

# VENDOR SPEAK

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As firms strive to find out more and more about their clients, in order to be able to offer the most effective service, companies like 192.com show the way forward

# Know your customers

It may be some time now since the Money Laundering Regulations came into force, yet there is still great ambiguity over what exactly constitutes an effective know your customer check. Of course, with so many different ways to verify a person's identity this is understandable, but the onus of responsibility falls on the shoulders of law firms and there is still some confusion.

The advent of electronic solutions that deliver identity checks has certainly eased the practical burden that verification has imposed. Yet the value of such solutions both from a practical and cost perspective has yet to be fully recognised by certain bodies, even though the regulations have been in place for some time.

While such recognition is sure to follow, it does seem strange that such a key aspect of compliance seems not to have been addressed effectively.

Documentary evidence has traditionally been the method by which identities are checked — using passports, utility bills and their ilk. While such evidence is still favoured by some, it is becoming less and less practical. As law firms increasingly adopt technology in all areas of their day-to-day business the use of documentary evidence is less effective. When it comes to know your customer checks there are inherent problems; documentary evidence can be forged and with over 27 different types of documents that can be used to verify an identity, training someone to be able to spot fraud in every one of those is difficult if not impossible.

Many would argue that electronic evidence can be falsified too, but it is harder. By relying on a number of different databases and by using unique 'knowledge-based' data sets, electronic verifications are far more robust and, more importantly, more efficient and cost-effective.

The recommendations that have been published regarding the use of electronic databases have focused on the need to use more than one data set to verify an identity. This '1+1 verification' has merit, but many of the distinct databases that are recommended do not stand up. The Post Office address file does not contain

the names of residents only their addresses. As such it cannot be used in conjunction with the Electoral Roll to provide that '1+1' check.

The Directory Enquiry database does provide both name and address and, of course, the telephone number. With more than 50% of households listed on this database, it is the only other distinct and comprehensive name and address database other than the Electoral Roll for identity verification. The other advantage is that phone calls can be made to confirm identities. Much like a face to face visit, this provides an easy and cost-effective means to prove that Mr Jones is Mr Jones and he does live at 12 Denewell Avenue.

192.com, like other electronic providers, has been delivering identity checking solutions of one sort or another for some time. Working with numerous companies who handle remote transactions on a day-to-day basis, the effectiveness of electronic data sets has been proved and mail order companies or e-commerce sites that are such a target for fraud have understood for some time the benefit such solutions provide.

192.com offers verifications through both the Electoral Roll and the Directory Enquiry database as well as the directors' database, which includes directors' home addresses and dates of birth. In addition 192.com holds 'knowledge-based' data sets that can go further than just verifying identities, they can confirm those identities too.

So what is the difference between verifying an identity and confirming it? Verification serves to prove that someone by that name does live at that address, but by using knowledge-based data, firms can also confirm that the person is the person they claim to be.

192.com offers a range of knowledge-based data including historical Electoral Roll that delivers length of residency and previous address information as well as detailed aerial photos and maps that can enable key location-related questions to be asked to confirm identity.

After all, if Mr. Jones lives at 12 Denewell Avenue he would know that he used to live at 14 Cloncarty Road, he would know his next door

neighbour has a swimming pool and his name is Dennis Atkins. He would also know that there is a school in the next street and a beach four streets along.

This level of knowledge-based data is easy to assess and highly cost-effective and delivers a far higher level of verification than the standard data sets offer. It is accessible through a web-based solution, requires no specific training and enables firms to satisfy their know your customer checks easily.

192.com is helping numerous firms and other companies to satisfy their KYC requirements. Aggregating an increasing number of diverse data sets that serve to strengthen the verification process, 192.com is building a powerful solution that can help firms reduce the cost burden and improve the efficiency of their compliance processes.

192.com will soon be introducing dates of birth data, as well as features that can date and log searches, an important part of the compliance process. With additional features such as this, the argument for electronic solutions can only become stronger.

While supervisory bodies continue to update their guidance, it is essential to ensure that while the tried and tested methods that have been relied on in the past may still be valid, the increasing technological nature of society cannot be ignored, and neither can the validity of electronic data sets. As companies such as 192.com introduce more robust solutions it is important to recognise their importance and their increasing relevance. If not, firms will struggle to comply if they are restricted to the use of out-dated methods of verification.

As firms adopt technology in all areas of their business and companies like 192.com continue to source more and more powerful data sets to provide effective checks, the future surely lies in the use of electronic KYC solutions.

*For more information about 192.com's business solutions contact us on: 020 7909 2192, or via e-mail at: corporate sales@192.com.*