

AML RISK MATRIX FOR ACCOUNT CLASSIFICATION

I. PERSONAL

Account Product	Personal Banking Products (Savings) Monthly total credits <Rwf 4,000,000 p.m.	Personal Banking Products (Savings) Monthly total credits > Rwf 4,000,000 p.m.	Personal Banking Products (Personal loans)	Personal banking product (personal loans)	Current Accounts /personal business accounts Monthly total credits < Rwf 4,000,000 p.m. (equiv.)	Current accounts Monthly total credits > Rwf 4,000,000 p.m. (equiv.)	Credit cards	Staff accounts
	LCY	FCY	LCY	FCY	ALL	ALL	ALL	ALL
Customer Type								
Individual/joint - Public/Staff/ Pensioners(Rwandan citizen)	L	H	L	M	L	M	L	H
Individual/joint - Public/Staff/ Pensioners(Rwandan citizen living abroad)	L	H	M	M	LCY=LCY=M	H	M	
Individual/joint - Public/Staff/ Pensioners(Foreign citizen - non-High Risk)	M	H	M	H	LCY=L FCY=H	H	H	
Individual/joint - All (Foreign citizen - HighRisk1) Generally not permitted. Refer to the BPR sanctions policy for any exceptions	H	H	M	H	H	H	H	
Individual/joint - (PEP)	H	H	H	H	H	H	H	
Student - Rwandan Citizen-Local	L	H						
Student -Rwandan Citizen - Abroad	M	H						
Student - Foreign Citizen-Non-High Risk	H	H						
Minor/Child	L	H						

1 High Risk Jurisdictions – As provided in the BPR AML Policy – Countries under UN, US Sanctions, SDN's, NCCT,Terrorism

II. BUSINESS

Account Product	Business Current Account/ Business Investment Account	Business Current Account	Other Services1 (Fixed Deposits /HDB /Treasury Products /Credit Cards/Trade Finance Products/ Custody & Securities Accounts)	Other Services 11 (Safe DepositBoxes/ Safe Custody
	LCY	FCY	ALL	
Account Group/Type of Business The risk rating indicated below for each type of legal body type will apply as default for the type of legal body, unless a specific business type is indicated in the section below the black-shaded line				
Limited liability Company -Rwandan	L	L	L	H
Limited liability Company - Foreign (non High Risk)	M	H	H	H
All Legal Bodies/Parties from HighRisk Countries Legal Bodies, Generally not permitted. Refer tothe BPR Sanctions policy for any exceptions	H	H	H	H
Partnership	L	L	M	L
Sole proprietorship	L	L	M	L
Associations/Committees/ Societies/ /Organizations/Clubs	L	M	M	H
Foundation	H	H	H	M
Religious Institutions/ NGO's	H	H	H	H
Financial Institutions – As per AML Act 2009 (Banks, Insurance Co.s, ForexBureaus, Stockbrokers, Credit Card Companies, etc	H	H	H	H
Government	L	L	L	H
Provident funds - Retirement Benefit Schemes	L	L	L	H
Trust Funds - Nominee & Trust Accounts	H	H	H	H
Trade Unions	M	H	H	H
Foreign Missions	H	H	H	M
Dealers in high-value commodities Gems, jewels, art, cattle, miraa	H	H	H	H
Motor vehicle dealers	H	H	H	H
Gambling business and casinos	H		H	H
Financial institutions – All (as per AML Act 2009)	H	H	H	H
Lawyers Office & Client Account	H	H	H	H
Accountants Office & Client Accounts	M	H	H	H
Supermarkets	H	H	H	H
Sole/Limited Liability companies - Arms Dealers	H	H	H	H
Others	L	L	H	H

ANTI-MONEY LAUNDERING

Risk Assessment Criteria

The following Risk Assessment Criteria must be considered after having assessed the customer based on the Risk Matrix. The applicability of one or more of the criteria mentioned below might result in the customer being ranked as a higher risk than that indicated on the Risk Matrix. It is important to note that the list below is not all encompassing, and certain criteria not mentioned, which will be required to be considered, should be mentioned in the Account Management Form. Certain criteria mentioned may need to be considered as part of Account Monitoring. If applicable, an account may require being re-assessed.

