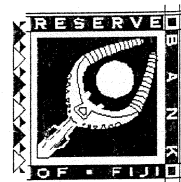


# FijiFIU

Fiji Financial Intelligence Unit



## Advisory Financial Transactions Reporting Act

Reference: 4/2010

Date: 17 September 2010

### **Re: Identification of Customers of Telephone Financial Services**

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#### **A. Financial Institutions Covered Under this Advisory**

1. This Advisory is applicable to telephone service providers that also provide mobile banking and other financial services to customers.
2. This Advisory also applies to the agents of the telephone service providers when providing mobile banking and other financial services on behalf of the telephone service provider.
3. The telephone service provider is ultimately responsible for customer identification and verification and record keeping of the verification process. Agents may conduct customer verification measures on behalf of the telephone service provider.

#### **B. Purpose of this Advisory**

4. This Advisory aims to provide clarification on the customer identification requirements under the Financial Transactions Reporting (FTR) Act and how it relates to the *Decree on Compulsory Registration of Customers for Telephone Services* which was issued on 2 July 2010.

#### **C. Customer Identification Requirements under the FTR Act**

5. Telephone service providers who provide financial services as listed in schedule 2 of the FTR Act, (such as accepting deposits; money remittance services or electronic money transactions) are required to identify and verify their customers under section 4 of the FTR Act and Part 2 of the FTR Regulations.
6. These identification and verification measures may be applied on a risk based approach as outlined in section 6 of FTR Guideline 4 (2009).
7. FTR Guideline 4 (2009) provides detailed guidance on the identification and verification requirements.
8. For low risk customers, telephone service providers are required to identify and verify the customer's:
  - (i) *name*;
  - (ii) *address*; and
  - (iii) *occupation*; including name of the employer or if the customer is self employed, the nature of self-employment or business.

9. For high risk customers, telephone service providers are required to identify and verify the customer's:
- (i) name;
  - (ii) date of birth;
  - (iii) permanent residential address in Fiji;
  - (iv) occupation; including name of the employer or if the customer is self employed, the nature of self-employment or business.
  - (v) source of funds,
  - (vi) citizenship; and
  - (vii) specimen signature.

**D. Decree on Compulsory Registration of Customers**

10. Telephone service providers are required under the *Decree on Compulsory Registration of Customers for Telephone Services* to register existing and new telephone users.
11. Telephone service providers are required to register the following details of existing and new telephone users under section 3(1) of the *Decree on Compulsory Registration of Customers for Telephone Services*:
- (i) name and date of birth as it appears on the birth certificate and any alias by which the customer is known; and
  - (ii) permanent home address or address in Fiji if visiting.
12. Telephone service providers are also required under section 3(2)(c) of the *Decree on Compulsory Registration of Customers for Telephone Services* to obtain a copy of the photo identification document provided by the telephone user during phone registration process.
13. Telephone users who register under the *Decree on Compulsory Registration of Customers for Telephone Services* may also apply to use the financial services (such as money remittance services, cash in or cash out services) offered by the telephone service provider. Therefore, these telephone users will have to be subjected to the identification and verification requirements of section 4 of the FTR Act.

**E. Alignment of Telephone User Registration Process with Customer Identification Process under the FTR Act**

14. Pursuant to section 4(4) (a) of the FTR Act, section 8 of the FTR Regulation and section 12.7 of the FTR Guideline 4, a telephone service provider may rely on the identification documents provided by a customer under the *Compulsory Registration of Customers for Telephone Services Decree* for the purpose of verifying the user under the FTR Act, provided the customer is assessed by the telephone service provider to be a low risk customer.
15. Thus a low risk customer, who has met the telephone user registration requirements under the *Compulsory Registration of Customers for Telephone Services Decree*, may be considered as meeting the customer identification and verification requirements under section 4 of FTR Act.
16. Further guidance on determining a customer's risk is outlined in section 13 (natural persons) and section 19 (legal persons) of the FTR Guideline 4.
17. Financial institutions should consult the FIU should they wish to seek further clarification.



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