

# *SWIFT in Compliance*



# SWIFT is the global provider of secure financial messaging services

212

10k+

5 \* 9





# Oversight



BANK OF JAPAN



# Governance

Board

Board  
committees

National  
Member  
Groups

National  
User  
Groups



# *SWIFT In Compliance* **Business Forum**

*October 30<sup>th</sup> 2014*

*Location: Intercontinental Hotel, Bucharest*

## Agenda

### **SWIFT In Compliance**

#### **Sanctions Screening Service**

- *Screen SWIFT messages in a cloud solution as they pass over the SWIFT network.*
- *Currently with over 250 Users in more than 80 countries and 10 Central Banks*

#### **Sanctions Testing Service**

- *Test & tune your sanctions environment to demonstrate & improve its effectiveness at catching bad buys, and increase cost efficiency.*

#### **KYC Repository**

- *Community approach to the global Know Your Correspondent burden.*

#### **Compliance Analytics**

- *A Service to help you create a Compliance Policy which responds to your customer activity*

AUGUST 17, 2010, 10:13 AM ET

## Barclays To Pay \$298 Million For Evading U.S. Economic Sanctions

Article

Comments (8)

Email

Print

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Text

By Michael Rothfeld

Barclays Bank has become the latest major financial institution to run afoul of U.S. economic sanctions against foreign regimes.

In a settlement with U.S. and New York prosecutors made public Monday, the London-based bank

## ABN AMRO bank pays 500 million for busting US sanctions

(AFP) - May 10, 2010



...is paying 500 million dollars to the United States

Telegraph.co.uk

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HOME > FINANCE

## Lloyds TSB agrees to pay fine of \$350m for sanctions help

## NEWS BUSINESS

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Market Data Economy Entrepreneurship Business of Sport Companies

11 December 2012 Last updated at 17:52 GMT

## HSBC to pay \$1.9bn in US money laundering penalties

HSBC to pay \$1.9bn in US money laundering penalties

## The Cost of AML Fines Soars to Over \$1 Billion in the Last Decade



Bucharest - Business Forum - October 30, 2014

FT.com  
FINANCIAL TIMES

Financial Services

FT Home > Companies > Financials > Financial Services

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Transport

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Health

## RBS fined £5.6m over sanctions slip

By Sharlene Goff

Published: August 3 2010 12:02 | Last updated: August 3 2010 20:06

Royal Bank of Scotland has been fined £5.6m – one of the largest penalties ever imposed by the financial regulator – for failing to ensure that funds were not

## ANZ fined £5.75m for joining 'strip club'

Author: Sarah Griffiths

International Investment | 08 Sep 2009 | 16:25

Categories: Offshore Investment

## JPMorgan To Pay \$88 Million For Violating U.S. Sanctions



Wednesday, 16 December 2009

Printable version

## Credit Suisse to pay \$536m fine over Iran sanctions

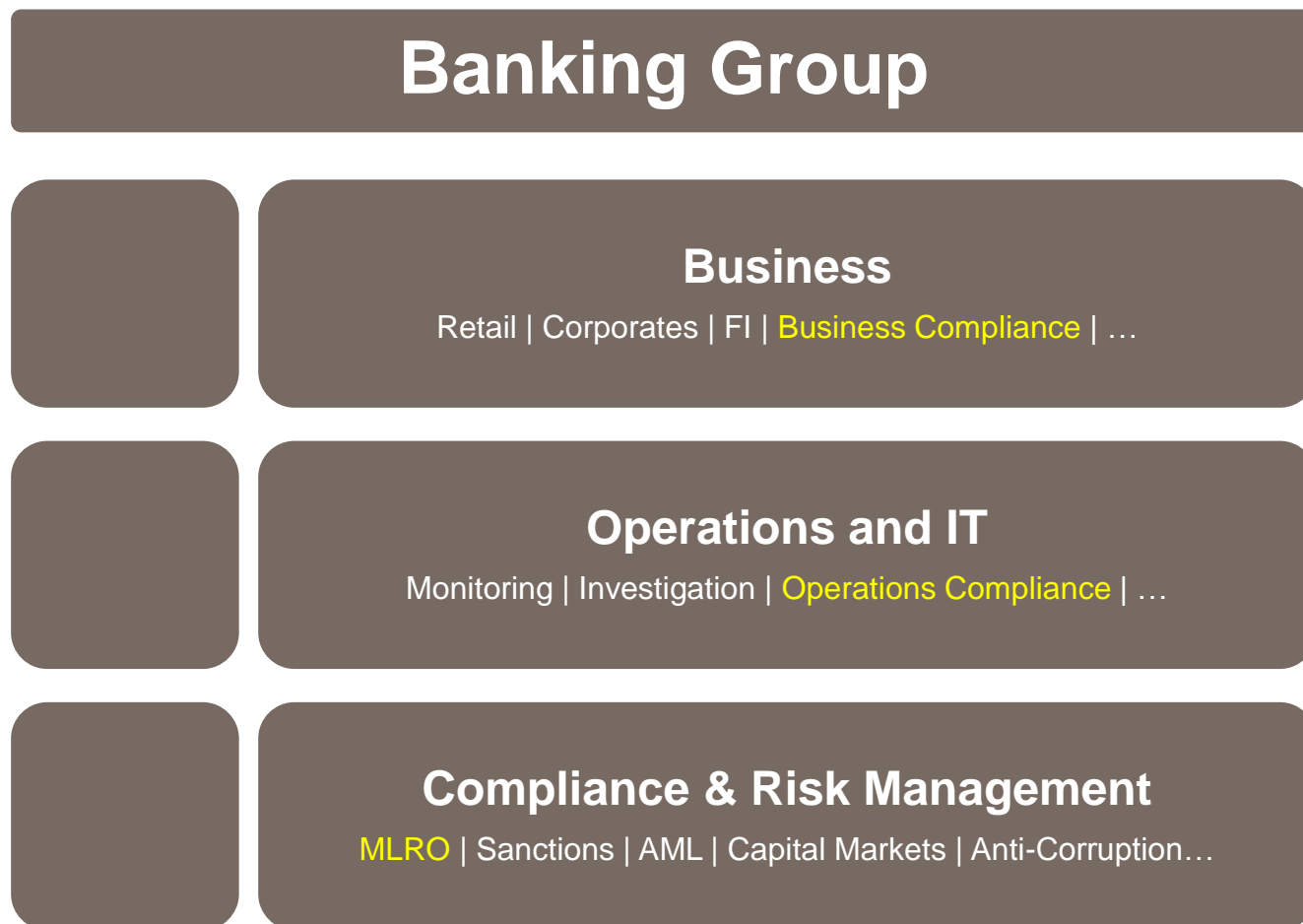
SEE ALSO

- US House expands Iran sanctions  
16 Dec 09 | Middle East
- US threatens tough Iran sanctions  
11 Dec 09 | Middle East

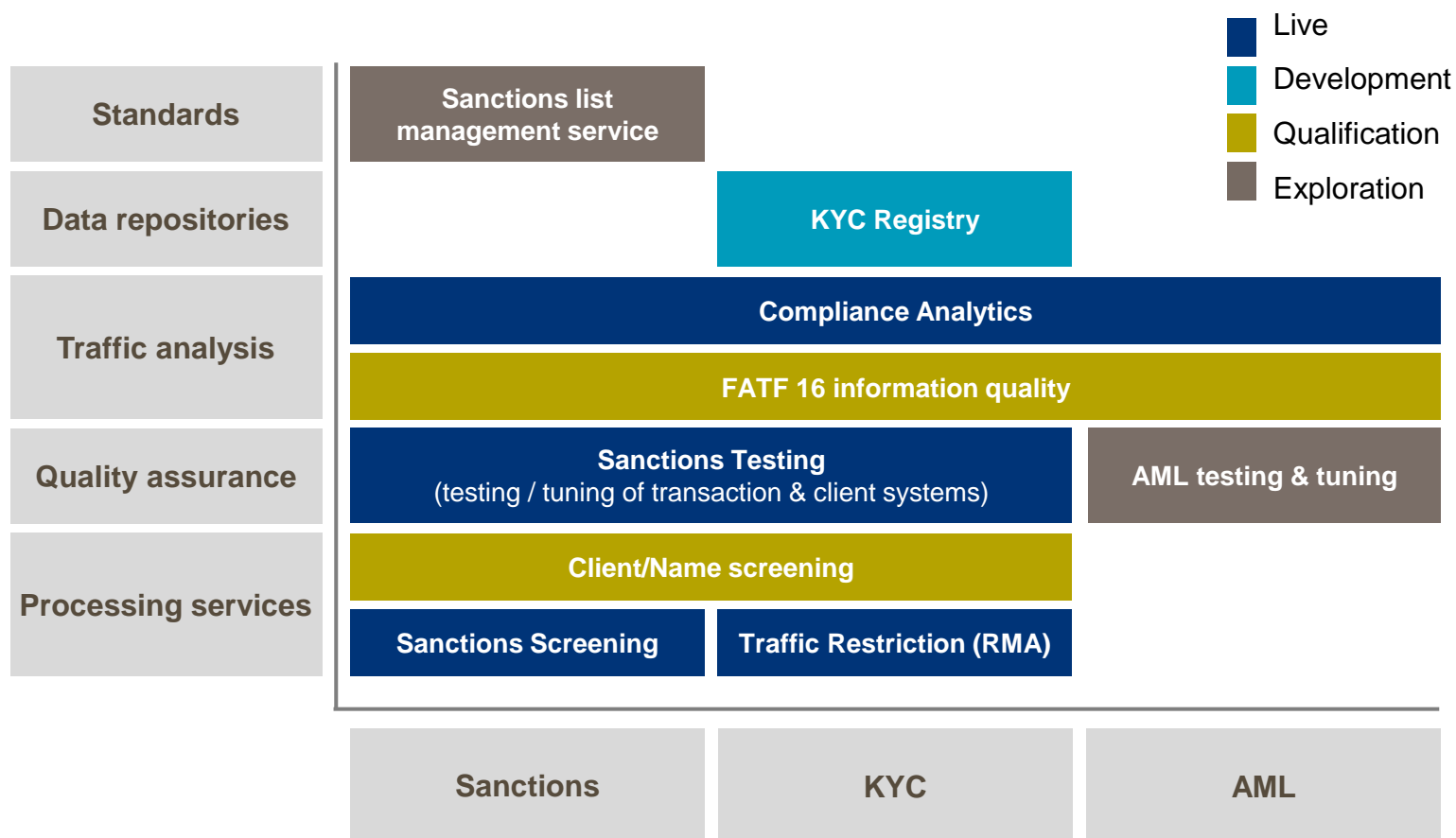
Settlement papers say Credit

## United States: ING Bank To Pay \$619 Million Fine In Largest Ever US Economic Sanctions Penalty

# Compliance is a pervasive function within the financial institution function



# Financial Crime Compliance Roadmap





# Sanctions Screening

*A quick and easy route to comply  
with sanctions regulations*



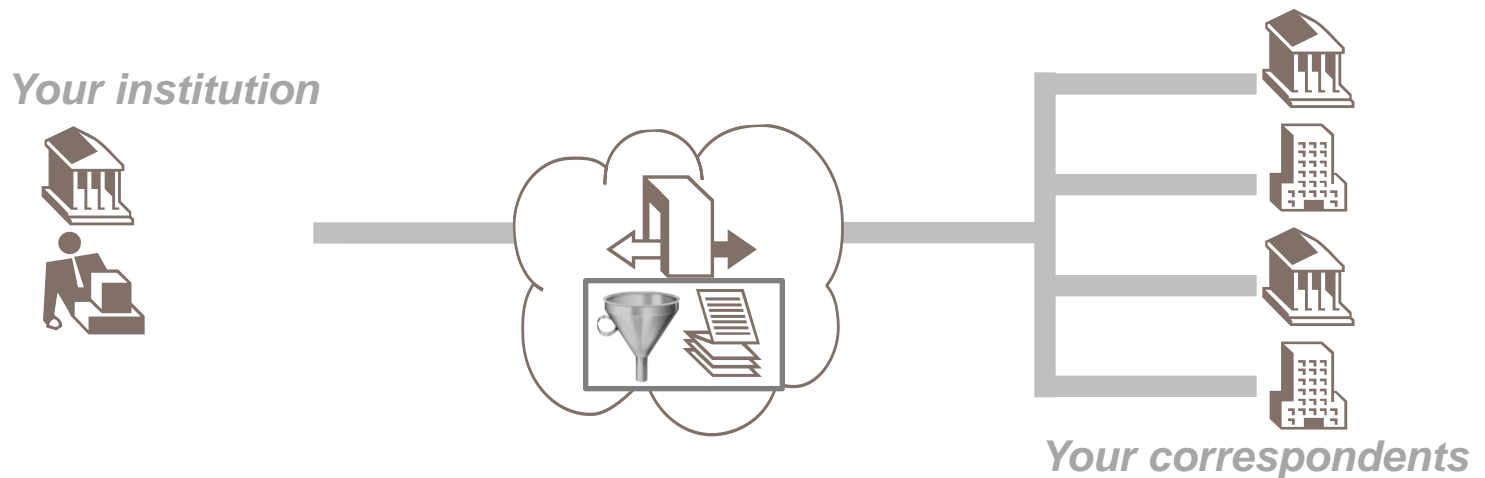


# Context

- Regulatory scrutiny and enforcement of sanctions policies is increasing
- Available screening solutions complex and costly to maintain
- Challenges for low-volume financial institutions

**SWIFT has  
launched a  
centralised  
Sanctions screening  
service for low  
volume  
clients**

# Sanctions screening over SWIFT



- Screening engine & user interface
- Centrally hosted and operated by SWIFT
- No local software installation & integration
- Real-time
- Sanctions List update service



