



Smooth KYC flow - simple principles for what can be automated and what must be considered



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*Stø KYC*

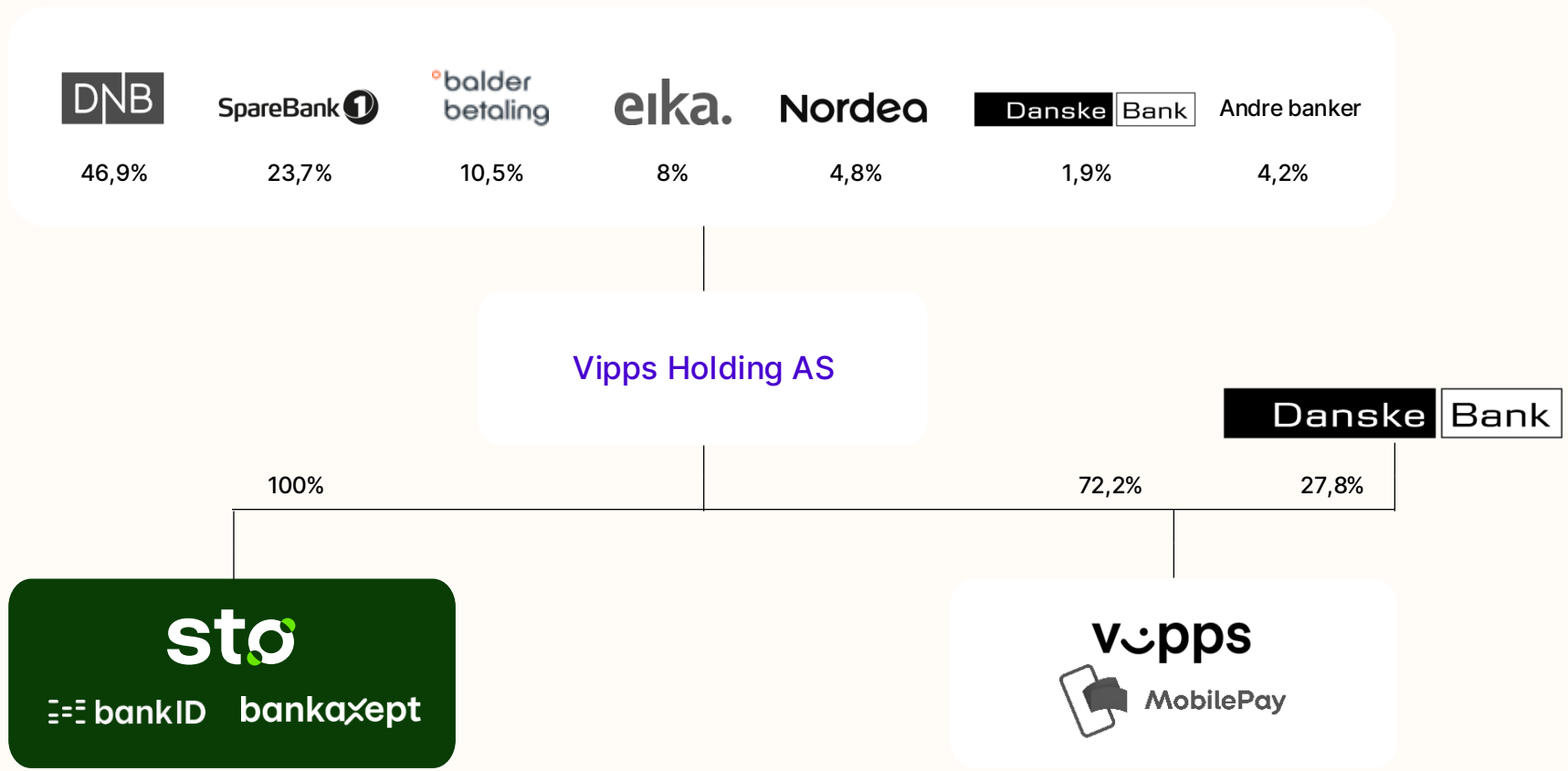


