



Know Your Business (KYB) Guide

Required steps to verify other businesses and automation tools for complete KYB compliance

Company details

Company name

ACME LTD

Country

 United Kingdom

Registration number

11519884

Activity code

71111

Documents

 ACME_LTD_Registration.pdf

 Ownership_structure.pdf

Upload

Submit documents

Company name ACME LTD

Ownership structure

Entity	Ownership %	Status
Mike Hunt	75%	✓ Verified
Thomas Jordan	15%	✓ Verified

Verified entities 2

Trust percentage 100%

Request documents

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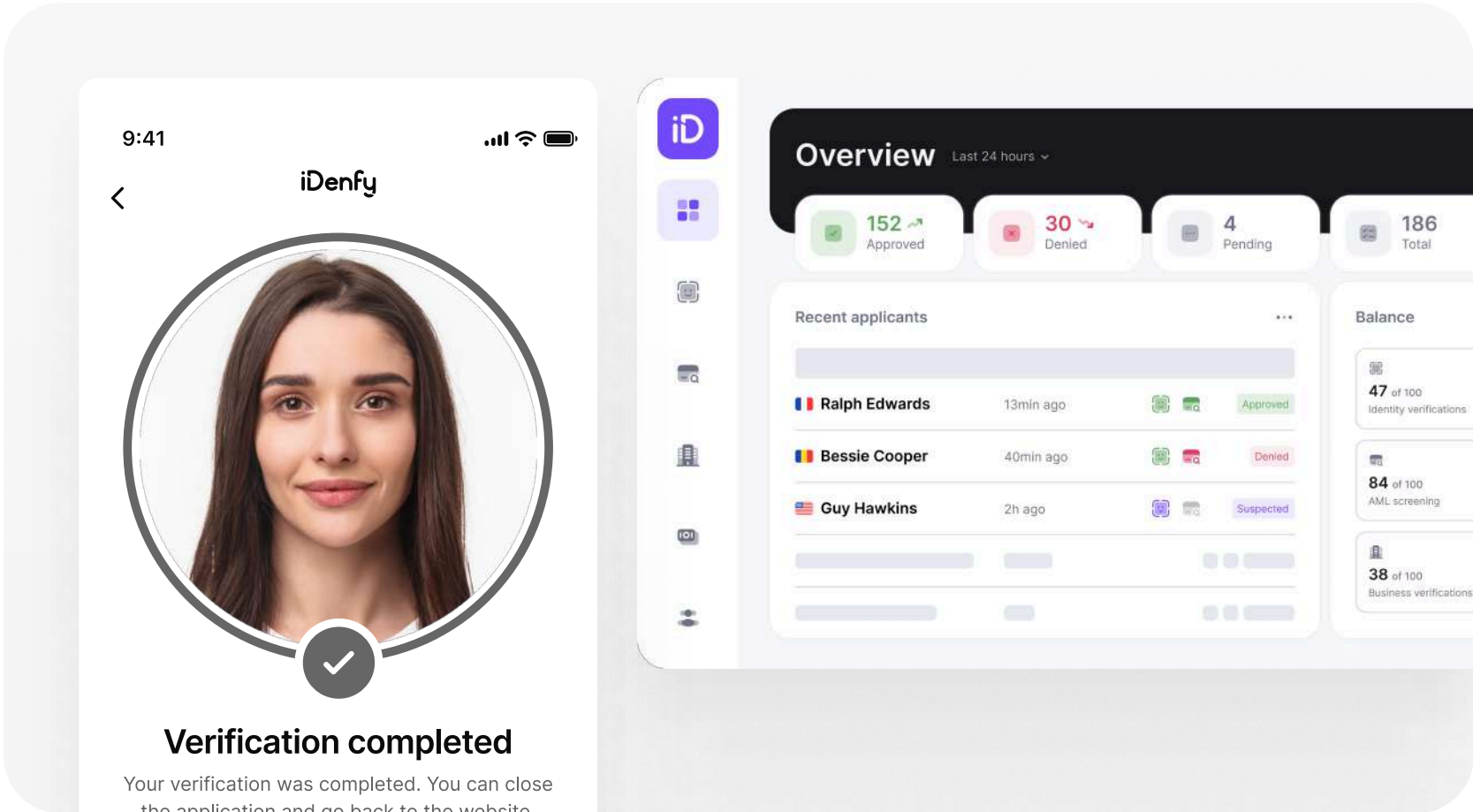
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Understanding the Process of KYB Verification

