

## AML POLICY STATEMENT

Money Laundering has emerged as an alarming financial crime in the global economy. Hence, the fight against money laundering has become imperative for the global financial systems. In this context, the fight against money laundering is a priority for IPay Remit. So, as to prevent such criminal activities, thereby protecting the financial institution and to entire financial systems from the potential risk posed by such financial crimes.

We understand that the fight against money laundering is a team effort. Adherence to “Anti Money Laundering Policy” is essential for the safety and ethical standards of the institutional operations. We are committed to preventing ourselves from being used for criminal purposes. We are always ready to extend cooperation to regulators, prosecutors and other Government Authorities to stop banking channel from being used for illicit activities. Our policy is to conduct business in compliance with all applicable laws and regulation and stop criminals from using our products and services for the purpose of money laundering.

IPay Remit is committed to combat money laundering. The Management will actively investigate for suspicious activities. Transfers of funds abroad in convertible currencies are basically regulated by Nepal Rastra Bank (Central Bank of Nepal). However, if transfer of fund abroad by a customer is frequent and appropriate economic sense cannot be established, it should be informed to the Operations Manager and if deemed necessary the Operation Manager in turn should investigate the reasons for such transfers (without bringing the investigation to the customer’s notice), and if found suspicious, the matter should be referred to senior management such as AGM/DGM or CEO/MD. The Senior Management, with assistance of the Compliance and Concurrent Audits, shall do the needful. All supporting evidence for the suspicious activity will be maintained for a minimum of five (5) years, and will be securely stored. The Senior Management will report to the Board of Directors about the number of suspicious activity filed each month, along with a brief summary as to dollar amount of the suspicious activities and why they were deemed that way.

**Money Laundering - IPay has two definitions for money laundering:**

- Remittance of illegally obtained or earned funds into the country.
- Hiding of funds that has been lawfully obtained or earned.

With the increase of Nepalese migrant workers worldwide, remittance to Nepal has been increasing day by day. In the last few years, remittance has played a vital role in the country's economy. Unless and until remittance is properly disseminated through banking channels, the country could lose a vital source of foreign currency. Therefore, IPay Remit must be diligent in detecting and reporting suspicious activities.

**Definition of Suspicious Activities**

It is impossible for the directorate to define all activities that would qualify as suspicious. However, the following guidelines quantify the types of suspicious activities that IPay will monitor for.

**Suspicious Activities – Remittance**

- Two or more remittance in a month for the same beneficiary.
- Single remitter remitting to more than one beneficiary.
- Single remitter remitting to different beneficiary having different surname.
- Single remitter remitting to different accounts maintained with the same or different commercial banks.
- Uneven or incremental remittance from the same remitter over a period of time.
- Remittances of over \$ 3,000 are not allowed for cash payment, should be transfer to account only.
- Remittance of more than \$10,000 in a month to single or multiple beneficiaries.

Provided that IPay Remit does not accept remittance for commercial purposes, it does not need to be monitored.



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**Enhanced Due Diligence for New Remitters:**

One of the best ways for IPay Remit to avoid being an unknowing accomplice to money launders is to properly identify new customers, when their first remittance occurs. Accordingly, the minimum identification requirements for initiating a new transfer request would be:

1. One of the following forms of identification with a picture
  - ID card issued from source country indicating that the person is eligible to work
  - Passport copy and earning certificate.
  - Company ID card indicating the status of the worker.
2. If none of the above is available, the remittance can still be initiated if the remitter provides a salary certificate from the company or a bank statement showing his/her salary transfer details.

**Enhanced Due Diligence – Other Factors:**

- New remitters are expected to live or work in the same city as the remitting agency is located.
- New remitters requesting for USD 5000 or more transfer will be asked to substantiate the legitimacy of the funds. If the customer can't provide sufficient proof (e.g., a payroll stub, a withdrawal receipt from another bank), the transfer will not be accepted.
- Remittance shall be accepted by remitting agents only from Nepalese nationals.
- Remittance shall only be accepted for beneficiary within Nepal and should be a Nepalese citizen.
- Other nationals requesting for remittance through to Nepal or to non-Nepalese beneficiary, shall provide sufficient proof and justification for just remittance. i.e. student studying in Nepal, family member on visit or other legitimate justifications.





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**Procedures for Detecting Money Laundering:**

IPay Remit. has an online remittance system — IPay — which is enabled to detect most instances of money laundering. The Operation Manager will print and maintain reports produced by the system to substantiate his/her opinion that specific activity is or is not suspicious.

In addition to using the IPay Remit for all its remittance transactions, all employees will receive training once a year on how to identify money laundering operations. New employees will have to go through the Anti-Money Laundering Policy of IPay Remit. As a part of the training, each staff will be provided with booklet that identifies ways to detect and prevent money laundering. The booklet shall be updated and shall be provided to IPay Remit international remittance agents as well. IPay Remit shall also incorporate its agents Anti Money Laundering Policy, if such is not covered by its own.

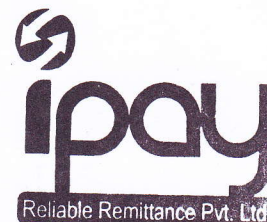
**Identification of High-Risk Remitters:**

Certain types of transactions are more likely to be involved with money laundering. Accordingly, all transactions that are classified as one of the following will receive increased scrutiny from the Operational Manager.

- High volume Remitters - background of remitter/beneficiary shall be checked.
- Multiple Remittance of same amount with different remitters.
- Remittance from/to non-Nepalese citizens.
- Remittance to foreign visitors.
- Remittance that does not match the personality of beneficiary.

**Procedures for Monitoring Compliance with this Policy:**

A minimum of once a year, internal auditor or an independent third-party auditor will review the Operation Manager's suspicious activity file. The auditor will ensure that all identified suspicious activity was reviewed and appropriately handled. The auditor will also use IPay Remit to search for suspicious activity that the Operation Manager may have missed.





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**Operation Manager Training:**

The Operation Manager will be allowed to attend training classes as per the requirements and new policies declared by the government. Further, he/she shall be given ample time to coordinate and follow up with other Anti-Money Laundering compliance officers of other financial institutes.

The Operation Manager will also be allowed to subscribe to a newsletter relating to Anti-Money Laundering Policies.

**Suspicious Activity Tracking Report:**

To: (remitting agent's name goes here):

The following customer has been identified by IPay Remit's compliance system as possibly being involved in money laundering.

Customer's Name:

Customer Member No:

Transfer Reference No:

As the customer has been remitting funds from your company, this form must be completed and returned to the bank's Operation Manager by.....

Please answer the following questions for this customer. If necessary, you may contact the customer. However, under no circumstances should you tell the customer his or her transaction(s) are being investigated for money laundering.

1. Does the client hold a valid resident permit or work permit in the country?
2. How long has the client been in the country?





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3. Is there any reason that you think the remittance being made by this particular client does not fall under money laundering?

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4. Does your observation and talking with the remitter justify that the remitter would have a legal source of income that could justify the amount being remitted? If yes, please specify.

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5. Please attach a written summary that explains why you feel that Suspicious Activity Report should or should not be filed for this customer.

**Note:** Please be advised that “willful blindness” by a bank officer for money laundering activities can be considered as a crime under Anti-Money Laundering Law of many countries.

