Philippines

Requirements for customer identification, verification and due diligence measures for non-face-to-face business relations

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Below are some of the requirements of the Philippines law in the implementation of which Sumsub can assist

The table below is based on the following documents:

- Republic Act nº 9160, as amended Republic Acts № 9194 (2003), act № 10167 (2011), act № 10365 (2012);
- Revised Implementing Rules and Regulations of Republic Act No. 9160, as amended, 2016;
- ARI No.03/2021: Anti-Money Laundering/Counter-Terrorism Financing Guidelines for Designated Non-Financial Businesses and Professions, 2021;
- MEMORANDUM NO. M-2020-084 of Central Bank of Philippines: Money Laundering (ML)/Terrorist Financing (TF) Risk Assessment System (MRAS);
- MEMORANDUM NO. M-2022-030 of Central Bank of Philippines: Guidance Paper on the Conduct of Institutional risk (IRA);
- Guidelines: Revised Guidelines in the preparation of the anti-money laundering operating manual for SEC covered institutions.

Rules	Requirement
Identification of a Customer	
Revised Impl. Rules **Rule 9.A(1)b**	**For individual customers and authorized signatories of juridical entities, covered persons shall gather the following customer information:** a. Name of customer; b. Date and place of birth; c. Name of beneficial owner, if applicable; d. Name of beneficiary (in case of insurance contracts or remittance transactions); e. Present address; f. Permanent addresses; g. Contact number or information; h. Nationality; i. Specimen signatures or biometrics of the customer; j. Nature of work and name of employer or nature of self-employment/ business, if applicable; k. Sources of funds or property; and l. Tax Identification Number (TIN), Social Security System (SSS) number or Government Service Insurance System (GSIS) number, if applicable. Customers who engage in a transaction with a covered person for the first time shall be required to present the original and submit a clear copy of at least one (1) official identification document. Where the customer or authorized representative is a foreign national, covered persons shall require said foreign national to present a passport or Alien Certificate of Registration issued by the Bureau of Immigration. **For business entities, covered persons shall gather the following customer information, and shall obtain all of the following official documents:** a. Name of entity; b. Name of authorized signatory; c. Name of beneficial owner, if applicable; d. Official address; e. Contact number or information; f. Nature of business; and g. Specimen signatures or biometrics of the authorized signatory. **Identification documents:** i. Certificates of Registration issued by the Department of Trade and Industry (DTI) for sole proprietors, or Certificate of Incorporation issued by the Securities and Exchange Commission (SEC) for corporations and partnerships, and by the BSP for money changers/foreign exchange dealers and remittance agents; ii. Secondary License or Certificate of Authority issued by the Supervising Authority or other government agency; iii. Articles of Incorporation/Partnership; iv. Latest General Information Sheet; v. Corporate/Partners' Secretary Certificate citing the pertinent portion of the Board or Partners' Resolution authorizing the signatory to sign on behalf of the entity; and vi. For entities registered outside of the Philippines, similar documents and/or information duly authenticated by a senior officer of the covered person assigned in the country of registration; in the absence of said officer, the documents should be authenticated by the Philippine Consulate, company register or notary public, where said entities are registered.
Verification on Identity of Customer	
ARI No.03/2021 **Sec. 20.**	**DNFBPs shall implement the following standards of CDD:** a. Identify and verify the identity of a Client using reliable, independent source documents, data or information (Identification Document).
Act 9160/2001 **Rule 9**	Covered institutions shall establish and record the true identity of its clients based on official documents. They shall maintain a system of verifying the true identity of their clients and, in case of corporate clients, require a system of verifying their legal existence and organizational structure, as well as the authority and identification of all persons purporting to act on their behalf. Covered institutions shall establish appropriate systems and methods based on internationally compliant standards and adequate internal controls for verifying and recording the true and full identity of their customers.
Identification and Verification of a Representative and a Beneficial Owner	
Revised Impl. Rules **Rule 9.A(1)e**	**Identification and Verification of a Beneficial Owner, Trustee, Nominee, or Agent.** Where an account is opened or a transaction is conducted by any person in behalf of another, covered persons shall establish and record the true and full identity and existence of both the (1) account holder or transactor and the (2) beneficial owner or person on whose behalf the transaction is being conducted. The covered person shall determine the true nature of the parties' capacities and duties by obtaining a copy of the written document evidencing their relationship and applying the same standards for assessing the risk profile and determining the standard of due diligence to be applied to both.
ARI No.03/2021 **Sec. 20.**	**DNFBPs shall implement the following standards of CDD:** b. Verify that any **person purporting to act on behalf of the customer** is so authorized, and identify and verify the identity of that person;
ARI No.03/2021, **Sec. 20.a.**	Identify the beneficial owner and take reasonable measures to verify the identity of the beneficial owner, using the information or data obtained from a reliable source, such that identity of the **beneficial owners** is established;
Non face-to-face verification and authentication of copies of documents (online identification)	
GuidelinesSec. 4.B.4.	In accepting businesses from non-face-to-face customers, a covered institution should use adequate effective identification procedures as those available for face-to-face customer acceptance, supplemented with specific and adequate measures to mitigate the higher risk.
