



Insights Article

Is Perpetual KYC Delivering?

Where we are now and how
to rethink your strategy

Introduction

Financial institutions (FIs) are under increasing pressure to improve profitability and efficiency, enhance customer experience and stay ahead of emerging risks – all while needing to identify bad actors that are utilising increasingly sophisticated tools.¹

Perpetual KYC (pKYC) continues to be seen in the industry as an integral part of the strategy to address these challenges. Adoption of pKYC, however, varies widely, from firms that have deeply embedded it into their operations to those still evaluating its future rollout.

Drawing on practical experience with organisations across Europe, this article assesses whether the adopters of pKYC have seen the value promised and identifies what learnings there are for future KYC strategies.

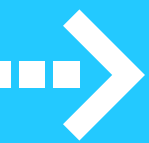
What is pKYC?

Put simply, firms must ‘know’ their customers through the full lifecycle; from onboarding to exit. This requires ongoing monitoring of changes in customer behaviour and profile.

Rather than scheduled periodic assessments, pKYC monitors behaviour and customer profiles on a continual, automated basis. When changes are identified, action may be triggered based on the firm’s internal policy, guided by how substantial and impactful the updates are.

There is a common misconception that pKYC relates only to updating data obtained during onboarding. The reality is that it also incorporates downstream controls, including fraud, sanctions screening and transaction monitoring.

pKYC adoption should be viewed as a spectrum, not a binary choice. For example, only conducting ongoing sanctions screening would still be considered pKYC, as that is a key component of knowing customers on a continual basis.



Rather than ‘have we adopted pKYC?’ the question executives should ask their Financial Crime functions is ‘how extensively has it been adopted and can we expand?’

What Drives pKYC Adoption and Strategies?

pKYC has the potential to drive operational and cost efficiencies, helping firms to better monitor and address their financial crime risks on a real-time basis. In essence, this allows firms to review and update customers’ due diligence only when there are material changes.

The following are some of the primary factors fueling pKYC adoption and shaping firms’ strategies.

1. Risk Management and Regulatory Expectations

One of the values of identifying and maintaining accurate customer data is creating a 'line in the sand' with data to identify real incidents that impact a customer's risk profile.

This message continues to be underscored by regulators, along with the requirement to maintain accurate and up to date data:

EU AML and CTF Regulation: 'Obligated entities should pay particular attention to the principles requiring that the personal data processed in the course of compliance with their AML/CTF obligations be accurate, reliable and up-to-date.'²

This has been further emphasised by 2024 and 2025 fines relating directly to KYC, globally, demonstrating it is a focus area for regulators which can have significant financial and reputational impact for firms. Fines relating to ongoing monitoring regularly cite gaps in KYC as an underlying root cause issue.



Fundamentally, assessing risk periodically means there can be a lag in taking pre-emptive or remedial action when a customer's risk profile changes, leaving firms exposed to the risk of fines and reputational damage.

2. Profitability: Controlling Costs and Improving Efficiency

From a profitability perspective, FIs have typically established pKYC strategies with the following overall objectives:

- 1. Reducing onboarding costs:** Many firms find onboarding and manual periodic review processes to be particularly time-consuming, with large teams forced to execute lengthy processes that result in high costs.
- 2. Keeping up with competitors:** It is a competitive advantage to onboard customers more quickly, which has been demonstrated by new market entrants.
- 3. Reducing the cost of non-compliance:** Regulatory censure, including fines across Europe, demonstrates the impact of non-compliance. Regulatory reviews can incur long-term financial costs alongside the associated reputational damage, including longer term remediation commitments.

Is pKYC a Future-proof Strategy?

