



ZIPCO REMIT

Customer Acceptance Policy

Your **Choice** Matters
Send More. **Pay** Less.

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1. Introduction

- 1.1. ZIPCO Remit or “ZIPCO Remit” or “ZipCoin” or “ZIPCO” is a Canadian Money Services Business company. ZIPCO Remit is a full service online remittance company that was granted permission by the by government of Alberta and FINTRAC the regulatory board of the Money Service of Canada (MSB) to carry out remittance business
- 1.2. As a Money Service Business (MSB) in Canada, ZIPCO Remit is in the business of:-
 - Accepting online funds, in the form of cash or by means of a payment instrument or through an approved payment system from a person in Canada or abroad for the purpose of remitting such funds to another person in or outside Canada (This is sending or outward remittance); and
 - Delivering funds, in the form of cash or by means of a payment instrument or through an approved payment system from a person outside Canada for the purpose of remitting/paying such funds to another person in Canada (This is receiving or inward remittance).

2. The Policy

The main objective of the ZIPCO Remit’s Customer Acceptance Policy is to prevent the ZIPCO Remit’s network within Canada and abroad from being used as a conduit to facilitate money laundering, financing of terrorism or other unlawful activities. ZIPCO Remit shall endeavor to accept only customers whose identities and sources of funds have been obtained and verified to ZIPCO Remit’s satisfaction. We have implemented a vigorous online KYC via our portal to deter unlawful activities, money laundering and financing terrorism engagements

3. Applicability

- 3.1. This policy governs the acceptance of person (s) / entity (ies) by ZIPCO Remit as its “customer (s)”.
- 3.2. “Persons and Entities” include directors and staff of ZIPCO Remit and their relatives and/or entities in which they are interested parties.
- 3.3. All outlets and branches of ZIPCO Remit in Canada are bound by the rules laid down under this policy in the conduct of remittance business.

4. Customers of ZIPCO Remit

A risk-based approach is to be applied for identifying and verifying new customers (Customer Due Diligence). A relationship should not be established until the identity of a new customer is satisfactorily verified in accordance with the procedures set out herein and in the Risk Profiling of Customers Policy and Procedure.

- 4.1. For the purpose of this policy, a “customer” is defined as:



“a person or entity that has a business relationship with ZIPCO Remit or one on whose behalf the relationship has been established (e.g. the beneficial owner)”

Note: a “business relationship” in this context is an arrangement between ZIPCO Remit and a person/entity whereby the “customer” can avail himself/herself to the remittance services offered by ZIPCO Remit.

- 4.2. A person/entity must be a “customer” of ZIPCO Remit before he/she can use the remittance services of ZIPCO Remit on a one-off or recurring basis.
- 4.3. A person/entity is deemed to be a ZIPCO Remit’s “customer” only after ZIPCO Remit officially accepts him/her as a customer.
- 4.4. Acceptance of a person/entity as a customer by ZIPCO Remit is done when a person/entity applies for remittance services with ZIPCO Remit.
- 4.5. The following rules shall apply to qualify a person or entity before the person/entity is accepted as a customer of ZIPCO Remit (establishing a relationship with ZIPCO Remit for sending and receiving money).

A person applying to be a customer as a “natural person”, or as a “legal person” (beneficial owner) or on behalf of an entity which he is authorized to represent, must have attained 18 years of age, be of sound mind and, where applicable, duly authorized by the entity/party he/she represents.

1. Person(s) applying as per:

above and the entity on whose behalf he/she is authorized to apply must be identified and the person’s identity and the identity of the entity verified against reliable, independent source documents, data or information.

the identity of the person, beneficial parties and entity whom he/she represents must not match with any person or entity with known criminal background or with banned entities such as individual terrorists or terrorist organizations etc.

2. “Persons” mentioned in (i) to (iii) above must be present in person at the ZIPCO Remit agents/affiliates and partner or has been accepted by ZIPCO Remit as a customer.

- 3.

In no circumstances should a relationship be established with anonymous persons or persons who attempt to provide false name (s) or records.

