



CCB Brazil enhancing its compliance program with SWIFT's Sanctions Screening

SWIFT service helps check bank transactions against sanction lists easily and quickly

In recent years, financial institutions have been faced with increasing pressure from regulatory agencies around the world to fight hard against money laundering tactics due to its close links with terrorist financing and criminal activities. Sanctions screening tools have emerged as tools that can help banks comply with these regulations. However, the proprietary set up of such tools carries the risk of onerous implementation times and costly overheads, especially for small and medium-sized banks working on a cross-border basis.

Key Benefits

- Quick implementation and automatic updates
- Cost-benefit and subscription service
- No hardware or software to install or maintain
- Real-time screening of all transactions
- Allows concentrating efforts on essential activities

One year ago, the Brazilian arm of the China Construction Bank (CCB) found itself in a position of needing a sanctions screening tool and turned to SWIFT to make it happen.

In August 2014, CCB announced the acquisition of the Banco Industrial e Comercial (BicBanco). CCB is China's second largest commercial bank and the fourth largest in the world according to market value ranking. BicBanco, a family-owned bank founded in 1938, was one of the largest medium-sized banks in Brazil, focused on providing credit to companies in the middle market segment. Upon the procurement of BicBanco, the new entity was renamed as CCB Brazil and it became the largest Chinese banking interest within Brazil.

With newly forged ties to Asia, the globalisation of BicBanco attracted the attention of Brazilian and international regulatory agencies alike. "We were already concerned about having a filter for sanctions, but the fact the bank had turned global brought additional pressure from mainly the Brazilian regulatory agencies, as well as other international regulatory agencies," commented Eládio Ibiapina Bezerra, CCB's Superintendent of Information Technology.

In addition to the external pressures, CCB's head office was internally pushing CCB Brazil to become better compliant with international laws and parameters. "The Chinese called 2015 the 'Year of Compliance' and 2016 as the 'Deepening of Compliance,'" says Bezerra.

Making the decision

After a rigorous assessment of sanctions tools, CCB Brazil eventually chose SWIFT's Sanctions Screening, a service providing a filter for sanctions lists accessed through web-based technology. "We started looking for a market solution about five years ago, but the only options available proved to be very expensive," Bezerra remembers. "We reached out to SWIFT last year as we had worked with them in other areas of the business. We found out that they had a more cost-efficient solution. Considering all the investments involved, the cost of Sanctions Screening represented only 31% of the total amount quoted by the competing company."

After launch in 2012, more than 500 financial institutions of all sizes worldwide have chosen SWIFT's Sanctions Screening solution. The tool comes with automatically updated and unrivalled list coverage from all the main regulatory agencies, including OFAC, the United Nations, and the European Union.

"Besides allowing greater transparency and risk reduction within the compliance area, the tool is simple to implement and cost-efficient."

Alberto Nunes

Country Manager, Brazil, SWIFT

Cost was not the only driver for the bank's decision, with implementation time also being a critical factor. According to Bezerra, CCB Brazil made a commitment with the national regulator to deploy a new system by mid-2016. "For competing services, the entire process – from bureaucracy to implementation – would have taken at least five months. With SWIFT's tool, it was accomplished in only two months," said the IT Superintendent.

Fast implementation and simple usage

After making the decision to go ahead with the Sanctions Screening solution, CCB Brazil engaged with SWIFT's consultancy team to support the CCB's users with implementation of the new tool. SWIFT teams from New York, Miami, and Brazil provided training for the CCB team that would be dealing with the Sanctions Screening on a daily basis. In addition to training, SWIFT performed weekly follow-up meetings to closely assist the CCB team throughout the entire process. "This was instrumental for us to be able to meet the deadline," said Bezerra.

According to Alberto Nunes, the SWIFT Country Manager responsible for overseeing the implementation process, the success was also due to the efforts of the CCB Brazil team itself. "Only one meeting was required with the compliance team to allow them to start using the Sanctions Screening tool," he recalls. "Our main challenge was to meet the deadline with all of their staff ready and fully trained. After we implemented it, the team's expertise evolved very quickly. The tool is notoriously user-friendly," added the IT Superintendent of the CCB.

"Sanctions Screening users benefit from a standardised solution that is compliant and updated with the latest sanctions lists," states Nunes. "Besides allowing greater transparency and reduction of risks within the compliance area, the tool is simple to implement with low costs," he added.

Building trusted relationships

According to Bezerra, CCB was already familiar with Sanctions Screening as the Beijing headquarters and several other subsidiaries around the world had already been using the tool for a number of years. With the acquisition by China's CCB, the process involved in the filtering of transactions and the verification of clients according to Brazilian sanctions lists needed to change. "We used to handle the check manually, but the volume was much smaller and reactive at BicBanco," Bezerra said. Despite currently dealing with relatively small volumes, CCB Brazil is working proactively to ensure it is equipped for projected higher volumes over the coming years due to increased international financial trading by Chinese companies.

The CCB was one of the first banks to adopt and implement the SWIFT solution in Brazil. In a scenario where regulatory pressures are increasing, the investment in Sanctions Screening places the institution in a much better position to deal with transparency and compliance - essential for maintaining positive and effective relationships across the world. "Having SWIFT's Sanctions Screening has enhanced the bank's reputation, and we think we have become more trustworthy in the eyes of the other banks," Bezerra stressed.

Benefits

Ever since the bank began using Sanctions Screening, CCB Brazil has seen a number of significant benefits. Quick implementation and low cost were the first two factors that impressed the financial institution. "In order to implement a similar service ourselves it would have been necessary to buy and install servers and software and then license them. We realised that we would be wasting man-hours if we chose to build an internal solution," Bezerra commented.

Because Sanctions Screening is web-based, only a minimal amount of software needed to be installed. Not only is the need to invest in additional hardware and software eliminated, so are the costs involved with installing and running local data centers. "We did not face high costs when implementing the infrastructure," said Bezerra. "Sanctions Screening gave us the opportunity to implement the solution as a service."

About China Construction Bank

The China Construction Bank (Brazil) Banco Múltiplo S/A was formed by the acquisition of BicBanco, signed on August 29, 2014. BicBanco was founded in 1938, was marked as one of the main medium-sized banks in Brazil, and its focus was on meeting the credit needs of Middle Market Brazilian companies. Therefore, CCB Brazil became the largest operation of a Chinese bank in Brazil.

China is Brazil's main trade partner, with more than 77 billion dollars in business in 2013. About 23,000 Brazilian companies from the Middle Market and Corporate segments are involved in Sino-Brazilian transactions.

Since it was launched, the Sanctions Screening tool has been adopted by clients from 135 countries. The solution is specifically designed to meet the needs of small and medium-sized financial institutions, as well as Central Banks and large companies involved in high payment volumes.

With more than 30 years of experience in the IT sector of financial institutions, Bezerra encourages more institutions to acquire the SWIFT service. "I recommend it," says the IT Superintendent of CCB Brazil, "because it is easy to use and requires minimum effort to implement, over and above the time-saving factor and the usability of the tool itself."

"The implementation of Sanctions Screening was extremely simple, enabling us to finish the project, including the training period and approval phases, in record time."

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