

Compliance with International Standards

ULTIMATE BENEFICIARY OWNERS

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Definitions

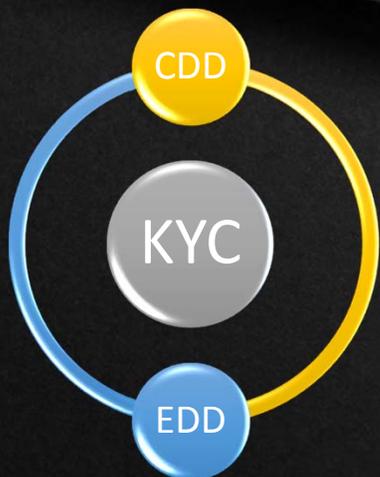
KYC specifies the checks that are carried out at the start of a customer relationship to identify and verify that such customers are who they say they are. This is especially relevant for companies that are subject to AML (Anti Money Laundering) regulations.

Know Your Customer procedures therefore allow the creation of a customer's risk profile by retrieving their data before initiating a business relationship, usually in a digital onboarding process by collecting their personal data and identity document.

CDD is a basic but essential element of KYC and is applied to all customers being onboarded in a regulated industry. With CDD, the business will obtain copies of the customer's name, date of birth and address, before verifying them and performing checks to ensure they are who they claim to be - onboarding them if no issues are found.

The process of EDD comes into effect when the checks carried out as part of CDD turn up something that alerts the business to the fact that the customer may be a 'higher risk' user.

Once a profile has been identified as requiring EDD, additional checks and measures should be taken to determine whether the individual can be onboarded, requiring further information or identification documents from the customer so more detailed verification can take place. The EDD process requires some human oversight



Complexity

- Globalization
 - Wire Transfer
 - Huge number of Payment Channels (Wallets, Mobile Operators, Digital Banks, Card Providers, ...)
 - Global Trade
- Financial Inclusion
- Complex Rules from Regulators
 - EU Directives
 - FATF
 - OFAC

You are always at risk up to the risk of being out of business

Ultimate Beneficial Owner is the person that is the ultimate beneficiary when an institution or individuals initiates a transaction

How do banks identify UBOs?

- Acquire the organization's credentials
- Research ownership chain
- Identify and verify the Ultimate Beneficial Owner(s)
- Perform an AML and/or EDD check

What is the scale of offenses?

According to the [International Monetary Fund \(IMF\)](#), money laundering and terrorism financing amounts to around 1,000 billion EUR – between 2.5 and 5 per cent of the world's GDP. In the past few years, the number of reports featuring indications of money laundering or terrorism has increased dramatically.

It is for this reason organizations now go through UBO checks to demonstrate compliance with Money Laundering and Terrorist Financing (Prevention) Act. Failure to do so can result in steep penalties.

Actions of Complying

Ongoing process of Analyzing All Customer Activities through Channels

Focus on both Money Laundering and Fraud

360 customer view and analyze all customer transactions

Analyze third-party transactions with bank customers

Move from Offline AML to Real-Time AML

The use of Artificial Intelligence for Analysis

Pay attention for third parties

Corporate Owners Hierarchy

