

DECEMBER 2024



Commercial businesses:
YOUR PATH TO A SUCCESSFUL
BANK ACCOUNT OPENING

Interview with Jerry Grbic, CEO and Camille Seillès, Secretary General, The Luxembourg Bankers' Association (ABBL)



JERRY GRBIC, CEO



CAMILLE SEILLÈS, SECRETARY GENERAL

Why this guide?

Jerry Grbic : Banks play a vital role in the success of businesses, supporting their competitiveness through financing, cash flow management, and strategic advice. Yet, **establishing a relationship with a bank—particularly when opening a business account—can often be a challenging process.**

In response to concerns raised by entrepreneurs and policymakers, the ABBL and its members have undertaken **various initiatives focused on training, aligning supply with demand, and enhancing education.** The present guide is part of this broader effort. Our aim is to make the opening of a bank account and access to banking services as simple and transparent as possible.

Who is it aimed at?

Jerry Grbic : **First-time entrepreneurs as well as experienced entrepreneurs.** We target all types of companies, whether it is a start-up, a family-run SME or a subsidiary of a large group

What will they find in this guide?

Camille Seillès : This guide is divided into two parts. The first part offers **general insights on how to establish and maintain a strong relationship with your banker**, from opening a business bank account

to managing it over time. It also highlights the constraints and obligations bankers must adhere to. The second part outlines the **information and documents bankers typically request to their clients**, providing a clear overview of what to expect.

How did you go about drawing up this guide?

Camille Seillès : The document you are about to read represents a shared vision of Luxembourg's leading banking institutions committed to supporting businesses. It outlines the minimum **identification and verification standards for opening and managing a business bank account**, offering a clear and consistent framework.

With this guide in hand, entrepreneurs are well equipped to meet all their banker's requirements?

Camille Seillès : The requirements outlined in this guide represent a **minimum standard** developed by experts in the financial sector. **The CSSF was also consulted** during the drafting process. While every effort has been made to ensure the information's accuracy, this document is not intended to replace professional advice.

Jerry Grbic : We firmly believe that understanding the requirements and obligations our members face, and taking them into account, **will enable every entrepreneur to approach their relationship with their banker with greater confidence and ease**.

SPECIFIC GUIDES FOR TARGETED NEEDS.

The ABBL also publishes specific guides for other entities:

- › co-ownership syndicates.
- › trusts and private patrimonial foundations.
- › non-profit associations.
- › investment funds.

They are published progressively and are available on the website www.abbl.lu

Some key points to consider for a successful banking relationship

Why do banks want to know so much about you?

Know Your Customer (KYC) requirements are the foundation of any banking relationship, ensuring that the bank understands who you are and can serve you adequately. These requirements also help the bank meet its regulatory obligations.

By gaining a clear understanding of your specific needs, objectives, and challenges, the **bank can provide customized solutions that best support the success of your business endeavors**. This knowledge builds a relationship of trust, forming the cornerstone of a strong and enduring partnership.

Banks play a crucial role as gatekeepers of the financial system and are therefore required to verify the identity of their customers. Their information requests are driven by anti-money laundering and counter-terrorism financing (AML/CFT) regulations, which obligate banks to ensure the legitimacy of the funds used to establish your company. These checks also help the bank assess the potential risks of the business relationship and determine its alignment with their commercial policies.

By understanding the importance of these requirements, you can speed up the account opening process and lay the foundation for a strong, collaborative partnership with your bank from the very beginning.

THE ONBOARDING QUESTIONNAIRE

As part of the KYC process, your bank will require you to complete an onboarding questionnaire tailored to the proposed business relationship. This questionnaire helps the bank evaluate the risks associated with your project before deciding whether to establish a business relationship.

The questionnaire will cover various aspects, including the identification of the company as well of its manager(s), its director(s), officer(s), and/or any representatives involved in the business relationship. Additionally, the bank will verify the identity of the beneficial owner(s)— which refers to the individual(s) who ultimately own(s) or control(s) the company.

Your bank will also request detailed information about the company's future activities, the intended purpose and nature of the business relationship, the source of the entity's funds or assets, or even those of the beneficial owner(s), depending on applicable circumstances.

These information requests stem from anti-money laundering and anti-terrorist financing rules, which foresee that your bank ensures the legitimacy of the funds used to incorporate the company. They also enable the bank to conduct a risk assessment of the prospective business relationship and to evaluate this relationship in accordance with the bank's commercial policy.

