



FINANCIAL INTELLIGENCE CENTRE

DIRECTIVE NO. 03 OF 2023

SUBMISSION OF FIA COMPLIANCE RETURNS: BANKING SECTOR

First Issued: 09 June 2023

1. BACKGROUND

The Financial Intelligence Centre (FIC) issues this Directive in terms of Sections 54(1) and 9(2)(e) of the Financial Intelligence Act, 2012 (Act No. 13 of 2012) (FIA). The Directive urges banks to submit annual FIA compliance returns as follows:

- a. For the period January – December 2022: on or before 28 June 2023; and thereafter;
- b. For the periods January – December: on or before 15 February of the following year.

The said returns (attached hereto from page 3-10) seek information which enables supervisory oversight and monitoring activities around the following:

- a. General adequacy of compliance resources;
- b. Risk assessment and management; and
- c. Financial footprint of High Risk NPOs.

2. COMMENCEMENT

This Directive comes into force on **09 June 2023**.

3. NON-COMPLIANCE

Failure to adhere to this Directive undermines supervision effectiveness and may result in enforcement considerations.

The Directive can be accessed at www.fic.na

DATE ISSUED: 09 JUNE 2023

ACTING DIRECTOR: FINANCIAL INTELLIGENCE CENTRE



THE FINANCIAL INTELLIGENCE CENTRE (FIC)

ANNUAL FIA RETURNS ON COMPLIANCE RESOURCES, RISK MANAGEMENT & NPOs

NAME OF THE ACCOUNTABLE /REPORTING INSTITUTION

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FOR THE PERIOD: JANUARY – DECEMBER 2022

June 2023

1. PART A: RESOURCING COMPLIANCE FUNCTIONS

In applying a Risk-Based Approach (RBA), Accountable (AI) and Reporting Institutions (RI) are required to ensure that their compliance functions are adequately resourced to enable effective implementation of FIA obligations. Specific controls related to the effective monitoring of transactions/activities remain crucial in detecting suspicious and/or unusual transactions to mitigate Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF) risk exposure.

The FIA requires of AIs and RIs to identify, assess and understand their ML, TF and PF risk exposure, with a view to implementing risk management measures aimed at mitigating such exposure. Consequently, AIs and RIs have to take reasonable measures to conduct ongoing monitoring of transactions and client behaviour in order to detect potential red flags and alerts which need further examination. This is necessary to ensure ability to detect potential ML, TF and PF suspicions as per FIA section 33. Such reasonable measures involve human (manual) and automated processes, or a combination of both, depending on risk exposure.

You are required to complete and return this form/return in January of each year, with information for the preceding 12-month period (from January to December). In the current year, the deadline for returning this form is 28 June 2023.

Months	Number of red flags/alerts flagged by the monitoring system for review	Number of suspicious transactions reported	Number of employees in AML/CFT/CPF compliance function	Comments, if any.
January				
February				
March				
April				
May				
June				

July				
August				
September				
October				
November				
December				

Note that the information provided in the above table will be used to evaluate timeliness and effectiveness of reporting, amongst others.

2. PART B: UPDATES IN RISK ASSESSMENT AND MANAGEMENT

Medium to High Risk Institutions in particular are required to ensure their risk assessments are periodically updated and identified risks duly mitigated.

2.1 RISK ASSESSMENT

2.1.1 When last was the internal ML/TF/PF risk assessment reviewed and updated?

2.1.2 If such risk assessment was NOT reviewed and updated in the last 2 years, what was the reason for same?

2.1.3 If NOT reviewed in the last 2 years, when do you plan to review and update same?

2.1.4 Have you identified any changes in **internal** factors which may have changed ML/TF/PF previous risk positions? *For example, introduction of new products/services, reduced AML/CFT/CPF controls such as increased CDD thresholds, newly recruited staff in key areas with limited AML/CFT/CPF understanding, introduction of a new automated monitoring system which has yet to reach its maturity, etc.*

Yes	No
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2.1.5 Have you identified any changes in **external** factors which may have changed ML/TF/PF previous risk positions? *For example, new or emerging threats such as*

growth in Virtual Assets, exposure to new higher risk clients, new delivery channels or growing business/remittances to higher risk countries etc.

Yes	No
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If you answered yes to 2.1.4 and 2.1.5 above, please explain such factors and impact on ML/TF/PF previously known risk positions

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(Feel free to attach supporting information if need be)

2.2 RISK MANAGEMENT

2.2.1 Explain the risk management activities/measures implemented for risks that may have arisen as per Questions 2.1.4 and 2.1.5 above?

