

Why the financial institutions have to ask questions

The new Anti-money laundering act implements Norway's international obligation

The financial institutions have an obligation to prevent money laundering and financing of terrorism. Knowledge about you and your use of financial services are therefore absolutely essential. This means that you as a customer may be asked questions which you may find peculiar.

What is money laundering?

Any transaction that plays a part in disguising the origins of money stemming from criminal activity, is regarded as money laundering.

Examples of money laundering are when proceeds from tax evasion, drug-related crime, fraud or other economic crime are transferred from a person or a company with a seemingly plausible explanation. On the outside the money seems to be honestly earned. This can be done by using the proceeds to pay for legal goods or services. When later an object is used or sold, the money will appear as legal – or "white".

The background for the new law is a decree from the EU and international recommendations from among others the international supervisory body, FATF (*Financial Action Task Force*)

New private customers

New private customers must state their name, date of birth, Norwegian National ID-number or D-number, permanent address and present an officially approved identification, in addition to the following information:

- the purpose and intended use of the customer relationship
- why you want to carry out large transactions
- where the money stems from or what it will be used for
- whether you, or anybody closely related to you, has a high-ranking position or political assignment abroad

Existing customers

Everybody must be prepared to answer questions and to present a valid ID. This might be requested in the event of new information regarding your relationship or transactions. A financial institution must be able to document to The Financial Supervisory Authority of Norway that the institution complies with all legal requirements for customer due diligence.

New corporate customers

Corporate customers must also state the official name of their company, organisation number and ownership. They will be asked if any private persons have direct or indirect ownership interests of more than 25%, or control the company in any other way. Representatives of the company or individuals with the right of disposal over the company's assets, must meet in person with a valid ID and must be able to document her/his authorisation to act on behalf of the company.

Important to know

In some cases a financial institution can refuse to carry out a requested service.

The reason may be lack of valid ID, insufficient information or lack of response on specific questions.

In other cases, the financial institution may be forced to terminate an existing customer relationship if the imposed control routines are impossible to carry out.

In such cases, the decision must be based on legal facts and objectivity.

