



SWIFT Financial Crime Compliance

Overview Product Portfolio

*Gizem Tansu, SWIFT Financial Crime compliance Initiatives
EMEA*

Bank and regulators tell us their financial crime compliance focus is on:

**Effective systems,
processes
and policies**

Utilities

Transparency

Complexity

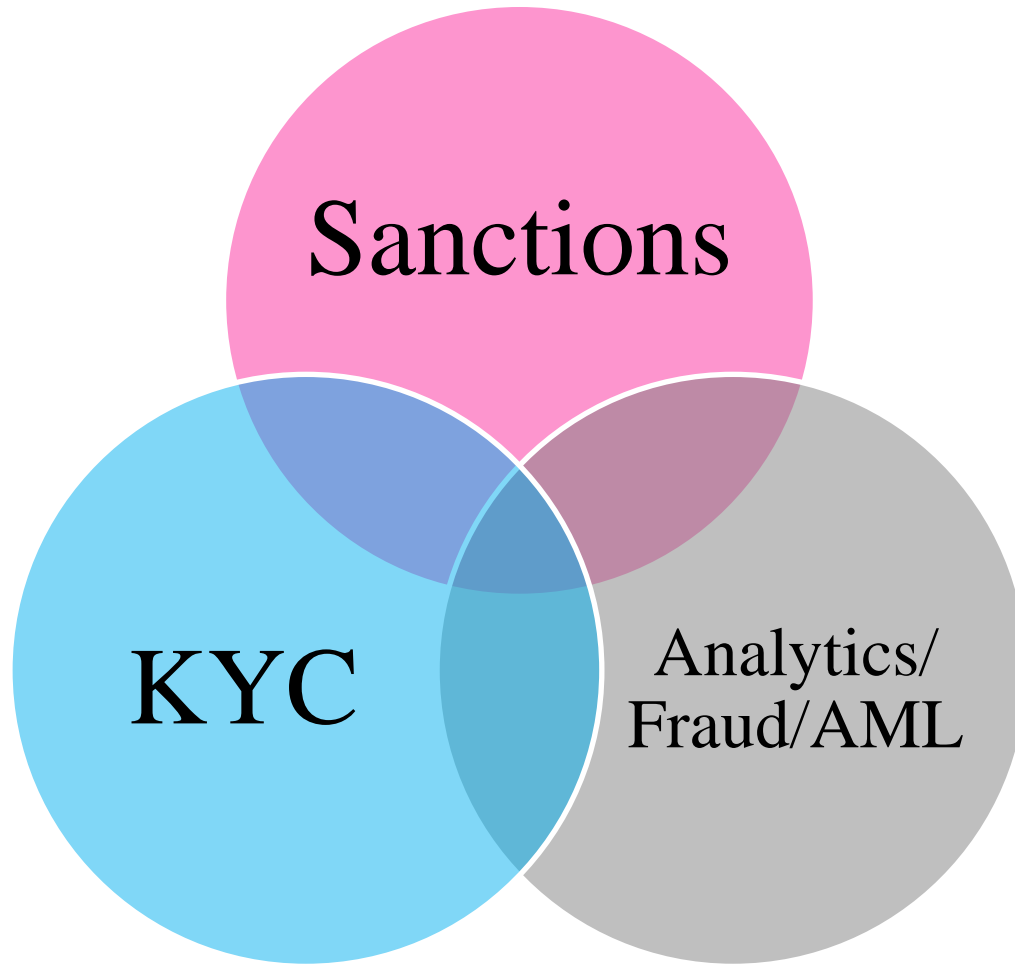
Cost pressure

**Attestation /
certification**

**Quality assurance /
independent testing**



Our vision : Toward three inter-connected Utilities



Three Utilities:

- Collectively offering a **comprehensive range** of services for Sanctions, KYC & Analytics
- Aimed to address over time the **needs of ALL users** (large and smaller)
- **Interconnected** to leverage commonalities and data between the products & services



SWIFT's Compliance Portfolio

KYC & Due Diligence

Global source for finding and managing KYC information for correspondent banking

Sanctions

Hosted solutions for cost-effective compliance with sanctions regulations, plus quality assurance

