



**REPUBLIC OF ZAMBIA
FINANCIAL INTELLIGENCE CENTRE**

DIRECTIVE TO COMMERCIAL BANKS ON DE-RISKING OF CLIENTS

This Directive is issued in accordance with Section 56(1) of the Financial Intelligence Centre (FIC) Act No. 46 of 2010 (FIC Act) which states that; *the Centre may, in the exercise of its functions under the Act issue; instructions, directives, guidelines or rules to reporting entities as it considers necessary for the better carrying out of its functions under the Act or regarding the application of the Act.*

The FIC Act and international anti-money laundering/countering the financing of terrorism and proliferation (AML/CFTP) standards provide a framework that ensures that Zambia's financial systems are not abused by perpetrators of financial crime. However, for varied reasons, de-risking¹ activities in the financial sector within Zambia continue to take place in different forms including the termination of correspondent banking relations, account closures and account restrictions among other measures in an uncoordinated manner and without updates being given by reporting entities to the FIC.

In light of the foregoing, commercial banks are directed to notify the FIC when they de-risk clients or certain services. In your notification, you are advised to include identification details of the de-risked clients/customers, dates when the clients were de-risked and reasons for de-risking.

It is anticipated that this information will aid the Centre and other competent authorities in monitoring activities and managing risks in the AML/CFTP framework in Zambia.

ISSUED BY THE FINANCIAL INTELLIGENCE CENTRE
27 DECEMBER, 2023

¹ De-risking refers to the phenomenon of financial institutions terminating or restricting business relationships with clients or categories of clients to avoid, rather than manage, risk in line with the FATF's risk-based approach. De-risking can be the result of various drivers, such as concerns about profitability, prudential requirements, anxiety after the global financial crisis, and reputational risk.