Anti-money laundering and counter-terrorist financing measures

Benin

4th Enhanced Follow-up Report & Technical Compliance Re-Rating

Follow-up Report



May 2025

The Inter-Governmental Action Group against Money Laundering (GIABA) is a specialized institution of ECOWAS and a FATF Style Regional Body that promotes policies to protect member State's financial systems against money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter terrorist financing (CTF) standard.

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4th Enhanced Follow-Up Report of Benin

I. INTRODUCTION

1. Benin's Mutual Evaluation Report (MER) was discussed and adopted by the 35th plenary meeting of the GIABA Technical Commission in May 2021. The country obtained 11 weak results with regard to the effectiveness of its AML/CFT system and more than eight (8) Recommendations rated NC/PC. As a result, in application of the GIABA processes and procedures for the second round of mutual evaluation (August 2020), Benin has been placed under an enhanced monitoring regime.

2. Benin obtained a reassessment of R.6 and R.7, which were all changed from PC to LC following the adoption of the 2nd FUR in May 2023. The country also obtained the reassessment of R.34 from PC to LC following the adoption of its 3rd FUR in May 2024. This FUR analyses the progress made by Benin in meeting the Technical Compliance requirements of Recommendations 4, 5, 10, 12, 19, 20, 22, 23, 26 and 32 under reassessment. A reassessment of Technical Compliance is granted when sufficient progress has been made.

3. This FUR does not analyse the progress made by Benin in terms of the effectiveness of its AML/CFT system.

4. The analysis of Benin's request for a reassessment of Technical Compliance and the preparation of the report were carried out by :

a) Mr Romain OUATTARA of Côte d'Ivoire; and
b) Mr Abdoulaye Ousmane Camara from Guinea,

5. The experts were assisted by Mr Madické NIANG from the GIABA Secretariat.

II. FINDINGS OF THE 3rd ENHANCED FOLLOW UP REPORT FOR BENIN

6. Benin's ratings following the adoption of its third Enhanced Follow up Report in May 2024 are summarised in the table below.

Table 1: Benin's TC rating for the adoption of the 3rd FUR 2024

R.1	R.2	R.3	R.4	R.5
LC (MER 2021)	**LC** (**MER** 2021)	**LC** (**MER** 2021)	**PC** (**MER** 2021)	**PC** (**MER** 2021)
R.6	R.7	R.8	R.9	R.10
PC (MER 2021) **LC (2nd** FUR **May 2023)**	**PC** (**MER** 2021) **LC (2nd FUR May 2023)**	**NC** (**MER** 2021)	**C** (**MER** 2021)	**PC** (**MER** 2021)
R.11	R.12	R.13	R.14	R.15
LC (MER 2021)	**PC** (MER 2021)	**LC** (MER 2021)	**PC** (MER 2021)	**C**(MER 2021) **NC** (**2nd FUR May 2023**)
R.16	R.17	R.18	R.19	R.20
PC (MER 2021)	**LC** (MER 2021)	**LC** (MER 2021)	**NC** (MER 2021)	**PC** (MER 2021)
R.21	R.22	R.23	R.24	R.25
C (MER 2021)	**PC** (MER 2021)	**PC** (MER 2021)	**NC** (MER 2021)	**NC** (MER 2021)
R.26	R.27	R.28	R.29	R.30
PC (MER 2021)	**C** (MER 2021)	**NC** (MER 2021)	**C** (MER 2021)	**C** (MER 2021)
R.31	R.32	R.33	R.34	R.35
C (MER 2021)	**PC** (MER 2021)	**LC** (MER 2021)	**PC** (MER 2021) **LC (FUR 2024)**	**LC** (MER 2021)
R.36	R.37	R.38	R.39	R.40
LC (MER 2021)	**C** (MER 2021)	**LC** (MER 2021)	**LC** (MER 2021)	**LC** (MER 2021)

III. OVERVIEW OF PROGRESS MADE IN IMPROVING TECHNICAL COMPLIANCE

4.1. Overall view of progress made in closing the gaps identified in the MER and

7. After the adoption of its third progress report in May 2024, Benin continued to take action to correct the shortcomings identified in its MER and FUR in order to improve compliance with the various Recommendations and effectiveness under the Immediate Outcomes. Among the actions completed during the review period are: the reform of the legislative and regulatory framework, in particular the adoption of the new Uniform AML/CFT Act N° 2024-01 of 20th February 2024; Decisions N°021 of 21/12/2023 and N°003 of 28th March 2024, as well as Instructions N° 231/07/2024 and N°233/07/2024, in addition to the AML/CFT Act and relating to the thresholds applicable in the implementation of due diligence obligations and the physical transportation of cash and bearer negotiable instruments (BNI). At the operational level, Benin established the Directorate for Cooperation and Mutual Legal Assistance within the Ministry of Justice and Legislation by Decree 2023-458 of 13th September 2023, and appointed its Director by Decree 2024-822 of 28th February 2024; also by Decree no. 2023-511 of 11th October 2023, Benin appointed the Director of the National Agency for the Recovery of Confiscated and Seized Assets in order to make the structure operational; by Decree no. 2024-917 of 24th April 2024, Benin established the registery of beneficial owners. Under risks assessment, Benin carried out a risk assessment of legal entities, legal arrangements and their beneficial owners, and a risk assessment of virtual assets and virtual asset service providers ("AV/PSAV"). Lastly, Benin conducted several AML/CFT training and awareness-raising activities for actors and stakeholders in the fight against organised crime.

3.2. Analysis of progress made in closing the gaps in the Recommendations submitted for reassessment.

8. Following the efforts made by Benin to improve the technical compliance of its AML/CFT system, the country has requested a reassessment of the rating relating to Recommendations 4, 5, 10, 12, 19, 20, 22, 23, 26 and 32. This section is devoted to an analysis of the progress made by Benin in addressing the weaknesses relating to the technical compliance of these Recommendations.

4.2.1. Recommendation 4 (initially rated PC)

9. The 2021 MER highlights that the legal framework does not provide for the confiscation of instruments used or intended to be used in the commission of all underlying offences, with the exception of certain specific offences such as bribery and other related offences under the Anti-Corruption Act. Benin's legal provisions do not provide for: i) identification/tracing/assessment of assets; ii) measures to prevent or nullify actions that undermine the country's ability to freeze, seize or recover assets subject to confiscation; iii) appropriate investigative measures to be taken; and iv) protection of bona fide third parties. Benin has not put in place mechanisms or procedures to manage all seized or confiscated assets.

10. Criterion **4.1 [Mostly met].**

(a) **[Met]** Articles 174 and 202 of Act 2024-01 of 20th February 2024 on AML/CFT provide that the competent courts shall order the freezing, seizure and confiscation of laundered assets.

(b) **[Met]** In all cases of conviction for a ML offence, or an attempted ML offence, the courts shall order the confiscation of the property used or intended to be used to commit the offence, of the proceeds of the offence, of the movable or immovable property into which such proceeds are transformed or converted, of the legitimately acquired property with which such proceeds are intermingled, and of the income and other benefits derived from such proceeds, up to their value, of the property into which these products are transformed or invested, of the property with which these products are mixed, regardless of their owner, unless the owner establishes that he is

unaware of their fraudulent origin and that he acquired them legally and in good faith (Article 202, AML/CFT n°2024-01). With regard to the underlying offences, the Act No. 2018-16 of 28th December 2018 (Penal Code-PC) provides for provisions enabling the confiscation of proceeds from underlying offences, in particular with regard to: offences of theft, embezzlement of public funds, breach of trust and the like (Article 326 PC), trafficking in persons, sale of children, child prostitution, pornography, murder and other capital offences, threats of attacks against persons (Article 504 PC) ; exchange control offences (Article 659 PC); cyber and computer offences (Article 688 PC); counterfeiting (Article 724 PC); environmental crimes and offences (Article 883 PC); trafficking in petroleum products and means of transport (Article 930 PC). For all these underlying offences, there is also provision for confiscation of the thing used or intended to be used to commit the offence or of the proceeds (Art 389 CP).

(c) **[Met]** In all cases of conviction for the offence of terrorist financing or attempted terrorist financing, the courts shall order the confiscation of funds and other economic and financial resources linked to TF as well as any movable or immovable property intended for or having been used in their commission (Article 203, AML/CFT n°2024-01).

(d) **[Partly met]** Articles 202(4) and 203(4) of the AML/CFT Act-2024-01 provide, respectively, that in relation to ML and TF, where the property, funds and other economic and financial resources to be confiscated cannot be represented, their confiscation may be ordered in terms of value. However, there is no similar provision in Beninese law (seizure / confiscation by equivalent value) when the offence being prosecuted relates to an underlying offence.

