



KYC360

Solving the challenges of onboarding complex client structures

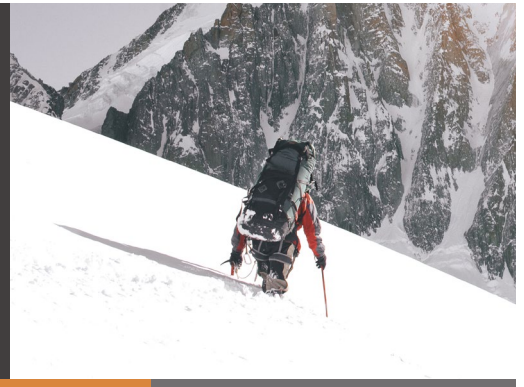


Comply and outperform with KYC360

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Introduction



For professionals tasked with onboarding new clients, the many challenges posed by this critical process will be all too familiar.

Onboarding complex client entities is challenging due to the intricate and interconnected nature of underlying business structures. As a result, the process is often slow, linear and frustrating for all parties.

We've reimagined the complex client onboarding process by applying cutting-edge technology to solve the most difficult onboarding challenge faced by the financial services industry. Our flexible architecture simplifies the task of onboarding trust, fund, corporate and other complex entity types. Available out of the box as a white-label platform with full no-code configuration.

In this paper, we will examine what we mean by complex client structures, the additional complications presented by onboarding these types of prospects, the common pain points that may be encountered along the way, and most importantly how you can overcome them.

Introduction



Make no mistake: the challenge is formidable. But armed with the latest tools it is possible to implement a modern, streamlined set of procedures that can make the entire process far more manageable.

For those willing to invest the time and energy in improving the process, the prize on offer is dramatically reduced time to revenue, together with improved risk governance and prospect experience.

Solving this compliance conundrum will result in less stress and frustration for both you and your clients, competitive differentiation, and above all will keep prospects happy and engaged throughout the process.

For those who are new to digital onboarding, we recommend first reading [The Definitive Guide to Digital Onboarding](#). If you're already familiar with technology in onboarding but want to streamline and simplify your processes when presented with more complex entities, read on.



“Armed with the latest tools it is possible to implement a modern, streamlined set of procedures that can make the entire process far more manageable.”

Defining complex client structures



In essence, a complex client structure is one in which onboarding the client – which could be anything from a wealthy individual to an investment fund or large corporate – means onboarding a number of other parties besides.

These could be legal or natural persons, or both, and typically, they are onboarded for one of three reasons:

- / To understand the ultimate beneficial ownership and control of the client
- / To understand the risks, reputational and otherwise, that may reside in connected parties to the client
- / To identify multiple parties, each of which will be a sub-client, who are being contracted with under the umbrella of the principal client relationship

These reasons can overlap and may also apply to supplier relationships as well as client onboarding.

Complex client relationships arise in many industry sectors, such as corporate and institutional banking, trust and corporate service providers (TCSPs), wealth management, fund administration, industrials, insurance, and legal services, to name but a few. Regardless of the sector, what unites every organisation is the need to efficiently onboard entities that, as their name implies, are complex by nature and therefore present a series of challenges with regard to take-on procedures.

For example, an entity may comprise multiple layers including holding companies, nominees, different divisions, subsidiaries, associated businesses, and special purpose vehicles.

Each of these layers must be examined to determine the interlinking relationships and assess just how complex the structure is, before establishing whether it is necessary, in the case of each layer, to identify and verify the identities of the various directors, shareholders, and beneficial owners behind them.

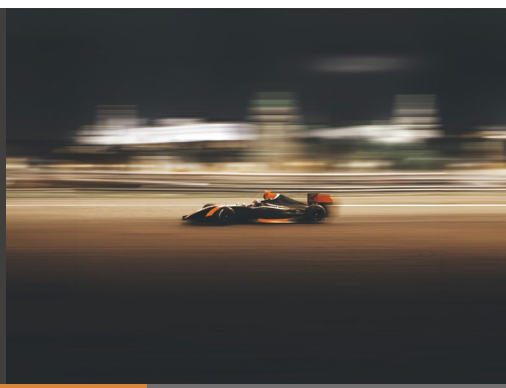
The problem can be compounded as different elements can be registered in separate jurisdictions, while overseas companies (sometimes registered in international financial centres with opaque beneficial ownership registers) may be appointed as shareholders.

