

# Alliance & Leicester plc make significant savings using SolCase for Money Laundering investigations

## Setting the scene...

On the 1<sup>st</sup> December 2001, the Financial Services Markets Act 2000 came into force – a date that would be referred to as N2. Subsequently, Part 7 of the Proceeds of Crime Act 2002 came into effect, the fight against financial crime became increasingly regulated in the financial sector, 9/11 raised the profile and enhanced requirements to identify suspicious activity and disclose to SOCA (Serious Organised Crime Agency, formerly NCIS) all contributed to Alliance & Leicester's move from an ad hoc paper based money laundering case investigation process to a fully automated end to end process using LexisNexis Visualfiles' SolCase solution.

An investigation in to a customer's accounts will take place where unusual activity has been identified. Where suspicion cannot be discounted, a disclosure will be made to SOCA. Each disclosure case originally took, on average, twice as long to process as a non disclosure and required a 5 page prescriptive report to be completed.

*In 2002 Alliance & Leicester had two full time investigators dealing with all unusual activity referrals. They investigated approximately 1,000 customers and disclosed 25% of them. There are now only four full time investigators to deal with a projected 7,000 cases in 2006 with an estimated 4,000 disclosures.*

## How was this possible?

There were a number of contributing factors:

- **Increased Skill Sets:** A direct result of the evolution of anti-financial crime practices in the post N2 era. But even with the enhanced skills, the increased volumes could not possibly be processed manually with such a small increase in staff
- **Better Knowledge/Training:** Partially a spin off from increased skill sets but also due to useful knowledge gained from existing records and feedback from the authorities
- **Better Case Management:** Using SolCase
- **Better Management Information:** Through data held in SolCase.

However, it was better case management and better management information that had the most impact.....

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## Why SolCase for Case Management?

- An end to end process: SolCase walks the investigator through the entire process. Key data is inputted at case creation and case flow is managed, via a schedule, to case completion. Any document production along the way has been replaced by electronic reporting.
- A proven solution: SolCase was already in use to handle Alliance & Leicester's legal processes associated with mortgage repossessions and loss recovery proceedings. As a result, they already understood the functionality, the technical skill base was available and most importantly then knew that SolCase was suitable for the multi faceted money laundering process including the capability to deal with LEA enquiries/production orders as well as customer investigations.
- Single view of investigated customer: Similar to many banks, Alliance & Leicester has been built up through merger and acquisitions and as a result had a customer base (currently) spread across many legacy systems. SolCase provides a single view of the customer relevant to money laundering investigation.
- Structured uniform approach: SolCase facilitates the adoption of standard business processes among all users and promotes joined up thinking.
- Investigation deadlines easily monitored: SolCase enables Alliance and Leicester to confidently manage the reporting requirements under the Proceeds of Crime Act.
- Speeding up the process: Using SolCase, as key data is recorded upfront and form filling and cross referencing are reduced, case processing has become more efficient.
- Automated reporting: Automated reporting capability replaces the previous prescriptive five page reporting document with flat file extracts.
- Semi-automated integration with other databases: Using bulk data imports, SolCase integrates with other key databases such as the Declined Applications and Fraud databases.

## How has SolCase facilitated better Management Information?

SolCase provides a repository for full and retrievable records and key data storage which provides Alliance & Leicester with quality data at its fingertips. As a result reliance upon time intensive analysis of paper-based records has been replaced; sophisticated analysis is possible through data extracts including 'bad guy' data; soft targets

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can be identified using customer demographics, regional data and product type; and meaningful data is available for wider analysis (for example with the marketing database and for the establishment of risk matrix and scorecards).

In the last 2 years Alliance & Leicester has used this data to develop a money laundering risk profile across its retail customer base. This development was due entirely to the ability to extract “bad guy” data from SolCase and match it to the customer base. In addition, it has been able to bench mark the analysts’ ability to identify a case that is likely to lead to disclosure where only the bare minimum of initial referral data has been passed to them. This means that a customers’ risk profile can be combined with investigator assessment to prioritise case management. This is facilitated by a risk matrix within the case creation process. From the earliest stages the risk presented by any referral can be assessed and the case dealt with accordingly. While there are no system automated decision making processes, Alliance & Leicester now has the luxury of knowing the direction of investigations from the outset.

## The Unseen Benefits

SolCase greatly contributes to Alliance & Leicester’s regulatory compliance via significant contributions to indemnity against fines and censure (it has never been fined or censured by the FSA) and enhanced shareholder value (the City sees it as a very safe bank with a strong regulatory track record). From a statutory compliance perspective, SolCase helps to protect Alliance & Leicester from criminal proceedings and keeps its MLRO out of prison!. Finally, the world becomes a safer place as Alliance & Leicester makes a significant contribution to anti-terror related investigations.

## The Statistics

Meeting the requirement to identify suspicious activity:

- **2002**
  - 1,000 cases investigated
  - 253 disclosed
  - 1 referrals manager and 1 full time investigator
- **2006**

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- Investigations up by 600% to an estimated 7,000 by end 2006
- Disclosures up by 1500% to an estimated 4,000 by end 2006
- Staff increased by only 150% - 1 referrals manager and 4 full time investigators

### The Tangible Benefit

Chris Hames (Money Laundering Systems Development & Support Manager, Alliance & Leicester) comments "Since the implementation of SolCase in 2002 and the move from manual processes, 4 investigators can now do the work of 14, equating to an estimated total benefit of **£186,000**. Add into the equation the fact that failure to meet the requirements under the Money Laundering Regulations and that substantive criminal law may lead to huge fines and censure for the bank (and possible criminal proceedings against any of its individual employees (including those of our Executive Directors and Board) and you can see how Solcase has become not just a case management system but a central hub of our teams activity!"

