

## **Guidance Manual for Anti-Money Laundering and Counter Terrorism Financing related to Money Exchange Companies**

### **First: Stages of Money Laundering:**

#### **- Stage 1: Placement:**

During this stage, funds proceeded by crime or unlawful act are placed, invested or entered into the financial system.

#### **- Stage 2: Layering**

During this stage, funds proceeded from unlawful sources are concealed and/or disguised by performing a series of complex financial and non financial transactions.

#### **- Stage 3: Integration**

During this stage, laundered funds are integrated into the economy, where distinguishing the laundered funds from the funds proceeded from lawful sources becomes difficult.

### **Second: Terrorism Financing**

The methods used for money laundering consist largely with those of used to conceal the sources of terrorism financing, which may proceed from lawful sources, criminal activities or both.

### **Third: Indicators of money laundering and terrorism financing transactions**

#### **1- Through cash financial transactions that can take any of the following forms:**

- a- Purchase, sale or exchange of the following:
  - 1- Extraordinary large cash amounts made by a natural or legal person whose normal business activities are usually made through checks or other payment modes.
  - 2- Huge increase in the cash amounts of any person with no justified reason.
  - 3- Cash amounts over different periods where the value of each of the said amounts is less than the limit set by the regulations but the sum of which exceeds that limit.
  - 4- Cash amounts over different periods where the sum exceeds the limit.
  - 5- Substantial cash amounts in bundles stamped with the stamp of moneychanger or other banks.
  
- b- Exchanging substantial amounts of small denomination bank notes with large ones without justification.
- c- Performance of many large cash deposits by the customer with different branches of the moneychanger or by many persons on behalf of the customer at the same day.
- d- Customer retrieving a part of a deposited amount upon being informed of the due diligence procedures to be followed for extraordinary transactions according to these regulations.
- e- Large amounts of cash in the form of counterfeited, worn or old bank notes.

#### **2- Through transfers, which take any of the following forms:**

- a- Transfers with similar amounts (on weekly or monthly basis), the total of which is large.
- b- Effecting transfers to a person using various payment instruments all of which are below the limited stipulated for in these regulations.

- c- Incoming transfers accompanied by instructions to transfer the amount of which into checks and send them by mail to a person.
- d- Effecting transfers with substantial amounts to countries known for their banking or tax confidentiality.
- e- Beneficiary using the amount of transfers credited to his account for buying various cash instruments immediately upon receiving said transfers to pay another party.
- f- Receiving unprecedented transfers with substantial amounts that are inconsistent with customer's nature of business.
- g- Frequently effecting external transfers of funds, which are pretended to be from an international source, by the customer.
- h- Performing extraordinary transfer within a set of ordinary transfers that are performed as one transfer.
- i- Transfer of substantial amounts outside the Kingdom or receiving the same form outside accompanied with instructions to be paid in cash.

**3- International banking and financial transactions, which take any of the following forms:**

- a- Acknowledge the identification of a person by external bodies existing in countries known for being producers and/or traffickers of drugs.
- b- Performing large transactions inconsistent with the size of business activities of the customer in addition to frequent transfer to persons or account(s) abroad.
- c- Requesting the issuance of traveler's checks in foreign currency or other tradable instruments on regular basis with a limit exceeding the one stipulated for in these regulations.
- d- Sale of traveler's checks frequently by the customer in foreign currencies with amounts exceeding the limit stipulated for in these regulations.
- e- Conducting banking transactions with offshore exchange or banking units whose names are similar to legitimate and reputable financial institutions.

9- Electronic exchange services, which take any of the following forms:

- a- A customer receiving small electronic financial transfers then making large transfers in the same manner to another country.
- b- Receiving substantial amounts regularly from countries known for being producers and/or traffickers of drugs.

