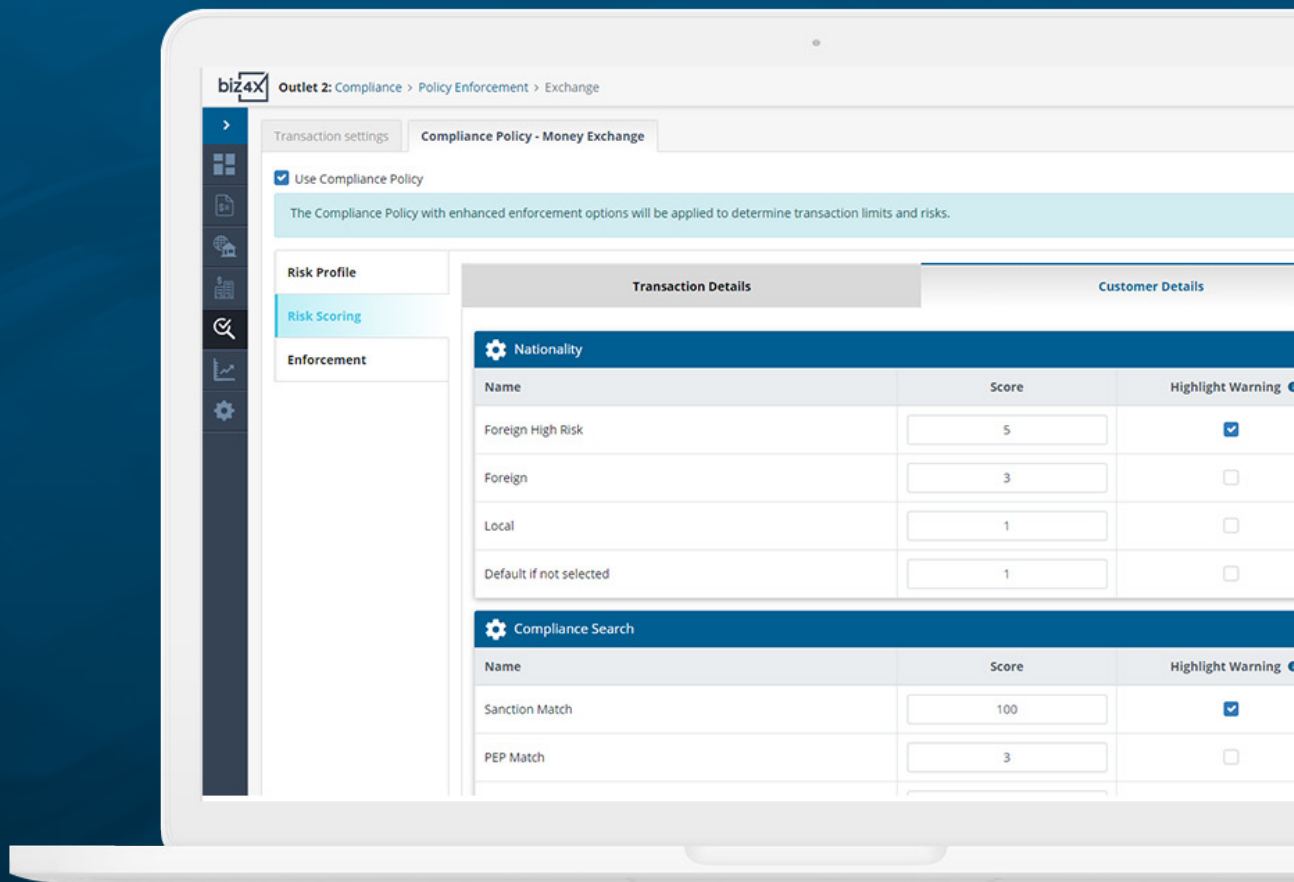




Biz4x Software

# Compliance Policy User Guide





## Biz4x Compliance Policy User Guide

### What is the Compliance Policy?

The Compliance Policy helps money exchange businesses to conduct their own risk assessment. It allows businesses to develop their own set of rules and implement risk scoring based on individual risk factors when it comes to transactions and customers. With a risk scoring system in place, customer transactions can be categorised into low, medium and high risk categories and specific enforcement actions can be mandated through the system to add an additional layer of compliance and security to all your currency exchange operations.

The compliance policy was developed to be fully flexible and highly customisable to meet the most stringent compliance requirements, as well as to help conduct basic due diligence if that is all that is required by businesses.