It's important to note that setting up a complex client structure isn't illegal, and most have a valid reason for their complexity. But by their very nature they are open to misuse for illicit purposes, especially when they involve less transparent jurisdictions. Most notably, this was brought to light by [The Panama Papers](#) which revealed the prevalence of complex structures based in offshore tax havens, often established with the aim of obscuring the identity of the true owners.

Your clients are unlikely to fall into this category. But the renewed focus on the importance of unravelling the ownership structure which came about as a result of the Panama Papers persists. Moreover, identifying the ultimate beneficial ownership of a prospect is only the beginning of your obligations if you're onboarding a complex client structure.

After you've worked out who the parties are, information needs to be obtained and verified on each one that falls within the ambit of your risk-based approach to onboarding due diligence. Once you have that information, each party needs to be risk rated. And that risk rating must, in turn, feed in to your overall risk assessment of the client relationship.

Defining complex client structures

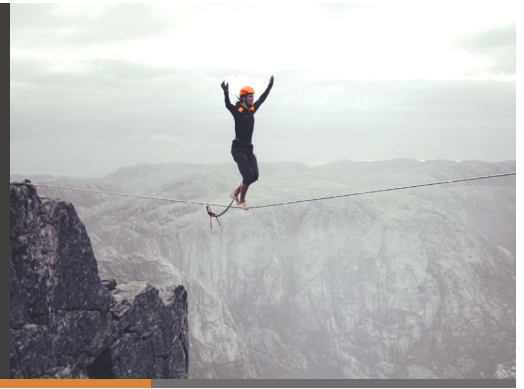


To recap on the activities that may need to be completed in the course of onboarding a complex client structure:

- 1. Define and document key risk markers and devise a plan for client relationships in each risk category. For example:**
 - / Are there some countries/industry sectors that are out of appetite?
 - / What percentage ultimate beneficial ownership do you need to identify and verify for a high risk structure, vs a low risk one? Is identifying any UBO with a shareholding of over 20% sufficient?
 - / What lengths do you need to go to in order to manage counterparty reputational risk? If your customer is buying half of a property, and another party is purchasing the other half, do you need to identify and risk rate all the connected persons of that second party, or not?
- 2. Ask your prospective client to provide a copy of their corporate structure**
- 3. Identify the ultimate beneficial owners, down to the required ownership threshold**
- 4. Verify the identification of the UBOs and collect other required KYC information on them and other parties to the structure such as:**
 - / Their address/company number
 - / Source of funds
- 5. Establish if other parties to the structure need to provide KYC information, and obtain it from them**
- 6. Risk-rate each party to the structure that needs to be risk-rated**
- 7. Aggregate the risk ratings for all parties into a combined risk rating for the whole structure, weighting the contribution of each party according to ownership percentage, proximity to your prospective client, any overriding risk factors, or other appropriate metrics**
- 8. Create a chart which visualises all the information that you have been able to uncover about the client's structure, including risk ratings**
- 9. Take a risk-based decision on whether to complete the onboarding of the prospective client and accept them as a customer**

When you view the above, it's not difficult to understand why onboarding complex clients remains one of the most difficult operational and compliance challenges for businesses. And that is before potential pitfalls are taken into consideration.

Common problems encountered



/ A poor onboarding process for complex client structures leads to a myriad of problematic and unwelcome issues.

These include asking prospective clients to provide the same information multiple times, sending email requests for documents that have already been supplied, and perhaps worst of all, clients having no visibility about the status of their application or even losing track of where they are in the process.

Another common frustration is the use of unwieldy static application forms that are tens of pages long in order to cope with all the potential combinations of parties to the onboarding.

This all results in a greatly elongated time to onboard. In fact, in the most elaborate use cases, it's not uncommon for the onboarding of complex client relationships to last for several months.

These are just a few of the pain points that all too often become the hallmark of the client experience, when all they are seeking to do is to give you their business.

What they want, and what you need to deliver, is a fast, intuitive, easy-to follow, and ultimately user-friendly digital process that keeps them fully informed at every stage of their onboarding journey.

