

## **The business case for automating customer due diligence and FICA compliance**

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Automation has been labelled as a way to tighten up the corners, without cutting them. An apt description, it's all about using technologies to up productivity, boost efficiency, reduce errors and save businesses a lot of time without having to make any sacrifices when it comes to quality or performance.

Customer Due Diligence (CDD) plays a critical role in mitigating financial crime risks by helping businesses establish that their customers are not involved in illegal activities and that they are who they say they are. In addition, CDD is essential to ensure compliance with South Africa's Financial Intelligence Centre Act (FICA). And it's not a one-time activity. Ongoing monitoring is vital to keep close tabs on how a customer's circumstances and activities change over time. This is important, because risks evolve over time and because of the rise of what [INTERPOL](#) describes as a financial fraud 'epidemic'.

Ongoing CDD helps businesses stay compliant with regulatory requirements, protects their reputation and ensures that they avoid legal penalties because suspicious transactions can be detected and flagged as soon as they happen. But it is fairly time-consuming and complex and when you're doing it manually, it's easy to make mistakes.

We saw this earlier in the year when [Ashburton Fund Managers](#) were hit with a hefty fine for failing to screen clients adequately. Following the misconduct, South Africa's Financial Sector Conduct Authority (FSCA) warned that failure to comply with FICA will not be tolerated and urged all accountable institutions to continue reviewing and strengthening their efforts to illicit activities.

### **The business case for automated CCD**

We all know that institutions are prohibited from establishing business relationships with clients who use fictitious names, who cannot be properly identified or who appear on sanctioned lists. This reinforces the need for effective CDD. By automating the process, financial institutions, compliance officers, risk management professionals, legal firms and others in highly regulated sectors can efficiently and securely onboard clients while ensuring regulatory compliance. These tools provide real-time identity verification and can

perform automated risk assessments, to help businesses stay compliant without having to deal with the unnecessary administrative burden.

In fact, automation of customer due diligence processes has been shown to result in significant savings and operational efficiencies. For example, businesses can reduce the time spent on manual identity verification by up to 80%, freeing teams to focus on more strategic tasks, such as customer satisfaction and business growth. Moreover, automation can cut error rates by up to 50%, reducing compliance risks and enhancing the accuracy of due diligence. With penalties for non-compliance increasing, as seen in recent regulatory actions, automating these processes is not just a cost-saving measure but also a proactive step towards reducing legal risks and enhancing operational resilience.

As a data aggregator platform, SearchWorks looks to help businesses navigate regulatory obligations and improve efficiency by using technology to streamline CDD processes. By leveraging an advanced tool like VOCA - SearchWorks' newly launched Verification, Onboarding and Compliance application - businesses can simplify the process of verifying and monitoring clients and safeguard themselves from regulatory penalties while upping overall efficiency.

With VOCA, you can effortlessly conduct thorough KYC/KYB checks, CIPC checks, ID verification, PEP/Sanction checks, FIC questionnaires, adverse news checks and account verifications; with full audit trails to ensure all necessary checks are documented and easily accessible. And with live reports and customisable risk ratings on each verification, you can make more informed decisions and more effectively mitigate risks. Additionally, the process within VOCA can be adapted to suit and meet client-specific needs, ensuring tailored solutions for different business requirements.

The regulatory landscape is always advancing – but so too are the risks. In response to this, automating CDD just makes business sense. Visit our website to learn more: [www.voca.co.za](http://www.voca.co.za)

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