



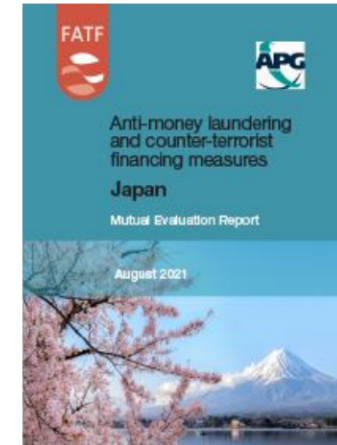
KYC – Know Your Customer

August 2023





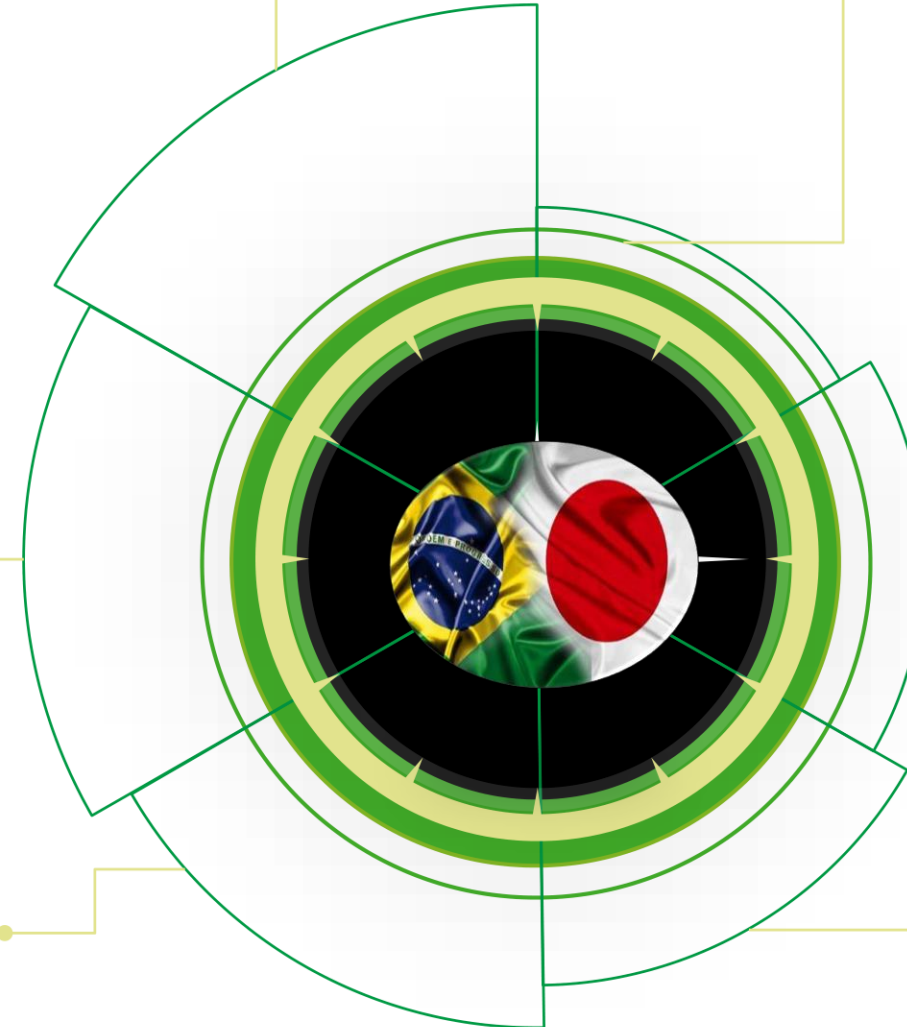
2022
Japan will remain in enhanced follow up
2023
Brazil's 4th round on-site visit



2021
Japan 4th round of mutual evaluation

Japan exited from the targeted follow-up process
Between 2016 and 2019, the FATF issued a number of statements conveying deep concerns about Brazil's continued failure to remedy the serious deficiencies

2016



2008
Japan's first mutual evaluation by FATF



2010
Japan was placed under the regular follow-up
Brazil's first mutual evaluation by FATF



2014
Japan was placed under targeted follow-up process



Following the recommendations of FATF, Japan was urged to improve procedures to **identify persons who have substantial control of Japanese companies** to bring the country up to international standards. In April 2019, the FSA revised the AML/CFT guidelines it had established in February 2018.



