

Press Release

GLEIF Defines new Validation Agent Role for Banks & Financial Institutions to Simplify and Accelerate Client Lifecycle Management

New operating model enables financial institutions to improve customer experience, facilitate digital transformation and reduce client lifecycle management costs by utilizing their 'business-as-usual' onboarding processes to obtain LEIs for their clients

29 September 2020 - The Global Legal Entity Identifier Foundation (GLEIF) has today announced that financial institutions (FIs) worldwide can realize a variety of cost, efficiency and customer experience benefits by assuming a new 'Validation Agent' role within the Global LEI System. FIs acting as Validation Agents simplify LEI issuance for their clients, reduce time-to-revenue, and future proof their institutions for digital innovation. The Validation Agent Framework is a new operational model in the Global LEI System.

By leveraging their know-your-customer (KYC), anti-money laundering (AML) and other regulated 'business-as-usual' onboarding processes, Validation Agents can now obtain an LEI for their customers when verifying a client's identity during initial onboarding or during a standard client refresh update. Until now, labor intensive and time consuming legal document and data collection procedures, which are conducted as standard to verify the identity of a client entity within a bank's onboarding process, have been replicated within the Global LEI System by a Local Operating Unit (LOU), as part of the LEI issuance process.

By becoming Validation Agents, FIs can spare their clients from these duplicative processes and deliver a faster and more convenient customer experience. Validation Agents can also capitalize on additional opportunities to add client value and achieve market differentiation. By expanding their LEI issuance beyond those that require an LEI for financial compliance, a Validation Agent can equip its whole business client base with globally recognized identities, which can be used across borders with any counterparty or supplier around the world.

In addition to these client benefits, the new operating model will allow FIs to enhance their internal data management capabilities and reduce costs. It also paves the way for FIs to expand their usage of the LEI beyond capital markets to encompass all banking business lines, an opportunity anticipated to [save the industry U.S.\\$2-4 billion annually in client onboarding costs alone. Furthermore, widespread usage of the LEI better prepares the FI for the digitization of customer onboarding, payments, transactions, and contract signing.](#) This new level of efficiency created by the Validation Agent role will remove numerous points of redundancy from the LEI issuance process, resulting in a more streamlined Global LEI System which supports GLEIF's vision for increased voluntary adoption of LEIs by the banking sector across non-regulatory use cases.

The Validation Agent Framework has been introduced following extensive consultation with GLEIF's Globally Important Financial Institutions (GIFI) Relationship Group, which comprises representatives of large banks, global asset management firms, insurance companies, and other FIs. The group facilitates communication between GLEIF, banks, FIs and other key LEI stakeholders and has given its full support to the Framework.

“GLEIF is committed to supporting the banking industry’s widespread implementation of the LEI beyond mandated requirements,” comments Stephan Wolf, GLEIF CEO. “The Validation Agent role helps financial institutions to improve their operations and enable their customers to more quickly achieve their desired financial transactions. By becoming Validation Agents financial institutions can streamline, accelerate and diversify their use of the LEI, and ensure their autonomy as they look to digitize their business processes. Considering that from a macro level, broader LEI usage and increasing volumes translate into more efficient financial transactions – from digitally signing contracts to financial markets participation – Validation Agents contribute to growth across the entire ecosystem, which will benefit all financial ecosystem stakeholders, as well as the global economy.

“As a next step, GLEIF is actively engaging with the global banking community to support trials of the Validation Agent Framework and to ensure that the Global LEI System continues to meet the sector’s needs. Our LEI issuer network plays an important role in supporting financial institutions to easily connect to the global financial ecosystem. LEI issuers, also known as Local Operating Units (LOUs) bring local knowledge to the Global LEI System and understand the needs of small and mid-sized financial institutions in the jurisdictions in which they operate. Their efforts, combined with GLEIF’s, will undoubtedly generate some interesting pilot projects over the next twelve months, and these will be critical to the advancement of LEI adoption across banking portfolios.”

For more information on the Validation Agent role, please visit the [GLEIF website](https://www.gleif.org/en).

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Full resolution images and logos can be downloaded via this link

<https://www.gleif.org/en/newsroom/gleif-graphics-images>

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Relevant link

<https://www.gleif.org/en>

Glossary of terms

Legal Entity Identifier (LEI)

The Legal Entity Identifier (LEI) is a 20-character, alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization (ISO). The LEI connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions. Each LEI contains information about an entity’s ownership structure, answering the questions of ‘who is who’ and ‘who owns whom’. It provides a universally recognized identifier paired with essential entity data, rigorous verification processes and high data quality.

About the Global Legal Entity Identifier Foundation (GLEIF)

Established by the Financial Stability Board in June 2014, the Global Legal Entity Identifier Foundation (GLEIF) is a not-for-profit organization created to support the implementation and use of the Legal Entity Identifier (LEI). GLEIF is headquartered in Basel, Switzerland.

GLEIF services ensure the operational integrity of the Global LEI System. GLEIF also makes available the technical infrastructure to provide, via an open data license, access to the full global LEI repository free of charge to users. GLEIF is overseen by the LEI Regulatory Oversight Committee, which is made up of representatives of public authorities from across the globe. For more information, visit the GLEIF website at <https://www.gleif.org/en>.

History of the Global LEI System

In 2011, the Group of Twenty (G20) called on the Financial Stability Board (FSB) to provide recommendations for a global Legal Entity Identifier (LEI) and a supporting governance structure. This led to the development of the Global LEI System which, through the issuance of LEIs, now provides unique identification of legal entities participating in financial transactions across the globe. The FSB emphasized that global adoption of the LEI underpins multiple “financial stability objectives” and also offers “many benefits to the private sector”.

Source:

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