**Stored Value Cards**

The overall risk assessment rating for Stored Value Cards is **LOW.**

The features identified in the table of this guide will help businesses conduct risk assessments about money laundering and financing of terrorism.

They will help you create policies and procedures which accurately reflect how much your business could be affected by money laundering.

The table does not cover every way a money launderer may use your business. It reflects ways that money launderers have acted in the past. We encourage you to think about other situations that may apply to your specific business.

Transactions or activities listed in the table may not necessarily signal money laundering if they are consistent with a customer’s legitimate business.

Based on knowledge of your own business you should decide what risk particular customers or transactions pose and how you can lessen that risk.

|  | **HIGHER RISK CHARACTERISTICS** | **LOWER RISK CHARACTERISTICS** |
| --- | --- | --- |
| **Products and Services** | Open-loop prepaid cards which can be reloaded with cash and used again; | Closed loop cards, i.e. non-reloadable cards with low account cap (including ones that do not allow cash withdrawals); |
| Cards which can be pre-loaded to access foreign currencies; |
| Remittance – “twin cards” or “partner cards” that are designed specifically to be passed on to third parties to allow remittances; |
| **Nature and Complexity of the Business** | Scope of business and accessibility of products and services | Widely accepted at payment merchants/ points of sale;  | Funds can only be spent at a limited range of merchants; |
| Possible to make and receive fund transfers cross-border; | Limits on the use of prepaid cards to the country where card is issued; |
| Can be passed on to anonymous third parties; |  |
| Limits on account transactions | Person to business (p2b), business to business (b2b), person to person (p2p)[[1]](#footnote-1), online use possible; | Person to business (p2b), business to business (b2b), online use possible, but no person to person (p2p); |
| Card can be reloaded an unlimited number of times, particularly where there are no, or high, funding, loading or spending limits; | Low account (balance) and transaction limits as well as controls on the frequency of transactions which may prevent continuous access to large amounts of money for illicit purposes; |
| Multiple purchases of low-value cards;  | A limited number of accounts or cards for each customer; |
| Method (s) of account funding  | Funding through anonymous sources such as cash; | Funding methods restricted to sources where customer due diligence (CDD) measures can be undertaken, such as bank accounts; |
| Indirect funding from different sources, including third parties; | Restricted number of parties allowed to fund the product, thus limiting the possibility of third party funding; |
| Cards that can be loaded with, and provide access to, funds in currencies other than the New Zealand dollar - which may be susceptible to being loaded with illicit funds and sent overseas for a foreigner to use or trade; |  |
|  | Method (s) of withdrawal from account | Cards can be used to withdraw cash at the time a product is bought (“cash back”); | Cards do not allow cash withdrawal; |
| No limit; cards may be used to move cash quickly around the world by using the ATM network to withdraw funds, with no face-to-face transaction required; |
| The ability to add or withdraw funds from the account using cash or cash equivalents, whether directly or through another provider or intermediary; |
| **Methods by which products is delivered to customers** |  | Absence of face-to-face contact; |  |
| Inability to confirm the identity of the primary account holder/ card holder; |
| **Types of customer (s) dealt with** | Non-resident customers; | New Zealand corporate customers, individuals; |

1. P2p payments may be facilitated where cards can be passed on to third parties or used to fund other accounts; [↑](#footnote-ref-1)