

Guidance for Licensed Financial Institutions Providing Services to Cash Intensive Businesses

27 September 2021

The Central Bank of the United Arab Emirates (CBUAE) issued the ‘Guidance for Licensed Financial Institutions Providing Services to Cash-intensive Businesses’ which aims to assist all Licensed Financial Institutions (LFIs) with their statutory obligation pertaining to their efforts to manage and mitigate the Money Laundering (ML) and Financing of Terrorism (FT) risks posed by cash-intensive businesses. Below we have identified the key takeaways from the CBUAE guidance note:

CBUAE Guidance

Identification of Beneficial Owner

“The majority of cash-intensive businesses will be legal persons. CBUAE laws require all LFIs to identify the UBO (Ultimate Beneficial Owner) of a legal person by obtaining and verifying the identity of all individuals who, individually or jointly, have a controlling ownership interest in the legal person of greater than or equal to 25%. Where no such individual meets this description, the LFI should identify and verify the identity of the individual(s) holding the senior management position in the entity.”

Customer Risk Assessment

“The LFI is expected to assess the risk of each customer to identify those that require EDD and to support its entity risk assessment. In assessing the risks of a cash-intensive business, LFIs should consider:

- i. Geographic risk (...)*
- ii. Customer risks: (...)*
- iii. Product, service, and delivery channel risk (...)*”

Customer Due Diligence (CDD)

“The goal of the CDD process is to ensure that LFIs understand who their customer is and the purpose for which the customer will use the LFI’s services. Where an LFI cannot satisfy itself that it understands a customer, then it should not accept it as a customer. If there is an existing business relationship, the LFI should not continue it. LFIs should also consider filing an STR (Suspicious Transaction Reporting)”, as outlined in Section 3.3.2 of the Guidance.

Enhanced Due Diligence (EDD)

“LFIs must apply EDD and other preventive measures to customers determined to be higher-risk, as required by article 4.2(b) of AML-CFT (Countering the Financing of Terrorism) decision, or to specified higher-risk customer types, no matter their risk rating, as required by AML-CFT decision. EDD measures should be designed to mitigate the specific risks identified with particular customers.”

Ongoing Monitoring

“Under Article 7 of AML-CFT decision, all customers must be subject to ongoing monitoring throughout the business relationship. Ongoing monitoring ensures that the account or other financial service is being used in accordance with the customer profile developed through CDD during onboarding, and that transactions are normal, reasonable, and legitimate.”

How we can help

- Policy and procedure review and enhancement
- Training development and delivery
- Data analytics including graph and network analytics and intelligent document reading

- Customer risk assessment methodology design and enhancement
- Dynamic customer risk rating
- Risk assessment model development
- Customer profiling

- CDD remediation (including AI and automation)
- Risk-based customer due diligence process/procedures review and/or enhancement
- Omnichannel customer data management

- EDD process/procedures review and/or enhancement
- Intelligence led transaction screening
- Customer behavior analytics
- Training development and delivery

- Policy and procedure review and enhancement
- Intelligence led continuous monitoring and optimisation
- Trigger event approach design

Please refer to ‘Guidance for Licensed Financial Institutions on Suspicious Transaction Reporting’ for our additional ongoing monitoring value proposition.

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