Know Your Business (KYB) verification involves checking another company's background and assessing if it's operating legitimately, often due to mandatory compliance obligations. KYB verification allows regulated companies, such as financial institutions, to verify and onboard their partners, such as third-party vendors and associated individuals, before allowing them to access their services or engage in business-related activities. This helps prevent fraud by avoiding partnerships with non-compliant or illegitimate businesses.

The main issue is that KYB checks are more complex than standard Know Your Customer (KYC) checks and require verifying both **the business** (like registration details, tax info, business address, etc.) and its **ownership structure** (such as directors and all shareholders). This process involves multiple checks that pull and cross-reference up-to-date information from sources like credit bureaus, government registries, and financial databases to detect mismatches or red flags that work like fraud indicators, helping compliance teams identify serious issues, such as sanctions breaches, faster.

Common risks when doing KYB checks

- UBO verification regulations
- High-risk industries
- Data privacy issues during ongoing monitoring
- Unclear or hidden beneficial ownership
- Complex corporate structures
- Jurisdictional risks
- Detection of fake or forged documents
- Risks in financial record-keeping

Some businesses carry higher risk due to their operating country, industry, ownership structure, or financial background. For example, an entity with owners linked to politically exposed persons (PEPs) requires extra scrutiny and consideration if it's worth partnering with them. As a business, you can choose to work only with businesses that meet your risk appetite and specific criteria, which means you'll consider various factors, including how many employees the company has or what annual revenue it makes. For this reason, businesses **screen** and **cross-check** information from business credit reports to avoid entities that are on the verge of bankruptcy.

Manual, lengthy operations in KYB verification, such as asking the company to add extra info and upload documents through back-and-forth emailing, can result in slow onboarding and frustration. That's why many businesses prioritize **finding the balance** between the right amount of automation and setting optimal steps for the end-user while complying with KYB. Regulatory requirements are strictly similar across all major markets, including the USA, EU, Japan, Canada, Singapore, and Hong Kong. Specific obligations can vary based on the industry and applicable regulatory standards.

Sources used during KYB verification

01

AML databases

Global watchlists and sanctions lists (such as OFAC, FinCEN or Interpol)

02

Adverse media

Via names and associated keywords showing news tied to fraud

03

Government registries

SEC, IRS and other databases (to check the status, EIN, etc.)

04

Third-party data

Using RegTech software like iDenfy, which carries multiple databases

But the most complex part of KYB verification is that it doesn't end at the onboarding stage. Detecting KYB signals requires a **proactive approach** that's based on continuously monitoring all corporate clients to identify changes. Without automated KYB software, companies struggle to detect important risk signals like mismatches in documentation or sudden shifts in transactional behavior. Other factors, such as the constantly changing geopolitical situation and sanctions compliance, further complicate this matter.

KYB data can be outdated or incomplete, especially when using limited data sources, making verification difficult or even non-compliant. You should automate KYB mainly due to:

- » **Better risk management:** AI flags risks automatically, reserving manual review or enhanced due diligence for high-risk clients.
- » **Improved accuracy:** Automation allows you to cross-check multiple reputable sources, streamlining data collection and verification using the same software.

That's why KYB compliance is more critical than ever. Some sort of automation is inevitable in KYB, as most companies deal with multiple clients daily, who need to be onboarded **as quickly as possible**. Reviewing every little detail manually isn't possible for a sustainable, long-term business plan. Onboarding non-compliant or fraudulent companies can lead to massive fines, reputational damage, company shutdowns, or even jail time for key stakeholders. Automated KYB helps improve conversions, reduce false positives, and minimize the chances of having a backlog with operational disruptions.

