

Buyer's Playbook

KNOW YOUR **KYB** DATA



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Know Your **KYB Data** - Buyer's Playbook

The growing nexus of the economy and globalization has expanded the opportunities for businesses to operate across the globe. Registering business in one jurisdiction and operations in another jurisdiction is a norm. While this has increased opportunities, it has also increased the compliance challenge, causing an escalation in fraudulent activities, money laundering, and other illicit activities, making KYB checks mandatory for businesses. Top-notch entity data is the biggest asset for the business pursuing verification for counterparty corporate due diligence helping to comply with sanctions while preventing regulatory enforcement actions.

Only a few data providers offer accurate and updated data in terms of entity data compilation. Considering the necessity of entity data. This document provides an overview of why rich entity data is essential, what challenges businesses face in assessing quality data, and how The KYB beats other popular products with unique characteristics in maintaining the rich entity database from 250+ countries.

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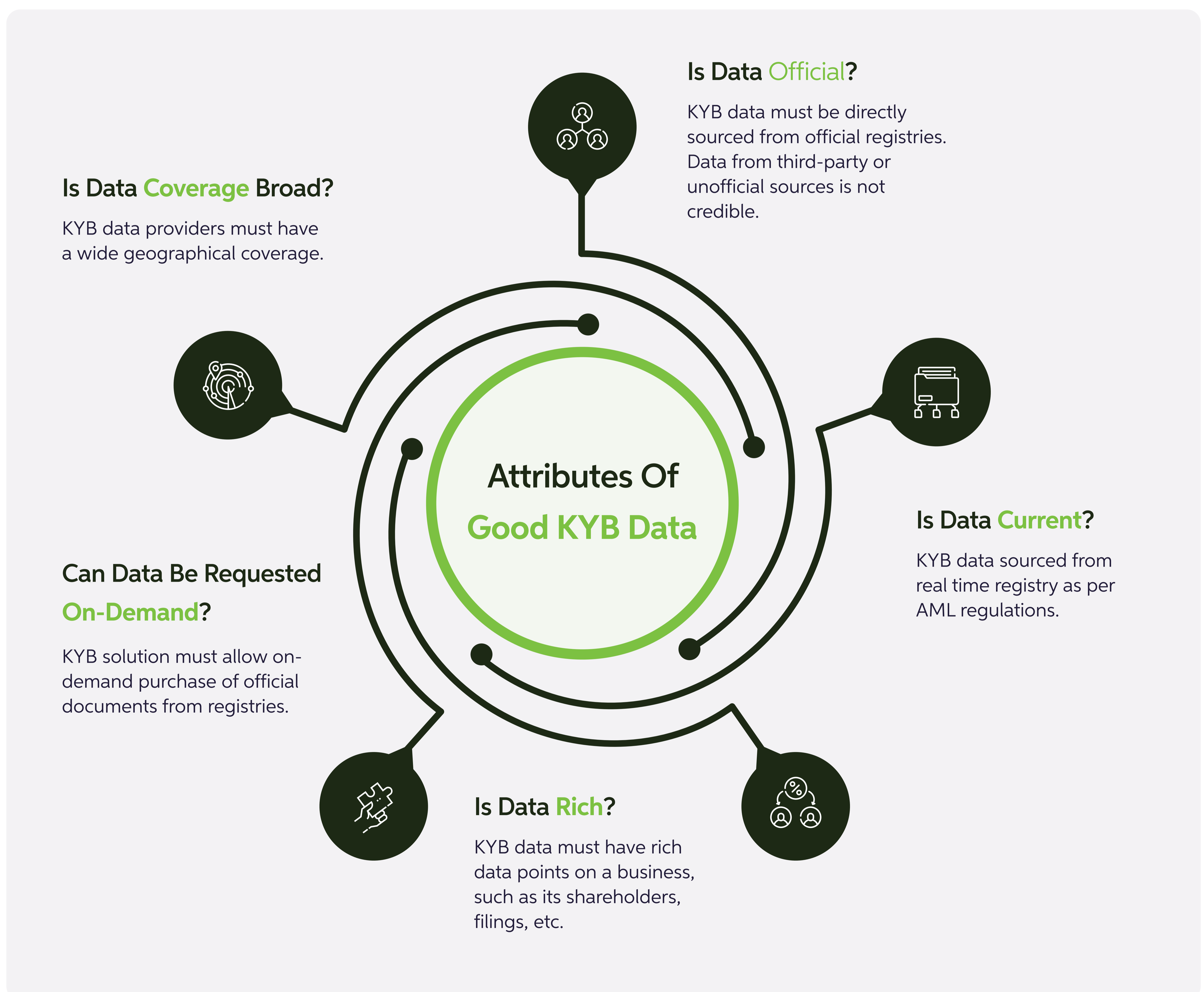
According to the research published by EY, **68%** of responding legal departments reported challenges with the accessibility and accuracy of legal entity data.