ARI No.03/2021 **Section 24.**	DNFBPs shall develop clear, written and graduated customer acceptance policies and procedures, including a set of criteria for customers that are likely to pose low, normal, or high risk to their operations. The criteria may include:c. the delivery channels, such as cloud-based, face-to-face or non-face-to-face, or cross-border movement of cash;
Memorandum **NO. M-2022-030** **Annex A**	Sample High Risk Indicators and Considerations **Possible indicators that may heighten risk for channels include:** i. Non-face-to-face contact during onboarding.
Memorandum **NO. M-2022-030** **Annex B**	**SAMPLE PARAMETERS FOR RISK CLASSIFICATION** **High level of risk:** • Most products/services are offered via electronic channels • Client on-boarding is mostly conducted by outsourcing parties or third parties or agents and/or via electronic channels without face-to-face contact/verification.
Information on the purpose and intended nature of business relations	
Revised Impl. Rules **Rule 9.A(1)b**	**For individual customers and authorized signatories of juridical entities, covered persons shall gather the following customer information:** j. Nature of work and name of employer or nature of self-employment/business, if applicable; **For business entities, covered persons shall gather the following customer information:** f. Nature of business;
ARI No.03/2021 **Sec 20d,e**	DNFBPs shall implement the following standards of CDD: Understand and, where relevant, obtain information on, the purpose and intended nature of the business relationship; and Conduct ongoing due diligence on the business relationship.
Ongoing monitoring	
Revised Impl. Rules **Rule 9.A(3)**	Covered persons shall, on the basis of materiality and risk, update all customer information and identification documents of existing customers required to be obtained under the AMLA, as amended, and this Rules. Covered persons shall establish a system that will enable them to understand the normal and reasonable account or business activity of customers to ensure that the customers' accounts and transactions are consistent with the covered person's knowledge of its customers, and the latter's commercial activities, risk profile, and source of funds.
ARI No.03/2021, **Section 20**	DNFBPs shall implement the following standards of CDD: c. Conduct ongoing due diligence on the business relationship
Sanctions screening. Adverse media	
ARI No.03/202 **Sec. 26**	A DNFBP shall make appropriate use of relevant findings issued by the AMLC concerning any named individuals, groups or entities that are the subject of money laundering or terrorist financing investigations or **included in sanctions lists** issued by international competent authorities.
ARI No.03/2021 **Sec. 18.**	The customer's risk classification shall, on risk-based approach, be informed by the customer's source of funds, occupation, residence or origin, status as PEPs, **adverse media exposure, appearance on government, international and industry watch lists**, the types of services, products, and transactions sought by the customer, and the presence of linked accounts. DNFBPs shall document the risk classification and level of CDD applied to each customer.
Memorandum **NO. M-2020-084** **Sec. II (c)**	**Onboarding Customer Due Diligence.** This refers to the consistent and appropriate conduct of customer/ ultimate beneficial owner identification and verification, sanctions screening, risk profiling, due diligence and other applicable preventive measures for customers/ transactions. **Compliance with Freeze Orders and Targeted Financial Sanctions (TFS).** This refers to the processes to effectively implement (i) freeze orders, bank inquiry, and asset preservation orders, and other similar directives/orders issued by the courts or the AMLC; and (ii) TFS to comply with relevant laws, rules and regulations. This involves an assessment of, among others, **the robustness of the sanctions screening tool, comprehensiveness of the sanctions list database (...)**, as well as the capability to immediately implement necessary actions required under the relevant laws, resolutions or designations.
Enhanced due diligence & politically exposed person	
Revised Impl. Rules **Rule 9-A**	Covered persons shall establish and record the true and full identity of PEPs, as well as their immediate family members and the entities related to them. **In case of domestic PEPs or persons who have been entrusted with a prominent function by an international organization, in addition to performing the applicable due diligence measures under Rule 9, covered persons shall:** a. Take reasonable measures to determine whether a customer or the beneficial owner is a PEP; and b. In cases when there is a higher risk business relationship, adopt measures under b to d below. **In relation to foreign PEPs, in addition to performing the applicable customer due diligence measures under Rule 9, covered persons shall:** a. Put in place risk management systems to determine whether a customer or the beneficial owner is a PEP; b. Obtain senior management approval before establishing (or continuing, for existing customers) such business relationships; c. Take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs; and d. Conduct enhanced ongoing monitoring on that relationship.
Record keeping / Data retention	
Act 9160/2001 **Rule 9**	All records of all transactions of covered institutions shall be maintained and safely stored for five (5) years from the dates of transactions. Said records and files shall contain the full and true identity of the owners or holders of the accounts involved in the covered transactions and all other customer identification documents. Covered institutions shall undertake the necessary adequate security measures to ensure the confidentiality of such file. Covered institutions shall prepare and maintain documentation, in accordance with the aforementioned client identification requirements, on their customer accounts, relationships and transactions such that any account, relationship or transaction can be so reconstructed as to enable the AMLC, and/or the courts to establish an audit trail for money laundering. All records of existing and new accounts and of new transactions shall be maintained and safely stored for five (5) years from October 17,2001 or from the dates of the accounts or transactions, whichever is later. With respect to closed accounts, the records on customer identification, account files and business correspondence shall be preserved and safely stored for at least five (5) years from the dates when they were closed.