In this guide, you will learn the basics of creating a compliance policy for your money exchange business.

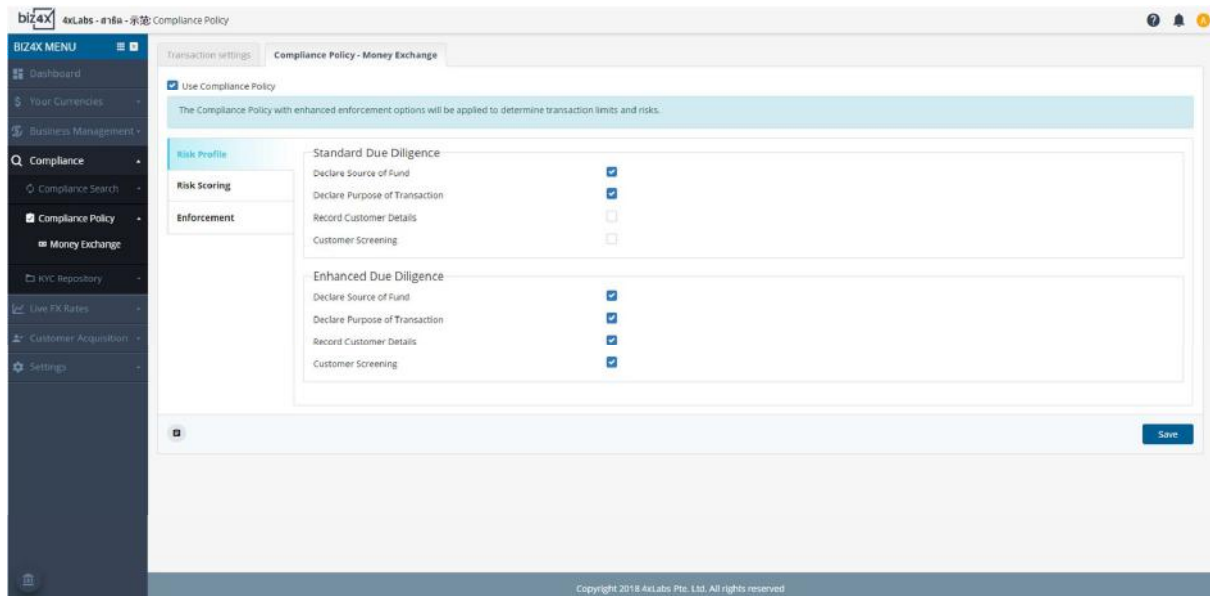
### Setting Up Your Risk Profile

There are two ways of accessing the settings for your Compliance Policy. Under *Business Management > Transactions > Settings* and under *Compliance > Compliance Policy > Money Exchange*.

Make sure that you are on the tab, Compliance Policy - Money Exchange. Select the checkbox for using Compliance Policy at the top of the screen.

The Compliance Policy is comprised of three sections - Risk Profile, Risk Scoring and Enforcement.

Risk Profile is where you specify what specific actions need to be taken when a transaction is recorded, and what actions constitute enhanced due diligence. For example, you may choose that declaring the Source of Fund and Purpose of Transaction is necessary for all transactions, in which case, you would check these boxes for all amounts. If a transaction requires enhanced due diligence, you may require Customer Details to be recorded and Customer Screening to be conducted - in such a case, you would check these options for Enhanced Due Diligence.



You can later specify that certain actions require enhanced due diligence such as wishing to transact a large amount of money. In Singapore, a currency exchange of \$5,000 requires the recording of customer details, hence you would want to activate enhanced due diligence for this amount. This in practice could mean that this transaction cannot be saved in the system, until tellers input customer details depending on your settings.

To configure this navigate to the Risk Scoring screen.

## Configuring a Risk Scoring System

The Transaction Details and Customer Details sections on the Risk Scoring screen basically detail a list of risk factors. Policy options for Transaction Details apply to each transaction that is being recorded while policy options for Customer Details govern past cumulative transactions as well.

Under Transaction Details, you will find risk factors associated with each transaction such as Payment Method, Purpose of Transaction, Funds (source), Collection Method and finally, transaction Amount.

Under Customer Details, you will find risk factors associated with the customer profile and behaviour such as Nationality, Compliance Search, Transaction Volume in the last 30 days, Transaction Frequency in the last 30 days, Existing Customer and Customer Type.