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Regulatory Product

Owner

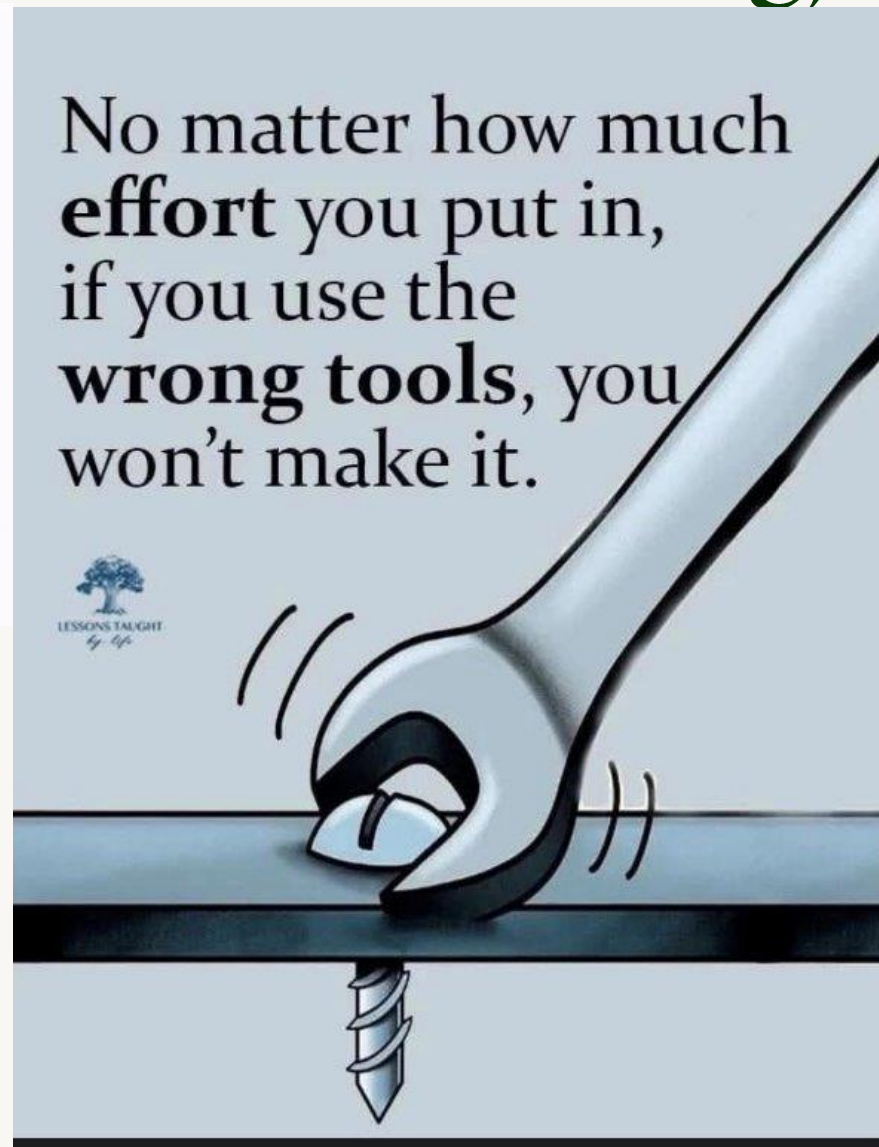
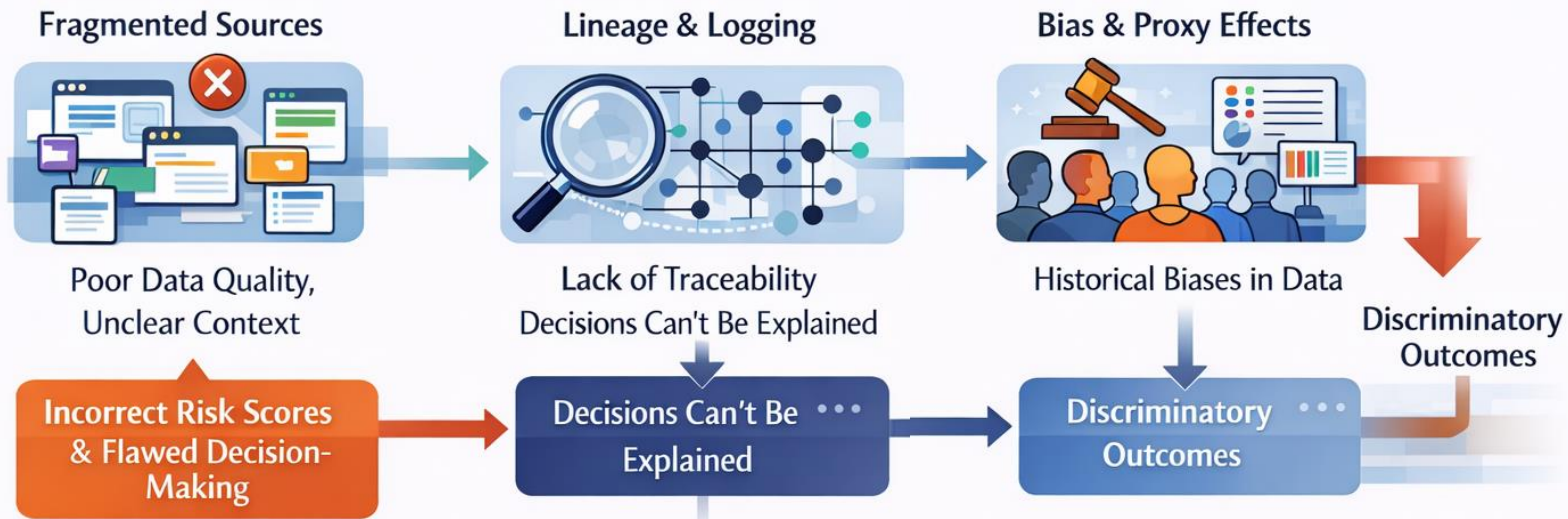
*Stø KYC*



