

INTER CITY MONEY LIMITED

Risk Assessment
2024



Registered Address:

6-12 Cooke Street, Keighley,
West Yorkshire, BD21 3NN, U.K.

Company House # 04279071

FCA (API) # 514406

HMRC # XMML00000106051

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Company Overview	
Company Name	INTER CITY MONEY LIMITED
Incorporated on	30 th August 2001
License Type	API (Authorized Payment Institution)
Firm Reference Number	514406
Registration No. (CH)	04279071
HMRC Number	XMML00000106051
ICO Registration No	ZA281658
Phone No.	+4401535685754
Registered Address	6-12 Cooke Street, Keighley, West Yorkshire, England, BD21 3NN
Website	https://intercitymoney.co.uk
Email	info@intercitymoney.com

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Signature

Director/MLRO

INTRODUCTION:

Inter City Money Limited is committed to assessing and mitigating the risks associated with its business operations in compliance with the Money Laundering Regulations 2017 (MLR2017). Regulation 18(1) mandates appropriate steps to identify and evaluate the risk of money laundering inherent in our business activities. In response, we have conducted a comprehensive risk assessment that considers various potential scenarios, their likelihood, and severity, assigning a rating to each. Factors such as product types, services, customer profiles, and geographic locations are weighed in this evaluation.

Our risk assessment policy is an integral part of our operational and security risk management framework, which is approved and reviewed annually by the management body and senior management. This framework focuses on implementing security measures to mitigate AML, operational, and security risks, seamlessly integrated into our overall risk management processes.

As risks evolve over time, we continuously review our risk analysis to maintain vigilant measures against potential terrorist financing and money laundering activities, safeguarding our business from reputational and operational risks, as well as potential civil and criminal penalties. To facilitate this, we have developed a risk matrix framework to provide a structured scoring mechanism for assessing our risk situation.

Transaction monitoring is an ongoing activity inherent in our compliance duties at Inter City Money Limited. Due to its continuous nature, it remains an integral component of our efforts to combat money laundering and terrorist financing while upholding regulatory compliance and safeguarding our business operations.

GOVERNANCE AND CULTURE:

Inter City Money Limited places a strong emphasis on fostering a culture of integrity and effective governance, recognizing their pivotal role in shaping positive outcomes and minimizing harm to consumers and markets. This commitment is evident in our rigorous approval process for Directors and our Senior Manager (MLRO) by the Financial Conduct Authority (FCA). We maintain transparent relationships between Directors and Shareholders while granting our MLRO independence in decision-making to effectively mitigate ML risks.

Our Directors and staff at Inter City Money Limited possess a deep understanding of our business operations and the inherent risks associated with the industry and regulatory environment. This knowledge enables us to adopt a proactive approach to risk management, identifying potential risks and taking decisive actions to mitigate them. Our overarching goal is to eliminate unnecessary exposure to risk while effectively managing acceptable risks to protect the interests of our stakeholders and uphold regulatory compliance.

LEGISLATIONS:

Proceeds of Crime Act 2002	https://www.legislation.gov.uk/ukpga/2002/29/part/7 part 7 ss.327 – 340
Terrorism Act 2000	https://www.legislation.gov.uk/ukpga/2000/11/part/III
MLR Regulations 2019	https://www.legislation.gov.uk/uksi/2017/692/contents/made

Criminal Finances Act 2017	https://www.legislation.gov.uk/ukpga/2017/22/part/1/cha p ter/2
The Bribery Act 2010 Nb more details regarding Bribery and Corruption are contained in the Manuals	https://www.legislation.gov.uk/ukpga/2010/23/contents Bribery and corruption often involve “ill-gotten gains” giving rise to the need to launder the proceeds and in addition a business that deals in millions of pounds of cash is vulnerable to being targeted by those who wish to bribe or corrupt
Terrorist Asset Freezing Act 2010	https://www.legislation.gov.uk/ukpga/2010/38/part/2
Anti-terrorism, Crime and Security Act 2001	https://www.legislation.gov.uk/ukpga/2001/24/contents
Counter Terrorism Act 2008, Schedule 7	https://www.legislation.gov.uk/ukpga/2008/28/schedule/7
Regulation (EU) 2015/847 on information accompanying transfers of funds (the Payments Regulation)	https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0847
Payment Service Regulations 2017	https://www.legislation.gov.uk/uksi/2017/752/contents
Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 – hereafter referred to as the “2017 Regs”.	https://www.legislation.gov.uk/uksi/2017/692/contents
Money Laundering and Terrorist Financing Regulations [Amendments] 2019	https://www.legislation.gov.uk/uksi/2019/1511/contents/made
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/889077/UTF-8__Guidance-for-Money-Service-Businesses-HM-Treasury-approved.docx_.pdf This is the HM Treasury approved Guidance, called “Anti-Money Laundering	

Supervision:

Money Service Businesses”. Here after “HMT Guidance”
HMRC new guidelines issued in October 2020

<https://www.gov.uk/government/publications/money-laundering-understanding-risks-and-taking-action-for-money-service-businesses/understanding-risks-and-taking-action-for-money-service-businesses>

The EC supranational risk assessment:

https://ec.europa.eu/info/sites/info/files/supranational_risk_assessment_of_the_money_laundering_and_terrorist_financing_risks_affecting_the_Inter_City_Money_Limited.pdf

Note that it states amongst other things:

The Money Laundering and Terrorist Financing (High-Risk Countries) (Amendment) Regulations 2023

<https://www.legislation.gov.uk/uksi/2023/704/made>

We Classify Risk into Two Categories:

Firm-Wide or Company Risk: We acknowledge the broad spectrum this encompasses, but for the purpose of this document, we concentrate on the risks specific to our business environment.

Client Risk: We recognize that our firm-wide risk is significantly influenced by the clients we target and onboard.

By identifying and addressing these risks, we strive to maintain a robust culture, effective governance, and prudent risk management practices at Intercity Money Limited.

RISK BASED APPROACH:

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 Schedule 18 is:

“A relevant person must take appropriate steps to identify and assess the risks of money laundering and terrorist financing to which its business is subject.”

A risk-based approach involves evaluating potential risks associated with our business being utilized for money laundering or terrorist financing and implementing suitable measures to mitigate and minimize those risks. A successful risk-based approach entails identifying the most significant money laundering and terrorist financing risks our business may encounter and implementing measures to effectively manage these risks.

The money service business sector possesses several characteristics that make it appealing to criminals, including its global reach (particularly for money remitters), the simplicity of conducting cash transactions, the occasional nature of many transactions, and the speed, ease, and certainty of transactions.

In employing a risk-based approach, we strike a balance between the costs incurred by our business and customers and a pragmatic evaluation of the potential risk of our business being exploited for money laundering or terrorist financing. This approach allows us to exercise informed judgment,

concentrating our efforts on the areas with the highest risks and alleviating unnecessary burdens on customers who present a limited risk of being involved in money laundering and/or terrorist financing.

The RBA allows Businesses like us to adopt a more flexible set of measures within the FATF framework, targeting resources effectively and applying commensurate preventive measures. The application of an RBA is a prerequisite for the effective implementation of the FATF Recommendations by countries and financial institutions. It involves assessing the risks of business use for money laundering or terrorist financing and implementing appropriate measures to manage and mitigate these risks effectively. Identifying the highest risks and putting in place measures to manage them is crucial for an effective risk-based approach.

APPLICATION OF RISK BASED APPROACH:

The National Risk Assessment 2020 for the UK designates money remittance as a high-risk business, and similarly, cash remittance is identified as a high-risk business.

Inter City Money Limited's Risk-Based Approach (RBA) is grounded in the risk assessment process, allowing the company to understand its vulnerability to money laundering and terrorist financing (ML/TF). This assessment leads to a structured categorization of risks, enabling Inter City Money Limited to determine the necessary nature and scope of Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) resources required for effective risk mitigation. The risk assessment is consistently well-documented, regularly updated, and communicated to relevant personnel within the Inter City Money Limited network.