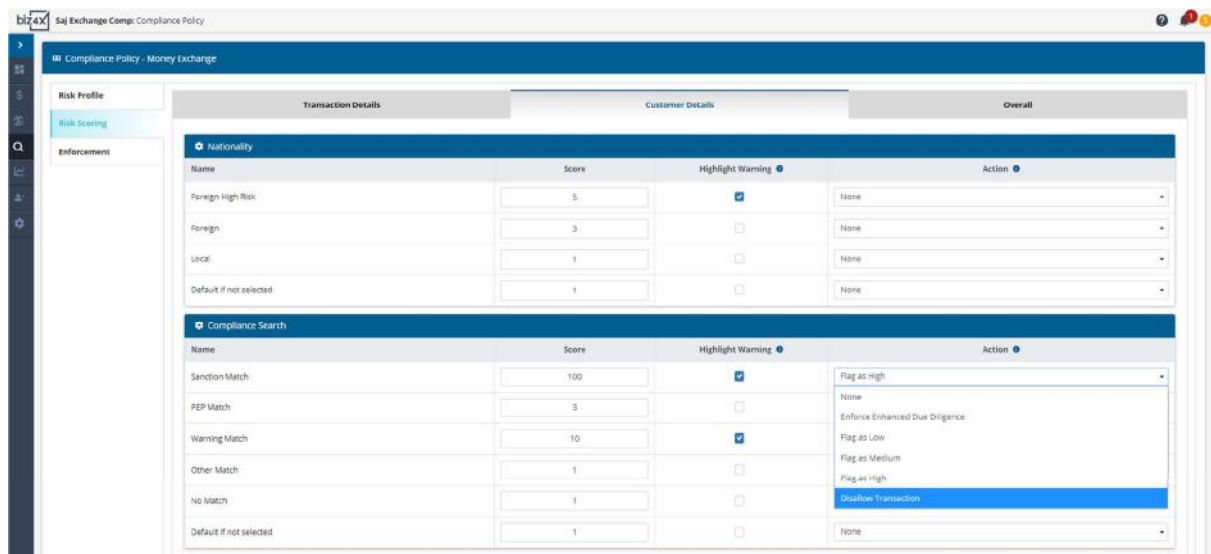
Assign a score to these risk factors. Your scoring system can be based on any numerical range. Whether you choose to assign scores from 1-10 or 1-100, our system is built to cater to your choice. A higher score will mean greater risk, while a lower score is less risk.

You can request for a highlighted warning if certain risk factors are selected, by checking the Highlight Warning box beside the risk factor.

You can also select an action to take place if certain risk factors are present.

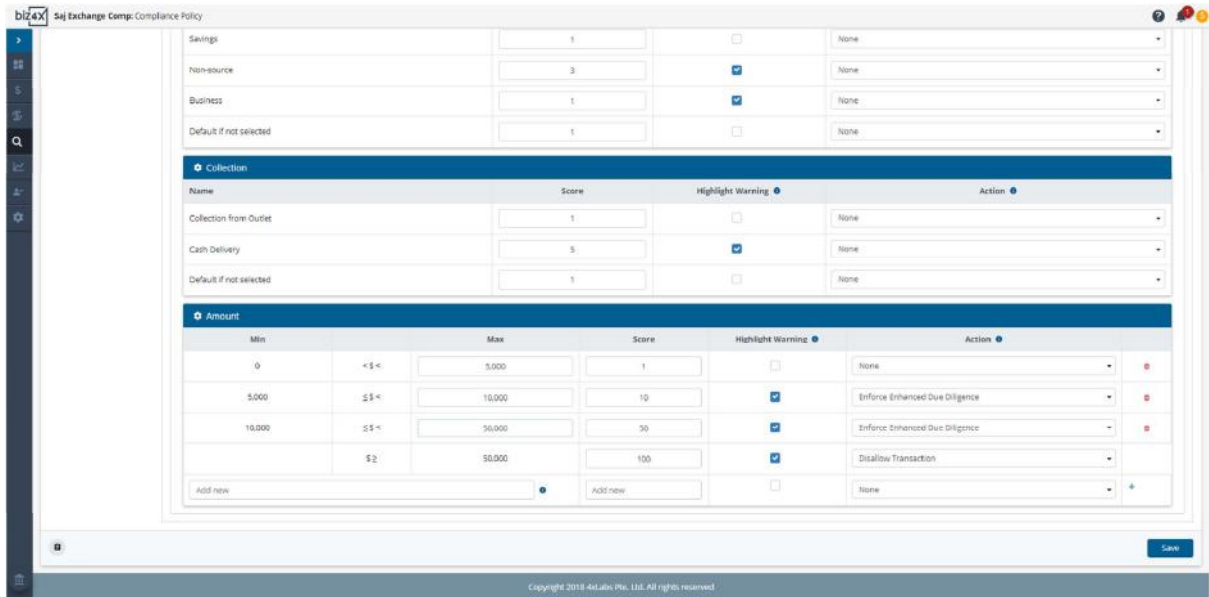
For example, you may choose to assign a higher score for certain risk factors such as a \$20,000 cash transaction from someone who is not a regular customer, and is a foreigner from a high risk country like Syria. You will certainly want to assign a higher score to any sanction or warning matches, and perhaps even assign an action to disallow this transaction.

