



## Money Laundering Prevention Policy

It is the responsibility of the Board of Directors to establish the anti-money laundering policy of the credit union. It is the responsibility of the management, staff and volunteers to implement and carry out the policy established by the Board.

Policies promote consistency in decision-making and enable objective decisions to be made. The anti-money laundering policy should be applied equally to everyone regardless of race, age, gender, sexual orientation, disability or other subjective criteria. Procedures establish how a credit union's operations are carried out on a day-to-day basis.

### Anti-Money Laundering Policy

1. The purpose of this policy is to ensure that our credit union is not used as a vehicle for financial crime by establishing an effective and robust anti-money laundering strategy.
2. This credit union complies with the requirements of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, and the Money Laundering and Terrorist Financing (Amendment) Regulations 2019 and any subsequent legislation aimed at anti-money laundering or countering terrorist financing.
3. The Board has appointed a Money Laundering Reporting Officer (MLRO) who reports to the Board. The Board retains accountability and has appointed one director as who has overall responsibility for financial crime.
4. The MLRO is authorised by the Prudential Regulation Authority as an approved person to perform the money laundering reporting function.
5. The MLRO shall be the lead person in promoting anti-money laundering practices and controls within the credit union. Anti-money laundering controls shall include:
  - a) Training of all those involved in handling and managing members' transactions;
  - b) Verification of proof of identity of new members;
  - c) Maintaining full and detailed *Know Your Customer* information on members, on a risk basis;
  - d) Maintaining relevant records securely for the full amount of time required by law;
  - e) Making suspicious activity reports (SARs).
6. The Board shall provide the MLRO with sufficient resources to perform the role including access to *know your customer* information to enable investigations to be carried out.
7. The MLRO is required to take all actions necessary to ensure that s/he remains up to date with current findings on anti-money laundering through accessing the findings of the Financial Action Task Force, reviewing the websites of the PRA and FCA and the Joint Money Laundering Steering Group at regular intervals and regularly checking the Bank of England's list of terrorist sanctions.
8. The MLRO shall be responsible for receiving internal reports of suspicions of money laundering and making external disclosure reports when necessary to the National Crime Agency.
9. The Board shall ensure the establishment of an ongoing awareness and training programme which enables all staff and volunteers to be aware of the credit union's anti-money laundering systems and controls relating to opening accounts, record keeping and identifying and reporting suspicious transactions
10. Training of staff and volunteers shall also include their legal responsibilities for compliance and the consequences of non-compliance. Refresher training shall be provided within a 36 month period.



11. An applicant for membership is required to provide their name and date of birth, and sufficient evidence to prove their identity and address. Accounts will not be opened unless this information is provided.
12. This credit union will consider expelling a member from membership if they are suspected of using the credit union as a vehicle to launder money.
13. The identity of the MLRO shall remain confidential from the membership.
14. The Board shall appoint a deputy to act in the absence of the MLRO for any extended period.
15. The Board requires the MLRO to make an annual report to the Board.
16. Reports of suspicious transactions shall be made directly to the MLRO by email.
17. Non-compliance by staff and volunteers with anti-money laundering systems and controls may result in disciplinary action being taken.

### **The MLRO's responsibilities include:**

- ensuring the credit union's compliance with the ML Regulations, SYSC FCA Handbook and the Joint Money Laundering Steering Group (JMLSG) Guidance and alerting the board to weaknesses in systems and potential for remedy;
- establishing and monitoring the effectiveness of systems and controls for anti-money laundering;
- establishing and maintaining awareness and training for volunteers and staff to ensuring that they are aware of, and complying with, the credit union's internal policies and procedures to prevent the credit union being used to launder money;
- ensuring that the training provided is of sufficient scope and assessing if the training is of a suitable standard to comply with the Regulator's requirements;
- requiring the maintenance of records of anti-money laundering training undertaken in the credit union, and that everyone is trained within a rolling 36 month period;
- receiving internal reports on suspicions of money laundering activities;
- considering internal reports on suspicions of money laundering;
- making an external disclosure report to the National Crime Agency if the MLRO believes that reporting to NCA is justified;
- securely maintaining records of reports relating to anti-money laundering for at least 5 years after the record was created;
- obtaining and applying when relevant, UK Government and Financial Action Task Force findings;
- reporting, at least annually, in writing to the board of directors on the credit union's compliance with the Money Laundering Regulations, SYSC and the JMLSG Guidance and use of Government and Financial Action Task Force findings;
- ensuring that he/she remains up to date with latest requirements and initiatives to combat money laundering and bring any relevant information to the board's attention. This can be achieved through monitoring the following websites: Prudential Regulation Authority (PRA), Financial Conduct Authority (FCA), Financial Action Task Force, Joint Money Laundering Steering Group, HM Treasury, Bank of England's list of Terrorist Suspects and ABCUL.



**Know Your Customer information shall be maintained by the credit union including, but not limited to, the following information on each individual member:**

- Record of the proof of identification obtained and verification steps taken by the credit union to comply with the Money Laundering Regulations as laid out in the FSUCUs New Member Onboarding Policy;
- Additional information about customers shall also be obtained, on a risk basis.
- Records of financial transactions with the credit union;
- Nomination form (if applicable);
- Receipt of payments from a standing order or direct debit (if any);
- Payroll deductions direct from an employer (if any);
- Payment of benefits direct into the credit union (if any).

A copy of all proof of identification taken, or an accurate record of reference numbers, and steps taken to verify identity shall be retained in the member's personal file for up to five years after the account has been closed.

