



*your partner in progress*

**FIJI DEVELOPMENT BANK**  
**ANTI MONEY LAUNDERING POLICY**

**EXTRACT FROM: FIJI DEVELOPMENT BANK LENDING MANUAL  
VOLUME 1 FOCUSED SECTOR**

**1. ANTI MONEY LAUNDERING**

**2. WHAT IS MONEY LAUNDERING?**

Any act which constitutes an offence under the Proceeds of Crime Act 1997 and Mutual Assistance in Criminal Matters Act 1997. Money Laundering can involve the following:

- the process of making illegally acquired wealth appear legitimate
- hiding, moving and investing the proceeds of crime
- placement, layering and integration of property derived from the commission of a serious offence.

**3. WHY DOES FDB NEED TO ADOPT THE ANTI MONEY LAUNDERING POLICY?**

Under section 21 of the Financial Transactions Reporting Act, the bank is required to develop and implement such policies, procedures and measures as are necessary and sufficient to deter and prevent their institutions from being used for money laundering and terrorist financing and also achieve compliance with the applicable requirements of the Act and as a minimum such policies, procedures and measures should relate to:

- a. customer due diligence
- b. record keeping and retention
- c. reporting suspicious transactions and transactions above the prescribed amount to the Unit
- d. internal controls and programs

Therefore it becomes mandatory for FDB to develop and implement suitable policies in order to comply with this Act. This will also ensure that we do not end up financing any projects or schemes that are later related to criminal activities as this will bring a lot of disrepute and losses to the bank.

**4. CUSTOMER DUE DILIGENCE**

**4.1. Requirement For Customer Due Diligence**

Customer due diligence includes:

- a. identification of customers, including beneficial owners and controllers and the verification of the customers' identity;
- b. gathering information on customers to create a customer profile;

- c. application of acceptance policies to new customers;
- d. maintenance of customer information on an ongoing basis; and
- e. on-going monitoring of customers and transactions.

#### **4.2. Customers Exempted From Customer Due Diligence Requirements**

For the purposes of section 4(4) (c) and (d) of the FTR Act, the requirement for customer due diligence does not apply to a customer in respect of a person carrying on the business of:

- a. an insurer for the issue of a non-investment type insurance policy such as a third party insurance policy or travel insurance policy;
- b. a money lender as defined in the Money Lenders Act (Cap. 234) if the transaction or total loan for a customer is less than \$5,000;
- c. a consumer credit provider, including financial leasing, hire purchase and similar credit, if the transaction, inclusive of credit provided, is less than \$5,000.
- d. a money services provider for business or activity of collecting, holding, exchanging or remitting funds or the value of money, or otherwise negotiating transfers of funds or the value of money, on behalf of other persons where the transaction is less than \$5,000 and if such transaction is completed domestically within Fiji and does not involve any foreign currency.

#### **4.3. Requirement For Customer Due Diligence If A Customer Is Acting On Behalf Of A Third Party**

The Bank should take reasonable measures to determine if a customer is acting on behalf of any other person or persons. Measures may include:

- a. Inclusion of questions soliciting this information as part of the application forms.
- b. Verbal interview of the customer.

The Bank should also identify and verify the other person(s) on whose behalf the customer is acting.

#### **4.4. Applying The Customer Identification A Verification Requirements On A Risk Based Approach**

- a. Ensures the identification of high risk customers.
- b. Ensures low risk customers are subjected to stringent identification and verification procedures.

- 4.4.1. The Bank may enhance its identification and verification measures for a customer depending on the risk of money laundering and terrorist financing by the customer.
- 4.4.2. If the Bank is not able to satisfactorily obtain a customer identity, the transaction must be stopped unless directed in writing to continue by the Fiji FIU.
- 4.4.3. If the Bank considers a customer's reason for the failure to produce adequate identification documents as unreasonable or suspicious, the transaction should be reported as a suspicious transaction to Fiji FIU.
- 4.4.4. The Bank may enhance its identification and verification measures for a customer depending on the risk of money laundering and terrorist financing by the customer.
- 4.4.5. If the Bank is not able to satisfactorily obtain a customer identity, the transaction must be stopped unless directed in writing to continue by the Fiji FIU.
- 4.4.6. If the Bank considers a customer's reason for the failure to produce adequate identification documents as unreasonable or suspicious, the transaction should be reported as a suspicious transaction to Fiji FIU.
- 4.4.7. If a customer has legitimate reasons for the delay in providing the required identification documents, cases where documents are in the process of being validated then the Bank can use any of the following provisions to complete the identification process and engage the customer with:
  - a. Provisions for delayed verification. (Refer Section 5 of the Financial Transaction Reporting Act – Guideline 4)
  - b. Provisions for verifying customers with insufficient or no official identification documents, this includes;
  - c. Birth certificate to verify name, citizenship and date of birth.
  - d. A certificate/letter/confirmation from a suitable referee to verify the customers name, address and occupation. Referees for customers in rural areas may include:
    - Village headman or “Turaga-ni-Koro”
    - “Roko Tui” (Chief Administration Officer) or Assistant “Roko Tui” or Provincial Administrator at the Provincial office
    - Religious leader
    - District officer or district advisory officer
    - Official from FSC sector office for sugar-cane farmer, laborers
    - Official from district government agency: Social Welfare, Police Station, Health care centers
    - Current or former employer

