

BANKIGA DHEXE EE  
SOOMAALIYA



البنك المركزي الصومالي

## CENTRAL BANK OF SOMALIA

### Licensing and Supervision Department

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## REGULATIONS FOR MONEY TRANSFER BUSINESSES ON CUSTOMER REGISTRATION, 2016 CBS/NBS/REG/04

IN EXERCISE of the powers contained in Article 34 of the Financial Institutions Law, the following regulations are hereby made:

### PRELIMINARY

These regulations may be cited as the Regulations for Money Transfer Businesses on Customer Registration, 2015. These regulations shall apply to any natural or legal person, other than banks authorized to carry on banking business in Somalia under Financial Institutions Law, conducting money transfer business (whether or not the business is registered or licensed as a money transfer business), which is expressly permitted under their registration or license to carry on money transfer business as an activity. These Regulations establish requirements for money transfer businesses to identify register and verify the identity of their customers.

### DEFINITIONS

In these Regulations, unless the context otherwise requires, the terms below shall have the following meanings:

“Beneficial owner” means the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes persons who exercise ultimate and effective control over a legal person, business entity, or non-profit organization;

“Business entity” means any firm, whether or not a legal person, which is not an individual and includes a corporate body or other unincorporated association

“Business relationship” means a business, professional or commercial relationship between a money transfer business and a customer, which is expected by the money transfer business, at the time when contact is established, to have an element of duration;

“Customer” means any natural or legal person, business entity or non-profit organization, including both senders/originators and recipients/beneficiaries of money transfers, with whom the money transfer business establishes a business relationship;

“Customer record” means a record of the customer identity information as held by a money transfer business;

“Financing of terrorism” means the act of, directly or indirectly, providing or collecting funds, or attempting to do so, with the intention that they should be used or in the knowledge that they are to be used or in whole or in part for any purpose:

a. in order to carry out a terrorist act; or

- b. by a terrorist; or
- c. by a terrorist organization.

“Money laundering” means the conversion or transfer of any property including money, knowing it is derived from a criminal offence, for the purpose of concealing or disguising its illegal origin or of assisting any person who is involved in the commission of the crime to evade the legal consequences of its actions; the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property knowing that it is derived from a criminal offence; or the acquisition, possession or use of property knowing at the time of its receipt that it is derived from a criminal offence;

“Money transfer business” means any provider that accepts cash, checks and other payment instruments, mobile money [also including other stored-value products], in one location, and payment [disbursement] of a corresponding sum in cash or other form to a recipient in another location. Transactions performed by such services can involve one or more intermediaries, participation into a system, and a final payment to a third party, and may include any payment method;

“Non-profit organization” means any organization, whether or not a legal person or arrangement, that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes or any other similar activity.

“Occasional transaction” means any money transfer transaction carried out other than as part of a business relationship.

“Transaction” means any money transfer transaction involving the acceptance of cash, checks and other payment instruments, mobile money [also including other stored-value products], in one location, and payment of a corresponding sum in cash or other form to a recipient in another location, including occasional transactions.

#### **Article 1 – Duty to maintain register of customer records**

A money transfer business shall establish and maintain a customer record for all customers when establishing a business relationship or before carrying out an occasional transaction

- 1) For existing business relationships a money transfer business shall establish and maintain a customer record within 6 months of the entry into force of these regulations.
- 2) A money transfer business shall keep customer records accurate and current.
- 3) A competent authority may access the customer records for supervision purposes.

#### **Article 2 – Record of customer information for natural persons**

- 1) A customer record for customers that are natural persons or beneficial owners shall contain the following information:
  - a. Full name
  - b. Gender
  - c. Telephone number
  - d. Permanent residential address / identifying location
  - e. Full name of mother
  - f. Nationality
  - g. Occupation
  - h. A unique customer registration number
- 2) A customer record for customers that are natural persons shall further contain the following information where it is possible and/or available:
  - a. Photo

- b. Date and place of birth
- c. Number of the government issued identification document
- d. Voter registration number
- e. E-mail address
- f. Nick name (*naney*s)

### **Article 3 – Record of customer information for legal persons, business entities and non-profit organizations**

- 1) A customer record shall contain the following information for customers that are legal persons, business entities or non-profit organizations:
  - a. Full name of legal person, business entity or non-profit organization
  - b. Full name of beneficial owner
  - c. Full name of representative
  - d. Telephone number of legal person, business entity or non-profit organization
  - e. Business address (not older than 3 months) / identifying location
  - f. E-mail address
  - g. Business registration number
  - h. Business activity type
  - i. Intended use of MTB services (e.g. *payment of wages, settlement of trade transactions*)
  - j. Year of establishment
  - k. A unique customer registration number
- 2) A money transfer business shall take reasonable measures to identify the beneficial owner of the legal person, business entity or non-profit organization, where there is a beneficial owner who is not the customer and register the identity information of the beneficial owner as set out in article 2.
- 3) A customer record for customers that are legal persons, business entities or non-profit organizations shall further contain the following information where it is possible and/or available:
  - a. Photo of the representative;
  - b. Number of the government issued photo identification document of the representative;
  - c. Corporate tax number;
  - d. Client reference number of utility company.

