

**Compliant Statement
Archiving and Presentment
for Financial Services**
August 2008

Leveraging content infrastructure for
competitive advantage

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Financial services firms often generate statements using a combination of customer communication, enterprise resource planning (ERP), and customer relationship management (CRM) systems. For example, while the ERP and CRM systems house the data, a communication tool enables organizations to automatically generate and format personalized statements. Unfortunately, the statement formats are often proprietary in nature and unsuitable for long-term archiving and retention. In addition, enterprises may change how they create statements over time.

Introduction: The financial services environment

In addition to managing wealth, financial services organizations need to manage information—and their customers' ability to access it. After all, consumers expect 24/7 access to everything from savings and checking accounts to retirement and trading account records. Organizations that don't meet these expectations risk customer dissatisfaction and churn.

Unfortunately, as consumer demands for ready and convenient access to information increase, financial services providers are managing a volume of information that is growing exponentially. For example, a typical bank providing a monthly statement to each of its 5 million customers will generate more than 275 million pages of paper and electronic statements. Growing its customer base by 5 percent will result in an additional 500,000 monthly statements.

The challenge of managing large content volumes is exacerbated by industry consolidation and regulatory and legal demands. As regional, complementary, and competitive firms are acquired, the organization's IT staff must grapple with a growing number of applications, content types, and documents. That process includes aggregating customer statement information in various—sometimes-proprietary—formats, making it accessible, and archiving it in accordance with regulatory or internal requirements. Compounding this challenge is the isolated, fragmented nature of traditional report-archiving repositories, often a key infrastructure element in archiving customer statement data.

For example, to comply with SEC Regulation E (section 205.13), U.S.-based retail and investment banks must archive and retain records of electronic funds transfers (such as an ATM transaction) for a minimum of two years. To support Patriot Act inquiries, financial services organizations must be able to make available any statement containing important transaction and balance amounts. Finally, when ordered by a judge, financial services firms must produce statement data indicating transaction amounts and reflecting decisions made about purchases and financial exchanges.

Organizations need a statement archiving and presentment solution that can store statements in a standard format for digital preservation and web-based retrieval, and that can capture electronic statements regardless of how they are created. By adopting a proactive, managed approach to archiving and presenting customer statements, financial services organizations can satisfy a range of regulatory, good governance, and legal requirements, all while boosting customer satisfaction and reducing costs.

The advantages of customer statement archiving and presentment

By archiving and presenting customer statements electronically in a compliant manner, financial services organizations realize the following benefits:

- Lower costs
- Better customer service and retention
- Enhanced compliance and reduced risks
- Fraud prevention
- Insights into business health and customer satisfaction levels
- Support for green initiatives

Reduce costs

Most financial services firms perform the following time-consuming and costly steps to generate, reprint, and save paper statements:

- Composing
- Printing
- Sorting for delivery based on geography
- Packing
- Archiving

With a compliant statement archiving and presentment solution, banks can offer statements online via self-service and archive them for easy retrieval. This results in efficient and cost-effective operations and can reduce IT administration and storage costs by enabling organizations to treat electronic statements individually based on the value of their information.

Improve customer service and retention

When a customer calls to make an inquiry or dispute a transaction, the call center representative needs instant access to comprehensive information related to the customer's account, including scanned checks, correspondence letters, and e-mails. An advanced statement archiving solution can help organizations manage statement-related content types across their entire lifecycles.

With such a solution, financial services firms can also offer e-statement delivery, potentially leading to lower call-center inquiry volumes, as well as fewer requests for statement reprints and physical check delivery. Organizations can also leverage e-statements as a valuable marketing vehicle by including advertisements for related or new products and services. The promotional offer can include hyperlinks that encourage "click-throughs" and "stickiness," as well as increased customer loyalty, retention, and revenues.

Enhance compliance and avoid risks

Without a comprehensive records management and document destruction policy, financial services organizations risk fines and adverse legal decisions that negatively impact shareholder value, revenue, and organizational and industry reputation.

