



Enhance payments transparency and STP while addressing FATF Recommendation 16 compliance

Benefits

Supports consistent application of data quality rules by all group entities and counterparties

Evidence-based starting point for FATF 16 compliance

Supports enhanced payments transparency, efficiency and STP

Eliminates need to collect and standardise data from multiple systems

Major cost savings compared to in-house solutions

Features

Global overview of group-wide payments data quality

Easy to read reports identify quality issues for investigation / action

Looks at both inbound and outbound payments messages

Secure solution leverages your SWIFT message data

Shared utility service developed by SWIFT for its community

Payments Data Quality customers achieve operational and compliance benefits with SWIFT's data-driven analytics solution

Challenge

In 2012, the Financial Action Task Force (FATF) introduced new recommendations for originator and beneficiary information in payment messages.

The FATF 16 recommendations are being implemented in (supra)national regulation, including the EU's Funds Transfer Regulation (FTR II) which takes effect in June 2017. Regulators in Singapore and the Bahamas have also implemented the new guidelines, and other jurisdictions are expected to follow in short order. While not linked to FATF 16, the 'Travel Rule' in the US mandates inclusion of originator and beneficiary information in some wire transfer messages.

The benefits of improving originator and beneficiary data quality are obvious. Better data helps sanctions screening filters and AML monitoring systems to function more effectively, supporting superior AML and CFT compliance. Better data also delivers operational and business benefits, including enhanced straight-through processing (STP), payments processing efficiency and transparency.

The new compliance requirements can also pose significant operational challenges. Although standards do exist

for originator and beneficiary information, the relevant SWIFT message fields do permit the use of unstructured data. Although this flexibility will continue until 2020, many forward-thinking banks are already taking proactive steps to implement structured originator and beneficiary data entry. SWIFT's new Payments Data Quality service is helping them to derive compliance and operational benefits.

Payments Data Quality

To aid this and support compliance with FATF 16-related requirements, SWIFT recently introduced a new Payments Data Quality service to check originator and beneficiary data in payments messages against FATF Recommendation 16 guidelines.

Payments Data Quality helps customers identify which payment systems, branches and counterparty institutions are sending messages with poor data quality. Detailed analysis and fact-based reporting support data quality monitoring and continuous improvement. The tool also provides a collaborative basis for further standardisation and best practice development.

“SWIFT’s new Payments Data Quality service represents a major step forward in supporting our compliance with the new FATF Recommendation 16 requirements and enhancing the overall effectiveness of our financial crime compliance programme.”

Lene Baltzarsen
Senior Manager, Nordea Bank AB

“Payments Data Quality has enabled us to set up better operational flows and improve straight-through processing rates.”

Joyce Verschaeren
Head of operations control and services development, Rabobank

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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Solution

Improve payments efficiency and STP while supporting robust EU-FTR and CFT compliance

With new EU-FTR legislation about to take effect, Rabobank signed up for Payments Data Quality to gain deeper insights into the quality of originator and beneficiary information in its payment transactions. Payments Data Quality has helped Rabobank’s Operations Control team gain deeper insights to support robust counter terrorist financing controls, but the benefits haven’t stopped there. The tool has also helped the bank understand how SWIFT messages are being used by its branches, and how to optimise such usage for greater efficiency and transparency.

“Payments Data Quality has enabled us to set up better operational flows and improve straight-through processing rates,” says Joyce Verschaeren, Head of operations control and services development, Rabobank. “It gives you the extra assurance of knowing that you are in control, and are able to prove it. You earn the time investment back very quickly by having greater insight into your payments, and indeed those of your counterparties and agents. That’s really a great benefit.”

Comply with EU-FTR, MAS 626, US Travel Rule

The Payment Operations team at a large European bank was informed by Group Compliance that they needed to update internal systems and processes to comply with FATF Recommendation 16 requirements on originator and beneficiary details in payment messages.

To support implementation of these new processes, SWIFT has helped the bank implement Payments Data Quality to monitor outbound traffic and track improvement over time, identify group entities and payment systems that are not in line with policy, and determine what data is missing or of poor quality. The tool is also being used to monitor inbound traffic for data quality deficiencies. Payments Data Quality provides detailed reporting on message data quality, enabling the bank to take appropriate action internally and address concerns with its counterparties.

Identify anomalies that could point to data stripping

A leading regional bank set up a special project team to investigate possible data stripping in payments messages to avoid detection by the bank’s transaction screening filters. The team asked SWIFT to help it identify and analyse repetitive characters that might indicate the addition of phony information in order to circumvent screening system syntax checks. Payments Data Quality has helped the bank identify cases of suspicious repetitive data for further investigation. The tool’s detailed reporting enables the bank to demonstrate to regulators that it is taking steps to comply with FATF 16 recommendations and EU FTR II requirements, which mandate better data quality. As well as improving screening effectiveness, better data quality helps banks increase straight-through processing and avoid payment failures.

Monitor structured field option for originator and beneficiary information

A large global bank asked SWIFT to help it implement usage of structured field data (‘Option F’) for originator and beneficiary information in payments messages sent internally and by its counterparties. The move to structured data reduces the chance of poor data quality, such as missing country information, which could lead to the bank processing illicit transactions. The bank is making structured entry of country data mandatory internally and strongly encouraging its counterparties to do the same.

When it started the project, only 10% of its intrabank payment messages contained structured originator and beneficiary data. That number had increased to nearly 60% six months later, as it used SWIFT’s Payments Data Quality service to identify and address branches and payment systems that were not using ‘Option F’, including ones that had said they were doing so. The bank is also using Payments Data Quality’s detailed reporting to demonstrate progress over time and compare the performance of different entities and counterparties.

For more information, visit www.swift.com/complianceservices or contact your SWIFT account manager.