

Bizagi + infoCaja

MiFID Compliance in record time

Challenge

- Enable infoCaja to adjust to the requirements of MiFID regulations in the least possible time.
- Ensure Multi-Banks solution (replicable in all infoCaja's associated banks) but with individual management of the compliance process.

Solution

- MiFID Solution implementation in record time (4 months) with bizagi, the most agile BPM available in the market. Integration with financial terminal (single client), 5 legacy systems and a document management solution.
- Multi-language (Spanish and Catalan).
- Questions and answers Database implementation interpreted by the BPM system for individual management of investment advice.

Results

- MiFID solution implemented within deadline set by controlling entities. One of the first organizations in Spain to support MiFID with a technological solution.
- Reduction in the exposure to the high penalties imposed by not following the MiFID regulations, regarding investment advice when selling financial products.
- Real time data update and permanent access by each of infoCaja's associated banks.

InfoCaja is recognized as being one of the major suppliers of shared services in Spain. InfoCaja, through a Data Processing Center and a common application platform, offers these services to its five affiliated Banks (Cajastur, Caja Canarias, Caja Castilla la Mancha, Caja Murcia, y "Sanotra" Caixa de Balears).

Facing the challenge of complying in less than four months with the regulations of MiFID - Market in Financial Instruments Directive - infoCaja's affiliated Banks were confronted with an operational transformation that required great effort both in time and cost which had a direct impact on their profits. In fact, the European Commission had estimated a period of 10 months to adapt to the new regulations (Spain being one of the countries most behind in implanting such regulations).

In their effort to implement a solution to manage financial services orders based on the regulations and in the least possible time, infoCaja decided to implement the Knowledge Module developed by bizagi and Pricewaterhouse Coopers for MiFID's Investment Advice process (prefabricated BPM processes adaptable to each organization).

InfoCaja recognized that bizagi's BPM, combined with their Knowledge Module, was the only solution that would allow their associates to adapt to the regulations in record time. Based on processes, integration of each Banks' system was possible in an agile manner, ensuring a Multi-Bank solution but with individual management and in real time (testing and sign-off for each Bank). Implementation was completed in only four months.

“ *Case Study:*

Analysis of the problem

MiFID stipulates that all organizations involved in commercializing financial services in Europe (Investment Banks, Portfolio Managers, Stock Brokers, Financial Corporations, etc) should offer their products and services based on their customer’s knowledge (financial information, suitability, experience, etc.) and communicate in a transparent manner, in real time and based on the principles of risk stated in the guidelines.

Execution of the guidelines under a manual model and/or by books did not allow managing and supervising business operations in real time, and with the required retention level of information, visibility, and integration (five-years of information available for different auditors). Likewise, the solution needed to be capable of encompassing cross-sectional processes that affected different areas within each affiliated Bank and be compatible with different information systems (five hosts and one financial terminal) in its execution.

Perhaps, the most complex objective for infoCaja was to find a Multi-Bank solution but at the same time, one that could be individually managed in real time by each associated Bank.

The new infoCaja process

Using the agility of bizagi’s Knowledge Module, infoCaja was able to implement the MiFID’s Investment Advice process with the following features:

Web execution MiFID client order handling process.

Bizagi’s Knowledge Module is designed for managing the complete workflow based on MiFID requirements, i.e., it is adjusted to customer and product or service information. The process begins by capturing customer information; bizagi automatically identifies products or services that may be offered based on a pre-established rules engine. Depending on the requested products, bizagi displays questionnaires or tests that should be made on the customer in order to enter into a contract for investment services based on the MiFID guidelines. The BPM system ensures that all information is complete and ensures that all documents and questionnaires are attached to the activity flow within the investment advice process.

Integration with all information systems in real time.

The Financial Terminal is connected to the bizagi functionality, allowing a consultant located in any of the more than 2.500 offices of the five Banks, to capture customer information and to connect through a service layer with the legacy system of each Bank (five hosts). The consultant obtains the customer's basic information, as well as tests previously made on the customer. Bizagi interprets all information and, based on the process rule engine, displays the financial services or products that may be offered according to customer characteristics and normative. Likewise, after products have been selected, bizagi displays questionnaires for completing the MiFID-based investment services contract.

Multi-Bank solution with individual bank management.

The scheme of the process with its activities and rules is executed in the same way for the five Banks. However, in order that each test or questionnaire can be individually administered by each Bank, the BPM system stores a question and answer Database (each Bank's questionnaires) for analyzing requests. This database is executed by the bizagi Workflow engine, which automatically selects in real time the questionnaire to be processed based on the products or services requested and on the customer characteristics. Likewise, it can omit questions that have already been formulated in the past thus making the investment advice process more efficient.

New scheme of shared services based on process improvement

InfoCaja became the first organization to implement a technological solution for undertaking MiFID in Spain. Using bizagi's Knowledge Module, the initial budget for the implementation to adapt to MiFID was reduced by 80%. In addition, the forecasted implementation timescale was decreased by 50%.

InfoCaja evolved from a shared-service technology oriented supplier to a business oriented one. Thanks to bizagi's real time monitoring tools, infoCaja now finds opportunities for improvement in compliance processes that provide benefits in business opportunities for its associates. The Banks now have a more agile and efficient customer service than their competitors and this advantage can be maintained thanks to the agility provided by bizagi with the continuous improvement of its processes.

With bizagi, the affiliated Banks of InfoCaja, have been able to eliminate their exposure to the high penalties imposed by MiFID when financial product are sold without giving the necessary investment advice stipulated by the normative (which may result in the total refund of a loss associated with an acquired product). The Banks now have a solution that enables them to update data in real time with permanent access from each one of the five Banks. The automated process represents for the affiliated Banks, their CORE business, without which they would not have been able to trade in investment products and services.

InfoCaja, by means of bizagi, became the strategic partner for the Banks' long-term continuous process improvement, becoming a fundamental link in the value chain delivered to the customer.