

The Wolfsberg Correspondent Banking Due Diligence Questionnaire (CBDDQ)

Glossary
22 February 2018



The Correspondent Banking Due Diligence Questionnaire (“CBDDQ”) was released to the banking community in October 2017. Alongside Publication Guidance, Completion Guidance and Frequent Asked Questions (“FAQs”), the Glossary was created to provide additional context to the CBDDQ and add clarification based on feedback received from the industry.

The Glossary is a live document and it will be updated as and when the need to include new terminologies is identified. The version control found on the cover and foot note of this document identifies the version number.

1st Line of Defence	First line of defence makes reference to the front-line, customer facing functions such as lines of business.
2nd Line of Defence	Second line makes reference to risk stewards which supports the first line of defence such as Compliance, Risk or Legal.
3rd Line of Defence	Third line of defence relates to the independent audit function.
ABC	Anti-Bribery & Corruption
Adverse Information Screening	Ongoing screening of potential negative news and other negative information identified in relation to the entity's clients / customers and management of alerts generated.
Affiliate	A company that controls, or is controlled by, or is under common control with the participant. Control of a company is defined as (a) ownership, control, or holding with power to vote 20% or more of a class of voting securities of the company; or (b) consolidation of the company for financial reporting purposes.
AML	Anti-Money Laundering
Anonymous Account or Fictitious Names	A bank account that has no features identifying its owner. A bank account where it is not possible to identify the true owner or account owning entity from the account name (i.e. the account is identified by numbers or codes only).
Arms, defence, military	Customers including companies, governments, military departments and other entities which manufacture, sell, purchase or use weapons for either defensive or offensive purposes. Weapons include but are not limited to: <ul style="list-style-type: none"> - guns, ammunition, bombs, missiles and landmines; - platforms for weaponry, e.g. tanks, combat aircraft, armed vehicles, warships, aircraft carriers, gunboats, naval submarines and unmanned aerial vehicles (drones) with missile capabilities, - platforms not fitted with weapons at the point of sale but designed and anticipated to have weapons fitted after sale; - material parts of a weapon or platform for weaponry with no generally accepted non-military use, e.g. the gun turret of a tank, the barrel of a gun or the casing of a missile.

Atomic power	A form of energy produced by an nuclear reaction, capable of producing an alternative source of electrical power to that supplied by coal, gas or oil.
Authorised Signatories	An authorised signatory is a party who is recorded in the bank's records as a party who has authority over the client's account(s) or is authorised to act in an otherwise controlling manner over the client's business. Also referred to as legal representative.
Bearer Shares	Bearer shares are shares whereby ownership is assigned to whoever has physical possession of the share certificates. The anonymity of ownership they offer elevates the risk of financial crime since changes to ownership may be made by physical transfer and generally without any entry in a register of shareholders.
Beneficial Owner	Beneficial owner refers to the natural person(s) who ultimately* owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement. * Reference to "ultimately owns or controls" and "ultimate effective control" refer to situations in which ownership/control is exercised through a chain of ownership or by means of control other than direct control.
CDD	Customer Due Diligence
Correspondent Banking	Correspondent Banking is the provision of a current or other liability account, and related services, to another financial institution, including affiliates, used for the execution of third party payments and trade finance, as well as its own cash clearing, liquidity management and short-term borrowing or investment needs in a particular currency.
Customer / Client	Note that both customer and client are interchangeable but hold the same meaning for the purpose of the CBDDQ. It refers to the customers to which the Entity provides financial services to.
Customer Identification	The collection of information from the customer / client which permits the Entity to identify and understand its customer / client. The number of questions and its complexity will vary dependent upon the local Regulatory requirements and the Entity's policies and procedures.
Cross Border Remittances	Transactions which are transferred outside its original jurisdiction of issuance. To "remit" is to send money or make a payment, and what is sent is called a remittance. Remittances can be sent via wire transfers, demand drafts or other payment systems such as automated clearing house (ACH).
CTF	Countering-terrorist financing (also used for Combating the financing of terrorism). Programmes, strategies, and tools to disrupt and dismantle global terrorist financial and criminal laundering operations.
Currency Reporting	Currency transaction reporting of transactions over a specific value, or linked transactions amounting to the specific value, to the central bank or regulator.

