



Saudi Arabia - AML KYC Regulations

Document History

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Disclaimer: Neither Shufti Pro nor the authors of this document shall be held responsible, liable or accountable for the contents of this document. The responsibility to comply with AML - KYC regulations lies with the Client. Achieving full compliance with legal obligations requires a thorough analysis of the specific situation, organizational requirements, and regulatory practices. The information provided in this document should be seen as an overview of requirements and measures towards conducting proper and satisfactory Identity Verification procedures. This document suggests general measures in line with recommendations, resources, or procedures provided by relevant laws and authorities to support identity verification requirements. The mere reference to or reliance placed on this document alone does not constitute a warranty of any system nor does it guarantee legal compliance. It remains the sole responsibility of the Client to comply with its legal obligations.

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1. Introduction

Saudi Arabia established its Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) regime with the issuance of the 'Anti-Money Laundering Statute' in 2003 and its 'Implementing Regulations' in 2005. Saudi Arabia has taken measures to improve its AML framework in accordance with international standards and recommendations provided by the FATF and now has separate Laws that deal with Anti Money Laundering and Financing of Terrorism.

2. Scope

The 'Saudi Arabia - AML KYC Regulations' report may be used as a reference to highlight information from the Saudi 'Anti-Money Laundering Law' and the 'Implementing Regulation to the Anti-Money Laundering Law'.

Under the guidelines from the Saudi Arabian Monetary Authority (SAMA) and the aforementioned Act(s), this document highlights the necessary requirements for AML and KYC procedures, in particular, Identity Verification required in Saudi Arabia. These requirements are approximated from relevant information/laws/directives from the aforementioned document.

3. Definitions

- **Client**: Shufti Pro's customer is referred to as the Client.
- **Customer**: The client's customer whose subject to the KYC - AML checks.
- **End-user**: The client's customer is referred to as end-user but from Shufti Pro's perspective.
- **Document Verification**: The process of verifying the authenticity of a government-issued identity document.
- **Identity Verification**: The process of verifying the identity of the client's customers.
- **Proof of Identity**: Any government-issued identity document that can be used to identify an individual (natural person).
- **EDD**: Enhanced Due Diligence (EDD) is a process that executes a greater level of scrutiny related to potential business relationships.
- **Third-Party Diligence**: Outsourcing of the due diligence process to an external party by the Client who is originally responsible for carrying out due diligence activities.
- **PEP**: Politically Exposed Person (PEP) is a person with a higher risk for potential involvement in bribery/corruption.

- **Due Diligence:** Refers to the measures taken to mitigate risk before entering into an agreement or carrying out a financial transaction with another party.

4. References

- [Anti Money Laundering Law-English](#)
- [Law on Combating the Finance of Terrorism](#)
- [Implementing Regulation to the Anti-Money Laundering Law](#)
- [Implementing Regulations of the Law of Combating Terrorist Crimes and it's Financing](#)
- [General Rules for Transfer of Personal Data Outside the Kingdom](#)

5. Due Diligence Requirements

5.1. Identity Verification Requirements

As per the requirements of the Saudi regulations, these are the following ID attributes required for the purpose of identifying a natural person (Individual) from official documents.

- Full Legal Name;
- Residential or National Address;
- Date and Place of birth;
- Nationality.

5.2. Compliant CDD Methods

We (Shufti Pro) may apply one or more of the following measures at the request of the Client to perform Identity Verification on its behalf. Where an End-user is an individual, who does not present himself to the Client for verification in physical presence.

- 5.2.1. Shufti Pro shall perform verification of the End-user's identity on the basis of documents that are highlighted in 5.3. These documents provide reasonable reliability to the confirmation of the identity in Saudi Arabia. Shufti Pro shall ensure that documents being utilized are photo-based biometric identification documents that suffice requirements for Identity Verification.
- 5.2.2. Shufti Pro can also perform verification of the End-user's identity through a real-time audio-video transmission, where a live, interactive video session is carried out between an Identification Expert and the End-user. During this session, the End-user will be asked to show their identity documents. The End-user will also be asked to perform some random gestures as a part of a liveness check
- 5.2.3. For the purpose of verifying the End-user's identity, Shufti Pro shall also verify the documents that are submitted. We utilize our specialized Document Verification service

to perform checks on the authenticity of the document. This includes checks on security features such as holograms, tapered/crumpled edges, doctored elements, form inconsistencies, document expiration, MRZ, reflected colors and microprinting.

5.3. Documents Required for Verification

The following documents are considered in Saudi Arabia as Proof of Identity:

Identity Verification

- National Identification Card;
- A residence permits (Iqamah) or a five-year special residence permit;
- A passport.

Address Verification

The following documents are considered as proof of address:

- A current utility bill (such as gas, electricity, telephone or mobile phone bill) (No older than 3 months, bearing End-user name and address).
- A document issued by a government department bearing End-user name and address).
- A bank statement (No older than 3 months, bearing End-user name and address).

5.4. Timing of Verification

Identity Verification is not limited to a one-time, one instance process. In fact, it is required in multiple instances as per regulations. The application and choice of when to deploy Identity Verification procedures depend on your requirements and it's conveyance to Shufti Pro.

You are to pursue Identity Verification when you onboard a new Customer. If you are dealing with transaction data, you should apply Identity Verification as per the monetary thresholds defined in Saudi regulations. In other instances, Identity Verification becomes more important to employ if you face higher risks from your Customers. A high-risk situation would be any instance where an Individual might represent above normal exposure of money laundering related threats to you.

6. Politically Exposed Persons and EDD Measures

As per the Enhanced Due Diligence requirements under Saudi regulations, you are required to determine if your Customer is a Politically Exposed Person, holds a public office, or exhibits a higher risk profile. In order to fulfill your obligations, Shufti Pro provides you it's *AML Screening service*. The service screens an individual's selected ID attributes of *Name* and *DOB* against

watchlists of global regulatory authorities, foreign and domestic databases, compromised PEPs and sanctioned individuals.

The service highlights the category of the PEP based on the degree of risks they pose and also any immediate family member, or a close associate of the PEP.

You may utilize such services as per your requirements. This includes before or after establishing a relationship with your Customer.

7. Reliance on External Services

Saudi regulations state that you may seek the services of a third party (a financial institution or a designated non-financial businesses or professions) to apply measures of due diligence. Regulations also require you to collect all such data (Due Diligence Information) from the third party, without undue delay.

Saudi regulations state that you, regardless of reliance on a third party, remain liable for maintaining all such compliance and fulfilling AML and KYC obligations.

8. Record Retention

As per Saudi regulations, you are required to retain data for no less than ten (10) years. These are a part of your AML and KYC obligations for due diligence. In the case where this information is processed, collected and managed by a relevant third-party, you are liable to collect all such necessary information(Due Diligence Data) from the third party without undue delay.

9. Data Storage .

The National Data Management Office (NDMO) of Saudi Data and Artificial Intelligence Authority (SDAIA)- "General Rules for Transfer of Personal Data outside the Kingdom" mandates that all Data Controllers and Processing Entities must hold and store all end-user and transaction Data within the Kingdom. Under these rules, Transfer of personal data outside the Kingdom requires approval from SDAIA.