Sadly, far too many businesses are ill-equipped to deliver this, which is unsurprising, given that until recently doing so required a huge investment in bespoke and hard-to-maintain IT systems.

/ Compliance teams have spoken out about the onboarding challenges they face

The average onboarding process for a new corporate client in a highly regulated sector can take up to 100 days or even longer depending on the services and jurisdictions involved.

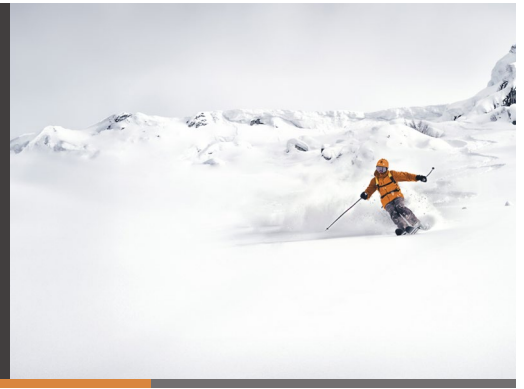
As a result, prospective clients have to contend with a highly frustrating process that risks souring a burgeoning relationship, or at worst can result in them walking away and joining a competitor.

To understand why the process is so unwieldy and troublesome, we reached out to 485 compliance professionals from all over the world to gain a better understanding of their current onboarding challenges, priorities, and processes.

The results of our [2022 Onboarding Survey](#) revealed that two thirds of compliance professionals employ two or three different tools to onboarding new clients, while over a fifth use more than four.

This use of multiple disparate tools was found to be one of the main causal factors behind the difficulties of onboarding complex client structures, together with difficulty in automatically risk rating prospects and associated parties, and uncertainty as to what level of due diligence was required in each complex onboarding case.

Common problems encountered



/ Employing outdated and disjointed processes can result directly in the following issues:



A slow, linear, sequential and time-consuming process resulting in a poor customer experience



Difficulty in creating and validating structure charts for complex entities



Too many touchpoints with the prospect making it difficult to establish the true structure of the entity



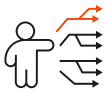
Sending static forms to all the various components of the entity, thereby greatly increasing the total length of time to onboard



Sending paper or PDF forms for prospects to fill in gives very little control over the information that they provide, often leading to additional requests to obtain the correct data



Large amounts of important data submitted by the prospective client in paper or PDF formats have to be transferred manually and require a great deal of subsequent keying in by staff



Inconsistent data collection resulting in requesting information that isn't needed, the duplication of data already collected, while omitting data that is crucial to the onboarding process



The manual risk rating of the many parties associated with the structure resulting in inconsistencies and preventing the creation of an accurate overall risk score



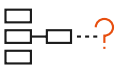
Entities and individuals who are present in multiple components being onboarded multiple times



The overall workload of staff is greatly increased due to re-keying, duplication, and repetition



The lack of a coherent audit trail to determine exactly who has been responsible for completing each stage of the process



