Leading Bank uses Kyzer Software's Centralized Reporting platform for - Cross Border Wire Transfer Regulatory Reporting to FIU India

Industry: Banking

Bank has been using **Kyzer Software's Cross Border Wire Transfer Reporting platform** for **Regulatory Reporting to FIU India.**

Modules:

1. SWIFT Reconciliation
2. SWIFT and CBS Reconciliation
3. CBWT Reporting

Regulatory: Financial Intelligence Unit of India

The Prevention of Money laundering Act, 2002 and amended through issuance of the notification no. 12 of 2013 dated 27th August, 2013, there under requires every reporting entity (banking company, financial institution and intermediaries) to furnish reports for Cross Border Wire Transfers.

Few Prerequisites:

- Maintain a record of all cross-border wire transfers of value more than Rupees Five lakh or its equivalent in foreign currency in such a manner as to enable it to reconstruct individual transactions, to furnish to the FIU Director.
- Attempted and executed transactions.

- The nature and value of prescribed transactions.
- Verification of the identity of its clients.
- Identification of the beneficial owner/s along with detailed proofs.
- Document records to be maintained evidencing identity of its clients and beneficial owners.
- Account files and business correspondence relating to its clients.
- Records with audit to be maintained for a minimum period of 5 years from date of transaction.

Business Need

Bank wanted to eliminate multiple data entry points, excessive excel sheet computations for daily reconciliation and monthly reporting of Cross Border Wire Transfer transactions.

Back dated submissions as requested by FIU had to be complied and submitted with complete data cleansing, validations and auditability.

The other business driver was demand for improvements in Compliance along with SWIFT message reconciliation as per regulatory requirements.

The Bank's management wanted to have detailed insights in their Reporting to FIU and ensure complete compliance to the notices and queries received.

Key Challenges

- Multiple applications being used for data collection. Bank was spending 80% of time in data preparation.
- Maintaining & managing the desired granularity of data to the level of transaction, customer, product, transaction related processes, etc. was highly cumbersome & was hampering the banks' attempt to consolidate, report timely and accurately.
- Lack of Audit & System trail of past submissions resulting in failure and notices.
- Manual functioning hindered the Audit of resubmission of corrected reports. Slippages on automated internal controls & compliances.
- Manual case updates and missing customer data.
- Bank's compliance team faced multiple challenges in handling customer transaction and accounting data and providing complete information to FIU on their reportings.
- High penalties imposed by FIU in case of non-reporting or incorrect reporting.

Solution - Kyzer Software CBWT Reporting Solution

The Bank chose Kyzer Software's CBWTR to create a robust solution:

- An electronic movement of transaction information in a paperless workflow environment.
- Parsing of SWIFT MT 103 / 202 / 940 / 950 / 910 also covering cover note transactions.
- Data Extraction from CBS / Trade Finance System / Third Party Systems.
- Auto Match 103 / 202 with 940 / 950 / 910 for both incoming & outgoing. Provision for manual match on User screen.
- Auto Match CBS Transactions against Incoming / Outgoing matched SWIFT messages
- Import matched & filtered CBS Reconciliated Data to CBWT for processing.
- Inbuilt XSD validations which helps meet all the FIU reporting requirements
- INP/LPE data auto captured & populated along with complete stakeholder/joint account holder details.
- Intermediary bank reporting of transactions where INP/LPE is facilitated via SWIFT Reconciliation module.
- Comprehensive P-(Sender) and R- (Receiver) details captured via CBS, SWIFT reconciliations.
- Single Inward with Multiple beneficiaries – complete details captured and reported.
- Cross Border Inter Bank Fund transfer.
- Transactional level risk assessment.
- Risk assessment of the transaction
    - Risk Rating are T1- High Risk Transaction,
    - T2-Medium Risk Transaction,
    - T3- Low Risk Transaction,
    - XX- Not categorized.
- XML Schema Validation
- 150+ Key and Structural validations
- Auto Batch creations
- Designed secure interfaces between the source and target with a strong reconciliation and **Data Quality Check** framework.
- End to end visibility of transaction status.
- Reports as per FIU portal to enable timely uploads and acknowledgements.

- Dashboard visibility of all reconciled transactions at a click.
- Process designs are towards improvement of TAT & max STP and reduction of Compliance Cost.
- Bank was looking forward to an adaptable & configurable solution to ensure future upgrades based on Regulatory changes.
- Configuration of Bank's 4/6 Eye principle.

The project started in Nov 2020 and CBWTR was implemented in Feb 202. The product is being transformed on a continuous basis to suit the changing needs of the bank and FIU guidelines.

Results

Bank has achieved complete CBWT Report submissions from FY 2012 onwards. Current submissions have been enhanced with complete compliance as per FIU clarifications and guidance. Automated reports have eliminated use of xls sheets and results in final creation of xml reports with Auto Batch file creation and submission.

Customer Information

Connect with us: info@kyzersoft.com