



ISLE OF MAN
FINANCIAL SERVICES AUTHORITY

Lught-Reill Shirveishyn Argidoil Ellan Vannin

August 2025

AML/CFT SUPERVISION DIVISION

MONEYLENDERS CDD/ECDD PHASE 2 THEMATIC REPORT

www.iomfsa.im



aml@iomfsa.im



Contents

Background

4 - 6

Moneylenders Sector

7 - 8

Objective 1 - Paragraph 4

10 - 12

Objective 2 - Paragraph 8

13 - 15

Objective 3 - Paragraph 15

16 - 18

**Good Practice and
Areas for Improvement**

19

Further Guidance

20

Glossary of Terms

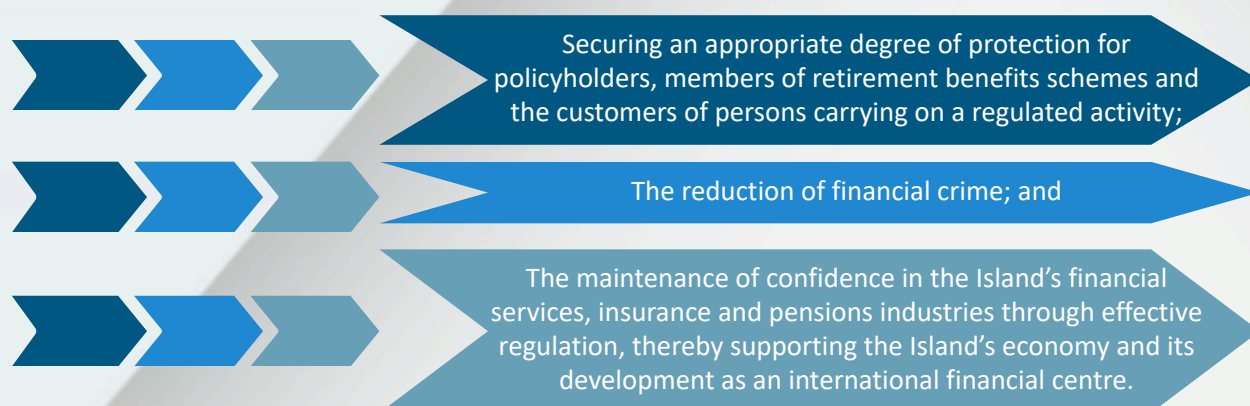
AML/CFT	Anti-Money Laundering / Countering the Financing of Terrorism
ATCA 2023	Anti-Terrorism and Crime Act 2003
Authority	The Isle of Man Financial Services Authority
CDD	Customer Due Diligence
Code	The Anti-Money Laundering and Countering the Financing of Terrorism Code 2019
CRA	Customer Risk Assessment
DBRO	Designated Businesses (Registration and Oversight) Act 2015
DNFBP	Designated Non-Financial Businesses and Professions
ECDD	Enhanced Customer Due Diligence
Handbook	The Anti-Money Laundering and Countering the Financing of Terrorism Handbook
ML/FT/FP	Money Laundering / Financing of Terrorism/ Financing of Proliferation
Moneylenders	Lending, Financial Leasing and Financial Guarantees businesses
NRA	National Risk Assessment
POCA 2028	Proceeds of Crime Act 2008
Relevant Person	Means a person carrying on business in the regulated sector which is included in paragraphs 2(6)(a) to (t) of Schedule 4 to the Proceeds of Crime Act 2008
Registered Person	Means a person registered under section 9 of the Designated Businesses (Registration and Oversight) Act 2015
Regulated	Refers to firms regulated under the Financial Services Act 2008
SOF	Source of Funds
SOW	Source of Wealth

1 Background

1.1 - Executive Summary

The Authority has completed a thematic project involving Moneylenders on the Island registered under the DBRO. The sector is considered one of the lower risk business areas with regards ML/FT/FP risk on the Isle of Man, being assessed as Medium-low risk for ML and as Low risk for FT in the 2020 NRA. The Authority initially gathered data and information from Moneylenders to review how relevant persons had met and undertaken their obligations regarding CDD and ECDD, including SOF and SOW requirements, as laid out within the Code. This can be viewed in the Phase 1 report produced.

The Authority's regulatory objectives are:



A key part in achieving these objectives is the Authority's oversight and supervisory functions, which encompasses undertaking supervisory inspections and thematic reviews.

The focus of this thematic being on CDD and ECDD, including SOF and SOW, was selected due to the importance of these concepts in terms of relevant persons' AML/CFT regimes. The purpose of CDD and ECDD in the AML/CFT context is to ensure relevant persons know, as far as reasonably possible, who they are dealing with, and the ML/FT/FP risks associated with that customer. Robust CDD/ECDD procedures and controls are designed to ensure that relevant persons are aware of the potential ML/FT/FP risks posed by customers at the outset, and for the duration of, the business relationship or occasional transaction.

It is only with robust CDD/ECDD procedures and controls that relevant persons can meet the requirements of the AML/CFT legislation effectively, and are able to forestall abuse of the financial system by criminals or by those who would seek to use it for terrorism or other illegal purposes. CDD/ECDD is integral to informing, managing and mitigating ML/FT/FP risks, as without satisfactory CDD/ECDD, it is not possible to conduct effective risk assessments, monitor business relationships or transactions for unusual or suspicious activity, or make meaningful and comprehensive disclosures of suspicions to the Isle of Man Financial Intelligence Unit or other competent authorities.

CDD/ECDD also:

- helps protect the relevant person and the integrity of the Isle of Man regulated sectors (per Schedule 4 of the POCA 2008) by reducing the likelihood of relevant persons becoming a vehicle for, or victim of, other financial crime;
- assists law enforcement by providing available information on customers or activities, funds or transactions being investigated; and
- helps to guard against identity theft.



The planning for this thematic project began in late 2023 and the background was shared in a press statement released on the Authority's website in April 2024. The statement notified Moneylenders of the upcoming thematic which was to commence in 2024.

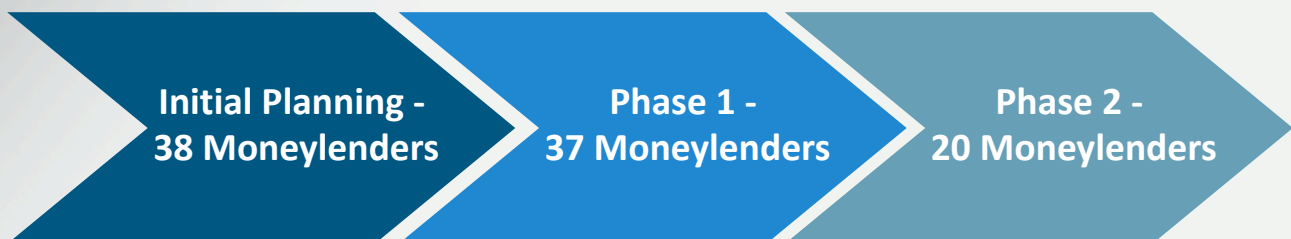
"The moneylending sector is a supervised sector in respect of AML/CFT/CPF and this thematic exercise presents a great opportunity to gain a better overview of the varied and wide sector on the Island, as part of the review and refresh of ML, TF and PF risk assessments for the Isle of Man.