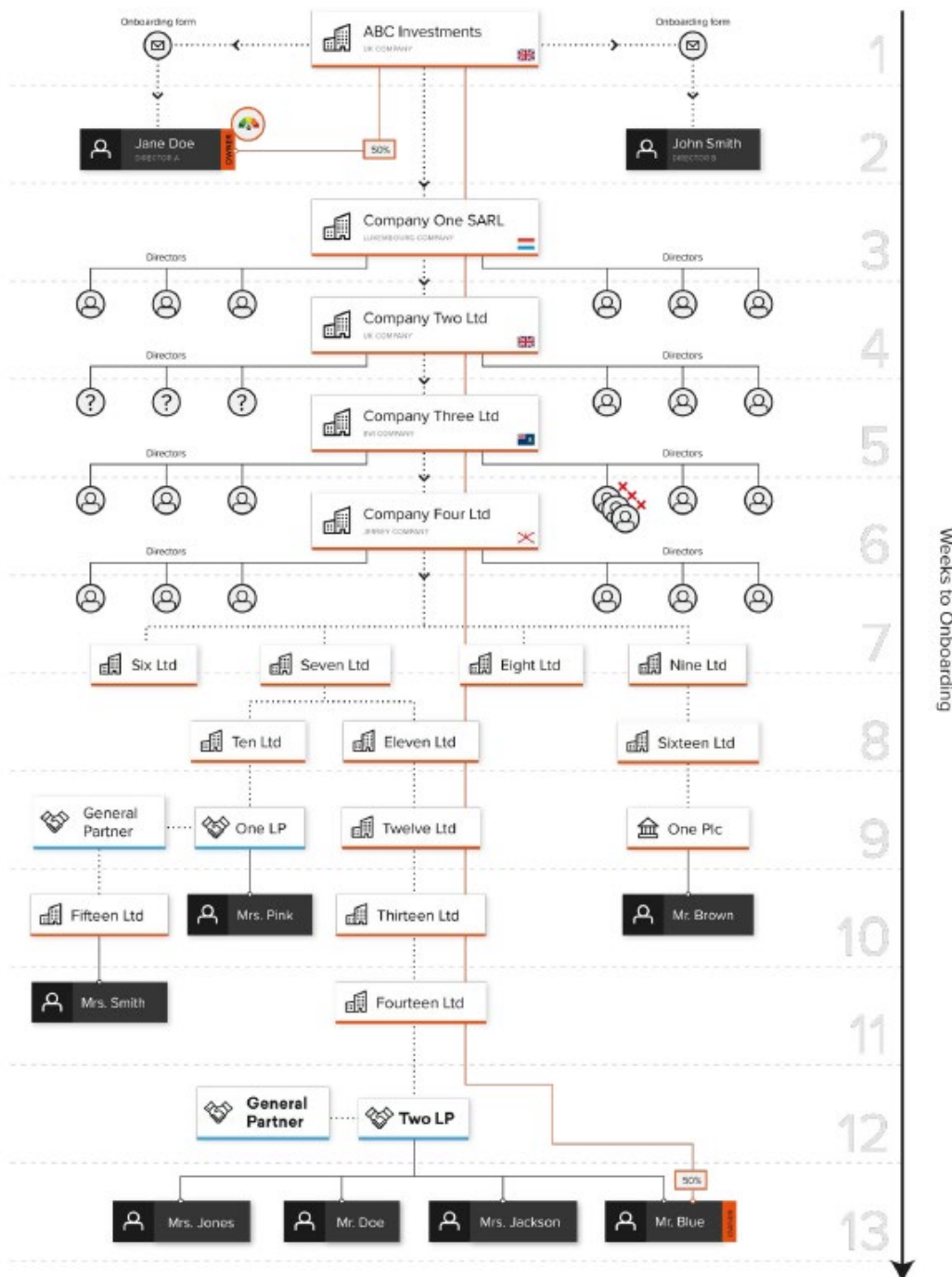
The lack of an audit trail that delivers credible answers about the effectiveness of the processes to regulators

All the issues listed above are a product of a slow, linear, sequential process that magnifies the onboarding pain points. One of the most difficult tasks is unravelling all the connected parties, ownership structures, ultimate beneficial ownership (UBOs), and other shareholders, often across multiple jurisdictions.

Common problems encountered



/ Ultimate beneficial owners can be buried deep within a complex client structure, making it extremely challenging to identify them.



Taking a sequential approach to the identification of Mr Blue results in a great deal of wasted time and frustration for both the onboarding teams and the prospective client, leading to an unnecessarily elongated process.

Recognising the difficulties encountered by our own clients and armed with the feedback delivered by our survey, we decided that we had to use our knowledge and technological expertise to find a better, more efficient way.

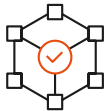
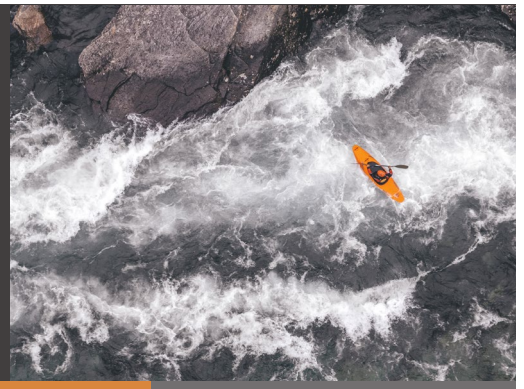
Weeks to onboarding

If we could summarise the previous pages, it would be to say: “the elegant onboarding of complex client structures is extremely hard to achieve.”

