



**DIRECTIVES ON
TIERED KNOW YOUR CUSTOMER (KYC)**

JUNE 2020

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PART 1. PRELIMINARY

Pursuant to Section 65(1) and 44 (1) of the Bank of Sierra Leone Act 2019, the Bank of Sierra Leone hereby directs as follows;

1. Definitions.

In these Directives, unless the context otherwise requires:-

“AML/CFT” means Anti Money Laundering/ Countering Financing of Terrorism

“Biometric data” means digital representations of finger prints, iris scans, or other individually unique attributes of a human body used for purposes of identification

“Central Bank” means the Bank of Sierra Leone.

“Chief” means a village chief, town chief, section chief, paramount chief or a recognized headman.

“Cumulative monthly total volume” means the aggregate value of all transactions upon an account, including both debit and credit transactions, during a single calendar month.

“Customer” means any person who is authorized to access an account, including all parties to a joint account who are authorized to access that account.

“Customer Due Diligence” means the collection and verification of customer details sufficient to identify the customer and permit sound assessment of potential risks of illegal transactions on the customer’s accounts.

“FATF” means the Financial Action Task Force

“Financial inclusion” means extending access to products and services of the formal financial system to persons historically unable to access them.

“Identity document” means a passport, driver license, employment identification or similar document that identifies the owner.

“Identity Verification” means the process of confirming a person’s identity through the use of provided documents or biometric data.

“Know Your Customer” (KYC) means the process of establishing a customer’s identity and, where appropriate, the nature of their intended use of an account.

“Local use” means limited to use for domestic transactions within Sierra Leone.

“Passport type photo” means a photograph showing an individual’s face, full frame, facing the camera, and with enough clarity to permit easy identification of the person pictured.

“Regulated Financial Institutions” means financial institutions licensed and supervised by Bank of Sierra Leone.

2. Application.

These Directives shall apply to all regulated financial institutions (RFIs)

3. Severability.

Upon the revision or repeal of any statute upon which it relies, these Directives shall remain in force save only those portions that are inconsistent with the successor law.

4. Objective.

The objective of these Directives shall be to promote financial inclusion. These Directives are intended to allow for flexible account opening requirements for low value and low risk accounts that are subject to cap and restrictions as the amount increases.

PART II. CUSTOMER DUE DILIGENCE AND RECORD KEEPING

5. Customer Identity.

Except as otherwise provided in Part III of these Directives, before opening an account, regulated financial institutions shall undertake to establish a customer's identity in a manner consistent with the requirements of the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act, 2012.

6. Verification of Customer Information.

Except as otherwise provided in these Directives, regulated financial institutions shall take reasonable steps to verify the accuracy and authenticity of customer information provided at account opening or upon the addition of new customers added to an account. Verification steps shall include, at minimum, assessment of the authenticity of identity documents or other documentary evidence provided by the customer

7. Use of International Lists of Designated Persons.

Nothing in these Directives shall reduce or change the responsibility of regulated financial institutions to screen customers against international designated person's lists such as that of the United Nations or Office of Foreign Assets Control (OFAC) of the US Treasury.

8. Record Keeping.

Notwithstanding any other provisions of these Directives, regulated financial institutions shall maintain records of customer information collected as part of KYC for not less than five years from the date on which the occasional transaction is completed or the business relationship ends.

9. Electronic Capture and Storage.

For purposes of this Directive, capture and storage of customer information in electronic form by phone or other electronic device is acceptable. The capture of digital images of paper documents are also acceptable so long as all relevant details of the original, including images and official seals or stamps, are clearly discernable in the resulting digital image.

PART III AUTHORIZATION FOR ISSUANCE OF REDUCED KYC ACCOUNTS

10. Required Authorization.

In the interest of promoting financial inclusion and consistent with the principles of risk-based KYC, regulated financial institutions may establish certain low-risk accounts with limited KYC requirements as further detailed in Part IV of these Directives.

Because such accounts are subject to strict controls on the size, volume and type of transactions permitted, a regulated financial institution offering such accounts shall have the capacity to monitor and control such accounts on an ongoing basis, including automatic blocking of account activity or access when violations of account restrictions occur.

11. Required Approval.

11.1 In order to ensure that regulated financial institutions have the capacity to monitor and enforce the transaction limits established in these Directives, financial institution wishing to offer limited KYC accounts under these Directives shall seek a one-time approval from the Central Bank supported by evidence of capacity to maintain the required monitoring.

11.2 The request shall describe the type of accounts to be offered and the mechanisms to be used to enforce the transaction limits to which those accounts are subject.

11.3 The Central Bank shall review the application and grant or deny the request within 30 days. If upon receipt of a request for approval under this Section, the Central Bank determines that additional information is needed prior to acting on the request it shall act upon the request within 30 days of the time all additional information is received by the Central Bank.

12. Minimum Customer Information.

For limited KYC accounts, regulated financial institutions shall, for all customers who have access to the account, record the following minimum information:

- a. Full Name
- b. Gender
- c. Address of residence (or place of residence if no formal address)
- d. Date and place of birth
- e. Telephone number (if available)
- f. Type and place of employment or profession (for individual accounts)
- g. Passport type photo

13. Acceptable Biometric Data.

Where available, reliable biometric data may be substituted for any required documentation for purposes of authenticating a customer's identity.

PART IV ACCOUNT TIERS

14. Reduced KYC Account Tiers.

Permissible accounts established with reduced KYC requirements shall meet the requirements of tier one (1) or two (2) as described in the table below. Any account in this category shall meet all the requirements of the tier to which it belongs.

TABLE

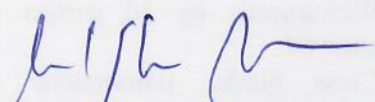
Documentation Required	Transaction Limits (Leones)	Account Restrictions
Tier 1		
Customer information as required by Section 11 of these Directives.	Daily: Le500,000 Monthly: Le2,500,000	<ul style="list-style-type: none"> • No independent verification of customer information required. • May be opened by agents without validation by financial institution. • Can accept deposits from 3d parties. • Withdrawals by 3d parties not allowed. • Cross border transactions not permitted. • Can be linked to a bank account or mobile money account in the name of the same customer. • ATM use permitted if restricted to local use only.

Tier 2		
<p>Customer information as required by Section 11 of these Directives accompanied by a letter of reference attested by one of the following local authorities:</p> <ul style="list-style-type: none"> • Chief • Member of parliament • Councilor • District Council Chairman • LUCs of Sierra Leone Police • Police official • Judge • Minister • Pastor • Imam 	<p>Daily: Le1,000,000 Monthly: Le 5,000,000</p>	<ul style="list-style-type: none"> • No independent verification of customer information by financial institution required. • May be opened by agents without validation by financial institution. • Can accept deposits from 3d parties. • Withdrawals by 3d parties not allowed. • Cross border transactions not permitted. • Can be linked to a bank account or mobile money account in the name of the same customer. • ATM use permitted if restricted to local use only. • No minimum balance required to open.
Tier 3		
<ul style="list-style-type: none"> • As required by Sections 20 and 21 of the AML/CFT Act, 2012 	<p>Per policies of financial institution.</p>	<ul style="list-style-type: none"> • Agents may collect and transmit identity information, but account opening shall be done by the institution after review and validation of identity information.

PART V GENERAL

15. Review and Amendment.

At the discretion of the Central Bank these Directives may be review and/or amended.


KELFALA M. KALLON (Prof.)
Governor
Bank of Sierra Leone
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