



Automate filter and list testing to evidence your compliance and optimise screening performance

Sanctions Testing helps major institutions strengthen screening programmes for transactions, customers and PEPs

“SWIFT tested our filters and delivered a detailed assessment, which provided transparency around our filter settings and their alignment with our risk appetite. We’ve reduced customer screening filter alerts by 40 percent, and payment screening filter alerts by 60 percent with the help of SWIFT and our filter supplier.”

Richard Moore

Managing Director, Group Head of Financial Crime & Security Services, DBS

Benefits

- Independent assurance that sanctions lists and processes are working properly
- Actionable information reports enable prioritisation of improvements
- Up to 60% reduction of false positive alerts for payments filter
- Up to 40% reduction in false positive alerts for customer screening filter
- Ability to compare performance with peers and apply market practice
- Staff redeployment to higher value compliance activities

Financial institutions face tremendous regulatory pressure to maintain strong sanctions compliance programmes. Successful sanctions compliance requires the smooth, effective interaction of systems, processes, and people.

Screening systems play a vital role in detecting the presence of sanctioned individuals and entities in transactions and client data. Regulators expect banks to correctly configure and calibrate their transaction and client screening systems – and they expect banks to demonstrate that these systems are working correctly. In some jurisdictions, such as New York, compliance officers are being expected to personally certify that screening programmes are compliant with applicable regulations.

To help financial institutions understand, document and improve their screening performance, SWIFT developed Sanctions Testing, a utility solution to test filters and list data for screening transactions, customers and PEPs. Sanctions Testing provides third-party assurance of your system and process performance while enabling you to build knowledge internally rather than relying on expensive consultants. It saves you time by helping you automate manual testing processes and reducing false positive alerts, while enabling you to comprehensively demonstrate that you are detecting and blocking sanctioned entities.

Peer assessment

While authorities are generally very clear in terms of which entities and individuals are on sanctions lists, they are less prescriptive in terms of the steps institutions must take in order to prevent transactions involving sanctioned business and persons. It can be extremely useful to understand whether your screening results are in line with similar institutions, or to compare filter and list performance across different business or geographic units within your global organisation. SWIFT's Sanctions Testing Peer Assessment service provides these answers using a performance baseline of aggregated anonymous data from participating Sanctions Testing users.

Validate watch list accuracy and quality

A large global bank retained SWIFT to help it meet regulatory expectations for its transaction screening programme. The bank screens all transactions through its global sanctions filter, and also screens US transactions separately through a US-based filter for regulatory reasons. Sanctions Testing enables the bank's Filter Operations team to verify whether the most up-to-date watch lists are implemented in both filters, as well as test the quality of lists sourced internally and from third-party vendors. It also enables the bank to peer assess the performance of its global and US filters against each other. The bank is also using SWIFT's Payments Data Quality service to improve payment message data quality for enhanced screening effectiveness.

Optimise name screening performance

A leading global insurer wanted to improve the performance of its main customer screening filter and align more than 100 additional filters with global policies and risk appetite. SWIFT assessed the company's main filter to understand and address issues with field truncation, poor fuzzy matching performance and list coverage. Through this consultancy project, SWIFT improved the main filter's screening and fuzzy matching performance, setting a global benchmark for the firm's other filters. To support the rollout of these new standards across the organisation, the firm implemented Sanctions Testing

across multiple filters and jurisdictions, enabling it to align screening practices with global policies and gain assurance about filter and list performance.

Increase screening scope while managing resources

The need to increase transaction screening effectiveness and efficiency while managing limited resources led a national bank with commercial and private banking operations in a higher-risk jurisdiction to retain SWIFT's services. For cost reasons, the bank's Payment Operations team was only screening 20% of its transactions – a decision that made its Compliance team uncomfortable. In parallel, the bank's Audit team informed Operations that it needed to start screening MT 700 trade messages. Sanctions Testing has enabled the bank to implement screening of additional messages and list types, and to validate that screening is being conducted effectively without overwhelming available resources.

Ensure local compliance with global standards

A large regional bank with operations in both highly regulated and developing markets wanted to ensure that all of its local transaction filters were being operated in line with global risk and compliance policies. Sanctions Testing enables the bank to set policy centrally and then perform peer comparison testing to confirm that all filters are performing within accepted norms, regardless of local settings and operational practices. SWIFT worked with the bank's Global Compliance and Operational Compliance teams to understand the challenge and define a testing regime that objectively demonstrates consistency for 10 different transaction filters across the group.

Automate sanctions testing process

IT barriers and consultancy costs were preventing a top European bank from improving its testing process. Sanctions Testing enabled the bank to automate filter testing after each list change to assess the impact of changes and ensure full compliance. This reduced the dependency on its IT teams and eliminated the need for external consultants, enabling the bank to build knowledge internally while leveraging an independent, third-party testing solution.

The bank improved the tracking and audit trail of list changes and reduced manual effort, enabling broader and more detailed testing and providing assurance that screening systems were functioning correctly.

Enhanced response to regulatory demands

A top global bank faced regulatory pressure to improve its sanctions compliance processes. It needed to contain costs by reducing false positives while demonstrating to regulators that efficiency gains did not jeopardise screening effectiveness. The bank used Sanctions Testing to test the effectiveness and fuzzy matching performance of its transaction and customer screening filters and automated watchlist validation using comprehensive testing rather than manual sampling. It registered significant efficiency gains, was able to demonstrate deep knowledge of filter algorithms and model validation to its regulators, and ultimately reallocated staff to higher-value projects.

Evidence-based streamlining of technology and operations

The legacy of mergers and acquisitions had resulted in one large institution operating filters from multiple vendors in different geographies and sanctions jurisdictions. The bank lacked a centralised screening function, creating inconsistencies and increasing the risk of violations. The bank implemented Sanctions Testing to provide independent analysis of filter performance and objective comparison between filters and organisational units. Testing enabled global alignment of screening practices with policies and risk appetite. The bank implemented short-term measures to mitigate risk while installing and testing new technology that delivered demonstrably effective performance while reducing operational and technology costs.

More information

SWIFT is a global member-owned cooperative and the world's leading provider of secure financial messaging services. We offer a growing portfolio of financial crime compliance services that address our community's needs in the areas of sanctions, Know Your Customer (KYC), Compliance Analytics/AML and fraud prevention. Sanctions Testing is part of our Sanctions compliance portfolio. Learn more at www.swift.com/complianceservices