

Ensuring Business Safety

The Malta Bankers' Association is a principal organiser of events as part of the fifth European Money Week, which aims at promoting financial literacy and financial education particularly amongst students and youths. As in previous years, European Money Week sees the active participation of national banking associations across Europe, under coordination of the European Banking Federation. As part of its ongoing commitment to reach out to the public and consumers on financial education in general, the Association is this year taking the opportunity to inform more about a topic of particular interest: account opening.

Banks have been significantly impacted by the continuous evolution and refinement of anti-money laundering regulations which have become more severe and resulted in increased due diligence requirements over the years. It is undeniable that opening a bank account has become complicated and intrusive through the extensive information demanded from the customer. And the Know Your Client (KYC) obligation does not exist only when the account relationship is being created, it is a continuous requirement on banks to ensure that records remain up-to-date and relevant. That is why there is a need for banks to undertake regular reviews of existing records and to demand additional information where this is lacking.

Banks are nowadays facing account-opening requests from persons and firms operating in sectors that are new and where the risks may not yet be well understood. So banks too need to inform themselves and train their staff because hanging over them is the shadow of regulatory sanctions and penalties if they are found wanting in their compliance standards and controls. Besides, more of the business that local banks perform is being influenced by the requirements set by their international correspondent banks, whose appetite to provide services is getting tighter and tighter. Compliance, although costly and may be a source of irritation for customers, is all about making banks' business safer, through strict observance of laws and regulations.

Even the IMF, in its 2019 FSSA Malta Report has recommended that *“banks' verification of BO [beneficial owner] information and ongoing monitoring of risk-sensitive accounts should be strengthened, especially by applying enhanced measures for non-resident clients (including opaque companies), new technologies (e.g., virtual assets and e-gaming), and IIP-related funds. Customer due diligence for domestic and foreign politically exposed persons, their family members, and close associates and reporting suspicious transactions also need to be fortified.”* And although banks are open for business they also have their specific operating models, risk appetites and customer acceptance policies and criteria, which may lead to certain relationships being declined.

That said, the Association is committed to interact with its member banks so that they do not apply a 'one size fits all' approach, in particular clients who meet the requirements for a Basic Payment Account, should not be subject to unnecessary hassle or lengthy account opening procedures.

In conclusion, the Association notes that when banks may seem as too demanding in their request for information, they are doing this because they are **required** to do so as a result of regulation which is there to ensure the **safety** of their business for the benefit of society as a whole.

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