CENTRAL BANK OF THE BAHAMAS

GUIDANCE NOTES FOR THE COMPLETION OF THE ANTI-MONEY LAUNDERING (AML) DATA RETURN FOR CREDIT UNIONS

DECEMBER 2020

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1. Overview of the Anti-Money Laundering Data Return

The Anti-Money Laundering (AML) Data Returns submitted to the Central Bank of The Bahamas ("the Central Bank") will be used to (i) analyze trends and (ii) evaluate emerging financial crime risks of supervised financial institutions (SFIs) within the credit union sector.

These Guidance Notes serve as a companion tool to the AML Data Return and provide SFIs with an overview of the filing and reporting instructions.

A copy of the AML Data Return and Guidance Notes are placed on Central Bank's website for ease of access and reference by SFIs. These documents may be located on the website as follows: **Log onto**: www.centralbankbahamas.com

- Navigate to **Core Functions**
- Navigate to **Bank Supervision**
- Select **Downloadable Forms**

The guidance notes give a brief description of each of the forms that make up the return. The guidance notes also provide clarification on the data that is to be entered in the various rows and columns. In some cases, the forms are self-explanatory.

The submission of the AML Data Returns is a requirement of **all credit unions**.

SFIs are expected to have appropriate procedures in place to ensure that all completed returns are completed with accuracy and submitted on a timely basis. Breakdowns in internal controls, staff shortages and vacations are not considered compelling reasons for late and erroneous filings. Therefore, it is imperative that SFIs ensure that all applicable sections of the returns are fully completed in a timely manner to avoid any unnecessary penalties.

2. Filing Instructions for the Anti-Money Laundering Data Return

All credit unions are required to upload the completed return to the ORIMS Portal at https://orimsportal.centralbankbahamas.com. A copy of the completed **"Attestation"** form should be signed by the General Manager and the Money Laundering Reporting Officer. This form should be scanned and uploaded as a PDF document into the ORIMS Portal.

Please also note the following:

- The data included in this Return should not differ from that reported in the Excel Reporting System (ERS).

- The Return should not be altered as this can cause errors in submission.

- Any questions regarding the interpretation of the explanations outlined in this document should be sent to amlanalytics@centralbankbahamas.com.

Submission Protocols

- All credit unions are required to complete, upload and submit the AML Data Return no later than **February 28** of each year.

- Only submissions **sent via the ORIMS Portal will be accepted**.

- Attestations should be uploaded into the ORIMS Portal and are to properly state the SFI name, code and the end of the reporting period (i.e. Dec20 should be inputted for data submitted for the year 2020).

- Currency values should be rounded to the **nearest thousands (no decimals)**.

- **Any and all amendments** to be made to subsequent submissions are to be requested via the ORIMS portal. The reason for re-submission is required to be clearly stated or articulated. Where resubmissions are requested, the bottom section of the Attestation form should be completed and uploaded with the re-submitted Return.

- Late and erroneous filings will incur a penalty of $250 per day until such time that the Guidelines have been amended to reflect the proposed change to erroneous filings, a fixed penalty of $500 or $1,000 as determined by the Central Bank[1].

3. Form Overview

a. Statement on Client Database

This report form provides a breakdown of SFIs' client database. Data should **only** be entered in the white cells; all other cells contain formulas and are protected. Dollar value data should be rounded to the **nearest thousands (no decimals)** and correspond to the **Excel Reporting System (ERS),** where applicable.

The following list of categories provides a guide to users by (i) item number (ii) description of the information (as it appears on the form), and (iii) additional guidance on reporting, where necessary. Categories that do not require direct input are shaded.

Table A

This table captures the nationality of the customers of a SFI, along with associated financial data. The basis for populating this the value of customer balances. The countries with the highest value of customer balances should be reported first and the other countries should be reported in descending order. SFIs should populate the table based on the following:

i. Country

– Use the drop-down menu to indicate the top 15 countries that are representative of the nationality of the institution's customers (i.e. beneficial owners). "Nationality" in this

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[1] Refer to the Central Bank's Guidelines for the Administration of Monetary Penalties.

context refers to the country a person is from, not the country where they currently reside.

– SFIs that have customers from more than 15 countries should include the aggregate of the data for all of the other countries in the last row and select "Other" for the country.

ii. # of Customers

– The number of natural persons from the selected country who are beneficial owners, inclusive of beneficial owners of privately-held companies. In cases where a customer has more than one nationality, SFIs should select one country considered the "primary" nationality and report the customer's data under that country. SFIs may attach a separate summary report with the nationalities and associated information for these customers.

iii. # of Accounts

– The number of active and inactive accounts associated with the customers from the selected country.

iv. Deposits

– Indicate the value of all deposit balances associated with the customers from the selected country.

– The total value of this column should equal the total value of Deposits reported in the 31 December ERS, as applicable.

v. Loans

– Indicate the value of all loans associated with the customers from the selected country.

– The total value of this column should equal the total value of Loans reported in the 31 December ERS, as applicable.

Table B

The number of customers should be broken down into the four (4) categories of low risk, medium risk, high risk and PEPs, along with the value of the associated deposits and loans. The number of PEPs should be indicated separately and not included in any of the risk categories.

Table C

The totals in this table should correspond to the number of PEPs stated in Table B.

Table D

This table captures the distribution of SFIs' account holders between natural persons and legal structures. Provide a breakdown of the number of customers, value of deposits and value of loans by natural persons and legal structures and vehicles.

b. Account Activity

All dollar values should be rounded to the **nearest thousands of dollars (no decimals)**. Data should only be entered in the white cells; all other cells contain formulas and are protected. Each of the white cells must contain some value. A "0" should be entered where an item may not be applicable to your institution.