11. **Criterion 4.2 [Met].**

(a) **[Met]** The competent authority for administrative freezing is responsible for identifying and estimating the assets subject to a freezing, seizure or confiscation measure (Article 5, indent 6, Decree 2022-351-SFC); The Recovery Agency is responsible, inter alia, for detecting or tracing, identifying and estimating the assets subject to seizure, confiscation or freezing and informing the judicial authorities (Article 5, paragraph 2, indent 8, Decree no. 2022-563).

(b) **[Met]** Article 174 of the AML/CFT Act governs judicial precautionary measures (freezing, seizure, confiscation) ordered by the competent judicial authority. These measures may apply to proceeds or instrumentalities of crime, funds, property, and economic or financial resources linked to money laundering (ML), terrorist financing (TF), or proliferation (FP) offences, as well as to sums of money and financial transactions linked to the property concerned. Confiscation without prior notification (ex parte) is also taken into account (Decree 2022-351-SFC).

(c) [Met] With regard to TF, Article 5. 7th indent of Decree No. 2022 - 351 of 22nd June 2022 on the FCS implementation regime specifies that the competent freezing authority is responsible for taking, whenever necessary, all necessary measures to prevent or cancel actions that compromise the country's ability to freeze, seize or recover assets liable to confiscation, as well as all appropriate investigative measures. Furthermore, it should be noted that ANRACS is competent to recover all frozen, seized or confiscated criminal assets, regardless of the nature of the offences that generated them (Article 5 of Decree no. 2022 563 of 12th October 2022).By virtue of the provisions of the aforementioned article, ANRACS, acting under a court order, is responsible for recovering all assets seized, confiscated or under a protective measure in connection with criminal proceedings (i.e. all types of criminal offences) and for enforcing court orders following any criminal proceedings in connection with the ML and TF. Similarly, it is forbidden to hinder ANRACS' ability to manage and recover frozen, seized or confiscated criminal

assets, under penalty of sanction (Article 126 of the AML/CFT Act).(c) In addition, the competent authority has the power to take any appropriate measure to prevent the negotiation, transfer or disposal of the proceeds in question (subject to confiscation), pending a final decision (Art. 159, para. 3, AML/CFT Law)

(d) **[Met]** Pursuant to the provisions of Articles 110 and 111 of Act no. 2024-01, the authorities may take all appropriate investigative measures.

12. **Criterion 4.3 [Mostly met]** Articles 202(6) and 203(4) of the AML/CFT Act provides for the possibility of appeal by third parties against confiscation orders in cases of money laundering and terrorist financing. However, the Beninese authorities have not made any provision to protect bona fide third parties when confiscation is ordered in connection with the prosecution of an underlying offence.

13. **Criterion 4.4 [Met]** The task of the established National Agency for the Recovery of Confiscated and Seized Assets (ANRACS) is to recover and manage assets seized, confiscated or subject to protective measures in the context of criminal proceedings, in particular those relating to money laundering, the financing of terrorism and the proliferation of weapons of mass destruction. It is responsible for returning or disposing of assets with judicial authorisation, enforcing judicial decisions relating to confiscation, and providing information and assistance to the judicial authorities and police services, including in the context of international mutual legal assistance. It identifies, estimates and provides information on assets liable to seizure or confiscation, enforces confiscation judgements abroad, compensates victims and publishes property seizures in the land register (Decree 2022-563).

Weighting and conclusion

14. **The** adoption of Law No. 2024-01-LBC/FT and Decree No. 2022-563 establishing a recruitment agency has enabled Benin to improve its AML/CFT system in terms of R.4, particularly with regard to measures for identifying/tracing/valuing assets and a mechanism for managing illicit assets. However Benin's legal framework does not provide a mechanism for seizure and confiscation of property of equivalent value for underlying offences, or specific provisions for confiscation in such cases. This failure is moderately weighted in the country context in terms of the importance and frequency of the predicate offences committed and actually prosecuted. The system would lose its effectiveness if there is no possibility of seizing/forfeiting property of equivalent value in the prosecution of predicate offences. Furthermore, there are no measures to protect bona fide third parties when confiscation is ordered in the context of prosecutions for underlying offences. Benin's AML/CFT system has moderate shortcomings.

15. **Recommendation 4 is maintained as Partially Compliant (PC)**

4.2.2. Recommendation 5 (initially rated PC)

16. MER 2021 noted that the country has not criminalised the financing of a terrorist individual and of a terrorist organisation for any purpose, as well as the financing of the travel of foreign terrorist fighters.

17. **Criterion 5.1 [Met]** Benin has demonstrated that the terrorist acts listed in the appendix to the Convention for the Suppression of Terrorism Financing (TF), the financing of which constitutes a TF offence, are duly criminalized. All the conventions listed in the appendix to the TF Convention have been ratified by our country, and the terrorist acts they enumerate are criminalized in articles 161, 162 and 163 of the Criminal Code (see Table 2 below).

18. In addition, article 10 of the AML/CFT law has mainstreamed the corrections needed to fill the gaps identified in the 2021 Mutual Evaluation Report (MER). It now criminalizes the financing of a terrorist individual, the financing of a terrorist organization, whatever its purpose, and the financing of foreign terrorist fighters' travel.

Table n°2: Status of criminalisation of terrorist acts

	Annexes to the international convention for the suppression of the financing of terrorism	Date of ratification by the country	National criminal provision
01	Convention for the Suppression of Unlawful Seizure of Aircraft (The Hague, 16th December 1970).	13 march 1972	Law No. 2018-16 of 28 December 2018 - the Penal Code in the Republic of Benin article 162 point 4
02	Convention for the Suppression of Unlawful Acts against the Safetý of Civil Aviation (Montreal, 23rd September 1971).	19 april 2004	Penal Code article 162 point 4
03	Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents, adopted by the General Assembly of the United Nations on 14th December 1973.	31 julyt 2003	Penal Code article 162 point 2
04	International Convention against the Taking of Hostages, adopted by the United Nations General Assembly on 17th December 1979.	31 july 2003	Penal Code article 162 point 2
05	International Convention on the Physical Protection of Nuclear Material (Vienna, 3rd March 1980).	18 september 2019	Penal Code article 162 point 6
06	Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementary to the Convention for the Suppression of Unlawful Acts against the Safetý of Civil Aviation (Montreal, 24th February 1988).	19 april 2004	Penal Code article 162 point 4
07	Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation (Rome, 10th March 1988).	31 august 2006	Penal Code article 162 point 4
08	Protocol for the Suppression of Unlawful Acts against the Safetý of Fixed Platforms Located on the Continental Shelf (Rome, 10th March 1988), amended by the London Protocol of 14th October 2005.	28 june 2018	Penal Code article 162 point 4
09	International Convention for the Suppression of Terrorist Bombings, adopted by the United Nations General Assembly on 15th December 1997.	31 julyt 2003	Penal Code article 162 point 5

Other international instruments

01	Convention on Offences and Certain Other Acts Committed on Board Aircraft (Tokyo, 14th September 1963).	30 march 2004	Penal Code article 162 point 4
02	Convention on the Marking of Plastic Explosives for the Purpose of Detection (Montreal, 1st March 1991).	30 march 2004	Penal Code article 162 point 5
03	International Convention for the Suppression of Acts of Nuclear Terrorism, adopted by the United Nations General Assembly on 13th April 2005.	2 november 2017	Penal Code article 162 point 6

19. Criterion **5.2 [Met]** Any act committed by a natural or legal person who, by any means, directly or indirectly, has deliberately provided or collected property, funds and other economic, financial and material resources with the intention of using them or knowing that they will be used in whole or in part, (a) for the purpose of committing one or more terrorist acts; (b) by a terrorist organization or a terrorist individual constitutes a TF offence (Article 10(1)(a) and (b) of the AML/CFT Act).

20. **Criterion 5.2 bis [Met]** It is an offence for a natural or legal person to recruit, offer, finance or finance the travel of a person who travels to a State other than his or her State of residence or nationality for the purpose of committing, organising or preparing a terrorist act or in order to participate in it or to provide or receive training for terrorism (Article 10(2) of the AML/CFT Act).

21. **Criterion 5.3 [Met**] The TF offences apply to all assets as defined in Article 2 point 12 of the AML/CFT Act. The provisions of Article 10 al3 of the AML/CFT Act specify that the commission of one or more of the acts constitutes an offence regardless of the origin of the funds used.

22. **Criterion 5.4 [Met]** The commission of one or more of these acts constitutes an offence even if there is no link to an identified terrorist act. (Article 10 (3)). The offence is committed whether or not the act referred to in this article occurs, or whether or not the property was used to commit the act (Article 10 (5)).

23. **Criterion 5.5 [Met]** The provisions of Article 10 in fine of the AML/CFT Act stipulate that knowledge or intent, as elements of the aforementioned activities, may be deduced from objective factual circumstances.