Digital currencies	A digital representation of either virtual currency (non-fiat) or e-money (fiat) and is often used interchangeably with the term “virtual currency.” Refer to Virtual currency for further information.
Domestic / Cross Border Bulk Cash Delivery	Bulk shipments of currency using air/land/sea carriers to transport large volumes of bank notes from one jurisdiction to another or within the jurisdiction of the Entity.
Downstream Correspondent Banking / Downstream Correspondent Clearing	Downstream (or nested) correspondent banking refers to the use of a bank's correspondent relationship by a number of underlying banks or financial institutions through their relationships with the correspondent bank's direct customer. The underlying respondent banks or financial institutions conduct transactions and obtain access to other financial services without being direct customers of the correspondent bank.
EDD	Enhanced Due Diligence.
Embassies/Consulates	Office representing an Owner Government (the sovereign or regional government which the Embassy represents) in a Host Country/Territory for which the senior officials/controlling parties are appointed by the Owner Government or for which there is a direct linkage with an Embassy through the operation of bank accounts or through the exercise of management control (e.g. embassy, consulate or honorary consulate, high commission, diplomatic mission, trade mission, ministry)
Extractive Industries	The extraction and management of oil, gas, minerals, metals, coal, quarrying, precious stones and other natural resources.
EU	European Union
Expected Activity	A clear explanation of the purpose of the account, product or service. The projected activity of the account and the ongoing activity are key indicators for an ongoing assessment and transaction monitoring of the Customers' activities. Understanding the account activity may include the account size and values, expected transfers, intention to purchase monetary instruments and other.
EWRA	Enterprise Wide Risk Assessment. For the purpose of this questionnaires, EWRAs in question are financial crime related.

<p>FATF Recommendation 13</p>	<p>FATF Recommendation 13 states: “Financial institutions should be required, in relation to cross-border correspondent banking and other similar relationships, in addition to performing normal customer due diligence measures, to:</p> <ul style="list-style-type: none"> (a) gather sufficient information about a respondent institution to understand fully the nature of the respondent’s business and to determine from publicly available information the reputation of the institution and the quality of supervision, including whether it has been subject to a money laundering or terrorist financing investigation or regulatory action; (b) assess the respondent institution’s AML/CFT controls; (c) obtain approval from senior management before establishing new correspondent relationships; (d) clearly understand the respective responsibilities of each institution; and (e) with respect to “payable-through accounts”, be satisfied that the respondent bank has conducted CDD on the customers having direct access to accounts of the correspondent bank, and that it is able to provide relevant CDD information upon request to the correspondent bank. <p>Financial institutions should be prohibited from entering into, or continuing, a correspondent banking relationship with shell banks. Financial institutions should be required to satisfy themselves that respondent institutions do not permit their accounts to be used by shell banks.”</p>
<p>FATF Recommendation 16</p>	<p>FATF Recommendation 16 states: “Countries should ensure that financial institutions include required and accurate originator information, and required beneficiary information, on wire transfers and related messages, and that the information remains with the wire transfer or related message throughout the payment chain.</p> <p>Countries should ensure that financial institutions monitor wire transfers for the purpose of detecting those which lack required originator and/or beneficiary information, and take appropriate measures.</p> <p>Countries should ensure that, in the context of processing wire transfers, financial institutions take freezing action and should prohibit conducting transactions with designated persons and entities, as per the obligations set out in the relevant United Nations Security Council resolutions, such as resolution 1267 (1999) and its successor resolutions, and resolution 1373(2001), relating to the prevention and suppression of terrorism and terrorist financing.”</p>
<p>FCC Programme</p>	<p>A financial institution's Financial Crime Compliance standards and controls to sufficiently meet internationally recognised standards to mitigate the Money Laundering and Terrorist Financing risks presented to financial institutions through products, customer base and jurisdiction. The same description is applicable to AML, Sanctions or ABC programmes, but focus on the specific risk area.</p>

