



澳門金融管理局
AUTORIDADE MONETÁRIA DE MACAU

Circular No. 004/B/2021-DSB/AMCM
(Effective Date: 12 March 2021)

Industry Guidance on AML/CFT Controls – Remote On-boarding of Customers
(Supplementary to the AMCM AML/CFT Guideline)

With the rapid development in digital innovation and technology advancement, more institutions in Macao have taken initiatives to employ technological solutions to improve customer experience and generate cost savings in providing services, including on-boarding customers remotely. While leveraging technology presents opportunities, institutions should equip themselves with appropriate risk mitigation measures to control the ML/TF risks, as well as additional risks such as impersonation risk that may arise. This industry guidance is supplementary to the AMCM AML/CFT Guideline (“the Guideline”) with an aim to express the expectations of this Authority for on-boarding customers remotely.

1. General

- a. According to the Guideline, institutions are required to conduct customer due diligence before establishing business relationships. Accordingly, they should identify, verify and record the identity of customers and the related beneficial owners using reliable and independent source documents, data or information.
- b. The customer due diligence requirements are technology-neutral, meaning that the customer due diligence process conducted remotely on customers should be at least as robust as those performed when the customers physically present themselves.
- c. In digital context, when the customer’s identity is obtained through electronic means, and verification relies upon technology, institutions should use reliable technology and take appropriate measures to ensure the reliability of documents, and the effective authentication of identity. There should be proper governance, processes and procedures that provide an appropriate level of assurance, that is, the system produces accurate results and is safeguarded from relevant risks, including but not limited to impersonation risk, synthetic identities, cyberattacks, security breaches, etc.



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2. *Using new technologies*

- a. Prior to leveraging technology to on-board customers remotely, institutions should:
 - i. Conduct due diligence on the vendor and on the reliability of their technological solutions for the remote on-boarding initiatives;
 - ii. Identify and assess the ML/TF risks and vulnerabilities associated with the remote on-boarding process;
 - iii. Demonstrate sufficient understanding of the technologies to be employed, including their levels of assurance and limitations, as well as how the technologies are applied to meet the customer due diligence requirements and mitigate the risks identified; and
 - iv. Apply a risk-based approach for customer identification and verification, given the assurance levels of relevant technologies as well as the ML/TF risks associated with a business relationship.
- b. Institutions should monitor and manage the effectiveness of the technologies adopted to meet AML/CFT requirements on an ongoing basis, in particular during the early stages of implementation and operation, including but not limited to testing of systems, manually checking for irregularities, etc. On-going monitoring should definitely take into account any vulnerabilities associated with the products and delivery channels.
- c. Institutions should also ensure compliance with all legal and regulatory requirements for their operations, including but not limited to the Guideline on Risk Management of Electronic Banking issued by this Authority.

3. *Personal customers*

When employing technological solutions to fulfill the customer identification and verification requirements for customer on-boarding, institutions should ensure that relevant technologies should at least fulfill the following two functions:

- a. Identity validation – involves validation of the identity information and attributes about a person digitally. Where a personal customer's identity document and information are collected through electronic channels, appropriate technology and measures should be put in place to validate the authenticity of the identity information/attributes obtained; and



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- b. Identity authentication – confirms that the validated identity belongs to the individual presenting the identity information and attributes with the aid of appropriate technologies, e.g. biometric solutions like facial recognition and liveness detection.

4. *Corporate customers*

- a. While institutions may establish business relationships with corporate customers through non-face-to-face channels, the customer due diligence requirements for corporate customers, comparing with those for personal customers, are more extensive as set out in Paragraph 8.4.2 of the Guideline.
- b. Given that corporate customers present distinctive ML/TF risks that are inherently higher in entities like shell companies and companies with complex structure, institutions should properly understand relevant risks and design appropriate processes and procedures for on-boarding corporate customers remotely.
- c. These may involve a combination of control measures. For example, institutions may utilize the technology adopted for validation and authentication of the identity of personal customers to conduct the required due diligence measures on the natural persons¹ related to the corporate customers. Institutions may also rely on a reliable and independent third party to certify and/or verify relevant documents; hold teleconference or video conference with the customer; require the first payment to be carried out through an account in the customer's name with another institution, etc.

5. *Other considerations*

- a. Whether or not technologies are used in the customer due diligence process, institutions are reminded that any measures undertaken should be commensurate with the identified risks.
- b. Institutions may adopt a phased approach when launching remote on-boarding services, e.g. by targeting first the lower-risk customers, limiting the scope of services, setting transaction limits, etc.

¹ These may include beneficial owners, persons authorized to act on behalf of the corporate customer and executive or key members of board of directors of the corporate customer.



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6. *Record-keeping*

The record-keeping requirements equally apply to customers who are on-boarded remotely. Institutions should understand the distinctive features with respect to how the required customer due diligence information is retained, accessed and/or extracted, and ensure that relevant documents and information are appropriately maintained and can be timely retrieved upon request.

For institutions that intend to launch remote on-boarding initiative, they should communicate with this Authority in advance.