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Fast forward to Sibos!

Chief marketing officer Javier Pérez-Tasso outlines SWIFT's vision for supporting the industry in changing times.

Today, there can be no doubt that we are in the midst of a new industrial revolution, characterised by a rapid flow of technological changes affecting almost every aspect of our lives.

Banking is one of the many industries being reconfigured and reshaped, as technology makes new products possible and renders old processes redundant. In parallel, increasing regulation, and economic and demographic shifts to east and south, are posing operational and business challenges, and redrawing opportunities across the financial industry landscape.

In the payments space, the digital revolution is well underway. Real-time, digital and mobile models are emerging in response to the trend towards faster, cheaper payments.

Furthermore the nature of regulatory compliance is changing fast. This is perhaps the single greatest challenge to the financial sector today. SWIFT's commitment to supporting banks' financial crime compliance efforts is reflected in new services designed to standardise the necessary workflows, for example the forthcoming KYC Registry.

Planning for growth

Against this backdrop, how do we plan for the future? And how might SWIFT play a role in helping the industry achieve sustainable growth?



Our approach rests on three guiding elements: leveraging our core strengths; responding to market drivers; and keeping close to customers.

SWIFT's value proposition centres on its secure global messaging capability, and the standards and platform that support it – but it doesn't end there. Our market-leading software business delivers an expanding suite of connectivity and integration solutions, building on our deep experience with our customers' processes and operations. Beyond that, our shared services also evolved

naturally from the core. These services deliver in areas that are non-competitive for banks, helping customers to reduce cost, complexity and risk. For example, in the areas of regulatory compliance, standards, resilience and business continuity, reference data and advanced data analytics.

Close to customers

By keeping close to our customers, we can anticipate demand and invest accordingly. It's not just about products; through our services we seek to add value to individual projects and help to shape strategy. In a rapidly changing environment, trusted partnerships become all the more important.

No one can guarantee they will emerge from a revolution on top. But as SWIFT has learned over the years, anticipation and preparation are milestones on the path to sustainable business growth. As we embark on consultation to help shape our own vision towards 2020, we are actively engaging with the industry, and analysing the rapidly changing environment to ensure we stay relevant to our customers' businesses over the long term.

In Boston, we look forward to sharing our ideas with Sibos delegates from across the industry and learning more about how we can further develop our services to meet evolving needs. □

Banks 'better together' on KYC

Collaborative approaches are gaining momentum.

Technology and collaboration are key for banks facing a zero tolerance policy on financial crime compliance, delegates were told at SWIFT's 2014 London Business Forum. Steve Allen, head of global payments at Barclays, said accuracy of data must be the banks' number one priority across know-your-customer (KYC), anti-money laundering (AML) and sanctions compliance.

"There is zero tolerance for most participants in financial services," he said. "You can send a customer statement to the wrong address and get that back, but you can't make a mistake in this space. Consistency is also important as most banks operate in multiple jurisdictions."

Although Allen insisted each bank was ultimately responsible for its own efforts to comply with financial crime regulation, he said they should also seize opportunities to work together, particularly on KYC.

Barclays is one of the latest global banks to join SWIFT's KYC Registry, an initiative unveiled earlier this year which will create a centralised utility to collect and distribute standardised KYC information among correspondent banks. Under development in association with leading banks including Bank of America

Merrill Lynch, Citi, Commerzbank, JPMorgan, Societe Generale and Standard Chartered, the KYC Registry will provide a global platform of accurate KYC information that will increase efficiency and standardisation and minimise costs and errors through economies of scale.

SWIFT will host and manage the KYC Registry according to SWIFT's strict security and data protection policies and will check for completeness and accuracy and validate key aspects of submitted documentation. Member banks will have ownership of and responsibility for their own information.

Reducing risk and inefficiency

Luc Meurant, head of banking markets and compliance services at SWIFT, said, "The inefficiencies and risks of 7,000 banks worldwide bilaterally exchanging KYC compliance-related documentation could and should be avoided."

"With these huge efficiency gains, banks can invest in the quality of the data," Meurant said. "Banks have invested massively in compliance, but in isolation from each other. As regulation continues to evolve, banks have come to the conclusion that this approach is not sustainable."



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Luc Meurant, head of banking markets and compliance services, SWIFT

SWIFT has focused on creating a registry for correspondent banking because of the cooperative's existing expertise in the field. "We have the trust of our customers, we have global reach, and we have a long history of working with our community to foster collaboration and develop standardised solutions to global challenges," Meurant says.

The KYC Registry is set to become operational in late 2014. Around a dozen banks are actively participating in the project and twice that number are keen to participate in the pre-launch phase.

