



An easier way to share KYC data



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Global Head of Corporates & Investment Banking KYC Programme, UniCredit

Key Benefits

- Single source of information needed for standard KYC reviews
- Lower cost of ownership for KYC processes
- Less time required for data collection
- Demonstrates trustworthiness and transparency to the community
- Comprehensive support service

Banks face growing pressure from global regulators to implement and demonstrate effective KYC due diligence processes. This can be a costly and time-consuming exercise. Large banks may need to answer hundreds of individual KYC questionnaires every year, sourcing input from compliance, legal and data security teams across their organisations.

For UniCredit SpA, collecting data for due diligence purposes represented a significant burden – particularly given the bank’s large correspondent banking network. In some cases, the data collection process could take days or even weeks. “In the past, too much time was wasted in identifying the right people and getting the information to perform appropriate due diligence,” comments Luca Piccione, the bank’s KYC Registry project manager.

Jonas Taugerbeck, who is responsible for selecting and managing relationships with utilities and data providers for UniCredit, explains that three key factors are taken into account when selecting a provider: coverage, data quality and cost effectiveness. “We need to know whether the coverage is comprehensive, the data quality is good, what types of validation processes have been applied, and whether using data from the supplier is more cost effective than gathering it ourselves,” he says.

Adopting The KYC Registry

Seeing a clear need to streamline KYC processes – and reduce the associated costs – the bank took the decision to participate in The KYC Registry, a secure, shared repository for KYC data. Developed by SWIFT in collaboration with the industry, the Registry maintains a standardised set of information about financial institutions for KYC compliance purposes.

“It was a very easy choice,” comments Michael Kohn, Global Head of Corporates & Investment Banking KYC Programme at UniCredit. “The KYC Registry’s broad coverage and focus on correspondent banking is important – and the standard baseline of information in the Registry fits very well with our internal policy.”

“Our decision to join The KYC Registry was a way to tell the market and our clients that we are transparent, serious and compliant with global regulation, while acting in the interest of our client,” adds Piccione.

Using The KYC Registry

During the onboarding process, the bank experienced first-hand the lengths to which SWIFT goes in order to verify and validate content before it can be shared through the Registry. SWIFT verifies all the content on the Registry so that it represents a complete KYC dataset that participating banks can share with counterparties on demand. “It’s a SWIFT service, which means that it’s 100% reliable, robust, secure and precisely organised,” says Piccione.



Before being made available to other Registry users, information first has to meet the right quality standards. Data and documents are uploaded by the bank's users and are then qualified by SWIFT. Throughout this rigorous process, SWIFT provides support and clarification in order to help users get their information published.

For participating banks, The KYC Registry fulfils two functions: data consumption and data contribution.

Data consumption

Where data consumption is concerned, Kohn says that The KYC Registry is useful for developing new client relationships on occasion, as well as for conducting periodic reviews, such as annual KYC checks. "Typically the KYC analyst is notified that it is time to conduct the review," Kohn explains. "They approach the relationship manager to confirm that the relationship is still needed, which it usually is. The next step is for the analyst to check whether the client is a member of The KYC Registry."

If the relevant bank is a member, UniCredit sends the bank a request for its information. If the bank is a member but has not yet made data available on the Registry, the relationship manager contacts the bank to encourage them to contribute their data. If the bank has not yet joined the Registry, UniCredit will collect the KYC information directly from the bank as in previous years, while encouraging it to join the Registry.

So far, UniCredit has obtained data from around 120 counterparties using the Registry. "The amount of data and documentation is comprehensive," notes Kohn. "We very rarely need to go back to our counterparties for additional information – although specific supplemental information has been needed in a handful of cases."

Data contribution

When it comes to contributing KYC data to the Registry, many banks have historically had their own KYC questionnaires. SWIFT has worked with its community to develop a standardised dataset covering all the information required in the questionnaires. "The Registry is helping banks standardise data collection and sharing, enabling teams to focus on business activities," says Kohn.

Benefits

UniCredit SpA was the first bank in the world to have all of its KYC data published on The KYC Registry. As a member of the Registry user group, the bank is helping to shape the development of related services – and is actively encouraging other financial institutions to join the Registry.

Since joining The KYC Registry, UniCredit has seen a number of significant benefits. "Data collection times in many cases have been reduced from days or weeks to a few hours," Kohn says. The time taken to perform additional due diligence, such as collecting information on Ultimate Beneficial Owners (UBOs), board members and PEPs, can be reduced by up to 60% – freeing up time to focus on risk analysis instead of data collection. The cost of ownership of KYC processes has also significantly been reduced.

For large banks, Kohn says that the benefits of the Registry include the ability to manage KYC requests quickly and efficiently, both for collecting and sharing KYC information. "The KYC Registry provides everything you need to perform a standard KYC review on another bank," he says. "Everything is in one place and the information is validated by SWIFT, meaning you are able to perform KYC activities much more quickly and efficiently."

For smaller banks, the possibility of being de-risked by correspondents if they are unable to demonstrate compliance and transparency may be a powerful motivation for using the Registry. "Contributing your data to The KYC Registry demonstrates to the community that you are a trustworthy, transparent institution that is easy to deal with and has nothing to hide," says Kohn.

Conclusion

With over 2,500 correspondent banks and funds players already using The KYC Registry, the platform is becoming steadily more valuable – both for banks wishing to contribute their data, and for those needing to access information on counterparties.

"I hope that there will be thousands of banks joining The KYC Registry in the near future," Piccione concludes. "The more we are, the better it is for everyone."



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KYC Registry project manager, UniCredit

About Unicredit

With strong roots in 17 European countries and an international network spanning 50 markets around the globe, UniCredit is one of the leading commercial banks in Europe, with around 7,000 branches.

Global Transaction Banking (GTB) at UniCredit combines local expertise of over 2,000 professionals in over 20 countries with the knowledge and experience of a sophisticated global transaction bank. Its diverse set of core competencies in the fields of Cash Management and eBanking, Trade Finance, Supply Chain Finance, Structured Trade & Export Finance and Global Securities Services has been recognised with many international awards.

For more information, please contact your SWIFT account manager or visit www.betterKYC.com.