

QUICK FACT SHEET

Module 3 – KYC obligations

Record keeping

Reporting entities have record-keeping obligations. This includes the obligation to keep records regarding transactions, transferred and active ADI accounts, identification procedures, records about electronic funds transfer instructions, records about AML programs, and records of due diligence assessments of correspondent banking relationships.

Customer due diligence

Customer due diligence obligations involve collecting and verifying initial "know your customer" (KYC) information and providing ongoing monitoring of customers and their transactions. Taking KYC measures and collecting information about customers makes it much easier for an organisation to detect and deter money laundering and financing of terrorism.

What identification information must be collected?

When you are collecting KYC information from an individual you must collect, at a minimum, the customer's:

- full name
- date of birth
- residential address

What verification of KYC information must be obtained?

Once you have collected the appropriate KYC information from the customer, you must also verify the customer's identity before providing them with a designated service, including verifying, at a minimum, the customer's:

- full name; and
- date of birth or residential address

The verification of the KYC information collected about the customer must be based on:

- reliable and independent documentation
- reliable and independent electronic data
- a combination of the above

What is a safe harbour procedure?

Safe harbour procedures are verification procedures your organisation can use if it has a relationship with an individual that has been classified as medium or low ML/TF risk.

Are there any exceptions to KYC identification and verification procedures?

There are exceptions to the KYC identification and verification procedures for certain types of customers including:

- pre-existing customers
- customers that have already been identified
- customers of certain low-risk services
- designated business groups
- agents

What is ongoing due diligence?

Your organisation must comply with a general obligation to continuously monitor all its customers and transactions. The AML rules also require an enhanced customer due diligence program to be applied by an organisation's AML program in certain high risk or suspicious circumstances.