Anti-Money Laundering and Combating the Financing of Terrorism in Certain SADC Countries

Focus Note 3: AML / CFT due diligence and related matters

Compliance & Risk Resources
Prepared for FinMark Trust
July 2015

Contents

1. INTRODUCTION AND OVERVIEW 2
2. ACKNOWLEDGEMENTS 4
3. METHODOLOGY AND SCOPE 4
4. INTERNATIONAL STANDARDS AND GUIDANCE 5
5. FOCUS NOTE 3 - AML / CFT DUE DILIGENCE AND RELATED MATTERS 6
5.1. INTRODUCTION 6
5.2. FOCUS NOTE 3 EXECUTIVE SUMMARY 6
5.3. FATF RECOMMENDATION 10 - CUSTOMER DUE DILIGENCE 8
5.4. CUSTOMER IDENTIFICATION AND VERIFICATION 9
5.5. OCCASIONAL (ONE-OFF) TRANSACTIONS 12
5.6. WIRE TRANSFER *DE MINIMIS* EXEMPTION 12
5.7. PROVISION FOR DEFERRED DUE DILIGENCE 13
5.8. RECORD-KEEPING 14
5.9. REPORTING OF SUSPICIOUS TRANSACTIONS 15
5.10. RELIANCE ON THIRD PARTIES 16
5.11. GUIDANCE AND FEEDBACK 17
5.12. DUE DILIGENCE RELATED RECOMMENDATIONS 18
5.13. FOCUS NOTE 3 CONCLUSION 19
6. END-NOTE 20

1. Introduction and overview

FinMark Trust commissioned and funded the development of the focus notes contained in this report in order to highlight key considerations relating to anti-money laundering (AML) and combating the financing of terrorism (CFT) in 13 Southern African Development Community (SADC) countries. This was undertaken in light of findings from a detailed review of the regulatory frameworks in these jurisdictions.

In various studies undertaken by FinMark Trust, the implications of AML and CFT regulatory requirements are often cited as a constraint to the development, growth and access to financial services and products. It has been reasoned that an inappropriate or inconsistently applied regulatory environment for domestic and cross border AML/CFT controls has a detrimental impact on the strategic objective of increasing financial integration and access to financial services within the region.

FinMark Trust would like to investigate whether the harmonisation and more appropriate calibration of the AML/CFT regulations across and within the SADC countries could enhance legal certainty and regulatory predictability. It has been motivated that, in the light of the expansion of African and international financial service providers in the SADC region, this legal harmonisation would have a positive impact on the development and release of financial services and products in the region.

The following focus notes, covering AML/CFT regulatory requirements in the SADC countries, have been developed to draw attention to key matters:

- Focus Note 1 - Financial inclusion and AML/CFT;
- Focus Note 2 - Risk-based approaches to AML/CFT;
- Focus Note 3 - AML / CFT due diligence and related matters;
- Focus Note 4 - Mobile services / technology; and
- Focus Note 5 - Harmonisation of regulatory frameworks in the SADC region.

A brief description of each of the focus notes is set out below.

Figure 1: Proportionate AML/CFT responses

Focus Note	Brief Description
1. Financial inclusion and AML/CFT	Considerations that are relevant in determining whether and how AML/CFT regulatory requirements in the participating countries are a financial inclusion constraint or not are discussed. Various studies that have been carried out indicate that AML/CFT legislation, implemented in response to the FATF Recommendations, has resulted in a conservative approach to compliance with this legislation by the regulated institutions. This is viewed in relation to levels of financial inclusion and economic conditions in SADC.
2. Risk-based approaches to AML/CFT	The adoption of a risk-based approach to the regulation of ML/TF is no longer optional. This is now required in terms of international standards[1]. Key aspects thereof are considered with a view to identifying regulatory harmonisation opportunities as set out in Focus Note 5 - Harmonisation of regulatory frameworks in the SADC region. Where financial inclusion friendly AML/CFT requirements are put in place, which allow for proportionate compliance responses according to the

[1] In terms of FATF Recommendation 1.

Focus Note	Brief Description
	ML/CFT risk, this can play a positive role in promoting access to formal financial systems of countries. This can also potentially reduce the use of informal mechanisms that are outside of the authorities' scrutiny.
3. AML / CFT due diligence and related matters	Customer due diligence and related matters are described in light of relevant FATF Recommendations[2], specifically in view of financial inclusion dynamics, i.e. for the purpose of identifying themes that are relevant in the SADC region. Reference is made to the FinMark Trust country reviews[3] in this regard. While it is understood that customer due diligence that is undertaken by institutions is an important foundation on which AML/CFT compliance responses must rest, overly conservative compliance responses of institutions can result in access barriers.
4. Mobile services / technology	Key aspects of opportunities that can be derived from the introduction of mobile services and new technologies in the SADC region are highlighted. This is done in light of identified opportunities to support financial inclusion objectives. Various FATF Recommendations[4] are considered in order to provide the context for the analysis carried out. New technology opportunities and mobile services offer solutions that will, to a far greater extent than in the past, provide opportunities to deliver financial services to the underserved or excluded market.
5. Harmonisation of regulatory frameworks in the SADC region	AML/CFT harmonisation prospects relating to regulatory frameworks of countries in the SADC region are addressed. The underlying motivation in this regard is to put forward an analysis of various SADC regulatory requirements with a view to promoting opportunities to enhance legal certainty and regulatory predictability as well as support the strategic objective of increasing financial integration and access to financial services in the respective countries.

[2] Customer Due Diligence (CDD) (Recommendation 10); Record keeping requirements (Recommendation 11); Correspondent banking (Recommendation 13); Reliance on third parties (Recommendation 17); Internal controls (Recommendation 18); and Reporting requirements for suspicious transactions (Recommendation 20).

[3] Published 13 May 2015.

[4] Money or value transfer services (Recommendation 14), new technologies (Recommendation 15) and wire transfers (Recommendation 16).

2. Acknowledgements

This report has been prepared by Compliance & Risk Resources. It has been drafted taking into account the findings contained in the SADC country review reports that have been prepared for FinMark Trust[5].

The level of cooperation and support provided by the SADC country stakeholders, who were consulted during the research phase of this project and the finalisation of the country reports, is acknowledged. The willingness of those who made themselves available to assist, often at very short notice, in all participating countries, is highly valued.

