



The power of
Swift data



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

Mark Brotherton, Director, Fraud & Financial Crime, Commercial Banking at Lloyds Banking Group, and his team of over 100 specialists, sit on the front line in the battle against financial crime. We spoke to Brotherton about how they have developed an automated approach to combatting risk by leveraging Swift’s data solutions

Meet Lloyds Bank

Founded in 1765, Lloyds Bank has a rich history of helping Britain prosper as a nation. Today, it is the UK’s largest financial services provider with over 25 million consumer and business customers, including relationships with circa 80% of FTSE 100 companies.

Whilst largely UK-based, the bank serves millions of customers that regularly send or receive payments globally and supports some of the world’s largest global corporates. To make this happen Lloyds maintains relationships with an extensive network of partner banks worldwide.

Harnessing the power of data

Managing business relationships with numerous correspondent banks around the world is no small undertaking. Among other things, this task involves completing extensive due diligence procedures when onboarding new correspondent banks into their network, and maintaining those relationships, right through to continuously monitoring transaction flows to detect exceptions and potential signs of fraud or financial crime.

“If your data isn’t up to date, you can’t then rely on an automated monitoring process. You have to know that your data is accurate: who owns these businesses, where they’re based, and what activity they’re doing,” Brotherton says. “With Swift’s support we have ensured that our data is in a good place; it’s this that allows us to overlay automation as part of our continuous monitoring approach. Now we don’t need to purely rely on scheduled periodic reviews for every single counterpart.”

Brotherton underlines that the complete and accurate counterparty data delivered by Swift’s suite of data-driven solutions has played a key role in enabling Lloyds to develop such an automated approach to financial crime prevention at the bank.

Easing the onboarding process

When onboarding a new counterparty, the team leverages Swift's KYC Registry – a central repository of KYC information on 5,500+ financial institutions and corporates – to quickly access all the relevant administrative data

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Bringing new correspondents onboard

Onboarding new correspondent partners can prove challenging. To comply with multi-jurisdictional anti-money laundering regulations, financial institutions are required to collect a variety of specific information and documentation on all their correspondent banking partners.

Brotherton draws on the experience of his team in onboarding a new correspondent bank. “It can be a significant task to set the bank up particularly in higher risk jurisdictions. But we managed to undertake 90% of the activity using the bank's data contained in the KYC Registry. Everything was up-to-date, and it just showed the real power of it for both parties.

“We must have saved weeks if not months of onboarding just by having easy access to the right data in the KYC Registry,” Brotherton continues. “It reduces the cost of compliance, but it also means we can start transacting with the counterparty much more quickly. In the past, we would have primarily collected KYC data by email. But trying to get hold of the right people inside the large organisations we deal with can be challenging.”

This is why, says Brotherton, he has long been a proponent of Swift's KYC Registry, as a secure central platform for correspondent banks and corporates to exchange KYC data with their counterparties.

Automating
counterparty
monitoring

Brotherton's team also use Swift's
Compliance Analytics data to review
their counterparts' historic payments
activity on the Swift network

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Continuous monitoring

The data from the Compliance Analytics tool is used as a baseline to automatically monitor their payments for exceptions and unusual activity. “It is also instrumental in supporting our risk-based due diligence approach. Regulatory guidance permits a tailored due diligence approach based on the nature of the Swift relationship. Compliance Analytics really helps us to understand the flows and supports an efficient and risk-focused review.”

“Now when we undertake our due diligence on our correspondent banks, we automatically extract a report from Compliance Analytics as a matter of course,” Brotherton points out. “It’s been a really effective and efficient way of enabling us to go beyond just being compliant with regulation which is one of our core objectives.

“We’ve been working with Swift to personalise the data that we extract from Compliance Analytics. For example, looking at individual currencies, payment trends, transaction values or payment volumes. If you know your customer well enough then you can expect a certain activity trend. What Compliance Analytics enables us to do is identify the trend and investigate further when exceptions are triggered.”

Holistic thinking

For Brotherton the true value of data analytics solutions is unlocked when used holistically. The team considers Swift’s KYC Registry and Compliance Analytics as multi-purpose tools for tackling a range of business issues, he explains, rather than think of them as silver-bullet products. “We try to look holistically at the tools we’re using. For example, the data provided by Swift Compliance Analytics has not just been valuable to our anti-money laundering team, it has opened up a number of opportunities for our colleagues in relationship and product management.”

His team is also applying this holistic approach as they have onboarded Correspondent Monitoring, another of Swift’s compliance solutions that the bank recently licenced. “If we look at Swift Correspondent Monitoring, the same principles apply as with KYC Registry or Compliance Analytics. These solutions are successfully improving the information that we hold on our correspondents. Morale across the team has improved as their roles have become far more fulfilling.

“Ultimately, I can imagine a day when all Swift’s compliance tools are integrated into one utility,” he concludes.