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Prevention of money laundering – Q & A

1- Why do banks and insurance companies ask for personal data before opening an account or issuing an insurance policy, and again while the account or policy is operational?

- Because banks and insurance companies play a role in the prevention of money laundering and financing of terrorism.
- The regulations¹ therefore require them to know and maintain up to date records on **all** their customers, and to monitor their transactions. Failure to comply with these obligations exposes them to disciplinary or penal measures.

2- Which items of personal information are banks or insurance companies required to obtain in accordance with the regulations governing the prevention of money laundering and financing of terrorism?

- Banks and insurance companies must have proof of their customers' identities and must know their current addresses.
- They must obtain the financial information (customer's income, profession and assets) that they require to ensure that customers' transactions are consistent with this profile. This information must be updated regularly to reflect changes in a customer's personal situation.
- They may request an explanation or further information in relation to a specific transaction or a transaction involving a relatively large sum (such as the purchase or sale of a property, donation or guarantee, large cash deposit or withdrawal, payment of dividends etc.).

3- What are the customer's obligations in this context?

- The customer must produce valid proof of his identity (national identity card, passport, driving licence, foreign residence permit or *livret de circulation*) and proof of residence (rent receipt, electricity or telephone bill etc.).
- The customer must declare his profession, income and assets, if any.
- He must indicate the amount and the nature of the particular transactions he wishes to carry out, and must be able to prove the origin and/or destination of the funds.
- If he is unable to provide this information, he risks having his account or policy application being refused by the bank or insurance company, or having his account closed².

4- What guarantees does the customer have?

- The customer must be informed by the bank or insurance company that this information will be used solely in connection with managing his account or policy in accordance with the regulations in force.
- This data will not be used for canvassing purposes unless the customer agrees to this beforehand³.
- The customer has the right to access the above-mentioned personal data about him and to correct or amend any incorrect or obsolete data.
- If the customer believes that a request for information is unjustified, he can refer any request for information to the French national data protection agency (*Commission nationale informatique et libertés* - CNIL).

* NdT : Identity card issued by French government to persons 'of no fixed abode' for six months or more

1 - Articles L. 561-5 and L. 561-6, R. 561-5 to R. 561-8, R. 561-11 and R. 561-12 of the French monetary and financial code (*Code monétaire et financier*) 2 - Articles L. 561-8 and R. 561-14 of the French monetary and financial code 3 – The principle of not using data for canvassing is without prejudice to the right to object, at no expense, to the use of personal data, enshrined in Article 38 of the French data protection act, no. 78-17 of 6 January 1978.