

Client Case Study

Russian Acquisition

Introduction

A large Bank wishes to purchase a smaller Russian bank to expand its operations into a new country, as part of its due diligence procedure it must validate that the Russian Bank is clean for Terrorist Financing and toxic PEPs.

The Central Russian Bank has its own Sanctions List, which is mandatory for all Russian Banks, but the purchasing bank has no experience with this list.

SQA Consulting were asked to perform the due diligence process because of their history in assisting the bank with Sanctions related issues, including Screening, List Management, Data Profiling, PEPs Matching and Elimination, and Transliteration of the Greek Alphabet.

Due Diligence in any form of customer take on is especially important in markets, such as Russia, where exiting customers from relationships can be difficult due to local laws, Operating in a Country containing lots of PEPs, who are either toxic or have toxic connections, can also introduce extra risk.

SQA Consulting went into Russia, developed screening processes, and performed screening that met and exceeded the Banks standards to allow for a safe acquisition process.

If you would like to discuss this case study please email jason.storey@sqa-consulting.com



More Detail

The target of the acquisition has more than a million customers; Russian law stipulates that customer information cannot leave Russian soil.

The purchase date is fixed and close, but the purchasing bank has stringent due diligence to be performed.

Sanctions lists are generally only available in Latin characters, whereas Russian Customers are held in the Cyrillic character set, and there is no one common method a transliterating Cyrillic to Latin.

Russians use different name structures to those in Western Europe, using Patronymic names, and gender adjusted family names.

The purchasing Bank has no facilities in Russia.

SQA consultants constructed a Cyrillic to Latin transliteration that uses all seven common methods of conversion from Russian, all unique transliterations of the Russian Customer names were retained to ensure full coverage. The Central Russian Bank list was also converted into Latin.

The SQA matching tool was configured to meet the policy standards of the purchasing bank and deployed in Russia. SQA staff went on-site to manage and test the extraction of Customers Data from the Russian Bank; and perform a sanctions screen against all the mandated lists.

Subsequent visits were made to ensure that new customers taken on in the run up to the purchase date were screened appropriately.

The SQA solution found several customers from both the Central Russian Bank, and from OFAC lists. These had not been found by the Russian Banks incumbent system for checking against the Russian Central Bank.

SQA Consulting's software was easily able to cope with more than million customers, on low-cost infrastructure, whilst employing sophisticated fuzzy matching techniques.

Усама бин Ладен
Usama Bin-Laden in Russian Cyrillic