5. Know Your Customer (KYC)

ZIPCO Remit KYC’s procedures are a critical function to assess and monitor our customer risks and a legal requirement to comply with Anti-Money Laundering (AML) Laws.



Steps ZIPCO Remit follows:

1. Establish customer identity.
2. Understand the nature of the customer's activities (primary goal is to satisfy that the source of the customer's funds is legitimate).
3. Assess money laundering risks associated with that customer for purposes of monitoring the customer's activities.

Note- The idea is that knowing our customers—verifying identities, making sure they're real, confirming they're not on any prohibited lists, and assessing their risk factors— keep money laundering, terrorism financing, and more run-of-the-mill fraud schemes at bay. The key to ZIPCO Remit's strategy is finding a balance so that these efforts are effective without penalizing innocent consumers—or being so onerous that upstarts can't comply with them (and hence can't compete).

KYC laws were introduced in 2001 as part of the Patriot Act, which was passed after 9/11 to provide a variety of means to deter terrorist behavior. ZIPCO Remit incorporated the following elements in KYC program;

5.1. Customer Identification Program (CIP)

How do you know someone is who they say they are? After all, identity theft is widespread, affecting over 13 million US consumers and accounting for 15 billion dollars stolen in 2015. If you're a US financial institution, it's more than a financial risk; it's the Law. The CIP mandates that any individual conducting financial transactions needs to have their identity verified. As a provision in the Patriot Act, it's designed to limit money laundering, terrorism funding, corruption and other illegal activities. The desired outcome is that ZIPCO Remit accurately identify their customers:

A critical element to our successful CIP is our risk assessment, both on the institutional level and on procedures for each account. While the CIP provides guidance, ZIPCO Remit determines the exact level of risk and policy for that risk level for each customer.

5.2. Customer Due Diligence

For ZIPCO Remit first analysis made is to determine if we can trust a potential client, and customer is worthy. Performing Customer Due Diligence (CDD) is a critical element of effectively managing our risks and protecting company against criminals, terrorists, and corrupt Politically Exposed Persons (PEPs).

In conducting due diligence, ZIPCO Remit aims to predict the types of transactions a customer will make in order to then be able to detect anomalous (or suspicious) behavior; assign the customer a risk rating that will determine how much and how often the account is monitored; and identify

customers whose risk is too great to do business with. ZIPCO Remit may ask the customer for a lot more information, which may include the source of funds, purpose of the account, occupation, financial statements, banking references, description of business operations, and others.

There are three levels of Due Diligence ZIPCO Remit follows:

1. Simplified Due Diligence (“SDD”) are situations where the risk for money laundering or terrorist funding is low and a full CDD is not necessary. For example, low value accounts or accounts where checks are being on other levels
2. Basic Customer Due Diligence (“CDD”) is information obtained for all customers to verify the identity of a customer and assess the risks associated with that customer
3. Enhanced Due Diligence (“EDD”) is additional information collected for higher-risk customers to provide a deeper understanding of customer activity to mitigate associated risks. In the end, while some EDD factors are specifically enshrined in a countries legislation, it’s up to ZIPCO Remit to determine our risk and take measures to ensure that they are not dealing with bad customers.

5.3. Ongoing Monitoring

ZIPCO Remit will review its monitoring program every quarter or every 4 months; having a program that knows your customer on an ongoing basis is something we strongly believe in. The ongoing monitoring function includes oversight of financial transactions and accounts based on thresholds developed by us as part of a customer’s risk profile. The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), recently updated the Anti-Money Laundering regulation applicable to Financial Entities (FE’s) such as

ZIPCO Remit needs to validate customers in Canada and companies who have customers outside Canada and follows the new FINTRAC changes to KYC and PEPS;

5.4. Identity Verification

Canada has some of the most prescriptive Identity Verification regulations in the world. As opposed to the United States or United Kingdom where there is principle-based verification, FINTRAC explicitly spells out which methods to take when validating customers in Canada. The new identity verification regulations do not make validating a user any easier, and some regulations make it more cumbersome, even though only one method is required.