Analytics, Fraud & AML

Enhanced understanding & management of financial crime and cyber-related risk



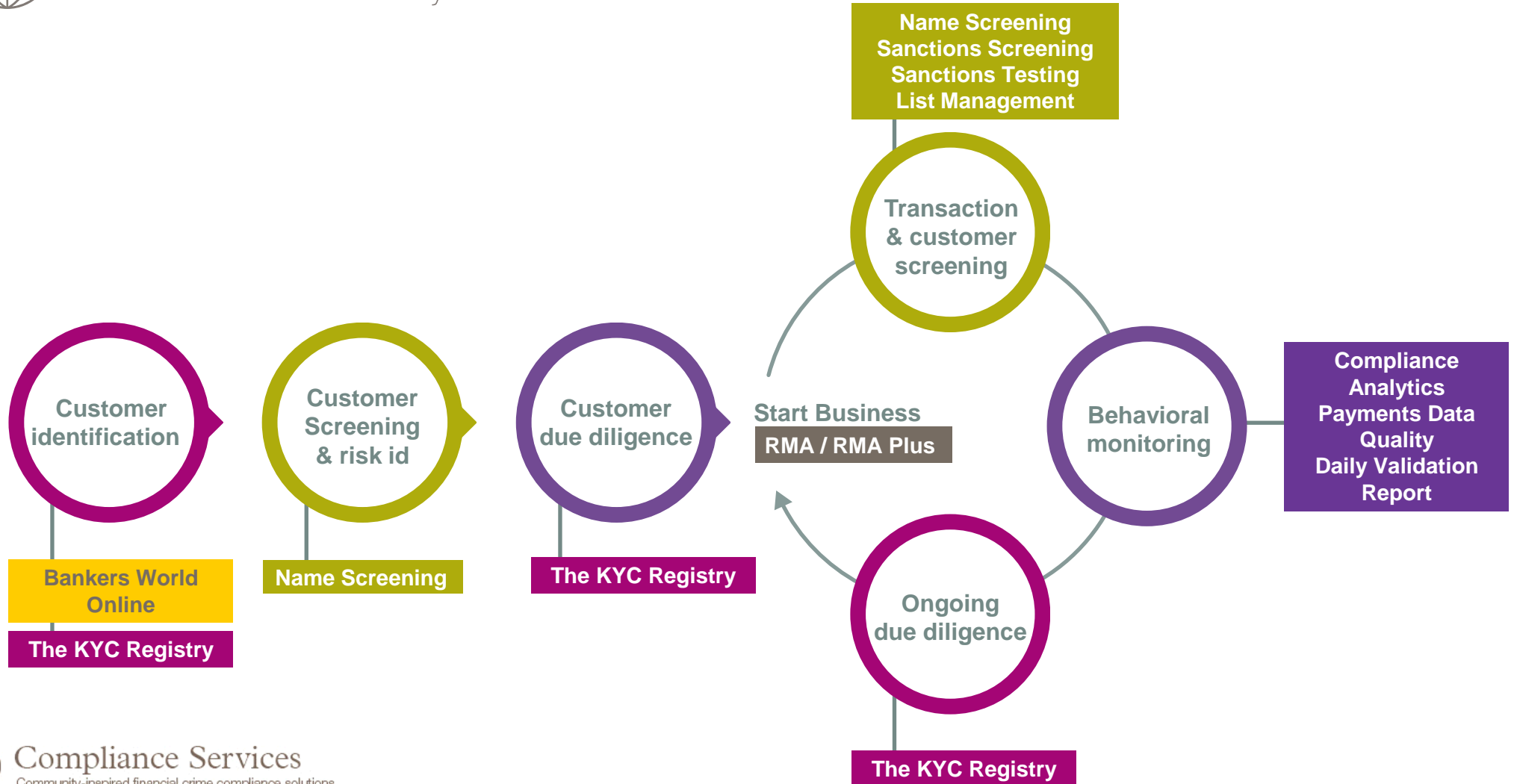
Compliance Services

Community-inspired financial crime compliance solutions



Financial crime compliance services

across the customer lifecycle



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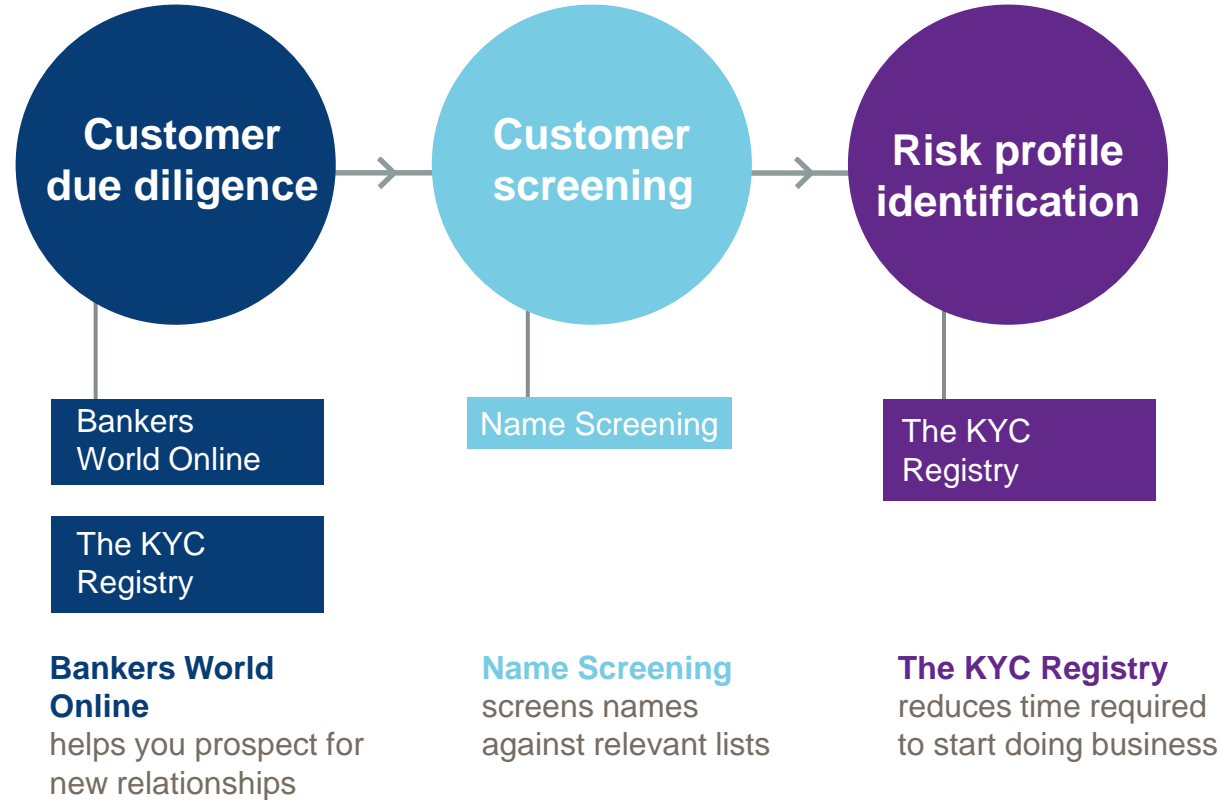
KYC Utility

Simplicity | Efficiency| Security



Financial crime compliance services

Onboarding and risk assessment



Compliance Services

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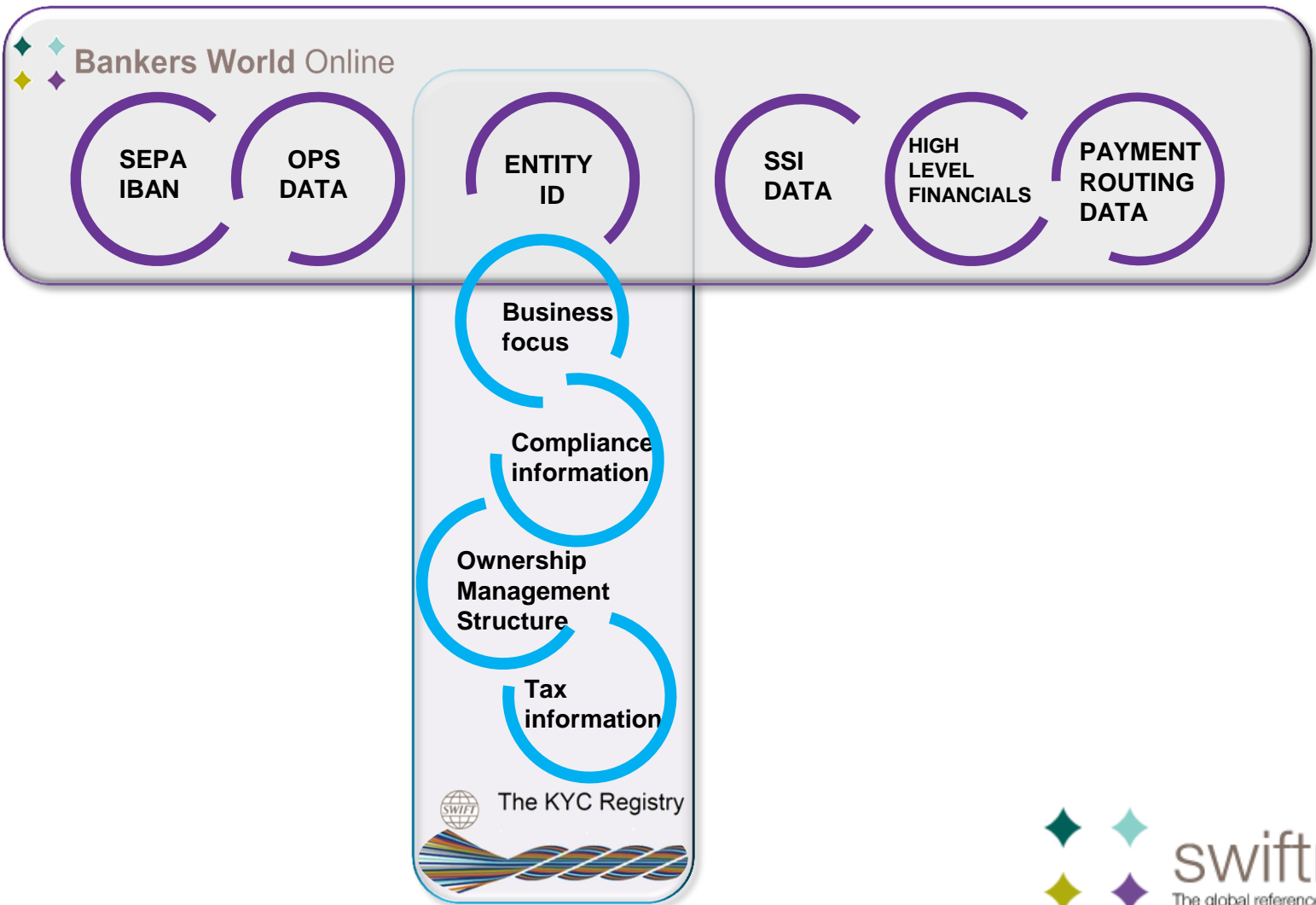
Bankers World Online – KYC