- The customers' wishes to operate more than one account with no logical reason for doing this.
- There is no apparent relationship between the customer remitting funds and the person receiving funds.
- Funds being remitted to or received from a high-risk jurisdiction (see BPR Sanctions policy).
- If transactions are to be conducted with cash and the customer does not have any processes in place to ensure the source of his/her funds.
- Nominee / Trust accounts must be treated with higher risk than normal accounts.
- Accounts of NGO's, Charities, Forex Bureaus and Money Service Businesses must be treated as high risk accounts.
- Reluctance to provide normal information when opening an account.
- Greater use of safe deposit facilities.
- Building up of large balances, not consistent with the known turnover of the customer's business.
- Unexplained electronic fund transfers by customers on an in and out basis or without passing through an account.
- Regarding savings and fixed deposit accounts, the owner of the account and value will impact on the risk category assigned to the account.
- Financial institutions having adverse media coverage.
- Financial institutions having a history of regulatory problems.
- Overdraft limits, specifically in respect of Vostro accounts.
- Unknown financial institutions in foreign countries requesting facilities should be treated as high risk customers.
- Financial institutions having KYC policies and procedures which are not at the same level as BPR should be treated as high-risk clients. Depending on who the financial institution is, consideration may be given not to provide any facilities.
- Non-designated Financial Institutions and Professionals having KYC policies and procedures which are not at the same level as BPR, should be treated as high-risk clients. Depending on who the institution is, consideration may be given not to provide any facilities.
- All LC's arranged by other banks for their clients should be treated with the required enhanced due diligence.
- Micro-financiers operating in remote areas should be treated as high-risk.
- Loans and credits in foreign currency should be treated as either "M" or "H" level customers, depending on who the customer is and level of credit /loan provided.
- Accounts of Building Societies should be treated as either Level "M" or "H" due to the nature of their operations.
- Where accounts are kept for personnel employed by agencies such as the United Nations, accounts should be monitored for deposits other than monthly income. Such accounts should have a higher level of rating.
- Industries that pose a high level of risk such as the Defence Industry.
- Directors of companies who wish to open accounts, and such directors have been classified as Level "M" or Level "H" customers will result in such a company account being assigned a similar level.
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ACCOUNT MANAGEMENT FORM

Anti-Money Laundering Risk Assessment

ACCOUNT NAME: _____

ACCOUNT TYPE: _____

ACCOUNT NUMBER: _____

BRANCH: _____

Retail Manager or Corporate Relationship Manager

DATE: _____

LEVEL OF RISK AS PER RISK MATRIX: _____

COMMENT ON RISK CRITERIA CONSIDERED (Refer to Risk Assessment Criteria or any other relevant criteria):

FINAL RISK RATING: _____

APPROVAL:

Manager, Personal_____
Manager SQC_____
Branch manager or,_____
Regional Business ManagerBanking or Manager
Business Banking /
Customer Care
Team leaderCorporate Relationship
ManagerHead of Retail/
Head of Corporate

Date:.....

ANTI-MONEY LAUNDERING

Politically Exposed Persons

Accounts for PEP's should always be treated as Level H

- There is no internationally recognised legal definition of a Politically Exposed Person. However, they would normally be considered to include senior present and former political figures, their immediate family and close associates.
- Senior political figure is a senior figure in the executive, legislative, administrative, military or judicial branches of a government (elected or non-elected), a senior figure of a major political party, or a senior executive of a government owned corporation. Corporate entities, partnerships or trust relationships that have been established by, or on behalf of, a senior political figure, are also included.
- Immediate family typically includes the person's parents, brothers and sisters, spouse, children, in-laws, grandparents and grandchildren where this can be ascertained.
- Close associations typically include a person who is widely and publicly known to maintain a close relationship with the senior political figure.
- BPR will make use of internationally available checklists to facilitate the application of enhanced due diligence on PEP's, and may make use of such lists available locally

1. ANTI-MONEY LAUNDERING

Examples of Suspicious Transactions

1. Money Laundering Using Cash Transactions

- Unusually large cash deposits made by an individual or company whose ostensible business activities would normally be generated by cheques and other instruments.
- Substantial increases in cash deposits of any individual or business without apparent cause, especially if such deposits are subsequently transferred within a short period out of the account and/or to a destination not normally associated with the customer.
- Customers who deposit cash by means of numerous credit slips so that the total of each deposit is unremarkable, but the total of all the credits is significant.
- Company accounts whose transactions, both deposits and withdrawals, are denominated by cash rather than the forms of debit and credit normally associated with commercial operations (e.g., cheques, Letters of Credit, Bills of Exchange, etc.)
- Customers who constantly pay-in or deposit cash to cover requests for bankers drafts, money transfers or other negotiable and readily marketable money instruments.
- Customers who seek to exchange large quantities of low denomination notes for those of higher denomination.
- Branches that have a great deal more cash transactions than usual. (Head Office statistics detect aberrations in cash transactions)
- Customers whose deposits contain counterfeit notes or forged instruments.
- Customers transferring large sums of money to or from overseas location with instructions for payment in cash.
- Large cash deposits using night safe facilities, thereby avoiding direct contact with licenced financial institution staff.

