THOMSON REUTERS INDEPENDENT SURVEY SHOWS:

SOUTH AFRICA IS FEELING THE PAIN OF KYC

South African financial institutions scored higher than the global averages on the challenges they are facing in conducting know your customer (KYC) and customer due diligence (CDD) processes.

	South Africa	Global
Lack of people resources	45%	36%
Lack of time available	45%	33%
Volume of regulatory change	43%	34%
Lack of effective technology	34%	21%
Lack of knowledge of evolving regulation	30%	22%
Lack of ability to access good quality customer identity data	20%	17%

South African financial institutions spend an average of **US $30 million** on KYC processes each year and **13%** spend more than **US $50 million**.

Over the past 12 months, the budgets required to complete KYC processes have escalated.

The increase in cost to onboard a new client:

18% 

The increase in the cost to perform client due diligence:

17% 

Corporate clients are beginning to have negative KYC experiences as the result of the increasing demands made by financial institutions. Corporates say their top complaints are:

Different banks ask for different documents and information – no common standard in place:

49% 

Concerns about security around who was viewing my personal documents:

34% 

Delays and paperwork cost time, money and resources:

30% 

In the next 12 months, the budgets required for KYC and client onboarding will continue to rise.

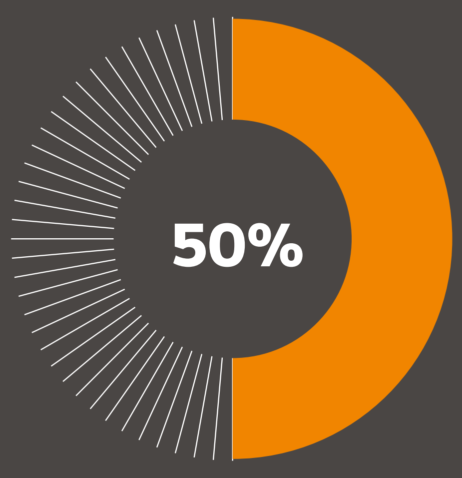
The increase in the cost to onboard:

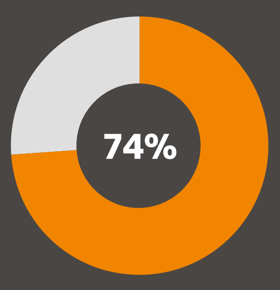
17% 

The increase in the cost to perform due diligence:

14% 

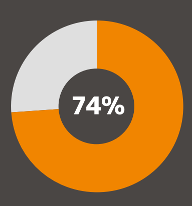
50% of corporate clients have spent more, or significantly more time and attention providing KYC documentation over the past 12 months.



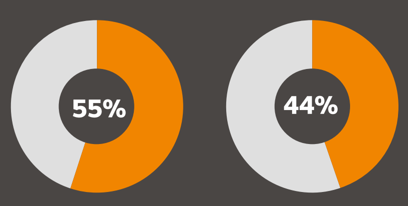


All this pain is driven by regulatory change. **74% of financial institutions** have seen an increase in the level of engagement by regulators around client due diligence and KYC over the past 12 months compared with 52% globally.

The regulators have the attention of FIs. **74%** reported increased time and attention spent by senior management and the board of directors on KYC over the past 12 months.



Financial institutions that report making changes to their CDD and KYC processes as a result of regulatory rule changes prompted by the 2012 FATF Recommendations **55%** compared with **44%** globally.



As a result, South African FIs believe regulatory-driven issues are "extremely influential", when they are considering changes to their KYC processes.

Influential factors in exploring changes to current KYC/CDD processes	**South Africa**	**Global**
Financial penalties	59%	35%
Change in regulation/ legislation	52%	37%
Restrictions on business activity or operations	48%	29%
Poor client experience	48%	29%
Loss of investor confidence	47%	30%
Loss of revenue through inability to on-board/length of onboarding	47%	29%
Damaged reputation	44%	32%