Advisory
Financial Transactions Reporting Act

Reference: 2/2007

Date: 11 April 2007

Re: Customer Due Diligence of Customers Who Have Insufficient or No Official Identification Documents

A. Type of Customers covered under this Advisory

1. This advisory focuses on customer due diligence for ***new customers who do not have or lack official identification documents.*** The type of customers covered may include:
   - students (primary; secondary);
   - unemployed persons;
   - self employed persons who do not have formal identification documents (such as rural farmers; market vendors)

2. Students of tertiary and vocational schools and institutions are not covered under this Advisory.

B. What does CDD of a new customer require?

3. A financial institution must ***identify*** a customer and ***verify*** the identity of the customer when entering into a continuing business relationship with a customer such as opening of a bank account or when conducting a one-off transaction for a customer. (FTR Act s4.1)

4. When identifying a customer such as during account opening phase, a financial institution must obtain the following information about the customer:
   - name of the customer;
   - permanent residential or business address in Fiji;
   - date of birth;
   - the occupation, business or principal activity (including name of employer or nature of self-employment or business);
   - specimen signature;
   - source of funds;
   - citizenship.

5. The Financial Transactions Reporting Regulation 8(1) outlines the documents that financial institutions must use to ***identify*** the new customer such as a valid passport; birth certificate, marriage certificate, a valid driver's licence or a valid Fiji National Provident Fund membership card.

6. Once all the identification information (paragraph 3) about the customer has been obtained by the financial institution, this information must be ***verified*** using reliable, independently sourced and valid documents as outlined in Regulation 8(2).

C. *How to Identify a Customer who Lacks or Does Not Have the Required Identification Documents?*

7. If the new customer does not have all the required identification documents in Regulation 8(1), than the financial institution may identify the customer on the basis of his/her ***birth certificate*** and any other evidence of identity as may be determined by the FIU such as a ***Certification by a suitable third party.*** This Certification should focus on identifying the customer and providing the information required in paragraph 3 including verifying the occupation or nature of business of the customer.

8. For customers who are primary and secondary school students, this Certification maybe provided by the school Head Teacher or Principal.

9. For elderly customers, unemployed customers or customers who are not formally employed, this Certification maybe provided by a leader in their community such as their church pastor.

10. For rural/village customers, the Certification maybe provided by the village headman.

D. *How to Verify a Customer's Identity if he/she Does Not Have the Required Documents?*

11. If the customer does not have the documents outlined in Regulation 8(2) which the financial institution can use to verify the customer's identity, than the financial institutions may use the following means to verify the customer's identity:

    - verification by a suitable referee as approved by the financial institution;
    - other evidence which the financial institution determines with the approval of the FIU is reasonably capable of verifying the identity of the customer;
    - such other document, data or information as may be specified by the relevant supervisory authority or the FIU.

E. *Monitoring of Transactions*

12. Financial institutions must regularly monitor customers' transactions (FTR Act s10). Thus when dealing with this group of customers, financial institutions must monitor the account for unusual, large transactions or for unusual patterns of transactions that have no apparent economic or lawful purpose.

13. For special product accounts such as the Money Smart accounts for students, financial institutions must determine the nature, purpose, value, volume and frequency of customers' transactions during the normal course of business activity or occupation. Any transaction that falls outside of this norm must be identified and reported to the FIU.

14. Notwithstanding the above, financial institutions are required to develop their own internal procedures for monitoring transactions and for determining risky customers.

15. Financial institutions should consult their relevant supervisory authority or the FIU should they wish to seek further clarification.

Razim Buksh
Director
Financial Intelligence Unit