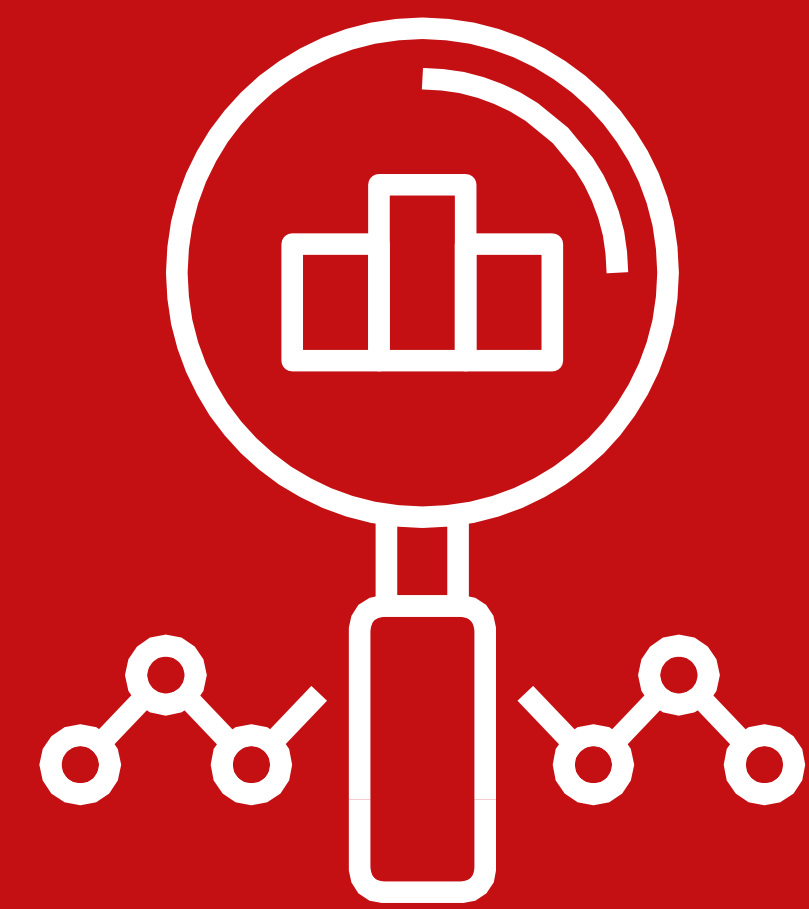


# KYC Utility and other innovations for AML

Janis Timermanis

CEO Credit information bureau, Latvia



±100

Employees in  
Baltic countries

**KIB shareholders** are  
financial institutions  
(74%) and  
Creditinfo Group (26%)

33

Credit Bureaus worldwide

Our mission is to  
provide **intelligent  
information** for  
individuals and  
companies to **facilitate  
access to finance**.



Since

1997

Creditinfo has been among  
the fastest growing companies  
in the field of credit risk  
management

# Scope of customer due-diligence for obliged entities

## Customer on-boarding and monitoring dimensions

<b>Natural person identification &amp; verification</b>  Natural person	<b>Legal person identification</b>  Legal person	<b>Beneficial owner verification</b>  Beneficial owners (natural persons) of legal person	<b>Suppliers, Customers &amp; Partners</b>  Legal person	<b>Politically Exposed Person verification</b>  Natural person Legal person	<b>Funds &amp; Wealth verification</b>  Natural person Legal person	<b>Sanctions</b>  Natural person Legal person
ID code(s) of issuer country(ies) incl life-cycle  Name(s) incl life-cycle  Birth date & birth country  ID document(s) incl life-cycle  e-residency (non-residents of Estonia)  Citizenship facts  Residence country	Business name & legal form  Registry code or registration number of issuer country  Board & Council Members, representatives & authorized persons  Addresses & other communication details  Business activities	Beneficial Owners & Family tree (via which BO is defined)  Cross-referenced to Beneficial Owners declared in State Registers  Ownership & Controlling structure of legal person  Direct owners of legal person (natural & legal persons)	Suppliers & Customers  Subsidiaries  Key partners ( specified in Financial Reports)	PEP register incl PEP institutions & high rank positions  PEP family member register  PEP closed associate register  PEP Legal Entities register  Foreign PEP, foreign PEP family member & close associate	Salary, dividends  Assets in Credit Institutions  Financial liabilities  Assets in real estate  Stocks in owned companies  Company key financial & non-financial ratios, incl ratios of owned companies  Key ratios of Beneficial Owner related Companies	International sanctions  Local sanctions  Sectoral sanctions

KYC Utility shares information between obliged entities for AML compliance purposes

