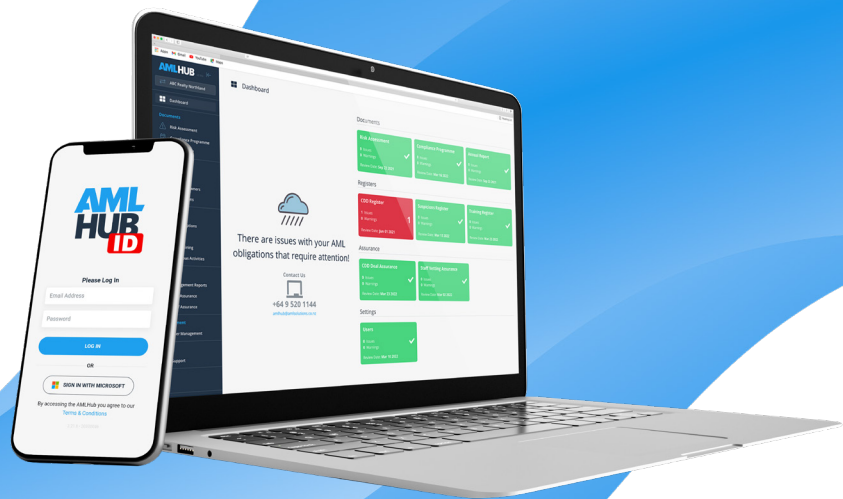




Frequently Asked Questions

Individual Customer Risk Ratings



These are the most frequent questions asked during the Real Estate AMLHUB Platform Individual Customer Risk Rating webinars.

1. Will frontline staff need to update or re-install their AMLHUB ID app?

Yes, the app will require an update in order to access the new risk rating questions. Your app will be automatically updated if you have 'auto update' turned on. Otherwise, you can initiate the update from your app store.

2. Who can see the new risk tab in the AMLHUB desktop?

Any user with the permission to verify a deal will be able to see this new risk tab.

3. What percentage of AML clients have been identified as 'high level risk' within the past 36 months?

This will depend on each reporting entity as well as the relevant sector the reporting entity falls into. On average, we see high risk clients falling at the 17% mark, and this will change from 1 June with the new ICRR.

4. Do we need to mark a person as having foreign exposure if they were born in a foreign country but are a permanent resident / have residency in this country?

If someone was born overseas you will need to select the country they were born in. Any possible foreign exposure needs to be indicated.

5. How do we check if trusts have multiple properties? Will frontline staff have to ask this question?

This can be done in different ways depending on your internal processes. For example, frontline staff could ask “how many properties do you currently own?”. Or, you could look to review this from independent searches through Property Guru or LINZ.

6. What questions are not part of outsourcing?

We will ask all questions within outsourcing, if they are not already answered prior to outsourcing. We will send an outline of this to all outsourcing clients.

7. What happens to all this new data we will be gathering?

The data is stored in the AMLHUB alongside the CDD data currently held, and will be retained for the five year data retention period.

8. If someone is high risk, can we still approve it?

Yes, you can still approve a high-risk entity if you have verification rights. Source of Funds / Source of Wealth will need to be obtained.

9. Does all the information need to be gathered before AML can be approved?

Yes, ICRR needs to be completed and the questions answered before you can approve the AML.

10. Do we need to do enhanced CDD for medium risk entities?

No you do not. Only high risk clients require this. Medium risk is linked to additional reporting and ongoing CDD measures.

11. When we risk rate high net worth individuals, do we have to show the results of e.g. Google searches to justify our risk ratings?

It is always best to show the results or logic behind a finding, and we would recommend uploading this, if obtained.

12. How do we ensure the agent has not guessed the answers to push this through?

As with any process, you cannot guarantee this. This will come down to training and a strong culture of compliance within each reporting entity. In addition, the name of the individual agent is logged against the deal being created, so you will be able to identify who is not following procedure correctly when you do your internal assurance.

13. Will the questions on the mobile app now match those of the desktop platform?

Yes they will. We have added three questions: high net worth, red flags, and foreign exposure. All other questions are on the desktop, however we can enable all questions on the app if preferred.

14. What information gathering is different for real estate compared to what banks and solicitors gather when they do AML?

There is no difference. CDD obligations remain the same across all industries. The individual customer risk rating concept is that you risk assess clients from your unique real estate perspective, and then based on that, determine who will be subject to enhanced CDD.

15. In a previous training it was mentioned that we would have to review those rated medium and low risk to ensure that they are correct. How would you go about this process?

This was in reference to ensuring that when you are reviewing all risk outcomes, you must apply your judgement to ensure the risk score aligns with what you know.

16. Will you be sharing the methodology so it can be added to our risk assessments?

Yes, this is in the guides.

17. Will there be a section to write notes as to the judgements made relating to risk.

Yes, there will be.

18. Do you have to give a reason for tweaking a risk rating?

Yes, you do.

19. With the upcoming legislation around trusts, will we still need to get the trust deed and source of funds if it is not assessed as high risk?

Yes, you will need to obtain the trust deed and information to understand the possible risk associated, such as asset holdings. However you only need to conduct enhanced CDD when it is high risk once this legislation change occurs and guidance is released that confirms this.

20. Is high net worth defined by the reporting entity?

Yes, this will need to be defined by the reporting entity.

21. What would be the definition of obvious sources of wealth? A high-value home above \$5 million for example?

Any documents that are reliable and robust, and give you comfort and confidence around their financial position. This might include Google searches showing reliable articles, financial statements, etc.

22. How will the risk rating assess simplified CDD?

We will include a question that asks “Is the client is assessed to be simplified CDD?” If yes, then other ICRR questions are not considered.