24. **Criterion 5.6 [Met]** Articles 188 to 191 define the criminal penalties for terrorist financing. Individual offenders are liable to 5 to 10 years' imprisonment and a fine of at least five times the value of the assets or funds involved, with the same penalties for attempts. Acts of conspiracy, association or complicity with a view to financing terrorism are also punishable by the same penalties. Penalties are doubled in aggravating circumstances, in particular in the event of a repeat offence, commission by an organised criminal group or use of the facilities of a professional activity. If the offence involves property derived from a more severely punished crime, the penalties associated with that crime are applied. Lastly, no sentence for terrorist financing may be suspended. These penalties are proportionate and dissuasive.

25. **Criterion 5.7 [Met]** The provisions of Article 199 of the AML/CFT Act prescribe the criminal liability of legal persons and provide for penalties. Legal persons implicated in a terrorist financing offence committed by their bodies or representatives are liable to a fine of five times that of natural persons, in addition to any prosecution. They also risk exclusion from public contracts (for up to 5 or 10 years),

confiscation of assets, judicial supervision (for up to 5 years), disqualification from professional activities (for up to 5 or 10 years), closure or dissolution of the offending establishments, and publication of their conviction.

26. The supervisory authorities also have the power to impose penalties. These penalties are proportionate and dissuasive

27. **Criterion 5.8 [Met]**

(a) **[Met]** The offence is committed in the event of an attempt to commit an FT offence (article 10 paragraph 4 of Act n°2024-01-AML/CFT)
(b) **[Met]** The TF offence is committed for any person who participates as an accomplice in the above-mentioned acts (article 10 paragraph 5 of Act n°2024-01-AML/CFT)
(c) **[Met]** the TF offence is committed by the fact of indirectly participating in or contributing to the commission of the above-mentioned acts (article 10 paragraph 5 of Act n°2024-01-AML/CFT)
(d) **[Met]** the TF offence is committed by the fact of indirectly participating in or contributing to the commission of the abovementioned acts (article 10 paragraph of Act n°2024-01-AML/CFT)

28. **Criterion 5.9 [Met]** TF is designated as a predicate offences of ML. (Articles 4(2) and 32 of Act No. 2024-01-AML/CFT).

29. **Criterion 5.10 [Met]** National courts have jurisdiction over the offences provided for in this act committed by any natural or legal person, regardless of nationality or location of its registered office, even outside national territory, provided that the offence was committed in one of the Member States (Article 139 - Act No. 2024-01-AML/CFT).

Weighting and conclusion

30. Benin has addressed all the shortcomings, in particular those relating to the financing of terrorist organizations and individual terrorist, the consideration of foreign terrorist fighters, including the financing of travel. Benin's legal system is fully compliant with regards to R.5

31. **Recommendation 5 is re-rated as Compliant.**

4.2.3. Recommendation 10 (initially rated PC)

32. MER 2021 identified shortcomings regarding the identification of beneficial owners; the identification of natural persons who hold a controlling interest in a legal person, as well as for fudices and life insurance beneficiaries. In addition, there is a limited obligation regarding failures to satisfactorily complete FTC (Fixed-term contract) measures and the absence of an obligation not to pursue a FTC that could alert a customer and, failing that, make a suspicious transaction report (STR).

33. **Criterion 10.1 [Met]** Benin prohibits financial institutions (FIs) from maintaining anonymous accounts and accounts under obviously fictitious names (Article 20 paragraph 2 of Act no. 2024-01-AML/CFT).

34. **Criterion 10.2 [Met]**

(a) **[Met]** Benin requires FIs to carry out customer due diligence measures when establishing business relationships (Articles 16 and 17 of Act No. 2024-01-AML/CFT).

(b) **[Met]** Customer due diligence measures for occasional transactions are applicable to the threshold of 9 million (approximately 15,000 Euros) (see Article 3 of Decision no. 21 of 21st December 2023) and 5 million for bureaux de change (Article 2 of Decision no. 003 of 28th March 2024).

(c) **[Met]** Due diligence is required for occassional transactions and for national and international transfers (Article 17, paragraph 1 (e) and (f)).

(d) **[Met**] Due diligence is required where there is a suspicion of money laundering or terrorist financing (Article 17 (g) Act no. 2024-01-AML/CFT).

(e) **[Met]** Due diligence is required when the financial institution doubts the veracity or relevance of the customer identification data previously obtained (Article 16, Paragraph 2 of Act no. 2024-01-AML/CFT).

35. **Criterion 10.3 [Mostly met]** Article 17 of Benin's Act no. 2024-01 of 20th February 2024 requires FIs to identify the customer (whether permanent or occasional, and whether a natural or legal person or legal arrangement) and to verify his identity by means of documents, data or information (identification data) from reliable and independent sources. However, a waiver is granted to FIs not to identify and verify their customer and "BE" in the context of online payment, from or to their account opened in an FI established in Benin, in one of the WAEMU States or in a third State imposing equivalent AML/CFT measures (articlze 86, Act n°2024-AML/CFT).

36. **Criterion 10.4 [Partly Met]** Article 17 of Act 2024-01 of 20th February 2024 on the AML/CFT of Benin requires FIs to verify that any person claiming to act on behalf of the client is authorised to do so. However, it is not clearly stipulated that the FI must identify and verify his identity.

37. **Criterion 10.5 [Met**] Article 16 of Act n°2024-01 of 20th February 2024 of Benin requires FIs to identify the beneficial owner and to take reasonable steps to verify his identity using relevant information or data obtained from a reliable source, so that the financial institution is satisfied that it knows who the beneficial owner is.

38. **Criterion 10.6 [Met]** FIs are required to collect and analyse the information necessary to understand the customer and the purpose and nature of the business...(Article 16-c)

39. **Criterion 10.7 [Partly Met]**

(a) **Criterion 10.7.a [Met]** FIs are required to carry out a careful examination of the transactions carried out throughout the business relationship to ensure that they are consistent with their knowledge of their customers and the business activities and risk profile of those customers, including, where appropriate, the origin of the funds (Article 20, Act 2024-01-AML/CFT).

(b) **Criterion 10.7.b [Partly Met]** Throughout the business relationship, FIs are obliged to collect, update and analyse information from a list drawn up for this purpose by the competent authority, which contributes to an appropriate knowledge of their customers and their risk profile. However, the list containing the said items of information is not provided by Benin (article 19.al1- Act no. 2024-01).

40. **Criterion 10.8 [Met]** For customers that are legal persons or legal arrangements, FIs are required to understand the nature of their business and their ownership and control structure (Article 26-Loi n°2024-01).

41. **Criterion 10.9 [Met**] Article 26 of Act no. 2024-01 of 20th February 2024 of Benin requires FIs to identify and verify the identity of customers who are legal persons or legal arrangements by means of the following information:

(a) name, legal form and certificate of existence ;

(b) the powers which govern and bind the legal person or legal arrangement and the names of the relevant persons occupying management positions in the legal person or legal arrangement

(c) the address of the registered office and, if different, that of one of the main places of business.

42. **Criterion 10.10 [Met**] Article 26 of Act no. 2024-01 of 20th February 2024 of Benin requires FIs for customers who are legal entities to identify and take reasonable steps to verify the identity of beneficial owners by means of the following information:

(a) the identity of the natural person(s) (if any) who last held a controlling interest in a legal person;

(b) where, after applying (a), there is doubt as to whether the person or persons having a controlling interest is or are the beneficial owner(s), or where no natural person exercises control through a participation, the identity of the natural person(s), if any, exercising control over the legal person or legal arrangement by other means.

(c) where no natural person is identified in connection with the implementation of points (a) or (b) above, the identity of the relevant natural person who holds the position of principal manager.

43. **Criterion 10.11 [Met]** For customers that are legal arrangements, FIs are required to identify beneficial owners and take reasonable steps to verify the identity of such persons by means of the following information:

(a) for fudicies - the identity of the settlor of the fudicie, the beneficiary or beneficiaries, the protector, the beneficiaries or class of beneficiaries and any other natural person who ultimately exercises effective control over the fudicie, including through a chain of control/ownership (Article 26 Al.3 (a));

(b) for other types of legal arrangements - the identity of persons occupying positions equivalent or similar to those listed in point a ((Article 26 Al.3 (b)).

44. **Criterion 10.12 [Met**] Article 28 of Act no. 2024-01 of 20th February 2024 of Benin requires FIs, in addition to the due diligence measures required in relation to the customer and the beneficial owner, to implement the following due diligence measures in relation to the beneficiaries of life insurance policies and other insurance-linked investment products, where such beneficiaries are identified or designated:

(a) for beneficiaries who are natural or legal persons or legal arrangements identified by name - enter the names of the persons ;

(b) for beneficiaries designated by characteristics or by category or by other means - obtain sufficient information on the beneficiaries for the financial institution to have the assurance that it will be able to establish their identity when the benefits are paid;

(c) In both of the above cases, the identity of beneficiaries should be verified when the benefits are paid.

