

Solomon Islands Financial Intelligence Unit

Guideline No. 1 2013

Money Laundering and Proceeds of Crime Act

This Guideline is issued in accordance with the powers of the Financial Intelligence Unit under the Money Laundering and Proceeds of Crime (Amendment) Act 2010, section 11H(1)(d)

Customer Identification and Verification

1. Introduction

1.1 Financial Institutions, Cash dealer or Legal practitioner under section 12A of the Money Laundering and Proceeds of Crime (Amendment) Act 2010, are required to identify and verify the identity of their customer.

1.2 This Guideline is issued outlining the minimum KYC risk based classification (as annexed) for financial institutions to apply to their customers.

1.3 The minimum KYC risk based classification is divided into two parts:

(i) PART 1: Individual Customer Category –

Individual customers are classified under three categories, namely high risk category, medium risk category and low risk category.

Risks are derived from the basis of the risks involved, and for the purpose of this requirement, the basis of risks are determined by (1) customer background (the type of person), (2) country of origin or location (where he/she comes from and where he/she normally resides), (3) value of transaction (value of the customer's account balance at any given time), and (4) the type of services and products (sophistication of service and product use)

(a) *For High Risk Category* : Customer background basis of risk may include and limited to those living in urban, senior public officers, military officials, politically exposed persons (PEPs), Non face to face customers, and blacklisted countries' customers. Country of origin or location basis of risk includes offshore customers, Non-residents and Non Cooperative Countries

and Territories (NCCT). Value of transaction basis of risk includes high net worth individuals and those individuals who transact amounts more than minimum SBD 50,000.00. And the types of services and product basis of risk include those who operating multiple signatories' accounts and those who have black listed accounts and products.

Customer identification under high risk category would require a minimum of two documents, one from category A and one from category B.

- (b) *For Medium Risk Category:* Customer background basis of risk may include and limited to those people living in both urban and rural. Country of origin or location basis of risk may include both non-residents and residents. Value of transaction basis of risk may include those individuals who transact amounts between SBD 15,000 up to SBD 50,000.00. And the types of services and product basis of risk may include those who operate both single and multiple signatories' accounts.

Customer identification under medium risk category would require a minimum of two documents, one from category B and one from category C.

- (c) *For Low Risk Category:* Customer background basis of risk may include and limited to village and rural Customers, local salaried and wage earners. Country of origin or location basis of risk may include residents only. Value of transaction basis of risk may include those individuals who transact amounts up to a maximum of SBD 15,000. And the types of services and product basis of risk may include those who operate both single and multiple signatories' accounts.

Customer identification under low risk category would require a minimum of one document only, either from category B or from category C.

(ii) PART 2: Document Categories

Required documents for the purpose of this guideline are classified under three categories namely; categories A are official documents, category B are Other Authority Issued Documents and category C are Other Identification Documents.

(a) *Category A* – Official documents may include documents that are issued by government and or government representatives which include but limited to current Passport issued by all countries; Foreign Citizenship certificate; Current Driver’s License; Birth Certificate; Other Official Records from the Government of Solomon Islands; Marriage Certificate; Solomon Islands Work Permit; Government Identification; Statutory declaration

(b) *Category B* – Other authority issued documents may include and limited to Certificate of Christening/Baptism; Employment letter or Identification; Employment Records or pay slips; Existing Bank Customer; Foreign Pensioners Card; Educational Institution Certificates; Student Card or Registration Document; Government Health Card; License or Permit Issued by SIG; Public Utilities record or bills; Bank Cards and Credit Cards (Master Cards, VISA, DINERS CLUB); Superannuation or Provident Fund Cards (NPF Cards); Fire Arms License; Mortgage or Security documents

(c) *Category C* – Other Identification may include and limited to written reference from Church leader; written reference from village elder/chief; written reference from relative who is an existing customer of the bank; written reference from a bank employee

(ii) PART 3: Timing of Document Submission

High Risk	-Provide KYC within 2 working days
Medium	-Provide KYC within a week
Low Risk	-Provide KYC 2 weeks

Annex

MINIMUM KYC RISK-BASED CLASSIFICATION

Part 1: Individual Bank Customer Category

Risk Level	Basis of Risk				
	Customer Background (Types of person)	Country of Origin/Location	Value of transactions	Types of Service or Products	Classified Documents Required
	1	2	3	4	5
High	Urban, Senior Public Officers, Military Officials, Politically Exposed Person (PEPs) Non face to face customers, Blacklisted countries customers.	Offshore Customers, Non Residents, NCCT (Non Cooperative Countries and Territories),	Min.SBD 50,000 and, High Net worth Individuals	Multiple Signatories Accounts, Blacklisted accounts and products	2 documents: 1xcat.A & 1xcat.B;
Medium	Urban & Rural Customers	Non Residents and Residents	Between SBD15,000 to SBD50,000	Multiple and Single signatories Accounts	2 documents: 1xcat.B and 1xcat.C
Low	Village and Rural Customers, Local Salaried and Wage Earner.	Residents only	Maximum SBD15,000	Multiple and Single signatories Accounts	1 document: 1xcat.B (if available) or 1xcat.C

PART 2: Document Categories

Category A – Official Documents	Category B – Other Authority issued documents	Category C – Other Identification
2) Current Passport (all countries) 3) Foreign Citizenship certificate 4) Current Driver's License 5) Birth Certificate 6) Other Official Records from the Government of Solomon Islands 7) Marriage Certificate 8) Solomon Islands Work Permit 9) Government Identification	1) Certificate of Christening/Baptism 2) Employment letter/Identification 3) Employment Records/pay slips 4) Existing Bank Customer 5) Foreign Pensioners Card 6) Educational Institution Certificates 7) Student Card or Registration Document 8) Government Health Card 9) License or Permit Issued by SIG 10) Public Utilities record or bills 11) Bank Cards and Credit Cards (Master Cards, VISA, DINERS CLUB) 12) Superannuation or Provident Fund Cards (NPF Cards)	1) Written reference from Church leader 2) Written reference from village elder/chief 3) Written reference from relative who is an existing customer of the bank 4) Written reference from a bank employee 5) Written reference from senior public servant <u>Note:</u> reference to confirm customer's name in full, date of

10) Statutory declaration	13) Fire Arms License 14) Mortgage or Security documents	birth, occupation and resident
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PART 3: Timing of KYC Identification submission (MPLCA) 12C, 3 (b) Amended)

- High Risk -Provide KYC within 2 working days
- Medium -Provide KYC within a week
- Low Risk -Provide KYC 2 weeks