

Money Today, Germany: Cognizant's VP Consulting, Banking & Financial Services, Explains How Technology Can Make Correspondent Banking More Secure



"Correspondent banking is fundamentally a people-led business, built on assurance, predictability and quality of service," writes **Maurizio Bradlaw**. "By improving efficiency through use of technologies such as AI and analytics, banks and regulators can be more flexible and ultimately collaborate to realise the potential of the correspondent banking market to enable local banks to provide financial services to their customers."

Excerpts from Money Today's article:

"A broader distribution of global wealth created new opportunities as well as obstacles for the financial sector. Over time, this has led to [increased access to banking facilities](#) in regions where consumers earlier may not have had access to a variety of financial services in the past. In the business world, the introduction of more local banks has allowed for an expansion of the correspondent banking industry, with large international banks competing to provide the infrastructure for smaller or regional outfits to carry out transaction services such as cross-border payments.

It is an industry built on the premise of trust and a network that supports this. However, recent changes to the regulatory landscape such as the Bank Secrecy Act along with material breaches or incidents where banks have been caught off guard and found themselves unknowingly abetting fraud or drug cartels have caused a deterioration of this trust.

Technology can play an important role in making the sector more efficient and profitable. Some are introducing Artificial Intelligence (AI) in the form of smart contracts to overcome the pitfalls of subjectivity and flag fraudulent transactions without the need for human insight. Elsewhere, others are using AI and hyper-contextualised analytics to reduce the risk of financial crime, replacing manual transaction monitoring techniques.

Blockchain could also significantly ease the correspondent banking process, allowing instant and more secure cross-border payments. One global bank recently announced the world's first commercially viable trade finance transaction using blockchain, potentially paving the way for much wider adoption.

Key to solving the insecurities plaguing the industry is bringing banks, fintech companies, consultants and regulators together to establish a balanced approach that addresses the needs of all stakeholders. market to enable local banks to provide financial services to their customers."

Click [here](#) to read the full article in German.

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