**4- Money consignments, which take any of the following forms:**

- a- Performing large money consignments inconsistent with the size of business activities of the customer.
- b- Effecting and receiving of money consignments from abroad without identifying the true beneficiary.
- c- Effecting of money consignments without evidences of the true sources of such consignment.
- d- Incoming money consignments accompanied by instructions to be paid in cash.
- e- Effecting money consignments to countries known for their banking or tax confidentiality.

- f- Effecting money consignments from the internal resources of a customer and requesting the payment to be sent to accounts abroad.

#### **Forth: Customer Behaviors**

The following behaviors by the customer constitute an indicator of his involvement in unlawful transactions:

- 1- Customers requesting the moneychanger information about records, systems, regulations and the limit stipulated for in the regulations in order to be acquainted with enough information about the money laundering transactions and terrorism financing and to avoid legal violations related thereto.
- 2- Customer discomfort and unwillingness to go through a certain financial transaction when he is informed that said transaction is required to be reported in detail to the competent bodies.
- 3- Customer acting in an odd manner such as not exploiting the chance of receiving the best service for minimum cost in addition to being ignorant about the basic details of a financial transaction.
- 4- A temperamental customer who refuses to provide the bank with identification documents.
- 5- Customer who is still a student and irregularly sends or receives transfers or exchanges substantial amounts of currencies that are inconsistent with his status.
- 6- Customer who, at the time of visiting the Bank, is controlled by someone else and is unaware of his actions or is old aged and accompanied, at the time of the relevant transaction, by someone who is not in any way related to him.
- 7- Customer offering unjustified substantial amounts or precious gifts to the moneychanger staff to persuade the same to verify the identification documents and other documents.
- 8- Customer providing suspicious identification documents and refusing to provide the moneychanger with his personal information.
- 9- Customer providing the moneychanger with a permanent address that is outside the area of banks' services or outside the Kingdom.
- 10- Customer refusing to disclose the details of his business activities or the data, information or documents related to his company.
- 11- Customer whose home, business, or mobile phones are disconnected.

#### **Fifth: the moneychanger employee's behavior**

The following behaviors by the moneychanger's staff constitute an indicator of his involvement in unlawful transactions:

- 1- Increase in the living standards and level of expenditures of the moneychanger's staff in a noticeable and sudden manner that is inconsistent with his monthly income.
- 2- Bank's staff assisting in effecting transactions where the ultimate beneficiary or corresponding party is not fully known.
- 3- Bank's staff frequently violating control procedures and adopting a manipulative policy during the performance of his duties.
- 4- Bank's staff overestimating the credibility, ethics and financial sources of a customer in his reports referred to the moneychanger's management.

- 5- Moneychanger's staff avoiding any vacations.

**Sixth: Important Guidance**

- 1- Use of all available means to monitor suspicious transactions and deals thorough control reports, lists of non-cooperative countries and lists of all internationally wanted persons and entities.
- 2- Following up on the global updates concerning the methods of money laundering and financing terrorism and methods of combating the same, especially those issued by the Financial Action Task Force, International Monetary Bank, World Bank, Basel Committee and other international agencies.
- 3- Knowing the source of deposited funds upon opening the account, especially with large cash amounts.
- 4- Programming an automatic reporting system that helps in increasing the effectiveness and efficiency of the moneychanger's internal procedures in the area of anti money laundering and counter terrorism financing. Suggested reports shall include:
  - a- Transfers reports:

They include outgoing or incoming transfers, internally or externally, the amount of the same, currency used and mode of payment, whether in cash or by check for each customer.
  - b- Reports about the movements and balances of external banks  
They include all transfers executed by any means and shall determine the amount and currency of the same, name of the bank or moneychanger and the beneficiary and shows the number and size of transactions with each external bank in addition to any changes thereof.
  - c- Reports about the money consignments  
They include all money consignments effected by any means, which determine the consigned amount, repaid amount, currency name of bank, moneychanger or beneficiary, size of transactions between parties, revenues, commission for consignments and the documents supporting the consignment and any other requirements.