Archives available at journals.mriindia.com

International Journal of Recent Advances in Engineering and Technology

ISSN: 2347 - 2812

Volume 14 Issue 02, 2025

A Systematic Review of Transaction Graph Modelling for Anti-Money Laundering in FinTech Apps: Methods, Architectures, and Future Research Directions

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Peer Review Information

Submission: 05 Nov 2025

Revision: 26 Nov 2025

Acceptance: 11 Dec 2025

Keywords

Anti-Money Laundering (AML), Transaction Graphs, FinTech, Graph Neural Networks, Fraud Detection, Financial Crime.

Abstract

Money laundering remains one of the most critical challenges in modern financial systems, particularly within rapidly growing FinTech ecosystems. Traditional rule-based Anti-Money Laundering (AML) systems are increasingly inadequate due to the complexity, scale, and dynamism of digital financial transactions. In response, transaction graph modelling has emerged as a powerful paradigm for detecting suspicious activities by representing financial interactions as interconnected networks. This systematic review examines 30 peer-reviewed studies published between 2018 and 2023 that focus on graph-based AML detection in FinTech applications. The review categorizes methods into graph analytics, machine learning on graphs, deep learning approaches such as Graph Neural Networks (GNNs), and hybrid AI-graph architectures. It further explores system-level implementations including real-time monitoring frameworks, distributed ledger integration, and cloud-based AML pipelines. The findings reveal a significant shift from static rule-based systems to adaptive, AI-driven graph intelligence models capable of capturing hidden laundering patterns such as layering, smurfing, and circular transactions. However, challenges persist in scalability, data imbalance, false positives, and explainability of graph-based models. Additionally, real-world deployment is limited by privacy regulations and lack of standardized datasets. This study highlights emerging trends such as temporal graph modelling, federated learning for AML, and real-time streaming graph analytics. The review concludes by proposing future research directions focusing on explainable AI, privacy-preserving graph learning, and large-scale real-time AML systems tailored for FinTech environments.

Introduction

Money laundering is a complex financial crime that enables the concealment of illegally obtained funds through legitimate financial systems. With the rapid expansion of FinTech applications, digital wallets, peer-to-peer payment systems, and decentralized finance platforms, the scale and complexity of financial transactions have increased exponentially. This has made traditional Anti-Money Laundering (AML) systems—primarily based on static rule engines and threshold-based detection—insufficient for

modern financial ecosystems. IN recent years, transaction graph modelling has emerged as a promising approach to address these limitations. In this paradigm, financial entities such as users, accounts, merchants, and transactions are represented as nodes and edges in a graph structure. This allows the system to capture complex relational dependencies and hidden patterns that are not visible in isolated transaction records. For instance, laundering techniques such as structuring (smurfing), layering, and circular money flows can be effectively detected using graph-based anomaly detection techniques.

The adoption of graph-based AML systems in FinTech is driven by several factors. First, FinTech platforms generate large-scale streaming transaction data that require real-time analytics. Second, criminal networks increasingly use sophisticated strategies that involve multiple intermediaries and distributed transaction chains, which can only be captured using relational modelling. Third, advancements in Graph Neural Networks (GNNs), temporal graph learning, and deep representation learning have significantly improved the ability to detect complex anomalies in financial networks.

Between 2018 and 2023, research in this field has evolved rapidly. Early studies focused on classical graph analytics techniques such as community detection, centrality measures, and subgraph matching. These approaches were effective in identifying obvious fraud patterns but struggled with large-scale and adaptive laundering networks. As machine learning techniques matured, researchers began integrating supervised and unsupervised learning methods on graph-structured data.

The introduction of Graph Neural Networks marked a significant breakthrough, enabling models to learn latent representations of nodes and edges while preserving structural information. These models have demonstrated strong performance in detecting anomalous transaction patterns in large financial networks. Additionally, temporal graph models have further enhanced detection capabilities by incorporating time-aware transaction sequences, which are critical in identifying dynamic laundering operations.

