



# FijiFIU

Fiji Financial Intelligence Unit



## Guideline 4

Financial Transactions Reporting Act

This Guideline is a legal instrument issued pursuant to the powers of the Financial Intelligence Unit under the Financial Transactions Reporting Act No.22 of 2004 [Section 25.1.j, 36.c FTR Act & Section 35.1 FTR Regulations].

### Customer Identification & Verification

#### 1 INTRODUCTION

- 1.1 Financial institutions<sup>1</sup> are required under Section 4 of the Financial Transactions Reporting (FTR) Act (2004) to identify their customers and verify their customers' identity.
- 1.2 Part 2 of the FTR Regulations (2007) specifies further requirements on financial institutions for customer identification and verification.
- 1.3 This Guideline provides detailed and practical guidance to financial institutions on how to apply the customer identification and verification requirements of the FTR Act and Regulations.
- 1.4 This Guideline is structured into 4 parts.
  - (i) **Part 1** of this Guideline explains the general requirements of the FTR Act for customer identifications and verification which applies to all types of customers.
  - (ii) **Part 2** of this Guideline explains in detail how a financial institution should identify and verify a customer who is a “natural person or a sole trader business.”
  - (iii) **Part 3** of this Guideline explains in detail how a financial institution should identify and verify a customer who is a “legal person” such as a company, foundation, partnership, association or any similar body that can establish a permanent customer relationship with a financial institution or otherwise own property.
  - (iv) **Part 4** of this Guideline explains in detail how a financial institution should identify and verify a customer which is a *trust* or other similar type of legal arrangement.

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<sup>1</sup> Financial institutions include banks, non-bank financial institutions and non-financial businesses and professions that are covered by the FTR Act as specified in the Schedule of the FTR Act.

## **PART 1: GENERAL CUSTOMER IDENTIFICATION REQUIREMENTS**

### **2 WHAT ARE THE KEY REQUIREMENTS OF THE FTR ACT REGARDING CUSTOMER IDENTIFICATION?**

- 2.1 A financial institution must identify all its customers and verify its customers' identities against reliable and independent source documents, data or information or other evidence which the financial institution considers as reasonably capable of verifying their customers' identity.
- 2.2 The purpose of these identification and verification measures is to ensure that a financial institution undertakes reasonable measures to know its customers.
- 2.3 A customer<sup>2</sup> is defined under the FTR Act as including:
- (i) the person in whose name a transaction<sup>3</sup> has been assigned or transferred;
  - (ii) a signatory to a transaction or account;
  - (iii) any person to whom a transaction has been assigned or transferred;
  - (iv) any person who is authorised to conduct a transaction; or
  - (v) such other person as may be prescribed by the FIU.
- 2.4 A financial institution must conduct continuous due diligence on its customers and their business relationships. Thus significant changes in a customer's details (such as changes in occupation, address, employer or business activities) should be promptly reflected in the customer's records.
- 2.5 A financial institution must maintain a business account and conduct transactions in the true name of the customer.
- 2.6 A financial institution must not open, operate or maintain an account in a name which it knows to be fictitious, false or incorrect.
- 2.7 In addition, a financial institution must not open, operate or maintain any customer relationship in anonymous or numbered only accounts.

### **3 WHAT IS THE DUE DILIGENCE REQUIREMENTS IF A CUSTOMER IS ACTING ON BEHALF OF A THIRD PARTY?**

- 3.1 There maybe instances where a customer is acting on behalf of another person(s) (a third party) when establishing a business relationship with a financial institution (or for occasional customers<sup>4</sup> when conducting a transaction).
- 3.2 For example, a customer investing in unit trusts on behalf of his *mataqali* or opening a term deposit account on behalf of his children or a customer selling a property belonging to his parents.

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<sup>2</sup> The terms "customer" and "client" maybe used interchangeably.

<sup>3</sup> The term "transaction" is defined in the FTR Act and includes entering into a fiduciary relationship.

<sup>4</sup> An *occasional customer* refers to a customer which conducts a cash transaction in a financial institution and in which he or she does not have an account or an on-going business relationship. An occasional customer is sometimes referred to as an "off-the-street" or "walk-in" customer.

- 3.3 A financial institution must take reasonable measures to determine if a customer is acting on behalf of any other person or persons.
- 3.4 These measures may include:
- (i) questions soliciting this information as part of the account opening or business application forms;
  - (ii) verbal interview of the customer during the course of establishing the business relationship.
- 3.5 If a financial institution determines that the customer is acting on behalf of any other person(s), the financial institution must also identify and verify this other person(s) on whose behalf the customer is acting.