# Shared KYC Utility

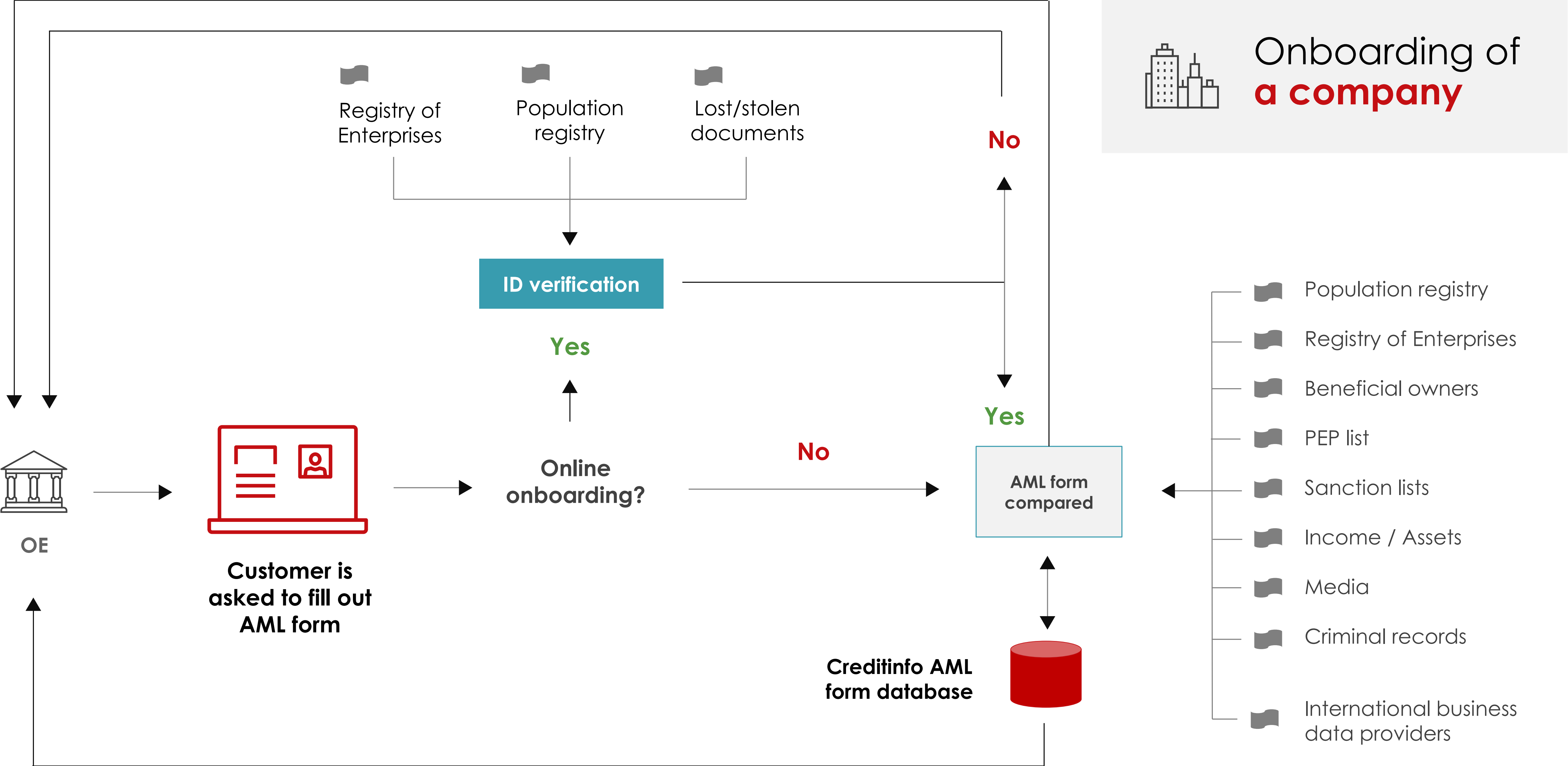
Several or many obliged entities

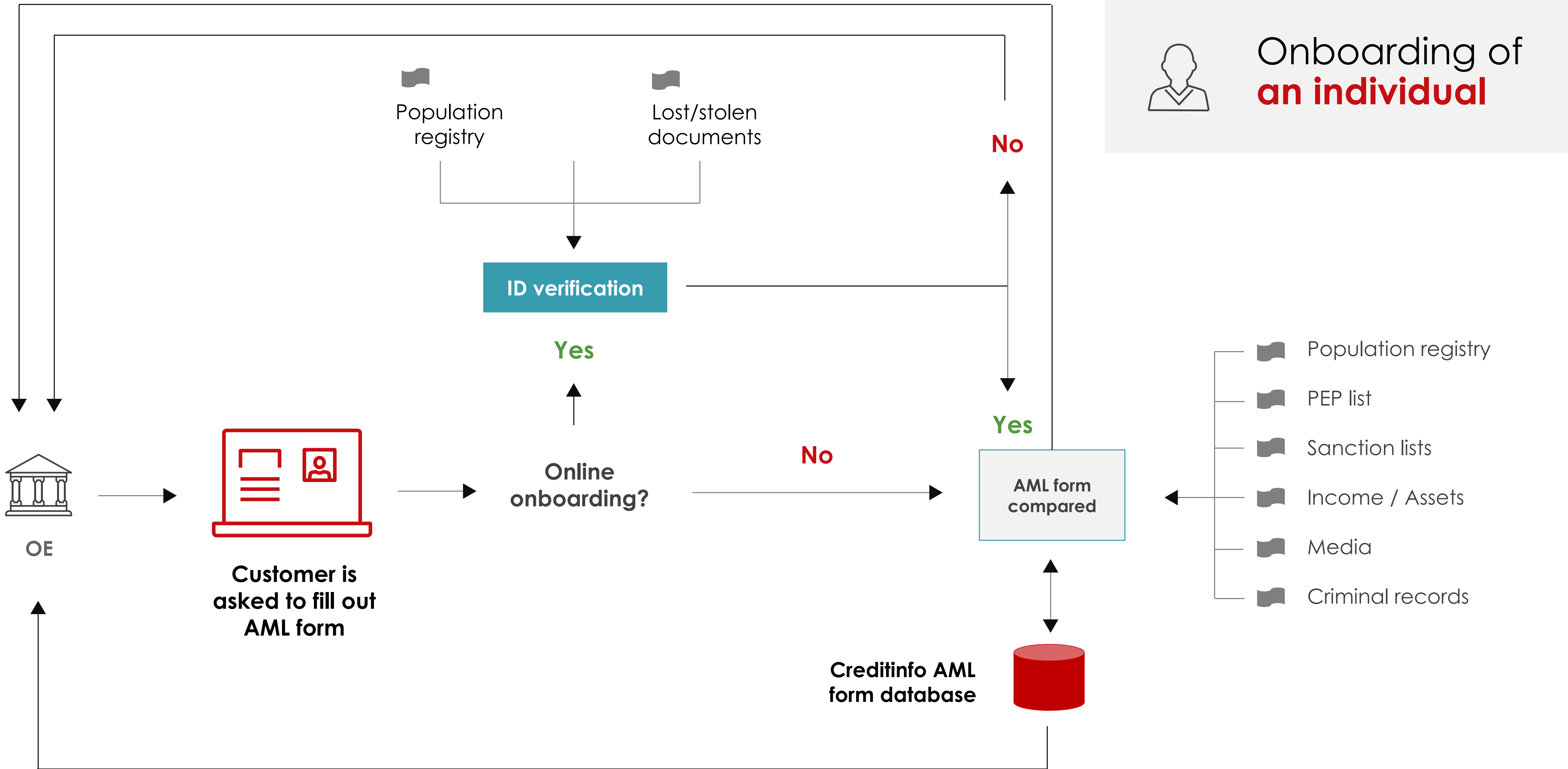
- Share data gathered from/about their clients like credit bureaus do
- Get data from public registries
- Cross-referencing data to find predefined irregularities