These organizations need an integrated retention management solution that systematically retains and destroys statement content according to business rules. This helps ensure regulatory compliance and business continuity, while easing customer service support and storage management requirements. By keeping content only as long as necessary, banks can avoid "infoglut" and eliminate redundant information, leading to more effective use of storage resources.

Prevent fraud

The deluge of credit card, lending, banking, and insurance services offers sent through the mail increases the opportunity for identity theft and fraud. In addition to negatively impacting consumers, such incidents are costly to banks, resulting in negative press, damaged brand perception, and possibly even fines. A secure statement archiving and presentment infrastructure enables customers to opt out of receiving printed materials via the mail, minimizing the risk of fraud and identity theft.

Gain new insights

Traditionally, statement information such as credit card purchases, account balance, and policy details has been archived to tape in proprietary formats, making it difficult to index and access. By leveraging a statement archive infrastructure and its content sources, banks can determine business health and customer satisfaction levels, leading to accurate reports and revenue forecasts, and new product development.

Support green initiatives

Banks must increasingly consider the environmental impact of IT decisions and offerings in light of growing public awareness around global climate change. Lower carbon output, electrical usage, and other related variables are quickly becoming fundamental business requirements.

With a compliant statement archive and presentment solution, financial services providers can offer the option of electronic statement delivery, dramatically reducing consumption of paper, electricity, fuel (for mail delivery) and consumables (such as non-biodegradable toner). At the same time, this approach is certain to resonate with the growing number of environmentally conscious consumers. Such green initiatives can lead to positive public relations and industry perception, as well as increased customer loyalty.

Compliant statement archiving and presentment requirements

As described above, financial services firms can benefit in many ways from a comprehensive compliant statement archiving and presentment solution. Not all solutions, though, are created equal. When evaluating options, financial services organizations should seek a solution that satisfies the following requirements.

- **Ingestion**

Compliant statement archive and presentment solutions must be able to accept line-of-business(LOB) system-produced report input in the form of raw print streams.

- **Indexing**

From an administration standpoint, creating indexes for statement archiving should be a process that doesn't encumber productivity. It should leverage mechanisms to extract indexes graphically, not programmatically. From there, the archiving engine should be able to process and create those indexes in a systematic, predictable manner with little if any error. Finally, the index data should be stored in a format like XML, that can be used and repurposed across the widest possible range of applications.

- **Conversion and accessibility**

Because statements are often archived and preserved for years, long-term access and retrieval is necessary for business continuity, regulatory compliance, and content-reuse purposes. PDF, which has become a widely accepted global standard for viewing documents over the web, offers several advantages for statement archiving and presentment:

- **Web browser suitability**—PDF is suitable for display via a web browser. **Ubiquity**—Almost all consumers have access to a PDF viewer; those consumers without a PDF viewer can easily download one for free.
- **Ubiquity**—Almost all consumers have access to a PDF viewer; those consumers without a PDF viewer can easily download one for free.
- **Standard**—PDF does not have the concerns associated with legacy composition tools or formats requiring a proprietary plug-in for viewing. Ultimately, statements and related information are the property of your enterprise and its customers/partners. You do not have to worry about vendor lock-in or document conversion issues.
- **Storage**—PDF files require little storage space.

- **Security**

The goal is to minimize fraud and identity theft, both electronically and via mail when customers opt out of receiving print statements.

- **Scalability**

Given the tremendous volume of content generated during each statement archiving and presentment process --from ingestion to management, retrieval, and archiving --scalability is required with sufficient availability and performance to support concurrent processes such as multiple requests from consumers to view statement information.