### **Article 4 – Verification of customer information of natural persons and beneficial owners**

- 1) A money transfer business shall verify the identity of customers who are natural persons, including beneficial owners of legal persons, business entities, and non-profit organizations, using documents, data or information obtained from a reliable and independent source before establishing a business relationship or carrying out an occasional transaction.
- 2) A money transfer business shall verify the identity of a customer using one of the following:
  - a. A government issued photo identification document, including a passport, national identification card and driver's license;
  - b. A vehicle registration document; or
  - c. A documented visit to the customer's residence by the money transfer business.
- 3) Where the requirements of sub (2) cannot be met, the money transfer business shall verify the identity of the customer using at least two of the following sources:
  - a. Government employee identity card;
  - b. Government issued marriage certificate;
  - c. University/High school diploma certified by Ministry of Foreign Affairs/or Ministry of Education;
  - d. Reference letter from a local government authority;
  - e. Reference letter of village head or customary authority;
  - f. Reference letter of a CBS licensed bank/MTB; or

- g. Reference letter of a judge or magistrate.
- 4) Where the requirements of sub (2) or (3) cannot be met, the money transfer business shall verify the identity of the customer using one of the sources in sub (3) with at least two of the following:
    - a. Private sector employee ID card;
    - b. Letter of marriage;
    - c. Reference letter from employer;
    - d. Reference letter of a person with good standing in the community (e.g. businessman, lawyer, notary);
    - e. Reference letter of a hotel;
    - f. Title or deed of ownership of home; or
    - g. Receipt of utility company containing customer reference number.
  - 5) For verification of the address of the customer, one of the sources in sub (4) (d) (e) (f) or (g) may be used.
  - 6) Where a reference letter is used to verify the identity of a customer, a money transfer business shall ensure that such a reference letter meets the following requirements:
    - a. The referee is a person who knows the customer, and on whom a money transfer business can rely to confirm that the customer is who he or she claims to be, and can verify other personal details, such as the residential address and occupation of the customer.
    - b. The reference letter should include the following:
      - i. Customer's name, address and occupation;
      - ii. Referee's name, address, occupation and contact details (including telephone number);
      - iii. Statement stating how long the referee has known the customer;
      - iv. Statement that the referee knows the customer by the stated name;
      - v. Statement that the referee confirms the customer's stated address and occupation or nature of self-employment to be true;
      - vi. Signature of the customer and the referee; and
      - vii. Date of the letter.
  - 7) The Central Bank may issue further guidelines or approve the use of any other document, data or information obtained from a reliable and independent source for the verification of the customer's identity.

#### **Article 5 - Verification of customer information for legal persons, business entities and non-profit organizations**

- 1) A money transfer business shall verify the identity of legal persons, business entities, and non-profit organizations, using documents, data or information obtained from a reliable and independent source before establishing a business relationship or carrying out an occasional transaction.
- 2) For customers that are legal persons, business entities or non-profit organizations a money transfer business shall verify the identity of the customer through the following:
  - a. An original business registration letter;
  - b. A business operating license; or
  - c. A documented visit of a money transfer business to the business location of the customer
- 3) A money transfer business shall take reasonable measures to verify the identity of the beneficial owner of the legal person, business entity or non-profit organization through the measures set out in article 4, such that the money transfer business is satisfied that it knows who the beneficial owners are and it understands the ownership and control structure of the legal person, business entity or non-profit organization.

#### **Article 6 – Enhanced verification measures**



- 1) A money transfer business shall apply enhanced verification measures on a risk-sensitive basis by ensuring that the customer's identity is established by additional documents, data or information where appropriate.
- 2) For customers that are natural persons, including beneficial owners of legal persons, business entities or non-profit organizations, a money transfer shall ensure that the customer's identity is verified by the measures set out in article 4, sub (2) where a single transaction equals or exceeds USD 500 or where a customer conducts transactions that equal or exceed USD 500 a month.
- 3) For verification of the address of customers that are natural persons, including beneficial owners of legal persons, business entities or non-profit organizations, a money transfer business shall use one of the sources in article 4, sub (3).
- 4) For customers that are legal persons, business entities or non-profit organizations, a money transfer business shall further ensure that the identity of the beneficial owner and/or the representative is verified by article 4, sub (2) where a customer conducts transactions that equal or exceed USD 10,000 a month.