– EY ”

(Source) https://www.ey.com/en_gl/news/2021/03/legal-departments-face-rising-tide-of-challenges-in-their-transformation-efforts-ey-law-and-harvard-law-school-center-on-the-legal-profession-survey-finds

What Constitutes Quality Entity Data:

Reliable entity data plays a pivotal role in the business operations. However, invalid and inaccurate datasets hinder the efficacy of business verification, creating unavoidable risks for compliance professionals. According to the research published by EY, 68% of responding legal departments reported challenges with the accessibility and accuracy of legal entity data. The KYB has defined the following five key attributes to gauge the quality of legal entities data:



The KYB has developed these five attributes to aid decision-makers in choosing the right fit and compliant for their organisation.

01 Overcoming Data-Related Challenges With The KYB

KYB Data is sourced from official business registries. However, it is not a consistent process across jurisdictions since the data points and format vary.

- **Key Issue 1: Outdated Data**

AML regulations require KYB checks from the most updated extract of the official registry. However, Many popular data repositories use outdated data extracts without verifying the current status from official registries. The outdated entity data leads to misinformation, increasing the risk of legal and regulatory vulnerabilities. Such data repositories fail to highlight any change in the business profile like business status, director or status, etc. The KYB allows a live search from the business registry to access fresh and updated data. The KYB quickly identifies any changes in the monitored data and automatically sends an notification to the user.

