



ANGUILLA

FINANCIAL SERVICES COMMISSION

“Enhancing the safety, stability and integrity of the Anguilla financial system”

THEMED INSPECTION **OF MICRO-LENDERS**

FOR THE PERIOD APRIL 2024 TO MARCH 2025

SUMMARY OF FINDINGS

ISSUED: 8 SEPTEMBER 2025

Table of Contents

1.	Introduction.....	3
2.	Scope.....	4
3.	Observations	5
3.1	On Boarding Loan Application Form or any other customer information form	5
3.2	Customer Identification Information and Documents	6
3.3	Proof of Address	7
3.4	Source of Income/Funds	8
4.	Conclusion	10

1. Introduction

- 1.1. The Anguilla Financial Services Commission (the “Commission”) has acknowledged the continual changes of the global regulatory landscape in line with evolving international standards. Legislation has been enacted to ensure that Anguilla is up to date and in compliance with international standards as the impact of non-compliance can be far reaching.
- 1.2. In this vein, the Commission, in accordance with its Anti-Money Laundering and Countering the Financing of Terrorism risk based supervisory framework and annual work programme, has been actively engaged in educating its service providers on their duties and responsibilities as outlined in the Anti-Money Laundering and Terrorist Financing Legislation¹. The Commission’s educational initiatives included conferences and hosting of webinars; sector specific training; one-on-one meetings; publication of guidance; and feedback provided during onsite and offsite inspections and compliance visits.
- 1.3. The Commission has undertaken to assess its service providers’ level of understanding and degree of compliance with their obligations within legislation on a continuous basis. During the period April 2024 to March 2025, the Commission conducted a thematic review of its non-regulated service providers, specifically microlenders².
- 1.4. The thematic review focused on customer onboarding procedures, customer due diligence and policies and procedures in accordance with the Anti-Money Laundering and Terrorist Financing Legislation. This report outlines the findings of the areas assessed during the thematic review and provides a comparison across the sector.

¹ The Proceed of Crime Act, Anti-Money Laundering and Terrorist Financing Regulations and the Anti-Money Laundering and Terrorist Financing Code

² Service providers who are in the business of lending, including consumer credit, mortgage credit, factoring, with or without recourse, and financing of commercial transactions, including forfeiting - Section 1(c)(i) of schedule 2 of Anti-Money Laundering and Terrorist Financing Regulations.

2. Scope

2.1. The Commission inspected six (6) micro lender businesses (collectively, “service providers”) with a focus on their customer onboarding procedures and customer due diligence measures.

2.2. Pursuant to section 3(1) of schedule 4 of the Proceeds and Crime Act, the Commission requested information and documentation from the service providers in order to carry out its thematic review. In its first request, the Commission requested the service provider’s most recent version of its AML/CFT Policies and Procedures Manual, in addition to the following information:

2.2.1 A full list of the service providers’ customers from January 2019 to current including the following information:

- a. Customer’s Number
- b. Date of loan and maturity date
- c. Interest rate
- d. Amount borrowed
- e. Amount outstanding
- f. Payment schedule

2.2.2 Loan Application Form Template

2.3 From the full list of customers, a sample of ten (10) customers were selected from four (4) service providers and twenty (20) customers were selected from two (2) service providers. The number of files sampled differed due to the size of the service providers’ customer base.

2.4 For each customer selected, the information and documentation requested covered the following five (5) areas:

- i. On boarding loan application form or any other customer information onboarding form
- ii. Customer identification information and documentation
- iii. Proof of address documentation
- iv. Documentation to evidence source of income
- v. Results from due diligence searches and checks

Each section was marked based on a score of satisfactory, deficient or outstanding.

3. Observations

3.1 On Boarding Loan Application Form or any other customer information form

- 3.1.1 During the thematic review, the Commission observed that the service providers generally collected personal details, borrowing information, and income and financial details for customers via an onboarding loan application form before issuing loans to their customers. In some cases, the service providers failed to provide a loan application form for each loan disbursed to the identified borrower in the sample.
- 3.1.2 Where a loan application form was provided, the Commission noted the following deficiencies: service providers did not provide the entire application form; the copies provided to the Commission were blurred or dilapidated; information such as the date and annual income was missing; and in some cases the forms were not signed by the customer, and/or witnesses, where applicable.

