

EXECUTIVE SUMMARY OF AMENDMENTS

COVERAGE: **CENTRAL BANK OF BAHRAIN**

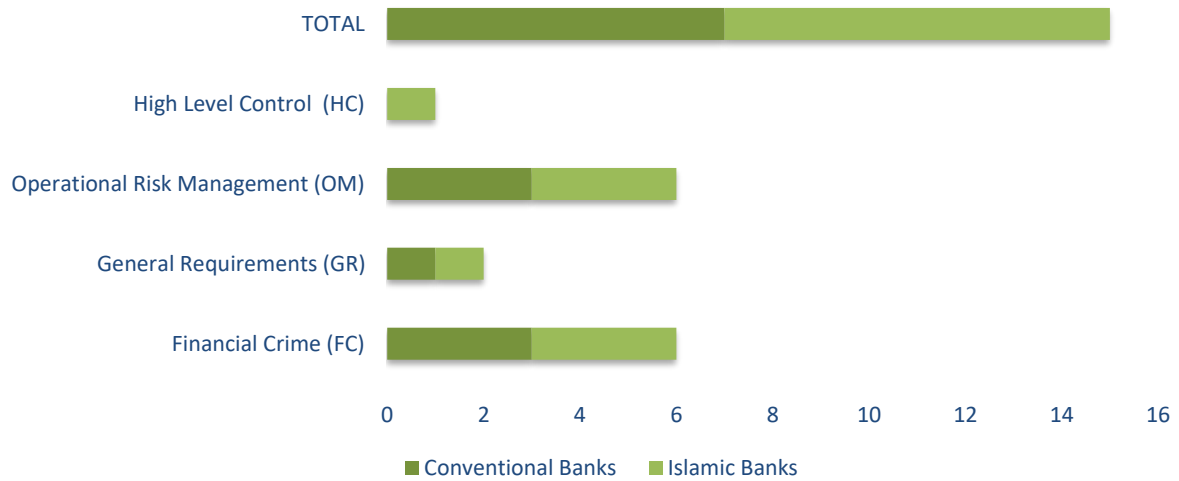
LOCATION: **BAHRAIN**

ISSUE: **NOV,2020 TO JAN,2021**



INTRODUCTION & SUMMARY

During the period from November 2020 to January 2021, Central Bank of Bahrain (CBB) made a total 15 amendments in both modules (07 in Module I and 08 in Module II.) These regulations/instructions were predominantly in the areas of CBB Reporting Requirements and High Level Controls.



DETAILS OF ISSUED/AMENDED REGULATIONS

Key instructions / regulations disseminated by CBB during November 2020 to January, 2021 are summarized as below:

Financial Crime (FC)

FC- 1.1.14 (Conventional & Islamic Banks)

This amendment is pertained to enhanced due diligence of account opened for customer residing outside the Bahrain. Amended section is as below:

- Accounts opened for customers residing outside Bahrain, are subject to the enhanced customer due diligence measures outlined in Sections FC-1. Licensees must not open accounts for natural persons residing outside the GCC through a digital on boarding process

FC. 3.1.10A. (Conventional & Islamic Banks)

CBB has added a new paragraph on rejecting the payment transaction. New section is as below:

- "Licensees have the right to reject (i.e. reverse) any payment transaction where it has come to their knowledge that the relevant customer did not actually initiate the transaction instruction. The fund-transmitting licensees must file a Suspicious Transactions Report for such cases."

FC.6.1.6A. (Conventional & Islamic Banks)

CBB has added a new paragraph on requirement to hire new employee. New section is as below:

- "For the purposes of Paragraph FC-6.1.6, Conventional/ Islamic bank licensees must obtain a good conduct certificate from the Ministry of Interior prior to hiring any Bahraini employee."

General Requirement (GR)

GR-9.1 (Conventional & Islamic Banks)

CBB has added a new paragraph on requirement for inactive prepaid card. New section is as below:

- "Conventional and Islamic retail bank licensees must place any prepaid card which is inactive for a period of six months on the "dormant" list."

High Level Control (HC)

HC-5.4.4 (Islamic Banks)

CCB has amended the section regarding application of remuneration rule as mentioned in volume II instead of volume I. According to amendment Banks operating as branches of foreign bank licensee in

Bahrain must apply the most stringent set of remuneration rules to which they may be subject to. Such rule is:

- “The requirements imposed in Bahrain with respect to remuneration as outlined in Volume 2 CBB Rulebook.’

Operational Risk Management (OM)

OM – 2.8.5 (Conventional & Islamic Banks)

CBB has deleted sub paragraph (a) of above section regarding annual audit of outsource service provider by banks internal audit team and submission of the audit finding report to CBB.

OM – 3.1.2(f) (Conventional & Islamic Banks)

CBB has amended the sub paragraph of above section regarding on preparing policy and procedure to manage to risk of electronic fraud and its enhanced monitoring. Amended paragraph is as under:

- (f) The use of enhanced fraud monitoring of movements in customers’ accounts to guard against electronic frauds using various tools and measures, such as limits on value, volume and velocity.

OM- 3.3.11 (Conventional & Islamic Banks)

CBB has added a new paragraph on electronic fraud customer awareness communication which is as given below:

“Licensees must have in place customer awareness communications, pre and post onboarding process, using video calls, short videos or pop-up messages, to alert and warn natural persons applying to open current or saving accounts, credit, debit or prepaid cards or digital wallets about the risk of electronic frauds, and emphasize the need to secure their personal account details and not share them with anyone, online or offline.”

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