EUROPEAN BANKING GUIDE FOR NONPROFITS

HOW TO OPEN AND MANAGE AN ORGANIZATIONAL BANK ACCOUNT

European Center for Not-for-Profit Law

PILnet

GREECE

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European Center for Not-for-Profit Law Stichting (ECNL)

ECNL' s mission is to create legal and policy environments that enable individuals, movements and organizations to exercise and protect their civic freedoms and to put into action transformational ideas that address national and global challenges. We envision a space in which everyone can exercise their rights freely, work in solidarity and shape their societies.

PILnet

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1. OPENING AN ORGANISATIONAL BANK ACCOUNT

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

i. Do organisations 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 the country to open a bank account in a Greek bank. Thus, entities do not have to be registered in Greece to have a Greek bank account. However, there may be restrictions regarding the type of account that an organization established abroad can open.

The presence of a statutory representative is also **not** required. Any person authorized to act in the name of a legal entity and/or on its behalf and can make legally binding decisions , can open a bank account.

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)

A civil society organization (hereafter 'CSO') can be established in Greece either as a civil non-profit company, an association, or a charitable foundation. Depending on the legal form of a CSO, banks will ask for different types of documents in order to set up an account. However, there are no special requirements for CSOs set by law or established in practice. The general rules and legal requirements for civil non-profit companies, associations, or charitable foundations apply.

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?

As it was mentioned above, any person authorized to act in the name of a CSO and/or on its behalf and can make legally binding decisions. , can open a bank account. The paperwork regarding this authorization, if it is not submitted by the client in person,

must be certified as authentic and dated by a public authority. What is more, many banks in Greece have established online platforms for setting up a new account. However, this possibility is only available for certain types of bank accounts, depending on the bank.

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?

The process of setting up a bank account varies depending on the institution. Generally, an application must be completed and submitted to the bank, accompanied by the necessary supporting documents. Many banks in Greece have also created online platforms for setting up an account. The length of the procedure depends on every bank's procedures; it is thus difficult to estimate the timeline.

2. BANKING ACTIVITIES

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

Law no. 4557/30.07.2018 (as amended by Law no. 4734/08.10.2020) is the basis of the applicable institutional framework on preventing and combating money laundering and terrorist financing in Greece; it incorporates the provisions of EU Directives 2015/849 and 2018/843.

In this context, Greek banks implement a number of due diligence measures, both at the inception as well as during their business relationships with their clients and especially in the following circumstances:

- in case of casual transactions of 15,000 € or more,
- when there is a suspicion of money laundering or terrorist financing and
- where there is doubt as to the accuracy, sufficiency, or validity of the information previously collected for the purpose of authenticating and verifying the identity of the customer or beneficial owner.

The standard due diligence measures applied by Greek banks include:

- the identification and verification of the customer's identity. Where the customer acts through an authorized person, the bank shall also verify and authenticate the identity of that person, as well as the information relating to the authorization;
- with regard to legal entities, the identification of the ownership and supervisory structure of the customer;
- the evaluation and, where appropriate, the collection of information on the scope and purpose of the business relationship;
- the assessment of the overall portfolio of a client to verify the compatibility of the transaction under consideration with its overall financial and transactional picture;
- the verification, upon conclusion of a business relationship, of the client's annual income based on a recent administrative income tax assessment, unless the client is not required to file an income tax return;
- maintaining up-to-date documents, data, or information regarding the customer.

Moreover, a bank shall, after obtaining sufficient information and ascertaining that a business relationship or transaction presents a lower risk of money laundering or terrorist financing[1], apply **simplified due diligence measures** (L.4557/2018, Article15). In practice, such simplification is usually reflected in a decrease in the frequency of updating the customer's financial profile and the degree of monitoring their transactional activity.

On the other hand, in high-risk situations, banks must undertake **enhanced due diligence measures** (e.g. when dealing with politically exposed persons, correspondent banking relationships with third countries and high-risk jurisdictions).

1 Annex 1 of Law 4557/2018 provides an indicative list of factors and types of evidence regarding the occurrence of
potentially lower risk. As geographical areas of lower risk are listed the following countries:
a) Member States of the European Union,
b) third countries recognised, based on detailed assessment reports of public international organisations, as having low levels of corruption, organised crime or other criminal activity,
c) third countries which, according to credible sources, such as detailed assessment reports of public international organisations, have established and effectively apply regulations for combating money laundering and terrorist financing in line with the revised FATF recommendations.

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

Within the context of the abovementioned enhanced due diligence measures, banks may increase the degree and adjust the manner of monitoring a business relationship to determine whether a transaction is unusual or suspicious. According to Law no. 4557/2018, Article 16, this happens when a transaction a) is complex, b) unusually large, (c) involves an unusual pattern or practice or (d) is carried out without apparent economic or legal purpose.

When banks have knowledge, serious indications or suspicions that funds, irrespective of their amount, constitute revenues from criminal activities or are related to the financing of terrorism, they have an obligation to inform the **Anti-Money Laundering Authority** without delay, on their own initiative. This obligation shall also apply in the case of an attempted suspicious transaction. They are also obliged to provide the Anti-Money Laundering Authority (and other public authorities responsible for combating money laundering or terrorist financing) with all the information and data required without delay.

