

International Financial Institution Cleansed By Anti-Money Laundering Programs

Overview

Description

- ✓ Anti-Money Laundering (AML) Data Cleansing Solution

Software

- ✓ IBM Information Server (IBM WebSphere DataStage, IBM WebSphere Quality Stage)

Benefits

- ✓ Eliminates the manual task of fixing errors
- ✓ Provides data cleansing, transformation and mapping
- ✓ Identifies atypical behavior through individual and company profiles
- ✓ Reduces time and resources spent on operations

Client Background

One of the top 10 banks in the world, this financial institution boasts a number of competitive advantages, including a strong customer base, the quick implementation of strategies, and an extensive lineup of financial products that leverage the expertise of strategic partner companies in specialized areas.



Business Problem

In response to the September 11, 2001 terrorist attacks, The Patriot Act was put into place to strengthen U.S. measures to prevent, detect, and prosecute international money laundering and the financing of terrorism. These efforts include anti-money laundering (AML) tools that impact the banking, financial, and investment communities. As a member of the financial industry, the international financial institution became subject to requirements for establishing an effective AML program which would report suspicious activity, verifying the identity of customers, and applying enhanced due diligence to certain types of accounts involving foreign persons.

Without an effective compliance program, institutions risk large fines, depreciated share value, expensive legal battles and PR damage. Having been audited, the client had a year to change their AML program to fully comply with regulations. Deloitte was brought in for analysis of the company's cash movement processes via such protocols as SWIFT and methods including wire transfers which are the biggest "red flags." International information using different standards or even non-standards, non-unified formats such as free-form fields, and limited or missing information posed challenges toward AML compliance which required the clear identification of data such as banks, countries, originating parties and beneficiary parties.

Financial institutions such as this one are also wary of altering, cleansing or modifying the data directly at the source as it can result in unsuccessful transfers, charge backs and interest compensation. Additionally, there are compliance requirements set forth from The Office of Foreign Assets Control, which prohibit transactions between a registered list of individuals such as known drug dealers, and countries including Cuba and Iran.

Solution

Eager to position themselves as the gold standard in the AML arena, the client quickly responded to their audit by careful research on compliance and their current environment for best practices. What they found is that they had disparate database and data sources with formats and fields causing

(Continued on page 2)

replication and accuracy issues. They also lacked a single accurate view of their customer which could include subscribed products, accounts, transactions and links between them.

Their first solution was to create a data warehouse within 3 months which put all the data in a single location. The database was immediately put to use by Deloitte during their analysis including locating patterns in the data.

The client chose Searchspace, provider of automated risk management services, to help understand the context of individual transactions by providing advanced statistical analysis, and IBM's Information Management products, DataStage and QualityStage, to conduct data cleansing, transformation and mapping prior to the profiling. The IBM products interface well with the client's current IT environment including Oracle and WebSphere MQ.

Both DataStage and QualityStage were selected for their comprehensive set of features — providing a solid ETL tool versus “just” a cleansing tool. The solution will remove legacy hand coding and provide a graphical oriented environment with robust, built-in processes for error handling, logging information, security, debugging, etc. By utilizing these products, the financial institution will also be able to flag problem records that fail the process and push them through to an error log without stopping the whole job — a major benefit that would eliminate the human task of fixing errors at all hours to ensure a job completes before business can resume.

The business process first includes the Money Transfer Department manually cleansing information after a wire transfer. The data is then brought into the data warehouse for analysis where it is extracted and provides additional information by pulling in relevant data about the customer.

This information is used to build profiles for individuals and companies. Using the profiles, the client can flag atypical behavior in their customers such as an increase in transactions and/or amount; source of funds and other such anomalies.

With accurate “know your customer” information the company is now poised for compliance and has realized a set of benefits from their AML solution. Most importantly is their ability to better service not only their customers directly but the banks they conduct business with by saving time, resources and the potential of hefty fines/interest payments. They are also able to provide key customer profile information internally to their lines of business, beneficial in strategic sales and marketing efforts.

About Prolifics, a SemanticSpace Company

Prolifics is the largest systems integrator specializing in IBM technologies. Having garnered awards for its solutions and technical excellence across IBM's entire software portfolio, Prolifics provides expert services including architectural advisement, design, development and deployment of end-to-end SOA, Portal and Security solutions. SemanticSpace, Prolifics' parent company, is a global IT services firm providing application development, testing, application maintenance and outsourcing services. Bringing over 30 years of experience and a strong global presence across the US, Europe and Asia, the SemanticSpace companies offer clients end-to-end services combined with the market's most seasoned and skilled consultants and the dedicated care and attention that comes from a highly-specialized, boutique company. By combining application frameworks, prebuilt components, custom development expertise, a governance framework and a blended shore model, we help organizations decrease risk in complex software development and deployment investments, improve time to market and increase success of business strategy execution.



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