FSB action plan to assess and address the decline in correspondent banking

End-2016 progress report and next steps

19 December 2016

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Executive Summary

A decline in the number of correspondent banking relationships is a source of concern for the international community because it may affect the ability to send and receive international payments, or drive some payment flows underground, with potential consequences on growth, financial inclusion, as well as the stability and integrity of the financial system.

The Financial Stability Board (FSB) presented to G20 Leaders in November 2015 an action plan to assess and address the decline in correspondent banking,[1] with four elements:

- Further examining the dimensions and implications of the issue;
- Clarifying regulatory expectations, as a matter of priority, including more guidance by the Financial Action Task Force (FATF);
- Domestic capacity-building in jurisdictions that are home to affected respondent banks;
- Strengthening tools for due diligence by correspondent banks.

The FSB established in March 2016 the Correspondent Banking Coordination Group (CBCG) to coordinate and maintain impetus in the implementation of the action plan. The CBCG's membership comprises senior representatives from international organisations and standard setters and national authorities in the FSB and its Regional Consultative Groups. This report describes the progress that has been made under each of the four elements of the action plan and the deliverables for 2017 to further address the identified issues.[2]

Recent surveys and other information sources point to a downward trend in the number of active correspondent banks. As described further in Section 1, where this leads to an increased concentration of relationships in a relatively small number of service providers, or even to situations where some banks rely on a single correspondent bank, this may represent a risk to the resilience of respondent banks. [3] A number of factors appear to be behind this decline, and therefore a range of responses are needed, including technical steps to improve the functioning of the market, and involving international coordination among authorities, correspondent banks and respondent banks.

Among the actions taken:

- The FATF published on 21 October its guidance on correspondent banking,[4] which clarifies that the FATF Recommendations do not require financial institutions to conduct customer due diligence on the customers of their respondent bank clients (so-called "know your customer's customer"). The guidance highlights that not all correspondent banking relationships carry the same level of money laundering or terrorist financing risks, hence any enhanced due diligence measures have to be commensurate to the degree of risks identified. The FATF has decided to engage in

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1 http://www.fsb.org/2015/11/report-to-the-g20-on-actions-taken-to-assess-and-address-the-decline-in-correspondent-banking/ of 6 November 2015.

2 An earlier report on progress, describing actions up to August 2016, was submitted to the G20 Leaders' Summit in Hangzhou on 6-7 September. See http://www.fsb.org/2016/08/progress-report-to-g20-on-the-fsb-action-plan-to-assess-and-address-the-decline-in-correspondent-banking/.

3 In this report, "respondent bank" is used to refer to the recipient of correspondent banking services, and "correspondent bank" the provider of these services. The same bank may in practice be both a correspondent and a respondent bank.

4 http://www.fatf-gafi.org/publications/fatfrecommendations/documents/correspondent-banking-services.html.

further work on the definition of correspondent banking for purposes of the FATF standards with a view to potentially further clarifying regulatory expectations. Other relevant FATF ongoing projects (not specific to correspondent banking and much broader in scope) include best practices papers regarding information sharing as well as customer due diligence and financial inclusion.

– The Basel Committee on Banking Supervision (BCBS) published for consultation on 23 November a revised version of its guidance on correspondent banking[5] to take into account FATF work, and provide additional guidance in areas such as a clarification of supervisors' expectations regarding the quality of payment messages or the appropriate use of Know Your Customer (KYC) utilities to avoid unnecessary duplications in due diligence.

– The FSB conducted a survey in order to understand in more detail the scale of withdrawal from correspondent banking, its causes and effects. This survey is intended to inform the policy responses and initiatives underway to address the issue. The FSB collected both anonymised bank-level data and aggregate country-level data on the number of correspondent banking relationships and aggregated transaction amounts by country and currency for approximately 300 banks in some 50 jurisdictions, including a sample of jurisdictions that have experienced a decline in correspondent banking relationships. The FSB is currently analysing the data received.

– The Committee on Payments and Market Infrastructures (CPMI) and FSB are jointly supporting and monitoring the implementation of the recommended technical measures in the CPMI report on correspondent banking of July 2016, including extensive outreach to stakeholders to make sure industry solutions are effectively implemented, including coordinated action to standardise information in KYC utilities and improve the content and use of payment messages.

– The Wolfsberg Group, whose members maintain global correspondent banking networks, has conducted a survey regarding existing training and capacity building activities for respondent banks and has provided initial results to the CBCG.

Deliverables for 2017 include:

Data collection and analysis

- By April 2017, the FSB will publish the findings from its survey on correspondent banking and from the end-2016 update of SWIFT data.
- By April 2017, the FSB and SWIFT will set out a process and scope of data for the ongoing monitoring of trends in correspondent banking.
- In 2017, the World Bank will present findings from its country studies.
- In 2017, the International Monetary Fund (IMF) will deepen its research on payments flows and trade finance to support its surveillance work and enhance its dialogue with affected jurisdictions.

5 http://www.bis.org/bcbs/publ/d389.htm.

Clarifying regulatory expectations

- By June 2017, the BCBS will publish its revised guidance on correspondent banking, following public consultation and in coordination with the work by SWIFT Payments Market Practice Group (PMPG) and the Wolfsberg Group on the use of payment messages and KYC utilities.
- By June 2017, FATF expects to finalise its work on the definition of correspondent banking for purposes of FATF standards.
- By June 2017, FATF expects to set out best practices on *Private sector information sharing* and finalise its work on *customer due diligence and financial inclusion,* which may include correspondent banking activities, but will be much broader in scope.

Domestic capacity building

- By March 2017, the FSB will publish suggested main elements (both in terms of contents and modalities) of a communication strategy that jurisdictions could follow in an effort to build trust by communicating the steps taken to improve their AML/CFT frameworks and the quality of their supervision of financial institutions.
- In 2017 Q3, FSB members will hold a workshop to share lessons learned from capacity-building activities and discuss the prioritisation and coordination of their capacity-building activities within their respective mandates, in a voluntary manner.
- Semi-annually, CBCG members and other official sector providers of technical assistance (TA) will update their inventory of technical assistance and other capacity building activities provided by the official sector. CBCG members will use the inventory to assist in discussing with each other priorities, overlaps and potential gaps in the provision of technical assistance.
- Semi-annually, CBCG members and the correspondent banking community will share updates on ongoing technical assistance projects and capacity building activities (to the extent that these are publicly disclosable) as a platform to facilitate coordination and prioritisation of public and private sector capacity building.
- The Wolfsberg Group will discuss at its December 2016 meeting the findings of its recent survey and whether there is scope for further private sector capacity building either via a more formal programme or a collection of training materials.