## Create new Exception

Reference \* TEST0001

Name \* DAYS

Search code \*

City

Country

Scope \* DFAT00002



Add



Remove

OFAC00001  
UN00001

Good guys List



Cancel

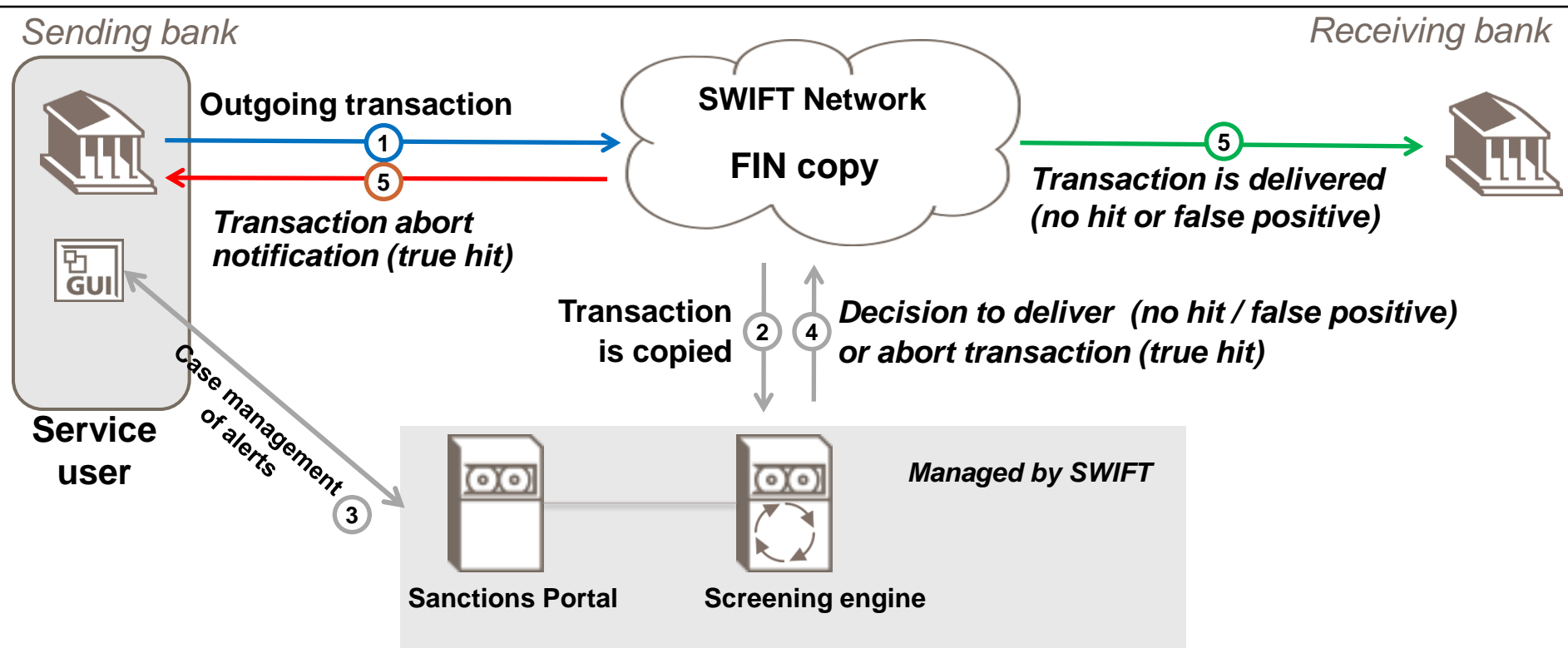


Reset



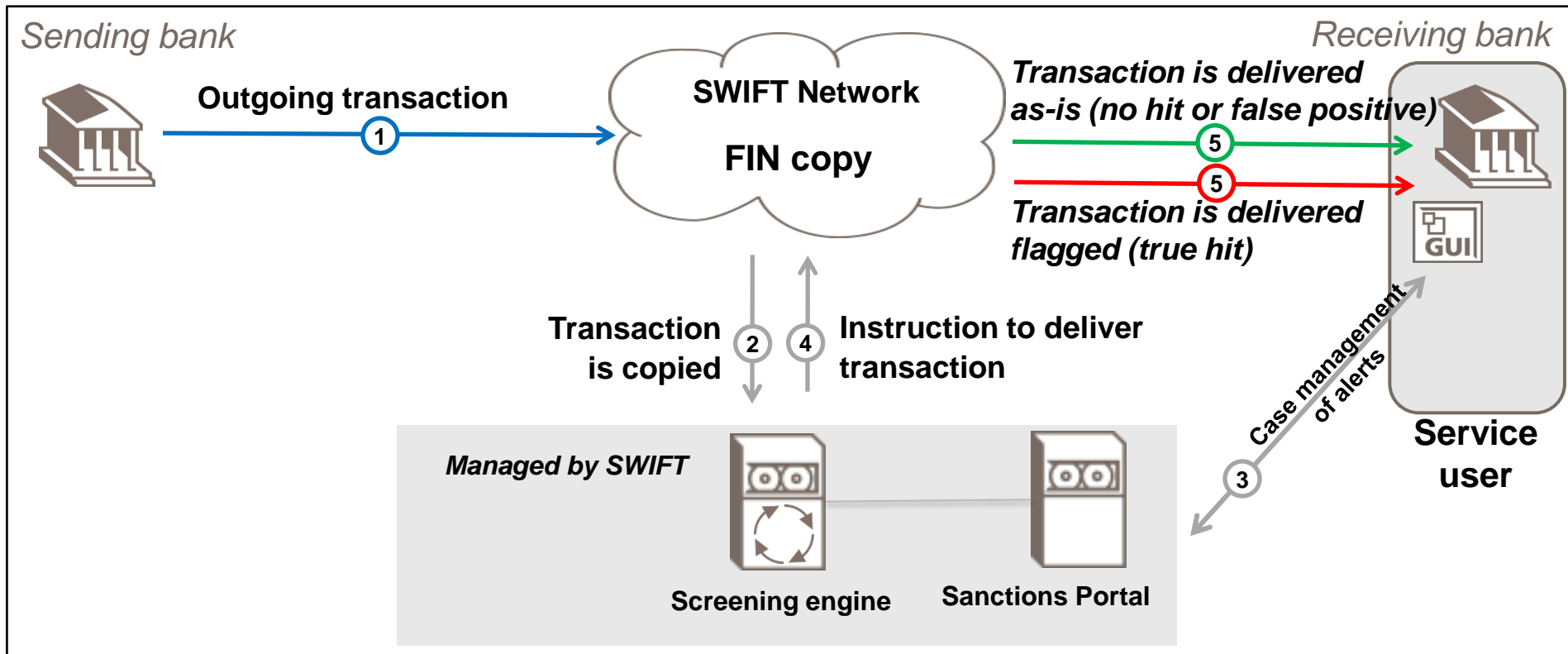
Create

# Service overview - as sender

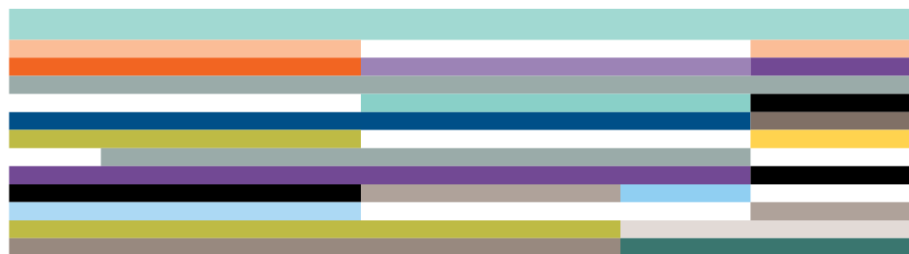




# Service overview - as receiver



# Screening Report



## Sanctions Screening over SWIFT Your Live BIC

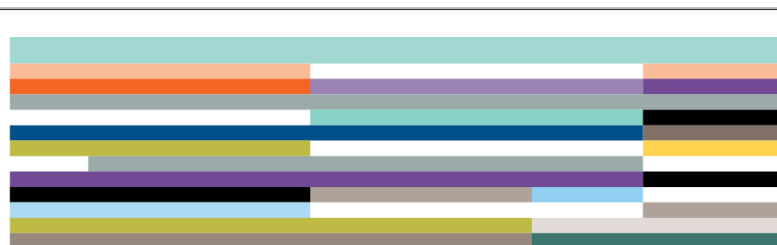
Screening report for October  
2011

1	Summary .....	2
2	Detailed audit report .....	3
2.1	Outgoing message list .....	3
2.1.1	Messages with non-blocking hits .....	3
2.1.2	Alerted and 'Passed' messages .....	3
2.1.3	Alerted and 'Failed' messages .....	3
2.2	Incoming message list .....	4
2.2.1	Messages with non-blocking hits .....	4
2.2.2	Alerted and 'Passed' messages .....	4
2.2.3	Alerted and 'Failed' messages .....	4

Category	Total outgoing for this category	Total incoming for this category	Total
Non-blocking	4	0	4
Alerted and 'Passed'	3	0	3
Alerted and 'Failed'	2	0	2
Total screened	9	0	9



# Audit Report



## Sanctions Screening over SWIFT

**Your Live BIC**

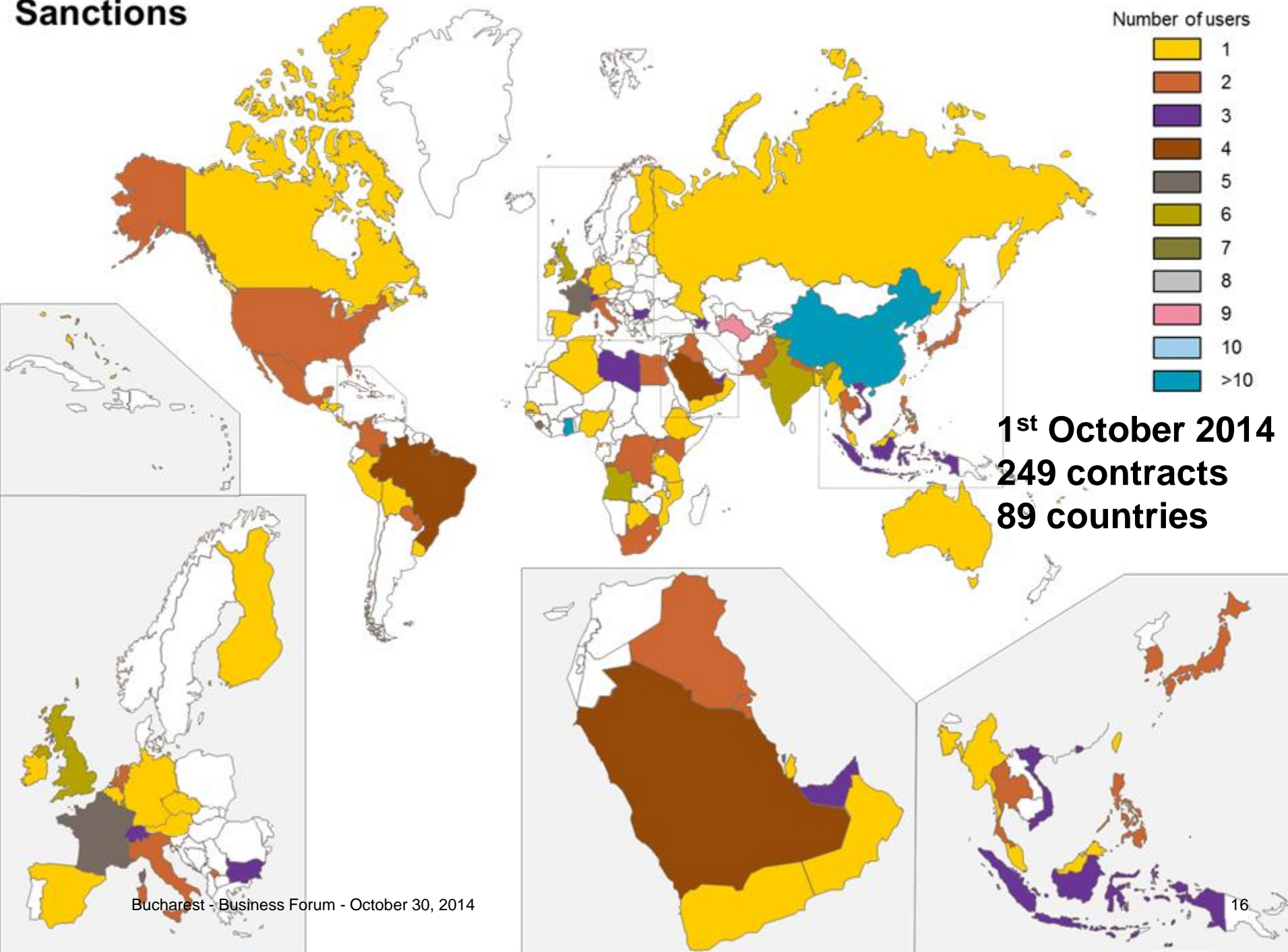
*Audit report for September 2011*

1	Summary .....	2
2	Detailed audit report .....	5
2.1	Outgoing message list .....	5
2.1.1	No hit messages .....	5
2.1.2	Non checked messages .....	5
2.1.3	Messages with non-blocking hits .....	5
2.1.4	Alerted and 'Passed' messages .....	5
2.1.5	Alerted and 'Failed' messages .....	5
2.2	Incoming message list .....	6
2.2.1	No hit messages .....	6
2.2.2	Non checked messages .....	6
2.2.3	Messages with non-blocking hits .....	6
2.2.4	Alerted and 'Passed' messages .....	6
2.2.5	Alerted and 'Failed' messages .....	6

Category	Total outgoing for this category	Total incoming for this category	Total
No hit messages	23	0	23
Non checked messages	0	0	0
Non-blocking	2	0	2
Alerted and 'Passed'	1	0	1
Alerted and 'Failed'	1	0	1
<b>Total</b>	<b>27</b>	<b>0</b>	<b>27</b>



# Sanctions





# Benefits



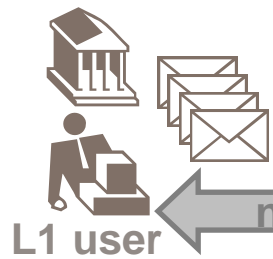
- Easy to implement
- Simple to use
- Cost efficient
- Compliance
- Peace of mind