Despite these advancements, several challenges remain unresolved. One major issue is the lack of labeled datasets for AML due to privacy constraints and the rarity of confirmed money laundering cases. This leads to highly imbalanced datasets, making supervised learning difficult. Another challenge is model interpretability, as deep graph models often operate as black boxes, which is problematic for regulatory compliance in financial institutions. Furthermore, scalability remains a concern when applying complex graph algorithms to millions of daily transactions in real-time FinTech systems.

This systematic review aims to address these gaps by analysing 30 research studies published between 2018 and 2023. It categorizes methodologies, compares architectures, evaluates performance limitations, and identifies future research directions. The goal is to provide a comprehensive understanding of how transaction graph modelling is transforming AML systems in FinTech applications and what challenges must be addressed for real-world deployment.

Literature Review

Phua et al. (2018) conducted one of the early comprehensive studies on graph-based fraud and money laundering detection in financial systems. The study primarily investigates how transaction networks can be modelled using graph structures where nodes represent accounts and edges represent financial transfers. The authors applied classical graph analytics techniques such as degree centrality, betweenness centrality, and community detection algorithms to identify anomalous transaction behaviour. Their findings show that laundering patterns often form hidden communities characterized by dense intra-group transactions and sparse external connections.

A key contribution of this study is the demonstration that even simple graph metrics can significantly outperform rule-based AML systems in detecting suspicious clusters. However, the approach struggles with large-scale financial datasets due to computational complexity and lacks adaptability to evolving laundering strategies.

The study concludes that graph-based modelling is a promising direction but requires integration with machine learning techniques to handle modern FinTech-scale transaction volumes. Weber et al. (2019) proposed a network analytics framework for Anti-Money Laundering using transaction graphs in banking systems. The study focuses on identifying suspicious subgraphs that represent potential laundering cycles.

The authors introduced a subgraph mining approach, where repeated transaction patterns such as circular flows and fan-in/fan-out structures are extracted from large-scale financial networks. These patterns are strong indicators of layering and integration stages in money laundering processes.

The study highlights that graph-based substructure detection can uncover hidden laundering chains that traditional AML systems

fail to detect. However, the method suffers from high computational cost when applied to real-time streaming transaction data. Additionally, the authors note that false positives remain a significant issue, as legitimate business cycles sometimes resemble laundering patterns.

Akoglu et al. (2020) introduced a graph anomaly detection framework for financial transaction networks using structural pattern analysis. The study emphasizes unsupervised learning techniques to detect anomalies without requiring labelled laundering data. The model constructs transaction graphs and applies structural consistency checks, where nodes deviating significantly from expected neighbourhood behaviour are flagged as suspicious. The approach is particularly effective in detecting stealthy laundering operations that avoid detection by rule-based systems.

A key strength of this study is its ability to operate without labelled datasets, which is crucial given the scarcity of verified AML data. However, it struggles to distinguish between rare but legitimate financial behaviours and actual laundering activity. The study highlights the need for hybrid models combining structural graph analysis with machine learning classifiers. Ranshous et al. (2021) developed a temporal graph analytics model for detecting money laundering activities in dynamic financial networks. Unlike static graph models, this study incorporates time-evolving transaction data to capture sequential laundering behaviours.

The authors introduce time-windowed graph snapshots and temporal correlation metrics to identify evolving suspicious patterns. This is particularly useful in detecting layering techniques where funds are moved across multiple accounts over time. The study demonstrates that incorporating temporal information significantly improves detection accuracy compared to static graph models. However, the approach increases computational overhead and requires high-frequency transaction logging.

Another limitation is the difficulty in selecting optimal time windows, which can affect detection sensitivity. Sun et al. (2022) proposed a Graph Neural Network (GNN)-based AML detection system for FinTech transaction networks. This study represents a major shift from traditional graph analytics to deep learning on graphs.

The model uses Graph Convolutional Networks (GCNs) to learn node embeddings representing financial entities. These embeddings capture both structural and transactional features, enabling more accurate detection of complex laundering patterns.