Strengthening tools for due diligence by correspondent banks

- By June 2017, SWIFT PMPG and the Wolfsberg Group are expected to develop an action plan for strengthening market guidance concerning the use-cases for payment messages, including (i) what data should be included in payment messages, (ii) how to include the LEI in payment messages (on an optional basis) and (iii) where to place the information on beneficiary and ordering customer in the data fields.

- By June 2017, the Global Legal Identifier Foundation (GLEIF) and SWIFT are expected to implement an initial BIC[6]-to-LEI mapping table, as a contribution to streamlining due diligence.
- By end-2017, once BCBS has advanced its work on developing a set of issues that financial institutions should consider when using KYC utilities, CPMI and the CBCG will discuss with the International Organization for Standardization (ISO) how a standardised minimum set of information and data (including the format) could be defined that all utilities should collect and that all banks must be ready to provide to other banks that require the information and data.

Other deliverables for 2017

- By January 2017, the FSB will enhance its public website to include a specific page on correspondent banking matters, to act as a centralised source of relevant public information.
- In April 2017, the CBCG will meet to review progress on this action plan.
- In July 2017, the FSB will report on progress to the G20 Summit.
- At the request of the G20 Presidency, the FSB will coordinate in the first half of 2017 a joint meeting involving the FSB, FATF and Global Partnership for Financial Inclusion (GPFI) with representatives from the private sector to discuss whether there are remaining issues that should be addressed relating to remittance services, in particular remittance providers' access to correspondent banking services.

1. Data collection and analysis to further examine the dimensions and implications of the issue

The CBCG has established a workstream to identify the remaining gaps in knowledge about the decline in correspondent banking, its causes and its effects, determine the feasibility of developing a global framework for more systematic data collection at the country level and a more effective capacity to monitor trends at the global level, beyond ad hoc surveys.

The workstream has analysed existing information and surveys relating to correspondent banking and found that in certain areas additional data and information is necessary. Therefore, the FSB launched in September 2016 a one-off survey of national authorities and banks to collect additional information. The survey was designed by the CBCG, which will analyse the data obtained and report findings by April 2017.

In addition, the FSB is also discussing with SWIFT how to collect a simpler set of data regularly to monitor future trends.

A. Recent surveys and analyses of correspondent banking

The CPMI report on correspondent banking[7] published in July 2016 provides global and regional statistics as well as, country by country, the percentage change in the number of

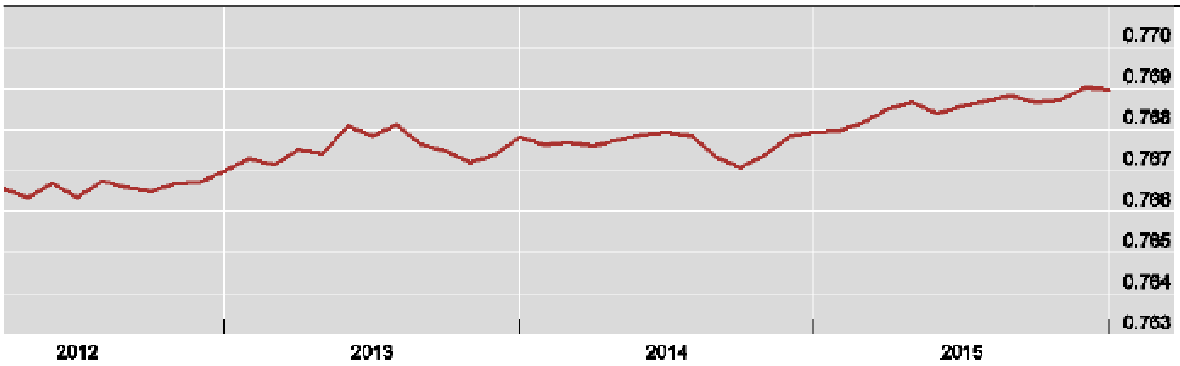
[6] Business Identifier Code.

[7] http://www.bis.org/cpmi/publ/d147.htm.

correspondents, as well as the volume and value of transfers between 2012 and 2015. These results are based on monthly transaction data, provided by SWIFT on an exceptional basis. The number of corridors (or country pairs) showing payment activity represent about one quarter of the theoretical number of corridors, with a slight decline from roughly 13,000 in 2011 to 12,600 corridors in 2015 and there is a clear downward trend in the number of active correspondents across regions, although overall volumes of payments increased from 2011 to 2015. This suggests that there has been an increased concentration in correspondent banking relationships (see graph below).

Gini coefficient on number of active correspondents per corridor

Three-month moving average



Sources: Deutsche Bundesbank; SWIFT Watch. Published in CPMI Report on Correspondent banking, July 2016, page 50

The CPMI report also notes that the increase in overall volumes of transfers may still be consistent with reports of a decline in the number of correspondent banking relationships, since payments are most likely switched to other channels after account closures and, if the payments are rerouted through third countries, this rerouting could even lead to an increase in the volume of correspondent banking transfers.

When looking at worldwide aggregated data only, the dominance of high-traffic corridors might mask developments within other corridors and even entire regions with less significant activity. Indeed, developments differ substantially across countries and regions. While the number of active correspondents[8] declined between 2012 and 2015 in over 120 countries out of the 204 for which the CPMI has published data, it increased elsewhere, sometimes substantially, and the decline exceeds 10% for some 40 countries.

The regional results from the CPMI analysis generally confirm, but refine, the findings from the 2015 World Bank survey.[9] The most pronounced absolute decline in active correspondents has occurred in European regions. For African regions, the CPMI notes that the picture is mixed, with pronounced declines in Northern Africa and partly in Southern Africa, but substantial increases in other regions. The Americas saw significant declines in the number of

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[8] "Active correspondents" in a country are measured as the sum of the number of correspondents active in each corridor, i.e. correspondents active in more than one corridor are counted several times.

[9] http://documents.worldbank.org/curated/en/113021467990964789/pdf/101098-revised-PUBLIC-CBR-Report-November-2015.pdf.

correspondents with the exception of Central America. Asian regions experienced declines in 2012, but mostly increasing numbers thereafter.

In addition, a survey of 216 banks in 17 Arab countries by the Arab Monetary Fund, IMF and World Bank[10] published in September 2016 shows that 84 banks had faced a decline in correspondent banking relationships (CBR), with the number of reported account terminations rising from 71 in 2012, to 95 in 2013 and 193 in 2014 before going down to 167 in 2015. Where banks have experienced a withdrawal of CBRs, almost 63% of them indicated they were able to find replacement CBRs. For the rest, 17% of participant banks that had their CBRs terminated and/or restricted managed to establish alternative arrangements to meet their needs, while a significant portion, 20% of respondents are still unable to find replacement CBRs or alternative options.

