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# **Withdrawal of Correspondent Banking Relationships (CBRs) in the Arab Region**

**Recent trends and thoughts for policy debate**

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**September 2016**

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## **ACRONYMS AND ABBREVIATIONS**

<b>AED</b>	Arab Emirates Dirham
<b>AMF</b>	Arab Monetary Fund
<b>AML/CFT</b>	Anti-Money Laundering /Counter-Financing of Terrorism
<b>AUD</b>	Australian Dollar
<b>CAD</b>	Canadian Dollar
<b>CB</b>	Correspondent Banks
<b>CBRs</b>	Correspondent Banking Relationships
<b>CDD</b>	Customer Due Diligence
<b>CPMI</b>	Committee on Payments and Market Infrastructures
<b>FATCA</b>	Foreign Account Tax Compliance Act
<b>FATF</b>	Financial Action Task Force
<b>FSB</b>	Financial Stability Board
<b>GBP</b>	Pound sterling
<b>IMF</b>	International Monetary Fund
<b>JPY</b>	Japanese Yen
<b>KSA</b>	Kingdom of Saudi Arabia
<b>KYC</b>	Know Your Customer
<b>KYCC</b>	Know Your Customer's Customers
<b>MENAFATF</b>	Middle East & North Africa Financial Action Task Force
<b>MTOs</b>	Money Transfer Operators
<b>SAR</b>	Saudi Arabia Riyal
<b>UAB</b>	Union of Arab Banks
<b>UAE</b>	United Arab Emirates
<b>UK</b>	United Kingdom
<b>USD</b>	US Dollar

## EXECUTIVE SUMMARY

1. From February through June 2016, the Arab Monetary Fund (AMF), in partnership with the International Monetary Fund (IMF) and the World Bank, undertook a survey on the causes and impact of the withdrawal of correspondent banking<sup>1</sup> relationships (CBRs) from banks operating in the Arab region. The survey aimed at assessing to what extent Arab banks have seen terminations/restrictions of their CBRs over the past 4 years (2012-2015), identifying the underlying causes, and collecting evidence on how this withdrawal has impacted banks' products & services and client segments. The focus of the survey was limited to client banks (Nostro accounts<sup>2</sup>) with the aim of understanding how they were directly affected by the withdrawal of CBRs.
2. A total of 216 banks operating in seventeen Arab countries provided answers to the survey (participant banks). Despite considering the data gathered as representative, this report does not intend to provide detailed quantitative data that presents an exhaustive overview of the whole correspondent banking practices in the Arab region. In particular, a quantitative discussion of the potential economic effects of a withdrawal of CBRs was outside the scope of this report. Nevertheless, the results of this survey make an important contribution to the ongoing policy debate regarding the need for and design of solutions to the challenge created by the withdrawal of CBRs.
3. Roughly 39 percent of the participant banks in the Arab region indicated that they have experienced a significant decline in the scale and breadth of CBRs, while 55 percent of them have reported no significant change, 5 percent indicated an increase and the residual of almost 1 percent stated as unknown response. In addition, the number of accounts being closed appears to be increasing, with 63 percent of participant banks reporting the closure of CBR accounts in 2015 versus 33 percent in 2012.
4. About 40 percent of the participant banks in the Arab region indicated the United States (USA) as being the home jurisdiction of the largest share of banks that are withdrawing CBRs, followed by United Kingdom (UK), Germany, Kingdom of Saudi

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<sup>1</sup> The Committee on Payment and Market Infrastructures (CPMI) refers to correspondent banking as “an arrangement under which one bank (correspondent) holds deposits owned by other banks (respondents) and provides payment and other services to those respondent banks.” More details available in [http://www.bis.org/cpmi/glossary\\_030301.pdf](http://www.bis.org/cpmi/glossary_030301.pdf), Page 16.

<sup>2</sup> The terms “Nostro” (ours) vs “Vostro” (yours) are used to refer to a bank holding an account with another bank to distinguish between the two sets of records of the same balance and set of transactions. From the perspective of the bank whose money is being held at another bank, a Nostro is our account of our money, held by the other bank and a Vostro is our account of other bank money, held by us. This survey covers only the term “Nostro” to refer to the bank receiving the service.

Arabia (KSA), United Arab Emirates (UAE), France, Canada, Italy, Switzerland, and Australia. Where banks have experienced a withdrawal of CBRs, almost 63 percent of them indicated they were able to find replacement CBRs. For the rest, 17 percent of participant banks that had their CBRs terminated and/or restricted managed to establish alternative arrangements to meet their needs, while a significant portion, 20 percent of respondents are still unable to find replacement CBRs or alternative options.

5. The main causes/drivers in foreign financial institutions' decisions to terminate or restrict CBRs with banks operating in Arab region are believed to include the following according to their relative ranking: (1) overall risk appetite of foreign financial institution, (2) changes to legal, regulatory or supervisory requirements in foreign financial institutions' jurisdiction, (3) lack of profitability of certain CBRs services and products, (4) sovereign credit risk rating in Arab countries' jurisdictions, and (5) concerns about money laundering/terrorism financing risks in Arab countries' jurisdictions.

6. Banks in the Arab region that have experienced a significant decline in the scale of CBRs indicated that the impact on their ability to conduct foreign currency denominated capital and current account transactions is significant in the USA (55 percent) followed by Europe and Central Asia (45 percent). Consistent with those findings, the ability to conduct international wire transfers in US dollars (USD) has been most significantly affected followed by Euro, pound sterling (GBP), Saudi Arabia Riyal (SAR), Japanese Yen (JPY), Australian Dollar (AUD), Canadian Dollar (CAD), and United Arab Emirates Dirham (AED).