The Compliance Forum at Sibos will address the impact of regulation and how the industry can cooperate to mitigate compliance-related risk and costs. Attendees will learn about SWIFT's financial crime compliance services: Sanctions Screening, Sanctions Testing, the SWIFT KYC Registry, and Compliance Analytics. □

Bringing AMH to a wider audience

New release extends user base beyond big banks.

New customers are keenly exploring the additional features and capabilities recently introduced to SWIFT's AMH financial messaging hub, following the product's successful new release to existing users in December 2013.

Throughout the first half of 2014, SWIFT's sales force has been responding

to interest from a wide range of financial institutions by setting up a series of demos. AMH experts will also be available at Sibos in Boston to show prospective customers how AMH can meet their specific needs.

According to Juan Martinez, managing director, SWIFT Software Business, the recent release of AMH widens its appeal beyond its existing client base.

"Large global banks have already chosen AMH for its customer benefits such as multi-network support, advanced resilience and improved performance," says Martinez. "We believe these strengths will also appeal to a wide range of domestic and multi-regional banks and other financial institutions."

AMH is designed to integrate and manage high volumes of complex and diverse message flows. It offers a highly avail-

able, scalable and customisable message platform to financial institutions that have particularly demanding operational and integration requirements.

Simplicity, flexibility

Martinez believes the relevance of AMH is increasing in an environment in which banks are under more and more pressure to reduce the costs and complexity of their operations, whilst developing their ability to connect to and integrate with a wide range of third-party applications.

"Many banks are looking for simplicity and flexibility in their underlying systems as they endeavour to adapt to new challenges and opportunities. AMH is an easy-to-configure tool that offers banks high levels of flexibility and openness to external applications," he says.

AMH, or Alliance Messaging Hub, was re-launched as a fully integrated element of SWIFT's connectivity suite in December 2013. □



AMH is an easy-to-configure tool that offers high levels of flexibility and openness.

Juan Martinez, managing director, SWIFT Software Business

BICs and beyond

Reference data portfolio expands to meet regulatory reporting requirements.

While accurate bank identifiers remain crucial to the smooth flow of transaction data, they are but one element in an increasingly complex financial information ecosystem. SWIFT's reference data offering is taking this on board. "The new version of our SWIFTRef flagship – Bankers World Online – now consolidates reference data and financial information," says Hervé Valentin, head of reference data, SWIFT.

The new version is enriched with financial, economic and entity information, including the entity's shareholding information, financials, credit rating, ownership structure and sanctions status. "Our initial focus was on payments reference data such as bank identification codes (BICs), international bank account numbers (IBANs), standard settlement instructions, along with other data relevant to SEPA (Single Euro Payments Area) compliance," says Valentin. "We are now building on our traditional strengths in payment reference data to support

new areas such as counterparty risk and regulatory reporting."

Banks and corporates alike have become much more careful in their selection of counterparties, relying on SWIFTRef financial data to gain greater insight into new potential counterparties. The renewed product can be used by financial institutions and corporates, whether or not they are connected to SWIFT.

SEPA pain points

Another important focus over the past year has been on the quality and completeness of reference data, particularly in the context of SEPA. Challenged by the large number of invalid IBANs in circulation, banks and corporates are struggling to migrate domestic and cross-border

payments into SEPA-compliant payments. Several new SWIFTRef initiatives are responding to the pain points that have been identified in this process. These include an IBAN exclusion list allowing banks to easily check whether an IBAN is valid or not.

In addition, SWIFT recently launched an Ambassador programme to enable collaboration with national member and user groups and facilitate management and collection of country-specific payments reference data. There is more in the pipeline ahead of Sibos, including SWIFTRef via API Webservices and a new software solution, SWIFTRef DataWise, which will allow a user to upload, consolidate and analyse data files from diverse sources to produce bespoke reports. □



We are supporting new areas such as counterparty risk and regulatory reporting.

Hervé Valentin, head of reference data, SWIFT

Tailored analytics for every client

Business Intelligence to deliver valuable business insights to even more customers.

Sibos will showcase recent developments in SWIFT's Business Intelligence (BI) offering, which uses a detailed understanding of specific client needs to provide more in-depth customised solutions. "We have great ambitions for our BI portfolio," says Stephen Gilderdale, head of new business development at SWIFT. "We really want to get closer to our customers by having a dedicated offering for each specific audience. Watch for Securities will be a new addition to our BI family."

