



What Do Banks, Insurance Companies
and Manufacturers Have in Common?
FICO TONBELLER!

FICO TONBELLER – The Industry Expert in the Area of GRC

The company

- Bank Windhoek is a subsidiary of Bank Windhoek Holdings Ltd. (BWH), a company listed on the Namibian Stock Exchange (NSX)
- Under supervision by Financial Intelligence Centre (FIC)
- Second largest Namibian bank with nearly 1.300 employees
- Total assets of U.S.\$ 2,24 billion and net profit of 50,11 million in 2014 (30 June)

The challenge

- Compliance with FIC's requirements on Anti-Money Laundering and Know Your Customer
- FIC's hard deadline regarding the implementation of these requirements
- Strengthening of governance and embedding of best practices in controls and risk management
- Comprehensive view on customer-related risk (new and existing customers)
- Integration with the current IT landscape
- Ever evolving compliance frameworks

Siron® solutions

- Siron®RAS for risk assessment
- Siron®KYC for customer due diligence
- Siron®AML for ongoing customer monitoring and detection of possible money laundering
- Siron®Embargo for real-time transaction screening
- Siron®RCC as risk management dashboard

Added value

- Full compliance with local regulatory environments by FIC and Bank of Namibia
- Full alignment with IT strategy
- Easy adjustment of detection scenarios and risk classification rules
- More effective use of resources to monitor clients

Bank Windhoek Compliant with Namibian Regulation and International AML Standards

Bank Windhoek was established in 1982, when a group of Namibian entrepreneurs took over eight local branches of Volkskas Bank. The aim was to create a financially independent bank for Namibians in Namibia. Currently, Bank Windhoek is a subsidiary of Bank Windhoek Holdings Ltd group of companies, in which Capricorn Investment Holdings (CIH) is the main shareholder.

Over the years, Bank Windhoek has built a strong financial position and achieved remarkable growth. This was confirmed by Global Credit Ratings, an international credit rating organization. As a result, Bank Windhoek received a short term credit rating of A1+ and a long term credit rating of AA, placing the Bank in the same league as other leading banks in Southern Africa.

Bank Windhoek offers a wide range of financial services and products. This includes personal, corporate, electronic and international banking services via a network of 53 branches, agencies and more than 97 ATMs and 236 Cash Express machines countrywide. As a truly Namibian Bank, it is always looking for opportunities to expand and improve its services in order to transform and strengthen the economy of Namibia.

Situation in Namibia

Namibia's anti-money laundering efforts are currently being reviewed by the Financial Action Task Force (FATF), the international standard-setter in the fight against terrorist financing and money laundering. A synopsis is expected in January 2015 and the full report will be published in 2016. This puts pressure on Namibian's banks to implement effective methods to fight and mitigate the risk of money laundering and terrorism financing.

Against this background the Financial Intelligence Centre (FIC) as the Financial Intelligence Unit of the Government of the Republic of Namibia and Bank of Namibia defined a deadline for implementing systems that gather all information required to submit regular Currency Transaction Reports (CTRs), Suspicious Transaction Reports (STR) and Suspicious Activity Reports (SARs) until June 1st, 2015.



Tender Process and Request for Proposal (RfP)

Bank Windhoek, together with the other companies in Capricorn Investment Holdings searched for a comprehensive offering to fulfill the requirements of the FIC in Namibia and the equivalent in Botswana and Zambia. Bank Windhoek invited 15 vendors to participate in the tender process which was supported by the consulting firm PwC. The process started in September 2012 with the request to submit data and a proposal by October 2012.

After two sets of interviews the number of vendors had been reduced from 15 to 5. "We gave the RFP responses of the different vendors to the various IT and compliance experts in order to rate each response in detail. The picture was very clear. All the ratings showed the same result: FICO TONBELLER seemed to have the most comprehensive solution" said Pever Fourie who was responsible for the selection process and later for the implementation coordination.

Bank Windhoek invited two of the vendors for a Proof of Concept which took place early 2013.