Inter City Money Limited ensures alignment of its risk assessment with the nature and complexity of its business operations, the types of products and services it offers, the conditions surrounding proposed transactions, the distribution channels utilized, and the characteristics of its customer base. Factors such as the size and nature of the business, the risk profile of its customers, and the geographical diversity of its customer base are considered. The goal is to maintain a tailored risk assessment that enhances the effectiveness of Inter City Money Limited's AML/CFT measures.

INTER CITY MONEY LIMITED'S BUSINESS MODEL:

Inter City Money Limited is sending money to Pakistan, India, Bangladesh, UAE, China, Ghana, Morocco, Philippines, Thailand and Nigeria through cash and online transfer services.

TRUST PAYMENT:



For online transfer service We have partnered with TRUST PAYMENT, a trusted payment gateway, to bring customer a seamless and secure card payment experience. After the successful card transaction through the secure checkout of TRUST PAYMENT, all remittance amount is transferred to our account held at GCC Bank.

GCC EXCHANGE:



We use GCC Exchange pay-out services worldwide. Both the parties are desirous to cooperate to their joint and mutual benefit under the laws of United Kingdom.

And for cash based payments, customer can access our physical offices or agent location. Cash will be transferred to our GCC account on daily basis.

To facilitate the timely and secure delivery of payments, we guarantee swift and dependable transfer of funds to recipients in Pakistan, India, Bangladesh, UAE, China, Ghana, Morocco, Philippines, Thailand, and Nigeria. To achieve this, Inter City Money Limited has forged robust partnerships with payout banks in each destination country. These trusted banking partners collaborate closely with us to efficiently and securely settle payments, ensuring that beneficiaries receive their funds smoothly and without inconvenience.

This business model reflects a modern and digitally driven strategy, aligning with the evolving landscape of financial services and the increasing reliance on online platforms for seamless transactions.

Key Elements of Inter City Money Limited's Business Model:

Online Transaction Focus:

The decision to conduct transactions online underscores Inter City Money Limited's commitment to leveraging digital channels for financial services. This approach enhances accessibility, convenience, and efficiency for both individual customers and agents.

Individual Customer Engagement:

By offering online transactions to individual customers, Inter City Money Limited taps into the growing demand for digital financial services. This model provides customers with the flexibility to initiate and manage transactions from the comfort of their homes, utilizing web platforms or mobile applications.

Agent Network Integration:

Inter City Money Limited's business model incorporates a network of agents, expanding its reach and accessibility. Agents serve as intermediaries, facilitating transactions on behalf of customers and contributing to the company's broader outreach strategy.

Global Reach:

The online nature of Inter City Money Limited's transactions enables a global reach, allowing the company to transcend geographical boundaries. This aligns with the inherent nature of remittance services, where customers often need to send funds internationally.

Operational Efficiency:

Conducting transactions online enhances operational efficiency by reducing the reliance on physical infrastructure and paperwork. Inter City Money Limited can streamline processes, ensure faster transaction processing, and maintain a more cost-effective operational model.

Customer Convenience and Experience:

The focus on online transactions aligns with the contemporary expectation of customers for seamless and user-friendly experiences. Inter City Money Limited aims to provide a convenient and efficient platform for users, fostering customer satisfaction and loyalty.

Risk Management:

While the digital realm introduces certain risks, Inter City Money Limited's business model likely includes robust risk management measures, such as advanced cybersecurity protocols and transaction monitoring systems, to ensure the security and integrity of online transactions.

INHERENT AND RESIDUAL RISK:

INHERENT RISK:

Definition: Inherent risk refers to the level of risk that exists in a process, activity, or business operation without taking into account any risk mitigation measures.

Characteristics: It represents the risk before implementing controls or preventive measures. It is the raw or natural level of risk associated with a particular aspect of the business.

Factors: In the case of MSBs, inherent risk factors may include the nature of financial transactions, types of services offered, customer profiles, geographic locations served, and the overall complexity of the MSB's operations.

RESIDUAL RISK:

Definition: Residual risk, on the other hand, is the level of risk that remains after implementing risk mitigation measures and control mechanisms.

Characteristics: It reflects the risk that persists despite the application of risk management strategies. Residual risk indicates the effectiveness of the risk mitigation efforts.

Factors: In the MSB context, residual risk takes into account the impact of anti-money laundering (AML) and counter-terrorist financing (CFT) measures, compliance programs, and other controls implemented to address the inherent risks.

APPLICATION TO MSB'S:

Inherent Risk for MSBs: MSBs inherently face risks related to financial transactions, given their nature of providing money transfer and payment services. Factors such as the volume of international transactions, the diversity of customers, and the regulatory landscape contribute to the inherent risk.

Residual Risk for MSBs: After implementing AML/CFT measures, customer due diligence processes, and compliance programs, MSBs aim to reduce the inherent risks. Residual risk indicates the level of risk that still exists, considering the effectiveness of these risk management measures.

In summary, inherent risk represents the natural level of risk in MSB operations, while residual risk reflects the risk that remains after implementing risk mitigation measures. MSBs need to continually assess both inherent and residual risks to enhance their risk management practices and ensure compliance with regulatory requirements.

MITIGATION:

To mitigate these inherent risks, MSBs must implement robust risk management programs, adhere to regulatory requirements, invest in cybersecurity measures, and stay abreast of industry best practices. Regulatory authorities also play a crucial role in overseeing and enforcing compliance within the money service business sector.

Effectively managing residual risk requires a dynamic and adaptive approach to risk management. MSBs should regularly reassess their risk profiles, update controls, and stay vigilant in response to changes in the business environment and regulatory landscape. This ongoing process helps ensure that residual risk is minimized to an acceptable level.

RISK INDICATORS:

Regulation 18 (2) (b) of MLR 2017 identify the following main risk factors for the business.

- a. Its customers
- b. The countries or geographic areas in which it operates
- c. Its products or services
- d. Its transactions
- e. Its delivery channels

Regulation 18 (3) of MLR 2017 also guides that to decide what appropriate steps a relevant person needs to take to identify and assess the risk of money laundering and terrorism financing depends on the size and nature of its business.

Regulation 18 (3) of MLR 2017 defines, a relevant person must keep an up-to-date written record of all steps it has taken under to identify and assess the risk of money laundering and terrorism financing for its business.

There are several non-key risk factors, which should also be taken care by the MSB in order to enhance risk evaluation and arrangement for risk aversions. Such factors are:

- Risk Associate with Operation and Security Measures.
- Risk associated with Proliferation Financing.
- Legal: related to domestic laws, regulations, and potential threats
- Structural: related to specific business models and processes
- Principal-agent Relationship.

MONEY TRANSMITTERS

The following are examples of common risks for money transmitters:

- Criminals use money transmitters to disguise the origins of criminal funds and move money between different jurisdictions. Criminals try to identify weaknesses in money transmitters' anti-money laundering controls and exploit them.
- A further risk associated with money transmission is that some jurisdictions have weak anti- money laundering systems. Some jurisdictions are high risk because they are especially vulnerable to criminal activity such as drug smuggling, people trafficking and terrorism.

Moreover, being the Registered MSB we are subject to the guidance provided by regulators as well as FATF and other bodies, we are strongly committed to improve the compliance culture and make our business and country save from Money Laundering and Terrorist Financing.

PRODUCT RISK:

The product risk associated with Money Remittance Services refers to the level of risk inherent in offering services that involve the transfer of funds across borders. Money remittance services are essential for facilitating global financial transactions, but they also present High risks related to money

laundering, terrorist financing, and other illicit activities. Here are key factors contributing to the product risk of Money Remittance Services:

CROSS-BORDER TRANSACTIONS:

Inter City Money Limited inherently involve the movement of funds across international borders, which may attract individuals seeking to exploit the system for illicit financial activities due to the potential for anonymity and ease of cross-border movement.

LARGE TRANSACTION VOLUMES:

The high volume of transactions associated with Inter City Money Limited can pose a risk, as criminals may attempt to blend illicit funds within the sheer volume of legitimate transactions.

COMPLEX NETWORKS OF AGENTS:

Inter City Money Limited rely on network of agent. The complexity of these model can introduce challenges in monitoring and ensuring compliance across all channels.