Complementary tools

BWO
wide scope
entities
no deep detail

KYCR
narrow scope entities
deep dive detail

Physical link between
the two tools since
June 2016



Driven in partnership with leading Financial Institutions



SWIFT KYC Registry - Constant growth of membership

To date, more than **4300** financial institutions:

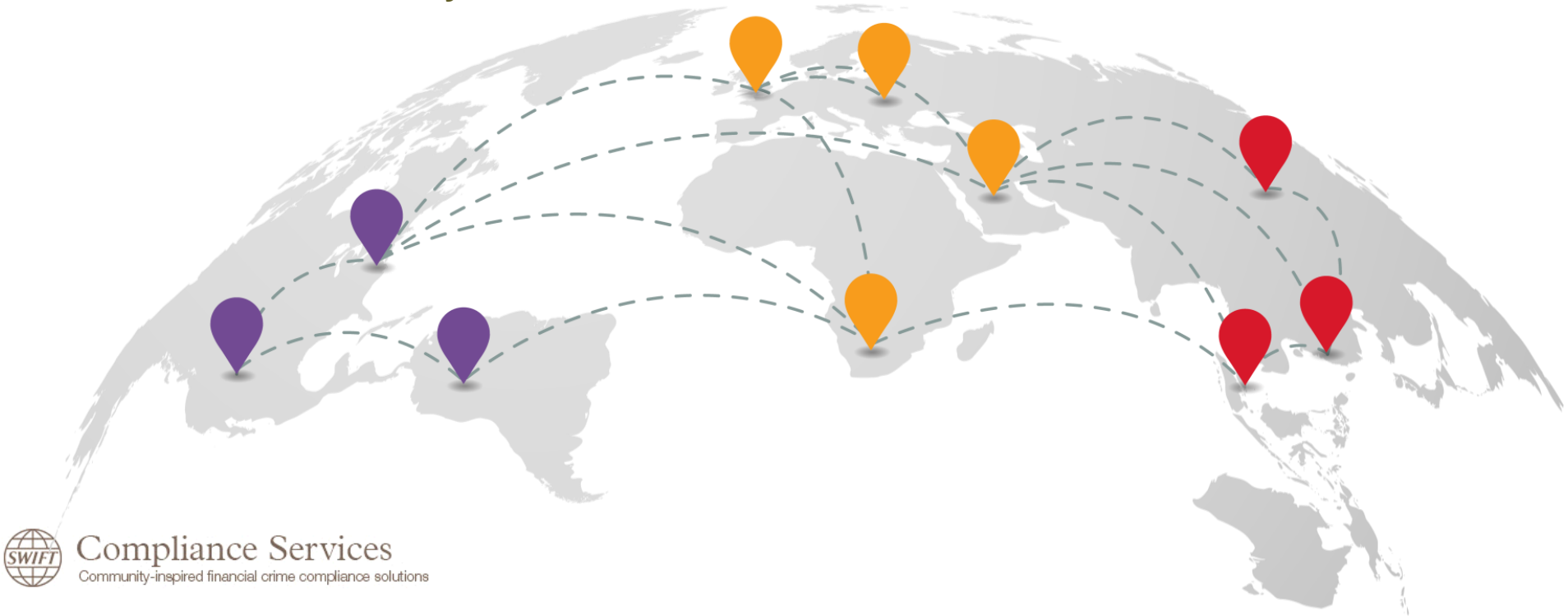
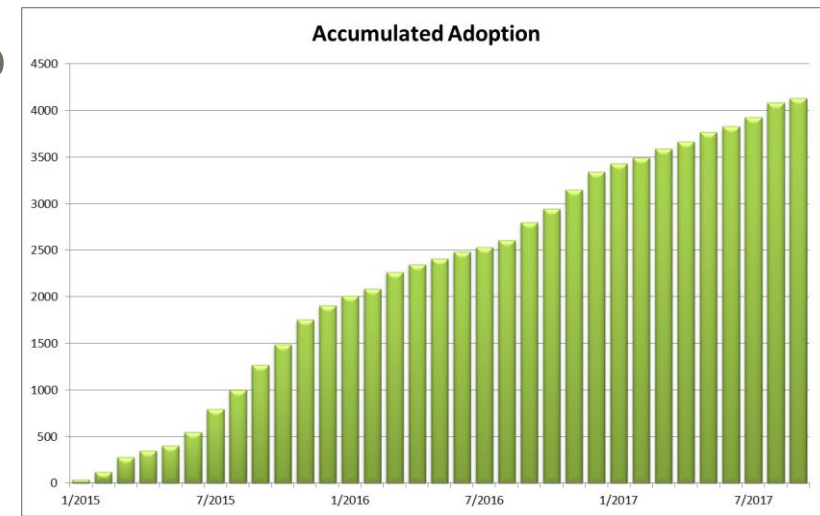
2,250 + in Europe, Middle East and Africa

1150 + in Asia Pacific

750 + in the Americas

200 + countries and territories worldwide

59 Central Banks & Monetary Authorities



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The KYC Registry – The five Pillars of Trust



Confidential, user-control access:

2-Level access granting for:

Basic: CDD KYC data and documents including
2017 Wolfsberg Due Diligence Questionnaire

Extended: Additional information related to enhanced due diligence EDD



Standardized KYC Baseline

Efficient: All KYC data provided by counterparties available
as **electronic data** and in **same format and structure**



Up-to-date information

Current: Time-stamped data and diligent update
requirements. **Any changes to client data are
communicated to all counterparties in real-time**



Data verification by SWIFT

Correct and accurate: All data is time-stamped and verified
and validated by SWIFT compliance professionals



Cooperative business model

Fair: Free upload of own KYC data, free validation and
publication by SWIFT, unlimited number of users
Transparent volume based pricing for consumption and
capped maximum spend



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The KYC Registry – Content:

- All KYC data **provided by the respective bank** and not obtained from unknown public sources
- Includes **confidential** data and documents that are not available publically
- Electronic **standardised data, verified by SWIFT**, plus **evidentiary documentation**

Category I - Identification of the customer

- Legal name, auditor, regulator, addresses, industry classification (SIC / NAICS)
- Licenses incl passported licences, proof of regulation, certificate of incorporation and similar documentation

Category II – Ownership and management structure

- Declaration of key UBO and shareholders: Full names and identifying data, incl bearer shares, trusts and foundations
- Board of Directors Lists: Full names and identifying data
- Group structure
- Key financial data, annual reports, shareholder listings, certified group and organisational charts

Category III – Type of business and client base

- Customer base, products offered incl downstream clearing, nested accounts, MSB services
- Operating geographies, revenue by segment/country, sanctions

Category IV – Compliance information

- CDD & EDD AML questionnaire incl policies & procedures, oversight & controls, ABC policies, screening, monitoring
- AML docs: e.g. AML Controls, **the NEW Wolfsberg 2017 Due Diligence Questionnaire**, US Patriot Act

Category V – Tax information

- TIN, GIIN, FATCA information & proof of registration, CRS status & certification, supportive documentation



