



# Corporate Treasury KYC & AML Issues & Approaches

- Inconsistent bank KYC requests.
- Unreasonable timelines & termination threats.
- Role of Relationship Managers
- Processes, tools & repositories.
- Impact on Bank Relationships & RFPs.

**TREASURY  
PEER  
REPORT  
DEC 2023**

**Call date:** This report is based on a Treasury Peer Call which took place on 19th October 2023.

**Chair:** Rupert Keenlyside (Bio at end of report).

**Participants:** Senior Corporate Treasury professionals from Europe and the Americas.

**Discussion:** In this session, participants discussed their experiences and approaches to the challenges of KYC and AML compliance.

- **Treasury Peer Calls** are expert-moderated discussions between members (senior corporate treasury professionals) of the CompleXCountries treasury peer network.
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- **Treasury Peer Calls** are exclusively for corporate treasury professionals and there is no participation from banks, consultants or fintech providers.

**HOW TO READ THIS REPORT.** The report has been expert compiled and edited to replicate the information exchange and flow of the discussion whilst maintaining the confidentiality of participants. Sensitive information is sometimes excluded or redacted. Each participant is represented by a number but questions and comments are not always attributed. This report was produced by **Monie Lindsey** (bio at end of report).

## Commentary

We all know there are two certainties in life: death and taxes. If you work in corporate treasury, it seems there is now a third certainty: KYC. Like taxes, it seems you may be able to mitigate the problem – but you can't eliminate it. All treasurers understand it has to be done: they are anxious to make it as painless as possible.

We did this peer call because KYC seems to be less prominent than before: it no longer seems to be headline material in the specialised press or at treasury conferences. Is this because the problem has been solved, or is it because treasurers are resigned to their fate, and have stopped complaining vocally?

The answer is very much the latter. This was, in fact, a very vocal call – and well attended. Disappointingly, most of the complaints are exactly the ones we recorded two years ago when we last discussed the topic. The discussion gives the impression that most banks have decided this is something where they can hide behind regulations and force their clients to comply, whatever the problems and cost – the full report is very informative. They do not appear to feel they have a duty to make compliance as low cost and painless as possible.

Unsurprisingly, this has led to the situation where KYC is now a criterion in bank evaluations: some participants are beginning to fire banks for being unreasonable. The problems are all too familiar:

- Lack of consistency: banks ask for different information, even within the same bank.
- There seems to be a race to find new things to require. Sometimes, this is in response to a new regulatory requirement – but often it is internal, and not transparent.
- There is no single tool or depository which has received industry wide acceptance. The tools which exist are not well utilised – some participants use SWIFT, or other depositories, and find that some banks are reluctant to go and collect documents there.

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## Commentary continued.(1).

- At least one bank has developed its own upload portal – but participants often found they could not access it. The bank did not seem to be anxious to address these issues.
- Often, banks ask for information they already have, or which is available publicly.
- The requests for personal data are becoming more and more intrusive: several participants reported being required to submit information about signatories' parents.
- In an attempt to improve the efficiency of their operations, banks have often centralised KYC processing. In some cases, this leads to nonsensical results: one bank requires signatories to provide utility bills, but then refuses to accept them if they are not in English. The same bank requires passport copies to have the personal address on the picture page – ignoring the fact that most countries do not include this information in the passport.
- The requirement to provide passport copies and utility bills is often in conflict with personal data protection laws, especially in Europe. Also, a lot of sensitive personal data ends up being transmitted and stored in unencrypted e-mail applications. While the US is generally behind the curve on personal data protection, it appears they are about to introduce new regulations which will cause significant issues.
- Scheduling is haphazard. Banks regularly produce onerous and intrusive data requests with a two week deadline. They do not appear to be able to provide a calendar for these requests, or adhere to it when one is provided. Even where there is a cadence after which documentation needs to be refreshed, this too often seems to come as a surprise.
- Banks often threaten to close accounts if the information is not provided within the deadline – no matter how unreasonable that deadline is. No participant reported a case where this threat was actually carried out – but one actually took this as an offer, to the bank's consternation (see below).
- In many cases, participants are able to get unreasonable deadlines and requirements amended. While good news, this causes a lot of frustration, as it shows that requirements are released to clients without being fully vetted – and not all relationship managers are able to make changes happen.
- One bank – Citi – was mentioned as having centralised KYC management to a single global location, with the result that all flexibility to maintain customer relations has been lost.
- Latin America was cited as being worse than most other regions.

So, what is the good news? There is some:

- Most treasuries are becoming quite organised. Many have a dedicated department to handle this.
- If no external repository is used, this department maintains internal repositories of what needs to be provided. They usually insist on handling all KYC requests, and firmly push back on any request for which there is no clear regulatory requirement. One participant described this as preventing the banks from bullying local staff. They also require banks to use existing data, such as the SWIFT repository.
- These teams also proactively establish a schedule with their banks, and require the banks to comply. This is relatively effective in eliminating the two week deadline issue. The SWIFT repository issues reminders when documents are about to expire.
- Increasingly, participants are making ease of handling KYC a criterion in deciding which banks to deal with. More than one reported a case where it had caused them to terminate a banking relationship.
- One participant reported that they now systematically have a Plan B – a backup bank to go to if KYC issues get out of hand. They reported that, in one case, a bank threatened to terminate the relationship in a country if they did not comply with an unreasonable request. When they instructed the bank to go ahead and close the account, there was a startled reaction from the bank's HQ, which was not at all aware of the situation.

