



# **Regulatory Summary Report: Agreement No. 1-2026 on AML/CFT Prevention**

**Panama Banks Informational Website**

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## 1. Legal Framework and Scope of Application

**Issuing Authority:** Superintendency of Banks of Panama (SBP) **Date of Issuance:** January 16, 2026

**Obligated Subjects** Pursuant to Article 1, the provisions of this Agreement shall apply to the following entities under SBP supervision:

- General License Banks and International License Banks.
- Trust Companies (*Empresas fiduciarias*).
- Banking Groups, as defined in Article 42, which are subject to consolidated supervision.

**Primary Objective** The primary objective of Agreement No. 1-2026 is to establish the mandatory measures and procedures to prevent the misuse of banking and trust services for Money Laundering, Terrorism Financing, and the Proliferation of Weapons of Mass Destruction (BC/FT/FPADM). Obligated subjects shall ensure that operations are not conducted with funds originating from activities related to these crimes.

## 2. The Risk-Based Approach (RBA) Framework

Article 2 mandates that all obliged subjects design and implement an RBA tailored to their specific size, nature, complexity, and risk profile.

- **Design and International Standards:** In designing the RBA, entities shall consider documents and recommendations issued by national and international organisms, such as the Financial Action Task Force (FATF/GAFI).
- **Periodic Review:** The RBA methodology and the entity's risk evaluation shall be reviewed and updated at least once every twelve (12) months (Art. 23).
- **Methodology:** The framework requires formal processes to identify, evaluate, monitor, manage, and mitigate risks.

**Primary Actions by Risk Level:**

- **High-Risk Identification:** Entities shall apply expanded or reinforced (Enhanced) measures to manage and mitigate identified high risks.
- **Low-Risk Identification:** Entities may opt for simplified due diligence measures only when risks are formally determined to be low and supported by adequate analysis.

### 3. Governance and Internal Controls

#### The AML Prevention Manual

Per Article 3, entities shall maintain a Manual for the Prevention of Money Laundering, which must be disseminated to all personnel.

- **Approval Process:** The manual and its updates require preliminary approval by the Prevention Committee and final ratification by the Board of Directors at least once a year.
- **Submission and Certification:** The manual must be submitted annually to the SBP. If no updates occur within a 12-month period, a certification must be submitted. This certification shall be signed by the President or Secretary of the Board, or the President of the Prevention Committee.

#### The Compliance Committee (Prevention Committee)

Article 4 establishes the mandatory governance structure for the Prevention Committee.

- **Frequency and Documentation:** The Committee shall meet at least every two (2) months. All decisions must be recorded in formal minutes and made available to the SBP.
- **Composition (Local Banks):** Mandatory members include **two members of the Board of Directors**, the **General Manager**, and the highest-ranking officials of **Risk, Compliance, Business, Operations, and Technology** (all with voice and vote). The highest-ranking official of **Internal Audit** shall participate with voice only.
- **Foreign Branches (Parágrafo):** For branches of foreign banks where Board members are not resident in Panama, the Committee composition removes the requirement for two Board members but must include all other roles specified above.

#### The Compliance Officer

The Compliance Officer shall be an executive-level official with sufficient independence and hierarchy.

- **Reporting Lines:** The officer shall report **functionally** to the Prevention Committee and **administratively** to the General Manager.
- **Prohibitions:** The Compliance Officer is strictly prohibited from participating in commercial functions (e.g., account openings) or performing audit functions.

## 4. Customer and Ultimate Beneficial Owner (UBO) Identification

### Regulatory Definition of "Client"

As per Article 5, a client is any natural or legal person who establishes, maintains, or has maintained a habitual or occasional contractual or business relationship with a bank or receiving services from a trust company.

### UBO Identification and Effective Control

Article 6 and 19 define the Beneficial Owner (UBO) as the natural person(s) who ultimately own, control, or exercise significant influence.

- **Ownership Threshold:** A natural person is identified as a UBO if they hold **10% or more** of shares, participation, or voting rights.
- **Effective Final Control:** Where doubt exists regarding ownership, entities shall identify natural persons exercising "Effective Final Control"—those with the power of decision over the legal entity or its resources, regardless of shareholding.

### Special Structures and Custody

- **Trusts:** Identification must include the settlor, trustee, protector, and beneficiaries (Art. 10).
- **Private Foundations:** Identification must include the founder, Foundation Council members, beneficiaries, and authorized representatives (Art. 19).
- **Bearer Shares:** Entities shall only establish relationships with companies using bearer shares if they comply with the custody regime of Law 47 of 2013. The entity must obtain a certification from an **authorized custodian** identifying the natural persons who own the shares.

