



Industry Challenge 2

Developing CDD and EDD solutions to complement SWIFT's global KYC Registry

Background Information Pack

About Innotribe Industry Challenges

Industry Challenges are a new initiative by SWIFT Innotribe to identify and validate innovative solutions to the most pressing challenges faced by SWIFT's member organisations.

Industry Challenges bring together decisions makers from SWIFT member institutions, SWIFT product managers, and handpicked technology vendors in facilitated, rapid-prototyping workshop to identify use-cases and Proof of Concept projects that address specific business challenges. Following successful Workshops, SWIFT provides funding and access to internal resources to up to 3 vendors to execute short-term Proof of Concept projects to validate and refine proposed solutions.

For both startup and established vendors, Industry Challenges are incredible opportunities to accelerate learning and sales cycles in collaboration with SWIFT and its member organizations.

The 2016 Innotribe KYC Challenge: *Developing CDD and EDD solutions to complement SWIFT's global KYC Registry*

Financial crime compliance is a major focus – and cost – for the financial industry. The collection and analysis of customer data and related decision-making are essential parts of the compliance process. Customer Due Diligence (CDD), Enhanced Due Diligence (EDD) and Know Your Customer (KYC) processes require massive effort, much of it manual. Innovation, collaboration and standardisation are keys to cost reduction and efficiency gains in these areas. The correspondent banking industry strongly supporting utility solutions that increase effectiveness and efficiency, eliminate manual processes, and provide for global standards and processes where possible.

SWIFT established The KYC Registry to provide a standardised set of data and documentation that correspondent banks and funds players need to perform KYC compliance on their fellow institutions. Nearly 2,500 institutions have joined the Registry since December 2014. Now, SWIFT is building on this success by developing an industry 'marketplace' of complementary solutions developed internally and with external partners. These could include CDD and EDD solutions such as risk assessment, data aggregation, account opening and digital passport services.

To accelerate marketplace development, Innotribe and SWIFT will run a two-part event in July 2016 in London:

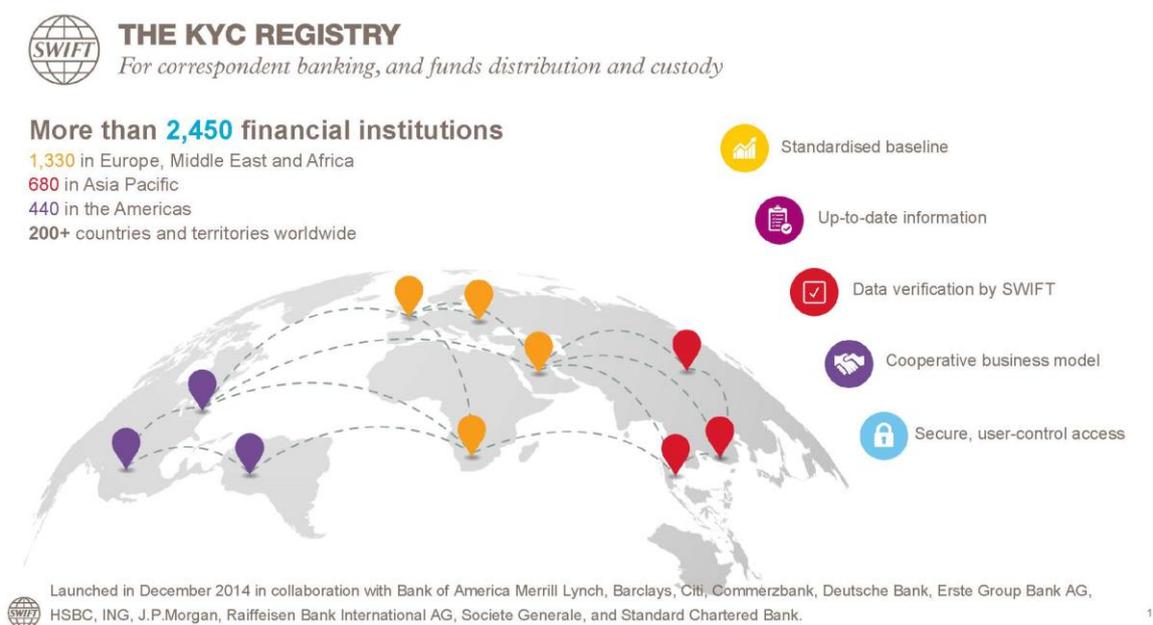
- A one-day Marketplace challenge on **4 July 2016** will invite **established vendors** to pitch prototypes and proofs of concept that could be developed and acquired by SWIFT, or marketed by the vendor itself through The KYC Registry marketplace. Participation in this challenge gives vendors direct contact with SWIFT's compliance services management team and major banks, as well as the

