



BE IN THE KNOW

NEWSLETTER Vol. 12

Knowing Our Customers is a Legal Requirement

You may have heard the phrases 'know your customer' or 'KYC requirements', as they are often called, and wondered about their significance. While it may be burdensome at times to submit documentation to help us meet these KYC requirements, please be assured that it is in your best interest to do so.

As instances of fraud and other crimes facilitated through the financial systems have become more prevalent, financial institutions worldwide have had to adopt more stringent requirements to detect illegal activity. As a customer, it may be comforting for you to know that this information helps us to protect your accounts and it also reduces risks for the Bank. Also, knowing more about you helps us to serve you better.

Additionally, all commercial banks in Jamaica are now required to conform to guidelines set by our regulators. In this issue of Be In the Know, we will examine the reasons for us requiring this information and how it protects you.

A handwritten signature in black ink, appearing to read 'Courtney Campbell', is written over a thin horizontal line.

Courtney Campbell
General Manager, Retail Banking

What Is KYC?

'Know Your Customer' refers to the process financial institutions must use to collect and verify important information about their personal and business customers. When you first open an account we collect information about what you do, how you plan to use the account and request your signature and identification cards. This information will give us an understanding of your financial circumstances, as well as allows the Bank to satisfy the rules set out by regulators. Any activity which is unusual will be noticed quickly, minimizing your exposure and protecting your assets. We also update the information from time to time, and encourage you to advise us of any changes in the information you have supplied.

What KYC Can Help You Do?

The relationship between the customer and his Bank is one in which your needs can be met by providing appropriate deposit and lending facilities. One such facility is the Uncleared Effects Facility, which is heavily dependent on a customer satisfying the KYC requirements.

The term "Uncleared Effects" refers to a situation in which a customer deposits another branch or bank's cheque into his/her account and the cheque has to be held for a specified number of days during which time the other branch/bank will verify that these funds are cleared. For local cheques the clearing period is three (3) working days, including the day on which the deposit is made, whilst for overseas cheques it may take up to twenty-one (21) days.

If the customer issues cheques to a payee for encashment before the funds on his/her account are cleared, the Bank is not in a position to honour these cheques unless an Uncleared Effects Facility has been approved. Where the KYC requirements have been satisfied, a customer may be considered for such a facility. Such a facility benefits you, the customer, by allowing the Bank to facilitate you by making your payments against uncleared funds in a timely manner.

How KYC Protects You?

At NCB we are serious about taking steps to protect you, our customers in the dynamic economic environment in which you operate. This is why we are so careful when we collect information



to open your personal accounts. For our business customers the needs are more stringent because several persons may have access to the account and a business involves more people such as its suppliers and others such as payees of cheques. Audited financial statements are one significant source of information that financial institutions accept to satisfy ourselves as to the nature of the business for which it operates accounts, and what activities are likely to take place on the accounts.

There are many implications when an account is being operated outside of the normal activity, based on the nature of information given by the personal or business customer, including the possibility of fraud. Once the Bank has reason to become concerned about levels and types of activity on an account that it maintains and where these concerns cannot be satisfactorily addressed, the financial institution must determine the risk faced by continuing to operate that account. This protects both the Bank and you.



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Know - How Tips

from Chris Denny
Regional Manager



Tips to Help Us Know You Better

- 1.** We will let you know what documents you will need to complete transactions, apply for a loan or open an account before you come in to your branch. We encourage you to speak with your NCB representative or call our Customer Care Centre at **1-888-NCB-FIRST**.
- 2.** On your next visit to your branch, please ask the representative to check if your contact information is correct.
- 3.** If you will be conducting a transaction which may be considered unusual, please let us know in advance. We are aware that your circumstances may change and may be able to offer you valuable advice.
- 4.** By using all the points of contact available, you are better able to keep track of your accounts. NCB's ABMs, telephone and internet banking portals offer convenient, 24-hour access to banking information and services.
- 5.** While we monitor our customer's accounts for suspicious activity, you also have a duty to ensure that we are advised of any material change in your financial circumstances.

Did You Know?

Financial institutions in Jamaica are licensed to operate within certain regulatory guidelines set out by the Bank of Jamaica and/or the Financial Services Commission. Non-compliance with these regulatory guidelines leaves a Bank open to, among other things, sanctions such as the withdrawal of its license to operate, the risk of overseas correspondent banks discontinuing the relationships necessary for various international transactions and conviction for criminal conduct in a court of law.



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