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“Moving money around the world? That’s fine but who are you?”

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It seems that it is impossible to move these days without someone wanting a proof of ID. If you want a credit card or to open a bank account or book a flight or even to open a facility with your local video shop; all of these actions will be met with a request for proof that you are who you say you are and you live at the address that you claim is your home.

It's enough to make anyone paranoid and almost everybody feels a twinge of nervousness when someone in authority questions them but we have all just about come to accept the annoyance and hassle with a resignation that comes from having been through the drill enough times for it to be routine. In fact the only time I have ever known anyone to be happy to have their ID checked is when my daughter went to the bar to buy alcohol on her 18th birthday and was asked for her ID. She could barely contain her delight as she scabbled in her purse and produced her drivers licence and she grinned all the way back to our table to recount the story verbatim.

These odd moments aside and despite the hassle and delay, it is important to remember that when you are standing at the counter while the guy behind the desk photocopies your passport, this extra bureaucracy also drives him and his company to distraction. They are merely complying with rules and regulations designed to protect them from being inadvertently caught up in illegal activity.

The problem is that the police, customs and other regulatory authorities demand increasing levels of proof of identity; forcing those who deal with members of the public to become ever more vigilant.

When it comes to moving funds around the globe, even more concerns are raised by the authorities because the incidence of money laundering is surprisingly common.

Until 1989, money laundering was generally thought of as the act of disguising the proceeds of crime to provide them with a clean trail and removing their association with the criminals. To most people, the mention of money laundering is met with a knowing look and a comment that alludes to the drug trafficking world. That is not surprising considering the huge sums of hard cash that were derived from the drugs business and exchanged for other currencies before being transmitted around the globe to hide their origin. Naturally, most governments had an interest in clamping down on the movement of these sums in order to restrict the activities of the drug smugglers.

The definitions changed in 1989 when the anti-money laundering regulations broadened their focus to include the funding of terrorist activity and at this point, the proof of ID demands increased considerably. The term 'Know Your Client' was always a sales phrase designed to ensure salesmen understood the needs and desires of their customers but after 1989, 'KYC' became the focal point of the financial services industries around the globe. Knowing your client has now taken on a new meaning and it is literally the act of knowing before any transaction can take place that a client is in fact the person they purport to be. This means that everyone has to be screened to ensure they are *bona fide* and not involved in illegal activity.

The currency market is an obvious place for the authorities to focus on. Changing the nature and name of the funds you want to hide is simplest if the money is moved to another country or even changes continents and is converted into another currency. Understandably, the foreign exchange industry is very well drilled in anti-money laundering procedures and every company involved in the exchange and transmission of funds is required to work very closely with the relevant authorities.

So when you want to establish an arrangement with a currency dealer to exchange your funds into another currency and transmit them to another country, as odd as it sounds, you should actually welcome the fact



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that your identity is being verified. As well as agreeing to the terms and conditions of the chosen currency company, you will have to provide two forms of ID that prove your name and link you to your home address. This link is the reason that utility bills are preferred to mobile phone bills.

This identity verification is done as much for your protection as it is for the protection of the company you have chosen to do business with. It may be a hassle but is certainly worth a few minutes of your time to make sure your funds are not at risk and that you are doing business with a reputable dealer. The failure by any currency company to collect correct ID information is viewed very dimly by the regulatory authorities who, if at all suspicious of the practices of any financial services company, have the authority to freeze the company’s assets as well as any funds they may be holding for their clients.

For your part, you should be very wary of doing business with any currency dealer who does not ask you for proof of your identity before allowing you to use their services to transmit or exchange funds. Currency companies are required by law to gain and retain this information before doing business and so if you are accepted as a client without the company in question asking for any ID documents, you would do well to seek an alternative supplier for your currency needs.

I can only guess at the hassle that would come from having all your worldly wealth tied up in a frozen bank account while you argue the case to have the funds released.

I should make the very important point that all currency transmitters in the UK have to be registered with Her Majesty’s Revenue and Customs department; meaning their activities are monitored and that they receive regular inspections and advice on the regulations and their changing applications. So the chances of a rogue dealer are pretty unlikely but you owe it to yourself to make sure you are doing business with a company that protects you as well as itself from rogue elements.

Migrants and those buying property overseas will usually only need to provide these details once but, if you are making regular large payments over a lengthy period, you should be asked to renew your ID documents. The currency company is required to keep records up to date and they will usually ask for new documents after 12 months or sooner if, for example, your passport expires before you want to execute a transaction. This is as much a matter of avoiding identity fraud as it is about anti money laundering rules.

So it isn’t that you look untrustworthy or that your money has the whiff of a drug smuggler; these companies have no option other than to ask you for your ID and they need to satisfy themselves that even if your passport makes you look like a convict, your address matches, the signature matches and the photo looks like you. It is part of the anti money laundering framework that dominates the financial markets in every country and, whatever we think of the hassle, it has become a way of life in the financial markets.

I’m Sophie Stride by the way and I can prove it.

Sophie Stride is an FX Consultant with Halo Financial Ltd, a specialist foreign exchange company providing expert currency exchange services to both companies and private individuals. If you are at the start of buying an overseas property or in the process of buying currency to migrate, it is never too soon or too late to save money on foreign exchange. Halo Financial can be contacted on +44 (0)20 7350 5474 and their website can be viewed at www.halofinancial.com