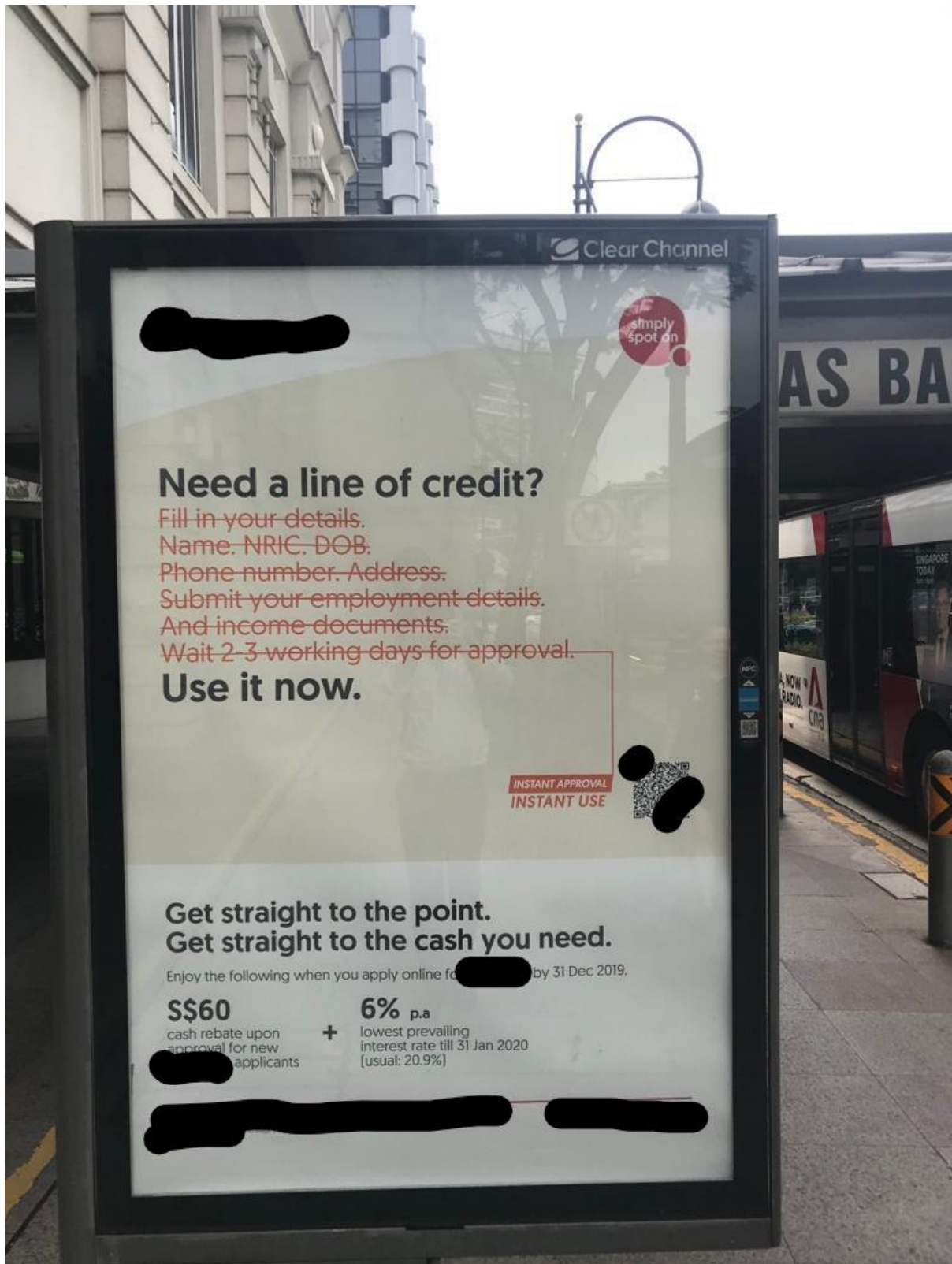


KYC – THE NEED FOR SPEED AND MYINFO

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INTRODUCTION

After years of research, Holland & Marie and Maven Diligence have devised an infallible personality test.

If you see the crossed-out know your customer (**KYC**) items in the photo above and think “Hallelujah!!!”, you are a normal person.

If you see the crossed-out KYC items and have a panic attack, you are a compliance professional. As we are chronic sufferers of the latter, we asked ourselves: “Why isn’t all KYC this easy?”

DANTE’S CIRCLES OF KYC

In general, it is easier to perform KYC on:

- a natural person compared to a corporation;
- a domestic person/corporation compared to a foreign person/corporation;
- corporations with simple shareholder structures compared to complex structures; and
- a customer conducting a smaller financial transaction compared to a larger financial transaction.