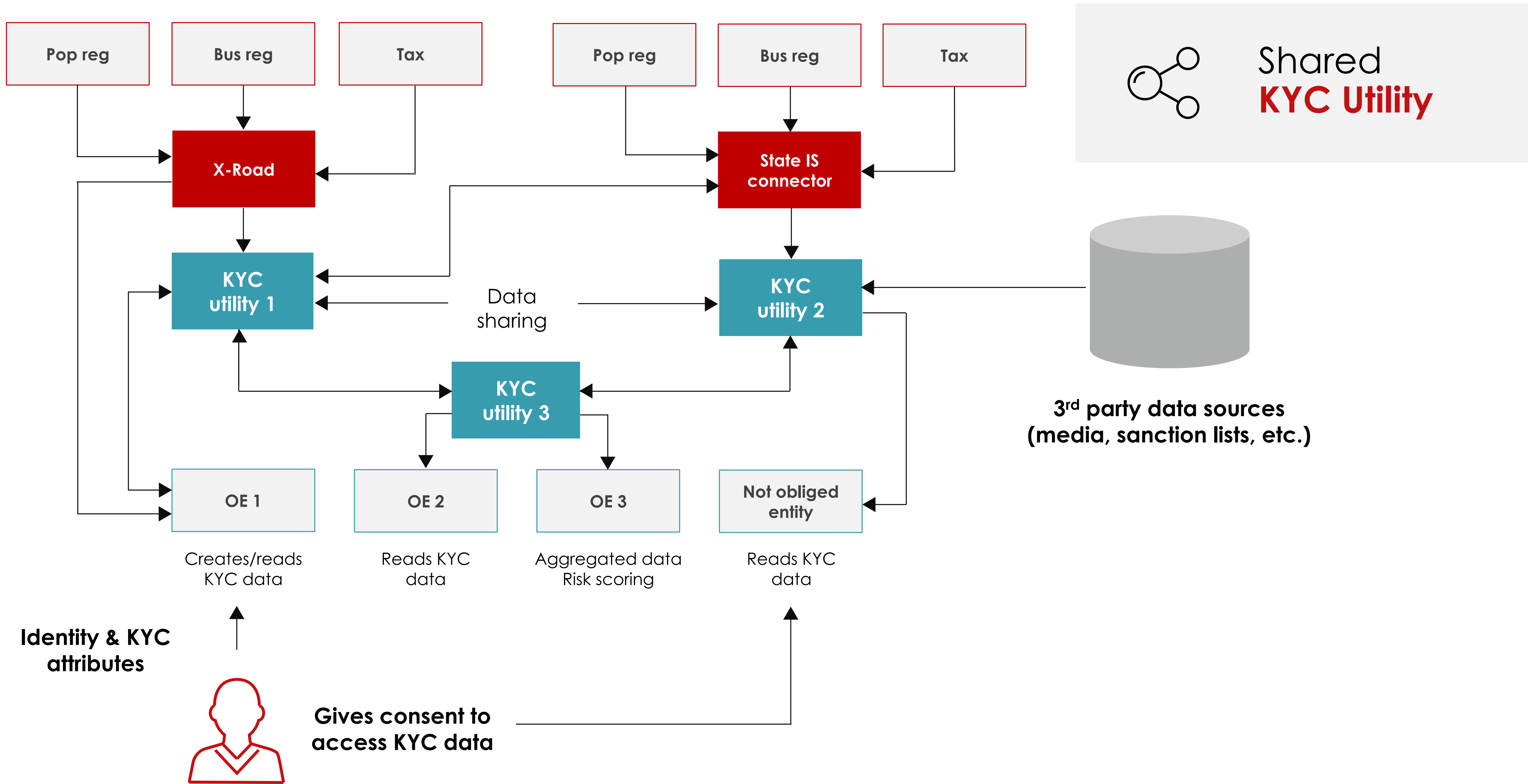
Relies on everyone's participation

- Not necessarily banking only
  - Obligation vs free participation
  - Bigger help smaller but all must commit
  - Full vs. limited access
-

# Onboarding of a company









## Case study

# PEP register design

### Scope of register

- A. PEP institutions and positions register
- B. Primary PEP register
- C. Register of family members of PEP
- D. Register of close associates of PEP
- E. Register of legal persons with beneficial ownership or joint beneficial ownership by any person in B;C&D
- F. Continuous monitoring and update of A. to E

### 1. Creation & management of registers on PEP & local PEP, Family Members of PEP, Close Associates of PEP

#### Register of Public Institutions & State Enterprises & their high rank positions, incl. internal org. structure

1. Domestic Public Authorities & Institutions in Public Law, State Enterprises, international organizations in local country
2. EU Institutions & high rank positions
3. Public Institutions of European Economic Area & high rank positions
4. International Organizations in foreign countries & high rank positions

#### Register of Local Politically Exposed Persons with prominent public functions:

1. Domestic Governmental & public authorities, state enterprises, international organizations in local country
2. EU Institutions
3. Public Institutions of European Economic Area
4. International Organizations in foreign countries

#### Register of Local Family Members of Local Politically Exposed Persons

1. Spouse of person considered to be equivalent to a spouse
2. Child
3. Spouse of Child or person considered to be equivalent to a spouse of child
4. Parent of PEP

#### Register of close Associate of Politically Exposed Person:

1. Beneficial owner or joint beneficial ownership of legal person
2. Sole beneficial owner of legal entity which is known to have been set up for de facto benefit of a PEP

### 2. Reporting of Private Person status of PEP, Family Member of PEP, Close Associate of PEP, including by roles which individual has in relation with Legal Person

### 3. Monitoring of PEPs, PEP Family Members, Close Associates of PEPs and Reporting on Changes



## Institution benefits

Consolidates information from multiple local, foreign, global sources

Increased efficiency and quality of AML compliance for Institutions who are users of shared KYC register service

Decreased AML risks on the country and regional level

Monitors changes in Customer AML form via shared KYC service by all the Institutions that have the Person in their Customer portfolio.

Distributes Person's KYC data changes to all obliged entities that have Person in their Customer portfolio

## Customer benefits

One solution for customers to create and sign his/ her KYC form

One source for updating and sharing KYC data with all obliged entities

One place to know his/her last signed KYC and changed KYC data via which the Institutions know him/her as unique Customer, representative of the Customer, related Person of the Customer of the Institution.

IT – No problem

Legal framework/ Data – Work to do

