



**GLOBAL
DIGITAL
FINANCE**



Enabling global identity
Protecting digital trust

February 2025

LEI REDUCING COST OF KYC / KYB

A GDF & GLEIF PROPOSAL

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Background and Introduction

The complexities of modern financial systems demand robust mechanisms for verifying identities, ensuring compliance, and mitigating risks. At the forefront of this challenge are Know Your Customer (KYC) and Know Your Business (KYB) processes, which serve as critical cornerstones for financial institutions, regulatory bodies, and businesses. Yet, despite their importance, these processes often encounter inefficiencies, inconsistencies, and significant operational costs. Existing standards in operation in traditional financial markets, like the Legal Entity Identifier (LEI), can help address some of these challenges.

The LEI, a 20-digit alphanumeric code defined by the ISO 17442 standard, is designed to uniquely identify legal entities engaged in financial transactions. Established under the auspices of the G20 and governed by the Global Legal Entity Identifier Foundation (GLEIF), the LEI system has gained global recognition as a trusted source of client reference data. The Global LEI System is overseen by the Regulatory Oversight Committee (ROC), consisting of almost 70 regulators and 19 observers from 50 countries [1]. The ROC members define policies for the Global LEI System and are active users of the LEI data in regulation [2].

By combining Level 1 data (basic business information), Level 2 data (ownership structures), and metadata (validation records), the LEI offers unparalleled transparency and trust. Its integration into KYC and KYB workflows provides financial institutions with a consistent and automated means to verify client identities, assess risks, and ensure compliance with regulatory standards.

This paper examines how leveraging the LEI can address key pain points in due diligence processes, particularly those arising from manual and fragmented client identification methods. Through real-world applications, such as Zodia Markets' use of the GLEIF API to onboard clients and maintain continuous monitoring, the LEI demonstrates its potential to deliver reliable, instantly verifiable client profiles.



Recognizing its potential, this paper calls for regulatory endorsement of the Global LEI System as a cornerstone of due diligence frameworks. The integration of LEIs into KYC and KYB processes represents a strategic opportunity to achieve compliance, cost efficiency, and global interoperability. As the financial ecosystem evolves, exploring advancements like the digital LEI (vLEI) further underscores the importance of this system in addressing challenges such as entity authentication and authorized representation.


The following sections delve deeper into the mechanisms, benefits, and future outlook of the LEI in KYC and KYB practices, illustrating how it can catalyze a paradigm shift in due diligence processes across the financial industry.

Establishing the Verified Customer Profile

A reliable and standardized client profile forms the foundation of effective KYC and KYB processes. The Legal Entity Identifier (LEI) simplifies this process by providing structured and validated reference data for legal entities worldwide. By leveraging both Level 1 (basic business information) and Level 2 (ownership relationships) data, alongside metadata that confirms data validation sources, financial institutions can automate the creation of accurate and trusted client profiles. This reduces reliance on manual efforts, minimizes errors, and accelerates due diligence, ensuring seamless onboarding and ongoing compliance monitoring.

More specifically, the LEI contains the following key reference data of a legal entity:

- **Level 1 data** – the business card information of the entity, e.g., the official name of a legal entity, its local registration number, the company establishment date, registered address, etc..
- **Level 2 data** – relationship data based on accounting consolidation, e.g. direct and ultimate parent or child entities, managed funds.
- **Metadata** – demonstrating when and how the Level 1 and Level 2 data was validated. For example, the metadata provides local authoritative source such as business registers, tax authorities used for validation (GLEIF maintains a global [Registration Authorities List](#)).
- **Policy conformity** – The [Policy Conformity Flag](#) is a simple, clear tool for global data users to determine if the LEI registration is current and Level 2 reporting is complete.



These verified data are structured in the Common Data File (CDF) Formats meaning the client profile can be automatically established by using an API call to the open public LEI data [3].

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Industry Use Case

Zodia Markets (UK) Limited (LEI Code [549300OI132HT1E1ZL49](#)) onboards Deus X Pay Europe UAB (LEI Code [9845009QE5CE8EC0F496](#)) See Appendix 01 for screenshot.

