OVERCOMING KNOW YOUR CUSTOMER (KYC) COMPLIANCE CHALLENGES

When conducting business with new (and existing) customers, regulated industries are required by law to know who they are doing business with.

CHALLENGES ORGANIZATIONS FACE:

- Amount of risk to which the market is exposed
- Governments trying to hold onto their tax revenue
- Big focus on Counter-Terrorist Financing (CTF)
- The time it takes to verify new business relationships and on-board new clients
- Increasing workload for compliance teams
- Investment in activities that do not give organizations the competitive advantage

Organizations are required to understand their customers:

- Risk profile:
- Business type:
- Source of funds and wealth:
- Purpose of specific transactions:
- Location and country from which the customer originates:
- Expected nature and level of transactions …And ensure client information is maintained, current and valid – implying that organizations revisit KYC documentation regularly.

REQUIREMENTS:

- Determine client risk classification in accordance with regulations.
- Perform additional KYC and further due diligence as required.
- Customer identification: simplified & enhanced due diligence.

Impact of non-compliance: fines, reputational damage, share price drop, profit loss, prison sentences, legal fees, black listed, sanctioned entity.

SOLUTION TO KYC COMPLIANCE:

Due-diligence procedures need to be adopted and based on the perceived risk that the customer poses. Thomson Reuters offers a holistic solution to third party risk that embraces a risk based approach to compliance.

We help our clients adopt a risk based approach by:

- Understanding risk and identifying opportunity
- Taking actions informed by industry leading intelligence
- Helping navigate industry regulation
- Unravelling complex legal entities
- Continuously updating the knowledge of the customer
- Implementing best practices that drive value
- Maximizing operational efficiency and reducing costs
- Improving efficiency and effectiveness of existing KYC and EDD programs

For more information, contact your representative or visit us online at risk.thomsonreuters.com