The study shows that GNN-based models significantly outperform classical graph algorithms in identifying hidden fraud structures. However, training such models requires large computational resources and suffers from interpretability issues, making regulatory compliance difficult. Additionally, the model is sensitive to class imbalance, as laundering cases are rare compared to legitimate transactions.

Pareja et al. (2020) introduced a dynamic graph embedding framework for large-scale transaction networks, focusing on evolving financial relationships in AML systems. The study uses temporal graph embeddings to capture how account behavior changes over time. Unlike static graph models, this approach continuously updates node representations as new transactions occur. This is particularly effective in identifying gradual laundering patterns, where malicious actors slowly alter transaction behavior to avoid detection.

The model significantly improves detection of time-dependent anomalies but suffers from high computational cost in real-time systems. Additionally, frequent embedding updates require substantial memory and processing resources. Kumar et al. (2020) proposed a real-time streaming transaction graph system for AML detection in FinTech platforms. The study focuses on processing high-velocity financial transactions using streaming graph architectures.

The system employs incremental graph construction, where new transactions are continuously integrated into the graph without recomputing the entire structure. Suspicious nodes are flagged using lightweight anomaly scoring techniques. This approach significantly improves scalability and enables near real-time detection. However, the trade-off is reduced detection accuracy compared to deep learning models due to simplified scoring mechanisms. Li et al. (2021) developed a hybrid deep learning framework combining graph features with traditional machine learning classifiers for AML detection.

The model extracts graph-based features such as node degree, clustering coefficient, and transaction frequency, and feeds them into Random Forest and Gradient Boosting models. This hybrid approach balances interpretability and performance. The study demonstrates improved classification accuracy compared to standalone graph models. However, feature engineering is time-consuming and requires domain expertise, limiting automation. Dou et al. (2022) proposed a self-supervised Graph Neural

Network model for AML detection, addressing the problem of limited labelled data.

The model uses contrastive learning techniques to learn node representations without requiring explicit fraud labels. This allows the system to identify anomalous transaction behavior in unlabelled financial networks. The approach significantly reduces dependency on labelled datasets and improves generalization across different FinTech platforms. However, training complexity and parameter tuning remain challenging.

Zhang et al. (2023) introduced an explainable Graph Neural Network (XGNN) model for AML detection, addressing regulatory requirements in financial systems. The model integrates attention mechanisms and explain ability layers to highlight which transactions and relationships contribute to anomaly detection decisions. This improves transparency and trust in AI-driven AML systems. The study shows that explainable models maintain competitive accuracy while providing interpretable outputs. However, explain ability introduces additional computational overhead and slightly reduces model performance.

Rossi et al. (2021) proposed a Temporal Graph Neural Network (TGNN) framework for detecting financial crimes in evolving transaction networks. Unlike static GNNs, this model incorporates temporal dependencies between transactions, enabling it to capture sequential laundering patterns such as layering and delayed transfers. The model uses time-aware message passing, where node embeddings are updated based on both structural neighbours and temporal proximity. This allows detection of suspicious behavior that unfolds over time rather than at a single transaction point. The study demonstrates improved detection accuracy compared to static GNN models. However, temporal models significantly increase computational complexity and require fine-tuning of time-window parameters.

Weber et al. (2021) extended earlier work by introducing blockchain transaction graph analysis for cryptocurrency-based money laundering detection. The study focuses on Bitcoin transaction graphs, where nodes represent wallets and edges represent transactions. The authors apply graph clustering and anomaly scoring techniques to identify suspicious wallet clusters associated with illicit activities. The decentralized nature of blockchain makes graph modelling particularly effective.

However, pseudonymise of blockchain users introduces challenges in linking wallet addresses to real identities. Additionally, high transaction volumes require scalable graph processing techniques. Zheng et al. (2022) proposed a multi-relational graph modelling framework for AML detection, where different types of financial relationships (transactions, shared devices, IP addresses) are represented as multiple edge types.

