

Financial Investigation Solutions: A Buyer's Guide

Financial investigations are critical to the success of your business. Whether you're an attorney looking for hidden funds in a divorce case, a construction company keeping an eye on procurement fraud, or a finance team at a global company investigating possible embezzlement and money laundering, it's essential that you have the right tools for the job.

A major pain point in these types of investigations is the processing of data. Traditionally, a firm would have a team of people collecting bank and credit card statements, all in different formats and languages, who would then enter them into spreadsheets where the data could be normalized and analyzed. This process was tedious, time-consuming and highly error-prone. By the time you could actually spot suspicious activity, months had passed, and the perpetrator had usually found ways to cover their tracks.

Thankfully, there are now automated solutions to these challenges. Forensic accounting tools have embraced artificial intelligence and machine learning to dramatically speed up data processing and find patterns of suspicious activity that would be next to impossible to spot through traditional methods.

But not all tools are created equal, and finding the right financial investigation solution can feel overwhelming. In this guide, we'll walk you through the features to look for so you can choose the best solution for your needs.



Essential Functionality

In any financial investigation, there are five key stages: data ingestion, data normalization, preliminary analysis, deeper investigation, and reporting. Following are the features to look for in each of these stages.



Data Ingestion

This stage involves collecting data from various sources, such as bank and credit card statements, and putting it into the system for analysis. The main challenge in this stage is that the information is often provided as a mix of paper copies and PDFs or other digital formats.

To streamline data ingestion, your solution should:

- Quickly scan data from a variety of sources
- Tag data as it is ingested
- Ensure data is securely processed to protect your firm and meet compliance standards such as SOC2



Data Normalization

Once the data is ingested, the data normalization stage makes sure you're comparing like with like. If the data is in different currencies or languages, for example, it must be standardized before you can start analyzing it.

To streamline data normalization, your solution should:

- Automatically convert transaction amounts to your preferred currency
- Automatically convert dates into the same date format
- Automatically translate from various languages into your preferred language
- Correctly identify payers and payees, locations, and financial institutions within the data so it can be displayed properly



Preliminary Analysis

Once the data is ready to use, the real work begins. Finding suspicious activity through pivot tables and filtering in spreadsheets is a major headache and makes it very easy to miss sophisticated schemes such as layering. That's why modern financial investigation tools use artificial intelligence and machine learning to spot unusual patterns in the data and flag potential suspicious activity.

To maximize efficiency, your solution should:

- Automatically identify patterns in the data and flag any that need investigating
- Provide a dashboard of unusual activity to give you a straightforward starting point for your investigation
- Display outliers on visual tools such as charts and graphs as well as providing lists



Deeper Investigation

Now that you have a starting point, it's time to look more deeply into the individual transactions, parties, and accounts that were flagged in the dataset. Why did this unusually large transaction take place? How is the money flowing between these two people, and are there intermediaries? Is there an unusual number of transactions initiated in a specific geographic area?

To streamline investigation and maximize accuracy, your solution should:

- Provide interactive graphs that allow you to further identify patterns and visually analyze transactions, money flows, geographic clusters, and more
- Allow you to drill down into individual transactions, parties, and accounts, and easily click through to the bank or credit card statement to view the data source
- Make it easy to collaborate with other investigators on your team, such as tagging each other in the transactions you want them to look into



Reporting

When you have completed your investigation, you need to be able to support your findings and make it easy to present your case everywhere from the board room to the court room.

To optimize reporting, your solution should:

- Display charts and graphs that are easy to share
- Make it simple to click through to source data
- Provide an audit trail showing activity by your investigators and the decisions they made

Evaluating the Solution

Once you have identified a solution with the right features, it's time to start your evaluation. Here are some best practices for the evaluation process.



Put It In Front of Your Team

In addition to the essential functionality described above, make sure the solution is intuitive and easy for your team to use. There's nothing more frustrating than investing in a new tool only to find that nobody wants to use it. Invite your team to participate in the evaluation to make sure they like it.

Use Real Data

If possible, do a proof of concept where you work the same case in parallel using the new solution as well as your existing methodology. This will give you a real feel for how much time and effort you'll save and how much more accurate the results will be.

Evaluate the Vendor, Too

It's important to choose a solution from the right vendor. Here are some important considerations:

- Was this solution built by a company that's **laser focused on financial investigations**? If it's just part of a product portfolio for them, it could end up being dropped if they decide to focus on other products.
- Do the founders have **personal experience with forensic accounting** and deeply understand your pain? If not, the product might not evolve in the right direction if they chase the latest trends instead of focusing on what you really need it to do.

For best results, choose a vendor who can be your trusted advisor in financial investigations and a partner for the long term.

Sedra Global Consultancy followed these best practices when they were looking for a financial investigation solution. When they couldn't find the right tool, they decided to build it themselves, and [Sedra Solutions](#) was born.

Because the **Sedra platform was designed by and for financial investigators**, it is very intuitive to use and makes teams immediately more productive. It uses advanced technology to quickly and securely ingest and normalize data, automatically identifies patterns and potentially suspicious transactions, and provides powerful tools for investigating and reporting.

Ready to Get Started?

We understand how challenging it can be to find the right solution — and we're here to help. Let's start a conversation about the obstacles you're facing and how Sedra Solutions can support your success by streamlining your financial investigations.

Contact us today to take the next step.