

The war on terror hits private banks

By [Rob Davies](#) 06 February 2002

A new database is helping private banks to fight global terrorism.

David Leppan is the founder and head of World-Check, an electronic database that houses profiles on high-risk and potential high-risk individuals. Leppan describes World-Check as a banking compliance tool for the 21st Century, allowing banks to comply with regulations and better evaluate the risk level of high-profile individuals.

How did World-Check come about, and what services does it provide?

I was involved in banking compliance for five years in Switzerland, Liechtenstein, and Luxembourg. I was approached in October 2000 by five Swiss and Liechtenstein institutions to look for an archive of high-risk and potential high-risk individuals from a global perspective. I did some homework and found it did not exist - there are things like the US blacklist, but nobody had tried to do it from a holistic point of view, to do a who's who of the famous and infamous.

The banks said they really needed such a service, having had their fingers burnt too many times on not knowing their customers, on choosing the wrong type of people, such as politicians ending up depositing huge amounts of money, like President Marcos.

The institutions felt they had to act, not only because of the risk to their reputations, but also because regulators were fining them.

We discussed who needed to be covered. The high-risk group is made up of terrorists, money launderers, fraudsters; people involved with narcotics and organized crime. These are the bad eggs - the types who banks and other institutions would not want to be associated with.

The potential high-risk group constitutes politically exposed persons: high political office holders, their family, friends and business associates. This group is also made up of those who are charged with fraud, laundering and terrorism, but have not been charged yet.

How do you go about monitoring these people?

The banks did not want a dead database - they wanted us to give them feedback on what these people were doing, who they are involved with etc. We had one choice of providing such a service and that was by internet. Now, the Swiss banking sector and the internet are not good bedfellows because of security issues that are difficult to get around. We knew if we set our standards at the Swiss levels of banking secrecy and privacy and created a product that was usable by Swiss banks, we would have something useable elsewhere.

We ended up creating two or three variations of the same data. Some of the world's largest banks said they wanted the data in their hands, to be able to download the product. They want to filter the information to know their customer and who they do business with. The banking institution is ultimately responsible for deciding whether they are comfortable or not in transferring funds on a client's behalf to people they do not know or may not be comfortable with.

Alternatively, they may receive funds from people they aren't comfortable with. Knowing your customer's customer has become tremendously important after the events of September 11. Banks wanted to download the data, they wanted to be able to audit their existing clients regularly to check whether someone who used to be considered OK has in fact been proven to be a money launderer or fraudster.

Our clients, whether they are regulators or banks, want a working tool where they can search by name, country, keyword - which has links to a person or country, and we have just introduced a category search.

The company was set up to create an archive of people you do not know: the concept was to help prevent tomorrow's scandal.

When did you get things up and running?

We went live in 2001, three or four months after the idea was formed. In April 2001, we signed our first clients and since then we have signed with 60 banking institutions in 16 countries. That doesn't mention the agreements we have with regulators.

It sounds very worthy, but just how do you get to know about and then track these would-be problem people of tomorrow?

There are over 200 countries in the world and we track all of them. In our potential high-risk group, we included all politicians. When we started, we went through parliamentary websites in every country, which give you between 40 and 400 names. Then we built from there, finding out whom these politicians were associated with, whom they do business with, their families etc.

In addressing the high-risk group, we looked at official blacklists, seeing the named and shamed, people who Interpol is looking for, countries under embargo.

We have a team of multilingual editors based in South Africa, Spain and Austria and these people research and review data. Within our first year, we amassed information on about 55,000 individuals, which is growing by about 4,000 to 5,000 a month. As we have grown, the spec on this has changed.

How exactly?

As clients have been impressed with the speed with which we have gotten information, they have come back and asked more of us in trying to create a dream model in which to get information from people in the public domain. We do not have access to political reports, medical records or anything like that.

Our job is to find names, aliases, nationality, and the location of operations. Having looked at the basic information, we realized there were associations between people and banks wanted to see these, so we have created a link on our service.

How is possible to do this efficiently?

We realized there was no way we could employ an army of people on a daily basis to keep checking on individuals numerous times a day. That is why we use advanced technology, spider applications that enable us to monitor 7,000 websites around the world 24 hours a day. The application is designed to find any information on the individual, and if any article referring to any person comes up, the software is able to retrieve it to our servers for our editors to review.

Essentially we are an electronic press service.

You have info on 55,000 individuals. How many are from Asia?

I could not answer that off the top of my head, but I know that we have 400 names from Hong Kong, Australia has about 1,200 names, another 400 for China. We also have good coverage in India. We have a minimum of 100 names for every country.

The system has been built to cope with a million names. I hope we get nowhere near that, as it would be a logistic nightmare to monitor, but I think we will reach around 200,000 names, and in that will be the most powerful and influential people on Earth.

You have around 60 banking clients. Are any of those in Asia?

We have foreign banks in Hong Kong and other Asian countries that already use the data and get access to it from head offices located elsewhere. We do not have any per se Asian banks using it yet, but the amount of interest that has been shown has been phenomenal.

When we spoke to potential clients in Hong Kong, they expressed more concern about China and other parts of Asia, so our staff will be compiling statistics now to see where we stand in this region.

What are your goals for Asia and the rest of world?

We need to understand the requirements of Asian banks better. We already serve English and American banks that have business here and they were concerned about the quality of data in Asia. Having come here myself and met the Asian banks, this is about us as a company listening to what needs to be covered and how we can improve our service for these clients.

We have already been doing this in Europe. For example, one bank came to us and wanted us to build an intranet service so they could upload their own list of undesirables to add to our data but protect it behind a firewall. This would enable them to share this information with subsidiaries around the world. The version of our product that can achieve this will go live in the next month or so.

I am sure Asia will prove to be a very strong market, as the States is proving and as Europe has already proven.

What has the feedback been like since you started?

The crunch time always comes with renewal. We have been very fortunate and have not yet lost a single client. We speak to all our clients regularly, which helps ensure we cover what they need us to cover.

The feedback has been phenomenally good and some the large institutions have doubled the usage within a year and have signed three-year contracts with us.

Can you give any examples where your product has helped banks to save money from fraudulent activity?

We had one case involving an Asian gentleman where one of the Swiss banks was using our data and another wasn't, with the latter involved in dealings with this man. Ultimately, the total amount frozen by the authorities after lengthy investigations came to around \$800 million. To know that we were just a small part of that in providing back-up information shows how powerful this service can be.