Accelerated counterparty due diligence

Widespread disruption over the past few months has caused businesses around the world to adopt innovative methodologies to increase visibility, build resiliency and eliminate redundancy in business operations. Counterparties (such as suppliers, logistics providers, warehouse operators, distributors, resellers and others) are integral to business, and the emerging situation has led to a rapid increase in the need for engagement with these counterparties. From a business continuity perspective, especially in the face of disruption, it is imperative for organisations to introduce these counterparties in the shortest possible time, often in uncharted business areas and geographies. As a result, there is a high likelihood of direct exposure to a broader spectrum of risks emanating from financial, legal, regulatory, compliance and reputational considerations. Operating or associating with organisations in new geographies could also expose businesses to Office of Foreign Assets Control (OFAC) sanctioned countries.

Robust and rapid counterparty due diligence

PwC’s accelerated counterparty due diligence programme is a bespoke solution that assists organisations in fast-tracking counterparty due diligence timelines without compromising on risks or their ability to adapt to volatile business scenarios. Key benefits of this programme are illustrated below:

- Identifies red flags in priority areas that could pose an immediate and direct association risk.
- Makes counterparty on-boarding decisions quickly with fast-track due diligence.
- Prioritises efforts and risks. Provides insights into critical matters (in a pre-clearance format), helping with quicker go/no-go decisions on initial business engagements.
- Performs technology-assisted, customised assessments remotely in a lockdown situation.
- Fits perfectly into the existing counterparty due diligence programme of any organisation.
The accelerated counterparty due diligence programme focuses on priority due diligence checks and can be customised to the specific requirements of a particular organisation.

As businesses restart and operations commence, accelerated counterparty due diligence procedures will assume immense importance for the following reasons:

- Engagements with potentially red-flagged entities are stopped without significant spends in terms of effort and energy.
- Businesses have an opportunity for early identification of alternative counterparties if those selected initially are a no-go.
- These assessments are cost-effective. Initial diligence can be done on a large number of entities without additional compliance costs.
- These assessments are extremely rapid and initial results on selected parameters can be obtained in a few hours.

If you would like a better understanding of how you can strategise and implement this new approach, please contact us:

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