

# Anti-Money Laundering/Combating the Financing of Terrorism and Proliferation of Weapons of Mass Destruction

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## Preamble

The rapid evolution of technology in an increasingly uncertain and volatile global business environment, has increased risks related to money laundering, financing of terrorism and proliferation of weapons of mass destruction. Money laundering is defined as the process whereby criminals attempt to conceal the illegal origin of funds or illegitimate ownership of property and assets. Terrorism financing involves the concealment of the origin or intended use of funds for criminal purposes.

The purpose of YieldRock's AML Policy is to establish the general framework for compliance with the Anti-Money Laundering Act 2020, Act 1044, as part of YieldRock's contribution towards the fight against financial crimes. As a micro-credit institution, our exposure to AML/CFT&P risks may be limited by virtue of the scale of operations as prescribed by Bank of Ghana's Business Rules and Sanctions for MFIs. This notwithstanding, YieldRock is committed to high standards of AML/CFT&P compliance. This policy manual therefore, spells out the activities, processes, counterparties, and/or stakeholders that may be subject to our internal AML policy and procedures pursuant to the Anti-Money Laundering Act 2020, Act 1044, and Anti-terrorism Act 2008, Act 762.

## Objectives And Scope

The objectives of this policy are to:

1. Streamline processes and procedures for mitigating AML/CFT&P risks related to our products, technology and business model.
2. Provide clarity to all counterparties, third-party service providers, and internal publics, regarding minimum standards for Simple Due Diligence (SDD) and Enhanced Due Diligence (EDD) on any transaction, whether upon establishment of a new business relationship, or on an ongoing basis.

This policy covers the following areas:

- ⇒ Compliance Officer's (AMLRO) duties and responsibilities;
- ⇒ Transactions and activities subject to AML/CFT&P risk assessment;
- ⇒ Customer due diligence;
- ⇒ Third-party service providers;
- ⇒ Monitoring, record keeping and reporting;
- ⇒ AML/CFT employee recruitment and training;
- ⇒ Co-operation with competent/supervisory authorities.

## Duties and Responsibilities of Anti-money Laundering Reporting officer (AMLRO)

The General Manager, or Operations manager, shall at all times be responsible for ensuring an enterprise-wide compliance with Act 1044, and with Bank of Ghana's AML/CFT&P Guidelines 2022. Duties shall include, but not limited to;

- i. Designing a robust AML/CFT&P risk assessment framework, in consultation with the advisory board.
- ii. Ensuring that an independent assessment of AML/CFT&P risk framework is conducted annually.
- iii. Coordinate with all competent and supervisory bodies on matters related to AML/CFT&P issues.

## Customer Categories, Transactions Types, and Activities

The following activities, transactions and processes shall be subject to AML/CFT&P risk assessment:

- A. Customer Categories
  - i. High Net Worth individuals;
  - ii. Religious Leaders and organizations;
  - iii. Politically Exposed Persons (PEPs);
  - iv. Natural or legal persons with business interest in precious metals/minerals, petroleum
  - v. Designated Non-Financial Businesses and Professions.
- B. Transactions
  - i. Onboarding a prospective customer in respect of credit facilities;
  - ii. New transaction request from an existing customer;
  - iii. Contracting commercial open market facilities from counterparties;
  - iv. Granting of credit facilities to connected persons associated with existing customers;
  - v. Granting of credit facilities to related parties associated with existing customers;
  - vi. Provision of assets or collateral by a guarantor as backing for a loan to a new or existing customer.
- C. Activities
  - i. Loan applications received via YieldRock web portal (<http://yieldrockgh.com>);
  - ii. Re-activation of dormant customer account;
  - iii. Recruitment, and training of employees.

No transaction shall be executed and/or closed and/or settled without having at least, one face-to-face engagement and/or interaction with the customer or counterparty for purposes of identification and verification.

## Customer Due Diligence

Due diligence is the process of identifying and verifying the details of a prospective customer in a business relationship or transaction. The following constitutes the minimum acceptable standards in respect of customer due diligence procedures at YieldRock:

