

NovaPay – Document 02: Governance & Compliance Framework

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Purpose

This framework sets out structure, accountability, and oversight for AML/CTF at NovaPay, a UK-based digital payments/neobank with EU and US operations.

Organization and SMCR

The MLRO (SMF17) reports to the CEO with unfettered access to the Board Audit & Risk Committee (BARC). Compliance team: 8 FTE (1 MLRO, 2 KYC analysts, 2 TM analysts, 1 sanctions specialist, 1 trainer, 1 audit/QA manager).

Three Lines of Defense

1st line: Operations own risks and execute controls. 2nd line: Compliance designs policy, monitors, challenges. 3rd line: Internal Audit tests effectiveness and reports to BARC.

Board Oversight

MLRO presents quarterly reports to the Board (KYC metrics, SARs, sanctions, audit status, training, key incidents). Compliance Committee chaired by CEO meets monthly. Annual compliance effectiveness report and EWRA are tabled for approval.

Policies

AML/CTF Policy; CDD/EDD Manual; Sanctions Policy; Transaction Monitoring & SAR Policy; Adverse Media Policy; Fraud & Identity Verification; Recordkeeping & Retention; Training & Culture; Whistleblowing & Ethics.

Regulatory Change Management

Identify (FCA/FATF/OFSI/FinCEN); Assess (Regulatory Change Impact Note); Implement (tracked in action register); Communicate (bulletins/training).

Budget and Resourcing

Annual compliance budget: \$2M covering systems (SAS AML, ComplyAdvantage), staffing, training (ACAMS), and external advisory. Staff turnover ~15% in junior roles creates strain and knowledge loss.

KPIs (Q3 2025)

Policy reviews completed 90% (target 100%); regulatory change implemented within 60 days 76% (target 90%); training completion 94% (target 98%).

Weaknesses

(1) Board reporting quarterly vs best practice monthly. (2) Regulatory change management reactive and manual; horizon scanning tool absent. (3) Policy updates lag major changes by months. (4) Limited investment in automation causes spreadsheet workarounds. (5) Turnover elevates operational risk.

Improvements (FY2026)

RegTech policy management; horizon scanning tooling; monthly Board dashboard; analyst career pathways to reduce attrition.

Conclusion

Governance is sound with clear accountability, but timeliness and technology maturity must improve to sustain growth and risk posture.