Compliance Audit Checklist:

**1. General Requirements:**

* Is a comprehensive and up-to-date KYC Policy and procedure in place?
* Is there a dedicated compliance officer in the bank?
* Is there a KYC unit established at Head office Level and led by at least a Manager?
* Has appropriate staff been provided with training on KYC procedures and risks?
* Is there an independent assessment of the overall deposit account operation undertaken by the internal auditor on a semi-manual basis?
* Are necessary amendments made based on the assessment?

2. Procedures and Requirements for Account opening and conducting Account-based Transaction:

- Is a comprehensive customer profile recorded that allows the bank to acquire adequate knowledge of the customer and identify suspicious transactions relatively easily?

- Does the bank use the NBE directive format as a minimum standard for account opening consistently across all branches?

- Is the core banking system capable of monitoring and controlling customer transactions accordingly?

- Are periodic reviews and updates of customer profiles conducted based on the bank's own risk rating of the customer?

- Does the bank know the identity of its customers, including beneficial owners of a legal entity?

- Does the bank deactivate the deposit account of a customer whose profile information has not been captured in line with the requirement of NBE directive within 6 (six) months?

- Does the bank adopt and use the format annexed to the NBE fis-04-2021 Directive as a minimum standard consistently throughout its operation?

- Does the bank execute bank-to-bank transfer requeststhrough Real-time Gross Settlement System (RTGS) or credit transfer immediately and without any undue delay?

- Does the bank display the attached RTGS and credit transfer format issued by NBE in all its operational offices?

- Does the bank not allow cash deposit transactions to third-party accounts including local transfers done by walk-in/no-account holder/customer in any manner?

- Does the bank allow third-party deposits made on federal or regional government accounts and state-owned enterprises (SOEs), and individual provide with proper written authorization to make cash deposits into the account of a legal person?

- Are particular and information captured in the format NBE Directive properly and duly recorded in the Bank core banking system and used in processing and executing the transaction?

- Is the final decision to approve or decline the opening of a deposit account done by the KYC unit established at the head office of the bank within 5 working days after receiving such request from a customer?

- Is the approving authority seriously considering the fulfillment of the requirement of NBE Directive and policy and procedures in approving the account opening?

- Does the bank not consider any account that has not been duly approved by the KYC unit at Head Office as a permanent or active account and not be used for performance measure or any other purpose?

- Does the bank decide on the request of its legal person customers demanding account-to-account transfer beyond the set limit in an exceptional and on a case-by-case basis?

- Does the bank communicate detailed and updated information regarding customers who got exceptional approvalto all operational offices for due implementation?

- Does the bank continuously monitor and assess the utilization of such transfer for the intended and legitimate purpose?

3. Limits on Deposit Account Operations:

- Does the bank not carry out account-to-account multiple transfer transactions from a single account exceeding 5 transactions per week by any deposit account holder?

- Does the restriction apply to all types of deposit accounts irrespective of the channels used to access the account (i.e., mobile, internet, ATM, and mobile money service)?

- Are CBE account-to-account transfers exempted from the aforementioned restriction?

- Does the bank decide on the request of its legal person customers demanding account-to-account transfer beyond the set limit in an exceptional and on a case-by-case basis?

- Are all necessary conditions fulfilled for the exceptional approval?

- Does the bank communicate detailed and updated information regarding customers who got exceptional approval to all operational offices for due implementation?

- Does the bank continuously monitor and assess the utilization of such transfer for the intended and legitimate purpose?

4. Handling and Management of Suspicious Transaction:

- Does the bank comply with the provision of NBE Directive and seriously and responsibly discharge its duty of monitoring and identifying suspicious transactions undertaken for unlawful purposes and/or for circumventing the provision of NBE fix-04-2021 Directive, including cash withdrawal and transfer regulatory limits?

- Is a due diligence assessment report maintained for each customer?

- Are the profile and related documents of the customer sent to the Financial Intelligence Centre and to National Bank for dissemination of information to other financial institutions upon terminating the business relationship of a customer suspected to have involved in suspicious transactions?

- Does the bank conduct similar due diligence assessment on the previous operation of the account maintained by the suspected customer and take appropriate measures or due diligence in handling account opening and operation of the same suspected customer in the future?

- Does the bank reinstate its terminated business relationship with a suspected customer in the event that further assessments and new information obtained by the financial institution have reasonably suggested or led to a conclusion that the conditions that led to the categorization of the customer as suspicious don't hold true or are unsubstantiated?

5. Record-keeping:

- Does the bank maintain copies of all records, including policies and procedures, due diligence assessment reports, minutes, exceptional approvals, customer profile information, and other related documents?

- Are these records made available to the NBE and law enforcement organs upon request?