

Information Management software

Fight Fraud, Reduce Risk, and Streamline Compliance: IBM InfoSphere Entity Analytic Solutions for Financial Services Organizations



Highlights

Gain a complete understanding of your customers, employees, vendors, external threats, as well as your interactions with them for:

- g ***Fraud detection***
- g ***Regulatory compliance***
- g ***Enterprise Risk Exposure***
- g ***Cross-Sell/Up-Sell***

When it comes to developing and maintaining an understanding of your customers, employees, vendors, external threats and your interactions with them, IBM InfoSphere™ Entity Analytic Solutions (EAS) addresses three key questions:

“Who is Who?”

Automatic disambiguation with complete identity (people and organizations) context

“Who Knows Who?”

Real-time discovery of non-obvious identity (people and organizations) relationships

“Who Does What?”

Quantification of identity (people and organizations) activity across events (modified address) and transactions (withdrew \$10,001)

Fraud Detection

The frequency, variety, and sophistication of fraud in financial services are increasing. Fraudsters have learned to “game” the antiquated, batch-driven, silo-oriented processes used in the typical enterprise. EAS delivers real-time discovery of business interactions across the enterprise to aide the organization in beating the fraudsters at their game.

Multi-National Credit Card Institution Saved \$18 Million. EAS demonstrated an annualized fraud mitigation savings of \$18M for a very large Multi-National credit card institution. Fraudsters will repeatedly change their identities until they find the representation that passes muster during the credit card application process.

EAS detected on more than 20 occasions, that 22 individuals had been granted cards after they had applied and been rejected. One individual applied 117 times with varying identity changes before the application was finally approved. Both scenarios were perpetrated within just 60 days. Placing EAS within the application process mitigates fraud.

Major North American Retail Bank Online Account Department Saves Over \$1 Million Per Month. A large North American retail bank was suffering significant losses from fraudulent account activity via their internet channel. The EAS implementation prevented a \$500k single transaction fraud on the second day of production. EAS also replaced a manual operation and in the first month identified \$733K of incremental fraudulent activities. EAS is helping this bank mitigate an estimated \$1M in monthly losses through real-time vetting of online (IP Address, E-Mail, and "Cookie") activity.

Large North American Retail Bank Finds Insider & External Threats. A large North American retail bank knew they possessed insider (employee) threats as well as external (customer) threats. However, due to the complexities of identity and non-obvious relationship recognition they were unable to address the problem. EAS was deployed for enterprise-wide discovery of employee fraud and employee-to-customer collusion.

Regulatory Compliance

Each year regulatory requirements become increasingly identity-centric. Assessing an account-holder's propensity for laundering money by studying account number-based transactional activity alone is not enough. Evaluating nefarious individuals during on-boarding can stop the threat at the front door. With the appropriate solution for on-boarding and enhanced due diligence, wasteful millions of dollars in human labor may be avoided. All of these are areas in which EAS can benefit the financial enterprise.

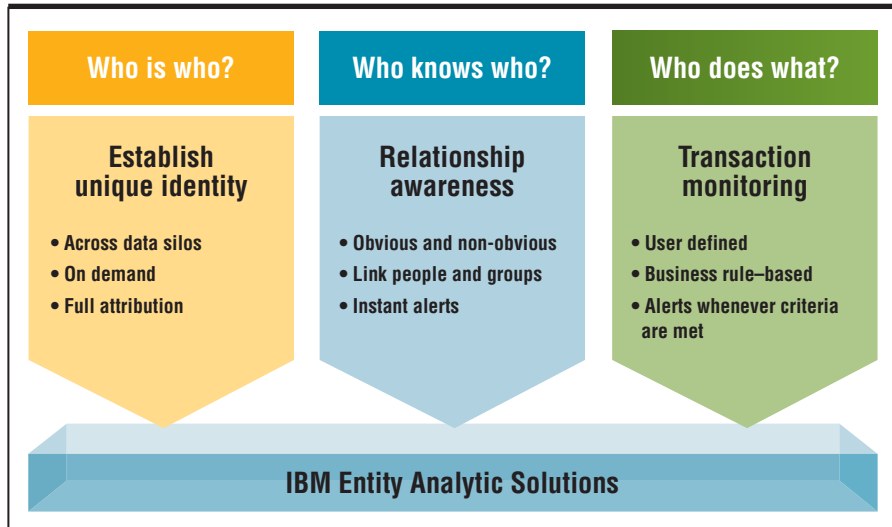
EAS' ability to automatically aggregate transactional values across multiple accounts for the same entity make it an ideal solution for pre-empting "Cash Structuring," identified in the BSA AML Examination Manual as the number-one AML threat. In addition, EAS is a natural progression in the journey from Patriot Act Section 326 KYC/CIP to Fact Act Red Flag compliance.

Large North American Retail Bank Addresses Compliance by Creating Electronic Dossier for Each Customer, Resulting in 12% Reduction of Record Duplicity. A large North American retail bank benefited tremendously by EAS' time to value. In just 3 weeks, EAS was installed, configured and loaded with 50M customer records. At the end of this brief period EAS delivered to the BSA Compliance Officer a) A complete electronic dossier for each customer and their accounts, including a 12% reduction in customer record duplicity b) Relationship correlations from customer to customer c) Relationship correlations from customer to international sanctions lists.