#### **4 WHEN SHOULD A FINANCIAL INSTITUTION UNDER TAKE IDENTIFICATION CHECKS ON A CUSTOMER?**

- 4.1 A financial institution must undertake customer identification and verification processes and procedures in the following circumstances:
- (i) For all new customers, before or during the course of establishing a continuing business relationship with the customer;
  - (ii) For any occasional customer who conducts a transaction valued at \$5,000 and above (including equivalent amounts in foreign currency);
  - (iii) For any existing customer for whom the financial institution has doubts about the adequacy of identification information previously obtained;
  - (iv) For any customer whom the financial institution suspect is engaging in money laundering or terrorist financing activities.
- 4.2 Once a financial institution has established a continuing business relationship with a customer, it does not have to repeatedly identify and verify its customer's identity each time that customer conducts a transaction.
- 4.3 However, a financial institution must maintain information of its customer's identity on an on-going basis. Thus significant changes in the customer's details should be recorded by the financial institution.
- 4.4 Further guidance on how to identify and verify existing customers is provided in the FIU's Policy Advisory 1/2007 of 15 March 2007.

#### **5 CAN THE CUSTOMER VERIFICATION PROCESS BE DELAYED?**

- 5.1 Yes. Generally a financial institution is required to verify the identity of its customers and any person on whose behalf the customers are acting, before or during the course of establishing a business relationship (or conducting transactions for occasional customers).
- 5.2 However, a financial institution may delay the completion of the customer verification process till after the establishment of the business relationship, provided that:
- (i) the verification delay is essential in order not to interrupt the normal course of business;
  - (ii) the financial institution clearly identifies the circumstances in which it can delay the verification of a customer's identity (paragraph 5.4);

- (iii) the financial institution verifies the customer's identity as soon as reasonably practical (refer to paragraph 5.5);
  - (iv) the financial institution develops and adopts procedures to manage the risk of money laundering posed due to the delayed customer verification process (refer to paragraph 5.7).
- 5.3 Thus a financial institution may identify the customer up-front, by recording the personal details of the customer and complete the verification of these customer details at a later date.
- 5.4 Circumstances in which a financial institution may delay the verification of a customer are:
- (i) when the customer who does not have easy access to acceptable identification documents is still in the process of obtaining valid copies of identification documents from relevant government agencies (e.g. a village dweller who is still waiting for a reference letter from the District Officer or a birth certificate from the Office of the Registrar of Birth, Deaths and Marriages).
  - (ii) when a customer although having some identification documents with him, lacks other required documents which he can and is willing to provide at a later date.
- 5.5 A financial institution must decide as part of its internal policy the reasonable time within which all verification processes must be completed in cases where verification of customers will be delayed.
- 5.6 Measures should also be adopted as part of internal policies and procedures to ensure that the financial institution staffs complete the verification process within the specified time period allowed.
- 5.7 Examples of measures that a financial institution may adopt to manage the risk arising from doing business with a customer for which it has not completed the verification process may include:
- (i) limitation on the number and/or dollar value of transaction that can be performed for the customer;
  - (ii) limitation of the types of transactions that can be performed or services that can be provided to the customer;
  - (iii) monitoring of unusually large or complex transactions conducted by the customer.

## **6 APPLYING THE CUSTOMER IDENTIFICATION & VERIFICATION REQUIREMENTS ON A RISK BASED APPROACH. SHOULD ALL CUSTOMERS BE SUBJECTED TO THE SAME LEVEL OF IDENTIFICATION AND VERIFICATION CHECKS?**

- 6.1 Not necessarily. A financial institution may apply the customer identification and verification requirements of the FTR Act and Regulations on the basis of the risk for money laundering and terrorist financing that a customer poses.
- 6.2 This means that a financial institution may simplify or enhance its identification and verification processes and procedures depending on the risk of money laundering and terrorist financing of a customer.

- 6.3 A risk based approach to implementing identification and verification measures ensures that a financial institution focuses its efforts and resources on the identification and verification of high risk customers. It also ensures that low risk customers are subjected to less stringent identification and verification procedures.
- 6.4 The later sections of this Guideline will explain how a financial institution may simplify or enhance its customer identification and verification measures accordingly.