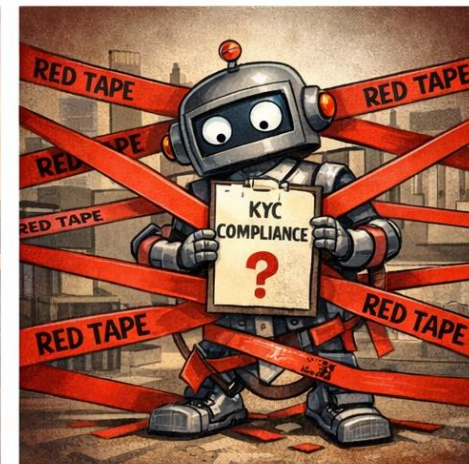
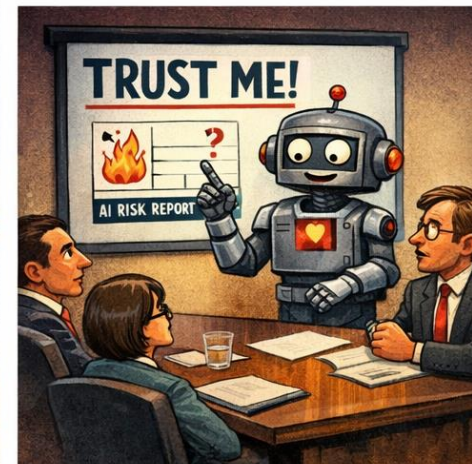
AI in KYC –  
The challenge lies not in AI  
strategy, but in data  
strategy and data  
readiness.



# Where AI Breaks in KYC (and What Goes Wrong)

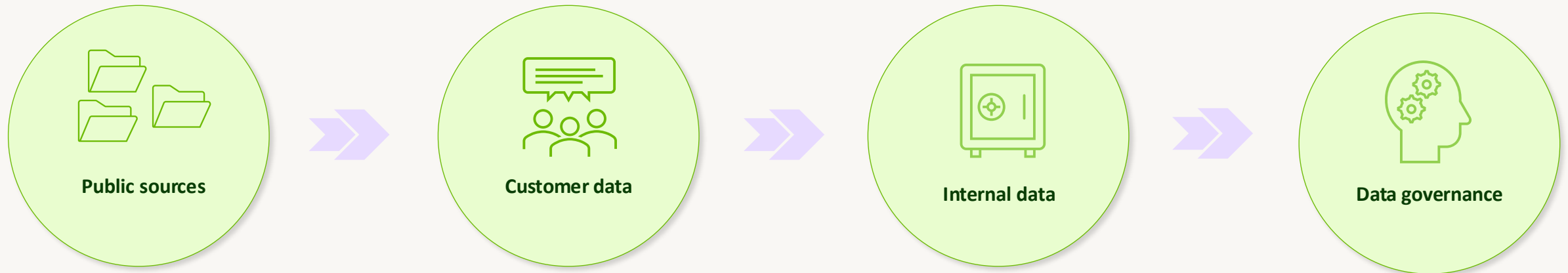


# Use and Implementation of AI in KYC



# AI in KYC starts with data quality

*Strong data foundation determines the value, reliability and defensibility of AI outcomes*



