



*Increase KYC effectiveness and efficiency*

### Benefits

- Single, standardised point of reference
- Unique value-added information (SWIFT Traffic Profile)
- Full access control over your data
- Validated, up-to-date information
- Industry owned and operated
- Reduced effort and cost



## SWIFT KYC Registry

*New global utility will make managing your KYC activities easier*

Regulatory compliance is a fact of life for financial institutions, and correspondent banking has been heavily affected by a multitude of new requirements. High on the list is Know your customer (KYC) compliance, which refers to due diligence activities that financial institutions must perform on their clients in order to do business with them. SWIFT is developing a global KYC Registry to help its users address this challenge.

The lack of a single, standardised, on-demand source for validated, up-to-date KYC information leads to massive numbers of document exchanges, and a huge amount of duplicated effort and cost for the industry. For example, the 7,000 banks involved in correspondent banking on SWIFT have more than one million individual relationships – meaning more than one million document exchanges are taking place.

To reduce KYC-related effort and cost, SWIFT is developing a global KYC Registry for correspondent banking and fund distributors, which will enable users to address regulatory requirements in a standardised, efficient manner.

As a member-owned cooperative, SWIFT has long been instrumental in developing standardised, collaborative solutions to industry challenges.

As the secure, global network over which the majority of correspondent banking transactions take place, SWIFT is the natural partner for helping the industry address this issue.

In addition to providing a single point of reference for KYC information, the KYC Registry will give users the option of creating their own unique 'SWIFT Traffic Profile' which they can share with selected counterparties. The SWIFT Traffic Profile provides a standardised portrait of an institution's traffic activity on SWIFT, providing factual data which institutions can use in their KYC risk assessment.

The KYC Registry is set to become operational in late 2014. Participation will be entirely voluntary and SWIFT will remain a neutral information provider throughout the entire KYC process.

### Contribute, access and exchange KYC information

The KYC Registry will perform three key functions. First, it will enable correspondent banks and fund distributors to contribute their own KYC information to a single entity – SWIFT – rather than needing to exchange documents with each of their correspondents. Second, it will create a single, central repository for institutions to access up-to-date KYC information. Third, the Registry will facilitate efficiency and transparency, as teams at each user institution will have access to the same standardised data, regardless of their location.

SWIFT will check for completeness and accuracy and validate key aspects of submitted documentation, whilst member banks retain ownership of and responsibility for their own information.

SWIFT will host the KYC Registry and manage its data according to SWIFT's strict security and data protection policies. Access to the Registry will be upon registration only and banks will always retain full control of which data they provide to their correspondents. Registry data will be stored in Europe.

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**“SWIFT’s KYC Registry will help users reduce the cost, effort and risk related to KYC compliance.”**  
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**Create your SWIFT Traffic Profile**

Each bank that joins the KYC Registry can ask SWIFT to create its unique SWIFT Traffic Profile, constructed from that institution's SWIFT traffic data. This optional report will provide additional transparency on a correspondent's activity over the SWIFT network, in relation to nested correspondents.

The Profile will address standard compliance questions about whether a bank has meaningful correspondent relationships in jurisdictions that are internationally recognised as creating particular vulnerability to sanctions, money laundering, corruption or terrorist financing.

By providing standardised data, the SWIFT Traffic Profile will enable banks to provide objective evidence of their own declared behaviour. Analysis of their counterparties' SWIFT Traffic Profile will allow banks to better estimate their indirect risk based on their counterparty's correspondent banking network.

The SWIFT Traffic Profile is only available through the KYC Registry. It is optional and will be computed and shared with correspondents only at the request of the Registry user.

The Profile is not judgmental and provides no information on the value or volume of underlying transactions. Profile sharing takes place by the user authorising another bank to view its SWIFT Traffic Profile. SWIFT only acts upon instructions of the Registry user in this process.

**KYC Registry scope**

Financial crime compliance regulations tend to be driven by regulators in a handful of markets, but affect all financial institutions doing business in or with those markets. SWIFT is working with global and regional institutions across the world to develop a standardised approach for the KYC Registry.

The KYC Registry will include documentation covering Identification of the Customer, Identification of the Ultimate Beneficial Owners, Compliance and Tax Information. Documents could include Certificates of Incorporation / Registration; Banking licenses / Proofs of regulation; Declarations of ownership; and Responses to the Wolfsberg AML Questionnaire.

A full list of relevant documentation is being defined in collaboration with the industry, bearing in mind differing regulations about what type of KYC information is required, and what information institutions are allowed to share.

SWIFT has no involvement in any type of judgmental activities such as due diligence, screening, risk scoring, or recommendations about the closure of business relationships. These remain the responsibility of the financial institutions that use the Registry.

**Up-to-date information**

SWIFT's KYC Registry will help users reduce the cost, effort and risk related to KYC compliance. SWIFT will send reminders if documents expire and encourage banks to endorse their information on a recurring (yearly) basis, to help ensure a high level of quality for banks when performing recurring customer due diligence.

The KYC Registry will also include an alerting mechanism by which banks that have been granted access to a specific institution's KYC information will be informed of any changes to that institution's data.

**Start planning now**

If you are involved in KYC-related activities, SWIFT's KYC Registry will make your life easier. Although the Registry is not yet available for use, you can already prepare for its arrival:

- Determine who is responsible for maintaining your institution's own KYC data and providing it to your counterparties: they will probably be the ones to provide this information to SWIFT.
- Identify who is responsible for gathering and maintaining data about your counterparties: they will probably want to access this information from the KYC Registry in the future.
- Look at and potentially adapt your KYC best practices to reflect the fact that you will have a single, secure source for KYC information in the future.

**About SWIFT**

SWIFT is a member-owned cooperative through which the financial world conducts its business operations with speed, certainty and confidence. As the global provider of secure financial messaging services, more than 10,000 financial institutions and corporations in more than 200 countries trust us to exchange millions of standardised financial messages every day.

With the industry facing unprecedented pressure to comply with regulatory obligations, SWIFT is making financial crime compliance services a key strategic focus. We are developing our compliance services offering in close collaboration with our community, leveraging our 40-year track record of security, reliability and operational excellence, working with the industry and expert partners.

*For more information, please contact your SWIFT account manager or visit [www.swift.com](http://www.swift.com).*