As the Authority aims to work closely with the sector, this thematic allows us to test and evidence how supervised entities are meeting their AML/CFT obligations. Through increased engagement with businesses during the project and as we progress, we hope to discover and highlight some best practice which can be shared with the wider industry, through our public thematic reports, as well as updating the sector specific guidance."

The thematic exercise was made up of two core phases. Phase 1 of the thematic consisted of a CDD and ECDD questionnaire issued via STRIX to 37 Moneylenders. A Phase 1 report outlining the results from this first phase, as well as the Authority's observations on the data, was published in September 2024.

Phase 2 of the thematic ran from July 2024 to June 2025 and consisted of one-day on-site focused inspections for each firm to test and evidence compliance with the Code in relation to CDD and ECDD. This report will highlight key findings, and any areas of good and poor practice identified across the Phase 2 inspections undertaken by the Authority as part of this thematic project.

1.2 - Thematic Scope

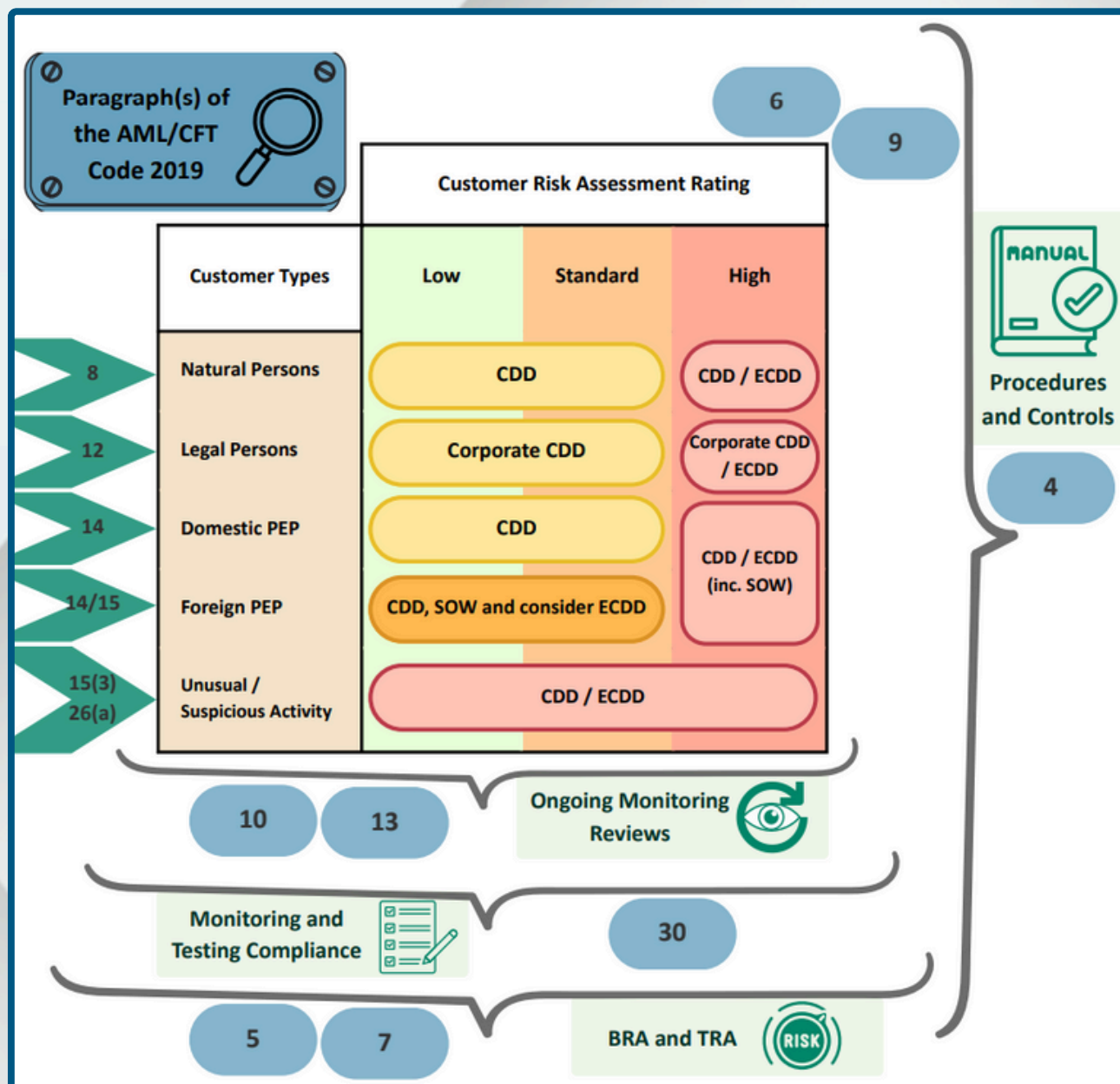


Prior to the on-site inspections, the Phase 1 questionnaire was issued to all 37 Moneylenders registered with the Authority. Information and data gathered on these 37 Moneylenders during Phase 1 of the thematic was analysed against the prescribed risk parameters to narrow down the cohort of firms for Phase 2 of the thematic to 20 firms. The firms selected for Phase 2 of the thematic were selected using a risk-based approach, with firms that had no customers or that had been recently inspected by the Authority being excluded.

The scope of the thematic inspections consisted of three primary objectives:

- **Objective 1 – Procedures and controls** - Review the relevant person's procedures and controls in compliance with paragraph 4 of the Code.
- **Objective 2 – New business relationships** - Review the relevant person's new business relationship onboarding process in compliance with paragraph 8 of the Code.
- **Objective 3 – Enhanced customer due diligence** - Review the relevant person's enhanced customer due diligence process in compliance with paragraph 15 of the Code

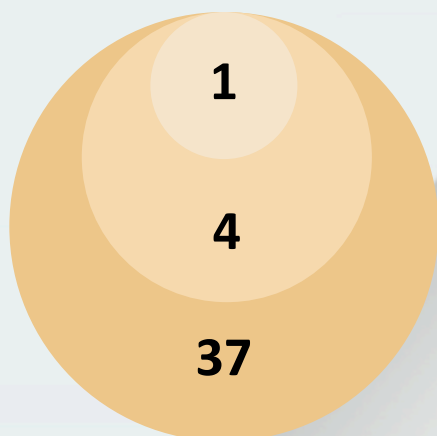
Other paragraphs of the Code were also considered where relevant by the Authority's officers, including paragraphs 10, 12 and 14 of the Code.



