

## PEP-CHECK: SAVING TIME AND GAINING SAFETY IN COMPLIANCE

For Swiss banks, compliance requirements have increased dramatically since 9/11. In choosing Pep-Check from Telekurs Financial, Schaffhauser Kantonalbank opted for a secure and efficient solution to automate the daily compliance checks performed in executing payment transactions.

*Michel Benedetti (realtime)*

Schaffhauser Kantonalbank (SHKB) is the leading bank in the Swiss Canton of Schaffhausen. Founded in 1883, it now offers everything customers expect from a modern universal bank. SHKB has established a leading position in the region as a reliable financial services provider with an end-to-end offering for private individuals, businesses and public authorities. Geographically

it is favourably located on the north-south axis of Switzerland. SHKB operates at six locations, demonstrating its commitment to its strategy of being close to its customers. Alongside traditional advisory services for mortgage and savings products, commercial lending, investment advisory services and asset management have gained significantly in importance. SHKB customers value the individual

service they receive and the tailored, comprehensive solutions.

### **Effective in combating money laundering**

As a universal bank, Schaffhauser Kantonalbank operates in accordance with both legal and regulatory requirements and the banking industry's accepted professional and



By courtesy of: Schaffhausen Tourismus

ethical principles. Of course, this also includes systematically implementing Swiss anti-money laundering legislation. The Swiss Federal Act on Combating Money Laundering in the Financial Sector prescribes a number of measures to combat money laundering as defined in article 305bis of the Swiss Criminal Code and ensures that due diligence is exercised in carrying out financial transactions. However, compliance requirements have increased dramatically since the terror attack on the World Trade Center in September 2001, as Eveline Bühler-Moor, deputy head of payment transactions at SHKB, confirms: “Although, since 9/11, we’ve been trained in compliance requirements as part of the crackdown on money laundering and terrorism, it became very labour-intensive to perform checks successfully when the checklists suddenly contained thousands of names.” This is reaffirmed by Daniel Kohler, head of SHKB’s securities service centre: “In the present situation, no bank is able to fully meet compliance requirements with manual procedures.”

## **Pep-Check in the Finnova banking package**

In its search for a suitable solution, SHKB last year evaluated Pep-Check, an interesting product from Telekurs Financial. Pep-Check enables financial institutions to carry out checks on their potential and existing customers in accordance with legal requirements and the recommendations of the international Financial Action Task Force on Money Laundering (FATF) using official PEP and sanction lists (see box).

Pep-Check provides detailed check results and can be easily integrated into different verification processes and systems. In an initial phase, SHKB used Pep-Check as a stand-alone solution and thus took a major step towards efficient compliance. A few months ago, Pep-Check was integrated into the Finnova banking software used by SHKB, enabling the Schaffhausen-based bank to automate most of its procedures. So how is Pep-Check used on a day-to-day basis? Eveline Bühler-Moor explains: “For example, we use Pep-Check in international payment transactions to check the beneficiaries of outgoing payments.” When SHKB staff enter these orders on a daily basis, Pep-Check automatically checks whether the remittee’s name is on one of the official checklists. If it is, the compliance department has to decide whether to approve the order based on further research. “It’s a massive step forward”, comments Eveline Bühler-Moor, “as it would be impossible to carry out manual checks with

the currently extensive OFAC or SECO lists. With Pep-Check, we save a huge amount of time – and, above all, are certain that all compliance requirements are being met.”

## **Innovation for Finnova customers**

In choosing Pep-Check, SHKB opted for an innovative solution to effectively automate the procedures involved in performing daily compliance checks. Pep-Check now offers an interesting innovation for other cantonal banks and financial institutions using Finnova AG’s software package. SHKB plans to extend its use of Pep-Check to other areas as well, as Eveline Bühler-Moor confirms: “We’re also planning to use Pep-Check for regular checks of the client data base in future.” ■

### **Which checklists come as standard with Pep-Check?**

- OFAC (Office of Foreign Assets Control of the US Department of the Treasury)
- SECO (State Secretariat for Economic Affairs, Swiss Federal Department of Economic Affairs)
- Bank of England
- European Union
- Principality of Liechtenstein
- United Nations (UN)
- BIS (Bureau of Industry and Security, US Department of Commerce)
- CIA
- Additional PEP lists from Info4C (e.g. Bush List)

**The lists in Pep-Check are updated daily, enabling thorough and timely checking of the myriad compliance requirements.**