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- Participants frequently praised their relationship managers for their efforts to resolve, or preempt problems. JP Morgan in particular received a lot of praise for how effective their relationship managers were in handling KYC issues.
- Most of the participants who do not yet have an internal IT system for handling KYC are considering installing one. Some use the KYC capabilities of their TMS, but these do not usually meet all requirements.

AML (Anti Money Laundering) was discussed, but it was less of an issue than previously. This may simply be due to a different set of participants, but it does seem that the treasury teams have become more adept at recognising in advance the kind of (entirely proper) transaction which is likely to set off AML alarms in banks, and get ahead of the issue. Constant sanctions screening for denied parties, coupled with regular employee training, have also helped.

**Bottom line:** on the one hand, it is disappointing to see that KYC continues to be a major source of workload and frustration for corporates. Going through the list of complaints – it is long – most banks have made little to no progress in how they handle it. There is only one conclusion: they do not see this as a major issue in their customer relationships, so they can continue to generate unreasonable demands, and do little or nothing to standardise requirements and depositories. Some major banks are even centralising KYC processing, with the effect – intentional or otherwise – that the process becomes even more rigid and inflexible.

On the other hand, a lot of corporates are becoming more professional in their approach. In addition to organising their own systems and repositories, they are becoming more structured in their pushback on new and unreasonable requests. For the first time, we heard clear indications that ease of doing KYC has become a factor in how banks are assessed – and bank relationships are being terminated for being too difficult to deal with.

It is only once banks feel that failure to address the issue will cost them business that the situation will improve.

JP Morgan was consistently praised for being willing to work with their clients to improve the situation – though their record was not 100%. BNP Paribas were also mentioned as improving, Barclays and Standard Chartered received positive comments. Citi, HSBC, ING and Santander were recorded as not being helpful, and not necessarily moving in a positive direction.



## Introduction

We last had a call on this topic two years ago. Key takeaways from that call included:

- A lack of consistency in the requirements from banks
- Multiple requests from banks across regions with different requests on KYC issues, Conflicts between KYC and AML on things like GDPR data and privacy laws
- A lack of flexibility with the banks in terms of getting things through
- Relationship managers have limited ability to help.
- With AML, quite a lot of payments are held up for no apparent reason.

We're very interested in understanding what's changed since last time. Obviously, there have been a number of major conflicts which may have made a difference. Then if you could talk through your current experiences—e.g.,

- Which banks, if any, are making your life easier. How have they been more helpful?
- Who has been more difficult?
- How do you approach these topics internally?
- Are you using tools like SWIFT repository, etc., that are making your life easier? How Have the tools benefitted and/or disappointed you?

## ONE

- I would say that the position has not changed. As mentioned in the 2021 session, we are using the SWIFT KYC registry where we upload all the basic corporate documents. When the banks ask for information, we tell them to consume the data from the SWIFT KYC registry first. It works very well. Sometimes additional information is needed, such as personal data that we cannot store on the SWIFT tool.
- The process is still the same with other organisational information requested. Different branches or subsidiaries of one bank may ask the same entity for different information. So the process still has lots of room for improvement.

Question: Would recommend the SWIFT repository as something that has made a difference?

Response: Yes, but you still need to push banks. Some act as if they don't know or don't understand what the SWIFT repository is. So, we give them access and keep pushing them to the site. I'm not here to advertise this tool, but it helps us a lot by having the data already stored. What we need to do is ensure we keep it up to date - that the right documents are there. Some documents have an expiration date, and we receive a message from SWIFT reminding us that we need to update them.

Question: Would you say that some banks are making more of an effort than others to be helpful?

Response: Yes. Some banks are always more flexible than others. Some banks will reference a law / local regulation requiring additional information. Sometimes we challenge them to show us the specific regulation. I want to see the documents, we provide what is required by law.

Question: Are you seeing an increase in issues relating to AML?

Response: AML. Yes, we see requests for additional personal information. For example, one or two banks have asked for information about the parents of certain people or, in addition to a copy of an individual's passport, they still wanted to have an additional photo.