## **7 WHAT TYPES OF CUSTOMER IDENTITY RECORD SHOULD BE MAINTAINED?**

- 7.1 A financial institution must establish and maintain records of its customers' identity.
- 7.2 Records maintained must contain information sufficient to identify:
  - (i) the name, address and occupation (or where appropriate, the business or principal activity) of the person conducting the transaction and where applicable, on whose behalf the transaction is being conducted;
  - (ii) the documents used by the financial institution to verify the identity of the person when first establishing a business relationship with a customer.
- 7.3 A financial institution must maintain records to prove that it has verified a customer's identity.
- 7.4 This record can be in any of the following format:
  - (i) photocopies of identification documents used;
  - (ii) documentation of identification documents used ( e.g. record details of type of identification document/card used, serial number of document/card; issuing agency of identification document/card; valid date of identification document/card, etc);
  - (iii) scanned electronic copies of identification documents used;
  - (iv) other form of documentation as seen appropriate by a financial institution.
- 7.5 Discussions with or interviews of referees whether over the phone or in person should be briefly documented.
- 7.6 It is not mandatory that a financial institution keeps photocopies of all identification documents used. However, where possible, a financial institution may and is encouraged to keep photocopies of identification documents. A record of the identification documents used may be in other formats as outlined in paragraph 7.4.
- 7.7 A financial institution is required to maintain its customers' records for a minimum period of 7 years from the date:
  - (i) the evidence of a person's identity was obtained;
  - (ii) of any transaction or correspondence;
  - (iii) the account is closed or business relationship ceases;whichever is the later.

- 7.8 Records of a customer's identity must be kept up-to-date and therefore must reflect changes to a customer's details. A financial institution may ensure its customers' records are up-to-date by requiring that customers inform them (by telephone/email or otherwise) of any change in their address, occupation or other details.
- 7.9 Further guidance on how a financial institution can fulfill its record keeping obligations under the FTR Act is provided in the FIU's Policy Advisory 7/2007 of 11 July 2007.

## **8 WHAT ACTIONS SHOULD BE TAKEN IF A FINANCIAL INSTITUTION IS NOT ABLE TO SATISFACTORILY IDENTIFY A CUSTOMER?**

- 8.1 If a financial institution is not able to obtain satisfactory evidence of a customer's identity, the financial institution must not proceed any further with the transaction unless directed in writing to do so by the FIU.
- 8.2 If the financial institution considers the reasons for the customer's failure or refusal to produce adequate identification documentations as unreasonable or suspicious, it must report the attempted transaction to the FIU as a suspicious transaction.
- 8.3 If a customer has legitimate reasons for not being able to produce the required identification documents at the time of account opening or establishing a business relationship (e.g. customer is waiting for the processing of an official identification document such as a birth certificate or the customer does not have an official identification document), then the financial institution can use any of the following provisions to complete the identification process and engage with the customer :
- (i) Provisions for delayed verification ( section 5); or
  - (ii) Provisions for verifying customers with insufficient or no official identification documents (section 12); or
  - (iii) Provisions for simplified identification checks if the customer is a low risk customer (section 13).
- 8.4 This provision is not intended to refuse legitimate business dealings with customers who have valid reasons for not being able to produce the required identification documents. Rather it is targeting those customers who for no valid reasons do not or refuse to produce the identification documents required for the purpose of avoiding identification measures.

## **9 ARE THERE EXEMPTIONS TO THE REQUIREMENTS FOR THE IDENTIFICATION AND VERIFICATION OF CUSTOMERS?**

- 9.1 Yes. A financial institution is exempted from conducting identification and verification procedures in the following circumstances:
- (i) if the transaction is part of an existing and regular business relationship with a customer who has already produced satisfactory evidence of identity unless the financial institution has reason to suspect that the transaction is suspicious;

- (ii) if the transaction is an occasional transaction<sup>5</sup> not exceeding \$5,000 (or its equivalent in Fiji dollars).
- 9.2 Exemptions from customer identification and verification procedures also apply to specific types of financial institutions as follows:
- (i) For an insurer or insurance intermediary, when dealing with:
    - (a) customers of non-investment or general type insurance policies;
    - (b) Government ministries or departments and statutory authorities who take out employer-funded group life policies on their employees.
  - (ii) For a consumer credit provider, including financial leasing, hire purchase and similar credit, if the transaction, inclusive of credit provided, is less than \$5,000.
  - (iii) For a money services provider for business or activity of collecting, holding, exchanging or remitting funds or the value of money or otherwise negotiating transfer of funds or the value of money, on behalf of other persons where the transaction less than \$5,000 and if such transaction is completed domestically within Fiji and does not involve any foreign currency.
  - (iv) For a money lender as defined in the Money Lenders Act (Cap 234) if the transaction or total loan for a customer is less than \$5,000.
  - (v) For financial institutions providing electronic funds transfer services, namely commercial banks and money remittance service providers,
    - (a) if the electronic funds transfer is between financial institutions where the originator and beneficiary of the funds transfer are acting on their own behalf; or
    - (b) if the electronic fund transfer is other than a money transfer effected from the use of a credit or debit card as a means of payment, that results from a transaction carried out using credit or debit card, provide that the credit or debit card number is included in the information accompanying such a transfer.

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<sup>5</sup> An “occasional transaction” is a transaction involving an occasional customer or an “off-the-street” customer.

