

Misys Watch List Checking

Protect your bank with a specialist watch list filtering solution

There has never been a greater focus on the impact of unethical or unlawful activities on the worldwide flow of money. The Misys Watch List Checking solution is designed to protect banks from exposure to these risks and to enable them to hit the most stringent of compliance targets, local and global, with the minimum of fuss.

In a world of increasing regulation, it is not just the bank and its reputation that can be placed at risk. Employees may also carry personal responsibility for any failure to comply with regulators' requirements. The automation of policies designed to meet those requirements and protect banks, their employees and customers, continues to be a high priority.

Misys Watch List Checking helps banks comply with the most stringent international regulations by checking that customers, representatives and payment beneficiaries processed by the bank are not those held on any regulator's lists of individuals, companies or organisations. By automating this process, the solution reduces the cost and time it takes for banks to meet their compliance objectives.

Solution overview

Misys Watch List Checking is delivered in partnership with FircoSoft, the leading provider of filtering solutions for financial institutions in the world.

FircoSoft is 100% dedicated to watch list filtering and now has over 250 references worldwide, representing 600 live sites. The company was ranked the #1 Watch List Filtering Solution by Celent Communications in its 'Evaluating the Vendors of Anti-Money Laundering Solutions' report (August 2006) and its solution guarantees the lowest 'false-positive' rate of the market (less than 1%).

Importantly, Misys Watch List Checking is fully pre-integrated with Midas and Midas Plus. For Midas customers, this has two key benefits. Firstly, it significantly reduces the time and cost of deploying a watch list filtering solution. Secondly, banks benefit from full Straight Through Processing across the entire process, with payment messages automatically routed, checked and stopped if there is a match.

The Misys Watch List Checking solution consists of two parts:

1. The checking of **payment messages**
2. The checking of **customer details**

Benefits at-a-glance

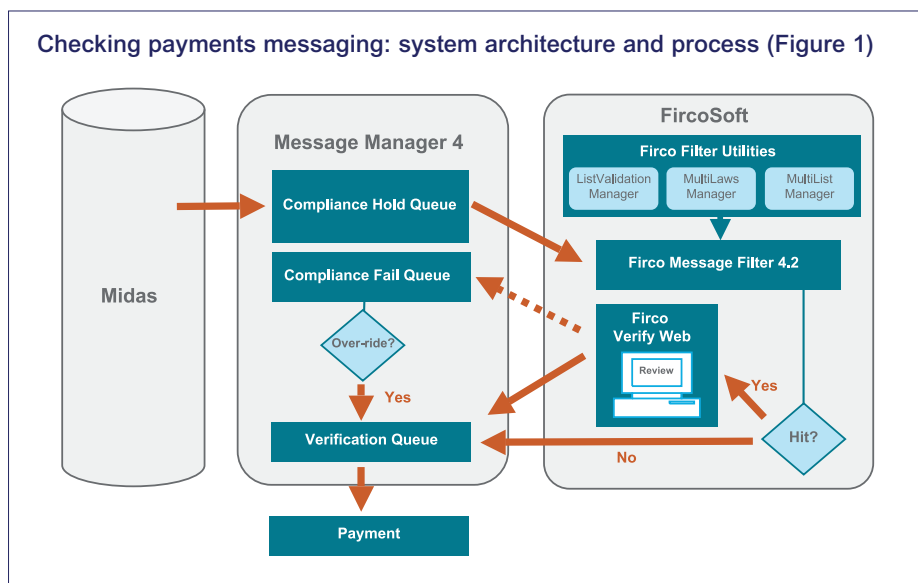
- + Introduces the simplicity of Straight-Through-Processing to reduce the costs associated with compliance
- + Improves the performance and quality of watch list filtering with an industry leading solution live in over 600 sites worldwide
- + Delivers the lowest 'false-positive' rate in the industry at less than 1%, so banks can optimise their resources and not waste time on irrelevant issues
- + Seamless pre-integration with Misys Midas and Midas Plus, reducing integration costs by at least 50% (compared to an alternative 3rd party solution)
- + No additional hardware or operational costs for Midas customers
- + Multi language capabilities including Chinese, Korean and Arabic. UTF 8 Compliant

Ranked the #1 Watch List Filtering Solution by Celent Communications in its 'Evaluating the Vendors of Anti-Money Laundering Solutions' report (August 2006)

Checking payment messages

The checking of payment messages is delivered through Misys Message Manager Release 4.0. All payment messages sent through Misys Message Manager are checked against the regulators and internal lists loaded within FircoSoft software.

This real-time filtering solution will quickly determine whether there are any matches, stop the payment and immediately report the match to the compliance officer for review. The system supports multiple lists, including credit black lists, and supports multiple message types, not just SWIFT messages. An overview of the system architecture and process for checking payment messages is shown in Figure 1.



