



ธนาคารแห่งประเทศไทย  
BANK OF THAILAND

## Joint Statement

### Enhancing Policies and Operational Guidelines of Financial Institutions Regarding Transactions with High-Risk Countries and Managing Sanctions-Related Risks

The Anti-Money Laundering Office (AMLO) and the Bank of Thailand (BOT) place great emphasis on preventing risks of the Thai banking sector engaging in transactions related to money laundering, financing terrorism, and the proliferation of weapons of mass destruction. This is especially important during periods of heightened international conflicts as it could lead to international sanctions including those imposed due to human rights violations.

In the past year, some of Thailand's key trading partners have been classified as high-risk countries according to the Financial Action Task Force (FATF) statements. Consequently, the Anti-Money Laundering Office (AMLO) announced that these countries are to be considered as high-risk, requiring immediate and stringent verification of customers from these regions or countries. Additionally, the AMLO issued guidelines to ensure a common understanding. For example, financial institutions must implement stringent measures to verify the Ultimate Beneficial Owner (UBO) of customers using reliable documents, information, or credible sources beyond customer-provided data. Financial institutions must also inquire customers about the purpose of their transactions to determine whether it aligns with the objectives of establishing a business relationship or conducting occasional transactions with the customer.

The AMLO and the BOT have jointly monitored and reviewed financial institutions' transactions with high-risk countries. It was found that financial institutions in Thailand have strictly adhered to Anti-Money Laundering and Counter Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) measures set by the AMLO, with no transactions involving individuals listed on the Thailand list and the UN sanction list. In addition, many financial institutions have conducted their operational guidelines that exceed the requirements set by the AMLO.

However, owing to the intensifying international conflicts, financial institutions need to enhance their customer due diligence to prevent being used as channels to support human rights violations. In response to a report from the Office of the United Nations High Commissioner for Human Rights (OHCHR), stating that some financial institutions in Thailand provided financial services related to the procurement of weapons by the Myanmar military government in 2023, which were used to harm civilians and violate human rights in Myanmar, the AMLO and the BOT have taken immediate actions. All financial institutions were promptly instructed to review their transactions and raise

immediate caution. The AMLO and the BOT jointly investigated the facts as presented in the report, including reviewing the policies and operations of financial institutions regarding their relationships with correspondent banks, account openings, and money transfer transactions with customers. The investigation found that some financial institutions did conduct transactions with individuals listed in the OHCHR report, but no evidence was found linking these transactions to arms procurement. The financial institutions' transactions were still in compliance with AMLO and BOT regulations. However, it was noted that each of the financial institutions had varying levels of rigor in their operations, highlighting the need to elevate key AML/CTPF-practices. This would enable financial institutions to better manage the risks of being used as channels for funding illegal activities and human rights violations, which may manifest in new forms.

**In this regard, the AMLO and the BOT emphasize that the Thai financial system is not to be exploited as a conduit for money laundering, terrorism financing, financial support for the proliferation of weapons of mass destruction, or warfare that leads to human rights violations. The following actions have been taken, and plans are in place to continue these efforts:**

1. Accelerating the enhancement of the operational standards of financial institutions in Thailand to keep pace with evolving situations and international standards, including: (1) Implementing more stringent measures to verify UBO to track and prevent the use of complex business structures in illegal transactions. The verification of high-risk customers must be significantly more rigorous than regular customers, in accordance with FATF standards, such as defining UBO to include individuals with ownership below 25% of shares. (2) Conducting Enhanced Customer Due Diligence (EDD) for high-risk customers, requiring clear evidence that additional information from other sources have been obtained to fully understand the true nature of the customer. Effective mechanisms to detect warning signals from abnormal transactions must also be in place. (3) Establishing criteria for requesting additional documentation for money transfer transactions involving high-risk customers, especially for transactions involving Dual-Use Items (DUI), to understand the business purpose of the customer. This will help prevent financial institutions from being used as channels to support money laundering, terrorism, and human rights violations.

2. The AMLO and the BOT have issued a Joint Policy Statement on Sanctions-related Risks Oversight. This policy affirms and urges financial institutions to place importance on and enhance their sanctions-related risk management. Financial institutions must have methods and systems to assess, monitor, and detect sanctions-related risks and alert for irregularities in customer financial transactions that may lead to sanctions-related risks. Additionally, the degree of scrutiny to understand

the facts about customers must be defined in proportion to the potential risks (Risk Proportionality), and appropriate actions must be taken to manage those risks. This will enhance the credibility of the Thai financial system. Financial institutions must comply with the guidelines stipulated in the Joint Policy Statement from 27 December 2024 onwards.

3. The Thai Bankers' Association, the Association of State Financial Institutions, and member banks are required to establish industry standards in areas identified by the AMLO and the BOT as needing enhancements in operational practices. This includes the development of systems and tools to effectively monitor Dual-Use Items (DUI) and products that have high risks of being used to produce weapons that threaten international security (Common High Priority List: CHPL). These standards will be applied starting January 2025. By making these enhanced practices a uniform standard, this will close loopholes and prevent transactions from being selectively conducted with financial institutions that have differing standards.

The AMLO and the BOT will closely monitor the progress and assess the implementation of these enhancements, aiming for financial institutions to exercise caution in transactions that could pose risks to the financial system. Should any financial institution be found to have violated or neglected to comply with the laws and standards set, the AMLO and the BOT will take strict action in accordance with their respective authorities.

**The Anti-Money Laundering Office  
The Bank of Thailand  
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