The KYC Registry baseline – CDD and EDD information at your fingertips



- Standardized set of data & documents that addresses KYC requirements across multiple jurisdictions
- Has been defined in close cooperation with international banks
- Includes September 2017 Wolfsberg DD-Questionnaire
- Is spread across 5 categories
- **Access to basic CDD data allows banks to perform a “standard” due diligence review**

Publicly available

Available upon request

Entity header and details

Basic information allowing proper identification of the entity such, as the legal name, BIC code and LEI, Registered city and country, legal parent and group

I. Identification of the Customer

Detailed information about the incorporation, existence and regulatory status of the institution, such as the address and contacts details, entity status, regulator's details, proofs of existence and of supervision

II. Ownership and Management Structure

Detailed information on the ownership and the key controllers of the institution, such as shareholding structure, Ultimate Beneficial Owners, directors, executive management and other boards

III. Type of Business and Client Base

Detailed information on the business scope and activities of the institution, such as type of products and services offered by the institution, type of clients, geographical presence and reach, industry focus

IV. Compliance Information

Detailed information on the financial crime compliance setup and guarantees of the institution, such as the compliance contact details, Wolfsberg questionnaire, AML policies and procedures, USA Patriot Act

V. Tax Information

Detailed FATCA-related information and general tax data, such as the FATCA status, the GIIN, FATCA forms and other tax identification numbers



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The KYC Registry baseline – CDD and **EDD** information at your fingertips



- Additional information is available as “extended” KYC data
- It enriches the current baseline with significant additional EDD data & documents whilst maintaining the 5 categories.
- **Access to EDD data is based on a separate permission; it will only be made available to ‘additionally approved’ business partners.**

Publicly available

Available upon request

EDD data & documents

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Roadmap items



- Baseline v2 (Q4 2017)
- Advanced Messaging
- Non-connected SUPE banks as contributors
- All SWIFT members as consumers
- Consumption API (Q2/Q3 2018)
- Advanced User Management
- Bulk access requests & access granting
- Activity Dashboard
- Multi-language interface (tbc end 2018/early 2019)
- SWIFT internal marketplace (screening and payment data)
- External marketplace for 3rd party applications



Compliance Services

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Introducing...

SWIFT's Name Screening Service

Single name & Batch Screening

Simply screen databases of
individuals & companies
Built in Workflow, Audit

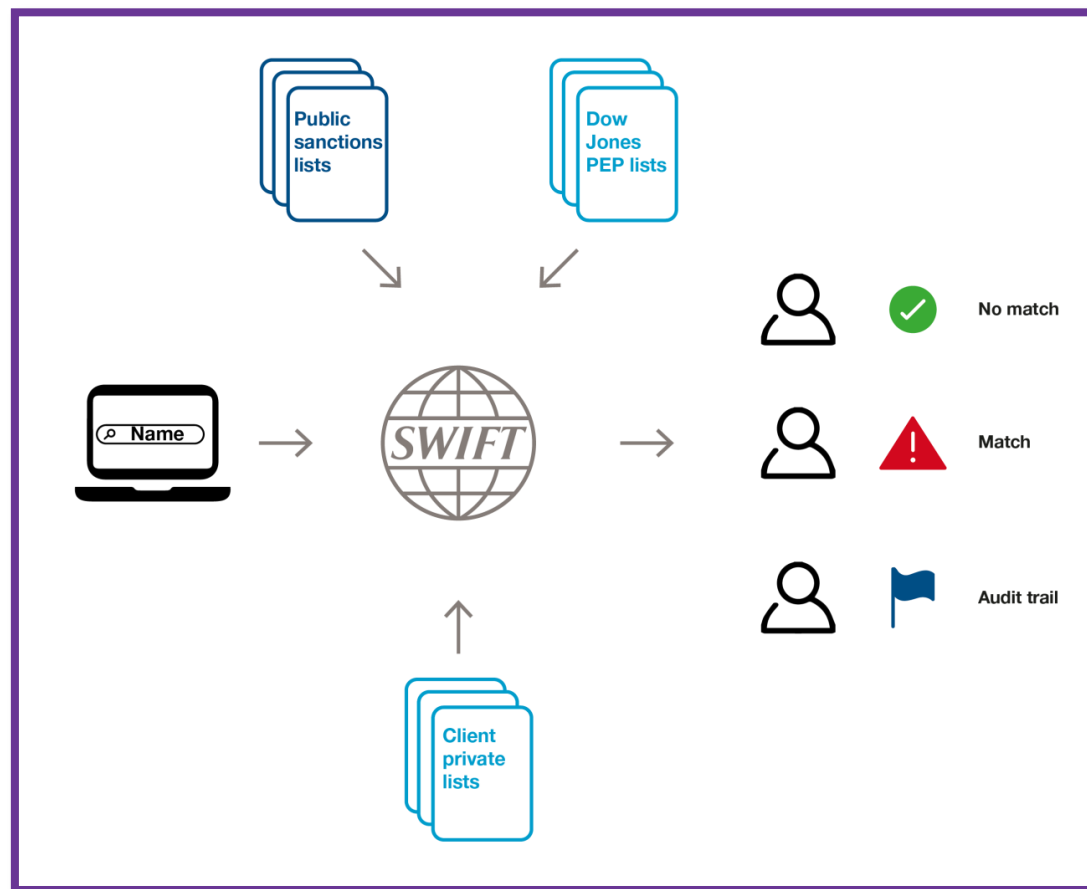
Understand The Risk:
Sanctions
Sanctions Ownership Research
Politically Exposed Persons
Relatives & Close Associates

In partnership with:



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Screening Utility

Simplicity | Efficiency| Security



Financial crime compliance services

Transacting business

RMA and RMA+

helps you manage
business relationships

Names Screening

screens name, entity and
PEP databases for robust,
efficient due diligence

Sanction Testing

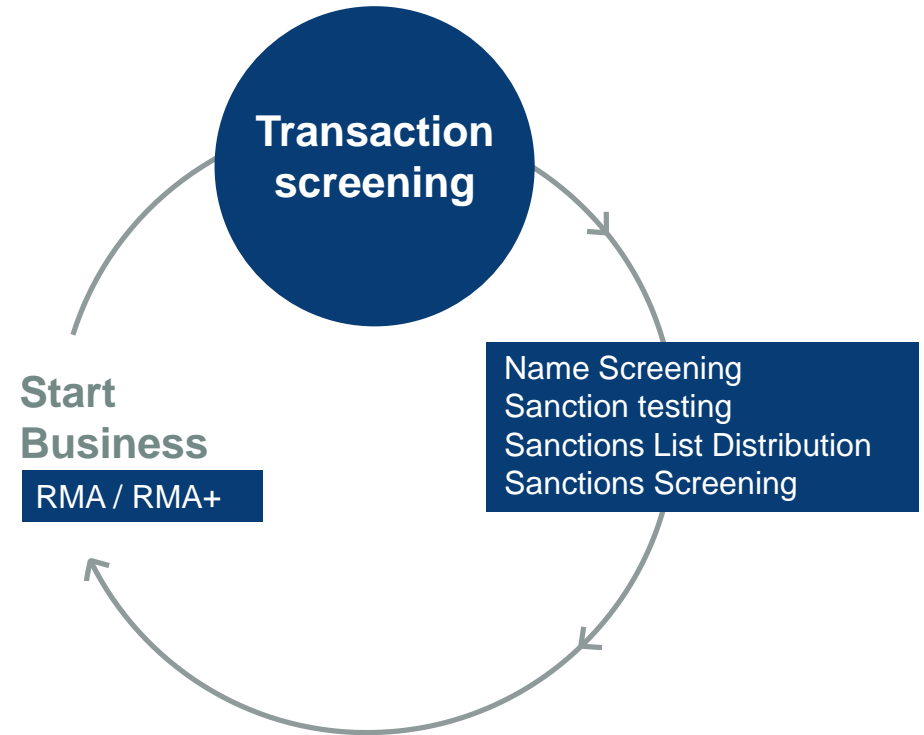
Maximise the effectiveness and
efficiency of banks' sanctions
environment

