



Omnii Solutions CHECKIT™ Range

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Author: Nick Berry



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Introduction

Omnii Solutions Ltd (Omnii) software has been developed to improve the speed and quality of the advice provided to clients by a wide variety of regulated advisers operating in a number of market sectors. The company offering is called CHECKIT™.

Omnii applies the concept of providing “Intelligent Information” in the form of an application (CHECKIT™) that sits in front of the main fact finding process enabling advisers to quickly and cost effectively validate client Identity and anti-money laundering checks (Customer Due Diligence), establish basic credit worthiness as well as obtain an automated property valuation and reinstatement value. Aggregating and refining data from a number of sources and combining this with a series of calculators and analysis tools CHECKIT™ will enhance the subsequent appropriateness of the advice given to clients with potentially significant savings in time, effort and cost to the broker and client alike. The configurable tools contained within the system will also allow organisations such as Networks to offer guidance to advisers when providing advice thus enhancing their ability to meet regulatory requirements.

The directors of Omnii have a successful track record in building and assisting software businesses in the Financial Services sector. They have designed a solution that is particularly relevant to the current regulated market and capitalises upon the increasing pressure for advisers to meet compliance and quality standards, particularly in the area of “Treating Customers Fairly” (TCF).

Company Products

The following section details the constituent parts of the CHECKIT™ solutions and shows how these elements have been packaged to provide advisers with solutions to a variety of advisory situations.

Product Elements

- Identity Verification/Anti-Money Laundering
 - Client Due Diligence
- Public Information (Credit Data)
 - Risk Assessment
- Automated Valuation Model
 - Automated Property Valuation
- Property Rebuild Cost
 - Electronic Reinstatement Value
- ACORN Code
 - Geodemographic Classification Tool

CHECKIT™ & CHECKIT™ Plus Packages

The CHECKIT™ and CHECKIT™ Plus packages aggregate and refine the above data elements combining them with a range of calculators’ analysis tools and configurable outputs allowing users to request the appropriate package based upon transaction types. The configurable elements of the system will allow organisations such as Networks to define client categories based upon risk assessment data and the subject property using the property valuation and reinstatement data. The results of this assessment process will enable these organisations to provide consistent and homogeneous guidance to their associated advisers enhancing the subsequent advisory and recommendation process. Client and broker reporting facilities will also add value to the overall process informing clients and assisting in demonstrating that a “Treating Customers Fairly” approach has been adopted.

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CHECKIT™	CHECKIT™ Plus
Client Due Diligence	Client Due Diligence
Risk Assessment	Risk Assessment
Automated Property Valuation	Automated Property Valuation
	Electronic Reinstatement Value
	ACORN Code

Regulatory and Industry Developments

The Company aim is to address a number of regulatory and industry requirements across a wide range of market sectors. The primary driver for the development of the CHECKIT™ solutions has been the widening remit of the FSA and its impact on these sectors.

Treating Customers Fairly and the Six Outcomes

Particular emphasis is currently advisers to be in a position to deliver a service that could be defined as “Treating Customers Fairly” there are six critical Outcomes. By the end of March 2008 firms should have systems and Management Information in place to be able to test they are “Treating Customers Fairly. By the end of December 2008 they should be able to demonstrate they are consistently “Treating Customers Fairly”. Below are the “Outcomes” defined by the FSA together with a review of how CHECKIT™ has relevance to these requirements?

1. Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture.

CHECKIT™ is a tangible demonstration of an advisers commitment to “Treating Customers Fairly” by delivering early on in the advisory process important information that has a direct bearing on the appropriateness and accuracy of subsequent advice and recommendations.

2. Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and targeted accordingly.

CHECKIT™ allows advisors and Networks to classify clients as well as the overall transaction in question. This focused approach to client and transaction assessment allows for a more accurate interpretation of available products being targeted at consumer groups.

3. Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.

CHECKIT™ delivers at the very start of the advisory process important information to both the adviser and client setting expectations regarding the probable outcome of subsequent advice and recommendations.