- A. **Natural person:** A natural person is required to produce a Ghana Card as a form of identity. A tenancy agreement or utility bill with customer's name, may suffice as proof of residence. Nonetheless, this should be confirmed with a personal visit as guided by the customer's GhanaPost GPS address. Identity as set out in the National Identity Register Act, 2008 (Act 750), its Regulations, and the Bank of Ghana notice on the use of the Ghana card as the sole identifier, is a set of unique attributes such as name(s), date of birth, residential address including the GPS code and digital address, biometric data and other information of the customer.
- B. **Legal person:** A legal person (e.g., company, registered business), must produce a certificate of registration or incorporation issued by the Office of Registrar of Companies, Ghana (ORC), in addition to the Form 3 or Form A which contain details of the proprietor(s) or shareholder(s). A shop or office lease agreement shall be required as proof that the stated principal place of business is legitimate, except where the business operates from a residential facility, in which case the residential rent agreement shall suffice.
- C. **Politically Exposed Person (PEP):** A customer, counterparty, or third-party, whether natural, or legal person, that is politically exposed, shall be subjected to Enhanced Due Diligence procedures. This may include, but not limited to obtaining documentary evidence for source of funds (when transaction is liability-related) or use of funds (when transaction is asset-related) from YieldRock's standpoint.
- D. **Designated Non-financial Businesses and Professions:** A customer, counterparty, or third-party, whether natural, or legal person, that is a Designated Nonfinancial Business and Professional, shall be subjected to Enhanced Due Diligence procedures. This may include, but not limited to obtaining documentary evidence for source of funding or use of funds. Examples of Designated Non-financial Business or Professions are; real estate, lawyers, or notary publics and accountants practicing as sole proprietors.
- E. **Cash-in-Cash-Out (CICO) Agents:** Transactions related to authorized CICO agents, known in everyday parlance as "MoMo Agents" shall be subject to Enhanced Due Diligence.

Where, in the view and professional judgment of the customer onboarding officer, in consultation with the AMLRO, a prospect presents low AML/CFT&P risk, a Simple Due Diligence (SDD) shall be employed to ensure sufficient balance between regulatory compliance requirements and financial inclusion objectives.

## Third-party Technical Service Providers (TSPs)

YieldRock relies on technological tools to pursue our financial inclusion and strategic objectives. The following service providers shall be subject to Enhanced Due Diligence procedures prior to execution of any Service Level Agreement (SLA):

- a. Money and Value Transfer Service (MVST) Providers: All MVTS providers are expected to possess a legitimate operational license issued by Bank of Ghana. Currently YieldRock relies exclusively on Telcos regulated by National Communication Authority for mobile money services, hence excused from conducting due diligence as per Bank of Ghana's AML/CFT&P Guidelines 2022.
- b. Virtual Asset Service Providers (VASPs): Virtual assets are digital representation of value (excluding fiat currencies and securities) that can be transferred electronically. Per the Business Rules and Sanctions for MFIs, YieldRock is prohibited, and does not engage in transactions related to Virtual Assets, in any way shape or form.

## Transactions and Activities Monitoring

For purposes of ensuring sound monitoring, all customers, particularly existing customers are required to submit documents related to transactions that may be requested by YieldRock from time to time. Documents of interest may include, but not limited to:

- a. Tax and SSNIT returns
- b. Bank Statements
- c. Mobile Money Wallet Account Statements
- d. Document showing proof of source of funds

Scope for monitoring shall include in-house database, publicly available database (e.g., Sanctions List), and Social Media platforms.

In accordance with section 63 of Act 1044, YieldRock shall immediately report to the Financial Intelligence Centre, where a person or entity named on the UN or third-party lists approaches YieldRock in respect of a credit transaction, or seeks to engage in a transaction that may result in the creation of a liability;

## Recruitment and Training of Employees

An effective AML/CFT&P framework depends in part on the quality and integrity of employees. In this regard, our policy is to ensure that controls are in place mitigate the risk of staff misbehavior, fraud and pilferage. All employees shall be subject to rigorous risk-based selection processes that involves verification of the applicant's identity and personal information including employment history and background, and credit history. Verification shall include the following:

- a. Reference checks;
- b. Checking the authenticity of academic qualifications;
- c. Verifying employment history;
- d. Police background checks;
- e. Integrity checks against BoG Engaged and Disengaged Database

All employees shall be required to participate in an AML/CFT&P training, at least once every year.

## Cooperation with Supervisors and Authorities

YieldRock shall comply with all legitimate requests for information relating to AML/CFT&P issues, having regard for Act 1044, and Bank of Ghana's AML/CFT&P Guidelines 2022. Procedures for responding to authorized requests for information on money laundering and terrorist financing shall include:

- a. immediately searching institutional records to determine whether or not YieldRock maintains or has maintained any account for, or has engaged in any transaction with the person, entity, or organization named in the request;
- b. reporting promptly to the requesting authority the outcome of the search, while protecting the security and utmost confidentiality of any such requests.

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