

Global LEI System and LEI's benefits in AML/KYC processes

Open Ownership Tech Showcase Webinar #2

October 1st, 2020

Burcu Montesoglu Tuncer, Business Relations and Policy Research Manager, GLEIF
Xue Tan, Business Relations Manager Team Lead, GLEIF



Who is Global Legal Entity Identifier Foundation?



Visibility. Stability. Integrity.

- **GLEIF is a not-for-profit Swiss foundation, founded by the Financial Stability Board (FSB).**
- **GLEIF is overseen by 71 regulators and 19 observers in the Regulatory Oversight Committee (LEI ROC) from 50 countries.**
- **GLEIF Board has 18 independent directors.**

GLEIF in Numbers

Issued LEIs at end August 2020

Almost 1,700,000

GLEIF in Numbers

Partners for LEI issuing (LOUs)

36, and growing



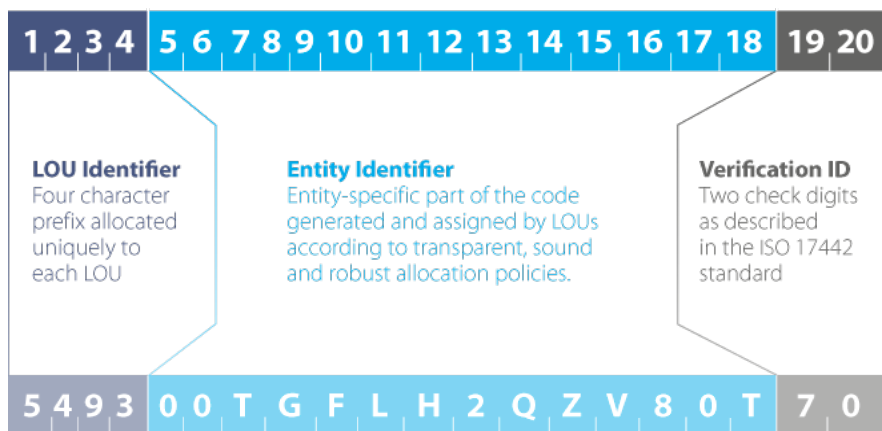
What is an LEI?

20-digit, alpha-numeric code based on the ISO 17442 standard

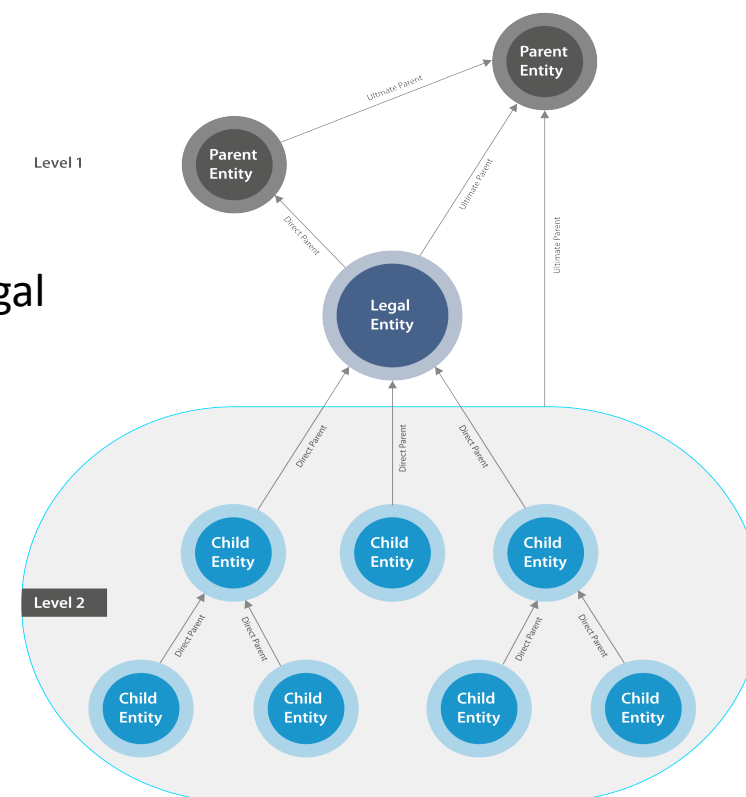


LEI is the linchpin that connects the dots across the universe of entity identification in the digital age

- **Level 1:** Connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions
- **Level 2:** Allows the identification of direct and ultimate parents of a legal entity.