7. The products and services identified by those banks as being most affected by the withdrawal of correspondent banking are: trade finance, letters of credit, and documentary collections (58 percent), and clearing and settlement (54 percent). A majority of participant banks report that money transfer operators (MTOs) and other remittance services providers are most affected (51 percent) followed by small and medium exporters (46 percent). Moreover, participant banks reported that the Time/Cost involved in finding alternative channels to offset the impact of a withdrawal of CBRs is significant, and the terms and conditions of replacements were not comparable to the previous CBRs, with some noting a substantial increase in pricing.

8. The outcomes of this survey should be considered as food for thought for further analysis, particularly, the perceived drivers of the decision to withdraw CBRs from banks operating in the Arab region. A set of key issues and questions for more consideration are highlighted in section 3 of this report.

# I. INTRODUCTION

## 1. Background

1.1 In recent years, the international community has begun to focus on financial sector development as part of a broader strategy to reduce poverty, encourage economic development, and promote social cohesion and stability. This emphasis has coincided with increased attention to regulatory requirements, particularly after the 2008 financial crisis that prompted the global financial community to rethink its definition of risk management.

1.2 Therefore, these developments have moved up the agenda of international standard setters, national regulators and, more specifically, financial sector participants, which have responded by increasing their risk management requirements, including by taking measures to exclude categories of customers considered “too risky”/“too costly” (the “de-risking” phenomenon).

1.3 Hence, the “de-risking” phenomenon involves financial institutions’ practices of terminating or restricting business relationships with clients or categories of clients to avoid rather than manage risks. It is a misconception to characterize “de-risking” exclusively as an anti-money laundering/ combatting terrorism financing issue. In fact, “de-risking” can be the result of various drivers, such as concerns about profitability, prudential requirements, anxiety after the global financial crisis, and reputational risk.

1.4 In this context, several international and regional initiatives are underway to look into the impact of de-risking, including studies by the Council of Europe, G-20, Financial Action Task Force (FATF), Financial Stability Board (FSB), International Monetary Fund (IMF), Middle East & North Africa Financial Action Task Force (MENAFATF), Union of Arab Banks (UAB), World Bank, and most recently Committee on Payments and Market Infrastructures (CPMI), among others. To support this effort, the AMF, in partnership with the IMF and the World Bank, conducted a survey to collect evidence on the scale and significance of the withdrawal of CBRs for the banks in the Arab region, its drivers and its impact.

1.5 The aim of this document is to report on the findings of the above-mentioned survey to help identify areas for further consideration by key stakeholders, including the Arab Monetary Fund, the International Monetary Fund and the World Bank.

## **2. Data Gathering Effort**

2.1 The survey was distributed by Arab central banks to banks operating in their local jurisdictions. The survey sought to obtain information on the development of correspondent banking relationships in the region over the past four years (2012–2015). The survey feedback was then collected by the central banks and shared with the AMF.

2.2 AMF received the survey feedback from the Arab Central Banks and proceeded with checking the consistency and the completeness of the answers provided by the banks. AMF then went back and forth to gather the most complete and accurate information from individual banks with the intermediation of the Central Banks. As some answers were provided at the consolidated level, AMF worked on gathering granular information at the bank level. The full survey questionnaire is available in the Annex.

## **3. Participation**

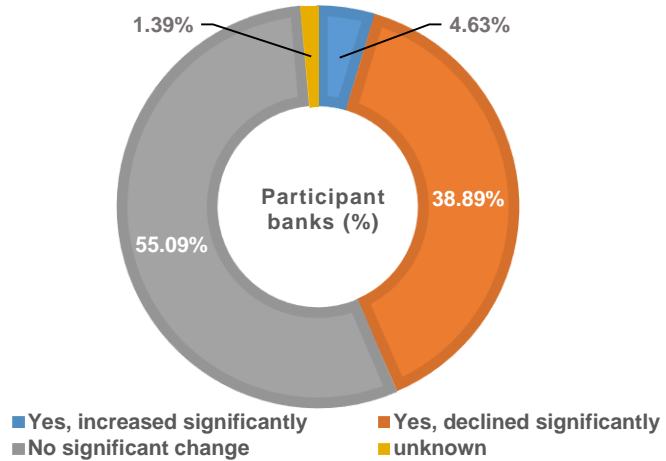
3.1 In all, 216 banks (the “participant” banks) operating in seventeen Arab countries completed the questionnaire. Countries participating in the survey include Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Mauritania, Morocco, Oman, Palestine, Qatar, KSA, Sudan, Tunisia, UAE, and Yemen. Note one country has been excluded from some analysis as it is perceived as high-risk area, thus including it in this specific point might bias the findings

3.2 Although not all participant banks answered all the questions, the data gathered is considered as representative and acceptable, while noting that the figures provided in this report represent the consolidated received responses to each question of the survey.

