



European  
Commission



# Accessing EU financial services as a **Non-Profit Organisation**

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Access to financial services is essential for Non-Profit Organisations ('NPOs') established in the EU.

This factsheet helps NPOs understand what information they might have to provide to open an account, or to carry out a specific transaction



## **WHY DO BANKS AND OTHER FINANCIAL INSTITUTIONS ASK FOR INFORMATION FROM THEIR CUSTOMERS?**

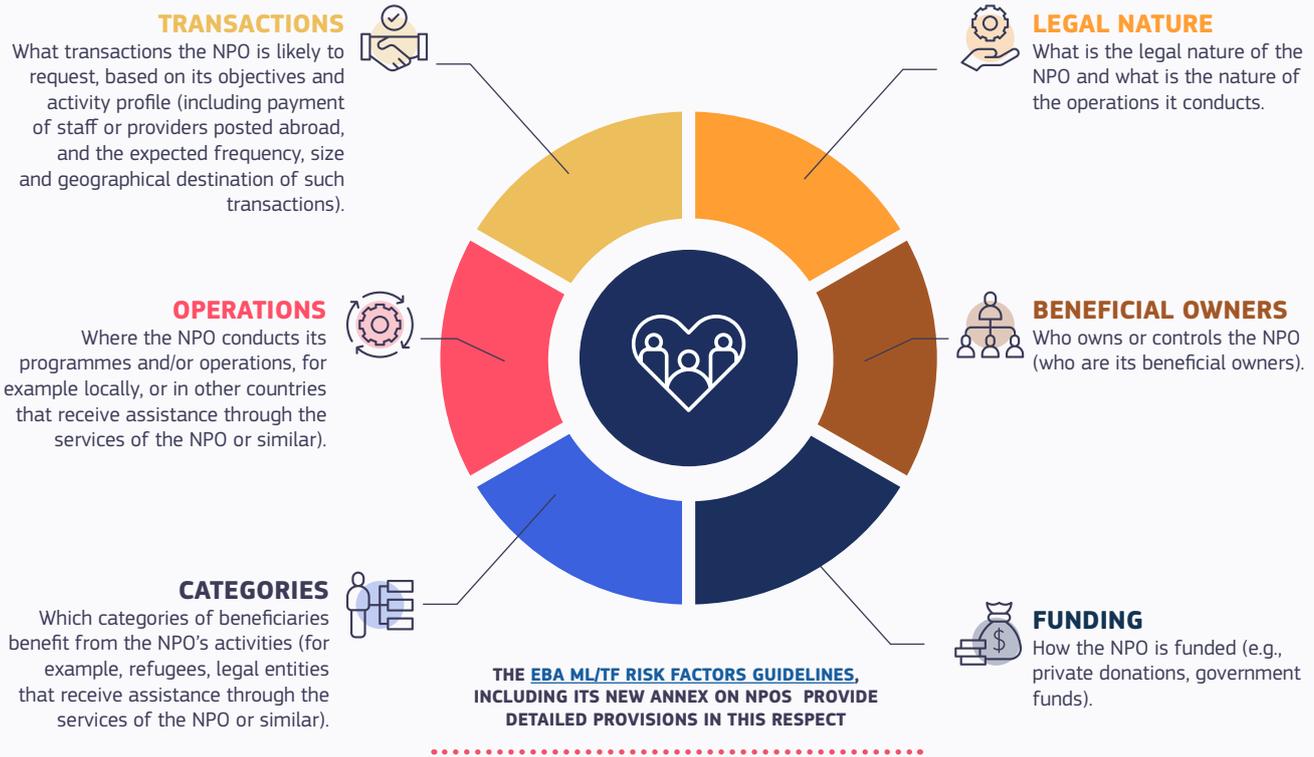
Under EU law, banks or other financial institutions are required to understand who their customers are ('know your customer'). This is because they need to make sure that their services are not used for the purposes of financial crime. Without the necessary information, a bank or financial institution may have to reject a customer or decline to carry out a financial transaction. NPOs, even if they provide impartial humanitarian aid, are not exempt from providing the required information.