Listed below are the new acceptable ways to validate customers, including how they’ve changed: Identification document containing a photograph that is issued by a federal or provincial government or by a foreign government, verifying that the name and photograph are those of that person;

- 1.1. Verify that photograph; previously any government-issued identification was acceptable



- 1.2. Verify that the name and photograph are those of that person.
- 1.3. Prohibition on scanned copies of identification.
- 1.4. A member Referring to a person's Canadian credit file that has been in existence for at least three years and verify that the name, address and date of birth contained in the credit file are those of the person whose identity is being verified. Previously the credit file needed to be in existence for only six months and a three-year requirement prevents the on-boarding of recent arrivals into the country.
- 1.5. Confirming that an affiliated entity (including of the same financial services cooperative or credit union central) that is regulated under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA), or a non-Canadian entity that carries on a similar business outside of Canada has previously ascertained the person's identity in compliance with any of the permitted methods and by verifying that the name, address and date of birth contained in such entity's records are those of the person whose identity is being verified.

ZIPCO Remit does use the following:

1. Referring to information from a reliable source containing the name and address of the person being identified and verifying that the name and address are those of the person.
2. Referring to information from a reliable source that contains the name and date of birth of the person being identified and verifying that the name and date of birth are those of the person.

5.5. Screening for Politically Exposed Persons (PEPs)

Canada has introduced new screening requirements that treat domestic PEPs similar to Foreign PEPs.

Listed below are the requirements that ZIPCO Remit follows:

1. Take reasonable measures to determine whether the account is being opened for a Foreign or Domestic PEP, a family member of one of those persons, or a person who is closely associated with a PEP. ***This is similar to other countries (US, UK) that demand knowledge of beneficial ownership. While more diligence is required upfront, this is the only way ZIPCO Remit can determine if a PEP ultimately controls an account***
2. Determine if an existing account holder is a PEP or PEP Related Person. ZIPCO Remit shall perform 1 week- 5 weeks account monitoring and risk assessment based ***on customer risk, product lines, and regulator commentary.***
 - 1.1. When a fact is detected that could "be expected to raise reasonable grounds to suspect that a person" is a PEP Related Person, **ZIPCO Remit shall take "reasonable measures" to determine whether this is true and would perform Enhanced Due-Diligence on the customer.**



- 1.2. Determine the source of funds, obtain senior management approval to keep the account open, and engage in enhanced ongoing monitoring for all foreign PEPs and their family members and close associates. **ZIPCO Remit shall pair ongoing monitoring of foreign PEPs with stricter transaction monitoring controls to ensure early detection of suspicious activity**
- 1.3. Domestic PEPs, heads of international organizations, family members or close associates of such persons, when the regulated entity considers the risk of a money laundering or terrorist activity financing offence is high **ZIPCO Remit shall determine the source of funds to be deposited in the account, to obtain senior management approval to keep the account open, and to engage in enhanced ongoing monitoring.**
- 1.4. Regulations in respect of transactions of C\$100,000 or more that applies to FI's, money services businesses (MSBs) and life insurance companies parallel the changes made regarding accounts. Accordingly, regulated entities ZIPCO Remit will now be required to determine if a triggering transaction for C\$100,000 or more is undertaken by any PEP Related Person. **ZIPCO Remit shall illustrate the need to automatically detect and flag transactions above certain dollar amounts**
- 1.5. ZIPCO Remit shall conduct PEP determinations within 30 days.
- 1.6. ZIPCO Remit has no choice but to follow Canadian FINTRAC's new regulatory requirements.
- 1.7. ZIPCO Remit develops and deploy its in-house Identity Verification tool – ZIPCO Identity Management (ZIPCO Identity) solution shall provide KYC options to validate customers per FINTRAC's requirements including the following:
- 1.8. Document Verification including picture – (ZIPCO Identity) to provide Document Verification service that enables automatic review of documents and confirmation that client data matches data in the document. (future enhancement- buying data from credit bureaus, etc.)
- 1.9. Name and Address Validation – ZIPCO Identity to provide Name and Address validation without relying on the customer whose identity is being verified, a requirement in the new regulation.
- 1.10. Name and Date of Birth Validation – ZIPCO Identity to provide Name and Date of Birth validation without relying on the customer whose identity is being verified, a requirement in the new regulation.

