

Real-Time Compliance Testing Framework

An Executive Overview

The industry standard tests 2-3% of transactions. This framework covers how 7T World's real-time compliance testing platform achieves 100% coverage across every compliance domain — with AI-powered remediation and full auditability.

13Compliance
Domains**100%**Transaction
Coverage**<0.5s**Detection
Latency**Full**Audit
Trail

1 The Industry Standard Is a Rounding Error

Regulators expect independent testing commensurate with your risk profile. The industry responds with 2-3% transaction sampling, batch processing, and point-in-time reviews. Structuring schemes, sanctions evasion, and compliance gaps slip through — and institutions find out during the exam, not before it.

2-3%	85-99%	Hours-Days
Industry-standard sampling rate	False positive rate in legacy AML systems	Typical detection lag from transaction to alert

What Examiners Actually Look For:

- ✓ Does the institution's testing cover a sufficient percentage of transactions relative to risk?
- ✓ Are all material compliance domains covered, or only AML and sanctions?
- ✓ Is the testing performed in real time, or are there detection lags that create exposure windows?
- ✓ Can the institution produce a complete, auditable record of every test performed?
- ✓ Are findings tracked to resolution with remediation evidence?

Industry Reality

No existing vendor covers all 13 compliance domains comprehensively. Most cover two or three. The result: institutions deploy 4-7 separate tools, each with its own testing methodology, reporting format, and audit trail — creating gaps that examiners routinely identify.

2 13 Compliance Domains. One Platform.

Every domain your examiners will test — covered in a single platform with consistent methodology, unified reporting, and a complete audit trail.

1 BSA/AML Transaction Monitoring

Structuring, layering, integration, trade-based ML, shell company patterns.

FFIEC BSA/AML Manual, FinCEN

2 OFAC / Sanctions Screening

Real-time SDN, consolidated, and sectoral list screening with fuzzy matching.

OFAC Compliance Framework

3 KYC / CDD / EDD

Customer risk scoring accuracy, periodic review adherence, risk categorization.

FFIEC CDD Rule, Wolfsberg

4 Travel Rule Compliance

Originator and beneficiary data completeness for wire and virtual asset transfers.

FATF Rec. 16, FinCEN

5 CTR / SAR Filing Accuracy

Field completeness, narrative quality, filing timeliness, escalation workflows.

FinCEN Forms 112 & 111

6 CIP Testing

Customer identification data collection, verification methods, exception handling.

USA PATRIOT Act S. 326

7 Beneficial Ownership

25%+ owner identification and verification, periodic review, UBO monitoring.

FinCEN BOI Rule

8 PEP Screening

Initial and ongoing screening, family/associate coverage, EDD application.

FATF Rec. 12, Wolfsberg

9 Adverse Media Monitoring

Global news source coverage, alert relevance scoring, KYC cross-referencing.

Wolfsberg, FATF Rec. 10

10 Fraud Detection Systems

Detection rule accuracy, typology coverage, false positive rates, AML integration.

FFIEC, OCC Heightened Standards

11 Fair Lending / UDAAP

Disparate impact analysis, geographic lending patterns, pricing tier equity.

ECOA, Reg B, CFPB

12 Consumer Compliance

TILA/RESPA disclosure accuracy, APR calculations, tolerance compliance.

TILA, RESPA, HMDA, TRID

13 Model Risk Management

Validation of TM models, behavioral analytics, risk scoring, detection algorithms.

Fed SR 11-7, OCC 2011-12

3 Sampling vs. Certainty

Legacy platforms test a fraction and call it compliance. Here's what changes when you test everything.

METRIC	INDUSTRY STANDARD	7T WORLD PLATFORM
Transaction Coverage	2-3% sample	100% of transactions
Detection Speed	Hours to days	Real-time (seconds)
Compliance Domains	1-3 per vendor	13 domains, one platform
False Positive Rate	85-99%	<5% with ML tuning
Remediation Guidance	Manual analysis	AI-recommended fixes
Regulatory Updates	Quarterly reviews	Continuous monitoring
Audit Trail	Periodic snapshots	Continuous, immutable log
Testing Perspective	Internal compliance	Examiner-perspective