Must banks accept all business customers?

In Luxembourg, banks are not obligated to open business accounts and therefore may choose whether to establish a relationship with an entrepreneur.

However, they are legally required to implement a customer acceptance policy. This means banks must follow specific rules when deciding who they can accept as clients. These policies are designed not only to ensure compliance with legal requirements but also to guarantee security, prevent fraud, and protect both the customer and the bank.

As part of their operations, all professionals must evaluate potential risks associated with their activities. These risk factors may include, but are not limited to:

- the customer's geographical origin or a particular link with certain countries,
- the products, services or transactions handled by the customer,
- the location of its customers,
- the origin of funds,
- the involvement of politically exposed persons ('PEPs'),
- or the complexity of the legal structure chosen.

Banks are also required to integrate Environmental, Social, and Governance (ESG) factors into their business strategies and risk assessments. This includes evaluating the sustainability of the business models of both existing and prospective counterparties.

RISK POLICIES: CRITERIA SPECIFIC TO EACH ESTABLISHMENT

The outcome of this risk assessment can vary between institutions, depending on their individual risk policies. Based on the assessment, a bank may choose not to enter into a business relationship or may request additional information to mitigate specific risks. Additionally, changes in your personal or professional circumstances during an established banking relationship could lead to a reassessment by the bank.

It is important to note that each bank may maintain its own list of high-risk countries, which could extend beyond those officially recognized as high-risk under binding legal standards.

Who is the beneficial owner and why is it crucial to identify him?

Banks are required to identify the beneficial owner of any legal entity, except for listed companies under specific circumstances (*see box opposite*). The beneficial owner is always a natural person.

If a beneficial owner cannot be identified, the bank cannot establish a business relationship. For existing relationships, if the ultimate beneficial owner cannot be determined, transactions should not be carried out, and the business relationship should be terminated.

Entities registered in the Luxembourg Trade Register are obligated to declare their beneficial owner(s) to the Register of Beneficial Owners.

Registration of information on beneficial owners and any modifications of this information must be reported within one month from the moment the entity became aware, or can be reasonably expected to be aware, of the relevant occurrence. Non-compliance with this obligation is subject to administrative penalties.

THE SPECIFIC CASE OF LISTED COMPANIES

An exemption from identifying beneficial owners applies to companies whose equity is traded on regulated markets within the European Union or in third countries with transparency requirements aligned with international standards.

Note: Your bank is required to document the steps taken to verify that the market meets these equivalence standards and therefore proof of admission to a regulated market satisfying the above qualifications and the name of the regulated market shall be provided.

Regardless of the exemption, any individual holding at least 25% of the listed company's capital—whether in free float or otherwise—must still be identified. For companies listed on third-country markets that do not meet equivalence standards, as well as for subsidiaries of listed companies, the exemption at hand does not apply. In such cases, the identification of the beneficial owner is mandatory, in accordance with European regulatory requirements.

WHAT IS A BENEFICIAL OWNER?

A beneficial owner is an individual who ultimately owns or controls a company. Control is implied as holding more than 25% of the shares, voting rights, or participation in the company's capital or by other means.

The latter may be relevant in cases where, for instance, there are multiple shareholders, each holding less than 25%, act collectively under a shareholders' agreement or exercise de facto control over the company without holding formal or representative functions.

If, after having exhausted all possible means and provided there are no grounds for suspicion, no natural person can be identified, any natural person who holds the position of senior managing official shall be identified as beneficial.

Why is it important to provide your bank with accurate, up-to-date information?

Providing accurate and up-to-date information is a key part of your banker's customer due diligence and ongoing due diligence obligations. It ensures **compliance with regulatory requirements** and enables financial institutions to **assess customer risk profiles effectively** and apply appropriate due diligence measures.

The provision of up-to-date and accurate information is hence **essential for a smooth and efficient account opening process**. Indeed, when all necessary information is correctly submitted, this allows a quicker verification and approval, hence reducing delays.

You are also responsible for **informing your bank of any changes in your personal or professional circumstances**, such as a change of address or activity, as these updates may impact your classification as a client and therefore impose additional obligations on your banker.

