

KYC, AML & CDT-Priority for Businesses

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Know-your-client, anti-money laundering and countering the financing of terrorism have recently become a very important priority for business of all kinds.



The aptly named KYC or know-your-client procedures exist to ensure that commercial entities understand just who it is they are doing business with. When business was conducted between individuals and agreements were sealed with a handshake, both parties would have personal knowledge of each other but this is seldom the case with transactions taking place over the internet.

A comprehensive KYC procedure ensures that an organisation will be dealing with reputable partners. Usually this includes completing a KYC questionnaire. While the questionnaire can seem sometimes seem to be a bit prying, it does also have the added benefit of giving the business or service provider a better understanding of the client's needs.

Anti-money laundering or "AML" measures are more formal and the Monetary Authority of Singapore ("MAS") has regulations that financial institutions like banks must comply with. These regulations set out the types of transactions that should raise red flags and require that the financial institution files a Suspicious Transaction Report to notify the authorities. Examples of suspicious transactions are transfers of money with no evident reason for the transfer or a high volume of money transfers in a short period of time.

Measures for countering the financing of terrorism ("CFT") are requirements prescribed by the MAS that financial institutions must adhere to. Aimed at preventing terrorist groups from obtaining financing, the MAS publishes lists of individuals and countries that have known links to terrorism. By screening against these lists, financial institutions can ensure that they are not unwittingly assisting terrorists..



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