Keap Pay - Beneficial Owners Data Requirement

This article applies to:

When applying for Keap Pay, we ask for information that is essential to the onboarding and underwriting process. Some of this information is for legally-required “Know Your Customer” (KYC) or “Know Your Business” (KYB) processes to identify and verify the identity of customers in order to prevent financial crimes such as money laundering and terrorism financing. When questions arise during this process you may be asked to provide additional verifying documents or clarification on specific information.

If your application requires additional documents or information required for verification, you can expect an email from the Payments team, payments@keap.com.

1. Why do merchants have to provide personal information to process payments with Keap Pay?
2. Whose identity needs to be verified?
3. How does Keap Pay verify the identity of the merchant's beneficial owners?
4. Summary

Why do merchants have to provide personal information to process payments with Keap Pay?

When a merchant opens any financial account, including a payment processing account at Keap Pay, they are required to provide personal information. This is because financial institutions and their partners are required by law to identify and verify the identity of their customers in order to prevent financial crimes such as money laundering and terrorism financing.

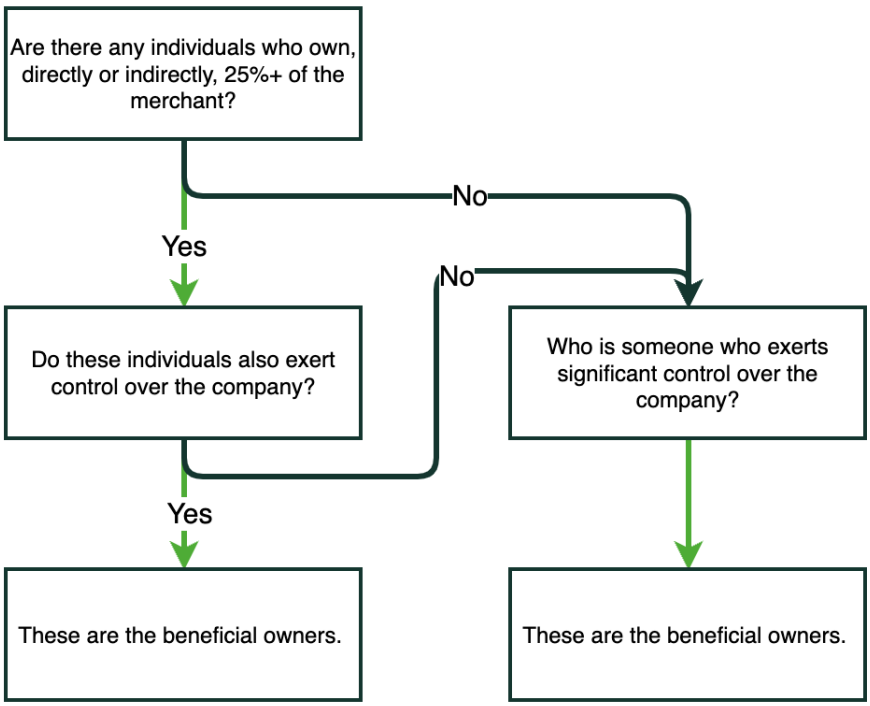
The Financial Crimes Enforcement Network (FinCEN) is the regulatory agency responsible for enforcing the Bank Secrecy Act (BSA) which outlines the requirements for customer identification and verification. Under the BSA, financial institutions and their partners, such as Keap Pay, are required to establish and maintain an effective Customer Identification Program (CIP) that includes verifying the identity of the beneficial owners and controlling members of a merchant.

Whose identity needs to be verified?

All beneficial owners of a merchant need to be verified.

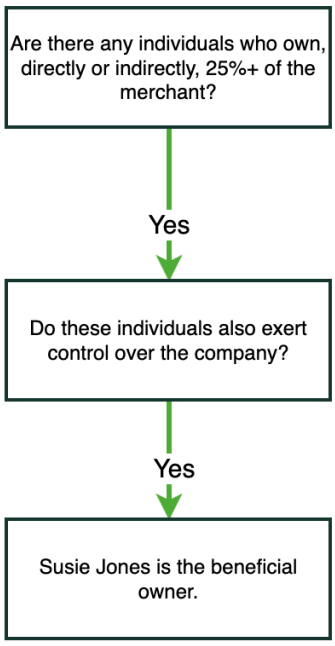
The U.S. government defines a beneficial owner as any individual (1) who directly or indirectly owns or controls 25% or more of the company, and (2) who directly or indirectly exercises “substantial control” over the reporting company.

