

**Non-bank non-deposit taking lending (NBNDTL)**

The overall risk assessment rating for non-bank non-deposit taking lending is **LOW.**

The features identified in the table of this guide will help you conduct a risk assessment about your business relating to money laundering and financing of terrorism.

The table will help you create policies and procedures which accurately reflect how money launderers could use your business.

We encourage you to think about ways to spot transactions that may signal potential money laundering. For example methods that identify unusual deposits, unusual payments or unusual movements of funds.

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 FACTORS** | **LOWER RISK FACTORS** |
| --- | --- | --- | --- |
| **The nature, size, and complexity of the business** | Scope of lending transaction | Loan agreements with friends or family; |  |
| Pre-existing collateral, such as a foreign bank balance, a cash deposit or a sum of cash, used as security for the loan; (the security may be assets acquired directly or indirectly from crime) |  |
| Loan advances sent offshore; |  |
| Provision of funds for loans | Source of funds for lending unclear; lack of or low due diligence conducted on investors; |  |
| Foreign offshore corporations used as the third party lender; |  |
| Non-profit organisations providing financial services and loans; |  |
| Lending limits | No, or high, loan limits; | Low loan limits; |
| Repayment arrangements | Uncharacteristic transactions which are not in keeping with a customer’s known activities. For example, changes in the loan arrangements such as speeding up an agreed repayment schedule, either by lump sum repayments, or early termination without commercial rationale; |  |
| Loan repayments made in cash; |  |
| Source of funds for large cash payments unclear; |  |
| Repayment not from the customer’s country; |  |
| Repayment through a third party; |  |
| **Customers dealt with** | | International customer base; | Domestic customer base; |
| Customers based in, or conducting business in or through, a high-risk country, or a country with known levels of corruption, organised crime, drug production or distribution; |  |
| **Methods by which lending services are delivered to customers** | | Applications accepted by non face-to-face methods, for example. on-line and phone applications ; | Transactions carried out face-to-face; |
| Online peer-to-peer (p2p) lending, where individual lenders provide loans direct to individual borrowers without using an institution; |  |
| Agency channel (for example using agents or brokers); | Whole transaction carried out by one service provider; |