

FINANCIAL INTELLIGENCE CENTRE, BANK OF NAMIBIA

Circular No.3 of 2012

Reporting of Suspicious Transactions in terms of the Financial Intelligence Act, 2007(Act No 3 of 2007) and complementing Regulations

This circular is issued in terms of Section 5(3)(e) of the Financial Intelligence Act, 2007 (Act No. 3 of 2007).

The Financial Intelligence Centre, Bank of Namibia (FIC BoN), as part of its continued efforts to assist the Government of the Republic of Namibia to reduce the national Money Laundering risk have identified certain practices in the financial services sector which appear to be inhibiting the achievement of the objective of the Financial Intelligence Act.

The primary objective of the Financial Intelligence Act is to combat money laundering through ensuring that all Accountable Institutions have adequate systems in place to detect and report transactions suspected of potentially involving proceeds from unlawful activities.

One of the practices identified by the FIC BoN is the non- reporting of these suspicious transactions due to a lack of understanding, on the part of the Accountable Institution, as to when adequate grounds for suspicion exists.

The FIC BoN took note of above practices and herewith draws Accountable Institutions attention to the following:

- a) The Financial Intelligence Act, 2007 (Act No 3 of 2007) which is applicable to all Accountable Institutions, as listed in Schedule I of the Act, in terms of section 21 requires that Accountable Institutions:
- i) report to the FIC BoN any transaction or attempted transaction, whereby the Accountable Institutions knows or ought reasonably to have known or suspect, that it has or is about to receive proceeds from unlawful activities or has been used or is about to be used for money laundering;
 - ii) report the details of the detected suspicious transactions and the grounds for such a suspicion or belief to the FIC BoN.
- b) The FIC BoN expects Accountable Institutions to note the following:
- i) In analysing or reviewing a client's transactional behaviour in order to confirm whether a transaction or series of transactions might involve or have involved proceeds from unlawful activities, Accountable Institutions are expected to review the customer information obtained through performing the customer due diligence process;
 - ii) Accountable Institutions are expected to perform on-going customer due diligence in order to ensure that the established client's profile is updated and relevant. This involves ensuring that sufficient information is obtained to form or update a client profile which would assist in obtaining an understanding of the source, type and level or frequency of funds received into the account;
 - iii) Accountable Institutions using automated account or transaction monitoring systems to detect unusual or suspicious transactions should integrate, as far as possible, customer profile information and money laundering risk assessment results when designing parameters or thresholds used on these systems, in order to ensure that high risk areas are properly monitored without the system generating too many false positives to be analysed;
 - iv) Should the client information or profile be outdated at the time of detecting an unusual or suspicious transaction or behaviour, the Accountable Institution should first perform the necessary on-going and enhanced customer due diligence in order to ensure that the customer profile is updated;
 - v) On-going and enhanced customer due diligence should be performed without specific reference being made to the potential suspicious

transaction or behaviour, as this might tip the customer off that a potential report is being filed and this could jeopardize investigations;

- vi) Upon performing an initial analysis of the detected suspicious transaction and it is clear that the source of funds involved in the transaction(s) are not in line with the most recent profile of the client and as such may be generated from an illicit activity, then the Accountable Institution should file a suspicious transaction report.
- vii) If performing any form of on-going or enhanced customer due diligence might tip the client off on the potential suspicious transaction report, the Accountable Institution should file the report using only the information available, clearly stating the reason/grounds for suspicion at that time.
- viii) A suspicion formed during or after providing information requested in terms of an existing police investigation or request for information (RFI) from the FIC BoN, the Accountable Institution should still file a suspicious transaction report detailing the grounds for suspicion. The mere fact that an investigation or RFI exist is not considered adequate grounds for suspicion and will be seen as defensive reporting.
- ix) If the information to complete the mandatory fields when using the electronic reporting format is not available, consider filing the report using the manual reporting mechanisms.
- x) Accountable Institutions are urged to consider the above information carefully and reconsider previous internal potentially suspicious transactions detected and not reported.
- xi) Failure to file a suspicious transaction in a timely manner may result in the Accountable Institution being faced with significant money laundering, compliance and other risks.

Based on the above, we hereby urge all Accountable Institutions to revise their Anti-Money Laundering monitoring systems and ensure that all suspicious transactions are identified and reported to the Financial Intelligence Centre, Bank of Namibia.

Further information

FIC BoN officers are able to provide general information relating to the *Financial Intelligence Act, 2007 (Act No. 3 of 2007)* and its complimenting *Regulations*.

Enquiries can be directed to the FIC BON Help Desk by:

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The information contained in this document is intended only to provide a summary and general overview on these matters and is not intended to be comprehensive. This document may contain statements of policy which reflect FIC BON's administration of the legislation in carrying out its statutory functions.

The information contained herein is current as at the date of this document.

Date: 10 October 2012