

Indicators Related to Payment Agencies and Electronic Settlement

Preface

In the process of rapid technological progress witnessed by the world in recent years, states have raced to digitize financial services and funds to enhance economic development within their local framework. However, the application of this digital technology to financial services has created new challenges for states and institutions to confront ML/FT operations resulting from the use of various means and tools of financial technology (Fintech) as provided by (payment agents) and providers of electronic payment and settlement systems services.

The American Chamber of Commerce defined financial technology (Fintech) as follows:

Fintech, or financial technology, is the term used to describe any technology that delivers financial services through software, such as (Electronic payment applications). Fintech is a broad category that encompasses many different technologies, but the primary objectives are to change the way consumers and businesses access their finances and compete with traditional financial services.

Indicators Related to Customer:

1. Discrepancies exist in the identity verification phase.
2. Basic data disclosed in KYC form is similar to the basic data of another customer's account, or several other accounts, such as (phone number, address, email, etc.)
3. Commercial entity could not be found on the internet or social networking sites.
4. Customer's official page on social media does not match his disclosed KYC form data.
5. Creating multiple accounts without a logical need for such action.

Indicators Related to Transaction:

1. Existence of unusual transactions received or issued from/to the customer's account.
2. High-value incoming payments without a clear logical explanation.
3. Customer purchases high-value items.
4. Direct withdrawals from the customer's account, tracking incoming transactions with a period of less than 24 hours.

5. Incoming payments to the commercial entity in amounts that are not commensurate with the nature of its activity or sources of income.
6. Customer receives refunds of a higher value, which may indicate that a commission has been received for suspicious transactions.
7. Sudden resumption of activity on the account of the normal customer or the commercial entity, without any logical explanation for that.
8. Conducting financial transactions between commercial entities owned by the same customer.

Indicators Related to Products, Services and Channels Used:

1. The source of funds is from high-risk states.
2. Customer receives payments in fixed amounts (using multiple cards), within a short period of time.
3. Payment cards used in the transactions incoming to the customer's account are similar to the cards used in another customer's account.
4. Dealings with other suspected parties exist.
5. Relationship between the transaction's parties raises doubts that the customer cannot provide adequate explanation thereto.
6. Customer conducts regular transactions with international commercial entities, where the economic relationship between them is not obvious.

Indicators Related to Geographical Location:

1. Customer is (a commercial entity) associated with high-risk states.
2. Associated transactions in states subject to sanctions, embargoes or similar measures issued by international organizations, such as the United Nations.
3. Associated transactions in states that suffer vulnerable anti-money laundering and financing of terrorism systems.
4. Incoming/outgoing payments from/to states known for their high crime rates (e.g., spread of corruption or terrorism or a high rate of drug production) or states considered among the high-risk states.