2 Moneylenders Sector

2.1 - Sector Overview

As reported as part of Phase 1 of this thematic project, the Moneylenders sector on the Island covers the following activities, as defined in the DBRO

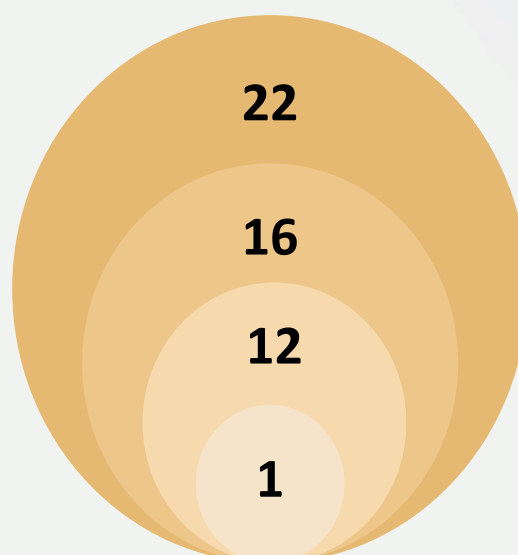


Breakdown of the Islands Moneylenders sector by permission(s) held:

- 37 Lending
- 4 Financial Leasing
- 1 Financial Guarantees

Lending offerings provided across the sector:

- 22 Moneylenders (59%) reported that they provide the **finance of commercial transactions** services as part of their lending offering.
- 16 Moneylenders (43%) reported that they provide **consumer credit** services as part of their lending offering.
- 12 Moneylenders (32%) reported that they provide **mortgage credit** services as part of their lending offering .
- 1 Moneylender (3%) reported that they provide **factoring** services as part of their lending offering.



Total customers serviced by the 37 Moneylenders included in Phase 1 Questionnaire as at 31st December 2023:

5,383 customers

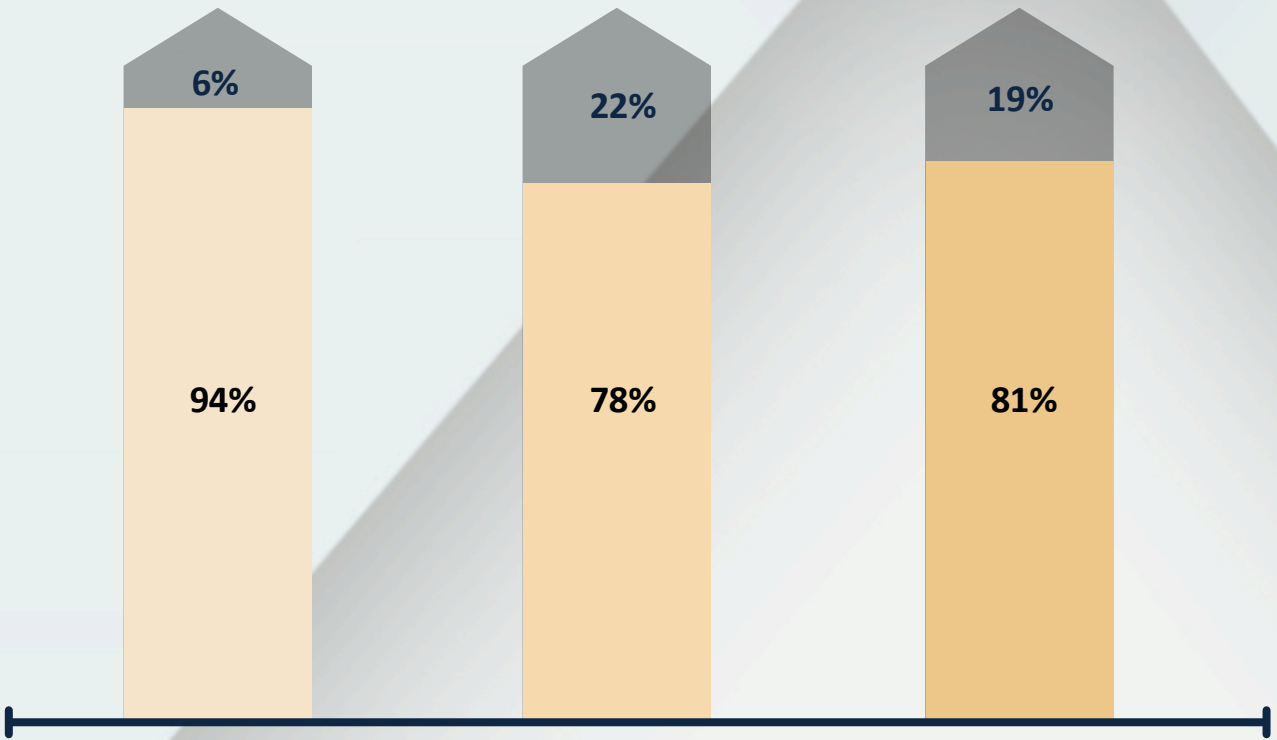


Total value of finance outstanding on all existing customers as at 31st December 2023 across all 37 Moneylenders included in Phase 1 questionnaire:



£938,964,376.48

2.2 - Overall Results and Key Findings



PARAGRAPH 4

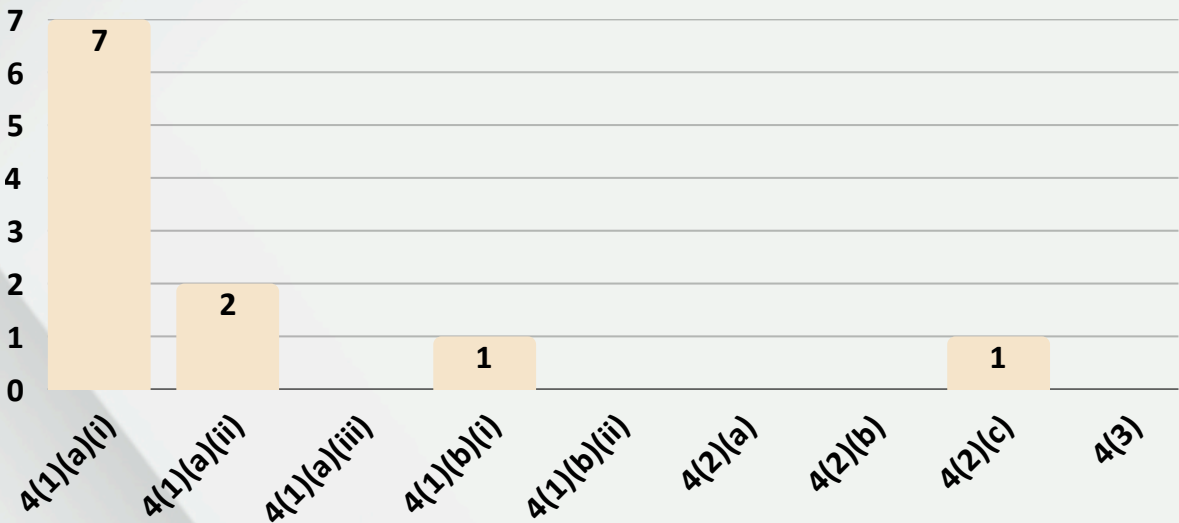
Across the whole of paragraph 4 - **Procedures and Controls** there was a rate of 94% compliance amongst the 20 Moneylenders inspected, with 11 contraventions recorded

