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Banks boost money laundering scrutiny

BY JAMES WAITHAKA

BANKS are introducing more checks to scrutinise customers against money laundering and fraud, with some shining spotlight on depositors and others set to introduce biometric measures.

Barclays Bank Kenya, for instance, has revised its deposit slip to ask for much more information than it previously did, while Family Bank is to roll out a biometric system in bid to curb fraud.

At Barclays, a depositor now has to write their full name, purpose of deposit, email address, ID or Passport number, mobile phone number and nationality. They must also provide a "narrative" in form of ATM card number, reference number, bill number, student number, or other distinct information.

WE ARE WATCHING: Banks are increasing checks against fraud and money laundering by account holders and those transacting with them.

Officials handling a transaction must now write their name, give the transaction a ticket number, state who provided the number, and indicate the date and time.

Barclays CEO Jeremy Awori did not respond when reached for comment on the new-look deposit slip, and whether the bank has tapped other measures to monitor transactions.

Family Bank's chief executive Peter Munyiri said the mid-tier lender has set side Sh60-70 million for the biometric system this financial year.

He said the bank employs other measures under the know-your-customer procedures to curb fraud and money laundering.

"We have always emphasised on the KYC. At the point of opening an account we make sure we obtain as much information as we need to. Secondly, our back-end systems can sieve 'suspicious transactions' through exceptional reporting," Munyiri told the Star.

"We've got a team that every hour or two monitors activities happening inside the bank – whether depositing over the counter or funds transfer through real time gross settlement which is end-to-end without human intervention. We ensure that our bank does not become part of the circle of money laundering," he said.

Munyiri said the biometric system will enhance customer identification features, something he says is a first in the market. The bank has 73 branches, and will add another 12 this year.

"One of the things that is unique with any individual are the fingerprints. We're going that route to just make sure that we tighten controls on transactions."

Customers will still need the card, only that authentication will be much easier. Individual's biometric data will be as is contained in government registries, he said.

"Effectively, when that information does not tally then there would be a problem."

Kenya Bankers Association's chief executive Habil Olaka said biometric identity capture is useful for cases where matching the identity of the person transacting with the record held by the institution is required before transacting.

"It has therefore picked up in insurance (e.g. medical at the point of service provision) and lenders especially in the MSME ranks, and in large institutions to identify ghost workers who enjoy services they are not entitled to.

"As with new technology, there could be procedures in the banking system that could be more efficient if the biometric alternatives were considered. The innovators however need to more aggressively bring a value proposition on the table," Olaka said.

The anti-money laundering measures mean banks are incurring additional costs to effect the checks, but KBA said it is not possible to estimate the costs because of "the incremental nature" of the measures.

Olaka said: "Even the FATF (Financial Action Task Force on money laundering) requirements have recently been revised and this may entail additional incremental requirements on the customer due diligence processes in banks, and the additional cost, if any, may not be directly apportionable to the AML measures."

Troubled Tsavo Securities bows out of scene

BY CONSTANT MUNDA

CLIENTS and creditors of troubled investment advisory firm Tsavo Securities have up to May 26 to settle outstanding issues with the company.

The seven year-old firm has decided to wind up its operations in capital markets after opting not to renew its annual licence with the regulator.

Capital Markets Authority's acting chief executive Paul Muthaura has asked the public to raise "any unresolved and outstanding issues within 45 days" with Tsavo, in a gazette notice published last Friday.

Tsavo was set up in 2006 and had instant success, but has quickly faded into oblivion following charges of intellectual fraud in bond trading by two of its directors late 2012.

Former managing director and founder Fred Mweni was last September barred for 15 years from any appointment in listed companies, market intermediary or securities exchange by the CMA which cited section 11(3)(w) of the Capital Markets Act.

Another director, Bokole Masha, said to be Mweni's brother, was also banned for 10 years. They were punished for role in fraudulent creation and sale of Sh105 million Treasury bonds.

Can YOU outsmart the expert?

ALY KHAN'S STAR PORTFOLIO

TIMES MEDIA BUYS STAKE IN KENYA'S RADIO AFRICA

LATE Friday, we learnt that Times Media of South Africa was set to acquire a 49 per cent interest in Radio Africa Limited in Kenya.

This transaction had been flashing on my Radar ever since Ghafla had broken the story. The total purchase consideration is $18.62 million (Sh1.61 billion), which equates to a value of $38 million (Sh3.29 billion) for the entire business.

As a comparison, the Standard Group has a market capitalisation of $25.9 million (Sh2.24 billion).

Patrick Quarcoo (a West African 'Sapeur') and William Pike have been Friends since the day I set foot in Nairobi and they have been real gutsy, entrepreneurial and insurgent and proof that with guts and brains, you can navigate your way amongst much bigger beasts.

Radio Africa Group is a radio, TV and newspaper business in Kenya, operating three of the top five radio stations in Nairobi, namely Kiss FM, Radio Jambo and Classic 105. Its radio business also broadcasts XFM and EastFM.

Times Media Group (TMG) publishes South African newspapers Business Day and The Sunday Times and is listed on the Johannesburg Stock Exchange. TMG says it is "a media and entertainment company that informs, educates, entertains and connects people."

As rationale for the move, TMG said that the acquisition represents a "significant opportunity to realise TMG's strategy of geographical and format diversification as well as harness its existing content and management expertise."

In the past year, TMG has successfully acquired a stake in Ghana's Multimedia Group Ltd and bought controlling interests in two radio stations in South Africa – Rise FM and Vuma FM.

"Radio attracts by far the largest share of advertising spend in the Kenyan market and television is second but with strong growth prospects," TMG said.

"The business fits well into TMG's broadcast expansion strategy in South Africa and the continent, and provides a growth opportunity in print not available in SA."

The group also noted that Kenya has a highly developed mobile market, which will provide "advertising and e-commerce opportunities" for the group.

It is very clear that South Africa Inc. is carving out a more 'forward position' in sub-Saharan Africa and this time around it's a 2.0 version.

PQ and Radio Africa have excelled at talent retention and if I were TMG, I would be very keen on having management stay in the driver's seat.

The pace of buyouts in the EAC continues to accelerate, this being the latest transaction in a string of them that has spanned banking (GT Bank), advertising (WPP), beauty (L'Oreal), and IT (Dimension Data).

Kenya has a vibrant media sector. It is a media hub. TMG's acquisition of 49 per cent of the Radio Africa Group does confirm that.

It is clear that South Africa Inc. is carving out a more 'forward position' in sub-Saharan Africa and this time round it's a 2.0 version

Shares go up and down and readers are advised that this column represents Mr Satchu's personal opinions.