CaixaBank cuts costs, reduces risk and speeds up approvals with The KYC Registry

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CaixaBank is a financial group, leader within the Spanish market as well as the tenth largest bank in the Eurozone in terms of market capitalisation, comprising a banking and insurance business, as well as undertaking investments in international banks and in leading service sector companies. CaixaBank has the largest customer base in Spain – 14 million people – and is the main bank for 1 in every 4 Spanish customers. The bank has the most extensive network in Spain, with over 5,000 branches and nearly 9,500 ATMs, complemented by a mobile and online banking service of the highest quality.

The correspondent banking market poses unique challenges to relationship managers and compliance officers alike. Escalating levels of regulation are driving banks to more intensive and exhaustive due diligence activities. However, banks have lacked a single, standardised, on-demand source of validated, up-to-date Know Your Customer (KYC) information.

Swift developed The KYC Registry as a single, secure portal for financial institutions to store and exchange high-quality KYC data with their counterparties. Its managed service approach helps banks mitigate cost and risk by providing a standardised set of KYC information in line with the requirements of regulatory regimes worldwide.

"The KYC Registry helps us mitigate two kinds of risk," says Angel Gil, Relationship Manager for Asia, CaixaBank. "The first is the risk of a KYC compliance failure. The second is the risk that we might lose a transaction, or a relationship or an opportunity."

CaixaBank is a solid bank, explains Angel, and sets clear rules: no business may be undertaken where the KYC data is not accurate, complete and up-to-date.

"If we have a transaction coming in from another bank, CaixaBank's internal policies don't allow processing any transactions with financial institutions if we don't have their KYC information or where it is outdated," says Angel. This may not seem unusual in itself, but CaixaBank is also explicit on its tight in-house definition of what constitutes up-to-date KYC. In effect, the data has to be new at the point of any transaction that might depend on it.

"Before we signed up to The KYC Registry, the KYC process was expensive, time-consuming and complex," says Angel. "Having to pull together all of that data was necessary, of course, but represented an extra burden on top of our daily activities. The KYC Registry makes it easy to exchange KYC information with our counterparties and provides a standardised dataset across our organisation. Without a doubt, this tool streamlines it all."

A standardised KYC 'baseline'

Up-to-date KYC data is crucial for CaixaBank; Swift's KYC Registry is built to deliver up-to-date KYC data. The decision to subscribe was immediate. "They brought it to us, and we signed up right off the bat," says Angel, adding: "I would strongly recommend that other banks do the same."

The process of incorporating The KYC Registry into CaixaBank's KYC process was "easy," says Angel, in spite of the abundance of information requested. He is also complimentary about Swift's support team for the process. "Each bank uploads its data to the tool, where it is carefully checked by Swift," he explains. Once this qualification process has taken place, CaixaBank can share its information with counterparties that are also KYC Registry subscribers.

The same 'baseline' information is required of all subscribing banks, and this facilitates inter-bank KYC processing, regardless of where an institution is located. "The technical support works very well. This is a well-developed and logical application, and we are very satisfied," says Petra Kettler, Operational Banking Services Manager, CaixaBank, who handled implementation of The KYC Registry and is now tasked with its administration.

Discussing The KYC Registry's value to CaixaBank, Petra adds: "I really recommend The KYC Registry. It will be very useful in the long term, especially in regions such as Africa, where it can be very difficult to get correct KYC information." Petra emphasises the point that by providing a common source for data, The KYC Registry enables banks to centralise and standardise the KYC process. Petra says: "Ultimately all banks should sign up for this. The KYC Registry should be the single place for all KYC information."

Angel echoes the point about greater efficiency, thanks to a common KYC data source for multiple departments within the bank. "It's not just AML, it's also in our risk department and elsewhere. If we don't have the necessary information, and keep it up to date, that makes everything slower," says Angel. "We have a lot of people trying to maintain that information for all of the banks with which we have relationships. The KYC Registry makes this process much easier and more efficient."

Mitigating the cost of compliance

"We have found that it's extremely easy to make use of The KYC Registry across the organisation, and it's proved to be a very useful tool," says Angel Gil. "The only time-consuming element was the initial upload of our own data." Permissions had to be obtained; the data had to be brought together; the upload had to be managed. "Once you've got past that, the maintenance is simple," Angel adds. "Updating and maintaining our own information as we move forward will be a lot simpler."

Cross-departmental usage of other banks' KYC data is also less time-consuming, and any transaction, relationship or opportunity may be much more readily facilitated.

"In some regions of the world it might take two to four weeks to get KYC data from a bank," Angel says. "If the bank is on The KYC Registry, it's immediate. Our AML team could go in and approve the exchange of keys; our risk department could go in and check that the bank is solid and all of the documents are there – the process is immediate."

Another potential efficiency gain exists because The KYC Registry helps to ensure that every department drawing KYC data is looking at the same documents. "We all have access to the same information, we all have access to the same view of the bank, and that means that everybody, across all departments, can take decisions based on the same information. Without a doubt, this tool streamlines it all," says Angel.

So what would Angel Gil say to a banker from another institution, who asked about The KYC Registry? "In the future, when most of the banks are on The KYC Registry, I would definitely talk about how the Registry has minimised the investment we have in maintaining our KYC. I'd also say that the information is so much more readily accessible across the organisation," says Angel.

The business case for the future

"I definitely see The KYC Registry having an impact on the fulfilment of our current business," Angel says. "In the past, the lack of KYC information has caused us to miss out on some legitimate transactions and business opportunities. That won't happen anymore. Some of the transactions we might have lost in the past, we're not going to lose in the future."

The business case for The KYC Registry is as simple as the tool itself. "I've got a feeling this is going to be very successful," Angel concludes.

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