Manual KYB verification

01

is costly and requires a bigger team of skilled professionals

02

takes a lot of time and effort, reducing scaling opportunities

03

can increase the risk of mistakes, especially when using outdated information

The Main Challenges of KYB Verification

KYB verification is often considered a lengthy process due to **inconsistencies** in **various data sources**, missing information that needs to be gathered over time, suspicious corporate structures and other mismatches that must be overlooked manually in high-risk cases, even when using automation. Some businesses hide their true owners and purposely choose complex business structures to hide illicit operations. Information can change over time, so periodic reviews are mandatory to detect changes in details like UBOs, adverse media, and entity statuses or addresses.

01

Fraudulent clients

Fraudsters look for loopholes to get onboarded as legitimate businesses. If successful, they can cause serious financial and reputational damage.

02

Varying regulations

Even with highly skilled professionals, navigating regulatory requirements can be difficult and time-consuming.

03

AI misuse

Like any emerging technology, AI has vulnerabilities. Bad actors can exploit these flaws to generate fake identities or documents.

04

Limited engagement

In highly regulated industries with multiple stakeholders, collecting required KYB information can be slow. Onboarding delays grow if parties don't respond quickly.

Not all KYB data points are legally required in every region, but many are **still critical** for verifying businesses. For example, in the U.S., checking if the business is in good standing and validating EIN/TINs is essential. There are risk indicators, such as last-minute incorporation, which are universally suspicious and show potential links to shell companies intentionally created to evade compliance. So, if your business operates in different global markets, you must ensure compliance with KYB requirements in all jurisdictions.

iDenfy's KYB software verifies:

General info

- >> Business entity type
- >> Business address
- >> Registration number
- >> Registration status
- >> VAT number
- >> TIN/EIN

AML/KYC data

- >> PEPs, sanctions and watchlists
- >> Adverse media
- >> KYC on all related individuals
- >> Proof of Address (PoA)
- >> Other documents

Financial background

- >> Bank accounts with transactions
- >> Business credit reports
- >> Better Business Bureau (BBB) ratings

Other risk signals

- >> Email verification
- >> Social media profile
- >> Website check
- >> Custom risk factor assessment (like geography or industry)

Essential Steps for Effective KYB Verification

Depending on the company's size, industry and jurisdiction, different KYB regulations apply. However, standard requirements mandate:

- **Verifying company registration details:** This includes the business name, address, date of incorporation, organizational chart, ownership structure, state of registry (if applicable), and other relevant identifiers.
- **Checking shareholder information:** Key data points include names, surnames, shareholder type, ownership percentage, nationalities, dates of birth, ID details, legal entity associations, and roles within the company.
- **Assessing financial health:** This involves reviewing bank account details, source of funds or capital, source of wealth (for UBOs), annual revenue, financial statements, TIN/VAT numbers, and typical transaction behavior.
- **Asking additional compliance-related questions:** During KYB, it's standard practice to ask additional questions to better assess risks. This typically includes inquiries about business activities, geographic exposure, or affiliations with politically exposed persons (PEPs) or sanctioned entities.

Some examples include questions like:

- Is the company part of a larger group or incorporated structure?
- Who are the company's directors and senior management?
- Are any UBOs or directors considered PEPs?
- Does the company have any links to sanctioned countries, businesses, or individual clients?
- What is the primary nature of the business?

→ **Verifying business documentation:** After gathering the required data, the next step is to validate the legitimacy of the company and its documents.

