

Sanctions and Cloud – Leveraging cloud will it help banks and regulators to save millions?

What is Sanctions?

An action taken against an Individual, Group, Company or a Country which prevents them to transact freely and curbs the movement

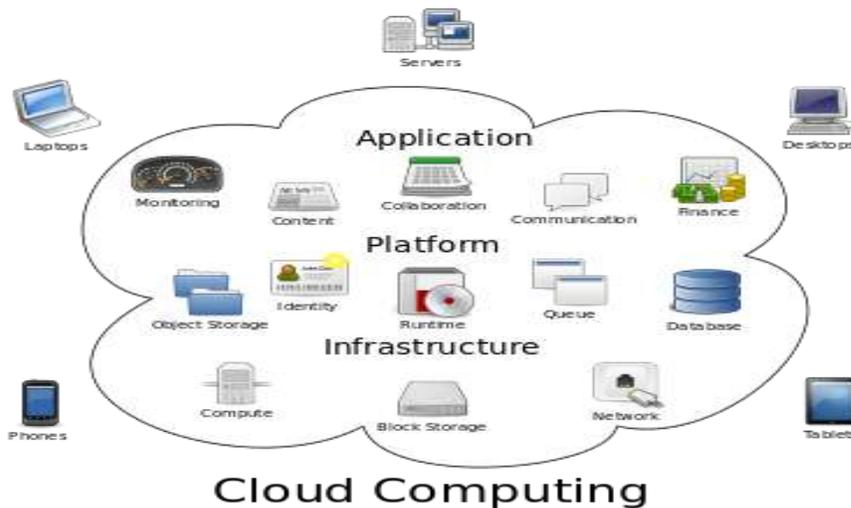
There are different kind of sanctions viz. Diplomatic Sanctions, Economic Sanctions, Sports Sanctions, Military sanction

Sanctions are generally imposed through a country regulation change, UN resolution or any other body to prevent trading, movement of funds, preventing arms race, terrorist financing

Today's sanction – It is more managed at country level for a bank and this is the same across industry, a more isolated. Banking system works in total isolation. For e.g. a single USD transaction going from Kenya to China can get scanned around 3 times at the minimum before it reaches the beneficiary bank, this increases in the way correspondent banks are used and also banks in the chain.

What is Cloud computing?

As per Wikipedia -



Cloud computing, also known as 'on-demand computing', is a kind of Internet-based computing, where shared resources, data and information are provided to computers and other devices on-demand. It is a model for enabling ubiquitous, on-demand access to a shared pool of configurable computing resources.[1][2] Cloud computing and storage solutions provide users and enterprises with various capabilities to store and process their data in third-party data centers.[3] It relies on sharing of resources to achieve coherence and economies of scale, similar to a utility (like the electricity grid) over a network.[4] At the foundation of cloud computing is the broader concept of converged infrastructure and shared services.

Cloud computing is a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications and services) that can be rapidly provisioned and released with minimal management effort.

Today's Regulations and Banks challenge

Sanctions has been one of the challenge which has been in for past couple of decades, more so post 2000 AD. The challenge is increasing with way technology is moving plus we also have larger threat from physical cash moving across countries and continents. Along with the financial challenge, the ease of travel is adding further complexity to the whole financial system.

From a banking perspective, every other bank has been penalized for one of the either wrong doing around Sanctions, this largely comes due to banks on one side need to grow and the other side manage the financial crime. At times, this has also has happened as banks are already have well net relationship with organisations or have presence and winding business has been a difficulty. The challenge is going to increase with greater movement of people and slowing economy can push business to look at territory which can be pose challenge to sanctions

If you look now around post all the fines banks had to pay, there has been further enhancement in controls by regulators, banks continue to fund large amount of money to improve system and regulators are trying to work to get the system better.

SWIFT is working on a utility to facilitate sanctions check, does it help address all the challenge?

Using the concept of cloud in sanctions will help, is this the way forward?

We see more effort, but is it intelligent? Time regulators and bankers to think about solution, will cloud computing help, definitely marrying the 2 can bring in big difference

Some of the basic concepts of cloud and bit of improvement in way technology is handled should help, some of the concepts can be

- Central repository of sanction list which can be referred by banks at the time of sanctions

- A flag around sanctions check on every message should help duplication

- Usage of checksum like concept should help duplication

- Banks within can adopt similar model and get the scanning done centrally within their organization can help

- Regulators and Banks should introduce SWIKT to help handle centrally the KYC

Above changes should help sanctions, bring down the cost of banks and also minimize the challenge around sanction. Time for regulators and banks to re-think and use latest technology to help improve control and reduce the cost. For more details do write back.