

ACBS Fedwire Interface Enhancement

Mid-Sized Middle Market Syndicator
Duration: 6+ months

Overview

The project seeks to implement the ACBS Fedwire Interface enhancement and ACBS Wells Fargo CEO Fedwire plugin functionality to semi-automate and streamline the delivery of outbound funds transfers via Wells Fargo's Commercial Electronic Office (CEO).

Business Goals

Initial Project

The business line implemented bundling outbound wire transactions into a single .csv formatted file for upload to the Wells Fargo CEO system, which initiates the client's outbound wire messages to the Fedwire system. This approach dramatically decreased processing impact, particularly by the Wire Team which currently processes every outbound wire individually.

Additionally, the business line integrated a "two-touch" creation and approval functionality (defined by user role) for both payment instructions as well as transactions which create an outbound cashflow out of the Wells Fargo CEO system. Implementation of this "two-touch" functionality brought tighter controls to those transactions which create outbound cash flows.

Project Change Opportunity

Upon review of the details of the project approach stated above, TenDelta suggested a revision to the data captured within the .csv wire upload file for the Wells Fargo CEO system, as well as Operations and Wire Team process changes. The suggested process changes were as follows:

1. House Originator-to-Beneficiary Information ("OBI") in the ACBS system in core system fields at the customer and payment instruction record levels.
2. Remove OBI information entirely from the Wells Fargo CEO system.
 - As such, the number of duplicate standing wire instructions (known as "rep codes") required in the CEO system was dramatically reduced. In some circumstances, as many as 40 rep codes were consolidated down to a single rep code in the CEO system.
 - Rep codes in the CEO system, which came to represent ABA and account numbers (but not OBI information), could be shared across multiple payment instructions in ACBS, allowing the payment instruction in ACBS itself to drive the OBI information on the outbound wire file, rather than placing that obligation upon the CEO system (and the Wire Team).
3. Revise the logic of the .csv upload file to capture OBI information from ACBS system core fields, formatting the file appropriately for upload to the CEO system.
 - By driving borrower name from the customer record level, several payment instructions in ACBS, differentiated only by borrower name, could be consolidated down to a single payment instruction.
 - In the future, the Operations Team would be required to board new payment instructions only if a) the ABA or Account numbers differed from existing payment instructions, or b) if the payment instruction included "for further credit" information driven at the payment instruction level.

This project change was expected to result in a notable decrease in boarding activity required by the Operations Team in ACBS (at least a 33% decrease in payment instruction boarding) and a significant decrease in boarding and monitoring by the Wire Team in the Wells Fargo CEO system (perhaps an 85-90% decrease in rep code boarding). Additionally, as a byproduct of the change, a more disciplined and systematic approach to OBI information was instituted.

Business Challenges

Operating Procedures & Process

- Numerous procedures had to be re-written and entirely new procedures and process flows drafted to account for changes in the activity of outbound wire processing, a shift in approvals ownership, and new control points.

General Ledger & Reconciliation

- By increasing the number of journal entries (nearly doubled) created by the new process, changes to general ledger interface and reconciliation systems were required.

Risk and Oversight

In general, the project shifted control points and responsibilities, and a thorough evaluation of the risks and oversight of those risks was warranted.

By suggesting a change to the project, additional challenges were created:

1. Formal project change declaration
 - A process had to be initiated with the vendor to formally change the development requirements of the project.
 - Appropriate approvals by internal client stakeholders and risk management decision-makers had to be obtained.
2. Risk controls
 - By shifting the storage and maintenance of OBI fields from the Wells Fargo CEO system to ACBS, the control points for this information shifted from the Wire Team to the Operations Teams.
3. Procedures and training materials
 - Because responsibilities and tasks related to the onboarding of new payment instructions shifted due to the revised file and processes, it was necessary to articulate the responsibilities of the Operations and Wire Teams.
 - In addition, training materials were required for staff, including heightened responsibility of management level approvers of the payment instruction boarding activities.

Value Proposition

By challenging business assumptions, based on TenDelta's market experience with syndicated loans, the client was encouraged to think 'outside the box' and generate enthusiasm for a more efficient process and approach.

Risk Mitigation

- Identifying potential risk points in the immediate future state, as well as anticipating risks on a larger scale as business grows.

Project Management

- Providing the appropriate project management framework to help the business line understand their future process flows and subsequently effectively itemize procedure changes, exception processing, new and shifted risk, and tools necessary for their business change.

Advising

- Acting as a sounding board for Head of Technology to understand enterprise-wide and long-term impacts of more immediate tactical decisions; and formulate long-horizon strategy impacted by the project decisions as well as business growth.

Outcome

The project resulted in enhanced controls (as well as more appropriate placement of control points), increased boarding efficiency, and a more disciplined and systematic approach to existing and revised processes. The project change, while simple from the perspective of impact to development effort, added a significant opportunity for increased ongoing operational efficiency, eliminating many hours from the onboarding processes for Operations and Wire Teams.