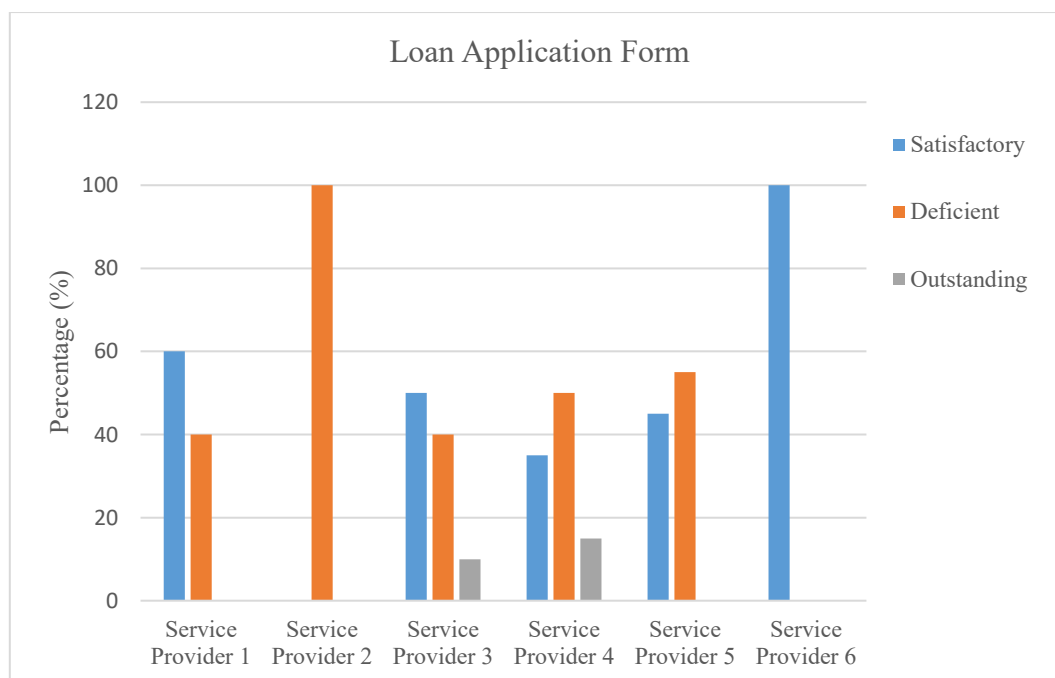


Figure 1: Findings of Loan Application Form

3.2 Customer Identification Information and Documents

3.2.1 The majority of the service providers effectively collected valid customer identification information and documentation which included passport copies and driver's licenses.

3.2.2 Where deficiencies were observed they were in relation to the following:

- Copies of the identification documentation provided to the Commission were illegible due to its poor quality when copying. Due to this defect, the Commission could not verify the validity of the identification documentation provided in these cases.
- Some service providers had expired identification documentation on file for loans that were active. In some cases, the Commission observed that service providers accepted expired identification documentation from borrowers at the time of applying for the loan.
- This area was deemed deficient for some service providers due the absence of the Anguillan residency stamp in the client's passport to evidence nexus to the jurisdiction. As outlined in the AML/CFT manuals of some service providers, borrowers must be a resident or a Belonger of Anguilla to obtain a loan. For some service providers, this policy did not appear to be upheld in practice.

