



Teller Training Notes

Training of Staff

All financial organisations must ensure that all relevant staff and volunteers know their responsibilities relating to money laundering and are aware of the organisation's procedures and controls in this area. Training must be updated on a regular basis.

Record Keeping

All financial organisations are required to maintain an audit trail on customer identification and transaction records.

The Data Protection Act

General Information

The Data Protection Act 1998 is a law that requires all organisations which handle personal information to comply with a number of important principles regarding privacy and disclosure.

The Act states that anyone who processes personal information must comply with eight principles.

The Act also allows people to find out what personal information is held about them by making a subject access request. This covers information held electronically and in some paper records, and includes credit reference details.

The Data Protection Principles

The eight principles of the Data Protection Act state that personal data shall be:

- Fairly and lawfully processed
- Obtained only for specified and lawful purposes and further processed only in a manner compatible with those purposes
- Adequate, relevant and not excessive for the purpose of the processing
- Accurate and up to date
- Not kept for longer than necessary for the purpose of the processing
- Processed in accordance with the rights of data subjects
- Kept secure
- Transferred outside the European Economic Area (EEA) only if there is adequate protection

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Money Laundering

What is Money Laundering?

Money Laundering is the term used to describe ways in which criminals process illegal or *dirty money*.

Dirty money is money made from any crime such as theft, drug dealing, people trafficking, tax evasion or fraud.

Criminals launder money through a succession of transfers and deals until the source of the illegally acquired funds is obscured and the money takes the appearance of legitimately earned money. This money is then often used in further crimes including terrorism.

Stages of Money Laundering

There are three stages of Money Laundering – *Placement*, *Layering* and *Integration*.

Placement

Illegally obtained money is deposited in the financial system or goods are purchased using this money.

Often the dirty money is in cash form but could be in other forms such as traveller's cheques, bank drafts or foreign currency.

Large amounts of cash can be broken down into smaller amounts and deposited in several institutions or in a series of transactions with the same institution. This is known as **Smurfing**.

Layering

The *dirty money* is channelled through the financial system in a series of transactions via bank, building society or credit union accounts. These transactions are likely to be electronic transfers or bank drafts.

The aim of the criminal is to leave as much distance as possible between themselves and law enforcement agencies.

Integration

The money is put back into the legitimate economy in such a way that they appear as normal and it is impossible to trace back to the original 'dirty money'.

This money can then be invested into a business or property, used for purchasing goods, or used to fund further criminal activity.



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Customer Identification Procedures –Know Your Customer (KYC)

All financial organisations must have procedures in place to verify a customer's identity.

For new MoneyWise Accounts for pupils up to age 16, the school verifies the name, address and date of birth of each applicant against the school records.

For new young members (secondary school pupils aged from 16 upwards), we need to obtain proof of identity and address from the applicant.

Proof of Identity

We require one item verifying identity such as:

- Valid passport
- Birth Certificate
- National Insurance Number Notification Letter
- EMA Award Letter
- Proof of Address

We also require one item, dated in the last three months, verifying the current address such as:

- Bank or Building Society Account Statement or Correspondence
- EMA Award Letter
- SQA Letter
- Letter from School

The same item may not be used to verify both identity and address.

Record keeping arrangements in the school branch cover the verification of new account holders and keeping a record of all transactions that take place in the branch.