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KYC / KYB / AML

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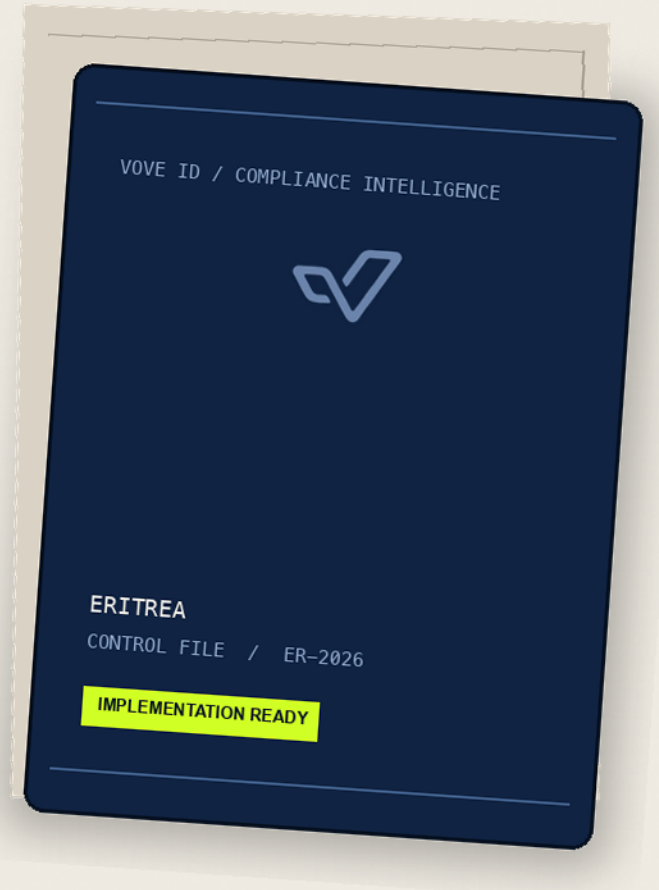

KYC / KYB / AML

COMPLIANCE CHECKLIST

2026 EDITION

IMPLEMENTATION CHECKLIST / NOT LEGAL ADVICE

READ THIS FIRST

Eritrea KYC, KYB & AML Compliance Checklist

An implementation checklist for Eritrea's developing AML/CFT framework, customer and beneficial-owner diligence, reporting, records, financial licensing, sanctions and data controls.

FIU	**Legally established; July 2025 evaluation reported it was not operational**
Primary AML law	**Proclamation No. 175/2014, amended by No. 181/2018**
CDD threshold	**Occasional transactions above USD 10,000 or equivalent, including linked operations**
Suspicion reporting	**Promptly to the FIU; attempts and all amounts included, but route/timing remain unspecified**
Core retention	**10 years after transaction completion or relationship termination**
FATF status	**Not named on FATF public lists as at 19 June 2026**

Scope and legal framework

The Anti-Money Laundering and Combating Financing of Terrorism Proclamation No. 175/2014, amended by Proclamation No. 181/2018, is the core law. Legal Notice No. 130/2018 supplies preventive measures. The Bank of Eritrea supervises financial institutions; the Business Licensing Office registers commercial legal persons. The July 2025 ESAAMLG mutual evaluation records major legal and operational gaps.

FATF context

Eritrea is assessed through ESAAMLG. It was not named on FATF's high-risk or increased-monitoring lists current at 19 June 2026. Absence from those lists is not a low-risk finding: the July 2025 mutual evaluation rated all eleven immediate outcomes low and recorded major foundational deficiencies.

IMPORTANT

General regulatory information, not legal advice or a licence determination. Reviewed as applicable on 24 August 2026. Confirm post-assessment legal changes, FIU operational status and filing instructions, Bank of Eritrea directives, sanctions authority, business-register evidence, data rules and each product licence with the competent authority and qualified Eritrean counsel before launch.

HOW TO USE THIS GUIDE

Turn each requirement into owned evidence

For every row, assign an owner, confirm whether the control applies, link the evidence, record gaps, and set a remediation date. A checked box is not evidence by itself.

01 / SCOPE	02 / DESIGN	03 / EVIDENCE	04 / REVIEW

Confirm institution, supervisor, product, customer and risk scope.	Map each obligation to a policy, system control or human review.	Retain the document, decision, timestamp, owner and rationale.	Test the control and update it when rules or risks change.

Checklist legend

CONTROL tells you what outcome to cover. IMPLEMENTATION ACTION translates that outcome into operational work. EVIDENCE suggests what an auditor or reviewer should be able to inspect. SOURCE points back to the primary rule or regulator guidance.

