



THE CHALLENGES ASSOCIATED WITH AUTOMATING THE PROCESSING AND SCREENING OF PAYMENTS



Challenges faced by Banks

- ◆ Traditional banking services are under threat from new competitors
- ◆ New technology to deal with such as mobile payments

Banks urged to improve compliance-burden cooperation

by [Rebecca Brace](#)

Onerous KYC regulations are imperilling trade financing and the flow of credit to emerging markets. It is high time banks boost cooperation, aided by technology, to address the challenge, as industry efforts are found wanting, say treasurers.

Regulatory compliance is exacting a heavy toll for banks around the world – particularly where [know your client \(KYC\)](#) and anti-money laundering (AML) regulation is concerned.

Sentient to take on banks with launch of Nuapay

08 May 2015 | 3021 views | 2



Sentient, a provider of payment services to some of Europe's top banks, is to take advantage of EU regulations to set up its own 'disruptive' non-bank alternative for payment processing.

High cost of KYC, Due Diligence and AML Compliance for regulated Banks

The Challenge of SEPA

ACCUITY DISCUSSES SEPA 'IBAN ONLY' REGULATION IN A WORLD BEYOND THE EUROZONE

[Regulatory Standards Compliance](#)

12 May, 2015

Accuity, a leading global provider of financial data for over 175 years, will attend the [EBAday conference](#) in Amsterdam. Addressing the global payments audience, Accuity will present solutions for SEPA compliance and 'IBAN only' regulation, as well as KYC and compliance solutions for anti-money laundering (AML) and sanctions screening.



There was a clear adoption of standards set by the European Payments Council in 2014 for Euro payments across the Single Euro Payments Area (SEPA). The next major facet of the SEPA regulations comes into effect in 2016 when banks may no longer compel their originating customers to provide a Bank Identification Code (BIC). That is, customers only need to provide an IBAN.



Challenges for Payments Operations Departments

- ◆ Lacking standardised payment information
- ◆ Lacking IBANs for Countries that now require them (Austria, Germany, Greece and UAE)
- ◆ Not knowing ACH and Fedwire details for payments in the US
- ◆ Routing payments through intermediaries is costly
- ◆ The payments data held in the core banking systems is out of date
- ◆ Contact details to repair a payment are missing
- ◆ The payments data needs to be re-formatted so it can be uploaded into the payments engine
- ◆ Manual processes are prone to human error and slow



Who is the RMB correspondent for Korea Exchange Bank?



What is the National Clearing Code is ICICI?



Who is the contact in Payments dept at Banco Santander?



What is the IBAN BIC for Banca Popolare di Bergamo S.p.A.?



Is this ABA routing number eligible for FEDWIRE?



Does SMBC has a preferred Correspondent for EURO payment?



Where Accuity could help



Lack of information creates cost and delay



ACCUITY

PAYMENTS SCREENING



Why is payment screening important

- ◆ France's BNP Paribas pleaded guilty to concealing billions of dollars in transactions for clients in Sudan, Iran and Cuba and agreed to pay \$8.9 billion in fines,
- ◆ The agreement includes a year-long suspension of the bank's ability to convert foreign currency into U.S. dollars through its New York office
- ◆ Staff at BNP went to elaborate lengths to disguise illicit transactions with sanctioned countries.

Why do sanctions regulations matter?



December 2012: Fined **\$1.82 billion**, constituting the largest OFAC/AML Violation ever. The bank assisted Mexican drug cartels in laundering their proceeds, as well as participated in stripping



December 2012: Fined a total of **\$667 million** in connection with stripping payments worth hundreds of millions for Iranian clients (second largest sanctions fine to date)



June 2012: Fined **\$619 million** for deliberately falsifying billions of dollars in wire transfers destined for countries or individuals on U.S. sanctions lists including Sudan, Iran and Libya, Myanmar, and Cuba (3rd largest sanctions fine to date)



December 2012: Fined **\$8.6 million** for similar stripping behavior outlined above. First Asian bank hit with major OFAC fine.