The report has been prepared by John Symington with assistance from the Compliance & Risk Resources team. Input has been obtained from a panel of experts, who provided insights and feedback relating to the design of the study. A sincere word of thanks is extended to Raadhika Sihin, Kim Dancey and Neal Estey for providing input. Dhashni Naidoo and Mojgan Derakhshani, FinMark Trust, provided feedback during the drafting process.

3. Methodology and scope

The production of focus notes for FinMark Trust has been prepared on the back of the detailed SADC country review reports prepared by the parties indicated in the acknowledgements in section 0 above.

The reports addressed the following topics:

- Legislation and Regulation in Force;
- Customer Due Diligence;
- Record Keeping;
- Correspondent Banking;
- Money Transfer Services;
- New Technologies;
- Wire Transfers;
- Reliance on Third Parties;
- Internal Controls;
- Suspicion Transaction Reporting; and
- Guidance and Feedback.

Thirteen countries participated in the study: Angola, Botswana, Democratic Republic of the Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia and Zimbabwe. The review findings contained in the respective sections of the reports have been analysed and used as a platform to identify the regulatory requirements that are in place in each of the participating countries. This serves as a basis to develop recommendations relating thereto.

The Compliance & Risk Resources consulting team has made use of its knowledge and experience in respect of regulatory requirements in force in Sub-Sahara Africa and has referenced existing studies that address AML/CFT requirements and financial inclusion. It is noted that Compliance & Risk Resources was,

[5] AML/CFT and Financial Inclusion in SADC - Consideration of Anti-Money Laundering and Combating the Financing of Terrorism Legislation in Various Southern African Development Community (SADC) countries. March 2015.

at the time this report was prepared, in association with Cenfri[6], undertaking a project[7] designed to engage AML/CFT stakeholders in Sub-Sahara countries in order to provide a platform from which to develop a sound understanding of national as well as sectoral AML/CFT risk assessments[8]. Accordingly, it is acknowledged that there has been an opportunity to use the knowledge gained during this engagement to inform the approach taken in developing these focus notes.

4. International standards and guidance

In view of the increasing focus on and understanding of the benefits that are derived from access to finance and financial services by communities in developing countries, both regionally and internationally, the impact of AML/CFT regulatory requirements on financial inclusion has been drawn into the spotlight. Notably, during the course of 2011, the Financial Action Task Force (FATF), following interest kindled under the G20 presidency by Mexico, agreed to have the issue of financial inclusion on its agenda and committed to examining potential challenges posed by AML/CFT requirements relating to the goal of achieving financial inclusion.

The FATF recommendations, which were revised in 2012[9], now make the adoption of a risk-based approach mandatory. They provide space for financial inclusion to be recognised as a country policy objective and, accordingly, there is an opportunity for countries to shift the focus towards achieving AML/CFT objectives within an environment that does not compromise financial inclusion. It is encouraging that there has, in recent years, been steady progress towards recognising the importance of financial inclusion imperatives. This is particularly notable through the development of a FATF guidance paper in June 2011[10], which was intended to provide support to countries in designing AML/CFT measures that meet a national financial inclusion goal without adversely impacting financial integrity objectives. This was revised in 2013, the main aims thereof being the development of a common understanding of the "FATF standards that are relevant when promoting financial inclusion and explicit the flexibility that the standards offer, in particular the risk-based approach (RBA), enabling jurisdictions to craft effective and appropriate controls."[11]

---

[6] Centre for Financial Inclusion - A non-profit think tank based in Cape Town which operates in collaboration with universities in the region to support financial sector development and financial inclusion through facilitating better regulation and market provision of financial services.

[7] Financial Sector Deepening Africa (FSDA). Current research being undertaken entitled "Risk-Based Approaches to Regulation of AML/CFT".

[8] This is designed to address key aspects of international guidance and examples of how jurisdictions have approached the adoption of a RBA by outlining the elements thereof as relevant to countries in the Sub-Sahara Africa region and assisting participating countries with a product scan to define parameters of risk at a sectoral level to get to grips, in a practical way, with what low and high money laundering (ML) and terrorist financing (TF) risk could entail. The project directly addresses financial inclusion related considerations, noting that the application of the RBA will not be limited to financial inclusion impacts.

[9] FATF. International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation - The FATF Recommendations. 2012.

[10] FATF, APG and World Bank. FATF Guidance - Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion. June 2011.

[11] FATF, APG and World Bank. FATF Guidance - Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion. February 2013.

Other FATF guidance, relating to AML/CFT and the risk-based approach, has also touched on AML/CFT and financial inclusion. For example, the following question is raised: "Does the manner in which AML/CFT measures are applied prevent the legitimate use of the formal financial system, and what measures are taken to promote financial inclusion?"[12]. This refers to the issue of whether financial institutions and designated non-financial businesses and professions (DNFBP) adequately apply AML/CFT preventive measures commensurate with their risks and report suspicious transactions. Further, there have been a number of publications by international organisations that have shed light on this topic, for example published by AFI[13] and CGAP[14], which illustrates the growing momentum that has been gained and the international understanding of the impact of AML/CFT requirements on financial inclusion.

5. Focus Note 3 - AML / CFT due diligence and related matters

5.1. Introduction

It is recognised that customer due diligence that is undertaken by institutions is an important foundation on which AML/CFT compliance responses must rest. It is an essential component of any AML/CFT programme. Accordingly, this focus note has been prepared in order to highlight key considerations in respect of customer due diligence and related matters. This is done in light of relevant FATF Recommendations[15], specifically in view of financial inclusion dynamics, i.e. for the purpose of identifying themes that are relevant in the SADC region. Reference is made to the FinMark Trust country reviews[16] in this regard.

5.2. Focus Note 3 executive summary

Various FATF Recommendations are considered in order to provide the context for the analysis set out below, specifically in respect of the following: Customer due diligence (CDD) (Recommendation 10), record keeping requirements (Recommendation 11), wire transfers (Recommendation 16), reliance on third parties (Recommendation 17), internal controls (Recommendation 18), reporting requirements for suspicious transactions (Recommendation 20) and guidance and feedback (Recommendation 34).

The FinMark Trust country reviews of the regulatory requirements imposed in the SADC region indicates that all countries that participated in the study have core legislation in place to control ML/TF, and most also have subordinate legislation relating thereto. This reflects the progress that has been made towards addressing the international AML/CFT standards. It is noted that two countries have not issued regulations under the core legislation, but have published guidelines. One country only has draft subordinate legislation and has not yet published guidelines.

