

## QUICK FACT SHEET

### **Module 2 – The risk of money laundering**

#### **What is an AML/CTF Program?**

An AML/CTF program is a way for a reporting entity to identify, mitigate and manage the risk of its products or services being used to launder money or finance terrorism activity. The program must be risk-based and is developed in a tailored format by a reporting entity in order to address the particular types of money laundering and terrorism financing risks it faces.

#### **Risk profiling**

Risk profiling is an analysis of the types of threats faced by your organisation, based on its assessment of the following factors:

1. Type of customer
2. Customers' source of funds and wealth
3. Nature and purpose of the business relationship with customers
4. Control structure of corporate customers
5. Type of designated service
6. Foreign countries your organisation deals with
7. Method of delivery of the designated service

#### **Types of customers**

Certain types of customers pose a high risk of money laundering and terrorism financing. You should be careful when dealing with the following customers:

- Beneficial owners
- Cash-intensive businesses
- Non-bank financial institutions and money service businesses
- Trusts
- Bearer share corporations
- Charities
- Foreign customers

**Blacklisted organisations**

Your organisation should check both the DFAT blacklist and the Criminal Code Regulations before accepting a customer.

**Politically exposed persons**

A PEP is someone who holds a prominent public position or function in a government body or an international organisation, including a Head of State or head of a country or government or government minister or senior politician, governor of a central bank, senior foreign representative or high-ranking member of the armed forces or a close family member or associate of any of these people.

**Source of customers' funds and wealth**

Some indicators of a high money laundering and terrorism financing risk are where the source of funds is difficult to verify, if funds from several sources are deposited in the customer's account, or if the customer is engaged in a cash-intensive business.

**Control structure**

Your organisation should understand the control and ownership structure of its corporate customers.

**Designated service type**

Designated service types include trust accounts, asset finance, third party deposit/payment accounts, or transfers of cash into monetary instruments.

**Method of delivery**

The level of ML/TF risk is different depending on whether a designated service is provided face to face, or non-face to face. Logically, non-face to face delivery of a designated service poses a great level of ML/TF risk.