potential to reach more than 7,000 correspondent banks that make up SWIFT's community.

- A two-day **New Product Development** challenge on **6-7 July 2016** will give **early-stage startups** with strong technology or beta products an opportunity to pitch and fine-tune their ideas through a collaborative workshop with SWIFT's compliance management team and major banks. At the end of the two days, up to 3 startups will be selected for a three-month engagement period to further develop their concept in collaboration with Innotribe and SWIFT.

Participation in this challenge gives startups the opportunity to benefit from up to \$100,000 in smart funding, coaching from FinTech experts, as well as direct contact with SWIFT member institutions and SWIFT's compliance services management team.

Both challenges will give innovators access to collaborative development and coaching, thousands of potential customers, as well as the ability to leverage the standard, global data stack of know your customer information in The KYC Registry



Customer Due Diligence (CDD) involves verifying the customer's identity and assessing (potential) risks associated with them based on such factors as their jurisdiction, business activities, customer base, management team/structure and more. CDD includes collecting documentation (audited reports, proofs of regulation, lists of directors...) from the customer or other sources. This process helps banks to identify potentially suspicious activities if these occur.

Enhanced Due Diligence (EDD) involves additional due diligence procedures for customers that are deemed to be higher-risk due to their location, business activities, customer base or other factors. EDD often includes interviewing, monitoring and reporting activities. It can involve collecting additional proof points, third-party EDD reporting, obtaining an understanding of internal policies and procedures, and suspicious activity monitoring systems.

More Information on the KYC Registry: Simple, secure, standards-driven:

The KYC Registry creates one **secure** place to get high-quality, validated KYC information on correspondent banks and share your information with selected counterparties in turn. It enables you to **simplify** the complex web of processes that come with managing KYC requirements by providing a **standardised** set of KYC information and documentation that addresses the requirements of regulatory regimes worldwide.

The KYC Registry is easy-to-use, secure and efficient. All information published on The KYC Registry is validated by compliance experts **at SWIFT** to ensure that it meets clear quality standards for completeness, validity and accuracy.

Standardised set of data and supporting documents:

- **Category I** – Identification of the customer, including legal name, addresses, and regulator. Documentation includes licenses, Proof of Regulation and Certificate of Incorporation
- **Category II** – Ownership and management structure, including Board of Directors lists and list of shareholders over 10%, with full names and identifying data. Documentation includes Group structure, Memorandum/Articles of Association, Annual Reports, Declaration of UBO, Shareholder listings and organisational charts
- **Category III** – Type of business and client base: products and services, operating geographies and customer verticals
- **Category IV** – Compliance information: Enhanced AML Questions, plus AML documentation (AML controls, Wolfsberg Questionnaire, US Patriot Act, response to negative news)
- **Category V** – Tax Information: TIN, GIIN and FATCA data, and support documentation

Secure and intelligent platform:

- **Secure:** you control who views and can access your data. All of your KYC information is stored to SWIFT security protocols
- **Communicate directly** with other compliance content owners for speedy query resolution
- All submitted data and declarations are **validated by experienced compliance professionals** and supported with relevant documentation
- **Auditable** user activity reports

The KYC Registry is designed and driven by:

Asian Development Bank
Bank of America Merrill Lynch
Barclays
Citi
Clearstream
Commerzbank
Danske Bank
Deutsche Bank
Erste Group Bank AG
HSBC
ING
J.P.Morgan
Lloyds Banking Group
Raiffeisen Bank
International AG
Societe Generale
Standard Chartered
UniCredit