

iZettle Implements Effective PEP Screening Solution In Line with Swedish Money Laundering Act

About iZettle

iZettle is reinventing technologies and banking services that help small-business owners live better, work less, and earn more. Based in Stockholm, the financial technology company revolutionised mobile payments in 2010 with the world's first mini chip card reader and software for mobile devices. Today, small-business owners around the world use iZettle's powerfully simple services to improve the speed and ease of payments at checkout, business management, sales analytics, customer engagement, and to get funding.

The Challenge

As a Swedish e-money institution registered with and under the supervision of the Swedish Financial Supervisory Authority, iZettle has a duty to ensure it remains compliant with all applicable regulatory standards.

On 1 August 2015, certain amendments were implemented in the Swedish Money Laundering and Terrorist Financing Act (2009:62) requiring regulated financial institutions to identify and perform due diligence on Politically Exposed Persons (PEPs) within their customer base. The amendments were a consequence of the Financial Action Task Force's revision of their international standards in 2012, as well as the shortcomings found in the Swedish national risk assessment conducted in 2012.

In order to ensure compliance with the amendments, iZettle decided to turn to an external service provider in order to be able to screen for PEPs as part of its risk-based approach. The business needed to source a comprehensive and reliable PEP database which could be integrated with its existing systems and provide the ability to identify any PEPs.

In addition to the integration of a PEP database, iZettle needed to introduce new internal processes and dedicate additional resources to the investigation of PEPs, should matches occur. iZettle further sought a supplier with the experience to provide advice and support during the launch and ongoing management of their PEP due diligence programme.

The Solution

iZettle selected **Accuity to help meet its PEP screening obligations**, having assessed the available products on the market against three important criteria:

1. Reliability and coverage of data
2. Technical ability to integrate with iZettle systems
3. Price

The chosen solution incorporated the Accuity PEP Due Diligence Database as well as Online Compliance—a lookup tool to aid with the detailed investigation of matches.

Product Features

- **The Accuity PEP Due Diligence Database** includes over 1.5 million entities and is updated regularly
- **Detailed entity records** include names, aliases, dates and places of birth, photos, positions, family members, associates, and company holdings, to assist in identifying true matches
- **The entity records contain embedded links** to an online lookup tool, Online Compliance, facilitating further research on matched entities with a single click
- **The solution provides the flexibility** to categorise and segment data, so the relevant level of screening can take place according to applicable regulation and risk tolerance

In addition to providing this solution, Accuity offered iZettle valuable advice to help the compliance team adjust to the new processes being implemented. Accuity was able to apply its experience of working with similar clients to help iZettle prepare for handling the first (and largest) batch of hits identified by the new PEP screening programme.

iZettle's PEP Due Diligence Workflow



Customers are screened at the point of registration and every 24 hours thereafter.



If a potential match occurs, it is passed to an analyst for manual review.



Customer details are checked against internal data such as credit bureau information collected during the KYC registration process.



When necessary, Online Compliance is used to validate information, for example by providing a photograph to compare against an individual's ID documentation.



If a true match is confirmed, the account will be closed according to iZettle's risk-based approach.

The Results

Regulator Ready—iZettle made the transition from having no PEP solution in place, to achieving a thorough PEP due diligence programme, in time for the change in Swedish legislation. The company remains in full compliance with the relevant laws, with a system and process that satisfies the regulators.

Optimised Processes—After implementing the new database and dealing with an anticipated initial spike in hits, iZettle was able to hone the way they dealt with matches. By collecting additional data points during client registration, and customising the data set provided by Accuity, iZettle has managed to significantly reduce the number of false positive matches requiring manual intervention.

Ongoing Support—iZettle receives a high level of ongoing customer service from its Accuity account management team, who respond quickly to requests to enrich elements of the data and are on hand to provide product advice.

client success

‘We really valued the consultative approach Accuity took to preparing us for the implementation of our PEP due diligence programme. You cannot underestimate the importance of working with people who can provide experience and knowledge of the industry, as well as understanding regional nuances. In addition to its comprehensive data coverage and competitive pricing, this approach to account management sets Accuity apart from its competitors.’

Ron Stoloro

Risk Lead, iZettle



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