5.6. Record keeping for Politically Exposed Persons (PEPs)

ZIPCO Identity to provide PEP screening to ensure they can:

- Screen Canadian PEPs differently from Foreign PEPs.
- Periodically screening all PEPs, either automatically or when required.
- PEPs already flagged and deemed non-PEP's will not reappear each time a review is taken.

- Provide Know Your Customer services to prove “reasonable measures” have been taken to validate a customer when there’s suspicion they have become PEP.
- Document all PEP alerts in a case management system.

ZIPCO Remit develops an effective KYC compliance process to aid in identify high-risk customers who need to be screened with an Enhanced Due Diligence (EDD) process. This is based on pattern recognition techniques coupled with unstructured text analysis, creating variables that can be combined with structured data sources to improve automated decision-making processes. This should include:

1. New/potential customer registration = KYC customer acceptance questionnaire and Identification/Verification of customers. Functionality that is able to scan ID and able to link to third party system for verification direct from customers phone or computer. Verification of transaction IP address to customer's registered address.
2. Interfaces to 3rd party applications such as CRM, Core Banking System, etc. We want to be able to verify source of funds/Customer’s bank account.
3. Watchlists, Blacklists and Sanctions List scan and PEP screening
4. Link transactions with nodes representing entities of interest and links representing relationships or transactions along with dubious jurisdictions or companies.
5. Identify gaps in collection of customer information and generate alerts for KYC process completion.
6. Automation of SAR filings and report generation
7. Workflow automation reports generate risk profiles on both companies and individuals. • Deadline expiration management (e.g. ID expiration)
8. Also, the reports should provide links to the data sources, for accuracy, veracity and origin of any information used in AML decision-making.

Risk Scoring/ Screening

Customer On-boarding	Customer Behavior	Relationship
<ul style="list-style-type: none"> ➤ Discrepancies ➤ Geographical Location ➤ PEP Screening ➤ Occupation/ business 	<ul style="list-style-type: none"> ➤ Customer History ➤ Status of Documentation ➤ Account Behavior ➤ Channel Used ➤ Any History of SAR on record 	<ul style="list-style-type: none"> ➤ Beneficiary Location ➤ Relationship ➤ Purpose of Transfer ➤ Dubious jurisdiction



5.7.

6. Guide for Customer Identification and Verification:

1. No transaction shall be conducted in anonymous or fictitious name(s).
2. ZIPCO Remit shall not allow any account or transaction in an anonymous or fictitious name or on behalf of a person whose identity has not been disclosed or cannot be verified.
3. ZIPCO Remit shall not conduct any transaction where it is unable to apply appropriate CDD measures i.e. the designated institution is unable to verify the identity and /or obtain documents required due to non-cooperation of the customer or non-reliability of the data/information furnished to the designated institution.
4. Circumstances in which a customer is permitted to act on behalf of another person/entity shall be clearly spelt out and supporting documents should be furnished showing that the person is authorized to act on behalf of another (natural or legal) person. The beneficial owner should be identified and all reasonable steps should be taken to verify his identity.
5. ZIPCO Remit shall prepare a profile for each new customer, where regular transactions or a continuing business relationship is expected, based on risk categorization. The customer profile may include information relating to customer's identity, social / financial status, etc.
6. The nature and extent of due diligence will depend on the risk perceived by the designated institution. However, while preparing a customer profile, a designated institution is required to take care to seek only such information from the customer, as shall be relevant to the risk category and is not intrusive.
7. ZIPCO Remit shall apply enhanced due diligence measures based on risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the source of funds are not clear. Examples of customers requiring enhanced due diligence include:
 - ✚ nonresident customers
 - ✚ customers from countries that do not or insufficiently apply the FATF standards;
 - ✚ high net worth individuals;
 - ✚ politically exposed persons (PEPs);
 - ✚ non-face to face customers;
 - ✚ those with dubious reputation as per public information available, etc.
 - ✚ ZIPCO Remit shall, before making a payment, carry out enhanced CDD whenever there is suspicion of money laundering or terrorist financing, or when other factors give rise to a belief that the customer or particular transaction poses a high risk