## **PART 2: Customer Identification & Verification- Natural Person**

### **10 WHAT DETAILS OF A CUSTOMER (NATURAL PERSON) MUST BE IDENTIFIED AND COLLECTED BY A FINANCIAL INSTITUTION?**

10.1 A financial institution must identify and collect the following information about the customer:

- (i) Name of the customer. This should be the true name of the customer.
- (ii) Date of birth.
- (iii) Permanent residential address in Fiji. This should be a physical address and not a postal address.
- (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, in particular what is the normal source of fund or income for the customer e.g. salary, rental income, pension etc. Some customers, such as the unemployed or minors, will have no regular source of income.
- (vi) Citizenship.
- (vii) Specimen signature.

### **11 HOW MUST A CUSTOMER'S (NATURAL PERSON) IDENTITY BE VERIFIED?**

11.1 Once the above customer details have been identified (via the customer's completion of the relevant forms, checklist or interview) the financial institution must verify these information.

11.2 **Appendix 1** provides two lists of documents (*List A* and *List B*) that can be used by a financial institution to verify a customer's details.

- (i) Therefore, a financial institution must use one or more document(s) from each list to verify its customer.
- (ii) Any combination of documents from *List A* and *List B* may be used to verify a customer's details provided it adequately substantiates all the customer details obtained in paragraph 10.1.

11.3 **Appendix 2** identifies the customer details that each identification document may verify.

11.4 A financial institution may refer to FIU Policy Advisory 3/2007 of 26 April 2007 for further guidance on verification of a customer's signature.

11.5 For a customer who is a non-Fiji citizen, a financial institution must also ensure that the customer has:

- (i) a current and valid passport (or any other travel document issued by a foreign government or recognized international organization);
- (ii) a current and valid work, business or other permit or visa issued by the Fiji Immigration Department;



- (iii) a current and valid employment or student status document issued by the customer's employer or the education institution in Fiji.

## 12 HOW SHOULD A FINANCIAL INSTITUTION IDENTIFY AND VERIFY A CUSTOMER WHO HAS INSUFFICIENT OR NO OFFICIAL IDENTIFICATION DOCUMENTS?

12.1 Certain customers may have inadequate or no identification documents due to their circumstances or background.

12.2 For example customers who are students, unemployed or customers who are employed in an informal business sector such as rural farmers and seasonal agricultural labourers (such as cane cutters, farm hands) will have minimum identification documents such as their birth certificates. Many customers especially those residing in rural areas will not have generally accepted identification documents such as passports; driver's license or a FNPF card.

12.3 In this case, a financial institution may identify the customer using the following documents:

- (i) Birth certificate – verifying the customer's name, citizenship and date of birth; and
- (ii) Certificate from a suitable referee – verifying the customer's residential Address, occupation or nature of self employment.

12.4 A "suitable referee" is a person who knows the customer and whom the financial institution can rely on to confirm that the customer is who he or she claims to be and can verify other personal details (occupation, residential address) of the customer. Examples of suitable referees are:

- (i) For customers who are minors or students – school head teacher; school principal; landlords (for tertiary students who are renting); parent or guardian.
- (ii) For other customers, such as those who reside in the rural areas or villages –
  - (a) Village headman or *turaga-ni-koro*
  - (b) *Roko Tui* (chief administration officer) or Assistant *Roko Tui* or Provincial Administrator at the Provincial Office
  - (c) Religious leader ( e.g. *talatala* or preacher; priest; *imam* of a mosque; *pundit*)
  - (d) District Officer or district advisory officer
  - (e) Official from the Fiji Sugar Corporation sector office (for sugar cane farmers, laborers)
  - (f) Official from a district government agency such as the Social Welfare Office, Police Station, Health Centers
  - (g) Current or former employer
  - (h) Justice of Peace, Commissioner for Oaths, Notary Public
  - (i) Town councilor
  - (j) Employee of the financial institution

12.5 A Certificate/Letter/Confirmation from a suitable referee should have the minimum details:

- (i) Customer's name, address, occupation or nature of self employment;
- (ii) Referee's name, address, occupation and contact details (such as phone number);
- (iii) Statement stating how long (period) the referee has known the customer;
- (iv) Statement stating that the referee knows the customer by the stated name;
- (v) Statement stating that the referee confirms the customer's stated address and occupation or nature of self employment to be true.
- (vi) Signature of the customer and referee with the date the document was signed.

12.6 A financial institution may, with the approval of the FIU, use relevant documents other than those listed in Appendix 1 to identify and verify a customer provided such documents is:

- (i) reliable and independent and
- (ii) is reasonably capable of verifying the identity of the customer.

12.7 The FIU and the relevant supervisory authority such as the Reserve Bank and the Capital Markets Development Authority may, from time to time, specify other additional document, data or information that may be used by a financial institution to identify and verify its customers.

### **13 WHEN AND HOW CAN A FINANCIAL INSTITUTION SIMPLIFY THE IDENTIFICATION REQUIREMENTS?**

13.1 Generally, a financial institution must apply the above identification and verification measures to all its customers who are natural persons.

