

Customer Due Dilligence

Importance of Identity Verification :

The first chance a Financial institution has to protect itself from fraudulent transactions is when a new Customer establishes a relationship, typically opening an account. That's why it is important to verify the identity of a new Customer.

One of the best ways is to require the Customer to provide proper identification and have the Customer fill out an application. These two pieces of information are invaluable to the institution, thus they should be handled with care. In some countries, it is customary to have a copy of every customer's identification that was presented at account opening.

Once the relationship goes beyond the initial account opening, the Financial institution should try and become familiar with its customer's typical business process, and be sure to look for red flags of money laundering.