



Case Study: OFAC Broker Creates Patriot Act Compliance for Major Institution

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The U.S. government requires financial institutions to scan transactions against watch lists. The most important of these is a foreign national list maintained by the Treasury Department’s Office of Foreign Asset Control (OFAC). After the passage of the Patriot Act, these regulations became more stringent and the penalties much more severe.

A large worldwide financial institution was using an OFAC scanning engine for transactions. However, with the new regulations came new types of transactions that needed to be brought into compliance. Even transactions that had been low risk were now subject to OFAC requirements. The different types of transactions originated from various disparate systems, a common problem among financial institutions. Some of the transactions originated from commercial software built on Tandem minicomputers. Others came from PC workstation software. Still others came from mainframe systems written in COBOL.

Despite its source of origination, each kind of transaction needed to be scanned by the same OFAC scanning engine. While creating a separate scanning engine for each system sounds logical, this would have created some business problems:

- All transactions needed to be scanned against the latest OFAC list. These lists are updated daily. Updating multiple systems would be complicated and problematic.
- Different scanning engines may treat a similar transaction differently. Such inconsistency could potentially draw negative attention from banking regulators.
- A consistent process was needed to review and release “false positive” transactions.

Service-Oriented Architecture—the Cost Effective, Scalable Solution

JX2 was selected to integrate these systems and bring the institution into compliance. Their solution was to develop an integration hub, also known as the “OFAC Broker.” This hub would unify all systems involved in scanning transactions. Built with a flexible Service-Oriented Architecture (SOA), the OFAC Broker would mean unlimited application integration. The broker would connect directly with the OFAC scanning engine, which operated as if only one system was connected, while in reality, multiple systems of varying technology were connected.

Above and Beyond—JX2’s Delivery Commitment

The institution faced some challenges in utilizing their commercial scanning software. Despite these obstacles, JX2 was extremely quick and efficient in building the OFAC Broker portion and interfacing with the organization’s applications and scanning software. “We ran into problems with vendor software upgrades, but JX2 was excellent in working with the vendor to fix their product. It took a great load off of my mind. In my position, OFAC scanning is huge. JX2 helped me bear a lot of that responsibility,” said a manager with the institution.

Throughout the project, the manager was impressed with JX2’s commitment to delivery. “It’s awesome, really impeccable. If they ran into problems, even problems outside of their control, they would give me plenty of advanced notice,” she said.

In addition to delivering the completed system on time, within budget and precisely to their requirements, JX2’s project management and project analysis skills made a major impact. “They were always willing to meet with me whenever I needed, to do whatever it took to get the job done. Selecting JX2 was critical to the success of this deployment. I wouldn’t have wanted to use any other service provider,” said the manager.

Compliance is Just One of Many Benefits

Maintaining their competitive edge by providing exceptional customer service is critical for this institution. If they weren’t able to process these transactions, it would mean several days of delay before their customers would receive funds. This would have an adverse impact on their customer retention and, of course, their bottom line.

JX2 built the OFAC Broker with an eye to the organization’s future needs. With flexible Service-Oriented Architecture principles, the solution can be counted on to bring new systems into instant compliance with OFAC. The impact of the system has grown exponentially as the needs and compliance requirements have increased. A growing number of transactions must be scanned. In addition to compliance, they have achieved increased efficiency as a direct result of the system.

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Major Upgrades Planned

The institution is soon planning a major upgrade to the OFAC scanning software. With that will come an upgrade of the OFAC Broker, which will be entrusted to JX2.

About JX2

JX2 develops software for businesses in highly-competitive industries where the customer experience is paramount. For our clients, the effectiveness of web-based customer self-care, on-demand services, call centers, and back office solutions are mission critical to their success. We create business and technology solutions that streamline operations, improve the user experience, and protect end users. JX2 is an IBM Business Partner. Learn more at www.jx2services.com.

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