A number of recent IMF Article IV reports on individual countries have included an analysis of CBR issues in the subject country.[11] In addition, the IMF is preparing a paper for discussion by the IMF Executive Board by March 2017 on recent trends in correspondent banking relationships, which examines, among other issues, the role of the IMF in helping to address potential negative externalities of the withdrawal of relationships.

A Commonwealth report[12] noted that 17 of 23 surveyed Commonwealth developing countries reported losses of CBRs since 2012, with 70% of the closures being since 2015. The Central Bank of Barbados has released a working paper[13] that analyses the potential causes and consequences on the Caribbean of "de-risking" strategies adopted by international banks in response to recent changes in bank regulation, reporting requirements and judicial actions. The paper finds that some small Caribbean jurisdictions have suffered disruptions in their external payments system, as money transfer and other services that are presumed to be high risk have had their operations curtailed.

B. The FSB survey on correspondent banking

The CBCG has analysed existing surveys and analysis relating to correspondent banking, including those conducted by the World Bank and CPMI. The FSB progress report[14] of 25 August 2016 on correspondent banking identified some areas where additional data and information is necessary to assess the scale of withdrawal from correspondent banking, and its causes and effects.

To that end, the FSB launched a survey on correspondent banking, with the assistance of the IMF and national authorities. A survey template, designed by the CBCG, was circulated to banks in September with responses requested by 14 November. Authorities in some 50 jurisdictions have confirmed their participation, including most FSB member jurisdictions and

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[10] https://www.imf.org/~/media/Files/Miscellaneous/AMFIMFWBreport090516.ashx?la=en.

[11] Published IMF Article IV reports are available at http://www.imf.org/external/np/sec/aiv/index.aspx.

[12] The Commonwealth published in mid-2016 a report "Disconnecting from Global Finance – the Impact of AML/CFT Regulations in Commonwealth Developing Countries".

[13] Central Bank of Barbados Working Paper, "De-Risking in the Caribbean: The Unintended Consequences of International Financial Reform", October 2016. http://www.centralbank.org.bb/news/article/9112/de-risking-in-the-caribbean-the-unintended-consequences-of-international-financ

[14] http://www.fsb.org/wp-content/uploads/Correspondent-Banking-progress-report.pdf.

some 30 affected jurisdictions from FSB Regional Consultative Groups or contacted via the IMF. In total, those authorities have sent the survey template to over 300 banks.

The CBCG survey aims to provide additional data in the following areas to support policy work:

i. A deeper analysis of the causes and consequences of the decline, for instance looking in more detail at the effect of the reduction in correspondent banking on specific categories of customers, for instance non-governmental or humanitarian organisations, money transfer operators or other remittance companies, other financial institutions, payment service providers, embassies and politically exposed persons. The survey also gathers information on the development of alternative channels to correspondent banking.

ii. Data on the concentration of correspondent banking in specific markets, including several components:

   a. a measure of concentration on the correspondent side (the degree of concentration in the correspondent banks that serve a given country).

   b. a measure of concentration on the respondent side (the degree of concentration in the local banks having access to correspondent banking services).

   c. the proportion of banks that rely on very few correspondent banks for a significant part of their activity.

   The CBCG survey aims to collect from most large correspondents the number of respondents they have in each country, by currency, as well as the volume and value of transfers with that country. The counterpart information is being collected from respondents in a selected number of countries potentially affected by the decline. The data sought spans over five years, in order to assess changes over time.

iii. Changes in the structure of correspondent banking. For instance, the CBCG survey seeks to measure the evolution in the proportion of banks that rely on smaller correspondents, or that rely on correspondents that are not in the same group, same country, or in the country of the currency being processed.

C. Ongoing monitoring of trends in correspondent banking

An essential element of the FSB four-point action plan on correspondent banking is to develop a global framework for more systematic, regular data collection at the country level and a more effective capacity to monitor trends at the global level, beyond ad hoc surveys. This will assist in better understanding the causes and effects of the decline, to ensure that actions to address the decline are well targeted, and to monitor their effects. In developing such a framework, the objective is to limit the duplication of efforts and rely as much as possible on existing data or definitions. Data will be sought on a voluntary basis.

As SWIFT is the most commonly used standard for cross-border payments, SWIFT captures a meaningful amount of correspondent banking activity.

SWIFT has provided an aggregated and anonymous dataset on correspondent banking activity to CPMI for its report of July 2016 and has agreed to provide in January 2017 an update, as of end-2016, of this dataset, followed by further updates until end-2018 by when FSB and SWIFT will review this arrangement. Regular updates of data for values and volumes of correspondent banking activity and numbers of active correspondents at a country level, will be important to be able to monitor changes over time. Regular updates of data showing the extent of concentration in the correspondent banking market at a country level will be important for monitoring financial stability risks by providing indicators of the fragility of the correspondent banking networks in individual countries and regions.

FSB and SWIFT, together with the National Bank of Belgium and CPMI, have defined a process whereby based on the analysis of the updated dataset in January 2017 as well as the data provided by banks individually further to the FSB survey, the possibility to make available certain additional anonymous and aggregated data to enable the monitoring of trends in correspondent banking will be assessed.

The Bank for International Settlement (BIS) Economic Consultative Committee members have also expressed their support for these discussions.

D. Deliverables for 2017

1) Results from the FSB survey

The FSB will publish in April 2017 a report containing the findings from the survey and from the end-2016 update of SWIFT data, sufficiently aggregated to preserve the confidentiality of individual bank data. Before publication, participating authorities of banks that submitted data and SWIFT will be provided an opportunity to review the report to ensure that no information related to specific banks is disclosed.

2) Ongoing monitoring of trends in correspondent banking

The CBCG will continue its discussions with SWIFT and by April 2017 the FSB and SWIFT will set out the process and scope of data for the ongoing monitoring of trends in correspondent banking

3) Country studies by the World Bank

The World Bank will conduct in 2017 a few country studies in emerging markets as a complement to the FSB survey. The objective is to provide more insight into the further effects on financial inclusion and humanitarian aid resulting from financial institutions' termination of business relationships with various types of customers, such as humanitarian organisations and remittance companies.

4) In 2017, the IMF will deepen its research on payments flows and trade finance to support its surveillance work and enhance its dialogue with affected jurisdictions.

2. Clarifying regulatory expectations

The action plan includes the clarification of regulatory expectations, including more guidance by the FATF in the area of correspondent banking, in cooperation with the BCBS AML/CFT Expert Group.

This will support common understandings amongst relevant agencies, supervisory staff and banks, both nationally and internationally.