PARAGRAPH 8

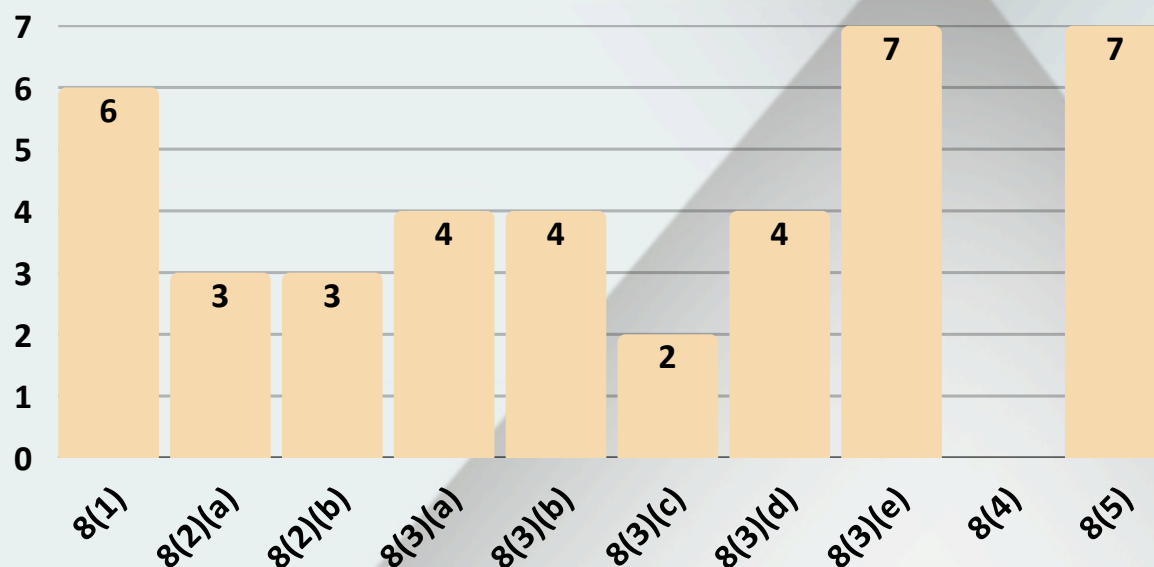
Across the whole of paragraph 8 - **New Business Relationships** the Authority observed 78% compliance amongst the 20 Moneylenders inspected, with 40 contraventions recorded

PARAGRAPH 15

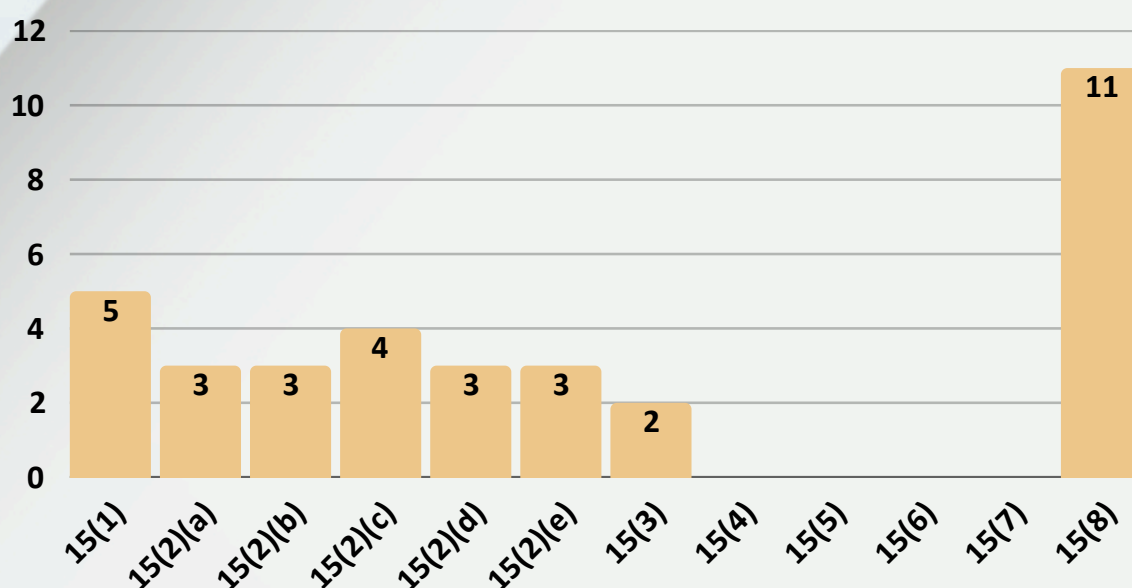
Across the whole of paragraph 15 - **Enhanced Customer Due Diligence** there was a rate of 81% compliance from the 20 Moneylenders inspected, with 34 contraventions recorded



The Authority's officers identified only a small number of contraventions against paragraph 4 of the Code during the on-site thematic inspections. The majority of the contraventions recorded against paragraph 4 of the Code were a result of firms not following their own policies and procedures.



The results in respect of compliance with paragraph 8 of the Code appear to suggest a high proportion of non-compliance within the Moneylender's sector on the Island, however with further analysis, it should be noted that 48% of the total number of contraventions, or 19 of the 40 contraventions, were identified within 3 of the 20 firms inspected during Phase 2. This provides some reassuring context that the significant proportion of firms found to be non-compliant with paragraph 8 of the Code were largely confined to 3 or fewer sub-paragraphs, rather than comprehensive failings across the entirety of the paragraph



Upon analysis of the outcomes from the on-site inspection process, the Authority has noted that of the 20 inspections undertaken, the most common contraventions of the Code were in relation to paragraph 15, ECDD, with 60% (12) of the inspected firms found to have at least one deficiency in this area. For wider context, however, 6 of the 12 of firms (50%) with one or more contraventions of paragraph 15 were found to be solely in contravention of paragraph 15(8), which related to firms procedures and controls lacking the required provisions where ECDD requirements are not met within a reasonable timeframe.

3 Objective 1 – Paragraph 4



The first primary objective of the Moneylenders Phase 2 thematic inspections was assessing firms' compliance with paragraph 4 of the Code, which covers relevant persons' procedures and controls.

