SAFE BANKING SYSTEMS

CASE STUDY

SAFE EXPOSURE INDEX®

Providing PNC a Sustainable Process for Identifying and Managing Customer Risk

Background

The PNC Financial Services Group, Inc. (PNC) is one of the largest diversified financial services organizations in the U.S. with operations spanning the retail, business and corporate markets. Expanding steadily through organic growth and acquisitions, PNC's net assets reached a record $139 billion in 2007.

The Challenge

Faced with a new acquisition, PNC needed to move quickly to implement systems that would enable them to identify and assess customer risk. Having selected vendors to supply the matching engine and the database of heightened risk entities to scan against, PNC next turned its attention to finding a software provider that could analyze PNC's client data to identify the most relevant, highest risk matches. Inherent in PNC's requirements for a software provider were a deep understanding of customer data and a willingness to look for characteristics specific to PNC's alerts. Plus, the software provider had to know how to bring alerts forward. PNC realized from the outset that the dynamic, iterative nature of this process meant they would be working closely with the selected provider. As such, they needed a robust solution and a strong responsive service partner.

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> Director of AML, PNC

The Solution

Safe Banking Systems' commitment to service support and its proof of concept helped win PNC's vote, and the relationship was born. Safe Banking Systems brought to the table not only software, but business intelligence. They had the expertise to understand PNC's customer data, the FircoSoft matching engine and World-Check's data files of heightened risk entities as well as the skills to determine the key elements necessary for effective matching.

With Safe Banking Systems on board, PNC embarked on a comprehensive project to filter new customers as well as all its existing customers against various risk characteristics. Due to the scope of the project, the initial processing resulted in a huge number of alerts that would potentially strain even the best staffed AML department. Working in partnership with PNC Management, Safe Banking Systems helped develop analytics, establish decision criteria and fine-tune business tools. They pared down lists according to PNC's risk tolerance and applied criteria to risk rank alerts that were elevated, reducing the number of alerts to a much more manageable total after the first round of review.

A Powerful Difference

With this critical project now behind them, PNC took time to review "lessons learned" and reevaluate their goals. It became clear that they needed to channel the same methodology used in the previous project into a sustainable, automated, long-term solution – one that could be applied going forward in an efficient and risk-based model.

Once again, PNC turned to Safe Banking Systems. Safe Banking Systems introduced SAFE Exposure Index®, its proprietary patent pending methodology for automated daily risk and exposure ranking. With SAFE Exposure Index, PNC had the risk-based decision process they were seeking and could work through outstanding alerts in a matter of days.

PNC's next goal was to broaden its use of the World-Check database by scanning against a greater subset of information – without being drowned by thousands of low-level alerts. SAFE Exposure Index's mathematically based logic for risk ranking makes the alert process manageable by highlighting the most relevant, highest risk alerts. It enabled PNC to understand not only the degree of risk but to identify which profiles carried the most serious risk. And, it provided a scalable way for PNC to review and tailor the filtering process based on its risk tolerance.

Jacqueline Santos, Vice President AML Risk Management at PNC, said, "SAFE Exposure Index opened up the use of the World-Check database so that we take full advantage of the available lists. It brings forward profiles we would not have seen. It allows us to periodically reevaluate our risk parameters and to make adjustments as necessary to ensure our risk model remains aligned with PNC's strategies."

SAFE Exposure Index is part of SAFE Advanced Solutions®, Safe Banking Systems' comprehensive suite of software and services for watch list filtering. It enables clients, such as PNC, to better manage hits by providing only relevant alerts – those heavily weighted alerts that merit further investigation and research. As a result, PNC is able to use its resources more effectively.

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"SAFE Exposure Index provides an ongoing improvement opportunity. We can quickly identify alerts that should be brought to the next level of granularity," added Ms. Santos.

Keys to Success

Successfully managing risk means first and foremost accepting the dynamic nature of the process. "Once you embark on a course, be prepared for an iterative process that will evolve over time," advised Ms. Santos. "There is no plug and play solution where list matching is concerned."

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> Vice President
> AML Risk Management PNC

Because the process changes in response to internal and external drivers, finding a software provider and a solution that can readily adapt to changing needs is key. Ms. Santos couldn't agree more, "Safe Banking Systems has been a close partner throughout this whole process. Their goals are aligned with our goals. Their in-depth understanding of databases, filtering, our business environment and how we look at data enabled them to deliver a flexible product that can be tailored to meet our needs as the business grows and changes."

SAFE Exposure Index provides a flexible, auditable solution for regulatory review and brings value to PNC. "Managing customer risk on an enterprise-wide basis is now considered a foundational pillar of a solid AML Program," said Jon Elvin, PNC's Director of AML. "One can no longer afford the potential reputation exposure by not being able to identify certain customer risks throughout a broad and diverse business portfolio and model. Approaches need to be holistic and scalable, but maintain the element of a little common sense too."

A Strategy for Growth

In today's uncertain economy where fraud and AML events are expected to continue at high levels, clients leveraging SAFE Exposure Index as an enterprise-wide solution across additional businesses can improve their position to manage risks in an efficient model.

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