## TWO

- It is a bit trickier for Latin America. We have adopted the SWIFT platform as well to house the basic documentation for all our operational entities.
- And this is where it gets a little bit amusing. A couple years ago, I was in the headquarters and I actually drafted the KYC policy for our Latin America group. Sitting in [HQ], everything looked very easy - we should be hard on banks, and we should not accept their demand to deliver documents. Then you move to the LatAm region and you realise that in most countries, the legal requirements for every single country are different. Obviously, in this region, they have no qualms whatsoever about asking for copies of identification or personal details. In fact, in most cases, it is actually required by law.
- So, we do a lot of pushback. The documents we have on the SWIFT platform are the basics. The platform is useful because we don't have to deliver the documents on it. We tell banks to go there and help themselves. But that is actually only the tip of the iceberg compared to all the other stuff we have to deliver in all of those countries.
- We are working on a repository or a list of all the exceptions that we have found in all the different countries that we work in so that we don't have to constantly push back. The policy today is that when a bank asks for anything extra we push back and require them to justify it with an article of law so that we know for sure that it is a legal requirement and not just a risk management requirement by the bank. If the latter, we usually do not cooperate or we turn the screws on them.
- It is more complicated in the region. I've seen requests that, frankly, make you fall off your chair, where they ask you details about your spouse, their level of income, stuff like that. But sometimes it is indeed a requirement.
- The SWIFT platform has its benefits. The biggest inconvenience is that they require updating every year or every other year. So it gets a little frustrating.
- Other than that, in working with banks, I wouldn't say we, being [Company] grants us a little easier position maybe or slightly more leverage, certainly, where we can try and act tough with the banks. To be perfectly fair and transparent, it doesn't really work. In the end it's the compliance departments in the banks that rule the banks. So even while the commercial people are generally inclined to smooth or simplify the process, generally, the compliance people stick to their guns. In the end, flexing that muscle doesn't really do that much good.
- One thing that has helped quite a bit with one or two of our global banks is having a steady, constant communication with them and asking them for a calendar for the updating of KYC so that they don't catch us by surprise. We've had banks come to us with three weeks notice asking for documentation, threatening to otherwise close the accounts. We generally can't do this in three weeks. We have to go to our people in the markets, and it's very complicated. So having those lines of communication helps a lot. That allows us to anticipate more, gives us a bit more time to gather the necessary documentation.
- As I'm sure is the case for many on this call, these tasks are taking up increasingly more time, to the point where we're actually about to create a specific position in our treasury team covering Latin America. We're going to have a compliance officer who handles KYC for the most part, but also other compliance issues, audits, and stuff like that, just to have a dedicated person who can centralise everything.
- The reason we do this at a regional level in treasury and don't leave it in the market is because otherwise the banks, in order to get everything that they need or want, will target lower level employees, and essentially bully them into delivering anything and everything. So in order to be consistent, we'd like to centralise and coordinate from here to make sure we push back and we're consistent in what we give and what we do not give.

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Question: Are you finding AML an issue for you in terms of blocked or rejected payments? In the last call, we had people having payments rejected for no apparent reason. Do you get that in LatAm?

Response: I'm not aware of cases like that. Obviously, there's a lot more scrutiny around it from the banks but it goes with the KYC process. I think it's more of a concern for us that we don't get involved in any transaction that could have AML risks for us, obviously, for reputational reasons. So, typically, any sort of structure that requires complex payment structures or intermediaries, is a no go for us and requires a lot of investigation before we even take a sniff at it because we obviously want to protect ourselves with the bank. So, I don't recall any cases of blocked payments or anything like that.

Question: So, you basically do your best to pre-empt any AML issues?

Response: Yes, absolutely. AML is not new, but it is a tricky topic. There are always big questions about who should be responsible – should it be the business, should it be treasury, should it be dependent on the types of payments? In terms of governance, there's a lot of things that still need to be cleared up at our headquarter level. But for the most part, we need to be wary and educate our people. So, there's a lot of sensibility training and stuff like that, to make sure people are aware of the risks.

Question: And do you use any internal or third party screening tools, databases to help with this process?

Response: We have a tool for sanctions, but it's not really AML. Obviously, there are certain high risk countries where the risk of money laundering is acute. But really, there's no country that is necessarily safe. We don't have a specific tool for AML. It's more just studying the nature of the transactions and the counterparties involved. Obviously, you screen them against sanctions, but they may not be sanctioned and still be dodgy.

## THREE

- What we have tried to do on our side when we need to speak to the banks, and try to standardise our approach to responses, and also try to do the same on the bank side – that they come to us for all these kinds of queries rather than troubling all kinds of different subsidiaries around the world with questions that they are not able to answer.
- That seems to work to a certain extent. We started this with just a handful of banks a couple of years ago, but year on year, that list is expanding to all the banks that we work with. So, it's become quite a task.
- As some others on the call have mentioned, we try to challenge queries around what is really legal / legitimately required and what is really required from the bank's perspective, and to prioritise the ones that are required by law. We try to push back on the other ones unless it's really necessary to disclose the requested data.
- On the business conduct side, my colleagues use the Ethixbase tools (<https://ethixbase360.com/>) to look at all kinds of new customers, new suppliers etc. Once these parties are on-boarded into the system, there is a recurring review of them to ensure they're not getting any hits on sanctions, etc. But in the future, if they ever fall into one of those lists, we will get an update notification from the system for us to follow up.
- Over the years, when I look at our business conduct team, it has grown bigger and stronger, I think similar to what the banks have experienced on their side.
  - We made our internal policies clearer and more visible.
  - We provided training to our relevant employees on a recurring basis as well. They get refresher courses every year so they are aware of what should be or should not be done once they go on to trade with different parties.