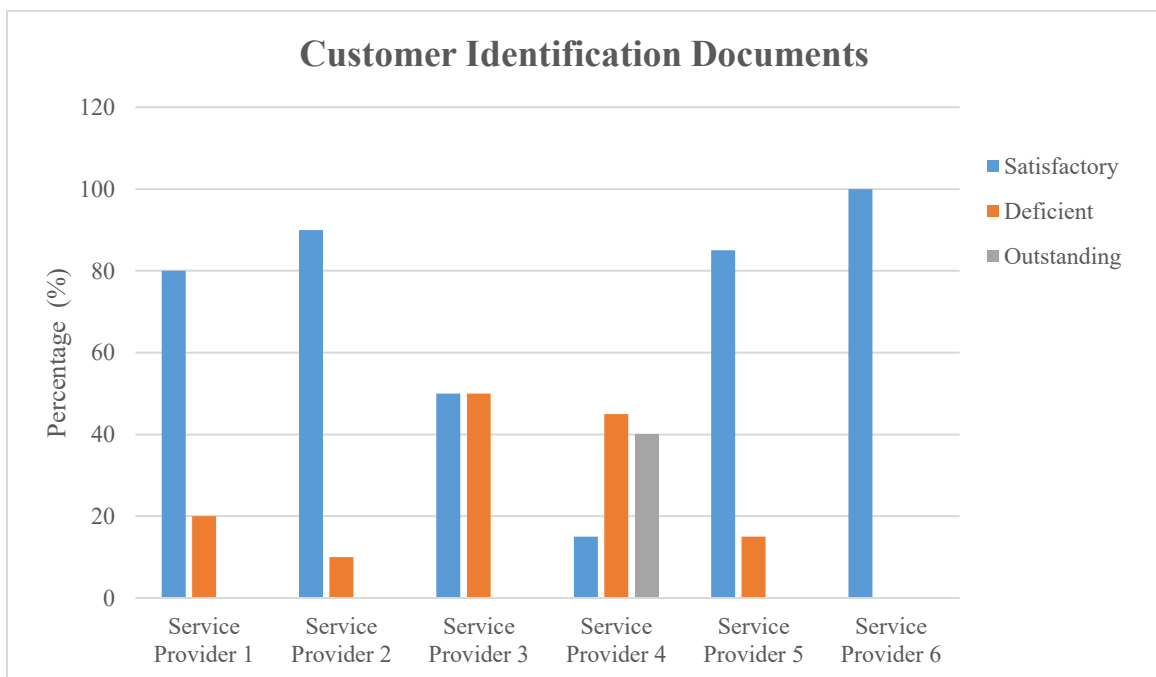


Figure 2: Findings of Customer Identification Documents

3.3 Proof of Address

3.3.1 The Commission observed that some service providers did not collect proof of address documentation from all customers and therefore were deemed to be grossly deficient in this area. Where proof of address was collected, the Commission noted that service providers accepted a utility bill, telephone bill or a bank statement to verify their customers' addresses. For instance, such documentation was deemed deficient if the utility bill was invalid, that is, if the date indicated on the bill had exceeded three months from the time of applying for the loan, as outlined in some service providers AML CFT manuals.