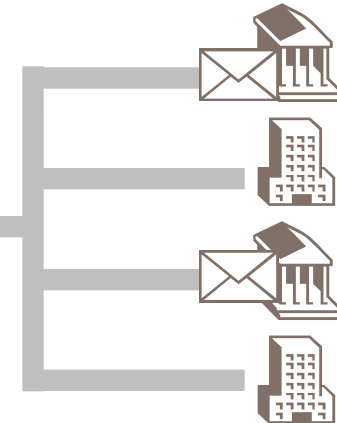
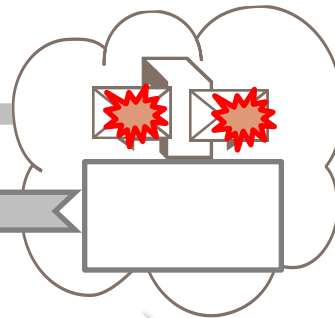
# DEMO



*Your institution*



notification



*Your correspondents*

The Level 1 user logs-in to the Sanctions portal to review the alerts he



## Sanctions screening Test

The Level 1 user selects one of the pending alerts to view the details

Logout

Messages

Reports



Live Mes

FIL

Live Messages

Outgoing Messages \*

Tools



View

1

0

Transaction	Receiver	State	Filtered Date	Type	Amount	Currency
<a href="#">OUR REF2</a>	<a href="#">ZYFUBEB0XXX</a>	<a href="#">FILTER</a>	<a href="#">25/09/2012 07:03:54</a>	<a href="#">103</a>	<a href="#">312039</a>	<a href="#">USD</a>
<a href="#">8/MANY HITS 2</a>	<a href="#">ZYFUBEB0XXX</a>	<a href="#">FILTER</a>	<a href="#">25/09/2012 07:03:52</a>	<a href="#">110</a>	<a href="#">12000</a>	<a href="#">USD</a>
<a href="#">3/OFAC ONLY</a>	<a href="#">ZYFUBEB0XXX</a>	<a href="#">FILTER</a>	<a href="#">25/09/2012 07:03:52</a>	<a href="#">200</a>	<a href="#">1123.12</a>	<a href="#">USD</a>
<a href="#">5/SECO/FR/NZPOL</a>	<a href="#">ZYFUBEB0XXX</a>	<a href="#">FILTER</a>	<a href="#">25/09/2012 07:03:52</a>	<a href="#">202</a>	<a href="#">9784.12</a>	<a href="#">USD</a>
<a href="#">7/MANY HITS 1</a>	<a href="#">ZYFUBEB0XXX</a>	<a href="#">FILTER</a>	<a href="#">25/09/2012 07:03:52</a>	<a href="#">210</a>	<a href="#">1200.52</a>	<a href="#">USD</a>
<a href="#">4/SECO/FR</a>	<a href="#">ZYFUBEB0XXX</a>	<a href="#">FILTER</a>	<a href="#">25/09/2012 07:03:52</a>	<a href="#">205</a>	<a href="#">12000</a>	<a href="#">USD</a>
<a href="#">OUR REF2</a>	<a href="#">ZYFUBEB0XXX</a>	<a href="#">FILTER</a>	<a href="#">25/09/2012 06:58:57</a>	<a href="#">103</a>	<a href="#">312039</a>	<a href="#">USD</a>



Your institution

Release the message

L2 user

Notification

Escalate to Level 2

Hits generated by the message & sanctions list identifier

Message content

{1:F01ZYFSBEB063000757}  
{2:I103ZYFUBEB0...}{4:  
:20:OUR REF2  
:23B:SSTD  
:32A:111010USD312039,00  
:33B:USD300,00  
:50A:/34x  
CITIUS30  
:59:/Abdul Mazari  
Kushal Mena Dist n5  
:71A:OUR  
-}{5:{CHK:E7D0B24F4000}{TNG:}  
{MRF:120925070339120925ZYFSBEB0AXXX0063000757}}

Live Messages

History Messages

Reports

Last Comment: Suspect(s) detected by OF...

PENDING

Type 103 Unit SSCRBEB3 Copy Serv. In/Out In

Info SSCRBEB3

Sanctions list record detail

Created on 2012/09/25 07:0  
Value date 2012/09/25 07:0

Origin UN Designation TALIBAN Type Individual Priority 0

Name MAZHARI, ABDUL QUDDUS  
Address KUSHAL KHAN MENA, DISTRICT  
City/State KABUL  
Country AFGHANISTAN  
Search codes  
Passport SE012820  
National ID  
BIC codes

Hit ID	Match
SECO000861	59 95
MA000726	59 95
<b>UNT0000066</b>	<b>59 95</b>
OSFI000129	59 95
NZPOL00462	59 95
BOE007296	59 95

Synonyms Name [More information](#)

- عبد القدوس مظہری  
- AKHTAR MOHAMMAD MAZ-HARI

City/ State

Country

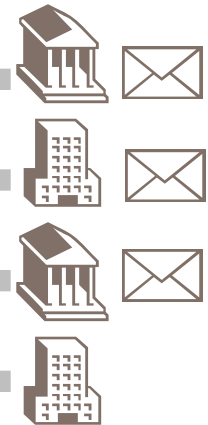
Your institution



Release the message



Abort or Flag the message



Live Messages

History Messages

Reports



Pass



Fail



Last Comment: Looks really suspicious

PENDING REVIEW

{1:F01ZYFSBEB0AXXX0063000757}  
{2:I103ZYFUBEB0XXXXN}{4:  
:20:OUR REF2  
:23B:SSTD  
:32A:111010USD312039,00  
:33B:USD300,00  
:50A:/34x  
CITIUS30  
:59:/Abdul Mazari  
Kushal Mena Dist n5  
:71A:OUR  
-}{5:{CHK:E7D0B24F4000}{TNG:}  
{MRF:120925070339120925ZYFSBEB0AXXX0063000757}}

Create

Type	Unit	Copy Serv.	In/Out
103	SSCRBEB3		In

Info	SSCRBEB3
Transaction ref	OUR REF2
Related ref	
Sender	ZYFSBEB0XXX
Receiver	ZYFUBEB0XXX
Amount	312039 USD
Created on	2012/09/25 07:03:52
Value date	2012/09/25 07:03:54

Origin	Designation	Type	Priority
UN	TALIBAN	Individual	0

Name	MAZHARI, ABDUL QUDDUS
Address	KUSHAL KHAN MENA, DISTRICT
City/State	KABUL
Country	AFGHANISTAN
Search codes	
Passport	SE012820
National ID	
BIC codes	

Hit ID	Tag	Match
SECO000861	59	95
HKMA000716	59	95
UNT0000066	59	95
OSFI000129	59	95
NZPOL00462	59	95
BOE007296	59	95

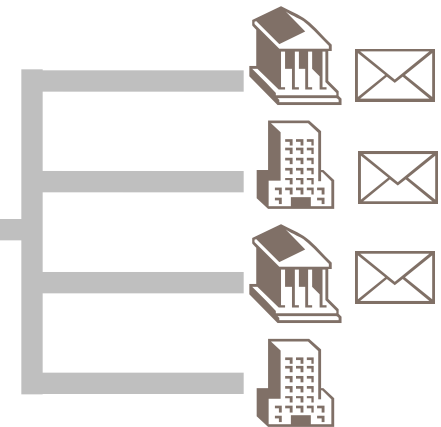
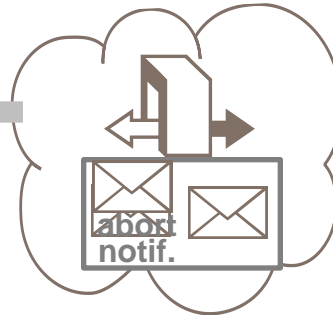
Synonyms Name [More information](#)

- عبد القوس مظہری  
- AKHTAR MOHAMMAD MAZ-HARI

City/State

Country

Your institution



Your correspondent

Live Messages

History Messages

Reports

Pass

Fail

Last Comment: Looks really suspicious

PENDING REVIEW

Type	Unit	Copy Serv.	In/Out
103	SSCRBEB3		In

Hit ID	Tag	Match
SE0000861	59	95

When the user confirms a true hit on an outgoing message:

- The original message is aborted
- An abort notification (MT019) is sent to the user

```
{1:F01ZYFSF
{2:I103ZYF
:20:OUR RE
:23B:SSTD
:32A:11101
:33B:USD300,00
:50A:/34x
CITIUS30
:59:/Abdul Mazari
Kushal Mena Dist n5
:71A:OUR
-}{5:{CHK:E7D0B24F4000}{TNG:}
{MRF:120925070339120925ZYFSBEB0AXXX0063000757}}
```

Value date 2012/09/25 07:03:54

Origin	Designation	Type	Priority
UN	TALIBAN	Individual	0

Name	MAZHARI, ABDUL QUDDUS
Address	KUSHAL KHAN MENA, DISTRICT
City/State	KABUL
Country	AFGHANISTAN
Search codes	
Passport	SE012820
National ID	
BIC codes	

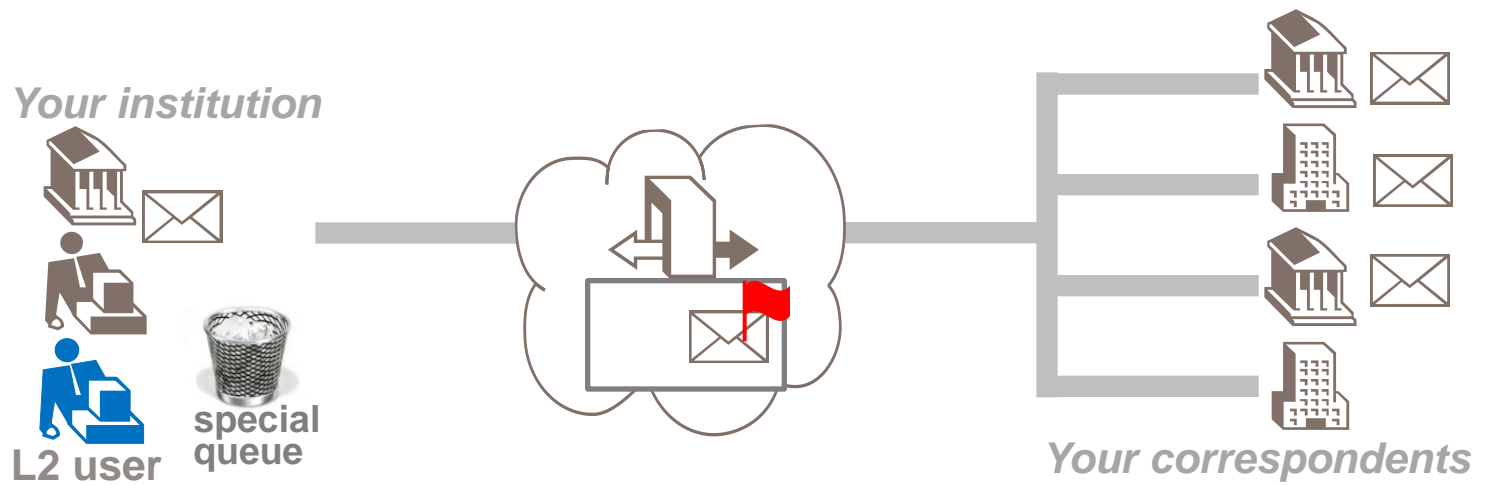
Synonyms Name [More information](#)

- عبد القوس مظہری  
- AKHTAR MOHAMMAD MAZ-HARI

City/ State

Country

23



When the user confirms a true hit on an incoming message:

- The original message is flagged...
- ...then delivered to the recipient that routes it to a special queue for appropriate processing



# Configuration and Training Workshop

## Silver Pack



## Gold Pack

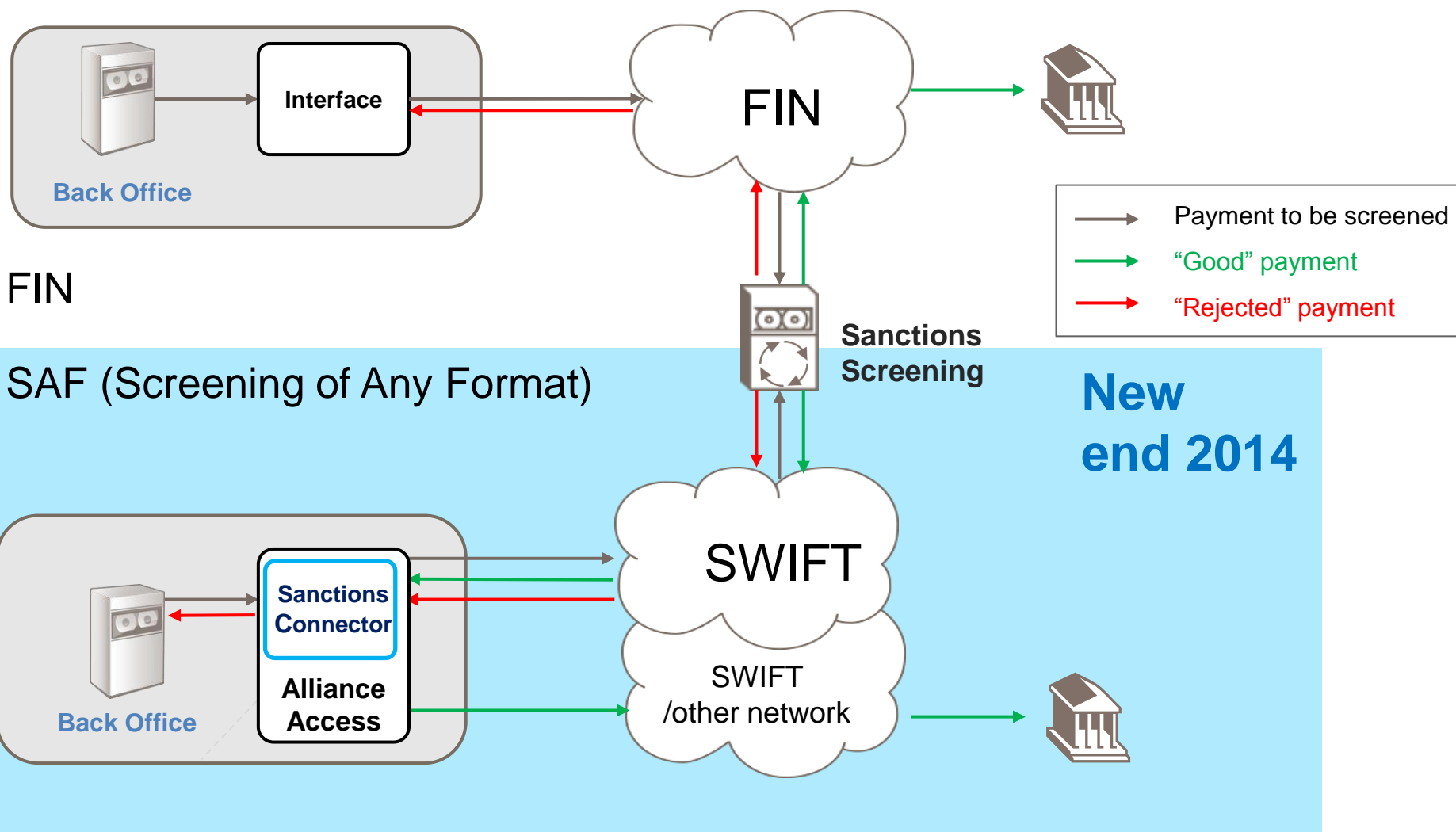
- **Presentation** : the fundamentals of the service and its functionalities
- **Initial configuration of the solution and hands-on training** to set up your environment & operating the service
- **Follow-up session** : functional questions raised during testing (*two 3 hours WebEx session*)
- **Token driver installed on one PC**
- Successful connection to the Sanctions Portal
- **Sanctions Service (Test) configured** with your initial configuration
- **One successful test and Sanctions Service (Test) configured** for further testing
- The delivery will be executed through remote WebEx sessions. **Three sessions of 3 hours each**
- The estimated time of the project is **5 business days.**