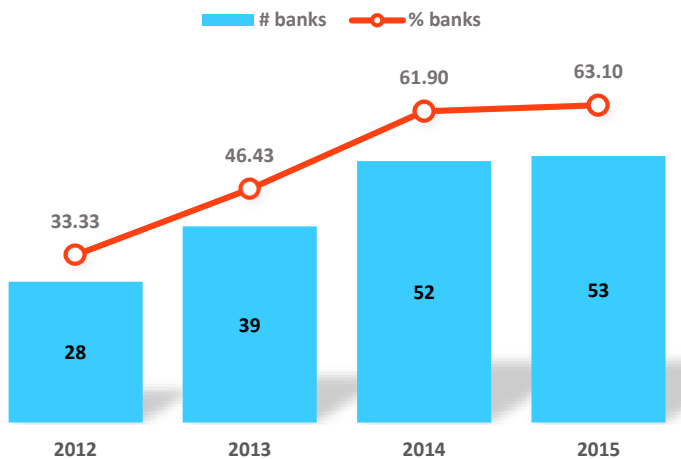
## II. KEY FINDINGS

### 1. Overall trend in CBRs

1.1 A total of 84 participant banks in the Arab region, representing almost 39 percent of the sample, indicated a significant decline in the scale of correspondent banking relationships (CBRs) (namely with respect to Nostro accounts). The survey highlighted that 55 percent of the banks have not experienced any significant change, while 5 percent indicated a significant increase in their CBRs as stated in figure 1.



**Figure 1: Changes in the scale of CBRs – Overall Trend**

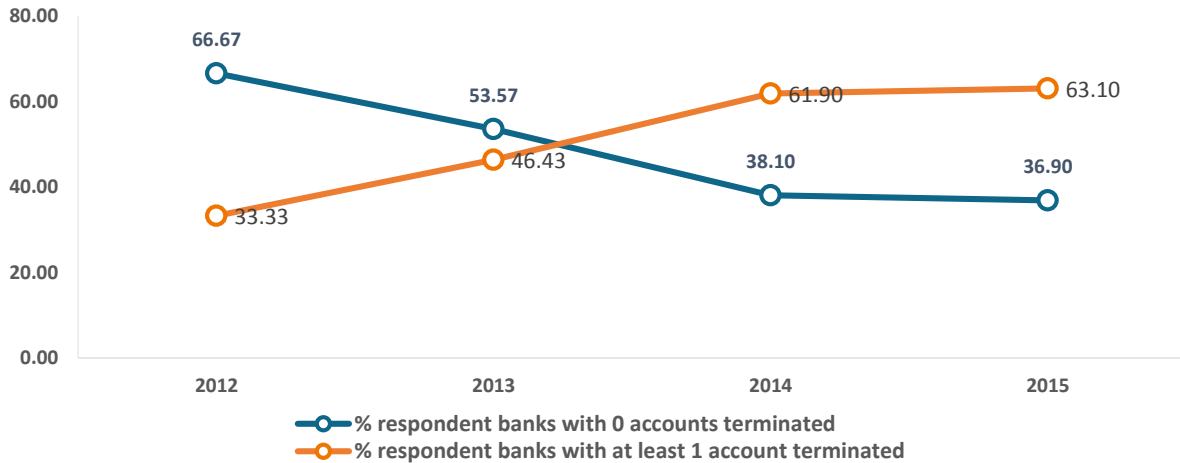


**Figure 2: Termination of CBRs (2012-2015)**

1.2 Participant banks that have experienced a significant decline in their CBRs (84 Banks) reported an increased trend of Nostro accounts terminated between 2012 and 2015. In 2012, 33 percent of those banks indicated that they were subject to a termination of accounts with their correspondent banks; this number has increased significantly to 63 percent in 2015, as shown in figure 2.

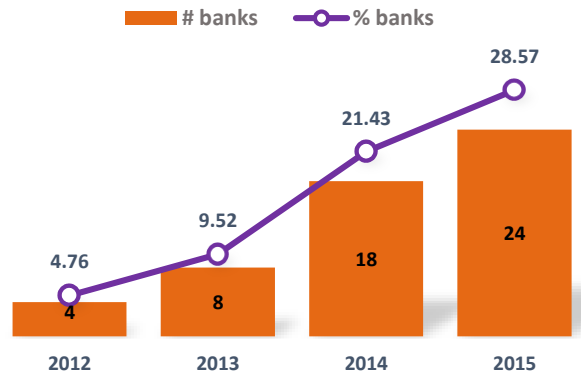
1.3 There has been an increasing trend in the number of banks operating in the Arab region affected by the withdrawal of CBRs; 67 percent of participant banks that have experienced a significant decline in their CBRs indicated that they had not had a single account closed in 2012, but that number has declined to 37 percent in 2015 (Figure 3).





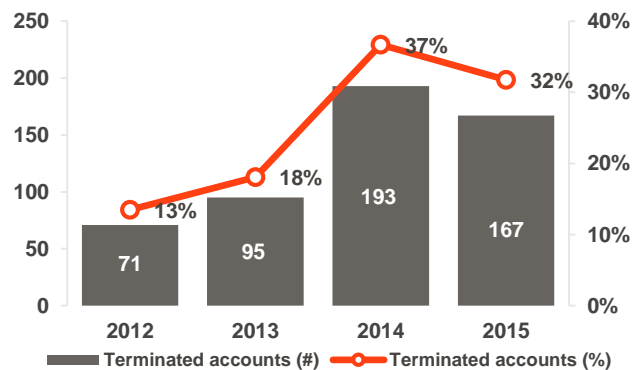
**Figure 3: Trend in termination of CBRs (2012-2015)**

1.4 In addition to the increasing loss of CBRs accounts, participant banks that had indicated a decline in their CBRs also reported an increased trend in accounts that have been subject to restrictions by foreign financial institution(s) between 2012 and 2015. Only 5 percent of participant banks experienced accounts restriction in 2012, this proportion went up to 29 percent in 2015 (Figure 4).