Paragraph 4 of the Code was being inspected specifically in relation to firms' procedures and controls surrounding CDD and ECDD (including SOF and SOW), ensuring that firms had established, recorded, maintained and operated those procedures and controls. Additionally, the Authority's officers looked at firms' compliance with paragraph 4(1)(a)(ii) of the Code which requires a relevant person to determine whether a customer, any beneficial owner, beneficiary, introducer or eligible introducer is included on the sanctions list.

Overall, the Authority observed that across the 20 Moneylenders included within the Phase 2 inspections, there was an average of 85% compliance with the whole of paragraph 4, with contraventions recorded against 7 Moneylenders.

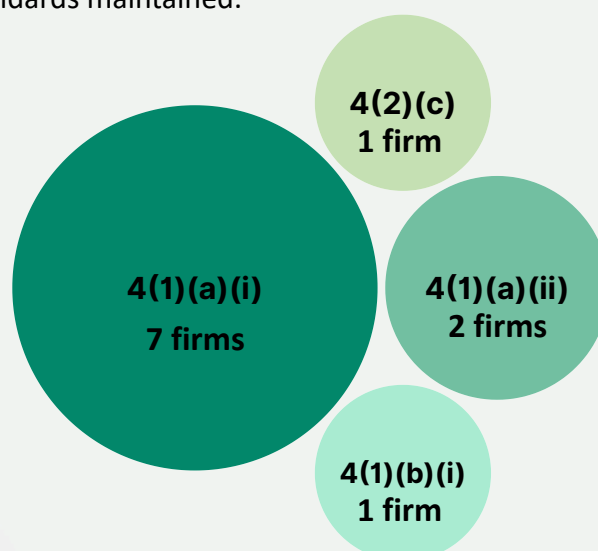
The main areas of paragraph 4 of the Code where contraventions were identified were:

3.1 - Paragraph 4(1)(a)(i) - 65% of firms compliant

Paragraph 4(1)(a)(i) of the Code requires that a relevant person must not enter into or carry on a business relationship, or carry out an occasional transaction, with or for a customer or another person unless the relevant person establishes, records, operates and maintains procedures and controls in order to comply with each paragraph within Parts 3 to 9 of the Code. Due to the scope of the thematic, the Authority's officers were looking specifically at the procedures and controls established to comply with paragraphs 8 and 15 of the Code.

Procedures must be established in writing, noting that it is not acceptable for any of the procedures to be undocumented practices or customs, and they must be maintained to ensure they remain up to date and fit for purpose. Procedures must be understandable and appropriately accessible to all staff conducting business on behalf of the relevant person, in order to ensure that they can be followed and standards maintained.

Contraventions of paragraph 4(1)(a)(i) were the most common contravention identified under paragraph 4, making up 64% of all the paragraph 4 contraventions of the Code identified during the on-site inspections. This was largely due to relevant persons failing to ensure that internal procedures and controls were operated consistently. It is recognised that deviations from the procedures may be required, however relevant persons should have procedures in place to address such circumstances, ensuring that any deviations are subject to an assessment of ML/FT/FP risk, and the rationale for the approved deviation fully documented.



3.2 - Paragraph 4(1)(a)(ii) - 90% of firms compliant

Paragraph 4(1)(a)(ii) of the Code requires that a relevant person must not enter into or carry on a business relationship, or carry out an occasional transaction, with or for a customer or another person unless the relevant person establishes, records, operates and maintains procedures and controls in relation to determining whether a customer, any beneficial owner, beneficiary, introducer or eligible introducer is included on the sanctions list.

The Handbook includes some narrative around what is expected when screening customers, and outlines that this should comprise screening for sanctions listings, negative press and open-source internet searches.

It is important the firms ensure that where the customer is a non-natural person, that the procedures and controls in place require the legal entity to be included within the screening process in addition to the UBO or any other related natural persons who have the power to direct the activities of the customer.

3.3 - Paragraph 4(1)(b)(i) - 95% of firms compliant

Paragraph 4(1)(b)(i) of the Code requires that a relevant person must not enter into or carry on a business relationship, or carry out an occasional transaction, with or for a customer or another person unless the relevant person takes appropriate measures for the purpose of making its employees and workers aware of the AML/CFT legislation.

This contravention was an isolated finding and therefore is not indicative of a significant gap in the moneylending sector's procedural framework as a whole. However, it is essential that all staff are aware of the Island's AML/CFT/CFP legislative framework in order to ensure that relevant requirements and obligations are known. Procedures should include references to AML/CFT legislation to ensure that all aspects of compliance are considered, remain up to date and provide a signpost to staff should they require information to support internal processes and procedures.

At the time of writing, AML/CFT/CFP legislation is defined within the Code as comprising;

- section 7 to 11 and 14 of the ATC 2023;
- part 3 of the POCA 2028;
- parts 2 to 4 of the Terrorism and Other Crime (Financial Restrictions) Act 2014;
- financial sanctions which have effect on the Island; and
- the Code.



3.4 - Paragraph 4(2)(c) - 95% of firms compliant

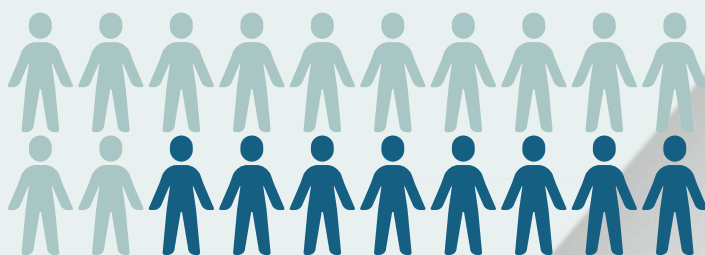
Paragraph 4(2)(c) of the Code requires the procedures and controls referred to in sub-paragraph (1) to be approved by the senior management of the relevant person

Senior Management is defined within the Code as meaning;

“the directors and officers or any other persons who are nominated to ensure that the relevant person is effectively controlled on a day-to-day basis and who have responsibility for overseeing the relevant person’s proper conduct.”

A singular contravention of this paragraph of the Code was identified during the inspections process, which indicates that this is not an area that requires further education. However, it may be beneficial to highlight that the Handbook sets out that senior management approvals should be comprehensively documented, such that it is clear what procedures and controls are being approved each time, as well as any considerations, analysis and rationale relevant to the approval.

4 Objective 2 – Paragraph 8



The second primary objective of the Authority's Moneylenders thematic inspections was paragraph 8 of the Code. Paragraph 8 of the Code relates to new business relationships and measures which must be taken in relation to establishing new business relationships.

In terms of high-level findings in relation to this objective, the Authority identified an average of 79% compliance with the whole of paragraph 8 of the Code with contraventions being recorded against 12 out of the 20 Moneylenders selected for a Phase 2 inspection.