45. **Criterion 10.13 [Met]** FIs are required to consider the beneficiary of a life insurance contract as a relevant risk factor when determining whether enhanced due diligence measures are applicable. If the financial institution determines that the beneficiary who is a legal person or a legal arrangement presents a higher risk, the enhanced due diligence measures should include reasonable measures to identify and verify the identity of the beneficial owner of the beneficiary at the time of the payment of the benefits (Article 28 Al.2, Act n°2024-01-AML/CFT).

46. **Criterion 10.14 [Met]** Art.18 of the AML/CFT law requires FIs to verify the identity of the customer and the beneficial owner before or during the establishment of a business relationship or the execution of transactions in the case of occasional customers, or may complete the verification after the establishment of the business relationship, provided:

(a) that this happens as soon as reasonably possible;

(b) that it is essential not to interrupt the normal course of business;

(c) money laundering and terrorist financing risks are effectively managed

47. **Criterion 10.15 [Met]** FIs are obliged to adopt risk management procedures with regard to the conditions under which a customer may benefit from the business relationship prior to verification (Article 18, Paragraph 3, Act 2024-01).

48. **Criterion 10.16 [Met]** FIs shall promptly update customer information previously obtained in the course of fulfilling due diligence obligations where they consider that such information is no longer accurate or relevant (Article 16(2)). This provision suggests that the appropriate period coincides with the time when the existing information is deemed to have lapsed. Furthermore, the collection and storage of this information must be carried out for the purposes of risk assessment and risk-sensitive monitoring (Article 19(2)), suggesting a risk-based approach.

49. **Criterion 10.17 [Met]** FIs are obliged to implement enhanced due diligence measures if the risks of money laundering and terrorist financing are higher (Article 84 Paragraph 1, Act 2024-01-AML/CFT).

50. **Criterion 10.18 [Met]** FIs are allowed to apply simplified due diligence measures where lower risks have been identified through a satisfactory risk analysis by the competent authorities or the financial institution; the simplified measures should be adapted to the lower risk factors (Article 84, paragraph 2-AML/CFT). The measures are no longer acceptable where there is a suspicion of money laundering or terrorist financing or in specific cases of higher risk (Article 84, para. 3-AML/CFT).

51. **Criterion 10.19 [Mostly met]** Article 25 of Benin's Act no. 2024-01 of 20th February 2024 requires financial institutions that are unable to meet their obligations relating to due diligence to :

(a) not to open the account when the business relationship is being entered into; not to carry out the transaction when it is a one-off transaction; to terminate the business relationship when the customer has an account ;

(b) in all cases the FI is obliged to make a suspicious transaction report (STR) in respect of the customer. However, this mandatory reporting prevents the FI from making an appropriateness judgement for the STR as suggested by c.19(b).

52. **Criterion 10.20 [Met]** FIs may refrain from implementing due diligence obligations when they suspect that a transaction relates to the ML/TF/PF and consider that they are alerting customers by doing so. In this case, they shall make the STR (Article 25, paragraph 3).

Weighting and conclusion

53. **Benin** has strengthened its AML/CFT legislative and regulatory framework with the adoption of Act 2024-01 and the publication of Decisions no. 021 of 21/12/2023 and no. 003 of 28/03/2024 (instructions). These new measures have enabled Benin to correct a number of shortcomings in the application of customer due diligence measures. However, minor shortcomings remain in the AML/CFT system. Under Article 17, it is not clearly stipulated that the FI must also identify and verify the identity of the person acting on behalf of a customer; as part of the implementation of constant vigilance, Article 19 refers to the definition of a list of items of information to be used by FIs on the part of the competent authority, but this has not been established; FIs are required to carry out an STR in all cases where they are unable to implement due diligence obligations, which prevents them from making a judgement on the appropriateness of the STR as suggested by c.19(b); a waiver for FIs not to identify and verify the identity of their customer in the case of online debit/credit transactions on their account opened in Benin, or in a WAEMU country (as the information about it is available and updated), or in a third country that has put in place AML/CFT measures equivalent to those of Benin.

54. **Recommendation 10 is re-rated as Largely Compliant (LC).**

4.2.4. Recommendation 12 (initially rated PC)

55. The 2021 MER noted that the measures taken by Benin do not oblige FIs to apply the requirements of criteria 12.1 and 12.2 to family members or close associates of PEPs of national and international organisations. Similarly, there is no requirement for FIs to apply specific FTC measures if the beneficiary or beneficial owner of a life insurance policy is a PEP.

56. **Criterion 12.1 [Mostly met]** The AML/CFT Act on obligations relating to relations with politically exposed persons states that, notwithstanding the due diligence measures referred to in Articles 19 and 20 of the AML/CFT Act, financial institutions shall:

(a) **[Met]** shall put in place a risk management system based on formalised procedures to determine whether a customer or beneficial owner is a politically exposed person (Article 29(1)(a)).
(b) **[Mostly met]** obtain the authorisation of senior management before entering into a business relationship or carrying out a transaction with or on behalf of a politically exposed person (Article 29 (1) (b)). However, authorisation is not required for the continuation or otherwise of a business relationship with a customer who becomes a PEP.

(c) **[Met]** take all appropriate measures to establish the origin of the assets and funds of customers and beneficial owners identified as politically exposed persons (Article 29 (1) (c)).

(d) **[Met]** ensure ongoing and enhanced monitoring of the business relationship (Article 29(1)(d)).

57. **Criterion 12.2 [Mostly met].**

(a) **[Met]** The provisions of Article 29al1a) of the AML/CFT Act on obligations relating to relations with politically exposed persons stipulate that, notwithstanding the due diligence measures referred to in Articles 19 and 20 of the AML/CFT Act, financial institutions shall put in place a risk management system based on formalised procedures in order to determine whether a customer or a beneficial owner is a politically exposed person. This provision implies that the FI shall take reasonable steps to determine whether the customer is a domestic PEP or a politically exposed person of international organisations, as defined in Article 2 points 42 and 43.

(b) **[Mostly met]** Article 29 al1b and d)) of the AML/CFT Act on the obligations relating to relations with Politically Exposed Persons obliges FIs to apply the measures set out in criteria 12.1(b) to 12.1(d) when they carry out transactions with or on behalf of national PEPs and persons working within an international organisation (Article 2, points 42 and 43) However, authorisation to continue with such PEPs is not required (see analysis of c.12.1b)

58. **Criterion 12.3 [Partly met]** For all types of PEPs, Benin requires FIs to apply the measures set out in c.12.1 & c.12.2 (art.29, AML/CFT Law). However, the measures are not extended to family members and persons closely associated with domestic PEPs. On the other hand, c.12.2 & c.12.2 are applicable to family members and persons closely associated with foreign PEPs and international organisations since these categories of persons are themselves defined as PEPs (included in the definition of foreign PEPs, art.2, AML/CFT law).

59. **Criterion 12.4 [Mostly met]** FIs are required to implement due diligence measures to determine whether the beneficial owner of a life insurance policy is a PEP. These due diligence measures shall be implemented, at the latest, when making payments of benefits. Where higher risks are identified, in addition to the normal due diligence measures, the payment of capital is subject to authorisation by senior management. In addition, FIs are required to carry out an enhanced review of the entire business relationship with the contract holder and, in the event of suspicion, to carry out a STR (Article 29 para. 2). However, it is not clear whether the expression "beneficial owner of a life insurance policy" used in the Act covers both the concepts of "beneficiary of the life insurance policy" and "beneficial owner of the beneficiary of the life insurance policy", which are covered by the criterion.

Weighting and conclusion

60. Following the adoption of Act 2024-01-AML/CFT, Benin has corrected most of the requirements relating to PEPs. However, moderate shortcomings remain., FIs are not obliged to apply to persons closely associated with PEPs, the children, their spouses or close partners, to national PEPs, measures provided for in 12.1 & 12.2. However, they apply to foreign PEPs (which include family and relatives); in addition, Benin does not impose on FIsto seek senior management authorisation for the continuation of the business relationship with an existing customer who becomes a PEP; also in the context of life insurance, the diligences provided for by the Act are applied to the beneficial owner of the life insurance policy and do not appear to cover both the beneficiary of the life insurance policy and the beneficial owner of the beneficiary of the life insurance policy.

61. **Recommendation 12 is maintained as Partially Compliant (PC).**

4.2.5. Recommendation 19 (initially rated NC)

62. MER 2021 noted that Benin has weaknesses in terms of the application of counter-measures proportionate to the risks identified in higher risk countries, when required by the FATF.

63. **Criterion 19.1 [Met]** Article 30 al1 of the AML/CFT Act stipulates that financial institutions shall apply enhanced due diligence measures, proportionate to the risks, in their business relationships and transactions with natural and legal persons, in particular financial institutions as well as legal arrangements in countries for which the Financial Action Task Force calls.

64. **Criterion 19.2 [Mostly met]** Article 30(2) of the AML/CFT Act states that the competent authorities shall apply effective countermeasures proportionate to the risks when called upon to do so by the Financial Action Task Force or independently of any call by the Financial Action Task Force. The

aforementioned article states that countermeasures shall be specified by the competent authority. However, these countermeasures are not indicated.

