

Module 3

AML/CTF program: Part B (customer identification)

Test yourself questionnaire

Question 1

Who are customers?

Select true or false below.

There are seven customer types set out in the AML/CTF Rules. These are:

1. individuals (including sole traders)
 2. companies, both Australian, and foreign registered and unregistered
 3. trustees
 4. partners
 5. associations
 6. registered cooperatives
 7. government bodies.
- a. true
b. false

Answer: a. true

Question 2

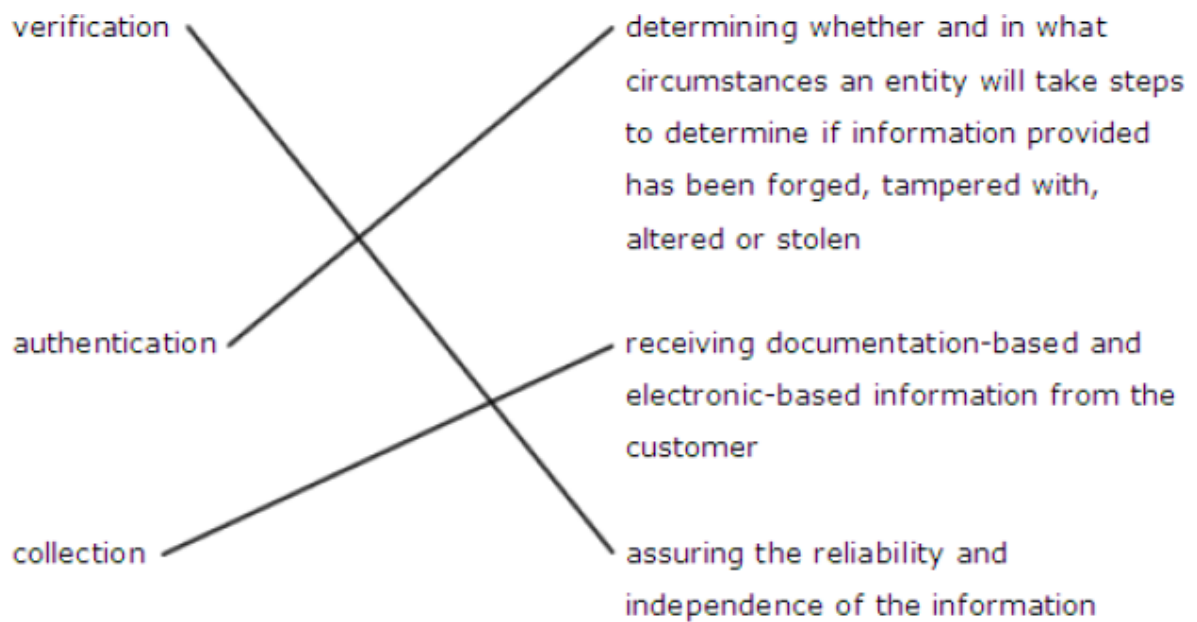
Key terms

Match the term on the left with the correct phrase on the right.

The AML/CTF Act requires reporting entities to implement a customer identification process in Part B of their AML/CTF program.

The customer identification process includes:

Answer:



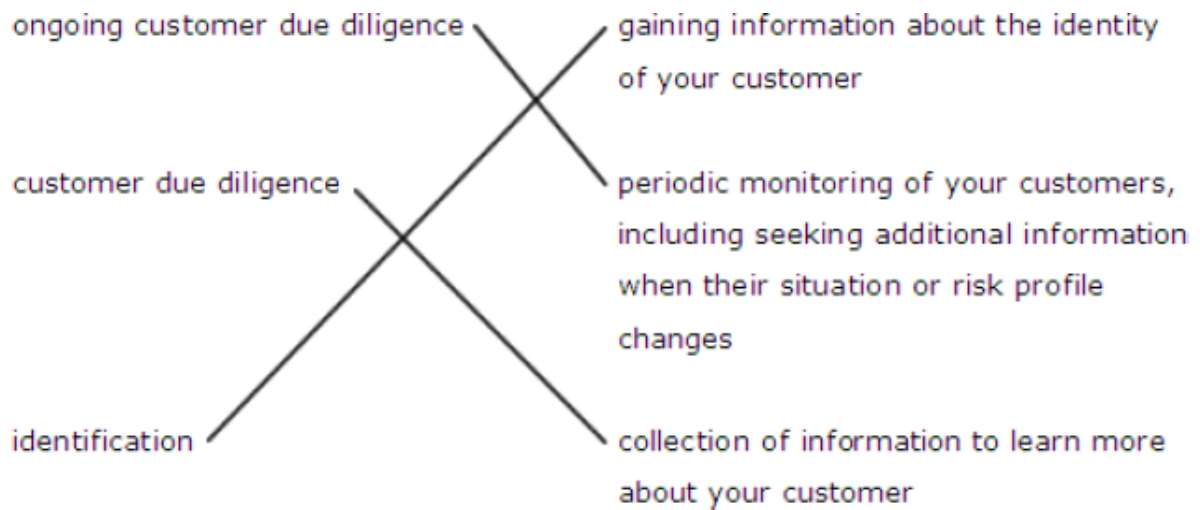
Question 3

Customer due diligence

Match the term on the left with the correct phrase on the right.

Reporting entities implementing an AML/CTF program should be aware of various key terms. These include:

Answer:



Question 4

Customer due diligence

Select the correct option from the list below.

The process of a reporting entity learning about its customers, is called customer due diligence (CDD).

The two essential elements of CDD are:

- adequately verifying your customer's identity
- developing an understanding of who your customer is and their expected activities

- a. true
- b. false

Answer: a. true

Question 5

Privacy considerations

Answer the question by filling in the space below.

When collecting identity information reporting entities should be mindful of privacy legislation and ensure any identity information collected and retained is warranted by the level of assessed ML/TF_____.

Answer: risk

Question 6

Identifying potentially risky customers/determining high-risk customers

Select the correct option from the list below.

Criminals (including money launderers) are likely to have convincing documentation. You and your staff will need to be able to identify suspicious behaviour of your customers. Characteristics that would be an advantage in this situation do not include:

- a. knowledge
- b. experience
- c. alertness
- d. complacency

Answer: d. complacency

Question 7

Identifying potentially risky customers/determining high-risk customers

Select the correct option from the list below.

Risk assessment must be realistic. Knowing who your customers are, and having a good understanding of which, if any, of your designated services are vulnerable to money laundering and terrorism financing risks, is the basis of developing an AML/CTF program suitable to your business needs.

Customer identification procedures need to be developed relative to the size, nature and complexity of your business in a manner most appropriate to your business structure (including financial resources and staff).

- a. true
- b. false

Answer: a. true

Question 8

Identifying existing customers

Select the correct option from the list below.

In most cases after 12 December 2008 it will not be necessary to re-identify customers to whom you provided a designated service before 12 December 2007. These are referred to as 'pre-commencement customers'. An exception would be where a customer's behaviour or transaction raises suspicion that would warrant your business lodging a:

- a. Suspect Transaction Report (SUSTR)
- b. Suspicious Matter Report (SMR)
- c. International Funds Transfer Instruction (IFTI)
- d. Significant Cash Transaction Report (SCTR)

Answer: b. Suspicious Matter Report (SMR)

Question 9

Customer identification and authentication

Choose the correct option from the list below.

Identifying and authenticating customers involves a series of steps.

1. authenticating identity information by reliable and independent means
2. determining the minimum required information and verification appropriate for the type of customer
3. collecting identity information from the customer

The correct sequence for these steps is:

- a. 1, 2, 3
- b. 3, 2, 1
- c. 1, 3, 2
- d. 2, 3, 1

Answer: d. 2, 3, 1

Step 1. Determine the minimum required information and verification appropriate for the type of customer.

Step 2. Collect identity information from the customer.

Step 3. Authenticate identity information by reliable and independent means.

Question 10

Authentication

Select the correct option/s from the list below.

On occasion, documents produced might not be genuine and may appear to be forged, tampered with, cancelled or stolen. In these instances examples of what your AML/CTF program might cover may include:

- a. any procedures put in place to establish if the documents are genuine
- b. any controls or testing you will include determining if documents are genuine
- c. any risk-based procedures you have in place to use document authentication services
- d. any procedures to determine whether and how to confirm the KYC information by independently contacting the person the customer claims to be

Answer: a, b, c, and d