- **Retention management**

Traditional records management approaches are incompatible with most use cases involving compliant statement archiving and presentment. Organizations must be able to parse and extract individual files from a statement run, so they do not have to retain all statements until an e-discovery matter is finished (which may occur after the retention date has passed on all the unrelated records, an administrative and storage nightmare). A compliant statement archiving and presentment solution should enable banks to automatically retain and destroy records, as well as support legal holds, throughout the lifecycle of statements. Retention management needs to be as automated to minimize administrative and end-user involvement, and to ensure that the records-keeping process scales as statement volumes increase.

- **Storage management**

The lifecycle of statement information ranges from immediate and frequent access patterns to deep archiving and retention spanning a number of years. As a result, the requirements from a storage device perspective reflect an array of characteristics including rapid data availability, reliability and the need to migrate content across different storage layers as it ages, and the ability to do this all at the lowest possible cost. To support compliance requirements, a solution should include a storage layer that will ensure that information remains unchangeable and accessible, guaranteeing content authenticity.

The EMC Compliant Statement Archiving and Presentment solution

Full-featured to satisfy the needs of financial services firms

EMC's approach to compliant statement archiving and presentment revolves around three key principles:

- Enable a single integrated archive for all customer and corporate information
- Offer an open architecture that is scalable and leverages existing technology standards
- Deliver a complete solution spanning software and hardware

The EMC® Compliant Statement Archiving and Presentment solution—an integrated system for archiving, retention management, and electronically delivering statements and invoices—consists of the following components:

Documentum® Archive Services for Reports: EMC Documentum Archive Services for Reports dynamically captures enterprise reports, converts them to PDF, assigns relevant attributes, and enables mission-critical applications such as compliant statement or legacy data archiving. Archive Services for Reports is designed to provide active archiving and relevant applications for a wide range of fixed content including reports, application output, transactions, and e-mail. With it, financial services firms can use a unified content management platform to securely retrieve and deliver reports throughout the enterprise and across the web.

Documentum Retention Policy Services: EMC Documentum Retention Policy Services automates content retention and disposition in compliance with regulations, legal stipulations, and best practices. Organizations can add Retention Policy Services to any supported EMC Documentum environment or as part of the fully certified EMC Documentum Records Manager.

Table 1 presents an overview of the key solution requirements of a Compliant Statement Archive and Presentment solution and how EMC's capabilities fulfill those requirements.