65. **Criterion 19.3 [Mostly met]** Article 30(3) of the AML/CFT Act states that the competent authorities shall put in place measures to ensure that financial institutions are informed of concerns arising from deficiencies in other countries' anti-money laundering and combating the financing of terrorism and the proliferation of weapons of mass destruction. However, Benin has not indicated what measures have been put in place to this end.

Weighting and conclusion

66. The requirements of R.19 are largely covered by the measures taken with the adoption of Act 2024-01-AML/CFT. However, some minor shortcomings have been identified. The applicable counter measures provided for by the Act are not specified by the competent authority. Also, Benin has not indicated what measures have been put in place to inform FIs of the concerns raised by deficiencies in the AML/CFT systems of other countries.

67. **Recommendation 19 is re-rated as Largely Compliant.**

4.2.6. Recommendation 20 (initially rated PC)

68. MER 2021 found that the obligation to report suspicious transactions does not extend to all criminal acts that would constitute an underlying ML offence or an underlying offence as required by Recommendation 3, as well as attempted transactions. Similarly, there is no requirement for FIs to report suspicious transactions to CENTIF without delay.

69. **Criterion 20.1 [Met]** Reporting entities shall immediately report to the National Financial Intelligence Processing Unit, under the conditions laid down by this Act and in accordance with a reporting model established by order of the Minister of Finance, sums entered in their books, transactions or attempted transactions involving sums that they suspect or have good reason to suspect are the proceeds of a money laundering offence, the financing of terrorism or the proliferation of weapons of mass destruction or an underlying offence (Article 60 al.1-AML/CFT).

70. **Criterion 20.2 Met] 71**. See analysis c.20.1The provisions of Article 60 of the AML/CFT Act also cover attempted transactions..

Weighting and conclusion

71. There are no gaps in the system

72. **Recommendation 20 is re-rated as Compliant.**

4.2.7. Recommendation 22 (originally rated PC)

73. With the exception of casinos, which are subject to FTC obligations, there are still shortcomings in Benin's legislation, in particular the absence of any obligation for DNFBPs to comply with obligations relating to the use of third parties, as set out in Recommendation 17, and the obligation to implement vigilance measures relating to new technologies, as required by Recommendation 15.

74. **Criterion 22.1 [Mostly met].**

(a) **[Mostly met]** Article 48 paragraph 4 states that DNFBPs (including Casinos) are obliged to implement the customer due diligence measures set out in Articles 16 to 28; 29 to 30; 35 to 38 of Act 2024-01-AML/CFT. DNFBPs (including Casinons) are required to identify their occasional customers and the beneficial owners of transactions and to verify their identity (Articles 49, 50). These due diligence measures are triggered at the threshold of €9 million (€13,724). Specifically, casinos are obliged to trigger due diligence measures when the transaction or related transactions exceed the threshold of FCFA 1 million (i.e. €1,525).

(b) **[Mostly met] DNFBPs** who carry out, supervise or advise clients on real estate transactions are obliged to implement the customer due diligence measures stipulated in Article 48 when they are involved in real estate purchase or sale transactions (Article 55). The due diligence measures apply to both the buyer and the seller.

(c) **[Mostly met]** Dealers in precious stones and metals are obliged to implement the customer due diligence measures set out in Article 48 when they carry out a cash transaction with a customer for an amount equal to or greater than FCFA 9 million, i.e. EUR 13 724 (Article 54 AML/CFT and Decision No. 003 of 28/03/2024/CM/WAEMU).

(d) **[Mostly met]** Lawyers, notaries, other independent legal professionals and accountants - when preparing or carrying out transactions for their clients relating to the following activities:

i. management of the customer's capital, securities or other assets ;
ii. management of bank, savings or securities accounts ;
iii. organisation of contributions for the creation, operation or management of companies;
iv. the creation, operation or administration of legal persons or arrangements, and the purchase and sale of commercial entities, are obliged to implement the due diligence obligations provided for in Article 48 (Article 51 of Act no. 2024-01 of 20th February 2024).

(e) **[Mostly met]** Trust and company service providers are required to implement the customer due diligence measures provided for in Article 48 of Act 2024-01-AML/CFT, when they provide , on a commercial basis, to third parties , the services listed in c.22.1.e and included in Article 53 of Act 2024-01-AML/CFT.

75. However, for all the sub-criteria a) to e) related to c.22.1, the shortcomings identified in R.10 apply by cascade, namely : i) DNFBPs are not obliged to identify and verify the identity of the person claiming to be acting on behalf of the customer; ii) the information to be collected in the context of the application of due diligence measures and to be defined by the competent authority in a list, is not established ; iii) a waiver has been granted for failing to identify and verify the identity of the customer in connection with online credit/debit transactions on his account in Benin, or in one of the WAEMU countries, or in a country that applies the same AML/CFT requirements as Benin; the DNFBPs are obliged to carry out an STR, in the absence of a judgement of appropriateness, each time they are unable to implement due diligence measures.

76. **Criterion 22.2 [Met]** DNFBPs are subject to the provisions of Article 48 of Act 2024-01-AML/CFT, which refers to the document retention obligations set out in Article 23 of the same Act. According to this article, DNFBPs are obliged to keep, for a period of 10 years from the closure of accounts or the termination of their relations with their regular or occasional customers, documents relating to: a) the identity of customers; b) knowledge of the customer and his risk profile; c) analyses carried out as part of the implementation of due diligence measures on entering into relations or during the relationship; d) any

other relevant information. DNFBPs must also keep records and documents relating to transactions, including account books and business correspondence, for a period of 10 years. Finally, the DNFBPs are required to ensure that the records and documents allow individual transactions to be reconstructed (art.23-AML/CFT).

77. **Criterion 22.3 [Partly Met]** By virtue of the provisions of Article 12 of the AML/CFT Law, DNFBPs (as reporting entities) are obliged to apply the measures provided for in Article 29 AML/CFT with regard to PEPs. Consequently, the shortcomings noted in the enforcement of R.12 have a negative impact on c.22.3 (see analysis under R.12).

78. **Criterion 22.4 [Met]** DNFBPs are required to assess the ML/FT/PF risks inherent in: a) new products and business practices, including new distribution mechanisms; b) the use of new or developing technologies in connection with new or pre-existing products (c.15.1 & c.15.2). These assessments are carried out prior to the launch or use of these products, practices and technologies. The EPNFD shall introduce measures to manage and mitigate risks... (Article 15).

79. **Criterion 22.5 [Mostly met]** NPDFAs are subject to the provisions of Article 48 of Act 2024-01 AML/CFT, in particular those relating to the implementation of due diligence obligations by third parties set out in Articles 35 to 38. When a DNFBP has recourse to a third party to carry out the VDOs, it remains ultimately responsible for compliance with the said obligations (Article 35). The third party to which a DNFBP may have recourse must be a DNFBP or FI and as such is obliged to immediately obtain the necessary information concerning the identification of the customer, the identification of the OB and the understanding of the nature of the activity (Article 36). The third party must comply with the VDOs and provide the EPNFD without delay with the information referred to above (Article 37); at its first request, a copy of the customer's and the EB's identification documents as well as any document relevant to ensuring due diligence (Article 37). Benin meets the requirements of c.17.1 but does not cover c.17.2 which requires the country using the third party to take into account information on the level of risk associated with the country where the third party is to be located. Benin covers all the requirements relating to c.17.3 on the use of third parties belonging to the same group.

Weighting and conclusion

80. Benin has corrected several of the shortcomings identified in its MER relating to R.22, following the adoption of Act 2024-01. However, the observed residual gaps remain moderate. These are the shortcomings noted under Recommendations 10, 12, 15 and 17, which apply to R.22.

81. **Recommendation 22 is maintained as Partialy Compliant.**

4.2.8. Recommendation 23 (originally rated PC)

82. All DNFBPs are subject to obligations regarding suspicious transaction reporting, internal controls, measures against high-risk countries and disclosure. Benin's shortcomings on Recommendation 20 on the prompt reporting of suspicious and attempted transactions apply to this Recommendation.

