



## Diplomatic missions: Best Practices for Banking

1. This note follows recent discussions with the Foreign & Commonwealth Office (FCO) and the Financial Conduct Authority (FCA) regarding the difficulties certain diplomatic missions and consular posts have encountered in respect of accessing banking facilities for missions' official accounts. The following guidance seeks to recommend best practice behaviours when banking in the UK, in an effort to establish, develop and maintain a constructive relationship between both parties.

### Recommendations

#### Avoid dealing in cash

2. Cash transactions are seen as inherently higher risk within banks, aligned with the statement included within the UK's National Risk Assessment which recognises that the "use of cash remains a high risk for both money laundering and terrorist financing." Large sums or volumes of cash payments make it increasingly difficult for banks to review the true origin of a diplomatic mission's or a consular post's funds and accept the risks involved.
3. Where possible, diplomatic missions and consular posts should convert to other methods of payments and receipts such as credit or debit cards, wire transfers, or other electronic payment methods. Avoiding cash where possible will help to increase transparency within the Banking relationship.

#### Be prepared to share information

4. Banks will often need to ask questions of diplomatic missions and consular posts, particularly when first opening accounts, or during the course of performing periodic reviews. Such questions are likely to be focused around identifying information to support due diligence requirements, as well as further information requests about transactional activity.
5. Diplomatic missions and consular posts should anticipate questions about their banking practices and work with banks in a transparent and timely manner. Banking relationships may be terminated or new applications refused if there is no response to questions raised, or where there is a reluctance or refusal to provide information in response to questions raised.
6. Banks will always be required to obtain full information regarding the nature and purpose of accounts. Diplomatic missions and consular posts should ensure that this is transparent, for example if there is a need for a specific currency account such as a USD account, they should share information relating to the rationale for this with the Bank.
7. Diplomatic missions and consular posts should avoid sending or accepting wire transfers from foreign governments, other than their sending government, without prior notification to the receiving Bank, as to the size, purpose, and rationale of the transfer.

#### Keep communications open throughout the relationship

8. Diplomatic missions and consular posts should notify banks of any upcoming unusual, non-routine transactions. This includes, but is not limited to, large wire transfers into or out of an account, large cash requests, cash payments to individuals or other entities, substantial currency

transactions such as foreign exchange (FX), significant withdrawal of foreign currency, or any other transactional activity that is out of the ordinary.

9. Additionally, if there is reason to believe any activity is, or may be, unusual or suspicious, diplomatic missions and consular posts should notify the Bank upon detection.

**Keep robust financial practices in place internally**

10. Diplomatic missions and consular posts should ensure they have strong financial controls and procedures in place, including adequate account signatories, accounts which are reconciled continuously (at least monthly), strong financial controls, and annually audited bank activity.
11. Diplomatic missions and consular posts should also ensure transparent account structures are in place, using segregated sub-accounts to distinguish different activities. This will help to promote transparency for the Banks when reviewing transactional activity.

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