



How a large global bank simplified FATCA compliance



Client background

Client: Multinational banking and financial services holding company

Industry: Banking, financial services

Products/Services: Retail banking, corporate banking, investment banking, mortgage loans, wealth management, credit cards, finance and insurance

Areas of operations: Global

Challenges

The Foreign Account Tax Compliance Act (FATCA) is a legislation introduced by the United States government to help counter US tax evasion by encouraging better reporting of FATCA reportable customers' information. FATCA intends to increase transparency for the Internal Revenue Service with respect to US persons that may be investing and earning income through non-US institutions. While the primary goal of FATCA is to gain information about US persons, FATCA imposes a withholding tax where the applicable documentation and reporting requirements are not met.

The client was committed to become fully FATCA-compliant in all countries and territories where they operate. The main challenge was to meet the stringent timelines and avoid huge penalties for not adhering to FACTA implementation guidelines.

Solution

Wipro implemented a FATCA-compliance solution for the client with increased due diligence for commercial banking customers in stipulated timelines and in accordance with legal and compliance requirements, leveraging ETL, data integration, and database management tools.

The bank met compliance obligation with time and effort efficiencies leveraging Wipro's remediation solution

Solution highlights:

- Identified possible commercial banking customers by leveraging US indicia search criteria
- Identified FATCA reportable customers for the bank by establishing complex algorithms and data analysis techniques
- Identified FATCA reportable customers based on FATCA norms and guidelines
- Stored FATCA reportable customer information and relevant FATCA reportable attributes from 10 different sources (Ex: PLM, Phoenix, HUB, CDM, RPS, GHSS, FIS) to an integrated database through complex analysis and algorithms
- Reported bank customers' FATCA attributes to regulators seamlessly through a file transmitting mechanism defined by the regulators
- Created FATCA remediation solution design document for the bank, which can be used for deploying the same solution in other markets
- Created a source to target mapping (file to identify FATCA reportable customers) and a high-level design document for all applicable 10 sources and required attributes as per FATCA reporting standards for the bank

Business impact

Wipro implemented a commercial banking-remediation compliance solution for four European countries in record time of 12 months. This helped the bank in timely regulatory reporting, leading to increased reputation and trust with the bank's clients, shareholders and media.



Improved brand equity and trust as a global systemically important bank



Enabled government with the information of customers evading tax, thus maintaining good reputation



Withholding tax (credit against the income taxes that the bank need to pay to the government for not adhering to compliance) for the bank became zero by becoming FATCA compliant



Wipro identified FATCA reportable customers by establishing complex algorithms and data analysis, leveraging various AI techniques, which helped timely regulatory reporting for the client and made it FATCA-complaint.

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