## 5. Multi-Level Due Diligence (CDD) Requirements

### Levels of Due Diligence under Agreement 1-2026

Due Diligence Level	Applicability/Risk Profile	Key Requirements
<b>Apertura Simplificada</b> (Simplified Opening)	Low-risk accounts (Residents) not exceeding <b>\$5,000.00</b> in balance/monthly movement.	Identification via Cédula/Passport; <b>ID verification mandatory within 30 days</b> for nationals. Prohibited for PEPs.
<b>Simplified Due Diligence</b>	Clients formally classified as low risk via RBA.	Basic identification; reduced frequency of updates; option to abstain from recanting professional activity details.
<b>Standard Due Diligence</b>	Standard natural and legal persons (Art. 18 & 19).	<b>Mandatory Fields:</b> Name, DOB/Constitution, Gender, Nationality, Profession, Source/Destination of Funds, Country of Birth, Country of Domicile, and Financial/Transactional Profile.
<b>Enhanced/Reinforced Due Diligence</b>	High-Risk clients, PEPs, and high-cash volume users.	Intensified monitoring; <b>Senior Management approval required</b> ; mandatory identification of <b>Source of Wealth</b> ; triggers include GAFI/FATF non-cooperative lists.

## 6. Digital Onboarding and Remote Linking

Article 14 regulates digital account opening, requiring a risk-based approach to remote vinculation.

- **Mandatory Inferential Geolocation:** Entities shall use inferential geolocation as a primary source for risk evaluation to estimate the real location of the applicant and device.

- **Technical Indicators:** Analysis must include IP address, network type, ISP, VPN detection, proxies, anonymization networks, time zones, and regional device settings.
- **Risk Mitigation:** Geolocation serves as a domicile verification tool and a control to prevent onboarding from high-risk or sanctioned jurisdictions. Parágrafo 1 permits a "combined analysis" of signals even when direct physical coordinates are unavailable.

## 7. Politically Exposed Persons (PEP) Protocols

**PEP Definition and Timeline:** Per Article 27, PEPs are national or foreign individuals in high-level public functions. An individual retains PEP status for **two (2) years** after they cease to exercise their public functions. This status extends to close family members (spouse, parents, siblings, children).

### Enhanced Due Diligence Actions for PEPs:

1. **Senior Management Approval:** Required for establishing or maintaining the relationship.
2. **Financial Scrutiny:** Entities must distinguish and identify both the **Source of Wealth** (*Patrimonio*) and the **Source of Funds** (*Fondos*).
3. **Specialized Tools:** Mandatory use of tools to identify PEP status and continuous, intensified monitoring of all operations.

## 8. Monitoring, Reporting, and Record Keeping

### Transaction Monitoring

- **Methodology:** Monitoring shall be performed "**by client**" rather than "by product" (Art. 25).
- **Alert Resolution:** Entities shall analyze and resolve generated alerts within a maximum of **60 calendar days** from generation to closure.

### UAF Reporting Thresholds

Under Article 28, the following must be reported to the Financial Analysis Unit (UAF):

1. **Cash/Quasi-Cash:** Deposits or withdrawals of **\$10,000.00** or more.
2. **Successive Transactions:** Individual amounts under \$10,000.00 that accumulate to \$10,000.00 or more within a **single day or a work week**.
3. **Currency Exchange:** Purchase/sale of foreign currency (other than PAB/USD) equivalent to **\$10,000.00** or more in a day or accumulated in a work week.

### Record Retention

Article 29 mandates a minimum conservation period of **five (5) years** for all CDD documentation and transaction records, commencing from the termination of the contractual relationship.

## 9. Interbank and Correspondent Banking Obligations

**Prohibitions and Requirements** Entities are strictly prohibited from maintaining relationships with "Shell Banks" (banks without physical presence and not part of a supervised financial group).

### **Mandatory Due Diligence Steps (Art. 8):**

1. Verify the bank's physical existence and gather data on management and primary business.
2. Confirm that the institution maintains AML/CFT controls compliant with international standards.
3. Assess if the host jurisdiction has KYC norms less stringent than those of the SBP.
4. Document the respective responsibilities of each bank regarding underlying clients.
5. **Reputation Check:** Determine the institution's reputation using publicly available information (Art. 8.1e).
6. Obtain **Senior Management approval** prior to establishing the relationship.



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