



Serbian Foreign Exchange Inspectorate Boosts Efficiency with New Database

Overview

Country or Region: Republic of Serbia
Industry: Government—Tax, revenue & finance

Customer Profile

The Foreign Exchange Inspectorate of the Serbian Ministry of Finance monitors foreign exchange and the trade of foreign goods and services. It performs inspections to identify violations of regulation.

Business Situation

To improve detection rates and efficiency, the ministry needed a database solution to help automate inspections and share information with the National Bank of Serbia, and the Customs Administration.

Solution

Working with Microsoft® Gold Certified Partner Spinnaker New Technologies, the ministry implemented an automated database and reporting system based on Microsoft SQL Server® 2000.

Benefits

- Greater control over foreign exchange.
- Reduced costs and increased revenue.
- First steps to meet EU accession rules.
- Better foundation for tackling fraud.

“Before implementing SQL Server 2000, we could not see the wider picture. Now, we are able to perform more controls that are of better quality.”

Dubravka Sudar, Foreign Exchange Inspector, Serbian Ministry of Finance

The Serbian Ministry of Finance wanted to modernise its Foreign Exchange Inspectorate (FEI) as one of its key priorities to become an accession candidate country for entry into the European Union (EU). It needed to enhance its computer systems for monitoring suspected fraud and irregularities in foreign exchange and foreign-trade operations. The ministry chose a database solution using Microsoft® SQL Server® 2000. Microsoft Gold Certified Partner Spinnaker New Technologies was part of the implementation team. Now, fraud investigations are more targeted, faster, and cost less. The FEI has taken the first steps towards EU accession, and the success is influencing reform across foreign-exchange and foreign-trade control.



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Situation

As a candidate country for accession to the European Union (EU), the Republic of Serbia must meet stringent entry requirements—namely, a democratic political system, an efficient market economy, and compliance with the regulations of EU countries.

Modernisation of the Foreign Exchange Inspectorate (FEI) is among key priorities for accession to an enlarged EU. In particular, computer systems need to be in place to monitor fraud, promote cooperation between different departments and beneficiaries, and ensure the consistent application of European legislation.

Within the Ministry of Finance, the FEI monitors companies and individuals trading foreign goods and services. Based in Belgrade, and with local units in Novi Sad and Nis, the FEI inspects companies to identify any activities that violate foreign exchange regulations.

Dubravka Sudar, Foreign Exchange Inspector for the FEI, in the Serbian Ministry of Finance, says: “We play a vital role in ensuring that the flow of money, goods, and services into and out of Serbia—as well as funds made abroad—are within the framework of the law.”

However, inspections were ad hoc, and sometimes based on information received from other organisations. The FEI had no system in place to highlight irregularities and possible fraud. This meant it had to examine huge quantities of company data to identify any inaccuracies and possible wrongdoing.

Before an inspection, employees needed information from the Customs Administration, the National Bank of Serbia, and the Business Registrars Agency. But with no automated data exchange between institutions, inspectors spent long periods of time gathering the necessary information.

In 2005, the FEI took action to increase efficiency in foreign-exchange and foreign-trade controls, and to better target violations. Sudar says: “We needed to extend our software and implement a centralised database in order to conduct more rational controls.”

Solution

One of the first challenges for the FEI was the choice of technology for the new system. The decision was made easier by an existing agreement between Microsoft and the Republic of Serbia. The project team included Spinnaker New Technologies, part of the Netherlands-based ComTrade Group. The company is a Microsoft® Gold Certified Partner, with extensive public sector experience and expertise in foreign-exchange and foreign-trade systems.

After investigating the FEI’s infrastructure, Spinnaker recommended Microsoft SQL Server® 2000 as the best fit for a new system. This decision was based on three criteria:

- The quantity of data the ministry needs to store, which includes more than 4 million customs declarations, 5 million payment orders, and 2 million foreign trade jobs every year
- The ease with which it can scale to meet growing volumes of data
- The software’s customisation features

The project team worked closely with FEI employees and officials at several sites to connect the database to different locations. All departments and inspectors at the FEI can now access the database. Data from the Customs Administration, the National Bank of Serbia, and the Business Registers Agency is sent and stored centrally, so that employees can access the information they need in seconds.

