



# ALTERNATIVE SOLUTIONS

## Use of Technology in the Due Diligence Process

Between the 29<sup>th</sup> May 2015 and the 31<sup>st</sup> July 2015, the Guernsey Financial Services Commission (GFSC) launched a consultation paper seeking feedback from the financial services industry on a number of proposals to amend the Bailiwick's handbooks for financial services businesses and prescribed businesses on countering financial crime and terrorist financing. The GFSC described the consultation as an invitation to industry to work with the GFSC to use the advances in technology in fulfilling their due diligence obligations.

The GFSC said that it recognised that technology is changing traditional methods of undertaking due diligence. Demand from Industry for alternative cost effective and customer friendly options is resulting in the development and implementation of a variety of alternative technical options that capture and deliver due diligence components through the internet, tablets or smart phone applications. The consultation proposed adding new sections to the handbooks in order to enable firms the option to use digital signatures and for the necessary compliance measures to be implemented. The consultation referred to the Electronic Transactions (Guernsey) Law, 2000 as amended and the relevant European Directives, which rule that an electronic signature cannot be denied legal effect because it is in an electronic format. It was further noted that a digital signature must produce a tamper evident seal to that electronic transaction or document bound by such a signature which can be verified by Public Key Infrastructure Technology (PKI) that guarantees signer identity and intent, data integrity, and the non-repudiation of signed documents.

The GFSC announced in a feedback statement issued in August 2015, that they received 25 responses and they thanked those who had replied. On 25<sup>th</sup> November 2015 the GFSC issued the annexes to "the Handbooks".

<http://www.gfsc.gg/The-Commission/News/Pages/Use-of-Technology-in-the-Due-Diligence-Process.aspx>

## Impact on Business Processes

Digital signature solutions have been available for many years and their ability to improve business processes, reduce waste and dramatically reduce costs are well proven. Importantly, the use of a digital signature also validates the authenticity and integrity of an electronic document which will evidence if that electronic document has been altered in any way. Traditionally they have been delivered as on premise solutions that have been relatively expensive and difficult to justify for small to medium sized businesses. More recently online cloud solutions have been provided, but these are based either in the United States or Europe. This introduces the issue of data sovereignty.

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SignOff, a Guernsey company, is the world's first offshore, cloud-based digital signature service. Offering the highest levels of security and flexible monthly payment plans, signOff makes signing documents digitally simple, quick, cost effective and secure. SignOff was launched in June and July this year, in both Guernsey and Jersey, in partnership with AO Hall, Legal Specialists and Guernsey Digital Greenhouse. Alternative Solutions Limited has been providing digital signature solutions for over ten years and is also delivering the signOff solution to clients.

## What will Financial Services Businesses be able to do?

The signOff cloud service allows documents to be signed and sealed without the need to print, distribute and wet sign with a pen. Documents can be signed within the organisation and they can also be sent to third parties for signature.

The benefits of digital signatures are multiple and varied and include:

- No need to print electronic documents creating paper copies
- No need to post or courier documents for signature
- Multipage documents can be signed with a single signature
- No scanning of signed documents
- A single signed original (wet signing often leads to a signed paper copy and a scanned copy)
- Streamlined business processes and dramatically reduced costs
- Verified by Public Key Infrastructure technology
- Provides signer intent, identity, data integrity and non-repudiation

## Are the Signatures Legal?

Most jurisdictions, including the Channel Islands, have legislation allowing the use of digital signatures for signing documents. The technology behind signOff provides highly secure signatures, using digital certificates and Public Key Infrastructure designed to meet these regulations.

## About the Author

Tim Roussel has worked in the information management industry for over 20 years. He has experience of working with public bodies and commercial organisations across the UK and EMEA. He has been working for Alternative Solutions Limited for the past five years advising and assisting a variety of organisations on improving business processes, with a specific interest in managing information. Tim can be contacted on 01481 701234, 07781 140353 or by email [tim@asl.gg](mailto:tim@asl.gg).

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