- *Assistance on pre-requisite completion (2 hours WebEx session)*
- **Presentation** : the fundamentals of the service and its functionalities
- **Initial configuration of the solution and hands-on training** to set up your environment & operating the service
- **Follow-up session**: functional questions raised during testing (*two 3 hours WebEx session*)
- **Token driver installed on one PC**
- Successful connection to the Sanctions Portal
- **Sanctions Service (Test) configured** with your initial configuration
- **One successful test and Sanctions Service (Test) configured** for further testing
- *Question and Answer assistance during testing phase*
- *The delivery through remote WebEx sessions :*
  - *1 session of 2 hours to cover pre-requisite completion*
  - *3 sessions of 3 hours each for configuration and hands on*
  - *2 sessions of 3 hours each for follow-up question and answer*
- *The estimated time of the project is 10 business days.*



# Screening of Any Formats

# Sanctions Screening: FIN - SAF



# Benefits

## **1/ Screening other formats than FIN, such as:**

- Local non-SWIFT formats (*e.g. domestic RTGS/ACH*)
- Internal format (*before transformation to FIN, for instance*)
- ISO20022 MX messages
- FIN MT or ISO20022 MX bulked in a file transmitted over FileAct or other file transfer, e.g. low value flows such as **SEPA**; sent through SWIFT or non-SWIFT channels.

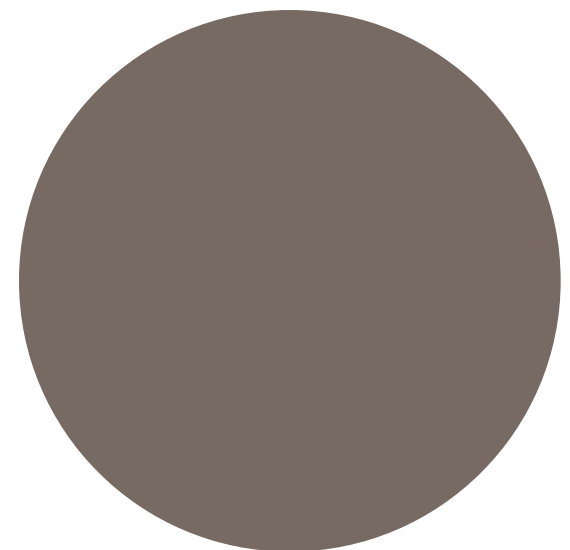
## **2/ More flexibility for screening FIN:**

- More flexibility on which traffic is sent to the filter (*e.g. exclude traffic from Head Office*)
- Screen additional categories (*e.g. Cat 3, 5 & 9*)
- Ability to screen the messages before they are sent to SWIFT ( *an acknowledgement is sent back to the Back Office*)
- More time to decide on alerts

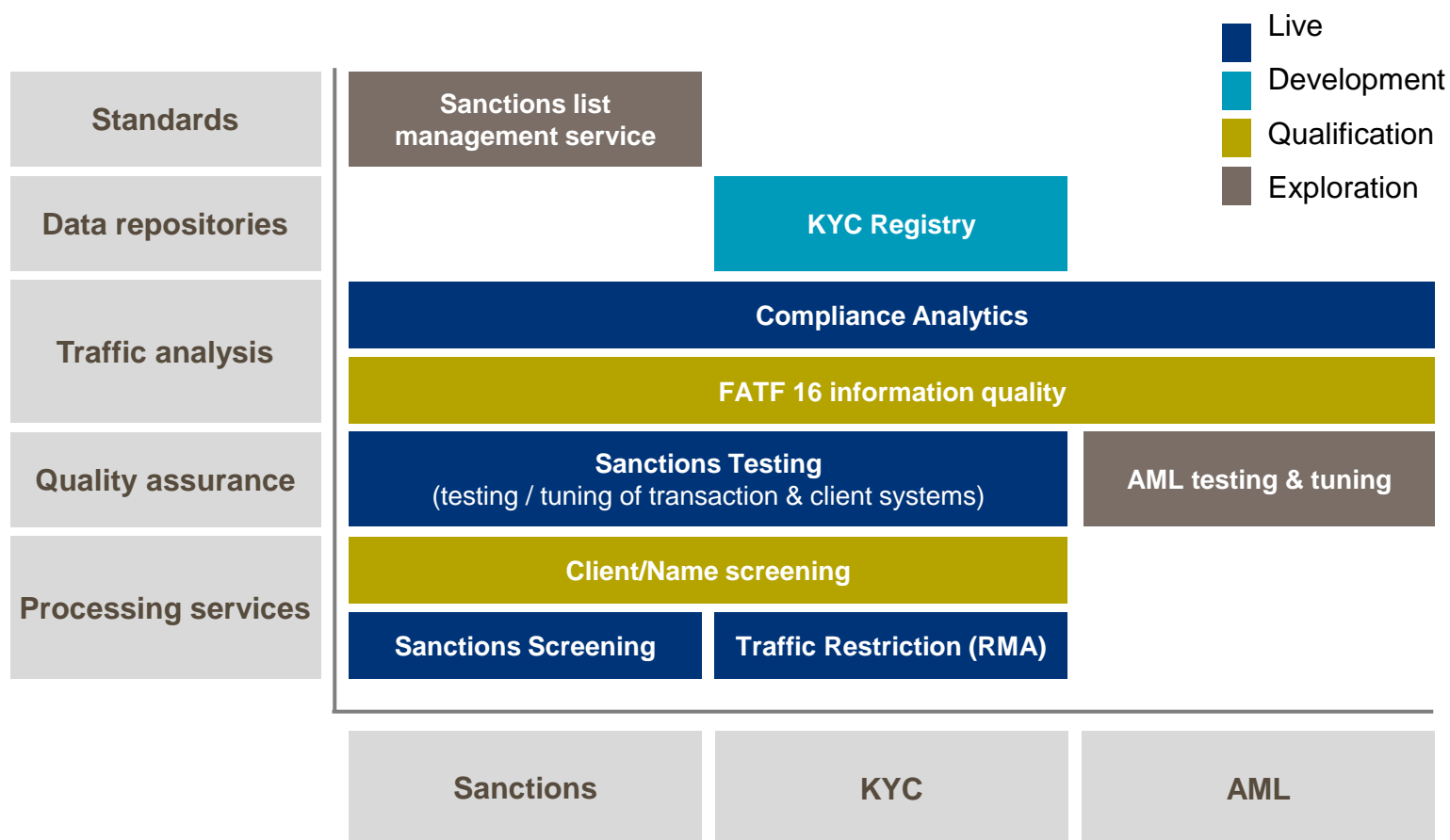
## **3/ Same user experience as today**

- Same GUI, same users, same tokens, etc.

# Q&A



# Financial Crime Compliance Roadmap





# Sanctions Testing

*Optimize your filter for  
effectiveness and efficiency*



# Sanctions compliance – balancing priorities

## Testing

Meeting regulatory demands

*with*

## Tuning

Managing cost and resources

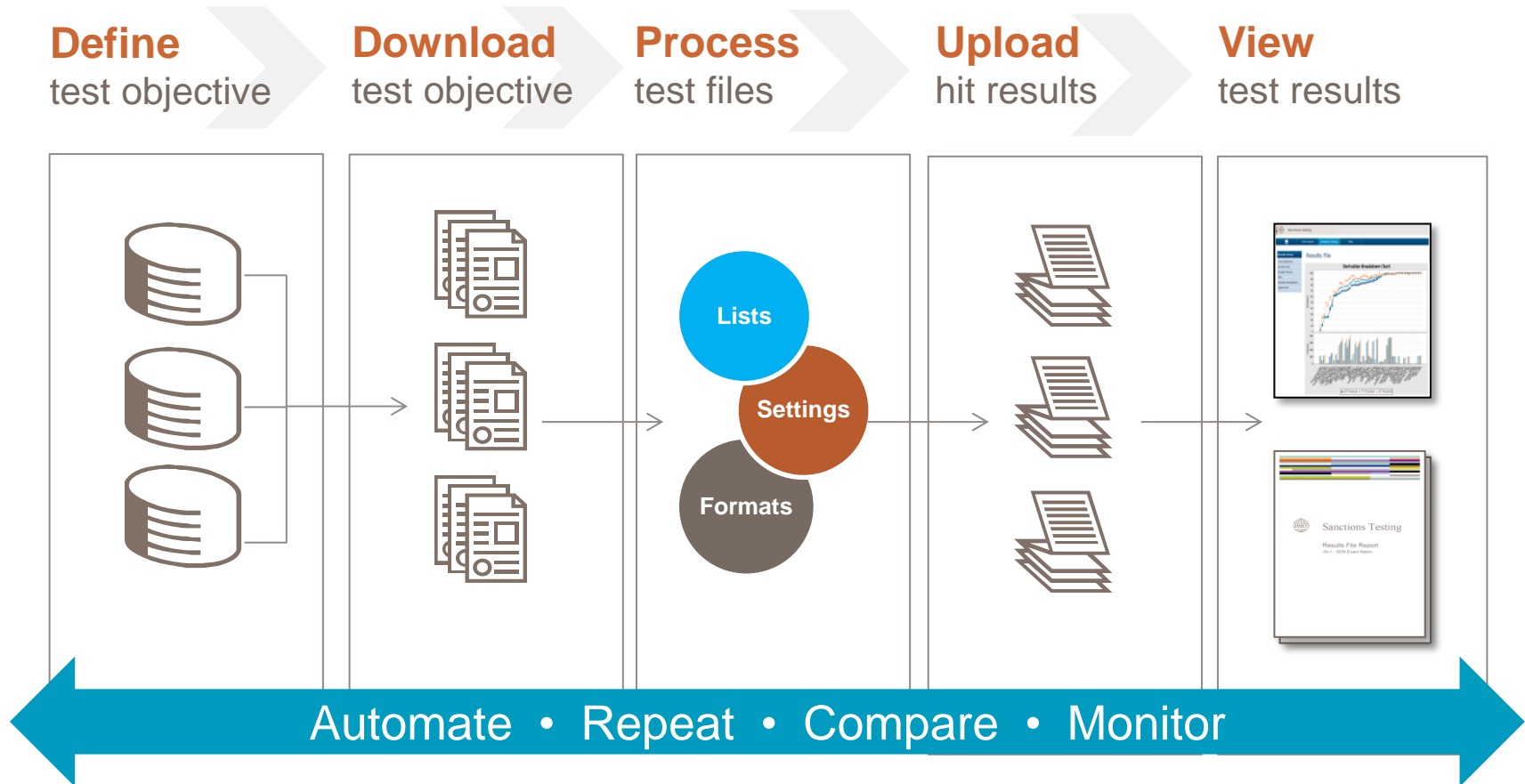
### Effectiveness

- Provide **assurance** that your system works
- Measure system's **fuzzy matching** performance
- Assess coverage of **sanctions lists**
- Align screening system to your **risk appetite**

### Efficiency

- **Reduce false positives** through iterative testing
- Build **optimisation tests** into your processes

# Sanctions testing process



# Sanctions Testing Portfolio

	Single Audit Point	Analyse & Compare Regular Audit Points	On-Going Testing & Tuning
Functions	• Testing	• Testing	• Testing + Tuning
Flexibility	• Defined tests	• Defined tests	• Custom tests
Scope	• 2 systems	• 2 systems	• Group license
Frequency	• One-off	• Monthly tests	• Unlimited use
Deliverables	• Report	• App + report	• App + report
	Sanctions Testing ASSESSMENT	Sanctions Testing STANDARD	Sanctions Testing ENTERPRISE

# The one-off Assessment report

This report offers a  
**One-off Assessment** of an  
Institution's Sanctions Environment.

---

It serves both  
**Regulatory & Internal Audit** purposes.

