# Risk Indicators

| RISK FACTOR | RISK | COMMENT  |
| --- | --- | --- |
|  | GEOGRAPHICAL  |  |  |
|  | Location of the Business and its Office |  |  |
|  | Head Office – Tzaneen | Low |  |
|  | Branches – Tzaneen x 7 | Low |  |
|  | Branches - Polokwane | Low |  |
|  | Branches – Louis Trichardt | Low |  |
|  | Branches - Sekunda | Low |  |
|  | Geographical Location of Clients |  |  |
|  | Client residing in South Africa and is a South African National | Low |  |
|  | South African juristic or legal person operating in South Africa only | Low |  |
|  | Foreign National residing in South Africa | Medium |  |
|  | Any person residing and working in a foreign jurisdiction which has NOT been identified as ‘high risk’ by the FATF | Medium |  |
|  | Any person residing and working in a foreign jurisdiction which has been identified as ‘high risk’ by the FATF | High |  |
|  | Any person residing more than 100km from the SMIT ADVISEURS CC’s office | Medium |  |
|  | PRODUCTS AND SERVICES  |  |  |
|  | Any long-term insurance policy, which is a fund policy or a fund member policy, and in respect of which the policyholder is a pension fund, provident fund or retirement annuity fund. | Low | Guidance has been taken from the ‘old’ FIC Act.  |
|  | Any unit trust or linked product investment effected by a pension fund, provident fund or retirement annuity fund. | Low | Guidance has been taken from the ‘old’ FIC Act.  |
|  | Any annuity purchased as a compulsory annuity in terms of the rules of a pension fund, provident fund or retirement annuity. | Low | Guidance has been taken from the ‘old’ FIC Act.  |
|  | Any reinsurance policy issued to another accountable institution. | Low | Guidance has been taken from the ‘old’ FIC Act.  |
|  | Any long-term insurance policy classified as an assistance policy. | Low | Guidance has been taken from the ‘old’ FIC Act.  |
|  | Any long-term insurance policy which provides benefits only upon the death, disability, sickness or injury of the life insured under the policy. | Low | Guidance has been taken from the ‘old’ FIC Act.  |
|  | Short-term insurance policies | Low | Guidance has been taken from the ‘old’ FIC Act.  |
|  | Medical Aid products | Low | Guidance has been taken from the ‘old’ FIC Act.  |
|  | Any products and services which do not fall under the low or high-risk category. | Medium |  |
|  | Forex | High |  |
|  | Virtual or cryptocurrencies | High |  |
|  | TRANSACTION SIZE |  |  |
|  | Less than R1 million | Low |  |
|  | Between R1 million and R10 million | Medium |  |
|  | More than R10 million | High |  |
|  | CLIENT AFFORDABILITY OR FINANCIAL MEANS |  |  |
|  | Transaction size falls within the customer’s means | Low |  |
|  | Transaction does not fall within the financial means of the customer; however, the source of funds can clearly be traced, e.g. an inheritance or pension money. | Medium |  |
|  | Transaction size falls outside of customer’s means  | High |  |
|  | CUSTOMER RISKS |  |  |
|  | Customer Type |  |  |
|  | Natural person (excluding a person that is a DPIP or FPPO) | Low |  |
|  | Simple juristic or legal person where the beneficial owner(s) is not a DPIP or FPPO. | Low |  |
|  | Any customer that does not fall into the low or high-risk category | Medium |  |
|  | Complex juristic or legal person  | High |  |
|  | Any juristic or legal person where the beneficial owner(s) is a DPIP or FPPO | High |  |
|  | Customer Activities |  |  |
|  | Natural person who earns a salary | Low |  |
|  | Non-cash business that only concludes transactions in ZAR | Low |  |
|  | Any activities that do not fall into the low or high-risk category | Medium |  |
|  | Cash business  | High |  |
|  | Non-cash business that concludes transactions in foreign currency  | High |  |
|  | Customer Co-operation and Behaviour |  |  |
|  | Client has co-operated with all requests and willingly provided all required information and documentation. | Low |  |
|  | Client has co-operated with the requests for information but there have been delays in providing the required information and documentation. | Medium |  |
|  | The display of any suspicious behaviour or indicator of unusual business (refer to Annexure J) | High |  |
|  | Customer Interaction |  |  |
|  | Frequent face-to-face interaction with the client | Low |  |
|  | Any client interaction that does not fall into the low or high-risk category | Medium |  |
|  | No face-to-face interaction with client. All business is conducted via telephone, internet, email etc.  | High |  |