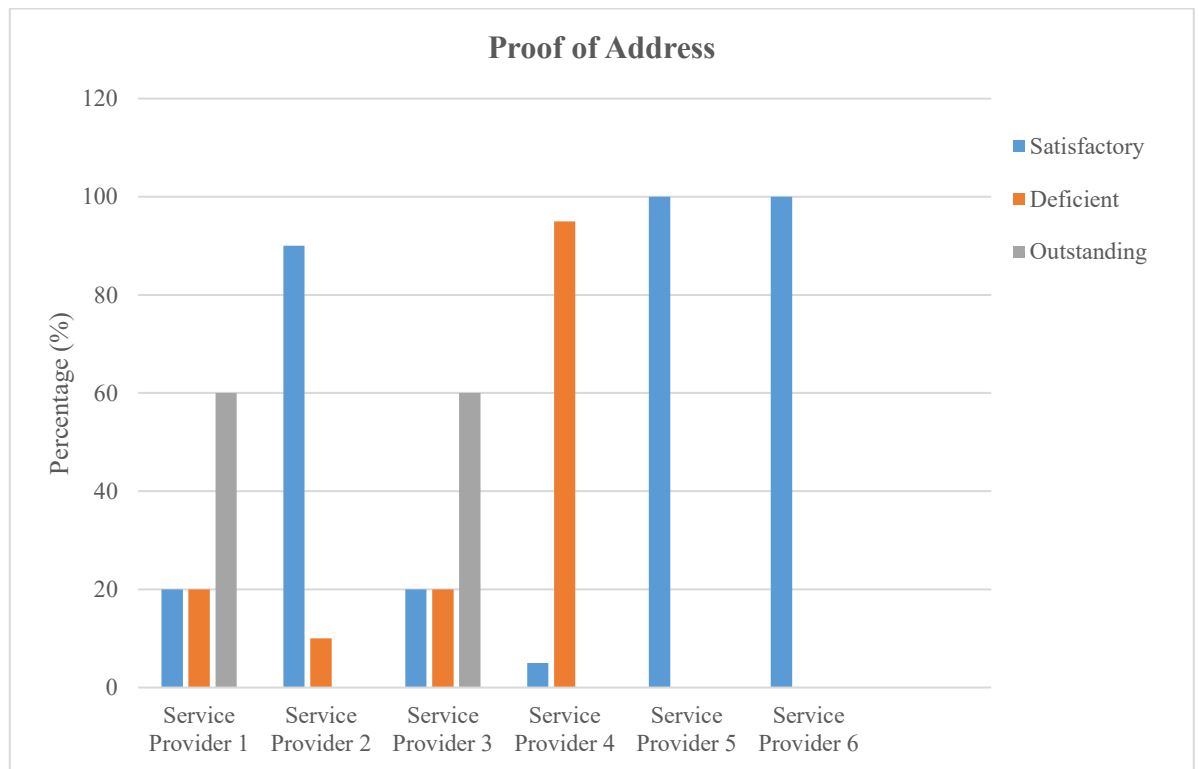


Figure 3: Findings of Proof of Address

3.4 Source of Income/Funds

3.4.1. The majority of service providers collected pay slips and job letters when customers applied for loans. These documents were used to determine the source of funds for individual customers. Where corporate customers obtained a loan, bank statements were collected as an alternative to prove source of income/funds. Figure 4 below shows that some service providers were consistent with obtaining evidence of source of income/funds. However, in some instances the information provided to evidence source of income/funds was deficient due to the date in which the pay slip or job letter was obtained was dated beyond three months from the date of applying for the loan. There was no evidence of service providers collecting ongoing updated source of funds information.

