

Guide:

Managing information discrepancies

Helping meet your regulatory obligations to prevent money laundering and terrorism financing

Financial advisers play a critical role as a gatekeeper to financial transactions, and your close client relationships allow you to identify potential money laundering or terrorist financing activities. To support you, we've developed this guide on **managing discrepancies in Know Your Client (KYC) information**, a key part of meeting your anti-money laundering and counter-terrorism financing obligations.

Helping you resolve discrepancies

Discrepancy management helps us identify and respond to any discrepancies that may arise when you're verifying Know Your Client (KYC) information. Having the right processes in place helps us to correctly verify a client's identity.

What is a discrepancy?

A discrepancy is when we identify that the KYC information doesn't align to what we have on file for a client. Discrepancies may include:

- when information collected from or about a client/beneficial owner or their adviser is different to the information on a verification document
- information collected from or about a client/beneficial owner or their adviser including information collected at different points in the client life cycle
- information shown on different verification documents.

A discrepancy can be categorised as **material** or **immaterial**.

Discrepancies are categorised in terms of their materiality, as follows:

	Number of shares issued	Price per share
Material discrepancy	Any discrepancy relating to information that is verifiable or appears suspicious or fraudulent.	<ul style="list-style-type: none"> • Signatures that don't match. • Photographs that are discernible or don't appear to be of the same person. • Document was either illegible or use several different fonts.
Immaterial discrepancy	Generally relates to minor spelling errors, abbreviations, middle name initials or absence of middle name due to a particular state or territories driver licence naming rule.	<ul style="list-style-type: none"> • Incorrect postcode. • Incorrect street type. • Spelling errors in a street name.

What are some examples of common discrepancies and how should you resolve them?

Immaterial discrepancies

Scenario A – You’ve collected a client’s full name, however their middle name is either missing or only their middle initial appears on the verification document (e.g. driver licence). In this circumstance, if the information presented doesn’t conflict with the middle name collected from the client, this is an **immaterial discrepancy**.

Collected name	Name that appears on driver licence	How should this be resolved?
Christopher James Smith	Christopher J Smith	Ensure the middle initial is not conflicted with the collected name.
Christopher James Smith	Christopher Smith	In this case, the middle name provided by client is James and the driver licence does not show conflicted information, i.e. a different middle name. The client’s full legal name, Christopher James Smith should be recorded on the FSC form.

Scenario B – A client provides you with more than one verification document, e.g. a driver licence and a passport. The passport provides the client’s full legal name, however, the driver licence only includes an initial for their middle name. This is an **immaterial discrepancy**.

Name on passport	Name on driver licence	How should this be resolved?
Christopher James Smith	Christopher J Smith	Ensure the middle initial on the driver licence is not conflicted with information shown on the passport (in this example, the passport confirms middle name is James and the middle initial on the driver licence is J thus not conflicted). You should record the client’s full legal name on the FSC form as it appears on the passport.

It’s important to note that new accounts can’t be opened until all discrepancies are resolved. We ask that you make reasonable attempts to manage discrepancies at the application stage. If we identify an unresolved discrepancy, we may need to contact you or your client to resolve the discrepancy.

Material discrepancies

In this example, the information collected from the client is different to the information on the verification document. This is a material discrepancy and therefore additional documentation is required.

Conflicted information	How should this be resolved?
Collected date of birth (DOB): 14 September 1984	DOB on driver licence: 14 September 1985
DOB on passport: 14 September 1984	DOB on driver licence: 14 October 1984

How can you resolve a discrepancy?

Resolving a discrepancy will depend on whether it's immaterial or material.

Resolving immaterial discrepancies

You can resolve immaterial discrepancies by confirming the information directly with the client (including collecting any missing information). Once the discrepancy is confirmed, records should be updated to ensure all details are captured (e.g. client's full legal name).

Resolving material discrepancies

Material discrepancies should be resolved through obtaining additional appropriate documentary evidence, such as:

- another verification document permitted under the applicable CIP with the correct details (for example, an updated address).
- marriage certificate
- amendment to trust deed
- receipt that shows the notice of lodgement of the change with a regulatory body.

Additional documentation must be certified and stored, and any applicable client records must be updated.



Need more information?

Visit our Help Centre for more information on managing information discrepancies.