Processes that help verify the company's legitimacy include:

- Verifying the ownership structure, investor details, and UBOs
- Screening key shareholders for AML, sanctions, and PEP status
- Reviewing financial statements to assess creditworthiness
- Validating documents submitted by the company through cross-checks with government registries
- Reviewing the company's website and social media presence for additional context

How to Get Started with iDenfy’s KYB Software

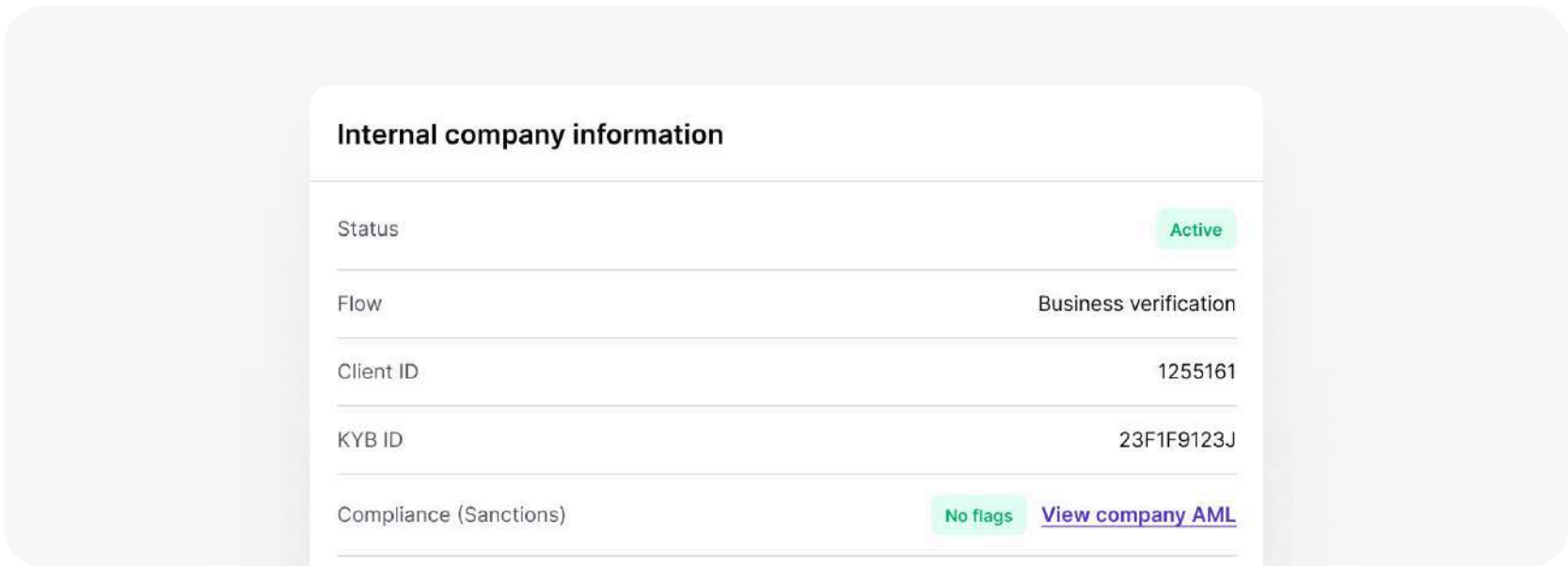
Delayed KYB onboarding slows revenue generation and strains compliance teams, increasing the risk of missing important data points that lead to operational backlogs. Using outdated or incomplete data increases risk. A third-party solution allows you to create tailored KYB flows aligned with specific industry and jurisdictional requirements.

With iDenfy, all databases required for KYB verification can be accessed on the same dashboard, which is used for collecting and verifying data, from standard company checkups for general information, to KYC verification for UBOs, among other processes that go into specific KYB use cases, depending on the industry.

iDenfy’s KYB software lets you create a **custom KYB flow** by combining selected steps that you want to **add and enable** in your KYB process.

You can include the following options in your KYB flow:

- ➔ **General company data verification:** This option allows you to request relevant company documents from the business that’s being onboarded through your KYB flow. Additional services, such as email verification (for example, to confirm a director’s email address), can be enabled at this step for the individual submitting the KYB request.