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## THREE continued...

- Also, with the banks, we try to communicate as early as possible if we are aware that there is a payment coming from or going to a potentially sensitive market from the bank's perspective. Banks tend to avoid any kind of advisory role in these discussions, but I think they do appreciate a heads up, which helps them find the right parties and to make the legal process as efficient as possible.
- In prior years, we have seen a few cases where what is called a triangle payment type structure was happening. In the early days, the banks were sending dozens of emails on various topics, which were very difficult to follow.
- We work a lot with BNP Paribas in [Europe]. They were quite difficult in the past, referring to the penalty from the US on their earlier practices, mainly with respect to Sudan. Over the years, they created tools where you can easily follow these things and rather than discussing via email exchanges, there's a decent standard form requesting certain information on incoming or outgoing payments. You get notifications with all the information kept in one tool, which we can access and which the bank can access. That has really tidied up the process over time.
- With the banks, we are definitely seeing the number of questions and the number of markets they are looking into grow substantially over the last couple of years. And we're also seeing not just comprehensively sanctioned markets, but a lot of potentially sensitive markets where the banks feel a bit uncomfortable.
- So, the discussion is growing as is the number of parties involved and the content involved. There is some progress with at least some of the banks to tidy up their processes by consolidating all conversations and communication through a shared channel that can be used throughout the bank, in all the markets that you work with them.
- With some other banks, it's a bit of a mixed picture. Sometimes they still touch base with local teams raising lots of questions and causing delays with respect to collecting the information required.

Question: You mentioned that BNP Paribas has been very helpful. Which of the other banks do you think make an effort to collaborate, be more helpful on this? And which are the ones that are less helpful.

Response: I think that the Dutch banks that we work with are generally quite efficient with respect to the new requirements and their approach. It's generally an easy update to go through. They ask a lot of the same questions year on year, but at least their approach is clear. And they are not exponentially extending what they ask for in terms of the number of questions or the content required. On the worst side, we've seen Santander becoming quite aggressive in their requirements over the last few years. They were one of the banks that did not do too much in this respect in the past. But apparently, they're expanding in the US and to protect their licence, I assume they're much more into these discussions and they have asked one of the most detailed sets of questions we have seen so far.

## FOUR

- Generally, we have been seeing increased requests on the KYC front, especially in relation to sanctions questionnaires. We do have exposure to Russia which is likely contributing to the increase in requests related to sanctions touchpoints.
- Some banks are more flexible than others, while others heavily scrutinise the details. We can get away sometimes with giving more generic answers, but the policy that we have is that whenever we have items that relate to sanctions or sensitive topics, we always get a second view and confirmation from our internal compliance department and also even local legal where necessary, in order to be sure we're fully covered on the answers we give.

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## FOUR continued...

- At the moment, our process is very centralised. We have centralised treasury activities and we manage these incoming requests centrally with our back office team. There are some exceptions where certain entities are not centralised for various reasons (mainly regulatory). In those cases, these KYC requests take place locally.
- In terms of blocked payments, AML screenings, we do see some of that with our major cash management banks, and we have an ongoing cycle with our main cash management bank to address cases of blocked payments and the necessary steps to unblock payments. Generally, they do get unblocked. It's more a matter of how many screens the payment needs to take. And at various escalation levels. So many times, we need to be very close to the bank and connect the dots between the different teams to make sure that these payments get unblocked.
- Regarding technology, we've got a solid internal process. We don't have a dedicated tool to consolidate KYC documentation. We are mostly in Excel. But we have been approached by external providers, mainly the banks, with tools that would house and structure the KYC information as well as reach out to other banks to facilitate workflow and connect our documentation with the banks.
- We haven't yet implemented such a tool because we first needed to conduct internal checks for data security. We're also handling a number of projects that have pushed this project towards the backburner.
- I do have one question for the broader audience. Have you experienced any banks that, due to the delay in delivery of KYC or the reluctance to deliver KYC information, have frozen or blocked transactions on bank accounts or in any way blocked activity? In our case, we haven't seen it so far. And we generally try to push back on that, but I'm curious to hear what others have experienced.

Question: Have you been threatened with it?

Response: Yes, we have been threatened with it in a couple of cases in more difficult regions. It hasn't materialised, though. We've managed to negotiate out of it.

Question: What are the tools you're looking at for the workflow and KYC?

Response: ING is one that comes to mind. We have been approached by an ING subsidiary, CoorpiD [<https://www.coorpid.com>], which claims to have on-boarded a large number of corporates.

Question: So, CoorpiD is a repository for KYC data which provides a workflow and allows other banks access?

Response: Exactly. I think many major banks offer KYC functionality within their e-banking platforms. But CoorpiD goes a step further in terms of having it as a repository and using it as a workflow to contact other banks.

Question: Finally, would you like to comment on any banks in terms of how collaborative and helpful they are in this process?