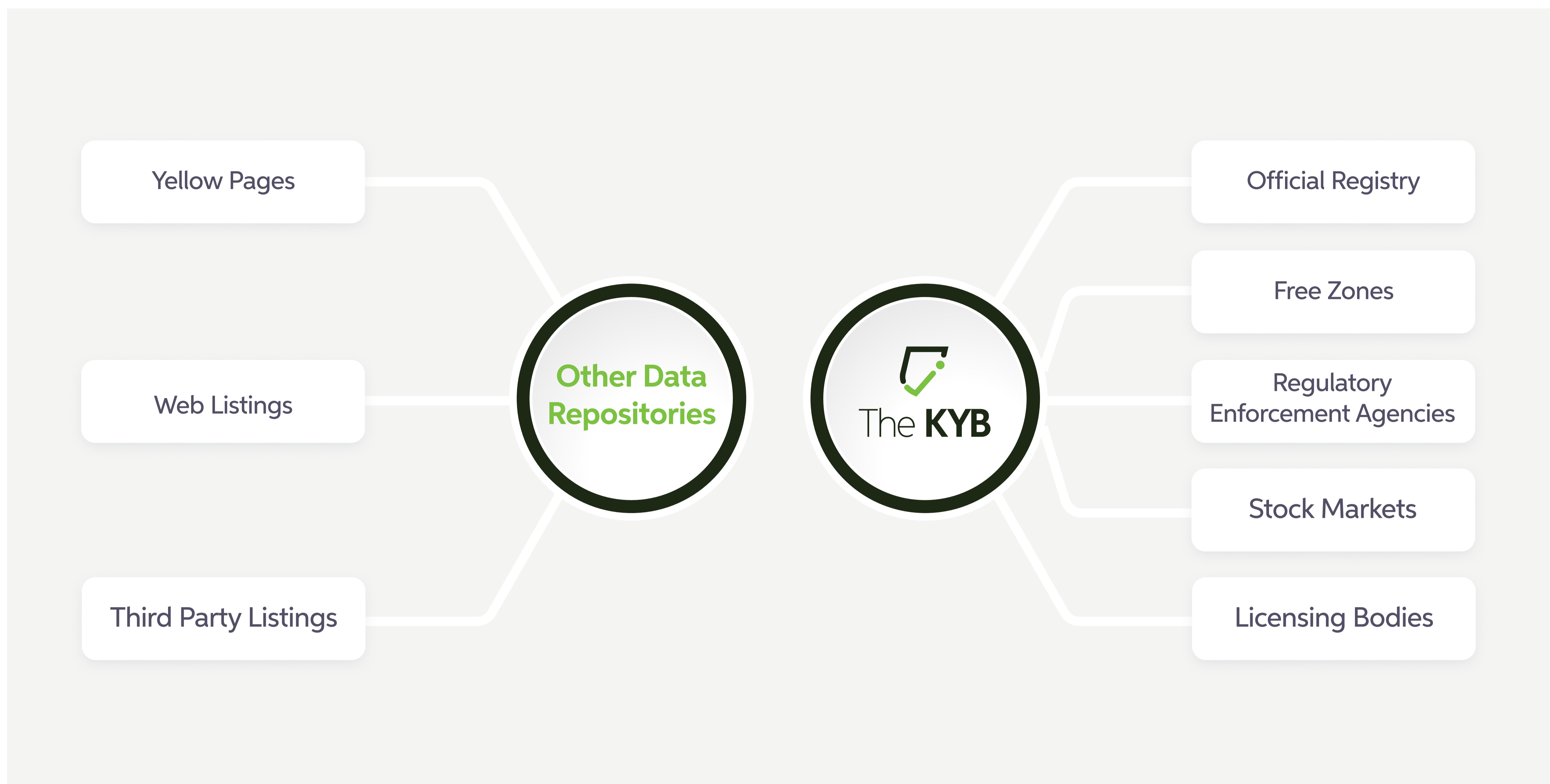
Dated: 04-02-2022		Dated: 01-03-2024	
Business Name:	TravelX	Business Name:	TravelX
Registration No.	123456	Registration No.	123456
Status:	Active	Status:	Inactive
Director:	John	Director:	Rachel
Address:	Downtown	Address:	Town Hall 1

The above infographic shows comparison of old and latest data extract with changed business address and status.

- **Key Issue 2: Unofficial Data**

The corporate data repositories are not transparent in their data sources and often sourced from unofficial third parties. This may result in the ending with wrong information about the party business and create issues in the due diligence process. On the contrary, The KYB commits to delivering data retrieved from official data registries and provides original data sources for each search.

Below we have a table showing other data providers having integrated yellow pages and self-made business listings. We have data from many official sources such as official registries, stock markets, financial service commissions, official free zones, etc. These data sources are committed with a client against each country.



