Funding the Future

How do you square the risk based approach to client ide...

Published: January 22, 2026, 4:57 am

Chip Poncy of the US Treasury is talking on â€šÃ„Ã²know your client' obligations as required in FATF rules — those things places like Jersey like to say they comply with.

The trouble is, he says, is that FATF risk based assessment procedures mean commercial banks can decide not to investigate beneficial ownership. They let them decide when to do so.

He says that's not good enough. His solution is simple: FATF should require that beneficial ownership be proved in every case. And unless ownership rests in a proven public company then what he wants to know are â€šÃ„Ã²who are the warm bodies' behind this structure (I summarise — warm bodies is a favourite phrase of my own).

I agree. The nightmare of trusting the private sector to police themselves through the use of risk assessment tolls they themselves design has to end. We won't beat tax evaders when those who set up in trade to facilitate tax evasion (they're called banks in common parlance) decide whether to identify the criminals, or not.