Sanctions list often include high-level information that does not provide full protection

- ◆ Additional locations of designated banks where a worldwide sanction is imposed, including their SWIFT/BICs
- ◆ Known members of sanctioned terrorists, political and religious groups
- ◆ Known aliases of designated individuals
- ◆ Subsidiaries of designated companies
- ◆ Current and past names of designated vessels
- ◆ Alternative spellings and foreign language translations (Synonyms)



All sanction lists enhancements are reviewed and approved by Accuity's GWL Enhancement Review Committee.

Country sanctions programs and advisories require enhancements to identify potential violations (Cont'd)

- ◆ Types of Enhancements
 - ◆ Names of fully sanctioned countries and their principal cities
 - ◆ All bank locations in fully sanctioned countries, including their SWIFT/BICs (includes 650 bank locations without SWIFT/BICs)
 - ◆ Branches of banks located outside of fully sanctioned countries whose headquarters are within a fully sanctioned country, including their SWIFT/BIC and Local Clearing Codes (Over 130 bank locations outside of sanctioned countries)
 - ◆ Government officials of fully sanctioned countries
 - ◆ Airports and Seaports of fully sanctioned countries



Regulatory bodies' sanctions programs mandate widespread sanctions without providing a full list to identify violations.

Trade Finance: Areas of Concern

Trade Based Money Laundering requires staff to identify money laundering red flags

- ◆ Frequent documentation changes
- ◆ Under invoicing/over invoicing
- ◆ Involvement of many 3rd parties or 3rd party jurisdictions when the shipment could be shipped direct from one country to another
- ◆ Shipment of item that doesn't make sense
 - ◆ A country known for rubber exports is importing rubber
- ◆ Best practices and red flags published by international bodies such as the APG (Asia Pacific Group) and FATF (Financial Action Task Force)

Trade Finance: Areas of Concern

Sanctions/Counterterrorist Financing and Dual-Use and Controlled Goods

- ◆ High sanctions risks due to increased focus on compliance in Trade Finance by regulators like the US Iran Freedom and Counter Proliferation Act of 2012
- ◆ Dual-use goods can have real-world consequences if not properly controlled
 - ◆ Potassium fluoride can be used to fluoridate water supply and tooth paste but can also be a toxic precursor for use in Sarin gas, the nerve agent widely believed to be responsible for the recent chemical attack in Syria
- ◆ Due to the large number of frequent changes to sanctions lists and the overwhelming amount of information found in the dual-use goods list, this component would best be served through technology rather than relying on staff training alone frequent documentation changes

There may be many questionable parties that you have to check using many tools



Shipper



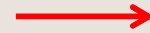
Sending Bank



Beneficiary Bank



Buyer/
Consignee



Use your compliance department's watch list screening/lookup tool



Port of Discharge



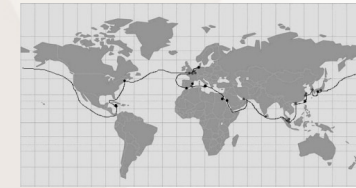
Ship Used for Transport



Port of Loading



Use a free worldwide search engine



Goods and type of goods



Manually search against restricted goods lists



Using many tools equates to a lack of oversight and proof

- What if a particular field wasn't checked?
- What proof is there that all fields were checked properly?

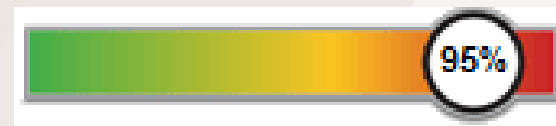
Risk Scoring will catch potential true matches even when typos occur

Input Record
Customer Account Number: 123654721
Individual Name: Hang Manchi
Company Name: HK Pharmaceuticals Inc.
Date of Birth: 2/8/1955
Street Address:
City: Shenzhen
State/Province: Guangzhou
Country: China