To be on the safe side, Bank Windhoek also conducted multiple reference visits to FICO TONBELLER clients. Finally in summer of 2013 Bank Windhoek decided on Siron®Anti-Financial Crime Solutions of FICO TONBELLER.

Implementation Process Started by Performing a Risk Assessment

The implementation project started in September 2013, shortly after the decision was made. Both parties agreed on performing a risk assessment first.

"This enabled us to focus on the areas of high risk and at the same time build a risk heat map for Bank Windhoek" stated Nico Van Der Merwe, Group Head Risk and Compliance for Bank Windhoek.

Siron®RAS was used by a team consisting of the Bank Windhoek team of compliance managers and FICO TONBELLER's business consultants to complete the risk assessment. This enabled the bank to quickly gain an overview of all risks (customer, product, transactional as well as country and process risks).

"With Siron®RAS we documented all measures to mitigate the risks, even though some of them could not be tracked in an IT System (e.g. a staff awareness program). After performing the risk assessment with FICO TONBELLER we knew how to implement the detection scenarios and risk classification rules in Siron®AML and Siron®KYC" says Nico Van Der Merwe. "FICO TONBELLER's best

practices and the experienced consultants contributed to the success of the exercise," he added.

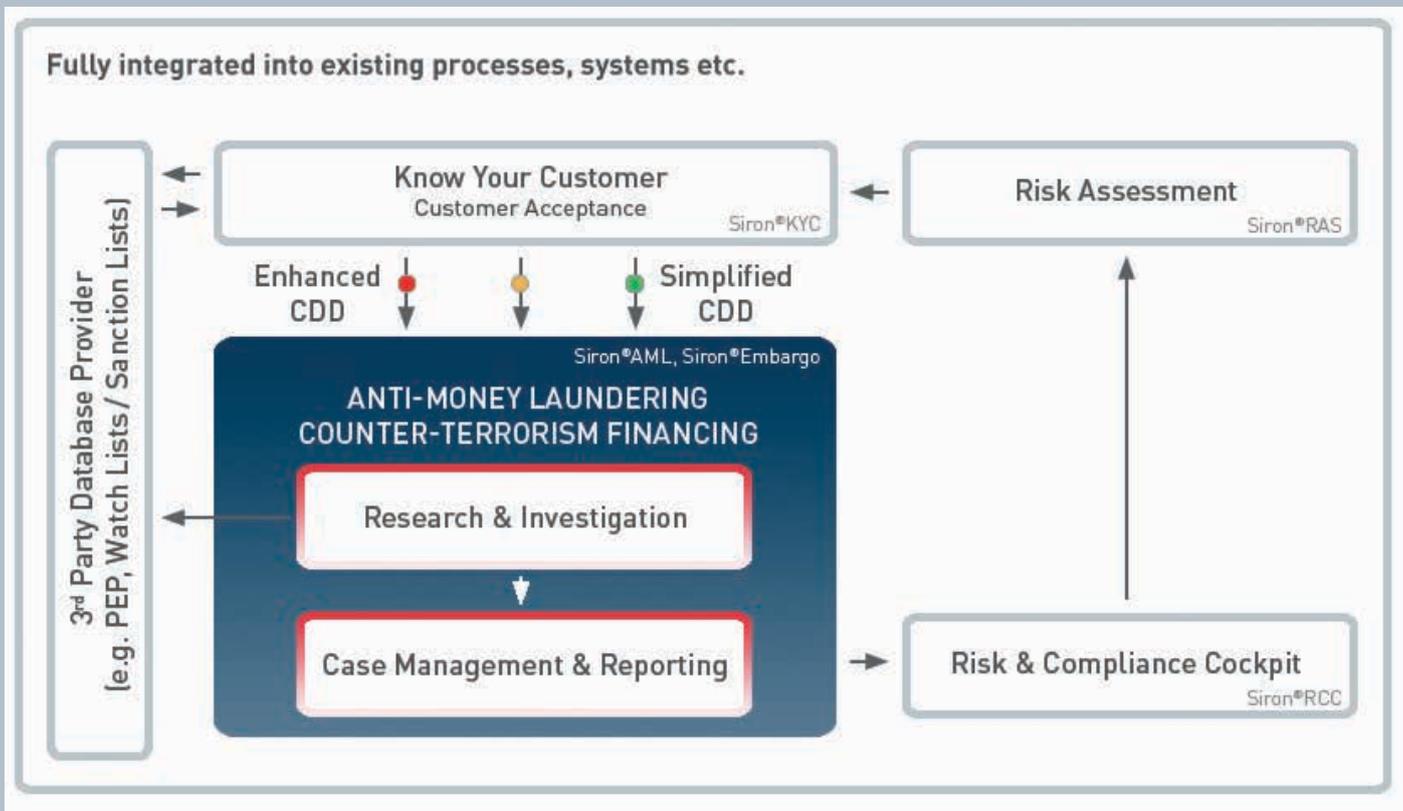
Integration into Customer Acceptance

FICO TONBELLER's technical consultants installed Siron®KYC in parallel to the risk assessment to facilitate risk classification at the stage of customer acceptance. This module has been integrated into Bank Windhoek's "Open Text" solution (a workflow system which supports the customer acceptance process). The integration was done through a web service which made it completely transparent to the end-user responsible for customer on-boarding.

Nico Van Der Merwe said: "After implementing Siron®KYC we have an immediate risk classification of all our customers, including the identification of politically exposed persons (PEP). This helps us to automatically perform an enhanced due diligence during the ongoing customer relationship."

"This enabled us to focus on the areas of high risk and at the same time build a full risk heat map for Bank Windhoek."

Nico Van Der Merwe, Group Head Risk and Compliance, Bank Windhoek



Setup of Ongoing Due Diligence

During customer's lifecycle management the ongoing checking mechanisms require data integration with Windhoek's core banking system "Phoenix".