#### **Article 7 - Simplified customer identification**

Where there are reasonable grounds to believe that a customer does not present a higher risk of money laundering, terrorist financing, a money transfer business is not required to apply the measures in article 4 where a customer's single transaction does not exceed USD 100, provided that a customer's transactions do not exceed USD 200 a month.

#### **Article 8 – Requirement to record transaction information**

- 1) A money transfer business shall maintain accurate and meaningful information on the sender/originator and recipient/beneficiary of money transfer transactions, and related messages on funds remitted or received, and retain such information with the money transfer or related messages throughout the payment chain.
- 2) The following information shall at least be maintained:
  - a. Date of the request of a customer for a money transfer transaction;
  - b. Date of the collection of the money transfer funds by the recipient;
  - c. Amount of the transfer;
  - d. Purpose of the transaction;
  - e. Unique transaction reference number;
  - f. Full name, customer registration number, and signature of the sender/originator
  - g. Full name, customer registration number of the recipient/beneficiary
  - h. Telephone number of sender/originator;
  - i. Telephone number of recipient/beneficiary;
  - j. Residential/business address / identifying location of sender/originator; and
  - k. Residential/business address / identifying location of recipient/beneficiary.

#### **Article 9 – Maintaining records**

- 1) A money transfer business shall maintain the information required by these regulations for at least 5 (five) years.
- 2) The period of 5 (five) years begins on the date on which the business relationship ends.
- 3) Where the records relate to a particular transaction, the period of 5 (five) years begins to the date on which the transaction is completed.

### Annex I

Form customer registration record of natural persons

### Annex II

Form customer registration record of legal persons, business entities and non-profit organizations

### Annex III

## DOCUMENTS FOR VERIFICATION OF CUSTOMER IDENTIFICATION INFORMATION

Category A documents	Verification purpose
Government issued photo ID document: passport, ID card, driver's license	Name
Vehicle registration / title	Name Address
Business operating license (e.g. financial institute)	Name Address
Business registration	Name
Home/Business location visit by the MTB	Name Address
Category B documents	
Government employee ID card	Name
Government issued marriage certificate	Name
University/High school diploma certified by ministry of Foreign Affairs/or Minister of Education	Name
Reference letter of a local government authority (for example: (sub)district commissioner	Name Address
Reference letter of village head or customary authority	Name Address
Reference letter of a CBS licensed bank/MTB	Name
Reference letter of judge/magistrate	Name
Category C documents	
Private sector employee ID card	Name
Letter of marriage	Name
Reference letter of employer	Name
Reference letter of person with good standing in the community (e.g. businessman, lawyer, notary)	Name Address
Reference letter of hotel	Address
Title or deed of ownership of home	Address
Receipt of utility company containing customer reference number	Address

## REQUIREMENTS FOR VERIFICATION

### Natural persons

KYC level	Transaction threshold	Information requirements	Verification requirements
Simplified	Daily threshold: ≤ \$100 Monthly threshold: ≤ \$200	Registration	(No verification)
Regular	Daily threshold: > \$100 - 500 Monthly threshold: >\$200 - \$500	Registration	A + C (for address verification) B + B B + C + C
Enhanced verification (in addition to enhanced controls)	Daily threshold: > \$500 Monthly threshold: > \$500 + Higher risk categories	Registration	A + B (for address verification)

## Legal persons, business entities and non-profit organizations

KYC level	Transaction threshold	Information requirements	Verification requirements
Regular	Daily threshold Monthly threshold: ≤ \$10,000	Registration	Business registration letter / Visit of MTB to the business location & Verification of the ID of <ul style="list-style-type: none"> <li>• the beneficial owner; and</li> <li>• the person that registers the business</li> </ul> A + C (for address verification) B + B B + C + C
Enhanced verification (in addition to enhanced controls)	Monthly threshold: > \$10,000 + <i>Higher risk categories</i>	Registration	Business registration letter & Verification of the ID of <ul style="list-style-type: none"> <li>• the beneficial owner; and</li> <li>• the person that registers the business</li> </ul> A + B (for address verification)

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