USE OF INFORMAL CHANNELS:

Some individuals may attempt to use informal channels within the money remittance process to circumvent regulatory oversight, posing a risk to the integrity of the financial system. We don't deal with any such transactions.

NON-FACE-TO-FACE TRANSACTIONS:

Remote and non-face-to-face transactions, which are common in online money remittance services, may increase the risk of identity fraud and make it challenging to verify the authenticity of customers.

We use the AML tools to mitigate these risks.

TRANSACTION MONITORING COMPLEXITY:

Due to the high transaction volume and diverse customer base, effectively monitoring transactions for suspicious activities can be complex, creating challenges in identifying and mitigating potential risks. We have a built-in tool to deal with Suspicious activities including Identification, and transaction patterns.

CUSTOMER BASE CHARACTERISTICS:

The customer base of money remittance services may include individuals with varying risk profiles. Some customers may present a higher risk due to their geographical location, transaction patterns, or other factors.

To manage the product risk associated with Money Remittance Services, providers must implement robust Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) measures. This includes thorough customer due diligence, transaction monitoring, ongoing risk assessments, and compliance with international and local regulations. Developing and maintaining strong relationships with regulators, utilizing advanced technology for monitoring, and providing continuous training to staff are essential components of an effective risk management strategy for money remittance services.

OUR PRODUCT RISK:

Following National Risk Assessment 2020, Money Service Business is classified as High Risk, So by nature our product risk is High

<i>Product</i>	<i>%Of total business</i>	<i>Risk Ranking</i>
<i>Retail Money Remittance</i>	100	H

OUR RISK MITIGATION PROCEDURES:

Mitigating product risks in the context of Inter City Money Limited operations is essential for ensuring regulatory compliance, safeguarding against fraud, and maintaining the trust of customers. Here are several strategies for risk mitigation that we adopt:

COMPREHENSIVE KYC (KNOW YOUR CUSTOMER) PROCEDURES:

We have implemented robust customer identification processes to verify the identity of senders ,Collection and verification of relevant documentation, such as government-issued IDs, proof of address, and other required information, Performing AML Checks on the customers.

AML (ANTI-MONEY LAUNDERING) COMPLIANCE:

We have developed and maintain a strong AML program to detect and prevent money laundering activities.

We regularly update AML policies and procedures to align with changing regulatory requirements.

TRANSACTION MONITORING:

We have implemented real-time transaction monitoring systems to identify unusual or suspicious activities.

Set predefined thresholds for transactions that trigger additional scrutiny.

SANCTIONS SCREENING:

We regularly screen customers against global sanctions lists and politically exposed persons (PEP) databases to ensure compliance with regulatory requirements.

FRAUD PREVENTION MEASURES:

We Utilize advanced fraud detection technologies to identify and prevent fraudulent transactions like checking customer account number, Phone/Email verification in some cases

Conduct periodic fraud risk assessments to stay ahead of evolving fraud tactics.

SECURE TECHNOLOGY INFRASTRUCTURE:

We ensure the security of online platforms, mobile apps, and other technologies used for money remittance and have Implemented encryption protocols to protect customer data and financial transactions.

TRAINING AND EDUCATION:

We provide ongoing training to staff on the latest fraud trends, AML regulations, and best practices in risk mitigation.

Educate customers on safe transaction practices and potential risks associated with money remittance.

REGULAR AUDITS AND REVIEWS:

We conduct regular internal and external audits to assess the effectiveness of risk mitigation measures. Update policies and procedures based on audit findings and industry best practices.

CUSTOMER COMMUNICATION:

We maintain transparent and open communication with customers about the security measures in place by promptly notify customers of any security-related updates or changes to policies.

Conclusion

Product Risk Conclusion	
Inherent Risk	H
Residual Risk for Inter City Money Limited	M-H

TRANSACTION RISK

Inter City Money Limited must address transaction risks that may arise, such as instances where customers attempt to circumvent due diligence checks by breaking transactions into smaller amounts. There is also the potential for misuse, such as the use of stolen card details or sending funds from untraceable sources.

KEY INDICATORS OF TRANSACTION RISKS INCLUDE:

SPLIT TRANSACTIONS:

Customers attempting to split a substantial transaction into smaller ones to avoid providing necessary proof of the source of funds.

LARGE TRANSACTIONS BY NEW CUSTOMERS:

New customers engaging in large transactions, particularly in contrast to the behavior of regular customers.

IRREGULAR TRANSACTIONS BY REGULAR CUSTOMERS:

Regular customers processing transactions that deviate from their established transaction patterns.

QUESTIONABLE OWNERSHIP OF FUNDS:

Customers conducting transactions who do not appear to be the legitimate owners of the funds, such as students processing large transactions.

CONNECTIONS BETWEEN CUSTOMER TRANSACTIONS:

Customers involved in transactions that seem to be linked to those processed by other customers, raising suspicions of coordinated activities.

NON-COMPLIANCE WITH ID REQUIREMENTS:

Customers unable to provide identification when requested or providing false identification.

FAILURE TO JUSTIFY SOURCE OF FUNDS:

Customers unable to justify the source of funds when requested, raising concerns about the legitimacy of the funds.

NON-LOCAL CUSTOMERS (NOT TOURISTS):

Customers who are not local to the business but are not tourists, prompting further scrutiny.

HIGH-RISK BUSINESS OPERATIONS:

Customers operating in high-risk areas dealing with significant amounts of cash, such as restaurants, pubs, casinos, tax firms, and beauty salons.

TRANSACTIONS IN HIGH-RISK AREAS:

Transactions conducted through principles that are due to be assessed based on geographical risks as per the established risk framework.

To address these risks, our business implements stringent monitoring measures, assesses transactions based on established patterns, and conducts due diligence on customers exhibiting irregular behavior. Compliance with geographical risk assessments is crucial, and transactions are thoroughly evaluated to ensure adherence to regulatory requirements and mitigate potential risks associated with customer behavior and transactional patterns.

JUST BELOW THRESHOLD TRANSACTIONS:

Transactions that hover just below the threshold for mandatory due diligence checks.

LACK OF ECONOMIC OR FINANCIAL BASIS:

Transactions that exhibit no apparent economic or financial rationale.

ROUTING THROUGH THIRD COUNTRIES OR THIRD PARTIES:

Transactions that involve routing through intermediary countries or involving third parties.

FALSE OR CONTRADICTIONARY INFORMATION:

Cases where the information accompanying the payment appears to be falsified or contradictory.

TRANSACTIONS TO HIGH-RISK AREAS:

Payments destined for money service businesses located in regions with elevated terrorism risks, especially around borders.

To mitigate these risks, we conduct thorough countrywide and customer-wide checks on all transactions. This proactive approach ensures that all transactions adhere to defined limits and helps safeguard against potential illicit activities or attempts to exploit vulnerabilities in our system. Regular monitoring and adjustments to our risk mitigation strategies are critical to staying ahead of emerging threats in the dynamic landscape of financial transactions.

FRAUDULENT TRANSACTIONS:

The risk of customers engaging in fraudulent activities, such as using stolen credit card information or attempting to launder money through the Inter city Money Limited's services.

MONEY LAUNDERING AND TERRORISM FINANCING:

Inter city Money Limited may be vulnerable to transactions related to money laundering or the financing of terrorist activities. Criminals may attempt to use Inter city Money Limited services to obscure the origin of illicit funds.

TRANSACTION STRUCTURING:

Customers may attempt to structure transactions in a way that avoids triggering mandatory reporting thresholds, raising concerns about potential regulatory violations.

UNRELIABLE OR INCONSISTENT INFORMATION:

Transactions involving inaccurate, incomplete, or inconsistent information, which may pose challenges in terms of due diligence and monitoring for suspicious activities.

LINKED TRANSACTIONS RISK

Customers may attempt to structure transactions in a way that avoids triggering mandatory reporting thresholds, raising concerns about potential regulatory violations.