1. Money Laundering Using Licenced Financial Institution Accounts

- Customers who wish to maintain a number of trustee or clients accounts which do not appear consistent with the type of business, including transactions which involve nominee names.
- Customers who have numerous accounts and pay in amounts of cash to each of them in circumstances in which the total of credits would be a large amount.
- Any individual or company whose account shows virtually no normal personal banking or business related activities, but is used to receive or disburse large sums which have no obvious purpose or relationship to the account holder and/or his business (e.g., a substantial increase in turnover on an account).
- Reluctance to provide normal information when opening an account, providing minimal or fictitious information or, when applying to open an account, providing information that is difficult or expensive for the financial institution to verify.
- Customers who appear to have accounts with several financial institutions within the same locality, especially when the institution is aware of a regular consolidation process from such accounts prior to a request for onward transmission of the funds.
- Matching of payments out with credits paid in by cash on the same or previous day.

- Paying in large third party cheques endorsed in favour of the customer.
- Large cash withdrawals from a previously dormant/inactive account, or from an account which has just received an unexpected large credit from abroad.
- Customers who together, and simultaneously, use separate tellers to conduct large cash transactions or foreign exchange transactions.
- Greater use of safe deposit facilities. Increased activity by individuals. The use of sealed packets o deposited and withdrawn.
- Companies' representatives avoiding contact with the branch.
- Substantial increases in deposits of cash or negotiable instruments by a professional firm or company,
- using client accounts or in-house company or trust accounts, especially if the deposits are promptly transferred between other client company and trust accounts.
- Customers who decline to provide information that in normal circumstances would make the customer eligible for credit or for other banking services that would be regarded as valuable.
- Large number of individuals making payments into the same account without an adequate explanation.

2. Money Laundering by International Activity

- Customer introduced by an overseas branch, affiliate or other bank based in countries where production of drugs or drug trafficking may be prevalent.
- Use of Letters of Credit and other methods of trade finance to move money between countries where such trade is not consistent with the customer's usual business.
- Customers who make regular and large payments, including wire transactions, that cannot be clearly identified as bona fide transactions to, or receive regular and large payments from countries which are commonly associated with the production, processing or marketing of drugs and proscribed terrorist organizations;
- Building up of large balances, not consistent with the known turnover of the customer's business, and subsequent transfer to account(s) held overseas.
- Unexplained electronic fund transfers by customers on an in and out basis or without passing through an account.
- Frequent requests for travellers cheques, foreign currency drafts or other negotiable instruments to be issued.
- Frequent paying in of travellers cheques or foreign currency drafts, particularly if originating from overseas.

3. Money Laundering by Secured and Unsecured Lending

- Customers who repay problem loans unexpectedly.
- Request to borrow against assets held by a financial institution or a third party, where the origin of the assets is not known or the assets are inconsistent with the customer's standing.
- Request by a customer for a financial institution to provide or arrange finance where the source of the customer's financial contribution to a deal is unclear, particularly where property is involved.

4. Money Laundering Involving Financial Institution Employees and Agents

- Changes in employee characteristics (e.g. lavish lifestyles or avoiding taking holidays).
- Changes in employee or agent performance (e.g. the salesman selling products for cash has a remarkable or unexpected increase in performance).
- Any dealing with an agent where the identity of the ultimate beneficiary or counterparty is undisclosed,
- Contrary to normal procedure for the type of business concerned.