A. Clarification of regulatory expectations by FATF

The FATF published on 21 October its guidance on correspondent banking. As noted by FATF, "*An incorrect understanding of AML/CFT measures can increase the costs of doing business with correspondents, and cause unnecessary pressure on banks to end correspondent relationships. This guidance addresses the issue of de-risking and clarifies how money laundering and terrorist financing risks should be managed, customer-by-customer, in the context of correspondent banking relationships and money or value transfer services that provide similar services. The FATF developed this guidance in collaboration with the private sector, and with the FSB*".

In particular, the guidance:

- clarifies that the FATF Recommendations do not require financial institutions to conduct customer due diligence on the customers of their customer (i.e., each individual customer). Rather, when there is any unusual activity or transaction on the part of the respondent, or any potential deviations from the agreed terms of the arrangements governing the correspondent relationship, the FATF notes that, in practice, the correspondent institution will follow up with the respondent institution by making a request for information (RFI) on any particular transaction(s), possibly leading to more information being requested on a specific customer or customers of the respondent bank.
- highlights that not all correspondent banking relationships carry the same level of money laundering or terrorist financing risks, hence any enhanced due diligence measures have to be commensurate to the degree of risks identified. Some correspondent banking services present a higher money laundering/financing of terrorism (ML/FT) risk because the correspondent institution processes or executes transactions for its customer's customers. Hence, the focus of the FATF guidance is correspondent banking relationships that are higher risk, in particular cross-border correspondent banking relationships involving the execution of third party payments. The FATF observed that it is not possible to develop a conclusive list of types of higher risk relationships but referenced the work of the BCBS in defining examples of factors that correspondent institutions can use when assessing the risks of their correspondent banking relationships.
- clarified that correspondent banking does not include one-off transactions or the mere exchange of SWIFT Relationship Management Application keys (RMA)[15] in the context of non-customer relationships, but rather is characterised by its ongoing, repetitive nature. The industry had observed that various message types exist to support the communication of information, without initiating a payment, for instance for authentication purposes. Industry participants considered that this clarification would encourage banks to maintain RMA only non-account relationships with other banks, and would particularly benefit smaller regional or international banks and support international trade.

[15] The SWIFT RMA is a messaging capability enabling SWIFT members to exchange messages over the network and can create a non-customer relationship in particular cases of cash management, custody, trade finance, exchange of messages with payments and securities markets infrastructure entities, e.g., exchanges depositories.

- defined requirements associated with establishing nested relationships. Nesting, or "downstream clearing", is the situation where the services of the correspondent bank are used by the respondent bank to provide correspondent services to other banks. Preserving a healthy downstream clearing framework allows for instance regional banks to serve as intermediaries for smaller local banks to access the international financial system, as they may be better placed to conduct cost-efficiently due diligence on those banks. The correspondent institution should be informed of nested relationship, have measures in place to detect and address potential, undisclosed nested relationships, and should understand the respondent's control framework with respect to those relationships. In addition, the respondent should be transparent in formatting payment instruction so all involved parties are included for monitoring and screening purposes. Further work described below by BCBS and industry on payment message transparency will assist in preserving this necessary feature of correspondent banking.
- illustrated the range of possibilities to verify a respondent institution's information and assess or document higher risks. In addition to the documents used for verifying the identity of the respondent banks, the potential sources of information on the level of risks are much wider, including regulatory sources, country assessment reports or other information published by international bodies, but also "*reputable newspapers, journals or other open source electronic media, third party databases national or supranational risk assessments, information from the respondent institution's management and compliance officer(s) and public information from the regulator and supervisor*".
- explained that, for the ongoing transaction monitoring, "*correspondent institutions should put in place and periodically review risk-based procedures specifying the applicable monitoring techniques and the criteria triggering their adoption. […] In higher risk scenarios for example, real-time monitoring of transactions can take place to ensure that controls are effective in detecting any unusual activity that may be occurring in the account, with a view to analysing it and reporting any suspicious transactions*". The FATF further specified that "*Where the monitoring system of the correspondent institution flags a transaction which could signal unusual activity, the correspondent institution should have internal processes to further review the activity, which may involve requesting transaction information of the respondent institution in order to clarify the situation and possibly clear the alert. This request for additional information should be targeted on the specific transaction which created an alert in the system, and could include, depending on the risk level of the transaction, a request to access information about the customer of the respondent institution as a means to get a proper understanding of the reasonableness of the transaction. This does not amount to a requirement to conduct CDD on the customer of the respondent. In practice, the correspondent institution will follow up with the respondent institution after the transaction is completed by making a request for information on that particular transaction(s)*". The FATF guidance also illustrates questions that may be included in an RFI, specifying that not all of them are necessarily present. These examples can support further work by industry to make sure this information is efficiently communicated. Aside from the FATF guidance, ongoing initiatives to make some of this information publicly or more easily available, such as improved information on the locations of originators and beneficiaries in wire transfers or the collection in 2017 of

parent entity information in the LEI system and the optional use of the LEI in payment messages, could also reduce the frequency and costs of such requests.

- encourages "*correspondent institutions to maintain an ongoing and open dialogue with the respondent institution(s), including helping them understand the correspondent's AML/CFT policy and expectations, and when needed, engaging with them to improve their AML/CFT controls and processes*." The FATF notes that this dialogue can help avoid unnecessary restriction or terminations, without a thorough assessment of the risks associated with the specific customer (rather than the class of customers) in line with the risk-based approach (i.e. avoiding "de-risking") and also prevent a "'*cascade' effect, where respondent institutions close their (highest risk) client accounts as a way to reduce their own corporate risk profile and maintain the relationships with their own correspondent institutions*." The FATF also states that the other options offered by FATF Recommendation 10 should be explored prior to termination (such as refusing to conduct the transaction, and/or filing a suspicious transaction report). If termination is unavoidable, and "*depending on the concerns, correspondent institutions should also consider giving notice periods to respondents, allowing them to find alternatives*."

A remaining issue is an analysis and, if warranted, revision of the definition of correspondent banking for the purpose of the FATF standards. As this subject was not covered in FATF's October 2016 correspondent banking guidance, FATF agreed to begin this work with a view to potentially further clarifying regulatory expectations.

In addition to the publication of the correspondent banking guidance and continued work on the definition of correspondent banking, FATF is working also on best practices papers on two topics that, while relevant to correspondent banking do not specifically focus on correspondent banking, but will be much broader in scope: *Private sector information sharing* and resumed work on *Customer due diligence and financial inclusion*. The second paper is expected to include best practices on access to financial services, including through new technologies and Money Value Transfer Services, the latter being particularly affected by the loss of access to correspondent banking. It could be highly beneficial to gather successful examples of how to facilitate the access of undocumented migrants to money transfer services, or how to benefit from new technologies to attract a growing share of the population into the formal financial system. FATF is also conducting outreach to FinTech/RegTech communities as part of a broader project relating to financial innovations and AML/CFT.