Response: Well, we have a lot of dealings with Citi and that's generally okay, we manage the relationship. HSBC is one that has come with increased KYC requests over time, so generally more difficult to manage.

## FIVE

- We do not usually do KYC in HQ Treasury. It is in our legal entities. But when we do a bigger project, we do it centrally.
- We had a recent project which required doing KYC in multiple countries [50+]. That needed a bit of structure, because we wanted to avoid multiple email based KYC requests and responses.
- We had a number of banks involved in the project, including BNP Paribas, HSBC, Bank of America, and Barclays.

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## FIVE continued...

- We centrally compiled all the KYC information into spreadsheets. But when it came to actually submitting the spreadsheets, only HSBC had a platform that we could upload to. For the others we needed to divide the spreadsheets into smaller chunks, encrypt them and then, sometimes after multiple tries, we were able to submit them.
- We were able to negotiate quite a bit and pushed back on quite a few requests. We asked for explanations. In the end, the banks were helpful and have amended their requirements.

Question: Are you looking now to replace the spreadsheets with one of the depositories or are you just going to continue updating the spreadsheets from time to time?

Response: We probably have to look into a repository in the medium term. For now, we will probably continue with the process that we have.

## SIX

- It sounds like we have pretty similar experiences to FIVE. We have been getting an increasing number of KYC requests recently and are struggling to find a smooth process at our end because, in our experience, the banks don't have a good process at their end.
- We approach KYC requests with a coordinated effort between our treasury, legal, and sometimes tax teams. We will get hit with requests from the bank out of nowhere with a KYC request for 10 entities and asked if we can get it done in the next week or two, which we find to be really unacceptable. With all the back and forth, it usually takes much longer than that to get these KYC requests done.
- We have also been threatened with having our activity and accounts shut down. But we have not seen the bank actually act on that. We have been learning on our end by pushing back on the KYC requests. We've also learned that a lot of the banks will negotiate on certain information.
- We try not to release certain kinds of protected information, especially when the majority of the banks are dealing with these KYC requests via email and not a secure bank portal. HSBC is the only bank who has approached us about having a portal to resolve these KYC requests. But I was not able to access it, and I still can't.
- For us internally, since it's a resource issue, we are going to start approaching our banks ahead of time and ask them to send us a schedule for the next year or 12 months, regarding what entities are set to refresh so we can align our resources and have the time set aside to make sure we're prepared to address them. One of our banks hit us with a refresh for ten entities in August. As you can imagine, many people were on vacation, and they wanted us to get it done as quickly as possible. We couldn't meet their requested timeframe and pushed back. They were understanding and did work with us on a more reasonable timeline.
- We're convinced that there has to be a better process for completing these KYC requests on the bank's end. And since this is important information, we understand that they have the legal obligation to keep up with these refreshes. We're going to keep pushing our banks to do a bank portal module.
- If there is a corporate treasury team that's found a good third party resource to process these, I'd be very interested to hear all those names. I've heard many of them out there, but if it feels like to me, if the banks aren't also signing up for the same types of services, it doesn't really help too much.
- Internally, we've been working on building up a KYC information repository, where we:
  - House all the information, so at least it's easily accessible to the team members who are helping fulfil these KYC requests.
  - Save historical answers that we've provided just so we're consistent as well.

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## SIX continued...

- Keep track of what information the bank has not made us give before and what is required, because it's very difficult to keep track with all the different entities and countries around the world that we're providing the refreshes for.

Question: If you were to give out stars or give better marks to the banks, who gets the stars and which banks could be a bit more helpful and collaborative?

Response: I really wish I could hand out stars, but I don't think I have any. I was close to handing out a star to HSBC because they produced the portal that I've been waiting for our banks to approach us with. But then when I couldn't access it, it didn't end up helping in the end. So, HSBC gets maybe a partial star because they have a portal. But I would like to get into the tool and see if it actually functions well. Unfortunately, the experience has pretty much been the same across all of our banks. It's pretty painful and all through email. Unfortunately, it's not improved since I've started here.