- **Ownership structure verification:** Through this section, you can request the registering company to provide extra information on their complete ownership structure, including ownership percentages, UBO shares, and, at the same time, enable ID verification for specific shareholders while collecting extra information, such as asking them to upload individual documents or fill out specific information using our ready-made template on the dashboard.
- **Company director verification:** If enabled, this step allows you to automatically create a verification session by requesting the company's director to perform KYC verification and provide their identity data, such as their name, nationality, and other individual-related details.
- **Representative data verification:** This option allows you to collect and verify representative details such as the person's name, surname, position in the company, among other details. If prompted, this step allows you to collect specific representative information, including asking them to upload the needed documents or go through a full KYC verification flow.
- **Sole proprietorship verification:** Once enabled, this option targets sole proprietors and enables users to choose this category, then go through a tailored flow. It simplifies the process for this customer group and reduces unnecessary friction by skipping corporation-related steps like shareholder detail filing.

The screenshot displays two side-by-side settings panels within a light gray container. The left panel, titled 'Screening settings', has a header bar. Below it, 'Interval of screening' is set to 'Custom', with 'Daily', 'Monthly', and 'Quarterly' as selectable options. 'Screening reports date' is set to 'Set date'. The right panel, titled 'Match settings', features a 'Sensitivity' slider ranging from 'Low' to 'High', with the knob positioned at 'Medium'. A text box below the slider explains that the medium setting balances accuracy and false positives.

Screening settings

Interval of screening Custom

☒ Daily ☐ Monthly ☐ Quarterly

Screening reports date Set date

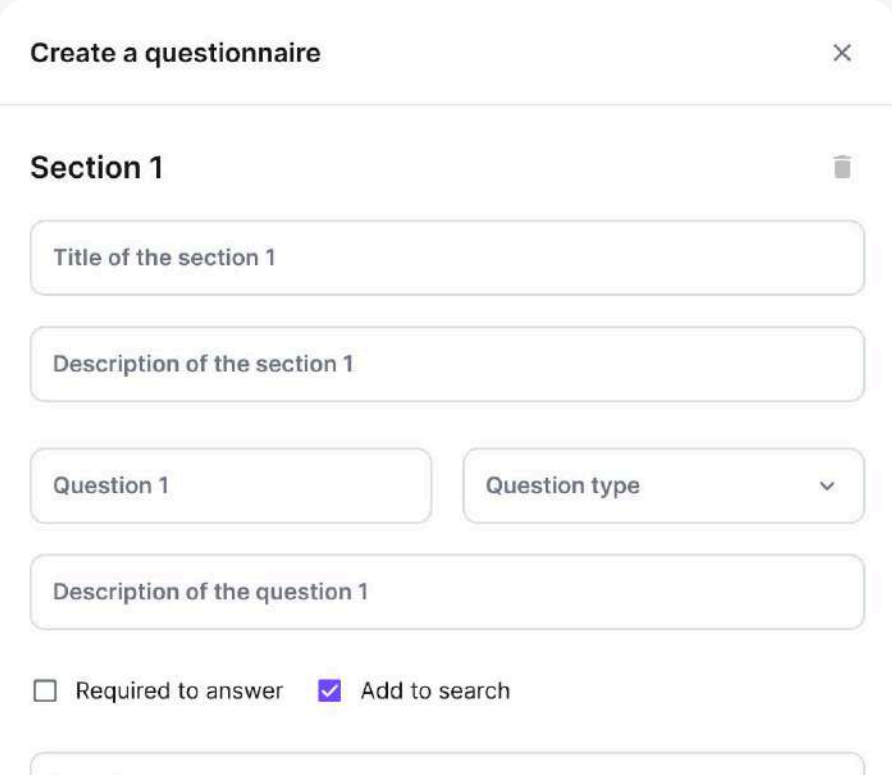
Match settings

Sensitivity

Low Medium High

The medium sensitivity setting balances accuracy and false positives, identifying risks while minimizing alerts.