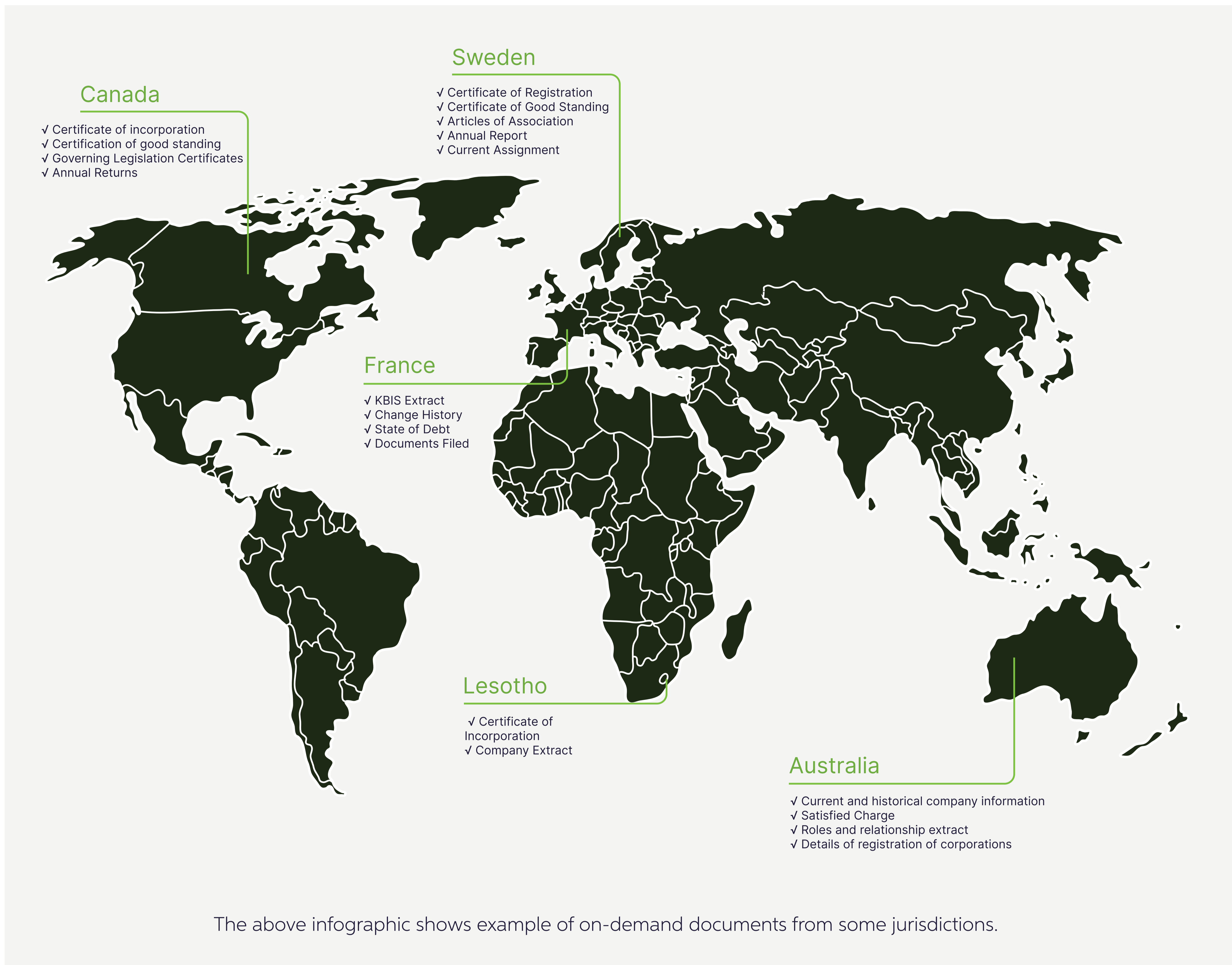
- **Key Issue 3: Data Coverage**

Businesses are now interconnected globally, which requires compliance professionals to conduct checks across different jurisdictions to unwrap a connected network. However, if their KYB provider does not cover a country of interest, due diligence professionals cannot proceed with the complete KYB check. Many financial institutions have resorted to sign up with 3-5 data providers to meet their global business verification coverage. This comes with huge signup fees and integration costs to the institution. Thus, clients prefer a single solution such as The KYB providing access to registries from 250+ countries and states.