OUR RISK MITIGATION PROCEDURES IN RELATION TO TRANSACTION RISK

Mitigating transaction risk is crucial for Inter City Money Transfer Ltd to safeguard against financial losses, regulatory issues, and potential harm to our reputation. Here are our key strategies for risk mitigation in relation to transaction risk:

ROBUST KYC (KNOW YOUR CUSTOMER) PROCEDURES:

We have implemented thorough customer identification processes to verify the identity of senders. Collect and validate relevant documentation, such as government-issued IDs and proof of address, performing of AML Checks

ENHANCED DUE DILIGENCE (EDD):

We apply enhanced due diligence measures for transactions that exhibit higher risk, such as those involving large amounts, unusual patterns.

TRANSACTION MONITORING SYSTEMS:

We have deployed real-time transaction monitoring systems to identify and flag suspicious activities. Set predefined thresholds for transactions that trigger additional scrutiny.

AUTOMATED FRAUD DETECTION TOOLS:

We utilize advanced fraud detection technologies to identify and prevent fraudulent transactions. This may include email verifications, AML, Sanction & PEP checks and ID verifications.

Furthermore, our Card merchant has provided automated system by which they notify following alerts:

AVS Match (Matching customer profile address with Address given at Bank)

3D Authentication: Card Merchant share the status by performing 3D Authentication.

Fraud Alerts : Card Merchant notifying Inter city Money Limited if alert is generated.

REGULAR STAFF TRAINING:

We provide ongoing training to staff on recognizing and responding to potential transaction risks. Ensure that employees are aware of the latest fraud trends and regulatory requirements.

AML (ANTI-MONEY LAUNDERING) COMPLIANCE:

We have developed and maintain a robust AML program to detect and prevent money laundering activities. Regularly update policies and procedures to align with changing regulatory standards.

TRANSACTION STRUCTURING DETECTION:

We have implemented measures to detect and prevent transaction structuring, where customers attempt to break transactions into smaller amounts to avoid reporting thresholds.

MONITORING HIGH-RISK DESTINATIONS:

We pay special attention to transactions destined for high-risk areas, especially those around borders where there may be an elevated risk of terrorism or illicit financial activities.

REGULAR AUDITS AND REVIEWS:

We conduct internal and external audits at regular intervals to assess the effectiveness of risk mitigation measures. Update policies based on audit findings and industry best practices.

SAR REPORTING:

We have a system to report SAR Internally to MLRO and then MLRO needs to decide to either report it to NCA or Not.

TRANSACTION DOCUMENTATION AND RECORD-KEEPING:

We maintain comprehensive documentation and records for each transaction. This not only supports regulatory compliance but also aids in investigations and audits.

Transaction Risk Conclusion	
Inherent Risk	H
Residual Risk	M

DELIVERY CHANNEL RISK:

Delivery channel risk refers to the potential challenges and vulnerabilities associated with the various channels through which financial transactions are conducted. Inter City Money Transfer Ltd is involved in money remittance and utilizes different delivery channels to facilitate transactions. These channels can include online platforms, mobile applications, on site facilitation and third-party agents.

RISK IN RELATION TO DELIVERY CHANNEL

CYBERSECURITY THREATS:

Online and digital delivery channels are susceptible to cybersecurity threats, including hacking, data breaches, and malware attacks. These can lead to unauthorized access, data theft, or disruptions in service.

FRAUDULENT TRANSACTIONS:

Inter City Money Limited may face the risk of fraudulent transactions conducted through online channels, This includes activities such as identity theft, account takeover, and the use of counterfeit documents.

OPERATIONAL DISRUPTIONS:

Disruptions to delivery channels, whether due to technical issues, natural disasters, or other unforeseen events, can impact the continuity of services and lead to financial losses.

REGULATORY COMPLIANCE CHALLENGES:

Ensuring compliance with regulatory requirements across different delivery channels can be challenging. Non-compliance may result in penalties, legal issues, and damage to the Inter City Money Limited reputation.

THIRD-PARTY RISKS:

Inter City Money Limited rely on third-party agents or service providers to extend their reach. However, these third parties may introduce additional risks, such as compliance issues, security vulnerabilities, or operational inefficiencies.

TRANSACTION MONITORING:

Inadequate monitoring of transactions across various channels can lead to challenges in identifying and mitigating risks related to money laundering, fraud, or other illicit activities.

CUSTOMER AUTHENTICATION AND AUTHORIZATION:

Weaknesses in customer authentication and authorization processes can expose Inter City Money Limited to the risk of unauthorized transactions or account compromises.

DATA PRIVACY CONCERNS:

Collecting and handling customer data across different delivery channels raises concerns about data privacy. Inter City Money Limited must ensure compliance with data protection laws and safeguard customer information.

RISK MITIGATION IN TERMS OF DELIVERY CHANNEL RISK

Mitigating delivery channel risk, particularly in the context of Inter City Money Limited offering online money remittance services, involves implementing robust measures to ensure the security and integrity of financial transactions. Here's some of our Risk mitigation measures.

CUSTOMER DUE DILIGENCE (CDD):

Most customers will be subject to standard Customer Due Diligence (CDD) procedures. This involves thorough verification of customer identities, collection of relevant documentation, and validation of information. By adhering to rigorous CDD standards, Inter City Money Limited can ensure that transactions are conducted with legitimate and authorized individuals, reducing the risk of fraudulent activities.

CONTINUOUS MONITORING OF FINANCIAL ACTION TASK FORCE (FATF) AND HMT HIGH RISK JURISDICTION GUIDANCE:

It is the responsibility of MLRO to consistently refer to the Financial Action Task Force (FATF) website and HMRC list of Schedule 3ZA List. This ensures that the Inter City Money Limited remains updated on high-risk jurisdictions and evolving regulatory guidelines. By staying informed about the latest FATF and HMT recommendations and guidance, Inter City Money Limited can adapt its risk management practices and take appropriate enhanced due diligence measures when dealing with customers or transactions associated with high-risk jurisdictions.

SANCTIONS SCREENING:

To further mitigate risk, remittances will not be allowed to jurisdictions that appear on any sanctions list. This involves implementing robust sanctions screening processes to cross-reference transaction details against global sanctions lists. Transactions to sanctioned jurisdictions are flagged and prohibited, reducing the risk of facilitating transactions that may be linked to illegal activities or entities.

ENHANCED DUE DILIGENCE (EDD) FOR HIGH-RISK TRANSACTIONS:

For transactions associated with heightened risk factors, Inter City Money Limited apply Enhanced Due Diligence (EDD) measures. This may involve additional verification steps, increased scrutiny of transaction details, and obtaining more comprehensive information about the parties involved.

REGULAR RISK ASSESSMENTS:

We are conducting regular risk assessments that is crucial to identify and evaluate emerging threats and vulnerabilities in the delivery channels. Inter city Money Ltd. review its risk mitigation strategies, update policies and procedures, and adapt to changes in the financial services landscape to stay ahead of potential risks.

TRAINING AND AWARENESS PROGRAMS:

We are providing staff with continuous training and awareness programs on the latest regulatory developments, risk factors, and industry best practices is essential. Well-informed staff members are better equipped to identify and respond to potential risks, contributing to a more secure operational environment.

Transaction Risk Conclusion	
Inherent Risk	M
Residual Risk	L-M

GEOGRAPHICAL RISK:

Geographical risk, in the context of Money Service Business, refers to the potential risks associated with specific geographic locations or jurisdictions. Various factors contribute to geographical risk, and it plays a crucial role in the risk assessment and compliance strategies of businesses, especially those involved in international transactions.

Geographical risk of any Jurisdiction is established on the basis of following factors

- 1-Regulatory Environment
- 2-Political Stability
- 3-Economic Conditions
- 4-Corruption Levels
- 5-Financial Infrastructure
- 6-Sanctions and Embargoes
- 7-Cultural and Language Differences
- 8-Law Enforcement and Judicial Effectiveness
- 9-Terrorism and Organized Crime

Geographical risk is captured primarily at the country level when transactions originate or terminate in countries that have been linked to certain types of ML/TF financing behaviour. As a part of risk rating, evaluate the risk of customers based on associated jurisdictions.

High-risk jurisdictions can include jurisdictions on the following lists:

- Sanction Listed Countries
- FATF Non-cooperative Countries and Territories.
- Countries at risk of sponsoring terrorism or financing terrorism.
- Offshore Financial centres.

