

Using Swift's KYC Registry to drive business growth



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Imran Bhaduri

Head — Financial Institutions, Wholesale Banking Group of Al Rajhi Bank Malaysia.

Key Benefits

Increased transparency in banking relationships

More efficient use of compliance resources

More time to invest in business growth

Standardisation of compliance processes

Globally accepted KYC standards and platform

Community-driven Swift solution

Al Rajhi Bank Malaysia joins global initiative to enhance transparency and standardisation around know your customer compliance activities

In the last few years, Al Rajhi Bank Malaysia has invested heavily in compliance measures in order to meet international best practice. However, achieving this goal can be highly time-consuming. In particular, as part of its compliance initiative, the Bank periodically carries out a KYC update exercise for all of its correspondent relationships around the world. As for many banks, obtaining the necessary information has historically been a labour-intensive and unwieldy process. “In the past, this has been a tedious exercise,” comments Imran Bhaduri, Head – Financial Institutions, Wholesale Banking Group of Al Rajhi Bank Malaysia. “We would send out individual emails, and in some cases would find the recipient had left – in which case we would send out a Swift message to our FI counterpart.”

According to Imran, last year the exercise took almost six months to complete. While some respondents replied to requests for information within three days, others took as long as 150 days, despite repeated follow ups. Once obtained, the information also had to be verified with multiple authorities – further prolonging the process.

Choosing a solution

After researching the available options, Al Rajhi Bank Malaysia decided to join The KYC Registry, a secure, shared global platform created by Swift.

Noting Swift's operational track record, geographical reach and knowledge of the financial landscape, Imran says that The KYC Registry was the natural choice for Al Rajhi Bank Malaysia. “It is designed in the spirit of standardisation

and transparency across the globe to help provide a safe and secure environment to society at large,” he explains.

The KYC Registry, which is already being used by over 2,500 correspondent banks and funds players around the world, enables banks to exchange their KYC data and documentation in order to facilitate the compliance process. As well as contributing their own data to the Registry, banks can source validated KYC information from their correspondents and business partners, via a single source and in an agreed format. Information is stored securely in a central location and cannot be shared without permission from the relevant institution.

Building trustworthy relationships

Al Rajhi Bank Malaysia was the first bank in Malaysia to join The KYC Registry as a data contributor. By providing KYC data in a standardised format, the Bank is better placed to demonstrate its transparency and compliance, which is an essential part of maintaining effective relationships. “We believe in transparency and standardisation, which will help build trustworthy relationships with other correspondent banks,” he comments. “The KYC Registry supports us in achieving these.”

Al Rajhi Bank Malaysia will also be using the Registry to source KYC information from relevant correspondents. “We expect that data consumption will greatly enhance our experience, with up-to-date information that we can rely on with a great degree of comfort to carry out due diligence on correspondent relationships,” Imran says.





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Nurhana Abdrahman
KYC Operations team,
Swift

About Al Rajhi Bank Malaysia

Al Rajhi Bank Malaysia (ARBM) was locally incorporated in 2006 and is a wholly owned subsidiary of one of the world’s largest Islamic banks, Al Rajhi Bank, Kingdom of Saudi Arabia. After its official launch in 2007, ARBM became the first Arab bank to start its operations in South East Asia. Deeply rooted in Islamic banking principles, and operating on the same platform as its home bank, together the Sharia-compliant banking group is instrumental in bridging the gap between modern financial demands and intrinsic values, whilst spearheading numerous industry standards and development.

Compelled by its Just Values of TRUTH, HONOUR and RESPECT, Al Rajhi Bank Malaysia continuously endeavours to meet the financial needs of its customers, delivering innovative Sharia-compliant financial solutions across retail, corporate, treasury and investment segments distributed through a network of 24 Al Rajhi Bank Malaysia branches and offsite ATMs nationwide.

Strong onboarding support

With the decision taken to join the Registry, the next step was to onboard the new solution. Imran notes that detailed planning should be carried out before embarking on the implementation process.

For Al Rajhi Bank Malaysia, the first step was to take stock of all the information that would be needed. The Bank then formed a project team which included representatives from Financial Institutions and Compliance.

While the Bank already has a strong base of documentation and data at the outset, Imran says that the levels of granularity required and the authentication process initially presented a challenge – particularly with involvement from multiple teams across the bank, such as business intelligence, legal, human resources, compliance and business heads. However, these challenges were quickly overcome with the support of Swift. “We involved the Swift KYC Registry team early on for possible suggestions, and that has greatly reduced the time and effort for our colleagues,” Imran says.

According to Imran, the support provided by Swift included rapid replies to queries over email and phone, as well as on-site visits to help resolve technical queries. “We are very impressed with the level of support we have received,” he adds. “As such, we are all the more confident that the initiative will be a great success.”

Nurhana Abdrahman of Swift’s KYC Operations team was responsible for supporting Al Rajhi Bank Malaysia during the onboarding process. “Al Rajhi Bank Malaysia’s commitment to The KYC Registry was clear from the moment they joined,” Nurhana says. “They assembled a project team, collected and contributed information in a coordinated and structured manner, asked all of the right questions, and applied the best practice advice that we shared with them. We are delighted to have Al Rajhi Bank Malaysia as a member of the Registry and look forward to seeing them reap the rewards of greater standardisation, efficiency and transparency in their KYC compliance activities.”

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Benefits

As a result of using the Registry, Imran says that less time will be needed to procure information from partner institutions and verify authenticity with multiple authorities – resulting in a significant freeing up of resources. The Bank is now able to download questionnaires as and when required, subject to clearance from partner institutions.

“This will greatly enhance our compliance experience and will allow us more time to invest in business growth,” Imran adds. “By enabling us to reach potential counterparts with a single contact point, The KYC Registry will contribute greatly as we forge trade ties around the world.”

“Over time, as more participants are added to the Registry, we expect the KYC and KYC refresher process will be a fast and smooth experience,” he adds. “This will help us meet compliance requirements and build trustworthy relationships.”

As a strong voice in the local and regional financial community, Al Rajhi Bank Malaysia is actively promoting the Registry and is encouraging more participants to join. “Our message to potential partners is that as we strive for more transparency and reliability, it is in the best interests of everyone to join a globally accepted platform such as the Swift KYC Registry,” he concludes.

For more information, contact your Swift account manager or visit www.swift.com