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Draft guidance note 14/02 – use of Document Verification Service for customer identification and verification

In our submission to AUSTRAC, ASFA outlined its support for the purpose of draft guidance note 14/02 in terms of assisting reporting entities in understanding how the Document Verification Service (DVS) can be used to identify and verify individual customer and beneficial owner identities under the AML/CTF Act.

ASFA is broadly comfortable with the contents of the draft guidance note on the basis that it provides readers with a thorough description of the DVS matching process, in particular the *Information Match Request* that reporting entities would lodge as part of their 'checking processes' as well as details of the *Information Match Result* generated by the DVS matching process.

The guidance note rightly clarifies that the DVS is not considered to be a 'single data source' but, rather, acts as a conduit for accessing multiple data sources (i.e. the databases of the various government entities which issue the relevant identity documents). This means that, where a reporting entity is required to verify a piece of information relating to an individual from 2 separate electronic data sources, it does not have to use the DVS and another data source.

ASFA is also supportive of the fact that the guidance note clearly articulates both the benefits and the limitations of the DVS. ASFA considers that such information will be useful to reporting entities in deciding whether or not to use the DVS.

A service like the DVS would likely be useful, in the superannuation context, where there is uncertainty as to the validity of the verifying document (eg. the trustee thinks the passport supplied is a fake), or the member is in a high-risk category and the trustee extends its KYC activities to include verifying (i.e. formally checking) the underlying identity document itself.

However, ASFA considers that the DVS would be of limited use in the majority of the day-to-day low-risk Know-Your-Customer (KYC) actions that trustees of superannuation funds undertake. This is because of the long-term nature of superannuation where monies are subject to 'preservation' and required to be retained in the system until a 'condition of release' of the benefit is met. As a result, it is likely that most superannuation funds have classified a substantial proportion of their members as low risk for AML/CTF purposes, and so are only undertaking basic KYC activities.

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