Specific areas where most contraventions were identified were:

4.1- Paragraph 8(1) - 70% of firms compliant

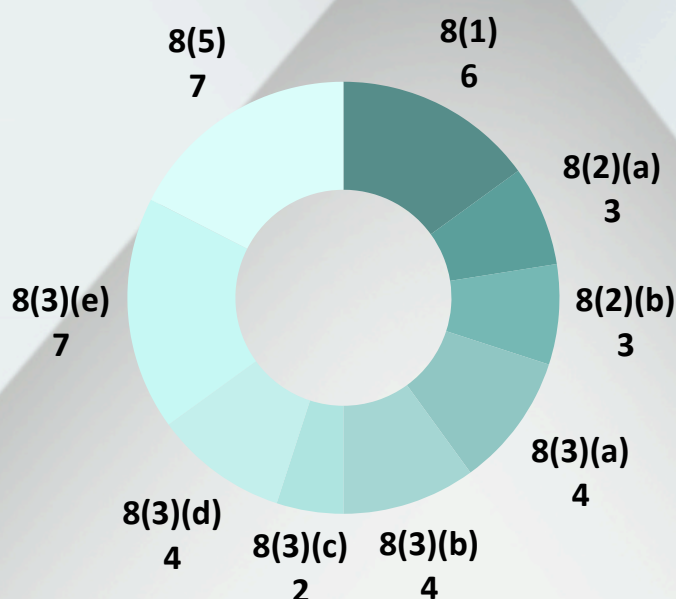
Paragraph 8(1) of the Code states that a relevant person must, in relation to each new business relationship, establish, record, maintain and operate the procedures and controls specified in paragraph 8(3) of the Code.

Paragraph 8(3) of the Code specifies that those procedures and controls are –

- identifying the customer;
- verifying the identity of the customer using reliable independent source documents, data or information;
- verifying the legal status of the customer using reliable source documents, data or information;
- obtaining information on the nature and intended purpose of the business relationship; and
- taking reasonable measures to establish source of funds, including where the funds are received from an account not in the name of the customer –
 - (i) understanding and recording the reasons for this;
 - (ii) identifying the account holder and on the basis of materiality and risk of ML/FT/FP taking reasonable measures to verify the identity of the account holder(s) using reliable, independent source documents, data or information; and
 - (iii) if the account holder is assessed as posing a higher risk of ML/FT/FP, satisfying the requirement in paragraph 15.

Comprehensive procedures and controls are vital in ensuring that ML/FT/FP risks are managed and mitigated, helping to forestall and prevent ML/FT/FP

Contraventions of paragraph 8(1) of the Code were identified where relevant persons failed to have in place comprehensive procedures for the entirety of paragraph 8, or failed to operate those procedures, specifically in relation to the establishment of new business relationships. For example, where the identity of the customer had not been verified in line with what was set out in the firm's procedures as being an acceptable method, or where a deviation from the standard procedure had not been documented.



4.2 - Paragraph 8(3)(e) - 65% of firms compliant

Paragraph 8(3)(e) of the Code requires a relevant person to establish, record, maintain and operate procedures and controls for taking reasonable measures to establish the source of funds in relation to each new business relationship including where the funds are received from an account not in the name of the customer; understanding and recording the reasons for this; identifying the account holder and on the basis of materiality and risk of ML/FT/FP taking reasonable measures to verify the identity of the account holder using reliable, independent source documents, data or information, and; if the account holder is assessed as posing a higher risk of ML/FT/FP, satisfying the requirements of paragraph 15.

SOF is a key element in recognising and understanding the ML/FT/FP risks posed by a business relationship or occasional transaction. The Island's National Risk Assessment published in 2020 sets out that one of the primary vulnerabilities of the Moneylenders sector is the potential of laundering the proceeds of crime where repayments are paid in cash. Typology reports also indicate that a common vulnerability faced by the sector concerns early repayments, which can allow for the exchange of criminal proceeds with clean money and therefore seemingly legitimate SOF. Therefore, it is important that the sector has thorough procedures and controls in place with regard to SOF.

SOF is required for all business relationships/occasional transactions and is a twofold concept, mandated by the Code as being:

- The activity(ies) that generated the funds to be used or which concern the business relationship/occasional transaction means the customer's salary, returns on investments, inheritance, sale of assets, income from trading etc; and
- The means through which the customer's funds are transferred refers to, for example the funds coming from a bank account in the name of the customer.

Relevant persons procedures and controls need to specify that both elements of SOF must be established.

4.3 - Paragraph 8(5) - 65% of firms compliant

Paragraph 8(5) of the Code states that where the requirements of paragraph 8 are not met, a relevant person's procedures and controls must provide that the business relationship must proceed no further; the relevant person must terminate the business relationship; and the relevant person must consider making an internal disclosure.

It is vital for relevant persons' procedures and controls to explicitly state that the relationship must proceed no further, be terminated and have consideration to an internal disclosure, if suspicious activity is identified, where a prospective customer does not pursue an application, CDD requirements cannot be met or verification cannot be concluded without adequate explanation, to ensure that any risk of ML/FT/FP is mitigated.

The Handbook outlines that once the CDD process has begun it must be pursued through to conclusion within a reasonable timeframe. A "*reasonable timeframe*" is noted in the Handbook as being for the relevant person to determine, ensuring it is documented and can be demonstrably justified in every case.

4.4 - Paragraph 8(3)(a), 8(3)(b) and 8(3)(d)

Other paragraphs of the Code, specifically paragraphs 8(3)(a), 8(3)(b) and 8(3)(d) were also identified as contraventions by a small number of Moneylenders during the Authority's on-site thematic inspections. 80% of firms were compliant, with contraventions recorded against 4 firms for each of these paragraphs of the Code.

It was observed in a small number of instances that relevant persons were not obtaining the minimum information required in respect of a customer's identity as required by paragraph 8(3) (a) of the Code. Section 3.5 of the Handbook explains that a customer's identity comprises various pieces of information. This applies to any type of customer, whether they be natural persons, legal arrangements, foundations or legal persons. The Handbook further explains that some pieces of identification information are listed within the definition of "*customer information*" under the POCA 2008 and the ATCA 2003, therefore making them the minimum requirements in terms of aspects of identity that a relevant person must obtain for a customer. For example, the identification information which should be obtained for a natural person as laid out at section 3.5.1 of the Handbook is as follows[1]:

- *Title
- *Full name (forename(s) or initials and surname);
- Any former names (e.g. maiden name);
- Any other names used;
- *Date of birth;
- *Place of birth;
- *Most recent address and *any previous addresses. This refers to the person's permanent residential address (including a post code if possible). A PO Box does not constitute identity information. In addition where "care of" addresses are used, relevant persons should consider the risks and how to mitigate them as part of their CRA;
- Other contact details such as telephone number and email address
- Nationality (including any other nationalities);
- *Gender (being either male, female or unknown);
- An Official personal identification number or other unique identifiers contained in an un-expired official document;
- Occupation and name and address of employer/source of income;
- Details of any public or high profile positions held; and
- *Identification information on other persons per paragraph 12 of the Code

Items above marked with a "*" are those listed within the definition of "customer information" under the POCA 2008 and the ATCA 2003 and are therefore the minimum pieces of identification information that relevant persons must collect.

