

## Know more – Risk less

### Counterparty Due Diligence: Turning information into intelligence

Counterparty due diligence helps to gather a wide range of information about an individual or a legal entity with whom you are planning to associate or have an existing relationship.

#### Counterparties – critical for business

Organisations are expanding globally and conducting business with individuals and companies in different geographies. Across the world organisations get into business relationships with various counterparties, including third parties such as vendors/agents, business associates, channel partners and customers. While these counterparties are critical for the growth of an organisation, they also expose the organisation to various risks.

#### Need to know your counterparty

Not knowing **who you are dealing with** can expose your organisation to various risks, including

- Bribery and corruption
- Organised crime
- Money laundering
- Fraud

**Due diligence on counterparties has become more important as enforcement of regulations, such as the US Foreign Corrupt Practices Act (FCPA) and UK Bribery Act, have made it a mandate to conduct a due diligence on counterparties (third parties).**

#### KPMG in India's Fraud Survey report 2012

Lack of due diligence and monitoring mechanism result in manifestations of bribery and corruption.

#### KPMG's Global Anti-Bribery and Corruption Survey 2011

One out of the three most significant anti-bribery and corruption (AB&C) compliance challenges cited by both US and UK respondents is the difficulty in performing effective due diligence on foreign agents/third parties.

#### Risks of inadequate due diligence:

Due diligence on counterparties is one of the best practices companies can adopt to mitigate the reputation and business risks emanating from third parties. Inadequate or lack of due diligence can expose organisations to

- Non-compliance with anti-bribery and corruption regulations
- Non-compliance for Know Your Customer (KYC)/Anti-Money Laundering (AML) norms
- Costly investigations and remedial programmes
- Wasted management time to deal with investigations
- Negative publicity and damage to reputation
- Potential criminal/civil penalties
- Increasingly large fines, including sanctions against covered individuals personally.

#### KPMG can help you

Counterparty due diligence is a process that helps in collecting as much information as possible about a third party. It helps in validating facts and eliminating assumptions about your clients, channel partners, vendors and any other business associates.

#### Purposes for which it can be carried out:

- Know your customer (KYC)
- Appointing third-party intermediaries (TPIs)
- Vendor/supplier due diligence
- Business partner/ Joint venture partner identification



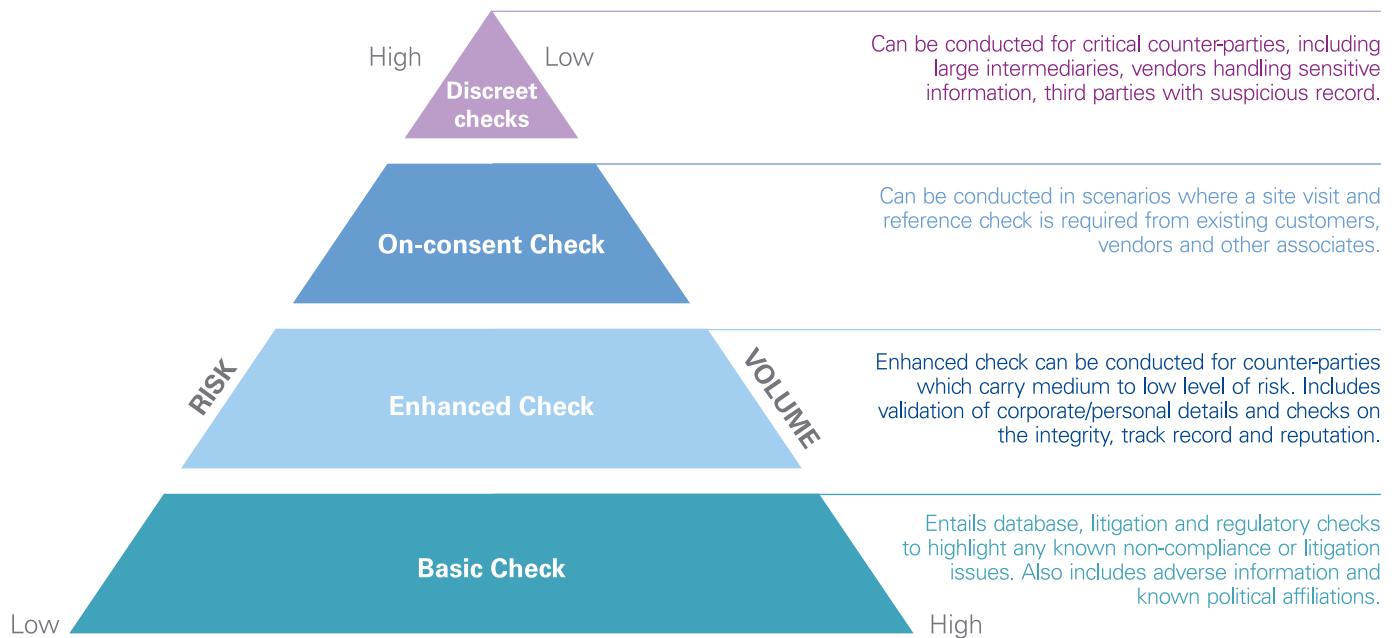
### Key product features:

- ▶ Low cost
- ▶ Fast turn around time
- ▶ Customised approach
- ▶ Analysed output

### Our key differentiators:

- One of the largest due diligence teams with 60 dedicated professionals
- Strong global coverage across 60 countries with language capabilities in Mandarin, Russian, German, Italian and French
- Unmatched experience – conducted over 5000 counterparty due diligences in the last two years
- Most experienced team with over 150,000 man hours of experience
- Knowledge base of a wide range of premium databases with access to over 10,000 data sources

## Customised approach



**We would be happy to carry out pilot cases to demonstrate our capabilities and agree on the customised approach.**

### Contact us

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