

AML POLICY & PROCEDURES DOCUMENTS BY SMKG:
PUBLISHED DATE: 26TH NOVEMBER 2022

The following document provides a scope of implemented procedures and tasks by the company across all platforms for Digital Onboarding, Underwriting and Realtime AML monitoring of new and existing registrants not limited to their recipients both individuals and businesses.

The Importance of Regulatory Compliance:

Failure to have an effective Anti-Money Laundering (AML) compliance program has seen Financial Intelligence Units (FIUs) hand out record fines in the tens of millions of dollars against organizations – fines that show they are serious about their call for compliance.

At the same time penalties have been handed out, FI's have also seen numerous changes in regulatory expectations.

The complexity is much higher when dealing with Cross-border and Onboarding in multiple Countries. The right vendors must be selected to thoroughly manage and assess risk in real-time.

The company model is to run 1st level of risk assessment and verification with AML monitoring prior to submitting onto our partner vendors. This model provides a double screening system to assure highest risk mitigation review.

Furthermore, the company monitors all transactions on an ongoing real-time basis with risk and fraud management tools independently from that of its partners.

AML/CFT Compliance Checklist:

To build an effective AML compliance program, FI's must implement tools and processes to protect the organization from high-risk customers and transactions. These components include internal processes and procedures, such as policies, training and risk management, as well as tools, including sanctions list screening, transaction monitoring, risk scoring and regulatory reporting.

This document represents policies and procedures for AML, Risk and Fraud Management, Security monitoring including verification, procedures, reporting and actions.

- AML Anti Money Laundering
- e-KYC Electronic Know Your Client
- e-KYB Electronic Know Your Business

Types of payments accepted:

Acceptable multiple types of payments including:

- Bank to Bank
- Bank to Card
- Card to Bank
- Card to Card
- Pick-up and Delivery
- Cash Deposits

B2B, B2C, P2P, B2B2C:

- Top Up
- Send and receive funds through wallet
- Pick up points
- QR Transactions

All the above payment mode varies differently for specific operations. The payment acceptance have multiple variables in consideration which defines the payment process selected:

- Wallet Payment
- Country or region specific payments
- Payment through Partner vendor

Partnership Types:

- MSB & Payment Rails (E-Commerce / Brick & Mortar / Delivery)
- PSP
- PF
- Banks / Credit Unions / Trusts

Setting Limits:

- Payments limits are set for Wire, ACH, Bank to Card, Card to Bank, Card to Card by each partner vendor
- Payment partners, Rails and MSB's follow these instructions and set the limit on sending and receiving FX basis on the guidelines of each country regulator

Setting Restrictions:

- Each payment type and payment partner has region specific restrictions.
- These may include Maximum and Minimum transactions restrictions, restrictions on industry type, restrictions of acceptable currencies, frequency of transactions, and restrictions on the mode of payments.

Countries and how we adopt:

As a technology provider & aggregator of different payment partners, we align to the need of our clients (Partner Vendors, Corporate accounts, Businesses & Individuals) as per the region of their operations. Our payment partners have unique MSB licenses & payment rails in different countries that enables our clients to execute the last mile payment processing. Our collaboration with multiple Payment Partners & Payment Rails provides support to around 180 + countries providing our clients an easy access and last mile transfer to the countries that they desire and/or are currently operating in.

All the operations including domestic payments and cross-border payment process are carried out on the platform to identify and assign a specific payment partner to our clients as per the region or country of their operations. This simplifies the role of each payment partners and provides a cost effective trade for our clients.