[12] FATF. Methodology for assessing technical compliance with the FATF recommendations and the effectiveness of AML/CFT systems. February 2013.

[13] Alliance for Financial Inclusion - A global network of financial policymakers from developing and emerging countries working together to increase access to appropriate financial services for the poor.

[14] Consultative Group to Assist the Poor - An organisation which has the objective of advancing financial inclusion to improve the lives of the poor.

[15] Customer Due Diligence (CDD) (Recommendation 10); Record keeping requirements (Recommendation 11); Correspondent banking (Recommendation 13); Reliance on third parties (Recommendation 17); Internal controls (Recommendation 18); and Reporting requirements for suspicious transactions (Recommendation 20).

[16] Published 13 May 2015.

The review of regulatory requirements in the respective SADC countries reveals that all countries generally require that a customer's full name, date of birth, ID number, nationality and residential address must be obtained. Additional information such as contact details, profession or occupation, source of funds, or tax number may also be required. However, the regulatory requirements relating to the aforementioned vary from country to country. All countries accept an ID Card / Book or Passport as an acceptable form of identity verification, and the majority of countries specify that a driving license is acceptable. Some countries have specified that voter's cards are acceptable. Nearly half of the participating countries specifically allow financial institutions to rely on alternative means of identification, which can provide an element of flexibility that can support financial inclusion objectives. Accordingly, there are opportunities for countries to consider regulatory opportunities in this regard. It is recommended that the approach adopted should not inappropriately exclude persons from the formal financial system. It should also be flexible enough to include identification opportunities that are available as a result of new technologies.

Achieving a balance between clear specification of what due diligence documentation is acceptable and allowing adequate flexibility, so as to avoid due diligence requirements becoming overly restrictive or uncertain, represents a challenge. This is seen in light of the large segments of SADC populations that do not live in formal residences that have street addresses, particularly in respect of informal settlements and in rural areas, which can represent due diligence challenges. It is reasoned that country regulatory frameworks should recognise these realities in addressing AML/CFT and financial inclusion objectives.

There are opportunities for countries to consider the thresholds that are set in respect of occasional transactions (the thresholds set are generally significantly lower than FATF designated threshold - USD/EUR 15 000) and wire transfers (only two countries have set a *de minimis* threshold – USD1 000 per the interpretive note to FATF Recommendation 16) where this could provide benefits from a financial inclusion standpoint. This should be done in a balanced manner that does not unnecessarily hamper financial inclusion. It is recommended that countries should consider applying thresholds, taking into account the ML/TF risks in each jurisdiction.

Financial institutions should be required to keep records[17] obtained through customer due diligence measures and records of transactions. However, the period of time for which such records must be kept may vary from country to country and may exceed the FATF recommended 5 year time frame, i.e. for periods that range from 7 to 10 years. Although the increased record keeping time period may be conservative from a financial integrity standpoint, there may be significant implications from a financial inclusion perspective. This may mean that the cost of doing business with clients that fall into the inclusion sector will be increased. Where low value / margin business is being targeted, there will be less opportunity to do this in a lower cost format. This will, in turn, have an adverse impact on access opportunities. It is noted that the manner in which records must be kept can also have an impact on financial inclusion opportunities.

From a financial inclusion perspective, the ability to rely on third parties to secure customers is vital to the sustainability of delivery channels that depend on new technologies and branchless banking models. The FinMark Trust reviews of country regulatory frameworks indicate that most countries permit financial institution reliance on third parties to perform certain customer due diligence measures. This provides a platform for institutions to develop products that are designed for the underserved or excluded market, i.e. where third parties undertake due diligence measures.

[17] In terms of the FATF Recommendation 11.

Other matters addressed in this focus note include 1) reporting of suspicions[18], which is relevant from a financial inclusion perspective in that the reporting in question will provide information relating to the ML/TF risk profile of products and clients, and 2) guidance and feedback[19] where experience has shown that the nature and extent of guidance often requires development.

5.3. FATF Recommendation 10 - customer due diligence

In terms of FATF Recommendation 10:
"Financial institutions should be prohibited from keeping anonymous accounts or accounts in obviously fictitious names".
Recommendation 10 also requires that:
"Financial institutions should be required to undertake customer due diligence (CDD) measures when:

(i) establishing business relations;
(ii) carrying out occasional transactions: (i) above the applicable designated threshold (USD/EUR 15 000); or (ii) that are wire transfers in the circumstances covered by the Interpretive Note to Recommendation 16;
(iii) there is a suspicion of money laundering or terrorist financing; or
(iv) the financial institution has doubts about the veracity or adequacy of previously obtained customer identification data."

In view of the above, there is an opportunity for countries to set due diligence thresholds that adhere to the above criteria, i.e. in respect of occasional transactions of some USD15 000 or wire transfers of some USD1 000 (refer to the interpretive note to FATF Recommendation 16), provided that there is no suspicion of ML/TF or doubts about the veracity or adequacy of previously obtained customer identification data. It is noted that the thresholds that are indicated in terms of FATF guidance will be applied in view of the national risk assessments that are carried out in the SADC countries, as well as risk assessments that are conducted by institutions. In other words, the thresholds that are applied should be introduced taking into account the identified and assessed ML/TF risks relating thereto and should be reviewed in a manner that provides an effective understanding thereof.

In broad terms, FATF Recommendation 10 requires financial institutions to 1) identify customers and verify the customer's identity using reliable, independent source documents, data or information; 2) identify beneficial owners and take reasonable measures to verify the identity of beneficial owners; 3) understand and, as appropriate, obtain information on the purpose of the intended relationship; and 4) to conduct ongoing due diligence on the business relationship and scrutinise transactions throughout the course of the relationship to monitor that they are consistent with the institution's knowledge of the customer, their business and risk profile, including, where necessary, the source of funds.

The due diligence related recommendations set out in FATF Recommendation 10 should be read together with FATF Recommendation 1 and the interpretive notes relating to both these recommendations. Notably, in terms of the Interpretive Note to Recommendation 10[20]: "Where the risks of money laundering or terrorist financing are lower, financial institutions could be allowed to conduct simplified CDD measures, which should take into account the nature of the lower risk. The simplified measures

[18] FATF Recommendation 20.

[19] FATF Recommendation 34.

