



Ministry of Economic Affairs and Finance

Financial Intelligence Unit

Field Monitoring Report of Bank Keshavarzi

04/02/2024, 09/01/2023, 08/01/2023



March 2024

Preface

In accordance with the implementation of Article (7) of the amended Anti-Money Laundering Act regarding the preparation and regular submission of reports on the actions taken, and clause (16) of Article (4) of the regulations on the Organization of the Financial Intelligence Unit for monitoring all natural and legal entities subjected by the Anti-Money Laundering Act and preparing monitoring reports for submission to the Supreme Council for Combating & Preventing ML/FT Crimes, The detailed report of the field monitoring (two sessions on January 8, 2023, January 9, 2023, and February 04, 2024) of Bank Keshavarzi along with the detailed checklist is expressed as below.

The focus point of supervision in these visits is to evaluate the scale of compliance of the subject entities with the obligations based on the requirements extracted from the executive regulations of Article (14) of the Anti-Money Laundering Act and to identify the strengths, weaknesses, and vulnerabilities of the subject entity. It is worth mentioning that the results of these visits will be used as input for the ranking process of the persons included in each main subject area under Article (44) of the executive regulations. The report will then provide a breakdown of the weaknesses and strengths of each of the above-mentioned axes.

The main actions of AML/CFT Dept. of Bank Keshavarzi from the perspective of IRFIU

1. Branch inspections based on a risk-based approach

Bank Keshavarzi systematizes branch inspection checklists and employs the inspection unit's capacity to assess compliance with regulations at its branches. Each branch is assessed at least once a year. Additionally, the bank's AML unit has developed 28 indicators to determine branch risks, and based on these indicators, if a branch is recognized as high-risk, then they will be inspected two to three times a year. Furthermore, inspections of high-risk branches, as per the lists provided by the IRFIU, branches in free zones, and high-risk branches based on AML unit inspections, will be prioritized in the New Year's inspection process.

2. Establishment of infrastructure for systems and implementation of identification procedures for safe deposit boxes

In accordance with Article 68 of the banks' executive regulations, Bank Keshavarzi has launched a comprehensive system for registering information and the entry and exit of safe deposit box holders. Additionally, appropriate identification procedures for issuing safe deposit boxes and conducting inspections of safe deposit boxes are also implemented. It is worth mentioning that information related to safe deposit box owners is monitored at the end of the year, and the determination of the status of safe deposit boxes is based on invitations to box holders, and the ownership and maintenance status of the box for the new year are determined.

3. Effective cooperation with the Financial Intelligence Unit regarding monitoring reports received from branches and timely response to inquiries

According to Article 135 and clauses (1 and 2) of the mentioned article, the AML unit is obligated to monitor and send reports received from branches and offices to the Financial Information Unit. Additionally, the individuals subject to the regulations must promptly respond to inquiries received from the IRFIU. According to the conducted investigations, the reports received from the Bank Keshavarzi have been of satisfactory quality, and inquiries are responded online. It is worth mentioning that Bank Keshavarzi, in addition to implementing 32 quantitative rules announced by the IRFIU, provides statements in accordance with the declared format. Moreover, the AML unit, in addition to obtaining STR reports based on the communicated rules to banks and reports received from branches, receives reports from branches based on supplementary criteria (110 criteria) and after monitoring, sends them to the Financial Information Unit. According to Article 140 of the regulations, upon request from the IRFIU, individuals subject to the regulations must provide information on recipients of basic services to the IRFIU. The Bank Keshavarzi provides this information to the IRFIU in full and at the appropriate time.

4. Implementation of service levels for legally incapacitated

In line with the implementation of Articles 66 and 70 of the executive regulations, the Central Bank has developed guidelines on providing services to legally incapacitated. In this regard, banks are required to apply a certain level of services to various types of legally incapacitated in different categories. According to conducted evaluations, Bank Keshavarzi, while imposing restrictions on the provision of services to different categories, receives necessary documentation in case of transactions exceeding the specified thresholds in these guidelines. The card group has also been implemented and executed in accordance with different categories in the guidelines, and restrictions and prohibitions on opening deposit accounts for legally incapacitated are systematically controlled.

5. Implementation of transaction transparency for banking transactions

In line with the implementation of clause (1) of Article 112 of the executive regulations, to supervise and monitor the Central Bank, it has developed guidelines for the transparency of banking transactions. According to conducted evaluations, Bank Keshavarzi, while applying “The about Field”, has systematically enforced the specified thresholds various categories.

6. Compilation of a separate sanctions list from the announced lists by the National Security Council

According to clause (2) of Article (99) of the executive regulations for financial and credit institutions and the Central Bank, are obliged to create the necessary infrastructure in their payment systems, and also they are obliged to prevent and report electronically transmitted transactions in which the sender or recipient is listed in the sanctions list ‘send to the IRFIU systematically. In this regard, Bank Keshavarzi has obtained the “Sarand system” from the “Dadman Company”, through which, by the end of the current year, 50,194 inquiries have been made regarding individuals, 44,583 inquiries regarding the item lines of customer orders, and 4,589 inquiries regarding the identity and relationships of individuals.

7. Training

In line with the implementation of the 12th chapter of the executive regulations, in addition to comprehensive training courses, the preparation of documents by the AML unit, the use of motivational mechanisms in appointing branch managers has led to an increase in employee motivation and participation in training courses. In addition, training courses have been held at all levels and have been exam-oriented, and ultimately the personnel training ID is also recorded. It is worth mentioning that if it is determined based on the conducted evaluation that the non-implementation of anti-money laundering regulations is due to negligence, punitive mechanisms according to the bank's internal regulations are applied to the branch manager.

8. Launching a systematic infrastructure for archiving documents and records

According to the provisions of the 11th chapter of the executive regulations, subject individuals are required to launch a systematic infrastructure for archiving documents and records requested by the Financial Information Unit within one business day. This has been launched in the form of an electronic archive and a feedback system, and documents have been archived since 2019, but the archiving of documents and records before 2019 is currently underway.

9. Implementation of activity levels related to unemployed and jobless individuals

In line with the execution of clause (4) of Article (67) of the executive regulations, the Central Bank has determined the activity levels related to unemployed, jobless, and housewife individuals through the guideline on how to provide services to these categories of people. Evaluations indicate that Bank Keshavarzi, while continuously controlling and monitoring the activities of this customer segment, has systematically implemented the specified activity levels.

10. Membership in various bank committees

In order to fulfill the obligations stipulated in Article (38) of the executive regulations, the AML unit must have an appropriate position to acquire resources including human, logistical, and system resources. In this regard, the responsible person for AML at Bank Keshavarzi is a member of various committees including document disposal, regulation compliance, product development, non-operational defense, etc.

11. Launching a fraud detection system

In accordance with the execution of Article (81) of the executive regulations and for monitoring suspicious transactions, the Central Bank and operational banks are required to launch fraud detection software on all their systems. Accordingly, Bank Keshavarzi has launched an online fraud detection system.

Summary

Considering all the above, establishment of an independent structure relevant to the volume of the activities should be prioritized in the bank's agenda. Based on the evaluations conducted, four categories extracted from standard contexts, including fully complied, mostly complied, relatively complied and non-compliant, the level of compliance of Bank Keshavarzi with regulations is evaluated as mostly complied.