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Politically exposed person (PEP)

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In short: A politically exposed person (PEP) is an individual who is or has been entrusted with a prominent public function, such as a head of state, minister, senior judge, senior military officer or senior executive of a state-owned company. Under FATF Recommendation 12, banks must apply enhanced due diligence to PEPs, their family members and close associates.

Being a PEP is not an accusation and does not by itself bar anyone from opening an account or owning a company. It means the bank or service provider must get senior management approval, establish the source of wealth and funds, and monitor the relationship more closely. Rules cover foreign PEPs, domestic PEPs and people with prominent roles in international organisations; family members and known close associates are treated in a similar way.

PEP status does not end automatically when the person leaves office; FATF guidance favours a risk-based assessment of how long it should continue.

See also

- Know your customer (KYC)
- Source of funds and source of wealth

References

1. Guidance: Politically Exposed Persons (Recommendations 12 and 22) . Financial Action Task Force. Accessed November 2026.
2. The FATF Recommendations . Financial Action Task Force. Accessed November 2026.
3. Regulation (EU) 2024/1624 on preventing the use of the financial system for money laundering . EUR-Lex. Accessed November 2026.

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