




**Financial Intelligence Centre**

**Republic of Zambia**

**ANTI-MONEY LAUNDERING/COUNTERING THE FINANCING OF TERRORISM AND  
PROLIFERATION (AML/CFTP) GUIDELINES FOR ACCOUNTABLE INSTITUTIONS**

This document is authorized by:

Name	Title	Date	Signature
Mrs. Liya Tembo	Acting Director General	18/08/2023	

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## TABLE OF CONTENTS

1.0	INTRODUCTION .....	3
2.0	PURPOSE OF GUIDELINES.....	3
3.0	SCOPE OF GUIDELINES.....	4
4.0	OVERVIEW OF ACCOUNTABLE INSTITUTIONS.....	4
4.1	Motor Vehicle Dealers.....	4
4.2	Property Development Services Providers.....	4
4.3	Safe Custody Service Providers .....	4
4.4	Cooperative Societies.....	4
4.5	Travel agents.....	5
5.0	OBLIGATIONS OF ACCOUNTABLE INSTITUTION.....	5
5.1	IDENTIFICATION AND VERIFICATION OF CUSTOMER IDENTITIES .....	5
5.2	REQUEST FOR INFORMATION.....	6
5.3	CURRENCY TRANSACTIONS.....	6
5.4	RECORD KEEPING .....	7
6.0	FINANCIAL INTELLIGENCE CENTRE CONTACT DETAILS.....	7
	ANNEXURE I GLOSSARY OF TERMS.....	8

## **1.0 INTRODUCTION**

Money laundering (ML), terrorist financing (TF) and proliferation financing (PF) and any other financial crimes are a global concern and as such the international community has come together to fight these crimes. People or groups laundering money or financing terrorism and proliferation activities take certain steps to conceal their true identities and sources of funds. These crimes negatively affect the operations of various sectors and compromise the security of the nation where they are perpetrated. To this effect different jurisdictions have established Anti- Money Laundering and Countering the Financing of Terrorism and Proliferation (AML/CFTP) institutional and legal framework to address negative effects associated with these crimes.

The Financial Intelligence Centre (the Centre) was established in 2010 by an Act of parliament as an autonomous corporate body under the Financial Intelligence Centre Act No. 46 of 2010 (the FIC Act) as amended. The Centre's core function is to receive, request, analyse suspicious transaction reports (STRs) and other disclosures for dissemination of financial intelligence reports to relevant competent authorities for investigation and prosecution where there are reasonable grounds to suspect that crimes have been committed. In 2020 the FIC Act was amended and introduced a category of institutions referred to as Accountable institutions. Section 58 (2)(f) empowers the Centre to provide for obligations of accountable institutions. Further, Regulation 13 of the Financial Intelligence Centre (General) Regulations, 2022 outlines obligations of accountable institutions.

## **2.0 PURPOSE OF GUIDELINES**

The purpose of these Guidelines is to provide guidance for accountable institutions on their obligations to prevent and detect ML/TF/PF activities. In addition, the guidelines will assist the accountable institutions to comply with the FIC Act.

### **3.0 SCOPE OF GUIDELINES**

The accountable institutions Guidelines have incorporated relevant provisions in the FIC Act, Statutory Instrument (SI) No. 54 of 2022 and other international best practices in the AML/CTPF regime. These Guidelines cover; identification and verification of customers' identities, request for information by the Centre, currency transactions and record keeping obligations. The Guidelines are provided as general information only and as such do not represent all the requirements under the law. The Guidelines do not constitute legal advice and are not intended to replace the FIC Act or any other guidelines, directives or regulations issued by the Centre.

### **4.0 OVERVIEW OF ACCOUNTABLE INSTITUTIONS**

The FIC Act outlines specific obligations for businesses designated as accountable institutions. This overview presents the current status of these institutions in Zambia.

#### **4.1 Motor Vehicle Dealers**

The motor vehicle market comprises of new and second hand motor vehicle dealers distributed across the country. Most of the second hand motor vehicles are imported from Asian countries while high end second hand motor vehicles are mainly from South Africa.

#### **4.2 Property Development Services Providers**

The property development industry has seen significant growth in recent years. This has been witnessed mostly along the line of rail.

#### **4.3 Safe Custody Service Providers**

Safe custody service providers offer safety deposit boxes or other secure storage suitable for high-value physical items. The industry is fairly under- developed in Zambia.

