1. **General requirements** 
   1. **Organization overview** 
      1. Ensure if the bank place comprehensive and up-to-date KYC Policy and procedure
      2. Ensure if the bank has a dedicated compliance officer, establish KYC unit with appropriate staff and provide the staff training on KYC procedures, risk etc..
      3. Ensure if the KYC Unit established at Head office Level and led by at least a Manager.
   2. **Customer overview** 
      1. Ensure if the bank assign unique customer ID to any of its depositor regardless of the deposit type or deposit holder.
      2. Ensure if deposit account owned by a single person put under a single Customer ID on the bank core banking system.
      3. Ensure if the system have the capability to put transfer or cash withdrawal restriction on the customer using his/her/its ID and it able to control transfer/withdrawals amount and regulatory limits as per restriction to it.
   3. **Assessment overview** 
      1. Ensure if CBE shall undertake independent assessment of its overall deposit account operation; systems, policies and procedures, and staff in respect of effectively implementing the provision of NBE Directive, mitigating changing tactics of illegal perpetrators and related emerging risk by in internal auditor on semimanual basis and if make necessary amendment on the bases of same.
2. **Procedures and Requirements for Account opening and conducting Account Based Transaction** 
   1. Ensure if in opening a deposit account

* The bank shall at a minimum record comprehensive customer profile that allows it to acquire adequate knowledge of the customer and identify suspicious transaction in a relatively easy & swift manner.
* The format bank use in NBE directive as a minimum standard for account opening at all time in a manner that ensure consistency across the branch.
* The core banking system captured in aforementioned format included for monitoring and controlling of customer’s transaction accordingly.
  1. Ensure if the bank conduct periodic review and update of customers profile based on its own risk rating of the customer.
  2. Ensure if the bank
* open an account or maintain business relationship with unknown identity or fictitious name
* That is knows the identity of its customer including benefiters owners of a legal entity.
  1. Ensure if 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 from NBE directive fis-04-2021 up until all profile information have been captured and shall deprive such customer any in-person or digital financial service.
* Prior deactivation of such customer to its customer through widely circulated print and electronic media deemed accessible to the wider public

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* 1. Account opening
* Ensure the final decision to approve or decline the opening of deposit account shall be done by the KYC unit established at head office of the bank within 5 working days after receiving of such request from a customer.
* Ensure in approving the account opening , the approving authority shall seriously consider fulfilment of requirement NBE Directive and policy and procedures.
* Ensure if CBE can accept the initial deposit in a temporary account that awaits approval, any account that has not been duly approved by the KYC unit at Head Office shall not considered as permanent or active account and shall not be used for performance measure or any other purpose.
  1. Ensure if the bank adopt and use format annexed to NBE fis-04-2021 Directive as a minimum standard consistently throughout its operation
  2. Bank to Bank Transfer
* Ensure if CBE execute bank to bank transfer request of its customer through Real time Gross Settlement System(RTGS) or credit transfer immediately and without any undue delay.
* Ensure if CBE display the attached RTGS and credit transfer format issued by NBE in all its operational offices.
  1. Ensure if CBE not allow cash deposit transaction to third party account including local transfer done by walk-in/no-account holder/customer in any manner.
  2. Ensure third party deposit made on federal or regional government account and state owned enterprises(SOEs) allowed. In addition, individual provide with proper written authorization to make cash deposit into account of legal person are allowed.
  3. Ensure if Particular and information captured in the format NBE Directive are properly and duly recorded in the Bank core banking system and shall be used in processing and executing the transaction.

1. **Limits on Deposit Account operations**
   1. Ensure if CBE not carryout account to account multiple transfer transaction from single account exceeding 5 transaction per week by any deposit account holder.

* Ensure if this restriction apply to all type of deposit account irrespective of the channels used to access the account i.e. mobile, internet, ATM, and mobile money service.
  1. Ensure if CBE account-to-account transfer are exempted from aforementioned restriction.
* Deposit account of federal and regional government, state owned enterprises, government universities, embassies, international organization, financial institution and financial saving and credit corporations.
* Transfer maid for the purpose of effecting utility payment including mobile top ups, salary payment by employer organization and transfer made by customer to effect tax payments to competent tax authorities;
* Transfer made for the purpose of servicing and repaying loan borrowed from financial institution.
* Transaction effected among and between own account of any depositors; and
* Transfer made through POS terminal at merchant location or through other digital means to the account of legal and registered merchants/businesses for the purpose purchasing goods and services.
  1. Ensure if CBE decide on the request of its legal person customises demanding account-to-account transfer beyond the set limit in an exceptional and on a case-by-case basis. The approvals upon fulfilment of the following minimum conditions:-
* If CBE has put in place policies, procedures and objective exceptional criteria;
* If the authority within CBE make the exceptional approval has been formally delegated with;
* If the business or NGO has established business and/or trusted relationship with CBE and the due diligence assessment carried on the customer and warrants such transfer request; and
* If the customer has signed undertaking with regard to the genuine of the information provided and utilization of the transfer for the intended purpose.
  1. Ensure if CBE communicate detail and updated information regarding customer who got exceptional approval to all operational office for due implementation. Furthermore, CBE continuously monitor and assess the utilization of such transfer for the intended and legitimate purpose.