---

Several predefined tests are executed  
and the bank gets a report with  
**Test results, Observations and Recommendations.**



# The one-off assessment report - benefits

## The one-off assessment covers 3 areas of primary testing

- Exact match
- Risk information
- Fuzzy matching


## The assessment identifies/ensures:

- Potential sanctions screening issues
- Alignment of bank screening policy
- Technical implementation
- Sanctions screening coverage of common risk information

Further insight of filter performance in relation to fuzzy matching is provided

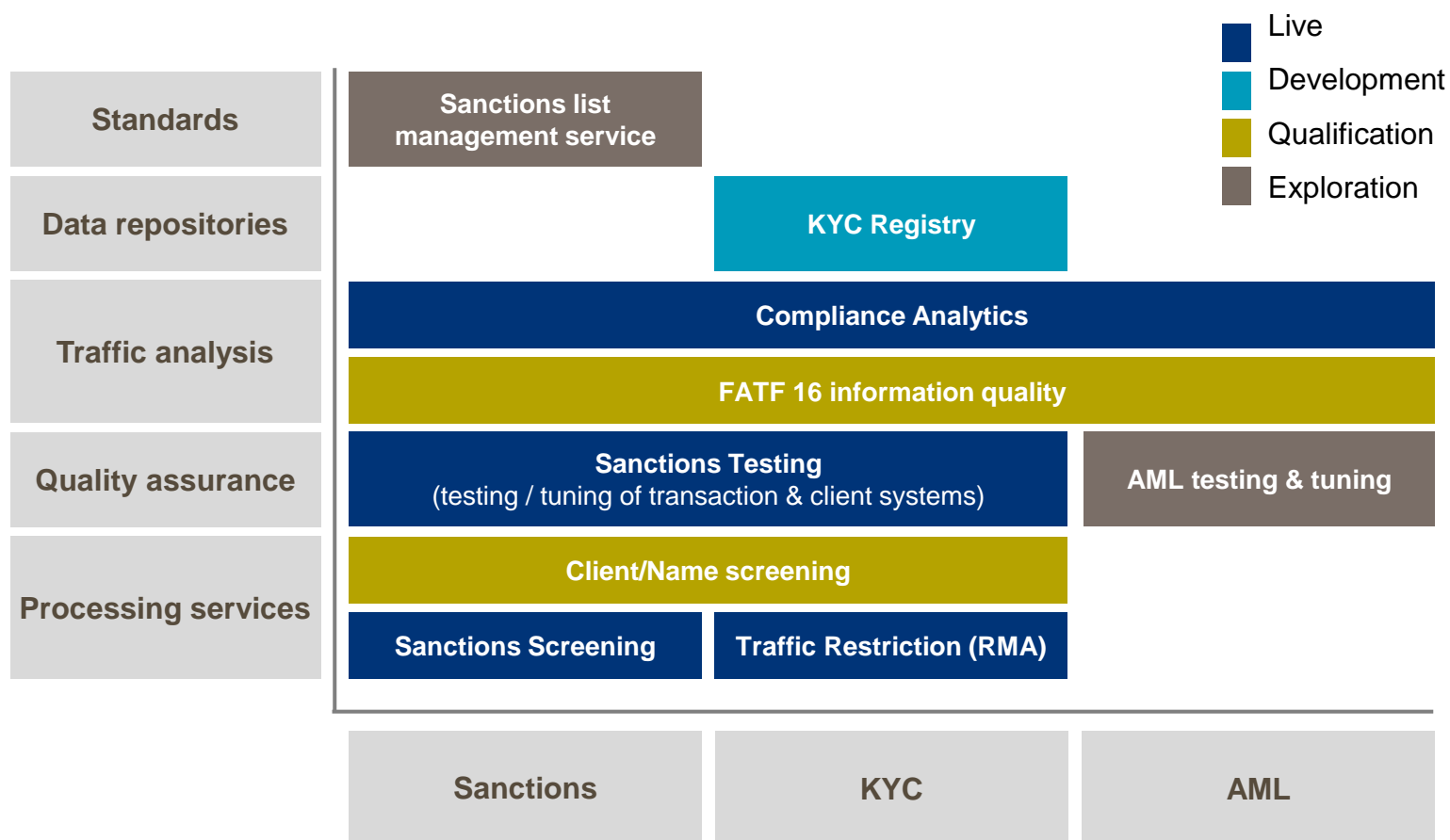


# Sanctions List Monitor

 Sanctions List Monitor	
<b>SWIFT Sanctions List Monitor - List Extract Differences</b>	
SDN - OFAC SDN	
2014-03-26 Compared to 2014-03-20	
Entity Summary: 3 Updates, 1 New Value	
TYPE	DETAIL
ADDED	SDN/16315 Pahlawan ROZI
UPDATED	SDN/16667 Vladimir YAKUNIN
	Prime Alias ( 1 Modification )
	PRESIDENT OF OJSC RUSSIAN RAILWAYS
UPDATED	SDN/16690 Victor Petrovich IVANOV
	Prime Alias ( 1 Modification )
	DIRECTOR OF THE FEDERAL DRUG CONTROL SERVICE OF THE RUSSIAN FEDERATION (FSKN)
UPDATED	SDN/16691 Sergey Yevgenyevich NARYSHKIN
	Prime Alias ( 1 Modification )
	CHAIRMAN OF THE STATE DUMA OF THE RUSSIAN FEDERATION

- Free service to SWIFT institutions
  - Launched Jan 2014
- Register to receive email alerts for monitored regulatory lists
  - Alerts are sent in a common format irrespective of source
  - List change impacts can be understood
  - Alerts are timely and often ahead of regulatory announcements
  - A valuable secondary source to verify list updates and changes

# Financial Crime Compliance Roadmap





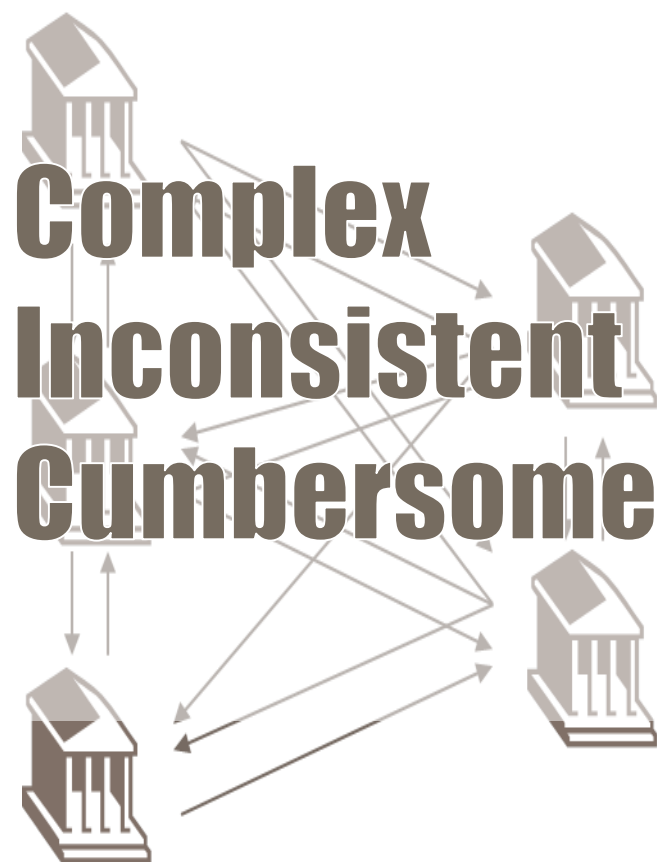


# SWIFT KYC Registry

Contacts: [kyc.registry@swift.com](mailto:kyc.registry@swift.com)

# SWIFT KYC Registry

*Today, banks are facing an unprecedented challenge to comply with KYC legal requirements*



# How Large is the Cost to the Market?

<u>Tier</u>	<u># Banks in this Tier</u>	<u># of Counterparties Each</u>	<u>Spend per Counterparty on Collection of Data</u>	<u>Total Spend</u>
Tier 1	100	2,000	1,500	300,000,000
Tier 2	500	100	800	40,000,000
Tier 3	20,000	3	500	30,000,000
Tier 4	30,000	1	400	12,000,000
				<b>\$382,000,000</b>

- The current “spend” on collection efforts is largely a labour cost realized as expensive analyst resources attempt to contact and gather the documents from various bank parties, making multiple phone calls and contending with multiple time zones and language barriers
- This cost sky-rockets when the collection effort is passed to the time sensitive front office, RMs
- Banks would rather their analysts utilize their time reviewing & assessing the documents from their counterparty

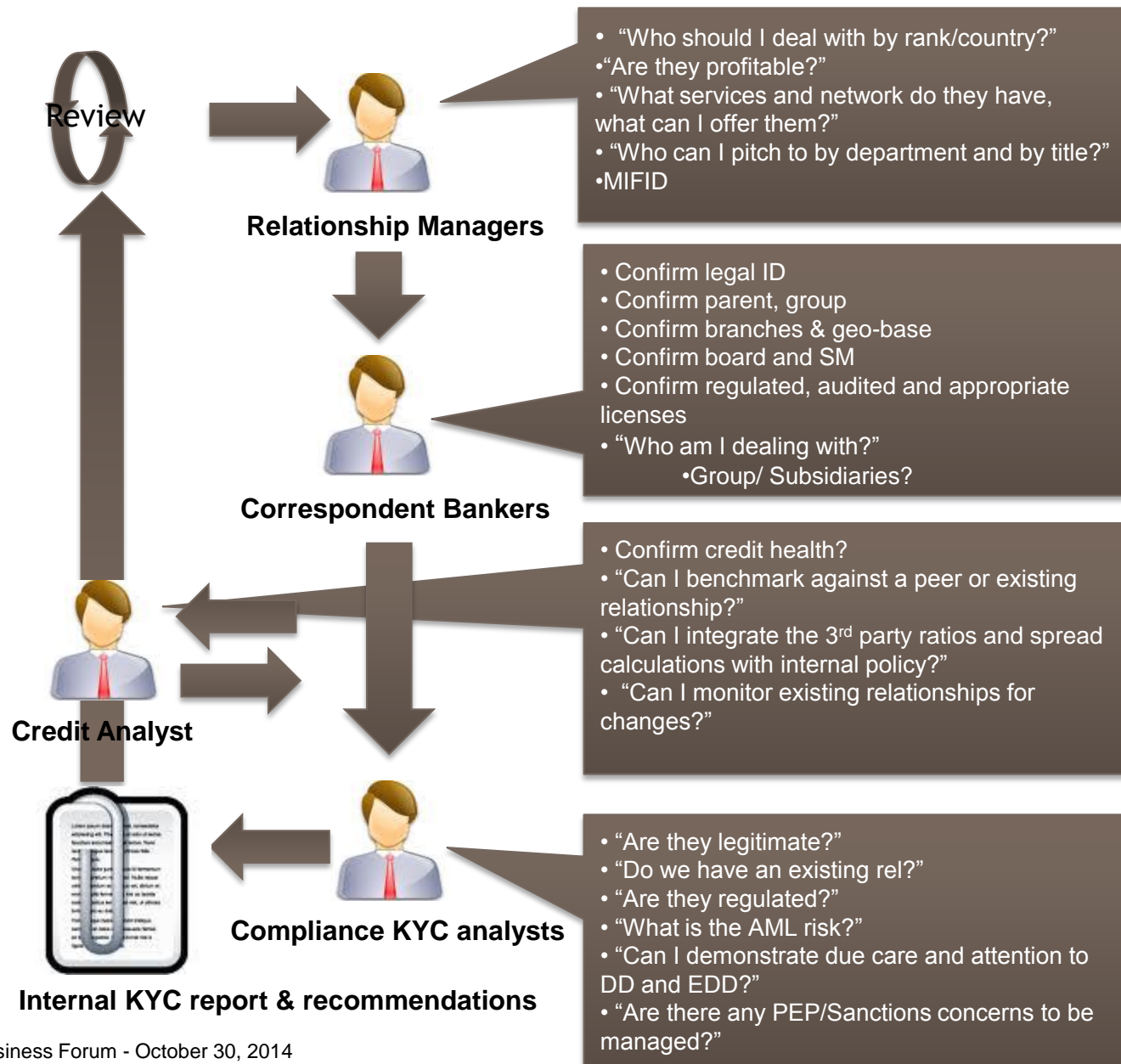
## Key takeaways:

- ✓ Tier 1 banks establish counterparty relationships with Tier 2, 3, and 4. Their diligence activities are more extensive, and therefore, more expensive per counterparty
- ✓ The larger the bank the more correspondents, the more acute the problem

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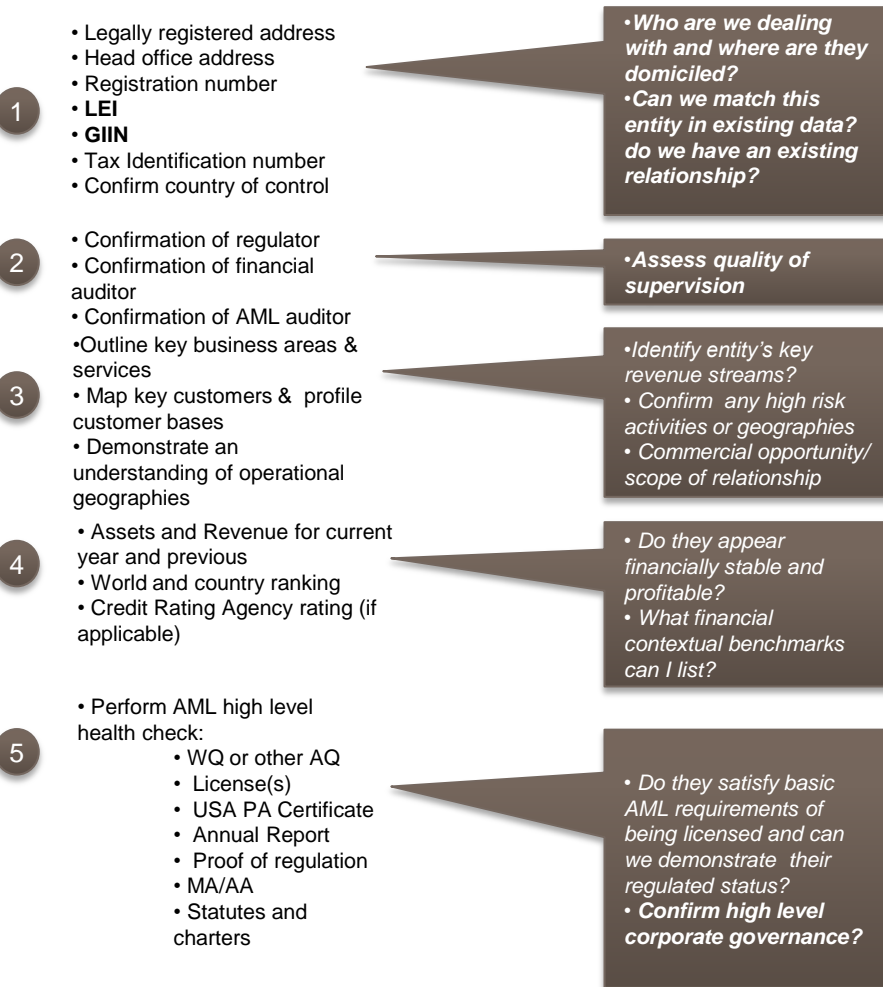


