

ABN AMRO Bank live with CBA's IBAS Transaction Due Diligence

ABN AMRO Bank has gone live using the Transaction Due Diligence (TDD) functionality now available within Norwegian software vendor Commercial Banking Applications' (CBA) IBAS GBF - Global Banking Factory

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The ABN AMRO Bank team worked closely with CBA to develop the TDD capability which the bank is now actively using across its global trade finance operations to monitor transactions and flag suspicious activity. The solution enables the bank to immediately detect any unusual behaviour, helping to combat financial crime and ensure full compliance with national and international regulation.

In IBAS, banks have the flexibility to design and optimise the due diligence structure and associated rules for themselves – covering both local and international regulatory requirements. In ABN AMRO Bank's case this helps ensure they meet Dutch regulatory requirements, together with all relevant international regulations in order to mitigate against fraud and suspicious activity and meet the requirements of all internal and external auditors.

The successful go live of IBAS TDD builds on the partnership between CBA and ABN AMRO Bank following the signing of a 5-year agreement in 2023.

IBS Intelligence spoke with Frans Westdorp [FW], Product Owner Trade Finance, ABN AMRO Bank and Richard White [RW], Head of Trade Finance, CBA. What follows is an edited transcript of part of our interview – you can listen to the full version on the IBSi Views podcast.

[FW] "ABN Amro is one of the leading banks in the Netherlands in traditional trade finance, that is, excluding commodity finance. Our focus area is Northwest Europe, with branches in Belgium, UK, Norway, and Greece.

"First of all, to understand transaction due diligence (TDD), it's a combination of anti-money laundering, terrorism finance, and sanctions screening. The majority of trade finance transactions are legitimate. The issue we had was that we had to be able to pinpoint the anomalies. What the TDD application does for us is compare previous transactions of our customers with new transactions.

"Do we see changes in the countries that the customer is dealing with? Do we see changes in the typical amount of the transaction that the customer is doing? Do we see a great increase of volume? In other words, we're trying to use a risk-based approach in assessing the validity of a transaction."



Frans Westdorp, Product Owner Trade Finance, ABN AMRO Bank

How did CBA deliver the TDD capability?

[RW] "The key word is collaboration. It's essential when implementing complex banking solutions and making sure the bank's requirements are met. But in this case, I'm not surprised at all about the excellent collaboration between CBA and ABN Amro, because we have a long and successful history of working together.

"We had quite a lot of discussions. Both parties have deep but also complementary knowledge and skills across banking and technology. In terms of the due diligence, we had lots of refinement sessions, we had lots of discussions, lots of demos, and we really kind of drilled down to the nitty-gritty details. But I think it's important to say that we are also aligned in terms of strategy and vision. We both share this focus for innovation in trade finance."

How does the monitoring process work?

[RW] "The key point is that the bank can determine themselves by using the configuration tools for which transactions the due diligence



Richard White, Head of Trade Finance, CBA

should be performed. And this can be very simple, it can be very complex, and it's flexible and it's completely up to the bank.

"It can be different for a product or product type or product area or business event. And here, I must emphasise that the bank is in control, which means that they can very quickly adjust to new regulatory requirements and new banking products. So, in a sense, the speed to market is immediate because the bank can immediately, using the configuration tools, make the changes without needing a new upgrade or release from us (CBA).

"Once the configuration is in place, this is where the business intelligence and the automation kicks in. The system can automatically detect red flags or suspicious behaviour by leveraging business logic and data in the system."

Can you manage rising regulatory complexity with TDD?

[FW] "As Richard already mentioned, we can ourselves determine which questions we want to ask and what we want to add. So, changes in international regulations can quite easily be adapted in the system. And indeed, there's an increased demand internationally for data, for proof of due diligence. Due to the flexibility of the system, we can easily adapt new regulations. That was one of the main demands that we had, flexibility in the system."

Can the same TDD software be applied to other business areas?

[RW] Yes, it can. But just to give some context into the how and the why, if I could just step back and explain a bit about the IBAS concept and CBA's business model. Trade finance is just one product area. In IBAS, we also have solutions for payments, for factoring, for loans, for account management, just to name a few. But what we don't have, we don't have separate systems for different product areas.

"We also don't have separate systems for different banks or countries. We have one single common global system, which is used for all products, and it runs on the same source code. This is made based on the principle that whilst you look at banking products on the surface, they can look very different, and some of them are very complex and very specialised, they share common characteristics at the core.

"Therefore, whether you're talking about the documentary credit, guarantee, a derivative, a loan, there's normally a start date, there's an end date, there's some kind of accounting, there's parties involved, there's risk, there's commission, there's interest.

"Once we have this common framework in place, it's only natural that business objects, like transaction due diligence, apply to all banking products. And just to give another example, we have just one payment object, and that payment object is used, of course, in the payment applications, the payment product area, but it's also used in trade finance. It's also used in all other business products where a payment or settlement should be made."

How has the TDD module improved ABN AMRO's trade finance operations?

[FW] "It's significantly improved our operating procedures and speed. In the past, employees had to search for historical data, and now the historical data is collected and compared by the system itself. So, on one hand, it saves a lot of work.

"On the other hand, as I mentioned earlier, the vast majority of trade finance transactions are legitimate. So, a user may get a bit sloppy in the assessment of transactions. And by aiding the user with a system, it doesn't only improve the efficiency, but also the reliability of the transaction due diligence. That's perhaps even worth more than the efficiency. But the efficiency is huge. Think about two to three minutes per transaction!"