Entities
Name: HUANG, MANCHI
Address: HONG KONG CHINA
Passport No: 750200421
DOB: 03/18/1961
Aff Country: SDNTK
Aliases: WONG, Moon Chi
AltDOB: 4/21/1945; 1/25/1947; 2/8/1955; 8/3/1958; 8/8/1958
AltPassport: 611657479 (CHINA); 2355009C (CHINA)
Citizenship: CHINA; CAMBODIA
OriginalSource: OFAC

Scoring Component	Match?	Score	Weight	Total
Full Name Comparison	✓	90%	5	4.5
Year of Birth Comparison	✓	100%	4	4
Associated Country Comparison	✓	100%	1	1
				9.5

Risk Score



High Risk

Risk Scoring will automatically eliminate obvious false positives

Input Record
Customer Account Number: 953621487
Individual Name: Robert Duffy
Company Name: BLANK
Date of Birth: 6/13/1975
Street Address: 123 Main St.
City: New York
State/Province: New York
Country: United States

Entities
Name: DUFFY, ROBERT
Title: LIEUTENANT GOVERNOR OF NEW YORK (JANUARY 1, 2011 - 2015)
Address: UNITED STATES
Aliases: Bob
AltDOB: August 21, 1954
EffectiveDate: 2011
EntityLevel: State
ExpirationDate: 2015
NameSource: Website
Org PID: 1994961

Scoring Component	Match?	Score	Weight	Total
Full Name Comparison	✓	100%	5	5
Year of Birth Comparison	✗	0%	4	0
Associated Country Comparison	✓	100%	1	1
				6.0

Risk Score



Low Risk



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DATA COVERAGE



Accuity's Payment Data



Data Highlights

- ◆ Data is obtained from issuing authorities, central banks and **banks directly**
- ◆ Information on more than 800,000 branches for over 52,000 financial institutions worldwide
- ◆ National bank codes for over **175 countries and territories**
- ◆ All SWIFT/BICs and CHIPS
- ◆ Over **300,000 correspondents/SSIs**
- ◆ Details for over 40 national and regional clearing systems



ACCUITY



GLOBAL PAYMENT SOLUTIONS



Payment Data and Functionality through Integrated Delivery Options

- ◆ Accuity's 100+ data team maintains payment data so that customers do not need to devote their own time and money to this resource-intensive task
- ◆ Customers rely on Accuity to provide the single source of payment data
- ◆ File delivery allows customers to consume data within their databases to allow for integrated validation and provision of payments data
- ◆ Web services provide access to data for real-time validation and provision of payments data.

Global Payment File™ - Plus validates beneficiary bank details and provides correspondent banking details

- ◆ GPF-Plus is a set of files providing financial institution names, bank branch location details, national bank codes, SWIFT/BICs, CHIPS, correspondents/SSIs, clearing system capabilities
 - ◆ Used primarily by financial institutions who use the information within core banking systems, cash management applications and web banking products
 - ◆ Dovetail, Fundtech and Logica have load programs for Accuity data to provide for easy integration
 - ◆ Data provided validates or provides beneficiary bank details, enriches payment instructions with intermediary banks (for cross-currency payments), determines clearing system capabilities of banks for most cost-effective payment routing
 - ◆ Relied upon to increase FI straight through processing (STP) rates
 - ◆ Provided with both monthly and daily update options and in both XML and ASCII format options

Global Payment File™ - ERP helps validate beneficiary bank details

- ◆ GPF-ERP is one file providing financial institution names, bank branch location details, national bank codes and SWIFT/BICs
 - ◆ Optimized pairing between national bank code and SWIFT/BIC ensures that payment instructions sent to banks reference the correct set of codes
 - ◆ Used primarily by corporates who use the information within ERP systems in order to validate payment instructions being sent to their banks
 - ◆ Turnkey solution when combined with Accuity **Bank Master Update Program** which automates the loading of the data into **SAP®** (SAP also has the BIC2 program which can be used to load the Accuity GPF-ERP data into the SAP bank master table)
 - ◆ Provided with monthly updates and in both XML and ASCII format options



The GPF-ERP File can be used not only in SAP, but also Oracle or any other system

GPF Local Language Supplement provides payment information in other languages needed for local clearing