There are many challenges to assembling a technological solution to solve the problem of onboarding complex client structures.



An example...



Completeness of offering. In order to stand a chance of solving the problem, a tech solution needs to have (or be able to call upon) many different capabilities, including:

- / White label external web portals for interaction with prospective clients
- / Dynamic application forms, which can flex according to the answers provided by prospects
- / Technology to 'parallelise' the collection of data on multiple parties, so that it happens simultaneously, rather than waiting for a long 'daisy chain' of members to provide their information one after the other
- / Sophisticated automated risk rating, which can cope with nuance and deliver risk scores in real-time in order to drive the risk-based approach to onboarding as prospect data is entered
- / Know your business (KYB) data integrations to enable the details of corporate members of the structure to be verified automatically
- / Electronic ID & Verification (eIDV) capabilities, to identify and verify the identities of natural persons
- / Orchestration to bring together details of all the parties to the structure, chart them, and combine their risk ratings
- / Risk-based sign-off and approvals



Configurability. To be functional, any solution needs to be able to flex (ideally via the user interface) according to evolving requirements, regulation, and strategy. It is no use having a capable solution if it is set in stone and cannot be updated as and when required



Availability. The solution needs to be available off the shelf, ready for implementation and go-live in just a few months, not two or three years



Maturity. The solution needs to be proven in production usage, so that users know that each of the complex elements of a client structure onboarding will operate flawlessly, every time



Maintainability. Any solution must be kept up to date, and the integrations with the different data sources need to be constantly maintained and repaired quickly should they fail

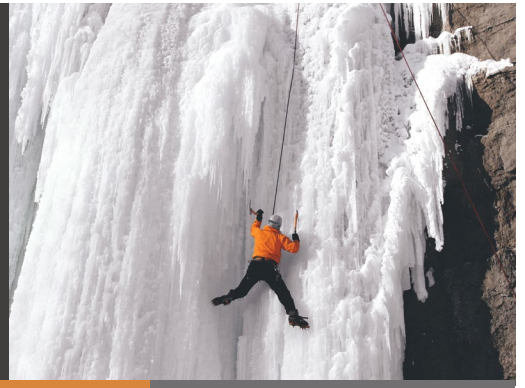


Auditability. Users need to be able to show, question by question, who answered what, across a very large set of forms and structures

The vast majority of technology vendors haven't yet been able to crack the challenge of out-of-the-box complex client structure onboarding. They prefer to focus on the 'easier' challenge of onboarding individuals, or on the more bespoke development of custom systems for each client requirement (which may work but are very expensive and time consuming). KYC360 has forged its own path, by building the first scalable platform-based complex client structure onboarding system specifically designed to tackle this challenge.

KYC360

Comply and Outperform with our / Onboarding Solution



Create the right first impression with your clients and reduce time to revenue with our market-leading, dynamic digital onboarding solution. Whether your challenge is retail onboarding at scale or navigating highly complex client relationships, our flexible, award-winning solution will enable you to drive efficiencies and deliver superior customer experience from the very first interaction setting the tone for profitable, long term business relationships.

The end-to-end KYC360 platform enables screening and CLM functionality to be added seamlessly to your onboarding flows reducing data silos and operational inefficiencies.

Benefits

- / Rapid deployment and ROI
- / Ask once and get the right data first time
- / Deliver a tailored experience to every prospective customer
- / Ability to keep up with evolving regulatory requirements
- / Full headless integration of all platform features
- / Full GDPR compliance
- / Host on your preferred cloud provider
- / More rapid and comprehensive integration
- / Optimise first-time pass rates and reduce churn

Features

- / Fully configurable
- / No-code
- / Fully customisable white label web portal
- / eID&V
- / KYC & KYB
- / Non-documentary ID verification
- / White label dynamic form technology
- / Rapid data waterfall across multiple vendors
- / Unlimited risk-based onboarding journeys
- / Integrated with the world's leading data suppliers
- / Full EU data residency
- / Azure and AWS hosting
- / Comprehensive API
- / Pre-built integrations with core business systems ISO27001 accredited



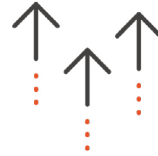
Comply and Outperform with our / Onboarding Solution



Onboarding complex clients

Onboarding complex client entities is challenging because of the intricate and interconnected nature of underlying business structures. As a result, the process is often slow, linear and frustrating for all parties.

