

Case Study

BANCO DE CHILE IMPLEMENTS STATE-OF-THE-ART RECONCILIATION TECHNOLOGY

..... **Client:**
Banco de Chile

..... **Location:**
Headquarters in Santiago, Chile with international branches in New York and Miami, as well as representative offices in Mexico, Argentina and Brazil.

..... **Project:**
Install a state-of-the-art enterprise-wide reconciliation software application that combines functionality with security.

..... **Project Size:**
Banco de Chile is the second largest bank in the country of Chile, with over US\$14 billion in total assets and growing to more than 1 million customers. More than 2,000 wire transfer transactions are processed daily at the bank's branches outside of Chile. These transactions must be reported to government entities and reconciled on a daily basis.

..... **History:**
Bank de Chile was established more than 100 years ago. It currently uses FedLine, a DOS based network system created by the Federal Reserve to facilitate the reporting of wire transactions in the United States. FedLine connects a physical workstation from every customer's branch to a main server in Kansas City. Data collected daily is printed at day-end in a summary format – despite the fact that details are available on the data drive.

Banco de Chile's Miami office is the first corporate installation of Sydel Corporation's ReconXpert Reconciliation System in the United States. Employees at Banco de Chile now enjoy the remarkable benefits of having greater speed in reconciling their detailed transactions and the convenience of a fully functional data warehouse from which to query or report.



In early 2003, Banco de Chile's managers were discussing the exposure to the bank of reconciling at a summary level and the resource drain the existing reconciliation process produced. They concluded that by using state-of-the-art technology they could mitigate these problems, and set out to find software that could accomplish the following three objectives:

- ❖ Introduce a technologically advanced reconciliation application to expedite the settlement process.
- ❖ Upgrade the accuracy of existing reconciliations and improve the accessibility and security of data.
- ❖ Gain further visibility for Banco de Chile as a technological leader among financial institutions.

The ideal solution would require a user-friendly application that could easily reconcile multiple data sources and allow financial institution employees worldwide access to the data. As the Information Technology team members investigated their options, they narrowed their search to Web-based intranet solutions, preferring the enhanced security of using their existing network infrastructure to control application access.

Case Study

BANCO DE CHILE IMPLEMENTS STATE-OF-THE-ART RECONCILIATION TECHNOLOGY

Faster Reconciliation

With the ultimate responsibility for account balance reconciliations, Oscar J. Sosa, Vice-President - U.S. Operations had a special interest in what the system would do to expedite the reconciliation processes.

"The importance of reconciling the financial institution's data on a daily basis is magnified by considering that it is the last layer of defense for a financial institution. When other internal controls fail, invalid open items will appear in the reconciliation, which will be clearly visible and addressed immediately because of ReconXpert."

- Oscar Sosa - Vice-President U.S. Operations

"We wanted to be certain that employees assigned to reconciling accounts were able to efficiently settle existing accounts, add other accounts to reconcile and have time left over to perform other tasks within the financial institution," said Sosa. With ReconXpert, Banco de Chile was able to centralize the reconciliation department in one U.S. office. From two people in New York and one in Miami, the financial institution was able to realign its staff and designate only one person in Miami to complete this function for both the Federal Reserve's FedLine and S.W.I.F.T. The additional staff was deployed in other capacities throughout the accounting division.

Sosa expected faster reconciliation processing, but even he was surprised that ReconXpert was more accurate and easier to use than their existing semi-manual processes. The speed and ease-of-use led to a reduction in time spent of more than 85%.

By utilizing the "suggestion" feature, the reconciler no longer had to manually attempt to match items that were not similar, a process that previously was a day-long task.

Sosa expects that employee satisfaction with the software application combined with the reduction in operational costs of reallocating employee resources will make ReconXpert a standard in the financial community.

The Surprise --- A Data Warehouse

Once employees caught wind of the success with reconciling complete records from the Federal Reserve, S.W.I.F.T. and internal transactions, data requests began pouring in to the Information Technology team at Banco de Chile.

Sosa challenged Sydel to create a useful, user-friendly Investigations module. The result – a state-of-the-art query system that allows the users access to all of the data in the ReconXpert repository. Not only can complex search requirements be created by any authorized user on the company intranet, but the users have the ability to print or e-mail records using a mechanism built into ReconXpert.

The process of giving a customer a copy of a wire transfer sent or received was cut by 99% of the time and the workload of the investigations department was decentralized. With ReconXpert the bank improved the productivity and services that employees offered to the customers.

Measuring Up

Banco de Chile is proud to be an innovative leader in the field of financial technology. Sosa stated that, "being among the first companies to install ReconXpert involved a bit of risk, but it has been a success in every way measurable."

Using this powerful software solution, the financial institution has dramatically reduced its exposure to possible reconciliation errors and reallocated valuable resources to more challenging and useful tasks. The system provides tangible benefits to employees and management, and a welcome bottom-line cost justification.