Minimum review record

Keep a compact decision record for each checklist row so a later reviewer can reconstruct what applied, who decided, and what evidence was inspected.

APPLICABILITY	OWNERSHIP	TRACEABILITY
Applicable, not applicable, or pending legal confirmation, with a short rationale.	Named control owner, reviewer, approval date and next review date.	Evidence link, source version, test result, gap status and remediation ticket.

1. SCOPE, AUTHORITIES, AND LICENSING

Scope, authorities, and licensing

Resolve the legal perimeter and authority before launch.

CONTROL	IMPLEMENTATION ACTION	EVIDENCE	SOURCE
Determine whether each activity is regulated or subject to AML/CFT duties.	Map each entity, product and channel to financial-institution or DNFBP categories and document the responsible licensing and AML authority.	Perimeter memo, product map and authority correspondence.	Proclamation No. 175/2014 as amended; ESAAMLG MER 2025, Recommendations 22, 26 and 28
Treat the FIU as the statutory STR recipient without assuming it is operational.	Before launch, obtain written confirmation of current FIU status, form, channel, acknowledgement and contingency procedure from the Ministry of Finance and National Development or Bank of Eritrea.	Current authority instructions, access approval, channel test and escalation plan.	Proclamation No. 175/2014, Articles 20-23; ESAAMLG MER 2025, IO.6 and Recommendation 29
Obtain approval before regulated financial activity.	Confirm Bank of Eritrea permission for banking, foreign exchange, inward remittance, insurance and any new payment or digital-finance model; do not infer permission from an adjacent licence.	Licence analysis, application, approval and conditions register.	Financial Institutions Proclamation No. 94/1997; ESAAMLG MER 2025, Recommendations 14, 15 and 26

2. GOVERNANCE AND RISK ASSESSMENT

Governance and risk assessment

Use documented risk and accountable controls despite the developing national framework.

CONTROL	IMPLEMENTATION ACTION	EVIDENCE	SOURCE
Assess customer, product, geography, transaction and channel risk.	Maintain an approved ML/TF/PF assessment and update it for material change; do not treat the country's closed financial system as proof of low risk.	Methodology, assessment, approval and change log.	Proclamation No. 175/2014, Article 6(17); Legal Notice No. 130/2018, Article 17; ESAAMLG MER 2025, Recommendation 1
Maintain compliance management, screening, training and independent testing.	Appoint a sufficiently senior compliance officer, screen staff, train relevant personnel, test controls and track remediation.	Appointment, policies, training, audit plan and remediation log.	Proclamation No. 175/2014, Article 19; ESAAMLG MER 2025, Recommendation 18
Review new technology before use.	Assess ML/TF/PF, fraud, cybersecurity and identity risks before introducing remote onboarding, payment technology or materially changed products.	Pre-launch assessment, tests, approval and residual-risk acceptance.	Prudent control responding to ESAAMLG MER 2025, Recommendation 15 deficiencies

3. NATURAL-PERSON IDENTIFICATION

Natural-person identification

CDD relies on current, reliable and independent evidence.

CONTROL	IMPLEMENTATION ACTION	EVIDENCE	SOURCE
Identify and verify customers before the relationship or occasional transaction.	Verify natural-person identity from reliable independent material and record provenance, validity and exceptions.	Identity record, verification result and source provenance.	Proclamation No. 175/2014, Articles 6(3)-(4); Legal Notice No. 130/2018, Article 14
Apply CDD at the statutory triggers.	Perform CDD when establishing a relationship, for occasional transactions above USD 10,000 or equivalent including linked operations, on suspicion regardless of amount, and when prior identification data is doubtful.	Trigger logic, linked-transaction review and completed CDD file.	Proclamation No. 175/2014, Article 6(3)
Verify representatives and authority.	Identify and verify anyone acting for a customer and authenticate the mandate before granting access or execution.	Identity record, mandate, validation and access log.	Proclamation No. 175/2014, Article 6(6)-(7)

KYB, registries, and beneficial ownership

Basic registration does not establish beneficial ownership.

CONTROL	IMPLEMENTATION ACTION	EVIDENCE	SOURCE
Verify legal existence, governance, address and authority.	Obtain current Business Licensing Office evidence, constitutional records, senior-management details, registered and principal addresses and signatory powers.	Registry record, constitution, licences, powers and reconciliation.	Proclamation No. 175/2014, Article 6(6); Legal Notice No. 130/2018, Article 14(4)
Identify and reasonably verify natural-person beneficial owners.	Trace controlling ownership to natural persons using reliable sources and document any unresolved control gap; do not invent an ownership percentage.	Ownership chart, source records, verified identities and gap analysis.	Proclamation No. 175/2014, Articles 2(2) and 6(7); ESAAMLG MER 2025, Recommendation 10
Do not rely on a comprehensive beneficial-owner register.	Collect ownership and control evidence directly and reconcile it with basic registry and licensing data; escalate bearer, nominee or opaque structures.	Source comparison, discrepancy review and escalation.	ESAAMLG MER 2025, Recommendation 24

PEPs, EDD, and remote onboarding

Higher-risk relationships need proportionate enhanced measures.