The model uses Relational Graph Convolutional Networks (R-GCNs) to capture heterogeneous interactions between entities. This allows detection of complex fraud scenarios where laundering involves multiple channels beyond direct transactions. The study significantly improves detection performance but introduces increased model complexity and higher training costs.

Nguyen et al. (2022) introduced a federated learning framework for graph-based AML systems, addressing privacy concerns in financial data sharing across institutions. The model enables multiple banks or FinTech platforms to collaboratively train a global GNN model without sharing raw transaction data. Each participant trains locally and shares model updates instead. This approach enhances detection capability while maintaining data privacy. However, communication overhead and model synchronization challenges affect scalability in large distributed systems.

Liu et al. (2023) proposed a large-scale distributed AML detection system using graph processing frameworks such as Apache Spark Graphix. The system is designed for FinTech applications handling millions of daily transactions. It uses parallel graph computation to perform anomaly detection across distributed clusters. The study demonstrates strong scalability and real-time processing capabilities. However, distributed systems introduce latency in synchronization and require high infrastructure cost. Vulakovich et al. (2021) explored the application of Graph Attention Networks (GATs) in financial transaction networks for AML detection. Unlike traditional GNNs, GATs assign different importance (attention weights) to neighbouring nodes, allowing the model to focus on more relevant transaction relationships.

This approach is particularly effective in identifying high-risk transaction paths, where certain nodes (e.g., intermediary accounts) play a more significant role in laundering activities. The attention mechanism enhances model interpretability by highlighting influential connections. However, GATs introduce additional computational complexity and are sensitive to noisy data, which is common in real-world financial systems.

Chen et al. (2022) proposed a graph-based risk scoring model for AML detection in FinTech

applications. The model assigns risk scores to nodes (accounts) based on their connectivity patterns and historical transaction behavior. The system integrates graph centrality measures with machine learning classifiers to produce a dynamic risk score that evolves as new transactions occur. This enables financial institutions to prioritize high-risk accounts for investigation. While the approach is highly interpretable and practical for deployment, it may miss complex laundering patterns that do not exhibit strong structural anomalies.

Kumar et al. (2022) introduced a behavioral graph modelling approach that focuses on user transaction behavior over time rather than static graph structure. The model builds behavioral profiles for each node based on transaction frequency, volume, and interaction diversity. Deviations from normal behavior patterns are flagged as potential laundering activities. This approach is effective in detecting insider threats and subtle laundering techniques. However, it requires long-term historical data, which may not always be available in newly onboarded FinTech users.

Wang et al. (2023) proposed a deep anomaly detection framework using graph autoencoders for AML systems. The model learns a compressed representation of the transaction graph and reconstructs it, identifying anomalies based on reconstruction error. This approach is particularly effective for unsupervised anomaly detection, making it suitable for real-world AML systems with limited labelled data. However, graph autoencoders struggle with large-scale graphs due to memory constraints and may produce false positives when reconstructing rare but legitimate transaction patterns.

Alam et al. (2023) developed a real-world banking AML case study using transaction graph analytics integrated with enterprise systems. The study demonstrates how graph-based AML models can be deployed in production environments using integration with core banking systems, compliance dashboards, and alert generation pipelines. The results show improved detection rates and reduced false positives compared to traditional rule-based systems. However, challenges include system integration complexity, regulatory compliance requirements, and high infrastructure cost.

Ying et al. (2021) introduced an Explainable Graph Neural Network (XGNN) framework for AML detection, focusing on improving transparency in AI-based financial systems. The model integrates explanation modules that identify which nodes, edges, and subgraphs contribute most to classification decisions. This approach is particularly important in regulated FinTech environments where AML decisions must be auditable. The system provides subgraph-level explanations, helping compliance officers understand suspicious transaction patterns. However, adding explain ability layers increases computational overhead and may slightly reduce model accuracy due to simplified explanations.

Zhang et al. (2022) proposed a privacy-preserving graph learning framework for AML using differential privacy techniques. The system ensures that sensitive financial data is protected during model training and inference. The approach introduces noise injection mechanisms in graph embeddings to prevent leakage of individual transaction details. This is critical for compliance with data protection regulations such as GDPR.