The Amendments only **apply to three types of corporate entities** in Japan:

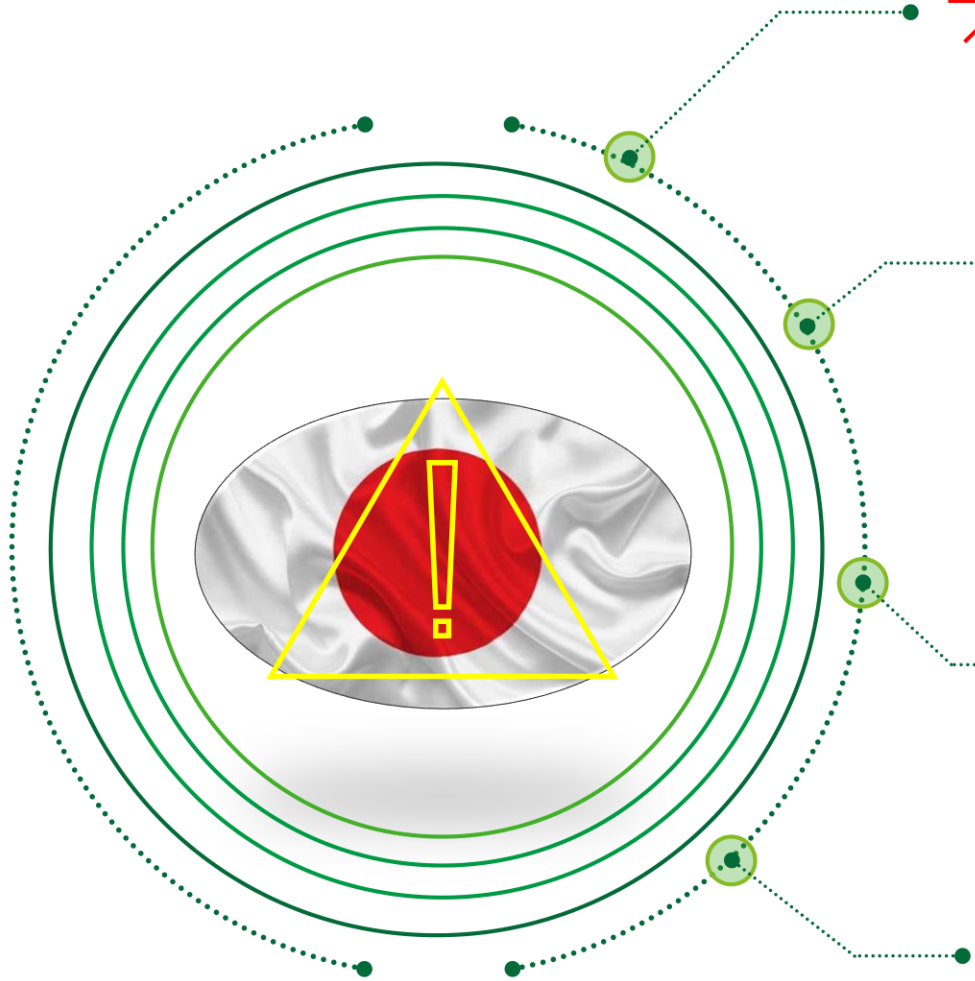
- (i) a company;
- (ii) a general incorporated association (*ippan shadan hojin*); and
- (iii) a general incorporated foundation (*ippan zaidan hojin*). Thus, identification of the Beneficial Owner is not required when establishing a Japanese limited liability company (*godo kaisha*), or the branch of a foreign company.



According to a survey of Japanese financial institutions conducted by The International RegTech Association, **KYC and AML are some of the fields in which financial institutions expect to be able to improve their business efficiency by introducing technology.**



Japan has been taking effective measures to combat financial crime for years. But, despite all these measures, **Japan still faces risks of money laundering, terrorist financing, corruption, and fraud.** The principal sources of laundered funds are narcotics trafficking, illicit gambling, loan-sharking, extortion, abuse of legitimate corporate activities, internet fraud schemes, and all types of property-related crimes, which are often linked to Japan's organized criminal organizations.





Brazil has not yet been assessed in the fourth round of mutual evaluations. Due to the COVID-19 pandemic and the pause in the FATF's assessment process, the **mutual evaluation of Brazil has been postponed to 2023.**



In 2016 FATF, released a statement conveying its deep concerns about Brazil's continued failure to remedy **the serious deficiencies, especially those related to terrorism and terrorist financing.** The FATF has repeatedly called for action to address those deficiencies in June 2016, October 2016, February 2017, June 2017, November 2017 and June 2018.