B. Clarification of regulatory expectations by BCBS

The BCBS published on 23 November for comments by 22 February a draft revision of its guidance on correspondent banking.[16] This document includes in particular:

- A number of changes meant to ensure consistency with the recently issued FATF guidance on correspondent banking, for instance the clarification that not all correspondent banking relationships bear the same level of risk;

[16] http://www.bis.org/bcbs/publ/d389.htm.

- an updated list of risk indicators that correspondent banks should consider in their risk assessment of the ML/FT risks associated with correspondent banking activities, consistent with FATF recommendations and guidance;
- issues that financial institutions should consider when using KYC utilities, to support an appropriate use of these facilities, including transparency on the sources and quality of the data included in the utilities; the consultation document seeks feedback on a proposed description of information that KYC utilities could usefully store on respondent bank customers;
- a clarification of supervisors' expectations regarding the quality of payment messages, including the development and implementation of appropriate policies, procedures and processes in their respective capacities as originator banks, intermediary banks and beneficiary banks.
- The role of supervisors, which applies to correspondent banking as in other areas, is described in the already existing BCBS *Guidelines on Sound management of risks related to money laundering and financing of terrorism*. For instance, supervisors should implement a risk-based approach to supervising banks' ML/FT risk management, and evaluate the internal controls in place and how banks determine whether they are in compliance with supervisory and regulatory guidance, and prescribed obligations. The supervisory process should include not only a review of policies and procedures but also, when appropriate, a review of customer documentation and the sampling of accounts and transactions, internal reports and suspicious transaction reports.

C. Other measures to clarify regulatory expectations

Some individual jurisdictions have taken helpful steps to clarify regulatory expectations in their jurisdiction, both for correspondent banks and, especially in affected jurisdictions, for respondent banks. For instance, US authorities issued in August 2016 a Joint Fact Sheet[17] outlining supervisory and enforcement processes with respect to anti-money laundering and sanctions in the area of correspondent banking. The US Office of the Comptroller of the Currency (OCC) issued in October 2016 new guidance[18] reiterating supervisory expectations that banks conduct periodic evaluation of the risk related to foreign correspondent accounts and describing "corporate governance best practices for banks' consideration when conducting these periodic evaluations of risk and making account retention or termination decisions relating to their foreign correspondent accounts." Such clarifications may be an objective of capacity building activities described in the next section.

The CBCG also discussed the potential role of uncertainty over regulatory expectations concerning economic sanction regimes in the decline in correspondent banking.

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[17] Joint Fact Sheet on Foreign Correspondent Banking: Approach to BSA/AML and OFAC Sanctions Supervision and Enforcement (August 30, 2016): https://www.treasury.gov/press-center/press-releases/Documents/Foreign%20Correspondent%20Banking%20Fact%20Sheet.pdf.

[18] Office of the Comptroller of the Currency: Risk Management Guidance on Foreign Correspondent Banking, OCC Bulletin 2016-32 (Washington, DC), October 5, 2016: https://www.occ.gov/news-issuances/bulletins/2016/bulletin-2016-32.html.

Relevant national authorities are encouraged to issue guidance, or continue to issue guidance, on their national or regional sanction regimes, and engage with interested parties, to support clarity in the implementation of these sanction regimes in correspondent banking.

Deliverables for 2017

- By June 2017, the BCBS will publish its revised guidance on correspondent banking, following public consultation and in coordination with the work by SWIFT PMPG and the Wolfsberg Group on the use of payment messages and KYC utilities.
- By June 2017, FATF expects to finalise its work on the definition of correspondent banking for purposes of FATF standards.
- By June 2017, FATF expects to set out best practices on *Private sector information sharing* and finalise its work on *customer due diligence and financial inclusion,* which may include correspondent banking activities, but will be much broader in scope.

3. Domestic capacity-building in jurisdictions that are home to affected respondent banks

Jurisdictions exited by correspondent banks are often those with actual or perceived weaknesses in their supervisory and regulatory frameworks, including frameworks for compliance with anti-money laundering and combatting the financing of terrorism (AML/CFT) standards. Concerns about weaknesses in respondent banks' risk management practices also can play a central role. Correspondent banks have pointed out that the business costs and risks associated with meeting AML/CFT or sanctions requirements with respect to particular jurisdictions or banks may be important drivers in their decisions to terminate relationships.

The third element in the FSB action plan supports coordination of domestic capacity building to improve and build trust in the supervisory and compliance frameworks of affected jurisdictions. Capacity building activities necessarily go beyond strengthening the legal and institutional frameworks, to include strengthening authorities' institutional capacity to implement their frameworks. Capacity building therefore includes a wide range of technical assistance and other activities, such as: drafting legislation and subordinate regulations, and supervisory guidelines/manuals; hands-on training of supervisory staff on how to monitor AML/CFT standards and for general supervision of financial institutions; training of law enforcement on how to investigate money laundering or large-scale corruption and assisting countries in conducting self-assessments of their AML/CFT risk management framework and tools. Stronger supervision of financial institutions in the impacted jurisdictions where respondent banks are located may encourage correspondent banks to retain correspondent banking relationships and reduce the negative impacts of any changes in access to such relationships. Moreover, for capacity building measures to succeed, the political will to both implement recommended measures and take ownership publicly of weaknesses and improvements made is essential.

Coordination among FSB members and other official sector bodies of their capacity-building work assists in efficient prioritisation to jurisdictions according to the jurisdiction's willingness to adopt and implement reforms as a result of assistance, vulnerability to loss of correspondent banking services, identified weaknesses in frameworks and jurisdictions' institutional capacity.

It is important that capacity building within the official sector is complemented by and coordinated with private sector initiatives through which correspondent banks support improvements at respondent banks in affected jurisdictions or better explain how respondents can proactively avoid account closures. The FSB has therefore been working with banking industry representatives to discuss the contributions that can be made by private sector initiatives and potential synergies between public and private sector initiatives, as described further below.

A. Assessment of weaknesses and technical assistance by the official sector

As reported in the August 2016 FSB progress report to the G20, the CBCG, to help with the coordination of capacity building, has established an inventory of technical assistance and other capacity building activities provided by the official sector, including the IMF, World Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, the US OCC and the US Treasury and other public sector providers.

