

Reviewer Guide: Verifying Source of Wealth (SoW) and Source of Funds (SoF)

Definitions

Source of Funds (SoF): Where the money being used in a specific transaction or account originated from (i.e., the immediate source of the funds).

Source of Wealth (SoW): How the customer accumulated their overall wealth over time — including assets, income, business activities, and investments.

✓■ Checks to Verify Source of Funds (SoF):

Check	Examples of Evidence
Immediate origin of funds	Payslip, loan agreement, sale receipt
Bank statements	Traceable path from payer to customer
Payment references	Match with declared source
Currency/movement type	Cash, crypto, international wires
Profile alignment	Consistent with income/business

✓■ Checks to Verify Source of Wealth (SoW):

Check	Examples of Evidence
Occupation/business	Contracts, payslips, tax returns
Property/investments	Land registry, income statements
Inheritance/gifts	Probate, solicitor letters
Asset/business sales	Sale agreements, tax filings
Wealth accumulation	Historic savings, pensions

■■ Red Flags That Require Further Scrutiny:

Indicator	Risk
Inconsistent timeline	SoW doesn't justify age/amount
Third-party funding	Opaque sources or unrelated persons
High cash generation	Unverifiable cash-based income
Offshore structures	Limited transparency
Vague explanations	Unsupported statements

■ Regulatory Requirements:

- Money Laundering Regulations 2017 (Reg 28 & 33): Requires SoF and SoW checks for high-risk customers.
- JMLSG Part I, 5.3.130–5.3.137: Firms must document rationale and evidence for SoW/SoF checks.

■ Reviewer Tips:

- Ask how, when, and from where the wealth/funds were obtained.
- Use multiple independent documents — avoid relying on declarations alone.
- Document rationale clearly and retain evidence.
- Escalate or reject if SoW/SoF cannot be verified adequately.