

Proving Your Identity

WHY MONEY LAUNDERING PREVENTION AFFECTS OPENING AN ACCOUNT IN THE ISLE OF MAN

Why do banks ask for proof of identity?

Banks and building societies are required by law to prevent criminals from using their services for money laundering. As part of these procedures, financial institutions will undertake rigorous checks to positively establish the identity of their customers. Anybody who wishes to open an account or buy a financial product will, therefore, be asked to provide proof of identity and address.

What is money laundering?

Money laundering is the term used to describe the various methods used by criminals to disguise the money that they make from crime.

Drug traffickers, armed robbers, terrorists, burglars and all those who defraud members of the public need to find a means of laundering the proceeds of their crime. The term "laundering" is used because criminals need to turn their "dirty" money into clean funds, which they can use without arousing suspicion. Once these funds have entered the financial system, they are harder to trace and to confiscate.

The first step in the laundering process is for criminals to try and place their dirty money in a financial product, such as a bank or building society account, often using a false name and address. From there it can be transferred to other accounts or used to purchase goods or services. Eventually it appears to be legitimately earned money and difficult to trace to its criminal past. In many cases it is then used to fund further criminal activity.

Everyone in society has a moral duty to deter and prevent money laundering and a legal duty not to assist in money laundering.

Not only are banks and building societies required by law to prevent this, but they are determined to stop criminals who wish to use their products and services to launder the proceeds of their crimes.

How could this affect you?

A key defence against money laundering is to prevent accounts from being opened in false identities. If you wish to open an account you will be asked to produce separate proof of identity and address, as well as additional information such as your occupation, date and place of birth, nationality and your reason for opening the account. You will also be asked to estimate the level of funds you expect to pay into the account and may occasionally be asked to provide documentation to evidence the source of those funds.

By asking these questions at the outset, we are able to build a clear picture of how you propose to operate the

account and will be less likely to contact you in the future about the day-to-day operation of the account.

The fact that these checks are being carried out does not mean that you are suspected of money laundering. Criminals pass themselves off as normal, law-abiding citizens, so checks must be carried out on *every* applicant. If satisfactory proof is not provided, then by law we cannot open an account for you.

What documentation will the bank require?

The preferred documents are those issued by official authorities and which bear a photograph, such as a passport or driving licence. For additional security, the same document cannot be used to prove both identity and address. However, we have our own policies and procedures in this area and may in certain circumstances accept other documents.

We will guide you through documentation and confirm our requirements to you in order for you to open an account. We will also advise you with regard to the appropriate procedures to follow if you are only able to provide copies of certain documents, for example if you are applying to open your account by post. Some additional checks may also be carried out independently, for instance with the Electoral Register.

Why do requirements change?

Criminals are always looking to find new ways to circumvent anti-money laundering procedures. As a result, we regularly review our procedures to ensure that we can prevent criminals from gaining access to our products and services. This may mean that the documentation required to prove your identity and address may change from time to time.

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