Siron®AML offers generic standard data interfaces. The supply of that interface follows the risk based approach and the risk assessment mentioned above. In the first trial of the ETL process, the contra account data was not available. During risk assessment the project team found out that the contra account is of high importance for detecting certain scenarios. That is why the ETL process had to be enhanced during the implementation process by adding an additional field.

Mitigating the Risk of Supporting Terrorism Financing and Go Live

To mitigate the risk of being misused for financing terrorism Bank Windhoek also decided on FICO TONBELLER's Siron®Embargo for real-time transaction screening. As the connection to different payment systems (e.g. Trustlink) changed during the implementation process, the system has not yet gone live. But the outstanding setup for production is

planned for early 2015.

Siron®RAS, KYC and AML went live in Bank Windhoek during April 2014 as planned. Commenting on support from the vendor, Nico van der Merwe stated: "FICO TONBELLER has always been available to us and have provided great support".

Integrated Approach and Holistic View

The integrated approach of risk assessment and ongoing due diligence allows Bank Windhoek to measure the efficiency of any detection scenario.

This also supports the continuous and automatic update of the risk assessment which reflects how often a measure prevents the bank from possible damage.

"Regarding today's compliance requirements we feel more than well-equipped. FICO TONBELLER's integrated approach helps us not only to have the

holistic 360 degree view but to be ready for future compliance requirements to combat money laundering. This is especially important focusing on the outstanding FATF rating on Namibia in 2014 and 2015," says Nico Van Der Merwe.



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Future Setup and Next Steps

Due to product training provided Bank Windhoek is able to fine-tune the existing settings and define new detection scenarios easily on their own when focusing on new money laundering schemes or FIC regulations.

Today the central multi-tenant installation at Capricorn hosts Siron® Anti-Financial Crime Solutions for Bank Windhoek (Namibia), Bank Gaborone (Botswana) and Cavmont Bank (Zambia). The integration of further entities has already been scheduled: Capricorn Asset Management (Namibia), Welwitschia Insurance Brokers (Namibia) and Penrich Insurance Brokers (Botswana).

The implementation of further modules from FICO TONBELLER's Siron® Anti-Financial Crime Solutions might be required in future:

- Proliferation
- Exchange control including trade based money laundering
- Fraud detection
- Obligation of tax deduction requirements (FATCA/OECD reporting)

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