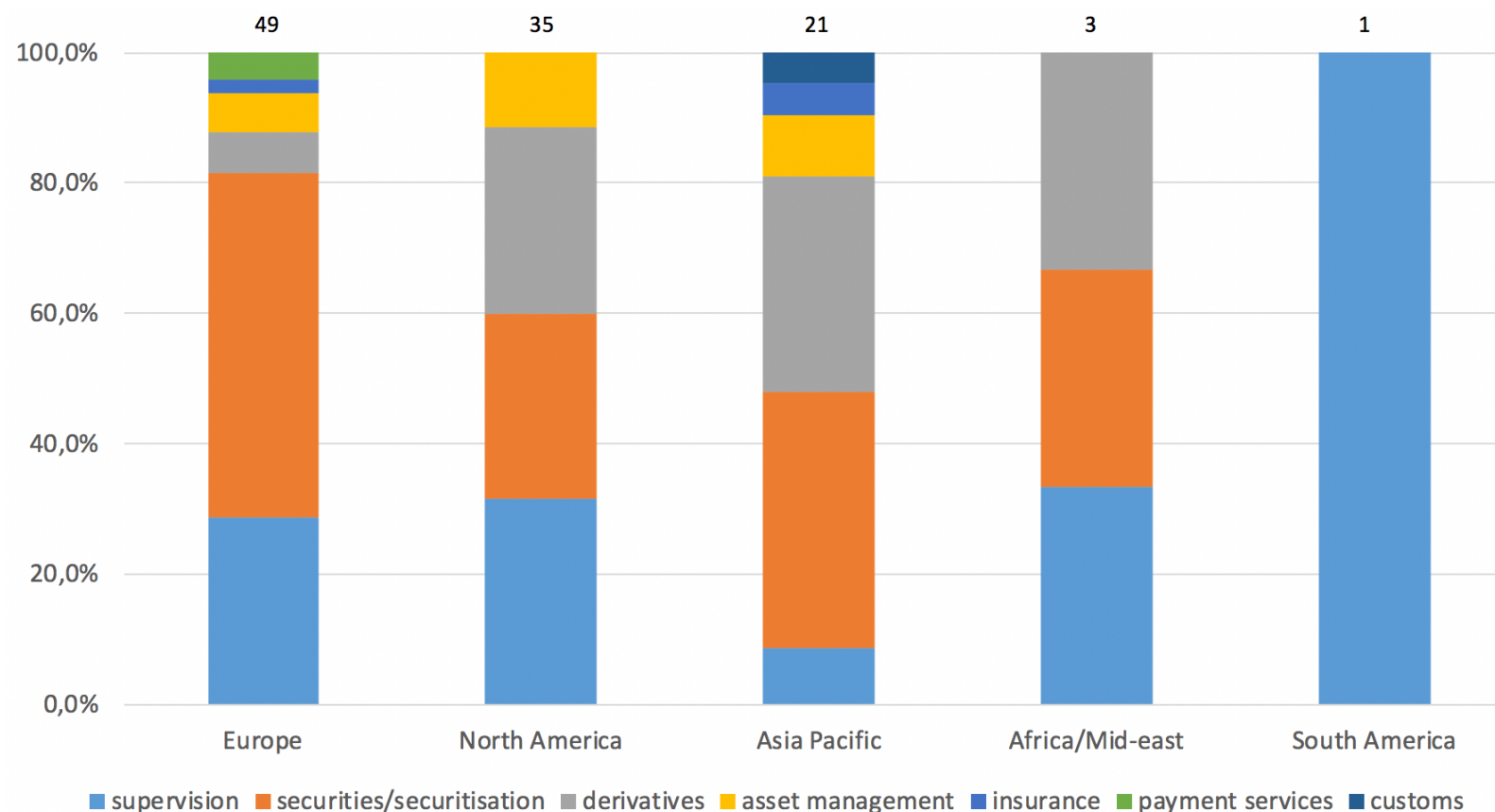


Example: ABB Sécheron S.A., Switzerland



Regulatory overview of the LEI across jurisdictions

116 LEI mandate, 16 recommendations by international organizations



LEI's fundamental role in AML/CFT

Create a collaborative ecosystem based on transactional trust

- Client identification increases the AML/CTF costs:
On average a financial institution uses **4** different identifiers to onboard a legal entity.
- The LEI can help to overcome the information asymmetry* and streamline client onboarding.
- The LEI can support respondent banks' CDD processes and overall capacity for AML/CFT.
- The LEI can facilitate information sharing between respondent, correspondent banks and FIUs.
- Use the LEI Repository as the first foundational step for AML checks.
- The more the LEI, the more the benefits for the whole financial ecosystem.

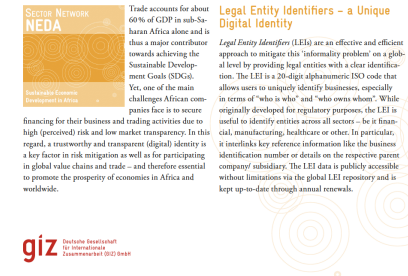
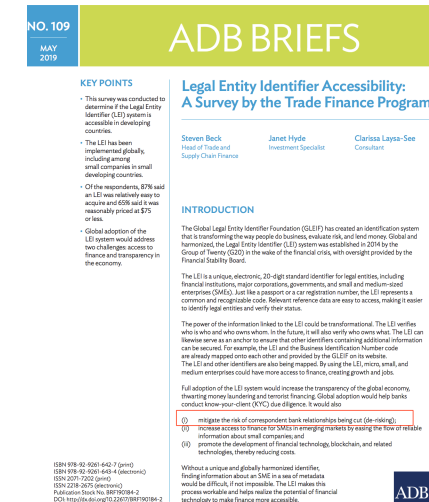
**In some developing countries 50% of the economic activity is done by unregistered businesses who lack transparency and identity and as a result remain cut off from important services such as payments and supply chains.*



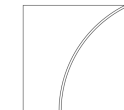
More Transparency for Better Business – the Potential of Legal Entity Identifiers for African Economies

Key Insights

- Legal Entity Identifiers (LEIs) are used to uniquely identify legal parties that participate in financial transactions, thereby helping to create greater transparency in the marketplace.
- A survey was conducted in African countries between April and June 2020 to gain insights into the accessibility and potential benefits of LEIs for African markets.
- The survey shows LEIs are attractive for companies of all sizes and types in the region.
- So far, LEIs are more subscribed by financial institutions than non-financial companies in Africa.
- 75 % of the respondents find the LEI cost reasonable.
- 60 % of applications for obtaining LEIs are processed within one week or less.
- LEIs carry potential to improve the local investment climate.



