



“We needed a reliable, scalable solution that would integrate quickly with our central data processing system. ACE Software Solutions fully accommodated our technical and functional requirements and have remained committed to our long-term needs,”

*Ulrich Henninger,
Vice President,
Transaction Banking
Payments, International
Finance Applications,
Commerzbank.*

About Commerzbank

Commerzbank is Germany's second-largest bank and one of the leading banks in Europe. Its consolidated balance-sheet total stands at 615bn euros. Roughly 35,000 employees, 8,100 of them active outside Germany, look after more than 8 million customers worldwide.

Business Challenge

Post 9/11, regulatory changes at national and supranational level have required financial institutions like Commerzbank to ensure transparency in transaction businesses to avoid their use as conduits by terrorist or other criminal networks.

This has created a requirement for robust, scalable message-filtering that automates the process of checking every transaction or payment against lists of embargoed individuals and entities.

For a large bank like Commerzbank, payment volumes are high, data processed centrally, but decisions about suspect transactions requiring local manager knowledge. Payment timing for commercial purposes is critical. Clients will be intolerant of delays in all but the most exceptional circumstances, particularly where value dates are involved. A system that throws up too many false positives would prove burdensome for the bank, and damaging to its client relationships.

Different foreign policies lead to variation in national embargo lists. For example, the US bans trade with Cuba. This means that any automated system must take account of these differences and have the capacity to apply the correct rules in real-time for all the bank's various cross border payments.

Technically, because there was no commercial upside, Commerzbank needed a system that would integrate easily and cost effectively with its existing central systems (z/OS, IBM Websphere Application Server (WAS) on Sun Solaris, Oracle DB, DB2, DB2 Connect, COMI (IBM Websphere MQ), Connect:Direct).

To maintain high STP rates, there must be a low false-positive rate, combined with rapid local decision making on suspect messages through a low-cost, thin client, browser-based information system connected to the central processing database.

Business challenges

- › Highest order regulatory requirement on security post 9/11
- › Large international bank with rising message volumes
- › Centralized system with local management requirement
- › Bank client tolerance for delayed messages very low
- › No commercial application so cost a significant driver
- › STP rates not to be compromised by increase in manual processing

Benefits

ACE Software Solutions OFAC Guard™ was chosen by Commerzbank for the following reasons:

A low false-positive rate resulting from OFAC Guard's intelligent technologies, including natural language processing. These ensure all alternates of spelling and context are evaluated before a message is considered for reporting as suspect. Commerzbank generates suspect messages of only 1.3% through the ACE system, allowing maintenance of its high STP rates. The system can also be applied to the banks documentary business.

The system's scalability will allow for an increase in daily message volumes from current 70,000-80,000 to over 100,000 once the firm's investment banking arm is integrated. Thereafter message volumes are anticipated to rise 10% per year.

As a standards based solution, with full interoperability, Commerzbank was easily able to integrate OFAC Guard™ into its central system.

Browser functionality permits users in local branches anywhere in the banking network to interrogate the entire message report, and override where appropriate to allow a transaction to proceed, leaving a full and compliant data trail. This allows a quick response to a problem, avoiding costly delays to bank, and reducing transaction risk to the customer.

Centralised installation permits the application of standard business rules that can then apply immediately across the bank network.

High quality software means production errors are rare, reinforcing reliability, now proven with 2 years usage since installation. Support is timely and efficient, with most issues resolved on a 2-hour turnaround.

- › Low false positive rate
- › Full transparency for local operatives
- › High STP rates
- › Easy install via matching standards
- › High reliable, with high quality support when needed
- › Enables bank to comply with regulations

Solution Overview

OFAC Guard™ uses intelligent natural language processing features to quickly and accurately scan financial messages for all types and formats. It intelligently identifies blacklisted entities in transactions and highlights them before transactions are processed.

- › Intelligent recognition of entities using extensive knowledge base and language parsing techniques like spelling correction and morphology
- › All types of financial transactions and messages (SWIFT, Telex, E-mails etc.) can be scanned to ensure that the blacklisted entities are not involved.
- › If any of the blacklisted entities or countries are found, then the message is flagged for special processing.
- › All supporting information, to manually verify if the flagged entity is really blacklisted or not, is available to the user.
- › Identification of all entities and countries is based on the names published by authorized sources, even with misspellings, abbreviations and BIC codes. This process is based on the advanced natural language, pattern matching and conceptual parsing techniques used by STP Toolkit.
- › OFAC Guard™ also supports direct import of OFAC published SDN, SDGT files along with aliases (a.k.a. lists). This information can be edited, enhanced and incrementally added to by users.
- › Product installation includes the run time software GUI, administration and monitoring tools, financial and Knowledge Base and provision of the latest OFAC, SDN/SDGT lists.

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