However, there are other less severe actions you can assign, such as Flag as High or Enforce Due Diligence (mandate the additional security screening options you selected under Risk Profile earlier), if you would rather avoid banning a transaction outright.

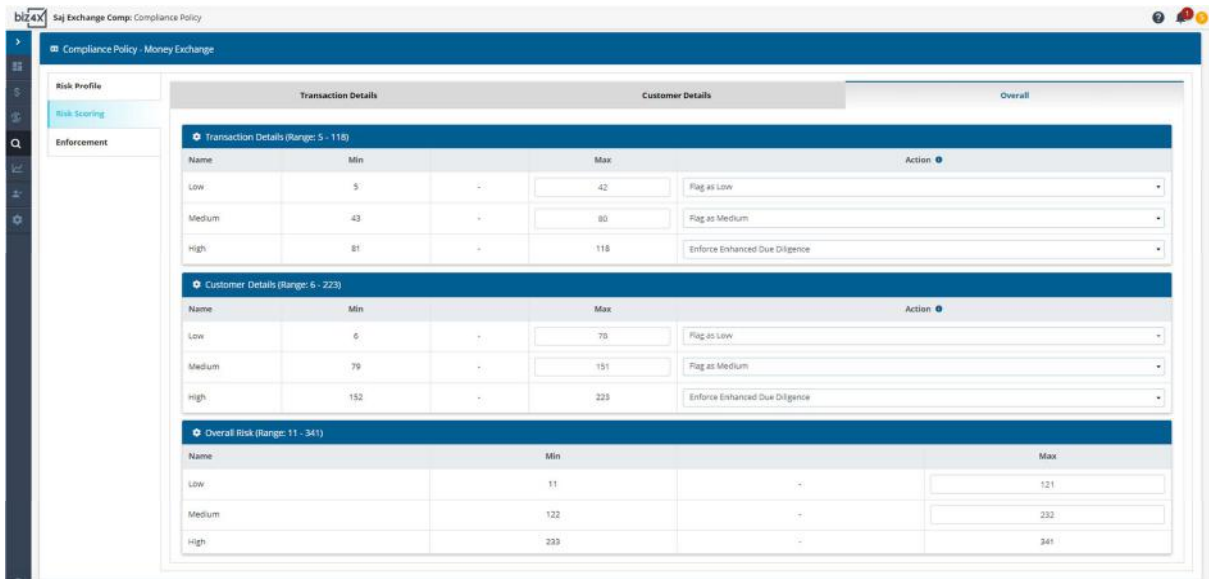


Under Transaction Details, you will see a section on Amount. If you would like to trigger enhanced due diligence for amounts above \$5,000, select the Enforce Enhanced Due Diligence action for any amount above \$5,000. Remember the options you selected under enhanced due diligence earlier? This will mandate the recording of customer details and customer screening.

In the example below, no action is taken for any amounts between \$0-5,000, but the action Enhanced Due Diligence is selected and set for any amount equal to or above \$5,000. To prevent any transaction above \$50,000 from taking place, the Disallow Transaction option should be selected.