Committee on Payments and Market Infrastructures



Enhancing cross-border payments: building blocks of a global roadmap

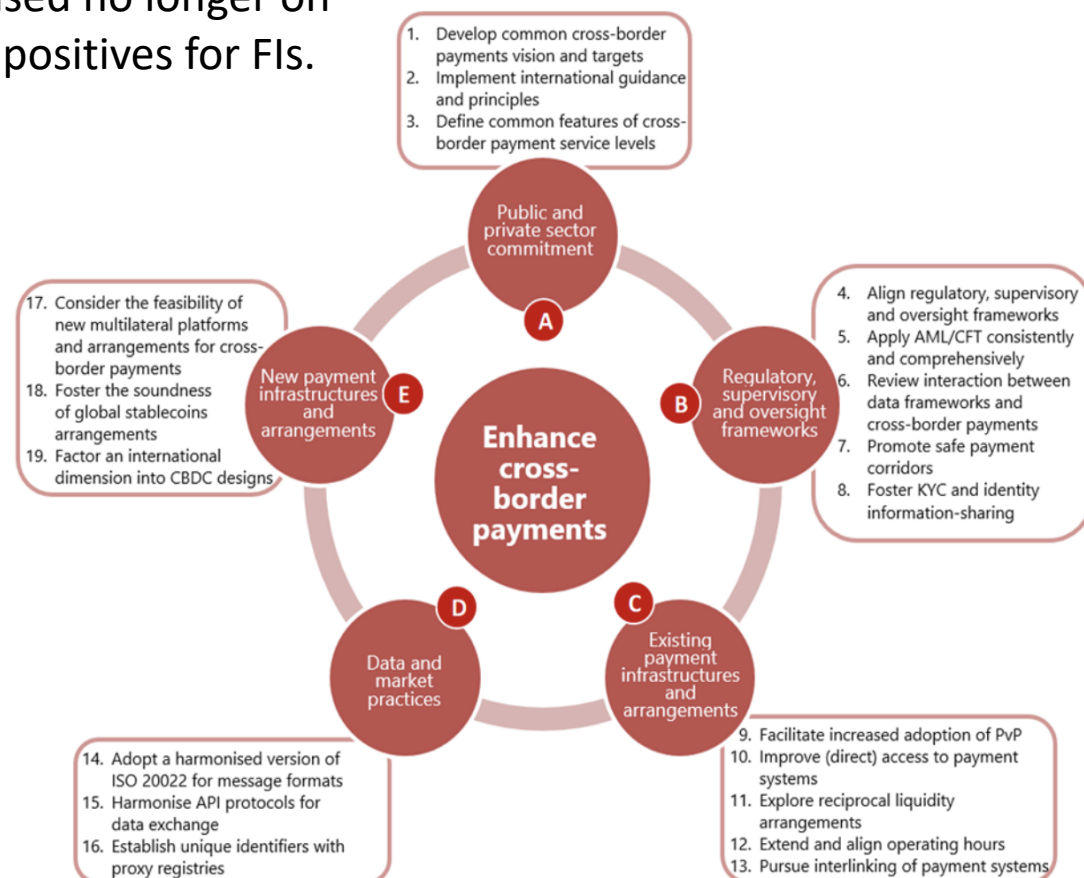
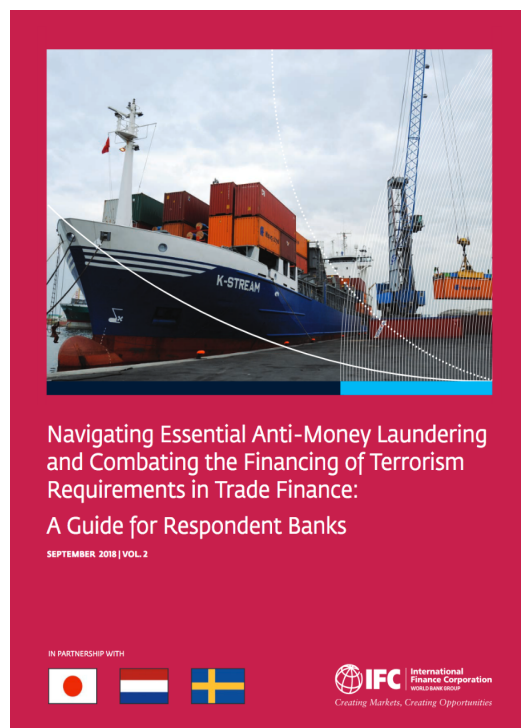
Stage 2 report to the G20 – technical background report

July 2020



Recent international support for the LEI to be used in AML/CFT

- LEI ensures precision for “who is who” and “who owns whom”.
- Support names in non-Latin languages.
- Makes automation efficient and effective. Search is based no longer on names, but on the LEI, a unique identifier -> less false positives for FIs.



Limitations



This presentation contains confidential and proprietary information and/or trade secrets of the Global Legal Entity Identifier Foundation (GLEIF) and/or its affiliates, and is not to be published, reproduced, copied, or disclosed without the express written consent of Global Legal Entity Identifier Foundation.

Global Legal Entity Identifier Foundation, the Global Legal Entity Identifier Foundation logo are service marks of Global Legal Entity Identifier Foundation.