## SEVEN

- I concur with what everyone has been saying. There's definitely a lack of consistency in all the requests in terms of timing and in terms of what is required.
- A lot of the time I do find our RMs quite helpful because a lot of the KYC requests are initially coming through on a standalone basis - from a soulless entity. The initiators of the requests have no sense for the company and a lot of the information requested can actually be found on public data sites published by the government. So, there's definitely a lack of understanding within the banks as well of where the entity sits.
- Within [COMPANY], we have a centralised shared service centre that can address these requests. However, as mentioned, we are truly global, and have entities managed by local finance people. We can try to marry the local needs with a bank which has a platform that can be used. But for us, it's so fragmented. We can cover a big chunk of all the data requests from our SSC. We then go out internally and reach out to the US tax team for W-8BENs and things like that. But then there's still so many other requirements from a KYC perspective.
- So, we are actually looking at improving this process. We've not really looked at repositories. We had a look at our TMS, Kyriba, to see if there's anything there. But the BAM (bank account management) module doesn't really work from that perspective, either. We are slowly starting to upload some generic corporate documents in there, but it doesn't really cover all the requirements. We are on the lookout for any sort of repository that we can use.
- From an AML perspective, we've only had a couple of issues with payroll. A lot of our team members have done work abroad and they get put on the international payroll. And unfortunately, some of the names they have are sort of always on the list somewhere. So, we have regular issues with certain names for payroll, but we tend to be able to cover those off fairly quickly now.
- I think it's probably the same for us with giving stars to banks. We can't really have any bank that makes life easier, because it does feel very much like areas within the bank covering KYC and AML are very much standalone within the bank. They don't have any sort of background on corporates. So, they can't really place things. They're very much following a rulebook, which is what they are required to do. But, I think from a corporate perspective, it would be useful for them to understand the corporate world better, in terms of the distributed group structure. We're delivering so many documents. So, hopefully this can be processed a little more efficiently on the side of the bank and develop a better approach from a corporate perspective. I do feel RMs are fairly good with understanding that all these requests coming out aren't well received. And whenever we push back and request help from the RMs, we do get a lot of success.

## SEVEN continued...

- I have to commend our RMs for that. But they're fighting an internal battle as well. I think it's the whole process which is unstructured on both sides to be fair. We're all responding to emails, running around for requests, I'm pretty sure our tax team are getting requests from left, right and centre. Again, we are so fragmented. So, we are definitely looking for a repository. That's where it is at the moment.
- Also, one thing we've heard from our US legal colleagues is that there are some further requirements coming in the US by the end of next year (2024) to make sure that any data sent across is also encrypted in the process. We're sending things like copies of passports and things like that to a bank. We have got a few banks like Citi where we can upload that personal data on the banking platform. We can do the uploads there and documents rather than emailing. That's something we're looking to improve - in terms of encryption of communication, especially with personal data.

## EIGHT

- As a privately owned company, we have the advantage of the banks having known us for years. Another important advantage for us is that we are not in many difficult countries.
- I won't say that it's easy, but it enables us to give substantial responsibilities to subsidiaries for what is really local, and to manage what is group related. The difficulty in this is to define the boundaries, for example, we have companies in Russia that are not active. But we still have a company in Russia. It's sometimes difficult to make the local team understand that they mustn't only think of the scope of their own subsidiary but at a group level, and that if they have any doubt, to ask us on those points.
- Some banks have a central relationship manager who can help, including BNP Paribas and JPMorgan.
- We have a plan B in most of our countries. It's not a single bank in each country. I had a discussion with ING a while ago. They were being very aggressive about KYC for some countries. I decided to stop the relationship directly because they were asking questions and putting pressure on the timelines and would absolutely not negotiate. It was not acceptable. I was able to make that decision in the moment because I had Plan B for the countries in question but I understand it is not always the same for everyone.
- I agree that HSBC is a real pain. They have the capacity to ask for the same document 10 times and then lose the document, which is pretty incredible. I also agree that their platform is great, but often it doesn't work. It's really frustrating to know that there is a tool but that you cannot use it. I even have some people on my team on some cash management RFPs, who have told me that if we select HSBC, they will leave. So, it's getting to the point that now at the top management, when we select a bank, we have to consider that we may lose people.

## NINE

- Everything that I'm hearing is exactly the challenges we face at [COMPANY]. One of the things that we did to work through this, was to connect with the banks and get them to commit to their KYC requirements. But, as others have said, we are now seeing that they're requiring increasingly more information as a result of regulations. And even down to the point where they're asking for people's parents' names, which was mentioned earlier. We pushed back on that.
- When we push back with the banks a lot, sometimes we'll win on one or two documents, but often we're just at the mercy of the bank, because they threaten to stop doing payments and block accounts. We haven't had any accounts blocked. But the threat of blocking the account was enough to get us moving and just get the documents that the bank needs.
- I used to work through EXCEL files, and they're just EXCEL files, right? So, you have input errors, and then save the documents in a box folder, and then you have to go search it out. So we semi-automated with an in-house system. In that system, when we open a bank account, a request is sent off to our tax team immediately to get the tax forms. And we keep those in our systems.