The practical application of the LEI system demonstrates its effectiveness in simplifying and accelerating client onboarding processes. By retrieving LEI reference data through automated API calls, institutions can quickly identify and validate legal entities with precision. This use case highlights how Zodia Markets (UK) Limited seamlessly onboarded Deus X Pay Europe UAB using their respective LEI codes, eliminating ambiguity and manual effort while ensuring compliance. Such workflows illustrate the LEI's value in delivering trusted, structured, and globally recognized client information.



Digital Onboarding Process

The digital onboarding process includes the following steps:

- 1. Retrieving LEI Data:** Zodia Markets calls GLEIF API with the LEI of Deus X Pay using endpoint GET LEI Record by ID (LEI) – Level 1 information – and GET Direct/Ultimate Parent Relationships – Level 2 information. The LEI of Deus X Pay helps Zodia Markets to get the reference data of the right entity efficiently, avoiding manual works needed to eliminate other similar entities.
- 2. Storing Client Profile:** Zodia Markets saves the retrieved client profile data locally in the CRM or a designated local database.
- 3. Verifying LEI Policy Conformance:** Assess whether the LEI data complies with policy requirements; If the LEI is non-conforming, send a challenge to the Global LEI System. This action alerts Deus X Pay that its LEI profiles not sufficiently updated or is incomplete for meeting customer due diligence standards. This challenge will prompt the accredited LEI issuer to revalidate the reference data.
- 4. Requesting Additional Documentation:** If the LEI is conforming, proceed to request any supplementary documentation required that is not included in the LEI reference data. As the LEI is mapped with other identifiers (e.g. S&P Company ID), it also helps Zodia Markets to more easily cross-reference with multiple service providers for additional information.

Continuous KYC: Ensuring Timely and Accurate Client Data

KYC is a dynamic process that demands continuous monitoring to keep client information accurate and compliant. In this use case, integrating their KYB processes with LEI has enabled Zodia Markets with:

- 1. Automated Alerts via GLEIF API:** Zodia Markets leverages the GLEIF API to establish automated monitoring for changes to Deus X Pay's client profile (e.g. change in name, address, operating status, ownership). Specifically, Zodia Markets sets up automated alerts for changes in Policy Conformity status. This ensures that client or counterparty information remains accurate, complete, and compliant, facilitating a continuous KYC. Appendix 02 demonstrates more details about the alert configuration.
- 2. Internal Response Procedures for Changes:** Zodia Markets develops a clear internal procedure for outreaching to the client/counterparty for responding to detected changes. For example, a change in parent ownership may trigger an outreach to the client while an address change would only trigger an update to the client record.

This example demonstrates how these capabilities can enable institutions to maintain trusted client profiles, reduce operational costs, and ensure alignment with regulatory requirements.

Project Achievements & Potential for Digital Advancement

Through this experiment across two regulated institutions, positioned as an open innovation proposal by GDF and GLEIF, the following objectives were achieved:

- Automated population of client profile with structured data,
- Trusted validation and verification of the client reference data by an internationally recognized and accredited service provider (Global LEI System LOU),
- Translation or transliteration of client names in other languages (where applicable),
- Due diligence cycles synchronized with globally recognized Policy Conforming criteria,
- Continuous KYC via automated alerts to changes in core client reference data, and
- Contribution to a global ecosystem which allows the client to re-use its identity.
- Each of these achievements support broader regulatory objectives, while also demonstrating the greater efficacy and enhanced compliance that can be achieved with new technologies.

Future Evolutions

Looking ahead, further explorations could also be undertaken such as the exploration of the value of the digital version of the LEI (the vLEI [4]) as well which could also effectively:

- Authenticate that the company is the valid company represented by the LEI;
and
- Authenticate that the person involved in the onboarding process is a legitimate representative of the entity and authorized to initiate the account opening.
-

While these were not the focus of this project, future experiments could serve to demonstrate their efficacy and potential to also support global compliance requirements and policy objectives.