4. Where consumers’ receive advice, the advice is suitable and takes account of their circumstances.

CHECKIT™ delivers highly appropriate and focused information enhancing the advisers' ability to provide accurate and suitable advice.

5. Consumers are provided with products that perform as firms have led them to expect and the associated service is both of an acceptable standard and as they have been led to expect.

CHECKIT™ allows an adviser to provide more accurate advice reducing the occurrence of scheme cascading and lender rejection levels thus matching or exceeding client expectation.

6. Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit or make a complaint.

CHECKIT™ by enhancing the advisory process advisers reduce or negate post completion dissatisfaction as clients have acquired the most appropriate product in a timely and effective manner.

Principle Based Approach

An equally important regulatory development has been the move towards a more principle based approach. Although having been in existence since the formation of the FSA in 2001 this is now highlighted as the way forward. These overarching principles have to date, and will continue to, guide regulatory developments in the industry for some time to come. CHECKIT™, by delivering important and relevant information to brokers during an advisory situation, has particular relevance to the following principles.

2. **Skill, care and diligence.** A firm must conduct its business with due skill, care and diligence.
6. **Customers' interests.** A firm must pay due regard to the interests of its customers and treat them fairly.
7. **Communications with clients.** Firms must pay due regard to the information needs of clients and communicate with them in a way which is clear, fair and not misleading.
9. **Customers: relationships of trust.** A firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgment.

Anti-Money Laundering – Customer Due Diligence

On 1 September 2006 the 2003 edition of the JMLSG guidance notes was superseded by the 2006 guidance notes. In December 2007 further amendments came into force.

The main changes introduced by the 2006 Guidance Notes was the emphasis placed upon senior management responsibility, the implementation of a risk based approach to money laundering prevention, a revised approach to customer identification, additional material on the legal and regulatory context and specific industry sector guidance. The 2006 Guidance Notes also offered clearer confirmation regarding the use of electronic checks and their ability to fulfill anti-money laundering requirements. This also covered the requirements on the need to access a variety of accurate and reliable data sources as well as the ability to show a clear audit trail for the checks conducted by the firm.

The new 2007 Guidance, differs in a number of respects from the 2006 Guidance however much of the detail remains the same. The risk based approach is now a legal requirement.

There are also some alterations to definitions such as “Applicant for Business” is now replaced by “Customer”. “Know Your Customer” is replaced with “Customer Due Diligence”.

It should be noted that pure mortgage intermediaries although regulated by the FSA are not covered by the Money Laundering regulations as such. This is not a straight forward omission though. Advisers are subject to the general requirements of the FSA Sourcebook (Senior Management Arrangements, Systems and Controls). They also do have an obligation to have in place appropriate risk management systems and controls to prevent the company being used in the furtherance of financial crime. These firms are also subject to the Proceeds of Crime Act 2002. Failing to report possible money laundering and offences of involvement in money laundering applies to all staff whether regulated or not. It would therefore seem prudent to follow a strict Anti-Money Laundering regime whether or not formally covered by the regulations.

CHECKIT™ provides users with a cost effective cross sector solution addressing the question of Customer Due Diligence and Anti-Money Laundering incorporated within its package arrangements.

FSA Investigations

The FSA continues to highlight a number of areas of particular concern associated with the provision of mortgage advice. CHECKIT™ aims at addressing these areas by providing users with the ability to capture and record pertinent client information together with automated systems to ensure that the suitability of subsequent advice can be demonstrated, audit trails are created and reports and management information exists in support of the advice provided.

The following is an extract taken from a recently published report by the FSA.

Assessment of Customer Needs

“Nearly half the files reviewed in this project did not contain adequately documented 'know your customer' information. Fact find documents were inadequate or not sufficiently completed.

Examples of good practices

- ***Firm obtains credit references on all occasions to assess the credit status of applicants.***
- Firm looks to help customers repair their credit. The client is referred to a credit counselling service or Citizens Advice, where debt consolidation through remortgaging might not be appropriate.
- Detailed notes held on file to provide evidence of reasons for recommendation and a comprehensive audit trail.