Financial Crime Enterprise Wide Risk Assessment (EWRA)	EWRA provides an assessment of inherent Anti-Money Laundering (AML) and Sanctions risks, the effectiveness of the control environment designed to mitigate those risks, and the level of residual or unmitigated risk. Executed typically on an annual basis, the EWRA demonstrates a point-in-time view of current risks and how they are managed. EWRA covers all lines of business. Results are calibrated across the FI and enable a comparison between businesses and countries to ensure a consistent approach to assessing and mitigating risks and identifying potential outliers. A single EWRA may cover AML, Sanctions and ABC. Also, if a group-wide EWRA covers all branches and group entities, each branch and group entity may not need its own.
Financial Markets Trading	This is inclusive of buying and selling of the following Financial Markets products: Securities and equities; Stocks and bonds; Bullion products; Loans/ cash borrowings; Derivatives and Structured products; Foreign exchange and Interbank market; Commodities.
Foreign bank	A foreign bank is a bank organised under foreign law compared to the jurisdiction from which services are being provided. A bank includes offices, branches, and agencies of commercial banks or trust companies, private banks, national banks, thrift institutions, credit unions, and other organisations chartered under banking laws and supervised by banking supervisors of any state.
G7	The Group of Seven (G7) is an informal bloc of industrialized democracies that meets annually to discuss issues such as global economic governance, international security, and energy policy. The Group is composed of Canada, France, Germany, Italy, Japan, UK & USA.
Gambling	Activities which typically involve a customer staking or risking something of value upon the outcome of a contest of chance or a future contingent event not under their control or influence, upon an agreement or understanding that they, or someone else, will receive something of value in the event of an unknown outcome. Gambling businesses include businesses with a physical location (e.g. casinos, bookmakers, operators of slot machines), gambling equipment manufacturers, online and remote gambling businesses, and gambling software and hosting providers.
Government owned	An entity which is owned by a government with shareholding of 25% or more, either directly or indirectly.
Hold mail	Hold mail accounts are defined as accounts where the customer has instructed all documentation to be held on his/her behalf until his/her collection; thus, an individual could use the bank's address as their own.
Immediate Shareholder	The company or person showing in the share registry or any other form of ownership documentation with direct ownership of the Entity, without any company or person between them and the Entity in the ownership structure.

Independent Testing	A periodic independent testing or audit performed by internal or external audit. It may also be assisted by external independent parties. Testing should be conducted on a risk-based approach and may include: an evaluation of the overall effectiveness of the compliance programme, including policies, procedures and processes; a review and validation of corrective actions related to prior internal audits, compliance self-assessments or regulatory examinations; risk-based transaction testing; a review of staff training; a review of the effectiveness of the suspicious activity monitoring, identification and reporting systems; and so on.
Inherent Risk	Risks that are inherently material to the running of the business. Inherent risk is associated to the maximum plausible impact before considering the effectiveness of the key controls in place.
International Cash Letter	Cash Letter is a deposit and clearing service which provide access to the clearing systems. Cash Letter allows a customer to send monetary instruments (bank/official/cashier checks and money orders, with the exception of traveller's checks and domestic postal money orders received from international customers) drawn on banks. There are the following Cash Letter delivery channels: Remote Deposit Capture, Image Cash Letter, Paper Cash Letter and Mobile Remote Deposit Capture.
Investment Banking	Investment banking includes underwriting new debt and equity securities for all types of corporations, facilitating mergers, acquisitions, reorganizations and broker's securities trades for both institutions and private investors.
Key controllers	A Key Controller is someone who is elected or appointed to exercise direct control over the Customer entity, by participating in the governance or senior executive activities of the Customer. Key Controllers typically set the strategic direction of the entity. The title given to a Key Controller varies according to the type of entity, Country of Operation, and Country of Incorporation/ Registration/ Formation. Most commonly, a Key Controller will include the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Managing Partner, Chairman of the Board and Directors. Usually, control is exercised jointly with other Directors/senior executive management.
KYC	Know Your Customer. A process by which the financial institution collects information in relation to its customer to understand the customer and relationship type.
Legal Entity Identifier (LEI)	The Legal Entity Identifier (LEI) is a unique identifier for persons that are legal entities or structures including companies, charities and trusts. The unique identifier is a 20-digit, alphanumeric code designed to uniquely identify legally distinct entities that engage in financial transactions. The code is included in a global data system, which enables every legal entity or structure that is a party to a relevant financial transaction to be identified in any jurisdiction. The International Organisation for Standardization ISO 17442:2012 specifies the elements of an unambiguous legal entity identifier (LEI) scheme to identify the legal entities relevant to any financial transaction.