[20] Paragraph 21.

should be commensurate with the lower risk factors (e.g. the simplified measures could relate only to customer acceptance measures or to aspects of ongoing monitoring). Examples of possible measures are:

- Verifying the identity of the customer and the beneficial owner after the establishment of the business relationship (e.g. if account transactions rise above a defined monetary threshold);
- Reducing the frequency of customer identification updates;
- Reducing the degree of on-going monitoring and scrutinising transactions, based on a reasonable monetary threshold; and
- Not collecting specific information or carrying out specific measures to understand the purpose and intended nature of the business relationship, but inferring the purpose and nature from the type of transactions or business relationship established.

Simplified CDD measures are not acceptable whenever there is a suspicion of money laundering or terrorist financing, or where specific higher-risk scenarios apply."

It is noted that the FinMark Trust country reviews of the regulatory requirements imposed in the SADC region indicates that all countries that participated in the study have core legislation in place to control ML/TF. It is noted that most countries also have subordinate legislation relating thereto. This reflects on the progress that has been made towards addressing the international AML/CFT standards. It is noted that two countries have not issued regulations under the core legislation, but have published guidelines, and one country only has draft subordinate legislation and has not yet published guidelines.

However, the progress that has been made, which is, to an extent, seen in the number of changes that have been made to regulatory requirements by participating countries in recent years, is viewed in the light of the need to comply with FATF Recommendations. However, this is not necessarily, at this juncture, a reflection of the level of effectiveness of country or institutional level compliance. Countries will be able to comply with FATF Recommendations without unnecessarily hampering access to financial services by excluded populations. When considering effectiveness in the aforementioned context, it should be remembered that this would also embrace risks relating to financial exclusion.

5.4. Customer identification and verification

The review of regulatory requirements in the respective SADC countries reveals that all countries generally require that the following identification information must be obtained:

- Full name;
- Date of birth;
- ID number;
- Nationality; and
- Residential address.

Countries may also require additional information such as contact details, profession or occupation, source of funds, or tax number (depending on country context). However, the regulatory requirements relating to the aforementioned vary from country to country. Accordingly, there are opportunities for countries to consider regulatory harmonisation prospects.

All countries accept an ID card/book or passport as an acceptable form of identity verification. The majority of countries specify that a driving license is acceptable. Some countries have specified that voter's cards are acceptable. Nearly half of the participating countries specifically allow financial institutions to rely on alternative means of identification, which can provide an element of flexibility that

can support financial inclusion objectives. In this regard, due diligence processes in financial institutions will, to an extent, be dependent on the integrity of these alternative forms of identification.

Independent verification sources of address verification that are specified differ across countries in the SADC region. These include the following:

- Address validation & verification service;
- Bank statement;
- Cellular or telephone account;
- Credit reference agency,
- Insurance policy;
- Lease or tenancy agreement;
- National database or register;
- Personal visit to the home of the applicant;
- Rates or utility bill;
- Reference from a bank;
- Reference from customary authority;
- Reference from known customer of bank;
- Reference from well-known professional / government official;
- Reference or affidavit from an employer;
- Revenue service;
- Telephone book; and
- Television license.

The above items (identified in the respective country regulatory frameworks) are not a complete listing of all verification sources. They serve as a reference point for regulatory stakeholders. The status of the respective sources differs from country to country and reliance thereon will depend on the ML/TF risks in question. Clearly, some sources will provide more reliable due diligence than others. The acceptability thereof in a jurisdiction will be a function of the regulatory requirements that are put in place, which should, in the interests of both AML/CFT and financial inclusion, not inappropriately exclude relevant sources (where this will undermine financial inclusion opportunities).

It is noted that a number of countries do not have national identification systems that can be relied on to verify the identity of customers. While it is not a FATF requirement to have national identification systems, due diligence processes can be compromised where the integrity of identification systems, national or otherwise, do not enable efficient and effective due diligence processes.

Achieving a balance between clear specification of what due diligence documentation is acceptable, and allowing adequate flexibility so as to avoid due diligence requirements becoming overly restrictive or uncertain, represents a challenge. This is illustrated in rules-based due diligence requirements imposed, which can represent a challenge in designing products for the underserved and excluded market. On the other hand, there is limited specification[21] of how identification and verification should be carried out in some jurisdictions, for example in the Seychelles where it would be beneficial if there were provisions in the regulations dealing with acceptable forms of identity and reliable and independent verification sources[22]. A further example is seen in Botswana where the regulatory requirements[23] do not state the

[21] Neither the Anti-Money Laundering Act, 2006 (as amended), nor the Anti-Money Laundering Regulations, 2012 contain provisions setting out identification measures or verification sources.

[22] FinMark Trust. AML/CFT and Financial Inclusion in SADC – Seychelles Country Report. March 2015.

information that is to be obtained from each customer, i.e. they specify that institutions must "establish and verify the identity of the customer". Further, the banking regulations[24] do not contain detailed due diligence specifications, which provides a high level of flexibility but at the same time can lead to uncertainty from a due diligence perspective and may lead to a lack of consistency[25].

Large segments of SADC populations do not live in formal residences that have street addresses, particularly in respect of informal settlements and in rural areas, which can represent due diligence challenges. This is illustrated in Lesotho where each customer is required to provide a street address in an environment where many people live in areas that do not have formal street addresses and, in the past, there have been challenges relating to acceptable identification systems[26]. On the other hand, in support of Malawi's financial inclusion agenda, regulatory requirements[27] allow for the acceptance of unofficial identification documents on a risk-based approach and for alternative means of obtaining a customer's address[28] - Regulation 4(1)(c) reads "his physical address including street names and plot numbers, or a detailed description of the location named in Malawi where the physical address is not available." This recognises that people live in areas that do not have street names and, to avoid excluding such people from the formal financial system, alternative address verification measures may be used. For example, a person could describe the location or draw a map of where they stay[29], i.e. which serves to promote an approach that recognises the realities of the jurisdiction in question and assists in supporting financial inclusion objectives.

From a financial inclusion perspective, countries should consider the acceptance of "alternative" forms of identification (other than formal identification systems), particularly where a national identification system is not in place or parts of the population of a country are excluded from mainstream identification for any reason. This would be advisable where usage of formal identification systems is limited and could result in financial exclusion in a jurisdiction. However, only five counties specifically state in law, regulation or guidelines that alternative forms of identification are permitted.

