Harnessing data analytics to drive compliance and operational excellence

Rabobank uses Compliance Analytics and Payments Data Quality for KYC, Sanctions compliance and payments efficiency

Based in the Netherlands, Rabobank is taking active steps to strengthen its compliance activities across the organisation. Since 2016 the bank has adopted two data analytics solutions from SWIFT's Compliance Analytics portfolio: Compliance Analytics and Payments Data Quality. By using these solutions, Rabobank has achieved a number of compliance, operational and business benefits, from meeting payment data requirements to monitoring activities in high-risk countries more effectively.

Compliance Analytics

SWIFT's Compliance Analytics provides a set of pre-defined reports that help banks understand and manage financial crime risks. The tool analyses the institution's SWIFT payments traffic in order to provide a global view of activity across the group, using graphical views to identify trends over time.

Rabobank began using Compliance Analytics in June 2016. The tool is now used by a number of departments across the bank, including AML, sanctions, payments, and correspondent banking. Natalia Koveshnikova works for Rabobank's correspondent banking department and is responsible for tasks relating to AML and KYC compliance. She says that Compliance Analytics is used both to monitor activities at the counterparty level, as well as to track group-wide changes from month to month. For the former, the bank uses the Compliance Analytics counterparty

risk analysis dashboard to gain insights into the transaction flows of specific counterparties. This might involve finding out how many transactions have been exchanged with a specific bank within a certain timeframe, as well as the currencies and message types involved. Rabobank also uses the dashboard to pinpoint clients that are sending transactions from high-risk countries, using the information gathered to determine whether transaction flows are in line with expectations.

The bank also uses the monthly reports provided by Compliance Analytics to identify new activities in high-risk countries. "We can consider whether these activities are acceptable for us," Koveshnikova explains. "In some cases we further investigate the reasons for such activities."

Another area of focus is SWIFT's Relationship Management Application (RMA), which enables financial institutions to define which counterparties can send them SWIFT messages. As such, RMA is an important tool for preventing unwanted transactions. Rabobank uses activity monitoring to flag new or suddenly active RMAs in high-risk countries. "We want to understand the reason for these activities," says Koveshnikova. "Most of the time we can explain them – for example because we know our client's business is developing quickly – but sometimes this needs to be analysed further."

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Koveshnikova notes that the bank's experience with Compliance Analytics is very positive. "It helps us to comply with specific regulatory requirements, particularly in the areas of KYC and sanctions," she says. "It also gives us more insight into the transactions we are facilitating." She adds that by flagging unusual activities, the tool can help the bank to prevent financial risks in the future.

Payments Data Quality

In addition to Compliance Analytics, Rabobank recently began using SWIFT's Payments Data Quality service. Payments Data Quality is a reporting and data analytics service which forms part of SWIFT's Compliance Analytics portfolio, although it can also be accessed as a standalone service. It enables financial institutions to monitor the completeness of originator and beneficiary information in their SWIFT payments messages, thereby supporting compliance with FATF Recommendation 16.

As part of its preparations for complying with FATF 16, Rabobank wanted a solution to assess data quality more effectively. The bank opted to take part in the initial pilot of Payments Data Quality alongside eight other banks, and has been using the service since it went live in November 2016.

"Since November we have actively used the service to see how effectively we are meeting our payment regulations," says Joyce Verschaeren, the bank's head of operations control and services development. "We are taking a hands-on approach, using the data and filtering it branch by branch, location by location or agent by agent, to see where the biggest improvements can be made. Based on that analysis, we reach out to the local operations IT teams and ask them to make changes where necessary."

It soon became apparent that the benefits of the service extended beyond compliance with FATF Recommendation 16. "It really surprised me how fast we were able to retrieve useful data to help improve our payment messages and check for irregularities," says Verschaeren. "At the beginning you tend to focus on one area only, but over time you start to be more confident with the system. It is becoming one of our main tools for checking transaction data quality."

She adds that one of the biggest benefits is that the bank has gained a true insight into the level of quality of payment information. "If things are not as we would like them in every branch, we now have really specific items that we can look at together with operations and even IT," she explains. "So instead of guessing whether a message field has been filled in incorrectly, we can now prove it."

Working together

As the compliance environment continues to present new challenges, the use of data analytics tools such as Compliance Analytics and Payments Data Quality can help financial institutions gain a clearer understanding of the risks they face, obtain insights into payment flows, and meet regulatory requirements more effectively. By adopting these solutions, Rabobank is taking proactive steps to enhance compliance across the organisation while deriving operational and business improvements.

At the same time, the bank is tapping into SWIFT's user community for insights into how to use the tools most effectively. According to Koveshnikova, one benefit of Compliance Analytics is that SWIFT organises focus groups that enable Rabobank to get in touch with other users. "It is really helpful to know how others use the tool, because this helps us develop our own usage of the tool," she comments. "There is still a lot for us to discover, and the experience of other banks can help us set up these processes. In the future, we also plan to share our experiences."

Similarly, where Payments Data Quality is concerned, Rabobank has worked closely with SWIFT to help build a tool which will benefit the whole community. "As one of the pilot banks, what I really enjoyed was our close co-operation with SWIFT, and the way that improvements were quickly added into the system," concludes Verschaeren. "With the data that SWIFT has, they are the only ones who could set up a tool of this quality. I don't see how any other vendor could match the data and the way it is presented in this tool – that's really unique."

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