

How Perpetual KYC Is Changing the Game

In the fight against money laundering and fraud, know your customer (KYC) is a vital weapon—and it's one that's about to be made a lot more powerful.

The next evolution of KYC is here. Perpetual KYC (pKYC) promises seamless customer ID verification that minimizes inconvenience while maximizing the highest standards of security.



How KYC Has Changed ... and Keeps Changing



Before

KYC's origins date back to a laborious pre-internet world involving plenty of paperwork and manual screening. These KYC efforts were limited by the technology and resources available at the time. For most of the last 20 years, those restrictions have continued to shape how KYC is performed.



After

Fast forward to today, and the regulatory landscape has been completely transformed. Modern KYC requires truly knowing your customer, whether they're an individual or a corporate entity. pKYC is a new way of thinking about KYC that better matches this reality.



\$2.22B

global spending projection for AML/KYC data services in 2023¹

\$8B-\$2T

annual global economy money laundering costs²

Perpetual KYC (pKYC) is a real-time, continuous process that uses AI and machine learning to keep customer information constantly updated and accurate. It reduces risks and improves compliance by eliminating the need for manual, periodic checks.



Periodic KYC

Traditional periodic KYC involves scrutinizing customer details during onboarding. Then re-checking periodically, depending on the customer's risk profile.

- Customer information can become outdated between reviews. If a customer's situation changes, the traditional KYC process won't catch it until the next review.
- Financial crimes can go undetected for years and create reputational damage and hefty regulatory fines.
- Manual processes are slow and resource-heavy.



Perpetual KYC

By leveraging AI and machine learning technologies, perpetual KYC continuously updates customer information in real time.

- Significantly reduces the risk of inaccuracies and enhances a financial institution's ability to detect—and prevent—financial crimes.
- Helps financial institutions stay ahead in the ever-evolving regulatory landscape.
- Meets compliance requirements more effectively and offers a seamless process for customers.

Traditional KYC

Perpetual KYC



Frequency of checks

Periodic and static

A fixed schedule for customer reviews and updates. Comprehensive reviews at predefined intervals, e.g., annually, depending on level of risk.

Dynamic and ongoing

An ongoing customer-centric process that responds in real time to specific events or changes in a customer's profile.



The workload

Manual

Large teams manually processing huge amounts of physical documentation and checking against existing records.

Automated

AI-powered technology using machine learning that continuously monitors and updates customer information in real time.



Approach to risk

Reactive

Periodic KYC checks can only be reactive, potentially only triggering warnings months or years after an event.

Proactive

Minimal risk exposure, because the ongoing process will instantly detect and alert as to any actions.



How good is the data?

Could be years old

In between reviews, customer information might become inaccurate until the next review, which could be years away.

Has to be up-to-date

Frequency and timing of customer information updates happen in real time, so data is always accurate.



What are the risk triggers?

Non-existent

A static review schedule determined by the risk profile, that doesn't respond to triggers.

Pre-defined

Triggered by predefined events, such as beneficial ownership changes or other events that may impact the customer's risk profile.

Key pKYC Benefits

- Reduces manual workload and human errors
- Reduces risk exposure
- Improves customer experience
- Streamlines onboarding
- Reduces cost for KYC remediation



To find out more about pKYC and the impact of AI technology on financial crime, download our whitepaper.

[Download](#)

¹Anti-Money Laundering/Know-Your Customer Data & Services Global Market Share 2023, Burton-Taylor International Consulting, September 2023.

²"Money Laundering," Europol.