The following guide for customer identification and verification must be strictly adhered to for the purpose of identifying and verifying the identity of a person/entity:

- Persons/Entities Mandatory Information Required



- Acceptable Documents to be obtained and verified against Action/Comments

6.1. Individual:

- ❖ Legal Name
- ❖ Date of Birth
- ❖ Age
- ❖ Driver's license or a passport or state id
- ❖ Address
- ❖ Occupation
- ❖ Name of Employer/self-employed
- ❖ Nature of business*
- ❖ Reason for sending money
- ❖ Telephone Contact
- ❖ Utility Bill
- ❖ Bank Account Statement

Note: If a customer is unable to provide a proof of permanent local residential address, further enquiries must be made, and the ZIPCO Remit Account Manager will make the final determination to either approve or not approve the online account opening. Using our affiliates or agents if the beneficiary is unable to remember the ZIPCO 8 digits number followed by "ICO" or "EX" or "REM" control number and identify he/she; funds are returned to the sender's account and will be notified.

6.2. Company:

- ❖ Name of Company
- ❖ Principal place of business
- ❖ Nature of Business
- ❖ Mailing Address
- ❖ Telephone/fax
- ❖ Certified articles of incorporation
- ❖ Government-issued business license
- ❖ Partnership agreement
- ❖ Resolution of the Board (and where applicable),
- ❖ Power of Attorney granted to its managers, officers or employees to transact business on its behalf



- ❖ Trust instrument for either a business or an individual, further verifying information might include: Financial references
- ❖ Information from a consumer reporting agency or public database • A financial statement

Nonetheless, ZIPCO Remit requires verifying their customers' identity and making sure a person or business is real and does exist.

All mandatory documents, wherever applicable

6.3. Partnership

- ❖ Legal name (of the partnership if applicable)
- ❖ Address (of the partnership)
- ❖ Registration certificate number OR
- ❖ Name of the partner/authorized person present and his address.
- ❖ Registration certificate, if registered
- ❖ Partnership deed
- ❖ Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf
- ❖ Any officially valid document identifying
- ❖ Business Registration (if registered),
- ❖ Partnership Deed/Agreement and where applicable,

6.4. Trust and Foundations

- ❖ Names of trustees, settlers, beneficiaries and signatories
- ❖ Names and addresses of the founder, the managers/directors and the beneficiaries
- ❖ Telephone/fax numbers
- ❖ Certificate of registration, if registered
- ❖ Power of Attorney granted to transact business on its behalf
- ❖ Any officially valid document to identify the trustees, settlers, beneficiaries and those holding Power of Attorney, founders/managers/ directors and their addresses
- ❖ Resolution of the managing body of the foundation/ association
- ❖ Telephone bill



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- ❖ Trust: Trust Deed
- ❖ Foundation/Association:
- ❖ Certificate of registration (if registered)
- ❖ Resolution of managing body of the foundation/ association

All mandatory documents, wherever applicable;

- No anonymous or fictitious name (s) is/are to be used.
- The mandatory information that is not required to be completed in the standard remittance application form must be written on a separate piece of paper and signed by the officer who obtained the information.
- Original of the required documents must be sighted and a copy taken for record purposes. Officer who sights the document (s) must sign on the copy or copies taken
- Copies of documents obtained and sheets bearing mandatory information must be attached to the duly completed and signed remittance application form.

7. Approval

1. Acceptance of customers who comply fully with the prevailing rules and customer identification and verification process must go via KYC and ZIPCO Identity- our identification and verification tool for approval and;
2. In cases where:
 - (i) Customer identification and verification process cannot be fully complied with; or
 - (ii) Unable to apply appropriate due diligence measures e.g. noncooperation of the customer or non-reliability of the data/information furnished by customer gives rise to doubt and suspicion.
3. ZIPCO Identity and or Compliance officer may exercise his/her discretion to approve or reject, taking into account the level of risk the customer pose

For high risk customers in the following categories:

- (i) Customer originating from countries/jurisdictions that have been or been publicly identified by relevant authorities and bodies as having strategic AML/CFT deficiencies; or
- (ii) Politically Exposed Persons (PEP).