Mid-sized North American Bank Mitigates Over \$2 Million in Customer On-Boarding Costs. EAS helped a North American mid-size bank mitigate over \$2M in financial analyst costs by stream-lining their on-boarding process. This bank's challenge was vetting 7M customers against a sanction list of 500k entries. Their existing solution yielded nearly 263k false positives. EAS reduced this number to just 191 true positives.

Major European Wholesale Bank Reduced the Time Spent on AML Monitoring of Flagged Names from 12 Hours to 10 Minutes Per Day. One of the largest European global wholesale banks wanted to realize business value from anti-money laundering compliance

The IBM InfoSphere Entity Analytic Solutions Platform



The IBM InfoSphere Entity Analytic Solutions portfolio of financial intelligence capabilities recognizes how the ability to do things better is the key to doing business. EAS provides real-time identity and relationship intelligence and resolution in connection with the business analytics.

initiatives versus merely treating AML as a cost initiative to meet minimum requirements. The bank implemented the IBM name resolution solution in less than two months. It also reduced the amount of time investigators spent checking names flagged for AML monitoring from 12 hours per day to 10 minutes because of the vastly superior quality of name checking.

Major Money Service Bureaus Reconcile Identities in Real-Time.

Two of the largest Worldwide Money Service Bureaus leverage EAS for vetting identities (people and organizations) conducting international and domestic wire transfers. EAS provides real-time reconciliation of identities (people and organizations) as well as alerting on wire transfer magnitude, temporal and geospatial thresholds.

Enterprise Risk Exposure

What is your total borrower exposure? Disparate account-level obligor data is resolved by EAS systemically and automatically, to an Enterprise Parent-level-entity even though the data is sourced across multiple lines of business, products and systems. Mortgage fraud continues to rise. EAS is an ideal solution designed to detect and pre-empt mortgage fraud during the pre-fund loan processing phase.

Credit Arm of a Multi-National Technology Enterprise Found Over \$1.3 Billion in Unknown Credit Exposure. The credit arm of a Multi-National blue-chip technology enterprise needed to understand common obligor and total borrower exposure. EAS was employed for this purpose and exposed over \$1.3B in previously unknown credit

exposures. This task was completed in approximately 10 business days.

Cross-Sell/Up-Sell

Do you really know your account holders complete social network value? EAS' unique ability to discover non-obvious relationships amongst account holders in real-time affords unprecedented competitive advantage. A complete social network value understanding provided by EAS helps marketing departments pinpoint and tailor products and services to specific and appropriate prospects.

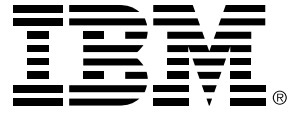
Large North American Business-to-Business Bank Recognizes Relationships for Improved Marketing and Enhanced Compliance.

A large North American commercial (B to B) bank has deployed EAS to understand the relationships amongst corporate customers for the purposes of marketing and regulatory compliance. In one EAS repository this enterprise derives benefits for both missions.

For more information

To learn more about IBM InfoSphere Entity Analytic Solutions, contact your IBM sales representative or visit: ibm.com/software/data/ips/products/masterdata/eas

You may also contact Fran Tonyan, Worldwide Director of IBM InfoSphere Identity Resolution Sales at ftonyan@us.ibm.com



© Copyright IBM Corporation 2009

IBM Corporation
Software Group
Route 100
Somers, NY 10589
U.S.A.

Produced in the United States of America
May 2009
All Rights Reserved

IBM, the IBM logo, ibm.com, and InfoSphere are trademarks or registered trademarks of International Business Machines Corporation in the United States, other countries, or both. If these and other IBM trademarked terms are marked on their first occurrence in this information with a trademark symbol (® or ™), these symbols indicate U.S. registered or common law trademarks owned by IBM at the time this information was published. Such trademarks may also be registered or common law trademarks in other countries. A current list of IBM trademarks is available on the Web at "Copyright and trademark information" at ibm.com/legal/copytrade.shtml

Other company, product, or service names may be trademarks or service marks of others.

References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates. The information contained in this documentation is provided for informational purposes only. While efforts were made to verify the completeness and accuracy of the information contained in this documentation, it is provided "as is" without warranty of any kind, express or implied. In addition, this information is based on IBM's current product plans and strategy, which are subject to change by IBM without notice. IBM shall not be responsible for any damages arising out of the use of, or otherwise related to, this documentation or any other documentation. Nothing contained in this documentation is intended to, nor shall have the effect of, creating any warranties or representations from IBM (or its suppliers or licensors), or altering the terms and conditions of the applicable license agreement governing the use of IBM software.

Each IBM customer is responsible for ensuring its own compliance with legal requirements. IBM customers are responsible for ensuring their own compliance with legal requirements. It is the customer's sole responsibility to obtain advice of competent legal counsel as to the identification and interpretation of any relevant laws and regulatory requirements that may affect the customer's business and any actions the customer may need to take to comply with such laws. IBM does not provide legal advice or represent or warrant that its services or products will ensure that the customer is in compliance with any law.

Printed in the United States of America on recycled paper containing 10% recovered post-consumer fiber.