Table 1. Compliant Statement Archive and Presentment

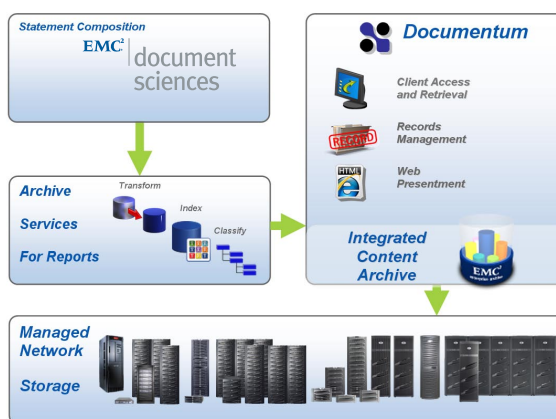
Solution Requirements	EMC Capabilities
<p>Ingestion: <i>Must be able to accept line-of-business (LOB) system-produced report input in the form of raw print streams.</i></p>	<p>In addition to interpreting all major print stream formats—including AFP, ASCII, EBCDIC, IBM FBA, Metacode/DJDE, PCL, PDF, Postscript, TIFF, and XML data files—EMC Archive Services for Reports simultaneously processes high volumes of print stream input from multiple LOB systems.</p>
<p>Indexing: <i>Must intelligently recognize the report type and be able to identify, locate, and extract all critical data elements. The index data should be stored in a format that can be used and repurposed across the widest possible range of applications.</i></p>	<p>EMC Archive Services for Reports leverages XML to store index data, making it available to applications including search, data mining, and enterprise content management content services (such as security, lifecycles, and workflows).</p>
<p>Conversion and accessibility: <i>Must support long-term access and retrieval for business continuity, regulatory compliance, and content-reuse purposes. PDF is a widely accepted global standard for viewing documents over the web.</i></p>	<p>EMC Archive Services for Reports stores enterprise reports in PDF format to ensure archiving integrity, and migrates existing archives to PDF to avoid the risks associated with legacy storage models. The solution efficiently stores enterprise reports as single objects, using logical bursting of subsections for efficient retrieval and improved system scalability. To meet regulatory or business requirements, organizations can choose to store AFP print streams natively, and generate PDF renditions on the fly for viewing.</p>
<p>Security: <i>Must minimize fraud and identity theft, both electronically and via mail when customers opt out of receiving print statements.</i></p>	<p>Organizations using the EMC solution can leverage the EMC Documentum platform’s advanced security features, including access control lists, Secure Socket Layer communications, mandatory access control, file encryption, and digital shredding. In addition, administrators can reliably manage all enterprise content using a single set of permissions, ensuring security and reducing administration time and effort.</p>
<p>Scalability: <i>Must scale in all phases of the statement lifecycle—from ingestion to management, retrieval, and archiving—to keep pace with growing statement generation and retention.</i></p>	<p>The EMC Documentum architecture is completely scalable and can easily handle the high volume of transactions typically generated during compliant statement archiving and presentment processes. The repository’s object-oriented architecture enables it to scale infinitely to accommodate any content type and volume. In fact, EMC Documentum customers run repositories containing billions of objects that account for hundreds of terabytes of data.</p>
<p>Retention Management: <i>Must support the ability to parse and extract individual files from a statement run, so organizations do not have to retain all statements until an e-discovery matter is finished (which may occur after the retention date has passed on all the unrelated records, an administrative and storage nightmare).</i></p>	<p>Documentum Retention Policy Services enable financial services organizations to differentiate between files that should be deleted and those that should be retained. It manages document disposal using a dedicated user interface for identifying materials that can be deleted, maintaining approvals to authorize document destruction, and destroying documents on a systematic, regular basis. It can also dispose of unofficial documents automatically as expiration dates or retention periods are reached.</p>
<p>Storage management: <i>Must have sufficient availability and performance to support everything from rapid customer access to older statements to fast data retrieval during audit and e-discovery events.</i></p>	<p>The EMC Compliant Statement Archiving and Presentment solution is fully integrated with the entire EMC portfolio of storage devices including the EMC CLARiiON® and EMC Centera® families.</p>

Figure 1 illustrates the components of the EMC Compliant Statement Archive and Presentment solution.

First, documents are created using composition engines, document output management applications such as EMC's Document Sciences® xPression®, ERP, or legacy systems. Regardless of the statement data format, Archive Services for Reports captures and indexes those documents and transforms them into industry-standard PDF for retrieval and viewing.

When documents are stored in Documentum, consumers retrieve them on demand, typically via a web portal. Again the choice of PDF makes this a seamless transition and consumers do not require a proprietary viewer or plug-in to view and access their statements.

As an integrated layer of the Documentum repository, Retention Policy Services can be added to manage statements as groups or individual records enabling the proper retention and disposition as required by internal policies or regulatory compliance. And to support compliance requirements, managed network storage ensures that information remains unchangeable and accessible, guaranteeing content authenticity.



Conclusion

By archiving and presenting customer statements electronically in a compliant manner, financial services organizations realize the following benefits:

- Lower costs
- Better customer service and retention
- Enhanced compliance and reduced risks
- Fraud prevention
- Insights into business health and customer satisfaction levels
- Support for green initiatives

With the EMC Compliant Statement Archiving and Presentment solution, financial services organizations can retain customer statements in a compliant archive that preserves document authenticity, integrity, and readability, enabling compliance with regulations and good governance policies. The EMC solution enables a single integrated archive for all customer and corporate information, offers an open architecture that is scalable and leverages existing technology standards, and delivers a complete solution spanning software and hardware.



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