

Case Study: Compliance System Integration and Process Review



A top tier investment bank with over \$225 billion in assets under management, wanted to integrate a newer version of its Accuity compliance software used to screen various entity files and payment transactions. The firm wanted to incorporate additional caution lists into its compliance screening process. In addition to the systems integration, the firm sought a review of its filter rules and compliance processes currently in use. The objective was to identify and execute improvement opportunities that further strengthened its compliance and optimized the firm's personnel resources responsible for researching and dispositioning system-generated matches.

KEY CHALLENGES

The firm faced several key challenges with the project, specifically:

- > Minimal availability of in-house mainframe-knowledgeable technical resources for software integration
- > Required modification to custom programs that interfaced with the filter solution
- > Limited bandwidth of compliance personnel to conduct a thorough opportunity assessment and rules review

SOLUTION

The firm selected Accuity's Strategic Services Group for an onsite engagement. Accuity's discovery plan included two phases, as detailed below:

PHASE I

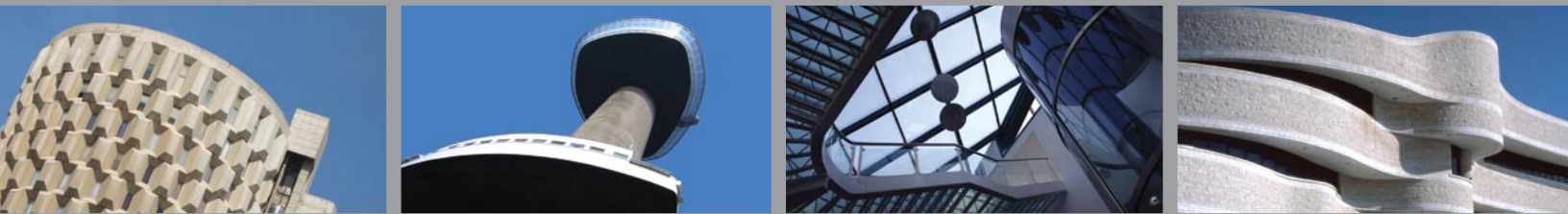
- > Creation of the cutover plan used as the new application and related interfaces were brought live
- > Development of the user acceptance testing plan to be executed by the firm
- > Integration of a newer version of screening software, allowing the firm to expand its regulatory caution list screening and mitigate additional risk

- > Modification of the firm's in-house batch and real-time programs that interfaced with the filter. Specifically, converting the API calls to take full advantage of capabilities with the newer software version.

PHASE II

- > Review current system interfaces to ensure proper and appropriate use
- > Analysis of one month of payment traffic, including SWIFT and Fedwire messages, being screened by the current filters, a mainframe version and a second Windows version, ported to UNIX solution for use by the firm's MINT system, as well as the resulting records or hits
- > Integration of the additional caution lists into the newer software version for use in screening
- > Evaluation of existing rules and development of new rules to reduce the number of false positive matches
- > Test and analysis of the results generated with new rules and any proposed changes
- > Instruction of internal staff on false positive reduction

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RESULTS

The firm accepted the discovery plan presented and, upon completion of the project, Accuity's Strategic Services Group delivered:

- > Integrated and validated new version of screening solution in the firm's mainframe environment
- > Necessary modifications to custom in-house applications that interfaced with the filter
- > Analysis and recommendations to the existing rules being used; suggested edits included creation of conditions, appropriate syntax connections and documentation to detail the rule's intent for audit purposes
- > Development of new rules
- > Impact analysis for the new and edited rules upon historical screening traffic
- > Training for four internal staff members in false positive reduction techniques and best practices for rules development

BENEFITS

The integration of the new software release and additional caution lists, coupled with the modification to the firm's custom applications provided the firm with additional risk mitigation capabilities. By using Accuity's Strategic Services Group and leveraging the team's deep knowledge and experience, the firm was able to put this software in place significantly sooner than it would have been able to had it needed to rely on internal resources only.

More important were the benefits resulting from Phase II of the project. The review and development of rules resulted in a 60% reduction in the number of false positives requiring manual review and dispositioning.

As a result of the review, the firm is confident that the new rules efficiently address its compliance policies and optimize the compliance team's resources. The training provided by Accuity ensured the firm has the knowledge and tools in place to conduct an in-house review of matches and develop additional rules in the future that appropriately reduce the number of false positives.