

# Mastering AML/KYC - 15 Power Q&As for Real Estate Professionals

## Q1 What is AML (Anti-Money Laundering) and why is it critical?

AML refers to laws, policies, and procedures that prevent criminals from disguising illegal funds as legitimate. It protects the integrity of financial systems and real estate transactions. Real estate businesses are obliged entities since December 2001 and nowadays instant auditability is required, forcing these businesses to be properly organised for AML compliance and assisted by a GDPR-compliant solution.

## Q2 What is KYC (Know Your Customer)?

A process to verify customer identity using documents, biometrics, and risk checks before onboarding.

## Q3 What are CDD (Customer Due Diligence) and EDD (Enhanced Due Diligence)?

CDD = Standard identity/risk checks. EDD = Deeper investigation for high-risk clients such as Politically Exposed Persons (PEPs).

## Q4 What are red flags for suspicious transactions?

Unusual transaction size or frequency, structuring, offshore transfers, or a mismatch between transaction behaviour and the customer profile.

## Q5 What is the difference between an STR and a SAR?

STR = Suspicious Transaction Report. SAR = Suspicious Activity Report. Both are mechanisms to notify regulators and Financial Intelligence Units about potential financial crime risks.

## Q6 What is the role of AI in AML compliance?

AI detects hidden patterns in large datasets, reduces false positives in screening alerts, and automates transaction monitoring — enabling faster and more accurate identification of suspicious activity.

## Q7 What is KYB (Know Your Business)?

A mandatory process for every real estate business regardless of size, which involves a rigorous self-analysis and risk determination. It includes defining the internal AML Policy & Procedures, making them easily accessible to every member in your business (regardless of contract status), as well as an AML training programme with proof of completion (through certification).

## Q8 What are Sanctions Screening and PEP checks?

Screening against global watchlists (such as EU, UN, and OFAC sanctions lists) and identifying Politically Exposed Persons — to prevent onboarding and servicing of high-risk accounts. There are over 2000 sources available hence sufficient due diligence is needed across a large amount of such sources.

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## Q9 What is Transaction Monitoring?

Continuous surveillance of customer transaction activity to detect unusual or high-risk patterns — such as structuring, rapid fund movements, or transactions inconsistent with the customer profile.

## Q10 What is Beneficial Ownership and why does it matter?

Beneficial ownership identifies the real natural person who ultimately owns or controls an account, company, or asset. Verifying beneficial ownership prevents misuse of shell companies and nominee structures to conceal criminal proceeds. Anyone owning a significant amount (= minimum 25%) is considered a stakeholder.

## Q11 What is the Risk-Based Approach (RBA)?

Allocating AML compliance efforts in proportion to customer and product risk levels, rather than applying a one-size-fits-all approach. Higher-risk relationships receive enhanced due diligence; lower-risk relationships receive proportionately lighter scrutiny.

## Q12 How do regulators enforce AML/KYC compliance?

Through audits, financial fines, licence suspensions, public censure, and mandatory remediation measures. Senior management can face personal criminal liability for systemic compliance failures.

## Q13 When do real estate businesses need to start the AML process?

Since the last Directive update, article 19 clearly stipulates that the real estate business that has any relationship with persons in the transaction, must initiate the AML procedures the moment the buyer (or renter) shows a serious interest in transacting. This is often at the moment a sales process gets initiated (contract signing, earnest money payment,...).

## Q14 Can a real estate business outsource its AML obligations?

Real estate businesses can be assisted by third parties in making sure that their AML obligations are performed according to the strict rules. However, they cannot simply handover the keys to a third party as the obligations clearly put the responsibilities in the management & owner structure of the business, where also every single person working in or for this business has to be fully involved in the AML procedures, awareness and training on AML of the business.

## Q15 Does the size of a real estate business matter in terms of AML obligations?

Size doesn't matter when it comes to being obligated to comply with the AML legislation. There are nuances where for instance a one-person real estate business has obviously all responsibilities & obligations concentrated in that one person. As soon there are two or more persons active in the real estate business, the AML compliance officer role can be assigned to any of them. Typically, midsize and larger organisations' internal audit structures and audits differ in complexity and intensity, as cross-checking between persons becomes more relevant.