# Mapping customer workflows: high level questions customers will ask and at what stage

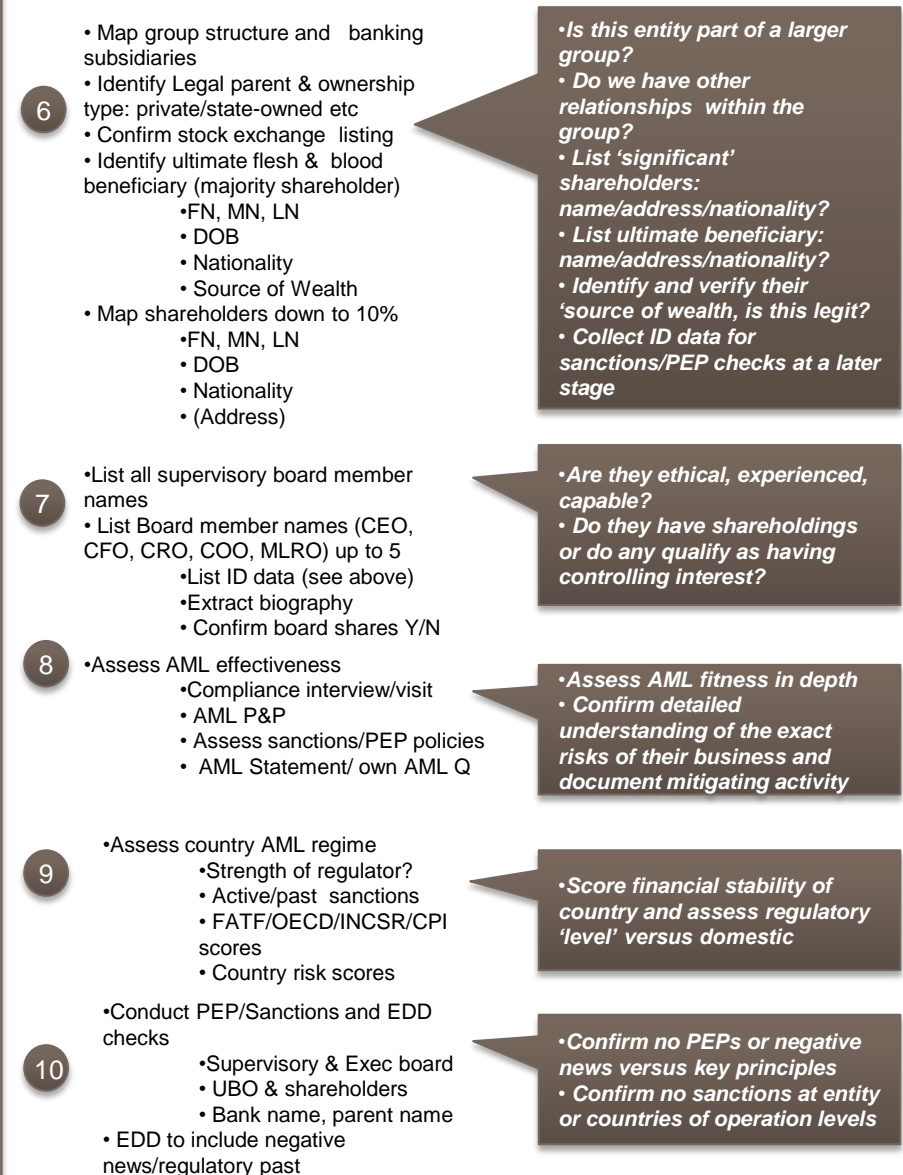


# The on boarding/review workflow to highlight CDD versus EDD data;

## CDD (Simplified Due Diligence)



## EDD (Enhanced Due Diligence)



# SWIFT KYC Registry

*Your single source of correspondent banking KYC information*

**Industry-owned Global**

**SWIFT KYC Registry**

**Guaranteed quality Collaborative**

**SWIFT Profile Increased Transparency**



# Registry Content & Controls



## Content

- Comprehensive set of data
- Directly provided by the source
- Supports multiple languages
- Electronic only



## Controls

- Fact-based and documented validation
- Yearly revalidation of all information
- Data quality ratings visible to all
- No judgemental or opinion-making controls



# Registry Features & Functionalities



## Contribution & admin

- Add and maintain your own KYC data
- Grant and manage access to your data
- Receive reporting and audit logs
- Manage KYC users for your organisation

## Consumption

- Search and view counterparty summary
- Request access to your counterparty's data
- Access your counterparty's data
- Watchlists and notifications upon update

# The principles

*A single source of correspondent banking KYC information*

## Collection of data and documents

- Structured data
- Supporting documents
- Maintenance
- Archiving and versioning

## Controls and validation

- Completeness
- Validity
- Accuracy

## Reporting and monitoring

- Platform activity reporting and practices
- Audit trail
- Notifications

## Value added services

- SWIFT Profile: standard report based on traffic data and owned by the reporting institution

# Data and documents\*

\* Proposed structure – subject to change

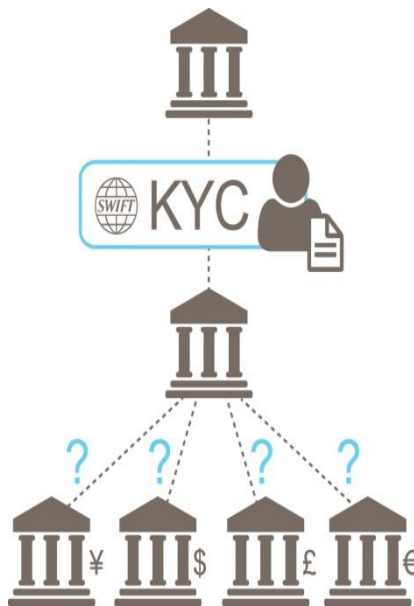
Mandatory – *Mandatory if available* – *Nice to have*

Public	Entity Summary	<ul style="list-style-type: none"> <li>Legal Name</li> <li>Business Name</li> <li>Registered Address</li> <li>Registered Country</li> </ul>	<ul style="list-style-type: none"> <li>Business Address</li> <li>Business Country (Domicile)</li> <li>BIC Code</li> <li>LEI Code</li> </ul>	<ul style="list-style-type: none"> <li>Type of entity (Head Office, Domestic Branch, Foreign Branch etc.)</li> </ul>
	CATEGORY	DATA	DOCUMENTS	
On access request	<b>I. Identification of the Customer</b>	<ul style="list-style-type: none"> <li>Legal Name in local language (English)</li> <li>Legal Name in local characters</li> <li>Immediate previous Legal Name</li> <li>Date of last Legal Name change</li> <li>Registered Phone and Fax</li> <li>Institution Website</li> <li>Company Registration Number</li> <li>Issuing Authority</li> <li>Date of Incorporation</li> <li>Legal Type (Legal Entity, Business Entity)</li> <li>Institution Status (Bank, Coop, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory Status: Fully regulated / Partially regulated / Not Regulated / Other</li> <li>Name of Regulator or Supervising Authority</li> <li>Type of License (Full/Offshore)</li> <li>Licensing Authority</li> <li>If branch                             <ul style="list-style-type: none"> <li>Name of Head Office (Link)</li> <li>Country of Head Office</li> <li>BIC of Head Office</li> </ul> </li> <li>Name of Group Parent (Link)</li> </ul>	<ul style="list-style-type: none"> <li>Banking License and Proof of regulation OR Charter of Law/Local Decree OR Official authorisation to conduct financial business</li> <li>Certificate of Incorporation OR Extract from Registers</li> <li>Memorandum and Articles of Association OR Statutes OR By-Laws</li> </ul>
	<b>II. Ownership &amp; Management Structure</b>	<ul style="list-style-type: none"> <li>Type of entity: privately held / publicly listed</li> <li>Beneficial Owners                             <ul style="list-style-type: none"> <li>Shareholding                                     <ul style="list-style-type: none"> <li>Company name   % shares   Country   Stock Listing</li> </ul> </li> <li>Ultimate Beneficial Owners (10% threshold ownership): First name   Middle name   Last name   Gender   Date of birth   Place of birth   Address   % shares</li> <li>Ultimate Beneficial Owners (Directors)                                     <ul style="list-style-type: none"> <li>First name   Middle name   Last name   Gender   Date of birth   Place of birth   Address   Appointment date</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Audited Annual Report</li> <li>Proof of listing</li> <li>Ownership Structure / Chart Group</li> <li>Organisational Chart / Management Structure</li> <li>Declaration of Beneficial Ownership</li> <li>List of Shareholders and Directors</li> <li>Proof of Identity of UBOs</li> <li>Proof of Permanent Residence of UBOs</li> <li>List of authorized signatories</li> <li>List of Executive Management</li> <li>Sharia Board</li> </ul>	
	<b>III. Type of Business &amp; Client Base</b>	<ul style="list-style-type: none"> <li>Type of services offered</li> <li>Targeted Customers</li> </ul>	<ul style="list-style-type: none"> <li>Geographical Markets reached</li> <li>Industry focus</li> </ul>	<ul style="list-style-type: none"> <li>Evidence of type of customers</li> </ul>
	<b>IV. Compliance Information</b>	<ul style="list-style-type: none"> <li>Money Laundering Reporting Officer: First name   Last name</li> <li>Chief Compliance Officer: First name   Last name</li> <li>AML person contact details: First name   Last name   Job title   Phone   Email</li> <li>Number of employees and number of AML staff</li> <li>Name of AML Auditors</li> </ul>	<ul style="list-style-type: none"> <li>Wolfsberg questionnaire completed or equivalent</li> <li>Summary of AML policies/procedures or AML laws</li> <li>Detailed AML policies and procedures</li> <li>Template of the entity's own KYC/AML questionnaire</li> <li>USA Patriot Act Certification</li> <li>MIFID questionnaire</li> <li>Organisational chart of the Compliance department</li> <li>Response to negative statement from the press</li> </ul>	
	<b>V. Tax Information</b>	<ul style="list-style-type: none"> <li>FATCA Status: exempted/non exempted - compliant / non-compliant</li> <li>GIIN</li> <li>FATCA contact details: First name   Last name   Job Title   Phone   Email</li> <li>Value added Tax Identification Number</li> </ul>	<ul style="list-style-type: none"> <li>FATCA form W-8 BEN-E or W-9 or equivalent tax form</li> </ul>	



# SWIFT Profile – The Concept

*A standard traffic-based report to support your KYC*



SWIFT Profile

- Objective and factual, based on FIN traffic
- Helps validate declared behaviour
- Substantiates risk rating process
- Different levels of granularity
- Optional and shared at bank's discretion
- Specific, transparent and unambiguous
- Does not include competitive information
- Compliant with SWIFT data retrieval policy

# SWIFT Profile – Granularity



## SWIFT Profile

Level 1

Does Bank A have **correspondent banking activity** with entities located in countries under close monitoring of the FATF?

☒ Yes

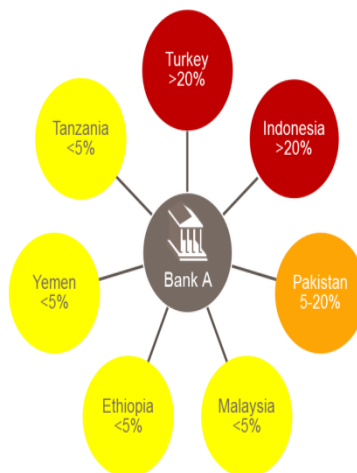
☐ No



## SWIFT Profile

Level 2 – “Nested Countries”

Bank A's correspondent banking traffic with concerned FATF jurisdictions. **Share per country:**



## SWIFT Profile

Level 3 – “Nested Correspondents”

**Identities of Bank A's correspondents per concerned jurisdiction:**

Country	BIC Code	Bank Name
Turkey	TRBATRIS	Turkish Bank A
	TRBATRIS	Turkish Bank B
	TRBATRIS	Turkish Bank C
	TRBATRIS	Turkish Bank D
	TRBATRIS	Turkish Bank E
	TRBATRIS	Turkish Bank F
	TRBATRIS	Turkish Bank G
	TRBATRIS	Turkish Bank H
	TRBATRIS	Turkish Bank I
Indonesia	IDBAIDJX	Indonesian Bank A
	IDBAIDJX	Indonesian Bank B
	IDBAIDJX	Indonesian Bank C
	IDBAIDJX	Indonesian Bank D
	IDBAIDJX	Indonesian Bank E
	IDBAIDJX	Indonesian Bank F
	IDBAIDJX	Indonesian Bank G
	IDBAIDJX	Indonesian Bank H
	IDBAIDJX	Indonesian Bank I

# Timeline

*The journey starts today*

Bootstrap

January '14



- Formal announcement of the KYC Registry initiative
- Start of KYC Working Group
- Begin data collection with Working Group

Controlled  
ramp-up

September '14



- Open the Registry for data contribution by a number of selected banks

General  
availability

December '14



- Open the Registry for data contribution and consultation by all banks
- Commercial launch of the Registry

# Value Proposition of the KYC Registry:

## Market Problems:



## KYC Registry Value:



“Do more with the same resources & budget”



FI KYC a growing regulatory focus



FI KYC inherently “Hi Risk”= more EDD cases



FI KYC DD more work intensive:

- New Regulation; FATCA
- Adoption of a ‘true risk-based approach’



“Help me prioritise low & high risk DD cases”



Front Office (RMs) now accountable for FI KYC DD

- RMs involved to collect ‘sensitive data and docs’
- Unhappy over levels of client disruption



NO global KYC standard (AMLQ now AML ‘Fitness test’)

- Duplication of effort
- Correspondents don’t understand= non-cooperative



Monitoring changes in risk profile is difficult

- Tactical versus ‘complete overhaul’



What constitutes a change in risk level?

