

NovaPay – Document 04: Customer Due Diligence Procedures Manual

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Purpose

This manual sets standards for identification and verification of retail and business customers, beneficial owners, and related parties in line with UK MLRs, EU directives, and US CIP rules.

Onboarding Standards

Risk-based: SDD for low-risk consumers; CDD for standard customers; EDD for high-risk (PEPs, high-risk geographies, crypto). Workflow: data capture → Onfido IDV → risk score → activation or MLRO approval.

Identity Verification

Onfido for document and biometric verification. Retail: government photo ID, proof of address (<3 months), liveness selfie. Business: incorporation docs, articles, ownership chart, business address, IDs for directors and UBOs.

UBO Verification (≥25%)

Data gathered via registries and documentation; stored in Encompass UBO database. Weaknesses: reliance on self-certification in 30% of corporate files; 200 UBO refreshes overdue.

Risk Segmentation and Reviews

Weights: geo 25%, product 20%, behavior 20%, type 15%, adverse/PEP 20%. Distribution: Low 70%, Medium 25%, High 5%. Reviews: High 6-monthly; Medium annual; Low biennial. High-risk reviews overdue: 23.

PEP Handling

WorldCheck One at onboarding; MLRO approval required. Weakness: not continuous; only at onboarding and periodic review.

EDD

SoW/SoF verification with evidence; senior approval; quarterly monitoring for high-risk; crypto users subject to additional wallet intelligence where available.

Ongoing Monitoring

Risk-tiered TM thresholds; adverse media at annual refresh or event-driven. Weakness: low-risk customers lightly monitored; event triggers are manual.

Metrics (Q3 2025)

Rejected apps 5%; reviews on time 86% (target 90%); high-risk timeliness 88%; manual CDD 30% (target <20%).

Improvements

Registry integrations (Q1 2026), continuous PEP/adverse media (Q2 2026), API digitization of workflows (Q4 2025), +1 KYC FTE (Q4 2025).

Conclusion

CDD framework is sound but constrained by manual steps, UBO dependencies, and non-continuous PEP screening.