

Compliance

The compliance function plays a key role in upholding the reputation and integrity of the Bank by ensuring adherence to all applicable laws, regulations, policies, and rules. The culture at SAIB is built around compliance, and employees at all levels understand its importance and their role in upholding it. The function is given the highest priority by the Board of Directors and Executive Management.

The compliance programme is based on the compliance manual for banks operating in the Kingdom of Saudi Arabia issued by SAMA in December 2008. It details compliance functions and all related policies, processes and plans as approved by the Board of Directors. The General Manager of Compliance Group (Chief Compliance Officer/CCO) is responsible for administering the programme which is periodically revised to adapt to changes in laws and regulations, changes in functions and business processes, changes in organization structure and changes in job roles.

Compliance Group

The compliance function is led by the Compliance Group which has a number of broad roles and responsibilities. The first major responsibility is the detection and advisory role, in which the Group is entrusted with identifying compliance risks faced by the Bank, providing advice, and following up to overcome them. This also entails resolving compliance issues as and when they arise and helping business units to handle them.

The second major responsibility is designing and implementing controls to protect the Bank from compliance related risks, including administrative and legal penalties, financial issues, and damage to reputation. This has the additional effect of safeguarding depositors' and investors' interests. As part of this responsibility, the Group is responsible for the following functions:

- Safeguarding against violations of laws, rules, and regulations and ensuring appropriate changes are made whenever the aforementioned are updated.
- Maintaining close relationships with regulators.
- Preventing any banking channels from being used to commit crimes such as money laundering and terrorist financing and ensuring the Bank complies with international sanctions.
- Screening standard operating and accounting procedures, products, services, forms, contracts, and agreements to ensure compliance with all applicable laws and regulations.
- Circulating new laws and regulations, providing guidance on their implications and implementation, and advising business units on compliance matters.
- Reporting on non-compliance issues and recommending solutions to resolve identified issues.

The Compliance Group is also responsible for monitoring and reporting on the effectiveness of controls and handling communication with regulatory bodies, thus building a positive image of the Bank with regulators.

Monitoring and action

A Compliance Monitoring Programme has been implemented to identify, assess and monitor the risk of non-compliances within the Bank. The programme includes a Compliance Risk Assessment Methodology, around which the compliance function develops an Annual Compliance Plan. According to the plan, products and services that carry significant risks are tested at a frequency proportional to the degree or risk. A detailed Compliance Risk Register which lists all the risks faced by the Bank is also maintained.

Compliance initiatives of SAIB

Anti-Money Laundering/Counter Terrorism Financing (AML/CTF)

The banking industry is a prime target of money laundering, a mechanism wherein the proceeds of illegal activities are flowed into the legal economy, thereby disguising their sources. These sources could stem from narcotics, fraud, bribery, organized crime, and terrorism. Money laundering is a criminal activity in the Kingdom of Saudi Arabia and SAIB complies with the Anti-Money Laundering Rules and Guidelines Law issued by Royal Decree No. M/31 dated 11/5/1433. The Bank's 'Know Your Customer' policy safeguards against potentially risky customers, and employees are trained to identify suspicious transactions and flag any suspected cases to AML/CTF.

Cross-border issues

SAIB, as an institution whose transactions and activities go beyond the borders of the Kingdom of Saudi Arabia, has a responsibility to observe all laws and regulations of the jurisdictions in which it operates. The compliance function therefore is required to align its structure and processes to cater to this responsibility. In the case that the Bank does not have a physical presence in an international location in which it does business, it does so through local subsidiaries or branches in other locations. In this situation, compliance ensures the operations are conducted by persons with the appropriate skills and expertise.

Human resources policy

The integrity of the Bank's employees is vital in ensuring compliance; all prospective employees are screened for past professional conduct during the recruitment process. All supervisors pay attention to compliance issues when monitoring their direct reports. Employees who developed and maintain systems and procedures, along with other employees are kept updated on compliance requirements. The General Manager of Compliance Group is responsible of implementing any new laws and regulations. The compliance function remains vigilant over conflicts of interest among compliance staff and other departments. Employee adherence to the Bank's compliance policies is considered in staff appraisals across all levels.