CONTROL	IMPLEMENTATION ACTION	EVIDENCE	SOURCE
Detect PEP exposure in customers and beneficial owners.	Use risk-management systems to identify domestic and foreign PEPs, family members and close associates at onboarding and during the relationship; separately assess international-organisation functions.	Screening, relationship map, match decision and refresh log.	Proclamation No. 175/2014, Article 2(23); Legal Notice No. 130/2018, Article 17; ESAAMLG MER 2025, Recommendation 12
Apply approval, source and monitoring controls to PEPs and other high risk.	Obtain senior approval, establish source of wealth and source of funds, and conduct enhanced ongoing monitoring proportionate to risk.	Approval, provenance analysis and monitoring plan.	Legal Notice No. 130/2018, Article 17; ESAAMLG MER 2025, Recommendation 12
Do not launch remote onboarding on assumed legal sufficiency.	Confirm acceptable electronic evidence and signatures with the Bank of Eritrea, then use proportionate liveness, device, fraud and exception controls.	Authority confirmation, design assessment, tests and exceptions.	Prudent control; ESAAMLG MER 2025, Recommendation 15

6. MONITORING AND SUSPICIOUS REPORTING

Monitoring and suspicious reporting

Reporting must be prompt, confidential and reconstructable despite unresolved mechanics.

CONTROL	IMPLEMENTATION ACTION	EVIDENCE	SOURCE
Monitor activity against customer knowledge and risk.	Scrutinise transactions throughout the relationship, keep CDD current and examine unusual or inconsistent activity.	Alerts, investigation, disposition and profile refresh.	Proclamation No. 175/2014, Article 7(1)
Report suspicious transactions and attempts regardless of amount.	File promptly when reasonable grounds exist, including attempted transactions, using the current authority-confirmed route; record the decision and transmission chronology.	Decision log, report, transmission proof and receipt or contingency record.	Proclamation No. 175/2014, Article 23, as amended by Proclamation No. 181/2018, Article 7
Prevent tipping off and restrict disclosure.	Limit access to reports and related inquiries and do not disclose them to the customer or unauthorised persons.	Access controls, logs, confidentiality procedure and training.	Proclamation No. 175/2014, Article 24; ESAAMLG MER 2025, Recommendation 21

Payments, wires, thresholds, and partners

Separate binding thresholds from safer operational controls.

CONTROL	IMPLEMENTATION ACTION	EVIDENCE	SOURCE
Do not invent an automatic cash-reporting threshold.	Obtain any current objective-reporting directive, scope, aggregation, frequency and channel directly from the FIU or Bank of Eritrea before configuring production rules.	Authority-confirmed rule, configuration, filings and receipts.	ESAAMLG MER 2025, IO.4 and Recommendation 20
Control originator and beneficiary information on wires.	Capture and validate payer and payee information and use documented rules to execute, reject, suspend and follow up deficient transfers; treat USD 10,000 as the assessed domestic de minimis, not the FATF standard.	Messages, validation rules, exception decisions and retention proof.	Proclamation No. 175/2014, Articles 9 and 11; Legal Notice No. 130/2018, Article 16; ESAAMLG MER 2025, Recommendation 16
Retain responsibility for providers and agents.	Verify permission, diligence providers, contract for security and record access, monitor performance and test retrieval.	Due diligence, approval, contract, monitoring and retrieval test.	Applicable Bank of Eritrea approval; ESAAMLG MER 2025, Recommendations 14 and 17

8. TARGETED FINANCIAL SANCTIONS

Targeted financial sanctions

The 2025 evaluation found no adequate TFS legal basis or implementation mechanism.

