

NICE · ACTIMIZE

SURVEIL-X

Holistic Surveillance Customer Case Studies

Case Studies

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Customer Profile:

Global Banking

Business Impact of NICE Actimize Communications Surveillance

Able to demonstrate an automated proactive voice monitoring for detecting potential misconduct through advanced speech analytics technology and an auditable automated supervision process

Transformed voice surveillance from a manual and subjective sample based approach to a risk based analytics approach which significantly improved coverage and improved efficiencies for the compliance team

Enabled geographically distributed teams to collaborate with each other on voice issues through a centralized investigation tool

On The NICE Actimize Solution

“NICE Actimize Communications Surveillance added state of art voice surveillance to an organisation which thrives to be the leader in Compliance among Global Banks”

Global Leadership in Compliance with State-of-the-Art Voice Surveillance

Global Banking and Financial Services corporation needed to evolve from their existing manual random sampling compliance program and increase surveillance coverage of voice recordings for their trading floor and back office operation employees. Voice records were stored in a variety of system types, in multiple locations and countries with no centralized access to the content which made the process of reviewing voice communications manual, difficult to manage and audit.

NICE Actimize Solution

Implemented NICE Actimize Communications Surveillance with Speech Analytics to proactively monitor regulated employees globally.

[NICE Provided speech analytics to proactive monitor voice communications from turrets, desk phones and mobile devices globally](#)

- Enabled centralized voice surveillance for 6000 Employees in 3 regions on 8 separate voice archives
- Implemented effective risk-based supervision models for audio which was able to successfully detect compliance violations after implementation
- Support for multiple languages & dialects in the various regions

[Implemented a standard Global voice surveillance program which demonstrated the ability to satisfy new regulatory requirements](#)

- Controlled access to voice records based on geographic location and user groups
- Complete auditing of all supervision and investigation activity
- Provided advanced reporting capability to enable the ability to audit the effectiveness of the surveillance program to show continuous improvements

[It enabled automation and controls of the end-to-end supervision and investigation process for voice](#)

- Provided automatic flagging of potential risky communications through communication behavior models
- Enabled a controlled rules-based policy to automatically identify voice records for review which ensured 100% coverage of all employees
- Proven ability to accurately search and reconstruct events occurring in phone calls

Customer Profile:
Global Banking and Markets

Business Impact of NICE Actimize Communications Surveillance

Shortened investigation times from a few hours to a few minutes using correlation capabilities to quickly find related Trade and Communication Data from any regulated employee globally using a single solution

Able to demonstrate proactive monitoring of All Communications for potential misconduct with advanced technology and auditable automated supervision process

Introduced new Coverage for Voice Communications that was previously not possible due to disparate systems globally

On The NICE Actimize Solution

“NICE Actimize Communications Surveillance provided the ability to demonstrate proactive compliance by centrally indexing and analyzing all communications data and integrating trading data with NICE Actimize Trade Surveillance to support a global holistic trade surveillance program.”

Proactive Compliance via a Global Communications Surveillance Program

Global Banking and Financial Services corporation needed to implement a proactive, risk-based application that would improve procedures and controls for monitoring and surveillance to identify trading activities that could suggest market conduct issues related to sales, trading and supervisory employees, with an ability to quickly identify, remediate and document issues.

NICE Actimize Solution

Global Implemented NICE Actimize Communications Surveillance for FX, FICC and Equities Regulated Employees Globally

[NICE Actimize Communication Surveillance solution enables proactive monitoring and immediate access to all FX, FICC and Equities associates eCommunications data globally](#)

- Centralized Access to 4200 Bank Employees eCommunications
- HDFS eCommunications Integration
- Includes coverage for Exchange Email, Bloomberg Chat, Thomson Reuters, Lync, Skype for Business, AIM, Yahoo, Social Media Feeds and more

[It Enables Voice Surveillance through advanced speech analytics to proactively detect compliance issues](#)

- Voice Surveillance for 2200 Employees in 22 Countries
- Able to demonstrate an effective supervision program for Voice communications
- Support for 7 Languages

[It Provides an efficient process to perform Trade Reconstruction for Alerts and Investigations](#)

- NICE Actimize Risk Case Manager Integration provided quick access to related communications
- HDFS Trade Data Ingestion handling over 100 Million Records on Peak Trading Days to enable correlations for finding related communications and trades
- Proven ability to reconstruct Communication Events from Alerts and Trades

Customer

A global leader in investment banking and trading, serving a large and diverse client base in dozens of countries around the world.