Our Geographical Risk

Inter City Money Limited is transmitting money to the following countries:

Sending Country	Receiving Countries	Risk Rating Knowyour country	FATF Ranking	Schedule 3ZA
	Pakistan	59.92	White	No
	Nigeria	43.24	Grey	No

United Kingdom	Ghana	71.4	White	No
	Bangladesh	68.65	White	No
	Morocco	69.77	White	No
	UAE	57.18	White	Yes
	India	62.79	White	No
	Thailand	64.29	White	No
	Mali	36.43	Grey	Yes
	China	63.1	White	No
	Philippines	44.19	Grey	Yes

PAKISTAN:

Pakistan is considered as a major corridor for Intercity Money Limited. Our Volume of business is more than 97% in this corridor: Pakistan is member of Asia Pacific group (APG), Pakistan has 38 Recommendations rated C/LC. The country will remain in enhanced follow-up and will continue to report back to the APG on progress to strengthen its implementation of AML/CFT measures.

Pakistan is categorised by the US State Department as a Country/Jurisdiction of Primary Concern in respect of Money Laundering and Financial Crimes.

Transparency International Corruption Index 29/100

World Governance Indicator – Control of Corruption 23/100

FATF STATUS:

Overall, Pakistan has made good progress in addressing the technical compliance deficiencies identified in its MER and has been re-rated on Compliant with R.33, Largely Compliant with R.28 and R.37 and Partially Compliant with R.38. 63. In light of the progress made by Pakistan since its MER was adopted, its technical compliance with the FATF 40 Recommendations. And has been shifted to White Label.

BANGLADESH: FATF

The FATF welcomes Bangladesh's significant progress in improving its AML/CFT regime and notes that Bangladesh has established the legal and regulatory framework to meet its commitments in its action plan regarding the strategic deficiencies that the FATF had identified in October 2010. Bangladesh is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Bangladesh will work with APG as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.

UNITED ARAB EMIRATES:

Latest FATF Statement - 23 February 2024

The FATF welcomes the UAE's significant progress in improving its AML/CFT regime. The UAE strengthened the effectiveness of its AML/CFT regime to meet the commitments in its action plan regarding the strategic deficiencies that the FATF identified in February 2022 including by: (1) increasing outbound MLA requests to facilitate ML/TF investigations; (2) improving understanding of ML/TF risks of DNFBP supervisors, applying effective and proportionate sanctions for AML/CFT noncompliance involving FIs and DNFBPs, and increasing STR filing for those sectors; (3) developing a better understanding of risk of abuse of legal persons and implementing risk-based mitigating measures to prevent their abuse; (4) providing additional resources to the FIU to increase its capacity

to provide financial intelligence to LEA and making greater use of financial intelligence, including from foreign counterparts, to pursue high-risk ML threats; (5) increasing investigations and prosecution of ML; (6) ensuring effective implementation of TFS through sanctioning noncompliance among reporting entities and demonstrating a better understanding of UN sanctions evasion among the private sector. The UAE is therefore no longer subject to the FATF's increased monitoring process.

The UAE should continue to work with MENAFATF to sustain its improvements in its AML/CFT system.

FATF-JURISDICTIONS UNDER INCREASED MONITORING EVALUATION

Customers associated with higher-risk countries, based on factors such as citizenship, business operations, or residence, may pose an elevated risk of money laundering and terrorist financing. Inter City Money Limited must scrutinize customer locations, particularly in cross-border operations, to address additional risks associated with such transactions.

The assessment of country or geographic risk should be combined with the evaluation of customer risk, considering all relevant factors. To aid in this assessment, Inter City Money Limited can refer to the country ratings table available at <https://www.knowyourcountry.com/country-ratings-table>

It's noteworthy that all high-risk countries have been explicitly identified by HMRC through a notification accessible at <https://www.legislation.gov.uk/uksi/2023/704/made>

This notification serves as a key reference for Inter City Money Limited in aligning its risk management practices with regulatory guidance concerning high-risk jurisdictions.

Risk Factor	Pakistan	Nigeria	Gambia	Bangladesh	Ghana	Philippine
FATF Member	Yes, APG	Yes, APG	Yes, APG	Yes, APG	Yes, APG	Yes, APG
Kimberley Process participant	No	No	No	No	No	No
Sanctions/warnings	Yes	Yes	Yes	Yes	Yes	Yes
Corruption Index	116	150	110	147	72	116
ID Equivalence with UK	Yes	Yes	Yes	Yes	Yes	Yes
Drug Route/Major Crime Centre	Yes	Yes	Yes	Yes	Yes	Yes
Others	Major center of terrorist high activity fundraising	Nigeria faces high risk of Political instability, ineffectiveness of financial sector, corruption	Gambia faces risk like economic instability, limited access to financial sector	There is no such payment infrastructure, the stock of Bangladeshi migrants abroad, average propensity to remit money home out of those saving	Major risk associate with remittance is unfavorable exchange rate, strict financial regulation	Major risk factor are drug war, red tagging, Russia-Ukraine war

Incorporate in paragraph

OUR RISK MITIGATION OF GEOGRAPHICAL RISKS:

Mitigating geographical risks is crucial for businesses like us to ensure compliance, reduce exposure to financial crimes, and safeguard our reputation. Here are our key strategies for risk mitigation related to geographical risks:

ENHANCED DUE DILIGENCE (EDD):

We conduct Risk Based Approach based EDD for customers, transactions, and business relationships originating from or involving high-risk jurisdictions. This involves gathering more detailed information, validating the legitimacy of transactions, and obtaining additional documentation.

COUNTRY RISK ASSESSMENT:

We periodically assess and update the risk associated with specific countries. Consider factors such as changes in regulatory environments, political stability, economic conditions, and any emerging threats. Adjust risk mitigation strategies accordingly along with FATF and Schedule 3ZA Countries list.

COMPLIANCE WITH SANCTIONS AND REGULATIONS:

We strictly adhere to international sanctions and regulations. Regularly update sanctions lists and ensure that transactions involving individuals, entities, or countries subject to sanctions are identified and halted promptly.

CONTINUOUS MONITORING OF REGULATORY CHANGES:

We try to stay informed about changes in regulations and compliance requirements in different jurisdictions. By continuous monitoring and promptly adapt policies and procedures to align with evolving regulatory landscapes.

EMPLOYEE TRAINING AND AWARENESS:

We train employees on the specific risks associated with different geographies to ensure that staff members are aware of the latest regulatory developments, understand cultural nuances, and can effectively assess and manage risks arising from specific regions.

THIRD-PARTY DUE DILIGENCE:

We Conduct due diligence on third parties, such as agents or intermediaries, operating in high-risk jurisdictions. Establish clear guidelines for engaging with and monitoring the activities of third parties to mitigate the risks they may introduce.

TRANSACTION MONITORING AND REPORTING:

We have implemented robust transaction monitoring systems to detect unusual patterns of behavior or transactions associated with specific geographies. We have established clear reporting mechanisms for suspicious activities to relevant authorities.

REGULAR RISK ASSESSMENTS:

We conduct regular risk assessments that specifically focus on the geographical risks. Evaluate the effectiveness of existing risk mitigation measures and make adjustments based on the findings of these assessments.

DOCUMENTATION AND RECORD-KEEPING:

We maintain comprehensive documentation and records related to transactions. This documentation serves as evidence of due diligence efforts and aids in audits or investigations.

Geographical Risk Conclusion	
Inherent Risk	M-H
Residual Risk	L-M

CUSTOMER RISK

WHO IS CUSTOMER?

In the context of Inter City Money Limited, a customer refers to an individual that engages in financial transactions and utilizes the services provided by the Inter City Money Limited. Anyone who wants to perform the transaction will be registered as a customer and a business relationship will be established, we don't deal with any Non-Registered Customers.

CUSTOMER RISKS

The following are indicative risk factors for new customers:

- Difficulty in verifying the customer's identity.
- Customer reluctance to provide identity details or submission of falsified documents.
- Attempts by the customer to use intermediaries to conceal their identity.
- Lack of apparent justification for utilizing our services, such as another business being better suited for the transaction size or destination.
- Inability to provide satisfactory evidence regarding the source of funds.
- Identification of an unusual source of funds.
- Transmission to a high-risk country.
- Engagement with non-face-to-face customers.
- Ownership or operation of a cash-based business by the customer.
- Occurrence of an unusually large cash transaction.
- Differences in the size and frequency of transactions compared to the customer's typical pattern.
- Changes in transaction patterns since the establishment of the business relationship.