The inventory provides for the first time to those involved in capacity building a global view of much of the technical assistance taking place that is relevant to the correspondent banking issue. It now covers technical assistance projects on AML/CFT and general supervision provided to 140 countries. Approximately 30% of the countries listed in the inventory had reported in the 2015 World Bank Survey a decline (significant, moderate or some decline) in correspondent banking relationships.

Technical assistance identified in the inventory includes a range of activities, such as National Risk Assessments on money laundering and terrorist financing in accordance with the requirements set out under the FATF recommendations; assistance on the recovery of stolen assets or doing capacity building to enable countries to recover assets; enhancing operational effectiveness of financial intelligence units; strengthening general legislation, regulation and supervision of financial institutions, promoting AML/CFT supervisory capacity, consistent with risk-based principles; and developing AML/CFT investigative, prosecutorial and asset recovery capacity across the range of all AML/CFT enforcement stakeholders.

The inventory is being augmented by information from other national authorities, regional bodies, and international organisations, including the Asian Development Bank, the European Union, the FATF Global Network Coordination Group, FATF-style Regional Bodies, the Global Center on Cooperative Security and the United Nations Office on Drugs and Crime.

The CBCG's role regarding capacity building includes assessing the excess of demand over supply, in order that the FSB can consider whether to recommend that increased resources be mobilised to assist jurisdictions in cases where it is needed and is to be effectively used. The inventory of ongoing technical assistance projects shows both that TA demands are not fully met and at the same time some duplication may exist. This analysis suggests that additional resources for technical assistance projects are required. At the same time, there are currently challenges in specifically determining the amount and type of additional resources required. In particular, to meet remaining capacity building needs, it would be necessary to obtain additional granular information on existing capacity building activities, and to share more information on individual jurisdictions' technical assistance requests and on the availability and/or restrictions on funding sources. It is recognised that each technical assistance provider and donor has its own institutional constraints, and set of policies and criteria on determining which capacity building projects to undertake. It is also recognised that technical assistance will be appropriate only where a jurisdiction demonstrates willingness to adopt and implement reforms as a result of assistance.

Providers of assistance continue to deepen their capacity building and associated activities. For instance, IMF activities include its bilateral surveillance work, FSAP missions and Article IV consultations, which discuss CBR withdrawal where relevant to the country. The IMF is in the early stages of scoping out customised strategies for capacity building projects in several of its member countries. This includes gaining a more in-depth understanding of the flows and concentration of correspondent banking services in those countries, identifying the causes specific to that country context and its possible impact, and developing tailored responses.

The World Bank will continue to provide TA on AML/CFT in all regions of the world - on legislative drafting but also on supervision of AML/CFT obligations and on conducting ML/TF investigations. Specifically it will support approximately 40 countries in conducting their assessments of national AML/CFT risks and in the design of their policy responses. The results of World Bank country case studies (see section 1) will inform the provision of tailored TA to address problems of "de-risking" including improving the environment for remittances.

The US authorities have expanded their capacity building activities. For instance, the US OCC is increasing its focus on supervision in respondent bank jurisdictions by designating places in the OCC's annual foreign supervisor training programme for supervisors from those jurisdictions. It is also seeking to expand training activities by collaborating with US Treasury's Office of Technical Assistance (OTA) to support their capacity-building efforts to strengthen supervisory frameworks in countries where OTA has, or is considering, technical assistance programmes.

Technical assistance providers should continue to enhance channels of communication in order to better assist in strengthening the AML/CFT frameworks of affected jurisdictions and facilitating consistency of advice. Avenues for information sharing do exist, but generally on an ad hoc basis. Establishing mechanisms for periodic dialogue will enable TA providers to share lessons learned and assist them in prioritisation and formulation of future capacity building activities, subject to institutional constraints and policies.

B. Encourage training or assistance provided by private sector initiatives

1) Private sector initiatives

The FSB is encouraging the banking industry to complement official sector work through their own capacity building initiatives. For instance, correspondent banks can support improvements at respondent banks, including by helping to identify what measures respondents could proactively undertake in order to avoid account closures. CBCG has an active dialogue with the Wolfsberg Group, an industry body whose members maintain global correspondent banking networks. Recently, the Wolfsberg Group has conducted a survey regarding existing training and capacity building activities for respondent banks and has provided initial results to the CBCG.

2) Dialogue between the public and private sector

The FSB and its members, as well as FSB Regional Consultative Groups, and technical assistance providers continue to engage in a range of global and regional dialogues with correspondents and respondents. In addition, CBCG members also hold bilateral and multilateral meetings (for instance meetings organised by the US authorities with banks and authorities of specific countries or regions), which help to foster a mutual understanding of the issues and develop responses.

In addition, the FSB, IMF and World Bank held a second joint roundtable in Washington DC in October 2016, bringing together senior representatives of the major correspondent banks and of leading banks in emerging markets with high-level officials from central banks, ministries of finances and other public sector bodies to discuss progress made in addressing the issue since the first such roundtable in Lima in October 2015 and remaining challenges. A number of other private-public sector meetings have also taken place in recent months across the affected regions.

3) Developing proposals on actions national authorities can take to build trust in their AML/CFT frameworks and quality of supervision.

The more local authorities build trust in their AML/CFT frameworks and in the quality of their supervision, the more foreign correspondent banks will be able to rely on the information they provide without multiplying costly due diligence and checks. Mutual evaluations and FSAPs can help in this regard, but it is ultimately for each jurisdiction to develop action plans as necessary, both to strengthen their frameworks and their implementation and to communicate that they have done so.

The FSB will encourage national authorities to develop communication strategies and action plans to provide public information on steps they have taken to strengthen their AML/CFT and supervisory frameworks and thereby, where needed, address perception challenges that can lead correspondent banks to restrict or terminate their banking relationships. To assist with this, the CBCG will develop suggestions on communication strategies, drawing on successful existing examples.

International organisations are also helping to build trust by disseminating information on the capacity building actions they are taking, on the assessments of jurisdictions' degree of compliance with AML/CFT and supervisory standards and through surveillance reports and other studies that report on the steps being taken by jurisdictions. The CBCG will further support the communication of information on correspondent banking matters through the FSB website.

C. Deliverables for 2017:

- By March 2017, the FSB will publish suggested main elements (both in terms of contents and modalities) of a communication strategy that jurisdictions could follow to build trust by communicating the steps taken to improve their AML/CFT frameworks and the quality of their supervision of financial institutions.