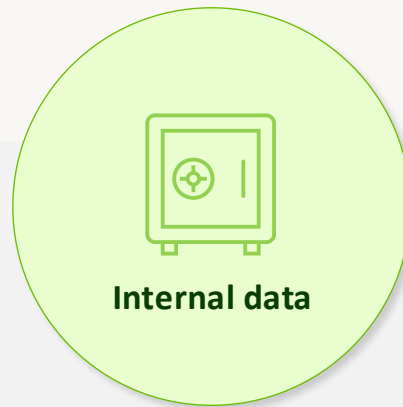
Under AMLR, obliged entities remain responsible for fairness, appropriateness, and lawful use of data



Independent verification



Self – declared profile



Observed activity



**Data governance and controls**

**Company registries**

**PEP status**

**Sanction screening**

**Adverse media**

**Ownership records**

**Legal / credit information**

**Identity information**

**Ownership structures**

**Source of funds / wealth**

**Business activity**

**Expected behaviour**

**Historical transactions**

**Alerts & investigations**

**Relationship history**

**Behavioural patterns**

# The Hybrid Engine: Rules first, AI generates risk score

Simple example of a two-layer architecture which balances defensibility with analytical power

## Layer 1 — Rule Engine

DETERMINISTIC · HARD BLOCKS

Sanctions hard hits → immediate block / freeze

Mandatory EDD triggers (e.g. PEP hard hit)

Geographical exposure (FATF, EU etc.)

Transaction threshold alerts

*Non-hits pass through to ML layer*

## Layer 2 — AI Scoring Engine

PROBABILISTIC

Scores ambiguous cases where rules don't fire

Combines hundreds of weak signals into a composite risk score

Detects patterns invisible to individual rule checks

Continuously learns from analyst feedback and case outcomes

### STEP 01

#### Ingest

KYC data fed into pipeline

### STEP 02

#### Rules check

Hard rules applied — hits escalated

### STEP 03

#### AI/ML score

Non-hits scored by model with feature explanation

### STEP 04

#### Route

Auto-clear or EDD queue

# AMLR does not ban AI

It requires AI in KYC to operate within a controlled framework



**Art. 9:** Internal control framework



**Art. 18:** Outsourcing



**Art. 26** Explainable risk scoring



**Art. 69:** FIU reporting of suspicions



**Art. 76(5):** Human-in-the-Loop



**Art. 77 – 78:** Record retention

Obligated entities that combine...

- Strong data foundations
- Clear governance
- Human judgments
- Transparent controls

... Will benefit most from AI in KYC

AMLR Art. 76(5) (c), GDPR Art. 22, AI Act Art. 3 (1) and 13 if «High-Risk AI system»

Grants individuals the right to **challenge** automated decisions affecting them



# The Bottom Line

## The great temptation in the AI era

To focus on the model's brilliance — speed, scale, and sophistication — while overlooking what actually determines trust.



## The wiser course

Focus on the **data's readiness**:

- ✓ Quality
- ✓ Lineage
- ✓ Governance
- ✓ Control



## Where trust begins

Not in the model.  
In the data that feeds it.



## Where defensibility begins

Transparent data flows.  
Clear ownership.  
Provable controls.



## Where sustainable value begins

Consistent data discipline —  
Before automation,  
not after.



## For compliance professionals

The message is plain:  
AI governance that ignores **data readiness**  
is not governance at all.



## What it really is

Wishful thinking  
with a dashboard.



## The organizations that win

✓ Better Data  
✓ Better Lineage  
✓ Better Controls  
✓ Better Discipline  
✓ Better Judgment



## In compliance

This is not glamorous.  
But it is where real **success**  
usually lives.



# Questions?



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