



YOU AND YOUR BANK OR BUILDING SOCIETY



Gibraltar Bankers' Association

If you are in the process of opening an account with a bank or building society in Gibraltar or almost anywhere else in the world, you may find that the information and documents you are asked to provide are considerably more extensive than may have been the case in the past.

THERE ARE TWO REASONS FOR THIS:

Firstly, banks and building societies want to offer their clients the best possible services and products and the more information they have about their clients, the better placed they are to provide the right kinds of service to meet the individual needs of the clients.

Secondly, banks and building societies have both a legal and moral requirement to prevent accounts being used for "money laundering" and fraudulent purposes.

So, what is money laundering and how are the banks and building societies' actions aimed at preventing it?

"Money laundering" is a means by which criminals convert the financial proceeds of crime ("dirty money") into "clean" funds that will not arouse suspicion. It also means that such proceeds are harder to detect and confiscate and therefore the subsequent prosecution of the perpetrators is made more difficult.

You may think that money laundering only involves large sums of money but that is not so. Criminals may well set up a number of small accounts to avoid suspicion and may also try to use the identities of innocent individuals or companies to set up such accounts. This is why banks and building societies must not only have positive proof of identification of ALL their clients but also proof of their address. Once the account has been opened, banks and building societies will need to be able to recognise any transactions that could be considered as suspicious. For this reason, they will require an indication of how the account is expected to operate with details of the anticipated sources and destinations of funds and the amounts involved.

The fact that banks and building societies request information from prospective clients does not mean that they are suspecting or accusing them of illicit activity; they are gathering the information necessary to allow them to undertake the duty that is imposed on them by law to help prevent crime. They have a clear responsibility to ensure that they "know their customer"

THE LEGAL RESPONSIBILITY OF BANKS AND BUILDING SOCIETIES

Under Gibraltar law ('Drug Trafficking Offences Ordinance, 1995' and 'Criminal Justice Ordinance, 1995'), there are certain minimum requirements that banks and building societies must satisfy before

opening an account for an individual, trust or a corporate entity. These laws not only place a legal responsibility on the banks and building Societies but also on the individual employees and a possible prison sentence if this responsibility is not carried out properly.

These requirements are being reviewed constantly both by governments and regulatory bodies as experience is gained in combating money laundering. Gibraltar's standards in combating money laundering are extremely high and many other jurisdictions are moving to emulate them. However, regulations and requirements differ from one jurisdiction to another. Many banks and building societies, therefore, may adopt a common set of minimum requirements on an international basis and in some instances these may be more extensive than the requirements of the particular jurisdiction in which the account is being opened.

WHAT ARE THE DOCUMENTS THAT YOU ARE LIKELY TO BE ASKED TO PRODUCE?

Banks and building societies will normally prefer documents that have been issued by an official authority and are not easy to forge. They should be originals (not photocopies) and, in the case of proof of identity, should contain a photograph. Copies may be accepted in certain circumstances and subject to certain restrictions. The same document cannot be used to prove both identity and address. The most common documents that you may expect to be asked to provide are passports, identity cards, current full driving licence, statement from an existing bank or utility bills. In the case of corporate accounts, you may also expect to be asked to provide the above documents for signatories to the account, principal directors and beneficial owners, in addition to the normal company documents. Clients will also, of course, be required to complete a mandate form giving details of who will be operating the account and specimen signatures. Clients may be asked to give their authority to obtain references from existing banks. The banks or building societies may of course also make independent checks with electoral registers and telephone directories.

IF YOU HAVE ANY QUESTIONS ABOUT ACCOUNT OPENING PROCEDURES

It is in everyone's interest to protect the financial system against crime and to provide a better service to clients. Please do not be put off, therefore, by these measures. If you have any difficulty providing the documents required or any information that you are asked for, please discuss it with a suitable member of staff at the bank or building society concerned. They will have experience in dealing with such matters and will be pleased to assist you and resolve any problems.



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