- In 2017 Q3, FSB members will hold a workshop to share lessons learned from capacity-building activities and discuss the prioritisation and coordination of their capacity-building activities within their respective mandates, in a voluntary manner.
- Semi-annually, CBCG members and other official sector TA providers will update their inventory of technical assistance and other capacity building activities provided by the official sector. CBCG members will use the inventory to assist in discussing with each other priorities, overlaps and potential gaps in the provision of technical assistance.
- Semi-annually, CBCG members and the correspondent banking community will share updates on ongoing technical assistance projects and capacity building activities (to the extent that these are publicly disclosable) as a platform to facilitate coordination and prioritisation of public and private sector capacity building.
- The Wolfsberg Group will discuss at its December 2016 meeting the findings of its survey and whether there is scope for further private sector capacity building either via a more formal programme or a collection of training materials.

4. Strengthening tools for due diligence by correspondent banks

The CPMI report on correspondent banking of July 2016 recommended a package of measures that could help improve the efficiency of due diligence procedures, reduce compliance costs and help address perceived uncertainty, without altering the applicable rules and the basic channels for correspondent banking between correspondent and respondent banks.[19]

The FSB and CPMI are jointly supporting and monitoring the implementation of the recommendations in the CPMI report, which require ongoing cooperation by a number of public sector and private sector bodies. In addition to the CPMI recommendations, other technical solutions addressing or offsetting the reduced availability of correspondent banking are also being discussed by CBCG. This will include considering how technological innovations, such as big data and machine learning, might be usefully applied in generating and analysing information and facilitating due diligence processes.

A. Progress in the implementation of CPMI recommendations and next steps

1) Recommendation on the use of "know your customer" (KYC) utilities:

The CPMI identifies two further steps to be taken:

- Clarifying regulatory expectations concerning the use of KYC utilities: The BCBS published for consultation on 23 November a set of issues that financial institutions should consider when using KYC utilities, to support an appropriate use of these utilities. A dialogue is taking place between the BCBS and the Wolfsberg Group, which is revising its questionnaire on correspondent banking. The work on supervisory expectations concerning the use of KYC utilities, and the update by industry of

[19] http://www.bis.org/cpmi/publ/d147.htm

expectations of correspondent banks regarding the information they expect to find will form the basis of the standardisation work described below.

- Standardising information and data in KYC utilities, with a view to making these utilities more effective in reducing the customer due diligence costs associated with correspondent banking. CPMI has reached out to ISO to examine if they could define a standardised minimum set of information and data (including the format) that all utilities should collect and that all banks must be ready to provide to other banks that require the information and data. The CBCG intends to further the discussions with ISO once BCBS has advanced its work on the above-described set of issues that financial institutions should consider when using KYC utilities.

2) ***Recommendation on the use of the Legal Entity Identifier (LEI) in correspondent banking:***

Implementation measures include:

- General promotion of LEIs: at its March 2016 Plenary meeting, the FSB had a preliminary discussion of ways to promote expanded use of the LEI and will review, in the first quarter of 2017, progress in the analysis of potential use cases by relevant workstreams. The LEI Regulatory Oversight Committee[20] (LEI ROC) has also established a workstream on LEI expansion to support the same objective. The Global LEI Foundation (GLEIF) and LEI ROC have discussed at their October joint meeting ways in which banks could facilitate the issuance of LEIs to their customers, as envisaged in the legal framework underpinning the LEI system. This solution, expected to be implemented in 2017, could reduce costs, minimize the administrative burden for entities, and support large-scale LEI issuance.
- Mapping the LEI with other identifiers: BIC-to-LEI mapping facilities, would allow for routing information available in the payment message to be mapped to the relevant LEI. CPMI, in cooperation with CBCG organised in September 2016 a joint workshop with SWIFT (in its role as the registration authority of the BIC), the GLEIF and the LEI ROC to understand existing solutions and identify potential ways of promoting BIC-to-LEI mapping facilities. The GLEIF and SWIFT expect to implement an initial BIC-to-LEI mapping table by June 2017.
- Assessing potential uses of the LEI as a means of accessing reliable information to support customer due diligence in correspondent banking. The BCBS has already encouraged the use of the LEI in some circumstances in its *General guide to account opening*[21] and the recently published consultation paper is considering other potential uses of the LEI specifically for correspondent banking. For example, the inclusion of information on direct and ultimate parents in the LEI system might support some due diligence by correspondent banks on their respondent banks. Ongoing work by the LEI

[20] http://www.leiroc.org/.

[21] http://www.bis.org/bcbs/publ/d353.htm, Annex 4.

ROC, GLEIF and LEI issuers to enhance the scope, standardisation and quality of data in the LEI system will also support LEI uses in this area.

3) ***Recommendation on information-sharing initiatives:***

The CPMI notes that privacy laws may prevent the transmission of additional information by the respondent to its correspondent concerning transactions, their originators and beneficiaries. Also, the private sector identified this as a key issue that may lead banks to avoid high risk customers altogether, as banks may be prevented from sharing information that would clear suspicious transactions, or that would show that suspicious transactions are appropriately handled and reported.

The CPMI identified the following actions:

- "*Further explore ways to tackle obstacles to information-sharing, with the aim of identifying potential best practices (in the enterprise-wide context, among financial institutions not part of the same financial group, and between the public and the private sector).*" The FATF already initiated a dialogue with the private sector on this issue in April 2016[22] and will consider in February 2017 any initial findings from the Institute of International Finance (IIF). In June 2016 FATF published a consolidation of FATF standards on information sharing to support further work in this area.[23] FATF will further engage with various stakeholders in order to advance work on this topic. Furthermore, FATF is currently developing a best practices paper on information sharing, an initial draft of this paper was discussed at the FATF PDG meeting on 18 October 2016. This work, while relevant to correspondent banking, is much broader in scope.
- "*The use of information-sharing mechanisms (if they exist in a given jurisdiction and data privacy laws allow this) […] which could be complemented bilaterally with enhanced information should there be a need.*" The CPMI report describes the experience in Mexico, and factors to consider when developing such mechanisms.
- "*In order to support information-sharing in general, the respondent bank may include provisions in its contractual framework with its customers (e.g. in the terms and conditions or in a supplementary agreement) which allow the bank to provide such general information on request to other banks for AML/CFT compliance purposes.*"

4) ***Recommendation on payment messages, with a focus on the correct use of available methods for payment.***

Improving the quality of information in payment messages should reduce the number of requests for additional information and associated costs, and more generally improve trust between the correspondent and respondent. As described above the BCBS published for consultation draft guidance on supervisors' expectations regarding the quality of payment message content. In cooperation with CPMI and FSB, BCBS also

[22] http://www.fatf-gafi.org/publications/fatfrecommendations/documents/private-sector-apr-2016.html.

[23] http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/Consolidated-FATF-Standards-information-sharing.pdf.

initiated a dialogue with the Wolfsberg Group and the Payments Market Practice Group[24] (PMPG), which were invited by CPMI to review their principles governing the use-cases for payment messages, such as the PMPG's market practice guidelines and white papers.

