

ANTI-MONEY LAUNDERING & COUNTER TERRORISM FINANCING TRAINING SLIDES

What you need to know

Overview



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- What do Money Laundering and Counter Terrorism Financing mean?
- Governing Laws Prohibiting Money Laundering and Terrorism Financing in Nigeria
- Overview of Shago's AML/CFT Obligations
- What makes a transaction suspicious?
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- Steps to follow if you suspect a transaction may be connected to Money Laundering and/or Terrorism Financing
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What Is AML/CFT?



- Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) measures are procedures adopted by organizations and countries to stop, curb, and curtail criminals and terrorists from abusing the financial system.
- Through the effective implementation of deliberate policies, processes and procedures, organizations and countries can help trace and stop the financial flows linked to serious crime and terrorism thereby making society safer.
- Nigeria's first AML / CTF Policy was enacted in 1995. However, this policy has been refined overtime and is now recognized as the Money Laundering Prohibition Act of 2011 (as amended).
- The Act makes comprehensive provisions to prohibit the financial laundering of proceeds of crime and/or any illegal act.

Money Laundering Defined



Money Laundering is the process of disguising the illegal origins of money.

Simply put it is the attempt to “clean” dirty money by putting it through a legitimate system. This can be through:

- a) Investing in legitimate businesses
- b) Drug Trafficking
- c) Using overseas banks to dilute the original source of funds

Terrorism Financing Defined



Terrorism Financing, on the other hand refers to using legitimate or illegitimately sourced funds to finance terrorism.

This may be done through:

- a) Directly funding the cost of terrorism and/or
- b) Financing of terrorist organizations

Governing Laws Prohibiting Money Laundering & Terrorism Financing In Nigeria

Governing Laws for AML/CFT regulation in Nigeria

- a) Money Laundering Prohibition (Act), 2011
- b) Economic & Financial Crimes Commission (Act) 2004
- c) United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988.

Regulatory Bodies governing AML/CFT regulations in Nigeria

- a) Economic and Financial Crimes Commission
- b) Central Bank of Nigeria
- c) National Drug Law Enforcement Agency
- d) Nigeria Police Force
- e) Nigeria Customs Service

Overview of Shago's AML/CFT Obligations

As a financial entity in Nigeria, Shago must be guided by:

- A comprehensive AML/CTF Policy and Procedure that guides the operations of the company, and it's agent
- A robust Know-Your-Customer Program
- Periodic AML/CFT agent training
- A continuing procedure for facilitating an independent audit test to assess the efficacy of the Company's AML/CFT process and procedures.



What makes a transaction suspicious? (1/2)



A suspicious transaction is any transaction that causes a reporting entity to have a feeling of apprehension or mistrust about the transaction considering its unusual nature or circumstances, or the person or group of persons involved in the transaction.

It is the duty of reporting entities (such as Shago) to assess the suspicion according to a risk-based approach for customer due diligence, real-time payment screening, transaction monitoring and behavioral monitoring, to identify changes in the respondent's transaction risk profile.

What makes a transaction suspicious? (2/2)



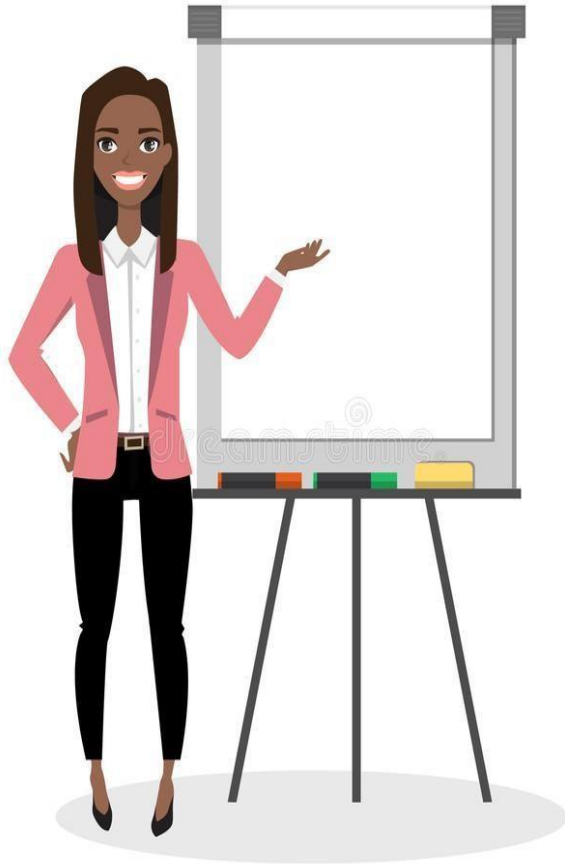
Some examples of suspicious transactions are listed below. Please note the list is not exhaustive and only provides examples of ways in which money may be laundered:

- Unusual Transactions
- Large Cash Transactions
- Transactions Incompatible with Customer's Financial Standing
- Irregular Account Movement
- Suspicious Behaviour/Demeanour wherein a customer attempts to conceal their full identity contrary to Shago's KYC procedure

Procedure for a suspected ML/TF transaction?

As part of its regulatory compliance obligations, every Shago agent is required to:

- Strictly adhere to the Company's AML/CFT policy and familiarize themselves with the guidelines, policies and best practices that relate to their responsibility.
- Conduct business in line with AML/CFT regulations, the company's policy and maintain high ethical standards.
- Avoid establishing relations with individuals or entities who may pose a reputational risk to Shago.
- Implement all measures and approaches outlined in Shago's AML/CFT policy.
- Report any violation or similar forms of misconduct in accordance with Shago's policies and procedures to the Compliance department.
- Continually protect Shago's integrity and fair-dealing culture by ensuring all customer transactions are entered into legitimately.