A. Account Activity

i. Accounts opened

  – The number of accounts opened since 31st December of the previous year, along with the value of these accounts as at 31st December of the reporting year.

ii. Account opening rejected

  – The number of account opening applications that were rejected since 31st December of the previous year, along with the value of the potential business lost.

  ▪ *of which: AML/CFT related rejections*

  Indicate the number of the account opening applications that were rejected due to AML/CFT issues, along with the value of the potential business lost.

iii. Accounts closed

  – The number of accounts that were closed since 31st December of the previous year, along with the value of these accounts as at 31st December of the reporting year.

  ▪ *of which: AML/CFT related closures*

  Indicate the number of the account that were closed due to AML/CFT issues, along with the value of these accounts as at 31st December of the reporting year.

iv. Unverified accounts

  – The number of ALL accounts (operating or blocked) where the identity of the facility holder has not undergone the required verification procedures in line with the AML/CFT/CPF Guidelines, along with the value of these accounts as at 31st December of the reporting year.

- of which: blocked

  Indicate the number of unverified accounts that are blocked, along with the value of these accounts as at 31st December of the reporting year.

v.   Inactive accounts

- The number of accounts where no customer-initiated activity has taken place for a period of at least one year but less than five years, along with the value of these accounts as at 31st December of the reporting year.

vi.   Dormant accounts

- The number of accounts where no customer-initiated activity has taken place for a period of five years, along with the value of these accounts as at 31st December of the reporting year.

Credit Unions may refer to the Bahamas Co-Operative Credit Unions Act, 2015 for further information.

B. Transaction Monitoring & Reporting

Data should only be entered in the white cells; all other cells contain formulas and are protected.

i.   Number of Unusual Transaction Reports

- The number of reports of unusual or suspicious transactions/activities that were reported internally to the MLRO.

ii.   Number of Suspicious Transaction Reports

- The number of Suspicious Transaction Reports (STRs) that were filed with the FIU during the reporting period.

  - of which: supplemental filings

    Indicate the number of STR filings made to follow-up or provide further detail in respect of a previous disclosure.

- The number of STRs reported must correspond to the Total STRs reported on the STRs tab.

iii.   Feedback from FIU on quality of STRs filed

- The number of filed STRs on which feedback on the quality and usefulness of the reports was provided by FIU.

iv.   Average Number of Days taken to File a STR Once Identified

– The number of calendar days taken to file a STR with the FIU once an unusual transaction/activity is identified internally (i.e. from the initial point at which the unusual or suspicious transaction/activity was detected).

v.   Backlogs in Transaction Alerts

– The number of transaction alerts that have not been actioned within the timeframe that is normally taken.

vi.   Positive Sanction Hits

– The number of instances where a true positive match was identified from one of the sanctions lists.

• *of which: transactions rejected*

Indicate the number of transactions rejected due to positive sanction hits.

• *of which: accounts closed*

Indicate the number of accounts that were closed due to positive sanction hits.

vii.   False Positive Sanctions Hits

– The number of hits that were identified as a positive match but after a review were deemed not a true match.

C. Other

Data should only be entered in the white cells; all other cells contain formulas and are protected.

i.   Production Order Requests Received

– The number of Production Order Requests received from the FIU.

ii.   Instances of Fraud

– The data in the grey cell is automatically calculated. Input data in the following cells:

• *of which: attempted*

The number of instances where fraud was attempted, but was unsuccessful.

• *of which: actual occurrences*

The number of where instances fraud actually took place.

iii.   Date of last Compliance Audit/Review

  –   Indicate the date of the last audit/review conducted on the Compliance Unit.

c. Statement on Suspicious Transactions

All currency values should be rounded to the **nearest thousands (no decimals)**.

Sections 1-3

Under the subheadings of Money Laundering STRs, Terrorist Financing STRs and Proliferation Financing STRs, input the number and value of STRs filed by the rationale for which the report was filed.

Data should only be entered into the white cells; all other cells contain formulas and are protected.

d. Staff Training

This form captures statistics related to AML/CFT related training and qualifications of employees of the SFI. The reported figures should include full time, part time, temporary and contractual employees; and should include management and non-management staff, unless otherwise indicated.

Data should only be entered in the white cells; all other cells contain formulas and are protected.

i.   Number of Total Staff in your institution

  -   The number of management and non-management employees, as at the end of the reporting period.

ii.   Number of Staff who participated in AML/CFT training during the last 12 months

  -   The data in the grey cell is automatically calculated.

  -   Input the breakdown of the number of staff who participated in AML/CFT training during the reporting period, by non-management and management.

  -   AML/CFT training relates to the on-going training related to AML/CFT policies and procedures and legislation.

iii.   Number of Persons on the Board of Directors of your institution

  -   Self-explanatory

iv.   Number of Board Directors who participated in AML/CFT training during the last 12 months

    -   The number of members of the Board of Directors that participated in AML/CFT training during the reporting period.

v.   Number of Staff in your institution with AML/CFT qualifications

    -   The number of staff that have AML/CFT qualifications including those related to certifications such as the Certified Anti-Money Laundering Specialists (CAMS) designation and diplomas from the International Compliance Association (ICA) in Anti-Money Laundering and Compliance, Governance and Risk, etc.

vi.   Date of last AML/CFT/CFP related training (dd/mm/yyyy)

    -   Self-explanatory.