

The Importance of an Automatic Transaction Monitoring System

Case Study

THE CHALLENGE: RELYING ON A MANUAL BSA/AML SOLUTION AND MISSING POTENTIALLY SUSPICIOUS ACTIVITY

Smaller financial institutions often think they can manually handle the daily transaction monitoring required by the Bank Secrecy Act (BSA), but the truth is those institutions are bigger targets for financial crime. As criminals get smarter and use technology to their advantage, smaller community institutions need an automated anti-money laundering (AML) system as much as the larger ones. Additionally, regulatory expectations have risen above the old manual ways. Manual transaction monitoring is time-consuming and leaves too much room for error, allowing nefarious actors to use the U.S. financial system to launder their illicit gains.

Staci Angel, Senior Vice President Compliance Officer and Deposit Operations Manager, relied on a manual process for reviewing transactions when the Bank of Austin first opened in July 2017. Having used an automated system at a previous institution, she knew how important it was for them to automate their AML system as quickly as possible, no matter their size. Without reports to analyze, scenarios to run or alerts to review, it was apparent to Staci that there could be activity that was going undetected and leaving her institution at risk.

THE SOLUTION: AUTOMATING AML TRANSACTION MONITORING WITH BAM+

Staci knew The Bank of Austin needed to automate their AML efforts to stay on top of their responsibility to monitor and to detect suspicious activity. Her staff was more than capable of manually reviewing the transactions, but they didn't have a baseline to

"The Examiners weren't happy that we didn't have an automated system in place for our transaction monitoring. The manual process cannot run the reports or scenarios you need to stay on top of potentially suspicious activity."

ABOUT THE BANK OF AUSTIN



The Bank of Austin is Austin's business bank. Founded by a diverse group of community business leaders and financial professionals, this is a strong local bank focused on bettering our community and building vital business relationships. As true strategic partners, they cultivate long-term, loyal relationships. They are the local bank with customized financial solutions to help Austin businesses grow, manage risk, and optimize cash flow.

Asset Size: \$174 million

understand what a customer's normal activity was and what needed a deeper look. They were reviewing wire transactions via system reports, but their manual process could not analyze data in the way an automated system could to detect behaviors and patterns outside of normal activity.

"Before automating with BAM+, we didn't have a true way of understanding what is normal behavior for our customers."

Staci Angel

SVP, COMPLIANCE OFFICER

Additionally, the FFIEC requires institutions to have a procedure in place for reviewing and evaluating the transaction activity of subjects included in 314(a) lists or other sanctioned lists. With a manual system, the only way Staci and her team could ensure a customer wasn't on that list was by manual review, a lengthy and unnecessarily time-consuming process.

She contacted Abrigo to implement BAM+ within a year of the bank opening. Her staff worked with the Abrigo's industry experts to customize the parameters around

their scenarios to better fit their specific risk profile. When examiners came on-site for their next exam, Staci was able to show them the calibration information, detailing where they set their parameters and why.

THE RESULTS: GAINING CONFIDENCE IN HER BSA PROGRAM AND PLEASING EXAMINERS WITH REPORTING TOOLS

Ironically, Staci jokes that her team has more work to do now because BAM+ is so robust. They have more to review because BAM+ alerts them to potentially suspicious activity that might have previously gone undetected. Her team can even run reports to gauge the efficiency of their system and its users including metrics around how many alerts and cases resulted in the actual filing of a SAR, individual staff performance metrics, and countless other meaningful reports.

Staci is more confident in welcoming the examiners back to The Bank of Austin because she knows they will be pleased with the effectiveness of BAM+. Her team can provide tangible, detailed data that shows the specific scenarios they are utilizing for transaction monitoring and the risk-based reasoning behind those decisions. Previously, she and her team could not effectively document the extent of the monitoring that they were doing. Additionally, by automating with BAM+, The Bank of Austin operates a more robust, effective BSA/AML program that gives Staci the comfort she needs in knowing her bank is not being used as a conduit for illicit funds.

ABOUT ABRIGO

Abrigo is a leading technology provider of compliance, credit risk, lending, and asset/liability management solutions that community financial institutions use to manage risk and drive growth. Our software automates key processes—from anti-money laundering to asset liability management to fraud detection to lending solutions—empowering our customers by addressing their Enterprise Risk Management needs.

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