

Politically exposed persons and high-risk countries: enhanced due diligence at Swiss banks

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Many companies from emerging markets have shareholders, directors or relatives of owners who hold or have held public office, or they do business in countries that international standards treat as high-risk. Swiss banks can still accept such clients, but they must apply enhanced due diligence, and the company should be ready for it.

1 Who is a politically exposed person

The Anti-Money Laundering Act distinguishes foreign politically exposed persons, who hold or held a prominent public function abroad, such as heads of state or government, senior politicians, senior officials, judges, senior military officers or senior executives of state-owned enterprises, from domestic politically exposed persons and persons in leading positions in international organisations (Art. 2a AMLA). Family members and persons known to be close associates are treated in the same way.

2 What enhanced due diligence means

Business relationships with foreign politically exposed persons are always considered higher-risk (Art. 2a para. 1 and Art. 6 para. 3 AMLA). The bank must establish the source of wealth and funds in greater depth, the relationship must be approved by senior management, and it is monitored more closely for its whole duration. The same applies, depending on the bank's risk assessment, to relationships linked to countries that the Financial Action Task Force lists as high-risk or under increased monitoring.

3 A risk to be managed

A connection to public office or to a high-risk country does not in itself exclude an account. What banks need is a clear separation between the business and any public function, convincing evidence that the wealth was earned in the business, and confidence that transactions will not involve sanctioned persons or proceeds of corruption. Banks differ considerably in their appetite for such relationships, and the choice of bank matters.

4 Preparing the company

The company should identify any politically exposed persons among its owners, directors and their families before the bank does, and explain their role openly. Governance documents that show how conflicts of interest are handled, contracts awarded through public tenders, and a sanctions screening of customers and suppliers help the bank to assess the risk. Concealing a political connection that the bank later discovers will usually end the relationship.

5 What pays off in practice

- **Disclose political connections at the outset**, with an explanation of the person's role and the separation from the business.
- **Document the source of wealth** with particular care, since this is where the bank's review concentrates.
- **Approach banks that serve the relevant region** and are equipped to manage the risk.

6 How Ressos Legal helps

I advise companies and families with links to public office or to higher-risk regions on how to present their structure to Swiss banks, and prepare the documentation for enhanced due diligence. [Contact me](#) for a first conversation.

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