- Justice of peace, commissioner of oath, legal representative, town councilor
- Employee of the Bank
- e. Provisions for simplified identification checks where minimum customer details include customer's name, permanent address in Fiji and occupation or at least one identification document as listed in the Customer Identification checklist.

*Note: The provision is not intended to decline legitimate business dealings with customers who have valid reasons for not being able to produce the required identification documents. Rather it is targeting those customers who for no valid reason do not produce the identification documents required for the purpose of avoiding identification measures.*

## **5. SCOPE OF CUSTOMER IDENTIFICATION**

Customer due Diligence includes:

### **5.1. *The following information about the customer must be obtain:***

- a. Name of the customer
- b. a birth certificate
- c. permanent residential or business address in Fiji
- d. the date of birth
- e. occupation, business or principal activity (including name of employer or nature of self-employment or business)
- f. specimen signature
- g. the source of funds
- h. citizenship

### **5.2. *Identification of customers who are natural person must be identified using one or more of the following documents:***

- a. A valid passport
- b. A birth certificate
- c. A marriage certificate
- d. A citizenship certificate
- e. A valid driver's licence
- f. A valid Fiji National Provident Fund membership card
- g. Any other evidence of identity, as may be determined by the unit.

Verify the identity of the customer using reliable, independently sourced documents, data or information which must include one or more of the following:

- a. bank statement or account statement issued by another financial institution if the person previously transacted with a bank or financial institution and that bank or financial institution had confirmed the person's identity;

- b. tax identification number and acknowledgement from Fiji Revenue and Customs Service;
- c. notice of taxation assessment by the Fiji Revenue and Customs Service;
- d. utility bill for electricity, water, telephone or other similar services issued by the authority responsible for the supply of such services;
- e. municipal business licence certificate or municipal rates statement or invoice;
- f. mortgage statement from another financial institution;
- g. cellular phone account statement;
- h. television account statement;
- i. long-term or short-term insurance policy document issued by an
- j. insurance company ;
- k. motor vehicle licence or registration document;
- l. land or other property ownership document or title;
- m. employment identification card or a letter from the employer;
- n. pay or salary slip;
- o. identification card issued to a student at a tertiary or technical education institution;
- p. verification by a suitable referee as approved by the financial institution;
- q. other evidence which the financial institutions determines with the approval of the Unit is reasonably capable of verifying the identity of the customer;
- r. such other document, data or information as may be specified by the relevant supervisory authority or the Unit.

### **5.3. *Identification Of Customers Who Are Non-Fiji Citizens***

For a customer who is non-Fiji citizen, in addition to the requirements of 2.2 above, the following documents must obtained and conduct verification:

- a. a current and valid passport or any other travel document issued by a foreign government or recognized international organisation;
- b. current and valid work, business or other permit or visa issued by the Fiji Immigration Department;
- c. current and valid employment or student status document issued by the customer's employer or the education institution in Fiji.

### **5.4. *Identification Of Customers Who Are Legal Persons Or Legal Arrangements***

5.4.1. For a customer that is a legal entity or other form of legal arrangement, we must obtain and verify:

- a. the customer's name, address and legal form, obtaining proof of incorporation or similar evidence of establishment or existence including a certificate of registration from the Registrar of Companies, Registrar of Businesses or a trust instrument;

- b. the legal provisions that set out the power to bind the customer including the memorandum and articles of association or trust instrument or other legal instruments;
- c. the identity of the natural person purporting to act on behalf of the customer, using reliable, independently sourced documents as provided in 4 above;
- d. the legal provisions that authorize the above natural person(s) to act on behalf of the customer (such as a resolution of the board of directors or statement of trustees on opening an account and conferring authority on those who may operate the account);
- e. where the customer is a business, either for profit or otherwise, the business licence from the relevant local authorities or from the municipal council.