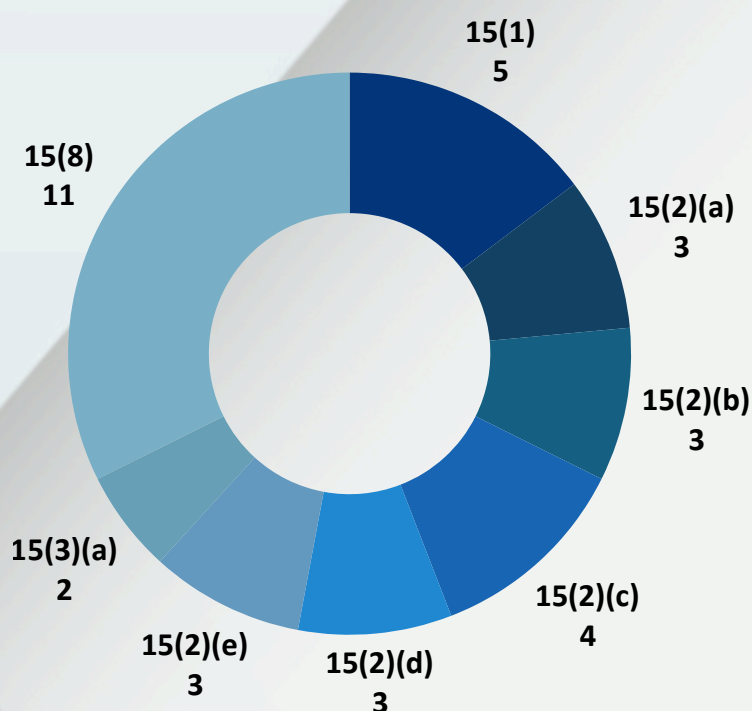
5 Objective 3 – Paragraph 15

The final primary objective of the Phase 2 Moneylenders thematic inspections was observing firms' compliance with paragraph 15 of the Code, which concerns enhanced customer due diligence.



Across the entirety of paragraph 15, the Authority's officers observed an average of 87% compliance, with contraventions identified against 12 of the 20 Moneylenders included within the Phase 2 thematic inspections.

5.1 - Paragraph 15(1) - 75% of firms compliant



Comprehensive procedures and controls are vital in ensuring that ML/FT/FP risks are managed and mitigated, helping to forestall and prevent ML/FT/FP. Contraventions of paragraph 15(1) of the Code were identified where relevant persons failed to have in place comprehensive procedures for the entirety of paragraph 15, such as when ECDD should be undertaken or what ECDD encompasses.

Paragraph 15(1) of the Code requires a relevant person to establish, record, maintain and operate appropriate procedures and controls in relation to undertaking enhanced customer due diligence.

Paragraph 15(2) of the Code outlines that ECDD includes;

- considering whether additional identification information needs to be obtained and, if so, obtaining such information;
- considering whether additional aspects of identity of the customer need to be verified by reliable independent source documents, data or information and, if so, taking reasonable measures to obtain such additional information;
- taking reasonable measures to establish the source of wealth of a customer;
- undertaking further research, where considered necessary, in order to understand the background of a customer and the customer's business; and
- considering what additional ongoing monitoring should be carried out in accordance with paragraph 13 and carrying it out.

5.2 - Paragraph 15(2)(c) - 80% of firms compliant

Paragraph 15(2) of the Code lists various measures that should be taken or considered as part of conducting enhanced customer due diligence. Paragraph 15(2)(c) requires a relevant person as part of enhanced customer due diligence to take reasonable measures to establish the source of wealth of a customer.

SOW means the origin of the customer's entire body of wealth and includes the total assets of the customer. SOW is distinct from SOF, and includes the customer's funds that may never be associated with the relevant person or the transactions it may be involved in. Rather, it refers to a description of the economic, business/commercial activities that generated or significantly contributed to the customer's overall net worth. It also recognises that the composition of wealth-generating activities may change over time as new activities are identified and additional wealth accumulated.

When establishing a customer's SOW, it is important that firms understand the various figures, values, amounts and time periods associated with the different wealth-generating activities of the customer.



For natural persons, examples include salaries, bonuses, commissions and regular income from pensions.

For legal persons, examples include profits generated from their activities, receivables, contracts, existing fixed assets and any periodic funding from existing or new beneficial owners.

This requirement of the Code was not identified as a widespread deficiency across the firms selected for inspection and therefore does not suggest a significant gap in the sector's understanding of what is required. However, it was identified that in some instances, the entire body of wealth of the customer had not been considered and/or there was a lack of sufficient documentation to demonstrate how the wealth was accumulated.

5.3 - Paragraph 15(3) - 90% of firms compliant

Paragraph 15(3) of the Code details instances in which a relevant person is required to conduct enhanced customer due diligence. These instances are where a customer poses a higher risk of ML/FT/FP as assessed by the customer risk assessment; in the event of any unusual activity; and in the event of any suspicious activity (unless the relevant person reasonably believes conducting enhanced customer due diligence will tip off the customer).

It is important to note that these instances are not exhaustive; but are defined instances where ECDD is required be undertaken. It may be that a relevant person considers it necessary to undertake ECDD in other circumstances in addition to those outlined above.

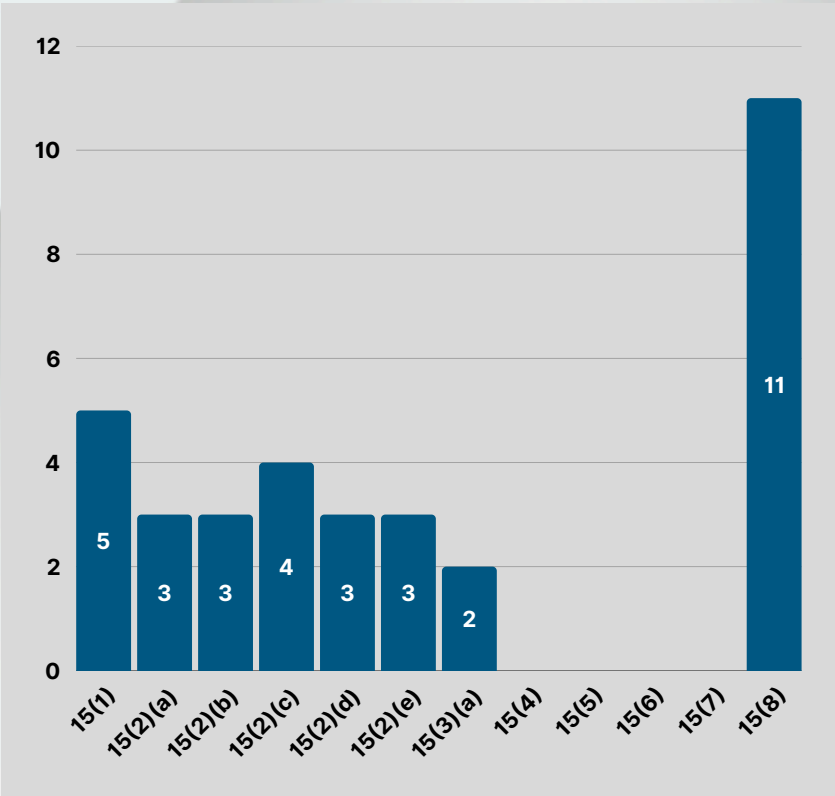
ECDD for a new customer must be undertaken in line with the timing of identification and verification requirements under paragraph 8 of the Code, i.e before a business relationship or occasional transaction is entered into or during the formation of the relationship.

