

# KYC POSITION PAPER

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*Enhancing Efficiency in KYC Data Collection for  
both Public and Private Information*

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## **Background**

In our paper from September 2023, we emphasized the significant challenges surrounding Know Your Customer (KYC) processes, particularly the time-consuming nature of document collection for both data providers (clients) and consumers (banks). This issue remains critical for businesses striving for efficiency and regulatory compliance, as well as for regulators seeking robust frameworks to protect against criminal activity. The penalty for failing to meet regulatory expectations can be severe.

## **Main Issues**

The KYC process continues to present significant hurdles for businesses and regulators:

1. **Time-Consuming Document Collection:** Gathering and validating documentation often takes weeks if not months, prolonging the onboarding/recertification process and impeding business growth.
2. **Compliance Complexity:** Regulatory requirements vary across jurisdictions, leading to inconsistencies and difficulties in ensuring adherence to all relevant standards.
3. **Security Concerns:** Transmitting sensitive client data and documents via email poses security risks, prompting regulators and clients to seek alternative, more secure methods of data exchange. Regulators are increasingly issuing fines for inadequate security measures during this process.
4. **Resource Intensiveness:** In my experience, approximately 30% of the KYC process is related to data and document collection, diverting valuable resources away from core business activities.

## **Industry Collaboration and Failed Solutions**

Over the last few years I have been heavily involved with a number of international working groups, alongside industry peers including global associations such as the FMSB, ISSA and others.

We all have witnessed numerous attempts to address these challenges, including some led by bank consortiums. Many data aggregators have tried to provide a solution for public data, but they often inundate banks with excessive data, requiring additional, resource intensive investigation.

## **Industry Collaboration and Failed Solutions Continued**

These initiatives, both local and global, have not delivered the desired benefits for the industry. Many were too ambitious and tried to implement a bespoke global solution, but critically these did not have an industry-agreed KYC standard which would have meant data providers and data consumers operating to a common standard allowing significant efficiencies.

Others have considered the requirements solely for consortium members rather than the much larger population of data providers and consumers.

Finally, no solution has yet provided a successful solution for perpetual KYC.

## **Industry Solution, starting in the UK**

I strongly believe a solution is possible which will fundamentally change the way the data and documentation for KYC processes is exchanged across the industry. Learning from the mistakes in the past, I am convinced that a strong cooperation of world-leading institutions can start implementing a solution. Critically, the solution is based on the UK FMSB Standard for Client Onboarding, which will ensure adoption and acceptance by all clients.

With the launch of KYCPlatform.uk, powered by Saphyre, we are proud to offer a platform which will resolve the issues outlined above and also meet the precise requirements of banks and their clients. The platform offers a comprehensive solution to the challenges of KYC data exchange and document collection and will not impact the KYC policy, risk appetite or process of banks

## **The Advantages of KYCPlatform.uk Include**

- It is based on the industry-leading UK FMSB standard and also includes additional data points (such as regulatory data, ISSA questionnaire) which currently slow down the process.
- Through its secure chat functionality, all email exchange will be eliminated.
- The platform is supported by DocumentAI for easy entry of pdfs and other data.

## The Advantages of KYCPlatform.uk Continued

- API connections to Companies House, GLEIF, and to existing clients are already in place, thus the data transfer is secure and real-time.
- The platform is based on the leading industry technology Saphyre, which is used by over 60 of the worlds largest Financial Institutions and was recently awarded 'Best RegTech 2024'.

By leveraging cutting-edge technology and industry best practices, KYCPlatform.uk streamlines document collection and enhances data security. Its user-friendly interface facilitates seamless collaboration between data providers and consumers, reducing administrative burdens and accelerating onboarding and recertification processes.

## Longer Term View

With the implementation of the solution over the next few months, I strongly recommend KYC system providers to connect to this platform to close the gap in their current offering. I believe that the implementation of the FMSB standard will push the industry into the long-awaited technology driven document collection process, for both public and private data.

Long-term the industry will move into a block-chain supported solution based on a single accepted identifier, which could be the LEI. Today I believe the Compliance departments as well as the regulators are not ready to accept such a solution. However, with a single document exchange platform the foundations for this important next step are being laid.

In conclusion, KYCPlatform.uk represents a significant leap forward in addressing the longstanding challenges of KYC data exchange and document collection. As we roll out this solution, we envision a future where businesses can navigate regulatory requirements with ease and confidence, fostering greater efficiency, transparency, and trust in the financial ecosystem.



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