In this context, the Bank of Greece has published an extensive **typology of suspicious transactions** based on the practice in Greece and international literature. Two examples contained in this typology relate to non-profit organizations:

- Suspicious are the financial transactions that are carried out without there being a reasonable financial purpose or where, in such transactions, there appears to be no link between the declared activity of an organization and the activities of the other parties to the transaction.
- A transaction may be suspicious when an account in the name of a non-profit or charitable organization is used to collect and channel funds to a small number of foreign beneficial owners, individuals and companies, particularly in high-risk jurisdictions.

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?

Banks in Greece apply enhanced due diligence measures when dealing with entities established in third countries identified by the European Commission as presenting a high risk of money laundering or terrorist financing. More specifically, **Delegated Regulation 2016/1675** identifies (in an annex) third countries that have strategic deficiencies in their anti-money laundering and counter-terrorist financing regimes that pose significant threats to the financial system of the European Union. The list, as it has been amended in 2022, includes the following countries: Afghanistan, Barbados, Burkina Faso, Cambodia, Cayman Islands, Haiti, Jamaica, Jordan, Mali, Morocco, Myanmar, Nicaragua, Pakistan, Panama, Philippines, Senegal, South Sudan, Syria, Trinidad and Tobago, Uganda, Vanuatu, Yemen, and Zimbabwe.

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

In these cases, banks will take the following enhanced due diligence measures:

- collect additional information on the client and the beneficial owner(s), the intended nature of the business relationship, the origin of the funds and the source of the assets of the client and the beneficial owner(s) as well as the rationale for the transactions planned or executed;
- obtain the approval of senior management for the initiation or continuation of the business relationship;
- conduct enhanced and ongoing monitoring of such business relationships by increasing the number and regularity of the audits and by selecting patterns of transactions that require further review;
- ensure, where appropriate, that the first payment is made through an account in the name of the customer at a credit institution subject to customer due diligence standards that are no less stringent than those provided for by Greek law.

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?

As it was mentioned above, banks in Greece have the obligation to inform the Anti-Money Laundering Authority when they have knowledge, serious indications or suspicions that funds constitute revenues from criminal activities or are related to the financing of terrorism. In this case, banks will provide to the Anti-Money Laundering Authority, as well as other public authorities responsible for combating money laundering or terrorist financing, the information and data that will be requested without delay.

Banks may also provide a client's personal data to supervisory, auditing, independent, judicial, prosecutorial, public, and/or other authorities and bodies within the scope of their legal duties and powers.

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

In Greece, all personal information is processed in accordance with the provisions of the **General Data Protection Regulation** (EU) 2016/679 (the 'GDPR'), **Law no. 4624/2019** on Personal Data Protection and each bank's IT security and confidentiality rules. All banks apply the appropriate organizational and technical measures to ensure the security of the customer's data, the confidentiality of their processing and their protection against accidental or unlawful destruction, accidental loss, tampering, unauthorized disclosure, or access and any other form of unlawful processing.

Against this backdrop, customers have the right to access and rectify their personal data, to restrict the processing of their data or object to any processing and, under certain conditions, to ask for their data to be deleted. Customers have also the right to request the bank to transmit their personal data to another controller. Lastly, they have the right to lodge a complaint with the **Hellenic Data Protection Authority** if they feel that the bank has processed their personal data in violation of the GDPR.

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

Under the current legislation, there are no specific reporting obligations for banks to inform governments on civil society banking.

d. Are you aware of any change in regulation/practice due to the Russian sanctions?

The European Union has adopted a wide range of restrictive measures against Russian individuals and entities, which target exchanges with Russia in specific economic sectors. The sanctions regime laying down these economic sanctions consists of Council Decision 2014/512/CFSP and Council Regulation (EU) no. 833/2014 and they are binding on the banks of Member States.

These measures include the following:

- restricted access to EU primary and secondary capital markets for certain Russian banks and companies;
- prohibition on transactions with the Russian Central Bank and the Central Bank of Belarus;
- SWIFT ban for certain Russian and Belarusian banks;
- prohibition on the provision of euro-denominated banknotes to Russia and Belarus;
- prohibition on public financing or investment in Russia;
- prohibition on investment in and contribution to projects co-financed by the Russian Direct Investment Fund

As far as deposits are concerned, Article 5b of the Regulation no. 833/2014 (**Russia Economic Sanction Regulation – 'RSR'**) and Article 1u of Council Regulation (EC) 765/2006 (**Belarus Sanction Regulation – 'BSR'**) prohibit EU credit institutions to accept

any deposits from Russian or Belarussian nationals or natural persons residing in Russia or Belarus, or legal persons, entities or bodies established in Russia or Belarus, if the total value of deposits of the natural or legal person, entity or body per credit institution exceeds 100,000 €. However, both RSR and BSR envisage various exemptions and derogations that the competent authorities responsible for the monitoring of the sanctions may authorize having determined that the acceptance of such a deposit is compliant with the provisions specified in RSR and BSR articles allowing exemptions and derogations.

For more information, the latest updates as well as FAQs concerning the sanctions adopted following Russia's military aggression against Ukraine, please visit this link.

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