

Case Study



Morton Community Bank

Making the Most of Financial Crime Risk Management Platform With Advisory Services From Fiserv

Morton Community Bank engaged Fiserv to help it step up its game in regulatory compliance and fraud prevention with Financial Crime Risk Management Platform.



Financial Crime Risk Management Platform from Fiserv, which includes AML Manager and Fraud Risk Manager™, delivers best-in-class fraud and anti-money laundering (AML) tools for financial institutions. Morton Community Bank had been using Financial Crime Risk Management Platform for several years but needed additional guidance on using its detection, alert intelligence, case management and reporting tools more effectively to better manage an increasingly complex regulatory environment.

“I believed the system was capable of doing more than what we were using it for, particularly in the area of risk-based due diligence,” said Elaina Moline, executive vice president and chief operations officer, Morton Community Bank.

Having successfully engaged Fiserv on past initiatives, Moline again requested help – this time to recalibrate Financial Crime Risk Management Platform.

Advisory Services - Maximizing Potential

With Advisory Services, Fiserv helps financial institutions maximize their return



Client Profile

Founded in 1961, Morton Community Bank operates a network of 38 branch locations across 10 counties in central Illinois. Each branch retains the name of the community it serves, demonstrating the bank’s desire to closely identify with each community.

The bank’s market focus is primarily commercial, with many of its loan officers having come from the medical, insurance, legal and education fields. This helps them to better understand specific commercial industries served by the bank.

With assets of over \$3 billion, Morton Community Bank hopes to grow to \$5 billion in the next few years through further acquisition and organic growth.

on investment in personnel, software and other components that are key to the banking business and overall profits.

Whether addressing business process improvement, analyzing deposit and loan product suites or establishing loyalty and rewards programs, Fiserv experts collaborate with staff to understand a financial institution's needs, operations and culture. Then they identify opportunities and make recommendations to help institutions use resources more efficiently and productively.

Morton Community Bank's goal for the engagement was straightforward: to derive full value from Financial Crime Risk Management Platform. "We wanted to get the appropriate, value-added, automated alert activity that would tell a meaningful story and reduce the 'noise' in the alerts we were receiving," stated Moline. "It wasn't only about reducing the alert volume, but getting more meaningful alerts. Our secondary focus was gaining a better understanding of the risk-based due diligence side of the system."

Regulators worldwide are moving toward a risk-based approach to monitor customer transactions as part of ongoing due diligence. To satisfy these requirements, AML Manager allows financial institutions to apply risk rules to calculate and use an overall risk score, based on a financial institution's own assessment of risk factors, for every customer and account. Morton Community Bank wanted to keep up with the regulatory trend by implementing this previously unused AML functionality.

A Comprehensive Engagement Plan Leads to Significant Benefits

Step One: Establishing Goals

Advisory Services engagements vary in length depending upon the client's consulting needs. A custom scope of work document is created for every engagement, outlining project requirements, goals and timelines to completion. The engagement with Morton Community Bank lasted three months.

Step Two: Diagnosis and Discovery

After gaining an understanding of the bank's objectives, the Fiserv team conducted several meetings to explore the bank's knowledge and use of features and functions in Financial Crime Risk Management Platform. These discovery calls ranged from high-level overviews to examining more granular, operational issues.

"It was very much a sleeves-rolled-up effort," Moline said, "determining how we had been using the system and what we were trying to accomplish going forward."

Step Three: On-Site Calibration and Training

Equipped with information from the discovery sessions, the Fiserv team developed a detailed implementation plan to recalibrate Financial Crime Risk Management Platform. The process lasted approximately a week and was conducted on site at Morton Community Bank.

In addition to the Fiserv team, Moline and the bank's BSA officer and other staff who were familiar with the system's parameters,

databases and reporting participated in the calibration and training.

The recalibration plan included:

- Daily procedures
- Review of current alert parameters and the results being produced
- Alert, case and exception management
- CTR, SAR and list matching training
- Review of dynamic risk scoring for automated customer and account risk scoring and configurations for risk-based due diligence

“They were extremely careful to craft each day’s agenda to meet our needs,” Moline said of the Fiserv team. “We really drilled down into the parameters and rules, and how they were set up. We analyzed both our current rules and the additional rules available for alert management and risk-based due diligence.”

When a decision needed to be made about changing a rule or parameter, the group would discuss it. The Fiserv team would make the change, either on the spot or after hours. Each change was well-documented for future reference.

Moline said the guided process, and the new data that resulted from the adjusted system configurations were insightful for the entire staff.

“On the risk-based due diligence side, it was very telling,” Moline said. “It provided a better idea of the actual customer types we had, and helped reinforce our previous risk assessment of being a low-risk bank. Couple that with the actual transaction activity the automated

alert system identified, and it gave us a much better picture of our customers and their activities.”

Step Four: Continued Support

The Fiserv team stayed in contact following the on-site portion of the engagement to ensure things were running smoothly and to answer further questions. For instance, Moline said the bank wanted help to make sure that all of the needed transaction codes were in the system. Fiserv addressed reporting-related questions, and offered reminders on how to use the alert management dashboard most effectively.

The Results: Greater Efficiency, Deeper Insight and Considerable ROI

In the first year after the engagement, the bank found that it was working with an entirely different – and more effective – program.

“We are now able to recognize a customer or an area of concern beyond just the obvious large cash withdrawal or deposit,” Moline said. “For example, do they take that cash and then wire it out two days later, or conduct a large ACH transaction? This kind of insight provides a more global view of the customer and their patterns.”

The bank also realized new efficiencies by:

- Filing automation-enabled CTRs
- Using the unified, one-screen case management capability for AML and fraud
- Eliminating a considerable amount of manual tracking, such as with monetary instrument logs

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According to Moline, the Financial Crime Risk Management Platform project was the most successful Fiserv engagement Morton Community Bank has had to date.

“From the standpoint of meeting regulatory requirements, we have improved significantly, and it shows in the results of internal and external examinations,” she said. “It was absolutely worth everything we invested.”

Connect With Us

For more information about Advisory Services, call 800-872-7882, email getsolutions@fiserv.com or visit www.fiserv.com.

Challenge

Faced with increasing regulatory compliance pressures, Morton Community Bank wanted to derive more value from Financial Crime Risk Management Platform it had licensed from Fiserv.

Solution

The bank engaged Fiserv for a comprehensive review and training program to help the bank get the most from the software.

Proof Points

With the Advisory Services engagement, Morton Community Bank gained a better understanding of Financial Crime Risk Management Platform and how it could help the bank with compliance. The engagement led to:

- A clearer picture of the types of customers being served and their actual transactions
- Improved efficiency through the automated filing of CTRs and SARs
- Greater accuracy by eliminating manual tracking
- The ability to use the unified case management system for AML and fraud
- Better performance on internal and external examinations



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