

# EUROPEAN BANKING GUIDE FOR NONPROFITS

## *HOW TO OPEN AND MANAGE AN ORGANIZATIONAL BANK ACCOUNT*



European Center for  
Not-for-Profit Law



**PILnet**



**SLOVAKIA**

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European Center for  
Not-for-Profit Law

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# 1. OPENING AN ORGANIZATIONAL BANK ACCOUNT

## a. What are the requirements to open an organizational bank account?

### i. Do organizations have to be physically present in the country to open a bank account? I.e., can they operate in country X but have a bank account in country Y? Is the presence of a statutory representative required or can the presence be fulfilled through an authorization?

Organizations do not have to be physically present in Slovakia in order to open a bank account in Slovak bank according to Slovak law. This also applies to the presence of a statutory representative.

However, there are practical considerations. Most Slovak banks will require physical presence of a statutory representative for the purposes of KYC/AML procedures (customer due diligence), which is still predominantly based on face-to-face identification and presentation of original constitutional documents in paper / certified forms. Authorization is generally possible, but banks may require additional steps to confirm the authority. Some banks have online solutions, but these may be limited for domestic clients and/or retail clients. Some banks may be willing to accept customer due diligence via third party, including by other EU banks or notaries. Each bank will have its own AML/ KYC policies which differ with regard to accepted solutions and the actual manner of KYC procedures. Therefore, we recommend consulting that particular Slovak bank for details.

Slovak AML regulation is based on Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (AMLD).

### ii. Are there specific requirements for CSOs to open accounts by law or asked in practice by the banks (e.g, years of operations, annual turnover, to have director or member of governing body to be national of the country)

There are no such special requirements for CSOs to open a bank account.

Most Slovak banks will treat CSOs as standard corporate clients.

**iii. Who is authorized/required to open a bank account? Can this be done online, or that person needs to be present in the country?**

The persons authorized to represent the organization can open the bank account. The law does not require the presence of the authorized persons; however, some banks may require their presence – please see our answer in (i) above.

**iv. What is the process of setting up a bank account? E.g., how long it takes, is there a practice to have an interview in the bank?**

To open a bank account, a CSO will need to submit the documents required by the legislation and in accordance with the policies of the bank. Usually, the banks require the following documents: (i) Articles of Association of CSO; (ii) minutes of the election of the statutory representative or other proof of authority; (iii) excerpt from the register of Slovak NGOs held by the Ministry of Interior of the Slovak Republic; (iv) identification / KYC documents in respect of the representatives. Equivalent or similar documents will be required in case of foreign CSOs.

The documents must be notarized (and, in most cases, translated and apostilled in case of foreign documents) or submitted as an original. The process of opening a bank account may typically take several weeks, as the application is subject to review and approval by relevant personnel of the bank.

## **2. BANKING ACTIVITIES**

**a. What customer due diligence requirements are in place and what is their impact on civil society organizations' banking activities?**

As discussed above, customer due diligence is required in line with AMLD as implemented by Slovak Act No. 297/2008 Coll. on Anti Money Laundering (AML Act).

There is no specific due diligence to be performed on CSOs. Customer due diligence requirements in place involve for example:

- i. Identification of the customer and authorization of its identification;
- ii. Identification of the ultimate beneficial owner;
- iii. Obtaining information on the purpose and intended nature of the trade; or

- iv. Determining whether the customer or the customer's ultimate beneficial owner is a politically exposed person or sanctioned person.

In accordance with AMLD if, on the basis of a risk assessment, any client, any type of business or any particular business constitutes a higher risk of money laundering or terrorist financing, the bank is obliged to perform “enhanced” customer due diligence that involves additional measures to the “classic” customer due diligence.

Again, no element of the AML legislation is targeting CSOs specifically.

**b. Which internal principles or official (central bank) “suspicious transaction” monitoring criteria are in place affecting the civil society organizations? Is it publicly available?**

Banking activities of CSOs are not specifically monitored. However, the general legal framework of customer due diligence is set by Sections 10–13 of the Act No. 297/2008 Coll. on Anti Money Laundering.

The criteria of suspicious transactions monitoring in place are for example as follows:

- i. When there is a suspicion that the customer is preparing or executing unusual business operation regardless the value of the trade;
- ii. When the customer is carrying out an occasional trade outside a business relationship with a value of at least EUR 15,000;
- iii. When the customer is carrying out an occasional trade outside a business relationship in cash with a value of at least EUR 10,000.

However, each bank may have its additional monitoring criteria in place, which are not publicly disclosed.

**c. Do the banks in the country of operations have any restrictions/limitations to bank transactions and transfers to certain jurisdictions (such as high-risk ones).**

**i. If yes, is the list of jurisdictions publicly available?**

There is no general applicable list of jurisdictions available. Each bank has its own list of countries that are subject to any restrictions regarding bank transfers. Usually, the countries involved are Myanmar, North Korea, Iran, Syria and Russia and Belarus due Ukraine's invasion. Moreover, the banks do not make cross-border payments, if the payee or the payee's bank is subject to the international sanctions in accordance with Act No. 289/2016 Coll. on the Implementation of international sanctions. Additionally, you may find the Sanctions Map helpful:

<https://www.sanctionsmap.eu/#/main>

**ii. What would be the procedures the bank would follow in this case for their CSO clients?**

The bank would apply sanction and embargo schemes for its CSO client as it would for all clients. No difference would be made.

Possible sanctions include:

- Imposition of a penalty;
- The bank may refuse to make a specific transfer or “freeze” all or certain funds, i.e. refuse to transfer them;
- The bank may be obliged to inform the Slovak Financial Intelligence Unit of suspicious transfer.

### **3. OBLIGATIONS AND REPORTING REQUIREMENTS**

**a. Are banks required to provide CSO clients' financial information to CSO regulatory authorities or public officials? If yes, under what circumstances must banks do so, and what types of information must they provide?**

No, not specifically with regard to CSOs and not in general. General position is that all information concerning bank clients, their financial information and information on any transactions are subject to bank secrecy under Slovak law.

Upon specific request of relevant Slovak authorities (police, prosecutors, regulators, courts etc.), a bank is obliged to provide the public authorities with any information required (regardless the bank secrecy).

### **b. What obligations do banks have to protect the privacy of clients' information?**

The confidentiality obligations are established under the banking law. The subject of banking secrecy is all information and documents on matters related to the bank's customer, which are not publicly available, in particular information on transactions, account balances and deposit balances. The bank is obliged to keep such information confidential and protect it from disclosure, misuse, damage, destruction, loss or theft.

The bank must not provide the information or documents that are subject to the bank secrecy to third person, unless:

- there is the client's prior written approval (can be given also in general in the GTCs, such as for disclosure within the banking group or to service providers); or
- based on specific statutory exemption and upon request of relevant Slovak authorities (e.g. in the context of supervision or investigations).

The banks must also follow the General Data Protection Regulation (GDPR) that protects fundamental rights and freedoms of natural persons and in particular their right to the protection of personal data.

### **c. Are there specific reporting obligations for banks to inform governments on civil society banking in certain circumstances?**

No, there are no specific reporting obligations in this context.



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