

## CASE STUDY

# SAFE ADVANCED SOLUTIONS®

Delivering a Comprehensive,  
Hosted AML Solution to a  
Securities Brokerage Client



### Background

In business, as in life, timing is everything. This proved to be the case when the Client, a leading provider of securities brokerage, banking, money management and financial advisory services, was introduced to Safe Banking Systems (SBS) by a mutual business partner. With a solid anti-money laundering and regulatory risk program already in place, the Client did not have an active project in mind. They had, however, considered enhancing PEPs screening and adding international coverage for negative news, something their current vendor did not provide. They certainly did not expect to rethink their entire customer due diligence process. That changed upon the fortuitous meeting with Safe Banking Systems.

### The Challenge

The Client's existing AML operation relied on multiple vendors. One vendor supplied sanctions screening; another, PEPs screening; and a third vendor provided the negative media group with domestic news screening. As a result, SBS' comprehensive product functionality and ability to centralize several processes under a single provider was particularly compelling.

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**Vice President**  
AML/OFAC Officer

SBS conducted a Proof of Vulnerability (also known as a proof of concept) to demonstrate the effectiveness of its solution. Using a subset of actual customer data, SBS scanned 500,000 of the Client's customers. The Proof of Vulnerability identified all the PEPs purposely seeded into the database as a test. What was significant, however, was that the Proof of Vulnerability also identified high-risk customers previously undetected by the Client's existing systems — which is not unusual given SBS' revolutionary approach to entity resolution and name matching. The Client was sold.

The striking results from the Proof of Vulnerability convinced the Client that Safe Banking Systems could offer broad process changes that enhanced functionality and streamlined their operations. As a result, the client looked at their entire operation and outlined the following key requirements for this new project:

- Centralized solution for OFAC and PEPs
- International and domestic negative news
- Case management search capabilities
- Enhanced efficiencies
- False positive reduction

## The Solution

SBS introduced the Client to SAFE Advanced Solutions®, its integrated suite of products and services for AML and compliance. SAFE Advanced Solutions uses a risk-based approach to filtering global sanctions and PEPs that greatly improves matching accuracy. It is delivered using a Software as a Service model (SaaS) and is hosted at Rackspace®, whose infrastructure provides an SSAE 16 Type II SOC 1 auditing standard.

The hosted SAFE Advanced Solutions offers a dynamic surveillance model that accepts files at any time and scans the entire customer database every day against commercial databases of PEPs and other high-risk entities. This flexible approach better captures the constantly changing customer and web information, making it more effective in identifying and mitigating risk than traditional batch runs.

"Prior to implementing SAFE Advanced Solutions, we had to manually search our customer database against watchlists to see if there were any updates," said the Client's Vice President, AML/OFAC Officer. "With SAFE Advanced Solutions we can now perform ongoing portfolio monitoring on our entire customer database and not just when an account is opened. If there are updates to watchlist data that impact our database, we know it immediately and can take appropriate action."

## The Benefits

SAFE Advanced Solutions provides a centralized, single-vendor solution for screening global sanctions and PEPs and for monitoring domestic and international negative news.

A daily batch run captures new customer information as well as any changes to customer records. The information is then screened against sanctions, PEPs and negative news. A flexible reporting mechanism allows the Client's sanctions group to segregate PEPs with negative media and automatically forward details directly to the operations group responsible for this function, replacing the previous process of sending negative news via email.

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**Vice President**  
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This seamless flow of information greatly improves workflow efficiency in the negative media group as well as throughout the Client's entire AML operation.

SAFE Exposure Index® and SAFE Strength Index, two powerful products in the SAFE Advanced Solutions suite, further enhance efficiency by generating high-quality alerts with greater accuracy. Using a patented methodology, SAFE Exposure Index reliably ranks on a daily basis the risk and relative

political and criminal exposure of individuals in leading databases of PEPs and high-risk entities. Once a customer information file is filtered against this database, SAFE Strength Index refines the results to rate the strength of the match and prioritize those matches most likely to be true.

Together, SAFE Exposure Index and SAFE Strength Index offer a principled methodology to identify alerts with the highest risk and greatest relevance. These solutions dramatically increase screening performance, reduce false positives, streamline investigation and improve risk monitoring.

The Client's experience bears this out. According to the Vice President, AML/OFAC Officer, "SAFE Exposure Index and SAFE Strength Index have had a profound effect on the number and quality of alerts. Our total alerts have decreased by approximately 40%. At the same time, since SBS is finding better matches, the number of alerts that require further review has also decreased — by a substantial 25%."

These numbers are significant in several ways. They improve the efficiency of the Client's operation, decrease risk and enable the Client to optimize resources. Investigation staff can spend less time chasing low-level alerts and more time focusing on critical matches.

SAFE Advanced Solutions also replaced the Client's existing case management and investigative tools. Now, extensive drill-down capabilities provide easy access to all information and media articles as well as to the SAFE Exposure Index and SAFE Strength Index scores. As a flexible platform, SAFE Advanced Solutions enables the Client to work with data that was not conventionally available through other vendors. Everything from reports to setting risk thresholds to capturing only relevant news articles can be tailored to the Client's need and is included at no extra charge.

"SBS came to us with a compelling solution," said the Vice President, AML/OFAC Officer. "They helped us to identify process enhancement efficiencies and opportunities we didn't think possible with one vendor."