The FATF recommendations do not specify that financial institutions/DNFBPs must verify the residential address of all customers. This is recognised in FATF guidance: "The FATF Recommendations do not specify the exact customer information (referred to by certain countries as "identifiers") that businesses subject to AML/CFT obligations should collect to carry out the identification process properly, for standard business relationships and for occasional transactions above USD/EUR 15 000."[30]

Countries that participated in the study have regulatory requirements that, in various ways, specify address verification requirements. There would be value in considering the reasons why the approaches adopted are often conservative in respect of the aforementioned and why approaches that are adopted are not changed in the short term when they do not yield the results needed to achieve objectives.

[23] Financial Intelligence Agency Act, 2009.

[24] Banking (Anti-Money Laundering) Regulations, 2003.

[25] FinMark Trust. AML/CFT and Financial Inclusion in SADC – Botswana Country Report. March 2015.

[26] FinMark Trust. AML/CFT and Financial Inclusion in SADC – Lesotho Country Report. March 2015.

[27] Money Laundering, Proceeds of Serious Crime and Terrorist Financing Regulations, 2011.

[28] Regulation 4 of the Money Laundering, Proceeds of Serious Crime and Terrorist Financing Regulations, 2011.

[29] FinMark Trust. AML/CFT and Financial Inclusion in SADC – Malawi Country Report. March 2015.

[30] FATF, APG and World Bank. FATF Guidance - Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion. February 2013.

It is recommended that the due diligence approach that is adopted by a country should not inappropriately exclude persons from the formal financial system. It should also be flexible enough to include identification opportunities that are available as a result of new technologies. There are opportunities to develop a harmonised approach to customer due diligence in SADC countries in this regard.

5.5. Occasional (one-off) transactions

As specified in FATF Recommendation 10, financial institutions should be required to undertake customer due diligence measures when carrying out occasional transactions above the applicable designated threshold (USD/EUR 15 000) – refer to section 5.3 above.

The FinMark Trust review indicates that the majority of the countries that participated in the study have, in their regulatory frameworks, included due diligence carve-outs in respect of occasional or one-off transactions, i.e. through the specification of thresholds under which certain customer due diligence is not required. Notably South Africa, Botswana and Zambia have not adopted this approach.

However, the thresholds that are set in some of these countries are significantly lower than the FATF recommended threshold of USD 15 000. For example, in the Seychelles, Regulation 5 of the Anti-Money Laundering Regulations, 2012 defines a "once-off-transaction" as a transaction carried out other than as part of a business relationship that exceeds SCR100 000 or SCR50 000 in the case of cash transactions, whether the transaction is carried out in a single operation or several operations which appear to be linked." SCR100 000 is equivalent to USD 7 812 and SCR50 000 to USD 3 906, which are both well below the threshold suggested by the Financial Action Task Force (FATF)[31].

It is noted that the thresholds that are set, in respect of an occasional transactions, will be determined by countries in light of ML/TF risk assessments that are undertaken. The lower amounts that have been specified, may, under the circumstances, be appropriate in the countries in question, however, there may be opportunities to consider the aforementioned where this could provide benefits from a financial inclusion standpoint.

5.6. Wire transfer *de minimis* exemption

FATF Recommendation 16 requires countries to ensure that financial institutions include required and accurate originator information, and required beneficiary information on wire transfers[32] and related messages and that the information remains with the wire transfer or related message throughout the payment chain. The scope, ambit and implications of the *de minimis* threshold, as formulated in FATF Recommendation 16, is succinctly summarised by the European Commission DG Internal Market and Services (DG MARKT) as follows:

"The *de minimis* threshold of USD/EUR 1 000 has been retained in the new Recommendation; however, the new Recommendation spells out clearly what information is still required for international wire

[31] FinMark Trust. AML/CFT and Financial Inclusion in SADC – Seychelles Country Report. March 2015.

[32] As defined by FATF, wire transfer refers to any transaction carried out on behalf of an originator through a financial institution by electronic means with a view to making an amount of funds available to a beneficiary person at a beneficiary financial institution, irrespective of whether the originator and the beneficiary are the same person.

transfers under this threshold. This includes the names of the originator and the beneficiary, as well as the account number of both parties. The latter can be replaced by a unique transaction reference number. The address/national ID number/customer ID number/date and place of birth are no longer required. The accuracy of the information need only be verified in the case of suspicion of money laundering[33]."

Only two of the participating countries have introduced the *de minimis* thresholds that are referred to above, i.e. Mozambique and Zimbabwe. Financial institutions would not have to verify the name of the originator, the name of the beneficiary and the account number for each, or a unique transaction number for occasional cross-border wire transfers below the threshold in question (USD1 000), i.e. such that there is a low risk of ML/TF. It is noted that where such thresholds are applied, compliance with all specifications set out in relevant FATF Recommendations and the interpretative notes relating thereto is needed.

Countries that have not yet incorporated the USD1 000 *de minimis* threshold in their regulatory frameworks have an opportunity to consider its implementation in the light of their AML/CFT context. This should be viewed in terms of each country's circumstances and the risks that are inherent in the aforementioned would be assessed at national and institutional levels, i.e. at the time of introduction and ongoing (with appropriate specification in respect of domestic and cross-border electronic transfers).

FinScope[34] data indicates that 23% of South African adults have either sent money to, or received from, family members, parents, and children within South Africa, usually on a monthly basis (20% in 2013). The following changes (in absolute numbers) have been noted in 2014 in comparison to 2013:

- Remittances through banks: increased by 4.2% (from 2.4 million to 2.5 million);
- Remittances through supermarkets: increased by 22% (from 1.8 million to 2.2 million); and
- Remittances through cellphones: increased by 15% (from 1.3 million to 1.5 million).

This is an indication of the importance of the different channels in providing access to financial services in South Africa. The growth in non-banking channels is indicated.

Cross border remittances are an important consideration in the SADC. For example, South Africa is home to a large number of immigrants from neighbouring countries that remit funds to their home countries. AML/CFT requirements represent a barrier that can exclude individuals that do not have all of the required identification and address documentation needed to participate in the formal financial system. This can result in individuals resorting to the use of informal remittance options. Reference is made to the cross-border money transfer project that is being undertaken with assistance of FinMark Trust. This is briefly described in Focus Note 4 - Mobile services / new technology.

5.7. Provision for deferred due diligence

All countries require that customer identification and verification must be undertaken prior or during the course of establishing a business relationship or conducting occasional transactions. However, over half of the countries that were included in the study have AML/CFT due diligence requirements that allow for deferred approaches to the verification of identity of customers in certain circumstances, i.e. on condition that due diligence measures are undertaken as soon as reasonably practicable. It is noted that the ML/TF risk would need to be effectively managed in this regard.

