Issued: 20th November 2026

CENTRAL BANK OF SEYCHELLES

Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020

Guideline No.1 of 2026

To all Banks, Bureaux de Change, Housing Finance Company Limited, Development Bank of Seychelles, Seychelles Credit Union, Leasing Companies and Payment Service Providers/Operators

The Central Bank of Seychelles (CBS) issues the following guidelines pursuant to section 57(2) of the Anti-Money Laundering and Countering the Financing of Terrorism Act (AML/CFT), 2020, to guide reporting entities on the application of Simplified Customer Due Diligence and Proportionate AML/CFT Measures.

The CBS wishes to draw the attention of all reporting entities to the amendments made by the Financial Action Task Force (FATF) to Recommendation 1 and its Interpretive Note in February 2025[1]. These amendments reinforce the importance of applying a risk-based approach and encourage the application of simplified measures where lower money laundering and terrorist financing (ML/TF) risks have been identified.

Sections 32 and 40 of the Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020 (the Act), read together with regulation 15 of the Anti-Money Laundering and Countering the Financing of Terrorism Regulations, 2020 (the Regulations), establish the legislative and regulatory framework governing the risk-based application of simplified customer due diligence (SDD). Furthermore, section 33(2) of the Act requires internal systems and procedures to be appropriate to the identified risks and proportionate to the nature and size of the reporting entity's business.

In accordance with section 32(2) and (3) of the Act and regulation 15(1) and (2) of the Regulations, reporting entities should consider their institutional risk assessments, relevant findings of the National Risk Assessment (NRA), applicable sectoral risk assessments, supervisory information and the effectiveness of mitigating measures when identifying circumstances in which lower ML/TF risks may exist. The identification of lower-risk scenarios should be supported by an appropriate assessment of the relevant risk factors.

[1] FATF updates Standards and consults on guidance to better promote financial inclusion

Furthermore, in line with the revised FATF Interpretive Note to Recommendation 10, reporting entities should ensure that non-face-to-face business relationships and transactions are not automatically classified as higher risk, solely on the basis that they are conducted without face-to-face interaction. Such relationships and transactions should be assessed based on the ML/TF risks presented, taking into consideration the adequacy and effectiveness of the risk-mitigation measures implemented. Although regulation 16(2)(b)(iii) of the Regulations identifies non-face-to-face business relationships or transactions as a factor to consider when assessing whether there is a high degree of ML/TF risk, it does not automatically classify every non-face-to-face relationship or transaction as higher risk or require the automatic application of enhanced due diligence (EDD). The provision is expressly limited to non-face-to-face relationships or transactions conducted without the necessary safeguards specified by the relevant supervisory authority through directions or guidelines. Accordingly, where appropriate safeguards are in place to adequately mitigate the associated risks, the non-face-to-face nature of the relationship or transaction should not, in itself, constitute grounds for classifying it as higher risk or automatically applying EDD measures.

Where lower ML/TF risks have been identified and adequately mitigated, reporting entities should consider whether SDD may appropriately be applied, in accordance with section 40 of the Act and regulation 15 of the Regulations. However, it is to be noted that, as per regulation 15(3)(a) of the Regulations, the application of SDD does not exempt reporting entities from their customer due diligence obligations under section 35 of the Act and it may, however, adjust the extent, timing or type of measures it undertakes to reflect the lower risk identified under sub-regulations (1) and (2). Depending on the circumstances and where permitted by the applicable legal and regulatory framework, simplified measures as provided for under regulation 15(4) of the Regulations may be applied.

Reporting entities applying SDD should retain sufficient information to demonstrate that a low degree of risk has been identified and continue to undertake appropriate ongoing monitoring, in accordance with regulation 15(3) of the Regulations.

Reporting entities are reminded that, pursuant to section 40(2) of the Act, SDD must not be applied where there is suspicion of ML/TF. In addition, in line with regulation 15(6) of the Regulations, a reporting entity shall not apply SDD measures if it doubts the accuracy of the documents or information previously obtained for the purposes of identification or verification, where its risk assessment changes and it no longer considers that there is a low degree of risk of ML/TF or if the provisions of section 41 or section 43(1) of the Act applies to a particular business relationship or transaction. Where higher risks are identified, reporting entities must apply appropriate EDD measures in accordance with section 41 of the Act and regulation 16 of the Regulations.

In this regard, reporting entities are reminded of the importance of ensuring that their AML/CFT policies, procedures and controls are proportionate to the risks identified and do not impose unnecessarily burdensome measures where these are not justified by the assessed risks.

20/11/2026 | 13:53 MUT

B. Commettant (Mr.)

First Deputy Governor