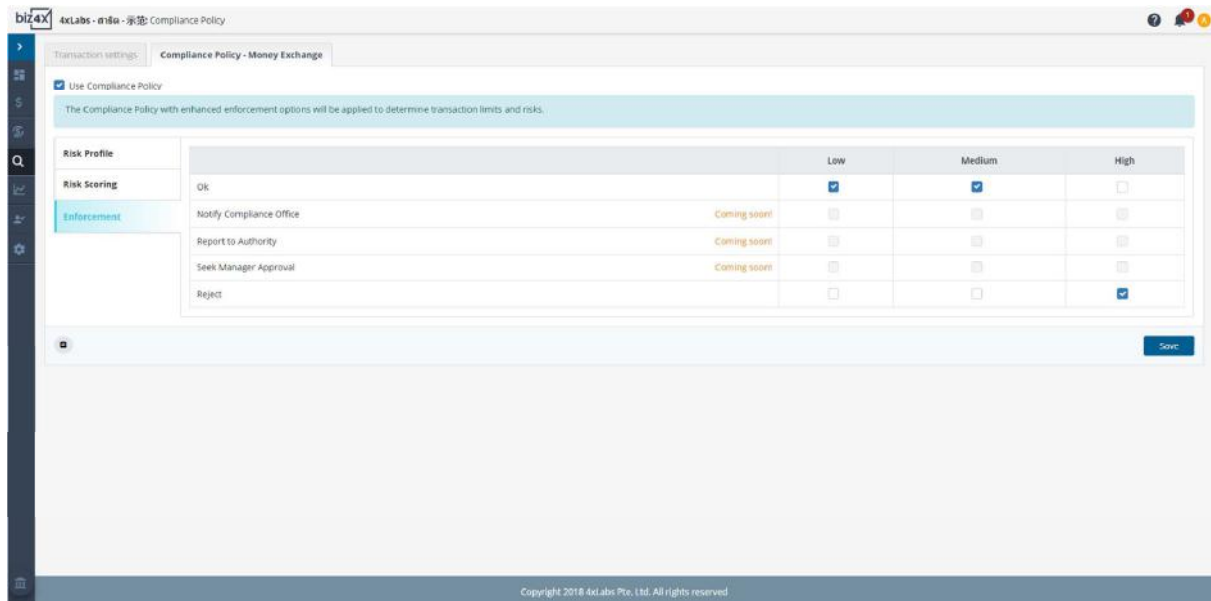
Under the Overall screen, you will see how the system has automatically created a scoring system for risk classification, based on the scores you have entered for each risk factor. The max score is a total of all the scores entered for risk factors under Transaction Details and Customer Details. The weightage of each risk factor will depend on the scores - a higher score means higher risk, which translates to a higher weightage of that risk factor.



You can adjust the scoring system for the low, medium and high risk classification, or assign certain actions to occur for each risk category. High risk transactions can be disallowed so that tellers cannot save such transactions that are flagged by the system as high risk. When adjusting scores for low, medium and high risk categories, do refer to the range of scores beside the headers: Transaction Details, Customer Details and Overall. You can adjust the max scores of each category, but only if it falls within the stipulated number range. If you want to adjust the max score, you will need to adjust the individual scores for risk factors in Transaction Details and Customer Details.

## Implementing an Enforcement Action

Next on the Enforcement screen, you can choose what enforcement action the system should automatically carry out, based on the risk level of each transaction. You can only choose to accept or reject transactions based on their risk categories for now, but we will soon be rolling out options for notifying your compliance department, reporting to authorities and finally making it mandatory for managers to approve transactions.



## Understanding How the Compliance Policy Applies to New Transactions

Now that your new Compliance Policy is set-up, let's head over to the New Transactions section on the Dashboard to see how the Compliance Policy helps identify risky transactions.



Even before an amount is entered into the system, you can see that the options for Source of Fund and Purpose of Fund are highlighted as they are mandatory fields. This is due to the earlier selection under Risk Profile, where these options were selected for Standard Due Diligence. All new transactions must thus include these two pieces of information. If you do



not wish for tellers to have to provide this information, make sure these associated boxes are unchecked under Risk Profile for Standard Due Diligence.

The screenshot shows a 'New transaction' form with the following details:

- Buy
- Currency: EUR
- Amount (F): 6,000
- Rate: 1.4896
- Amount (L) SGD: 8,937.31
- Transaction Risk popup:
  - Payment Method: Default if not selected
  - Purpose of Transaction: Business
  - Funds: Salary
  - Collection: Cash Delivery
  - Amount: 5,000 - 10,000
  - Overall: LOW
- Remark: (empty)
- Buttons: Cash, Business, Salary, Cash Delivery

As the amount requested is greater than the amount of \$5,000 that was earlier specified in Risk Scoring, it triggers the need for Enhanced Due Diligence - compulsory recording of customer details and screening. As cash is a collection method, and the amount is large, these represent higher risk levels (at the point of assigning scores, you may wish to assign a higher score for these). If you had assigned high scorings for these risk factors, such transactions will be flagged accordingly.