FIs have long been challenged by the high cost of financial crime compliance, with 2024 projections reaching \$34.7 billion for technology and \$155.3 billion for operations.³

More recently however, governments and regulatory bodies have also recognised this challenge:

- The FATF 2025 updates focus on a proportionate approach to allow countries to target their resources more effectively.⁴
- The European Commission is focused on how harmonised EU rules can mean a more level playing field and reduced compliance costs.⁵ The industry responses to the European Banking Authority's Retail Technical Standards also show the widespread concern of overly burdensome requirements.⁶
- The strategy of the Financial Conduct Authority in the UK is to support firms 'in drawing on new, developing technology that not only improves these controls but reduces their costs.'⁷

There is also a clear trend towards managing risk on a more real time basis, where possible. Considering these factors, it is likely pKYC will remain a focus for many institutions in the years to come.



The focus on proportionality is welcome, however there is no clear evidence the cost of financial crime compliance will reduce through regulatory change alone

The Successes and Challenges of pKYC Adoption to Date

There have been significant pKYC success stories, however some firms have experienced complex and problematic implementation.

1. Successes and Progress:

Rather than fully replacing periodic reviews, firms have generally adopted a model that focuses on identifying changes and assessing whether they warrant updates to the customer profile or other due diligence measures.

In practice, this means continually monitoring a targeted subset of data, supported by a scaled back periodic review process. This approach often reflects limitations in publicly available data, weaknesses in broader controls or a more conservative risk appetite.



Effective Implementations

- **Reviews based on events:** By scaling back manual periodic reviews, firms have been able to realise benefits to efficiency and profitability.
- **Automated data updates:** Some firms have automated monitoring of external data in corporate registries, resulting in action being taken sooner to address risk in defined circumstances.
- **Screening:** Continuous changes in the sanctions landscape means it remains a priority focus area. pKYC has reduced the risk of screening outdated customer data, and ultimately, missing true hits.
- **People:** Firms have experienced more engaged operational teams, anticipating higher job satisfaction and employee retention, as they focus more on events rather than a queue of scheduled reviews.

2. Common Challenges:

Firms have experienced common issues with pKYC programmes, including implementation delays and strategies failing to embed.



Strategy and Governance:

- There is no single framework or technology solution that suits all firms. Programmes have been delayed by strategies that are not tied to detailed business objectives and requirements (based on factors including customer base, products and risk appetite).
- A lack of clear common principles and supporting governance has led to inconsistent decision making and delayed progress, particularly when there are multiple business lines.
- pKYC strategies that are not connected to firm-wide organisational strategies often fail or stall, while alignment with firm-wide goals tends to promote senior endorsement outside of financial crime, including in technology and data functions.
- pKYC incorporates more than just processes and technology. Overlooking changes to the operating model has proven to delay delivery and restrict value, providing an opportunity to consider how to utilise cross-functional capabilities more effectively.
- Starting pKYC programmes without assessing customer journeys and control frameworks holistically has resulted in missed opportunities to remove inefficiency, ultimately delaying delivery.



Data:

- Issues with data quality, upon which pKYC is dependent, have restricted and delayed implementation. Common examples include data gaps, a lack of standardization across business lines and a prevalence of unstructured data.
- Perpetually monitoring customer data requires real-time access to internal and external data. A lack of individuals with the requisite skillset has created difficulty accessing and aggregating data accurately.
- While GDPR provides a foundation, data privacy rules across Europe vary. There can be friction between obtaining sufficient data to enable effective KYC and adhering to privacy restrictions relating to data collection and sharing cross border. This has added complexity to some pKYC programmes.



Technology:

- Technology selected without clarity on the business goal(s) it's meant to support has led to difficulty obtaining senior stakeholder approval and budget allocation.
- The ongoing maintenance of new technology to enable pKYC has, in some cases, been more difficult and costly than anticipated. A common cause is a lack of detailed understanding of update processes, coupled with limited consideration of this factor when selecting a technology partner.
- Technology solutions that can enable pKYC are advancing at pace. Understanding the functionality needed to future proof onboarding and KYC is proving difficult, particularly when it involves evolving regulatory expectations. This issue is amplified for firms operating in multiple jurisdictions.



