

Article: The hurdles for foreign company to open a bank account in Kazakhstan

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The most of foreign companies operate in Kazakhstan through their branches or subsidiaries. But there are also several cases when a non-residential entity prefers to open a bank account in local bank directly. In our practice, this proceeding is not fast and includes some difficulties.

At the start, it seems simple and clear. A clerk at the bank accepts your documents and assures you that everything is ok. But, as he or she says, your account will be opened next day. Maybe ~~xxxx~~ And this is the first hurdle. The clerk cannot decide on opening a bank account for a foreign company. Even if you bring your documents translated into Russian or Kazakh.

Now it is the time for the back-office experts, who have to look through your documents and make a decision. These people will not contact you directly. All the questions and answers between you and them will be transmitted through the first clerk. So, you can imagine the complexity of this.

In order to prevent rejection of your documents we recommend preparing the notarized translations of all your documents beforehand. You will also need an apostilled power of attorney for the representative of the company, who will make orders to the account, and some other apostilled documents. And this is another hurdle.

If the country of your company ~~xxxx~~ residence has not signed the *Convention of 5 October 1961 Abolishing the Requirement of Legalization for Foreign Public Documents*, you can only have a legalization stamp sealed on your documents, which differs from the apostille. The difficulty here is not in the field of the acts of legalization or apostilling themselves, but in due understanding from the bank employees on this kind of proceeding.

The next step to pass is a disclosure of the beneficiary owner of your company. It is necessary for bank in order to comply with the Know Your Client regulations. In case of any misunderstanding on this stage the bank will reject your application. The beneficiary owner means a person who controls the company directly or through other entities. If there are any intermediate entities between your company and the beneficiary

owner, you have to provide the bank with some documents concerning these entities. The bank often suspends the process of opening the account before it understands clearly, who is who inside the owner's structure. Sometimes it is too long and difficult for the client.

Even if you succeed in opening the account, there may be one more reason to slow down further activities. Financial monitoring regulations give the bank a right to suspend any account transaction, if the bank (its compliance division) finds the transaction or the company to be suspicious. There is a ~~xxxxxxx~~ of 24 hours~~xxx~~ to clarify the situation, after which the bank must unlock the account and fulfill the order of the client. But in practice some banks break this term, fearing to cause a conflict with the National Bank, and continue to wait for approval from this authority after 24 hours. Of course, it is not applicable for the clients, who can incur losses because of such delay.

As you see, the proceeding of opening a bank account has some pitfalls. But each of them can be managed and bypassed. We strongly recommend doing this action with a support of experts in order to avoid unnecessary risks.
