

EACT Response - European Banking Authority's (EBA) public consultation on EU AML package implementation (Customer Due Diligence rules)

RTS under Article 28(1) AMLR

Question 1: Do you agree with the proposals as set out in section 1 (information to be collected for identification and verification purposes) of the draft RTS? if you do not agree, please explain your rationale and provide evidence of the impact this section would have, including the cost of compliance, if adopted as such?

Response:

The European Association of Corporate Treasurers (EACT) welcomes the intention of to further harmonize Customer Due Diligence (CDD) requirements across the EU, as the current lack of harmonization in the area represents a key remaining barrier to the EU single market.

A single set of CDD/KYC requirements and practices across the EU would facilitate the management of corporate banking relationships, minimise unnecessary duplications and costs, and decrease account opening times, without compromising effective AML checks. This would significantly reduce the burden on the EU's 'real economy' corporates operating across the internal market, in line with the EU's objectives.

EACT therefore supports a more prescriptive approach to the harmonization of CDD/KYC requirements and practices across the EU. All financial institutions should require from legal entities the submission of the same information in the same format when assessing customers and transactions for AML purposes, independently from the member state in which they are located.

Ultimately, this should serve as starting point for the future establishment of an EU "AML passport" for corporates, which would substantially reduce the regulatory burden on EU corporates, without increasing AML risks.

In more detail, EACT calls for:

1. A single EU-wide set of information – all banks, in every EU member state, should be required to collect and verify exactly the same core data points on their corporate customers.
2. Standardised evidence and verification methods – the information should be validated through the same types of documents and follow a shared, AMLA-endorsed verification protocol.

3. Establishment of an EU “AML passport” for corporates – once a company has successfully completed KYC with one EU-regulated bank, it should receive a ‘certificate’ (‘AML passport’) on which other EU banks should be able to rely on without rerunning the onboarding process.
4. Systematic use of the Legal Entity Identifier (LEI) for AML/KYC – companies benefit from the adoption of the LEI for AML/KYC purposes.

Question 6: Do you agree with the proposals as set out in section 4 (simplified due diligence measures) of the draft RTS? if you do not agree, please explain your rationale and provide evidence of the impact this section would have, including the cost of compliance, if adopted as such?

Response:

The European Association of Corporate Treasurers (EACT) welcomes the explicit inclusion of the Legal Entity Identifier (LEI) as part of the information to be collected for customer due diligence purposes.

As an interoperable standard, the LEI facilitates counterparty verification mechanisms and reduces the need to use jurisdiction-specific identifiers, in turn facilitating administrative processes for companies operating cross-border.

As a machine-readable standard, the LEI facilitates internal workflow processes for corporate treasurers – diminishing the issues that come into play with manual reconciliation of data.