## NINE continued...

- We have a repository of the tax forms. We can easily pull those, as well as use a system from PwC called Goldnet, which stores directors of the legal entities or charts for the ownership of the legal entity. We're able to pull some information from there.
- We have to go to multiple places. Another place that we go is a tool we use in legal called Onit [www.onit.com – Legal Workflow & Business Process Automation Software] which stores all of the legal docs. If we need a document that legal would provide, we will request it in that tool, and then they will send it back to us because they keep a repository on that side.
- I'd say we're semi utilising repositories, but in various systems. We still struggle with our big concern which is from the banks - when do they need this information? I would rather be proactive than reactive and run around for a week. It basically shuts down so many other things we're working on to gather these KYC docs, because the banks themselves seem to not have a good schedule around when these are actually due.
- They're getting notified somehow. And then they're rushing to us and giving us a week's turnaround time, which is really disruptive to our operations.
- So the idea of going back to the banks and saying, give us a schedule of when our legal entities are due for KYC refresh, we were never able to truly get a full population.
- So, in my team, I said, okay, let's start a process and say, we're going to do it every two years. Because it seems like every two to three years, each bank needs this information. And then, we have to go back and revisit, what does the bank really need? I think what we're seeing is that regulation is changing, and they're asking for more and more information.
- Another way that [COMPANY] has tried to control this is to go with just preferred banking partners. And that has helped us a little bit because of the leverage of the number of bank accounts that we have with some of them. So, it's going to our banking partners to say – 'look, we want to do business with you, you have what we need. But there are other banks out there. Can you help us when it comes to the requirements of KYC renewal? Can you lessen that at all? Do you need everything?'
- These are some of the strategies that we've used. And again, we're not perfect, we're still struggling with getting the last minute requests and potentially blocking accounts, and the changing requirements of KYC.
- I'm very interested to go back and actually meet with HSBC, hearing that they have some sort of portal. So, I thank you for that information. But we have the same problems that seem like every other company has. We could be really good at saying we're going to refresh our KYC every two years right to be ready for the banks and proactively send it to the banks. But it seems that the banks are also having a struggle with it on their side as well.
- I've gone through some demos of the SWIFT system where you could put the data in there. And then the banks just pull when you give them access. But it sounds like what I'm hearing here is, it doesn't have everything. So, again, we don't have one tool, but we have some tools that will get us 50 to 75% of our documents we can self-serve and pull. But then there's always 25% that we're scrambling around to get.

## TEN

- It's really difficult to manage the KYC part as we are present in almost every country.
- We follow a certain approach, which has simplified this process for us, like the creation of a repository.
- So, we have our own internal repository where we have a sample of all the types of questions / requests we receive. If a request is different from what is in the repository, we reach out to our compliance or any further teams that are relevant.

continued...

## TEN continued...

- With our main banking partners, we have found an approach where they inform us six months in advance of the accounts for which they will be submitting KYC requests.
  - And in those scenarios, the information which is common has been supplied to them initially. And for the entity level (i.e., we have a main entity and then branches all across the globe). So, for the branch level, it gives us enough time (six months to collect or refresh the details, whatever is required).
- To date, we haven't had any accounts blocked because of KYC. And neither any of the transactions yet.
- It's still a completely manually based process.
- When we go for a third party tool where we can save the data, there are a lot of issues with our data policy - whether the data would be on their server or it has to be saved by us. So, we are methodically going through repository providers. I would say more vendors than banks, depending upon the region, which makes the process more complicated.
- I would agree that it has become more complex nowadays. And this is the main thing which takes most of our time.

Question: So, it's taking up more time for AML because of the current issues. You mentioned you had your own repository. It's not an external tool, just a place where you keep all the information?

Response: Exactly. So, we have our own, I would say a shared folder for each country with all the documents which have been shared in the past. So that just gives you a reference. It speeds up the process in that we have to just look out for the new details required. We've even been asked for character references for the directors of an entity. That usually means getting a certificate from their lawyer and/or doctor.

Question: And would you like to give out stars to any banks or, or take away stars from any banks in terms of how collaborative and helpful they are?

Response: In terms of being collaborative, I would say JP Morgan. They are very good. Their representatives and contact and the service is very good. I would also say Barclays is very good.

And the worst, I would say, is Ecobank. It's really difficult to contact them. They don't have a standardised centralised structure. For a single service, many people from the bank will contact you.

## ELEVEN

- I think unfortunately, most of the observations you raised in 2021 are still true and there has been no structural improvement.
- The documentation that banks require seems to be quite unstructured, that's an ongoing pain. So even if you have opened an account with a bank in one country and you need another account for a different entity in the neighbouring country, banks are generally inconsistent in their requirements. When you ask them for example why did you ask for this documentation in Spain and why is it now different in France? Sometimes, they come up with regulatory requirements. But if you dig a bit deeper, and ask RMs for an explanation, they can't answer.
- Ideally, I would say they should have a checklist of the basic requirements for an account opening for an existing customer.

Question: Have you noticed any banks being better or worse in this respect?

Response: Citi are very difficult when it comes to KYC procedures and not at all flexible. There are other banks that are definitely in the pain basket.

There are some banks who are trying to do a bit better. For example, Standard Chartered try to be consistent in their requirements across their different countries. It might be the case then that here and there you need to adjust a bit, but overall from my point of view, they are doing quite okay.

## ELEVEN continued.(1).

Question: Do you use the SWIFT repository?

Answer: We are monitoring its development. I would imagine at a certain point in time, that we will use it. For us, it would be good to have some sort of central repository to upload basic data such as commercial registers, org charts etc.

If a bank is willing to use and to work with the SWIFT archive then we hope that they would also streamline and structure their checklists and requirements in a way that it becomes more of a standardised approach for both parties.

Question: Where do you currently have this data internally? Do you have a dedicated system?

Response: We have our own system for organisation charts, shareholder details etc. We go to legal for commercial register information who pull the current version of what's required from their systems. The rest of the documentation or requirements are hand picked depending on what the bank is asking for.

