

Important information for 2Shakes Users:

Updated ID Verification Guidelines

Kia ora there,

The AML Supervisors (DIA, FMA and Reserve Bank) have published a [new explanatory note guideline for Part 3 of the Amended Identity Verification Code of Practice \(IDVCOP\)](#).

This update introduces some significant clarifications by the Supervisors, which we have discussed and confirmed with DIA.

Please see below for what the changes mean for 2Shakes users, and how 2Shakes can help you stay compliant.

What has changed?

The most significant change for 2Shakes users relates to clarifications around linking a person to the identity they claim.

Going forward, if you use the **Standard Electronic IDV** option in 2Shakes, you must also use [additional methods](#) to link the person to the identity they claim. Paragraph 19 of the updated Explanatory Note provides some examples of additional methods you may use. (We are in discussion with DIA around other options for additional methods which may be useful for some sectors - as soon as we have more on that we'll let you know).

Important: If you use the **Biometric + Electronic IDV** option in 2Shakes you don't need to do any other additional measures. The 2Shakes **Biometric + Electronic IDV** option is very similar or the same as Example 2 in the updated Explanatory Note, and satisfies the additional measures required.

For this reason, we have now changed the default ID Verification method in 2Shakes to **Biometric + Electronic IDV**.

What should I do?

If you already use the **Biometric + Electronic IDV** option in 2Shakes you should continue using it. See below for what to do on existing clients.

If you currently use the **Standard Electronic IDV**, you should either:

1. Start using **Biometric + Electronic IDV** from now on, or
2. Ensure when you use **Standard Electronic IDV** you also carry out and record additional measures in line with the updated Explanatory Note.

What about my existing clients?

As confirmed to us by DIA, we recommend you follow the steps below if you have previously used **Standard Electronic IDV** in 2Shakes:

1. Update the Customer Due Diligence section of your AML Programme to include information along the following lines:

- We note that in July 2021 the AML Supervisors (DIA, FMA and Reserve Bank) published a [new explanatory note guideline for Part 3 of the Amended Identity Verification Code of Practice \(IDVCOP\)](#).
- This update introduces a clarification which has led us to make changes to how we carry out electronic ID Verification.
- From now on we will (edit as applicable to you):
 - Use **Biometric + Electronic IDV**, and/or
 - Ensure where we use **Standard Electronic IDV** to carry out and record additional measures in line with the updated Explanatory Note.

2. Update the Ongoing Customer Due Diligence section of your AML Programme to include information along the following lines:

- When we carry out Ongoing Customer Due Diligence, whether due to an elapsed period of time or when a trigger event (e.g. material change) happens, we will review the ID Verifications carried out to ensure they meet the [new explanatory note guideline for Part 3 of the Amended Identity Verification Code of Practice \(IDVCOP\)](#).
- Where we have used the **Standard Electronic IDV** option in 2Shakes, we will either:
 - Capture and record additional measures in line with the Explanatory Note, or
 - Redo ID Verification using the **Biometric + Electronic IDV** option.

This will help ensure that you continue to comply with the Code, and will help your AML auditor see how you are proactively updating your CDD based on the change.

So for example, if your AML Programme requires OCDD every year for high risk clients, and every three years for others (as an example), your existing CDD will be

brought in line with the newly clarified requirements at the point you carry out OCDD.

Of course, Ongoing CDD is for clients you have an ongoing relationship with. Where a client you used Standard Electronic IDV with has left, or if it was an occasional transaction with no Ongoing CDD, you do not need to do any further work on ID Verification to retrospectively meet the new Explanatory Note.

What about High Risk Clients?

We mentioned high risk clients above in terms of how Ongoing CDD may be done more regularly than with other clients. Please remember the IDV Code of Practice (to which the Explanatory Note refers) only covers Standard Due Diligence.

However, paragraphs 25-29 of the Explanatory Note help explain the standard can still be used for high risk clients, as a minimum standard, with other measures able to be used such as meeting with the client. Please see those sections of the Explanatory Note if you have high risk clients.

What about when I verify the client's ID?

The **Biometric + Electronic IDV** will only be an available option when the method of signing or ID verification is via email.

In the case where you do *Signing here and now via SMS* - the options are **Standard Electronic** or **Manual IDV**.

With **Standard Electronic IDV**, remember to record that you met them and saw their original ID document, which is an additional measure to meet the standard.

Any Questions?

We really hope the actions you should take, and the change in default IDV method in 2Shakes, are clear.

If you have any questions at all please email support@2shakes.co.nz and we will help clarify anything further, thanks.

Also please remember you can also contact the DIA on amcft@dia.govt.nz for guidance too.

Thanks very much again,

Best regards,
The 2Shakes Team



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Client Onboarding Automation | AML Due Diligence.

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