**Figure 4: Restriction on CBRs (2012-2015)**

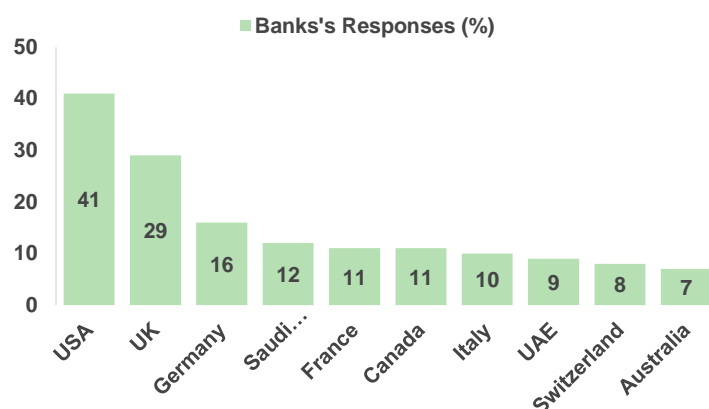
1.5 The survey pointed to an increased number of accounts that have been terminated (across the 17 Arab countries providing answers to the survey) by foreign financial institution(s) between 2012-2014, with 71 accounts terminated in 2012 versus 193 in 2014. This number has declined between 2014 and 2015, as it went from 193 in 2014 to 167 in 2015 (Figure 5).



**Figure 5: Total accounts terminated across countries**

## 2. Jurisdictions of correspondent banks terminating/restricting CBRs

2.1 The survey's results indicated that the home jurisdiction of those foreign banks that have terminated/imposed restrictions on banks in the Arab region include mainly USA, UK, Germany, KSA, UAE, France, Canada, Italy, Switzerland, and Australia. US banks have been the most prevalent of banks that have cut business relations with banks in the Arab region, with 41 percent of participant banks reporting the loss of CBRs with US banks (Figure 6).



**Figure 6: Jurisdictions of CBRs termination and/or restrictions**

## 3. Drivers/causes of decline in correspondent banking relationships

3.1 In this survey, participant banks were asked to indicate their perception of the drivers of termination/restriction of CBRs. This proposed list of potential drivers comprised business-related drivers, explaining the decision to terminate a CBR in economic terms, as well regulatory- and risk-related drivers, explaining the decision to sever ties with certain actors from regulatory/risk perspectives such as international/regional sanctions and the level of concerns in dealing with the AML/CFT risk of counterparts.

3.2 A comparison of the responses pertaining to these drivers as perceived by the participant banks that had indicated a decline in their CBRs highlighted the relevance of the following: (i) the overall risk appetite of foreign financial institutions, (ii) changes of regulatory and supervisory frameworks, (iii) lack of profitability, (iv) sovereign credit rating, and (v) concerns about money laundering/terrorism financing risks (see Table below).

Comparing responses – Perceived drivers of the decline in CBRs

Rank	Perceived causes/drivers <sup>3</sup>	# of banks	% of banks
1	Overall risk appetite of foreign financial institution	35	41.67
2	Changes of legal, regulatory or supervisory requirements in foreign financial institutions' jurisdiction that have implications on maintaining CBRs (e.g., USA sanctions and FATCA)	26	30.95
3	Lack of profitability of certain CBR services/products	25	29.76
4	The sovereign credit risk rating of the respondent financial institutions' national jurisdiction	25	29.76
5	Concerns about money laundering/terrorism financing risks in the respondent financial institutions' national jurisdiction	20	23.81
6	Inability/cost of undertaking Customer Due Diligence (CDD) by foreign financial institutions on the respondent financial institutions' customers	19	22.62
7	Structural changes of foreign financial institutions (including merger/acquisition) and/or reorganization of business portfolio	13	15.48
8	Concerns about, or insufficient information about, the respondent financial institutions' internal controls for AML/CFT and sanctions, including CDD procedures (for AML/CFT or sanction purposes)	13	15.48
9	Imposition of enforcement actions by the domestic authority on the relevant foreign financial institution	10	11.90
10	Compliance with pre-existing legal/ supervisory/regulatory requirements by foreign financial institutions	10	11.90
11	The respondent financial institutions' high-risk customer base	9	10.71
12	Impact of internationally agreed financial regulatory reforms (other than AML/CFT) (e.g. Basel III capital and liquidity standards, tax transparency and exchange of tax information)	8	9.52
13	Industry consolidation within jurisdiction of foreign financial	6	7.14