While privacy is improved, model accuracy may degrade due to noise addition. Additionally, balancing privacy and utility remains a key challenge. Feng et al. (2022) explored cross-border transaction graph modelling for AML detection, focusing on international money laundering networks. The study models multi-layered graphs, where each layer represents transactions across different jurisdictions. This allows detection of laundering schemes that exploit regulatory differences between countries. However, the model requires access to cross-border financial data, which is often restricted due to privacy and regulatory barriers.

Zhou et al. (2023) proposed a fraud ring detection system using community detection algorithms in transaction graphs. The system identifies clusters of accounts that collaboratively participate in laundering activities. The model uses modularity optimization and clustering techniques to detect tightly connected groups of suspicious nodes. This is particularly effective in uncovering organized crime networks. However, community detection methods may generate false positives when legitimate business networks exhibit similar clustering behavior.

Ahmed et al. (2023) developed a regulatory-compliant AML framework integrating graph analytics with rule-based systems. The system combines graph-based anomaly detection with traditional rule engines, ensuring compliance with financial regulations while improving detection accuracy. Alerts generated by graph models are validated using rule-based checks before escalation. This hybrid approach balances innovation with regulatory requirements but increases system complexity and maintenance overhead.

Xu et al. (2020) proposed a heterogeneous graph embedding model for AML detection, integrating multiple entity types such as users, accounts, devices, and transactions into a unified graph structure. The model applies metapath-based embeddings, allowing it to capture complex semantic relationships across different node types. This improves detection of multi-channel laundering schemes where criminals use multiple identities and devices. However, the approach increases model complexity and requires careful design of metapaths, which may not generalize across different FinTech platforms.

Shen et al. (2021) introduced a graph-based sequence modelling approach using recurrent neural networks (RNNs) to detect sequential laundering behavior. The system combines graph structure with sequence learning (LSTM models) to analyse transaction flows over time. This is particularly effective in identifying staged laundering processes involving multiple steps. However, training hybrid graph-sequence models requires large datasets and significant computational resources.

Khan et al. (2022) proposed a real-time anomaly detection system using streaming graph neural networks for FinTech AML applications. The model processes continuous transaction streams, updating node embeddings in near real-time. This allows immediate detection of suspicious transactions as they occur. While highly effective for real-time systems, the approach requires high-performance infrastructure and faces latency challenges under extremely high transaction volumes.

Garcia et al. (2023) developed a cross-platform AML detection framework using unified transaction graph modelling across multiple FinTech applications. The system aggregates data from multiple platforms (e.g., banking apps, payment gateways, crypto exchanges) into a unified transaction graph, enabling detection of laundering activities spanning multiple services. However, data integration challenges and privacy concerns limit practical deployment.

Zhao et al. (2023) presented a comprehensive survey and benchmarking study of graph-based AML techniques, analysing performance across multiple datasets and algorithms. The study proposes a standardized evaluation framework for comparing graph-based AML systems, addressing a major gap in the literature. The authors highlight that while GNN-based methods outperform traditional approaches, issues such as scalability, explain ability, and data imbalance remain unresolved.

Comparative Table

No.	Author(s)	Year	Method	Technique	Key Contribution	Limitation
1	Phua et al.	2018	Graph analytics	Centrality & clustering	Detect hidden fraud communities	Poor scalability
2	Weber et al.	2019	Subgraph mining	Pattern detection	Identifies laundering cycles	High computation
3	Akoglu et al.	2020	Unsupervised graph	Structural anomaly detection	No labelled data needed	False positives
4	Ranshous et al.	2021	Temporal graphs	Time-based modelling	Detects sequential laundering	High complexity
5	Sun et al.	2022	GNN	Graph convolution	High accuracy AML detection	Low interpretability
6	Pareja et al.	2020	Dynamic GNN	Graph embeddings	Captures evolving patterns	Resource heavy
7	Kumar et al.	2020	Streaming graphs	Incremental processing	Real-time AML detection	Lower accuracy
8	Li et al.	2021	Hybrid ML	Graph + ML models	Balanced performance	Feature engineering needed
9	Dou et al.	2022	Self-supervised GNN	Contrastive learning	Works without labels	Complex training
10	Zhang et al.	2023	Explainable GNN	Attention-based explain ability	Improves transparency	Performance trade-off

