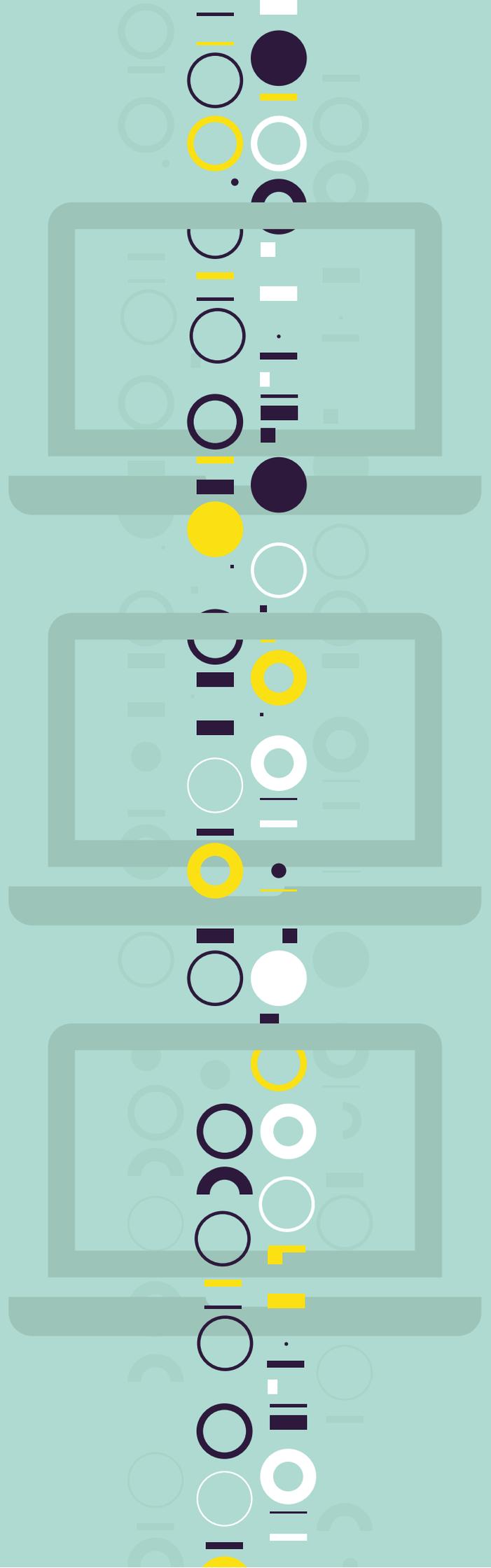# Build
or Buy?

There's always a temptation to build your own systems, but is it worth the risk to your business?
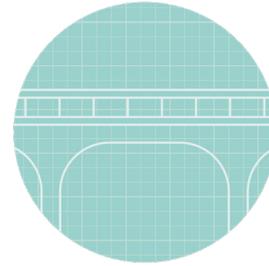
Comply
Advantage

Building Without Blueprints

Regardless of whether you run a bank, fintech, crypto or payments company you've got a legion of coders and developers who can build and do it well.

Your build team is good. Better than good, they're experts who are keeping a juggernaut together while: implementing new features if you're an incumbent bank, pioneers charting unexplored technological possibilities if you're a fintech or building an entirely new type of system for a blockchain company. At some companies, they're doing it all.

They can build a Transaction Monitoring system, they can build all the AML compliance software you need. Unfortunately, that doesn't mean it'll be good. Compliance isn't the tickbox exercise it's so often treated as. Adaptive responses are becoming the norm and clinging to a reactive approach is fast fading from acceptance by regulators, especially now FATF has recommended automated transaction monitoring.

Sophisticated rule functionality is required for a regulatory landscape that's constantly shifting and reacting to new technology. FATF's travel rule, 5AMLD and 6AMLD are just a few examples. But in our experience companies that have built internal systems to handle AML compliance look for alternatives sooner rather than later.

Rule functionality in internally built systems trend towards immediate company needs and focus on binary outcomes with little space for nuance.