Records of transactions shall be maintained for five years after the transaction has taken place.

The MLRO shall securely maintain a record of internal reports of suspicions of money laundering within the credit union, and external reports made to NCA. These records shall include a record of the MLRO's investigation and decision as to whether or not to make an external disclosure report to NCA. Records of Suspicious Activity Reports (SARs) made to NCA shall also be kept. These records shall be kept for at least five years after the record was created or in the case of an ongoing investigation by NCA, until NCA has closed the investigation.

Members' accounts shall be regularly monitored in order to identify any unusual activities: i.e. an unexplained pattern of deposits and withdrawals which appear to be out of character for that account and which, on further investigation, may provide grounds for suspicion.

Accounts may only be opened and transactions accepted on behalf of a member after verification of identification has been satisfactorily completed.

Photocopies, or records of reference numbers, and/or records of all steps taken to prove and verify a member's identity shall be stored on the membership file for at least five years after the account is closed.

**The following practices may give rise to suspicions of money laundering activity:**

- Deposits of large sums of cash by a member whose apparent business activities do not normally generate substantial amounts of cash;
- Substantial increases in cash deposits by a member without apparent cause, especially if such deposits are subsequently transferred out of the account within a short period of time;
- Depositing a large number of small cash amounts over a short period;
- Regular requests for loans that are repaid within the repayment period;
- Sudden repayment of a loan;
- Borrowers making regular large part repayments to a loan;
- Members who regularly pay in cash to cover requests for share to loan transfers;
- Members who appear to have accounts with several banks or building societies in the area;
- Reluctance to provide normal documentation required for identification when opening an account.

Suspensions shall not be limited to only the examples listed, but shall include any unusual transaction outside of the member's usual pattern of transactions with the credit union.

**FSUCU Money Laundering prevention practices:**



- For deposits over £5000 members are required to give an explanation of the source of funds in writing.
- Unusual transactions totalling over £10,000 in a 12 month period would require the member to give an explanation of the source of funds in writing.

**Staff and volunteers who suspect that money laundering is taking place should report the suspicion direct to the MLRO by taking the following actions:**

Write a brief email addressed to the MLRO

The written record should include:

- Name, address and membership number of the member under suspicion
- Details of the transaction – including date and amount – that has prompted the suspicion
- Grounds for the suspicion
- Name and contact details of the person reporting the suspicion

A report to the MLRO should not be disclosed or discussed with any other official, volunteer or member of the credit union. The MLRO may wish to discuss the report further with the person reporting their suspicions. In this case, the MLRO will contact the individual and make discreet arrangements for a confidential meeting to be held.

**Important note**

At no time should an individual suspected of money laundering be approached to discuss the suspicions aroused as this may give rise to “tipping off” a suspect. “Tipping off” is a crime that can be punished with a prison sentence and / or fine.

The MLRO shall have full read-only access to all computer records, as well as confidential access to individual members' files as may from time to time be required in order to obtain further information which will inform their decision as to whether or not to make a full disclosure report to NCA.

On receipt of a suspicious activity report, the MLRO shall review the member's account and consider the following questions aimed at identifying trends on a member's use of their account:

- Is there a regular amount saved each week or month?
- If it is an irregular amount, is it a low or high amount?
- Does the member apply for a loan regularly?
- Or does he/she only apply once they have fully repaid their previous loan?
- Do they regularly transfer shares to make loan repayments?
- Do they save a regular amount and then make a share withdrawal on a regular basis, maybe quarterly or yearly? If so, the member could be using the credit union as a budgeting account to meet a regular expense.

Once the MLRO has gained a deeper understanding of the member's financial circumstances, the nature and level of their transactions with the credit union and the purpose for which they use the credit union, then he/she should record their decision as to whether a suspicious transaction has occurred that should be reported to NCA. This record shall be retained for five years from the date on which it was created.

The MLRO shall report all suspicions of money laundering directly to the NCA at the earliest opportunity. Records of external reports shall be retained for five years from the date of the report.



The MLRO can make Suspicious Activity Reports (SARs) direct to NCA online at [www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk)

Or SARs can be made using the form, by post to: National Crime Agency  
PO Box 8000  
London SE11 5EN

The PRA, FCA and JMLSG websites shall be accessed by the MLRO on at least 6-monthly intervals to ensure that current government or Financial Action Taskforce findings are being complied with

All data collected shall be retained by the MLRO and stored in a secure place and considered private and confidential

The MLRO shall not be named outside the immediate confines of the credit union office to ensure personal safety.

Anti-money laundering awareness and training for all staff and volunteers shall include:

- Identification requirements for new members
- Recognising suspicious transactions
- Reporting suspicious transactions
- Understanding the potential impact on the credit union, and themselves if they breach the regulations
- The law and regulations relating to money laundering, and the responsibilities of staff and volunteers

The MLRO will ensure that a record is maintained of an individual's training on anti-money laundering. Refresher training will be provided to each individual at least once in every three-year period.

The MLRO shall report to the **Board** at least annually. Reports to the Board of Directors shall not include names of individuals suspected. The MLRO's annual format shall include the following information:

- Number of, and location of internal Suspicious Activity Reports received
- Number of internal Suspicious Activity Reports investigated
- Number of Reports made to NCA
- External Findings from FATF, etc
- Compliance with Money Laundering Regulations, SYSC and JMLSG Guidance
- Recommendations to Board on improvements to anti-money laundering strategy in place in the credit union