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Circular to all Chief Executives of Commercial Banks, Credit Institutions and Microfinance Deposit-taking institutions

Reporting of Suspicious Transactions to Bank of Uganda

Please refer to regulation 12 of the Anti-Money Laundering Regulations 2010 which stipulates that *"a financial institution shall report promptly any knowledge or suspicion of money laundering related to a specific customer or any account held with the financial institution, to the national enforcement agencies, and shall serve a copy to the Central Bank, using the Suspicious Transactions Report ..."*.

The Bank of Uganda (BOU) recently conducted a survey in some of the supervised financial institutions (SFIs) to assess the reporting of suspicious transactions to Bank of Uganda and we noted that several SFIs were not submitting Suspicious Transactions Reports (STRs) to BOU as required by the above stated regulation due to system challenges faced by the institutions. It was observed that many of the institutions' IT systems were not robust enough nor configured to automatically detect suspicious transactions which made it difficult for them to compile and file the STRs to BOU.

The purpose of this circular therefore is to direct all SFIs to assess the capability of their IT systems to automatically detect/identify suspicious transactions and to urge those with wanting systems to immediately upgrade them to the standards that will enable effective detection and reporting of suspicious transactions to BOU.

BOU will soon conduct onsite reviews of the systems to assess their robustness in this area.

Yours faithfully

Charles Abuka

Ag. Executive Director Supervision

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