5. Sales and Dealing Staff

(a) New Business

Although long-standing customers may be laundering money through an investment business, it is more likely to be a new customer who may use one or more accounts for a short period only and may use false names and fictitious companies. Investment may be direct with a local institution or indirect via an intermediary who “doesn’t ask too many awkward questions”, especially (but not only) in a jurisdiction where money laundering is not legislated against or where the rules are not rigorously enforced. The following situations will usually give rise to the need for additional enquiries:

- A personal client for whom verification of identity proves unusually difficult and who is reluctant to provide details.
- A corporate/trust client where there are difficulties and delays in obtaining copies of the accounts or other documents of incorporation.
- A client with no discernible reason for using the firm’s service, e.g., clients with distant addresses who could find the same service nearer their home base, or clients whose requirements are not in the normal pattern of the firm’s business which could be more easily serviced elsewhere.
- An investor introduced by an overseas bank, affiliate or other investor both of which are based in countries where production of drugs or drug trafficking may be prevalent.
- Any transaction in which the counter party to the transaction is unknown.

(b) Intermediaries

There are many clearly legitimate reasons for a client’s use of an intermediary. However, the use of intermediaries does introduce further parties into the transaction thus increasing opacity and, depending on the designation of the account, preserving anonymity. Likewise there are a number of legitimate reasons for dealing via intermediaries. However, this is also a useful tactic, which may be used by the money launderer to delay, obscure or avoid direction. Any apparently unnecessary use of an intermediary in the transaction should give rise to further enquiry.

6. Settlements

(a) Payment

Money launderers will often have substantial amounts of cash to dispose of and will use a variety of sources. Cash settlements through an independent financial advisor or broker may not in itself be suspicious; however, large or unusual settlements of securities, deals in cash and settlements in cash to a large securities house will usually provide cause for further enquiry. Examples of unusual payment settlements may be as follows:

- A number of transactions by the same counter party in small amounts of the same security, each purchased for cash and then sold in one transaction.
- Large transaction settlement by cash.
- Payment by way of cheque or money transfer where there is a variation between the account holder/signatory and the customer.

(b) Disposition

As previously stated, the aim of money launderers is to take “dirty” cash and to turn it into “clean” spendable money or use it to pay for further shipments of drugs, etc. Many of those at the root of the underlying crime will be seeking to remove the money from the jurisdiction in which the cash has been received, with a view to its being received by those criminal elements from whom it is ultimately destined in a manner which cannot easily be traced. The following situations should, therefore, give rise to further enquiries.:

- Payment to a third party without any apparent connection with the investor.
- Settlement either by registration or delivery of securities to be made to an unverified third party.
- Abnormal settlement instructions, including payment to apparently unconnected parties.

9. Potentially Suspicious Circumstances – Trust Companies

The following are examples of potentially suspicious circumstances which may give rise to a suspicion of money laundering in the context of Trust Companies:

- Suspicious Circumstances Relating to the Customer/Client's behavior
- The establishment of companies or trusts, which have no obvious commercial purpose.
- Clients/customers who appear uninterested in legitimate tax avoidance schemes.
- Sales invoice totals exceeding the known value of goods.
- The client/customer makes unusually large cash payments in relation to business activities, which would normally be paid by cheques, bankers drafts, etc.
- The customer/client pays either over the odds or sells at under-valuation.
- The customer/client has a myriad of bank accounts and pay amounts of cash into all those accounts which, in total, amount to a large overall sum.
- The customer/client is transferring large sums of money to or from overseas locations with instructions for payment in cash.
- The payment into bank accounts of large third party cheques endorsed in favour of the client/customer.

Potentially Suspicious Secrecy may involve the following:

- The excessive or unnecessary use of nominees.
- The unnecessary granting of wide ranging Powers of Attorney.
- The utilization of a client account rather than the payment of things directly.
- The performance of 'execution only' transactions.
- An unwillingness to disclose the sources of funds.
- The use of a mailing address for non-residents.
- The tardiness and/or unwillingness to disclose the identity of the ultimate beneficial owners or beneficiaries.
- Suspicious Circumstances in Groups of Companies and/or Trusts:
- Companies which continually make substantial losses.
- Complex group structures without a cause.
- Subsidiaries which have no apparent purpose.
- A frequent turnover in shareholders, directors or trustees.
- Uneconomic group structures for tax purposes.
- The use of bank accounts in several currencies for no apparent reason.
- The existence of unexplained transfers of large sums of money through several bank accounts.

It should be noted that none of these factors on their own necessarily mean that a customer/client or any third party is involved in any money laundering. However, in most circumstances a combination of some of the above factors should arouse suspicions. In any event, what does or does not give rise to a suspicion will depend on the particular circumstances.