List Management	Consistent application of a number of lists applicable to the Entity, across all screening solutions (e.g. PEPs, sanctions and negative news), with timely upload, distribution and activation of changes; consistent standards for the use of such Lists, including governance of the inputs, and the approved owners of such inputs.
Low Price Securities	Security issued by a very small company, micro-cap or less than \$100 million in market capitalization, and trades at less than \$5 per share. Penny stocks generally are quoted over-the-counter, such as on the OTC Bulletin Board or OTC Link LLC. However, not all penny stocks trade over-the-counter and many trade on securities exchanges, including foreign securities exchanges. In addition, the definition of penny stock can also include private companies with no active trading market.
Management Information (M.I.)	Data that is used for reporting purposes, e.g.: volumes of alerts, number of customer on-boarded, risk metrics, among others formats.
Marijuana	Any part of the plant genus Cannabis whether growing or not; the seeds thereof; the resin extracted from any part of the plant, including hashish and hash oil; any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin. It does not include the mature stalks of the plant; fiber produced from the stalks; oil or cake made from the seeds of the plant; any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom); or the sterilized seed of the plant which is incapable of germination.
Monetary instruments	Monetary instruments used to transfer value; they include official bank checks, cashier's checks, money orders, and traveller's checks.
Money Laundering	Money laundering is the processing of criminal proceeds to disguise their illegal origin.
Multilateral Development Bank	A financial institution that provides financing for national development. The financial institution is formed by a group of countries and/or supranational institutions, consisting of both donor and borrowing nations / entities. Furthermore, it can offer financial advice regarding development projects.
MVTS (or MSB, or Exchange Houses, or Casa de Cambio)	Money or value transfer services (MVTS) or Money Services Business (MSB) refers to financial services, excluding banks, that involve the acceptance of cash, cheques, other monetary instruments or other stores of value and the payment of a corresponding sum in cash or other form to a beneficiary by means of a communication, message, transfer, or through a clearing network to which the MVTS provider belongs. Transactions performed by such services can involve one or more intermediaries and a final payment to a third party, and may include any new payment methods. Sometimes these services have ties to particular geographic regions and are described using a variety of specific terms, including hawala, hundi, and fei-chen.
Name Screening	The screening of customer (as well as Staff members or Third Party Service providers) names against lists provided by relevant competent authorities both at initial on-boarding and at other points during the relationship.

Non-account customers	A person who walks into a branch office initiating a business transaction without actually having an account or any other financial dealings with the financial institution (for example, cashing a check without having an account in the bank).
Non-Bank Financial Institution (NBFI)	Institutions other than banks that offer financial services. Common examples of NBFIs include, but are not limited to: Securities and commodities firms (e.g., brokers/dealers, investment advisers, mutual funds, hedge funds, or commodity traders); Money services businesses (MSB), Insurance companies; Loan or finance companies; Operators of credit card systems; Other financial institutions (e.g. pawnbrokers).
Non-Government Organisations	A non-governmental organization (NGO) is any non-profit, voluntary citizens' group which is organized on a local, national or international level. NGOs' goals and mandate are organized around specific issues, such as human rights, environment or health. NGOs perform a variety of services, including humanitarian functions, advocacy and provision of information.
On Boarding	The end to end process which establishes the relationship with the customer, from a due diligence and financial crime perspective.
OFAC	U.S. Treasury Department's Office of Foreign Assets Control (OFAC).
Offshore Banking License	A license to conduct banking activities which, as a condition of the license, prohibits the licensed entity from conducting banking activities with the citizens of, or with the local currency of, the country which issued the license.
Offshore customer	A customer who is primarily resident / incorporated in a jurisdiction different than the one where the Entity is located.
OFSI	UK HM Treasury, Office of Financial Sanctions Implementation (OFSI).
Ownership Structure	The full list of shareholders, intermediary entities and ultimate beneficial owners, including percentages of ownership.
Payable Through Accounts	Correspondent accounts that are used directly by third parties to transact business on their own behalf.
Payment Service Provider (PSP)	Providers offering services which can include remittances, merchant acquiring and issuing stored value instruments. A merchant acquirer is a third party that facilitates and helps merchants in the accepting of payments. In online shopping, PSPs will provide various methods of payment including direct debit, bank transfer, real time bank transfers using online banking, and credit card. A PSP can connect to multiple acquiring banks as well as payment and card networks. By enlisting the services of a PSP, the merchant becomes less dependable on financial institutions to manage transactions. Also known as third party payment processors.