Global Investment Bank Cuts Trade Reconstruction Time from Hours to Minutes

Bank also achieved compliance with Dodd-Frank, MiFID II and FX Global Code of Conduct Regulations

Challenges

A leading global bank was ordered to pay tens of millions of dollars in fines stemming from surveillance deficiencies which had led to unsafe and unsound practices in the bank's foreign exchange (FX) trading business. According to the regulating authority, the bank had failed to adequately detect and address trader misconduct that had gone on for years.

While much of the bank's spot FX trading was transacted on electronic trading platforms, traders also interacted over the phone with FX sales personnel, and in some cases, with customers directly to execute orders. Lacking automated, systematic tools for communications monitoring, compliance managers had limited visibility into these voice conversations. Furthermore, the bank's FX traders also engaged in misconduct with traders from other banks using multibank chatrooms and other communication methods. To detect misconduct and reconstruct trades within 72 hours as required by Dodd-Frank, compliance personnel would have had to listen to all of the relevant voice recordings, and then manually piece these recordings together with trade records and other electronic communications — a time consuming and error prone task. The FX Global Code and MiFID II also require firms to reconstruct trades.

Solution

The bank turned to NICE Actimize's Communications Surveillance and Trade Reconstruction solutions to protect its business and meet its regulatory obligations. With these solutions an analyst can now reconstruct a trade in 10 minutes, before it took them 8 hours. They're also automatically notified of potential trader misconduct.

Cut trade reconstruction time by 98%

10 Billion+ Records Indexed & Managed

The automated trade reconstruction solution enables the bank to quickly and accurately reconstruct specific trades upon the request of the regulator. Additionally, trade reconstruction has become a standard tool in the bank's investigate tool box. The bank routinely reconstructs trades to proactively and comprehensively investigate trade surveillance alerts and communications identified as suspicious.

NICE Actimize's trade reconstruction solution dramatically simplifies trade reconstruction by normalizing, analyzing, indexing and correlating data across all underlying structured and unstructured data sources (including voice recordings which are converted to text). It saves analysts time and accelerates trade reconstruction by:

- Instantly identifying and aggregating all of the essential information needed to reconstruct a trade, from every linked data source by applying sophisticated analytics and machine-driven correlation;
- Retrieving all trade reconstruction elements (trading alerts, orders, trades, executions, voice trade conversations on fixed and mobile devices, emails, chat communications and more) in a single search, eliminating the need to search multiple systems;
- Escalating trade investigations using policy-driven workflows enabling analysts to share their findings, while also tracking who has accessed the data they shared.

Furthermore, using NICE Actimize's automated Communications Surveillance, the bank can now monitor one hundred percent of voice communications for all regulated users, along with emails, chats messages, skype and social media feeds, to identify potential misconduct risks.

The Communications Surveillance speech engine's natural language processing unlocks hidden content within unstructured voice communications by converting voice to text. A powerful analytics engine then uses sophisticated risk detection models to analyze these voice communications, along with other electronic communications (e.g. Exchange Email, Bloomberg Chat, Thomson Reuters, Skype for Business, AIM, Yahoo, Social Media Feeds, etc.) to detect probable misconduct scenarios including collusion, bragging, insider trading, and market manipulation. NICE Actimize's surveillance tools can monitor and analyze communications in seven different languages (English, French, Spanish, German, Portuguese, Japanese and Chinese), an essential capability for any global business.

Results

As a result of deploying NICE Actimize's Communications Surveillance and automated Trade Reconstruction solutions, the bank has been able to:

- Reduce trade reconstruction time by 98% from 8 hours to 10 minutes. Compliance officers can complete investigations 48 times faster than previously.
- Address deficiencies in its supervision program related to FX Trading and comply with the regulatory consent order which requires proactive monitoring of all communications for potential misconduct, using advanced technology and auditable automated supervision processes.
- Achieve full compliance with MiFID II, Dodd-Frank, FX Global Code and other regulations by: monitoring and reviewing all communications for all regulated employees, asset classes, communication channels and devices; providing evidence of the bank's ability to detect behaviors indicative of market abuse, or intent to commit market abuse; and responding to regulator requests for a trade reconstructions within the mandated 72 hours.
- Mitigate misconduct risk with 100% voice communications surveillance of all regulated employees.
- Enable supervision across all communication modalities (emails, chats messages, skype, social media feeds and voice) to detect a variety of manipulative or collusive behaviors.
- More proactively manage risk. By spending less time on the mechanics of producing trade reconstructions, compliance analysts can devote more time to carefully investigating issues and proactively managing risk, instead of just reacting to requests.
- Achieve centralized, global oversight through proactive supervision of thousands of regulated employees (involved in FX, FICC and Equities trading) across dozens of locations.