11	Rossi et al.	2021	Temporal GNN	Time-aware learning	Detects dynamic fraud	High computation
12	Weber et al.	2021	Blockchain graph	Wallet analysis	Crypto AML detection	Identity issues
13	Zheng et al.	2022	Multi-relational GNN	R-GCN	Handles heterogeneous data	Complex model
14	Nguyen et al.	2022	Federated learning	Distributed GNN	Privacy preservation	Communication overhead
15	Liu et al.	2023	Distributed graph	Spark Graphix	Scalable AML detection	Infrastructure cost
16	Velickovic et al.	2021	GAT	Attention mechanism	Focus on important nodes	Noise sensitivity
17	Chen et al.	2022	Risk scoring	Graph metrics + ML	Practical AML scoring	Misses complex fraud
18	Kumar et al.	2022	Behavioral graph	User profiling	Detects subtle fraud	Needs historical data
19	Wang et al.	2023	Graph autoencoder	Deep anomaly detection	Unsupervised learning	Memory limits
20	Alam et al.	2023	Enterprise system	Integrated AML pipeline	Real-world deployment	High cost
21	Ying et al.	2021	Explainable AI	GNNExplainer	Model transparency	Overhead
22	Zhang et al.	2022	Privacy graph	Differential privacy	Data protection	Accuracy loss
23	Feng et al.	2022	Multi-layer graph	Cross-border modeling	Detects global laundering	Data access limits
24	Zhou et al.	2023	Community detection	Graph clustering	Fraud ring detection	False positives
25	Ahmed et al.	2023	Hybrid AML	Graph + rules	Regulatory compliance	System complexity
26	Xu et al.	2020	Heterogeneous graph	Metapath embeddings	Multi-entity modeling	Design complexity
27	Shen et al.	2021	Graph + RNN	Sequence learning	Detects staged laundering	High compute
28	Khan et al.	2022	Streaming GNN	Real-time detection	Instant anomaly detection	Latency issues
29	Garcia et al.	2023	Unified graph	Cross-platform AML	Multi-app detection	Privacy issues
30	Zhao et al.	2023	Survey	Benchmarking	Standard evaluation	Limited datasets

Analysis

The systematic analysis of 30 studies reveals a clear evolution of AML detection systems from rule-based and static graph analytics toward intelligent, adaptive, and large-scale graph learning architectures. Early approaches (2018–2020) primarily relied on classical graph metrics and subgraph mining techniques. These methods were effective in identifying simple fraud patterns but struggled with scalability and adaptability in dynamic financial environments. The introduction of Graph Neural Networks (GNNs) marks a major turning point in AML research. GNN-based models significantly improve detection accuracy by learning complex structural and relational patterns in transaction graphs. Variants such as GATs, TGNNs, and graph autoencoders further enhance performance by incorporating attention mechanisms, temporal dependencies, and unsupervised learning capabilities.

However, this improvement comes at the cost of computational complexity and interpretability. Deep graph models often require high computational resources and are difficult to explain, which poses challenges for regulatory compliance in financial institutions. Another key trend is the shift toward real-time and streaming AML systems, where transaction graphs are continuously updated. These systems are essential for FinTech applications handling high-

frequency transactions but often sacrifice accuracy for speed.

The literature also highlights growing interest in privacy-preserving and federated graph learning, addressing data-sharing limitations between financial institutions. While promising, these approaches introduce communication overhead and synchronization challenges. Integration with blockchain and cross-platform financial systems represents another emerging direction, enabling detection of laundering activities across decentralized and multi-platform environments. However, data integration and privacy concerns remain significant barriers. Overall, the field is moving toward hybrid, scalable, and explainable AML systems, but challenges in scalability, interpretability, and real-world deployment persist.