- **Key Issue 5: Request More Data**

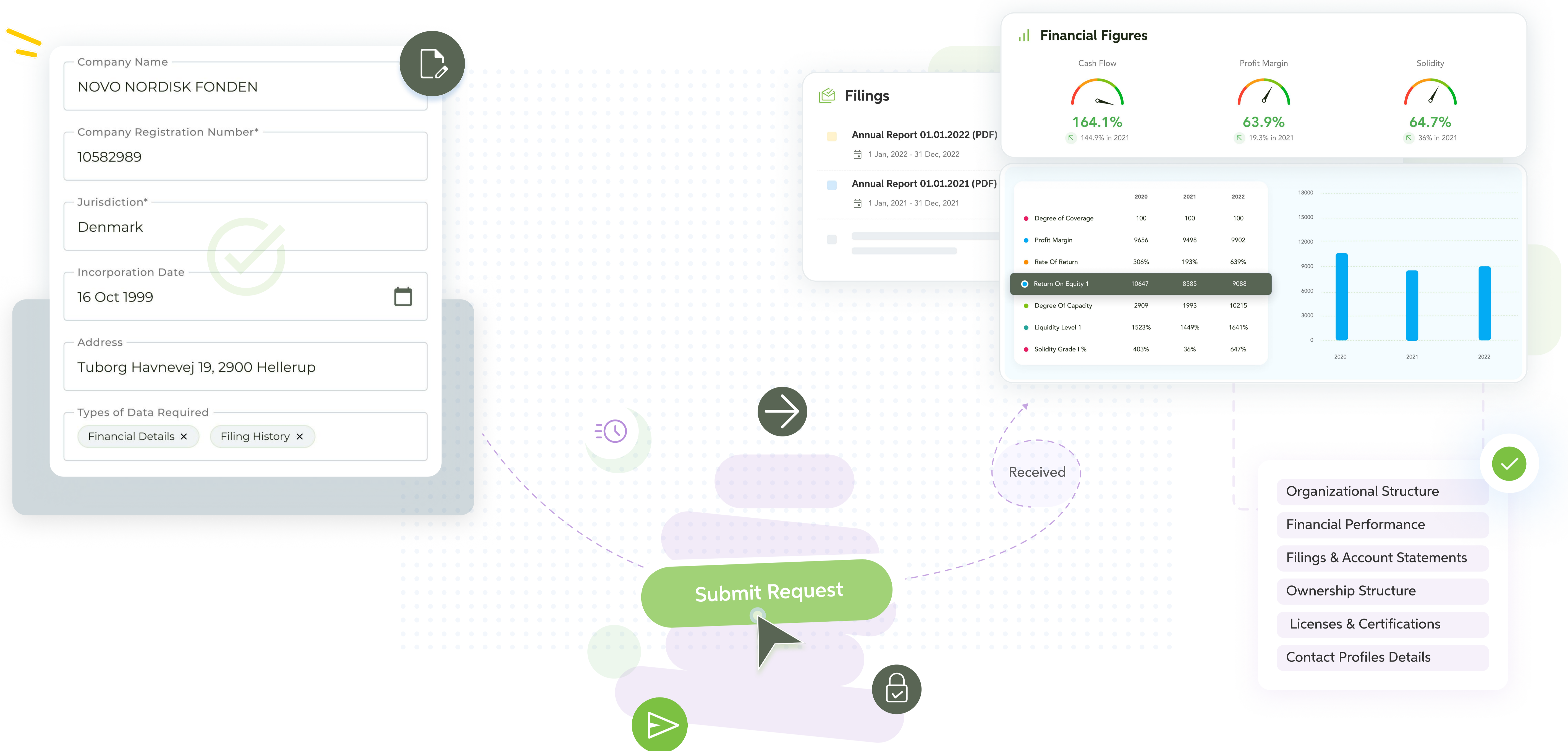
Due diligence professionals require purchase of official documents from a registry to uncover more information or for legal purposes. These could include director/shareholder details, certified extracts from the registry, articles of association, annual filings, etc. However, this is not possible via static corporate data repositories that are not connected with the official sources.