We've reimagined the complex client onboarding process by applying cutting-edge technology to simplify the task of onboarding trust, fund, corporate and other complex entity types. Available out of the box as a white-label platform with full no-code configuration, the KYC360 onboarding solution ensures the most relevant factors are surfaced from within the most complex structures.



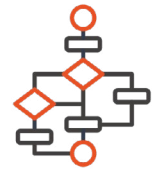
Reduce time to revenue for complex client prospects by up to 80%



Improve customer experience: Reduce touchpoints through dynamic forms and automated entity creation



Visualise complex client structures and validate with know your business (KYB) sources



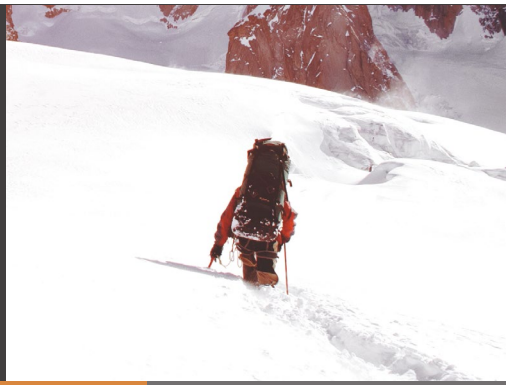
Auto creation of digital structure charts which prospects can see and amend



Flexible risk scoring adapts to your risk appetite at both a member and a structure level



Rapid data waterfall across multiple vendors to reduce cost and optimise first-time pass rates



/ The features that drive KYC360 Onboarding's many capabilities

We are able to deliver all the benefits listed due to a combination of a number of key features that support and drive the many capabilities of our digital onboarding platform.



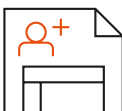
/ White label external web portal

This enables you to present a fully branded experience to prospective customers at the outset of their onboarding journey to help cement the new relationship. Furthermore, integrated know your business (KYB) lookups accelerate the entire process by eliminating the need for your staff to manually key in the necessary data.



/ Dynamic application forms

The development of dynamic application forms has greatly accelerated the process of collecting data from multiple sources. They can be easily divided between recipients and new records for associated parties can be auto created. Dynamic application forms can also be tailored precisely to your requirements and risk profile, while displaying reactive fields based on previous answers and the live risk scoring of responses. This ensures that prospects are 'asked once, asked right' and do not have to iterate the application form process.



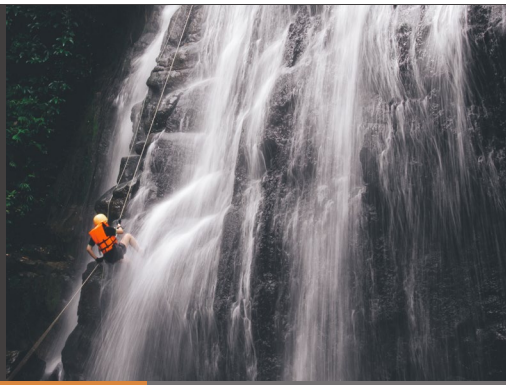
/ Client-led structure discovery with auto-creation of new prospect records

This allows for the painless self-service population of the data on members of the structure, thereby avoiding unproductive administrative work for your staff in setting up new records. Furthermore, you can mandate the answers for particular questions which gives you greater control over the quality of the data you are being supplied with. Combine this with the ability to cross-check the data using KYB lookups, and it delivers greater uniformity and reusability of the data provided. In addition, if an individual appears multiple times within the structure being examined, you can simply use the first data submission in all subsequent areas where they appear, avoiding duplication, rekeying, and frustration.

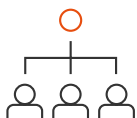


/ Automatic weighted risk rating

Our solution delivers an automatic weighted risk rating that is flexible enough to take into account and accurately measure even the most complex of structures. By consolidating the risk rating across all the entities in a structure, it results in a seamless picture of group risk; enabling you to mandate a single standard and then ensure that it is enforced across the entire organisation.

