



Going Global – Know your Customer

Speakers

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The basis of any international credit transaction is

Know your Customer(KYC)



The credit department needs to answer the who, how, where and what of the customer being supplied.





Know your Customer(KYC)

- Who owns the company?
- Where are your goods going to?(Sanctions embargoed countries?)
- Where are the payments coming from?
- What products/services/intellectual property are you providing?
- Know your Banking Partner!**

**Transportation
company**



Customer



Invoice address



The payment



Company owner



Warehouse

**Who takes responsibility for overall decision?
Who is accountable?**





End User – Agents/Distributors - More in-depth reviews required

End User Risk? Who are they selling to? Where are they selling into? Is End User certificates required?



KYC: Possible Red Flags

Customer is evasive or unclear

Someone acting as an “agent”

Dual use of product e.g

A) Products ordered don't fit the line of business or B) Product incompatible with destination

Customer unfamiliar with product use

Declines routine services (training, maintenance)

Willing to pay cash when terms would be the norm

Abnormal shipping route

Freight forwarder is final destination

Will not supply final destination

Who is paying you?

Are you aware of Money Laundering Regulations?

Foreign Corrupt Practices Act?





Customer screening

Who is the decision maker if there is a “hit”?

Screening helps to avoid delays further down the line



Why is Credit involved in compliance?



Compliance is part of corporate governance. It acts as a roadmap to help officers and company employees to recognise and understand the legal requirements of conducting business



“The clear message for the successful global company is that with power comes responsibility and the privilege of access to the global market brings with it the responsibility to assume high standards of ethical business conduct”.

http://ir.baesystems.com/investors/storage/woolf_report_2008.pdf

The Woolf Committee Report, “Ethical Business Conduct in BAE Systems plc – the way forward”, May 2008

Source: CMS legal “Anti bribery and Corruption laws - An international Report -August 2011

All companies are subject to anti-corruption laws of other nations

- U.S registered companies are subject to U.S Foreign Corrupt Practices Act (FCPA) and UK Bribery act along with many others, including **EU regulations, OFAC** etc
- Companies must also address issues such as , Customs/Export regulations/Anti-boycott and others, including “**Denied Parties**” **embargoed countries**, etc

Non Compliance fines are heavy!

- Credit Suisse pays **\$536m** fine over Iran sanctions
- HSBC fined **\$2bn** for failing to stop criminals using its banking systems to launder money (Source: BBC News December 2012)
- Standard Chartered fined **\$100m (£62m)** by Federal Reserve and **\$227m (£141m)** by Department of Justice (Source; BBC News December 2012)

A corporate compliance policy no longer viewed as a barrier to trade. It is now an essential tool in global trade

Ignorance is not a mitigating circumstance!



STANDARDS & CONTROLS, TRAINING & COMMUNICATION MONITORING, AUDITING & RESPONSE

- Internal Controls
 - Accurate Bookkeeping & Records
 - Accounting Standards
- Education & Training
 - In Person
 - Online Training
 - Directors/Officers & Employees Certified
- Reporting Mechanism
 - Red Flags Identified
 - Whistleblowing
 - External Support





Gain a competitive edge!



Consider how much your company will gain as a result of knowing the KYC's of credit, coupled with a sound Compliance & Ethics policy

Train and grow all employees of the company in matters of Compliance & Ethics – they represent the corporate brand and everyone should aim to promote best practices



GOINGLOBAL

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Going Global Webinar Series – 2016

April

14th, Financial Information to Assist International Credit Decisions

28th, – Assessing International Risk

May

12th, Protecting Your International A/R Portfolio with Trade Credit Insurance

26th, *Commercial LCs*

June

Live Sessions at NACM Credit Congress Include:

25020 – International Credit Policy – Monday, June 13th

25030 – Credit Investigations and Getting to Know Your Customer – Monday, June 13th

25080 – Role of Financial Information in Global Credit Decision Making – Wednesday, June 15th