- ✓ Transition staff from the low value task of data collection to the high value task of data analysis
- ✓ The single most comprehensive cache of FI CDD and “Hard to get” EDD data and content
  - ✓ Shareholder and UBO detail , ID data and docs
  - ✓ Board Member detail, ID data and docs
  - ✓ Compliance detail : “AML Process analysis”
- ✓ Industry benchmarked ‘standard’ for banks to adopt to reduce duplication of effort (collection and supply)
- ✓ EDD data requested and supplied as standard to meet differing user risk appetites
- ✓ “At a glance” overview and risk scoring (?) to facilitate case prioritisation and escalation
- ✓ Clear chain of custody: collected directly from the source the bank via a secure and trusted utility
- ✓ FATCA in scope for collection
- ✓ Clear and transparent methodology for update frequency, data verification (?)
- ✓ User-defined alerts to effectively monitor changes to your FI exposure
- ✓ Ethically priced to suit consumption and derived ‘value’



# Value Proposition of the KYC Registry: A summary

## A TRUE Industry collaborative solution:

- ✓ Created by thought-leaders within the banking industry (your peers) for the industry
- ✓ Pricing that rewards and encourages adoption by your own organisation and your correspondent relationships
- ✓ Best practice for CDD and EDD data as defined by the working group of 12 banks

## Ethical Pricing:

- ✓ Consumption-based pricing so that the value you derive from any centralised utility is matched by the pricing
- ✓ A true partner and trusted supplier of secure banking systems with industry controls and direct supervision on product development strategic direction and more importantly price.

## Intensive data validation and correlation processes:

- ✓ Extensive and manually intensive data validation and corroboration so you can trust the data you pay for
- ✓ Full transparency within the product as to data's last update and full document audit trail
- ✓ Full document audit trails

## A secure and controlled vehicle for sensitive data collection and sharing:

- ✓ The KYC Registry is more than an online database it offers its contributors controls over data sharing permissions so that sensitive and mission critical content can be shared securely.
- ✓ SWIFT manages a network that securely enables and processes 21 million messages a day, we are the only choice as a trusted supplier of secure KYC data

## A Clear Industry standard in Financial Counterparty DD best practice:

- ✓ A standard set by the largest banks including Wolfsberg members that the industry will be using as a standard
- ✓ Enhanced AML declarations to highlight high level AML risk and facilitate AML process analysis
- ✓ Clear and standardised definitions to determine a bank's business activities and operational reach

## A Registry that addresses today's data collection challenges in providing premium EDD content and documentation:

- ✓ Shareholder breakdown and ID data and docs
- ✓ Ultimate beneficiary listed with ID data and docs
- ✓ Full Board member listings and ID data and docs





# KYC Registry

# DEMO

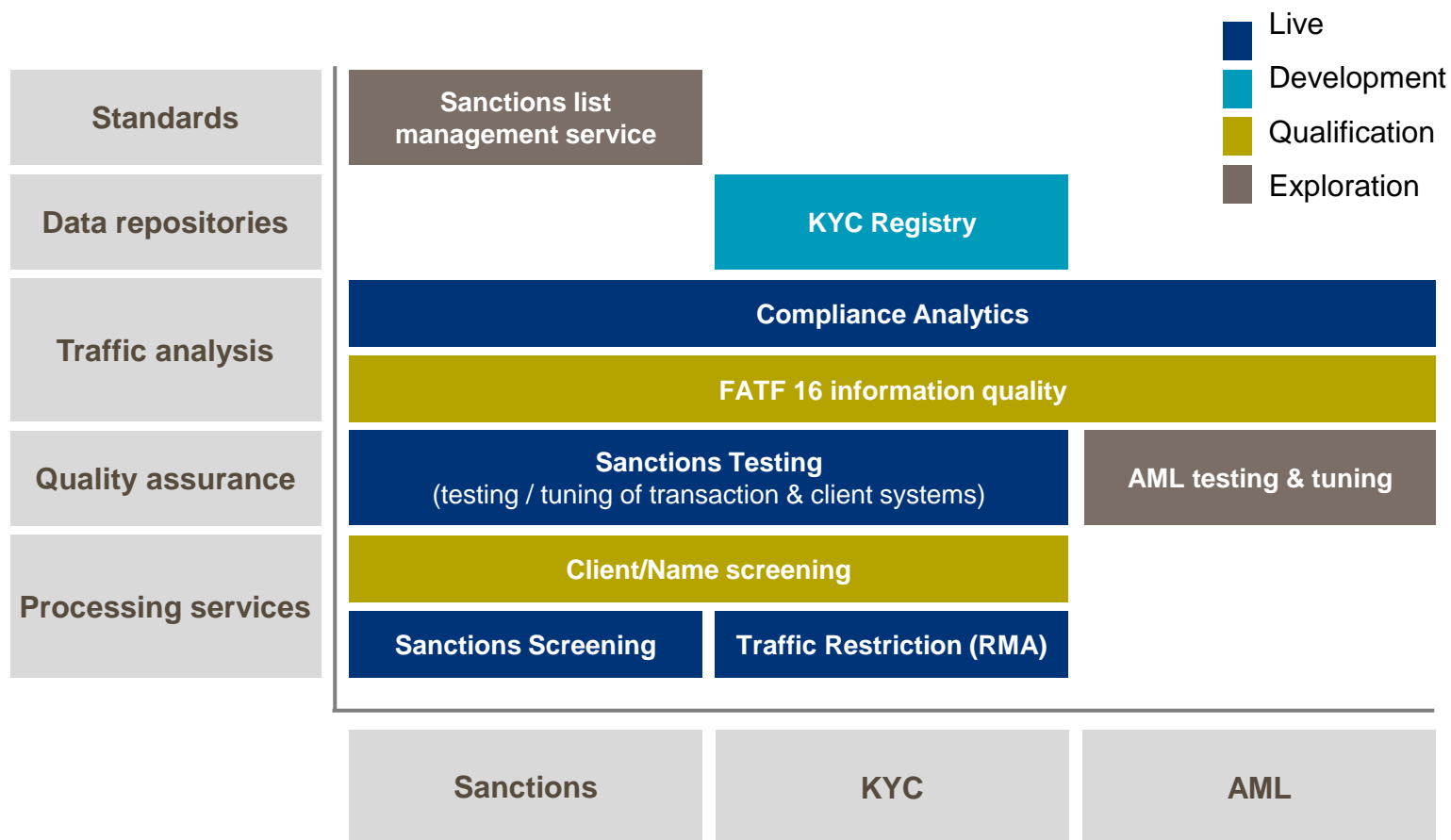


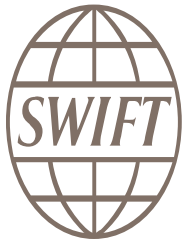
# Next steps: Start planning now!



- **Inform** those responsible for your customer due diligence about the SWIFT KYC Registry initiative
- **Identify** and determine who will be responsible for maintaining your institution's data on the KYC Registry
- **Review** and potentially adapt your KYC procedures to start using the KYC Registry
- **Country approach**

# Financial Crime Compliance Roadmap





# Compliance Analytics

# The context

1.

Banking areas that represent high money laundering risks are **attracting increased regulatory scrutiny**

2.

Correspondent banking is a high-risk area – and is **crucial to business growth and operations**

3.

**Key growth areas must be prioritised** whilst managing money laundering risks in a (cost-) effective manner

4.

Analytics can help you **identify and assess potential risk** and respond more effectively

# Leverage SWIFT traffic data to address risk



# Compliance Analytics will bring value to...

## Risk Assessment

- **Enterprise** risk assessment
- **Correspondent** risk assessment
- Alignment with risk **policies**

## Customer Due Diligence

- **Compare** anticipatory behaviour against country standards
- **Periodic reviews** to ensure activity is in line with anticipated risk
- **Event driven** reviews
- **Retrospective** reviews

## Investigations and visits

- **FIU** investigations
- **Country** visits
- **Correspondent** reviews

## Transaction monitoring

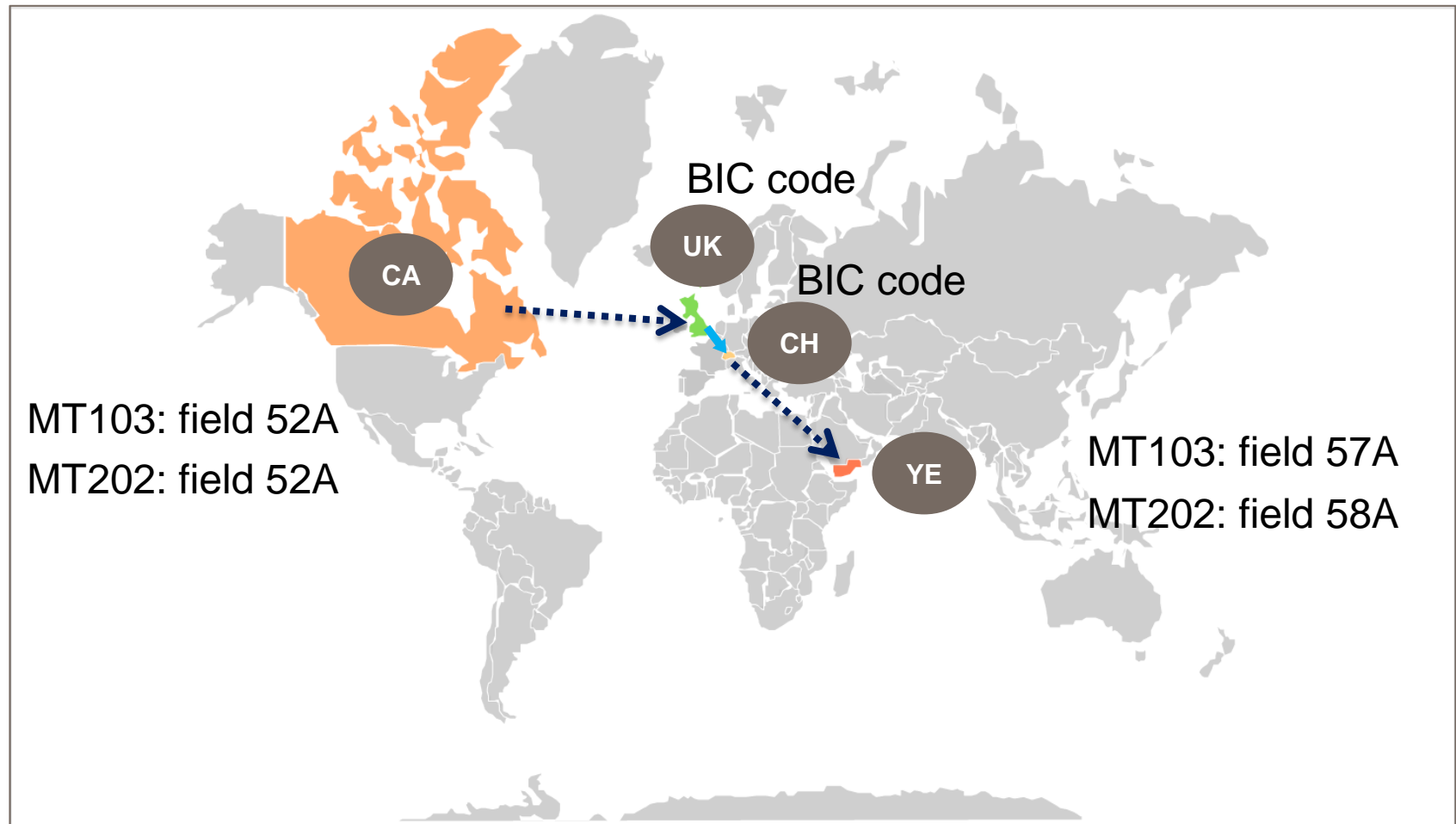
- **Volume** reconciliation
- **Scenario** optimisation
- System **tuning**

## Metrics and dashboarding

- **Pre-calculated** metrics
- Key Performance / Risk **Indicators**



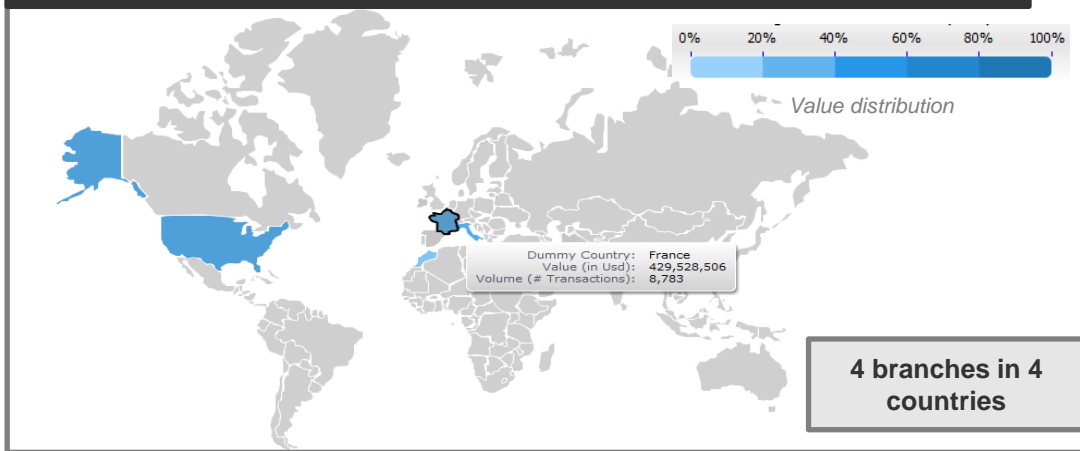
# Leveraging country of origin and beneficiary country to provide additional insights



