

# AML/CFT Update

## *RBNZ AML/CFT supervision*

December 2017

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Welcome to the fourth edition of the Reserve Bank of New Zealand's AML/CFT update.

This edition focuses on the following:

- Good practice areas:
  - A customer's residential address
  - Certified copies of identification documents
  - Closing commentary for transaction monitoring alerts
- Identification documents for existing customers
- Access to GoAML
- AML/CFT Culture and On-site Visits
- New AML/CFT Guidelines

If there are topics you would like covered in our updates, or you have a question about any issue we have raised, please email the team at [amlcft@rbnz.govt.nz](mailto:amlcft@rbnz.govt.nz).



## A customer's address-good practice

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When conducting standard customer due diligence (CDD) on a customer, any beneficial owner of the customer, or any person acting on behalf of the customer (referred to as 'customers' in this article), reporting entities must obtain and take reasonable steps to verify the customer's address (in case of individuals), or registered office (in case of legal persons).

RBNZ considers it good practice to collect and verify a customer's residential address. Where a customer's residential address cannot be obtained and verified, a reporting entity should have an exception handling process. A written explanation outlining the relevant reasons for not being able to obtain or verify the customer's residential address should be recorded

## Certified copies-good practice

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When conducting documentary verification of a customer's identity, reporting entities can satisfy the CDD obligations in a number of ways. This includes sighting the identification documents in person or by accepting copies of original documents that are certified by a trusted referee. RBNZ considers it good practice that all certified copies provided in relation to identity documents are original certified copies. Accepting copies of certified copies by email or other electronic means from the customer presents a risk of the documents being altered or tampered.

## Closing commentary for transaction monitoring alerts-good practice

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RBNZ considers that as a matter of good practice the commentary used to close transaction monitoring alerts should demonstrate that a robust investigation and analysis has been completed. The closing commentary should outline the following:

- the reason for the alerting activity
- the original nature and purpose of the account
- what is the 'normal and expected' activity for the customer
- any underlying AML/CFT typologies that were considered
- any conversations conducted with the customer
- why the alerted activity is or is not considered suspicious.



## Identification for existing customers

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As part of compliance with on-going CDD requirements for existing customers, reporting entities obtain additional identification documents in accordance with the Amended Identity Verification Code of Practice 2013, including a credit card, debit card, or eftpos card issued by a registered bank.

RBNZ considers a registered bank cannot rely upon a self-issued credit card, debit card, or eftpos card issued as a form of verification because it is not independent of the reporting entity. For on-going CDD purposes in relation to existing customers, RBNZ considers the credit card, debit card, or eftpos card being relied upon must be issued by another registered bank.

## Access to GoAML

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RBNZ has observed a number of instances where reporting entities have employees who are still registered as active goAML users. We encourage you to regularly review a list of people who have access to the goAML portal and incorporate a goAML deregistration procedure for persons who subsequently leave your organisation. We also remind you that you should not be relying on goAML as a record keeping solution to store your suspicious transaction reports. Reports are automatically archived after 10 days.

## AML/CFT Culture and On-site Visits

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RBNZ considers an effective AML/CFT Programme is dependent on a variety of different factors. This includes a healthy AML/CFT compliance culture and positive attitude towards AML/CFT by all levels of staff within a reporting entity. During on-site visits, RBNZ considers the following behaviours are indicators of a healthy AML/CFT compliance culture and positive attitude towards AML/CFT:

- Meetings are attended by both AML/CFT personnel and supporting senior managers, with all attendees demonstrating full engagement with the process
- Senior managers are able to articulate the importance of AML/CFT and the key risks and controls within their organisation
- An open and constructive dialogue with RBNZ supervisors during the on-site visit
- A strong focus on mitigating risks, rather than just achieving minimum 'tick box' compliance
- Receptive to recommendations and suggested process improvements by RBNZ supervisors.

## New AML/CFT Guidelines

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The following guidelines have recently been updated and published:

- The Identity Verification Code of Practice Explanatory Note
- The Designated Business Group - Scope Guideline
- The Designated Business Group – Formation Guideline
- Interpreting "Ordinary Course of Business" Guideline
- Enhanced Customer Due Diligence Guideline.

Please refer to [RBNZ's AML/CFT webpage](#) for further information.

## Contact us:

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Season's Greetings on behalf of RBNZ's AML/CFT team,

Damian, Olga, Leah, Catherine and Richard.

*The Pōhutukawa is a native New Zealand tree known for its distinctive red flowers. It is often described as New Zealand's Christmas tree as it flowers during the festive season.*

