

BANKI
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KENYA



CENTRAL
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BANKING CIRCULAR NO. 2 OF 2018

TO CHIEF EXECUTIVES OF COMMERCIAL BANKS AND MORTGAGAGE FINANCE COMPANIES

GUIDANCE NOTE ON CONDUCTING MONEY LAUNDERING / TERRORISM FINANCING RISK ASSESSMENT

Money laundering (ML) and terrorism financing (TF) pose a major threat to the integrity of the financial sector, particularly the banking sector. In this regard, the Central Bank of Kenya (CBK) has put in place the necessary regulatory framework on anti-money laundering and countering the financing of terrorism (AML/CFT) vide the Prudential Guideline on Anti-Money Laundering and Combating the Financing of Terrorism (CBK/PG/08). Other similar measures have been taken at the national level through the Proceeds of Crime and Anti-Money Laundering Act, 2009 and the Proceeds of Crime and Anti-Money Laundering Regulations, 2013.

Laws and Regulations in themselves are not a guarantee of success in the fight against ML/TF. Institutions have a duty to unwaveringly apply and/or implement the AML/CFT Law. Clause 5.5 of the Prudential Guideline on Anti-Money Laundering and Combating the Financing of Terrorism requires institutions to undertake ML/TF risk assessment. It is of utmost necessity that institutions undertake individual ML/TF risk assessment to identify, assess, manage, control and/or mitigate the ML/TF risks in the environment within which they operate.

It is pursuant to this legal requirement that the CBK has issued the attached Guidance Note on Conducting Money Laundering and Terrorism Financing Risk Assessment. The Guidance Note sets out clear parameters or standards to guide institutions in this important exercise.

It is expected that the results of ML/TF risk assessments will inform resource allocation for various ML/TF risk areas and the nature of AML/CFT policies to be put in place.

For further enquiries, please do not hesitate to contact:

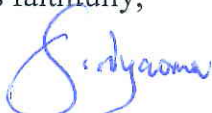
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Yours faithfully,



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