



## CASE STUDY

# SAFE ADVANCED SOLUTIONS® Automating Umpqua Bank's KYC/EDD to Proactively Identify Risk



## Background

"Welcome to the World's Greatest Bank" is the standard greeting at Umpqua Bank, an innovative, entrepreneurial \$12 billion Oregon-based community bank and subsidiary of Umpqua Holdings Corporation. With 200 locations from Seattle, Washington, to San Francisco, Central Oregon and Northern Nevada, Umpqua has plans for continued growth.

## The Challenge

Umpqua's Financial Investigations Department, which is responsible for Know Your Customer, Enhanced Due Diligence and Customer Due Diligence, relied on an in-house process to collect and validate information from several hundred new individual and business customers per day. Although effective in the current environment, the process was time consuming and not efficient to support the bank's plans for growth without an upgrade to existing watch list screening systems.

After first enhancing Umpqua's transaction monitoring system, Kurt Heckers, Umpqua's senior vice president & bank secrecy act officer, began to address the bank's front-end KYC, EDD and CDD processes.

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**Kurt Heckers**  
Senior Vice President  
& Bank Secrecy Act Officer

He wanted to proactively replace Umpqua's customer due diligence process with a more sophisticated and automated solution that could support future growth. Umpqua's requirements were clear — find a technology provider that could deliver:

- Watchlist screening for sanctions, PEPs and negative news
- Automated processes for KYC and customer onboarding
- Transparency and link analysis into customers' relationships
- Online and batch processing
- Tools to enhance workflow management and improve operational efficiency

The bank distributed an RFP to a handful of vendors including Safe Banking Systems (SBS), a specialist provider of AML and compliance technology that Mr. Heckers had met at an industry conference in 2010.

## The Solution

To demonstrate the power of SAFE Advanced Solutions®, SBS' integrated suite of products and services for customer screening against sanctions, PEPs and negative news, SBS performed a Proof of Vulnerability using a subset of 200,000 customer records from Umpqua. The Proof of Vulnerability provided immediate results by identifying hidden risk, which is not unusual given SBS' unique approach to name matching and entity resolution.

While Umpqua was impressed with the results from the Proof of Vulnerability and found SBS' powerful tools, ease of use and hosted delivery option appealing, "it was SBS' severity/probability scoring model that separated them from the other vendors," said Mr. Heckers. Umpqua decided to move forward with SBS and implement SAFE Advanced Solutions® for KYC/EDD.

SAFE Advanced Solutions combines the patented risk ranking methodology of SAFE Exposure Index® with the probabilistic alert scoring and prioritization framework of SAFE Strength Index to identify the highest risk, most likely to be true matches in a customer database.

Delivered using a Software as a Service (SaaS) model, SAFE Advanced Solutions provides daily monitoring and surveillance to capture constantly changing customer and web information. It offers Umpqua actionable intelligence for more effective due diligence and risk mitigation. In addition, hosting delivers maximum scalability for growth and lower total cost of ownership. Rackspace®, an SSAE 16 Type II data center provides the hosting infrastructure with a fully redundant back-up site at an alternate location.

As a bank interested in organic growth as well as growth by acquisition, Umpqua was quick to realize the potential of another SBS offering — SAFE Forensic Analysis, a specialized standalone service. With an alert and validation process so efficient that it shortens investigation of alerts to days from weeks or months, SAFE Forensic Analysis is an ideal solution for time-critical actions such as due diligence prior to a merger or acquisition, internal audits, fast-tracking investigation of alerts or to validate an AML program.

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## The Benefits

Umpqua uses the full suite of SBS' solutions throughout its Financial Investigations Department. In addition, Umpqua's newly formed international banking group relies on SAFE Advanced Solutions to perform due diligence on beneficiaries in trade finance transactions.

SAFE Advanced Solutions eliminated the need to manually review and score several hundred customer documents per day, reducing overall manual processes by seventy-five percent. Its risk ranking and alert prioritization ensures Umpqua's

review team is spending time wisely by first investigating those customers who pose the highest risk. Moreover, SAFE Advanced Solutions has strengthened and streamlined Umpqua's KYC/EDD process, enabling the bank to proactively identify true high-risk customers.

Umpqua uses the sophisticated research and investigation tools in SAFE Advanced Solutions to identify non-obvious relationships, monitor relationship risk among entities and generate qualitative reports. SBS' PEPs and negative news screening is more thorough and substantive than Umpqua was able to discover through its own proprietary research prior to SBS.

With SAFE Advanced Solutions driving the bank's ongoing due diligence processes, Umpqua is enjoying numerous benefits including:

- Fewer but higher quality alerts
- Better and deeper insight into the bank's customer database
- Improved efficiency and automation
- Productive use of time and resources
- Enhanced surveillance and risk monitoring
- Scalability to accommodate growth

SBS was the right choice for Umpqua. "SBS delivered the sophistication, automation and information we needed while laying the foundation for growth and expansion," said Mr. Heckers. "And the hosted option made for a smooth and rapid implementation. It provides an effective delivery model given Umpqua's size and structure."

## Next Steps

As Umpqua Bank grows and draws on the full capabilities of Safe Banking Systems' solutions, it expects the benefits to compound. "We are actively using SAFE Advanced Solutions and learning more each day. As an acquisition-minded bank you don't always know what kind of portfolio you are inheriting, which is why we look forward to our next opportunity and leveraging SAFE Forensic Analysis fully," added Mr. Heckers.