

How to keep compliant when operating in greylisted countries

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In February 2023, two of Africa's largest economies, South Africa and Nigeria, were placed on the Financial Action Task Force's (FATF) Grey List, indicating strategic deficiencies in anti-money laundering and counter-terrorist financing measures. As a result, companies operating in greylisted jurisdictions face increased scrutiny and compliance requirements.



Image source: [lorenzot81](#) – [123RF.com](#)

Here are the steps companies should take to protect themselves while operating within a greylist jurisdiction to ensure compliance.

Steps to remain compliant while operating in a FATF greylisted jurisdiction

1. Increased risk assessments must be conducted

It is now more important than ever for African-based companies to ensure that they are fully compliant with Anti-Money Laundering (AML) and Counter-Terrorist Financing (CFT) regulations. To achieve this, companies must conduct increased risk assessments and implement appropriate policies and procedures. Additionally, they must provide effective training on how to identify and report suspicious transactions.

2. Know your client (KYC) and board members

African-based companies must ensure that they have robust KYC procedures in place to verify the identity of their clients and customers. Some companies may need to review their board members' roles to ensure their legitimacy in the business' operations. It is also essential to increase scrutiny around the political affiliations of board members and how tenders are awarded.



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3. Proactive approach to providing additional documentation

Companies need to be aware of the increased scrutiny they are likely to face from regulatory bodies and financial institutions. They should be proactive in providing additional documentation and information to support their transactions and addressing any concerns raised. Working closely with their banks and other financial institutions to ensure compliance with all necessary requirements is crucial.

4. Commitment to best practices and communication

There may be reputational risks associated with companies operating in South Africa and Nigeria now that they are greylisted countries. It is important to take steps to demonstrate a commitment to AML/CFT compliance and be prepared to communicate this commitment to stakeholders. This may involve engaging with industry associations and organisations to develop best practices and raise awareness of the steps being taken to combat money laundering.

The benefit of greylisting for African business in the long run

The FATF and its greylist have presented a challenge to African businesses, but taking a long-term prescriptive can reveal unexpected benefits for Africa and strengthen its bargaining power.

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