13.2 However, a financial institution may reduce or simplify its customer identification requirements, processes and procedures in the following circumstances:

- (i) where a customer is assessed as having a low risk for engaging in money laundering or terrorist financing activities. For example customers who are children or minors; certain sole trader businesses (such as rural micro-finance sole trader businesses; neighborhood shop or canteen businesses); students; rural farmers; rural dwellers; casual employees.
- (ii) where information on the identity of the customer is publicly available.
- (iii) where adequate checks and controls on the customer exist in Fiji. For example persons who work in a regulated profession such as a medical practitioner; accountant; lawyer<sup>6</sup>; dentist; teacher, police officer, etc.

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<sup>6</sup> This excludes trust accounts of lawyers and accountants.

- 13.3 The minimum customer details a financial institution must identify and verify when undertaking a simplified identification process are:
- (i) customer's name;
  - (ii) customer's permanent residential address in Fiji;
  - (iii) customer's occupation.
- 13.4 Pursuant to FTR Regulations 8(1)(g) and 8(2)(q), when verifying a customer's identity, a financial institution may:
- (i) use at least one identification document listed in FTR Regulation 8(1), as provided in **List A-Appendix 1**, to verify the customer's name; and
  - (ii) any other identification document listed in FTR Regulation 8(2), as provided in **List B-Appendix 1**, to verify the customer's residential address and occupation.
- 13.5 Once a low risk customer is suspected of engaging in money laundering and terrorist financing activities during the course of the business relationship, this customer must immediately be classified as a high risk customer and the financial institution must monitor his or her transactions closely.

**14 WHEN SHOULD A FINANCIAL INSTITUTION ENHANCE THE IDENTIFICATION REQUIREMENT FOR A CUSTOMER? HOW SHOULD THIS BE APPLIED?**

- 14.1 Customers (natural persons) who are assessed or considered by a financial institution as having a high risk of engaging in money laundering and terrorist financing activities must be subjected to the enhanced and complete identification measures outlined in paragraph 10-11.
- 14.2 Examples of customers who are at high risk for money laundering and therefore must be subjected to complete and enhanced identification measures include:
- (i) non-resident customer or customers who reside permanently outside of Fiji;
  - (ii) non-face-to-face customers (e.g. person wishing to establish a business relationship with a financial institution via the internet or other similar technology);
  - (iii) persons previously reported in FIU Alert Notices.<sup>7</sup>
- 14.3 Any person classed as a "politically exposed person" (PEP)<sup>8</sup> must be treated as a high risk customer and must undergo enhanced identification checks.
- 14.4 Family members and close associates of PEPs must also be treated as high risk customers and should be subjected to enhanced identification checks.

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<sup>7</sup> This will be issued from time to time by the FIU to the Anti-Money Laundering Compliance Officer.

<sup>8</sup> A "politically exposed person" is any person who is or has been entrusted with any prominent public function in a foreign country. For example a Head of State or government, senior politician, a senior government/judicial/military official, a senior executive of a state owned corporation and important political party official. This does not include locals who hold similar functions. However a financial institution may determine that locals holding similar functions should be treated as high risk customers.

- 14.5 Financial institutions should undertake reasonable measures, within their identification process, to determine whether a customer is PEP or is associated or related to PEP. These measures may include:
- (i) obtaining information on the occupation of a foreigner to determine whether he or she should be regarded as a PEP;
  - (ii) verifying customer's name, in particular foreigners, to World Check<sup>9</sup> or other similar databases;
  - (iii) including in account opening forms for foreigners a question on whether they are directly related to or associated with a PEP. The financial institution may rely on the declaration made by the customer under this question to determine whether to treat him or her as a high risk person.
- 14.6 When establishing a business relationship with a non-face-to-face customer, a financial institution must conduct additional identification and verification procedures to supplement those applied to a face-to-face customer. These additional identification procedures may include:
- (i) certification of identification documents submitted by the non-face-to-face customer;
  - (ii) request for additional documents to complement those required for a face-to-face customer;
  - (iii) independent contact with the customer by the financial institution;
  - (iv) relying on introduction by a third party.

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<sup>9</sup> World Check is a subscription based database that lists the names of PEPs and their known associates and family members.