PEP	<p>Politically Exposed Person (PEP).</p> <p>Domestic PEPs are individuals who are or have been entrusted domestically with prominent public functions, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials.</p> <p>Persons who are or have been entrusted with a prominent function by an international organisation refers to members of senior management, i.e. directors, deputy directors and members of the board or equivalent functions.</p> <p>Foreign PEPs, which are individuals who are or have been entrusted with prominent public functions by a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials.</p>
PEP Close Associate	PEP Close Associate includes a PEP's widely- and publicly-known close business colleagues or personal advisors, in particular persons acting in a financial fiduciary capacity.
PEP controlled or owned	The institution is controlled by a PEP if a PEP holds a management position such as CEO, President, COO, CFO or a similar title. The institution is owned by a PEP if a PEP owns 25% of institution or greater.
PEP Screening	On-going screening for potential PEPs and the management of alerts generated.
PEP Related	Close family members of a PEP.
Periodic Review	Ongoing review of relationships the entity holds, as per local regulation and industry standards, which usually includes KYC/CDD and activity review, depending on client risk rating.
Precious metals and stones	According to the IMF, there is no unique definition of precious metals and stones. However, in general, precious stones will include diamonds, emeralds, sapphires and rubies and precious metals are comprised of gold, silver, platinum and platinoid metals.
Primary Financial Regulator	An entity may be supervised by a number of different regulators, especially if the entity has branches in different jurisdictions to the Head Office. Primary financial regulator will be the lead regulator which has the most authority over the entity. Often it is the Regulator based on the same jurisdiction as the entity's Head Office.
Private Banking	Private Banking is the provision of services by a bank to high net worth individuals and where a minimum number/value of assets under management is a requirement.

Privately Owned	10% or more of the entity is privately owned (i.e. 10% of the entity is not government owned or publicly traded).
Prohibited Activities	Activities which the Entity has classified as ‘prohibited’ due to its regulatory / legal requirements or due to not meeting the Entity’s AML risk appetite. Prohibited activities are not acceptable by the Entity and may cause the customer / client to be rejected or exited, based on the Entity’s risk based approach. Refer to “Restricted” for further clarification.
Public Official	Public Official can fall into one of three categories: <ul style="list-style-type: none"> - officers and employees, whether elected or appointed, of any national, regional, local, or municipal government, including officers and employees of any governmental department or agency; - employees of state-owned or state-controlled entities - officers and employees of international public organisations. Any person filling a role traditionally associated with government should be considered a Public Official, regardless of rank or title. Public Officials may also be classified as PEPs.
Quality Assurance	Quality Assurance reviews are routine reviews of control processes to determine whether process output adheres to established quality objectives. Unlike Compliance Testing and Internal Audit, QA is not an independent process but rather is a form of self-assessment.
Red light business / Adult entertainment	Adult entertainment mean any enterprise from which minors are excluded and which sells, rents or displays sexually explicit matter, including, but not limited to, adult bookstores, adult magazine stores, stores selling sexually oriented adult games or devices, adult motion picture theatres, adult peep shows, establishments where nude or topless dancing or their displays regularly occur or other similar business.
Regulated/unregulated charities	In many jurisdictions, charities are regulated, licensed or supervised by an official authority/commission. It is likely that some charitable organisations might fall outside of the scope of the regulatory/licensing/supervisory regime, for example, charitable trusts.
Remote Deposit Capture	RDC refers to the ability to deposit cheques and monetary instruments (e.g. traveller’s cheques or money orders) into a bank account from a remote location, such as an office or home, without having to physically deliver the cheque to the bank. RDC allows a bank’s customers to scan a cheque or monetary instrument, and then transmit the scanned or digitised image to the institution. Scanning and transmission activities occur at remote locations that include the bank’s branches, ATMs, domestic and foreign correspondents, and locations owned or controlled by commercial or retail customers.
Residual Risk Rating	The level of risk remaining, taking into account the current effectiveness of the control environment.
Restricted Activities	Activities which the Entity has classified as ‘restricted’ due to its regulatory / legal requirements or due to the Entity having a limited risk appetite. Restricted activities may be acceptable by the Entity with additional controls in place (placed by its Customer/Client and/or by the Entity). Refer to “Prohibited Activities” for further clarification.
Retail Banking	The provision of services by a bank to individuals and other types which fall under this Retail Banking definition as per local regulations.

