Chapter 5.12
Customer Investigation Process at Credit Suisse:
Meeting the Rising Demands of Regulators

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ABSTRACT

Customer investigations in the banking industry are carried out in connection with prosecutions, the administration of estates or other legal actions. The Investigation & Inquiries Department of Credit Suisse has to handle approximately 5,000 client investigations per year. To date, the investigation process has been very complex, time consuming and expensive. Several redundant query processes are needed to achieve satisfactory results. In the past few years, new regulatory requirements have led to a massive increase in the number of investigations to be performed. This case study describes how these requirements can be met by redesigning the process and building a data-warehouse-based application that automates most of the process. These two measures have significantly improved the customer investigation process, resulting in considerable cost and time savings for Credit Suisse.

INTRODUCTION

Information systems (i.e., databases) are essential to support business operations, client relationship management processes (CRM) and management

decisions. More and more companies are pursuing the trend of automating processes (Betts, 2001) and relying on complex and interrelated information systems. But poor data management can generate incomplete results, followed by wrong decisions that can have a negative impact for commercial organizations (e.g., wrong decisions lead to investment errors) and even for public institutions (e.g., terror attacks due to gaps in subject identification processes). It can also complicate and prolong workflows, leading to complex, time-consuming and costly work processes. According to Redman, poor quality data can generate costs of up to 20% of revenue for a typical organization (Redman, 2005), and poor data management is costing global businesses more than USD 1.4 billion per year (PriceWaterhouseCoopers, 2002). These facts reflect the importance of high data quality and the awareness of it as an increasingly business-critical issue. Furthermore, data quality can become a competitive advantage for businesses, for example, by improving marketing or customer satisfaction.

Spontaneously launched data quality management programs and other strategic corporate initiatives are usually not entirely successful, or fail because the data used to monitor and support organizational processes are incorrect or incomplete or otherwise faulty for a given application. As a result, "dirty data" can cause delays or even erase the potential of new systems and theoretically efficient workflows (Betts, 2001).

The term "data quality" (see also the chapter titled "Information Quality Function Deployment") describes the quality with respect to the relevance, the accuracy, consistency and reliability of the existent information. It defines how adequate our sense of reality is relative to a model. Knowledge about the quality criteria is the basis of working with data sets. As shown above, it is not always necessary to fulfill all the quality criteria. It may be sufficient to know only on which quality level the criteria have to be set. Usually, the criteria are already defined within a work process. In natural and social science, data quality is especially important, as the precision of the measuring and the amount of the data source are relevant for the acceptability of the final results. In contrast, business science calls for high data quality because the results lead to future statements and management decisions. In the past few years, several incorrect financial statements have resulted in economic scandals, caused not only by criminal backgrounds but also by poor data quality (e.g., Barings Bank). On the other hand, intelligence services collect a large volume of various pieces of information of different quality levels. The amount of similar information can be relevant for matches when exact data are unavailable. In other words, the more personal information a secret service collects about a relatively unknown searched person, the closer inaccurate data sets get to the reality of the subject in question. At any rate, awareness of the environment in which the data are processed (such as natural, social or business science, or intelligence service) already helps to define the quality criteria.

Nowadays, the banking industry is highly dependent on total information awareness to meet all external and internal requirements. Thirty years ago, it was usual for someone to simply open an account without today's common "know your client" policy and procedures. The name of a person could appear in different ways and aside from the basic recommendation, there was no standardized format for entering a name in a database. What is more, names transmitted verbally could sometimes be spelled in different ways (e.g., Silberstein, Silverstein, Silverstejn, Zylberstein, Zilberstain, Zylberstajn, Szilberstein, and so on). For example, a new client relationship could have been opened simply as "Mr. Silberstein" or "A. Silberstein." As a result, there are difficulties when matching names: "A." has endless possibilities (e.g., Albert, Abdul, Anthony but also Tony as the short version of Anthony) that can all refer to the requested entry in the database. Therefore, one of