- **Bank account verification:** This feature allows you to request the company performing the verification to provide the company's bank statements and, at the same time, cross-check the bank account login credentials with the company's general onboarding data. This helps verify financial details and assess financial health. If the end-user's bank is not listed, this step can be skipped, and the company's representative can automatically move forward with the onboarding.
*This service is currently available in Europe.
- **Risk assessment:** Pre-set risk factors like product or country risk provide clear low-to-high scores. Using this feature, you can also define custom rules by adjusting categories and assigning weights based on your internal strategy. On top of that, this automation tool is compatible with our KYC and AML services, helping deliver accurate risk scores without disrupting the general KYB onboarding process.
- **Questionnaire:** This service works as an automated question builder, streamlining data collection through personalized requests that require answers from the onboarding company, which is ideal for collecting information that doesn't fit standard categories. You can name each questionnaire and use it as a reference for future cases, and organize questions by data type using sectioned pre-made layouts.



The screenshot displays the 'Create a questionnaire' interface. At the top, there's a title bar with 'Create a questionnaire' and a close button (X). Below this, the form is organized into sections. The first section is labeled 'Section 1' and includes a trash icon. It contains two input fields: 'Title of the section 1' and 'Description of the section 1'. Below these, there's a row with 'Question 1' and a 'Question type' dropdown menu. Underneath, there's a 'Description of the question 1' field. At the bottom, there are two checkboxes: 'Required to answer' (unchecked) and 'Add to search' (checked). The interface is clean and modern, with a light gray background and white form elements.

- **Custom rules:** This is the final KYB verification option to add extra automation rules. For example, you can set a custom rule to automatically flag or block companies that don't meet your criteria, preventing further actions in your onboarding process. You can build your own custom rules or use our prebuilt rule library, which integrates with our services, such as AML screening and monitoring, or government registry checks. Automations can be set to trigger once or continuously as new information is submitted.

The image displays two versions of the 'Create a blocklist' form. Both forms have a title 'Create a blocklist' and a close button 'X'. The first form (left) has the 'Flag' radio button selected under the 'Action' section. The second form (right) has the 'Block' radio button selected. Both forms have the 'Country policy' text in the 'Blocklist title' field. The 'Company information' section in both forms includes fields for Name, Registration number, Country, City, Street, Postcode, Type, Activity code, Status, and Domain. A 'Create blocklist' button is at the bottom of the second form.

Create a blocklist X

Blocklist title
Enter the blocklist title to differentiate it from others.

Title
Country policy

Action
Select which blocklist action to take if the submitted company matches the blocklist.

☐ Do nothing ? ☒ Flag ? ☐ Block ?

Blocklist values

Company information
Enter the company details that must be added to the blocklist.

Name Registration number
Country City
Street Postcode
Type Activity code
Status Domain

Create blocklist

- » Our [data](#) shows that companies using iDenfy's KYB software, including custom flows, can reduce onboarding time by up to 77%.

Other Useful Tools for KYB Compliance from iDenfy

Identity Verification

- >> Enable instant verification if the party is completing the KYB form.
- >> Send email requests without interrupting the active KYB flow.

AML Screening & Monitoring

- >> Run PEPs & sanctions checks for individuals or companies.
- >> Instantly identify high-risk entities and monitor them continuously.

Adverse Media Screening

- >> Screen news, regulatory sources, and social media for negative mentions.
- >> Detect risks like criminal ties, fines, or reputational red flags.

Proof of Address (PoA) Verification

- >> Verify utility bills and other PoA documents.
- >> Flag name and address mismatches directly under the beneficiary details.

Business Document Verification

- >> Customize fields on the dashboard for streamlining document verification.
- >> Prompt companies to update missing details and request changes to specific fields.

Company Address & Website Audit

- >> Pull company details from search engines, such as ratings, reviews, and descriptions.
- >> Evaluate website risk using scores like trust, blocklist, and domain age.

EIN Verification

- >> Identify if the business is registered with the IRS.
- >> Determine if the entity is operating legally in the U.S. and has a valid EIN.

VAT Validation

- >> Require VAT input and verify automatically during KYB.
- >> Let users submit VAT info and check it manually in the dashboard.

IP Proxy Check

- >> Ensure the user's IP country aligns with their registration IP and the company's registered country.
- >> Flag IPs linked to known fraudsters and calculate estimated fraud risk.