- Unnecessary complexity in transactions, utilization of front men or companies, or suspicious behavior.
- A customer acting on behalf of third parties without a suitable family or business relationship.
- The presence of observers or individuals lingering nearby while the customer conducts transactions.
- Customer reading from a note or mobile phone during transactions.
- Involvement of an underage person in sending or receiving funds from multiple sources.
- Significant or unexpected improvement in the customer's financial position.
- Use of multiple local Money Service Businesses (MSBs) by the customer, potentially to split transactions.

Additional risks related to customers include:

SECTORAL LINKS TO CASH-INTENSIVE BUSINESSES:

Investigation into whether the customer or the business they represent has associations with sectors known for handling significant amounts of cash.

POLITICAL CONNECTIONS AND PEP STATUS:

Assessment of whether the customer, or payee has political connections, and whether they are a Politically Exposed Person (PEP) or related to one.

CONSISTENCY OF BACKGROUND INFORMATION:

Examination of whether the customer's background aligns with the company's knowledge of their past, planned, or current business activities, turnover, and the sources of funds and wealth.

To mitigate these risks, our business conducts thorough checks on all customers using Credit Safe to identify any potential sanctions or PEP customers.

CUSTOMER REPUTATION RISKS:

IN-HOUSE INFORMATION ON CUSTOMER'S INTEGRITY:

Evaluation of in-house information about the customer's integrity based on the ongoing business relationship.

FRAUD REPORTS:

Examination of whether any fraud reports have been filed against the customer.

OTHER RISKS RELATED TO CUSTOMERS:

TRANSACTION COMPLEXITY AND SIZE:

Assessment of transaction types, particularly those that are complex, large, or unusual.

AVOIDANCE OF ENHANCED DUE DILIGENCE (EDD):

Monitoring for customers attempting to break transactions below EDD requirements to avoid providing necessary documents.

BEHAVIORAL PATTERNS:

Utilization of customer behavior patterns to establish risk classification, anticipating transaction volumes, and developing a risk profile based on behavior.

SHARED ADDRESS MONITORING:

We are Monitoring transactions for customers sharing the same address to prevent potential exploitation of individual Customer Due Diligence (CDD) thresholds.

ONE-TO-MANY AND MANY-TO-ONE TRANSACTIONS:

Monitoring and limiting the number of beneficiaries for each customer based on risk assessment, with exceptions as necessary.

By addressing these additional risks through robust due diligence processes, ongoing monitoring, and the utilization of risk assessment tools, our business aims to ensure compliance, prevent financial crimes, and maintain the integrity of its financial services.

To address these risks, we conduct thorough Customer Due Diligence (CDD) and/or Enhanced Due Diligence (EDD) aligned with established Business CDD thresholds. Third-party assessments, including credit checks through Credit Safe, are carried out on customers to validate their addresses. Additionally, customers are mandated to furnish identification documents, meticulously recorded in the system. Should a customer approach the threshold for Source of Funds (SOF), they must provide requisite documentation, subject to assessment by the Money Laundering Reporting Officer (MLRO). This stringent approach ensures compliance with HMRC guidance and effectively mitigates potential risks associated with customer behavior and transactions.

SOME OTHER CUSTOMER RISK

Customer might be misusing someone else ID. Customer is acting on someone behalf.

There are certain risks in relation to the Online customers that can be addressed as below.

Risks	Our Response
Some other types of risks include <ul style="list-style-type: none">• Stolen credit card information• Speed of transactions	We try to minimize such risks by proper due diligence procedures in place. Verifying the customer and transaction details before proceeding with the transaction. Has the Payer satisfied the ID tests?

<ul style="list-style-type: none"> • credit risk • Use of Prepaid Cards • Depositing and credit risk • Use of Prepaid Cards • Depositing and Transferring Straight away • Hacking Risk • Risk of Reputation • Risk of App data stolen 	<p>Has the Payer satisfied us that they are the UBO of the bank account that is the source of the funds?</p> <p>But it will tend to reduce the risk because banks have their own AML policies regarding sources of funds that the Company is entitled to take note of. The risk is not eliminated only discounted.</p>
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OUR RISK MITIGATION AND EDD PROCEDURES:

HIGH-RISK CUSTOMERS:

- New customers conducting significant one-off transactions exceeding £5000 or 4 times the Company ATS are considered higher risk.
- Customers originating from high-risk countries identified by the EU and Financial Action Task Force (FATF) fall under increased scrutiny.
- Customers executing low-value transactions below our checking thresholds are subject to increased risk assessment.
- Customers sending money to high-risk countries, as specified by the EU and FATF, are subject to heightened monitoring. Refer to Jurisdictions under Increased Monitoring - 23 February 2024.
 - [<https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Increased-monitoring-february-2024.html>]
- Alterations in the behaviour of regular customers are considered potential higher-risk indicators.
- Customers employing multiple cards for transactions will be requested to undergo Enhanced Due Diligence (EDD).
- Customers transferring funds on behalf of third parties may be required to provide a bank statement or a written explanation detailing the purpose. Restrictions on further transactions may be imposed if provided information is deemed unsatisfactory.
- Customers displaying unusual behaviour inconsistent with our information and risk assessment are considered higher risk.

- Customers transferring funds to their own accounts across different countries must provide justification. Enhanced Due Diligence (EDD) and thorough checks, in accordance with relevant enactments, will be conducted to ensure compliance and security measures.

EDD necessary for some customers:

- Politically Exposed Persons (PEPs) undertaking large transactions are subject to Enhanced Due Diligence (EDD).
- Potential matches with sanction lists warrant thorough scrutiny.
- Customers using debit cards from countries other than the United Kingdom are subject to EDD.
- Customers from high-risk countries identified by the EU, especially corporate, charity, or trust customers with complex ownership structures, undergo EDD.
- Customers with linked transactions aggregating below the threshold on a 90-day rolling basis are checked for suspicious patterns.
- Changes in transaction patterns from regular customers trigger EDD.
- Customers using identification documents other than those from the UK are verified through Independent Electronic Software (Credit Safe).

Risk Assessment: Conducting thorough KYC checks on customers allows for a comprehensive risk assessment. High-risk jurisdictions often require enhanced due diligence, and knowing your customer well enables you to assess their risk level accurately.

Ongoing Due Diligence: In high-risk countries, regular and ongoing KYC reviews are essential. Changes in customer behavior, business activities, or the regulatory environment may necessitate updates to customer profiles.

Politically Exposed Persons (PEP) Screening: Given the potential for corruption and illicit financial activities in high-risk countries, thorough screening for Politically Exposed Persons becomes crucial. This helps in identifying and managing relationships with individuals who may pose higher risks.

Sanction Check: We have integrated EU, OFAC and HM treasury list in our system. In case of any potential match, staff reports it to Senior Manager/MLRO.

By combining effective transaction monitoring and customer KYC controls, we are strengthen our defenses against illicit financial activities and demonstrate a commitment to regulatory compliance. Inter City Money Limited is committed to combat all risks associated with high-risk countries because serving our people is our first rule.

CONCLUSION:

As customers are the core of the business, we anticipate the customer risk to be Low to medium based on the fact that we are dealing with individual customers, Using Online remittance tools and have no High Value transactions.

Customer Risk Conclusion	
Inherent Risk	M
Residual Risk	L-M

NATIONAL RISK ASSESSMENT OF PROLIFERATION FINANCING:

Conclusion Paragraph on Proliferation Financing (5.3) is as follows:

When gathering evidence on PF activity with government, private sector and academic partners, it became clear that PF is often considered alongside other illicit finance risks, particularly terrorist financing and money laundering, rather than as an independent risk which should be considered separately from other illicit activity. The UK has long supported a greater focus on PF risks and has advocated for changes to the FATF's standards to strengthen requirements in this area. The new FATF standards recommend countries undertake national risk assessments on PF and impose new requirements for relevant persons to undertake their own risk assessments. HM Treasury therefore plans to introduce new provisions to the UK's Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations to require both the UK government and private sector to carry out PF risk assessments in the same way that they do currently for ML and TF. HM Treasury is currently carrying out a consultation on these proposed regulatory amendments which is due to end in October 2021. It is hoped that the increased understanding and awareness of PF risk resulting from these new requirements would help to inform future iterations of this National Risk Assessment.