> " Return on investment doesn't exist for an internal build when it comes to compliance. "

It's worth noting that building your own transaction monitoring system will drastically reduce go to market speed for start–ups and increase resource–debt internally for all companies. ComplyAdvantage can have a regulatory transaction monitoring system scoped, built and implemented for your needs in 15 weeks. Building that solution will take far longer in–house.

It can be a useful workaround in the short term but it's building your compliance system on a foundation of sand. When new needs come up the rudimentary system won't be able to handle it and the entire system can collapse.

Configuring your compliance system to regulatory change is integral to business functionality and building that out from nothing is a difficult job. Your development teams have other specialized, profit–making systems to work on, time spent on compliance means less time spent building new products for your customers. That's what they're best at. And that's where the crux of the issue lies.

This isn't scaremongering. We want to save you the time and money that this is going to cost your business. We've seen it first hand. Clients have opted to build only to see in-house compliance solutions descend into a time-sink and create technological resource debt in the company.

Your development teams are capable and brilliant. But they're not specialists in building regulatory compliance systems. They could do the research and figure out a starter kit for compliance, that's going to cost you build-time for other projects, money and it'll be unfit for purpose in less time than it takes to make.

Clients have disagreed with us on this point. And came back to sign contracts a few months later. While a rudimentary system build is possible, getting it to talk to your internal technology is another matter entirely. One that proves to be impossibly difficult without a dedicated team working on making sure your compliance system can communicate with the rest of your systems. However, if you buy a compliance solution instead then that's not your problem, the weight of the integration is on the vendor.

Return on investment doesn't exist for an internal build when it comes to compliance. The specialist knowledge is lacking and the focus on one version of one build for one company is unhelpful at understanding how compliance fits into the industry and the wider regulatory landscape.

Vendors work on an array of products for a variety of industries, all servicing different customer needs. There's a constant need to know compliance requirements across the board and to understand how they interact with each other. Our specialist knowledge means we can create the rules you need easily, efficiently and without you having to spend months of development time to figure out how to implement them.

Focus defines the long-term success of your product. It's not hard to find examples of where build models have gone awry, Finn by Chase is a famous (or is that infamous?) recent example of where building a specialist product by non-specialists has failed to work out. And that was in a field where the product was closely related to the company's specialism.

Finn failed to identify what was really needed from the product because the focus was in the wrong place. Specialists in regulatory compliance already know what's needed, but if you don't have that knowledge to hand you're going to be building without blueprints.

Issues and Calling in the 'Experts'

Compliance is just one factor of any financial offering you deliver. But it's vital to delivering your final product, it's a keystone in the bridge between you and your customers, so it's understandable that you'd want to build that part of the relationship yourself.

Unfortunately, building compliance solutions in-house will just distract your focus from the rest of what you do. Customers overriding concern, on a day-to-day basis, isn't compliance; it's the product and user experience they have with it. Time spent developing a transaction monitoring solution takes time away from what your customers really want.

Let's dig into the issues you'll face if you choose to build it in-house, beyond the implementation issues already discussed there's a litany of functionality issues that will serve to do little more than frustrate you and your staff.

Human [pattern recognition](#) is the best on the planet (for now) but it's useless if there's no capability to view those patterns. For systems as intricate as compliance it is difficult at best to build out the user experience to include 'linked transactions', logs of rule breakages and trends over time. We provide it out of the box. All so that your compliance officers can focus on doing their jobs faster and better – with access to all the information they need.

So much time is already wasted on SARs, following up audit trails and checking through alerts. Creating processes to escalate to senior staff, adding comments or attachments and all the peripheral functionality for a Transaction Monitoring solution is time-consuming.

We also have a great user interface that's easy to understand and use in minutes. Without a great deal of focus, research and dedicated build-time this cannot be achieved in-house.

Clients have signed to our systems again and again after attempting to build their own solutions, in part due to a lack of holistic visibility in their internal system. We provide a single source of truth for compliance officers, so your teams aren't forced to switch between multiple databases and waste time duplicating information.

