



Customer Due Diligence

A Customer Guide

About this CUSTOMER GUIDE

This Customer Guide is compiled and issued by the Seychelles Bankers Association whose members are listed on the last page. The contents of this Guide have received the full support of:

- Seychelles International Financial Services Association, SIFSA,

And have been sanctioned by the following regulatory bodies:

- Financial Services Authority, FSA,
- Financial Intelligence Unit, FIU, and
- Central Bank of Seychelles, CBS.

About CUSTOMER DUE DILIGENCE (CDD) or KNOW YOUR CUSTOMER (KYC)

'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 and the Regulations above refer to the term "Customer Due Diligence" and will be referred to as such in this Customer Guide booklet, or in an abbreviated form, as the "CDD".

IMPORTANT DEFINITIONS for the purposes of CDD

A "Customer" is any natural person, company or other legal entity who uses the facilities of the banking and financial services sector.

A "Reporting Entity" is any natural person, company or other legal entity providing any type of financial and related services. This includes banks, non-bank financial institutions, insurance companies, money changers, financial brokers, casinos, trust or corporate service providers, attorneys, accountants and estate agents.

A "Politically Exposed Person" is any individual who has, during the preceding three years, been entrusted with a prominent public function in Seychelles or any other country, and includes the individual's immediate family members and close associates. This includes a head of state or head of government, ministers, senior government or judicial officers, officers of the armed forces, board members of the CBS, FIU, FSA and/or state-owned enterprises as well as officials of political parties.

The CDD

The purpose of this Customer Guide 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. The CDD is a legal framework that all Reporting Entities such as banks and financial institutions, use for customer identification purposes. The CDD is intended to ensure that the identity and permanent physical 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 Customers at all times. The **CDD** is a legal requirement directly or indirectly, under the following laws:

- The Anti-Money Laundering Act 2006 as amended;
- The Anti-Money Laundering Regulations 2012;
- Prevention of Terrorism Act, 2004.

These laws, (collectively known as *the AML/CFT Acts & Regulations*) were designed 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:

- Prevent their institutions from being used for financial crime;
- Protect legitimate Customer accounts from being used by criminals;
- Detect and report suspicious transactions;
- Help to maintain the integrity of the financial system.

With regard to its Customers, Banks perform **CDD** specifically:

- At the very first stage of opening an account and providing services to a Customer;
- On a continuous basis throughout the lifetime of the banking relationship;
- At appropriate times or periodically, on a risk-sensitive basis.
- On existing Customers at appropriate times.

Banks will also apply *enhanced CDD* on Customers who are, or who become, Politically Exposed Persons, or on financial transactions with persons in countries that are considered by the international banking community as non-compliant or high-risk. These are automatically considered as *high-risk* Customers.

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 Customers is obtained, 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/CFT Acts & Regulations* make specific provisions for the different types of Customers, e.g. private persons, 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 are required to keep their personal information continuously updated and submit fresh documents and/or provide additional documents and account information in line with the provisions of the *AML/CFT Acts & Regulations* and Banks' internal policies. Customers need to fulfil **CDD** requirements when:

- Opening an account in their own name or in the name of an entity in which they are shareholders or beneficial 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 such as making an inward or outward transfer;
- Becoming a Politically Exposed Person.

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/CFT Acts & 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, and change in account signatories, mandate holders, beneficial owners, or volume and pattern of transactions on your account.

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

The *AML/CFT Acts & 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/CFT Acts & Regulations*, your Bank is legally obliged to:

- Refuse to carry out any transaction through your account or any bank account;

- Refuse to open an account or carry out even a one-off transaction with you;
- Terminate an existing banking relationship and/or close your account;
- Make a “*Suspicious Transaction Report*” to the FIU in accordance with the *AML/CFT Acts & Regulations* or the Prevention of Terrorism Act, 2004.

If - after continual reminders to provide information to your Bank - you fail or refuse consistently to provide mandatory **CDD** information in accordance with the *AML Acts & 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. It is an obligation that is legally imposed on Customers and Banks alike. Your cooperation with the **CDD** process is therefore 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 banking details or share your identity with third parties.

THANK YOU FOR BEING A CDD COMPLIANT CUSTOMER.



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.

SEYCHELLES INTERNATIONAL FINANCIAL SERVICES AUTHORITY

FINANCIAL SERVICES AUTHORITY

FINANCIAL INTELLIGENCE UNIT

CENTRAL BANK OF SEYCHELLES

