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Fedwire Automation Speeds Funds Transfers for Navy Federal Credit Union

Navy Federal is disbursing more funds to members than ever before—thanks in part to the work of Axiaware^{sm.}

In 2006, they processed over $7 billion more in disbursements than in the system's first full year in 2000.

Transactions that took 24 hours to complete can now be processed and approved much more quickly—often in just minutes, depending on their complexity.

Navy Federal Credit Union (Navy Federal) is the world's largest credit union, with 2.8 million members and over 5,700 employees worldwide. With over $36 billion in assets, membership includes all Department of the Navy personnel and contractors, other military and civilian personnel assigned or stationed at Navy installations, and family members. Navy Federal's mission is to meet the financial needs of this mobile and dispersed membership.

Many of Navy Federal's members are located remotely. The process used to disburse funds to remote locations was complicated and time consuming—both for Navy Federal staff and members. There are three methods of funds disbursement for Navy Federal: Federal Reserve bank wires, checks, and Western Union Commercial Money Orders. For each type, relevant information was gathered from members over the phone or in branch offices. The disbursement request then went through an approval

process to ensure all company policies were followed. The required approvals varied based on transaction type, amount, party making the request, and other factors. The process included faxing, as well as data entry into disparate systems. After this approval process was complete, the transaction was fulfilled and the members' account debited. The process would typically take 24 hours to complete.

The withdrawal process was paper based, which meant it was slow and subject to human error. Lacking central control, business and audit requirements couldn't effectively be enforced. And call centers and branch offices had no visibility into the status of pending requests. Moreover, each transaction type required a different process. Navy Federal sought to simplify and streamline share disbursement. To stay true to their first priority of optimal member service, Navy Federal conducted a thorough analysis to determine the best partner and method to automate this process.

Navy Federal Conducts Extensive Evaluation

The organization evaluated many different software solutions, but found each fell short of the necessary requirements. As a whole, they weren't user-friendly and didn't have visually pleasing interfaces. Also, they bundled too much functionality that couldn't be scaled down to the needs of their user base. These software solutions typically only addressed the needs of Federal Reserve bank wires. This was undesirable since Navy Federal would be unable to automate their members' other withdrawal transactions.

After this careful review, Axiaware was selected to implement a fully automated solution that would meet the organization's business objectives. The first step was for Axiaware to employ its proven project analysis and project management methodologies. There are many internal controls with bank wires and Western Union which needed to be studied and understood. Integrating tightly with Navy Federal's internal IT team, Axiaware was instrumental in defining the process for the solution that would be called Fedwire Automation.

Here's how it works:

Transactions are entered into the system by the call center or branch office. With this step, all necessary information is gathered, regardless of the type of transaction. After entry, the system automatically routes the transaction request to appropriate personnel for approval. Once

approved, the transaction is routed to the proper system for disbursal and then debited against the member's account.

Best Practices Requirements Create Lasting Solution

Fedwire Automation is a centralized system that enforces a consistent business process and reduces errors. It's helping Navy Federal achieve its mission of providing outstanding member service. Depending on the approval process, some transactions are now disbursed to members within minutes. Western Union transactions—which were once complicated to process—are now available at almost any Western Union location in the world in just 30 minutes. And now call centers and branch offices better serve members because they can track the status of each request.

In addition to greater office efficiencies, Navy Federal is disbursing more funds to members than ever before. In 2006, they processed over $7 billion more in disbursements than in the system's first full year in 2000.

Fedwire Automation Business Impact

The chart below shows the increase in dollar value from the system's first full year of inception in 2000.

"I think what AXIAWARE has built for us is very highly innovative. Fedwire Automation is a huge operational efficiency."
 - Amy Lowe, Manager, Funds Services

Disbursements	2000	2006
Western Union Commercial Money Order	$20,696,411	$77,634,728
Withdrawal by Check	$234,122,722	$270,074,958
Member Bank Wires	$419,007,947	$1,152,869,436
Corporate Wires	$79,543,662,500	$86,130,891,147
Total:	**$80,217,489,581**	**$87,631,470,269**

Fedwire Automation has been valuable in complying with federal regulations, with virtually no disruption to members or member service representatives. Changes in information retention requirements needed to comply with the Bank Secrecy Act were easily implemented.

In developing the system, Axiaware designed and created a new interface with Western Union that securely passes transaction data across the internet. This mechanism is now a standard method for communicating between Western Union and financial institutions.

The Next Phase of an Enduring Solution

The system has been meeting the needs of Navy Federal and its members since 1999. Upgrades are currently scheduled to even further increase operational efficiency. Axiaware is scheduled to upgrade Fedwire Automation from IBM Lotus Domino® to IBM Websphere® and IBM DB2.® This will improve processing time and reduce errors for Navy Federal's branch offices all over world. These improvements will only further streamline funds disbursement for Navy Federal's members.

Axiaware[sm] bridges the gap between a business goal and a software solution. Leading institutions rely on Axiaware for world-class planning, design and implementation of revenue-generating software products. Axiaware means software with value.

Have a project you'd like to discuss?

Contact us, toll free: 800-687-2942
Or online: www.Axiaware.com
Or via email: info@Axiaware.com