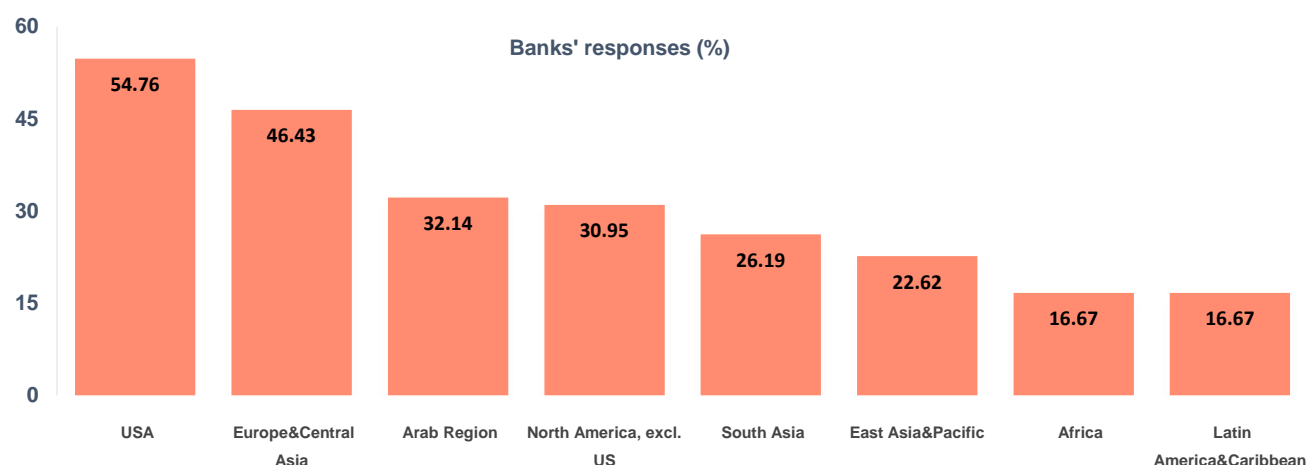
<sup>3</sup> Ranked by number of participant banks that quoting them as the causes/drivers of the decline in their CBRs.

Rank	Perceived causes/drivers <sup>3</sup>	# of banks	% of banks
	institution		
14	The degree to which the respondent financial institutions' jurisdiction is subject to countermeasures or identified as having strategic AML/CFT deficiencies by FATF (or another international body)	6	7.14
15	Imposition of international sanctions on the respondent financial institutions' jurisdiction	6	7.14
16	The respondent financial institutions' lack of compliance with AML/CFT or sanctions regulations	3	3.57

#### 4. Geographical impact

4.1 Participant banks that have experienced a decline in their CBRs indicated that the impact on their ability to conduct foreign currency denominated capital and current account transactions (on their behalf, or on behalf of their customers) is notably observed in the USA, Europe and Central Asia.

4.2 Indeed, foreign currency denominated capital and current account transactions in the United States have been significantly affected most often (55 percent of bank responses) followed by Europe and Asia (reported by 46 percent of respondent banks). For further details, see Figures 7 and 8 below.



**Figure 7: Geographical distribution of significant impact of the CBRs decline in conducting foreign currency denominated capital and current account transactions**

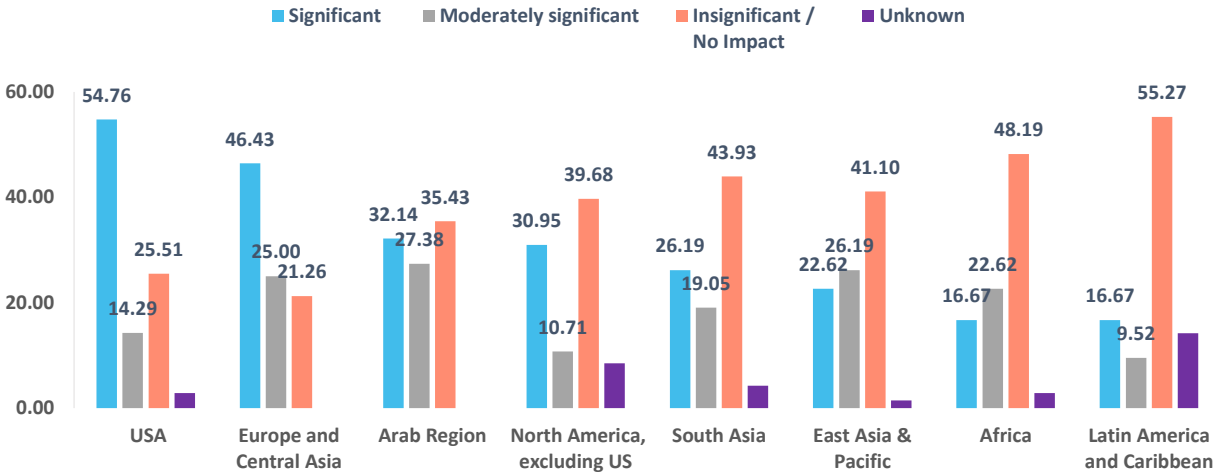


Figure 8 : Geographical impact breakdown by level of significance (%)

## 5. Impact on products and services

5.1 Banks that indicated a decline in their CBRs were also asked to indicate which products and services have been affected. The products and services most often reported as significantly affected are: trade finance/letters of credit/ documentary collections (58 percent) followed by international wire transfers and clearing and settlement (55 percent), check clearing (49 percent), foreign exchange services (43 percent), cash management services (36 percent), etc (Figure 9).