5.4.2. The Bank must take reasonable measures to understand and document the ownership and control structure of the legal person or arrangement including the name and permanent residential address of the natural person(s) who ultimately owns or controls the legal person or arrangement.

5.4.3. For a customer that is a company, limited partnership, or similar form of arrangement, a financial institution must identify and verify the identity of the principal owner of the company, limited partnership or similar form of arrangement and must at a minimum identify:

- a. each natural person who owns directly or indirectly 30 percent or more of the vote or value of an equity interest in the company, limited partnership, or similar arrangement; and
- b. any person exercising effective control of the company, limited partnership or similar arrangement; and
- c. each natural person who exercises a signing authority on behalf of the company, limited partnership, or similar arrangement

5.4.4. For a customer that is a trust or other similar arrangement, the financial institutions must identify and verify the identity of the settlor and trustee, and any beneficiary whose interest is 30 percent or more of the value of trust or arrangement.

5.4.5. In determining indirect ownership of equity interests:

- a. an equity interest held by a company, limited partnership, trust or other similar arrangement, must be considered as being owned proportionately by its shareholders, partners, or vested beneficiaries; and
- b. an equity interest held by a family member must be considered as also being owned, in its entirety by each family member (family members include brothers and sisters, whether by the whole or half blood, spouse, ancestors, and lineal descendants).

## **6. RECORD KEEPING PROCEDURES**

The following is prescribed for record keeping purposes:

- a. For any business relationship that exists or a one-off transaction that is carried out, evidence of persons identity should comprise evidence by way of original documents or certified copies.
- b. A record containing details relating to all transactions carried out by FDB in the course of its business.
- c. All relevant data should be stored for a period of seven years from the date the account was opened or from the day on which the transaction took place.
- d. Records kept relating to on-going investigations or transactions which have been the subject of a disclosure, they should be retained until it is confirmed that the case has been closed.

## **7. ROLE OF COMPLIANCE OFFICER**

### **7.1. Reporting Of Transactions And Information By Compliance Officer To Fiji Financial Intelligence Unit (Fiji FIU)**

The following is prescribed under the Act for reporting of financial transactions:

- a. Compliance Officer must report to the Fiji FIU transactions of an amount in cash of \$10,000 (includes bank cheques) and above or its equivalent in foreign currency with the following exclusions:
  - Transactions with established retail customers as specified in writing by the Fiji FIU but excluding transactions involving the selling of vehicles, farm machinery, aircraft, jewelries or other high value commodities;
  - Transactions with Fiji government authorities as specified in writing by the Fiji FIU;
  - Routine payroll transactions as specified in writing by the Fiji FIU;
  - Transactions with other class or type of customers as specified in writing by the Fiji FIU.
- b. Compliance Officer must also report the sending (out of the Fiji Islands) and receipt (from outside the Fiji Islands) of \$10,000 or more or its equivalent in foreign currency at the request of a customer of any electronic fund transfer in the course of a single transaction (if applicable).
- c. Compliance Officer must report transactions on the following forms with complete details as set out in the forms:
  - Cash Transactions Report (CTR) (refer to Annex 1)
  - Electronic Funds Transfer Transactions Report (EFTR)
- d. Compliance Officer must ensure that for all electronic funds transfer transactions and all other forms of funds transfers they obtain and maintain full originator information and to verify that the information is accurate and meaningful. Full originator information includes:



- the name of the originator
  - the originators bank and account number, or a unique reference number if there is no account number
  - the originators address
  - the amount of payment order
- e. Beneficiary financial institutions must identify and scrutinize funds transfers that are not accompanied by complete originator information and constitute an enhanced risk of money laundering and financing of terrorism.
- f. Financial institutions must report any suspicious transactions via the Suspicious Transactions Report (STR) with all the details as set out in the form.
- g. Financial institutions must also submit a suspicious transactions report to the Unit when the financial institution:
- suspects or has reasonable grounds to suspect that a transaction or attempted transaction may be related to the commission of a serious offence, a money laundering offence or an offence of the financing of terrorism or an act preparatory to an offence of financing of terrorism
  - has information it suspects or has reasonable grounds to suspect may be:
    - i. relevant to an investigation or prosecution of a person for a serious offence
    - ii. of assistance in the enforcement of the Proceeds of Crime Act 1997
    - iii. related to the commission of a serious offence, a money laundering offence or an offence of the financing of terrorism
    - iv. preparatory to an offence of the financing of terrorism.
    - v. All suspicious funds and transactions, including attempted transactions must be reported.
- h. The Act also prescribes that any person who leaves or arrives in Fiji Island with \$10,000 and above in currency or negotiable bearer instruments on his baggage must be reported to the Fiji Islands Revenue and Customs Authority as set out in the Border Currency Report (BCR) with full details.