[33] FinMark Trust. AML/CFT and Financial Inclusion in SADC – Mozambique Country Report. March 2015.

[34] FinScope. South Africa. 2014.

For example, in Angola, regulatory requirements[35] permit reporting entities, whenever the risk of money laundering or financing of terrorism is low, to verify identity after commencing the business relationship. However, this is only allowed when the risk of money laundering or the financing of terrorism is low and where such an action is essential not to interrupt the normal conduct of business. However, such customer due diligence measures must be carried out within the shortest possible time after commencing the business relationship[36].

A further example is seen in Malawi[37] which permits financial institutions to adopt a deferred approach to customer verification. If a financial institution establishes a business relationship prior to verification, financial institutions are required, in line with a risk-based approach, to limit the number, type and amount of transactions that can be performed. This deferred verification is however only permitted if the financial institution has effective risk management systems. In the absence of such, the financial institution is not permitted to enter into a business relationship before the customer's identity has been verified. However, given the capacity of institutions/DNFBPs in many countries, they may not have the systems required. This will mean that they might be prevented from serving excluded populations. It can also limit the appropriateness or physical accessibility (for example if limits are put on non-face-to-face transactions) of a product.

On the other hand, Botswana does not have a deferred approach and customer due diligence measures are required before establishing a business relationship or before concluding a transaction with the customer. The relevant regulatory requirements[38] specifically state that "where a specified party had established a business relationship with a customer before the coming into force of this Act, the specified party shall not conclude a transaction in the course of that relationship unless it has complied with subsection (1)". This implies that no room was provided for the leniency allowed by FATF Recommendation 10 with respect to completing the verification process as soon as reasonably practicable and "where this is essential not to interrupt the normal conduct of business"[39].

It is noted that there are various risks associated with adopting a deferred approach to verification. These should be addressed by institutions that make use of the flexibility that is offered in this regard. However, the approach provides opportunities to limit the need to exclude customers when they do not have all of the documentation needed to verify their identity at the time of establishing a business relationship, where it is appropriate to do so. Consideration should be given to including such requirements in countries where a deferred approach is not enabled (in AML/CFT regulatory requirements).

5.8. Record-keeping

In terms of the FATF Recommendations[40], "financial institutions should be required to keep all records obtained through CDD measures (e.g. copies or records of official identification documents like passports, identity cards, driving licences or similar documents), account files and business

[35] Article 6(2) of Law nº 34/11.

[36] FinMark Trust. AML/CFT and Financial Inclusion in SADC – Angola Country Report. March 2015.

[37] Deferred (tiered) due diligence in terms of Regulation 9(2).

[38] Section 10(2) of the Financial Intelligence Agency Act, 2009.

[39] FinMark Trust. AML/CFT and Financial Inclusion in SADC – Botswana Country Report. March 2015.

[40] FATF Recommendation 11.

correspondence, including the results of any analysis undertaken (e.g. inquiries to establish the background and purpose of complex, unusual large transactions), for at least five years after the business relationship is ended, or after the date of the occasional transaction". Further, "financial institutions should be required to maintain, for at least five years, all necessary records on transactions, both domestic and international, to enable them to comply swiftly with information requests from the competent authorities. Such records must be sufficient to permit reconstruction of individual transactions (including the amounts and types of currency involved, if any) so as to provide, if necessary, evidence for prosecution of criminal activity".

However, the period of time for which records must be kept may vary from country to country and may exceed the FATF recommended 5 year time frame. Angola, Democratic Republic of the Congo, Malawi, Mozambique, the Seychelles and Zambia, whether through core or subordinate legislation, specify periods that range from 7 to 10 years for which respective due diligence and client transaction related records must be kept. It is noted that five of these countries require records to be kept for ten years.

Although the increased record keeping time period (i.e. where the timeframe exceeds FATF recommended five years) may be conservative from a financial integrity standpoint, there may be significant implications from a financial inclusion perspective, i.e. the cost of doing business with clients that fall into the inclusion sector will be increased. Where low value / margin business is being targeted, there will be less opportunity to do this in a lower cost format, which will, in turn, have an adverse impact on access opportunities.

In principle, where there are lower ML/TF risks, it can be reasoned that it is appropriate to keep records for shorter periods of time, i.e. for periods that do not exceed the FATF recommended a five year time line. Most countries allow for records to be kept in electronic format. However, where the records in question are required to be kept in paper format in terms of regulatory requirements (for example in respect of Malawi[41]) or supervisory practices, i.e. regardless of whether they may also be kept electronically, this will mean that administration thereof will, to a large extent, rely on manual documentation handling processes. This can be relatively costly and pose operational challenges. Five countries do not specifically address the manner in which records may be kept, i.e. to specifically allow electronic record keeping. Further, it is noted that, although the regulatory requirements may enable records to be kept electronically, this is not necessarily allowed in practice.

5.9. Reporting of suspicious transactions

In terms of the FATF Recommendations[42]: "If a financial institution suspects or has reasonable grounds to suspect that funds are the proceeds of a criminal activity, or are related to terrorist financing, it should be required, by law, to report promptly its suspicions to the financial intelligence unit (FIU)".

All countries that participated in the study have introduced regulatory requirements relating to the aforementioned, but the indications are that two of them have not done this in a manner that complies

[41] Regulation 17 of the Money Laundering, Proceeds of Serious Crime and Terrorist Financing Regulations, 2011 reads: "17(1) A financial institution shall keep all records in soft and hard copy and it shall ensure that appropriate backup and recovery procedures are in place. (2) A financial institution shall take reasonable steps, in respect of an existing business relationship, to maintain the correctness of records in compliance with regulations 4 to 15 by undertaking a two-year review of existing records, particularity for higher risk categories of customers and business relationships."

[42] FATF Recommendation 20.

with the specifications contained in Recommendation 20. It is noted that, in one country, the banking legislation addresses reporting requirements that are in conflict with the requirements set out in the applicable AML/CFT legislation, i.e. the banking legislation currently requires reporting to be submitted to the bank supervision authorities as the financial intelligence agency is not fully operational.

A review of the regulatory requirements in the above context, undertaken as part of this study, does not necessarily reflect on the effectiveness or the achievement of regulatory objectives in each jurisdiction, but nevertheless provides the regulatory foundation relating to the reporting of suspicions.