Financial Crime Operations:

- Limited engagement of end-users can lead to a skewed view of the expected benefits of pKYC. What is theoretically possible does not always translate into practice and can derail the project. These difficulties often materialise late in the process, particularly when drafting guidance for operational teams.
- Overlooking downstream processes can hinder efforts to improve efficiency, particularly in areas relating to the quality framework and escalations to the second line of defence. Improvements to risk management can allow connected processes to be scaled back.
- Onboarding corporate entities and related parties is one of the largest areas of divergence between firms. Policies and procedures that lack the required clarity on how to establish true ownership and control have led to inconsistency and quality issues.

So, What Next?

While firms subject to financial crime requirements are increasingly diverse and do not share a single solution, there are common challenges and learnings from pKYC programmes.

To Realise the Full Potential of pKYC:

1. Review your strategy or pKYC programme against the common industry issues presented in this article.
2. Self-assess your strategy by answering the following questions:
 - » Is your financial crime strategy consolidated and based on defined business goals and value?
 - » Have you designed and documented your target control state, including how pKYC fits into this?
 - » Do you have detailed metrics on processing times, to validate the benefit of making changes and support in establishing a quantifiable business case?
 - » Are stakeholders aligned on the outcomes and the technology required to successfully deliver them?

- » Are stakeholders agreed on customer journeys, the trigger points and escalation routes once pKYC has been implemented?
- » Have onboarding and customer relationship stakeholders outside of financial crime agreed to the pKYC project and are they engaged through ongoing governance?
- » Have you identified the inefficiencies that exist in your current onboarding process?
- » Have you identified the critical data to deliver pKYC and assessed whether there are any gaps?
- » Have you considered the impacts on, and benefits to, your people of reducing inefficiency and increasing engagement and motivation?
- » Is your model future proof? Can you adapt quickly to market changes, for example, new regulation or new products while minimizing disruption?
- » Are your customer data requirements standardised across customers and can they support new product offerings and business lines?

-
1. [EU-SOCTA-2025.pdf](#)
 2. [Regulation - EU - 2024/1624 - EN - EUR-Lex](#)
 3. [IT and Operational Spending on Financial Crime Compliance: 2024 Edition | Celent](#)
 4. [FATF Recommendations 2012.pdf.coredownload.inline.pdf](#)
 5. [Stronger EU rules to fight financial crime - European Commission](#)
 6. [Regulatory Technical Standards package on compliance of institutions and supervisors with their AML/CFT obligations | European Banking Authority](#)
 7. [Our strategy 2025 to 2030](#)

This article has been produced collaboratively by NICE Actimize and Avyse Partners.



Daniel Orchard

EMEA KYC and Onboarding Specialist at Nice Actimize

Daniel.orchard@niceactimize.com

<https://www.linkedin.com/in/daniel-orchard-65b978217/>



Greg Atkins

Senior Consultant at Avyse Partners

Greg@Avyse.co.uk

<https://www.linkedin.com/in/gregatkinslondon/>

About NICE Actimize

As a global leader in artificial intelligence, platform services, and cloud solutions, NICE Actimize excels in preventing fraud, detecting financial crime, and supporting regulatory compliance. Over 1,000 organizations across more than 70 countries trust NICE Actimize to protect their institutions and safeguard assets throughout the entire customer lifecycle. With NICE Actimize, customers gain deeper insights and mitigate risks. Learn more at www.niceactimize.com.

AVYSE PARTNERS

Avyse Partners was founded in April 2021. We work with a broad variety of blue-chip financial institutions and brands providing mission-critical, regulatory driven compliance services across 3 separate practices – Financial Crime, Financial Services Compliance ('FS Compliance'), and Change & Transformation ('C&T'). In 2022, we were appointed to the FCA's Skilled Person Panel across five Lots (B, C, D, E & M).

<https://www.avyse.co.uk>