## **PART 3: Customer Identification & Verification- Legal Person**

### **15 WHAT DETAILS OF A CUSTOMER (LEGAL PERSON) MUST BE IDENTIFIED AND VERIFIED BY A FINANCIAL INSTITUTION?**

15.1 A financial institution must:

- (i) obtain and record the name, business address and legal form of the customer;
- (ii) verify the legal form of the customer. This can be done by obtaining proof of incorporation or other similar evidence of establishment or existence such as:
  - (a) certificate of incorporation for a company;
  - (b) certificate of registration of business name for a partnership;
  - (c) certificate of registration for a non-profit organization such as a charity, sporting or religious organization, association or foundation;
  - (d) charter or constitution of a non-registered club, association or group.
- (iii) verify the provisions regulating the power to bind the customer (legal person);
- (iv) understand the ownership and control structure of the legal person (refer to paragraph 16);
- (v) identify the principal owners of the legal person (refer to paragraph 17);
- (vi) identify the natural person intending to act on behalf of the customer (legal person) (refer to paragraph 18);
- (vii) **Appendix 3** provides a summary of customer details that can be verified using relevant identification documents.

### **16 WHAT IS INVOLVED IN UNDERSTANDING THE OWNERSHIP AND CONTROL STRUCTURE OF THE CUSTOMER (LEGAL PERSON)?**

16.1 A financial institution must take reasonable measures to understand the ownership and control structure of the customer (legal person).

16.2 This should include obtaining and documenting the names and permanent residential address of all the natural persons who ultimately own and control the customer (legal person).

**17 WHAT IS INVOLVED IN IDENTIFYING THE PRINCIPAL OWNERS OF THE CUSTOMER (LEGAL PERSON)?**

17.1 A financial institution must know who ultimately owns and controls (or the principal owners) the customer (legal person).

17.2 At a minimum, a financial institution must identify and verify:

- (i) each natural persons who own directly or indirectly 30% or more of the vote or value of an equity interest in the customer (legal person) and
- (ii) any natural person who exercises effective control of the customer (legal person).

17.3 The principal owners to be identified for different types of legal persons are as follows:

Customer Type	Principal Owners to be Identified
Company	<ul style="list-style-type: none"> <li>(i) Shareholder (natural persons) who owns directly or indirectly, 30% or more interest in the company;</li> <li>(ii) Natural persons who control the company through management (e.g. company directors or executive management) or Board appointments.</li> </ul>
Partnership	<ul style="list-style-type: none"> <li>(i) Partners (natural person) who owns directly or indirectly, 30% or more interest in the partnership;</li> <li>(ii) Natural persons who manage and control the day to daily affairs of the partnership.</li> </ul>
Associations, foundations and other similar types of non-profit organization	<ul style="list-style-type: none"> <li>(i) Office Bearers or Governing Board of the organization/association/foundation;</li> <li>(ii) Executive Management who control the operation of the organization/association/foundation.</li> </ul>

17.4 The principal owners must be identified in accordance with the rules for identification and verification of a customer that is a natural person as set out in Part 2 of this Guideline.

17.5 A financial institution is exempted from identifying the principal owners of:

- (i) any company that is listed on the South Pacific Stock Exchange;
- (ii) any foreign public company that is listed on the Stock Exchange of a country that is implementing similar anti-money laundering measures.

**18 WHAT IS INVOLVED IN IDENTIFYING THE NATURAL PERSON INTENDING TO ACT ON BEHALF OF THE CUSTOMER (LEGAL PERSON)?**

- 18.1 The customer (legal person) will have natural persons acting on its behalf when entering into a business relationship with a financial institution or when conducting a transaction. For example signatories to the business account or contract.
- 18.2 A financial institution must identify the natural persons intending to act on behalf of the customer (legal person). These natural persons must be identified in accordance with the rules for identification and verification of a customer that is a natural person as set out in Part 2 of this Guideline.
- 18.3 In addition, the financial institution must verify that the persons intending to act on behalf of the customer (legal person) are authorized by the customer (legal person) to do so. This may be verified to a company's Board resolution or minutes of meeting of the shareholders/partners or governing body such as executive management of the customer (legal person).
- 18.4 If during the course of the business relationship, there is a change in the person acting on behalf of the customer (legal person), the financial institution must conduct fresh identification checks on these persons.

**19 WHEN CAN THE IDENTIFICATION REQUIREMENTS BE SIMPLIFIED FOR A CUSTOMER (LEGAL PERSON)? HOW WILL THIS BE APPLIED?**

- 19.1 Generally, a financial institution must apply the above identification and verification measures to all its customers who are legal persons.
- 19.2 However, a financial institution may reduce or simplify the identification measures in the following circumstances:
- (i) where a customer (legal person) is assessed as having a low risk for engaging in money laundering or terrorist financing activities. For example:
    - (a) Government ministries, departments, commissions;
    - (b) Local government and municipal councils such as the Suva City Council and Labasa Town Council.
  - (ii) where information on the identity of the customer (legal person) is publicly available such as:
    - (a) any company that is listed on the South Pacific Stock Exchange;
    - (b) any other non-resident company that is listed on the Stock Exchange of a country that is implementing similar anti-money laundering measures;
    - (c) statutory authorities such as the Fiji Electricity Authority, Housing Authority of Fiji;
    - (d) Government owned companies.