Vendor Payment partner, Vendor Partner approval process (must be licensed in-country):

- Vendor payment partner & Vendor Partner
 - Vendor Payment Partner: These are existing payment network with MSB license and payment rails in specific Countries and territories. The MSB license & payment rails allows onboarding on countries, territories and regions that the Payment partner has presence in. Each payment partner has a network of countries and regions allowing Pay-in and Pay-out in these countries. Vendor payment partner may be a Bank, Financial Institutions, Card Processor, PoS Technology solution partner and others.
 - Vendor Partner: Vendor Partners are enterprises and organizations which aims at catering payment services in a specific country or region. Vendor partners may have a network of corporate accounts, businesses or individuals needing payment services for domestic and international remittance services.
- Third party services for constant monitoring:
 - eKYC & eKYB:
 - Each partner, Corporate and business under-goes eKYC and eKYB as a vetting process for onboarding
 - The verification and authentication process is carried out at two levels.
 - a. Level one of verification is done by our company
 - b. Level two verification takes place when we assign a payment partner. The payment partner have their own verification model and documents are provided by us to the payment partner.
 - We also monitor the global compliance watch list through fully automated, and comprehensive data collection for PEP, Global Watch Lists / Sanctions, and Adverse Media. Our state-of-the-art, AI-driven system examines 13 important criteria to deliver the most sophisticated name-matching that captures all critical & crucial data points.

Anti- Money Laundering (AML):

Our AML suite enables businesses to prevent money laundering and financial crimes in their channels by screening out the suspicious entities within seconds. With our complete AML suite you can screen out the suspicious entities within seconds.

- Batch Screening:
 - Screen your existing clientele through our real-time AML screening solutions to identify high-risk customers
- Ongoing AML Screening
 - Maintain updated risk profiles of your customers through ongoing AML screening as per client-defined schedule
- AML on Business / Individual:
 - We have third party AML verification process allowing us to verify the AML for Individual and business in more than 230+ countries and territories. Verify business entities and conduct background screening of ultimate beneficial owners to reduce risk to zero.
- Threshold Payments Monitoring:
 - We monitor the transaction limit set in the system by our Payment Partners and the frequency of the transactions following the compliance and protocol of each countries.
 - We monitor limits set by our MSB Sponsors and Card Issuers.
 - Monitoring Multiple address usage by same Business / Individual for transactions
 - Monitoring Multiple Business / Individuals using same address for transactions
 - Monitoring Multiple card usage by same individual for a transaction

Regulation Tech:

- We facilitate delivery of regulatory requirements in a most efficient and effective manner. This features allows our partners to be future ready on any specific regulatory requirements.

Registration processes:

Corporate Onboarding process:

Corporate Onboards on the our platform either directly or through our Vendor Partners (through references or known source or service providers). While the process for both onboarding remains same at the later stage, the initial stage differs for both the processes.

- Through a Vendor Partner :
 - When a Corporate onboards through a payment partner, the Corporate has to enter a unique partner key which is provided by the Vendor partner at the time of registration. This allows us to monitor the vendor partners Corporate onboarding providing the Corporate with the Payment partner aligned with each Vendor partner. Since the payment partner is already assigned to the Vendor partner, all the corporate accounts under the Vendor partner automatically gets assigned to the payment partner.
 - Each Vendor Partner has different set of requirements, special rates, days of settlement, pick up points and customized turn around time for the transactions and the benefits of these features are provided to the Corporate accounts they onboard.
- Without a Vendor Partner :
 - When a Corporate onboards without a Vendor Partner, the fee structure may differ from the one assigned through a partner
 - In this case assignment of the payment partner will is done by us.

- Onboarding Process:

The onboarding process for Corporate will remain the same apart from the above difference. In either case of Corporate onboarded through or without a payment partner, the documents required for the onboarding process will be standard. The onboarding process has multiple steps and the process includes:

- Onboarding documentation requirement
- eKYC & eKYB
- Video eKYC if required.
- AML self and business

On successful authentication our platform logins are assigned to the Corporate. Corporate can now operate the platform functions and is set as a Corporate on the system.

Businesses Onboarding process:

Businesses onboard on our platform only through our registered Vendor Partners or Corporate accounts. This is to ensure that we only provide access to valid businesses associated with our Corporate accounts or Partners.

