

The next steps for eBAM and KYC

Digitalising of bank account management is high on the wish list of many corporates - and banks are also increasingly aware of the advantages of standardising and automating their account management, authorisation management and KYC processes.

By Gregor Opgen-Rhein

Banks today are confronted with various legal requirements to check incoming data, including the legal account holder and its representatives, the identity of the beneficial owners, the personal legitimacy of the authorised representatives and signatories as well as a range of key figures and data.

These KYC checks generally involve a non-standardised exchange of documents and information. In some cases, the information requirements differ considerably between banks.

The situation is different for the initiatives to digitalise electronic Bank Account Management (eBAM). Working group 4 "eBAM" of the "Common Global Implementation - Market Practice" (CGI-MP) initiative has succeeded in defining message formats, based on the international ISO 20022 XML standard, for mapping all account management processes.

More Standardization

Within the eBAM process "account opening", there is inevitably an overlap with KYC checking. Corporates are required to submit the necessary KYC documents together with an account

opening message, and some solutions already support this. This paves the way for the marriage of convenience between two differently developed processes for administrative banking. What does it take to make this a marriage of love?

What is particularly important is the development of a legal framework for KYC processes that enables KYC documents to be standardized. This is the foundation for a digitalisation of KYC processes.

Optimizing KYC-Processes

But how can KYC processes be optimised? This is where the not-so-new idea of a centralised KYC register plays an important role. The SWIFT interbank body already provides such a service for banks and corporates. However, corporate customers view the extensive manual interaction and high complexity of this solution as an obstacle. The lack of an automated interface is a further drawback.

One alternative could be a decentralised corporate KYC register with standardised API access, which a corporate could use to allow banks access to selected documents required for

regulatory purposes. But again, legal and technical standards would need to be created first.

This is precisely where the current status quo of KYC and eBAM differs. In the absence of legal constraints, the eBAM developments could focus purely on the content, alongside technical and organisational considerations.

A format standard was developed, the acceptance of which is sure to increase, as it delivers significant improvements in cost-efficiency across banks. This standard is already capable of exchanging the minimum amount of KYC information in the form of electronic documents required in the eBAM process to open an account.

»Especially important for KYC processes: a standardised legal framework«

This union will become a marriage of love if it is also possible to put the KYC process on a secure legal footing and to standardise it technically and organisationally in order to digitalise it across banks.

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