

Correspondent Banking

Countries should ensure:

- > Financial Institutions (FIs), with regards to cross-border correspondent banking or other similar relationships, in addition to performing normal CDD measures:
 - ✓ gather sufficient information on a respondent institution to understand fully the nature of the respondent's business;
 - ✓ determine, from publicly available information, the reputation of the respondent institution and the quality of supervision, including whether it has been subject to ML or TF investigation or any regulatory action;
 - ✓ assess the respondent institution's AML/CFT controls;
 - ✓ obtain approval from senior management before establishing new correspondent relationships;
 - ✓ clearly understand the respective responsibilities of each institution; and

- ✓ with respect to “payable-through accounts”, be satisfied that the respondent bank has conducted CDD on customers having direct access to accounts of the correspondent bank and that it is able to provide CDD information upon request to the correspondent bank. The term “payable-through accounts” refers to correspondent accounts that are used directly by third parties to transact business on their own behalf.
- > FIs do not enter into or continue a correspondent banking relationship with shell banks. FIs should satisfy themselves that the respondent institutions do not permit their accounts to be used by shell banks.