Sumsub offers

User verification (KYC/AML)

Sumsub's KYC/AML compliance software brings together effective verification flows and higher conversion rates. It lets you tailor your flow to different customer groups through a wide selection of checks like ID verification, Liveness, Proof of Address verification and more. Plus, you can add AML monitoring to stay compliant with all regulatory requirements, anywhere.

Business verification (KYB)

Currently, Sumsub offers two types of KYB:

Full-cycle KYB

Sumsub's full-cycle verifies business counterparties faster and more effectively. The solution consolidates automated KYB checks, beneficiary KYC checks and manual review by certified KYB/AML experts.

Auto KYB

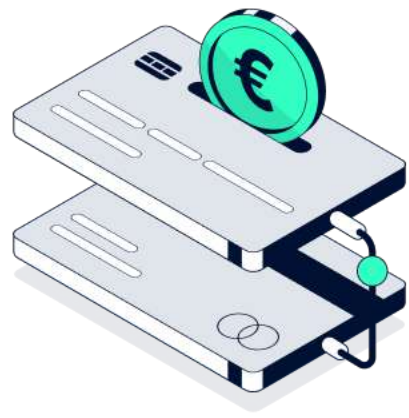
Taking just 3 minutes to perform, Sumsub's AutoKYB check references data on more than 200,000,000 companies and beneficiaries across registries spanning 220 countries/territories.

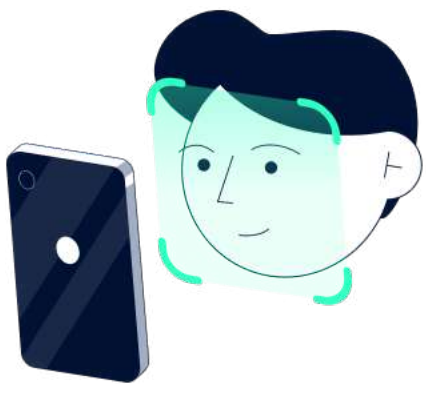
Travel Rule

Sumsub's comprehensive dashboard also has a Crypto Travel Rule solution under the hood. Meet FATF Recommendations for crypto with a fully compliant solution tailored to leading financial institutions and VASPs. Getting started is really easy! Reach out to us—we'll help you comply with the Travel Rule and cover all your verification and monitoring needs.

Transaction monitoring (KYT)

Sumsub's transaction monitoring system uses the most flexible risk management solution on the market to detect fraudulent transaction activity and protect your business from financial losses. Safeguard your revenue and accept more payments, all while staying AML-compliant.





Face authentication

Sumsub's Face Authentication takes just 4 seconds to complete and achieves 99% completion rates. It works everywhere in the world, even with a slow internet connection, and has been tested by iBeta in accordance with ISO/IEC 30107-3.

Video identification

Sumsub's Video Verification platform combines automation with flexible, agent-assisted video interviews. This results in a people-friendly flow that ensures compliance with AML regulations and keeps conversion rates high. Video Verification is a required compliance step in countries like Germany, Estonia, Switzerland and others.

Schedule a demo now

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