Watch Analytics, a solution for analysing and reporting on SWIFT messaging activity, is complemented by Watch Insights, a set of pre-defined dashboards offering rapid access to critical business data. The first set of Watch Insights dashboards was designed for the correspondent banking business. More market segments are now in the pipeline, notably securities. "Watch for Securities will initially focus on settlement, reconciliations and

corporate actions," says Astrid Thorsen, head of Business Intelligence, SWIFT.

Further enhancing its usability, the Watch offering is also being migrated to a new state-of-the-art BI platform. This will allow data to be accessible much earlier in each month and will offer performance enhancements and new advanced visualisation functionalities.

Tailor-made consulting

SWIFT is also offering consulting services to provide additional business value beyond the data and further tailor BI products to clients' specific needs onsite. Regulatory reporting requirements, for example, mean that central banks need to monitor inflows and outflows to and from their markets. "With the approval of participating banks, central banks can receive a copy of relevant messages, which we then help to translate into a format usable for analytics," says Thorsen. "We then build onsite dashboards to help



We want to have a dedicated offering for each specific audience.

Stephen Gilderdale, head of new business development, SWIFT

meet risk management and reporting requirements." The dashboards are tailored to the needs of each central bank to offer greater flexibility and granularity.

The new customisable approach can also help banks to meet new requirements to report liquidity positions in any currency at any time.

Corporates can also benefit from a consultative approach to business intelligence. In a recent project, SWIFT developed a dedicated business development dashboard for several global banks to show which of their corporate clients were using SWIFT and to what extent. This allowed SWIFT and the banks to propose ways to streamline corporate connectivity to the benefit of all. □

Simplify customer onboarding with MyStandards

SWIFT's MyStandards Readiness Portal, launched in March, will be available for demos on the Standards Forum stand at Sibos 2014 to firms looking to simplify customer onboarding and migration.

Onboarding new customers is an expensive, labour-intensive process, in part because of the challenge of message standards testing. By facilitating message testing against bank specifications, the cloud-based MyStandards Readiness Portal circumvents these complications. Through a service tailor-made to each customer, banks are able to monitor their customers' own testing progress and results, avoiding needless expense

and interruption during the final end-to-end testing cycle.

In addition, SWIFT also launched MyStandards Readiness Portal for T2S, to support direct connectivity to TARGET2-Securities, the European Central Bank's new cross-border securities settlement platform. The Readiness Portal enables readiness ahead of T2S's 2015 launch via a user-friendly validation service integrated with the T2S documentation; monitoring tools to assess T2S readiness; and a scenario simulator pre-populated with the T2S flows.

Training services hits 30

2014 sees SWIFT Training Services mark 30 years of successfully helping members make the most out of their SWIFT connection.

To celebrate this landmark, the Training Services team is producing a new and improved course portfolio, has

launched a new LinkedIn showcase page, and is working on a self-study solution for 2015. A new online course catalogue and improved registration facilities are already available on swift.com.

New peaks in SWIFT traffic

SWIFT traffic growth got off to a very good start in 2014 with a number of records set. The combination of record payments (12.41 million messages) and strong securities volumes (10.5 million messages) resulted in a third FIN peak day of the year, with 24,325,166 messages on 30 April 2014. June 2014 saw the highest monthly FIN volumes to date, with an average of 22.87 million messages per day – 354,000 messages per day more than the previous record, set in May. Furthermore FileAct traffic has grown by 67% compared to 2013 (May figures). This growth has been driven mainly by SEPA and low-value payments infrastructures. □

HOT TOPICS IN BOSTON

SWIFT auditorium sessions provide Sibos delegates with an ideal opportunity to catch-up with the latest product offerings from SWIFT. Moreover, these highly interactive sessions give in-depth information on how SWIFT is helping customers to handle the many challenges facing the financial community today. We have listed the key topics to be covered in this year's sessions, but please check sibos.com for more details.

SWIFT community cloud services

Driving operational efficiency and business value through interfaces and integration

Tailored analytics for every customer – Business Intelligence in action

Strengthen sanctions compliance with SWIFT's Sanctions Screening and Sanctions Testing services

Compliance Analytics: Manage financial crime risk with global insights from your SWIFT data

Hope is in sight: Tackling the know-your-customer challenge with the SWIFT KYC Registry

SWIFTRef: How to make trouble-free payments while supporting evolving regulatory reporting requirements

Corporate onboarding made easier with MyStandards

SEPA – What's next?

Develop your cross-border payments business using SWIFT Insights

SWIFT for securities – Helping the market adapt in the changing operational and regulatory environment

SWIFT for corporates – Driving the shift from operational to strategic treasury focus

Innovation in trade and supply chain finance

ISO 20022 for high-value payment systems

Discover new business opportunities in the T2S environment

CLS member gateway elimination project – One year on

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