

**BANKI
KUU YA
KENYA**



**CENTRAL
BANK OF
KENYA**

**Haile Selassie Avenue
P.O. Box 60000-00200 Nairobi, Kenya
Telephone: 2860000, Fax: 340192**

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BANKING CIRCULAR NO 1 of 2016

TO ALL CHIEF EXECUTIVES OF COMMERCIAL BANKS, MICROFINANCE BANKS AND MORTGAGE FINANCE COMPANIES

ADDITIONAL GUIDELINES ON LARGE CASH TRANSACTIONS

Kenya has in the recent past made great strides in expanding modes of making payments including use of cards and electronic transfers. However, it is noted that cash payments still remain the common means of settling transactions. While most cash transactions are carried out as legitimate business, large cash transactions which are characterized by informality and anonymity, make the banking sector vulnerable to money laundering and terrorism financing.

The Central Bank of Kenya (CBK) reminds all financial institutions of the requirements of Regulation 31 of the Proceeds of Crime and Anti-money Laundering Regulations, 2013 which requires institutions to obtain written statements from customers confirming that the nature of their business activities normally and reasonably generates substantial amounts of cash to support large, frequent or unusual cash deposits or withdrawals.

To facilitate the effectiveness of this requirement, the CBK is providing additional prudential guidelines on the information that an institution should obtain from customers. Thus, with immediate effect, CBK asks institutions to obtain the following additional information when handling large cash transactions i.e., cash transactions equivalent to or exceeding US\$ 10,000 or its equivalent:

- Why large cash deposit or withdrawal is necessary?
- Why the cash deposit or withdrawal cannot be made through electronic means?
- Where the money will be taken right from the bank premises?
- What the money is going to be used for?
- Who will be the direct and indirect beneficiaries of the money?
- The full identity of the intended beneficiaries of the money.
- The source of the money which is sought to be deposited or withdrawn over the counter.

Where a customer is unable to provide this information or the facts given fail to support the rationale behind the transaction, the institution should immediately file a suspicious transaction report with the Financial Reporting Centre.

If a customer or a person acting on behalf of a customer provides false information, an institution should take appropriate action against such a customer and this could include terminating the relationship between the institution and the customer.

For further enquiries, please do not hesitate to contact:

The Director,
Bank Supervision Department
Central Bank of Kenya
P.O. Box 60000-00200
Nairobi.
Tel: 2863005
Email: fin@centralbank.go.ke



MATU MUGO
ASSISTANT DIRECTOR, BANK SUPERVISION DEPARTMENT

Cc. Chief Executive Officer

Kenya Bankers Association
13th Floor, International Life House
Mama Ngina Street
NAIROBI

Chief Executive Officer

Association of Microfinance Institutions
Methodist Ministries Centre
NAIROBI

Interim Director

Financial Reporting Centre
CBK Pension Fund Building, Harambee Avenue
P. O. Box 60000 – 00200
NAIROBI