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Little mistakes – Serious consequences

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- Little translation mistakes in conversation or in memos come across as funny, silly or awkward. We may even poke fun at the people committing them.
 - But the same little mistakes produced in official correspondence, contracts, publications, legislation and regulations come across as unprofessional, and may lead to reputational, operational and financial risks.
 - Over the last few decades the complexity of banking products, especially in international finance, has increased exponentially with a strong impact on organisation, control infrastructure, governing laws and prudential regulation. As a consequence, banking language has become very technical — as can be seen if you compare today's annual reports to those published in the 80's.
- ➡ Increasing importance of communication tools like the Internet.

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- With globalisation, English has become THE worldwide banking language. International laws and regulations and position and consultation papers covering the so-called “regulated industry” are normally issued in English and subsequently translated into the relevant local languages.
- Some 90 years ago, the Grand Duchy adopted French as its official language via referendum. Due to Luxembourg’s specific situation as a major financial centre with French as the official language, the bulk of banking-related translations are two-directional.

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French to English	English to French
<p data-bbox="577 624 1128 667">Information and contracts</p>  <ul data-bbox="577 778 1106 1129" style="list-style-type: none">▪ International customers▪ Counterparties and Institutions▪ External auditors▪ International authorities	<ul data-bbox="1218 624 1778 986" style="list-style-type: none">▪ International laws and regulations▪ Prudential guidelines▪ Consultation and opinion papers

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- Communication problems may occur even in meetings or working groups that bring together native speakers of one particular language, depending on the participants' job backgrounds.

Definition of an ACTIVE customer?

Front/Sales <> Back-Office/Administration <> accountants <> IT staff

- If you throw in an additional language, these communication problems tend to be amplified.

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- To avoid bloopers like “Communal Recipe = Recette Communale” in official correspondence to customers, our bank created a trilingual dictionary covering all relevant banking vocabulary and standard expressions. This database is available on-line to the entire staff, but only 4 people are entitled to make amendments. The IT department draws on this database when producing mailings and messages for our customers.

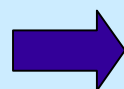
➔ Not all mistakes have been eliminated, but we have been able to reduce them to a manageable minimum.

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- Compared with most other languages, French and English share a large number of “faux amis”.
- For years we have seen the inflationary use of the word DIRECTOR. By definition a director = *administrateur* – is a non-executive position in a company, as opposed to a C.E.O – S.E.O. – General Manager etc.
- A similar trend can be seen with the terms “comply”, “compliance” and “compliant”. Not every instance where these terms are used refers to the Compliance function as defined in banking.

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French	English
<i>maintenues dans des limites</i>	maintained within limits Managed
<i>qui servent à assurer</i>	which serve to ensure which ensure
<i>les filiales sont consolidées</i>	agencies are consolidated subsidiaries
<i>Le réseau des agences</i>	The agency network branch
<i>Le ratio de solvabilité</i>	The solvability ratio solvency
<i>Les activités de la salle des marchés</i>	activities that take place in the trading room Trading or trading activities



Translations of this kind generate minor to serious reputational risk and may lead to financial risk

KYC regulation	
English	French
When entering into a business relationship with a customer, a bank shall always have copies of valid identification documents.	<i>Lors d'une entrée en relations d'affaires, une banque doit toujours être en possession de copies de documents d'identité valables.</i>

Always = *Toujours* was then defined as *constamment*
= at any time

This interpretation, upheld for some years, amplified the administrative burden on banks and their IT systems.

- **KYC – KYT - Payments**

To support the fight against money-laundering and financing of terrorism, the EU-Commission drafted a directive to impose minimal mandatory customer data to be included in the international/ national payments process. After lengthy consultation with all stakeholders, it was agreed that payments should always mention the account number, name and given name of the payer. With respect to pre-existing, rather stringent EU-regulation, an option was inserted for payments within the EU, so that banks might only use the account number or a unique identifier for their ordering customer. As international payments are highly automated and under constant cost pressure, most banks handling large volumes did not consider this option when adjusting their IT processes to the new regulation.

 The final draft

KYT and Payments (EC regulation 1781/2006 article 6 (1))

By way of derogation from Article 5(1), where both the payment service provider of the payer and the payment service provider of the payee are situated in the Community, transfers of funds shall be required to be accompanied **only** by the account number of the payer or a unique identifier allowing the transaction to be traced back to the payer.



Complete reversal of the agreed process

By way of derogation from Article 5 (1), transfers of funds, where both the payment service provider of the payer and payment service provider of the payee are situated in the Community, shall **only** be required to be accompanied by the account number of the payer or a unique identifier allowing the transaction to be traced back to the payer.



Correction

Conclusions

- Continue pushing for specialisation in translation, as language proficiency alone does not guarantee a good translation.
- Maybe a more relaxed attitude is needed in Europe towards the adoption of foreign, mostly English, vocabulary. Traditional Japan is a model for such an approach. After World War II and their economic success story, the country was flooded with foreign expressions and vocabulary non-existent in Japanese — ranging from ice-cream to high-tech. They quickly realised that it was not possible to design traditional signs for all this new input and in response started using Katakana — simpler signs with a phonetic value.

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THANK YOU FOR YOUR
ATTENTION