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Banks set up database to run global checks

By Thomas Catán in London

Twenty of the world's biggest financial institutions are assembling a far-reaching private database of regulatory and criminal information from around the world that will enable them to conduct background checks on customers.

The ambitious project to combine data from more than 250 jurisdictions is partly a response to rules introduced in the wake of the September 11 attacks. But the banks' plans could fuel concerns that individual privacy is being sacrificed in the war on terror.

Regulatory DataCorp International, which is compiling the information, is funded by many of the world's leading international banks and investment houses, including Citigroup, Goldman Sachs, CSFB, Bank of America, JP Morgan Chase, Lehman Brothers, Merrill Lynch, Morgan Stanley and UBS.

RDC has been quietly operating since July last year. The company said yesterday it had joined forces with an investigative firm to expand the amount of data entering the system. The New York-based James Mintz Group had gathered records from more than 100 regulatory agencies in more than 50 countries, RDC said.

The new system – the Global Regulatory Information Database, or Grid – draws on more than 20,000 sources and databases. These include disciplinary actions in the past 30 years by US regulators and their counterparts around the globe.

The database also draws on lists of terrorists, organised crime figures, fugitives and drugs barons.

It will also assemble lists of politicians and their associates to stop stolen funds being laundered through financial institutions.