



Iccrea Banca invests in SWIFT Sanctions Screening to enhance compliance programme

Operational excellence remains a crucial foundation for financial institutions to succeed in this tough environment and achieving this at the lowest total cost of ownership remains a priority. Sanctions Screening from SWIFT is an effective tool to help banks to do this.”



Davide Paglia, Business Application of Payments Systems Expert, Iccrea Banca

Operating under the constant threat from sophisticated criminal and terrorist financing activity, financial Institutions also face the increasing challenge of keeping pace with ever changing regulatory requirements designed to combat such activity. Sanctions screening tools can help banks comply with these regulations. However, they sometimes carry the risk of lengthy implementation times and costly overheads, especially for small and medium-sized banks working on a cross-border basis.

As a result of internal restructuring, Iccrea Banca approached SWIFT in 2013 to support the bank in strengthening its compliance mechanisms using SWIFT's Sanctions Screening solution.

In 2016, the Iccrea Group was restructured, placing Iccrea Banca at the head of the Iccrea Banking Group. The Group now had a banking licence and was able to align itself with the regulatory requirements of the European Central Bank. This important change enhanced its reputation and at the same time raised the requirements for all of its members in terms of compliance with international best practices.

To further support and maintain the Group's reputation as a trusted banking partner in both the local and international markets, Iccrea Banca is committed to providing the highest quality of service for their customers with secure, compliant and reliable banking products and services.

The bank is also conscious of the need to keep pace with the dynamic challenges from fraud and cybercriminals, and recognises that technology plays an invaluable role in support of its ability to meet these challenges and thereby minimize the risk of attacks and any potential loss.

Facing the challenge of combatting financial crime

In banking today, regulatory compliance is a must. With all areas of banking coming under scrutiny, the burden of Anti-Money Laundering (AML), Know Your Customer ('KYC') and sanction screening requirements present a major challenge. Doing this at the same time as keeping operational costs down and maximising use of resources is an additional pressure. Since 2007, Iccrea Banca has been tackling financial crime head on. By developing and implementing a formalised system of security measures, policies and procedures, as well as optimising their internal resources, it is well prepared for the challenges in the new era of business.

However, the bank also recognised that the increasing activity of financial criminals is a global issue that demands a concerted effort to protect the Group. Executives saw a need to review the bank's internal systems, checks and controls in order to determine the best approach to ensure the Group could meet its future needs for compliance with rising regulatory requirements.

Making a decision

In 2013, Iccrea Banca began its sanctions screening project by looking at the market for available products and investigating options. Advances in technology mean that improved and affordable products have now become a reality. The challenge lies in finding those that are not overly complex which can be easily implemented to enhance operational efficiency and maintain a high quality of customer service.

First generation screening solutions were cumbersome, complex, and both expensive and difficult to integrate with existing infrastructures. However, as a reaction to the growing number of incidents and attacks, and the rapid pace of technology advancement, a second generation of products and solutions were soon brought to the market.

Iccrea Banca chose the SWIFT solution as the most suitable, cost effective and yet user-friendly and straightforward to implement solution available. By 2014, it was using SWIFT for sanctions screening. Initially, the bank screened FIN messages in FIN-Copy mode as a first step to eliminating manual processes; automating sanctions screening speed up the process, minimise risk and realise operational efficiencies.

SWIFT Sanctions Screening: the benefits

As the actions of fraudsters and cyber criminals become more sophisticated, banks need to continually evolve their internal sanction screening systems to ensure they are minimizing the risk of attack. In addition, they must keep up-to-date with new regulatory requirements and demonstrate their compliance to overseers. SWIFT Sanctions Screening offers two setup choices. The Copy-based approach enables users to screen incoming and outgoing FIN messages (payment and trade). However, for banks that need to screen ISO 20022 formatted SEPA payments or other non-FIN message formats, the SWIFT Sanctions Screening Connector offers a flexible and cost-effective solution.

Like all SWIFT's Sanctions Screening setups, the Connector option is web-based, easy to use, has no hardware or software overheads and maintenance is taken care of by SWIFT; all service updates are automatic. Specific benefits for the Iccrea Banca IT team include:

- Greater control of which messages need to be routed to the screening engine and more efficient integration with the bank's business operations due to the integration with Alliance Access and better management of routing rules facilitated by the Connector
- Flexibility to screen any chosen transaction format
- Clearer understanding of Exception List features
- Adoption of new Hit Reducing Rules

Iccrea Banca was an early adopter, participating in the SWIFT pilot program for the Hit Reducing Rules feature and becoming the first bank in Italy to adopt this enhanced feature.

The results have exceeded expectations:

- 71% volume reduction (false positive cases) with constant high transaction control quality levels (positive cases)
- 60% effort reduction in terms of full time equivalent headcount
- New efficient business model
- Significant operational cost reduction
- Increased control and integration with back-office applications

The Iccrea Bank sanction screening environment today

With the adoption of the latest Sanctions Screening service from SWIFT, Iccrea Banca has enhanced its sanctions compliance. It now has an easy to use web-based system built on industry standards and fully maintained by SWIFT. Through the service the bank has access to the most recent data, comprising multiple sanctions list feeds including public, private and SOR (Sanctions Ownership Research) lists. All lists are updated automatically to the service. When screening transactions and evaluating results, the system generates screening and audit trail reports, which are then available for download. Filters can be updated to ensure compliance at all times.

The Iccrea Banca Group is now part of the SWIFT community which collaborates on improving, enhancing and upgrading the sanctions screening service to ensure it keeps pace with the demands of the market and regulatory environment. A key benefit of the group is that best practices are quickly shared; in the fight against fraud and cyber-crime, the practical value of such shared experiences cannot be underestimated.

“With Sanctions Screening we now have a level of comfort and confidence that allows us to meet our sanctions compliance requirements.”



Andrea Saracini, Head of Business Applications of Payment Systems, Iccrea Banca

By collaborating with other participants in the industry through SWIFT and embracing new technologies and innovation, Iccrea Banca faces the future from a position of strength.

About Iccrea Banca

Iccrea Banca, the Istituto Centrale del Credito Cooperativo, is the parent company of the Iccrea Banking Group (IBG). The Group comprises many highly respected financial institutions that provide products and services as well as consulting and support to 317 Cooperative Credit Banks across Italy.

Companies in the Iccrea Banking Group provide advanced financial instruments, products for savings and pension management, credit solutions for families and small and medium-size enterprises, M&A finance and support to corporate foreign businesses, such as import/export and trade finance.