In 2019, Brazil finally published Decree no.9.825 addressing the remaining shortcomings for identifying and freezing terrorist assets



The Amendments due to FATF's MER to Brazilian regulation in 2012 added the following practices:

- (i) **FIs must identify, qualify and classify its customers (KYC Program);**
- (ii) **Wider Politcally Exposed Person concept;**
- (iii) **UBO identification standards; and,**
- (iv) **Inclusion of KYE, KYP and KYS**

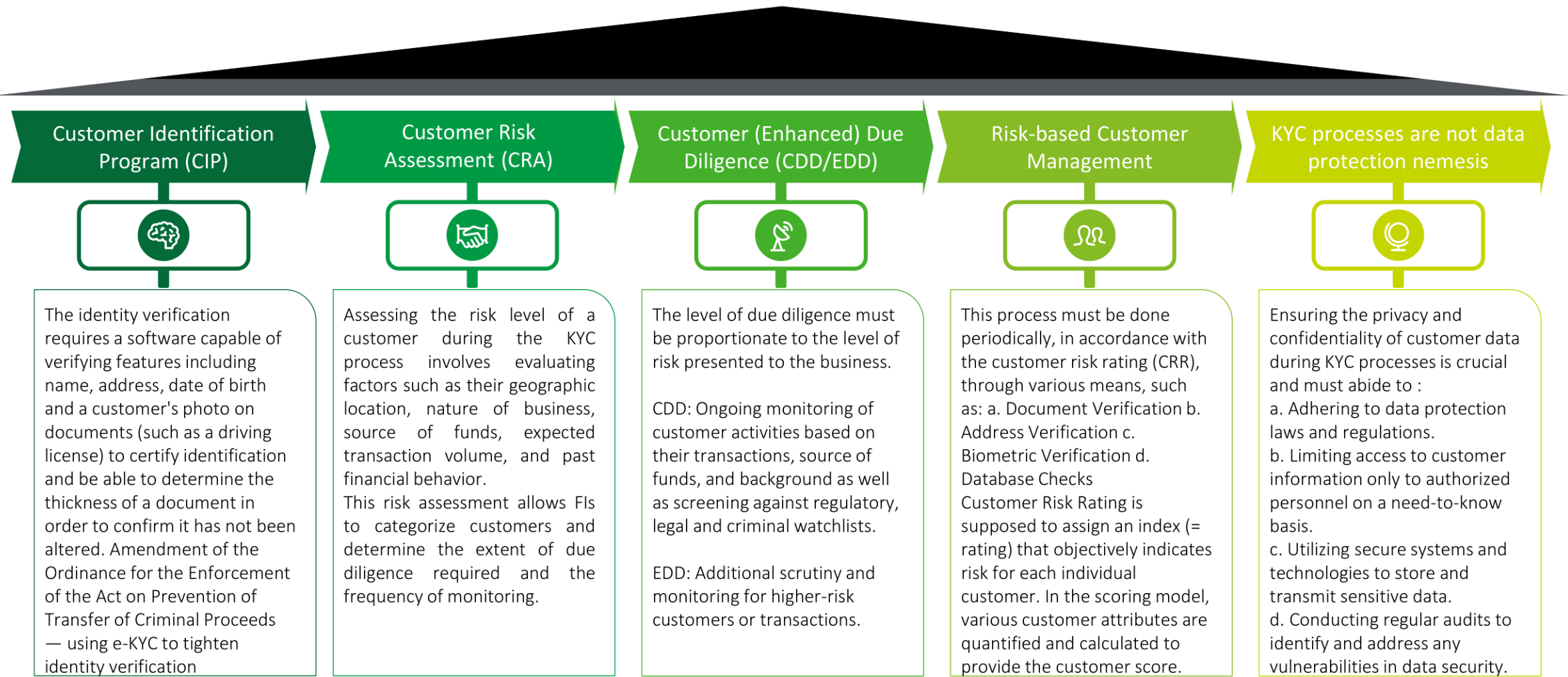


According to a survey conducted by CAF, Brazil has some of **the most sophisticated types of fraud**, which is driven by its high innovation, digital savvy population and fraudsters' access to technological tools.

Therefore, some of the most common types of fraud are spoofing and document forgery. **Brasil bore R\$ 587.508.000 in losses due to fraud in 2022**

KYC is a legal requirement for financial institutions.

Some may mistakenly think KYC is as simple as collecting someone's passport. But in order to run an effective and compliant KYC program, you must establish KYC policies and procedures addressing the following topics:





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QUESTIONS?

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