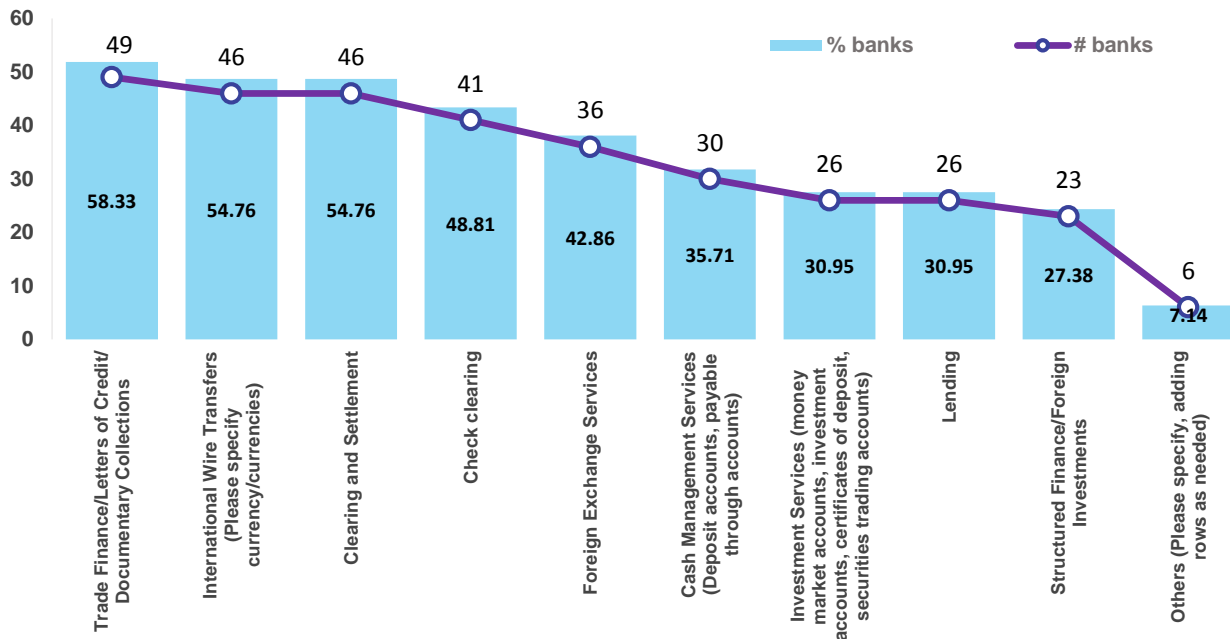


Figure 9 : Products and services significantly affected

5.2 Out of 84 participant banks experiencing a decline in their CBRs, 19 banks noted that international wire transfers in USD were significantly affected; 10 banks indicated a significant impact on wire transfers in euros and 12 banks wire transfers in other currencies (Figure 10).

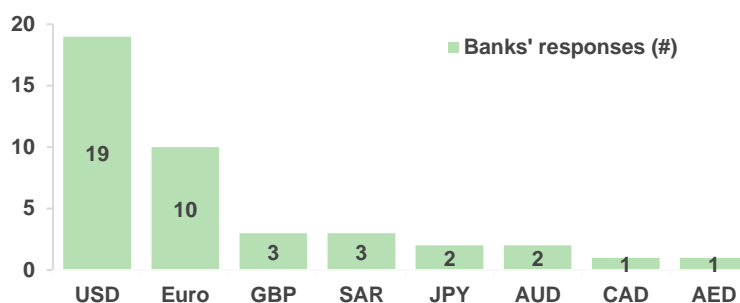


Figure 10 : Currencies affected

## 6. Impact on clients / client segments

6.1 Participant banks reported that the decline in their CBRs significantly affects their ability to service the following client and client segments (Figure 11): Money Transfer Operators (MTOs), other remittance companies, and small and medium exporters. 51 percent of the participant banks that had experienced a decline in their CBRs reported a significant impact on the MTOs and the other remittance companies, and 46 percent reported that small and medium exporters are significantly impacted.

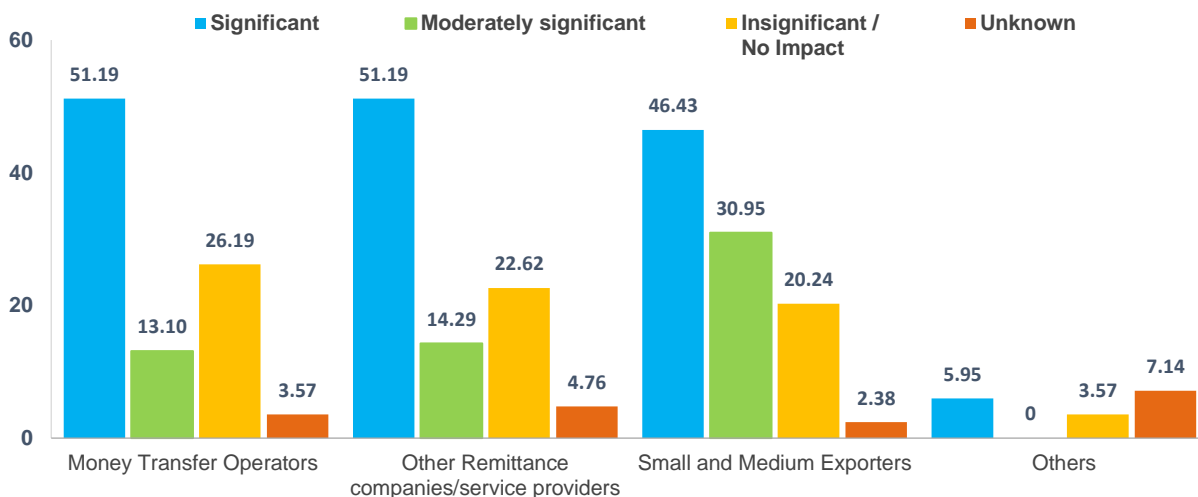
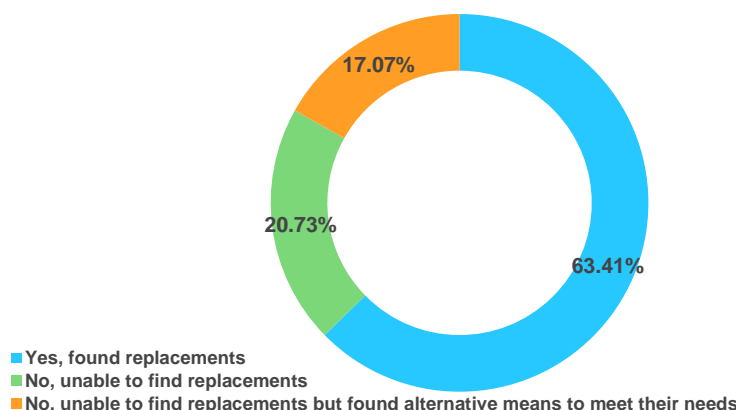


