

Due Diligence Service

What is “Due Diligence”

“Due diligence” is, in essence, financial jargon and simply means thorough fact-finding and data gathering, often followed by detailed analysis on an individual or company.

Due diligence is a means of critical analysis that companies undertake prior to making business decisions in areas such as corporate mergers and acquisitions or major product purchases and company sales. Ultimately, the due diligence process is an attempt to provide business owners and managers with reliable and complete background information on individuals or legal entities in order to determine the level of risk involved surrounding the third party should they go into business together.

Customer Due Diligence (CDD) is a far more holistic concept than basic client identification measures, and encompasses a wider range of information and processes, which need to be gathered, verified and assessed throughout a client relationship.

More particularly, CDD generally comprises of the processing of information on the following aspects of a client relationship:

- The organisational structure of a legal entity and its underlying Beneficial Ownership;
- The customer Identification and verification of identity. Relevant information regarding the subject’s family members and civil status;
- The geographical locations of the subject’s residence assets and business interests;
- The nature of the subject’s business interests/occupation. The subject’s career history and professional background, including corporate positions and shareholdings;
- The commercial rationale for the relationship between the subject person and the organisation;
- The historical pattern of the subject’s relationship activity with the business, and whether it has been consistent with what was expected at the outset of the relationship;
- The current or proposed activity consistent with the subject’s profile and commercial objectives;
- Any negative or detrimental material regarding the customer and the customer’s business interests;
- Whether the subject should be viewed as a politically exposed person (PEP) and/or a close family member or associate of a PEP;
- Checking for any links between the subject and organised crime, money laundering, corruption, business crime and/or any other type of criminal activity;
- Sanctions risks.

There are numerous reasons for carrying out enhanced due diligence (EDD) checks on higher risk clients EDD is required in order to identify any potential risk factors or detect any money laundering (ML) related issues which include:

- Criminal activities;
- Allegations;
- Corruption;
- No legitimate source of funds;
- PEPs;
- Controversial activities;
- Sanctions.

“Know Your Customer”

The “Know Your Customer” (KYC) policy forms a large part of the due diligence process, forming an important step to globally prevent identity theft, financial fraud, money laundering and terrorist financing. The process of KYC entails identifying the customer and verifying their identity by using reliable and independent documents or information.

Our Internal Software

We are working with a global software that meets the client’s needs with regards to Anti-Money Laundering obligations. Our screening includes data from media searches, name check and site visits. According to the information and documents supplied, a number of checks are run against the individual or legal entity. For example, A “Name Check” provides an instant report against official sanctions, Interpol watch-list and PEP lists. Documents and information required to perform these checks differ depending on whether the check is being performed on an individual or a legal entity:

Individual	<ul style="list-style-type: none"> • Copy of passport; • Copy of proof of address document.
Legal entity	<ul style="list-style-type: none"> • The full name of the entity; • Registration number; • Registered address.

The more information that has been provided, the more enhanced check and result can be produced.

Our reports present clear, accurate and confidential findings which enable our clients to make informed business decisions and to fulfill their AML obligations. Our due diligence process helps us understand who we are doing business with and assess whether there are any risks of bribery, corruption or criminal activities associated with that party.

There are two stages to benefiting from CDD information. The first is to obtain it and use it to decide whether to acquire a prospective client; the second, which is what is usually referred to as CDD, is to use the information actively to facilitate the effective monitoring of client relationships for unusual and potentially suspicious activity.

We can also help with ongoing KYC enhanced due diligence monitoring throughout your business relationship with higher risk individuals. We can provide regular, updated intelligence reports to ensure that the activities of these individuals are commensurate and consistent with your knowledge of the individual and their business profile.

Benefits of Performing Due Diligence Checks

Risks are significantly lowered when a due diligence check is performed:

- Can identify if the individual is genuinely who they claim to be;
- Flags if the individual or entity has been accused of money laundering, crime or illegal activity;
- Can save companies from making costly mistakes that may have profound consequences for the firm's other operational areas and/or its corporate reputation;
- Better evaluates risks associated with the business.

Our due diligence investigation methods are discreet and confidential.

For more information on how Zeta can assist you please contact our Business Development department on bd@zeta-financial.com.

Get in touch

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