1. **Handling and management of Suspicious Transaction** 
   1. Ensure if CBE compliance with the provision of NBE Directive, and seriously and responsibly discharge its duty of motoring and identifying suspicious transaction undertaken for unlawful purpose and /or for circumventing the provision of NBE fix-04-2021 Directive including cash withdrawal and transfer regulatory limits.
   2. Monitoring and identifying suspicious transaction and reaching a conclusion that there in deed exist a reasonably asserted suspicious transaction, a financial institution, among other, consider the following factors:-

* Deliberate unwillingness of the customer in providing information needed to fulfil the KYC requirement or provide false information;
* The customer is unwilling to provide information related to the nature and purpose of the transaction executed or provides false information in regards to same;
* The stated occupation of the customer including his/her/its source and amount of income does not correspond to or align with the type, frequency and amount of account activity.
* If the customer is found consistently transferring money from week to week in observance of the stated limit.
* The customer is involved in transferring money to multiple account with payment of small values;
* The beneficiaries of a transfer transaction are reasonably ascertained to have no business, family or societal relationship with the sender raising alarm with regards to the transfer of the money for legal and genuine purpose
* When the lawful business of a customer does not require making multiple transfer
* When it is witnessed that the net saving such customer is small while having huge account turnover, and
* When existence of cash transaction by non-profit or religious organization, for which there appears to be no logical or economic purpose or for which there appears to be no link between the stated activity of the organization and other parties in the transaction.
  1. Ensure if CBE immediately terminate the business relationship of a customer suspected to have involved in suspicious transaction
* Furthermore, the profile and related document of the customer including:
* ID (bearing photo)
* Copy of the passbook
* Signature specimen and
* Cash transaction report

Sent to the Financial Intelligence Centre and to National Bank, i.e., for dissemination of the information to remaining financial institution for their due care/assessment and taking of required action at their end.

* 1. A CBE that received list of a suspected customer whose business relationship with another financial institution has been terminated conduct similar due diligence assessment on the previous operation of the account maintained by the suspected customer and if warranted take similar measure or take proper care and due diligence in handling account opening and operation of the same suspected customer in the future.
  2. A CBE may reinstate its terminated business relationship with a suspected customer in the event that further assessments and new information obtained by the financial institution has reasonable 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. To this end, communicate such reinstatement of business relationships to the National Bank within 7 calendar days.

1. **Record-keeping**

CBE maintain copies of all records including policies and procedures, due diligence assessment report, minutes, exceptional approval, customer profile information and other related documents and make available to the NBE and law enforcement organs including Financial Intelligence Center, Federal Police and Attorney General upon request.

The AML/CFT Directive No. 01/2014 of the Ethiopian Financial Intelligence center includes several requirements related to Know Your Customer (KYC) procedures. Some of these requirements include:

1. Customer Due Diligence (CDD): Financial institutions and designated non-financial businesses and professions must conduct CDD on their customers to identify and verify their identity, assess the purpose of the business relationship, and understand the nature of the customer's activities.

2. Enhanced Due Diligence (EDD): Financial institutions and designated non-financial businesses and professions must conduct EDD on customers who pose a higher risk of money laundering or terrorist financing, such as politically exposed persons (PEPs).

3. Identification and Verification of Identity: Financial institutions and designated non-financial businesses and professions must establish and maintain procedures for identifying and verifying the identity of their customers, including obtaining and verifying documentary evidence of identity.

4. Ongoing Monitoring: Financial institutions and designated non-financial businesses and professions must monitor their customers' transactions and activities on an ongoing basis to detect and report any suspicious activities.

5. Record-Keeping: Financial institutions and designated non-financial businesses and professions must maintain accurate and up-to-date records of their customers' identity and transactions for a minimum of five years.

Overall, the AML/CFT Directive No. 01/2014 of the Ethiopian Financial Intelligence Center places significant emphasis on KYC procedures as a critical component of the AML/CFT program and requires financial institutions and designated non-financial businesses and professions to implement robust KYC procedures to prevent money laundering and terrorist financing activities.