

Case Study

Veritex Streamlines ACH and RDC Risk Monitoring and Compliance

THE CHALLENGE:

High-Risk Accounts Needed Cutting-Edge Monitoring Capabilities

Wyatt Abernethy, Treasury Management Officer for Texas-based Veritex Community Bank, oversees some of Veritex's higher-risk customer relationships and sells much of the bank's business-specific products. He oversees the bank's relationships with customers using ACH (Automated Clearing House) payments and RDC (Remote Deposit Capture) accounts. Customers use ACH for electronic payroll or collections, and RDC to electronically make deposits into their bank accounts from remote locations as opposed to having to visit the bank.

ACH transactions represent a higher level of risk than many other types of transactions. The electronic nature of these transactions, along with the fact they are done remotely, makes them higher risk for Veritex.

To successfully manage the risk associated with ACH accounts, Veritex needed to fully understand the creditworthiness of the ACH originators. They found that without a comprehensive and continuous evaluation of that creditworthiness, accurately establishing and monitoring appropriate credit exposure thresholds was challenging.



Veritex initially used manual methods of risk monitoring, but for the 12-branch bank, manual monitoring was not only tedious, but cost-prohibitive. "Frankly, we often relied on an officer's experience and history with the customer and their intuition." Intuition is useful, but not as the primary source of information to set limits based on that customer's risk level. Solid, accurate, timely data is the key to setting limits that are manageable for both bank and customer.

For both internal and external reasons, it was imperative to find a better, faster, more efficient means of keeping a close watch on ACH and RDC information. "We needed an automated solution, something fact-based and comprehensive," said Abernethy.

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Argos Risk streamlines our risk monitoring process, making it simpler and far less time-consuming.

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Wyatt Abernethy
Treasury Management Officer,
Veritex Community Bank

THE SOLUTION: Argos Risk Surveillance

Veritex implemented Argos Risk Surveillance in mid-2012 and immediately became a fan of the system's simple interface: each customer is tracked through a large network of resources that encompasses more than 100 pieces of data that are constantly being updated. Every key piece of Argos Risk data is accompanied by an actionable "stoplight" metric.

ARGOS RISK SURVEILLANCE: A Simple Stoplight Concept

- **Green:** the customer's financial health appears stable and healthy
- **Yellow:** there are concerns that should be investigated, whether it's because the company's condition is improving from a previous red level, or because it's deteriorating from green status
- **Red:** warning that merits immediate attention

"It saves us time, and it gives us a more comprehensive picture of our customers' business and financial health," said Abernethy. He noted that it's not just raw data that comes through, but also recommendations and conclusions that help Veritex determine how to proceed. "Argos has its own 'secret sauce,' an analytic process that uses the collected data to assist in calculating what limits we should set for each customer." He added that the amount of data compiled by Argos Risk Surveillance is extensive.

A PARTNERSHIP: Working with Argos Risk Surveillance

Abernethy knows the value of Argos Risk Surveillance. "There really is a need for a product like this," he said. "It gives us a streamlined risk management solution better than we are able to do on our own. It compiles everything that the customer does and provides us with an organized way to manage a complicated process."

Behind the technology, though, is a team of people Abernethy is happy to work with. "They're very congenial, very responsive," he said. "If we see improvements that could be made, they're very open to that. They're so easy to work with."

Easy to work with is a bonus, but having a robust technology that streamlines the risk monitoring process, making compliance simpler and far less time-consuming, is what Argos Risk does best. Abernethy is pleased with the product after several months of working with it. He likes the fact that the system will alert him if something requires his attention, and he is also pleased with the freed-up time he now has to focus on other areas of importance at Veritex Community Bank.



The name "Veritex" is derived from the Latin word "veritas," which means "truth," and translates perfectly into the bank's slogan: "Truth in Texas Banking." It's a community bank, with 12 branches in the Dallas region. The bank's focus is in truly being a neighbor, with services handled in an honest, transparent way, and with a strong commitment to the well-being of each community it serves.

Besides offering a full range of personal, business and treasury banking solutions, Veritex Community Bank offers after-hours community events in the form of networking socials, and Women in Business program. Veritex donates to dozens of community nonprofits, including local schools, shelters, sports groups, arts groups and community celebrations.

Veritex Community Bank

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Assets: \$1.4B

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