83. **Criterion 23.1 [Met]** As subject to Act 2024-01-AML/CFT, DNFBPs are required to report immediately to CENTIF the sums entered in their books, transactions or attempted transactions involving sums that they suspect or have reasonable grounds to suspect originate from a ML/FT/FP offence or an underlying offence (Article 60, Act 2024-01-AML/CFT). This obligation applies to all DNFBPs in the circumstances set out in points a), b) and c) of criterion 23.1, in particular to :

(a) **[Met]** Lawyers, notaries, other independent legal professionals and accountants when, in the name of or on behalf of a client, they carry out a financial transaction in connection with the activities described in 22.1(d) - (Art.2.20(d) ; (e) and 60 Act 2024-AML/CFT) ;

(b) **[Met]** Dealers in precious metals and coins, when they carry out cash transactions with a customer equal to or greater than FCFA 9 million, i.e. EUR 13 725 (Art. 2.20(c) and 60 Act 2024-AML/CFT) ;

(c) **[Met]** Providers of services to companies and fudicies, where in the name or on behalf of a customer they carry out a transaction in connection with the activities referred to in c.22.1(e) (Art. 2.20(f) and 60 of the Act 2024-AML/CFT)

84. **Criterion 23.2 [Mostly met]** As reporting entities, DNFBPs are required to have formalized policies, procedures, and control measures to identify, mitigate, and effectively manage ML/FT/PF risks identified at their level and at the national, regional, and international levels (Art. 12 (1), Act 2024-01-AML/CFT). Generally speaking, NPDFAs are bound by the internal control obligations listed in Recommendation 18 (Art. 14 Act 2024-01-AML/CFT). However, the aforementioned articles of the Act do not cover c.18.1(b) requiring selection procedures guaranteeing the recruitment of employees according to demanding criteria.

85. **Criterion 23.3 [Mostly met]** NPDFIs are subject to due diligence and higher risk country requirements (Art. 48 and 30) However, the shortcomings noted in the analysis of R.19 apply here.

86. **Criterion 23.4 [Met]** NPDFAs are subject to the disclosure and confidentiality obligations set out in sections 63, 67 to 69 of Act 2024-01-AML/CFT, in accordance with the requirements of R.21.

Weighting and conclusion

87. Following the adoption of Act 2024-01 AML/CFT, Benin has corrected most of the shortcomings identified in its MER relating to the application of other AML/CFT measures concerning DNFBPs. However, minor shortcomings remain. Indeed, the EPNFD are not obliged to include in their policies selection procedures guaranteeing that employees are recruited according to the demanding criteria stipulated in c.18.1(b). In addition, the shortcomings identified under R.19 have a cascading effect on R.23.

88. **Recommendation 23 is re-rated as Largely Compliant.**

4.2.9. Recommendation 26 (originally rated PC)

89. With regard to this Recommendation, the weaknesses identified in the 2021 EMIR relate in particular to the absence of any clarification indicating that supervision is based on ML/FT risk, apart from ongoing regulatory reforms that take this into account; the absence of any provision requiring the supervisor to assess the ML/FT risk profile of an FI or financial group, including compliance risk, on a regular basis whenever there are significant events or developments in the management and operations of the financial institution or financial group.

90. **Criterion 26.1 [Met]** No deficiencies have been identified by the MER and the situation remains unchanged.

91. **Criterion 26.2 [Met]** No deficiencies have been identified by the MER and the situation remains unchanged.

92. **Criterion 26.3 [Mostly met]** In accordance with the legislation governing it, each competent authority shall take the necessary legislative or regulatory measures to prevent criminals or their accomplices from holding or becoming beneficial owners of a significant or controlling interest in a FI or DNFBP or from occupying a management position or being an operator thereof (Art. 107(k), law 2024-01-AML/CFT).

93. **Criterion 26.4 [Mostly met]**

(a) [Met] There is a provision establishing the consolidated supervision practice for FIs and financial companies in prudential matters (Decision No. 14/24/2016/CM/WAMU). Consolidated AML/CFT supervision is enacted under Article 107 (f) of Act 2024-01 AML/CFT which obliges the competent authorities to ensure that FIs, and their foreign subsidiaries and branches in which they have a controlling interest, adopt and enforce measures that comply with the provisions of Act 2024-01 AML/CFT. This provision is applicable to all FIs. Within the meaning of the Uniform AML/CFT Law, the concept of FI includes financial market participants and insurance companies (Art.2-(33)-Definition, AML/CFT Law).

(b) [Mostly met] Money and value transfer service providers and manual foreign exchange licensees are subject to supervision by the competent AML/CFT authorities (Art. 107 (l) and (m)). However, MVTS sub-agents are placed under the supervision and responsibility of MTVS providers (Art. 33), although the latter are not competent authorities on AM//CFT to be able to superrvise them..

94. **Criterion 26.5 [Mostly Met]**

(a) [Met] The competent authority shall exercise risk-based supervision of CBs/FTs/FPs. In this context, it shall carry out and update at specified intervals an assessment of the risk profile of its supervised entities. This assessment is intended to serve as a basis for defining criteria for prioritising on-site inspections and allocating its resources (Art. 107 (n) Act 2024-01-AML/CFT).

(b) [Met] The regulatory and supervisory authorities shall ensure that AML/CFT measures are consistent with the results of national and regional risk assessments (Art. 94 in fine).

(c) [Mostly Met] The planned approach to controls takes account of the diversity and type of FIs, in particular, financial groups and authorised manual foreign exchange dealers (Art.107 (f) (l)). Also, the AML/CFT law indicates that the practical modalities of the supervisory exercise are specified in implementing texts. However, the said texts are not specified.

95. **Criterion 26.6 [Mostly met]** The supervisor and regulator regularly assesses and updates the risk profile of regulated entities Art 107(n). The provision is binding on any FI authority. However, the reassessment of the risk profile is not linked to the occurrence of significant events or developments in the management and operations of the FI.

Weighting and conclusion

96. Benin has strengthened its technical compliance with the criteria of R.26, following the adoption of Act 2024-01-AML/CFT. However, there are still a number of minor shortcomings, including the failure to implement the provision of Article 7 of OHADA, which requires fiduciaries to declare their status to FIs and DNFBPs when they establish a business relationship or carry out an occasional transaction in an

amount exceeding the threshold;; and the fact that sub-agents offering MVTS are placed under the responsibility and supervision of MVTS providers, who are not supervisory authorities.

97. **Recommendation 26 is re-rated as Largely Compliant.**

4.2.10. Recommendation 32 (originally rated PC)

98. In the 2021 MER, the PC rating has been assigned to R.32 because the are compulsory only for people entering or leaving WAEMU territory and not for people travelling between WAEMU countries. Also, the coordination mechanism between customs, immigration police and other administrations is not clearly described.

99. **Criterion 32.1 [Met]** Any person entering or leaving the territory of the Republic of Benin from a third State, bound for a third State, must complete, at the time of entry or exit, a declaration of cash and bearer negotiable instruments of a value equal to or greater than a threshold set by the competent authority, which it submits to the customs administration of the State at the point of entry into or exit from the territory (Article 70-Loi 2024-01-AML/CFT) - *international physical transport of cash and bearer negotiable instruments*.

100. Any person entering or leaving the territory of the Republic of Benin from a Member State, bound for another Member State, must complete, at the time of entry or exit, a declaration of cash and bearer negotiable instruments of a value equal to or greater than a threshold set by the competent authority, which they hand over to the customs administration of the State at the point of entry into or exit from the territory (Article 71-Loi 2024-01-AML/CFT) - *intra-Community physical transport of cash and bearer negotiable instruments.*

101. These provisions lay down declaration requirements both for movements to or from third countries and for intra-Community movements, and cover all types of transport (passenger, mail, freight).

102. **Criterion 32.2 [Partly Met]** Articles 70 and 71 of the AML/CFT Act prescribe a written declaration for all travellers when the value of the cross-border transport exceeds a certain threshold. Instruction 231/07/2024 sets the declaration threshold for international physical transport of cash and bearer negotiable instruments at FCFA 5 million. For intra-Community movements of cash and BNIs, Article 71 states that any person coming from a Member State who enters the territory of the Republic of Benin or who leaves it, bound for another Member State, must complete, at the time of entry or exit, a declaration of cash and bearer negotiable instruments equal to or greater than a threshold set by the competent authority. However, no textual reference has been provided to prove that this threshold has been set.

103. Criterion **32.3 [Not Applicable]** Benin has adopted a system of declaration, not disclosure..

104. **Criterion 32.4 [Met]** The Customs administration shall identify the carrier of cash and bearer negotiable instruments at least equal to the amount referred to in the first paragraph of this article (i.e. FCFA 5 million) and shall require from him, if necessary, additional information on the origin and destination of such cash or bearer instruments (Article 70(2))

105. **Criterion 32.5 [Met]** In the event of a false declaration or failure to make a declaration, the Customs authorities shall seize the cash or BNI (Article 173); the Customs authorities may, where appropriate, block or detain the cash or BNI for a period not exceeding seventy-two hours (Article 70(5)); persons who have failed to make declarations of cash or BNI or who have made false declarations shall be liable to the penalties provided for by this Act (Article 70(4)). These penalties appear to be proportionate and dissuasive.

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106. **Criterion 32.6 a, b [Met]** The cash seized and a copy of the seizure report are sent directly either to the Public Treasury or to the national structure responsible for the management of frozen, seized or confiscated criminal assets and their recovery, or to the body acting in its place. The file on the operation is sent to the Cellule nationale de traitement des informations financières within eight calendar days, by the customs administration (Art.173 al.2).

