

## Tax - IPF 12

### European Parliament hearing focuses on Know Your Customer requirements

On 9 February, the Committee of Inquiry into Money Laundering, Tax Avoidance and Tax Evasion (PANA) held part two of their hearings examining “The role of lawyers, accountants and bankers in Panama Papers.” The hearing highlighted that the ‘know your customer’ (KYC) due diligence check processes were not strong enough, with experts arguing that the outsourcing of this process allowed for the falsification of documents and criminal activity. This was brought to the fore-front of the hearing which focused heavily on the role of bankers in the money laundering and ‘tax evasion’. The hearing further examined what measures had been taken by German banks and authorities as well as by Nordea Bank – heavily implicated in the Panama Papers – to ensure these practices were being mitigated. Of note, Benedikt Strunz – an Investigative Journalist and member of the Panama Papers team – importantly made the differentiation that whilst banks are not always accomplices in criminal activity, they are always part of the ‘washing process’ of illicit money. Moreover, particular focus was given to Berenberg Bank, which due to its reputable status surprised many in Germany when its ties with Mossack Fonseca came to light.

**Next steps:** The PANA committee will travel to Malta, Luxembourg and the United States in the near future. The next PANA hearing is scheduled for 6 March.