Case Study: Washington State Employees Credit Union

Helping a credit union better control risks and manage compliance
Aligning processes and technology to deliver real savings

Background
Washington State Employees Credit Union (WSECU), a $2.2 billion institution in Washington state, was struggling to adjust its loss prevention and compliance practices to address existing and emerging threats as its membership and service offerings expanded. Instead of just adding resources, they chose to conduct a strategic review of their operations and technology to find the right solutions. They turned to McGladrey.

Goals
WSECU wanted an objective overall analysis of their loss prevention and compliance practices and challenges in order to develop a specific, actionable plan that positions their people, processes and technology appropriately, and addresses their current and emerging risks and compliance needs effectively and efficiently.

Our role
The McGladrey team put their deep understanding of compliance and fraud prevention best practices to work, analyzing and delivering suggested solutions in three areas:
- Processes
- Tools and reports
- Staffing

In each area, they worked with the WSECU team to identify inefficiencies, gaps and opportunities. The teams then collaborated to develop a detailed road map on how to implement solutions.

The results
WSECU has realized a significant return on its investment with McGladrey and is implementing the recommended road map to strengthen its fraud prevention and compliance efforts.

- **Processes:** The review identified five activities the credit union could eliminate without weakening its fraud control and compliance efforts, allowing WSECU to reallocate its resources to more productive activities. The McGladrey team also identified opportunities to significantly reduce time devoted to the investigation and filing of Suspicious Activity Reports (SARs). The credit union had been spending between 90 and 240 minutes per SAR. After implementing recommendations, they have reduced that time to 75 minutes per SAR. That suggestion alone will save WSECU more than 1,000 hours per year.

- **Tools and reports:** Several recommendations were developed regarding tools and reports that have and will deliver key benefits for WSECU, including:
  - Identifying and deploying an enterprise fraud management solution, which could address at least 80 percent of the loss prevention fraud and BSA compliance detection activities. This solution would include real-time, cross-channel interdiction capabilities, member alerting, and robust case management and reporting components. WSECU agreed to this recommendation and is currently evaluating vendors.
  - Identification of 25 separate reports that WSECU was generating to track and report its processes. The McGladrey team suggested a streamlined reporting regime that eliminates overlaps, better leverages the client’s tools and more effectively delivers the information required. The credit union has already eliminated 13 of those 25 reports. Three more will be eliminated once fraud claim tracking automation is implemented.
- Through review of WSECU's current use of its existing tools, the team identified a number of specific opportunities to improve efficiency. By implementing recommendations for more effective use of technology, WSECU expects to realize significant time savings:
  
  - FinCen 314 (a) – 90 percent
  - BSA know your member – 75 percent
  - eCTR – 50 percent
  - BSA multiple payee reports – 45 percent
  - Data breach response – 33 percent
  - Symitar user permission administration – 17 percent

- **Staffing:** Through more efficient processes and by better leveraging technology, our client will be able to meet its current and future needs without increasing staffing levels for the foreseeable future.

800.274.3978
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