

SWIKT - *Society for World Wide International KYC and Transaction Monitoring*

Together we win - *Time Regulators and Countries come together to set up an organisation which helps handle Know Your Customer (KYC) and Transaction Monitoring unit, which will help control over black money*

Goal – *To create an organization similar to SWIFT to help handle KYC and help prevent black money or persons/company trying move account against the home country law – SWIKT (Society for World wide International KYC and Transaction monitoring)*

Problem statement and solution provided below

Regulators and financial institutions are channeling efforts in preventing and reigning in the black money and fake currency markets. Billions are being spent both by regulators and FIs in this effort. Newer sanctions continue to be imposed against individuals, organizations and countries that are considered a threat to the safety and well-being of the world.

In parallel, governments and regulators are also striving to get the economy back to 2008 levels to help improve the overall health of the world and improve quality of life. Again, billions have been infused by regulators to help improve the money flow, however the progress has not been great.

On the other hand, individuals/entities continue to rake in money by means that are against country regulations, with billions being transacted without being accounted for.

While running with the above challenges, we are now faced with an ever daunting challenge of reviving, sustaining and nurturing our environment. Global efforts are focused on

For the economy to be more prosperous, the gap between rich and poor should be bridged and there need to be more number of people participating in the economic development of the world.

The explosive growth that the world has witnessed in the last couple of decades is majorly due to

- the computer and internet
- income distribution to a certain extent due to the movement of work force dynamics from developed to developing countries

- the world economy opening up and presenting opportunities to more number of people leading to distribution of wealth , we have more middle class today than ever before

The stage has come for Government and Regulators to come together and create a network like SWIFT. In 1960s and 70s, the financial world did not have a standard language to talk, a communication forum to help transact, which was safe and secure. Coming together of all key regulators and getting SWIFT in the 1970s has really helped banks to go global , standardize and improve the controls along with improving financial efficiency.

Post 2008 crisis, most regulators have realized the gaps in the laws Today, there are FATCA regulations for the USA and now other governments are trying to follow suit, to curb unlawful transactions. Each country is trying to put control over its citizen implementing new laws, amending laws and at times similar to another country. Countries are lesser threat than Terrorism, even the largest of the countries find it difficult to wage a war that easily and also it results in loss of life and loosing of large amount of money in the bargain. Today more of the threat is coming more from individuals or group and it is difficult to trace. With greater access to Internet, Travel and goods, there is difficulty in controlling many an aspects including finance/movement of people. If we look around, similar activities are being worked by various Regulators/Governments and other International bodies.

Why not Governments, Regulators and World Bank come together with Banks to help improve the health of the economy. Once we get stability and control, any future expansion of economy will not lead to a crisis like of 2008. Together We WIN.

As we have seen the success of SWIFT, we now need a similar Organization which centrally manages the KYC of clients and monitors transaction flow with local chapters in each of the country/region.

The key to success for such an organization would depend on the following factors

- controlled and jointly run by regulators/Governments
- standardized account numbers, format/nomenclature being uniform globally
- account numbers containing an unique number , some possibilities are a combination of the nationality number or income tax number or passport number prefixed with country code along with the bank account number
- KYC being performed centrally with a nodal office in each country being the liaison for the locals. Such an arrangement would help enforce and monitor local account set

up, control willful defaulters plus bring down the cost each organization spending on KYC screening and monitoring. Each organization can pay for the service they use and help in uniformity of practice which is aligned to local and global requirements - SWIFT message formats (like fields 50 and 59) being aligned to mandate the new format of account numbers

Benefits

- a. Control on illegal accounts and transactions
- b. Easier to impose or change rules in client account handling
- c. Reduction of black money
- d. Eliminate multiple taxation in cases of tie-ups between countries
- e. Improve straight-through processing of transactions and reduction of cost to banks
- f. Reduce duplication of cost
- g. Regulators exercising more control and overcoming certain challenges faced so far, also regulation and implementation can be more uniform.
- h. Directly contribute in improved tax collection and thereby helping in distribution of wealth
- i. The changes will also bring in improved economic activity with never-before visibility of wealth and transactions

Centralized KYC and transaction monitoring is a solution to multiple challenges crippling the world economy from advancing to the next improved phase and a strong-willed, informed approach to rein in black money and unauthorized transactions.

Together We Win