About NICE Actimize

NICE Actimize is the largest and broadest provider of financial crime, risk and compliance solutions for regional and global financial institutions, as well as government regulators. Consistently ranked as number one in the space, NICE Actimize experts apply innovative technology to protect institutions and safeguard consumers and investors assets by identifying financial crime, preventing fraud and providing regulatory compliance. The company provides real-time, cross-channel fraud prevention, anti-money laundering detection, and trading surveillance solutions that address such concerns as payment fraud, cybercrime, sanctions monitoring, market abuse, customer due diligence and insider trading.

Find us at www.niceactimize.com/compliance, @NICE_Actimize

For the list of NICE trademarks, visit www.nice.com/nice-trademarks

Customer Profile:
Top Global Financial Institution

Business Impact of NICE Actimize Sales Practices & Suitability Solution:

Increases Effectiveness & Oversight

About the Institution



Full-service financial services organization with large wealth management group

Business Need



Lack of a centralized repository for regulatory compliance reporting



Review process for large operation tedious & time-consuming



Report distribution extremely difficult & manually intensive

The Solution



Actimize Sales Practices & Suitability & Trade Blotter automate the suitability compliance process – improving productivity, efficiency, and minimizing financial risk

The Impact

Expanding use to private banking group as well as across EMEA & APAC

Major reduction in supervision effort and response time for regulatory inquiries



Significant improvement in review effectiveness because of a new, exception-based review process

Customer Profile:
Leading Financial Firm

Business Impact of NICE Actimize Sales Practices & Suitability Solution:

Gains Efficiency & Value Through Automation

About the Institution



Focus on investment banking, asset management & wealth management firm with a large U.S. retail brokerage operation

Business Need



Little centralized oversight over 600+ retail brokerages across U.S.



Existing paper-based process was manually intensive and error-prone



Supervision process was primarily covered by various reports and manual sign-offs

The Solution



Actimize Sales Practices & Suitability helps firms meet current & future regulatory requirements with coverage for a broad range of sales practices issues

The Impact

Moved from manual, paper-based signoffs to electronic review & approval

Significant improvement in review effectiveness due to exception-based review process



Major reduction in supervision effort and response time for regulatory inquiries

Customer Profile:
Canadian Bank Subsidiary

Business Impact of the NICE Actimize Sales Practices & Suitability Solution:

Reduces Overhead & Regulatory Pressure

About the Institution



Financial institution with investment and wealth management offerings

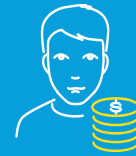
Business Need



Advised by regulator (Financial Conduct Authority) to improve equity trade monitoring or face possible fines/sanctions



Current in-house system ineffective; heavily dependent on manual research/ investigation



Limited IT budget & project resources; needed quick, low-cost solution

The Solution



Actimize Cloud Trade Surveillance (CTS) for Equities addresses supervision & surveillance requirements, detecting compliant equity, trading & sales practices issues

The Impact

10-week implementation to quickly address regulatory concerns

Increased monitoring effectiveness with single point of investigation



Met cost constraints and deployment timeline with vendor-managed Solution-as-a-Service

Customer Profile:
Top Firm

Business Impact of NICE Actimize Sales Practices & Suitability Solution:

Detects Manipulation 160 Times Faster

About the Institution



One of the world's largest financial institutions with hundreds of thousands of employees

Business Need



Recent industry scandals increased regulatory pressure on monitoring for LIBOR manipulation

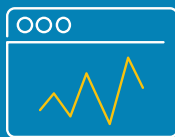


Existing process was highly manual and resource intensive



Average LIBOR manipulation investigation took 480 man-days effort

The Solution



Actimize Benchmark Monitoring Solution

The Impact

Lowered reputational and regulatory risk from rate manipulation

Increased efficiency and productivity, presenting 70% of illicit activity in first results



Shortened investigation time from 480 to 3 man days with same results – 160 times faster investigation processes

Client Profile

Type: Large Regional Bank

Geography: Europe

Assets: \$300B

Employees: 30,000

Business Impact of NICE Actimize Markets Surveillance

The Bank dramatically decreased their false positives by tailoring alert thresholds to their trading activity and leveraging Trade Profiling data. In fact, they reported a 68% decrease in false positives for the very first alert implemented using MSC's Configurable Rules Engine and Trade Profiling.

On The NICE Actimize Solution

The Bank chose Actimize's Markets Surveillance Cloud (MSC), a turnkey solution that effectively detects market manipulation and reduces false positives by enabling firms to create rules and tailor alert thresholds based on their trading activity. Most surveillance products, on the other hand, use the same alert thresholds regardless of trading activity – a big obstacle to reducing false positives and compliance costs.