# Example 1 : Country risk assessment– Mauritania

*What business do I have with Mauritania on a global basis?*

## 1. How many of my branch / affiliates receive payments from Mauritania?

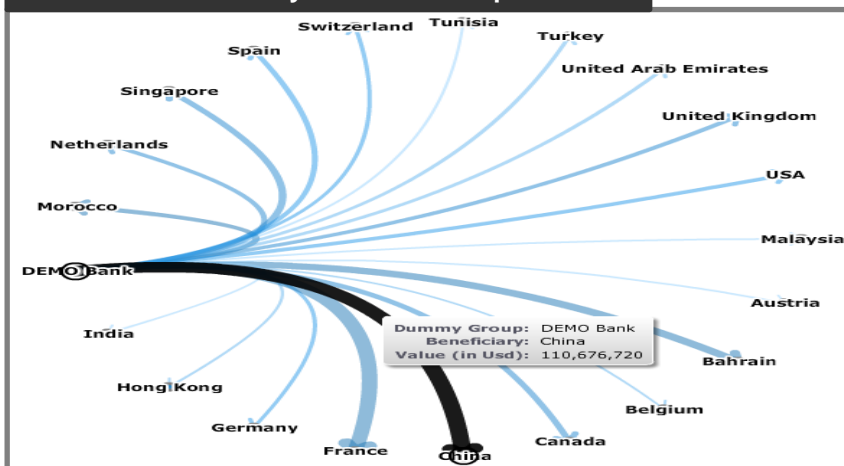


## Data Sources

All figures based on Inbound payments (MT103 & MT202cov) from correspondents in Mauritania – Full Year 2013

1. Geographical distribution of Demo Bank branches/affiliates, based on value of inbound traffic. Payments with 4 Demo bank affiliates in 4 countries
2. Top20 Ultimate beneficiary countries (field 57a), based on value of inbound traffic: Top 20 out of 100 countries overall
3. Sanctioned country as ultimate beneficiary, based on value of inbound traffic. Example has one payment sent by Bank X in Mauritania, via Demo Bank, with Cuba as ultimate beneficiary country

## 2. Ultimate beneficiary countries – Top 20

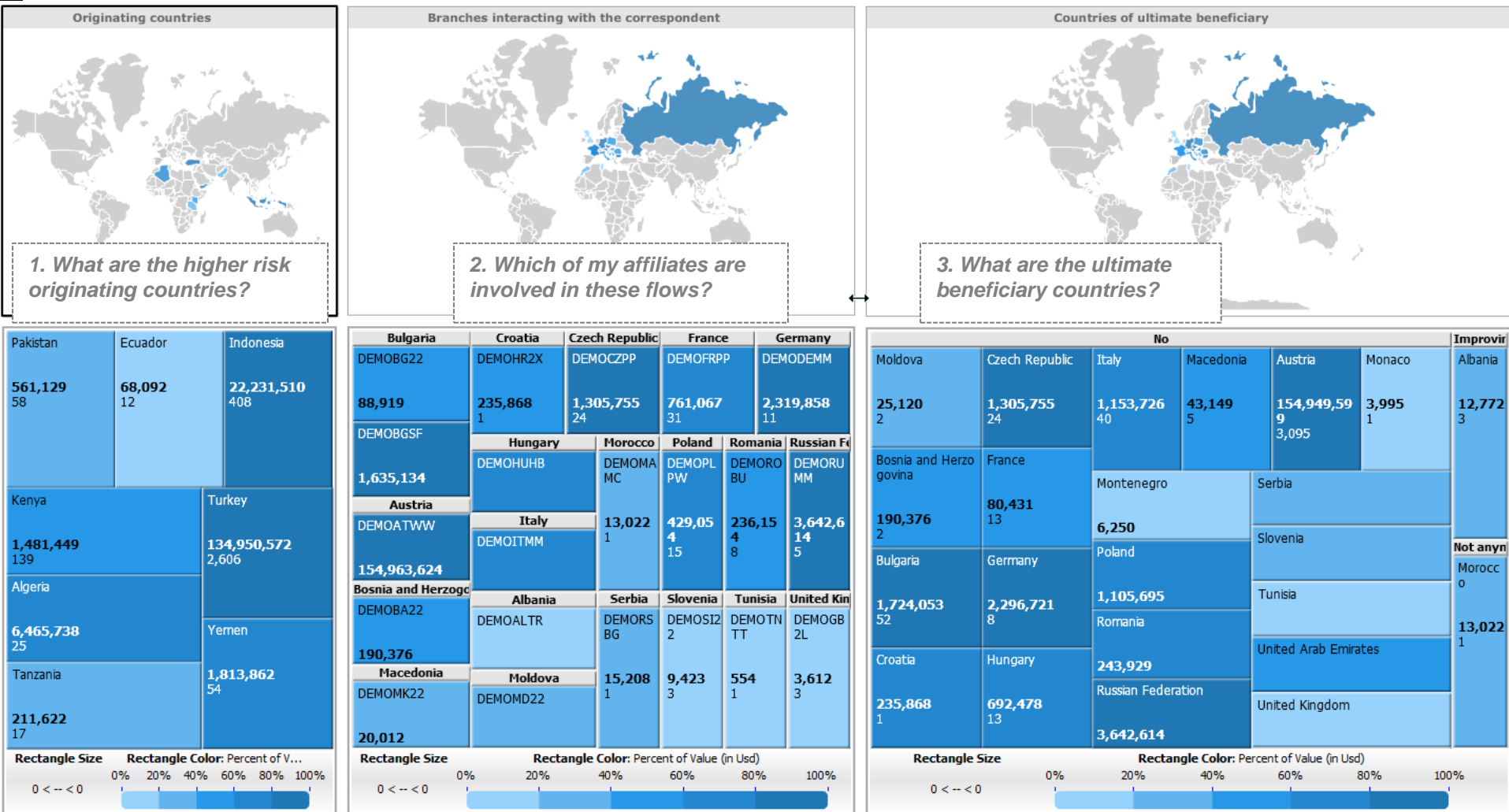


## 3. Do any flows end up in a Sanctioned country?



# Example 2: Specific Correspondent Risk assessment

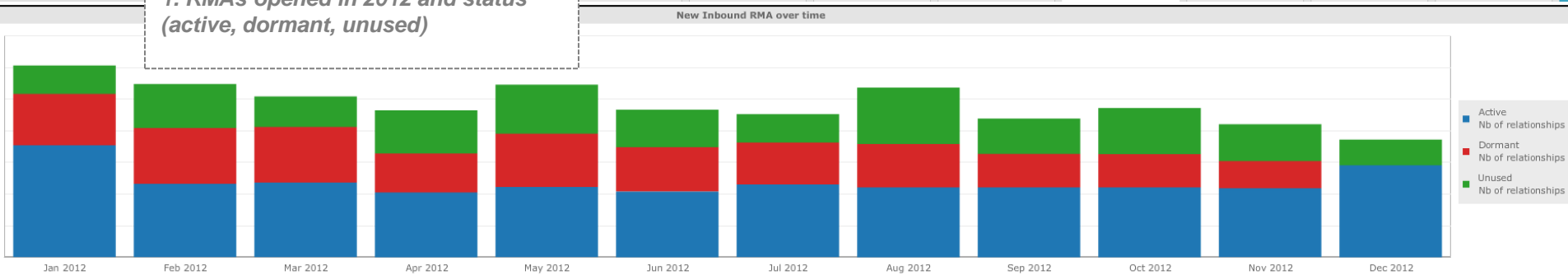
## *Where are payments originating from? Ending up in?*



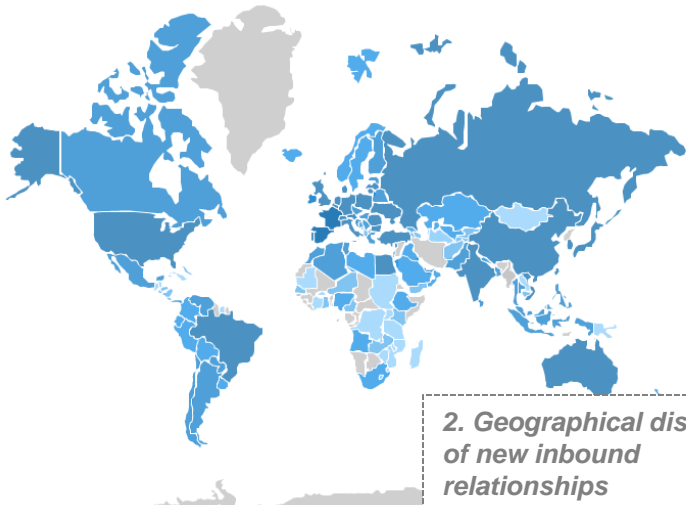
# Example 3: Monitor correspondent relationships at group level

*Active / Dormant / Unused RMAs*

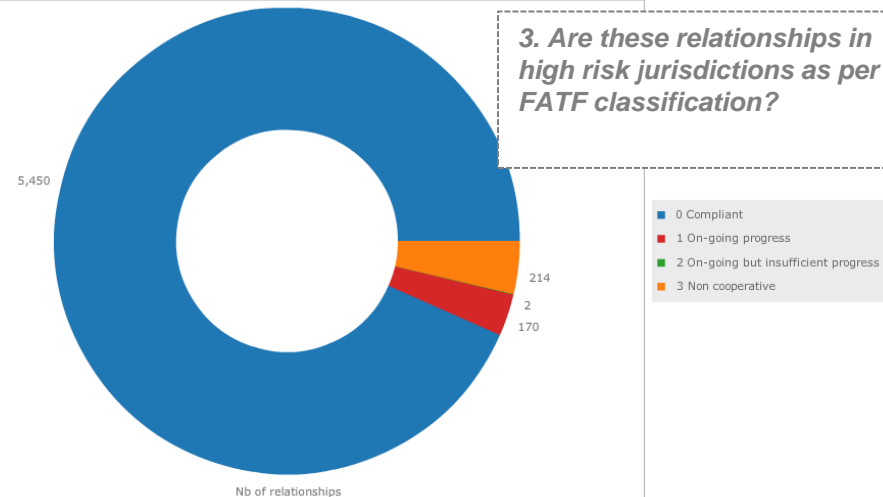
1. RMAs opened in 2012 and status (active, dormant, unused)



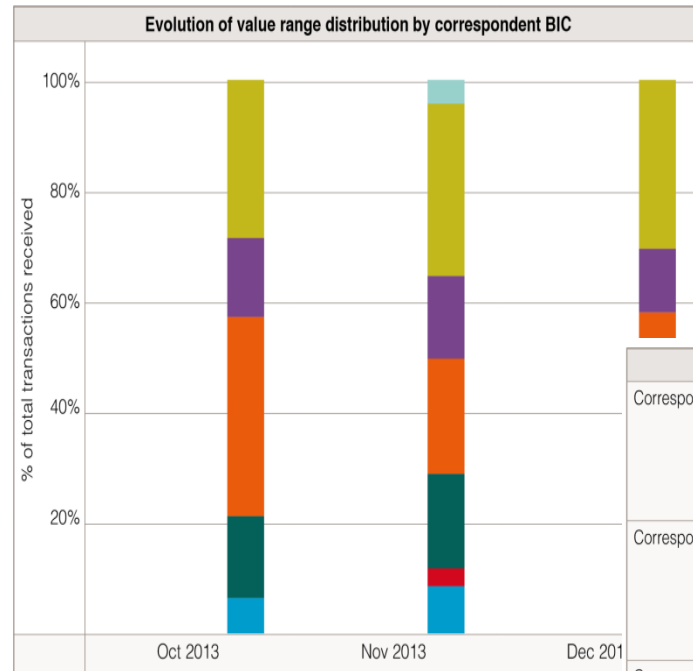
Geographical distribution of new inbound RMA



High Risk countries



# Spot anomalies in correspondent behaviour

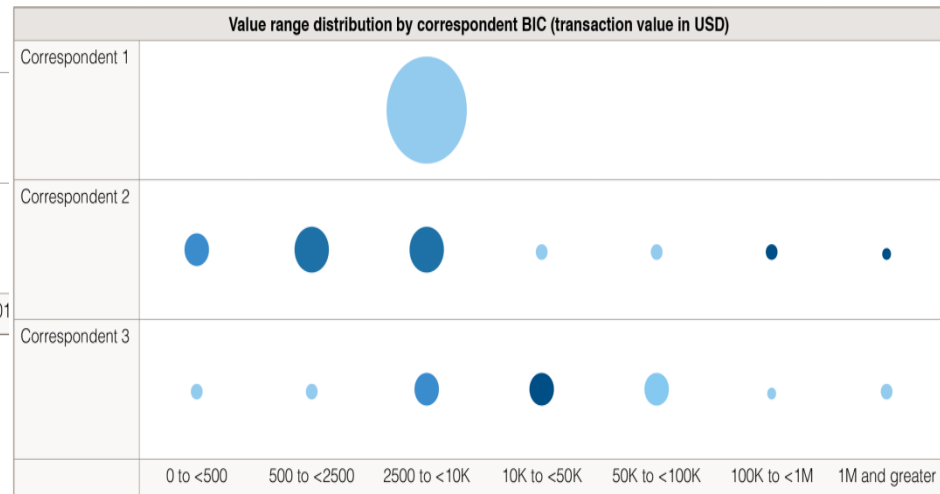


Value ranges

- 0 to <500
- 500 to <2500
- 2500 to <10K
- 10K to <50K
- 50K to <100K
- 100K to <1M
- 1M and greater

Compare relative distribution of transactions by value range

Track value range evolution over time



# Timeline

*Live in June 2014*

Proof of concept

Ongoing



- Proof of concept testing with pilot banks

External access

April 2014



- Open portal to selected pilots
- Launch announcement on April 29

Live access

June 2014



- Commercial launch of Compliance Analytics



# Thank you!



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