OPENTEXT

Large Bank Ensures Regulatory Compliance with OpenText Solution

Sumitomo Mitsui Banking Corporation automates customer intake processes with OpenText MBPM

Sumitomo Mitsui Banking Corporation (SMBC) offers a broad range of financial services, including banking, leasing, securities, credit card, investment, mortgage securitization, venture capital, and other credit-related businesses. Headquartered in Tokyo, Japan, SMBC is one of the largest banks in the world today, with branches around the globe. The mission of SMBC is to optimize customer value and growth while at the same time creating sustainable shareholder value.

Facing a strict regulatory environment

In recent years, financial institutions like SMBC have been challenged with meeting increasingly stringent regulatory require- ments designed to protect investors and ensure financial stability, accountability, and transparency. Regulations include the Basel Accords, which are an international code of conduct for banks; the USA Patriot Act, which regulates financial transactions, particularly those of foreign individuals or entities; and the recent Dodd-Frank Wall Street Reform and Consumer Protection Act, which mandates enhanced oversight and regulation of financial institutions.

To comply with such requirements, banks and other financial institutions must obtain certain information from clients as part of

due diligence activities known as Know Your Customer (KYC). These policies are designed to prevent identity theft, financial fraud, money laundering, and terrorist financing. KYC controls typically include collection and analysis of basic identity information, name matching against lists of certain known parties, and determination of a customer's risk (money laundering or identity theft).

In order to manage its customer data to meet such requirements, the International Banking division of SMBC needed to enhance and streamline its process for accepting and onboarding new customers—known within SMBC as the Customer Information File process. This process spans Asia, Europe,

INDUSTRY

Financial Services

CUSTOMER

Sumitomo Mitsui Banking Corporation

CHALLENGES

- Increasing regulatory requirements and scrutiny
- Time-consuming manual processes prone to error
- Multiple interfaces and systems leading to inefficiencies

SOLUTION

- OpenText MBPM

BENEFITS

- Improved regulatory compliance
- Lowered corporate risk
- Enhanced productivity with single user interface and consolidated information

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RISË ZAISER, SVP, INFORMATION SYSTEMS, JRI-AMERICA, IT SUBSIDIARY OF SMBC

and North America and involves screening customers against lists from the Office of Foreign Assets Control, the Ministry of Foreign Affairs, and other 'do not do business with' lists. It also includes getting new customer information into all of the appropriate subsystems and creating the customer entry in the customer information data warehouse.

Using the OpenText solution to overcome challenges

The bank was faced with numerous business and technical challenges. Being a large, global organization, the business challenges included differing organizational structures and responsibilities, varying data availability, multiple languages and time differences, and regional regulatory requirements. On the technology side, SMBC faced heterogeneous hardware and software environments and back-end processing systems in each location. Moreover, the existing system was not scalable to accommodate SMBC's needs—it was a slow, manual process that was prone to error and frustrating to both employees and customers.

SMBC selected OpenText MBPM for its scalability and extensibility, ease of integration with the existing environment, ease of use for end users, and speed of development. OpenText MBPM is an industry-leading Business Process Management

(BPM) solution for the rapid configuration and deployment of business-critical, process-based applications. The team at SMBC identified customer processing and regulatory compliance as the primary targets for the OpenText system.

A single, automated system to gather customer information

SMBC created a globally accessible system that allows for the specialized requirements of each region while interfacing with multiple systems to decrease manual input of customer information, improve data accuracy, and enforce regulatory compliance. Using OpenText MBPM, SMBC has automated and streamlined the Customer Information File process in order to efficiently process new customer information, automate Patriot Act/KYC screening activities, and get new customer data updated—in a fraction of the time and with more accurate results than the previous manual approach.

Rolled out to all of the more than 1,000 users in the International Banking division, the system features a single user-friendly interface. Users were previously required to use several disparate systems, each with a different interface. Data is being collected on a global basis and regulatory and compliance requirements have been integrated into the process—decreasing the burden on users, helping to enforce compliance, and lowering corporate risk.

The solution integrates OpenText MBPM with SMBC's existing Patriot Act Active Directory® and corporate portal systems to provide a seamless process flow across the organization. Risë Zaiser, SVP, Information Systems, describes part of the flow: "We've included what we call the account opening process as part of this now. So when you enter in your customer's information, we might ask for some additional information, and then we send all that information to the downstream system so that the account is automatically opened. That eliminates the need for anyone else to re-enter that data. That streamlines the process greatly and cuts down on reconciliation issues."

In addition to the new customer onboarding process, SMBC has automated processes for customer updates, Extra Due Diligence (EDD) on certain customers, and periodic reviews of customer files. They have also added several different views of information, including a KYC view. Zaiser explains, "The KYC view allows you to go in and see the KYC information as it currently is. So if you look up a folder from two years ago, you see data that was there two years ago. That's effective because we've changed the form [the customer application] over time. We've also added a regulatory view that lists all the folders associated with that customer, and you can open up each folder and you'll see the information as it was input."

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SMBC has also integrated the customer processes with its document management system, where all documents are stored. Zaiser describes the benefits of integration: "You can see the documents using the application itself. You click on a link and up comes the document. So everything that we save to support the customer decisions that are made—it's all right there."

She elaborates, "That's one of the things that is really great about the system. You sit down and everything you need is right there. If you're assessing a customer, especially the regulators, they come in, they open it up, they look at it, and they don't need to go anywhere else. Nothing is stored in a filing cabinet somewhere."

Reducing risk by meeting regulatory requirements

OpenText MBPM has enabled employees to become more educated on the Customer Information File process and empowered to refine and improve the process—ultimately enhancing customer service. Zaiser describes how the solution has made life easier for users: "They know what they need to do. They can be more productive because they don't have to go find all the information. It's all there so that maintaining the accuracy of data is much easier to do. If it were a manual process, then just the checking and verification would be much more time-consuming."

In addition to the efficiency that OpenText MBPM brings to organizational processes, most importantly, SMBC is meeting regulatory compliance requirements. Zaiser comments on feedback from regulators on the solution: "The regulators love it. And that's really the most important feedback because if they don't like it, it's not good. This is a very regulatory-centric situation and if the regulators are happy, we're happy."

Future momentum

Looking ahead, SMBC is in the process of rolling out the solution in Europe and is making similar plans for Canada. Zaiser concludes, "We think we have a pretty good application and product. People who have come to work here from other places say it's much more streamlined and centralized than what they've used in the past. They really like it." ∎

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