RISKS ASSOCIATED WITH PROLIFERATION:

NETWORKS OF FRONT COMPANIES DESIGNED TO MASK PARTICIPANTS

For examples, there are usually more complex networks of companies designed to mask the end recipient of proliferation-related items. This will be highlighted in the 'Vulnerabilities' chapter, but the same factors that make our companies framework successful, such as ease of incorporation, also make it attractive to exploitation, including to those of proliferating actors seeking to establish entities here.

THE ROLE OF STATE ACTORS IN FACILITATING PROLIFERATION FINANCING

State actors – particularly from the DPRK and Iran – have featured prominently in the previous sections as the key actors behind PF networks impacting the UK financial system. This section will further discuss the role played by these states and others in this activity. While Iran and DPRK feature heavily, the role played by states, including China, in global PF should not be understated and is often not addressed. This section will raise the awareness of the role played by these states to widen the scope of future policy development both by the UK and international partners.

PRINCIPAL AGENT RELATIONSHIP:

Inter City Money Limited is in the agency relationship we act as a first line of defense to save ourselves and agent from risk of Money Laundering and TF. Being the MSB ourselves we are much familiar with the level of compliance and expectation required from the principal, so we do our best to save the principal.

RISK ASSOCIATED WITH THE AGENTS

Inter City Money Limited collaborates with agents, and in adherence to the risk-based approach mandated, the company assesses and responds to the risks associated with its operations through agents. This involves considering the potential risks that could expose the principal business to

exploitation, regulatory breaches, or criminal failures due to inadequate control and monitoring of agents.

The company evaluates the following risks associated with operating through agents:

Some General Risks in relation to agents include:

A) MULTIPLE PRINCIPALS:

Agents representing more than one principal or functioning as both an agent and a principal.

B) RELUCTANCE TO PROVIDE CUSTOMER INFORMATION:

Agents unwilling to provide information regarding their customer's identity to the principal.

C) RECORD OF UNUSUAL OR SUSPICIOUS CUSTOMER INFORMATION:

Agents **RECORD** unusual or suspicious customer information, such as numerous transactions attributed to a single customer or potentially false or incorrect customer details.

D) TRANSACTIONS JUST BELOW DUE DILIGENCE THRESHOLD:

Agents with a high number of transactions that fall just under the threshold for due diligence or reporting to the principal.

E) HIGH VOLUME OF BUSINESS TO HIGH-RISK COUNTRY:

Agents reporting a high volume of business with a single customer to a high-risk country.

F) TRANSACTIONS TO SEVERAL DESTINATIONS IN A DAY:

Agents **PROCESS** transactions where a customer sends money to several destinations or the same recipient on the same day.

G) INCONSISTENT CUSTOMER PATTERNS:

Agents **HAVE** a pattern of customers in the office that doesn't align with the turnover.

H) UNUSUALLY HIGH TRANSACTION SIZE:

Agents with transactions of unusually high sizes.

I) BUSINESS OUTSIDE NORMAL OPERATIONS:

Agents undertaking business activities outside the normal scope of operations.

J) PROVIDING ADDITIONAL SERVICES:

Agents offering additional services such as travel agency services.

In compliance with MLR2017 Regulation 58, HMRC must refuse to register an MSB with agents (or officers, managers, or beneficial owners of the agent) who are not deemed fit and proper. Individuals are considered unfit and improper if they have unspent convictions listed in Schedule 3 to MLR2017, consistently failed to comply with money laundering regulations, or pose a risk of the business being used for money laundering or terrorist financing.

Additionally, Regulation 19(4)(e) of MLR2017 requires MSBs with agents to establish written policies, controls, and procedures to ensure that their agents meet the fit and proper test outlined in Regulation 58. This legal requirement obliges principals to ensure that their agents, including officers, managers, or beneficial owners, meet the specified fit and proper criteria

AGENT RISK MANAGEMENT:

Thorough due diligence will be conducted prior to onboarding any agent. The company will internally assess the fitness and propriety of agents, and approval from the Financial Conduct Authority (FCA) is required before agents are on boarded. Additionally, all agent premises will be registered with HMRC as trading premises.

Agent risk assessments are conducted on an annual basis, categorizing agents from low to high risk. Further due diligence is performed based on the assigned risk category.

Inter City Money Limited conducts risk assessments during client onboarding. High-risk agents undergo semi-annual risk assessments, while low-risk agents undergo assessments at least annually.

During the onboarding process, the following factors are considered:

Comprehensive background checks and due diligence, including recent changes from other product/service providers, business tenure, ownership structure, creditworthiness, financial viability, industry classification, and adherence to licensing and regulatory requirements.

Collection of additional information to understand the agent's business, including other MSB services offered, the agent's record of legal and regulatory compliance, expected transaction volumes, customer base, and geographical exposure.

Upon approval, new agent AML/CFT training is conducted, covering applicable AML/CFT requirements, responsibilities related to the AML Compliance program, and internal policies and procedures of the MSB.

Ongoing provision of AML/CFT compliance materials, tools, and training to agents on a periodic basis.

Utilization of a baseline risk assessment tool to monitor agent activity, measuring transaction-related risks, and identifying agents displaying risk behaviors such as structured transactions, customer identification sharing, or sharing of biographical information.

Inter City Money Limited has developed ongoing risk assessments for agents, generating reports on an annual basis. The assessment considers the following elements:

SCOPE OF SERVICES:

Evaluation of the additional services provided by the agent alongside money remittance and currency exchange.

NUMBER OF PRINCIPALS:

Examination of the number of other principals associated with the agent.

TRANSACTION METRICS:

Analysis of the average transaction value over the last six months.

TURNOVER VARIATION:

Assessment of the percentage variation in the expected turnover within the business activity.

COMPLIANCE HISTORY:

Investigation into whether the agent has been removed by another principal due to compliance matters.

SHARE IN OVERALL BUSINESS:

Determination of the agent's share in the overall business of Inter City Money Limited.

PAYMENT METHODS:

Examination of the ratio of customer payments made in cash versus online.

CUSTOMER PROFILE:

Analysis of the percentage of occasional, regular, and one-off customers, including the number of new customers onboard.

COMPLIANCE TRANSACTION COUNT:

Count of transactions held in compliance with regulatory requirements.

This comprehensive assessment, integrated into the system, allows for a thorough and structured analysis of various factors to ensure ongoing risk monitoring and management for the agents associated with Inter City Money Limited Reports generated at regular intervals provide valuable insights for decision-making and regulatory compliance.

TERMINATION OF AGREEMENT

Inter City Money Limited is obligated to comply with legal requirements to file a Suspicious Activity Report (SAR) if the termination of a relationship with an agent is prompted by suspicions of their involvement in money laundering or other criminal activities.

Upon the conclusion of a business relationship with an agent, Inter City Money Limited should:

IMMEDIATE REPORTING TO HMRC:

Promptly notify HMRC of the termination, accompanied by a concise explanation.

SECURE AND REMOVE BUSINESS RECORDS:

Safeguard and retrieve records related to business conducted through the agent.

TIMELY REMOVAL OF BRANDING MATERIALS:

Expediently eliminate any unused stationery, exterior or interior signage, etc., featuring the name or logo of Inter City Money Limited or suggesting an ongoing relationship with the agent.

This ensures adherence to reporting obligations, preservation of business records, and the prompt removal of materials that might erroneously convey a continued association between Inter City Money Limited and the terminated agent.

RISK IN RELATION TO SANCTIONS CUSTOMERS (SDN)

The company has implemented a policy to systematically review all transactions to ensure none involve individuals or entities listed on the UK Sanctions list (HM Treasury Consolidated List). Our system is integrated with HMRC OFAC and EU Lists, conducting Sanction/PEP checks for each customer, and any identified matches are flagged. Users have the option to promptly report such transactions by raising a Suspicious Activity Report (SAR).