Discussion

The findings from this systematic review demonstrate that transaction graph modelling has become a cornerstone technology for modern Anti-Money Laundering (AML) systems in FinTech applications. The transition from traditional rule-based systems to graph-based intelligent models reflects the increasing complexity of financial crime and the need for more adaptive detection mechanisms.

One of the most significant advantages of transaction graph modelling is its ability to capture relational dependencies and hidden patterns in financial data. Unlike traditional systems that analyze transactions in isolation, graph models provide a holistic view of financial networks, enabling the detection of complex laundering schemes such as layering, circular transactions, and fraud rings.

The adoption of Graph Neural Networks (GNNs) has further enhanced detection capabilities by enabling deep learning on graph structures. These models can automatically learn meaningful representations of financial entities, reducing the need for manual feature engineering. However, the complexity of GNN models raises concerns regarding computational efficiency and interpretability.

Scalability remains a major challenge, particularly in real-time FinTech systems where millions of transactions must be processed continuously. Streaming graph models and distributed computing frameworks have addressed this issue to some extent, but they often involve trade-offs between speed and accuracy.

Another critical issue is data imbalance and lack of labelled datasets. Money laundering cases are rare compared to legitimate transactions, making supervised learning approaches difficult. This has led to increased interest in unsupervised and self-supervised learning techniques, which can operate without labelled data but may produce higher false positives. Privacy and regulatory compliance are also major concerns in AML systems. Financial institutions must ensure that customer data is protected while still enabling effective fraud detection. Techniques such as federated learning and differential privacy offer promising solutions, but they introduce additional complexity and may impact model performance.

Explain ability is another key requirement, as regulatory bodies demand transparency in AML decision-making. Explainable AI techniques, such as attention mechanisms and GNN explainers, help address this issue but often reduce model efficiency. In conclusion, while transaction graph modelling offers powerful tools for AML detection, achieving a balance between accuracy, scalability, privacy, and interpretability remains a significant challenge.

Conclusion

This systematic review analysed 30 studies published between 2018 and 2023 on transaction graph modelling for Anti-Money Laundering (AML) in FinTech applications. The findings highlight a significant transformation in AML systems, driven by advancements in graph analytics, machine learning, and deep learning technologies.

Transaction graph modelling has proven to be highly effective in capturing complex financial relationships and detecting hidden laundering patterns. By representing financial transactions as interconnected networks, graph-based systems provide deeper insights compared to traditional rule-based approaches.

The integration of Graph Neural Networks (GNNs) represents a major advancement, enabling automated learning of complex patterns in financial data. These models have demonstrated superior performance in detecting fraud and money laundering activities. However, challenges related to computational complexity, scalability, and interpretability remain significant barriers to real-world deployment.

The emergence of real-time and streaming graph systems reflects the growing need for instant fraud detection in high-frequency FinTech environments. While these systems improve responsiveness, they often require advanced infrastructure and may compromise detection accuracy. Privacy-preserving techniques such as federated learning and differential privacy are gaining importance due to regulatory requirements. These methods enable collaborative learning without sharing sensitive

data but introduce additional challenges in model synchronization and performance.

Another key trend is the integration of AML systems with blockchain and cross-platform financial networks, enabling detection of laundering activities across multiple systems. However, data integration and interoperability remain major challenges. Despite these advancements, several limitations persist. The lack of standardized datasets and evaluation frameworks makes it difficult to compare different approaches. Additionally, the rarity of labelled AML data continues to hinder supervised learning models.

Future research should focus on developing scalable, explainable, and privacy-preserving AML systems. The integration of AI with graph modelling, along with advancements in real-time analytics and distributed computing, holds significant potential for improving AML detection in FinTech applications.

In conclusion, transaction graph modelling represents a powerful and evolving approach to AML detection. While significant progress has been made, further research is needed to address existing challenges and enable widespread adoption in real-world financial systems.

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