4 Platform Capabilities

- ✓ **100% Transaction Coverage**
Every transaction tested in real time — not the industry-standard 2-3% sample. Structuring, layering, velocity anomalies, and threshold breaches caught as they happen.
- ✓ **AI-Driven Remediation**
Machine learning identifies root causes and recommends specific fixes — updated rules, threshold adjustments, policy changes — with implementation guidance.
- ✓ **Complete Audit Trail**
Every test, every result, every remediation action logged with timestamps, user attribution, and regulatory mapping. Examination-ready from day one.
- ✓ **Regulatory Intelligence**
Continuous monitoring of FFIEC, FinCEN, OCC, FDIC, Federal Reserve, FATF, and Wolfsberg updates. Rule changes mapped to your controls automatically.
- ✓ **Cross-Domain Testing**
BSA/AML, OFAC, KYC/CDD/EDD, Travel Rule, CTR/SAR, CIP, beneficial ownership, PEP screening, adverse media, fraud, fair lending, and consumer compliance — one platform.
- ✓ **Examiner-Perspective Design**
Built by a former enforcement attorney and regulatory examiners. Every test, threshold, and report designed from the perspective of the people who will examine you.

5 AI-Driven Remediation

When the platform identifies a finding, it doesn't just flag it — it analyzes the root cause and recommends specific, actionable remediation steps. Every recommendation maps to the applicable regulatory standard and includes implementation guidance.

Example: Structuring Detection (BSA/AML)

Finding: 4 domestic wire transfers from same originator in 72 hours, each \$9,800-\$9,950.

Aggregate \$39,500 — below individual CTR threshold but above aggregate trigger.

AI Remediation:

1. File SAR within 30 days (structuring — 31 USC S. 5324)
2. Escalate to BSA Officer for enhanced monitoring
3. Update velocity rules: flag same-originator wires >\$9,000 within 72-hour window
4. Review related accounts for additional patterns

Example: OFAC Fuzzy Match (Sanctions)

Finding: Beneficiary name on international wire (\$247,500 to UAE) matches SDN entry with single-character transposition. Prior screening system cleared.

AI Remediation:

1. Hold transaction pending manual review (OFAC compliance)
2. Cross-reference OFAC Consolidated list and EU sanctions
3. Review screening system fuzzy-match threshold — 85% may be too permissive
4. Document false-positive determination or escalate if true match

6 Immutable Audit Trail

Every action in the platform — tests performed, findings generated, remediation recommendations, status changes, and user actions — is logged in an immutable, cryptographically hashed audit trail. Entries cannot be modified or deleted. The complete record is exportable in examiner-ready format.

- ✓ Cryptographic hashing ensures tamper-evident integrity for every log entry
- ✓ Full user attribution with timestamps on every action and status change
- ✓ Regulatory standard mapping connects each test to applicable requirements
- ✓ One-click examiner export in standard formats (PDF, CSV, structured data)
- ✓ Continuous logging — no gaps between periodic snapshots
- ✓ Chain-of-custody documentation for every finding from detection to resolution

7 Who This Serves

Banks & Credit Unions

Institutions under OCC, FDIC, or Federal Reserve examination that need to demonstrate comprehensive, risk-commensurate testing programs across all compliance domains.

Money Services Businesses

FinCEN-registered MSBs, money transmitters, and payment processors subject to BSA/AML requirements and state examinations.

Fintechs & Neobanks

Technology-driven financial institutions launching new products or entering new markets where regulatory testing expectations exceed current capabilities.

Compliance Teams Under Scrutiny

Organizations preparing for or responding to enforcement actions, consent orders, or MRAs that require demonstrable improvement in compliance testing.

Implementation Roadmap

TIMELINE	PHASE	DESCRIPTION
Week 1-2	Assessment	Map current testing coverage across all 13 domains. Identify gaps, prioritize by examiner risk.
Week 3-4	Configuration	Configure platform rules, thresholds, and domain coverage to your risk profile and regulatory requirements.
Week 5-6	Integration	Connect to your transaction systems, deploy in your environment, and validate test coverage.
Week 7-8	Validation	Parallel testing against existing processes. Tune AI models. Verify audit trail completeness.
Ongoing	Production	100% real-time testing, continuous monitoring, AI remediation, and regular examiner-ready reports.

Stop Sampling. Start Testing.

Whether you're evaluating your testing program or ready to move to 100% coverage — our team of former regulators, examiners, and enforcement attorneys is ready to help.

Schedule a Consultation: 7tworld.com/contact

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