#### **4.4 Cooperative Societies**

Cooperative societies have been instrumental in promoting national development in Zambia by offering services that are easily accessible by the citizens. Over time there has been an increase in

the number of cooperative societies offering various services including agriculture and financial related services.

#### **4.5 Travel agents**

Travel agents provide services such as air ticket bookings, hotel reservations, car rental, shuttle services, travel insurance and other similar activities that facilitate or respond to customers in the hospitality and tourism sector. Travel agents in Zambia mostly work with the hospitality and aviation industry in providing their services.

Literature and typologies have showed that the institutions outlined above are susceptible to ML/TF/PF abuse.

### **5.0 OBLIGATIONS OF ACCOUNTABLE INSTITUTIONS**

Accountable institutions have the following obligations;

- i. Identification and verification of customer identities
- ii. Provision of information to the FIC
- iii. Currency Transaction Reporting
- iv. Record Keeping

#### **5.1 IDENTIFICATION AND VERIFICATION OF CUSTOMER IDENTITIES**

Accountable institutions shall conduct customer due diligence at the time of opening an account for, or otherwise establishing a business relationship with a customer by; identifying the customer and verifying the identity of the customer using reliable, independent source documents, data or information.

Accountable institution shall verify the full name and physical address, and date and place of birth or a mobile number linked to a registered international mobile equipment identity number or Subscriber Identity Module (SIM) card in place of physical address by comparing the particulars with;

- a) The customer's driver's license, passport or national identification document bearing the individual's pictorial image or
- b) Information which is obtained from any other independent source, if it is accurate and reasonably necessary taking into

account any other laws or guidelines concerning the verification of identities.

Accountable institutions shall verify the particulars of a body cooperate by;

- a) comparing the submitted details of the body corporate with a certified true copy of its certificate of incorporation issued by the Registrar of Companies or another relevant authority;
- b) Reviewing the tax payer identification number (TPIN) issued by the Zambia Revenue Authority and other information held by the Registrar of Companies or other relevant register;
- c) Except for statutory bodies, the particulars of every person exercising direct or indirect control, for purposes of identifying the beneficial owner.

Where the customer is a legal arrangement, accountable institutions shall verify the particulars obtained in respect of the trust by comparing the name of the trustee, the settlor, beneficiary and any other natural person exercising ultimate effective control over the trust, with the trust deed or other founding document in terms of which the trust is created.

## **5.2 REQUEST FOR INFORMATION**

The Director General of the Centre may request accountable institution to provide information that the Centre may require for the performance of the Centre's functions under the FIC Act and Regulations.

## **5.3 CURRENCY TRANSACTIONS**

Accountable institutions shall, not later than three (3) working days after the transaction, report a cash transaction equal to or above the Kwacha equivalent of USD10, 000, whether denominated in Zambian Kwacha or a foreign currency. This prescribed amount is a threshold and not a limit, which should trigger a report to the Centre, whether it is conducted as a single transaction or as several transactions that appear to be linked. Accountable institutions are

advised to submit subsequent CTRs on previously reported customers.

#### **5.4 RECORD KEEPING**

Accountable institutions are required to keep adequate records. An accountable institution shall maintain all books and records relating to its customers and transactions for a period of at least ten (10) years after the business relationship has ended or from the date of the transaction. The accountable institution shall further ensure that those records and underlying information are available on a timely basis to the Centre or other competent authorities upon request.

#### **6.0 FINANCIAL INTELLIGENCE CENTRE CONTACT DETAILS**

The Director General  
Financial Intelligence Centre  
P O Box 30481  
Lusaka  
**ZAMBIA**



## ANNEXURE I GLOSSARY OF TERMS

<b>Term</b>	<b>Definition</b>
<b>Currency Transactions</b>	Currency transactions refers to cash transactions
<b>Competent Authority</b>	For the purpose of these guidelines, a competent authority refers to all public authorities with designated responsibilities for combating money laundering and/or terrorist financing. This includes authorities that have Anti- Money Laundering)/Countering the Financing of Terrorism and Proliferation (AML/CFTP) supervisory or monitoring responsibilities aimed at ensuring compliance by accountable institutions with AML/CFTP requirements.
<b>Money Laundering (ML)</b>	A money laundering offence involves various acts committed with the intention to conceal or convert property or the proceeds of crime (e.g. money) knowing or believing that these were derived from the commission of a designated offence. Examples of designated offences include, drug trafficking, corruption, bribery, fraud, forgery, murder, robbery, counterfeit money, stock manipulation and tax crimes.
<b>Proliferation Financing (PF)</b>	Section 2 of the Anti-Terrorism and Non Proliferation Act defines Proliferation Financing as an act by any person who by any means, directly or indirectly, wilfully or negligently provides funds or financial services to be used or knowing that they are to be used in whole or in part for proliferation, the manufacture, acquisition, possession, development, export, transshipment, brokering, transport, transfer, stockpiling, supply, sale or use of nuclear, ballistic, chemical, radiological or biological weapons or any other