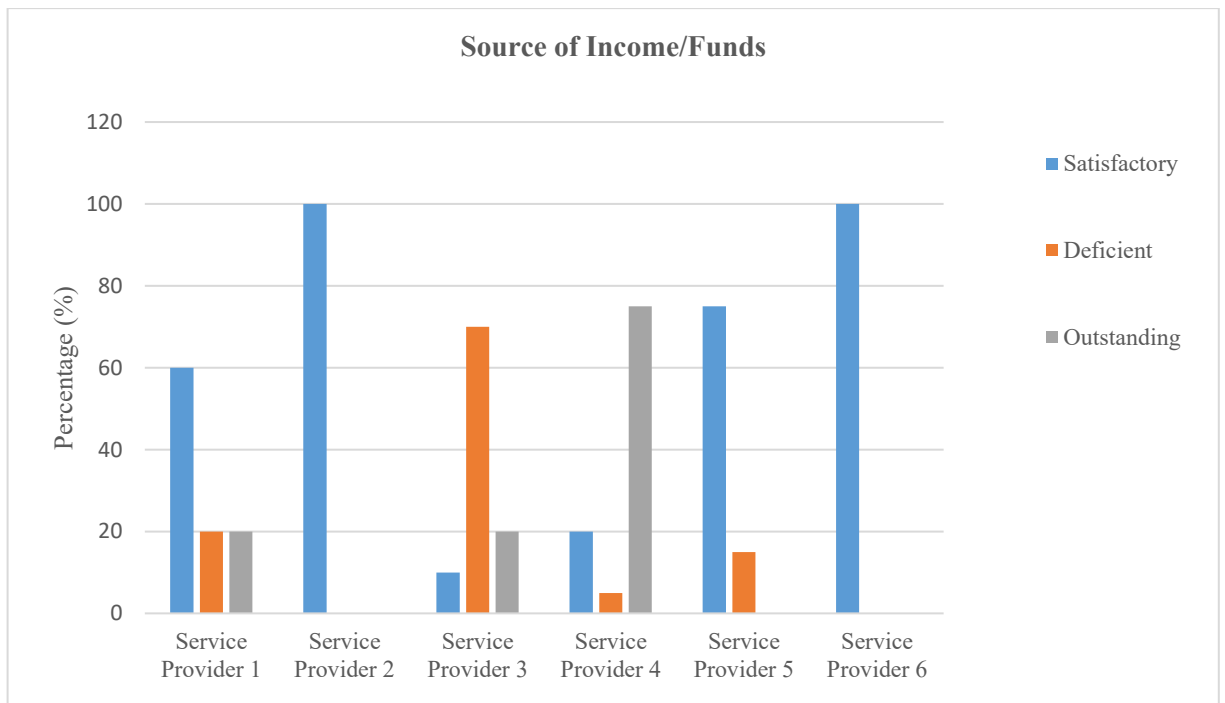


Figure 4: Findings of Source of Income/Funds

3.5 Due diligence searches and checks

- 3.5.1 The customer due diligence process involves conducting searches and screening on each customer to gather independent background information on a customer. The Commission has noted that while searches may have been conducted the majority of the service providers did not maintain due diligence searches on file. For the purposes of inspections and other supervisory activities of the Commission, service providers are required to evidence that such searches have been conducted and are updated periodically, according to the policy as outlined in their AML/CFT manuals.

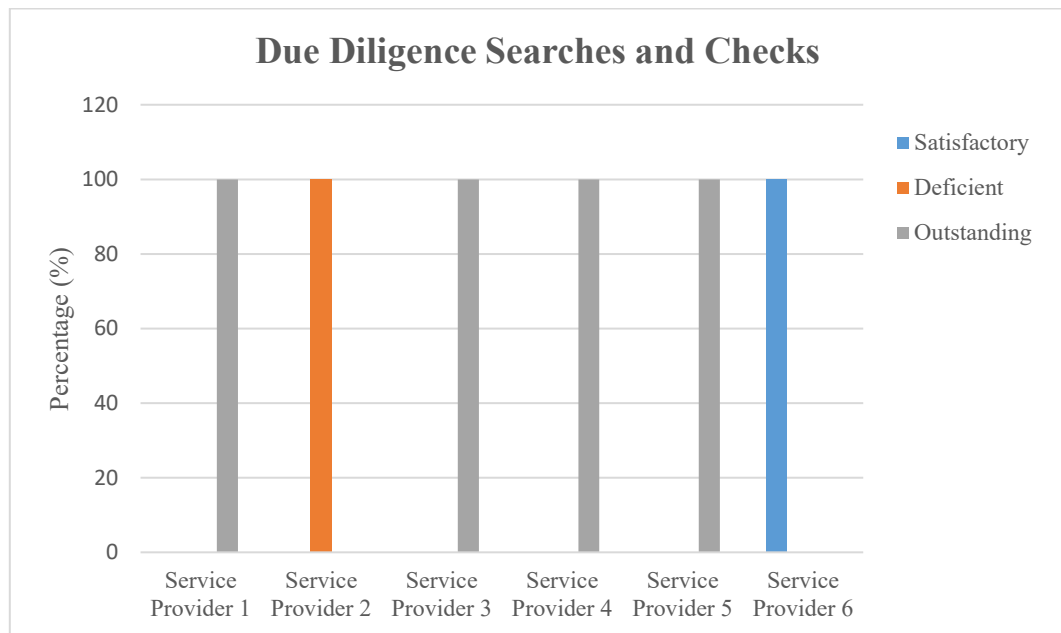


Figure 5: Findings of Due Diligence Searches and Checks

4. Conclusion

- 4.1. Following the completion of this themed review, this report has been published not only to highlight the areas in which the service providers were scored satisfactory, deficient or outstanding but as a guide to show what is expected of its service providers in an aim to improve compliance.
- 4.2. The Commission urges service providers to read all guidance and reports such as these published by the Commission in addition to familiarising themselves with their duties and responsibilities under the AML/CFT Regulations and the AML/CFT Code. This would enable service providers to develop a robust framework for compliance within their organisation as well as a tool for training staff. In addition, service providers should ensure that their customers are adequately monitored, and their files regularly updated in accordance with the customer due diligence measures as outlined in the AML/CFT Regulations and AML/CFT Code. It is the intention of the Commission to conduct a more focused review in the near future of the service providers that were identified as having major deficiencies in the key areas assessed.
- 4.3. The Commission wishes to emphasize the importance of compliance by its service providers with legislation that impacts Anguilla's ability to meet international standards. The Commission also determines the service providers' ability to maintain their registration as a non-regulated service provider based on their level of compliance. Service providers are reminded that failure to comply with legislation exposes service providers to enforcement action by the Commission. Moreover, it has a direct bearing on the reputation, continued sustainability and growth of Anguilla's financial services industry.
- 4.4. The Commission would like to thank the service providers that participated in this exercise for their cooperation, patience and commitment to the inspection process.