107. **Criterion 32.7 [Partly Met]** The Benin authorities do not clearly describe the coordination mechanism for implementing R.32. The provisions of Articles 99 and 127 , referred to by Benin , do not make it possible to understand how coordination is satisfactory between the CENTIF, Customs, Immigration and any other competent authority.

108. **Criterion 32.8 [Met]**

(a) **[Met]** If there is a suspicion of ML/FT/PF, the Customs administration shall seize all cash and BNIs and draw up a report (Article 173.1).

(b) **[Met]** Persons who have not made the declarations referred to in the first paragraph of this Article or who have made false declarations shall be liable to the penalties provided for by this Act. The customs administration may, if necessary, block or detain, for a period not exceeding seventy-two hours, cash or bearer negotiable instruments likely to be linked to money laundering, the financing of terrorism or the proliferation of weapons of mass destruction (Article 70, paragraphs 4 and 5).

109. **Criterion 32.9 [Met]** Article 70(6) states that the Customs administration shall ensure that the declaration system referred to in this Article permits international cooperation and assistance. To facilitate such cooperation, it shall retain information relating to :

(a) declarations concerning amounts exceeding the threshold provided for in the first paragraph of this article ;
(b) false statements or false information;
(c) suspicions of money laundering, terrorist financing and the proliferation of weapons of mass destruction.

110. **Criterion 32.10 [Met]** The use of cash is well regulated by Act. The cash seized and a copy of the seizure report are sent directly either to the Treasury or to the national structure responsible for the management of frozen, seized or confiscated criminal assets and their recovery, or to the body acting in its place. The file on the operation is sent to the Cellule nationale de traitement des informations financières within eight calendar days, by the customs administration (Article 173 al.2).the processing of the information communicated guarantees an adequate level of protection of privacy and of the fundamental rights and freedoms of individuals, in accordance with the regulations in force (Art.137(b) of the AML/CFT Act)

111. **Criterion 32.11 [Met]**

(a) Article 70 of the AML/CFT Act paragraph 4 states that persons who have not made the declarations referred to in the first paragraph of the AML/CFT Act or who have made false declarations are liable to the penalties provided for by this Act. Where there is a suspicion that the funds are linked to ML/TF/PF within the meaning of Articles 9, 10, 11 of the AML/CFT/PF Law, Customs shall seize the cash and draw up a report; the seized cash and a copy of the report are sent to the Treasury or the body in charge of the management of illicit assets, the file is also transmitted to CENTIF (Art.173 – AML/CFT/PF Law).The Act provides for a range of administrative, civil and criminal penalties that are proportionate and dissuasive.

(b) Provisions in accordance with R.4 are set out in 202 and 203 of Act 2024-01 AML/CFT.

Weighting and conclusion

112. Benin's AML/CFT legal framework has corrected almost all the requirements of R.32, following the adoption of Act 2024-01 AML/CFT and other regulatory instruments. However, some residual shortcomings remain. The country has not set the threshold for amounts in cash or BNIs subject to declaration or communication at intra-community level, in application of Article 71 of Act 2024-01-AML/CFT, which provides for the said threshold; the Benin authorities have not clearly described the coordination mechanism between the competent authorities, in particular the CENTIF, customs, immigration and any other competent authority for the implementation of R.32 in relation to declarations or ommunications of cash and BNIs. The system has minor shortcomings with regard to R.32.

113. **Recommendation 32 has been reassessed as Largely Compliant (LC).**

5. CONCLUSION

114. Benin has made significant progress in addressing the technical compliance weaknesses identified in its MER. As part of the reassessment, Benin is deemed Compliant (C) for Recommendations 5 and 20; Largely Compliant (LC) for Recommendations 10, 19, 23, 26 and 32; and Partially Compliant (PC) for Recommendations 4, 12 and 22.

115. Taking into account the progress made by Benin since the adoption of its fourth progress report, its technical compliance with the FATF Recommendations as of November 2025 is summarised in the table below.

Table 3: Benin's TC rating upon adoption of the 4th FUR (November 2024)

R.1	R.2	R.3	R.4	R.5
LC (MER 2021)	**LC** (MER 2021)	**LC** (MER 2021)	**PC** (MER 2021) **PC(FUR 2025)**	**PC** (MER 2021) **C(FUR 2025)**
R.6	R.7	R.8	R.9	R.10
PC (MER 2021) **LC (FUR 2023)**	**PC** (MER 2021) **LC (FUR 2023)**	**NC** (MER 2021)	**C** (MER 2021)	**PC** (MER 2021) **LC(FUR 2025)**
R.11	R.12	R.13	R.14	R.15
LC (MER 2021)	**PC** (MER 2021) **PC (FUR 2025)**	**LC** (MER 2021)	**PC** (MER 2021)	**NC** (MER 2021)
R.16	R.17	R.18	R.19	R.20
PC (MER 2021)	**LC** (MER 2021)	**LC** (MER 2021)	**NC** (MER 2021) **LC(FUR 2025)**	**PC** (MER 2021) **C(FUR 2025)**
R.21	R.22	R.23	R.24	R.25
C (MER 2021)	**PC** (MER 2021) **PC(FUR 2025)**	**PC** (MER 2021) **LC(FUR 2025)**	**NC** (MER 2021)	**NC** (MER 2021)
R.26	R.27	R.28	R.29	R.30
PC (MER 2021)	**C** (MER 2021)	**NC** (MER 2021)	**C** (MER 2021)	**C** (MER 2021)

LC(FUR 2025)				
R.31	R.32	R.33	R.34	R.35
C (MER 2021)	**PC** (MER 2021) **LC(FUR 2025)**	**LC** (MER 2021)	**PC** (MER 2021) **LC (FUR 2024)**	**LC** (MER 2021)
R.36	R.37	R.38	R.39	R.40
LC (MER 2021)	**C** (MER 2021)	**LC** (MER 2021)	**LC** (MER 2021)	**LC** (MER 2021)

116. The Republic of Benin has 10 Recommendations rated NC/PC, without any fundamental Recommendation. As a result, the country will remain under the enhanced follow-up process. The next enhanced FUR is expected in May 2026.

Summary of Technical Compliance – Key Deficiencies

Table 1- **Summary of Compliance with the FATF Recommendations**

	Compliance with the FATF Recommendations This table presents the ratings and a summary of all the factors justifying such ratings		
	Recommendation	**Rating**	**Factor (s) justifying the rating**
1.	Risk assessment and implementation of a risk-based approach	LC	• No specific mechanisms for providing information on the results of the NRA to stakeholders. • There is limited requirement to supervise reporting entities for implementation of their obligations under Recommendation 1. • Benin lacks supervisory mechanisms for DNFBPs. • Application of RBA to supervision and allocation of resources to prevent or mitigate ML/TF risks is very limited or non-existent across sectors. • Exemptions are not based on proven lower ML/TF risks. • There is no express requirement to consider the threats, vulnerabilities and consequences before determining appropriate ways of mitigating the risks.
2.	National cooperation and coordination	LC	• There are no provisions for the establishment of cooperation mechanisms at the operational level to combat the financing of the proliferation of weapons of mass destruction.
3.	Money laundering offence	LC	• There is no precision, including precedent regarding whether it is not necessary for a person to be convicted of a predicate offence to prove that an asset is the proceed of a crime.
4.	Confiscation and provisional measures	PC	• Benin's legal framework does not provide a mechanism for seizure and confiscation of property of equivalent value for underlying offences, or specific provisions for confiscation in such cases; • there are no measures to protect bona fide third parties when confiscation is ordered in the context of prosecutions for underlying offences
5.	Terrorist Financing offence	C	• The country has fully met the requirements of Recommendation 5.
6.	TFS related to Terrorism and Terrorist Financing	LC	• the country has not yet developed and published any guidelines for FIs, DNFBPs and any other natural or legal person or entity that may hold covered funds or other assets, with respect to their obligations regarding freezing, unfreezing, and de-listing measures; • The ability to request removal from the national list is limited to persons and entities designated in error
7.	Targeted financial sanctions related to proliferation	LC	• Benin has not defined any specific sanction measure for violation of TFS obligations related to Proliferation Financing (PF); • The country is yet to designate the DNFBP supervisory authorities; • Non publication of guidelines to FIs and DNFBPs on their obligations concerning freezing, de-listing and unfreezing actions
8.	Non-Profit Organizations	NC	• Benin has not conducted any comprehensive assessment of the NPO sector; • Benin has not identified the nature of the threats which TF impose on NPOs at risk; • There is no mechanism or supervisory and monitoring authority using a risk-based approach;