Internal systems are rarely intuitive and almost always difficult to use. We work with our clients on an ongoing basis to get feedback on what works and what they need to do their job better. It's all done without any unexpected surprises.

There's an unfortunate truth around building your own compliance system. Consultants.

> **Your build will break. Or creak or fail or require some sort of maintenance.**

More than that, it's easy to overlook. Your version 1.0 of any in-house product is going to require a great deal of revision before it's capable of being compared to vendor solutions. And those internal resources are far better spent elsewhere.

Your build will break. Or creak or fail or require some sort of maintenance. It'll need something at a crucial moment when all your developers are busy working on a project that's going to make you a lot more money.

And that's when you'll need to call in help, cue an army of 200 expensive consultants ready to work on your problem and fix it for you. Not necessarily a bad thing itself, after all, "no-one was ever fired for hiring (insert preferred consultancy here)" is a common trope in finance.

Except sometimes they don't deliver as expected. Relying on outside help isn't a bad idea, but when it comes to compliance it shouldn't wait until after the cracks appear.

What Could Go Wrong?

It's easy to think, in a post–lunch meeting, what could go wrong with building in–house? And if the previous arguments have yet to dissuade you, this one should. Building in–house compliance solutions doesn't make sense. There's a high risk of oversight regarding regulatory issues, if not an outright failure of the system. And the potential fallout can be catastrophic for any company.

With almost any other system there's a much stronger case for an internal build. CRMs, for example, are not critical to your functionality, if that fails then you can keep on servicing your customers and your product is untouched.

If your compliance goes wrong the best case scenario is that you know about it and have to suspend some operations. Worst case, you don't know anything's amiss. You end up working with sanctioned entities, fund terrorists or inadvertently laundering money. The consequences for all of these issues are well known and dire, so why run the risk?

Offloading your Transaction Monitoring to specialists reduces your business risk and increases reward by giving you confidence in the decisions you make. Building in–house comes with a high–risk and low reward, especially compared to buying a solution.

"Consequences for all of these issues are well known and dire, so why run the risk?

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AML Transaction Monitoring

10 Factors To Consider Before You Build

1. Case Management and Audit Trail

Transaction Monitoring solutions should be able to help you efficiently **manage alerts** across teams and track all monitoring and decisions made to ensure **regulatory compliance.**

Many firms find this capability difficult to build themselves, therefore opting to buy a solution.

2. False Positives

Businesses find it difficult to fine tune and apply different rules or scenarios to different types of customers within in-house systems. If rules aren't accurate in this way, it results in a high number of false positives.

5. Cost

Opportunity Cost

An IT/Dev team focusing on building their own transaction monitoring solution draws **highly valuable time** away from **revenue generating** activities.

Hidden Costs

When building transaction monitoring solutions in-house, **hidden costs** may arise throughout the building process and **ongoing costs** may arrive from ongoing **change management.**

3. Expertise and Guidance

Businesses often buy solutions as they don't want to restructure or drain internal resources when third party solutions often provide proactive, ongoing, and likable support.

4. Risk

Many businesses opt to buy solutions as it is difficult to build a system meeting all of the mandated legal requirements.

6. Rule Functionality

Many firms move away from building in favor of buying a solution as it is difficult to deploy complex rules beyond basic binary outcomes themselves.

7. New Rule Configuration

It can take an internal IT team up to 6 weeks to deploy a new rule every time a scenario changes within home-built solutions. This is often too long for businesses to wait leading them to buy a solution instead.

8. Time to Market

Where time is critical, many firms opt to buy a solution as the implementation time for scoping, building, and implementing a regulatory robust transaction monitoring solution takes too long.

9. Management Information

The best solutions often collate and extract management information into an easy to use PDF, Excel file or dashboard in just one-click. Businesses often find this capability difficult to build themselves, therefore opting to buy instead.

10. Scalability

Many businesses opt to buy a solution after considering the scope and cost of scaling a home-built system.

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