Business Case: The Financial Impact & Potential for Growth

Research conducted by McKinsey suggests: 'The broader adoption of LEIs could save the global banking sector U.S.\$2-4 billion annually in client onboarding costs alone. This represents a saving of between 5 percent and 10 percent of the industry's U.S.\$40bn annual overall spend on the practice [5].' Applying this 10 percent to a company's annual spend on compliance results in important cost savings for each firm. In the rapidly developing crypto and digital finance sector, such cost savings could be immediately invested in responsible innovations such as developing further wallet functionalities, platform improvements or security enhancements. All this while delivering a more streamlined customer experience and contributing to the customer's global identity profile, and also working to meet regulatory objectives.

Call to Action: Greater Adoption of LEIs for Regulated Client Due Diligence

Following on from the objectives sought by this experiment, GDF and GLEIF propose greater adoption from regulators and industry to utilize on the Global LEI System as a recognized source for client due diligence information. With the launch of the policy conformity flag in 2024, each LEI record has a clear binary indicator demonstrating if it meets Regulatory Oversight Committee policies. The conforming status signals to partners and other organizations that their LEI can be used to reliably streamline due-diligence checks, onboarding, and other counterparty processes.

Conducting this process within a Regulatory Sandbox environment could provide the full technical demonstration, as well as a clear pathway for policy adoption and endorsement of the Global LEI System.

GDF and GLEIF remain committed to working with regulators and industry in order to continuously enhance best practice and standard setting across industry. Regulatory adoption and endorsement of the Global LEI system for Know Your Business (KYB) could be a critical first step in streamlining these processes to deliver a globally consistent, trusted, instant and reliable client profile.

References

[1] <https://www.leiroc.org/about/membersandobservers/index.htm>

[2] the LEI is being required or requested by more than 200 regulations globally:

<https://www.gleif.org/en/lei-solutions/regulatory-use-of-the-lei>

[3] Level 1 data: <https://www.gleif.org/en/about-lei/common-data-file-format/current-versions/level-1-data-lei-cdf-3-1-format>

Level 2 data: <https://www.gleif.org/en/about-lei/common-data-file-format/current-versions/level-2-data-relationship-record-rr-cdf-2-1-format#>

[4] The vLEI is a verifiable credential based on the concept of self-sovereign identity (SSI).

[5] <https://www.gleif.org/en/lei-solutions/mckinsey-company-and-gleif-leis-and-client-lifecycle-management-in-banking-a-u-s-4-billion-beginning>

Appendix #1

Zodia Markets (UK) Limited:

<https://search.gleif.org/#/record/5493000I132HT1E1ZL49>

ZODIA MARKETS (UK) LIMITED
 Policy Conforming
 as of 2025-02-20 09:00:00+01:00

Current Data | Events and Charges | Show XML | vLEIs

LEI Code 5493000I132HT1E1ZL49 → ISO 17442 Standardized and unique identifier

(Primary) Legal Name	ZODIA MARKETS (UK) LIMITED
Registered At	Companies Register (Companies House) Companies Register (Companies House) England and Wales, United Kingdom of Great Britain and Northern Ireland BADOGBRS
Registered As	13360619 → Hyperlink to Local Business Register website
Jurisdiction Of Formation	GB
General Category	GENERAL
Entity Legal Form	Private Limited Company (en) cyfyngedig (cy) HOPCI
Entity Status	ACTIVE
Entity created at	2016-12-31 06:00:00+01:00
OpenCorporates ID	ghv13360619
SSP Global Company ID	714595373

Annotations:

- Legal name in local language
- Standardized local registration authority code
- Reference to local registration number
- ISO standardized jurisdiction forms
- ISO standardized local legal forms
- Mappings with other industry identifiers

Parents Hide

Parents Published Relationship Lapsed Relationship Reporting Exception

ZODIA MARKETS HOLDINGS LIMITED (Direct Parent) STANDARD CHARTERED PLC (Ultimate Parent) → Direct and Ultimate Parent Entities

