



CBUAE issues new guidance to registered hawala providers and licensed financial institutions providing services to registered hawala providers

Abu Dhabi (18 August 2021): The Central Bank of the UAE (CBUAE) has issued a new guidance on anti-money laundering and combatting the financing of terrorism (AML/CFT) to Registered Hawala Providers (RHP) and Licensed Financial Institutions (LFIs) providing services to RHP.

The new guidance, which came into effect today, 18 August 2021, will assist in the understanding and effective implementation of the statutory AML/CFT obligations for RHPs and LFIs, as outlined in Federal Decree-Law No. (20) of 2018 on AML/CFT and Cabinet Decision No. (10) of 2019. This guidance also takes Financial Action Task Force (FATF) standards and guidance into account.

The CBUAE permits legitimate hawala activity, being considered an important element in its continuous efforts to boost financial inclusion and bring the unbanked segment of the population into the regulated financial system.

Hawala is regulated by the Registered Hawala Providers Regulation issued by the CBUAE in 2019. All providers undertaking hawala activity in the UAE must hold a hawala provider certificate issued by the Central Bank.

RHP are required to comply fully with UAE requirements relating to targeted financial sanctions and suspicious transaction reporting (STR). In addition, RHP are also required to establish and maintain an effective AML/CFT compliance program designed to prevent misuse of this activity to facilitate money-laundering or terrorist financing. This should include a competent compliance officer, appropriate customer and agent due diligence, transaction monitoring and record keeping.

Furthermore, RHP must maintain an account with a bank operating in the UAE to be used for settlement, and provide the CBUAE with its details. CBUAE encourages LFIs to accept RHP customers and should manage any risk which may result from these transactions through the use of appropriate controls. LFIs must not accept customers who are unregistered hawala providers based in the UAE, and must immediately report an STR to the UAE's Financial Intelligence Unit, inform the CBUAE when they are detected, and closely monitor the relationship.

His Excellency Khaled Mohamed Balama, Governor of the CBUAE, said: "The CBUAE will continue to keep a suitably close eye on licensed financial institutions in the country, including registered hawala providers to enhance their effectiveness in



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implementing AML/CFT measures to safeguard the UAE's financial system". This guidance reminds all parties of their duties in this respect."

To view the Guidance, please click on the following link
<https://www.centralbank.ae/en/cbuae-amlcft>.

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