- ◆ Payment systems in China, Japan, Russia, etc. require payment instructions in local characters for local clearing
 - ◆ Languages include simplified Chinese characters, katakana and kanji (Japan), Russian Cyrillic, Hangeul (South Korea), etc.
 - ◆ Used primarily by corporates who use the information within ERP systems in order to validate payment instructions being sent to their banks
 - ◆ Turnkey solution when combined with Accuity Bank Master Update Program which automates the loading of the data into SAP® (SAP also has the BIC2 program which can be used to load the Accuity GPF-ERP data into the SAP bank master table)
 - ◆ Provided with monthly updates in XML



With Accuity's Bank Master Update Program, customers can automate the loading of both GPF-ERP and GPF Local Language Files

Global Payment Web Service provides real-time access to data

- ◆ Global Payment Web Service, either hosted by Accuity or installed within customer network, can be accessed to validate or obtain payment information
 - ◆ Can check against bank code or against the financial institution name (with or without location details)
 - ◆ Information provided includes financial institution name, address and location details, national clearing code, SWIFT/BIC and CHIPS
 - ◆ Information updated daily
 - ◆ Used by payment service providers to validate payments
 - ◆ Increasingly used by banks within their Internet payment products
 - ◆ Value provided in increasing STP rates as well as enhancing user experience



ACCUITY



IBAN SOLUTIONS



Accuity employs multiple checks during IBAN validation and conversion

- ◆ Checks include the IBAN length, ISO country code, bank branch code and IBAN check digit
- ◆ Accuity also validates the checksum values in the legacy account number, many algorithms of which are defined on a bank level
- ◆ Accuity provides the associated SWIFT/BIC for the IBAN, needed for routing

The screenshot displays the 'IBAN COMPLETE' interface for 'IBAN Single Query Conversion'. It features input fields for Country Code (DE), Bank Branch Code (10070024), and Account Number (0001652791). Below the inputs are 'Submit' and 'Clear' buttons. The results section, titled '> IBAN Look-up Results', lists various details: Result (Valid IBAN Structure), Converted IBAN (DE23 00700240001652791), ISO (DE), Bank Branch Code (10070024), Account Number (0001652791), BIC (DEUTDE33HAN), Institution Title (Deutsche Bk Privat- und Geschäftskun), Branch Title (Adlershof), Street (Woerthstrasse 3-5), Postal Code (12489 Berlin DE), and Country (Germany). It also includes an 'Override SWIFT/BIC' field set to 'ABCDDEFF (when applicable)' and a note that the 'Name of Processing Bank' will be populated based on the SWIFT/BIC. Red checkmarks on the right side of the interface indicate that each of these fields and the overall conversion process have been successfully validated.

IBAN COMPLETE

IBAN Single Query Conversion

Please type in Country Code, Bank Branch Code and Account Number OR Country Code and IBAN

Country Code: DE or DE Germany

Bank Branch Code: 10070024

Account Number: 0001652791

Enter BBAN

Submit Clear

> IBAN Look-up Results

Result: Valid IBAN Structure

Converted IBAN: DE23 00700240001652791

ISO: DE

Bank Branch Code: 10070024

Account Number: 0001652791

BIC: DEUTDE33HAN

Institution Title: Deutsche Bk Privat- und Geschäftskun

Branch Title: Adlershof

Street: Woerthstrasse 3-5

Postal Code: 12489 Berlin DE

Country: Germany

Override SWIFT/BIC: ABCDDEFF (when applicable)

Name of Processing Bank: This will populate based on SWIFT/BIC

✓ Converts legacy account information into a valid IBAN

✓ IBAN check digit

✓ IBAN length

✓ Legacy account number checksum validation

✓ IBAN-compliant ISO country codes

✓ Bank branch code

✓ Legacy account number length

✓ Legacy account number format

✓ Legacy account number checksum validation

✓ BIC provision

✓ Override BIC for IBAN

Accuity provides IBAN Complete via multiple deliveries

**One comprehensive solution.
Multiple delivery options.**



Access the online reference tool
Facilitate validation and conversion of key IBAN payment information, via single look-up or batch.