In addition to the rules on customer acceptance and guidelines on customer/entity identification and verification, sufficient additional information on the person/entity must be gathered and all the



information available on the person/entity in the public domain must be checked and information about sources of funds must be obtained. Based on this information, the Branch Officer-in-Charge of the outlet/branch concerned must then forward a recommendation to Head Office whether to approve or reject.

Acceptance or rejection of persons/entities in these categories must be approved by the Deputy Executive Director or in his absence, Assistant Compliance Officer. Proper documentation and protocol for reporting to FINTRAC must be followed.

Upon approval to accept person/entity as a “customer”, the required details obtained and verified must be keyed into the ZIPCO Remit Remittance System. (www.zipcoinremit.com)

8. Information Update and Monitoring

Existing customers must be re-identified as and when they perform recurring transactions after being accepted as a “customer”. If differing information is provided during the performance of transactions viz-a-viz information provided during customer acceptance evaluation process or if transaction activities give rise to doubt or do not appear to be consistent with the information on record, the customer’s status as an “existing customer” must be re-evaluated and where necessary data and information re-verified.

9. Duties and Responsibilities

Relevant persons and departments within ZIPCO Remit and its Board of Directors will be ultimately responsible for proper supervision, reporting and compliance pursuant to Customer Acceptance Policy.

Remittances from African migrants and diaspora pay a significant role in supporting families in financial inclusion, local health care, education, investments in commerce, agriculture and building projects across Africa. Despite the significant remittance inflows, many Africans are still facing challenges of making secure, simple and safe payments within their national and international boundaries. ZIPCO Remit is ready to change this.

In connection thereto, the role of the Board of Directors of ZIPCO Remit shall be as follows:

1. To review the anti-money laundering and counter-financing of terrorism (AML/CFT) policies, strategies and procedures relating to Customer Acceptance Policy that have been formulated for ZIPCO Remit on a company wide basis and approve the adoption of the same;
2. To review and assess adequacy or risk management approaches taken in identifying, monitoring and controlling and the extent to which these are operating effectively.
3. To be aware of and sanction standards and guidelines relating to Customer Acceptance in ZIPCO Remit e.g. AML/CFT regimes.



4. To deliberate on new developments on Customer Acceptance issues on a periodic basis.
5. To ensure that infrastructure, resources and systems are in place for Customer Acceptance regime management. In connection thereto, to deliberate upon reports and approve papers pertaining to Customer Acceptance, any other guides and reports e.g. the AML/CFT Policy and Compliance Programme relating to Customer Acceptance (Including but not limited to AML/CFT awareness programme, action plans, expenses relating to training of staff, AML/CFT awareness campaigns, system enhancements etc.) that are submitted/recommended by the various units/departments for approval and implementation within ZIPCO Remit.
6. To accept, note and provide comments/feedback (if any) on periodical Customer Acceptance reports.
7. The Board of Directors may delegate any of its roles and responsibilities set out herein to various management personnel or any other board committee as it shall deem fit.

10. Retention of Records

- ✚ It is ZIPCO Remit policy that all records must be kept for a period of not less than six (6) years from the date the transaction or relationship was initiated and terminated.
- ✚ In situations where the records are subject to on-going investigations or prosecution in court of law, they shall be retained beyond the stipulated retention period until confirmed by the relevant authorities that they are no longer needed.
- ✚ All records must be properly maintained and securely stored for easy retrieval.

11. Non-Compliance

Non-compliance with the rules and guidelines herein will result in staff concerned being subject to disciplinary action.

This policy must be read in conjunction with all other relevant laws and regulations and in line with other guidelines from FINTRAC Canada regulatory authorities, internal circulars and directives issued from time to time.