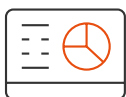


/ UBO and shareholder mapping



One of the biggest challenges is when it comes to identifying and mapping the ultimate beneficial owners (UBOs), shareholders, and investors associated with an entity. By providing clearly laid out mapping of ownership structures, KYC360 Onboarding enables you to see exactly who controls the different layers of the entity, verify their data, and then risk rate them accordingly.

/ Smart structure charts



As the solution learns about the individuals associated with the different layers of the entity, it automatically creates and draws up smart structure charts. This builds up a clear picture of the organisational make-up of the entity to provide a visual display of exactly how it is structured and the relationships between the various elements.

/ Comprehensive AML, sanctions, PEPs, watch list, and adverse media screening



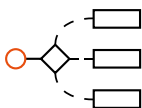
At the heart of any truly effective onboarding solution is the ability to screen risk against the widest possible range of potential risks. With KYC360 Onboarding you are empowered to screen for anti-money laundering (AML), the latest sanctions and watch lists, politically exposed persons (PEPs), and even adverse media to provide an early warning monitoring system for potential risk.

/ Integrated eIDV



The process of identifying customers, often referred to as know your customer (KYC), has traditionally been a predominantly paper-based, manual process that is susceptible to fraud and human error. In the onboarding realm, identity verification needs to be fast and highly efficient. With our electronic identity verification system (eIDV) integrated seamlessly into the onboarding journey, prospects can simply capture images of ID documents such as passports or driving licences, resulting in the fast and efficient electronic verification of all required documents, as well as electronic verification of address in many key jurisdictions.

/ Full audit trail and reporting capabilities



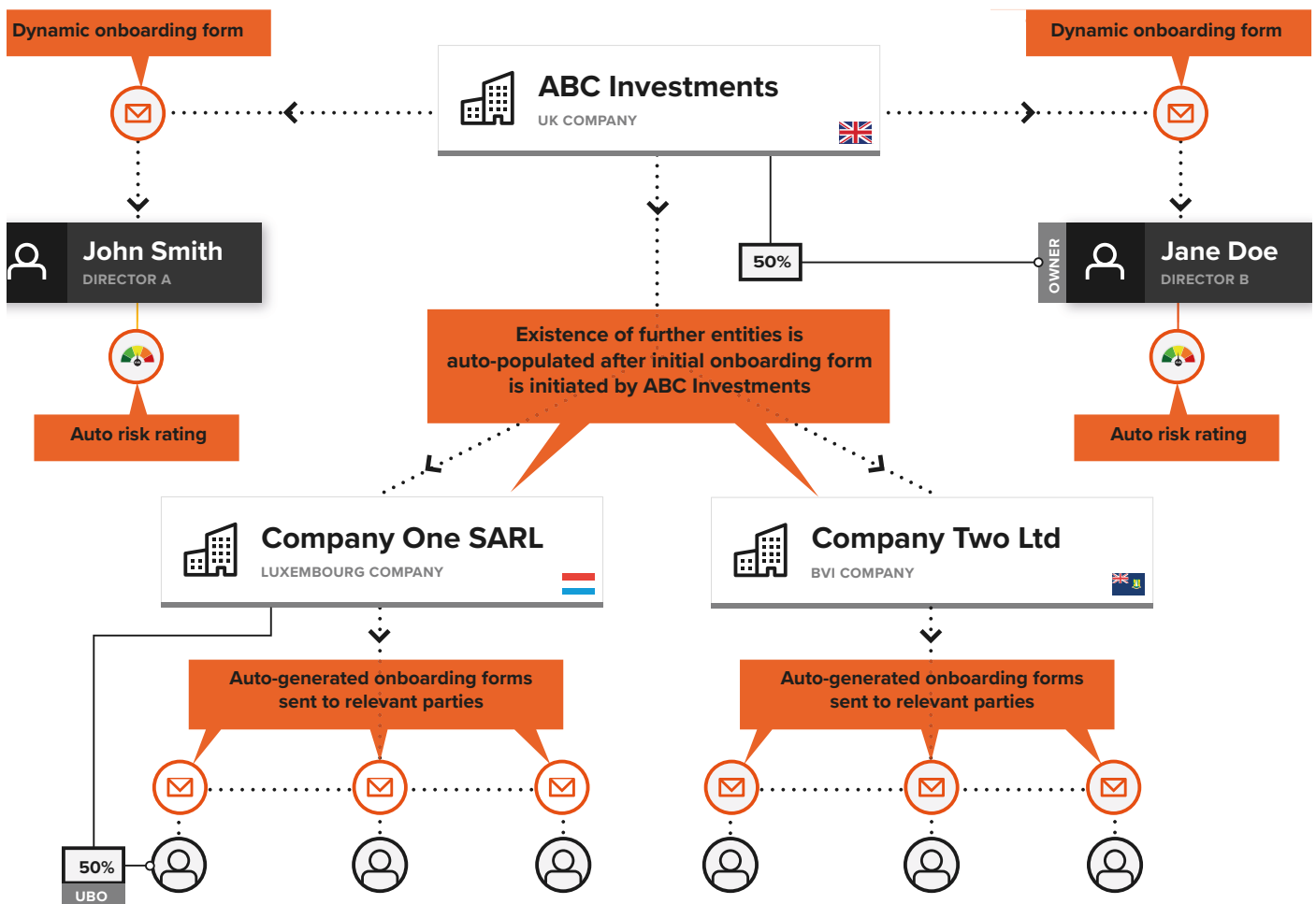
KYC360 Onboarding consistently and continually records all the actions performed by your prospects and your team during the onboarding journey for complete accountability. With tangible proof points across every step of the process and at any point in time, this enables you to provide a full audit trail that delivers credible answers about the effectiveness of your processes to regulators. In addition, the solution's reporting capabilities enable you to capture management information (MI), analyse it, and then fine-tune the effectiveness of the onboarding process.