			• There is no designated competent authority to respond to international information requests on NPOs highly suspected of engaging terrorism financing or providing support by any other means.
9.	Financial institutions secrecy laws	C	• The country has fully met the requirements of Recommendation 9
10.	Customer Due Diligence	LC	• Under Article 17, it is not clearly stipulated that the FI must also identify and verify the identity of the person acting on behalf of a customer; • As part of the implementation of constant vigilance, Article 19 refers to the definition of a list of items of information to be used by FIs on the part of the competent authority, but this has not been established; • FIs are required to carry out an STR in all cases where they are unable to implement due diligence obligations, which prevents them from making a judgement on the appropriateness of the STR as suggested by c.19(b); • A waiver for FIs not to identify and verify the identity of their customer in the case of online debit/credit transactions on their account opened in Benin, or in a WAEMU country (as the information about it is available and updated), or in a third country that has put in place AML/CFT measures equivalent to those of Benin
11.	Record - Keeping	LC	• Benin has not indicated in any explicit provision that the records relating to transactions should be adequate for the reconstitution of individual transactions that could be used as evidence in any prosecution or criminal activity.
12.	Politically Exposed Persons	PC	• FIs are not obliged to apply to persons closely associated with PEPs, the children, their spouses or close partners, to national PEPs, measures provided for in 12.1 & 12.2; • Benin does not impose on Fis to seek senior management authorisation for the continuation of the business relationship with an existing customer who becomes a PEP; • In the context of life insurance, the diligences provided for by the Act are applied to the beneficial owner of the life insurance policy and do not appear to cover both the beneficiary of the life insurance policy and the beneficial owner of the beneficiary of the life insurance policy
13.	Correspondent Banking	LC	• The obligation of FIs to clearly understand each institution's AML/CFT responsibilities is not specified. • There is no explicit requirement for FIs to gather sufficient information on whether or not a respondent institution has been the subject to a ML/TF investigation or regulatory action.
14.	Money or Value Transfer Services	PC	• However, there are no sanctions provided for unlicensed money and value transfer service providers. • Besides, there is no explicit provision that requires service providers to monitor agents' compliance with AML/CFT programmes. Money or value transfer services are not supposed to be licensed or registered with any competent authority. Benin has not taken measures to identify natural or legal persons operating MVTS without license and mete out proportionate and dissuasive sanctions on them.
15.	New Technologies	NC	• Benin has not carried out any risk assessment of VA/VASPs ; • Also, no legal instrument has been adopted by Benin designed to regulate VA and VASP activities.
16.	Wire Transfers	PC	• There is a specific requirement for beneficiary FIs to have risk-based policies and procedures to decide when to execute, reject or suspend wire transfers that do not include

			the required information on the originator or beneficiary, as well as the appropriate follow-up actions. • There is no requirement for FIs to file an STR in any country affected by the suspicious wire transfer, and make relevant information available to the FIU. • Ordering FIs are not prohibited from executing wire transfers that do not comply with the requirements of c.16.1-16.7. • Requirements to take freezing actions do not extend to domestic wire transfers. • Other gaps relate to criteria, 16.5, 16.6 and 16.16
17.	Reliance on Third Parties	LC	• There is no clear provision on the ultimate responsibility for relying on a third party. • Benin lacks provision on obligation on FIs to: – obtain information from the third party without delay; – Ascertain the regulation, supervision, monitoring and information on risk profile, as reliance on third parties in the same group.
18.	Internal controls, foreign branches and subsidiaries	LC	• Benin mostly meets the requirements for internal controls and branches and subsidiaries abroad. • However, there is a deficiency regarding the obligation of branches to make available to the group any information relating to customers, accounts and transactions, when required for AML/CFT, compliance functions and/or audit purposes.
19.	Higher-risk countries	LC	• The applicable counter measures provided for by the Act are not specified by the competent authority; • Benin has not indicated what measures have been put in place to inform FIs of the concerns raised by deficiencies in the AML/CFT systems of other countries.
20.	Suspicious Transaction Reporting	C	• The country has fully met the requirements of Recommendation 20
21.	Disclosure and confidentiality	C	• There is no protection when the illegal activity does not occur. Benin has met all the criteria relating to this Recommendation.
22.	Designated Non-financial Businesses and Professions: Customer Due Diligence	PC	• The shortcomings noted under Recommendations 10, 12, 15 and 17, apply to R.22
23.	Designated Non-financial Businesses and Professions: other measures	LC	• The EPNFD are not obliged to include in their policies selection procedures guaranteeing that employees are recruited according to the demanding criteria stipulated in c.18.1(b); • The shortcomings identified under R.19 have a cascading effect on R.23.
24.	Transparency and beneficial ownership of legal persons	NC	• Benin still needs to specify the mechanisms for collecting BO information on these various legal persons (LPs), as well as the methods for publishing such information. • Benin did not conduct a specific risks related to each category of legal persons created in the country. • There is no obligation for companies to maintain basic information related to them and a register of their shareholders or members and details on all the stated relevant information. • The country's responses are limited to the legal owners' identification mechanisms. The current arrangements do not meet the requirements for the identification of beneficial owners, record keeping and the updating of BO information. • There is no sanctions regime in Benin, nor any proportionate and dissuasive instrument specifically provided for against any natural or legal person that basic and beneficial

	ownership information. Neither are there sanctions provided for failure to update basic information. • There are no measures in place to facilitate the exchange of shareholder information held by the company registry with foreign authorities. • It is not demonstrated that Benin the FIU monitors the quality of assistance it receives from other countries in response to requests for basic and beneficial ownership information or requests for assistance in locating beneficial owners abroad, if at all.
25: Transparency and beneficial ownership of legal arrangements	NC	▪ Benin does not recognize trusts and the legislation does not allow for the creation of trusts. However, foreign trusts could be operated or managed in Benin. Benin imposes no obligations on trustees of foreign trusts operating or managed in the country. ▪ Benin does not regulate trusts.
26 - Regulation and supervision of Financial Institutions	LC	• The failure to implement the provision of Article 7 of OHADA, which requires fiduciaries to declare their status to FIs and DNFBPs when they establish a business relationship or carry out an occasional transaction in an amount exceeding the threshold; • Sub-agents offering MVTS are placed under the responsibility and supervision of MVTS providers, who are not supervisory authorities. •
27- Powers of Supervisory authorities	C	▪ Benin meets the requirements of this recommendation.
28- Regulation and supervision of Designated Non-financial Businesses and Professions	NC	• The mechanism has significant deficiencies; • There are no designated authorities to supervise and monitor the implementation of AML/CFT measures; • With no sectoral risk assessment of DNFBPs, it is difficult to determine their risk profiles and apply the risk-based approach accordingly; • The regulation does not adequately protect DNFBPs from being accessed by criminals or their accomplices.
29- Financial Intelligence Units (FIUs)	C	• Benin has met all the requirements of this Recommendation.
30- Responsibilities of Criminal Prosecutorial and Investigative authorities.	C	• The anti-corruption authority has no power to freeze and seize assets.
31- Powers of Law Enforcement authorities.	C	• Benin has met the requirements of this Recommendation.
32 - Cash Couriers	LC	• The country has not set the threshold for amounts in cash or BNIs subject to declaration or communication at intra-community level, in application of Article 71 of Act 2024-01-AML/CFT, which provides for the said threshold; • Benin authorities have not clearly described the coordination mechanism between the competent authorities, in particular the CENTIF, customs, immigration and any other competent authority for the implementation of R.32 in relation to declarations or ommunications of cash and BNIs
33. Statistics.	LC	▪ All AML/CFT stakeholders should have their respective obligations in this area to ensure a more effective centralization by the FIU
34- Guidance and feedback	PC	▪ Non-implementation of the guidelines by the DNFBPs
35. Sanctions	LC	• However, there are no sanctions provided for unlicensed money transfer service providers. • The mechanism has only minor deficiencies.
36.International Instruments	LC	• There is no national or sub-regional list of terrorists and those who finance terrorism. • Benin has not criminalised the financing of an individual terrorist and a organization for any purpose.

		• The financing of foreign terrorist fighters is not criminalised. •
37. Mutual Legal Assistance	C	The country has no significant deficiencies with regard to the requirements of this recommendation.
38- Mutual Legal Assistance: freezing and confiscation	LC	• There are agreements with other countries for the coordination of seizure and confiscation measures. • There is indeed a mechanism for the management of seized or confiscated assets and the possibility to dispose of them. • There is no clarification on the provisions of Article 151, based on concerted confiscation actions with other countries.
39. Extradition	LC	• The AML/CFT Act has no provision for a clear case, and procedural case management system for the execution of extradition requests without delay, talk less of setting priorities.
40. Other Forms of International Cooperation	LC	• The country is not using clear and secure channels, circuits or mechanisms to facilitate the transmission and execution of requests; • Benin has no provision for internal arrangements for further precise review of prioritization, with reasonable timelines for the processing of request received; • The AML/CFT Law does not indicate whether apart from the competent authorities (excluding the FIU) are in a position to negotiate agreements at the opportune time with a large number of foreign counterparts.



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Anti-money laundering and counter-terrorist financing measures in Benin

Follow-up Report & Technical Compliance Re-Rating

The report also examines whether Benin measures meet the requirements of the FATF Recommendations that have changed since their Mutual Evaluation in 2019.

Follow-up Report