



financial intelligence centre

REPUBLIC OF SOUTH AFRICA

PUBLIC COMPLIANCE COMMUNICATION No. 26 (PCC 26) – SINGLE CLIENT VIEW

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PCC Summary

It is the Centre’s recommendation that all accountable institutions apply a “single client” view in respect of each client when complying with the provisions of the FIC Act.

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Objective

The objective of this PCC is to clarify the Centre’s expectation to apply a single client view in respect of each client of the accountable institution.

1. Introduction

- 1.1 Section 21 of the FIC Act prohibits accountable institutions from establishing business relationships or entering into single transactions with their clients unless they have taken the prescribed steps to establish and verify the identities of their clients, or establish and verify the identities of persons representing their clients.
- 1.2 Client identification and verification measures assist an accountable institution to assess the money laundering and terrorist financing risk posed by a client and whether it is appropriate to enter into a relationship or conclude a single transaction with that client.

1.3 Accountable institutions can offer more than one product/service to the same client. In such instances having a single view of an individual client's identity information and suite of products and services across all business units or accountable institutions within a group can be highly beneficial for the accountable institution, as it affords the accountable institution an opportunity to build a full profile of relevant activities of the client.

2. The Centre's View

2.1 It is the Centre's recommendation, as a matter of sound business practice, that accountable institutions apply the concept of a single client view in respect of each client when applying the provisions of the FIC Act.

2.2 A single client view provides an institution with an accessible, consistent summary of a client's suite of products and services that underpin the client's relationship with an accountable institution together with essential client information such as the client's name, address, date of birth and source of funds. A single view allows all the business units and product houses within an institution to access an existing client's identification and verification information from a central point.

2.3 By achieving a single client view, an organisation is able to understand a client's history, their lifetime value, risk, potential exposure to debt, income streams, source of funds and/or wealth, how many products they hold and their propensity to buy new products and services.

2.4 A single client view is furthermore in line with the national and international move towards a risk-based approach, which requires financial institutions to have systems and processes in place to effectively monitor and manage their clients.

3. Benefits of a Single Client View

Adopting a single client view in respect of each client of the accountable institution offers the following benefits:

3.1 Client benefits

- 3.1.1 Enhanced client service levels – clients expect institutions to have a complete view of their relationship and a single client view makes that expectation a reality;
- 3.1.2 Client identification and verification occurs only once at the outset of a business relationship. Thereafter only client details that may change would have to be updated at appropriate intervals;
- 3.1.3 Reduced duplicated communications;
- 3.1.4 Competitively priced products based on the overall client relationship;
- 3.1.5 Simplified data changes – a change of address notification should only require a single communication.

3.2 Business benefits

- 3.2.1 Client service agents can view and quickly assess a client's complete product holdings and history;
- 3.2.2 Improved, accurate, targeted marketing of offers and incentives;
- 3.2.3 Effective product development based on improved understanding of clients;
- 3.2.4 Enable establishment and delivery of service levels tailored to the client's value;
- 3.2.5 Effective client-level marketing using valuable client insights;
- 3.2.6 Reusability of client information and documentation;
- 3.2.7 Reduction in overall account opening timelines;
- 3.2.8 Reduction in costs;
- 3.2.9 Improving client service and satisfaction; and
- 3.2.10 Better risk decisions – more accurate credit assessments and a full understanding of exposure leads to more responsible lending.

3.3 Anti-money laundering (AML) Benefits

- 3.3.1 The capability to create a single client view is critical since the most efficient way to uncover a money laundering scheme is being able to access and correlate a range of data about the client, the client's associates and transactions;
- 3.3.2 There are benefits from both a client relationship management perspective and a client risk management perspective, given that a client and associates can hold numerous accounts in different combinations across different parts of a financial institution's business;
- 3.3.3 Consistency and coherence in the client risk classification and client identification processes adopted across the organisation would be created and information sharing across business lines and geographical locations is likely to be improved;
- 3.3.4 There would be easy access to the history of investigations on existing clients;
- 3.3.5 Client identification and verification processes are likely to be efficient; and
- 3.3.6 A single client view also ensures that account opening systems across the institution have access to the same quality of surveillance information.

4. Accountable institutions are recommended to:

- 4.1.1 Enhance and improve their existing overall client data management and create a data repository that will enable single client view;
- 4.1.2 Combine data lying in silos in multiple systems, databases and departments of the accountable institution with different references to one reference;
- 4.1.3 Assign a unique identifier to each and every client to reflect a true, complete and accurate anti-money laundering and the counter financing of terrorism (AML/CFT) risk of the accountable institution's clients, its associates and parties; and
- 4.1.4 Amend the institution's AML/CFT internal rules to reflect client identification and verification to implement a single client view that would be followed by all departments.

5. Conclusion

- 5.1 It is the Centre's recommendation that all accountable institutions apply a "single client" view in respect of each client of the accountable institution when complying with the provisions of the FIC Act.

For any further enquiries regarding this Public Compliance Communication No. 26, please contact the Centre on 0860 222 200, or by sending an email to: fic_feedback@fic.gov.za.

Issued by:

**The Director
Financial Intelligence Centre
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