KYC360 Onboarding in action

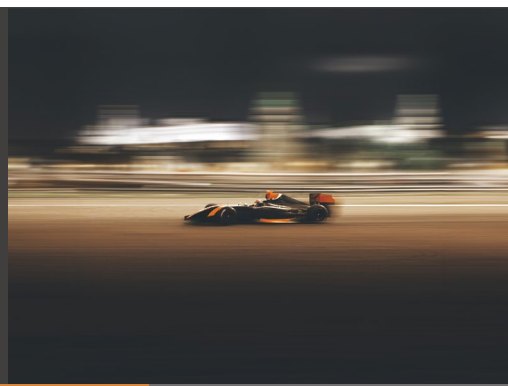


The diagram below provides a snapshot of how KYC360 Onboarding greatly simplifies and streamlines one of the key stages of onboarding a complex client structure. Instead of manually sending multiple forms to all the different parties to the structure, with KYC360 Onboarding a single dynamic application form is sent to the primary contact.

Once this process has been initiated, the client-led structure discovery and record creation feature means that subsequent dynamic forms are automatically populated with the details of all relevant parties and sent directly to them for their attention.



KYC360 Onboarding in action



As the process progresses, [KYC360 Onboarding](#) responds to data input and live risk scoring to ensure you always capture the right data on each individual or corporate.

The automatic existing prospect lookup feature identifies individuals or corporates that have previously been onboarded, then reuses existing profiles to avoid wasting your client's time with duplicate data collection requests. Meanwhile, all data properties can be attributed to an individual prospect or staff member for full look back capability.

As a result of these and other innovations, structure member data gathering, verification, and risk scoring becomes painless, consistent, and scalable. Through the use of auto-overrides and weightings by beneficial ownership percentage, relevant risk factors are surfaced from within even the most complex client structures.

By capturing the key information at every stage, the solution builds, validates, and then provides the visual elements that enable you to clearly see the organisational structure of the entity in question, together with a map of the individuals who ultimately control the entity.

To sum up, KYC360 Onboarding responds in real-time to data input, auto-creating new prospect records, performing live risk scoring, and tailoring application forms to ensure you always capture the right data on each Individual as well as the structure itself.

As well as delivering a seamless, faster onboarding process for your prospects, KYC360 Onboarding also frees up your staff from laborious tasks such as keying in large quantities of data, manually setting up new prospect records, or continually chasing individuals to obtain or update information.

As a result, you can use your skilled staff where they are really needed, such as solving problems, helping prospects with queries, and making better informed decisions about their applications.



For a full demonstration of the many ways that the KYC360 solution solves the challenges of onboarding complex client structures, [contact us today.](#)

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