Swift

Case study
KYC

Swift and Seamless Corporate Banking

Complying with the know your customer (KYC) aspect of bank account opening and management has long been a burden for corporate treasurers. For Pepper Group, early access to Swift's KYC Registry has helped bring a number of efficiencies to this process

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Corporate Banking Manager,
Pepper Financial Services Group

Headquartered in Australia, Pepper Group is a well-established global credit provider with specialist experience in consumer lending and asset servicing, across the residential and commercial property sectors. With a variety of lending businesses in countries throughout Asia and Europe, the company is growing rapidly, having expanded into India and set up a subsidiary in China in the past six months, with growth plans for additional markets in the pipeline.

Given the variety of countries it operates in, Pepper employs a multi-bank model with approximately 30 different banking partners globally. With that number of banking relationships, keeping on top of KYC requirements can be time-consuming.

"Every time that we start working with a new banking partner or a new counterparty, my team is tasked with the onboarding – that's across multiple jurisdictions throughout the world," says Jimmy Zhang, Corporate Banking Manager at Pepper Financial Services Group. "We've found that banks in different jurisdictions have disparate KYC requirements. The lack of standardisation – even within the same banking group – can be extremely challenging."

For something as common as onboarding a new counterparty, Zhang and his team were finding that the constant emailing of documentation back and forth to provide the correct KYC information – in a format acceptable to the bank – could take up to a month. Yet, at times, a similar undertaking with another bank in a different geography could take just a few hours. "It was clear that standardisation of KYC procedures among banks would save everyone a lot of time and effort, so when we discovered that Swift was opening up its KYC Registry to corporates, we jumped at the chance to be part of the working group," he explains.

Established in 2014, Swift's KYC Registry originally aimed to create a secure repository for banks to share KYC data. Then, in December 2019, the financial services cooperative extended the solution to corporates, following a successful testing period with 18 corporate groups. "I was delighted to have the opportunity to take part," says Zhang. "I knew that the solution would free up my team to focus on more value-added tasks, so that was really the key driver for our participation."

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Being able to share ideas among the other participants of the working group was also attractive for Zhang, as was the ability to be part of building the solution from the ground up. “Having the chance to collaborate with my peers and work together to create a solution to an industrywide problem has been inspiring. Being part of the working group has also allowed me to express my ideas directly to Swift – meaning that they are taken on board and enacted, where appropriate.”

Getting up and running

The KYC Registry can be accessed simply from the Swift website, so there is little to do in terms of actual implementation. The bulk of the set-up work revolves around feeding information into the registry.

“We’ve finished the basic set-up of the KYC Registry portal already,” explains Zhang. “I act as the Swift administrator, looking after the Swift connection– and I’ve granted a few team members access to the portal. We’re now at the production stage, which essentially involves uploading all of our KYC information into the registry.” Admittedly, uploading every single piece of KYC information to one place may sound like a rather laborious process, but Zhang explains that, compared with the old way of working, it is actually a significant timesaver in the long run.

“In December last year, we set up our parent company on the registry. It took circa ten hours to upload all of the required information – including a little bit of trial and error as this was the first time we were using the portal,” he recalls. “If I were to do the same process again today, I could do it far more quickly as you learn as you go. Now, it is taking the team between three and five hours per company. That’s a dramatic improvement on the month it was typically taking us before being part of this project!”

He adds that the portal is “very easy to use, since it is intuitive and each field is clear – it’s obvious what needs to be uploaded”. Maintenance of KYC information for companies that has been uploaded is relatively light-touch too. “The only documents to update are those with expiration dates, such as directors’ passport copies. Other than that, most of the documents will still be valid in a year’s time, so there’s very little maintenance going forward,” explains Zhang.

The feedback from the banks Pepper Group is working with has also been positive. “So far, what we have uploaded contains circa 90% of the information they are looking for. There are still some minor local requirements that we have to deal with, but that is expected given the lack of standardisation of KYC requirements globally. One of the global transaction banks we work with recently consumed our data through the registry with no issue, so that’s been a real milestone in this project.”

Capturing the benefits

There are obvious time-saving benefits to using the KYC Registry for Pepper and other non-banks, but it actually creates efficiencies for all parties. “As I mentioned, previously, every time we onboarded a new counterparty, we would email KYC documentation to the relevant bank(s),” explains Zhang. “While that information exists, it’s still quite a long process – gathering all the information and emailing it out. Likewise, for the receiving bank, it takes a lot of time and effort on their part, chasing documents and so on. With everything now on the KYC Registry, the manual burden is reduced because we, the counterparty, can be permissioned to access the information direct from the registry.”

In fact, Swift’s KYC Registry is quickly becoming a secure data mine, in Zhang’s view. “I would imagine that banks performing due diligence on a counterparty could find everything they need on the registry – whereas previously they would have needed to consult several external sources. The quality of the data is also a given.”

Zhang continues: “Swift is one of the few, if not the only, centralised organisation that is accepted as a trusted source of banking information – by corporates, banks and governments worldwide. With the KYC Registry, Swift has a very high level of recognition and trust – especially among the corporate community.

There have been many attempts at local KYC solutions, but ultimately many of these solutions are about making a profit or a return for investors. Several have already collapsed as they could not reach the scale required for them to make a return. The difference with Swift is that it is owned by the banks and everyone involved benefits. On top of that, Swift has the platform and all of the plumbing already, so there is far less development work, compared with those starting from scratch.”

Scaling up

While it is early days for the KYC Registry from a corporate perspective, the proposition of a standardised universal KYC repository fits neatly into the broader trend of treasury digitisation. Spreading the word out about the opportunities that the KYC Registry unlocks for corporates is an area where banks could play a vital role, believes Zhang.

“There is definitely more education needed around the solution and the benefits it brings, but it is not always easy for corporates to reach a wider audience. If banks using the registry were to start incentivising clients to upload their documents via the KYC Registry portal, rather than continuing to email them, I believe we could see a great deal of traction among the corporate treasury community. And as numbers grow, the benefits will too,” he concludes.

For more information, contact your Swift account manager or visit www.swift.com