- Businesses onboarding on the systems are required to enter a unique Corporate key while registration. This key lists the individual to the Corporate. All the features and benefits along with the payment partners assigned to the corporate accounts or vendor partner can be availed by the businesses.

Onboarding Process:

The onboarding process for individual will require to register and upload the necessary documents and follow steps:

- Onboarding documentation requirement
- eKYC
- eKYB
- Video eKYC if required.
- AML self & Business
- Digital Signatures

On successfully authentication, our platform logins are assigned to the businesses. Business can now operate the platform functions and is set as a Corporate on the system.

Individual Onboarding process:

Individual Onboards on our platform only through our registered Vendor Partners or Corporate accounts. This is to ensure that we only provide access to valid individuals associated with our Corporate accounts or Partners.

- Individual onboarding on the systems are required to enter a unique Corporate key while registration. This key lists the individual to the Corporate. All the features and benefits along with the payment partners assigned to the corporate accounts or vendor partner can be availed by the individual.

Onboarding Process:

The onboarding process for individual will require to register and upload the necessary documents and follow steps:

- Onboarding documentation requirement
- eKYC
- Video eKYC if required.
- AML self

On successfully authentication, our platform logins are assigned to the Individuals. Individual can now operate the platform functions and is set as a Corporate on the system.

Onboarding Steps & Process (for Corporate accounts, Businesses & Individuals):

- Unique Key: Unique key is required while filling in the form. This will vary for Corporate accounts registering on the platform directly.
- Phone & Email Verification: We do both phone and email verification through OTP which is sent to the corporate accounts and Individuals.
- Onboarding documentation requirement: Standard onboarding documents are required to be uploaded while doing the registration.
- eKYC: Documents captured during the process are authenticated through a third party system at our end.
- Video eKYC: Videos of each individual is captured during this process. We ensure to capture live motion images to ensure the documents are captured in the live environment. Phone, Email, Geo Tagging & IP is captured along with a Ten second video. All the documents captured are saved in our secured vault and authenticated by the support team.

Important note: Apart from the onboarding and authentication of the documents at our end, the documents are also verified by the payment partner. Only if all the aspects of onboarding is met, is when the access is provided to the Corporate accounts or Individuals.

Payment partners:

- We work with multiple MSB's, Payment Rails and Card networks globally.
- These payment partners have MSB License and Payment rails in multiple countries.
- With our unique partnership with these payment partners, we are able to onboard in more than 50+ countries and able to do Pay-in and pay-out in 180+ countries
- Our partnership allows us to onboard in major continents, North America, Latin America, Africa, Europe, Asia including China.
- We have capability to integrate multiple payment partners allowing us to ensure new partnerships that our Vendor partners are strategically alliance with.

Process and monitoring:

- While we work on monitoring the activities and ensuring smooth flow of the system through our third party monitoring system, each payment partner also have their own monitoring system
- This makes the platform extremely secure from any fraudulent transactions or activities.
- The monitoring starts right from the process of onboarding to the transactions and completion of these transactions.
- While the onboarding documents of either of our Vendor Partners, Corporate accounts, Businesses or Individuals are verified by our company. These Documents are also verified by our Payment Partners.

Process for ongoing monitoring:

- OTP Mobile
- Address
- eKYC on Business
- AML on business / Individual
- Reg Tech
- Expired document
- Suspicious activity
- If the address does not match the address on license or otherwise - Reason for non- address matching
- Flagging a client - Advise our partners - Suspend the account, reach out to the client, steps to be taken.
- Utility bills must be less than 3 month old
- If the person is not primary of those services, Ex. Parents bill - need confirmation from parents / consent or proof from the parties

Documents Checklist & Instructions:

- Bank Statement: shall not be less than 90 days old from the date of registration
- Utility Bills: shall not be less than 90 days old from the date of registration
- Govt documents: All government documents are required to have an expiry of more than 6 months remaining from the time of registration.