Note: To streamline the process, your bank may at regular intervals in time request a written confirmation (via a "confirmation letter") to verify that key information about your company's legal structure remains accurate and up to date.

WHAT IF MY COMPANY IS STILL BEING INCORPORATED?

It is possible to open an account for a company that is still in the process of incorporation. In such cases, the bank must verify the identities of the company's founders and the source of the funds used to constitute its capital.

To ensure compliance, sufficient measures must be implemented to prevent any withdrawals from the account until the verification process is complete. If a bank allows a corporate client to access funds before their identification is finalised, it may be held liable.

Until all required documents or information are provided, the bank will not activate the accounts of corporate clients whose identification is incomplete. In such cases, the bank may block the account to ensure no funds are withdrawn during this period.

5 Best Practices for a Successful Banking Relationship

01

Promptly provide all the information and documents your bank deems necessary to process your account application. Only a clear, complete and well-documented application, especially your company's activities, corporate purpose, commercial strategy and future income projections, will be processed promptly.

02

Ensure your company's legal form aligns with its contemplated activities. If case of doubt, consult with a legal advisor is recommended. A mismatch between the legal form and the planned activities can lead to delays in processing your account opening request or even result in a negative decision.

03

Promptly notify your bank of any significant changes in circumstances and submit your annual accounts to the Trade and Companies Register on time, as failing to meet this obligation can negatively affect your banking relationship.

04

Changes with respect to authorized signatories and delegations of powers should be notified without delay. This helps ensure that only legitimate representatives are dealing with the bank on behalf of the company and that transaction requests are processed in due time.

05

Bear in mind that each bank has its own risk assessment framework and has discretion in determining the supporting documents required from its clients.

Basic KYC checklist for commercial companies

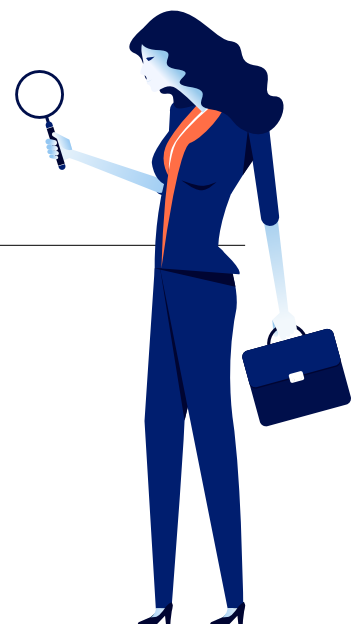
The requirements listed below are a minimum prerequisite for opening a business bank account.

Additional information or supporting documents may be requested depending on applicable circumstances and your risk profile.

Different requirements may apply with respect to other types of structures.



01 — Company identification



Why does your bank need this information?

This basic information enables the bank to identify the company correctly.

What information will you be asked to provide?

1. Full name and, if applicable, trading name of the company.
2. Legal form.
3. Country of incorporation.
4. Date of incorporation.
5. Registered office.
6. Trade register number (*if available*).
7. Contact details (*e.g. telephone, postal and e-mail addresses, website if available*).

In addition, if applicable:

8. For listed companies: market and country of listing.
9. For regulated entities: name of supervisory authority and country of such authority.

What supporting documents will they ask you to provide?

- ✓ Articles of association or any equivalent constitutional document.
- ✓ A recent and up-to-date extract from the Trade Register.
- ✓ For listed companies: proof of listing (*e.g. stock exchange certificate, ISIN*).
- ✓ For regulated entities: proof of supervision (*e.g. authorisation by the relevant regulator*).

02 —

Business and transactional profile

Why does your bank need this information?

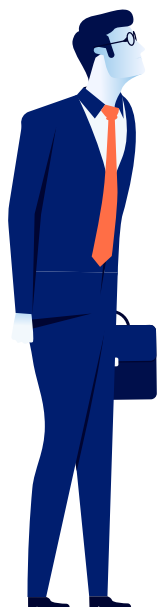
Your bank needs to understand your company's business, as well as the purpose and nature of the prospective business relationship.

What information will you be asked to provide?

1. The country-ies and sectors of activity of the company (e.g. *NACE code*).
2. The size of the company's revenues or, in the case of holding companies, a list of the underlying assets, including sector and country of activity.
3. The transactions and products to be expected to be processed with the bank (*in terms of volume, frequency and country*).
4. Distribution channels for investment funds.

