

Case Study:**Reducing regulatory risk at Swedbank**

Ensuring SWIFT payment speed, accuracy and compliance

Precisely helps Swedbank maintain data quality

Swedbank is a leading Nordic-Baltic banking group, with nearly 8 million private customers and more than 600,000 corporate customers in Sweden, Estonia, Lithuania and Latvia. Swedbank has several hundred branches in Sweden and the Baltic countries, with an additional presence in Norway, Finland, Denmark, the U.S., China and Luxembourg.

Business challenge

In the compliance-heavy environment of financial services, errors can place companies at significant financial and reputational risk. This is particularly true for financial institution's payment processing, which presents some of the biggest data quality challenges. Companies that can quickly and accurately process payments and identify potential issues have a significant competitive advantage, while those who struggle to detect and eliminate errors suffer reputational and regulatory consequences that can impact their bottom-line.

Financial transaction processing involves a number of exchanges, creating the opportunity for data quality to degrade at each step. This complexity is particularly true within SWIFT, which is used by banks, brokers, treasuries and corporations to quickly transmit and route payments around the world. SWIFT payments are time-sensitive, and institutions must ensure that real-time transactional messages are correctly formatted and remain consistent and accurate through every hop of the processing flow.

Swedbank utilizes the SWIFT payment system and must track SWIFT formatted payments as they move through its clearing system in real-time. During processing, the bank must ensure that transaction description fields, payment formats and values stay consistent and accurate throughout the transaction balancing process. When processing errors do occur, the bank must be able to quickly locate and resolve them, or the institution will be subject to fines.

"Payment and settlement processing requires data timeliness and transaction accuracy, because our systems have to process each SWIFT payment in five minutes or less – and perform a latency check between each step," said Elisabeth Johnson, Head of Clearing, Settlement and Infrastructure at Swedbank. "If we do not complete processing within this timeframe, we incur a penalty. To ensure processing efficiency, we needed a way to quickly identify process problems so that we could take corrective action to ensure compliance with our service level agreements." To do so, Swedbank turned to Precisely.

Client

Swedbank

Industry

Financial services

Challenges

- Delayed payment processing on the Society for Worldwide Interbank Financial Telecommunications (SWIFT) network resulted in financial penalties
- Limited visibility into the SWIFT payment process made it difficult to identify and resolve errors or issues in a timely manner
- Transactional data inaccuracies contributed to delayed responses and negatively impacted the customer experience

Solution

Precisely Data360

Results

- Improved end-to-end process control and data quality throughout the SWIFT payment process
- Reduced financial penalties due to processing delays
- Improved auditability of error identification and correction within the payment flow lineage
- Decreased costs associated with error detection and resolution
- Reduced interest payments as a result of a decrease in delayed payment processing

Precisely Data360 delivers quality-powered data governance to reduce risks of late payments, regulatory compliance violations and potential fines.

Solution

Swedbank needed an enterprise solution to provide end-to-end monitoring of the electronic payment and settlement process, and chose Precisely Data360 for its ability to deliver the following:

- Real-time visibility into SWIFT payment processing through every step in the payment process
- Quality rules at key stages within and between critical systems involved
- Separate audit trails to support regulatory compliance
- Virtual elimination of billing process re-runs
- Improved data quality and processing times to increase customer satisfaction
- Reduced operational and compliance risk

Precisely Data360 establishes both value tracking and latency checking quality rules for payments processed through multiple applications, including ProSwitch and the SWIFT interface. It also integrates these new quality and reconciliation rules with IBM® MQ, which Swedbank uses as a communication messaging system between its processing applications and Precisely Data360 to track all payments from signon through payment transfer.

Precisely Data360 delivers quality-powered data governance to reduce risks of late payments, regulatory compliance violations and potential fines. The solution helps Swedbank quickly identify problems at their source, delivers visibility to make it easier to troubleshoot problems and gives Swedbank better control over reducing and eliminating potential delays. "Precisely became our red alert system. It provided highly effective detection capabilities for our incoming and outgoing payments," said Johnson. "It also detected that our MQ middleware – and not our systems – was causing errors."

Results

Precisely Data360 delivered the following results to Swedbank:

- Better payment processing control and accuracy
- Improved visibility to find and remediate errors in the payment flow
- Reduced interest payments
- Reduced costs for error detection and resolution

"The primary benefits we receive by using Precisely are reduced operational financial risks and lower costs with improved cycle time processing for payments valued at approximately \$20 billion (125 billion SEK) daily," says Johnson. "Precisely helps us accomplish this by allowing our employees to easily pinpoint and resolve errors as early as possible."