Performing KYC on a natural person resident in Singapore¹ would equate to Dante’s First (not so bad) Circle of Hell - Limbo.

At this point, as you wait for us to explain the divine solution to simplifying KYC, you may believe that you are already in Dante’s Fifth Circle of Hell – Anger.

O ye of little faith.

KYC’S SAVIOR?

At the time of writing, it is safe to say that **MyInfo** is the greatest Singapore KYC invention of all time!²

“Designed by the Government, MyInfo is a service that enables citizens and residents to manage the use of their personal data for simpler online transactions. Users control and consent to the sharing of their data, and can view a record of past usage. MyInfo users will enjoy less form-filling and a reduced need for providing verifying documentation during online transactions.”³

In layman’s terms, MyInfo collects a significant amount of data on citizens and residents of Singapore (including name, address and CPF contributions).⁴ For any organisation that performs KYC on natural persons, signing up to MyInfo will save your business and your customers significant time and paperwork.

THE LIMITATIONS OF MYINFO

Unfortunately, MyInfo does not wholly⁵ automate KYC — yet! Instead, its primary benefits are to: (1) immediately perform the customer identification process of KYC, (2) eliminate the tedious, repetitive submission of information, (3) reduce mistakes due to human error and (4) end the need for physical documents as verification for certain information. This is huge progress and the introduction of this tool will save organisations countless man-hours in performing these tasks as well as enhancing customer experience.

However, MyInfo does not address all aspects of KYC and raises some interesting questions about

¹ The type of KYC the lender from the advertisement (the “**Lender**”) is performing.

² People think compliance officers do not understand how painful compliance/KYC can be. Not true! Just because we love detail does not mean we enjoy needlessly painful KYC exercises.

³ <https://www.singpass.gov.sg/myinfo/common/aboutus>

⁴ For further details on MyInfo, see <https://www.singpass.gov.sg/myinfo/intro>

⁵ Pun alert!

how further data could be collected and shared to enhance anti-money laundering practices in Singapore.

To complete customer onboarding, an FI may also need to undertake:

- credit checks – the Lender has certain windows of time when it cannot offer an instant decision on credit approval because of nightly maintenance of the Credit Bureau’s system;⁶
- sanctions / watch list screening;
- conviction / allegation checks; and
- checks on the customer’s source of funds/wealth.

The biggest limitation of MyInfo is that it only covers individuals who are citizens and residents of Singapore.

KYC’S BAD RAP

The Lender’s advertisement is clever. People hate filling out forms. The offer of instant approval/denial decisions is compelling. However, most of the KYC information required by financial institutions is required by applicable laws – laws which are intended to serve the public good and protect the financial system. The important point here is that the Lender still collects all the information that it crossed out in its advertisement. It simply collects the information from a central source without troubling the client.

CONCLUSION

As FIs face competition from (1) digital businesses that offer financial products and (2) upcoming virtual banks, the need for speed in completing KYC increases. The average time to onboard a business banking customer to a bank exceeds 30 days.⁷ We have already seen some examples of Fintechs (ecxx) leveraging MyInfo⁸ - no doubt more success stories will come to light during the Singapore Fintech Festival. Any organisation that leverages a government-backed, central source to provide instant service is a smart one.

We are keen to see the benefits that MyInfo can bring our customers and will be working with our clients to ensure MyInfo is part of their strategic solution. If you would like to understand more about how MyInfo can help streamline your KYC processes, please contact us.

If you want KYC requirements to go away, the truth is Hell is more likely to freeze over.

About the Authors

Chris Holland and Felicia Marie of Holland & Marie, a compliance, C-Suite and legal solutions firm, with extensive experience resolving typical compliance issues including regulatory inspections, satisfying regulatory requirements and maintaining best practices in corporate governance.

Maya Deering of Maven Diligence has over 17 years banking experience, with seven years specialising in KYC and AML. Passionate about the fight against financial crime, Maya runs a boutique consultancy providing KYC, AML and CFT expertise directly to clients enabling them to thrive within their regulatory environment.

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⁶ While such credit checks are not necessary for AML or counter-terrorist financing, they are a common requirement for many types of transactions.

⁷ <https://ibsintelligence.com/ibs-journal/customer-onboarding-is-too-costly-and-slow-concludes-study/>

⁸ <https://markets.businessinsider.com/news/stocks/ecxx-com-first-digital-asset-exchange-to-integrate-myinfo-for-user-identity-verification-1028626008>

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