To support this dialogue further, the CPMI and FSB will organise with BCBS a roundtable or joint workshop with these industry stakeholders, which could also discuss KYC utilities. The PMPG and the Wolfsberg Group will contribute their suggestions on the principles governing the use cases of payment messages, including (i) what data should be included in payment messages, (ii) how to include the LEI in payment messages (on an optional basis) and (iii) where to place the information on beneficiary and ordering customer in the data fields.

In addition, CBCG discussed several industry actions that will support enhanced payment message quality, such as SWIFT's upcoming implementation, by 2020, of more structured information in payment message fields relating to the ordering customer and beneficiary of wire transfers, or a new commercial product developed by SWIFT for its bank users ("Payments Data Quality service"), being piloted this year, that could be used by SWIFT users to monitor their progress, and the progress of their counterparties, in achieving better quality information in messages.

5) Recommendation on the use of the LEI on an optional basis as additional information in payment messages:

The CBCG noted the possibility that adding the LEI may reduce the number of requests for additional information by correspondent to their respondents. The CPMI invited relevant stakeholders (e.g. the PMPG) to work to define a common market practice for how to include on an optional basis the LEI in the current relevant payment messages without changing the current message structure. The PMPG issued a discussion paper[25] on 1 September to survey their membership on the inclusion of the LEI in payment messages. Including LEI to ensure unambiguous identification of parties to payment transactions is considered to enhance compliance screening, according to an initial assessment by several payment professional reported by PMPG. The PMPG observes that for organisations that are ready to take this step, LEI can support a reference data transformation programme, thereby achieving better analytical data and minimising the costs of complying with regulatory requirements. The PMPG invited feedback from SWIFT users by end-2016 on the cost and benefits of implementing the LEI in the payments space and will publish a summary of responses during the first quarter of 2017, following which it will decide in the second quarter of 2017 how to continue the industry dialogue and propose next steps (e.g. market practice guidance). As noted above, the FSB expects that PMPG contributes to the action plan by specifying how to include the LEI in payment messages (on an optional basis).

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24 https://www.swift.com/about-us/community/swift-advisory-groups/payments-market-practice-group.

25 LEI in the Payment Market, https://www.swift.com/file/31476/download?token=nOwhMffZ.

Separately, and as part of a potential future migration to message formats based on the ISO 20022 standard, CPMI encourages relevant stakeholders (i.e. ISO and SWIFT) to consider developing dedicated codes or data items for the inclusion of the LEI in payment messages.

B. Potential public sector involvement in other technical solutions

The CBCG had initial discussions on the scope for public sector actions, at the national, regional or international level, to support technical solutions addressing or offsetting the reduced availability of correspondent banking. To support further discussions, the IMF Staff Discussion Note of 30 June 2016 presents the case for contingency planning and public support for countries facing severe loss of correspondent banking services, including central banks or publicly-backed vehicles providing, as a last resort, clearing services to banks that find it difficult to secure correspondent banking relationships.

IMF Staff recommends that contingency planning include: *"(i) enhanced communication with home authorities and global banks to understand the nature of their risk management concerns, (ii) developing thorough understanding of domestic financial systems' linkages with correspondent banks and alternative payment arrangements, which could involve non-banks in retail payments and the provision of cross payment services (CPMI 2014), (iii) mapping the necessary legal and regulatory changes to facilitate compliance with relevant international standards, and (iv) carefully assessing the benefits, costs, and risks of developing or using public entities or centralized payment systems to address a complete loss of correspondent banking relationships*".[26] Concerning the latter aspect, CBCG members noted, like IMF staff, that it was particularly important that concerns about weak compliance with AML/CFT standards be addressed in the first place, as otherwise, any public sector facility would eventually face the same problems in accessing the international financial system. Such projects should therefore be informed by a good understanding of the causes of the loss of correspondent banking relationships in the jurisdiction, such as the role of country risks, insufficient profitability due to low volumes. The design of such solutions could be part of the capacity building discussed in section 3.

Actions taken by the Mexican authorities provide an example of public sector involvement in the development of technical solutions. The steps taken include:

- The modification in December 2014 of the Mexican banking secrecy regulation to allow Mexican banks to exchange information for AML/CFT with foreign banks authorized by the Mexican Ministry of Finance.
- The development of a centralized database that contains transactional data on all cross-border payments flowing out from Mexico. Since the database uses the same unique identifier for each sender, it will provide a system-wide perspective on each customer's operations, which banks will be able to access beginning in 2017.
- A KYC database on these customers is also expected to be developed by mid-2018.
- Banco de Mexico has developed a payment system for USD transfers between accounts in USD held by companies at Mexican banks. The system has been operational since

26 http://www.imf.org/external/pubs/ft/sdn/2016/sdn1606.pdf%20page%2033.

April 2016, with participation subject to strict complementary AML/CFT controls in accordance with the Ministry of Finance's regulation on the subject.

- Staged adoption of the LEI for financial entities and large firms engaged in sending cross-border transactions, starting with OTC derivatives.
- Mexican authorities have tightened regulation to increase AML/CFT controls, particularly for institutions involved in riskier activities, together with enhanced enforcement actions.
- Several other measures are intended to strengthen the compliance framework and compliance culture at financial institutions, and to foster communication between the financial sector and public sector.

C. Potential applications of financial technologies

The CBCG noted the possibility that financial technologies might be usefully applied for due diligence activities. Initial considerations could focus on whether advances in big data and analytics might be usefully combined with KYC utilities, better information in payment messages and the LEI to facilitate due diligence on correspondent banks and transaction monitoring. For instance, machine learning and artificial intelligence might improve the capabilities and cost efficiency of automated monitoring systems.

Discussions with the SWIFT PMPG and the Wolfsberg Group could be used as initial opportunities to discuss these and other potential applications of Fintech on these issues.

D. Deliverables for 2017

- By June 2017, SWIFT PMPG and the Wolfsberg Group are expected to develop an action plan for strengthening market guidance concerning the use-cases for payment messages, including (i) what data should be included in payment messages, (ii) how to include the LEI in payment messages (on an optional basis) and (iii) where to place the information on beneficiary and ordering customer in the data fields.
- By June 2017, the GLEIF and SWIFT are expected to implement an initial BIC-to-LEI mapping table, as a contribution to streamlining due diligence.
- By end-2017, once BCBS has advanced its work on developing a set of issues that financial institutions should consider when using KYC utilities, CPMI and the CBCG will discuss with ISO how a standardised minimum set of information and data (including the format) could be defined that all utilities should collect and that all banks must be ready to provide to other banks that require the information and data.