

Case Study: KPMG



The Customer

KPMG provides audit, tax and other advisory services worldwide. As part of its Global Advisory Services it offers Anti-Money Laundering systems and controls for clients, alongside conducting money laundering investigations and reviews. Due to the highly confidential nature of its work, the client must remain anonymous.

The Challenge

Banks and other financial institutions are constantly threatened by criminals attempting to launder illicit funds. Once illegal proceeds are deposited, the funds can be moved easily by wire transfer or disguised by mingling them with legitimate funds.

A high percentage of KPMG's customers derive from the financial services sector. The organization's main objective was to ensure that clients satisfied the requirements of relevant laws and regulations, by detecting, controlling and reporting fraudulent activity within transactions.

In its fight against terrorist financing and money laundering, the Office of Foreign Assets Control (OFAC) routinely publishes federal notices with regard to specially designated nationals, blocked persons and entities.

KPMG deployed a bespoke analytics program to identify fraudulent activity on behalf of its clients. The solution 'scored' and 'audited' client data against information provided by OFAC alongside internal and external information resources.

This score was based on the identification of banned countries, unsanctioned persons and key terms.

However, with banks now facing a significant fine per incident if discovered to be conducting business with blacklisted countries or persons, this solution was ineffective as records were in a completely unstructured format incompatible with the analytics program. Furthermore the system ignored vast amounts of valuable data from country information to the nature of the transaction. For example, it did not consider delivery instructions (sent as free text within the wire transfer) which often reveal the true destination or end use of the final transaction.

Due to such poor information identification and quality, its analytics program could not effectively score the records and accurately report on any terrorist financing and money laundering. And, with over 14 million records, it was impossible to audit such a high volume of data manually or by traditional database management techniques. The organization required a powerful solution that would effectively analyze, re-engineer and match over 14 million records to reveal blacklisted countries, blocked persons and at risk transfers as well as highlight

Risks have increased in many areas. Among them are the rise of terrorist groups, the dramatic increase in "ordinary" crime and recent major technological advances. It is estimated that US \$500 billion to \$1 trillion is laundered worldwide annually.

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UK Headquarters

Innovation Centre, Queens Road, Belfast, BT3 9DT
Tel: +44 (0) 28 9078 5840 Fax: +44 (0) 28 9078 5841
Email: info@dataactics.com www.dataactics.com

USA Headquarters

One South Dearborn Suite 2100, Chicago, IL 60603
Tel: +1 312 212 4363 Fax: +1 312 212 4401
Email: info@dataactics.com www.dataactics.com

selected trigger terminology such as 'diamonds' and 'guns'. Foremost it was essential that the organization collaborated with a reputable provider that would protect highly confidential client data, whilst not jeopardizing its integrity and at all times safeguarding the interests of its clients.

The Solution

With everything at stake, including reputation and possible legal action, the company selected Dataactics, specialist in data quality solutions to deliver the best results quickly.

Dataactics' ability to provide a highly scalable solution was essential when managing 14 million records and was significant to the client due to the operational deadlines of the project. Fully committed to delivering the highest level of service to its clients, a 12 node cluster required to process high volumes of data was requested on Dec 23 and was fully operational on-site on Jan 1. To ensure all blacklisted countries, blocked persons and entities were identified; Dataactics analyzed, parsed, cleansed, standardized and enriched the records which contained many items including free text description fields.

Applications:

Business Intelligence

Data Quality Management

Master Data Management

Product Data Management

Purchasing Data Consolidation

Regulatory Compliance

Secure Vetting

Single View of Customer

After analyzing the records, it was clear that the country field was the least populated item. By cleansing and parsing the 'description' field, Dataactics technology could identify any references to named countries and major cities. Once the required key terms were detected, details were automatically populated into the relevant column.

During this extensive project, Dataactics implemented a validation program, to provide the organization with assurance that its clients' data was being accurately processed and to identify the status of the project so sufficient resources could be allocated to ensure the project was delivered on time.

With the records now in an appropriate structure and populated with additional critical data, its analytics program became able to 'score' and 'audit' the records against listed banned countries, blocked persons and key terms.

The Benefits

As an innovator in the data quality arena, Dataactics is dedicated to delivering solutions that will convert data into valuable information to aid and increase business efficiency and decrease operational risk. In addition Dataactics provided the following business critical benefits:

- Ensured full compliance with revised regulations utilizing state of the art technology, thus maximizing existing IT investment
- Re-constructed client data quickly for further analysis using established compliance programs
- Safeguarded against prosecution and/or a financial penalty. For example a money services business headquartered in California, recently forfeited \$15 million to the U.S. government for failing to maintain an effective anti-money laundering program.

Failing to mitigate risk and comply with regulations such as Basel II Accord and Sarbanes-Oxley is not an option. Dataactics plays an integral role in managing market, credit and operational risk with the delivery of a powerful, efficient solution and an excellent support service.

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