



## Compliance Services Newsletter

The latest news about community-inspired financial crime compliance solutions

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### Welcome to our Financial Crime Compliance services newsletter

2016 has been a year of striking developments. From a compliance point of view, we see recognition of potential disruption from de-risking, and the mitigating role SWIFT can play by delivering solutions that help its members increase transparency, support standardisation and reduce compliance-related costs. Cyber security has been at the forefront, with SWIFT redoubling its community engagement and implementing a **Customer Security Programme** that closely aligns with the objectives of our financial crime compliance offering. These leverage our community model to help customers to protect the security of their local environments, support the safe transaction of business, and help banks prevent criminal activity. The importance of collaboration and utility solutions in addressing compliance and cybersecurity challenges was also underscored by leading practitioners and thought leaders at Sibos in Geneva.

With your engagement and support, we have made concrete strides in expanding our compliance offering in 3 main areas: KYC, Sanctions, and Compliance Analytics. This newsletter outlines some key accomplishments in 2016, previews what's to come in 2017, and revisits highlights from Sibos 2016 in Geneva. It also explains how SWIFT is helping its community address broad industry challenges such as de-risking and cyber-crime prevention.

As 2016 draws to a close, we thank you for your strong support, and look forward to working closely with you in the year ahead.

Best wishes for a safe and prosperous 2017!

**Luc Meurant**

Head of SWIFT's Compliance Services Division

### Compliance at Sibos



[Read additional compliance information papers >](#)

[Compliance wrap-up from Sibos >](#)

### De-risking

The issue of de-risking is highly topical, as banks address compliance risk and cost by terminating correspondent banking relationships in certain markets, including Africa and the Caribbean. Concerns are mounting about the impact on the global financial industry – and particularly about the risk of financial exclusion among certain customers.

[De-risking information paper >](#)

[De-risking in Africa >](#)

[De-risking in the Caribbean >](#)

SWIFT is working across a variety of fronts to deliver compliance solutions that enable banks in high-risk markets to demonstrate transparency and high standards of compliance while helping their banking partners to reduce compliance costs and better understand and mitigate potential risks. The KYC Registry is one example, as are Sanctions Screening and Compliance Analytics.

### Cyber Security and Daily Validation Reports

SWIFT launched its **Customer Security Programme** in May 2016 to strengthen the security of the global financial community against cyber threats, consolidating and building upon existing SWIFT and industry efforts. The programme considers what you as an institution should be doing to secure and protect your environments, what needs to be done as a community to prepare against cyber and fraud threats, and how you can monitor relationships with your counterparts to prevent and detect fraud. As part of this programme, SWIFT has created Daily Validation Reports to help banks review their transaction activity and identify risks using SWIFT's own record of that bank's payment transactions. The reports provide activity and risk reporting and allow rapid validation of payments and identification of fraud risks.

Daily Validation Reports are now available.

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[Download the factsheet >](#)

[Download the information paper >](#)

[Download Sanctions Testing factsheet >](#)

[Sanctions Testing case study: DBS >](#)

### New DFS Requirements

Banks operating in New York State will soon be required by the Department of Financial Services (DFS) to test, ensure and certify that their transaction monitoring and filtering programmes are operating effectively. A new SWIFT information paper explores potential implications, and how banks can use this as an opportunity to implement more efficient and effective processes.

If you need to make your sanctions filter testing and assurance more robust, SWIFT can help. More than 15 of the world's top 20 banks already use Sanctions Testing to validate and improve their filter performance.

### Compliance portfolio update

SWIFT continues to expand its compliance services portfolio with your strong engagement and support. Here is a round-up of the latest news.

#### The KYC Registry - 3,300 member banks and growing

SWIFT's community has enthusiastically embraced The KYC Registry and we recently were delighted to announce that over 3,300 banks have joined the Registry in its first two years of operation.

[Visit the webpage >](#)

With KYC Registry members accounting for over two-thirds of all correspondent banking traffic on SWIFT, we have seen a huge increase in the amount of banks already consuming KYC Registry data. As you plan your 2017 remediations, we highly recommend checking the Registry to see what information from your correspondents is available to help reduce the time and effort you spend on KYC data collection. If key correspondents are not yet on the Registry or have not yet published their data, let us know so we can add this to our list of priorities.

