GUIDELINE NO. SM/G-1/2020/1

GUIDELINES ON MINIMUM STANDARDS FOR A REMITTANCE SYSTEM

1. INTRODUCTION

1.1 These Guidelines are issued pursuant to section 32 of the Autoriti Monetari Brunei Darussalam Order, 2010.

1.2 As part of the conditions for remittance business license, specifically under condition B2, remittance businesses licensed under the Money Changing and Remittance Businesses Act, Chapter 174 ("the MCRBA") [herein referred to as 'Remittance Licensees'] are required to provide a robust and secure remittance system to support business operations and to safeguard the integrity of the remittance sector from being used as a conduit for illegal activities including money laundering and terrorism financing.

1.3 These Guidelines are intended to provide guidance to Remittance Licensees and facilitate compliance to the above condition, by setting out the minimum standards expected for a remittance system.

1.4 Remittance Licensees are expected to comply with these Guidelines and should demonstrate that the remittance system implemented commensurate with the business model, size, complexity and risk exposure of the respective licensees.

1.5 These Guidelines should be read together with the following:

1.5.1 The MCRBA and its subsidiary legislation;
1.5.2 Licensing Conditions for Remittance Businesses ("*Syarat-Syarat Lesen Bagi Perniagaan Kiriman Wang*");
1.5.3 General Guidance Paper To Financial Institutions And Designated Non-Financial Businesses And Professions On Anti-Money Laundering And Combatting The Financing Of Terrorism;
1.5.4 Notice on Early Detection of Cyber Intrusion And Incident Reporting (Notice No. FTU/N-1/2017/1);
1.5.5 Guidance Paper to Financial Institutions On Anti-Money Laundering And Combating The Financing Of Terrorism (AML/CFT) Transaction Monitoring Programme;
1.5.6 Standard Technology Risk Management Guideline (Guideline No. TRS/G-1/2019/1); and

1.5.7 Directions, Notices, Circulars and other Guidelines that Autoriti Monetari Brunei Darussalam ("the Authority") may issue from time to time.

1.6 This Guideline is not exhaustive and subject to revision from time to time as deemed necessary by the Authority.

1.7 This Guideline take effect from 1 February 2020.

2. APPLICATION

These Guidelines are applicable to Remittance Licensees who carry on remittance business under the MCRBA.

3. DEFINITION OF TERMS

3.1 For the purpose of these Guidelines, the following terms have the following meanings, except where the context otherwise requires:

Term	Definition
"Authority"	means Autoriti Monetari Brunei Darussalam;
"MCRBA"	means the Money-Changing and Remittance Businesses Act, Chapter 174 and any regulations or other subsidiary legislation made thereunder;
"major changes"	refers to system updates, upgrades or migration that will have an impact on affect business operations or service delivery.
"own system"	refers to a remittance system that is developed either by Remittance Licensees or with the assistance of a remittance system vendor. The Remittance Licensees have full control of and manages the administration of the remittance system and its database, while the vendor's responsibility is limited to providing technical support for the maintenance of the system.
"third party system"	refers to a remittance system provided and operated by a local or international remittance system service provider that provides the payment, clearing and settlement services to the Remittance Licensees which uses its system.

3.2 Any expression used in these Guidelines, except where expressly defined in these Guidelines or where the context requires, have the same meaning as in the MCRBA.

4. USE OF REMITTANCE SYSTEM

4.1 The system used by Remittance Licensees should be its own system or a third party system.

4.2 Remittance Licensees should notify the Authority on the details of the system used as well as any major changes made to the system.

4.3 Remittance Licensees should conduct at the very minimum, an annual risk assessment review on its own system or the third party system to ensure it remains applicable to the needs of the business operation.

4.4 Remittance Licensees should manage technology and cybersecurity risks associated with the system used in accordance to the Standard Technology Risk Management Guidelines (Guideline No. TRS/G-1/2020/1).

4.5 Remittance Licensees should develop policies and procedures specifically for the use of the system and should ensure it is updated. These policies and procedures should be communicated and made available for the Remittance Licensees' employees.

4.6 Remittance Licensees should ensure that the systems used (own system, third party system or both) have the ability to generate reports, not limited to the following:

a) on a customer for the purpose of aggregating all remittance transactions related to the same customer conducted across different systems;
b) for submission of regulatory returns as required under Condition E (Reporting Obligation) of Licensing Conditions for Remittance Businesses ("*Syarat-Syarat Lesen Bagi Perniagaan Kiriman Wang*"); and
c) for the purpose of management oversight and decision making.

System Requirements

4.7 At a minimum, the system should meet the requirements as follows:

a) should be able to record, store and update information on customer and remittance transactions which includes and not limited to the following:

i. name, address, nationality and national identification number of sender/originator;
ii. profession of the sender/originator;
iii. source of income,
iv. name of receiver/ beneficiary;

v. type of remittance (if direct to bank include bank account number and bank name of the receiver/ beneficiary);
vi. date and time of transaction;
vii. amount remitted in Brunei Dollar and foreign currency;
viii. destination;
ix. exchange rate;
x. service fee and
xi. purpose of remittance.

b) should be able to register and generate unique customer identification (Customer ID) for each individual customer. The system should have the abilities to detect, merge and/or link duplicate registrations of customers including generating alerts when the same name or identification have been recorded;

c) should be able to generate receipts for each remittance transactions with sequential serial numbers and contain necessary information on the remittance transaction for customer's reference;

d) should be able to retrieve information on customer and remittance transactions upon request by the Authority or other competent law enforcement agencies;

e) should be able to transmit and receive information on customer and remittance transactions from their counterparts;

f) should be able to maintain a watch list of blacklisted customers and sanction lists for regular screening;

g) should be equipped with adequate security controls to prevent unauthorized access or data breach to the system. If Remittance Licensees have appointed a vendor to develop its system, access to the system by the vendor should be controlled to ensure access is limited to certain features and functions only or restricted according to terms defined in their contract or agreement;

h) should be able to record audit trail and logs of any access or changes made to the information stored in the system;

i) should be able to track and consolidate on real-time basis, outward and inward remittance transactions undertaken by a customer;

j) should be able to track and consolidate transaction history of customers of not less than 7 years;

k) should be able to track the status of remittance transactions and to automatically generate alerts for any incomplete or unsuccessful remittance transactions within the expected delivery timeline;

l) should be able to perform transaction monitoring in accordance to the Guidance Paper to Financial Institutions On Anti-Money Laundering And Combating The Financing Of Terrorism (AML/CFT) Transaction Monitoring Programme as well as detect and automatically generate alerts for any unusual and suspicious transactions;

m) should be able to detect and update any cancellations, refunds and amendments made to the transactions; and

n) should be equipped with a check and balance function to ensure the proper segregation of duties and functions. For example, daily transactions should be verified by a different officer or supervisor than the one who performs daily transactions at the closing of business day.

MANAGING DIRECTOR
AUTORITI MONETARI BRUNEI DARUSSALAM

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