



12 October 2021

ABUSE OF DEBIT CARDS TO FACILITATE ILLEGAL FOREIGN EXCHANGE TRANSACTIONS

1. The Financial Intelligence Unit has noted the increasing abuse of debit cards linked to Zimbabwe dollar denominated bank accounts. Card-holders approach customers who intend to purchase goods or services in foreign currency and offer the use of their cards in return for foreign currency at an agreed rate.
2. In the course of discharging AML/CFT obligations, banks are expected to identify and report these transactions as suspicious and, in case of repeated abuse, close the accounts and report same to the FIU.
3. Banks are directed to implement the following measures to curb the abuse of bank accounts, and debit cards in particular:
 - (a) Banks should implement a robust automated transaction monitoring mechanism to identify debit cards and the linked bank accounts that are being used frequently and in a pattern that raises suspicion that the customer is abusing the card to pay for goods and services on behalf of third parties;
 - (b) Having identified such transactions and accounts, the bank must carry out further analysis to establish the source of funding into the accounts as well as the purpose and legitimacy of the payments;
 - (c) If the bank determines that the account is being abused for third party payments, the bank must file a suspicious transaction report to the FIU;
 - (d) In addition to filing STRs, banks should consider taking immediate steps to withdraw banking services in respect of the offending customer. In appropriate

cases, the bank may, in its discretion, issue a final warning to a customer, before making a final decision to close the account.

4. Among other indicators, banks should pay attention to, and investigate the following red flags, especially where more than one indicator is present with respect to a single bank account;
 - A bank account which receives regular inflows from sources or for a purpose that cannot be readily verified, followed by frequent debit card payments to retailers and service providers;
 - A debit card is used several times in a day in the same shop in a manner inconsistent with normal shopping patterns; and
 - A debit card that is used to purchase goods and services either in the same shop or in different shops in a regular pattern that is not consistent with normal shopping patterns.
5. Banks are required to –
 - (a) configure their automated transaction monitoring systems specifically to detect the abuse highlighted above;
 - (b) to report to the FIU by no later than 18 October 2021 on the specific measures implemented;
 - (c) thereafter report any suspicious transactions as required to the FIU, as well as details of any accounts that would have been closed as a result of this exercise, within 7 days of such closure.

You are directed accordingly



O. Chiperesa
Director-General, Financial Intelligence Unit