



*European Association of Co-operative Banks
Groupement Européen des Banques Coopératives
Europäische Vereinigung der Genossenschaftsbanken*

EACB answer to the consultative document titled "General guide to account opening" of the Basel Committee on Banking Supervision

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The **European Association of Co-operative Banks** (EACB) is the voice of the co-operative banks in Europe. It represents, promotes and defends the common interests of its 31 member institutions and of co-operative banks in general. Co-operative banks form decentralised networks which are subject to banking as well as co-operative legislation. Democracy, transparency and proximity are the three key characteristics of the co-operative banks' business model. With 4,200 locally operating banks and 68,000 outlets co-operative banks are widely represented throughout the enlarged European Union, playing a major role in the financial and economic system. They have a long tradition in serving 205 million customers, mainly consumers, retailers and communities. The co-operative banks in Europe represent 78 million members and 860,000 employees and have a total average market share of about 20%.

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The voice of 4,200 local and retail banks, 78 million members, 205 million customers

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The EACB welcomes the opportunity to participate in the public consultation on the document "*General guide to account opening*" of July 2015 which is a revised version of the "General guide to account opening and customer identification" first published in 2003. We have taken the liberty to state our views in the following:

- In the context of the current implementation of the 4th Anti-Money Laundering Directive at European Union level, we recommend the Basel Committee on Banking Supervision to consider the upcoming initiatives of the European Supervisory Authorities before adopting the final version of the "General guide to account opening" with a view to ensure an appropriate level of alignment between different standards and guides. Furthermore, the EACB observes an ever lasting trend towards the digitalization of the communication channels between banks and their clients which will require a flexible interpretation of this Guide.
- In our opinion the consultative document appears to duly reflect the revised standards of the Financial Action Task Force (FATF) as well as the practices prevalent in the banking industry. However, some of the recommendations seem to go beyond the scope of the currently applicable requirements.
- As an example reference is made to paragraph 14 which requires banks to obtain information concerning income and occupation of the customer or any public positions held with a view to developing an initial customer risk profile. Even if the corresponding footnote no. 4 states that not all this information may be required in lower-risk situations the classification of the "income" of a customer in the left hand column of the table (see page 4) under "key attributes" suggests that "income" constitutes an indispensable piece of information. We, therefore, suggest to include information concerning income, occupation and any public positions held in the right hand column of the aforementioned table, since such information in our opinion should be obtained with a clearly focused risk-based perspective.
- Paragraph 15 recommends banks to record the e-mail address and landline or mobile telephone numbers of the customer in order to deal with the corresponding risks. Against the background of frequent changes in phone numbers and not verifiable e-mail addresses in our times we believe that such information is hardly adequate to counter the risks mentioned above.
- Furthermore, paragraph 15 (a) concerning verification of the identity of natural persons recommends the confirmation of the permanent address on the basis of official documents. However, the case in which verification of the permanent address is carried out on the basis of an official passport is not included in list. Nevertheless the veracity of a customer's address is ensured by the mailing of bank documents or banking cards. Therefore, in our opinion obtaining additional documents as stated in paragraph 15 (a) should be required only in high risk situations (see paragraph 15 (b), first bullet point).
- Paragraph 22 mentions the "official identification number" (i. e. company registration number or the tax identification number) as a piece of information to be obtained for identification purposes. However, in practice legal persons do not necessarily possess such an identification number. The requirement should be modified so as to include as an addendum the words "where available".



- Finally we would like to point out that – contrary to what is suggested in paragraph 36 – the general provisions concerning clarification/identification of beneficial owners are also applicable and equally important in case of cooperatives as is the issue of exercising control or significant influence over the organization’s assets.

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The EACB trusts that its comments will be taken into account.

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