Email Domain and Duplicates Check

- >> Verify that the beneficiaries' email domains match the company's domain.
- >> Detect duplicate emails between existing users and new applicants.

Automated Report Downloads

- >> Access official registries, such as the IRS or SEC.
- >> Generate reports and screen against criminal databases, including OFAC and Interpol.

White-Label UI

- >> Set up custom themes when launching user verifications via the KYB dashboard.
- >> Select the preferred font, interface colors, and add your logo.

A User-Friendly Dashboard to Simplify KYB Tasks for Analysts

Select favorites

- >> Pin key information from the company onboarding profile to the Favorites tab.
- >> Quickly find and use preferred tabs for more accurate verification reviews.

Leave comments

- >> Add notes during verification reviews to support final decisions.
- >> Help all analysts understand past actions and reasoning.

Assign cases

- >> Allocate specific cases, especially high-risk clients, to dedicated analysts.
- >> Use tags to label verifications and filter company data.

Access audit logs

- >> Track who reviewed and triggered custom KYB automations.
- >> Monitor analytics by country, status, or date to optimize KYB workflows.

Why iDenfy?



★★★★★
4.9 / 5



Get more details

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Talk to us

[Contact us](#)

- Global registry and credit bureau checks
- Custom questionnaires and multiple KYB automation options
- Built-in KYC checks on all shareholders and linked individuals
- AI-powered risk scoring for better risk management
- A complete AML package with PEPs, sanctions, adverse media, and watchlist screening
- Instant results and real-time data accessed through a user-friendly dashboard
- One end-to-end solution for complete KYB/KYC/AML compliance

One KYB platform for multiple compliance needs

- UBO verification
- Registry checks
- Custom flows
- Risk scoring
- Questionnaires
- Built-in KYC/AML tools

Recent case studies



Before iDenfy, Coinzilla identified a few areas that they wanted to improve:

01

Minimal automation

The KYC onboarding process wasn't fully automated, which required assessing information, including various documents, manually.

02

Limitations in UBO verification

KYB compliance required verifying the identities of UBOs, but this process involved collecting and verifying an excessive amount of information.

03

Need for custom flows

Customizing KYC/KYB processes became vital, as Coinzilla recognized that a universal strategy wouldn't work, especially given the different markets, clients, and risk profiles they deal with.

Without automation in place, this approach was not compatible with the company's plans for scaling:



A manual compliance system simply can't keep pace with significant growth. We needed a solution that could help us prevent unwanted frustration and any negative impacts on our customer acquisition efforts.

Stefan Luta, the CEO of Coinzilla

One KYB platform for multiple compliance needs

- Custom flows for both KYB and KYC processes.
- Streamlined data collection and built-in UBO verification.
- Support regarding regulatory compliance.
- Reduced manual workload and backlog, and a fully automated workflow.
- Smoother client onboarding, resulting in better conversions.
- Effective fraud prevention measures to enhance internal risk assessment.

Positive changes achieved through our partnership



KYB

Coinzilla has cut the time spent on manual business verification reviews by **77%**.

Benefits:

- >> Lowered associated costs
- >> Minimized the hassle for end-users
- >> Ensured UBO compliance

KYC

91% of individual clients completing the IDV process in under 3 minutes on average.

Benefits:

- >> Sustainable scaling
- >> Maximized completion rates
- >> Opportunities to attract investors

With our KYB software, you can also:

→ Redefine your company's fraud prevention strategy

and stay ahead of emerging trends in the industry, especially when regulations change, and different documents must be verified before onboarding the entity.

→ Store the necessary information securely

so that your analysts can assess red flags, review the history log, add notes to the internal dashboard, and maintain a proper overview of their clients. This will help ensure that fraud does not go unnoticed.

→ Collect the needed documentation

more easily to comply with KYB/KYC standards for sole proprietorships or company representatives, including directors and related individuals. Request additional information, such as proof of address (PoA), annual reports, or certificates of good standing.