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**FINANCIAL REPORTING CENTRE
HIGH RISK JURISDICTIONS CIRCULAR NO. 1 OF 2026**

February 27, 2026

TO: ALL CHIEF EXECUTIVES AND MONEY LAUNDERING REPORTING OFFICERS (MLROS) OF REPORTING INSTITUTIONS DESIGNATED UNDER SECTION 2 OF THE PROCEEDS OF CRIME AND ANTI-MONEY LAUNDERING ACT (POCAMLA).

Dear Sirs/Madams,

HIGH-RISK JURISDICTIONS AND JURISDICTIONS UNDER INCREASED MONITORING BY THE FINANCIAL ACTION TASK FORCE (FATF), FEBRUARY 2026

1. Background

- 1.1. Section 45A of the Proceeds of Crime and Anti-Money Laundering Act, 2009 (POCAMLA) requires Reporting Institutions to apply enhanced customer due diligence measures on business relationships and transactions with any natural person, legal persons, legal arrangements, Virtual Assets Service Provider (VASP) or financial institutions, originating from countries identified as posing a higher risk of money laundering, terrorism financing or proliferation financing. In addition, reporting institutions are required to apply appropriate countermeasures, proportionate to the risk presented by countries when called upon to do so by the Financial Action Taskforce (FATF), independently of any call by the FATF or advised by the Cabinet Secretary.
- 1.2. The purpose of this Circular is to guide Reporting Institutions (RIs), both financial institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBPs), designated under Section 2 of the POCAMLA as follows:
- a) That the Financial Action Task Force (FATF), the global body which sets international standards aimed at combating money laundering and Terrorism Financing, continually

identifies jurisdictions with weak measures to combat Money Laundering and Terrorist Financing (AML/CFT).

- b) That the FATF publishes the outcomes of its meetings at the end of each plenary meeting held three times a year in February, June and October. These publications provide a short summary of the recent actions taken in accordance with each jurisdiction's action plan, as well as a list of the strategic deficiencies remaining to be addressed; and
- c) That following the FATF meeting held from Mexico City on February 11-13, 2026, the FATF published information on **Jurisdictions under Increased Monitoring** and on **High Risk Jurisdictions subject to a Call for Action**.

Below is a summary of the statements as issued by the FATF:

2. Jurisdictions under Increased Monitoring

These are jurisdictions identified by the FATF as having strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing and are actively working with the FATF and FATF-Style Regional Bodies (FSRBs) to address the identified deficiencies.

- 2.1. The FATF Plenary added **Kuwait** and **Papua New Guinea** to the list of jurisdictions subject to increased monitoring.
- 2.2. The FATF further published updated information on **Angola, Bolivia, Bulgaria, Cameroon, Cote-D'Ivoire, Democratic Republic of the Congo, Haiti (Statement from October 2025), Kenya, Kuwait, Lao PDR, Lebanon, Monaco, Nepal, Papua New Guinea, South Sudan, Syria (Statement from February 2023), Venezuela, Vietnam, Virgin Islands (UK), and Yemen** which are jurisdictions previously identified as having strategic deficiencies.
- 2.3. Reporting Institutions are advised to take note of the publication of the FATF in February 2026, which is available on the FATF's website and is accessible through the following link <https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/increased-monitoring-february-2026.html>.
- 2.4. The information in the publication above should inform the measures taken by your institution regarding business relationships and transactions originating from the identified jurisdictions in line with the risk-based approach.

3. High Risk Jurisdictions subject to a Call for Action

- 3.1. These are jurisdictions identified by the FATF as having significant strategic deficiencies in their regimes to counter money-laundering, terrorist financing, and financing of proliferation. The list of high-risk jurisdictions is often referred to as the “black list”.
- 3.2. For all countries identified as high-risk, the FATF calls on all members and urges all jurisdictions to apply enhanced due diligence measures, and, in the most serious cases, to apply counter-measures to protect the international financial system from the money laundering, terrorist financing, and proliferation financing (ML/TF/PF) risks emanating from the identified country.
- 3.3. In its meeting in February 2026, the FATF reaffirmed its call to countries to apply countermeasures on **Democratic People's Republic of Korea (DPRK)** and **Iran**.
- 3.4. With regards to the **DPRK**, the FATF urges for continued application of United Nations Security Council Resolutions imposing sanctions on DPRK and for the application of the following countermeasures:
 - Terminating correspondent banking with DPRK;
 - Closing any subsidiaries or branches of DPRK banks in their countries; and
 - Limiting business relationships and financial transactions with DPRK persons.

FATF further observed the continued increased connectivity with the international financial system and called for the application of enhanced due diligence to the DPRK and its ability to facilitate transactions on its behalf.

- 3.5. Concerning **Iran**, and considering the United Nations Security Council Resolutions related to Iran’s lack of compliance with its nuclear non-proliferation obligations, the FATF reiterated its call for the application of effective counter-measures to mitigate the ML/TF/PF risks emanating from business relationships and transactions with Iran, including:
 - Refusing the establishment of subsidiaries or branches or representative offices of financial institutions and virtual asset service providers from the country concerned or otherwise taking into account the fact that the relevant financial institution or virtual asset service provider is from a country that does not have adequate AML/CFT systems; and

- Prohibiting financial institutions and virtual asset service providers from establishing branches or representative offices in the country concerned or otherwise taking into account the fact that the relevant branch or representative office would be in a country that does not have adequate AML/CFT systems.
- On a risk basis, limiting business relationships or financial transactions, including virtual asset transactions, with the identified country or persons in the country concerned.
- Prohibiting financial institutions and virtual asset service providers from establishing new correspondent relationships and requiring them to undertake a risk-based review of existing correspondent relationships with financial institutions and virtual asset service providers in the country concerned.

4. Jurisdictions subject to the FATF call to apply enhanced due diligence measures

4.1. Concerning **Myanmar**, the FATF in its meeting held in February 2026 urged countries to continue the application of commensurate enhanced due diligence measures proportionate to the risk arising from Myanmar. In particular, as part of enhanced due diligence, financial institutions are required to increase the degree and nature of monitoring of the business relationship, in order to determine whether those transactions or activities appear unusual or suspicious. However, the FATF requires that flows of funds for humanitarian assistance, legitimate activities of non-profit organisations and remittances are not to be disrupted by enhanced due diligence measures undertaken pursuant to the statement issued on Myanmar.

5. Expectations following publication of the Guidance

5.1 Following issuance of the guidance, all Reporting Institutions are advised to implement appropriate measures with regards to the jurisdictions identified in this circular, having regard to the requirement to apply a risk-based approach and in line with Section 45A and 20 of POCAMLA and Regulation 11 of the Proceeds of Crime and Anti-Money Laundering Regulations, 2023.

5.2 Additional information on the abovementioned statements is available at the FATF website:

<http://www.fatf-gafi.org>.

Enquiries related to this circular should be channelled compliance@frc.go.ke.

Please be guided accordingly.

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