Sanctions List Distribution

packages watch lists in
standardised XML format

Sanctions Screening

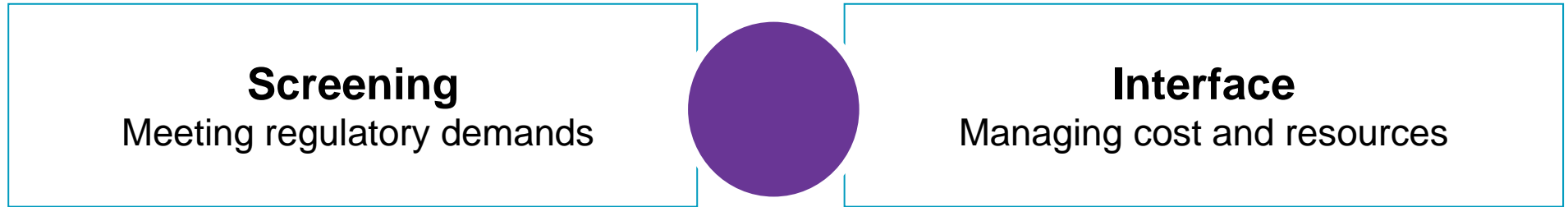
screens transactions against
public and private lists



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Sanctions Screening – an “all in one” centrally hosted solution



Powerful

Comprehensive database of Sanction lists updated and enhanced centrally

Good-guys and bad-guys capacity embedded

Hit reduction rules centrally manage

Powerful algorithm including Fuzzy logic and string matching

Screening transactions in real time

Simplicity

User friendly interface, easy to configure

No hardware nor software investment needed

Strong reporting capacity embedded

Quality assurance reporting included

750+ customers including 28 central banks

Using a best-in-class filter combined

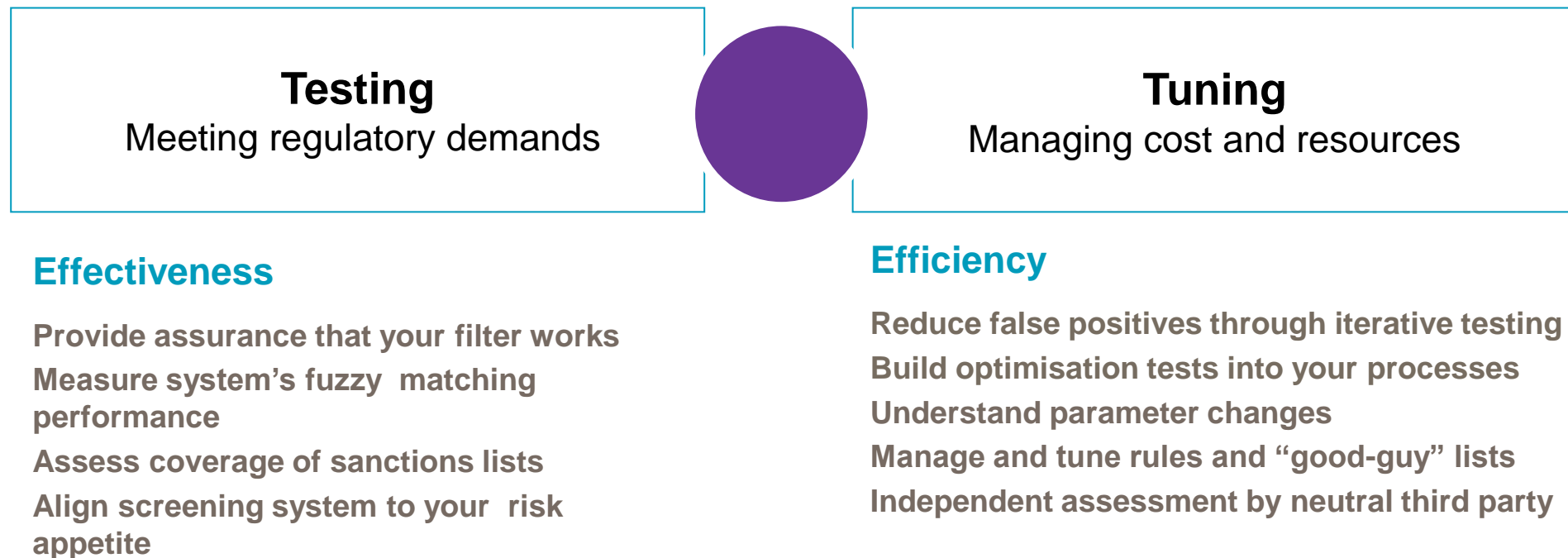
with updated sanction lists and user friendly interface



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Sanctions Testing – balancing priorities

