

## 17. Prevention of Criminal Use of MFB Channels for the Purposes of Money Laundering and other unlawful trade

While considering proposals for extending Microfinance facilities, the MFB shall make all reasonable efforts to determine the true identity of its clients and shall develop and implement effective procedures and methods for the purpose. It shall inter alia obtain copies of National Identity Card or Passport or Driving license etc. of the client which shall be stamped as "original seen" by the MFB officer. In far-flung and remote areas where people, particularly women, do not have identity cards, the MFB may extend micro-credit by establishing identity through other appropriate means. Before extending deposit services to Corporate clients, the MFB shall obtain by-laws, Memorandum & Articles of Association and Board Resolution etc.

### a) Record Retention

The records of transactions and identification data should be maintained by MFBs in systematic manner with exactness of period of preservation. For the purpose, following minimum requirements shall apply;

- i). Identification Record: MFBs shall keep record on the identification data obtained through the Customer Due Diligence (CDD) process, account files and business correspondence for at least five years following the termination of the business relationship.
- ii). Transactions Record: MFBs shall maintain all necessary records on transactions, both domestic and International, for at least five years following completion of the transaction. Such record must be sufficient for reconstruction of individual transactions so as to provide, if necessary, evidence for investigation or prosecution of criminal activity.

The examples of the necessary components of transaction record may include: customer's name (beneficiary's name), address, nature and date of transaction, type and amount of transaction, currency involved, type and identification of any account involved in the transaction.

The identification and transactions record should be made available to SBP as and when required.

MFBs shall, however, retain records for longer period, if required by any other law or where transactions and / or relationship relate to any investigation, litigation or required by the Court of law or by any other competent authority.