RFIs	Requests for information are submitted to clients to obtain additional information to aid resolution of transaction monitoring or screening alerts or other FCC related requests, including external requests for information from other FIs.
Risk Appetite	The aggregate level and types of risk that a financial institution is willing to accept in its business activities in order to achieve its strategic business objectives.
Risk tolerance	The type and quantum of risks that financial institution may, on a short term basis, need or choose to accept beyond its Risk Appetite.
Sanctions	Economic and/or trade-based measures (e.g., asset freezes or commercial prohibitions) taken by a government or international body to promote foreign policy or national security goals against certain jurisdictions or targeted individuals or entities. Examples of authorities that implement sanctions include, but are not limited to, the U.S. Treasury Department’s Office of Foreign Assets Control (OFAC), the Council of the European Union, HM Treasury’s Office of Financial Sanctions Implementation, the Japanese Ministry of Finance, and United Nations Security Council.
Sanctions List	Any of the lists of specifically designated nationals or designated or sanctioned individuals or entities (or equivalent) issued by any governmental or international sanctions authority.
Service to walk-in customers (non-account holders / non-account customers)	A person who walks into a branch office initiating a business transaction without actually having an account or any other financial dealings with the financial institution (for example, cashing a check without having an account in the bank).
Screening	The process of checking names or details to identify a potentially sanctioned individual, entity, organisation, activity or Sensitive Sanctioned Country or potential PEP match or negative news / information.
Section 311 designated FIs	Section 311 of USA PATRIOT Act grants the US Secretary of the Treasury the authority, upon finding that reasonable grounds exist for concluding that a foreign jurisdiction, institution, class of transaction, or type of account is of “primary money laundering concern,” to require domestic financial institutions and financial agencies to take certain “special measures” against the entity of primary money laundering concern.
Securities Services/Custody	A financial institution that is responsible for safe keeping the securities or other assets of a mutual fund, institutional investor, financial institutions or an individual financial advisor. Provision of custody (safe keeping) and clearing (settlement) services, can also include fund services, corporate trust and agency services.
Shell Banks	A bank that has no physical presence in the country in which it is incorporated and licensed, and which is unaffiliated with a regulated financial group that is subject to effective consolidated supervision. "Physical presence" means management located within a country. The existence simply of a local agent or low level staff do not constitute physical presence. Shell banks may be used to shield the identity of their underlying owners / controllers.

Shell Companies	A company that either has no operations, or has assets consisting solely of cash and cash equivalents and nominal other assets. Shell company has no active business and usually exists only in name as a vehicle for another company’s business operations.
Source of Funds	A customer’s source of funds refers to the origin and means of transfer of currency or financial instruments deposited in the account, which includes the amount to be transferred at onboarding.
Source of Wealth	A customer’s source of wealth refers to the underlying economic activity that has generated the wealth/net worth which the Customer owns
Special use or concentration accounts.	Accounts held by a financial institution in its name and used to aggregate funds from different customers into a single centralised account. These accounts facilitate the processing and settlement of multiple customer transactions without individually identifying the originators, usually on the same day. Concentration Accounts may also be known as special-use, suspense, settlement, intraday, sweep, and bulk or collection accounts. Concentration Accounts are frequently used to facilitate bulk transactions for private banking, trust and custody accounts, fund transfers, and international affiliates or for internal manual processing by bank operations of customer transactions.
Sponsoring Private ATMs / Privately Owned ATM	Privately owned ATMs are typically found in convenience stores, bars, restaurants and grocery stores. Some Independent Sales Organisations (ISOs) are large-scale operators, but many privately owned ATMs are owned by the proprietors of the establishments in which they are located. Most dispense currency, but some dispense only a paper receipt (scrip) that the customer exchanges for currency or goods. Fees and surcharges for withdrawals, coupled with additional business generated by customer access to an ATM, make the operation of a privately owned ATM profitable.
Stored Value Instruments	The Terms Prepaid Card and Stored Value Card are used interchangeably in the cards industry. The physical card is either the token to access value recorded remotely and linked to the card, or the value is stored on and accessible from the physical card’s chip (i.e. stored value cards, also known as an electronic purse).
Stripping of Payments / Wire Stripping	Stripping is the deliberate act of changing or removing information from a payment or instruction, obscuring the identity of the payment originator/destination or to connect them to sanctioned parties, individuals or countries.
Subsidiary	A company is a “subsidiary” of another company, its “holding company”, if that other company— (a) holds a majority of the voting rights in it, or (b) is a member of it and has the right to appoint or remove a majority of its board of directors, or (c) is a member of it and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it, or if it is a subsidiary of a company that is itself a subsidiary of that other company. (2) A company is a “wholly-owned subsidiary” of another company if it has no members except that other and that other’s wholly-owned subsidiaries or persons acting on behalf of that other or its wholly-owned subsidiaries.

