



SWIFT Financial Crime Compliance

Payment Data Quality

Client

Investec



Investec Bank chooses SWIFT's Payments Data Quality Service

Payments Data Quality (PDQ)

Payments Data Quality (PDQ) checks the quality of originator and beneficiary party data in an institution's payments messages. It's a simple, cost effective tool to support compliance and operational efficiency by:

- Enabling more effective transaction screening and AML monitoring
- Enhancing operational efficiency and straightthrough processing
- Addressing the originator and beneficiary data requirements of FATF Recommendation 16, the EU FTR 2015 and the US 'Travel Rule'

Investec drives positive change with SWIFT's Payments Data Quality service

For Investec Bank PLC, the EU Funds Transfer Regulation 2015 (EU FTR 2015) has brought additional compliance needs. The new regulation, which is being used to implement the requirements of FATF Recommendation 16, requires banks to verify that originator and beneficiary information is included in incoming and outbound payment messages.

When Investec began looking into compliance with the new regulation, a number of decisions had to be made. The first was whether to focus solely on complying with the regulation, or whether to look at payment data quality in a wider context. With a project underway to centralise the Bank's payments, the decision was taken to also centralise monitoring. Matthew Barrett, Head of Central Payment Operations at Investec notes that doing so, "was really important for gathering consistent, evidence-based monitoring and reporting", adding that this would be key if the company was subject to an external audit.

Choosing a solution

Finding the right solution was not straightforward. "Our existing sanctions screening and payment engine service providers were offering nothing in the monitoring space for this regulation," Barrett explains.

The Bank considered building an in-house solution, but dismissed this option for several reasons. "We knew that we had extensive use of unstructured data across our divisions," says Barrett. "We had

divisional variations on how this data was captured and mapped into an MT 103. And we had the complexity of plumbing all of our payments from our divisions into an in-house service." As a result, the Bank opted for SWIFT's

Payments Data Quality service. Using advanced data analytics, the service supports compliance with FATF Recommendation 16 and related regulation by assessing the quality of information in MT 103, MT 202COV and MT 205C payments messages. The service also helps banks improve data quality in their payments messages, thereby supporting effective transaction screening and AML monitoring.

Getting started

The starting point was acquiring the log-in details to this web-based service for assigned users. SWIFT then undertook comprehensive training sessions at the team's offices.

Barrett adds that the only real addition needed by Investec involved adding SWIFT payment messages identified by the Payments Data Quality tool into the reports that it generates. "It wasn't really much of a hardship," he says. "It took us about two weeks to build that payment message feed into the reports, so from a deployment perspective, the tool has been really easy."

"Now that we're using Payments Data Quality on an ongoing basis, it reassures us that our payment data quality will not deteriorate over time."

Matthew Barrett

Head of Central Payment, Investec

"The Payments Data Quality tool has been instrumental in driving positive change in our organisation. It provides reassurance that our payment data quality complies with the regulation – and should the event arise, it will enable us to give evidence-based reporting to external auditors."

Matthew Barrett

Head of Central Payment, Investec

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SWIFT is a member-owned cooperative, providing secure financial messaging services to more than 11,000 organisations, across the financial ecosystem, in almost every country in the world. For nearly five decades we have delivered certainty, continuity and excellence by constantly evolving in an everchanging landscape. In today's fast moving, increasingly connected and challenging world, this approach has never been more relevant.

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Keeping it simple

The early use of Payments Data Quality helped the bank develop its FTR policy. This involved considering how to develop a risk-based monitoring approach and defining how escalation would work for banks sending inbound payments that repeatedly breach the regulations.

For Investec, the focus was on keeping things simple. The tool offers the ability to customise the parameters of the mapping rules provided, for example by differentiating between EU and non-EU payments. However, the bank opted to apply the higher regulatory standard for all its outbound payments.

"We felt that this would future-proof us in an evolving regulatory environment," says Barrett. "We thought it would also assist downstream banks with their monitoring obligations, hopefully resulting in fewer real-time and retrospective queries from those banks – and bringing some operational efficiencies for us."

Actionable insights

When the tool revealed that the Bank's adherence to the regulation was "reassuringly high", Investec used the tool to look beyond regulatory compliance and achieve a number of changes to the capture and mapping of static data.

"We've created alerts for our on-boarding team, so when they're capturing the client's legal registered address data – which is used in our outbound payments – they are notified if it will be truncated," says Barrett. "This gives them the opportunity to see if they can use alternatives to maximise the address information made available." For example, the Bank replaced the country name with the ISO country code in order to maximise space.

The Bank also developed new dedicated static data storage for their customer's legal registered address. "That action has reduced the risk of the registered address becoming overwritten with correspondence address details, which analysis from the tool highlighted as possible," said Barrett.

The outcome

Investec has seen numerous benefits as a result of using Payments Data Quality. As well as eliminating legacy processes, the tool has also enabled the Bank to establish evidence-based and externally auditable monitoring procedures. "The flexibility of the tool means that we can focus on inbound payments from high-risk jurisdictions, which under our policy need greater scrutiny and monitoring," says Barrett.

Meanwhile, analysis of outbound payments has resulted in some items being added to the Bank's strategic payment roadmap. "Through the tool, we've identified the need for a centralised 'golden source' static data system," Barrett notes. "The analysis highlighted that different business units were storing and maintaining the same static data, which is not operationally efficient." Likewise, Investec has identified a few areas of the business that were still involved in manual payment generation and is now taking steps to automate them.

Driving positive change

Barrett says the tool has become central to the bank's policy and monitoring procedures. "The Payments Data Quality tool has been instrumental in driving positive change in our organisation," he concludes. "It provides reassurance that our payment data quality complies with the regulation – and should the event arise, it will enable us to give evidence-based reporting to external auditors." Meanwhile Barrett notes that close support from SWIFT, and the Bank's participation in the Payments Data Quality user groups, have been very useful. "The Payments Data Quality user groups have allowed us to test our knowledge of the regulation and shape our policy and procedures accordingly," says Barrett. "We'll definitely be participating in future user group sessions."

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