

Appendix

ASSESSMENT METHODOLOGY

Structural risks	↑ Factors that increase the risk ↑	↓ Factors that reduce the risk ↓
Size	<ul style="list-style-type: none"> •Larger assets held by entities in the industry •High values of transactions 	<ul style="list-style-type: none"> •Fewer assets held by entities in the industry •Low values of transactions
Volume	<ul style="list-style-type: none"> •High volumes of transactions making it harder to check the legitimacy of each transaction 	<ul style="list-style-type: none"> •Low volumes of transactions making it easier to check each transaction
Products and services	<ul style="list-style-type: none"> •High number of cash based products and services •High percentage of products and services paid for with cash or able to be loaded with cash 	<ul style="list-style-type: none"> •Limited or no products and services that rely on cash for payment or as part of the product (loading)
International transactions	<ul style="list-style-type: none"> •High level of transactions with overseas entities or to other countries •Parties to the transaction based in higher risk jurisdictions •Nested / payable through accounts available or merged through correspondent accounts •NZ is neither the origin nor destination in the transaction 	<ul style="list-style-type: none"> •Domestic only transactions •Transactions only with jurisdictions with known AML/CFT control requirements •Transacts with entities regulated for AML/CFT requirements in those jurisdictions
Customers	<ul style="list-style-type: none"> •Has customers that are: <ul style="list-style-type: none"> ➢ Foreign RPs ➢ High net worth individuals ➢ Trusts and charities ➢ Overseas entities, especially those in off-shore secrecy havens 	<ul style="list-style-type: none"> •All or high number of domestic customers (NZ resident) •Low value accounts and transactions •Transactions consistent with profiles •Transparent ownership structures •Regulated entities for AML/CFT compliance
Indicators	<ul style="list-style-type: none"> •High number of reporting Suspicious Transaction Reports (STRs) •High number of those reports as quality reports showing tangible evidence of suspect behaviour or transactions •Low level of reporting of STR where inconsistent with the level expected in line with crime rates or reporting in other industries 	<ul style="list-style-type: none"> •Low number of STR reports consistent with expectation and lowering crime rates in NZ