



Supervision and Control of Financial Institutions  
Division

**Date: 31-5-2020**

**Circular no.: 15/2020**

**To: All Finance Companies operating in Qatar**

**Subject: Guidelines for Financial Institutions on Managing AML/CFT Risks linked to Covid-19 Virus**

As per Article no. (60) of the executive regulations no.(41) of 2019 under AML/CFT Law no. (20) of 2019, attached hereto guidelines issued by AML/CFT Department relating to managing the AML/CFT risks linked to spread of Covid-19 virus as per guidelines issued by FATAF in May 2020.

All principles in the enclosed document that ensure the safety and stability of the AML/CFT systems and mitigate risks linked to the impact of Covid-19 on financial institutions, should be complied with.

**Abdullah Bin Saud Al-Thani**

**The Governor**



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## **Guidelines for Financial Institutions on Managing the Risks of Covid-19 linked to the Risk Based Approach**

In implementation of the provisions of the Anti-Money Laundering and Combating the Financing of Terrorism Law and its executive regulations, and in light of the new risks that have arisen globally due to the spread of the emerging Corona virus and the increasing risks faced by financial institutions, as well as changing forms of financial behavior (such as increasing remote transactions and increasing cash withdrawals) and the diversity and variation of criminal activities ( Like increasing fraud and its implications through electronic platforms), Qatar Central Bank issues these guidelines, which include the most important of risks that financial institutions operating in the country may face in light of the spread of (Covid-19).

In addition to that, certain procedures must be complied with by all financial institutions through effective application of the risk-based approach to address these risks based on the said approach with full compliance of all other instructions and guidelines issued by the Qatar Central Bank.

### **First - Emerging risks and threats linked to Money Laundering and Terrorism Financing:**

#### **1- Increasing frauds by doing the following:**

- Trying to avoid due diligence measures, especially when establishing the business relationship or by using third parties to establish business relationship.
- Collecting donations for unlawful purposes.
- Make fake medical deals using financial products and services (such as letters of guarantee and letters of credits).
- Fraud in the field of investment, especially in the trade of medical supplies.



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**2- Using electronic means to commit crimes by doing the following:**

- Increase the use of financial services and electronic platforms to hide sources that may be illegal in cash flows and money transfers.
- The exploitation of some customers, especially the elderly, in Internet fraud.
- The possibility of creating fake accounts for companies operating in the medical field.
- The ability to set applications on mobile phones and computers and use them to access to individual accounts.
- Some criminals send fake messages and exploit customers to obtain their financial data.

**3- Misuse of government's funds or international and humanitarian aids by doing the following:**

- Submit fake requests to government agencies to implement precautionary measures.
- Embezzlement of government aids or mismanagement of government funds.

**4- Utilizing fluctuations in the financial sector by doing the following:**

- Attempting to conceal criminal proceeds in legitimate economic activities and exploiting the economic conditions of financial institutions that may be affected by the crisis.
- Withdrawals or large cash deposits that are not in line with the income of customers or exploiting the liquidation of investments.
- Using investments in gold and other commodities to conceal the illegal source of funds

**5- Exploiting financial institutions to finance terrorism:**

- Using the global events to raise funds to finance terrorism and exploiting the humanitarian cases resulting from that crisis.



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- Misuse of services provided by non-profit organizations for humanitarian, charitable and medical purposes.
- The possibility of increasing transactions with countries that are not fully compliant with the instructions of the Financial Action Task Force (FATF), which may be areas of conflict through financial transfers or electronic transactions.

**Second - Measures to be adopted by financial institutions linked to the above risks:**

All financial institutions, when applying the risk-based approach and managing risks, threats and challenges referred to above, should take the following measures in accordance with the provisions of the Anti-Money Laundering and Terrorist Financing Law and its executive regulations, instructions and guidelines issued by QCB, and in particular, comply with the following:

- Applying appropriate due diligence procedures and effective monitoring of electronic transactions, with special attention to electronic transactions that may not be consistent with the natural pattern of customers, as well as transactions for new category of customers based on the effective application of the risk-based approach.
- Applying due diligence procedure for transactions conducted by using commercial products and services such as letters of guarantee and letters of credits, especially those related to purchasing medical equipment and devices for customers whose work nature may not be related to these activities, according to the risk-based approach.
- Ensure that due diligence is given to electronic transfers and transactions with countries that have a strategic weaknesses in applications of anti-money laundering and terrorist financing systems or areas of conflict.



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- Apply strict due diligence measures for donations made through non-profit associations and organizations and verify their disbursements through the effective application of the risk-based approach.
- Develop the technical systems used, especially those related to suspicious transactions, to verify that they include all transactions and emerging risks referred to above and then take the necessary actions in this regard.
- Implement simplified due diligence procedures in low risk situations such as facilitating government payments for individuals and companies to support them during the covid-19 Pandemic.
- Ensure that cases of non-application of due diligence procedures are due to compelling reasons and that they shall be addressed immediately after the end of the pandemic.
- The ability to accept expired ID cards in specific cases, while maintaining records of those transactions.
- Encourage the use of digital solutions to verify customer's identity and conduct transactions while taking all appropriate due diligence measures.
- Pay attention to all types of new risks, especially those associated with patterns and forms that the financial institution may see as representing a risk to its systems and procedures aimed at reducing the risks of money laundering, terrorist financing, and arms proliferation.
- The necessity of reviewing the current systems, policies and procedures related to business risks under the unusual circumstances, such as remote working, reducing the number of employees at work and social distancing procedures, and the extent of impact of these measures on the business continuity plans.
- Stay alert to any risks or threats that the financial institution may face related to money laundering or terrorist financing that may be linked to the creation of new business relationships with a certain group of customers or the provision of services remotely.