Online Lookup and Batch Tool



Connect your systems to our data application
Using your current systems, seamlessly connect to our hosted database for the most up-to-date information.



Accuity-hosted Web Service



Embed our IBAN expertise into your systems
Deploy our application in your own environment for increased control and added security.



Embedded Solution

Set up real time within a workflow or use batch programs for a project



Engage with Accuity
Let us review, clean-up and enhance your IBAN payment data for improved rates of payment STP.



Screening Service



The IBAN File primarily provides the SWIFT/BIC for the IBAN – suitable for FIs who need to comply with the 'IBAN only' rule

- ◆ The IBAN File is one data file which directly links the bank branch code identifier in the IBAN to the SWIFT/BIC needed to route the IBAN payment
 - ◆ The information also provides the override SWIFT/BIC, if applicable, for making cross-border payments with IBAN
 - ◆ Primarily licensed by banks, especially in the SEPA zone
 - ◆ File is provided in ASCII format and updated fortnightly or daily
- ◆ IBAN-ERP packages the IBAN File along with a program that loads into SAP
 - ◆ Corporates can ensure that the SWIFT/BICs in their instructions they send to their partner banks are SEPA compliant

Data Provider – Official Roles



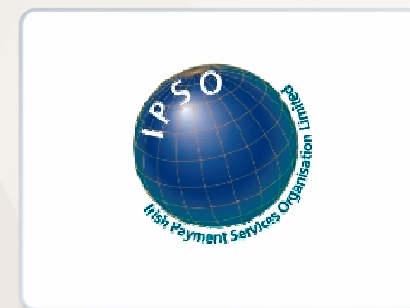
Accuity is the Official Provider of the EBA Euro Priority Payment Scheme Central Registry



Accuity is the Official Provider of the EPC SEPA Adherence database



Accuity is the Official Registrar for the ABA routing numbers



Accuity is the Official Provider of the Irish Payments Services Organisation's (IPSO) directory of National Sort Code database



Accuity is an issuer, gatherer, consolidator, verifier and distributor of payment data. Our global database includes:



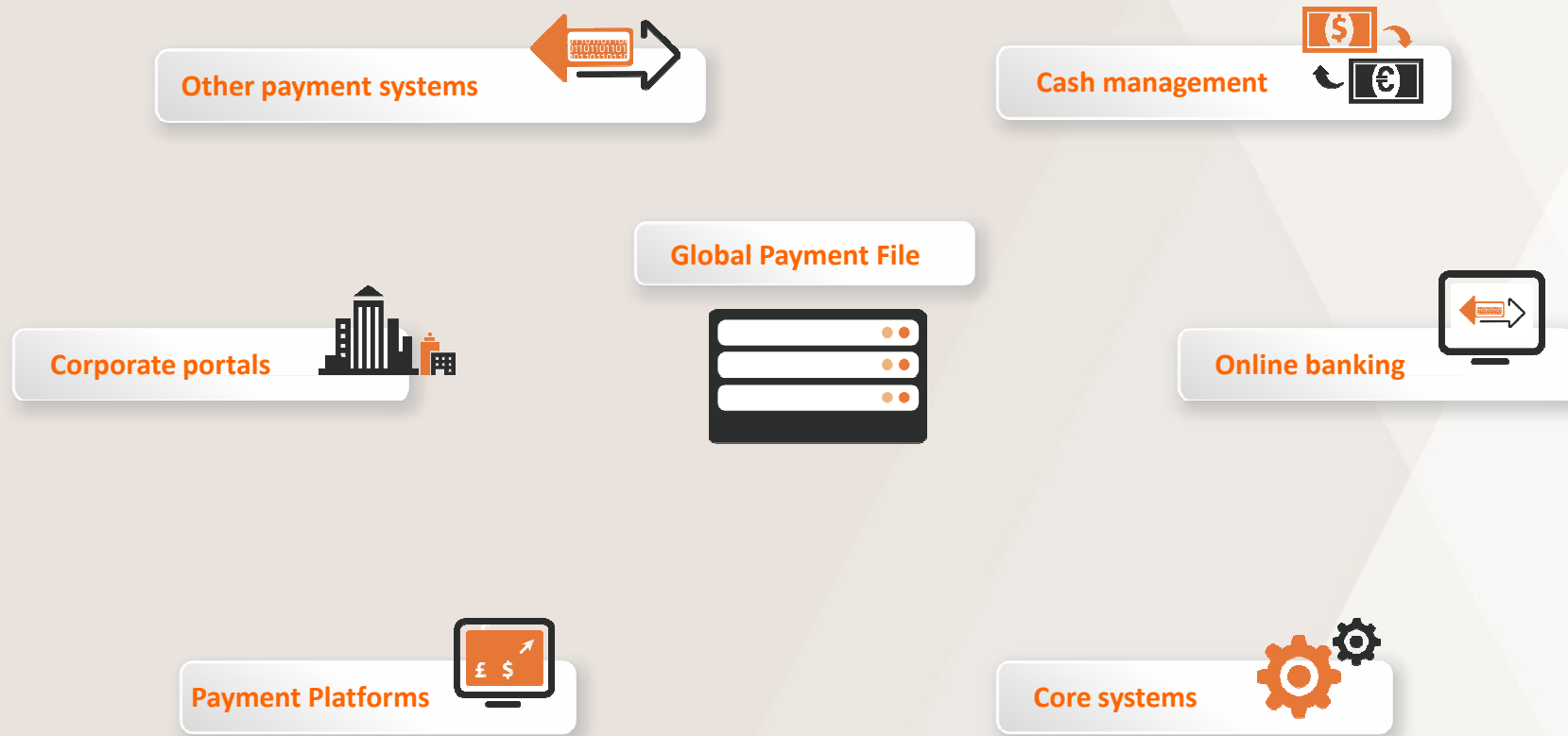
Delivering the
Industry's
Golden Copy
of payment routing
information

- ◆ Information on **750,000 branches** of more than **50,000** financial institutions.
- ◆ More than **280,000 SSI**/correspondent banking relationships
- ◆ **890,000 clearing codes**
- ◆ Optimised **national bank code to SWIFT/BIC pairings**
- ◆ The best **SWIFT/BIC** to pair with a specific bank code



We're dedicated to keeping our data up to date

Maximise the value of our data: Improve customer experience while also increasing payment efficiency (STP) rates.



Enrich your payment processes with our trusted payment reference data

Global Payment Data can be delivered in many ways

Various deliveries to accommodate different technical needs:



Stand-alone Internet look-up

Users can submit single query for banking, correspondent and payment routing data using powerful search engine.



Web Service

A service is called from existing applications, which seamlessly validates bank name or bank code, while obtaining the correct payment routing details in real-time against Accuity-hosted service. The solution can also be installed and hosted within the customer's own network.



Embedded

Payment routing information on bank offices worldwide is available in multiple formats for easy deployment within Payment system, Core Banking system, Treasury as well as Enterprise Resource Planning system.



Screening Service

Engage our subject matter experts and let us review, clean-up and enhance your payments data. No data or programs are installed.



Accuity can provide Global Payment data in the version that best suits the customer's needs.

Our Solutions



PAYMENT SOLUTIONS

The Global Banking Resource (TGBR)
Global Payment File
IBAN Complete
SmartWorks



COMPLIANCE SOLUTIONS

Compliance Link
Online Compliance, powered by
WorldCompliance, a LexisNexis Company®
Global WatchList® Data



FINANCIAL COUNTERPARTIES KYC

BankersAlmanac.com
Credit Risk
Due Diligence Repository
Ownership File
Know Your Customer Due Diligence File



PROFESSIONAL SERVICES

False Positive Reduction (FPR)
Data Cleanse



MARKETING SERVICES

Databank
Private Label
Advertising



REFERENCE DIRECTORIES

ABA Key to Routing Numbers
Custom Directories



Some of Our Clients Include





Questions?

/ DELIVERING CERTAINTY