

CASE STUDY



LexisNexis Risk Solutions helps a leading City Commercial Bank in China streamline its transaction screening process while eliminating obvious false positives.

Business Overview

Bank of Jinzhou, a leading commercial bank in China, operates primarily in the Liaoning province – the economic and industrial center of China's northernmost seaport, Jinzhou. It operates through a network of 15 branches in Jinzhou, Beijing, Tianjin, Shenyang, Dalian, Harbin, Dandong, Fushun, Anshan, Chaoyang, Fuxin, Liaoyang, Huludao, Benxi, and Yingkou. The bank has been growing rapidly and listed in the main board market at the Hong Kong Stock Exchange.

Business Problem

Bank of Jinzhou provides customized financial services to local small and medium sized businesses (SMEs). Many of its customers are exporters operating in a strategically important and highly sensitive location of Liaoning province, which shares a geographic border with North Korea. This makes it a focus point for regulators, both in China and beyond. Trade-based money laundering regulations, and sanctioned countries such as North Korea in particular are very high on regulators' agendas in China(through the Asia Pacific Group on Anti-Money Laundering), and worldwide (through the Financial Action Task Force).

While wishing to support its many SME customers in their commercial activities, Bank of Jinzhou is acutely aware of the reputational and regulatory risks of inadvertently trading with sanctioned entities and individuals. The bank is also keen to expand into dealing with more foreign currencies, such as the U.S. dollar and Japanese Yen, while maintaining a low risk profile and adhering to international compliance standards.

In the past, to combat these risks and demonstrate its anti-money laundering (AML) and counter terrorism financing (CFT) credentials to regulators and correspondent banks, Bank of Jinzhou's international business department relied on data supplied by an information services company, which was reformatted for use in the bank's own in-house systems. However, the data provided was neither comprehensive nor fully up-to-date. The system's algorithms were also resulting in many false positive alerts, which resulted in time being wasted as cases were processed between local branches and the central team. Despite the level of alerts, there were concerns that transactions with sanctioned entities could still slip through the workflow.

How did LexisNexis® Risk Solutions solve this problem?

Bank of Jinzhou was looking for a solution which would offer it access to much more robust and comprehensive data sources, resulting in a more efficient and automated decision-making and a better view of its exposure to risk.

Bank of Jinzhou chose LexisNexis Risk Solutions for its ability to offer a one-stop, easy-to-implement solution, as well as high levels of service and local support. The bank felt that the expertise in data and compliance, its extensive experience of international regulation and its track record of working with banks and other entities across the world set LexisNexis Risk Solutions apart.



The solution package selected by Bank of Jinzhou includes:

- Firco™ Global WatchList®, which brings together data from all major sanctioning bodies, law enforcement agencies and financial regulators
- Firco™ Compliance Link, which handles the account, transaction, and trade screening processes
- WorldCompliance™ Online Search Tool, an online look-up tool offering access to multiple sources for due diligence, and
- Bankers Almanac® Counterparty KYC, which expedites and improves counterparty Know your Customer (KYC) risk management.

Implementation was rapid and smooth – products were integrated and the system launched in just six weeks. LexisNexis Risk Solutions actively assisted the bank in training the central and branch teams both in the use of its products and in best practice in international regulations and compliance.

The results

Integration of the solution into the bank's internal system for operators at branch level resulted in faster checks and approvals, with escalation of special cases. The system creates a full audit trail that provides the evidence for internal audit and regulators that checks have taken place, which can be viewed on a single screen.

The solution has been tailored to meet both local regulatory requirements and the bank's own risk threshold, and the bank uses the false positive reduction methodology from LexisNexis Risk Solutions to continually improve accuracy. This systematically reviews alerts, eliminating obvious false positives and prioritizing the most likely matches.

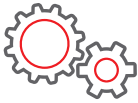
Through its access to the WorldCompliance Online Search Tool, the bank is able to undertake further in-depth research for any selected individuals that require a further review. Using Bankers Almanac Counterparty KYC, the bank has also integrated bank information checks with value added services, such as the ability to quickly download counterparties' Wolfsberg Questionnaires all in one place. The depth and breadth of information in Bankers Almanac means that the bank does not need to repeatedly chase customers for information, reducing the average time spent on KYC onboarding and reviews by nearly two weeks.

This deeper level of understanding of its client base and counterparties helps Bank of Jinzhou not only to better manage its riskier clients but allows lower-risk clients to use the platform unimpeded, improving financial access for those who need it. This new approach to screening has won official approval from both local regulators and Bank of Jinzhou's correspondent banks overseas, while customer transactions are handled more swiftly and accurately. The bank now has a firm foundation for future expansion both nationally and overseas with a globally recognized, world-class compliance and screening processes.

Long Term Success



From a regulatory compliance perspective, LexisNexis Risk Solutions assists Bank of Jinzhou to check its client base on a holistic ongoing basis, to ensure that the bank is only dealing with legitimate clients.



By integrating the solutions into its workflow, Bank of Jinzhou has streamlined its transaction screening process, which is essential for operational efficiency while keeping costs down.



This, in turn, delivers a better customer experience and increased client and counterparty trust. Bank of Jinzhou is now in the best position to scale up its business to the next level.

“We were very impressed by the professionalism displayed by team members of LexisNexis Risk Solution and their focus on data and compliance issues. We value their deep knowledge of regulatory issues and their experience in implementing trade finance solutions in other banks. The sophistication of their systems greatly improves workflow, while offering the audit features that we need to satisfy our regulators. Their systems integrate seamlessly with ours and are backed up by excellent customer service and support provided by their local team.”

— GENERAL MANAGER, FINANCIAL MARKETS DEPARTMENT, BANK OF JINZHOU



For more information, visit risk.lexisnexis.com/global/en/financial-services/financial-crime-compliance

About LexisNexis® Risk Solutions

LexisNexis® Risk Solutions harnesses the power of data and advanced analytics to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. We provide data and technology solutions for a wide range of industries including insurance, financial services, healthcare and government. Headquartered in metro Atlanta, Georgia, we have offices throughout the world and are part of RELX (LSE: REL/NYSE: RELX), a global provider of information-based analytics and decision tools for professional and business customers. For more information, please visit www.risk.lexisnexis.com and www.relx.com.

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