

## OPINION

# COMPLIANCE PASSPORTING – THE UAE'S GAME-CHANGING SOLUTION TO SIMPLIFY KYC

The UAE is stepping decisively into the future of financial compliance, addressing one of the industry's most persistent pain points: inefficiencies of 'know your customer' ("KYC") procedures. With the launch of its **digital KYC platform under Federal Decree-Law No. 30 of 2024**, the UAE has set in motion a transformative solution that streamlines financial onboarding while advancing transparency.<sup>1</sup>

Enabling secure data sharing across institutions and regulators, this platform signals a new era for compliance; it reduces redundancies, accelerates processes, and strengthens safeguards. More than a technical innovation, it reflects the UAE's ambition to redefine global best practices.

KYC is critical for verifying client identities and safeguarding against financial crime. Yet, its fragmented nature imposes burdens on institutional operators, clients, and regulators alike.

A unified KYC system—**passporting**—presents a solution: a single, verified KYC record accessible by and accepted across all relevant parties, from banks to regulators. The benefits: enhanced efficiency, stronger security, and reduced costs.

## FROM LOCAL TO GLOBAL: UAE LEADING THE WAY

### WHY PASSPORTING MATTERS



<sup>1</sup> UAE launches digital KYC platform to boost financial transparency | The National

The UAE's commitment to innovation has positioned it as a leader in this space. Financial free zones – the **DIFC** and the **ADGM** – are hubs of forward-thinking regulations and financial activity. Combined with a tech-savvy private sector and collaborative regulators, the UAE is ideal for piloting and scaling initiatives like passporting from local to global.

The digital KYC platform represents a significant first step. It paves the way for a broader passporting framework that could influence compliance standards beyond the UAE, shaping systems in **BRICS nations** and other **tier 1 financial centres**. Passporting would simplify cross-border transactions, ease compliance burdens, and foster trust among global stakeholders.

Tier 1 corporate service providers should unconditionally support expanding the e-KYC system to include regulated financial institutions and supervised DNFBPs. Broader access could streamline KYC across the private sector, standardize processes across licensing authorities and free zones, and enhance the UAE's reputation as a leading tier 1 business hub. **We, at M/HQ x Re/think, are all in.**

## **LESSONS FROM GLOBAL TRENDS AND LOCAL INITIATIVES**



The concept of a compliance passport has long been discussed. The **STEP Tackling Economic Crime report**<sup>2</sup> underscored its potential, advocating for harmonized systems to cut costs and strengthen oversight.

The UAE's digital KYC platform reflects these principles while aligning with global trends toward integrated digital identity systems. The **European Union's digital identity programme**, enshrined in the **Regulation of the European Parliament and Council** (amending Regulation (EU) No. 910/2014) shares similarities with the UAE's vision of a compliance passport.

Within the UAE, the **DIFC** and the **ADGM** have laid the groundwork for advanced KYC processes. In **2018**, the ADGM launched its **e-KYC utility project**, pioneering blockchain-based solutions. DIFC collaborated with partners in **2019** to establish the **UAE KYC Blockchain Consortium**, which unified blockchain-enabled KYC platforms across the **Dubai Economy** and DIFC in **2021**.

These efforts highlight the UAE's commitment to innovation in compliance systems. The federal platform builds on this progress, marking a step toward a unified framework across the UAE and positioning the nation as a global leader in regulatory innovation.

<sup>2</sup> STEP, Tackling Economic Crime, 2024, led by Samantha Morgan TEP

## TRANSFORMING THE BURDEN INTO OPPORTUNITY



KYC inefficiencies have long hindered financial innovation. By tackling these challenges head-on, the UAE is leading a paradigm shift in compliance.

The digital KYC platform is a vision for a more efficient, transparent, and interconnected financial future. With the UAE at the helm, the transition from burden to opportunity is becoming a reality, setting a benchmark for others to follow.

## CONTRIBUTIONS



### Hermione Harrison

Director – Head of Corporate Governance  
M/HQ  
[harrison@m-hq.com](mailto:harrison@m-hq.com)

M/HQ is a multi-services platform catering to successful individuals and entrepreneurial families. Our one-stop-shop offering is unique in the Middle East: a holistic and cross-disciplinary combination of a market-leading corporate services firm, a private client specialist team and a regulatory & compliance services practice, all through one single platform.

We have extensive experience advising on a broad range of wealth structuring and legacy planning issues. We particularly assist in establishing and servicing **Single- and Multi- Family offices, Family- and Group- Holdings, Foundations** and other asset consolidation/ protection and intergenerational wealth management structures.

Headquartered in the UAE, we are an entrepreneurial firm for entrepreneurial clients.



### Gail Goring

Partner & Head of Regulatory & Compliance Practice  
Re/think  
[gail.goring@rethink-hq.com](mailto:gail.goring@rethink-hq.com)

An award-winning regional multi-service business advisory and outsourced services firm providing accounting, regulatory and compliance, tax and VAT advisory, audit, HR consultancy and recruitment services to **regulated firms, multi- and single-family offices**, and other operating businesses.

Established in the UAE in 2014, the firm has 80 staff across three offices in Dubai and Abu Dhabi providing clients with timely, proactive and customized business solutions – from set-up and early development to the latest stages of a business lifecycle.