	<p>weapon capable of causing mass destruction and their means of delivery and related materials including both technologies and dual-use goods used for non-legitimate purposes, including technology, goods, software, services or expertise, in contravention of the Anti-Terrorism and Non-Proliferation Act or, where applicable, international obligations derived from relevant United Nations Security Council Resolutions.</p>
<p><b>Supervisory Authority</b></p>	<p>For the purpose of these guidelines, a Supervisory Authority refers to the Law Association of Zambia with mandate to supervise and regulate the TCSPs sector players in Zambia.</p>
<p><b>Suspicious Transaction Report (STR)</b></p>	<p>Section 2 of the FIC Act defines a Suspicious Transaction Report as a report submitted on suspected or attempted money laundering, financing of terrorism or proliferation or any other serious offence whether in form of a data message or otherwise.</p>
<p><b>Terrorism Financing (TF)</b></p>	<p>Section 2 of the Anti-Terrorism and Non-Proliferation Act defines terrorism financing as an act by any person who, irrespective of whether a terrorist act occurs, by any means, directly or indirectly, wilfully provides or collects funds or attempts to do so with the intention that the funds should be used or knowing that the funds are to be used in full or in part— (i) to carry out a terrorist act; (ii) by a terrorist; (iii) by a terrorist organisation; or (iv) for the travel of a person to a State other than the person's State of residence or nationality for the purpose of perpetration, planning or preparation of, or participation in, terrorist act or the providing or receiving of</p>

	terrorist training.
<b>Wire transfer</b>	Section 2 of the FIC Act defines a wire transfer as any transaction carried out on behalf of an originator, through a financial service provider or payment system including an institution that originates the wire transfer and an intermediary institution that participates in completion of the transfer, by electronic means, with a view to making an amount of money available to a beneficiary.
<b>Without delay</b>	Means within 24 hours

## **APPROVAL CRITERIA FOR A LIAISON OFFICER OF AN ACCOUNTABLE INSTITUTION**

Compliance is a key control function to ensure the integrity of staff, management and activities OF reporting entities and accountable institutions. To this effect, accountable institutions have specific obligations under Regulation 13 of the Financial Intelligence Centre (General) Regulations, Statutory Instrument No. 54 of 2022.

Accountable Institutions are required to conduct due diligence at the time of establishing a business relationship with a customer. In addition, accountable institutions are required to provide information that the FIC may request and to keep records with respect to their customers and transactions for at least ten years. Accountable institutions further have the obligation to submit Currency Transaction Reports (CTRs) for cash transactions that are equal to or above the US\$10,000 threshold. Therefore for the purpose of submitting currency transaction reports (CTRs), the accountable institution shall appoint a Liaison Officer who will also assume responsibility for the institution's compliance with the Anti Money Laundering / Countering Terrorism and Proliferation Financing (AML/CTPF) requirements in the Financial Intelligence Centre (FIC) Act.

Accountable institutions may complete and submit this Form to the FIC for approval before the designated officer is appointed as Liaison Officer.

- i. Name of the Accountable Institution \_\_\_\_\_
- ii. Name of the Liaison Officer: \_\_\_\_\_
- iii. Official email address for the Liaison Officer:  
\_\_\_\_\_
- iv. Phone Number for the Liaison Officer: \_\_\_\_\_
- v. Has the Liaison Officer been convicted of any offence under the FIC Act or any other law?

**A.** Head of the Accountable Institution: \_\_\_\_\_

Signature of the Head of the Accountable Institution: \_\_\_\_\_

Date: \_\_\_\_\_

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**B.** Checked by the Director (Compliance and Prevention Department) \_\_\_\_\_

Date: \_\_\_\_\_

**C.** Approved by the Director General: Financial Intelligence Centre \_\_\_\_\_

Date \_\_\_\_\_