CONTROL	IMPLEMENTATION ACTION	EVIDENCE	SOURCE
Screen current UN designations as a risk and correspondent control.	Screen customers, beneficial owners, controllers, representatives and transactions against the current UN consolidated list and applicable counterparty requirements.	List inventory, update logs, configuration and dispositions.	UN Security Council consolidated list; ESAAMLG MER 2025, Recommendations 6-7
Do not assert a domestic immediate-freeze power that has not been verified.	For a confirmed match, prevent voluntary execution where lawfully possible, preserve assets and evidence, and obtain urgent written direction from the competent Eritrean authority and counsel.	Match analysis, hold basis, timestamps and authority direction.	ESAAMLG MER 2025, Recommendations 6-7
Document reporting, false-positive and release authority.	Establish the current national route and act only on documented lawful authority; do not reuse the former country-specific UN sanctions regime, terminated in 2018.	Procedure, authority correspondence, decisions and reconciliation.	UN Security Council Resolution 2444 (2018); ESAAMLG MER 2025, IO.10-11

9. RECORDS AND REGULATOR ACCESS

Records and regulator access

Records must reconstruct customers, ownership, transactions and decisions.

CONTROL	IMPLEMENTATION ACTION	EVIDENCE	SOURCE
Retain CDD and relationship records for at least ten years.	Keep CDD, account files and business correspondence for ten years after relationship termination or the occasional transaction.	Schedule, archive sample, deletion control and legal holds.	Proclamation No. 175/2014, Article 11(1)
Retain transaction records for at least ten years.	Keep domestic and international transaction records for ten years after completion in a form sufficient to reconstruct individual transactions; prudently retain investigation analysis too.	Reconstruction test, analysis file and archive controls.	Proclamation No. 175/2014, Article 11(2)-(3)
Produce records securely to competent authorities.	Authenticate requests, protect STR confidentiality, produce reproducibly and log scope, timing and acknowledgement.	Request, approval, production index and receipt.	Proclamation No. 175/2014, Article 11; ESAAMLG MER 2025, Recommendation 11

10. PRIVACY, BIOMETRICS, AND TRANSFERS

Privacy, biometrics, and transfers

The 2025 evaluation records no comprehensive data-protection framework.

CONTROL	IMPLEMENTATION ACTION	EVIDENCE	SOURCE
Map legal basis, purpose, access, security and retention for identity data.	Reconcile AML retention and authority-access duties with contract, confidentiality, employment and sector rules; minimise collection and document access.	Data inventory, legal assessment, notice and access matrix.	Applicable sector/confidentiality rules; ESAAMLG MER 2025 contextual findings
Apply enhanced controls to biometric and sensitive data.	Document necessity, minimise collection, encrypt data, restrict access and independently test vendors and biometric security.	Impact assessment, vendor review, tests and approval.	Prudent security control; no comprehensive national biometric rule verified
Confirm transfers and incidents before production.	Obtain current primary guidance on cross-border transfers, competent authority and incident reporting; do not invent a portal, adequacy test or deadline.	Counsel memo, authority guidance, transfer assessment and incident plan.	Current Eritrean and applicable sector rules; controlled uncertainty

11. PRACTICAL EVIDENCE PACKS

Practical evidence packs

Maintain compact evidence that reproduces regulated decisions.

CONTROL	IMPLEMENTATION ACTION	EVIDENCE	SOURCE
Maintain a reconstructable onboarding pack.	Bundle identity, KYB, beneficial ownership, screening, risk, approvals and exceptions under stable identifiers.	Complete sampled onboarding pack.	Operational control supporting Proclamation No. 175/2014, Articles 6, 7 and 11
Maintain a reconstructable monitoring and reporting pack.	Link transactions, alerts, analysis, approvals, reports and post-filing controls while protecting confidentiality.	Complete sampled case pack and access log.	Operational control supporting Proclamation No. 175/2014, Articles 11, 23 and 24

SOURCES AND FURTHER READING

Verify against current official material

Primary law and regulator guidance control. Contextual VOVE ID reading is included to help teams operationalize the requirements and is not legal authority.

Anti-Money Laundering and Combating Financing of Terrorism Proclamation No. 175/2014
Government of Eritrea (reproduced by Africa Laws) · Primary legislation reproduction
Open convenience reproduction

Eritrea Mutual Evaluation Report - July 2025
ESAAMLG / FATF · Authoritative country assessment
Open official source

Eritrea mutual-evaluation publication page
FATF · Authoritative country assessment
Open official source

ESAAMLG publication notice for Eritrea MER
ESAAMLG · Authoritative regional-body notice
Open official source

FATF black and grey lists
FATF · Authoritative current status
Open official source

Financial Institutions Proclamation No. 94/1997
Government of Eritrea (Library of Congress copy) · Primary legislation reproduction
Open convenience reproduction

United Nations Security Council consolidated sanctions list
United Nations · Authoritative sanctions list
Open official source

Security Council Resolution 2444 (2018)
United Nations · Primary international instrument
Open official source

Housing and Commerce Bank of Eritrea AML/CFT Policy 2024
Housing and Commerce Bank of Eritrea · Official bank implementation context
Open official source

Document control

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