Figure 11 : Impact on clients / client segments (%)

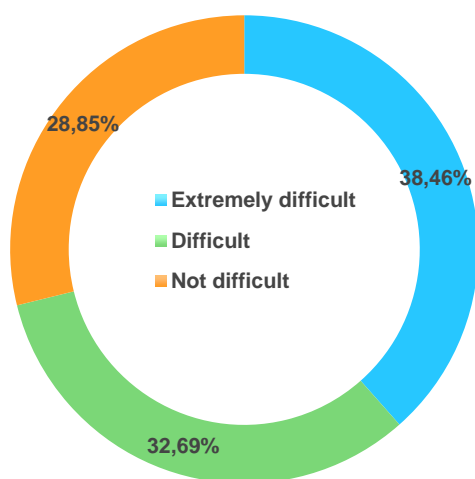
## 7. Ability to find CBRs replacement / alternative arrangements

7.1 Almost 63 percent of those banks that had their CBRs terminated or restricted were able to find replacement CBRs. While 17 percent of them managed to establish alternative means for each terminated relationship to meet their needs, 21 percent are still unable so far to find replacements or alternative arrangements<sup>4</sup> (Figure 12).



**Figure 12 : Ability to find CBRs replacement Overall trends (%)**

7.2 Of those banks that were able to find CBRs replacements or alternative arrangements, only 29 percent of them responded that they easily found replacement CBRs, or alternative arrangements, while more than 38 percent reported that it was extremely difficult to get replacement CBRs or find alternative means, with some banks indicating that it was expensive and time consuming to find replacement CBRs and that the terms and conditions were not comparable to their previous CBRs (Figure 13).



**Figure 13 : Level of difficulty in finding CBRs replacements (%)**

<sup>4</sup> There are limited options available for replacements and alternative arrangements— and these are often more costly and unable to handle the same volume of transactions. For example, an alternative means by financial institutions in one jurisdiction is to contract with some correspondents internally (i.e., providing indirect access to a CBR). Often, these alternative arrangements will be restricted to some specific services, either transfers, L/Cs, LG, and so on, rather than being comprehensive in their coverage for all traditional services.

### III. CONCLUSIONS AND WAYS FORWARD

1. This report reflects the findings on the withdrawal of CBRs on banks operating in the Arab region, which shows a significant decline in CBRs and that this withdrawal has been increasing over the past few years. Indeed, while replacements have been found in many cases, these are often inferior in either scale of services or costs relative to the original CBRs, or they lose them altogether. The inability of banks in some Arab countries to enter into correspondent relationships with foreign banks could have a deleterious impact on trade and remittances and ultimately on real economic activity. Consequently, this is an increasingly important challenge facing Arab countries.

2. Limiting the further withdrawal of CBRs will require identifying potential solutions to issues perceived as key drivers behind this withdrawal, including solutions targeted at addressing the most affected products and clients. These could include further efforts to strengthen regulatory regimes, addressing other sources of risks, as well as establishing and maintaining an open dialogue and regular discussions among regulators in concerned jurisdictions.

3. Key questions that could be addressed through further analysis would include, but are not restricted to the following:

3.1 How does significant decline in CBRs affect the real economy and people's lives in the Arab region?

3.2 Do countries need to do more to strengthen their AML/CFT regulatory environment to ensure it is in line with international standards and measures, particularly those stemming from the FATF's recommendations and guidance, including in close collaboration with MENAFATF?

3.3 Would integrating AML/CFT supervision into the broader framework of prudential and/or business conduct supervision help enhancing effectiveness of both overall supervision of financial institutions and full implementation of AML/CFT requirements?

3.4 Is there scope to review banks' Know Your Customer (KYC) and Know Your Customer's Customers (KYCC) policies and procedures or require banks to enhance their customer due diligence (CDD) requirements to better identify, mitigate, and manage ML/TF risks? Are there ways to reduce the costs of CDD to provide savings that could mitigate the increased costs of establishing or maintaining CBRs?



3.5 Do countries need to do more to advance compliance with the Basel Committee for Banking Supervision's capital adequacy and solvency standards and support safe innovation regarding emerging technologies such as mobile money and new forms of customer identification solutions; and

3.6 Could more be done to strengthen coordination between the banking sector, the regulatory institutions, and security law enforcement, and to provide more elaborated responses to questions coming particularly from correspondent banks and/or their regulators (i.e., prompt, complete answers to questions, pro-active interaction to generate trust and credibility)?

