



Your Guide to Opening and/or Retaining your Business Current Account

Pawnbrokers offer professional consumer credit agreements regulated by the Financial Conduct Authority. National Pawnbrokers Association (NPA) members have to in addition, comply with the NPA rules and codes of conduct. The following compliance checklist is based on HMRC requirements and has been created in discussion and we advise you to follow this guidance precisely to help ensure you can open and/or retain your business current account.

This guidance is divided into two sections. The first section is for members who provide pawnbroking services only. The next section is for members who provide pawnbroking and money service business (MSB) activity. Whichever category is relevant for you, please note that you should sign up to the NPA's Gold Standard to provide re-assurance to your bank that you are doing everything you can to avoid your business being exploited by crime. If you do not know about the Gold Standard please go to www.thenpa.com to sign up to the Gold Standard.

Pawnbroking (without MSB activity)

- Inform the bank of the appropriate checks, including anti money laundering (AML) checks are undertaken. Checks can include when one of your customers are not producing documentation relating to an asset then they may be asked how they came by the item and how long they have owned it. If you believe there is suspicious activity, this must be reported swiftly to the police and the customer must be refused credit. Examples may be: A man pawning a woman's ring without adequate justification, an individual with a number of similar rings or a collection of jewellery, an address that is in a different region, someone who doesn't give the appearance of being someone who could own such an expensive item.
- A firm must make and retain an adequate record of the information that it provides to each customer in accordance with the law (usually 5 years) or 6 years as recommended by the NPA.
- Records must include data recorded on the Pawn Agreement plus details of data from redemption letter or notice of sale
- Confirmation that the business has a Financial Conduct Authority consumer credit licence to operate
- Confirmation the business has signed up to the 'Gold Standard' – addressing AML and related activity.

Pawnbroking with MSB Activity

- MSBs are required to verify to the bank the identity of its customers and apply other Anti Money Laundering (AML) and Counter Terrorism Funding (CTL) controls;
- Confirm to the bank whether the MSB business is a principal in its own right, or whether it is itself an agent of another MSB.
- MSBs to state to the bank whether they carry out periodic internal or external audits or reviews of their AML/CTF controls, including those at its branches and agents,
- State in full to the bank all consumer credit services provided by the MSB;
- State to the bank whether or not the MSB is a new or established operation, the level of experience the management and those running the business have in this type of activity, and whether or not providing money services is the primary, or an ancillary, business;
- State to the bank how the MSB operate in practice such as currency deposits or withdrawals, cheque deposits, or funds transfers and provide a sense of expected transaction amounts over a calendar year;
- State to the bank the purpose of the account for the MSB. For example, a money transmitter might require the bank account to remit funds to its principal clearing account or may use the account to remit funds cross-border to foreign-based agents or beneficiaries;

- You must ensure that if you are seeking current accounts for use in the MSBs remittance business this must be separate from accounts used for the administration of the MSB itself;
- You must state to the bank the MSB's legal form, structure and ownership, and must provide sufficient additional information on the nature of the MSB's business, and the reasons for seeking the product or service;
- Inform the bank of your links with other jurisdictions (headquarters, operating facilities, branches, subsidiaries, etc.) and the individuals who may influence its operations (political connections, etc.).
- Provide the names to the bank of all individual beneficial owners owning or controlling more than 25% of the MSB's shares or voting rights, (even where these interests are held indirectly) or who otherwise exercise control over the management of the company.
- Provide copies of recent and current financial statements to the bank.

This guidance is also being signposted via the British Bankers Association's Better Business Finance website - <http://www.betterbusinessfinance.co.uk/find-sector-help/post/pawnbrokers>



Remember to look out for the NPA logo

Pawnbrokers offer professional regulated consumer credit agreements with all the standard consumer protections associated with consumer credit lending. The NPA, established in 1892, represents over 200 businesses with over 2000 stores across the UK. Our members are subject to our rules and code of conduct. We stand for fairness and transparency, professionalism, excellence and expertise in pawnbroking. You can trust an NPA member.