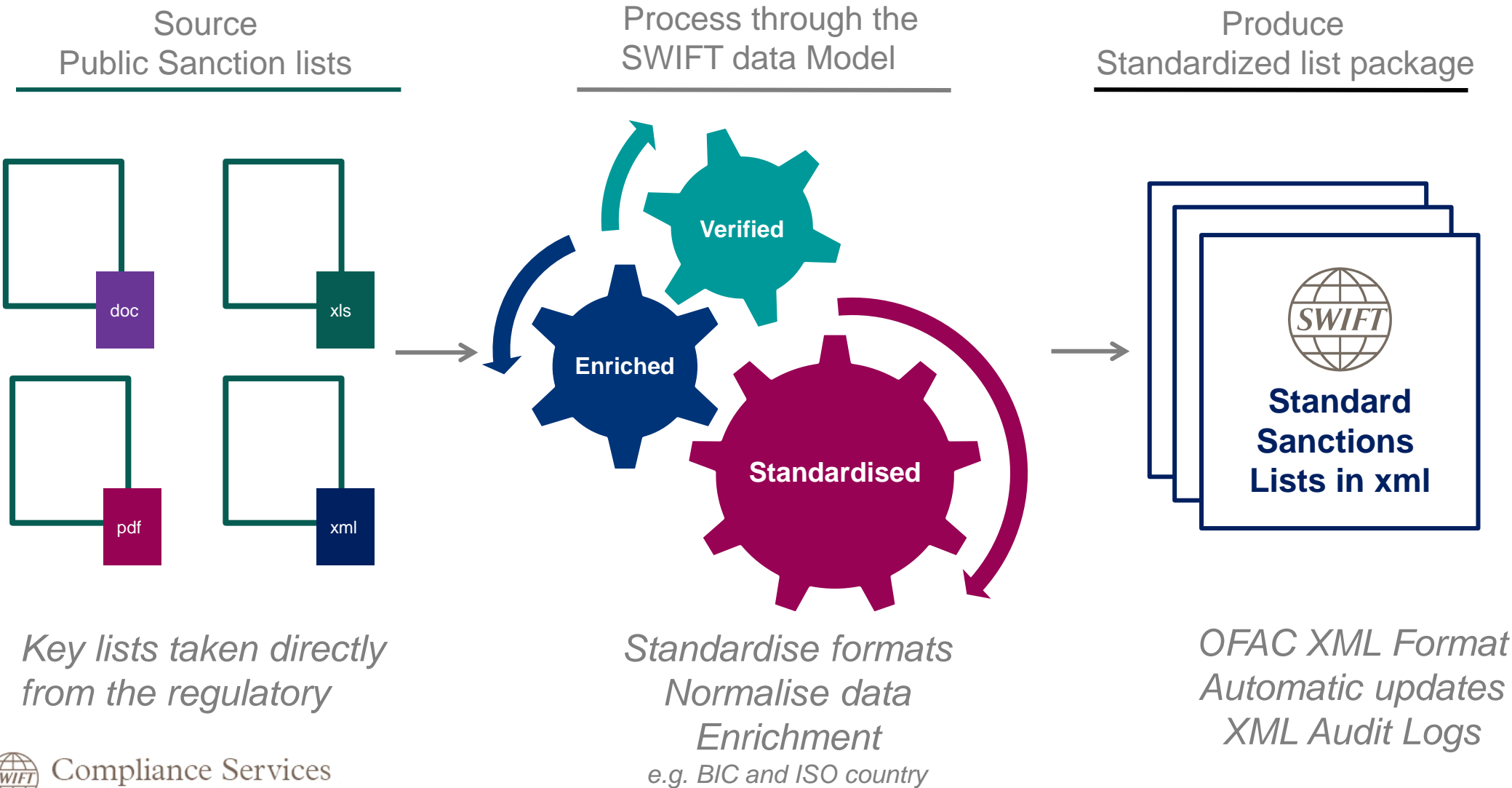


Assessment or licence

Test, fine-tune, optimise transactions, customers and PEP filters
Independent verification of screening processes



Sanctions Lists Distribution



SWIFT's Name Screening Service

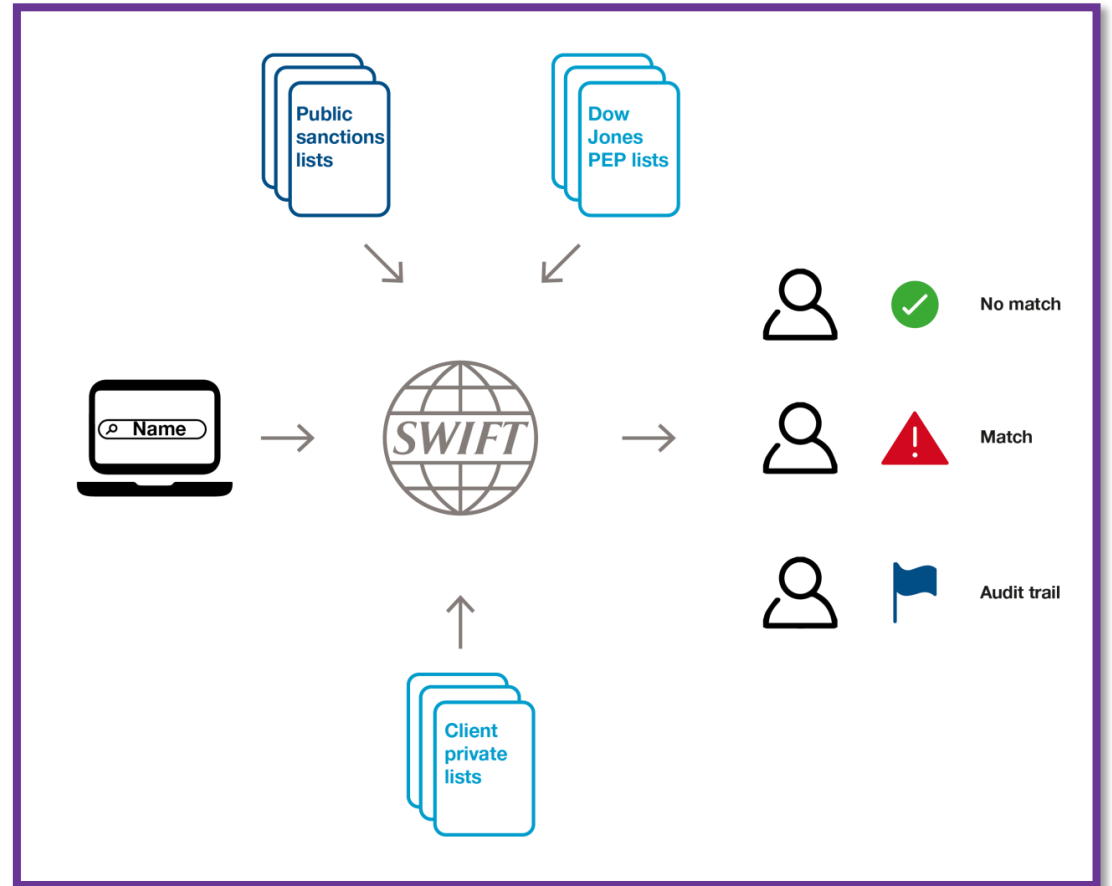
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Understand The Risk:

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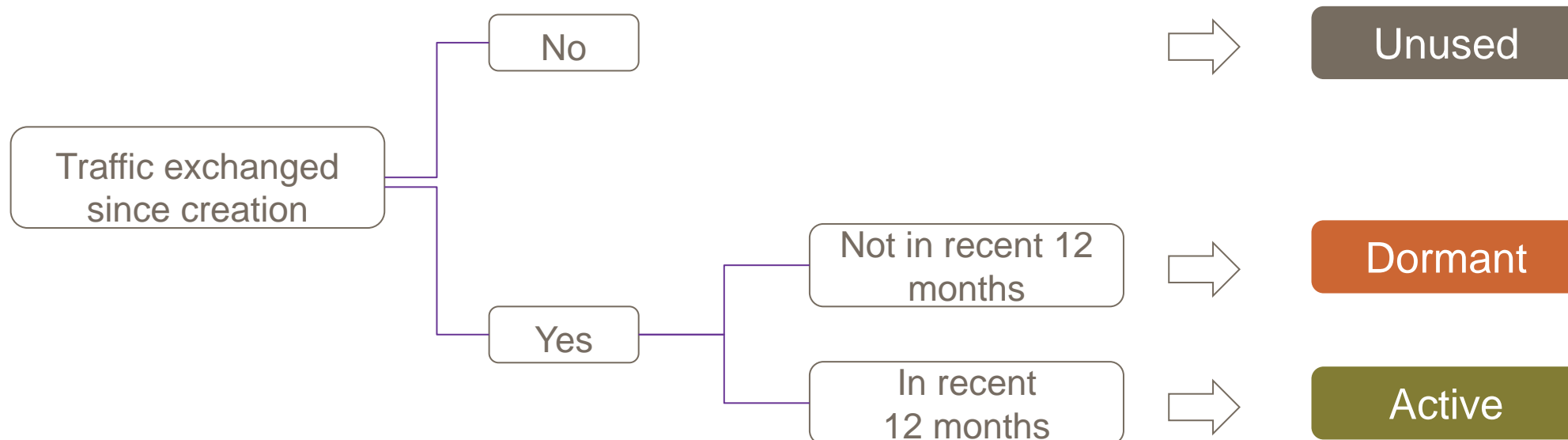


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RMA Analysis

Objective: Identify the status of RMA relationships based on authenticated FIN traffic to avoid useless RISK exposure with your counterparties