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Using SQL Server Reporting Services, inspectors at the FEI receive reports highlighting violations and irregularities in foreign-trade operations and foreign exchange. For example, if a company has failed to collect payment for exported goods, or has given an advance payment for goods that were never imported, the FEI automatically receives a report. Sudar explains: “These reports are now the starting point for inspections.” The project team created the first secure Web service on the Microsoft .NET Framework version 3.0 standard in Serbia. It was also a first for the government in Serbia that is working on a daily basis. Everything else was developed on Microsoft .NET Framework version 2.0, with the Windows® client application based on SQL Server 2000.

The ministry is also using eXtensible Markup Language and Web services to open possibilities to connect various government information systems within a larger network, which is improving communication and data sharing by different agencies.

Based on the success of the project, the FEI and Spinnaker New Technologies have established a long-term relationship. As part of an ongoing project, the partner is adapting the system to meet changes in the legal framework, and developing new features to further enhance the monitoring and control of operations.

Benefits

The new database solution has resulted in better and more integrated datasets at the FEI. With instant access to vital information, inspectors can carry out a greater number of targeted controls at reduced cost. The efficiency improvements within the FEI are positively affecting reform activities across the entire area of control.

Improved and Consistent Controls Across the Country

With reliable information and less paperwork to manage, inspectors have more time to perform a greater number of checks and controls across the country. Crucially, because the reports highlight irregularities at specific companies, the FEI is more successful at identifying an increased number of fraudulent transactions.

Sudar says: “Before implementing SQL Server 2000, we could not see the wider picture. Now, we are able to perform more controls that are of better quality. If a document in a database is correct, it is correct in the field. In short, we have more effective control over the trading of imported goods and services across Serbia.”

Faster Inspections at Reduced Cost

Instead of randomly selecting controls, the system identifies operations that are potential violations. With automatically generated reports, inspectors can access relevant information faster. Sudar says: “The process is much quicker and cuts costs.”

At the same time, a greater number of valid controls has led to an increase in the amount of fines and flat rate expenses paid, increasing the government budget for improving public services.

First Steps Towards Compliance with EU Accession

The project team has helped the Ministry of Finance take the first steps towards meeting the minimum administrative standards necessary for EU accession.

Establishing a foreign-exchange database using SQL Server 2000, which also automatically harvests data from the National Bank of Serbia, the Customs Administration, and the Business Registers Agency, makes the following possible:

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For more information about Spinnaker New Technologies products and services, call +381 11 201 56 00 or visit the Web site at:

www.spinnaker-nt.com/

For more information about Ministry of Finance, Republic of Serbia, call +381 11 361 99 00 or visit the Web site at:

www.mfin.sr.gov.yu/html/index.php?newlang=eng

- Data sharing between government organisations, and improved scope for risk assessment.
- Information used to revise regulations to fight new forms of fraud and money laundering.
- Greater security for legitimate business transactions by residents and non-residents.
- Support for the global struggle against terrorism and money laundering in line with EU regulations.

A Foundation for the Future

The FEI is confident that it can build on the significant progress so far. The database will act as the foundation for further observation and monitoring in cases that endanger domestic and foreign funds. The FEI will continue to enhance procedures and information exchange between government institutions and ministries, intensifying the battle against fraud.

Microsoft Server Product Portfolio

For more information about the Microsoft server product portfolio, go to: www.microsoft.com/servers/default.aspx

Microsoft SQL Server 2005

Microsoft SQL Server 2005 is comprehensive, integrated data management and analysis software that enables organizations to reliably manage mission-critical information and confidently run today's increasingly complex business applications. By providing high availability, security enhancements, and embedded reporting and data analysis tools, SQL Server 2005 helps companies gain greater insight from their business information and achieve faster results for a competitive advantage. And, because it's part of Windows Server System, SQL Server 2005 is designed to integrate seamlessly with your other server infrastructure investments.

For more information about SQL Server 2005, go to:

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Software and Services

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 - Microsoft SQL Server 2000
- Technology
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