Where an existing customer is subsequently assessed as posing a higher risk of ML/FT/FP, the risks are heightened because the relationship is already established and activities have commenced. ECDD measures for an existing customer must be conducted in a 'reasonable timeframe' as detailed on page 12 of this report.

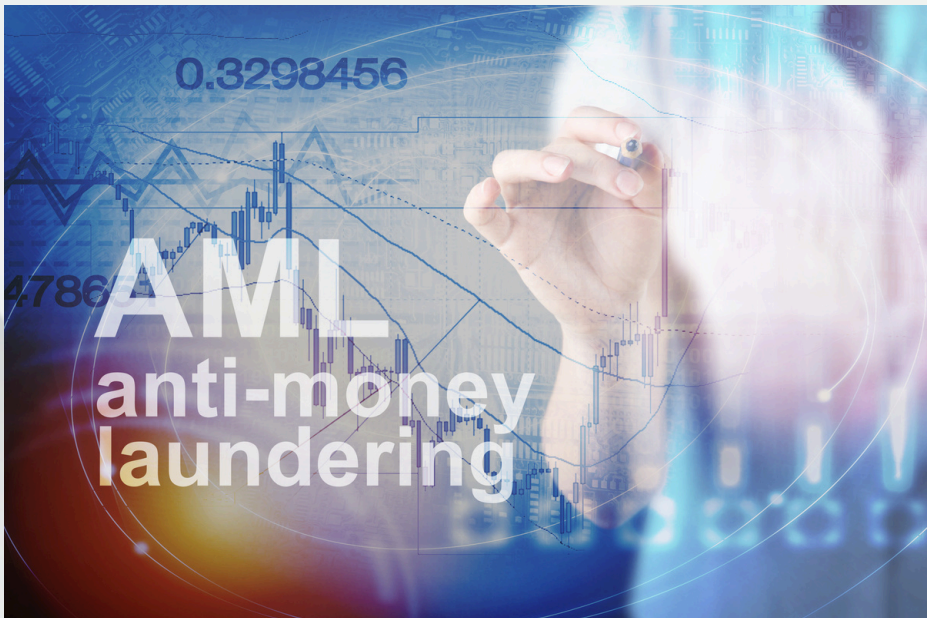
5.4 - Paragraph 15(8) - 45% of firms compliant

Paragraph 15(8) of the Code requires that where the requirements of paragraph 15 have not been met within a reasonable timeframe, the relevant person’s procedures and controls must provide that the business relationship or occasional transaction must proceed no further; the relevant person must consider terminating the relationship; and the relevant person must consider making an internal disclosure.

This was identified as the most common area of procedural deficiency during the Phase 2 on-site inspections process, which resulted in this Code requirement having the most number of contraventions identified across the cohort of firms. In certain cases, it may have been that the relevant person did not currently have any higher risk customers. However, this does not exclude relevant persons from the requirement to have ECDD procedures in place in order to make staff aware when ECDD would be applicable and what particular higher



risk factors include or may include, as outlined within paragraph 15 of the Code. Furthermore, the relevance of effective ECDD procedures is essential given the requirement to conduct ECDD in the event of any unusual or suspicious activity (unless the relevant person reasonably believes this would tip off the customer), and as such, the requirements of paragraph 15(8) may also need to be applied.



6 Good Practice and Areas for Improvement

Overall, the moneylenders sector showed a strong understanding of compliance with AML/CFT/CFP requirements in relation to CDD and ECDD collection and analysis.

Some best practices identified for all industries and sectors on Island:

- Quotation marks (“...”) for key terms (including name(s), jurisdiction(s) and identifiers in open-source searches) and discounting LinkedIn and other social media sites as sources for reliance.
- Screening on full names, nicknames, maiden names or other name variations.
- Obtaining or documenting translations of documents in a foreign language.
- Clear and robust procedures in terms of what is acceptable to the firm for CDD/ECDD, including dates, certification requirements, etc.
- Obtaining figures, timeframes and other specific information in relation to a customer’s SOF and the activity generating the SOF, e.g. in relation to their employment, specific role, how long they have been employed, estimated figures in terms of salary.
- Comprehensive documentation of information on the nature and purpose of the relationship, e.g. specifics of the loan/lending, including values and details of what the lending is being used for.



6.1 - Summary and Conclusion

The observations, findings, recommendations, and best practices identified within this report should be considered, and where relevant, implemented by all relevant persons in order to assist demonstrating compliance with the Code. The Authority reiterates that compliance with the Code is mandatory, and all relevant persons should use the range of resources available to assist in complying with the requirements of the Code, including the Handbook, sector specific guidance, webinars, reports, and public statements the Authority issues and publishes.

Legislation and Guidance	Web Links
The Anti-Money Laundering and Countering the Financing of Terrorism Code 2019	Link
The Anti-Money Laundering & Countering the Financing of Terrorism Handbook June 2025	Link
Supplemental Information Document July 2021	Link
The Isle of Man Financial Services Authority AML/CFT Requirements and Guidance webpage	Link
The Isle of Man Financial Services Authority Webinars webpage	Link

Other AML/CFT/CPF Thematic Reports	Web Links
Estate Agents Thematic - Phase 2 - July 2025	Link
Sanctions Thematic - Phase 2 - May 2025	Link
Sanctions Thematic - Phase 1 - December 2024	Link
Moneylenders CDD/ECDD Thematic - Phase 1 - September 2024	Link
Proliferation Financing - Phase 1 - August 2024	Link
Estate Agents Thematic - Phase 1 - August 2024	Link
Accounting Profession CRA Thematic - July 2024	Link
TCSP BRA Thematic - Phase 2 - January 2024	Link
TCSP BRA Thematic - Phase 1 - July 2023	Link
Foreign PEP Thematic - Phase 1 and 2 - May 2023	Link



Our mailing address is: PO Box 58 Douglas Isle of Man IM99 1DT

Email: aml@iomfsa.im