- In case of expiry of any document is less than 4 months then a notification is sent and the Partner, Corporate, Business or Individual are requested to submit the documents within a stipulated period of two weeks from the date of such notification. In case if the dates of such notification is lapsed, We own the right to temporarily deactivate the account until the documents are resubmitted.
- We keep all the digital documents of non-active accounts for a period of Five years from the date of their last transaction or activity on the platform.
- For Active accounts, we manage these documents for a period of 10 Years

*Inactive accounts: Clients whose accounts has zero activity for a period of 12 months, We send notifications to their email. This notification is sent every 3 months to verify the clients response. In case of no response after 2nd attempt of reaching the clients, their account is temporarily suspended

Country Specific document requirements:

- Documents requirements for countries like China & Guyana are required to be submitted. The list shall be mentioned on the platform
- Purchase/invoice and confirmation delivery codes are required as proof for settlement

Recipient:

- Recipient added by the client (Vendor Partner, Corporate Accounts, Businesses or Individuals) are vetted on the platform for security reasons.
- All Recipient has to submits following documents as a proof for vetting process for smooth transactional flow.
- Businesses shall provide their business registrations govt. documents, the individuals photo id proof and address proof.

Transactions Limits:

We monitor the transaction and have automated limits set to monitor monetary threshold defined by regional government bodies and internal risk provisions:

- Frequency Limit: We monitor the transactions which are recurring and the amount of these recurring transactions. A limit is set for each transaction beyond which there is a notification shared with the client.
- Threshold Verification Limit: Transactions which are beyond the threshold limit are flagged for additional documentation. Once the additional documents as defined by regions or countries are approved, the transaction is set in motion. In case if the additional documentations are not provided in a stipulated time frame, the transaction will not be executed.

What is an AML Officer?

In order to oversee internal anti money laundering policies and remain compliant with important regulations, banks, credit unions and similar financial institutions are required to appoint an AML Officer, also known as an Anti Money Laundering Officer.

As part of the fight against financial crime, governments across the world require their financial institutions to put in place anti money laundering compliance programs. Implementing AML legislation can be challenging: in the United States, for example, the Bank Secrecy Act (BSA), introduced in 1970, has been amended by numerous subsequent laws, including the Patriot Act. Practically, this means US financial institutions must navigate an increasingly complicated BSA compliance landscape, often involving a significant administrative burden and serious legal consequences. To achieve compliance, it is often necessary to appoint an AML

Compliance Officer: a principal figure responsible for overseeing the effective development and implementation of their institution's AML program. A vitally important role within a financial institution, senior management should consider the following factors when selecting an AML Officer.

What Does an AML Compliance Officer Do?

While all employees should be aware of their company's AML policy, the AML Compliance Officer is responsible for its implementation at an institutional level. An Anti Money Laundering Officer's primary professional focus falls on the internal systems and controls that their institution puts in place to help detect, monitor and report money laundering activities to the authorities. Their job is to ensure that their institution is not exposed to criminal risk, and does not inadvertently facilitate financial crime.

The finer details of an AML officer's responsibilities vary by country, of course. In the US, for example, a BSA-AML Compliance Officer would liaise with the Financial Crimes Enforcement Network (FinCen), while a UK anti money laundering officer would report to the National Crime Agency (NCA). Broadly speaking, however, AML policies and strategies are often mirrored across jurisdictions, and the practical duties of an AML Compliance Officer will include:

- Assisting with the development, implementation, and maintenance of an anti money laundering program within their institution.
- Ensuring compliance with current AML regulations, and other relevant legislation (e.g the USA Patriot Act).
- Developing and maintaining a compliant risk assessment framework for products and services, clients and customers, and other issues relating to money laundering.
- Keeping and maintaining records of high risk customers, and reporting suspicious activities to the authorities via a SAR Report.
- Arranging and implementing inspections and audits from third-party organizations, and making compliance recommendations based on their findings.
- Briefing and reporting to senior management on matters relating to internal AML compliance policies and procedures.
- Overseeing and implementing an ongoing AML training program for other employees.