How a European Bank Reduced False Positives and the Cost of Compliance While Protecting it From Market Manipulation

Challenge

False positives are expensive. They require more analysts and increase the chance of overlooking real violations. False negatives – not generating an alert when a legitimate violation occurs – are also expensive; a Tier I bank found this out when they were fined \$800K for setting alert thresholds deemed unlikely to detect non-compliant behavior. In this case, exceeding a security's Average Daily Trading Volume (ADV) by a predefined percentage triggered an alert. However, the Tier I bank set the same percentage for all securities regardless of their ADV.

Our client was committed to reducing the cost of compliance and protecting the firm from market manipulation. Their challenge was to find the best way to reduce false positives and negatives while ensuring legitimate threats would still be caught.

Solution

MSC's Customizable Rules Engine enabled the Bank to set thresholds for alerts including large order entry, ramping, spiking and front running. Together with the Actimize Technical Account Management team they identified the alerts generating the most false positives by instrument, exchange and client. The following rules were put in place:

Order Focused

Large Order Entry alert threshold was set based on an instrument's ADV rather than using the same ADV figure for small

Exchange focused

Specialized thresholds were set for each sector or segment trading on a specific exchange

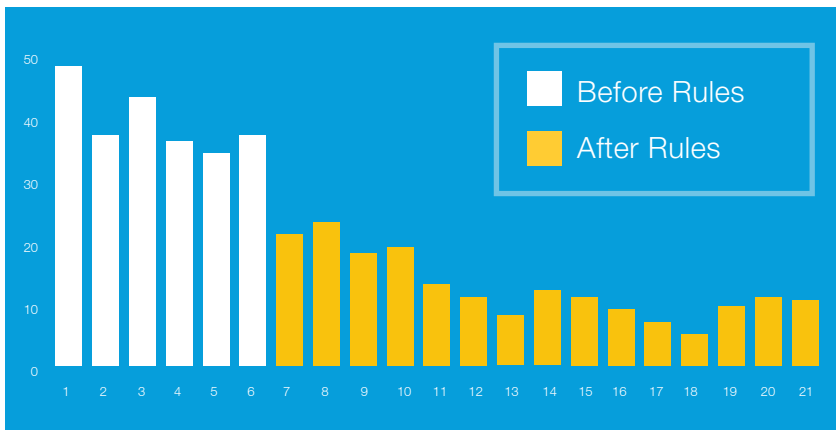
Client Focused

Rules were configured for an individual client making markets in a number of stocks on a specific exchange

The configuration process is so easy that the Bank now configures rules on its own. The Bank only needed support from Actimize to configure the initial set of rules.

Additionally, MSC's Trade Profiling helps the Bank better assess alerts by generating a profile of a client or account based on their trading history. This data provides their analysts greater insight into alerts they are investigating. They also reference the profiles when configuring rules and alert thresholds.

Weekly False Positives:



By continuing to work with Actimize, the bank has further reduced false positives by creating new rules for reviewing:

- Groups of alerts that are closed without escalation
- Alerts the Trade Profiling data indicate are not suspicious

This reduction in false positives saved analysts time – cutting the Bank’s cost of compliance – while enabling analysts to focus their investigative skills on genuine threats to the organization.

Actimize Markets Surveillance Cloud (MSC) enables firms to effectively comply with regulations, protect their reputation and reduce the cost of compliance. Its extensive library of out-of-the box analytics for exchange and OTC traded instruments provides a level of protection “tick in the box” products can’t match. MSC is a turnkey solution that can be deployed in weeks and includes market data at no additional charge plus our award winning case manager.

Configurable Rules Engine

Reduce false positives by configuring rules and alert thresholds based on your trading activity. Rules can be applied to order, execution, market data and client specific variables.

Trade Profiling

Assess alerts more accurately by comparing a client or account’s trading history to their current activity. Profiles of a client or account are generated based on up to 12 months of trading history.

MAR Coverage

MSC provides comprehensive coverage of MAR Annex II typologies including analytics to detect manipulation across products, venues and markets.

Low Total Cost of Ownership

MSC includes market data at no additional cost, and Actimize takes full responsibility for integrating all trade data – eliminating costly internal IT projects.

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Why NICE Actimize

Safeguarding the financial industry by preventing, detecting, and investigating financial crimes

Focus

Focus exclusively on financial crime and compliance

Complete

Complete and packaged suite of AML solutions to address the entire customer life cycle

Experience


Over 500 implementations, helping you get it right the first time


Single View

Single view of customer risk allows you to manage your risk and grow your business

Learn More

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