Payment messages are sent to Message Manager 4 and then stored in a Compliance Hold Queue whilst the details are sent for processing via a MQ request message. The MQ request contains a message with the header required for processing by the FircoSoft engine.

FircoSoft returns the message with a status of 'Hit' or 'No_Hit': all Hit messages are routed to Compliance Fail Queue; all No_Hit (a match to the list is called a Hit) messages are routed to Message Manager Verification Queue.

Message Manager includes a feature that allows the supervisor to over-ride suspect messages in the Fail Queue, which are then routed to the Verification Queue.

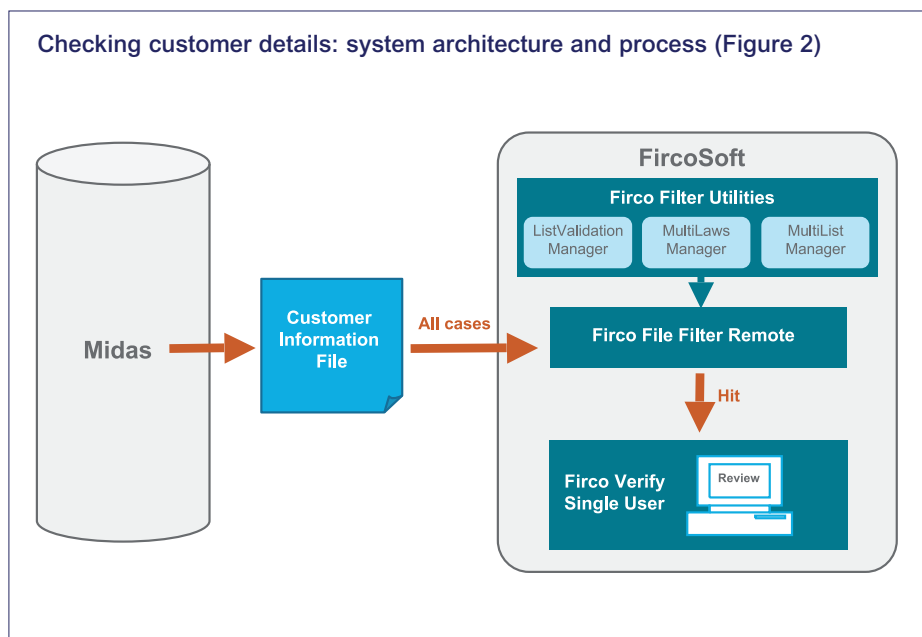
The FircoSoft software has three elements:

- + **FircoSoft Filter Utilities** controls the management of the lists to ensure the quality of the list - "50% of the filter performances are based on the quality of the list". FircoSoft accepts any list including Sanctions Lists, Third-Party Lists and Internal Lists (from the financial institution).
 - **MultiList Manager** - enables you to import, merge, correct and enrich lists. All manual interventions are tracked so that updates can be applied when a new version of the list is imported
 - **MultiLaws Manager** - allows you to create business rules to enhance filter performance and reduce the amount of unnecessary manual review. As many rules as necessary can be applied to meet the specific needs and policies of your organisation
 - **ListValidation Manager** - tests the quality of the lists and the efficiency of the rules before changes are applied to your production

environment. Once this has been achieved, the data is imported into Firco Message Filter

- + **Firco Message Filter** is the heart of the system where the software compares, in real time, the potential payment details against the list details previously loaded. The solution can be tuned to obtain optimum filtering performance, including the management of foreign translations, mis-spellings and typing errors, abbreviations, concatenated words and more
- + **Firco Verify Web** is the case management tool that allows potential matches to be assigned to a specific user or department. The compliance officer can check the full history of events and decide whether to release the payment or report it to the regulator for guidance. No payment will be released until correctly authorised. In addition, the system allows for different levels of authority, so payments can be doubled checked (e.g. larger payments or for training new compliance officers)

"The system can be tuned to obtain the best filtering performance according to individual workflow characteristics and the optimum balance between confidence of detection and operational efficiency"



Checking customer details

Customer details are checked using a direct extract from Midas and then loaded into the bulk checking programme. The following Midas customer files are checked:

- + Customers
- + Alternate Names and Addresses
- + Alternative Customer
- + Correspondence Details

Bulk checking can be activated during the day and it is an off-line solution, so it does not interfere with the performance of the real-time, payment checking solution. An overview of the system architecture and process is shown in Figure 2.

The Firco Files Filter Remote checks customer details against the lists loaded. These may be the regulators' lists or you may choose to supplement these with commercially available lists, such as WorldCheck. These lists typically contain over 500,000 names. Due to the potential size of your customer base and the lists, this function is completed in batch mode off-line to avoid potential performance issues.