- (iii) where adequate checks and controls on the customer exist in Fiji, such as:
  - (a) all financial institutions licensed and regulated by the Reserve Bank of Fiji;
  - (b) investment intermediaries licensed and regulated by the Capital Markets Development Authority.
  - (c) Educational institutions such as primary and secondary schools and tertiary institutions.

19.3 The simplified customer identification measures may include the following:

Type of Customer	Simplified Identification Process/Procedure
<ul style="list-style-type: none"> <li>▪ Government ministries, departments, commissions</li> <li>▪ Statutory authorities</li> <li>▪ Local government and municipal councils</li> </ul>	<ul style="list-style-type: none"> <li>(i) Verification to Government database or other relevant source of government agency listing.</li> <li>(ii) Verification to relevant legislation governing establishment of statutory authority, local government or municipal council.</li> </ul>
<ul style="list-style-type: none"> <li>▪ Government owned companies</li> </ul>	Verification to the company registration certificate to confirm government ownership.
<ul style="list-style-type: none"> <li>▪ Listed public company</li> </ul>	Verification to the database of the relevant stock exchange.
<ul style="list-style-type: none"> <li>▪ Licensed and regulated financial institutions and businesses</li> </ul>	Verification to the license issued by the relevant regulator or sighting of records (website) of the relevant regulator e.g. RBF website for list of licensed entities.

**20 WHEN SHOULD A FINANCIAL INSTITUTION ENHANCE THE IDENTIFICATION REQUIREMENT FOR A CUSTOMER (LEGAL PERSON)? HOW SHOULD THIS BE APPLIED?**

20.1 Customers (legal persons) who are assessed or considered by a financial institution as having a high risk of engaging in money laundering and terrorist financing activities must be subjected to the enhanced and complete identification measures outlined in paragraph 15-18.

20.2 The following types of legal persons must be treated as high risk customers and therefore be subjected to the complete or enhanced identification measures :

- (i) companies or businesses dealing in high value or precious goods ( e.g. jewelry and other precious stone, property, vehicles, vessel, farm machinery etc);
- (ii) cash intensive types of businesses such as restaurants, nightclubs, service stations;
- (iii) businesses which are owned by foreign nationals whether residing locally or abroad;



- (iv) entities or organizations which have been previously reported in a FIU Alert Notice;
- (v) companies that have nominee shareholders or shares in bearer form; entities (whether companies or otherwise) whose principal owner(s) is a politically exposed person or has been previously reported in a FIU Alert Notice;
- (vi) entities (whether companies or otherwise) which are controlled or managed by a person who is a politically exposed person or has been previously reported in a FIU Alert Notice.

**PART 4: Customer Identification & Verification-  
Trust  
(other similar legal arrangements)**

**21 WHAT DETAILS OF A CUSTOMER (TRUST) MUST BE IDENTIFIED AND VERIFIED BY A FINANCIAL INSTITUTION?**

21.1 A financial institution must:

- (i) obtain and record the name and business address of the trust;
- (ii) verify the existence of the trust and the legal provisions that set out the power to bind the trust. This can be verified to the registered trust deed or other similar documentary evidence of existence;
- (iii) take reasonable measures to understand the control structure of the trust as set out in the trust deed identifying the settlor, trustee and the beneficiaries;
- (iv) identify and verify the identity of the settlors and all the trustees in accordance with the identification rules for a natural person as set out in Part 2 of this Guideline;
- (v) identify and verify any beneficiary whose interest is 30% or more of the value of the trust using the identification rules for a natural person as set out in Part 2 of this Guideline;
- (vi) identify the natural person(s) intending to act on behalf of the trust and verify that this person(s) have been authorized by the trust to act on its behalf. This will include those persons appointed to manage the day-to-day administration of the trust. The identification rules for a natural person as set out in Part 2 of this Guideline should be applied.

## **EFFECTIVE DATE**

This Guideline is effective from 1 October 2009.

**For further information please contact the Financial Intelligence Unit on:**

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### **Financial Intelligence Unit**

FTR Guideline 4

20 August 2009

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#### **Attached:**

- Appendix 1 List of Documents to Verify a Customer's (Natural Person) Identity
- Appendix 2 Verification of Customers' (Natural Persons) Details to Supporting Identification Documents
- Appendix 3 Verification of Customers' (Legal Entities) Details to Supporting Identification Documents

## **Appendix 1: List of Documents to Verify a Customer's (Natural Person) Identity**

One or more for the following documents maybe used to verify a customer (natural person).

