What is Customer Due Diligence (CCD)?

Know Your Client (KYC) · https://help.law.com.sg/faq/what-is-customer-due-diligence-ccd/

Customer Due Diligence is a critical element within the broader scope of anti-money laundering (AML) practices and KYC frameworks. CDD refers to the processes used by financial institutions to collect and analyze information about a customer's identity and assess the risk they may pose of money laundering or terrorist financing.

The primary purpose of CDD is to ensure that the financial services are not exploited for money laundering or terrorist financing activities. It involves conducting background checks to understand the customer's risk profile, monitoring account activity over time to identify any suspicious transactions, and updating customer data periodically. Enhanced Due Diligence (EDD) may be required for higher-risk customers, which involves deeper scrutiny of the customer's activities and source of funds.

Both KYC and CDD are fundamental to financial security systems, aiming to protect financial institutions and their customers from illegal activities and to comply with regulatory requirements.