## **7.2. Reporting Of The Suspicious Transactions**

### **What does Suspicious Transaction mean?**

Suspicious Transaction means a transaction which is inconsistent with a customer's known, legitimate business or personal activities or with the normal business of that account.

In the case of a one-off transaction, means a transaction that gives rise to a knowledge or suspicion that a person is engaged in money laundering.

All Suspicious Transaction must be reported using Suspicious Transaction Report (STR) refer to the annex 2. The report shall be submitted as soon as

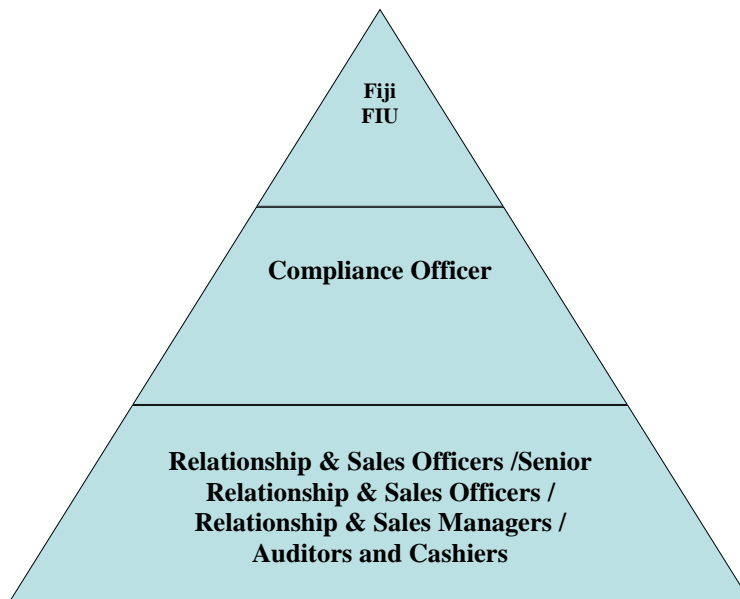
practicable after the bank forms the suspicion and obtains the information required on the STR report but not later than 2 working days after the forming of the suspicion or the receipt of the information.

