



REPUBLIC OF KENYA  
FINANCIAL REPORTING CENTRE  
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## FINANCIAL REPORTING CENTRE CIRCULAR NO. 4 OF 2023

October 19, 2023

TO: CHIEF EXECUTIVES OF REPORTING INSTITUTIONS

Dear Sirs/Madams,

### REPORTING OF CASH TRANSACTIONS BY REPORTING INSTITUTIONS

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#### 1. Background

- 1.1 Kenya's Money Laundering and Terrorism Financing National Risk Assessment of October 2021, amongst others identified the extensive usage of cash within the country, despite the significant growth in digital payments. Cash is especially susceptible to misuse by criminals for the purposes of money laundering and terrorism financing as it belongs to the holder, thereby making it difficult to ascertain its origin, intended use or the recipient thereof.
- 1.2 Serving as potential entry or exit points into or from the financial system, reporting institutions could be exposed to the risks associated with cash due to lack of money trail between parties. To address these risks, Kenya introduced a framework for reporting cash transactions under the Proceeds of Crime and Anti-Money Laundering Act of 2009 (POCAMLA) and the Proceeds of Crime and Anti-Money Laundering Regulations of 2013.

#### 2. Changes to the Cash Transaction Reporting Threshold

Section 44(6) of POCAMLA stipulates the mandatory reporting of all cash transactions that meet or exceed the threshold specified in the Fourth Schedule

of the Act, whether they appear to be suspicious or not. The recent amendment to POCAMLA through the Anti-Money Laundering and Combating of Terrorism Financing Laws (Amendment) Act of 2023 which came into effect on September 15, 2023, has revised the reporting threshold for cash transactions. The threshold has been increased from USD 10,000 to USD 15,000. Consequently, all reporting institutions are now obliged to report any cash transactions that equal or surpass the amount of USD 15,000 or its equivalent in any other currency, irrespective of whether they are deemed suspicious or not.

### 3. Cash Transaction Reporting Mechanism

- 3.1 With the coming into effect of the Anti-Money Laundering and Combating Terrorism Financing Laws (Amendment) Act, 2023, the Cabinet Secretary to the National Treasury and Economic Planning issued the Proceeds of Crime and Anti-Money Laundering Regulations, 2023 (POCAMLR) which were gazetted on, and came into effect on October 6, 2023.
- 3.2 As per Section 44(6) of POCAMLA and Regulation 40(1) of POCAMLR, a reporting institution is required to file reports with the Financial Reporting Centre (Centre) on all cash transactions equivalent to or exceeding USD 15,000 or its equivalent in any other currency, whether or not the transaction appear to be suspicious.
- 3.3 Regulation 40(2) stipulates that the report under Regulation 40(1) may be made in such format as the Centre may specify. For purposes of Regulation 40(2), the Centre hereby specifies that the report under Regulation 40(1) shall be done through the goAML application available at <https://goaml.frc.go.ke>.
- 3.4 Regulation 40(3)(c) further requires that the report on cash transactions shall be sent to the Centre by the Friday in the week in which the transaction occurred or such other time as the Centre may specify. The Centre hereby specifies that the report under Regulation 40(1) shall be made by the Friday in the week in which the transaction occurred.

#### 4. Aggregation of Cash Transactions

- 4.1 A number of reporting institutions have sought for clarification on aggregation of cash transactions.
- 4.2 Regulation 40(1) provides that *“A reporting institution shall file reports with the Centre on all cash transactions equivalent to or exceeding US\$15,000 or its equivalent in any other currency carried out by it, whether or not the transaction appears to be suspicious.”*
- 4.3 Where multiple cash transactions are carried out in a day in a single account, and each of these transactions individually falls below the reporting threshold but when combined, they exceed the threshold, the reporting institution shall not aggregate the transactions as these are different transactions while the law requires the reporting on cash transactions equivalent to or exceeding the threshold. As such, the aggregated transactions should not be subject to cash transaction reporting.
- 4.4 Nevertheless, a reporting institutions should seek to understand the reasons behind the different cash transactions or if there is splitting or execution of multiple transactions. If these actions are determined to be unusual or suspicious, a reporting institutions should file a Suspicious Transaction or Activity Report (STR/SAR) with the Centre as provided for under the POCAMLA and POCAMLR.
5. For any clarifications or further guidance on this circular, please contact the Centre through 0709858000 or [compliance@frc.go.ke](mailto:compliance@frc.go.ke). For any challenges related to filing of the report, contact the Centre’s Helpdesk on 0709858311 or [goamlhelpdesk@frc.go.ke](mailto:goamlhelpdesk@frc.go.ke).

Please be guided accordingly.



**SAITOTI K. MAIKA, MBS**  
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