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(Feel free to attach supporting information if need be)

2.2.2 Explain any additional control measures you may have implemented since the last FIA compliance assessment. If such was duly explained in a progress report **which is not older than 1 year**, simply refer to same.

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(Feel free to attach supporting information if need be)



3. PART C: NON-PROFIT ORGANISATIONS (NPOs)

3.1 Not all NPOs are High Risk

The AML/CFT/CPF framework needs to identify NPOs highly exposed to TF risks on a periodic basis to ensure such are subjected to the relevant supervisory oversight.

The 2023 NRA Update concurs with the FATF Study¹ on TF risks in NPOs that suggests a correlation between the types of activities an NPO is engaged in and the risk of TF abuse. In the main, NPOs engaged in '**service activities**' such as housing, religious/Faith Based, social services, education, health care, or the carrying out of other types of 'good works' are highly exposed to TF risks locally and internationally as per the FATF study. In the few potential TF cases Namibia has noted since 2016, radicalization of locals who appeared to have supported terrorist activities in east Asia through religious or faith based activities appears a consistent concern.

It is also worth noting that the 2023 NRA update, similar to FATF observations did not observe TF risks in NPOs engaged in '**expressive activities**' such as programmes focused on sports and recreation, arts and culture, interest representation or advocacy such as political parties, think tanks and advocacy groups. Additionally, the case studies indicate that there is a stronger risk of abuse for NPOs carrying out activities in populations that are also targeted by terrorist movements for support.

3.2 List of High Risk NPOs

Given the above, and until such time that risk considerations suggest otherwise, all financial institutions should regard **religious and Faith Based Organisations (FBOs) as well as charities** involved in welfare services as inherently high risk for TF purposes. Such NPOs are required to register with the FIC, amongst other obligations. Banks should avail the following information to the FIC **for the period ending December 2022**:

¹ <file:///D:/09%20November%202022/NPOs/Risk-of-terrorist-abuse-in-non-profit-organisations.pdf>

- A. **List of all FBOs and religious bodies** as well as those availing charitable services;
- B. Alongside each religious entity or FBO and Charity, indicate the **respective bank account numbers** for accounts conducted by such NPOs; and
- C. Next to same, **list of persons** who are charged with managing the financial/bank accounts of such NPOs.

3.3 Confirmation of FIC Licensing and Registration

3.3.1 Prudential Licensing and Registration as a requirement

Charitable organisations are required to be registered with – and authorised by relevant prudential authorities such as the Ministry of Health and Social Services and the Ministry of Education.

Please confirm:

Does the bank have mechanisms to restrict the opening of bank accounts by charitable organisations without proof of prior licensing by prudential authorities such as the Ministry of Health and Social Services:

Yes	No
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Religious and Faith Based Organisations have no domestic regulatory authority which authorises market entry, apart from voluntary registrations with self-regulatory bodies such as the Council of Churches in Namibia, amongst others.

Which of the following controls were relied on by the bank to gain assurance that religious and faith based organisations are subjected to regulatory oversight. Please tick the appropriate control relied on in the period January – December 2022.

Proof of registration with self-regulatory bodies	
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Proof of formation or incorporation documents (such as founding documents, NPO constitution etc)	
None	

3.3.2 FIC Registration as a requirement

As from September 2020, it is required that FBOs/religious bodies and Charitable organisations register with the FIC before they commence operations. This registration avails banks and all other stakeholders reasonable assurance that such NPOs are subjected to supervisory activities aimed at ensuring that relevant risk management is as expected. Please tick in the appropriate box below:

	Proof of FIC Registration	
	Yes	No
Religious/FBOs		
Charitable NPOs		

Additional requirements are proposed in the FIA Amendments. Such will be incorporated when the Amendment is passed, possibly end of June or early July 2023.

4. CONFIRMATION AND ASSURANCE

It is further expected that AI's assurance function(s) audit confirms the accuracy of the information herein (as per the FIA²).

² Section 39(8) of the FIA.

4.1 HEAD OF COMPLIANCE (AML COMPLIANCE OFFICER)

NAME:

SIGNATURE:

DATE:

4.2 HEAD OF INTERNAL AUDIT/INDEPENDENT REVIEW

NAME:

SIGNATURE:

DATE:

**THIS YEAR'S COMPLETED RETURNS SHOULD BE SEND TO THE FIC
BEFORE OR ON 28 JUNE 2023:**

email: Kristian.Hamutenya@fic.na; Karen.Maiba@fic.na; Agnes.Namoya@fic.na;
Selma.Nakambale@fic.na

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