Children Hide

Direct children (0) Published Relationship Lapsed Relationship

No direct child data available for ZODIA MARKETS (UK) LIMITED → Direct and Ultimate Child Entities

Ultimate children (0) Published Relationship Lapsed Relationship

No ultimate child data available for ZODIA MARKETS (UK) LIMITED

Deus X Pay Europe UAB:

<https://search.gleif.org/#/record/5493000I132HT1E1ZL49>

Deus X Pay Europe, UAB

@ Policy Conforming ⓘ

as of 2025-02-20 09:00:00+0100

Current Data
Events and Changes
Show XML
vLEIs

LEI Code 9845009QESCEBEC0FA96 ⓘ → ISO Standardized and unique identifier Hide

(Primary) Legal Name	Deus X Pay Europe, UAB
Other Names	UAB "Melona" <small>PREVIOUS_LEGAL_NAME</small> Zeply Global UAB <small>PREVIOUS_LEGAL_NAME</small>
Registered At	Register of Legal Entities (State Enterprise Centre of Registers) Juridinių asmenų registras (Registru Centras) LITHUANIA RA0004930
Registered As	306555264
Jurisdiction Of Formation	LT
General Category	GENERAL
Entity Legal Form	Uždaroji akcinis bendrovės (UAB) BPLS
Entity Status	● ACTIVE
Entity created at	2025-10-15 02:00:00+0200
S&P Global Company ID	190444131

Legal name in local language ←

Other names (optional) ←

Standardized local registration authority code ←

Reference to local registration number ←

ISO standardized jurisdiction forms ←

ISO standardized local legal forms ←

Mappings with other industry identifiers ←

Parents ⓘ
Hide

Parents Published Relationship ⓘ Lapsed Relationship ⓘ Reporting Exception ⓘ

NON_CONSOLIDATING ⓘ (Direct Parent Exception reported) ⓘ NON_CONSOLIDATING ⓘ (Ultimate Parent Exception reported) ⓘ

Children ⓘ
Hide

Direct children (0) Published Relationship ⓘ Lapsed Relationship ⓘ

No direct child data available for Zeply Global UAB

Ultimate children (0) Published Relationship ⓘ Lapsed Relationship ⓘ

No ultimate child data available for Zeply Global UAB

Appendix #2

Configuration for automated alerts via GLEIF API

- Configure:
 - LEIs of interest
 - CDF Fields of interest to track for changes in LEI records
 - Email Recipients to receive notifications
- Utilize the GLEIF API field modification endpoint (/api/v1/lei-records/{LEI}/field-modifications) to monitor changes to CDF fields for the LEIs of interest, e.g., [https://api.gleif.org/api/v1/lei-records/6SHGI4ZSSLCXXQSBB395/field-modifications?filter\[field\]=/lei:LEIData/lei:LEIRecords/lei:LEIRecord/lei:Entity/lei:LegalName&sort=-date&page\[size\]=1](https://api.gleif.org/api/v1/lei-records/6SHGI4ZSSLCXXQSBB395/field-modifications?filter[field]=/lei:LEIData/lei:LEIRecords/lei:LEIRecord/lei:Entity/lei:LegalName&sort=-date&page[size]=1)
 - Filter on LEI and CDF Field
 - Sort by date descending
 - Retrieve on result
- Modifications are detected by tracking the field modifications retrieved from the API over time
 - Snapshots of the field modifications are stored in a database.
 - The LEI, CDF Field and date are the combined unique identifier of a modification that can be used to track if a field modification from the API was already tracked in the database.
- Before tracking and notifying about changes, an initial snapshot of all latest field modifications is taken as baseline.
- Beware of the GLEIF API of around 60 requests/minute when tracking the field modifications.



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e: hello@gdf.io

w: www.gdf.io

FOLLOW OR CONTACT US:

X: @GLEIF

Linkedin: Global Legal Entity

Identifier Foundation

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