Robust, credible data a powerful tool in the anti-money laundering arsenal

The problem of organised financial crime and money laundering made headlines after a recent Al Jazeera investigative report uncovered a large-scale money laundering operation in South Africa. The scheme is alleged to have relied on forged paperwork and documentation including ID documents and passports as well as fake invoices from fictitious suppliers. This follows the country's greylisting by global financial crime watchdog, the Financial Action Task Force (FATF), for not fully complying with international standards around the prevention of money laundering, terrorist financing and proliferation financing.

While fighting money laundering happens on several fronts and involves the cooperation of multiple institutions including law enforcement, harnessing the power of accurate data and enforcing robust Know Your Customer (KYC) and Know Your Business (KYB) checks can make a significant impact in fighting financial crime, says Sameer Kumandan, Managing Director of SearchWorks.

SearchWorks is South Africa's largest online data aggregation platform that allows users to conduct live, accurate individual, company and property searches and in-depth KYC checks online. The platform offers 160 different search types, covering more than 20 data sources to give businesses companies onboarding new clients instant access to verified identities, updated contact details and account verifications, all within the confines of the law.

Kumandan says that although money laundering happens with varying degrees of complexity, the crime often relies on elementary acts of forgery such as stolen or fake identities, and falsified company documents, addresses and contact information. "To illustrate the breadth of money laundering methods, consider a few examples: 'Smurfing' or 'structuring' schemes are common, in which criminals leverage several individuals to make small deposits into different bank accounts, thereby evading detection from banking authorities. Criminals often use shell companies, or paper entities devoid of actual business operations, to transfer money across bank accounts and borders in order to camouflage the genuine ownership of assets," he says.

"Verifying the credentials of individuals, companies, trusts, suppliers, and vendors is a crucial first step in combatting malfeasance of all kinds – from tender fraud to money laundering. Detailed company registration information can assist in establishing if an entity

is operating legally, is the subject of court judgements, or has a proven track record in the sector in which they claim to operate," explains Kumandan.

In addition to having robust KYC and KYB policies in place, organisations can do more to comply with anti-money laundering regulations and implement best practices to report suspicious activity. Kumandan says processes should be in place to effectively monitor and verify changes in customer or supplier business practices such as changes in ownership and directorship, or a change of business address or banking details. "In addition, PEP and sanction screening, part of the internationally accepted anti-money laundering (AML) compliance process for the identification and verification of Politically Exposed Person (PEP) and blacklisted individuals in public and private sanction lists, is included in SearchWorks' repertoire."

Ultimately, dismantling the complex web of money laundering requires a multi-pronged strategy. "Organisations should proactively impart training to their employees, enhancing their ability to discern and report suspicious activities. At the same time, leveraging technology can provide a valuable edge," adds Kumandan.

"Law enforcement agencies and financial institutions heavily depend on various sources, including websites, government departments, archives, and other resources, to access records and gather information. SearchWorks eliminates the need for time-consuming manual searches and streamlines the process by offering a comprehensive 'one-stop shop' for accurate and current data. This service is particularly valuable in the fight against money laundering, as it plays a crucial role in safeguarding the integrity of financial systems," he explains.

Ends.