The KYB enables clients to purchase and access official documents via a single request from either back office or API. Documents can be time and date stamped to keep a record of when they were fetched from the registry.



• **Key Issue 5: Data Richness**

Data points available on businesses are inconsistent across jurisdictions. Some registries offer complete business profile such its registration details, fillings, directors and shareholders, ultimate beneficial owners, etc. while others may only offer basic registration details. A primary KYB check can only retrieve as much data as available in the official registry. This makes due diligence process complicated when compliance protocols require additional information not directly available in official registries. Financial institutions typically deal with the challenge by having an in-house Enhanced Due Diligence (EDD) process where analysts have to conduct OSINT investigations through unstructured data. However, The KYB offers EDD reports at a click of a button at a much cost-effective and scalable rate.



• **Key Issue 6: Dual Data Access**

Another major issue businesses are facing with entity data sources is consistent downtime. Due to maintenance, server outage, or any other technical issues, if real-time entity data is unavailable, it may cause onboarding delays for compliance teams which translates to extensive direct and opportunity costs.

If a registry is temporarily unavailable, The KYB might retrieve results from a data dump containing an old extract with a time and date stamp of the information. When the registry gets functional, a real-time check on the company is performed and a user is notified for any changes in the business profile through our case management system. The KYB contains official extracts of 300M+ companies that it can re-verify at a click of a button.

Bottom Line:

Compliance departments of banks, payment processors, fintechs, and other institutions have unmet KYB data requirements and must integrate multiple solutions that add up to a massive cost while still not fulfilling the following five key attributes that constitute good KYB data:

1. Is data sourced from official sources?
2. Is data freshly extracted from the registry?
3. Can data be extracted from a wide range of Jurisdictions?
4. Does the data have all data points as available in the source?
5. Can on-demand data/documents be requested from the KYB provider?

Technology buyers must thoroughly assess their decision along these key questions to know where their KYB data is coming from and if it can be trusted. Legal entities data is ubiquitous across the web, however, doubts and uncertainties in such data repositories leads to more risks and complications when onboarding businesses.

Conclusion:

Banks, Financial Institutions, Due diligence teams, etc., have entirely different KYB data requirements and must integrate multiple solutions to the above challenges to mitigate the prevailing risks. The KYB provides the solution to ensure the quality and accuracy of entity data. The comprehensive integration of official registries in The KYB helps companies create deeper insights to eradicate the risk of fraud and illegitimate partners and prevent them from being trapped in regulatory sanctions. It excludes all the limitations put forth by the evolution in the legal or regulatory sanctions and constraints imposed by the digitization of the entity data.

Providing entity data is not an issue; proceeding with the doubts and uncertainties in the entity data leads to more risks and complications in the onboarding business. The question is how to break the stand-off for the company's benefit by providing quality data for compliance. The KYB fills this vacuum with its unique features to ensure. Regardless of the type, every issue in data quality harms business operations. The KYB helps businesses with unique solutions that can quickly adapt to changing regulatory environments without compromising the data quality.



READY TO SECURE TRUSTWORTHY BUSINESS RELATIONSHIPS WITH COUNTERPARTIES ACROSS THE GLOBE?

Get a free demo of our powerful platform to experience automated business verification and adequate corporate due diligence integrated seamlessly into your processes.

About The **KYB**

The KYB serves as a leading data source for verifying businesses across more than 250 countries and states. Our real-time KYB data supports banks, payment processors, fintech firms, law firms, global trading entities, and orchestration platforms in achieving KYB compliance, conducting thorough corporate due diligence, and streamlining business onboarding processes.

With the most extensive geographical coverage available, The KYB provides real-time integrations with official registries, ensuring access to 100% authentic data. We work with clients across all scales and volumes.

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