After filling out customer details, customer screening is necessary for a transaction that triggers enhanced due diligence.

The screenshot shows the 'New transaction' form with customer details and a 'Live FX Rates' table.

**Customer Details:**

- Type: Walk-in
- First Name\*: Tony
- Last Name\*: Russell
- Date of Birth: DD/MM/YYYY
- Nationality\*: Syria
- Address Line: Address Line
- Telephone: Telephone
- Comment: Comment

**Customer Risk:**

- Nationality: Foreign
- Compliance Search: Default if not selected
- Transaction Volume in 30 days: 0 - 3,000
- Transaction Frequency in 30 days: 0 - 2
- Existing Customer: No
- Customer Type: WALKIN
- Overall: LOW

**Live FX Rates Table:**

Pairs (7)	Bid	Ask	O	High
MYRSGD	0.332425 ↑	0.332750 ↑	0.3323	0.332905
USDSGD	1.365600 ↑	1.366600 ↑	1.3643	1.366200
SGDNOK	6.125650 ↑	6.132700 ↑	6.1173	6.132550
NOKSGD	0.163060 ↓	0.163250 ↓	0.1634	0.163605

Running the customer's name through a Politically Exposed Persons list, does not provide any matches, hence the transaction is flagged as medium risk due to certain risk factors (cash, foreign country risk and large amount), but it can still be recorded and saved in the system.

The screenshot shows a list of transactions and an 'Overall Risk' popup.

**Transaction List:**

Transaction ID	Payment	B/S	CCY	Rate	Amount (F)	Amount (L)
S04F-980KZE	Cash	buy	EUR	1.4896	6,000.00	8937.31

**Overall Risk:**

- Transaction: LOW
- Customer: LOW
- Overall: MEDIUM



Screening the customer name against warning lists however brings up a close match. As such, this transaction is flagged as high risk and disallowed.

### Sanction Check

Type	Full Name	Nationality	DOB/YOB	Match
CRIME - FINANCIAL	Tony V RUSSELL	USA		86.62
CRIME - NARCOTICS	Tony Russell SHRADER	USA		74.02
CRIME - FINANCIAL	Anthony SNOW	USA	1961 1961	52.30
DIPLOMAT	Tony BRENTON	UNITED KINGDOM	01/01/1950	50.46
CRIME - NARCOTICS	William Russell CARROLL	USA		24.40

The screenshot shows a 'New transaction' form with the following fields: Search Customer, Add document, More info, Overall Risk (Transaction: LOW, Customer: LOW, Overall: HIGH), Type (Walk-in), First Name\* (Tony), Last Name\* (Russell), Date of Birth (DD/MM/YYYY), Nationality\* (Syria), Address Line, Telephone, and Comment. Buttons at the bottom include Back, Warnin, Check, Reset, and Add.

The screenshot shows a 'New transaction' form with the following details: Buy, Amount (F) EUR 6,000, Rate 1.4896, Amount (L) SGD 8,937.31. A red warning icon indicates 'Transaction is Disallowed'. A 'Customer Risk' popup shows: Nationality: Foreign, Compliance Search: Warning, Match, Transaction Volume in 30 days: 0 - 3,000, Transaction Frequency in 30 days: 0 - 2, Existing Customer: No, Customer Type: WALKIN, Overall: LOW. Buttons at the bottom include Cash, Business, Salary, Cash Delivery, Reset, Update, and Save.

Whether a transaction is allowed, flagged, requires enhanced due diligence or banned is really based on the selected actions in your Compliance Policy and scoring system for risk classification that is quick and simple to set-up.

