



***ANTI- MONEYLAUNDERING
AWARENESS.***

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1. What is Money Laundering?

This is the process used to disguise the true origin of money or property obtained from any criminal activity.

2. Why do people do Money Laundering? Criminal launder money or property to distance the proceeds of crime from their criminal activities, making the proceeds to appear to have originated from legitimate sources.

3. What offences which constitute Money Laundering?
(i) People trafficking (ii) Prostitutions (iii) Extortion (iv) Counterfeiting (v) Fraud (vi) Theft (vii) Bribery and Corruption (viii) Drug trafficking (ix) Tax evasion

4. Money Laundering Process

Three stages are usually involved when Money Laundering takes place in order to disguise its original source. These three stages are:

(i) Placement – where illegal money is “placed” into a Financial system, such as an T-PESA account or bank account without arousing suspicion.

(II) Layering – where illegal funds will be moved around from account to account. This often involves reducing the funds into smaller amounts and using different people and business to try and disguise its original source.

(III) Integration – where illegal funds are “integrated” back into the legal financial system and appears to be legitimate funds or assets. This can be done through Charity donations, Real Estate development, Investments

IMPORTANT

All three stages DO NOT have to occur for Money Laundering to take place. If you suspect activity in any way, it MUST be immediately reported without delays.

5. What are the consequences of for both employee/customer and company for failing to comply with AML laws?

Company

• Civil and criminal liability • Fines • Loss of reputation • Limitation on business • Loss of operating license

Employee/Customer

• Personal liability such as fines and imprisonment • Disciplinary action including termination of employment for employee



6. What do you understand about Terrorist Financing?

Terrorism financing is an activity that provides financial support to designated terrorist groups.

- Source of Terrorism financing can come from both legitimate and illegitimate sources, **Example of legitimate sources are:**
 - Charity from people and Organizations, Governments
 - Collection of membership dues
 - Sale of publications
 - Cultural of social events
 - Door to door solicitation within community
 - Appeal to wealthy members of the community
 - Donation of a portion of personal savings

Example of illegitimate sources:

Theft, Fraud, Drugs trafficking, smuggling, Extortion

7. What do you understand about “KYC”?

Is the customer identification and verification process. Identification is done through the ID's issued by the government such Passport or National ID or Driver License or Voter ID which must have date of birth, country of residence or nationality.

8. What are the consequences of not knowing your customers?

- Failure to effectively detect/stop and report suspicious activities
- Undesirable individuals/entities which may end up dealing with us, could cause significant reputational risk to TTCL PESAs LTD.
- Terrorists could use our product channels to remit/receive funds and same could be used to finance a terrorist activity.
- Breach of AML policy and possible fines
- Non –compliance of local regulations and laws – incur severe penalties and/or criticism from our regulators

9. Why do we do Transaction Monitoring?

The purpose of Transaction monitoring is to identify unusual activity/transactions for proper investigation and review.

Below are some “red flags” that may indicate possible suspicious or unusual transaction

- Frequent, high value cash transactions.
- Multiple accounts.
- Fake currency.
- Unrealistic wealth compared with customer profile.
- Customers who insist that their names should appear in a particular format.



- Smurfing- breaks up transactions into small amounts.
- A sending customer rarely or never making a withdrawal.

10. What MLRO and STR stand for?

- Money Laundering Reporting Officer (MLRO)
- Suspicious transaction Report (STR)