Benefits

As discussed the company products are aimed at enhancing an advisers' ability to provide compliant, appropriate and accurate advice to clients. As such a range of parties associated with a financial transaction will benefit from the take up and application of the company's products. These parties and some of the benefits are detailed below.

Advisers

- Clarifying early on in the advisory process the clients risk profile will assist when providing advice and making subsequent recommendations.
- Compliance requirements demand that a "Treating Customers Fairly" (TCF) approach is adopted at all times. The company products facilitate this process by enhancing the "Customer Due Diligence" (CDD) process the basis for a truly TCF approach.
- Fee justification by delivering relevant and valuable data to the client in a tangible report format at the start of the advisory process.
- Reduces the need for lender scheme cascading by enhancing the appropriateness and accuracy of recommendations, "A first Hit Approach".
- Enhances professional approach to providing advice which will assist in client acquisition creating greater client confidence.
- Cost savings over paper based equivalents, in particular Identity Verification.
- Reduces the possibility of fee loss by reducing lender rejection rates. This typically runs at 20% of submitted cases in the subprime sector.
- The reinstatement value will create cross-selling advisory opportunities (GI advice and sales).

Networks

- Enhanced services will assist in member recruitment and retention.
- The company products will assist in compliance adherence by their members, reducing and controlling associated costs.
- The configuration facilities associated with clients and transaction types enhances the compliance adherence and guidance of related advisers.
- Pre-qualification of cases could allow networks to negotiate higher lender procurement fees by reducing rejection levels.
- Valuable management information is available which can assist when negotiating ongoing lending scheme development design with associated lenders.
- Increases network profitability by creating cost savings and process efficiency in the "Network" and "Adviser" relationship.

Lenders & Packagers

- Intermediary extranet deployment of the solution, particularly in the case of panel lenders, could increase intermediary usage and therefore case submission levels.
- Pre-qualification of cases will reduce the administration involved in querying and possibly rejecting ineligible applications therefore reducing associated costs.
- Increased service standards due to rejection rate reduction.
- Client and adviser enhanced positive perception.
- Pre-qualification reduces the need for scheme cascading which is the subject of FSA criticism.

Clients

- Pre-qualification will reduce the chance of fee loss (scheme application and booking fees) by reducing the possibility of lender rejection.
- Pre-qualification will speed up the advisory, application and underwriting processes.
- The Automated Property Valuation data will allow for a more accurate valuation assessment to be set in the case of a remortgage.

- The Automated Property Valuation in a purchase could be used by the client to renegotiate a purchase price or to confirm or contest an estate agents selling price.
- Reduction of inappropriate advice, which can lead to inaccurate scheme allocation, will reduce long term costs for the client (ongoing instalment costs - APR).
- Clients may be unaware of adverse information registered against them leading to significant delays in the post submission process. Initial clarification will mitigate this.

Sector Involvement

The CHECKIT™ range has application to a number of market sectors both from a usage and distribution/benefit perspective. The primary users of the solutions will be advisers within the financial services and mortgage markets. Organisations such as Lenders and Networks will be reliant upon advisers to produce business for them or will have advisers working within the organisation. The primary organisations associated with contention are detailed below:

- IFA
 - Many IFA's provide mortgage and finance advice a part of their holistic service to clients.
- Mortgage Broker
 - Mortgage brokers are the core target market although any adviser type offering advice on credit arrangements can gain benefit from usage of the CHECKIT™ range.
- Lender
 - Lenders are heavily reliant upon the intermediary market for producing business. Deployment of the CHECKIT™ range on their intermediary extranet sites will add value to the lender / adviser relationship increasing business levels.
- Packager
 - Packagers are almost exclusively reliant upon introductions from intermediaries. Again deployment on intermediary extranets provides the company with a channel to market and opportunities for the packager.
- Networks
 - Networks, both appointed representative and directly authorised, have an implicit need to provide members with services that add value and assist in regulatory adherence.
- Estate Agent
 - Many advisers work within or are associated to Estate Agents. As such they could benefit by promoting and using the CHECKIT™ range.