Additionally, the MLRO (Money Laundering Reporting Officer) is responsible for reviewing each transaction, including flagged ones. If a match is deemed a false positive, the MLRO manually removes the flag. In cases where a legitimate match is identified, the transaction is automatically frozen, and the MLRO submits a report to HM Treasury's Asset Freezing Unit.

Details for contacting the Asset Freezing Unit at HM Treasury are as follows:

Asset Freezing Unit

HM Treasury

1 Horse Guards Road

London SW1A 2HQ

Email: assetfreezingunit@hm-treasury.gov.uk

Fax: 020 7270 5430

Telephone: 020 7270 5664 or 020 7270 5454.

OPERATIONAL AND SECURITY RISKS:

Operational risk: A single event or a sequence of linked events unplanned by the PSP that has or will likely have an adverse effect on the integrity, availability, confidentiality, validity, and/or continuity of payment-related services, as specified in Directive (EU) 2015/2366.

Security risk - The risk posed by insufficient or failed internal processes, as well as external events, that have or may have a negative effect on the availability, integrity, and confidentiality of information and communication technology (ICT) systems and/or information used to provide payment services. This involves the threat of cyber-attacks as well as a lack of physical protection.

Inter City Money Limited Pose a high risk due to involvement of International Fund transfers to third countries and to mitigate the risk Inter City Money Limited is using remittance software which has different controls (e.g., to set transaction limits for customers, linked transaction detection, Sanction Check, PEPs Check) that helps to mitigate risks.

- PEP (politically exposed persons) Control generally, possesses a higher risk of ML/FT when operating in countries characterized by higher levels of bribery and government corruption.
- For the assessment of country wide risk, Inter City Money Limited uses the <https://www.knowyourcountry.com/country-ratings-table> risk assessment model. 'Know Your Country' for the provision of on-line information of money laundering and sanction data on a country-by-country basis and use <https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Increased-monitoring-february-2024.html> For the identification of high risk countries.

Compliance systems and controls quickly adapt to changes in various lists (for example Bank of England, Home Office, and Other Government Provided Lists.)

CONCLUSION ON RISK ASSESSMENT:

Following the Anti-Money Laundering (AML) Risk Assessment, the Company has determined an overall risk rating of **MEDIUM to HIGH** for potential money laundering activities, potential terrorist financing activities, and sanctions-related risks.

Despite the identified risks, the Company has implemented an effective AML Compliance Program designed to reasonably address the risk levels. This program takes into account Inter City Money Limited's client base, which predominantly consists of socially and/or financially excluded clients, its business model, target markets (Pakistan, UAE and Bangladesh), and the resources allocated for implementing and monitoring suitable Systems and Control mechanisms.

Inter City Money Limited is committed to ongoing efforts in identifying, managing, and mitigating AML risks appropriately. The company demonstrates continued dedication to its AML Program, managing compliance in a manner aligned with the risks identified in this analysis. Oversight and support from Management and Shareholders further contribute to the company's commitment to AML efforts.

To ensure the relevance and effectiveness of the AML Risk Assessment, the company plans to conduct a new assessment in 12 months or sooner if practical business circumstances necessitate a review. This ongoing commitment and periodic reassessment reflect the company's proactive stance in maintaining a robust AML framework.

RISK RATING:

S. No	Dependency	Risk Description	Impact	Risk Owner	Inherent Risk Rating			Current Controls & Rating		Residual Risk Rating
					Likelihood	Cons eq.	Rating	Existing Controls	Existing Control Rating	
1	Products/Services	Money remittance (Retail)	Money Laundering Cross-border service, vulnerable to layering transactions	MLRO	4	4	H	Policies and procedure are in place to mitigate the risk. Transactions are monitored	3	MH
2	On-boarding	Customer on-boarded via Non Face to Face	Risk of fraud by impersonation	MLRO	1	4	M	Only dealing with individual customers	3	M
3	Financing Methods	Customer's pays online only	Customer's customers Source of funds difficult/im possible to establish. Common source of funds from criminal activity	MLRO	4	4	H	only customer own card	3	MH
4	Financing Methods	Customer pays by debit/credit card online	Customer uses third party debit card to obscure beneficial owner of funds	MLRO	4	4	H	Customer only permitted to use card in own name	4	M
5	Financing Methods	Customer pays via bank transfer (customer's name)	Clear source of funds from source, already in financial system	MLRO	1	1	L	No additional measures required.	4	L
6	Financing Methods	Customer pays via bank transfer (third-party name)	Third party may pay through customer's account to obscure origin of funds. Potential	MLRO	2	4	MH	Prohibited	4	L

			failure to ascertain beneficial owner. Possible illicit source of funds. Possible smurfing activity							
7	Customer Type	Individual - UK resident	No additional risks identified as all UK resident	MLRO	1	1	L	Documents will be checked before onboarding the customer.	4	L
8	Beneficiary Type	Individual	Individual acting as smurf to receive on behalf of third party	MLRO	1	2	L	Relationship between sender and beneficiary recorded. Smurfs often receive from multiple individuals - system automatically detects beneficiaries receiving from multiple people	4	L
9	Service Channel	Website/mobile app	Non face to face transaction, potential for impersonation	MLRO	1	1	L	Company is dealing through APP and website	4	L
10	Distribution Method	Paid out through banking channels	Clear audit trail, no additional risks identified	MLRO	1	1	L	No additional measures required.	3	L
11	Transaction Type/ Customer Behaviour	Apparently uneconomical transaction	Customer carries out a transaction that does not make economic sense	MLRO	2	3	M	If customer will be from different country, EDD will be applied	3	M

12	Transaction Type/ Customer Behaviour	Customer is acting on behalf of third-party	Third party may pay through customer's account to obscure origin of funds. Potential failure to ascertain beneficial owner. Possible illicit source of funds. Possible smurfing activity	MLRO	2	4	MH	Prohibited	4	L
13	Transaction Type/ Customer Behaviour	Customer consistently sending under thresholds to avoid providing additional documents	Customer does not want to disclose source funds, possible tax evasion or other proceeds of crime	MLRO	2	3	M	Transactions regularly reviewed for unusual activity	3	M
14	Transaction Type/ Customer Behaviour	Structuring - many-to-one	Many customers sending to the same beneficiary. Common method for criminals to send large amounts without detection. Where agents are used, potential collusion of agent in using other customers' registrations	MLRO	2	2	L	System has ability to deduct linked transactions and it also reflects the total beneficiary added on the sender list	4	L
15	Transaction Type/ Customer Behaviour	Structuring - one-to-many	Single customer sending to many beneficiaries - potentially acting on behalf of hidden individuals	MLRO	2	2	L	System will be able to deduct the many to one sender transactions and provides the	3	L

								report, if one beneficiary is receiving money from different senders		
16	Transaction Type/ Customer Behaviour	Shared contact information	Two or more customers appear to share phone number, email address, etc. suggesting they are under common control	MLRO	1	1	L	System does not permit shared contact information	4	L
17	Transaction Type/ Customer Behaviour	Customer information provided	Customer is reluctant to provide information on purpose or source of funds	MLRO	2	3	M	EDD applied where source of funds is unclear and/or customer is behaving suspiciously	3	M
18	Transaction Type/ Customer Behaviour	Transaction is remitted to high-risk third countries	Review of risk required by 5AMLD/MLR2019	MLRO	3	3	MH	EED will be performed on high risk transactions but mainly business is remitted to countries which are not identified as high risk except one exception	3	M
19	Customer Type	Sanctioned individual/entity	Sanctioned individual/entity attempts to send funds. Company in	MLRO	1	4	M	Real-time screening at transaction creation against sanctions	4	L

			breach of sanctions					lists for sender and beneficiary. Automatically referred to compliance.		
20	Customer Type	PEP customer	PEP individual (either individually or in association with for example a corporate customer) attempts to send funds. Higher risk of processing proceeds of corruption and embezzlement	MLRO	1	4	M	Not to Entertain	4	L