What supporting documents will you be asked to provide?

- ✓ The company's latest financial statements.
- ✓ In the case of a recently created company: revenue forecasts/business plan.





03 — Origin of funds

Why does your bank need this information?

Your bank is required to understand the origin of the company's funds or assets, as well as any capital contributions. This helps to protect the bank and its customers against the risks of fraud, money laundering or the financing of illegal activities. Depending on the circumstances, information may also be requested concerning the origin of funds, the source of the company's wealth or the assets of the company's beneficial owner(s).

Source of funds and source of customer wealth: what's the difference?

The source of funds refers to the origin of the funds involved in a business relationship or occasional transaction. It includes both the activity that generated the funds used in the business relationship, for example the customer's salary, and the means by which the customer's funds were transferred.

The source of wealth refers to the origin of the customer's total wealth, for example inheritance or savings.

What information will you be asked to provide?

1. The operational origin of the funds (e.g. giro payment, other means of transfer, cash, etc.).
2. The geographical origin of the funds.
3. The economic origin of the funds (e.g. investment income, revenues from commercial activities, dividends from participations, etc.)

What supporting documents will you be asked to provide?

Most of the time, and particularly in the case of specific risk factors, the bank will ask for reliable and independent documents to corroborate the origin of the funds to be transferred to the account. These may include:

- ✓ A balance sheet.
- ✓ A sale or cash flow agreement.
- ✓ A resolution deciding on a dividend distribution, etc.

04 —

Information on the beneficial owner

Why does your bank need this information?

For all legal entities, with the exception of listed companies under specific circumstances, a beneficial owner must be identified. The beneficial owner is always a natural person.

Nb. Practical advice for determining the beneficial owners of legal entities is available on the website of the Register of Beneficial Owners [User Guide](#) and on the CSSF website: [Circular CSSF 19/632](#).

What supporting documents will they ask you to provide?

The bank will request the following documents in order to identify the company's beneficial owner(s):

- ✓ A recent and up-to-date extract from the Register of Beneficial Owners.
- ✓ Ultimate Beneficial Owner declaration form ('UBO form'), dated and signed by the company's representative(s).
- ✓ Clear and valid ID of each beneficial owner.
- ✓ Proof of residence (*legal address*) of each beneficial owner may be required by the bank

THE UBO FORM

This declaration form is required by current CSSF regulation and supplements the extract from the Register of Beneficial Owners. Your bank generally provides its customers with a template form to facilitate the collection of the required information.

The UBO form includes, for each identified beneficial owner, the first name, surname, date and place of birth, nationality, legal address of residence and the indication whether a beneficial owner is a politically exposed person (PEP). The Customer shall commit in writing to inform the Bank of any changes without undue delay.

The declaration form must be signed by the customer, meaning the company's legal representatives.

05 — Shareholder information

Why does your bank need this information?

Your bank is legally obliged to have a clear view of the company's shareholders, including, where applicable, any intermediary holding companies. As regards the later, the verification requirements may vary depending on the complexity of the legal structure in question or whether you are considered 'high risk' by the bank.

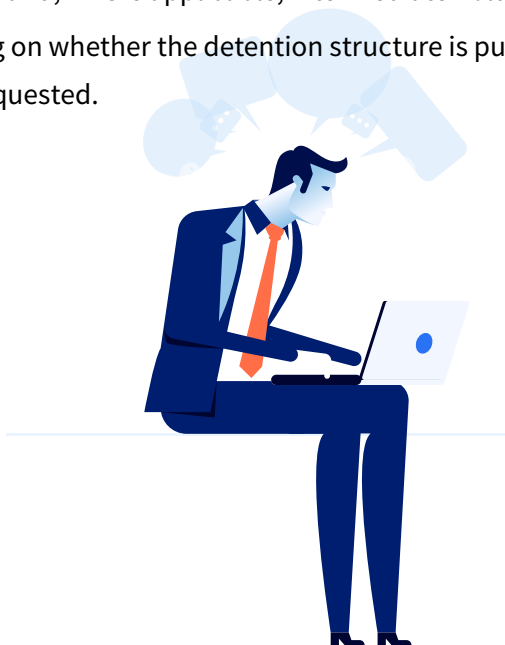
What information will you be asked to provide?