## IV. ANNEX: SURVEY QUESTIONNAIRE

### Preliminary:

**Name of Respondent** (an individual who could be contacted in case of follow-up questions):

**Title:**

**Institution:**

**Jurisdiction:**

**Phone:**

**Email:**

**Date:**

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### Client Perspective (Nostro accounts)

1. Has your Bank experienced changes in the scale and breadth of foreign correspondent banking relationships, including the number of Nostro accounts held?  
 Yes, increased significantly  
 Yes, declined significantly  
 No significant change  
 Unknown

**If you answered “Yes, increased significantly,” “No significant change,” or “Unknown,” please skip all subsequent questions.**

2. Please indicate the number of Nostro accounts that have been terminated and/or imposed restrictions by foreign financial institution(s) between 2012 and 2015

	Accounts terminated	Accounts restricted	Specify types of restrictions
2012			
2013			
2014			
2015			
Total			

3. Please list **up to ten** jurisdictions (locations) where foreign correspondent banks have terminated and/or imposed restrictions on your bank as clients

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	

## Causes of decline

4. What have been the main causes/drivers in the foreign financial institutions' decisions to terminate or restrict foreign CBRs with your Bank? **Please check all applicable:**

Causes/Drivers	Check if applicable	Rank by significance (1 most-16 least)
a. Imposition of international sanctions on your jurisdiction	<input type="checkbox"/>	
b. Imposition of enforcement actions by the domestic authority on the relevant foreign financial institution	<input type="checkbox"/>	
c. Your jurisdiction is subject to countermeasures or identified as having strategic AML/CFT deficiencies by FATF (or another international body)	<input type="checkbox"/>	
d. Concerns about money laundering/terrorism financing risks in your jurisdiction	<input type="checkbox"/>	
e. The sovereign credit risk rating of your jurisdiction	<input type="checkbox"/>	
f. Inability/ cost for foreign financial institutions to undertake Customer Due Diligence (CDD) on your financial institutions' customers	<input type="checkbox"/>	
g. Your financial institutions' high-risk customer base	<input type="checkbox"/>	
h. Your financial institutions' lack of compliance with AML/CFT or sanctions regulations	<input type="checkbox"/>	
i. Concerns about, or insufficient information about, your financial institutions' internal controls for AML/CFT and sanctions, including CDD procedures (for AML/CFT or sanction purposes)	<input type="checkbox"/>	
j. Impact of internationally agreed financial regulatory reforms (other than AML/CFT) (e.g. Basel III capital and liquidity standards, tax transparency and exchange of tax information)	<input type="checkbox"/>	
k. Changes to legal, regulatory or supervisory requirements in foreign financial institutions' jurisdiction that have implications for maintaining CBRs (e.g., US sanctions and FATCA)	<input type="checkbox"/>	
l. Overall risk appetite of foreign financial institution	<input type="checkbox"/>	
m. Compliance with pre-existing legal/ supervisory / regulatory requirement by foreign financial institution	<input type="checkbox"/>	
n. Industry consolidation within jurisdiction of foreign financial institution	<input type="checkbox"/>	
o. Structural changes to foreign financial institutions (including merger/acquisition) and/or reorganization of business portfolio	<input type="checkbox"/>	
p. Lack of profitability of certain foreign CBR services/products	<input type="checkbox"/>	

If 4g) was checked as applicable, please specify class(es) of high-risk customers:

1.	
2.	
3.	
4.	
5.	

If the cause/driver is not mentioned above, please specify below:

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## Impacts of decline / policy response

5. **Geographical impact.** Please describe the impact of the decline in the foreign CBRs of your bank on your ability to conduct foreign currency denominated capital and current account transactions (on your behalf, or on behalf of your customers), by region:

Region	Significant	Moderately significant	Insignificant / No Impact	Unknown
1. Africa				
2. East Asia & Pacific				
3. Europe and Central Asia				
4. Latin America and Caribbean				
5. Arab Region				
6. South Asia				
7. North America, excluding US				
8. USA				

6. **Products/services impact.** Please tell us the impact of the decline in the foreign CBRs of your bank on your ability to access the following products/services:

Product/Service	Significant	Moderately significant	Insignificant / No impact	Unknown
Clearing and Settlement				
Cash Management Services (Deposit accounts, payable through accounts)				
Check clearing				
Investment Services (money market accounts, investment accounts, certificates of deposit, securities trading accounts)				
Trade Finance/Letters of Credit/ Documentary Collections				

International Wire Transfers (Please specify currency/currencies):				
Lending				
Foreign Exchange Services				
Structured Finance/Foreign Investments				
Others (Please specify, adding rows as needed):				

7. Impact on clients/client segments: Please tell us the impact of the decline in foreign CBRs of your bank on your ability to service the following clients/client segments:

Client/Client Segments	Significant	Moderately significant	Insignificant / No impact	Unknown
Money Transfer Operators (MTOs)				
Other Remittance companies/service providers				
Small and medium exporters				
Others (Please specify, adding rows as needed)				

8. When your bank had their foreign CBRs terminated or restricted, was it able to find replacement CBRs or establish alternative for each terminated relationship (i.e. maintained the number of CBRs)?

Yes, found replacements

Please explain the level of difficulty with which they were able to replace their foreign CBRs:

Extremely difficult	Difficult	Not difficult

No, unable to find replacements

No, unable to find replacements but found alternative means to meet their needs

9. If the answer was no, is your bank still able to handle the same volume, and if so whether the terms and conditions (and speed of processing) are the same? and what are the differences compared to previous arrangements?

10. Other comments you would like to add?