Control the approval on RMA requests // Perform proper due diligence on established RMAs // Monitor RMA on a timely basis // Limit the RMAs





AML and Fraud Utility

Simplicity | Efficiency| Security



Financial crime compliance services

Behavioral analysis and controls

Correspondent Monitoring

delivers top-down AML monitoring and alerting

Compliance Analytics

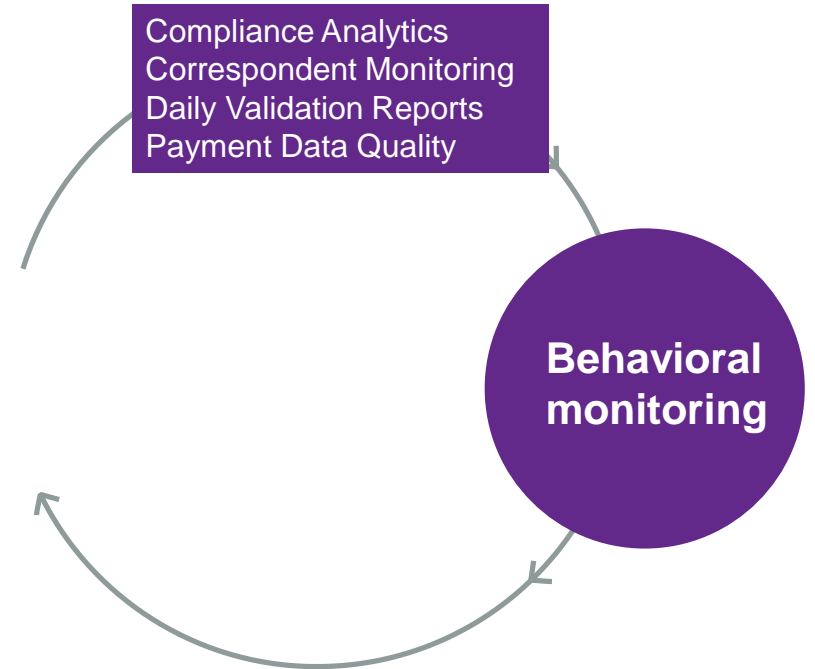
pinpoints compliance risk across your (global) operations

Daily Validation Reports

enhances existing fraud controls with an independent daily snapshot of SWIFT activity

Payment Data Quality

helps banks comply with FATF Recommendation 16, and enhances transparency and STP

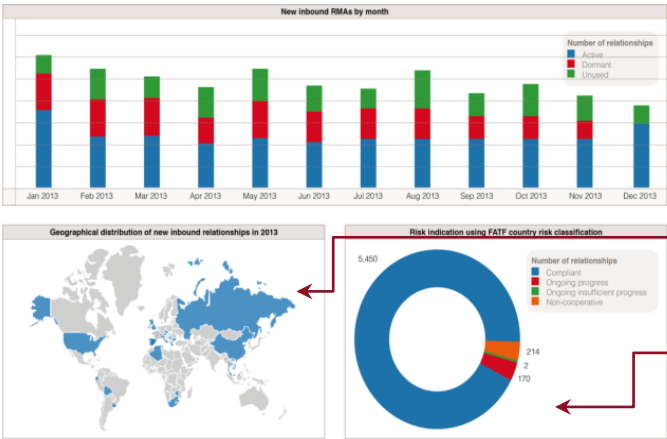


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Compliance Analytics

Monitor correspondent relationships

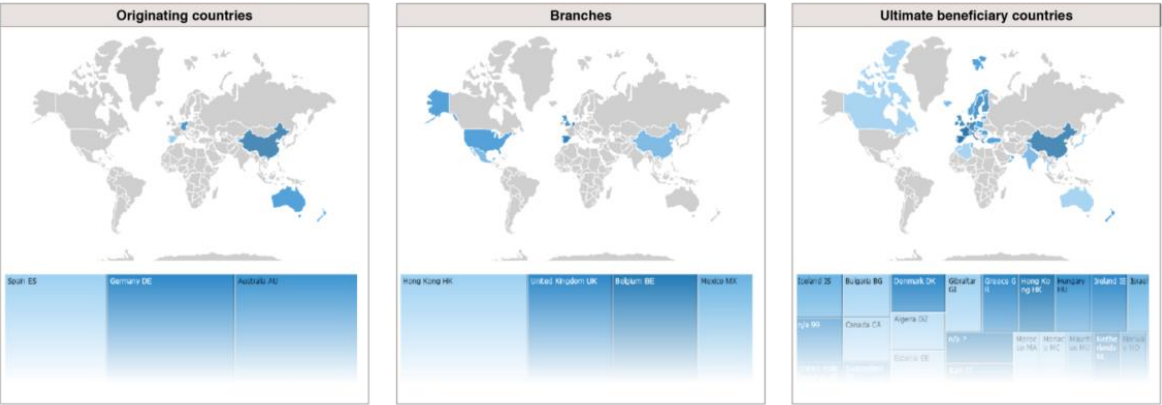


Track RMA status evolution over time

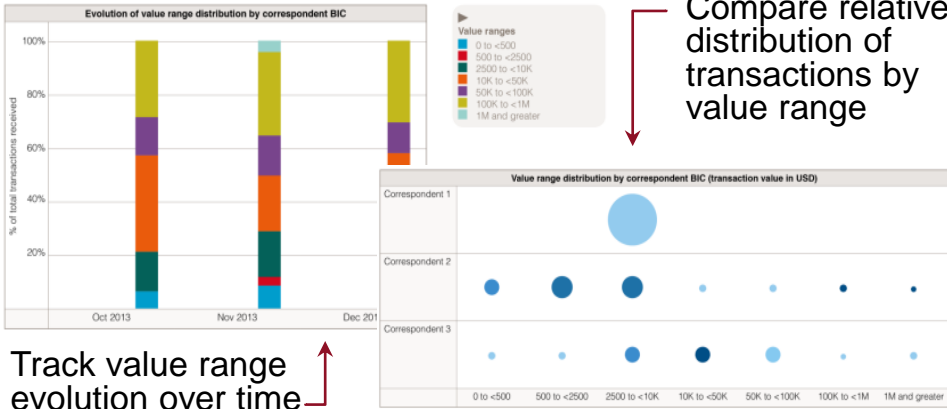
- Geographic distribution of RMAs
- RMA relationships in high-risk countries

Monitor hidden payment flows & nested activity

Identify countries of origin and destination, and which institutions are involved



