

REGULATORY BRIEF



E-KYC OPTION NOW AVAILABLE FOR LABUAN IBFC'S INTERMEDIARIES

Labuan Financial Services Authority (Labuan FSA) has issued a **circular** stipulating the minimum regulatory expectations placed on Labuan financial institutions (LFIs) that have adopted e-KYC as part of their digital financial services business operations.

e-KYC is essentially a digitalisation of the customer identification and verification process for client onboarding. With the acceleration in digitalisation, especially with the advancement in technology and heightened risk exposure from the COVID-19 pandemic, organisations are fast embracing technology to meet client expectations and their own operational needs.

One key highlight is that LFIs are allowed to choose any method of conducting their identification or verification process through e-KYC, as long as the e-KYC system is reliable, risk-based and unbiased in filtering the counterparties and virtual transactions.

e-KYC measures are an effective oversight in managing and addressing risks related to money laundering and terrorism financing. The adoption of e-KYC in Labuan IBFC is in line with the jurisdiction's aspiration for the market to embrace digitalisation in intermediating cross-border trade and investments.

Please find the guidance papers and principles appended to the above mentioned circular:

APPENDIX 01 (JUNE 2019)

Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers

APPENDIX 02 (MARCH 2020)

Guidance on Digital Identity

APPENDIX 03 (DEC 2020)

Principles of e-KYC Measures