## **WHAT BANKS AND OTHER FINANCIAL INSTITUTIONS NEED TO KNOW FROM NPOS**

Banks and other financial institutions have to identify their customer and verify their customer's identity. They also must determine, if the customer is a legal person, who owns or controls the customer. In addition, financial institutions may need to obtain additional information to understand why the customer needs their services, and how the customer plans to use these services. In some Member States, the transposition into national law of the EU Anti-Money Laundering Directive law sets out mandatory documentation that customers must present.

## WHAT BANKS AND OTHER FINANCIAL INSTITUTIONS NEED TO KNOW FROM NPOs



## WHAT AN NPO NEEDS TO PROVIDE TO FINANCIAL INSTITUTIONS

NPOs need to share certain information relating to their activities. They may also need to provide supporting evidence to substantiate this information. Examples of evidence institutions may need to provide might include::



### TO SHOW THAT THE NPO EXISTS

FOR EXAMPLE:

- Utility bills in the NPO's name and address of NPO headquarters
- The legal status of the NPO
- A copy of a public register, if applicable
- Organization charts and list of staff directly employed by the NPO



### TO SHOW WHAT IS THE PURPOSE OF THE NPO

FOR EXAMPLE:

- Mission statement
- List of programmes delivered by the NPO
- List of categories of beneficiaries for each of its activities
- Campaign-related documents
- Risk assessment of the action and any mitigating measures concerning aid diversion
- Possible certifications that the NPO may have been awarded, especially from public authorities



### TO SHOW WHERE THE NPO OPERATES FOR EXAMPLE:

- Mission statement
- List of geographic locations served, including headquarters and operational areas
- Organization charts and list of jurisdictions where the staff is paid and the number of employees to be paid in each of them
- Documentation on any provisions related to humanitarian exemptions or derogations, possible certifications that the NPO may have been awarded, especially from public authorities



### TO SHOW HOW THE NPO IS FUNDED

FOR EXAMPLE:

- Information about the donor base, funding sources and fundraising methods
- Annual reports
- Audited financial statements
- Comfort letters that a donor may have granted



### TO SHOW WHO OWNS OR CONTROLS THE CUSTOMER

FOR EXAMPLE:

- A description of the NPO's governance set up
- An organization chart
- A list of the NPO's legal representatives
- Passport copies of office holders

**BANKS OR OTHER FINANCIAL INSTITUTIONS SHOULD BE ABLE TO ADVISE NPOs ON THE SPECIFIC TYPE OF DOCUMENT THAT THEY NEED TO OBTAIN**

## HOW BEST TO PREPARE A MEETING WITH A BANK OR ANOTHER FINANCIAL INSTITUTION

To ensure good communication with banks or other financial institutions, NPOs should find out from the institution what information they will require, and in what format. This factsheet can help them in their interactions with the institution.



### EXPLAIN WHY AND HOW

Explain why they need the account and how they will be using it, or why they need to carry out a specific transaction



### INFORM THE INSTITUTION OF ANY CHANGES

If they are already a customer, proactively inform the institution of any changes to their operation or profile that could affect how they use their account (e.g., operations in new jurisdictions, changes of governance set-up, etc.).

## WHEN THINGS GO WRONG

It is possible that a bank or another financial institution decides not to provide payment services to an NPO, even in cases where the NPO has submitted all the requested documentation. This can be due to the fact that the institution has assessed it cannot effectively manage the money laundering and financing of terrorism risks associated with this particular NPO. If that is the case, NPOs have several options.



### ASKING FOR AN APPOINTMENT

Asking for an appointment with a senior person in the bank who is able to take decisions in the matter.



### ALTERNATIVE SERVICE PROVIDER

Looking for an alternative service provider



### SUBMIT A COMPLAINT

Contacting the relevant competent authority or designated alternative dispute resolution body in its jurisdiction to submit a complaint. The EBA's consumer corner provides further information on the steps customers should follow in this case.