## **8. INTERNAL PROCEDURES, POLICIES, SYSTEMS AND CONTROLS**

**8.1.** FDB must designate a anti-money laundering compliance officer at management level and the officer must:

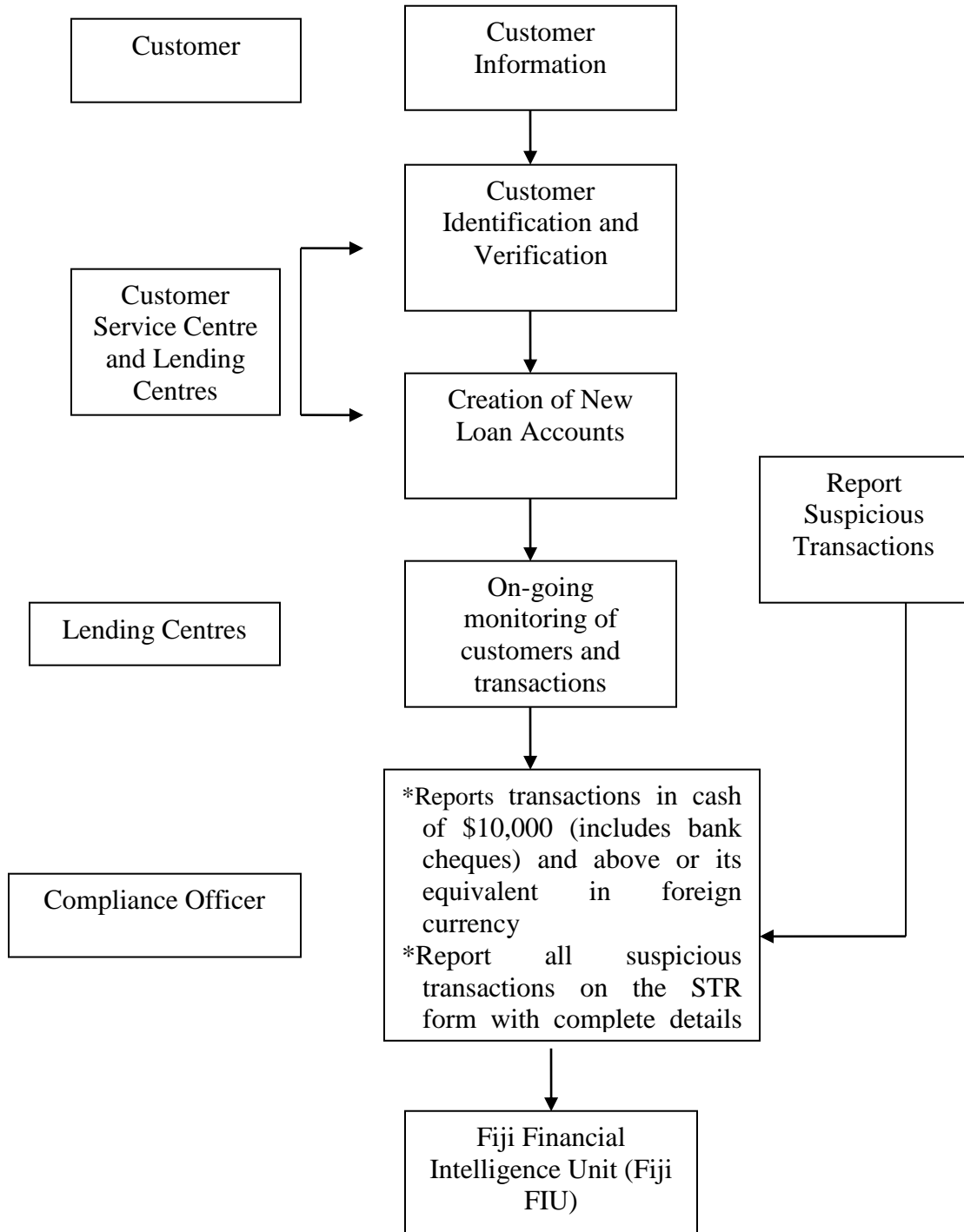
- a. be responsible for ensuring compliance with the Act
- b. be given appropriate and adequate authority and responsibility to implement the requirements of the Act
- c. have the authority to act independently and to report to senior management above the compliance officers next reporting level and to the FIU
- d. he must have timely access to customer identification data and other customer due diligence information, transaction record, and other relevant information
- e. the compliance officer should also keep a register of all reports made to him by the employees and acknowledge receipt of the report in writing

**8.2.** The following chart shows the reporting hierarchy that should be used by the staff to report any suspicious transactions to the compliance officer. No staff at any point in time should make the client conscious that he is being looked at suspiciously. It becomes the responsibility of the compliance officer to investigate and verify whether money laundering is involved.



- 8.3.** The internal audit division must maintain an adequately resourced and independent audit function to test compliance with procedures, policies, and controls required, including:
- a. verification of the overall integrity and effectiveness of the written procedures, policies, systems, controls and technical compliance of the financial institution
  - b. transaction testing in all areas of the financial institution with emphasis on high risk areas, products and services to ensure that possible money laundering transactions are not overlooked
  - c. assessment of adequacy, accuracy and completeness of employee training programmes and the effectiveness of the financial institutions process for identifying and reporting suspicious transactions and activities
  - d. provision of a copy of the audit report to the Unit
- 8.4.** The middle level managers (Relationship & Sales Officers, Senior Relationship & Sales Officers and Relationship & Sales Managers) should have the authority to act independently and to report to compliance officers any suspicious transactions and activities. They should report transactions of the following nature:
- a. clients willing to meet a contribution that is substantially more than the normal equity contribution
  - b. frequent fluctuations in the clients personal bank accounts
  - c. sudden debt settlement or large payment by clients who usually have difficulty in maintaining a good conduct of their accounts.
  - d. any other transaction that may appear suspicious to them
- 8.5.** The cashiers should also have the authority to act independently and report any suspicious transactions or activities to the compliance officer. They should pay particular attention to the clients' background, employment and the monthly repayments while receiving payments. If they notice any irregularities, in terms of receiving frequent large amounts of cash in comparison to the client's employment or any other activity that seems to be suspicious to them should be reported to the compliance officer. However, they should not decline any payments or in any way show that they are suspicious of the transaction/client.
- 8.6.** The Talent & Organisation Development division must put in place screening procedures to ensure high standards when hiring employees and to prevent the employment of persons convicted of offences involving fraud and dishonesty. They should also ensure that ongoing employee training is established to keep them informed of new developments.

**ANNEX 1 – Anti – Money Laundering Flowchart**



END.