Suspicious Activity Reporting	As a key control and requirement of the AML programme, a Suspicious Activity Report is filed to the relevant authorities (law enforcement / regulators) when a potential suspicious activity performed by a client/customer is identified, indicating a potential risk of money laundering or terrorist financing.
Terrorist Financing	Terrorist financing is the financing of terrorist acts, and of terrorists and terrorist organisations.
Third Party / Intermediary	A third party is a separate legal entity which provides service(s) to the responding Entity. A Third Party can, therefore, be either external (e.g. a Supplier) or internal (e.g. another legal entity within the Group also known as an Affiliate).
Third Party Payment Processors or Aggregators	Businesses that provide payment processing services to merchants and other business entities. These Merchant transactions include credit card payments, debit card payments, covered Automated Clearing House transactions, Remotely Created Cheques and prepaid card transactions. They provide Merchants with a portal to banks with access to financial transactions processing and clearing systems. Aggregators act on behalf of Merchants collecting payments, and not on behalf of the Merchants' customers who are obliged to make them for goods or services received.
Three Lines of Defence	A risk management and internal control structure to ensure that a financial institutions achieves their commercial aim while meeting regulatory and legal requirements in addition to their responsibilities to shareholders, customers and staff. Please refer to the 1 st , 2 nd and 3 rd Lines of Defence definition at the opening of the Glossary.
Trade Finance	Refer to The Wolfsberg Group, ICC and BAFT Paper on Trade Finance Principles link below. 'Trade Finance can be described as the provision of finance and services by financial institutions for the movement of goods and services between two points, either within a country or cross border'.
Transactional Banking	Transactional Banking includes the following services: cash management, liquidity management and trade finance for corporates and financial institutions.
Transaction Monitoring	The automated or manual process of monitoring transactions after their execution in order to identify unusual transactions, including monitoring single transactions as well as transaction flows, for subsequent review and, where appropriate, reporting to authorities.
Transaction Screening	The sanctions screening of transactions including the parties involved in the transactions. These are typically cross-border outward and inward payments, stocks, bonds, securities in general, as well as loans.
Ultimate Beneficial Ownership / Ultimate Shareholder	Refer to 'Beneficial Owner'. The ultimate individuals who hold the ownership of the entity such as shareholders, trust beneficiaries, partners, among others.
Ultimate Parent	The top entity effectively owning more than 50% of the entity.

UN	United Nations
Virtual currencies	A digital representation of value that can be digitally traded and functions as a medium of exchange; and/or a unit of account; and/or a store of value, but does not have legal tender status (i.e., when tendered to a creditor, is a valid and legal offer of payment) in any jurisdiction. It is not issued nor guaranteed by any jurisdiction, and fulfils the above functions only by agreement within the community of users of the virtual currency. Virtual currency is distinguished from fiat currency (a.k.a. "real currency," "real money," or "national currency"), which is the coin and paper money of a country that is designated as its legal tender; circulates; and is customarily used and accepted as a medium of exchange in the issuing country. It is distinct from e-money, which is a digital representation of fiat currency used to electronically transfer value denominated in fiat currency. It can also be called "digital asset."
Watchlist/Watch List	Watch list is a compiled list where the financial institutions documents the institutions/individual/others that are not designated but might present financial crime risks. This may include lists used for transaction screening only or for screening all customer, staff and third party service provider records.
Wealth Management	Wealth Management in broader terms involves the optimisation of a client's portfolio according to their financial goals and risk appetite.