It is noted that the reporting of suspicions is relevant from a financial inclusion perspective in that the reporting in question will provide information relating to the ML/TF risk profile of products and clients.

5.10. Reliance on third parties

In terms of FATF Recommendations:
"Countries may permit financial institutions to rely on third parties to perform elements (a)-(c) of the CDD measures set out in Recommendation 10 or to introduce business, provided that the criteria set out below are met. Where such reliance is permitted, the ultimate responsibility for CDD measures remains with the financial institution relying on the third party."

Accordingly, financial institutions should be able to rely on third parties to perform due diligence measures to introduce business. However, financial institutions relying on third parties must ensure that copies of identification data and other relevant documentation relating to customer due diligence be made available to the financial institution from the third party upon request and without delay. Financial institutions must also satisfy themselves that the third party is regulated, supervised or monitored, and has measures in place to meet the CDD and record keeping requirements set out in FATF Recommendations 10 and 11.[43]

From a financial inclusion perspective, the ability to rely on third parties to secure customers is vital to the sustainability of delivery channels that depend on new technologies and branchless banking models. The FinMark Trust reviews of country regulatory frameworks indicates that most countries permit financial institution reliance on third parties to perform certain customer due diligence measures. This provides a platform for institutions to develop products that are designed for the underserved and excluded market, i.e. where third parties undertake due diligence measures.

It is noted that recommendation 17 does not apply to outsourcing or agency relationships. The third party, defined in Interpretive Note 17, paragraph 3 as "financial institutions or DNFBPs that are supervised or monitored and that meet the requirements under Recommendation 17", will usually have an existing business relationship with the customer, which is independent from the relationship to be formed by the customer with the third party, and would apply its own procedures to perform the customer due diligence measures. This can be contrasted with an outsourcing/agency scenario, in which the outsourced entity

[43] Recommendation 17 states that, "When a financial institution relies on a third party that is part of the same financial group, and (i) that group applies CDD and record-keeping requirements, in line with Recommendations 10, 11 and 12, and programmes against money laundering and terrorist financing, in accordance with Recommendation 18; and (ii) where the effective implementation of those CDD and record-keeping requirements and AML/CFT programmes is supervised at a group level by a competent authority, then relevant competent authorities may consider that the financial institution applies measures under (b) and (c) above through its group programme, and may decide that (d) is not a necessary precondition to reliance when higher country risk is adequately mitigated by the group AML/CFT policies."

applies the due diligence measures on behalf of the delegating financial institution, in accordance with prescribed procedures, and is subject to the delegating financial institution's control of the effective implementation of these procedures, by the outsourced entity.

It is noted that a country's AML/CFT requirements relating to agents, including the definition thereof, could unnecessarily restrict institution's/DNFBP's use of third parties in the delivery of financial services.

5.11. Guidance and feedback

In terms of FATF Recommendations[44]:
"The competent authorities, supervisors and SRBs should establish guidelines, and provide feedback, which will assist financial institutions and designated non-financial businesses and professions in applying national measures to combat money laundering and terrorist financing, and, in particular, in detecting and reporting suspicious transactions."

All participating countries have regulatory requirements that allow the relevant regulatory authorities to issue guidelines or guidance notes. However, four countries have not yet issued such guidelines. In the writer's experience, although guidance may have been issued, there is often not enough guidance and the guidance that has been issued does not comprehensively cover AML/CFT challenges that they are faced with. It is recommended that countries should actively assess the quantity and quality of guidance provided by the authorities. This should be done with input from all relevant stakeholders.

Guidance relating to due diligence that is required in respect of the underserved and excluded market is crucial, particularly in light of the need to keep costs as low as possible while at the same time addressing financial integrity objectives. It is also important to encourage adequate communication between institutions and regulators/supervisors. This would typically involve both informal and formal communication. A forum for industry communication purposes is an effective platform from which to generate two-way communication.

Where there is a consistent interpretation of the letter of the law across all institutions in a jurisdiction, and there is consistent treatment of all institutions under such law, this provides an opportunity for a so-called "level playing field" in which the regulated institutions can do business. Experience has shown that adequate regulatory guidance is crucial in guiding the compliance responses of organisations. This assists with the interpretation of requirements and serves to reduce the level of uncertainty in an environment where non-compliance with regulatory requirements can attract fines, penalties, sanctions and impairment to the reputation of institutions. Further, the intention of the regulatory requirements is relevant from a compliance perspective. The so-called "spirit of the law" is brought into focus here.

A consistent interpretation of AML/CFT requirements that provides regulatory clarity will assist in avoiding overly conservative AML/CFT compliance responses by institutions. This could have a positive impact on financial inclusion.

[44] FATF Recommendation 34.

5.12. Due diligence related recommendations

Sources of identity verification – Refer to section 5.3 above

The acceptability of sources of identity verification in a jurisdiction will be a function of the regulatory requirements that are put in place. These should, in the interests of both AML/CFT and financial inclusion, not inappropriately exclude relevant sources. There would be value in countries undertaking periodic reviews relating to the aforementioned.

Country identity system / framework – Refer to section 5.4 above

Countries that do not have a national identification system / framework that effectively supports the due diligence activities of institutions will adversely impact on the effectiveness of the identification and verification activities of institutions. This could be specifically addressed in a country's national risk assessment.

Identity and the process of identification – Refer to section 5.4 above

Large segments of SADC populations do not live in formal residences that have street addresses, particularly in respect of informal settlements and in rural areas, which can represent due diligence challenges. There would be value in further research into the concept of identity and the process of identification – as appropriate for the SADC region.

Alternative forms of identification – Refer to section 5.4 above

From a financial inclusion perspective, countries should consider the acceptance of "alternative" forms of identification (other than formal identification systems), particularly where a national identification system is not in place or parts of the population of a country are excluded from mainstream identification for any reason.

Occasional transactions – Refer to section 5.5 above

There are opportunities to consider the thresholds that are set, in respect of occasional transactions (above the applicable designated threshold - USD/EUR 15 000), where this could provide benefits from a financial inclusion standpoint - provided that this does not materially compromise AML/CFT objectives in a jurisdiction.

Wire transfer de minimis threshold – Refer to section 5.6 above

Countries that have not yet incorporated the USD1 000 wire transfer *de minimis* threshold have an opportunity to consider this in the light of their circumstances, i.e. with a view towards supporting financial inclusion objectives.

