



ANTI-MONEY LAUNDERING AND FINANCIAL REPORTING OBLIGATIONS IN KENYA'S GAMBLING SECTOR

INTRODUCTION

The gambling sector in Kenya is a high-priority area for financial oversight due to its high volume of cash transactions and the rapid growth of online betting.

The main legislation governing the regulation of money laundering is the Proceeds of Crime and Anti-Money Laundering Act (“the AML Act”). Section 2 of the Act designates casinos (including internet casinos) as a “designated” business. Any person operating a designated business is a reporting institution under the Act.

Additionally, gambling operators are tasked with certain financial reporting obligations under the Gambling Control Act, Act No. 14 of 2025 (“the Gambling Control Act”), in addition to the usual financial reporting requirements imposed on companies under the Companies Act, 2015.

AML OBLIGATIONS UNDER THE AML ACT

a) Registering with the Financial Reporting Centre (FRC)

The first obligation of every reporting institution is to register with the Financial Reporting Centre (“the Centre”), after which all the other obligations follow.

Section 47A of the AML Act requires that:

- I. All reporting institutions shall register with the Centre; and
- II. A reporting institution shall notify the Centre, in writing, of any changes to the particulars furnished to the Centre at the time of such registration.

It is worth noting that failure to register with the Centre is an offence.

b) Reporting suspicious transactions

The Act requires continuous monitoring of suspicious transactions by gambling operators (Section 44(1) and (2) of the AML Act). For this purpose, the following are considered suspicious transactions:

I. Complex, unusual, and large customer transactions and transactions following unusual patterns;

II. Periodic customer transactions which have no apparent economic or lawful purpose; and

III. Any other transactions or activity that could, in the opinion of the gambling operator, constitute or be related to money laundering, terrorism financing, proliferation financing or to the proceeds of crime.

Operators are required to report all suspicious transactions to the Centre within two days after the suspicion arose (Section 44(2) of the AML Act).

c) Customer identification and verification

This is what is commonly known as “Know Your Customer” (KYC) and entails collecting and, where possible, verifying by collecting such information as is sufficient to establish the customer’s true identity.

It is achieved by requiring the customer to produce an official record reasonably capable of establishing the true identity of the applicant or customer, for instance an identity card or passport for individuals.

For online platforms, this now often requires real-time self-portrait photograph (selfie) verification against National identity cards.

Importantly, Section 45(2) of the AML Act requires reporting institutions to undertake materiality-and-risk-based customer due diligence on all customers. This requires that betting operators identify customers they deem particularly risky and conduct enhanced due diligence on them.

Needless to say, this requires that the company has sufficient internal security systems to identify risk accurately.

d) Transaction Records

Operators have a duty to establish a record of all transactions, both domestic and international, identifying the transacting party (the customer), the value of the transaction, and the time and place of the transaction (Section 46 of the AML Act).

Importantly, these records must be kept in storage for a period of at least seven years.

e) Internal AML controls and reporting procedures

The AML Act requires operators to have internal controls and internal reporting procedures to combat money laundering.

This entails having the following basic controls:

I. Robust information technology systems to identify and flag risky transactions and customers; and

II. A dedicated money laundering reporting officer who will be responsible for receiving reports of suspicious transactions from other employees and reporting the same to the Centre.

f) Beneficial ownership disclosure

Identifying the **beneficial owner** - the real person who ultimately owns or controls a business - is the cornerstone of modern Anti-Money Laundering (AML) efforts.

Without this, criminals can use shell companies or complex layers of ownership to hide the origins of illicit funds.

Thus, Section 30 as read with the Second Schedule to the Gambling Control Act, requires betting operators to disclose their beneficial ownership when applying for licensing.

The upshot of this is that operators must identify the individual(s) who ultimately owns or controls the gambling enterprise.

g) Risk-based Supervision

As we have noted, casinos and betting platforms, particularly large operators, are inherently vulnerable to financial crimes due to the high volume, speed, and liquidity of their transactions.

Thus, Section 4(1) of the Gambling Control Act mandates the national government to conduct anti-money laundering risk-based inspections and inspections to combat financing of terrorism through casinos and any other forms of gambling.

Consequently, large casinos dealing with VIP clients, massive cash transactions, or complex international online betting platforms will face more rigorous, frequent, and more highly intrusive inspections than smaller operators.

FINANCIAL REPORTING & MONITORING REQUIREMENTS FOR GAMBLING OPERATORS

The Gambling Control Act, 2025 has introduced modernized reporting tools to curb tax evasion and money laundering.

a) Real-time transaction monitoring

First, Section 10 of the Gambling Control Act requires the Gambling Regulatory Authority (GRA) to: *“establish an electronic central real time gambling monitoring system to monitor compliance with regulatory requirements.”*

It is expected that online gambling operators will be required to integrate their systems with the GRA’s central platform.

This will, in turn, allow government authorities including the GRA, Kenya Revenue Authority and the Centre to monitor bets, wins, and withdrawals in real-time.

b) Periodic financial reporting

Section 78 of the Gambling Control Act requires gambling operators to, at the end of each financial year, submit audited financial reports to the GRA indicating:

- (a) its gross revenue for the financial year;
- (b) its net revenue for the financial year;
- (c) the amount remitted to the KRA for the financial year; and
- (d) the charitable activities carried out in that year.

CONCLUSION

Because the gambling sector experiences a massive volume of cash transactions and rapid online growth, it remains a high-priority target for financial oversight.

For this reason, strict measures have been put in place to combat money laundering in the sector, ranging from basic “know-your-customer” checks to real-time monitoring of transactions to disclosure of beneficial ownership.

To operate lawfully and successfully, gambling enterprises must ensure full compliance with these requirements.

Ultimately, avoiding these compliance responsibilities carries severe legal risks.

Building robust, technology-driven compliance frameworks is no longer just a best practice; it is a fundamental prerequisite for operating a gambling business in Kenya.



How CM Advocates LLP Can Assist

Our Betting, Lotteries and Gaming Practice Group provides end-to-end legal support to all stakeholders in the gambling sector, including operators, investors, service providers, and financial institutions. The team advises across the full regulatory lifecycle, from licensing and compliance to enforcement and dispute resolution.

Key services include licence applications and renewals, regulatory compliance audits, corporate restructuring for local ownership requirements, AML/KYC and responsible gambling frameworks, and advisory on cryptocurrency and dual-licensing regimes.

The practice also supports transactions and M&A, represents clients before regulators and courts, and delivers regulatory training. In addition, the team provides tax advisory, data protection audits, immigration assistance, intellectual property protection, legislative advocacy, and structuring of financial guarantees to meet regulatory requirements.

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