

Use Case

Banking

Straight-Through Fax Processing for Funds Administration

Success in the securities industry depends on real-time transaction processing. But today, only 50% of transactions are handled completely electronically. The remaining 50% are still processed via fax.

Fax is a secure and reliable medium, but faxed orders require manual processing, which slows down the order-handling process and causes extra management risk. Each fax must be printed, sent manually to the right person and then typed into a back-office application before it can be processed. This manual process is slow, costly, error-prone and not compliant. Slow processing also increases the risk that an order will miss the “cut-off time” – the deadline for the current exchange rate of the fund.

And because the volume of trading orders is growing 50% per year, investment banks must continually hire new people to keep up with the manual processing.



Processing faxed orders can be slow and labor-intensive.

The processes that suffer most from manual processing are order handling and confirmation, matching of orders with contracts and confirmation with orders, clearing and settlement, reporting and tax calculation, archiving and funds management information.

In addition, clients who send trade orders via fax do not receive confirmation that their orders have been received, which means that errors or lost orders are not discovered until it's too late. And since fax message traffic is generally not archived, the original message cannot be retrieved to correct the error.

Any of these problems can start to damage a bank's or trader's reputation considerably.

Demands

Investment banks typically want to

- Reduce processing cost
- Increase security and reduce errors
- Eliminate manual processing
- Speed up processing
- Increase the service to their customers
- Fulfil archiving and compliance requirements
- Have a highly reliable fax-handling system

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Kofax is unique in its ability to meet these demands by automating the fax-handling and confirmation process – from the receipt of a fax all the way to confirmation of the trade order – through the company’s combination of products for the communication, capture and extraction of information.

Kofax products can automatically

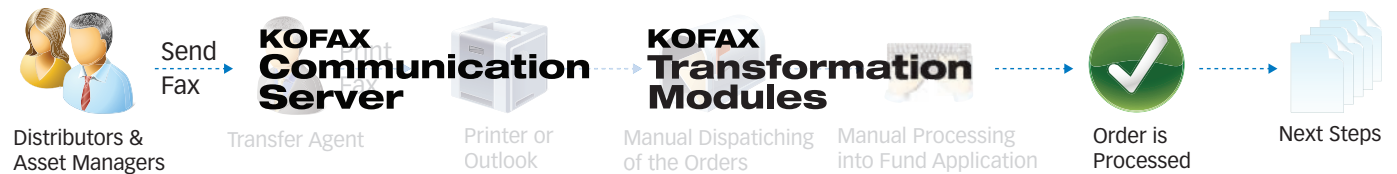
- receive trade documents via fax,
- classify the messages (SWIFT* message type MT 502, MT 509, MT 515, etc.),
- extract and validate the key information (such as the ISIN number),
- convert the required data and release it to SWIFT (ISO 15022, ISO 20022 or any other XML format), and
- send confirmation of the trade order (MT 502, MT 509, MT 515, etc.).

This unique set of capabilities gives investment banks a fast, secure way to process faxed funds orders.

Business Benefits

- The order process becomes more transparent as a full audit trail is available to fulfil compliance needs.
- Processing costs are minimized because manual efforts are significantly reduced.
- Customer service improves because of faster processing time and better communication with clients.

Visit the Kofax web site at www.kofax.com for more information!



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* SWIFT is an industry-owned co-operative, supplying secure, standardised messaging services and interface software to nearly 8,100 financial institutions in 207 countries and territories. SWIFT members include banks, broker-dealers and investment managers.