



# **Customer Due Diligence**

## ***Customer Guide***

## CUSTOMER DUE DILIGENCE

'Customer Due Diligence' is a term more commonly known as 'Know Your Customer' or 'KYC'. However, the term KYC does not exist within the provisions of the Anti-Money Laundering Act, 2006, as amended and the Anti-Money Laundering Regulations, 2012, and is a term used more as a matter of industry practice in the banking and financial services sector. Here in Seychelles, the Act & Regulations refer to the term "Customer Due Diligence" and will be referred to as such in this booklet, or in an abbreviated form, as the "**CDD**".

## PURPOSE

A Customer is any person or legal entity who uses the facilities of the banking and financial services sector. The purpose of this booklet is to provide information to you - as an existing or future Customer - about the CDD requirements of your Bank and of the banking and financial services sector in general.

## ABOUT CDD

Customer Due Diligence or CDD is a legal framework for banks and financial institutions used for customer identification purposes. The CDD is intended to ensure that the identity and permanent address of Customers are known or can be ascertained. This involves the Customer's bank making reasonable efforts to determine the nature of the business activity and the source of funds, on an ongoing basis. Banks are prohibited by law, to open anonymous or fictitious accounts and are required to ascertain the identity of their customers at all times. The CDD is a legal requirement under the following laws

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- The Anti-Money Laundering Act 2006;
- The Anti-Money Laundering (Amendment) Act 2008;
- The Anti-Money Laundering (Amendment) Act 2011;
- The Anti-Money Laundering Regulations 2012;
- Prevention of Terrorism Act, 2004.

The intention of these laws, (*collectively the AML Acts & Regulations*) is to prevent banks and financial institutions from being used, intentionally or unintentionally, by criminals for money laundering and/or financing of terrorism.

Banks, therefore, need to perform CDD to protect legitimate Customers specifically -

- At the stage of providing a service to a Customer;
- On a continuous basis throughout the lifetime of the banking relationship; and
- To existing Customers at appropriate times on a risk-sensitive basis.

Banks may also apply enhanced CDD on a risk-sensitive basis on some Customers such as 'Politically Exposed Persons' and on financial transactions with persons in countries that are considered by the international banking community as non-compliant or high-risk.

## WHAT ARE THE KEY REQUIREMENTS OF CDD?

The two key requirements of CDD are–

1. To ensure that the identity and address of Customers are verified by means of reliable and independent source documents and that sufficient information about the Customers is gathered, recorded and regularly updated during the banking relationship, even when the Customer does not hold an account with the bank but uses bank facilities on a frequent basis with substantial sums of money;
2. To ensure that sufficient information is obtained and regularly updated about -
  - The source of funds and wealth of Customers;
  - The nature of activities that the Customer expects to undertake;
  - The economic purpose of Customer accounts; and
  - The expected volume and pattern of transactions.

The AML Acts & Regulations make specific provisions for the different types of customers, e.g. Limited Companies, Partnerships and Sole Traders in particular when the customer is not the beneficial owner of the account. Notwithstanding these different legal forms, all Banks are legally obliged to ensure that all information collected from Customers is kept strictly confidential and is not disclosed to any third party except as provided by a specific law, such as the Financial Institutions Act 2004.

## WHEN IS CDD NECESSARY?

CDD is a continuous process and Customers could be required to submit fresh documents and/or provide additional documents and account information in line with the Bank's internal policy and in keeping with the provisions of the AML Act & Regulations. For instance, Customers may need to fulfil CDD requirements when:

- Opening an account in their own name or in the name of an entity in which they are owners or directors;
- Becoming authorised signatories to new or existing accounts;
- Reactivating an existing account or banking service;
- Applying for a new credit facility or banking service;
- Conducting a banking transaction or transfer;

- Banks perform CDD checks at appropriate times or periodically, on a risk-sensitive basis.

## **WHY IS CDD IMPORTANT FOR YOU AS A CUSTOMER?**

You must assist in the CDD process as it ensures that the relationship between you as the Customer and your Bank is properly maintained in accordance with the provisions of the AML Act & Regulations, thereby mitigating the risks of identity theft, the unintentional use of your account for money laundering and/or terrorism financing activities and unauthorised/fraudulent transactions during the relationship.

It is your responsibility to update the information submitted to your Bank whenever there are material changes in your CDD details, such as your name, residential address, employment details, change in account signatories, mandate holders, beneficial owners, volume and pattern of transactions on your account, etc.

## **WHAT ARE THE CONSEQUENCES OF NOT COMPLYING WITH THE CDD REQUIREMENTS?**

The AML Act & Regulations are very clear on the consequences of not complying with CDD requirements.

If you fail or refuse to provide information requested to the extent that your Bank is unable to apply CDD measures in accordance with the AML Act & Regulations, your Bank is legally obliged to-

- Refuse to carry out any transaction through your or any bank account;
- Refuse to establish a banking relationship or carry out a one-off transaction with you;
- Terminate an existing banking relationship and/or close your account.
- Make a "Suspicious Transaction Report" under the AML Act & Regulations or under the provisions of the Prevention of Terrorism Act, 2004.

If - after recurrent reminders to provide information to your Bank - you fail or refuse consistently to provide mandatory CDD information in accordance with the AML Act & Regulations, your Bank is legally obliged to terminate your banking relationship through the closure of all your accounts.

## **HELP US PROTECT YOU**

CDD is a major element in our fight against financial crime and money laundering and is an obligation that is legally imposed on Customers and Banks alike. Your cooperation with the CDD process is therefore most critical because, in addition to full legal compliance, it allows for better engagement and protection for you as well as other

Customers.

## **AND PROTECT YOURSELF**

Just as Banks are legally obliged to ensure that the details of its relationship with you as an important and valued Customer remain confidential at all times, unless required by law, you are urged never to reveal your banking details or share your identity with third parties.

Thank you for being a CDD compliant Customer.

## **MEMBERS OF THE SEYCHELLES BANKERS ASSOCIATION**

**Al Salam Bank**

**Bank of Baroda**

**Bank Al Habib Ltd**

**Bank of Ceylon**

**BARCLAYS**

**Development Bank of Seychelles**

**Habib Bank Limited**

**MCB**

**NOUVOBANQ**

**Seychelles Commercial Bank**

**Seychelles Credit Union**