1. Full name of each natural person who is a shareholder of the company.
2. Legal name, legal form and country of incorporation of each legal partner of the company.

Nb. Additional information is required for shareholders who qualify as beneficial owners of the company. Shareholders will be subject to the usual checks against sanctions lists, politically exposed persons lists and adverse media.

What supporting documents will you be asked to provide??

- ✓ Shareholding structure, in the form of a recent organisational chart showing percentages of ownership and, where applicable, intermediate holding companies.
- ✓ Depending on whether the detention structure is publicly available, the register of shareholders may be requested.



06 —

Management structure and authorised signatories

Why does your bank need this information?

Your bank needs to be able to trace the logical progression of appointments and delegations of powers to individuals responsible for representing the company in its dealings with the bank.

What information will you be asked to provide?

1. Full name of each director and senior managing official of the company.
2. Full name, date and place of birth and legal address of residence of each authorised signatory and any other person who may act on behalf of the company towards the bank.

What supporting documents will you be asked to provide?

- ✓ Management structure.
- ✓ List of authorised signatories and specimen signature.
- ✓ Register of directors, when applicable.
- ✓ Clear and valid ID of each person who is an authorised signatory and any other person who can act on behalf of the company towards the bank.
- ✓ Power of attorney for persons who can act on behalf of the company if relevant.



07 —

FATCA and CRS information

Why does your bank need this information?

The automatic exchange of information for tax purposes requires financial institutions to determine the nationality and tax residence of account holders and the persons who control them.

What are FATCA and CRS?

FATCA (*Foreign Account Tax Compliance Act*) is an American law passed in 2010 to combat tax evasion by American taxpayers holding financial assets abroad. It requires non-US financial institutions to report accounts held by US citizens or residents to the US tax authorities (IRS). In the event of non-compliance, financial penalties may be applied to payments of US origin.

The CRS (*Common Reporting Standard*), devised by the OECD, is an international standard for the automatic exchange of tax information. It obliges financial institutions to transmit foreign account data to tax authorities, thereby enhancing transparency and combating tax evasion.

What supporting documents will they ask you to provide?

- ✓ A self-certification form concerning the company's status under FATCA and CRS.
- ✓ The company's tax identification number (TIN) (*if available*).
- ✓ For passive entities, the TIN of each controlling person (UBO) (*if available*).
- ✓ If required, the relevant US forms (*W9 or W8-BEN*).

Banks ready to support you

Luxembourg's financial centre boasts more than a hundred banks active in retail banking, private banking, corporate banking and custodian banking.

Many of them will be happy to help you with your project.

To make it easier for project owners and bankers to get in touch, the ABBL maintains a list of dedicated contact persons on its website:

www.abbl.lu/en/home/bank-account-opening

TAKE YOUR BUSINESS ONE STEP FURTHER:

HOUSE OF ENTREPRENEURSHIP

Through its three main missions of raising awareness, supporting and connecting entrepreneurs, the House of Entrepreneurship supports all those who want to start and develop their entrepreneurial activities. Working with partners, the House of Entrepreneurship is at your side throughout your entrepreneurial journey, from the idea stage to the end of your business.

As well as workshops to raise awareness of how to start, finance, develop and transfer your business, you can also benefit from an assessment of your current situation, followed by personalised support.

In particular, an online workshop on the basics of tax and accounting obligations and opening bank accounts is offered once a month to all future entrepreneurs and company directors with questions about the key day-to-day management aspects of their business.

CONTACT

info@houseofentrepreneurship.lu

+352 42 39 39 330

14, Rue erasme L-1468 Luxembourg

www.houseofentrepreneurship.lu

About the ABBL

The ABBL's mission is to promote the sustainable development of regulated, innovative and responsible banking. The ABBL is the largest and oldest professional association in the financial sector. It represents the banking sector in the broadest sense, i.e. the majority of banks established in Luxembourg, as well as regulated financial intermediaries and others in the sector including law firms, consultancies, auditors, market infrastructures, electronic money and payment institutions.

The ABBL provides its members with the information, resources and services they need to operate in a dynamic financial market and an increasingly complex regulatory environment. It is an open platform for discussing key industry issues and defining common positions across the sector. www.abbl.lu



Association des Banques et Banquiers, Luxembourg
The Luxembourg Bankers' Association
Luxemburger Bankenvereinigung