FINASTRA

Factsheet

Stay ahead of financial crime with Finastra's sanctions screening solution

Enable faster, more accurate sanctions screening while reducing "false positives," operational costs, and compliance risk

Despite significant spending on AML-KYC technology, industry figures show that 5-10% of payments generate sanctions-screening alerts, with 99% of those alerts turning out to be "false positives."[1]

Sanctions screening enables a large degree of flexibility in implementing security policies. A full range of options is available from fully automated attended operation to multiuser manual signing policies.

Today, the processes used by banks and corporations to screen payments are complex and vary greatly. Many challenges are associated with having to comply with a wide variety of local, national and international regulations; with managing the complexity of over 1,000 blacklists globally; and with needing to reduce risk, all while ensuring smooth payment flow.

What's more, manual systems and processes are still used by many to search through billions of transactions annually to find the 0.001% of transactions that require scrutiny.

According to one large multi-national bank, every "false positive" can cost the bank up to 50 USD. Multiply that by thousands or even millions of "false positives" per year and the costs become staggering. And if that is not enough, banks found to be non-compliant can be fined millions of dollars, adding further cost to the problem. Thus the need to improve the efficacy of payment filtering is paramount.



"Increasingly complex, high-volume and fast transactional environments are all leading to increased regulatory demands for assurance around screening processes."

Celent
Financial Crime Compliance Technology: Watchlist Screening Edition—2024 XCelent Awards, Powered by VendorMatch

1. Swift, Supercharge your payments business with ISO 20022, Use case 1 – Streamline financial crime compliance

INNOVATING FINANCE TOGETHER



Automatically screen and filter payments behind the scenes in one centralized system

The solution

Finastra's sanctions screening solution helps customers meet the requirements of domestic and international embargo and antimoney laundering laws.

It checks messages against various embargo lists, automatically and in real-time. Messages caught in the filter are blocked and will not reach the banking or payment traffic system without manual approval, ensuring that questionable transactions can be stopped before they are processed.

Controlled compliance filter operations considerably increase filter quality and lower the rate and associated costs of "false positives." Our sanctions screening tool can scan transaction messages (Module TRX) as well as Customer Information Files (Module CIF) against sanction and PEP lists.

Our sanctions screening tool can be integrated with a bank or corporation's existing payments and cash management infrastructure or provided as a unified solution with Finastra's payments and treasury management solutions. It is provided by a multi-tenant hosted solution, further saving a bank time, money and reducing risk.

Key features

- Checks payments in many payment rails including Swift FIN, Swift MX, TARGET2, SEPA, TIPS, SIC IP, SIC RTGS, Fedwire Funds and CHIPS ISO.
- Flexible list administration including OFAC SDN, LSEG (World-Check Data File), Dow Jones (watch and sanction alert list), Diligent (Info4c), LexisNexis (Accuity), KYC, HMT (Bank of England) and other country-specific publication lists.
- Self-owned blacklists can be imported, exported and edited; whitelists can reference blacklist entries.
- Automated sanctions list updates
- Simulating configuration changes.
- Long-Term Archive allows hit revision for many years

Business benefits

Reduces operational risk

Our sanctions screening tool offers an environment of controlled compliance filter operations and change management so that the risk of manual misconfiguration or other errors are greatly reduced. Lists are automatically updated daily, which means that the steps requiring manual intervention are dramatically reduced. The advanced fuzzy matching algorithm helps the bank or corporation to identify also hidden true positives.

Reduces the number of "false positives," saving time and money

Using our sanctions screening tool, customers can create whitelist entries. Messages that may have been flagged in the past can then be cleared automatically. This ensures messages that have already passed scrutiny are not re-checked continuously, saving time and money.

Further, messages that need to pass national payments requirements pass only through domestic sanction lists while messages that need to pass international payments requirements can pass through international sanction lists and different configurations.

This ensures that messages are not "overscreened," reducing the number of "false positives."

Finally, the solution allows field specific comparisons. Especially well-structured ISO messages benefit from this feature and lead to better hit quality. Banks and corporates can adjust all of the above-mentioned functionality to meet their varying degrees of risk appetite.

Lowers the cost of compliance

Regardless of whether a payment originates from a financial institution, a mobile device, or ATM, our sanctions screening tool is well positioned to screen messages either in a pre-screening mode or at the last moment before leaving the organization.

Even payments that were created outside the normal payment system can still be screened before leaving the organization.

Filtering payment transactions across different payment rails, networks and market infrastructures, such as Swift, Fedwire and SIC, saves time and significantly reduces the number of interfaces, systems and points of manual intervention.

This means that the process is simplified and that IT costs and headcount can be reduced dramatically. For banks that have employees monitoring suspicious transactions, a reduction in staff time can result in significant savings. The bank may also reduce audit costs by providing evidence of continuous compliance.

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