To determine who the beneficial owners of a company are, you can think of this like a series of questions.

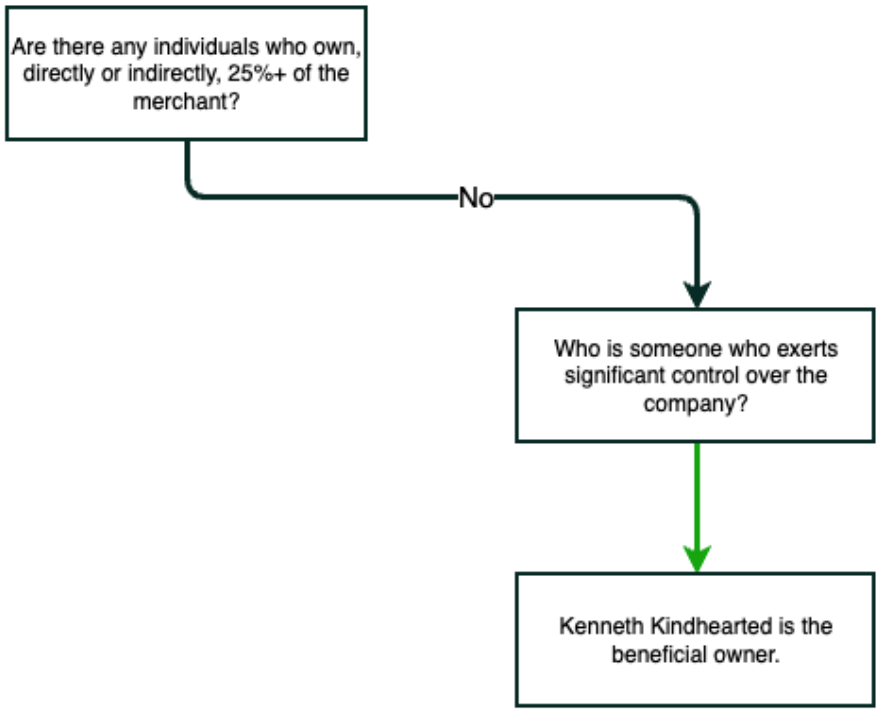


Whether an individual has “substantial control” over a company depends on the power they may exercise over a reporting company. For example, the CEO or another senior officer of a company is considered to have substantial control over a company.

As an example, let's consider a sole proprietorship owned by Susie Jones. The series of questions would look like this:



What happens if there is a non-profit entity that doesn't have any "owners," but does have a founder (named Kenneth Kindhearted) who actively runs the non-profit? The question flow may look like this:



How does Keap Pay verify the identity of the merchant's beneficial owners?

To comply with these requirements, Keap Pay will typically ask for and verify personal information such as the beneficial owner's name, address, date of birth, and social security number. We may also ask for additional information depending on the nature of the legal entity or the result of verification.

It is important to note that failure to provide accurate and complete information can result in Keap Pay’s inability to open an account for a merchant. Additionally, the USA PATRIOT Act of 2001 imposes penalties for individuals who knowingly provide false or fraudulent information when opening a financial account.

Summary

When opening any financial account, including a merchant account with Keap Pay, a merchant can expect to provide personal information as part of the customer identification and verification process. This is a legal requirement under the BSA, and failure to comply can result in penalties for both the financial institution or payment provider, as well as the individual. By providing accurate and complete information, merchants can help ensure a smooth account opening process and comply with relevant laws and regulations.

For more information on FinCEN and the Bank Secrecy Act, you can visit the FinCEN website at www.fincen.gov and https://www.fdic.gov/news/financial-institution-letters/2021/fil21012b.pdf.