### **List A**

The first list of identification documents (FTR Regulations 8(1)) include:

- (i) a valid passport;
- (ii) a birth certificate;
- (iii) a marriage certificate;
- (iv) a citizenship certificate;
- (v) a valid driver's license;
- (vi) a valid Fiji National Provident Fund membership card;
- (vii) any other evidence of identity, as may be determined by the Unit.
- (viii) The FIU has determined that the following maybe be used as a identification documents :
  - Letter of reference or certification by a suitable third party.
  - Certificate of Registration in the *Vola Ni Kama Bula*

### **List B**

The second list of identification documents (FTR Regulations 8(2)) include:

- (i) bank statement or account statement issued by another financial institution if the person previously transacted with a bank or financial institution and that bank or financial institution had confirmed the person's identity;
- (ii) tax identification number and acknowledgement from Fiji Islands Revenue and Customs Authority;
- (iii) notice of taxation assessment by the Fiji Islands Revenue and Customs Authority;
- (iv) utility bill for electricity, water, telephone or other similar services issued by the authority responsible for the supply of such services;
- (v) municipal business licence certificate or municipal rates statement or invoice;
- (vi) mortgage statement from another financial institution;
- (vii) cellular phone account statement;
- (viii) television account statement;
- (ix) long-term or short-term insurance policy document issued by an insurance company;
- (x) motor vehicle license or registration document;
- (xi) land or other property ownership document or title;
- (xii) employment identification card or a letter from the employer;
- (xiii) pay or salary slip;
- (xiv) identification card issued to a student at a tertiary or technical education institution;
- (xv) verification by a suitable referee as approved by the financial institution.

<b>Appendix 2</b>		<b>Verification of Customers' (Natural Persons) Details to Supporting Identification Documents</b>						
Customer's Details Verified								
	<b>A. ID Documents</b>	<b>Name</b>	<b>Date of Birth</b>	<b>Citizenship</b>	<b>Specimen Signature</b>	<b>Residential Address</b>	<b>Occupation/ Business Activity Conducted</b>	<b>Source of Income</b>
1	Passport	√	√	√	√			
2	Birth certificate	√	√	√				
3	Marriage certificate	√	√					
4	Citizenship certificate	√	√	√	√			
5	Driver's license	√	√			√		
6	FNPF card;	√			√			
7	any other evidence of identity as maybe determined by the FIU such as:							
8	Letter of reference or certification by a suitable third party.	√		√		√	√	√
9	Certificate of Registration in the Vola Ni Kawa Bula	√	√					

<b>Appendix 2</b>								
<b>Customer's Details Verified</b>								
	<b>B. ID Documents</b>	<b>Name</b>	<b>Date of Birth</b>	<b>Citizenship</b>	<b>Signature</b>	<b>Residential Address</b>	<b>Occupation/B usiness Activity Conducted</b>	<b>Source of Income</b>
1	bank statement or account statement issued by another financial institution	√						
2	tax identification number and acknowledgement from Fiji Islands Revenue and Customs Authority;	√						
3	notice of taxation assessment by the Fiji Islands Revenue and Customs Authority;	√						
4	utility bill ( e.g. for electricity, water etc)	√				√		
5	municipal business licence certificate or municipal rates statement or invoice;	√				√	√	√
6	mortgage statement from another financial institution;	√						
7	cellular phone account statement;	√						

8	television account statement;	√						
9	long-term or short-term insurance policy document issued by an insurance company ;	√	√					
10	motor vehicle licence or registration document;	√						
11	land or other property ownership document or title;	√				√		
12	employment identification card or a letter from the employer;	√					√	√
13	pay or salary slip;	√					√	√
14	identification card issued to a student at a tertiary or technical education institution;	√					√	
15	verification by a suitable referee as approved by the financial institution.	√	√			√	√	√
16	Other evidence which the financial institution determines with the approval of the FIU is reasonably capable of verifying the identity of the customer							

<b>Appendix 3</b>		<b>Verification of Customers' (Legal Entities) Details to Supporting Identification Documents</b>					
Customer's Details Verified							
	ID Documents	Name of Customer (Legal Entity)	Legal Form of Entity	Date of Registration	Business Address	Names of Principal Owners/ Shareholders	Names of Persons Controlling the Entity (other than owners or shareholders)
1	Certificate of Registration- <b>Company</b>	√	√	√			
2	Certificate of Registration of Business Name- <b>Partnership</b>	√	√	√			
3	Charter or Constitution of a <b>Club, Association or Group</b>	√	√	√	√		√
4	Memorandum of Association- <b>Company</b>	√	√				
5	Articles of Association- <b>Company</b>	√	√				
6	Certificate of Registration for Value Added Tax (VAT)- <b>Company/Partnership/Trust/NGO/ Government Statutory Authority</b>	√	√		√		
7	utility bill ( e.g. for electricity, water etc)	√			√		
8	municipal business licence certificate;	√			√		
9	Annual Report – <b>Publicly Listed Company &amp; Government Statutory Authority</b>	√	√	√	√	√	√