[KYC case study: Lloyds Bank >](#)

[KYC case study: Al Rajhi Bank Malaysia >](#)

Hands-on webinars have already helped hundreds of KYC Registry users kick-start their Registry experience. More webinars are planned, and we hope you will join.

For questions on how to use KYC Registry data, to standardise your KYC activities and make them more efficient, or to attend the next webinar, please [contact us](#).

### Compliance Analytics and AML

**Compliance Analytics** helps you leverage your institution's SWIFT data to support your compliance activities. Nearly 40 of the world's leading banks and over 900 registered end-users are using Compliance Analytics to identify, monitor and address compliance risk, including that posed by nested accounts and hidden payment flows. We recently added Payments Data Quality to the Compliance Analytics portfolio and are developing Correspondent Monitoring tools as we build toward a broader AML offering.

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### Payments Data Quality

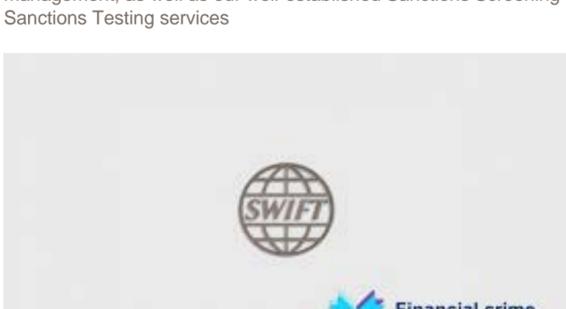
**FATF Recommendation 16** stipulates new requirements for originator and beneficiary information in payments messages. These requirements are being reflected in (supra)national regulations, such as the new EU Funds Transfer Regulation (FTR) which takes effect in 2017. Forward-thinking banks are taking steps to support compliance, and SWIFT is here to help. Our new Payments Data Quality service lets you check in-bound and out-bound payments for data quality using verification rules developed in cooperation with our community in line with industry practice and regulatory expectations. **Nordea** recently became the first bank to sign up, and eight other banks are also onboard.

### Correspondent Monitoring

SWIFT is working with major banks to develop a Correspondent Monitoring service to address the needs of our large banking clients. The service will help banks monitor correspondent banking relationships and enable them to better focus and prioritize investigations as part of correspondent risk assessments and business-as-usual AML controls. Please [contact us](#) for more details.

### Sanctions – building a fully-fledged utility

SWIFT continues to expand its sanctions offering as part of our strategic investment in compliance services. By the end of 2017, we will offer Name Screening and standardised list provision and list management, as well as our well-established Sanctions Screening and Sanctions Testing offering



[Contact us for more information >](#)

[Link to webpage >](#)

[Link to leaflet >](#)

[Sanctions Screening case study: CCB Brazil >](#)

### Name Screening

SWIFT's new Name Screening service simplifies compliance with sanctions and customer due diligence requirements with a secure online lookup tool for screening single names against sanctions, PEP and private lists. It also provides automatic list updates, alerts and robust case management. Financial institutions can use Name Screening when onboarding new customers or carrying out one-off checks of individuals or entities. Corporates can use the tool to check the names of suppliers and customers. Single-name screening will be available in January 2017. Screening of entire databases will be added later in the year.

[Link to webpage >](#)

### Sanctions Screening

Sanctions Screening's success continues to grow with nearly 600 customer institutions. This fully-managed, securely-hosted service screens your incoming and outgoing messages against the latest sanctions lists and instantly alerts you to any matches. Additional sanctions lists and message types will be added in 2017 to help you screen more types of traffic.

Wishing you the best for the year ahead!

#### About SWIFT

SWIFT is a member-owned cooperative that provides the communications platform, products and services to connect more than 11,000 banking organisations, securities institutions and corporate customers in 200 countries and territories. SWIFT enables its users to exchange automated, standardised financial information securely and reliably, thereby lowering costs, reducing operational risk and eliminating operational inefficiencies. SWIFT also brings the financial community together to work collaboratively to shape market practice, define standards and debate issues of mutual interest. Visit [www.swift.com](http://www.swift.com) to learn more about SWIFT.