If You Suspect A Transaction may be Connected To Money Laundering And/Or Terrorism Financing;



Money Laundering and Terrorism Financing Risk (1/2)



- Risk may be defined as the exposure to potential danger, loss or harm.
- The following are examples of money laundering and terrorist financing risks that Shago may be exposed to, during its business dealings:
 - i. Regulatory Risk
 - ii. Reputational Risk
 - iii. Legal Risk
 - iv. Financial Risk

Money Laundering and Terrorism Financing Risk (2/2)

Financial Crime Risks in Mobile Payments

Mobile payments allow businesses to provide more personalized and high-quality services. It also allows for more efficient use by providing ease of access and comparison of the price of the products in different places, discounts, and other campaigns.

Aside from the various advantages of its use, mobile payment platforms face many threats and security issues. Criminals continually try new methods and systems of money laundering and due to the strong AML programs of banks and existing financial institutions, criminals are most likely to try to commit money laundering through new financial services.

Mobile payment systems, therefore, face higher financial crime threats.

In line with these risks, mobile payment providers such as Shago must subject their operations to AML / CFT obligations.

KYC and CDD Procedures for Mobile Payment Providers

Know Your Customer and Customer Due Diligence procedures are the basis for AML / CFT compliance. As a Mobile payment provider, Shago has a wide range of customer profiles. Therefore, Shago has a responsibility to detect risks and threats during the customer account opening process. The purpose of the risk assessment procedure is to implement preventive and detective mechanisms that help spot possible AML/CFT breaches.

For a risk-based approach AML control program, Shago must follow CDD and KYC procedures in the customer onboarding process.

To undertake this process, identity verification is applied first. Then, based on the likely risk exposure, customers could be checked on international lists that include high-risk and banned people. These lists are generally sanction and PEP lists.

It is important to note that there are thousands of sanctions and PEP lists in the world, as businesses cannot control their customers manually. But a key step in the right direction is to follow the procedures in place from time to time to identify customers and determine the likely threat or risk they pose.

Shago's Policy on Money Laundering and Terrorism Financing



In furtherance of its mandate, Shago operates the following basic elements which are addressed in detail in its AML/ CFT program

- A system of internal policies, procedures and controls (first line of defence)
- A designated compliance function with a compliance officer (second line of defence)
- An ongoing agent training program
- An independent audit function to test the overall effectiveness of the AML program (third line of defence)

Criminal Liability for Money Laundering & Terrorism Financing



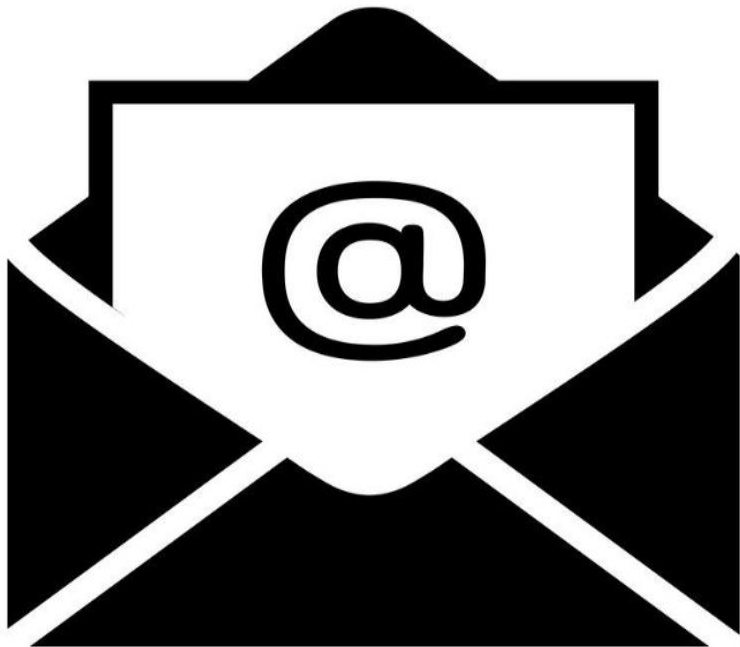
According to Section 15 of Nigeria's Money Laundering (Prohibition) Act of 2011, any persons or principal officers of a corporate body who are found guilty of a criminal offence as defined by the Money Laundering Act may be subject to the payment of a fine, the forfeiture of assets and/or imprisonment based on the nature of their involvement and criminal offence.

For the avoidance of doubt, Money Laundering and Terrorism Financing are criminal offences.

Conclusion

- Money Laundering and Terrorism Financing are criminal offences.
- It is the duty of every Shago agent to strictly adhere to the Company's zero-tolerance policy which supports our corporate agenda against Money Laundering and Terrorism Financing.
- Every Shago agent is strictly bound to adhere to the company's Anti-Money Laundering and Counter-Terrorism Financing policy and procedures.
- It is our collective duty to ensure that any suspicious transaction or related activity is monitored, flagged, documented and escalated to the Legal and Compliance Department.
- Your failure to report a suspected transaction could make you culpable for criminal liability!

Contact Details



If you have further enquiries or require any guidance on any of the areas covered in this training, please direct your enquiry via email to

complianceteam@shagopayments.com



THANK YOU