



Address regulatory demands and manage operational cost

Benefits

- Comprehensive independent assurance of transaction, customer and PEP filters
Assesses filter models, fuzzy matching and false positives and iteratively improves performance
Ensures lists are correct and up-to-date
Captures, tracks and aligns your risk appetite
Maintains control and fully automates your sanctions testing and tuning

Sanctions Testing

Maximise the effectiveness and efficiency of your sanctions environment

Financial institutions face tremendous regulatory pressure to maintain strong sanctions compliance programmes. Successful sanctions compliance requires the smooth, effective interaction of systems, processes, and people.

Screening systems play a vital role in detecting sanctioned individuals and entities in client databases and transactions. Regulators expect banks to correctly configure and calibrate their transaction and client screening systems – and they expect banks to demonstrate that these systems work.

Sanctions and PEP (Politically Exposed Person) compliance challenges are complicated by several factors. First, the environment is dynamic; sanctions and PEP lists are updated daily and continue to grow in size and scope. Second, compliance programmes continue to evolve in response to changing regulation and business developments, such as new products and services, and through mergers and acquisitions. This makes it difficult to ensure consistency across multiple business lines, geographies and systems. And third, screening processes need to be effective enough to prevent illicit transactions, and efficient enough to allow legitimate business to continue unimpeded, without impacting customer service.

At SWIFT, we understand these challenges. Together with our community, we have developed Sanctions Testing, a secure, web-based application that helps you better understand the performance of your transaction, customer and PEP screening filters; implement ongoing improvements; and align your operational approach with your business and risk strategies.

Sanctions Testing enables you to verify the effectiveness and efficiency of your sanctions and PEP filters and optimise the screening environment. It helps you understand your filter performance in terms of transactions and customer data, assess your sanctions list coverage and content, and evaluate the fuzzy performance. It then allows you to tune your filters for optimised performance or to align with your risk appetite. Sanctions Testing automates filter testing and optimisation, providing continuous assurance and iterative operational improvements.

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Complementing Sanctions Testing, we offer a range of packaged and tailored services to help you further maximise the effectiveness and efficiency of your sanctions compliance programme.

Our consultants are experts in the assessment, design and architecture of financial crime prevention systems and will assist you with implementing your testing framework.

Maintain control, mitigate risk

Sanctions Testing helps you understand and maintain full control over your screening processes while improving their performance and managing cost. It provides:

- **Deep understanding of your screening environment**
Sanctions Testing enables you to assess the multiple dimensions of your screening environment. It challenges filter matching logic and implementation details, as well as sanctions lists coverage and accuracy. You can define tests in line with your compliance and risk policy, test and understand your screening models and verify consistent implementation across your organisation.
- **Standard approach which mitigates risk and reduces cost**
Sanctions Testing's standardised approach – defined and driven by the financial industry – helps you mitigate sanctions risk by optimising your transaction, customer and PEP screening. You can tune your filters and related processes to reduce false positives – reducing unnecessary manual interventions and facilitating seamless customer service and client onboarding.
- **Maximum control and automation, with third-party assurance**
Sanctions Testing provides a secure environment to manage your own testing framework, and captures peer and baseline metrics for ongoing validation and continuous improvement. You receive the same service levels, independence and secondary controls that you would expect from a third party. Automated testing further reduces the cost, time and effort to compliance.

Comprehensive testing solution

Sanctions Testing is easy to implement and easy to use. It delivers:

- **Standard testing and reporting approach**
Sanctions Testing puts you in control of your own filter testing whilst providing test independence within a trusted, community-developed solution. You can ensure that tests align to your compliance policy, capture your risk appetite and understand filter performance. PDF reports supply key governance and audit information.
- **List navigation, alerts and email notifications**
To support testing and compliance investigations, the Sanctions Testing user interface makes it easy to navigate and search sanctions lists and lets you review archived regulatory lists as well as your own internal lists. Its list alerts and notifications provide early notices, change reports and critical insight to support list management processes.
- **Risk settings management**
Sanctions Testing lets you design and generate test objectives aligned with your institution's compliance policy and risk criteria, enabling you to fully understand and evaluate the implications of risk-related decisions. You can store comments about risk information for future reference.
- **Instant access to results**
You can navigate test results and visualise them using a range of easy-to-read tables, graphs and reports. Tests can be repeated, enabling comparisons between results of multiple iterations.
- **Secure, web-based application**
SWIFT puts a premium on security, and Sanctions Testing is no exception. As a secure, web-based application it is easy to implement.

Customer-driven functionality

Sanctions Testing has been developed in close cooperation with our customers to deliver a unique feature set for highly efficient operations:

- **Unrivalled coverage of sanctions lists and message types**
Sanctions Testing lets you design test scenarios using public and synthetic data. No actual customer data is exchanged. Tests can be customised with your choice of sanctions lists data and produced in multiple formats including SWIFT MT, ISO 20022, Fedwire, CHIPS or customer records formats.
- **Real-time testing and test comparison**
Sanctions Testing can test your sanctions filters automatically at scheduled intervals or on demand, with no disruption to your live operations. You can test the same system over time to monitor changes, or test multiple systems or configurations. The results from these tests can be tracked, compared and exported to audit reports.
- **Exact and fuzzy matching**
Test objectives can be designed to test exact matches (names as they appear on sanctions lists) or fuzzy matches (variations on those exact names). Tests can also contain risk information such as SWIFT BICs, country, city, port and keywords. The fuzzy variations can be selected from a comprehensive library of derivations to reproduce real-world cases.

Standardised community-based testing approach

As an industry-owned cooperative, SWIFT has developed Sanctions Testing for the benefit of its customers. Subscribers participate in user groups to define and prioritise enhancements that ultimately benefit all. A recent innovation is our Peer Assessment service, which gives financial institutions the option of comparing the performance of their sanctions filters against those of other participating institutions.

We offer a growing portfolio of financial crime compliance services in the areas of sanctions, Know Your Customer (KYC) and Anti-Money Laundering (AML). For more information, contact your SWIFT account manager or visit www.swift.com/complianceservices.