If a transaction is successfully recorded, you will be able to reference the risk factors of each transaction under the Transaction History screen.





biz4x Saj Exchange Comp: Transactions History

New transaction

Sell Select Amount (F) Rate Amount (L) SGD

Transaction history Transaction ID, Teller

Transaction ID	Cpe Result	Type	Currency	Unit	Foreign Amount	Rate	Local Amount	Profit	Recorded by	Customer	Creation Date	Actions
SD4F-960H2L		Buy	EUR	1	5,000	1.4806	8,937.31	0	Saj123-11 Exchange	Tony Russell	Thu 30/08/2018 04:50pm	
SD4F-4X8500	 Overall Risk Transaction ID: SD4F-4X8500 Customer: LOW Overall Risk: <span style="color: green;">LOW</span>	Sell	VND	1	99,999,999	15,587,9382	6,415.22	0	Saj123-11 Exchange	Truong Le	Tue 28/08/2018 03:48pm	
SD4F-Q70W0A		Sell	VND	1	9,999	10,000,0000	0.62	0	Saj123-11 Exchange	Truong Le	Thu 21/08/2018 04:00pm	
SD4F-8AG3S2		Sell	AED	0.1	9,099	0.0038	38.28	0	Saj123-11 Exchange		Thu 21/08/2018 11:05am	
SD4F-9K030L		Buy	EUR	1	99	1.3793	136.56	0	Saj123-11 Exchange		Thu 21/08/2018 11:58am	

Do note that Biz4x refers to the guidelines set out by the Financial Action Task Force to identify high risk countries. At a later stage, users will be able to curate their own personal list of high risk countries.



## Frequently Asked Questions

*Why do I need a Compliance Policy for my money exchange business?*

In some countries where regulations governing currency exchange are stricter, local authorities may make it compulsory for you to implement a comprehensive compliance policy across your business to help combat money laundering and counter the financing of terrorism. The Biz4x Compliance Policy makes it quick and easy for you to create a compliance policy, as well as enforce it with a series of actions that the system can apply to different risk categories such as flagging or disallowing suspicious transactions. Globally, the world is trending towards more stringent KYC and compliance policies, so this is a best practice to implement internally even if it is not mandated by local regulatory authorities.

*What is Standard Due Diligence?*

Standard Due Diligence is applied to all transactions regardless of scoring or risk factor. Hence, if you want to conduct customer screening for all transactions, select that option under Standard Due Diligence.

*What is Enhanced Due Diligence?*

Enhanced Due Diligence is a set of system behaviours you can apply to certain risk factors in the Compliance Policy. Once you have selected all the actions that you want to apply with Enhanced Due Diligence you can apply the full set of behaviours to individual risk factors that are present in transactions.

*How do I assign scoring for each risk factor?*

What constitutes risk in your organisation? For some it might be paying in cash, cash delivery, high transaction volume, high transaction frequency, walk-in customers or matches on any lists in the compliance database. Each business has their own concerns and weigh risks differently. As such, you can assign a higher score to such risk factors accordingly, and our system will take that into consideration, allowing this to bear a heavier weightage when assigning a risk category to each transactions.

*What does the column Highlight Warning under Transaction Details and Customer Details mean?*

If you select the Highlight Warning checkbox of any corresponding risk factor, our system will provide a notification when such a risk factor is present with any transactions that you or your tellers are trying to record with the system.



*When should I apply the actions Flag as Low, Flag as Medium and Flag as High?*

If you want to know if any particular risk factor is present, you can assign a flag category to it, so that it will appear in the notifications in red at the point when you are recording transactions. No enforcement action will be taken, this is meant merely as an alert.

*What if I do not want to set a max limit on transaction amounts?*

As long as the Action option None is selected under Amount, no limits will be placed on transaction amounts.

*Do I have to create a Compliance Policy for each outlet?*

No, the Compliance Policy is applied at the account level for all outlets.

*What if I do not wish to assign a score to some factors that are not important to my business?*

You can simply leave the score at zero in this instance.

*What countries fall under Foreign High Risk for Nationality under Customer Details?*

We use the list of countries that are classified as high risk by the Financial Action Task Force as our basis for Foreign High Risk individuals.

*Can I customise my own list of Foreign High Risk countries?*

This option is not available at the moment, but will be in the future.

*Can I add my own risk factors under Transaction Details and Customer Details?*

This is not possible at the moment, but it will be something that we add in future releases.

*Can I flag transactions and apply policy enforcement actions without risk scoring?*

Sure. You can just select actions under Risk Profile for Standard Due Diligence and Enhanced Due Diligence. You do not have to score any risk factors, however you can select



the options for Flag as Low, Medium and High for each risk factor. If you do not wish to reject transactions, just select Ok for all risk categories under Enforcement.

*The Compliance Policy does not have a feature I need, how can I request for that to be implemented?*

You can approach your account manager to request for certain features to be implemented, or write in to [support@biz4x.com](mailto:support@biz4x.com). As always, we welcome all feedback, and will work towards adding features that benefit all Marketplace participants.