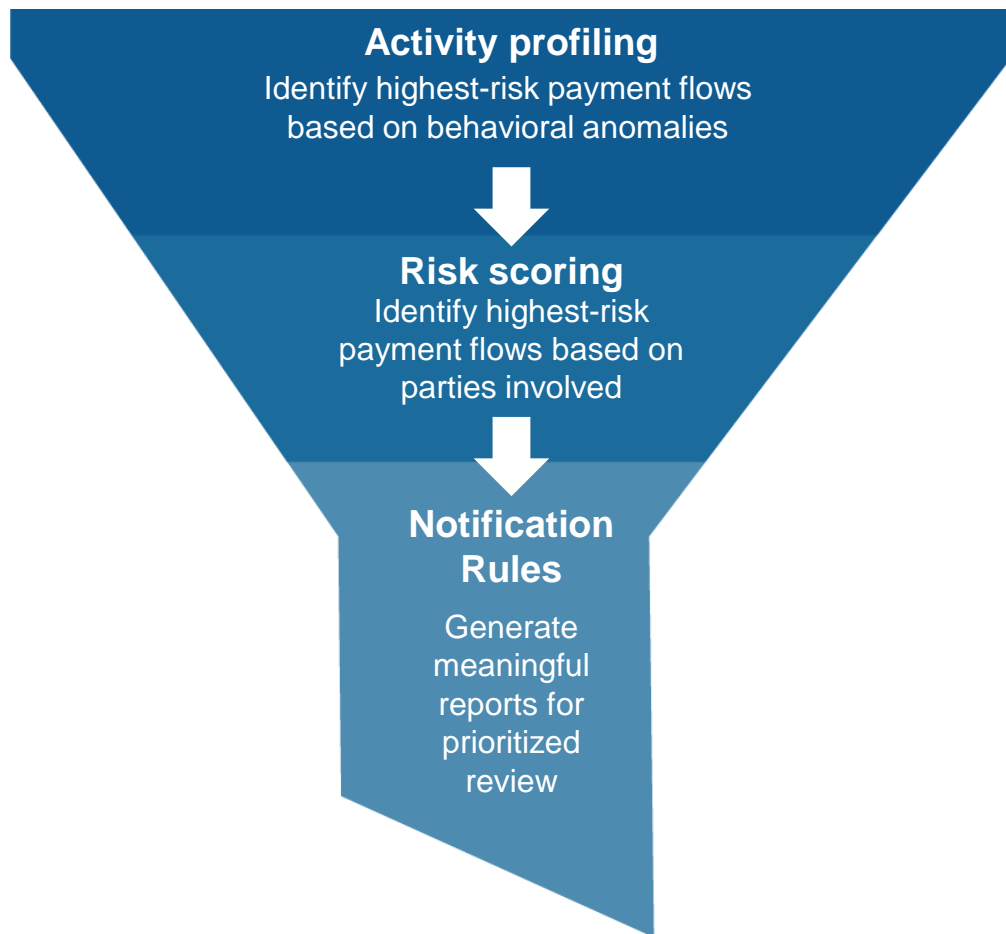
Spot anomalies in correspondent behaviour



Compare relative distribution of transactions by value range

Track value range evolution over time

Correspondent Monitoring complements Compliance Analytics



Meets regulatory need to conduct KYC reviews and AML transaction monitoring of counterparty institutions

Transaction monitoring via user definable rules to present payment patterns worthy of review, via reports reflecting 85 risk and activity metrics

KYC reviews of specific counterparties, risk assessments across all counterparties, identification of high risk counterparties



Compliance Services

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Correspondent Monitoring complements Compliance Analytics

Compliance Analytics

- Investigation tool for targeted analysis
- Pre-defined scope and dashboards
- RMA insights

- Traffic data
- Focus on institutions
- Transaction reference details
- Risk ratings from banks

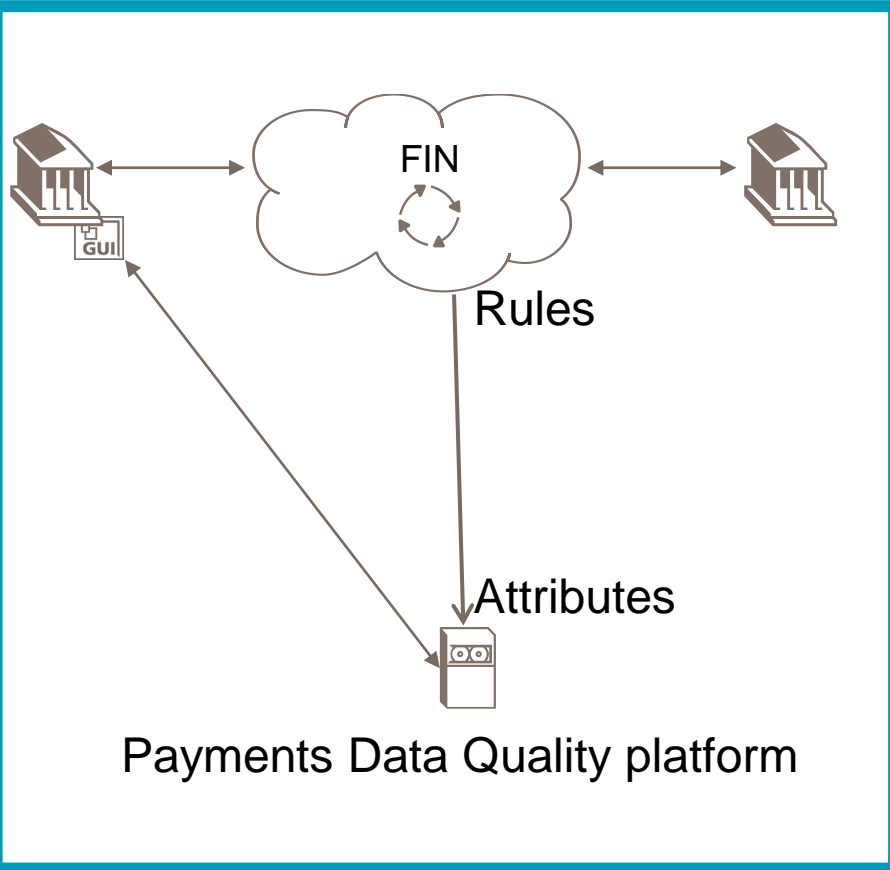
Correspondent Monitoring

- Detects high risk activity through configurable rules and risk scoring
- Meets regulatory need to monitor correspondents
- Triggered KYC analysis



Payments Data Quality

Analytics tool to support FATF Recommendation 16 compliance



Support compliance with **FATF16** other equivalent legislation (e.g. FTRII)

Help identify anomalies that may indicate potential 'Data Stripping' (eg. "xxx")

Assurance check/improve effectiveness of sanction filters and/or transaction monitoring systems

Facilitate improvements towards increasing STP, helping to reduce "Repair Costs"

Easily identify counterparties that may be exposing you to unacceptable levels of data **quality**



Daily Validation Report

A simple, secure way to validate your SWIFT transaction activity and understand your payment risks

Validates
Back-office

- Uses SWIFT's record of institution traffic
- No reliance on integrity of internal systems

with

Detects
Incident response

- Identify deviations from usual
- Highlights new relationships
- Daily refresh for quick recovery

with

Secures
Data protection

- Centrally hosted
- SWIFT.com protected access
- Out-of-band



		FOCUS AREA	TASK DESCRIPTION	TEAM
1	Validate	Volumes	Match volumes per message type by comparing daily volume summary to SAA / web platform / interface records.	Operations
2		Transactions	Match transactions by comparing transaction references and message values to SAA / web platform / interface records.	
3		Values by currencies	Compare aggregate message type and currency totals to SAA / web platform / interface records to ensure values match.	
4	Assess	New relationships	Review new inbound / outbound relationships for business risks (e.g. business rationale for a new relationship, country risk). Monitor changing numbers of new relationships.	Business
5		Out-of-hour transactions	Identify all out-of-hour payment flows and review for specific business risks.	
6		Uncharacteristic transactions	Review all payment flows showing significant changes (percentage change) in behaviour and / or those above business defined value thresholds.	
7	Review	Compliance checks	Review payment flows to and from high-risk / non-compliant countries. Focus on average value changes representative of additional business risk.	Compliance
8		Ad-hoc investigations	Check and validate payments involving particular correspondents on a particular business day.	

For any information regarding SWIFT
compliance initiatives, please contact :
Gizem.tansu@swift.com



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