

What is Money Laundering?

Money laundering involves taking illegal proceeds and disguising their illegal sources to use the funds to perform legal or illegal activities. Simply put, money laundering is the process of making dirty money look clean. Crimes that lead to money laundering (i.e., predicate crimes) can include illegal arms sales, narcotics trafficking, contraband smuggling, human trafficking, cybercrimes, bribery, fraud and other activities related to organized crime.

What is financing of terrorism?

Terrorism financing is the act of providing financial support to terrorists or terrorist organizations to enable them to carry out terrorist acts or to benefit any terrorist or terrorist organization. While funds may come from criminal activities, they may also be derived from legitimate sources, for example, through salaries, revenue from legitimate business or donations including through non-profit organizations.

Money laundering and terrorism has crucial negative economic and social consequences, especially for finance industries and emerging markets. The upholding of regulatory, ethical, and legal standards is critical to the integrity of financial markets.

Anti-money laundering and Counter Terrorism financing (AML/CTF)

AML/CTF incorporates a complex of procedures aimed at prevention of use of Loanch for money laundering or terrorism financing.

Loanch pays particular attention to compliance with international requirements in the field of the prevention of money laundering and terrorism financing. Accordingly, Loanch has implemented an internal control system in order to ensure extensive research, operational control, and analysis of client's risk profiles and financial transactions performed through Loanch.

This statement is applicable to all clients of the Loanch platform and is designed to ensure adherence to legislation pertaining to the prevention of money laundering.

What are our preventive measures:

- We make sure that every client is properly identified, including PEP and Sanction status before entering into business relationships.
- We make sure that all team members are trained and aware of potential money laundering and terrorism financing risks, to ensure strong Compliance culture across the company
- We improve our AML policy and procedures on ongoing basis, according to changing trends, the client base and updates in EU and Hungarian regulations.

- We collaborate with reputable third parties to ensure secure and accurate clients' identification and verification process.
- We request supporting documentation from customers in order to confirm origin of funds.
- We comply with the legal requirements of Hungary for anti-money laundering.
- We conduct internal and external audits to assess the effectiveness of our compliance program.

In light of mentioned above Loanch:

- neither accepts nor disburses cash;
- deals with Clients' accounts opened with licensed credit institutions or authorized payment service providers, or -
- neither accepts nor transfers funds to accounts of third parties except in accordance with the Terms and Conditions of the Platform User Agreement.

Monitoring of payments

Each funds transfer made through the website of Loanch is in-depth treated and examined.

We have worked out the range of internal documents containing analysis and monitoring criteria for payments made through the website of Loanch which are taken into account during all cooperation with each relevant Client or partner.

Applicable laws:

Money Laundering and Terrorist Financing of the Republic of Hungary:

<https://www.mnb.hu/letoltes/aml-cft-act-hungary2020.pdf>

Directive (EU) 2015/849:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32015L0849>

Regulation (EU) 2024/1624:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024R1624>

Directive (EU) 2018/843:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32018L0843>