The compliance officer will review the suspicious entry to:

- + **Qualify** the hits on the entry
- + **Report** any risky customers

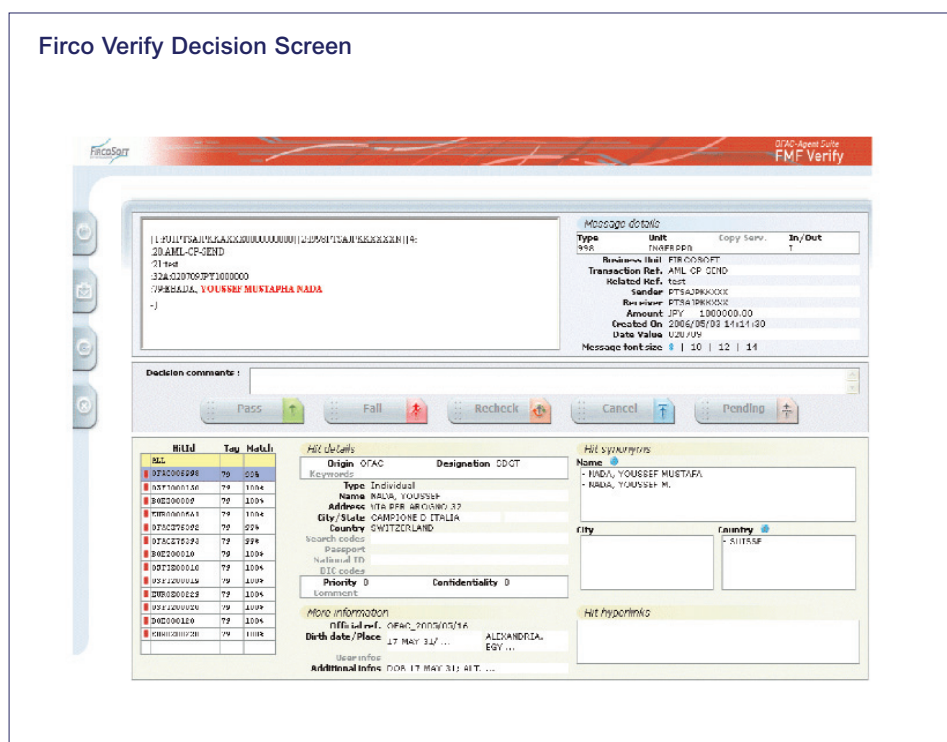
Comments can be added to the case by the compliance officer as part of a full case management referral system.

Firco Files Filter will remember previous hits and decisions to avoid repeating work.

Summary of key features

- + Automated checking of every payment message against multiple lists with real time transaction filtering
- + FircoSoft accepts any list including Sanctions Lists, Third Party Lists and Internal Lists
- + FircoSoft also provides the necessary tools to ease list management and ensure the best quality data
- + The solution is highly sophisticated and can handle foreign words, transliterations, abbreviations and compound words thus increasing the potential for detection
- + The system can be tuned to obtain the best filtering performance according to the optimum balance between confidence of detection and operational efficiency
- + Full integration with Midas for the release of payments
- + The system can generate an alert report for specific cases and includes the full journaling, ad hoc enquiry and audit capabilities
- + A low incidence of false positive matches by allowing 'white-listing' of entities known not to be proscribed
- + A full case management referral system.

Firco Verify Decision Screen



Solution benefits

Misys Watch List Checking brings the simplicity of Straight-Through-Processing to the complex challenges of watch list compliance, reducing the costs associated with compliance

Furthermore, FircoSoft delivers the lowest 'false-positive' rate in the industry at less than 1%. This allows banks to optimise their resources and minimise the time spent on irrelevant issues.

The cost savings can be illustrated using the following example. The industry average rate for false-positives is 2-3% (although rates of 8-9% are not uncommon) and compliance officers can typically review and investigate 60 to 80 cases per day.

A bank processing 10,000 payment messages per day will therefore generate

300 cases at 3%, requiring more than three compliance officers to review the cases. Using the Misys solution and a rate of 0.5%, the resource required drops to just one compliance officer.

The solution is also seamlessly integrated with Misys Midas and Midas Plus, so the implementation and integration effort is minimal. By using the pre-integrated Misys solution, as opposed to an alternative 3rd party solution, banks can reduce integration costs by at least 50%, as well as reduce the implementation time by 50%.

The Misys solution can also be extended to incorporate Watch List Checking for other systems in the bank for an additional licence fee.

System requirements

Misys Message Manager release 4.0.

FircoSoft OFAC Agent Web.

FircoSoft Case Manager.

Midas Release 4.01 and above, including Midas Plus.

For more information on how Misys can help you meet your compliance objectives, please contact your Misys account representative.

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