Question: Do you use any external databases or systems to screen for sanctions / AML etc?

Response: We use the commonly available sanction list; US embargo lists, the European Union lists etc. They are uploaded to our in-house tools for the payment factory, sales and procurement, so whenever they want to onboard a new customer or a new supplier, then they need to make sure that all the screening has been performed.

Question: And that in place, do you get payments held up due to AML issues?

Response: I would say very rarely.

Question: What's the main issue you have with KYC?

Response: It's not about documents not being incorrect etc - it's more about the inconsistency. For example - for one entity the bank requires a whole org chart up to the ultimate parent whereas six months ago it was enough to have a written statement that this company belongs to [redacted], for stock and maybe a commercial register stating who the direct shareholders are. This kind of inconsistency is a recurring issue.

Question: Are some regions worse than others in this respect?

Response: I don't see a huge difference, opening up an account in the United States or in the Nordics can be as painful as it might be in Northern Africa, or China, for example,

Question: Just go back to your Citi observation, do you think they have changed their internal processes?

Response: I think what has changed is that they have centralised their KYC activities. In the past, they had a hub in Northern America doing their KYC for Canada, US and Mexico. And they had one in Europe. And then they had one in APAC and that makes sense to me because they have local knowledge. It now seems they've moved everything into India, where they have a huge back office with a very specific checklist and little to no flexibility, their employees have no active decision making role in that process. So if a document isn't what they are expecting they say 'No' and the process stops.

Comment: So the issues you are encountering aren't because of changes in the regulations, they are because the bank has changed the way they process the KYC information?

Response: Yes, that's my feeling because that's pretty much the only explanation which I can come up with to match my experience.

continued...

## ELEVEN continued.(2).

Question: How are the Citi RMs responding?

Response: Previously, I think the connection between the relationship managers and Customer Service Centre was closer and it was easy for them to pick up the phone and clarify certain topics internally. But now that connection is less close and it's much harder for the RMs to connect with the right KYC officer which has made the whole process much more time consuming.

## TWELVE

- We're setting up some new cash structures so we are currently going through a lot of KYC rigamarole. What irritates me most is that one bank is more interested in ticking boxes rather than supporting to get the deal done. I need to go to my relationship manager who in turn escalates to their boss to stop the idiocy and sign off on this bank account.
- We're talking about countries where [redacted] have a full presence, because that's one of the requirements we have.

Question: Can you provide examples:

Answer: [redacted] request for a utility bill, which was fine. I can live with that. But utility bills were rejected because they 'weren't in English'. Unsurprisingly, in a German speaking country, the utility bills are in German, not English. They want to see passport copies with an address and a signature on it. Guess what? I'm [Nationality redacted], we don't do addresses!

- We have great Relationship Managers and they do all they can to make life easier but they are struggling.
- What I'm saying is, whilst understanding the need for KYC and the requirements, it's more, it's now a full box ticking process.

Question: Do you use any of the tools or how do you manage all the data that you keep and send to banks to update and the update process?

Answer: Legal has a tool where you have your registrations, your articles of association, and any company related documents. So that's what I use most of the time. If it's available. But as we are a highly decentralised company, half of it's not available, but we're getting there.

There's a KYC tool that I have seen demonstrated called Avallone (<https://www.avallone.io/>), I think it's absolutely brilliant, it's been developed by an ex banker and that's probably why it's amazing because he knows exactly what is required. So you can get your data in there. You can get all your signers in there. It will send you notifications as and when your data is about to expire, etc. etc. I'd love that tool but we can't use it because legal have already bought something else.

Question: Do you get good notice for KYC information requests from banks?

Response: Most of the time it's last minute 'we need to have it within a week, otherwise we're going to close down your bank accounts', and then you go back to the RM and negotiate a sensible time and get it all sorted out.

- I had a case last year in [redacted country], my local team had been working with [redacted, a bank] and they were absolutely annoying on the UBO part and wouldn't accept any of the documentation we provided them. The issue escalated to me, so I set up accounts with an alternative bank and the next time they threatened to close our accounts we said 'fine, go ahead'. The RM was based in the USA and had no idea what was going on - apparently they don't talk to each other - similar to HSBC, they don't talk to each other (different country operations).

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## TWELVE continued...

- However, JP Morgan, from what I see do talk to each other, so if I have an issue in whatever country, I can go to my RM in the USA and they will follow it up.
- Common sense and KYC seem to be polar opposites. I used to work for a company who at that time had a beneficial owner who was on the OFAC list and that person still has their bank accounts.

Question: How about AML?

Response: We've got a Ukrainian employee with a Russian name and that payment got stopped twice - the second time, I escalated it to my relationship manager and they stopped the issue. They have promised they would preempt similar issues and only send me those where they don't have an answer.

Comment: That's great relationship management - which bank?

Response: JP Morgan. The RMs we have from JP Morgan are absolutely dedicated and a joy to work with and that makes your life as a corporate so much easier.

END

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