Provision for deferred due diligence – Refer to section 5.7 above

There is an opportunity for countries to consider AML/CFT due diligence requirements that allow for deferred approaches to the verification of identity of customers in certain circumstances, i.e. on condition that due diligence measures are undertaken as soon as reasonable practicable.

Record keeping period – Refer to section 5.8 above

Consideration should be given to limiting record keeping time period requirements to the FATF recommended 5 years, specifically where lower risk ML/TF exposures are identified and assessed. Further, it is recommended that record keeping should be allowed in electronic format in terms of regulatory requirements and supervisory practices. Regulatory frameworks should enable paperless audit trails.

Record keeping manner – Refer to section 5.8 above

Record keeping requirements should be evaluated in relation to the impact thereof on financial inclusion. For example, where records are required to be kept in paper format, regardless of whether they may also be kept electronically, this will mean that administration thereof will, to a large extent, rely on manual documentation handling processes. This can be relatively costly and pose operational challenges.

Reliance on third parties – Refer to section 5.10 above

From a financial inclusion perspective, the ability to rely on third parties to secure customers is vital to the sustainability of delivery channels that depend on new technologies and branchless banking models. There would be value in countries periodically reviewing the effectiveness of their laws in supporting financial inclusion and AML/CFT objectives in this regard.

Guidance and feedback – Refer to section 5.11 above

Guidance relating to due diligence that is required in respect of the underserved and excluded market is crucial, particularly in light of the need to keep costs as low as possible while at the same time addressing financial integrity objectives. It is recommended that countries should actively assess the quantity and quality of guidance provided by the authorities. This should be done with input from all relevant stakeholders.

Communication between institutions and regulators/supervisors – Refer to section 5.11 above

Adequate communication between institutions and regulators/supervisors should be encouraged. This would typically involve both informal and formal communication. A forum for industry communication purposes plays a valuable role in this regard.

5.13. Focus Note 3 conclusion

Countries in the SADC region are making progress towards adopting AML/CFT due diligence requirements that are appropriate to the region. Opportunities to utilise the flexibility offered in the revised FATF recommendation to develop financial inclusion friendly AML/CFT requirements are increasingly understood, and the rules and principles-based regulatory frameworks.

However, in view of the challenges identified in FinMark Trust country reviews, it is noted that there would be benefit from further research that is designed to provide a detailed, on-the-ground analysis of the practical identification and verification practices within institutions. In this regard, benefit would be derived from reference to opportunities that are offered in respect of new technology and delivery channels, for example in respect of biometric or digital identity.

6. End-note

The achievement of AML/CFT objectives through the AML/CFT regulatory requirements and the supervision thereof in a manner that does not unduly compromise financial inclusion is a thread that runs through all aspects of this report.

Two overarching opportunities have been identified over the course of the study in this regard, i.e. which could be addressed in further projects:

- Development of a SADC relevant understanding of the application of FATF Recommendations, perhaps with a view to aligning this with relevant specifications contained in the FIP; and
- Undertaking of a SADC supra-national ML/TF risk assessment, perhaps with a view to informing the regulatory approaches that are adopted in SADC countries.

References

FinMark Trust. FinScope access strands obtained from FinMark Trust – Current as at March 2015.

FinMark Trust. Conservative compliance behaviour: Drivers of conservative compliance responses in the South African financial services industry. Louis de Koker and John Symington. August 2011.

FATF. Methodology for assessing technical compliance with the FATF recommendations and the effectiveness of AML/CFT systems. February 2013.

FATF, APG and World Bank. FATF Guidance - Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion. February 2013.

BIS. Sound Management of Risks Related to Money Laundering and Financing of Terrorism. January 2014.

FATF. Guidance for a Risk-Based Approach to Prepaid Cards, Mobile Payments and Internet-Based Payment Services. June 2013.

FATF. Guidance – National Money Laundering and Terrorist Financing Risk Assessment. February 2013.

FATF. International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation - The FATF Recommendations. February 2012

FSA. Banks' management of high money-laundering risk situations. June 2011.

CGAP Focus Note. Timothy Lyman and Wameek Noor. AML/CFT and Financial Inclusion: New Opportunities Emerge from Recent FATF Action. September 2014.

CGAP Focus Note. Robert Cull, Tilman Ehrbeck, and Nina Holle. Financial Inclusion and Development: Recent Impact Evidence. April 2014.

World Bank. Global Financial Inclusion (Global Findex) Database 2014: Measuring Financial Inclusion around the World.

CGAP. Regulating Transformational Branchless Banking: Mobile Phones and Other Technology to Increase Access to Finance. Focus Note No. 43. January 2008.

Genesis. Hennie Bester, Prof Louis de Koker and Ryan Hawthorne. Access to Financial Services in South Africa: A brief case study of the effect of the implementation of the Financial Action Task Force Recommendations. April 2004.

FinMark Trust Media Release. Lesotho corridor allows remittance at low affordable rates. Johannesburg, 03 March 2015.

FinMark Trust media release. Shoprite money transfer launched in Maseru allows for remittances at low affordable rates. 9 July 2015.

FinMark Trust. AML/CFT and Financial Inclusion in SADC - Consideration of Anti-Money Laundering and Combating the Financing of Terrorism Legislation in Various Southern African Development Community (SADC) countries. March 2015.

World Bank Group. Policy Research Working Paper. Gemechu Ayana Aga, Maria Soledad Martinez Peria. International Remittances and Financial Inclusion in Sub-Saharan Africa. July 2014.

ASBA. Best Financial Regulatory and Supervisory Practices on Anti-Money Laundering and Countering the Financing of Terrorism. 2014.

GSMA. Mobile Money: Enabling regulatory solutions. Simone di Castri. February 2013.

Abbreviations/glossary

The following abbreviations are used:

AML – Anti-Money Laundering

CFT – Counter Terrorist Financing

CDD – Customer Due Diligence

DNFBP – Designated Non-Financial Businesses and Professions

EDD – Enhanced Due Diligence

ESAAMLG – Eastern and Southern Africa Anti-Money Laundering Group

FATF – Financial Action Task Force

FIP – SADC Protocol of Finance and Investment

ICRG – International Cooperation Review Group

MAP – Making Access to Financial Services Possible

ML – Money Laundering

MNO – Mobile Network Operator

OTT – Occasional Transaction Threshold

TF – Terrorist Financing