

## RED FLAG INDICATORS FOR MONEYLENDER

### General

- i. Borrower admits or makes statements about involvement in criminal activities.
- ii. Borrower does not want correspondence sent to home address.
- iii. Borrower is accompanied and watched.
- iv. Borrower shows uncommon curiosity about internal systems, controls and policies.
- v. Borrower presents confusing details about the loan or knows few details about its purpose.
- vi. Borrower over justifies or explains the loan.
- vii. Borrower took up loans that are not within the norm of the moneylending business, gives conflicting accounts as regards the purpose of the loan.
- viii. Borrower's home or business telephone number has been disconnected or there is no such number when an attempt is made to contact borrower shortly after transaction was made.
- ix. Normal attempts to verify the background of a new or prospective borrower are difficult.
- x. Borrower appears to be acting on behalf of a third party, but does not tell you.
- xi. Borrower insists that a transaction be done quickly and that the identification and verification processes be done away with.
- xii. The transaction does not appear to make sense or is out of keeping with usual or expected activity for the borrower.
- xiii. Borrower attempts to develop close rapport with staff yet appears to hide his true intentions.
- xiv. Borrower spells his or her name differently from one loan to another.
- xv. Borrower provides false information or information that you believe is untrue.
- xvi. You are aware that the borrower is the subject of a money laundering or terrorist financing investigation.
- xvii. You are aware or you become aware, from a reliable source (that can include media or other open sources), that a borrower is suspected of being involved in illegal activity.
- xviii. There is adverse information concerning the borrower where he is listed on the UNSCR lists (terrorist, pirates, genocide), sanctions list or the customer appeared in media articles indicating his investigation, arrest, prosecution or conviction;
- xix. A new or prospective borrower is known to you as having a questionable reputation or criminal background.

- xx. Transaction involves a suspected shell entity (that is, a corporation that has no assets, operations or other reason to exist).

### **Knowledge of reporting or record keeping requirements**

- i. Borrower attempts to convince employee not to complete any documentation or verification required for the transaction.
- ii. Borrower makes inquiries that would indicate a desire to avoid reporting.
- iii. Borrower has unusual knowledge of the law in relation to suspicious transaction reporting.
- iv. Borrower seems very conversant with money laundering or terrorist activity financing issues.
- v. Borrower is quick to volunteer that repayment funds are “clean” or “not being laundered.”
- vi. Borrower appears to be structuring amounts to avoid record keeping, client identification or reporting thresholds.

### **Identity documents**

- i. Borrower provides doubtful or vague documents.
- ii. Borrower does not resemble the photograph in his personal document
- iii. Borrower produces seemingly false identification or identification that appears to be counterfeited, altered or inaccurate.
- iv. Borrower refuses to produce personal identification documents.
- v. Borrower only submits copies of personal identification documents and is not able to produce the originals.
- vi. Borrower expects the staff to establish identity using something other than his or her personal identification documents.
- vii. All identification presented is foreign or cannot be checked for some reason.
- viii. All identification documents presented appear new or have recent issue dates. Borrower presents different identification documents at different times.
- ix. Borrower’s residential address does not correspond with domicile or employment status.

### **Cash Transactions**

- i. Borrower starts taking frequent loans in large amounts when this has not been a normal activity for the borrower in the past.
- ii. Borrower takes on multiple loans and repay them before the due date, but is unable to provide a reasonable explanation on his source of funds.

- iii. Borrower uses notes in denominations to make repayments that are unusual for the borrower (ie repayment in notes of SGD \$1000 or \$10000).
- iv. Borrower presents notes that are packed or wrapped in a way that is uncommon for the borrower.
- v. Borrower consistently applies for loans that are just under the reporting threshold amount in an apparent attempt to avoid the reporting threshold.
- vi. Borrower consistently applies for loans that are significantly below the reporting threshold amount in an apparent attempt to avoid triggering the relatively rigorous identification/verification reporting requirements.
- vii. Borrower presents significant excessive funds for repayment without bothering to count them, which suggests that the source is doubtful.
- viii. Borrower applies for a loan of an amount that is unusual compared with amounts of past transactions.
- ix. Payer is neither the borrower nor surety of the loan and does not seem to be related to the borrower/surety except for in illegal activity.