



 Checklist

Informal Value Transfer System (IVTS) Transaction Risk Assessment Checklist for AML/CFT

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Informal Value Transfer System (IVTS) or Hawala Transaction Risk Assessment refers to informal value transfer systems that bypass regulated financial channels.

Also known as: Hundi, Hawala, Underground Banking.

Used for: Transferring funds across jurisdictions outside the formal banking sector, often for remittances or trade settlements.

Abuse in ML/TF/PF: Exploited for money laundering, terrorism financing, and sanctions evasion due to anonymity, lack of audit trail, and cross-border complexity.

Applicability

Financial Institutions (FIs):

- ◆ Banks
- ◆ Money Service Businesses (MSBs)
- ◆ Remittance Companies
- ◆ Payment Service Providers (PSPs)

Designated Non-Financial Businesses and Professions (DNFBPs):

- ◆ Dealers in Precious Metals and Stones
- ◆ Real Estate Agents
- ◆ Lawyers and Notaries
- ◆ Accountants and Auditors
- ◆ Trust and Company Service Providers (TCSPs)

How to Use This Checklist

- ◆ Compliance officers should review all items and integrate checks into onboarding, due diligence, and monitoring frameworks.
- ◆ Front-line staff must use the checklist to flag suspicious activities linked to hawala indicators.
- ◆ Transaction monitoring analysts should map alerts against hawala typologies.
- ◆ MLROs should periodically reassess controls and escalate serious concerns.

Yes/No-Style Checklist

A. Customer Profiling

	Yes	No
Has the customer declared the purpose and origin of cross-border transactions?	<input type="checkbox"/>	<input type="checkbox"/>
Are the customer's jurisdictions of residence linked to high IVTS/hawala usage?	<input type="checkbox"/>	<input type="checkbox"/>
Does the customer operate cash-intensive businesses?	<input type="checkbox"/>	<input type="checkbox"/>

B. Transaction Patterns

	Yes	No
Are there large transactions with minimal customer information?	<input type="checkbox"/>	<input type="checkbox"/>
Are there recurring transfers to unrelated individuals/entities?	<input type="checkbox"/>	<input type="checkbox"/>
Are amounts just below threshold reporting limits?	<input type="checkbox"/>	<input type="checkbox"/>

C. Counterparty Assessment

	Yes	No
Is the counterparty outside the formal banking sector?	<input type="checkbox"/>	<input type="checkbox"/>
Is there no logical business or personal reason for repeated transfers?	<input type="checkbox"/>	<input type="checkbox"/>
Do counterparties reside in high-risk or sanctioned countries?	<input type="checkbox"/>	<input type="checkbox"/>

D. Red Flags & Typologies

	Yes	No
Are funds being received from or sent to known hawaladars?	<input type="checkbox"/>	<input type="checkbox"/>
Are transactions routed through multiple layers or intermediaries?	<input type="checkbox"/>	<input type="checkbox"/>
Are names or addresses inconsistently spelled or vague?	<input type="checkbox"/>	<input type="checkbox"/>

E. Documentation & Auditability

	Yes	No
Are invoices or contracts missing or suspicious?	<input type="checkbox"/>	<input type="checkbox"/>
Is there resistance to enhanced due diligence or questions?	<input type="checkbox"/>	<input type="checkbox"/>
Are there discrepancies between stated purpose and actual transaction flow?	<input type="checkbox"/>	<input type="checkbox"/>

F. Technology & Tools

	Yes	No
Are IVTS/hawala indicators integrated into transaction monitoring systems?	<input type="checkbox"/>	<input type="checkbox"/>
Are risk scoring algorithms flagging potential IVTS behavior?	<input type="checkbox"/>	<input type="checkbox"/>
Are alerts on similar typologies investigated and documented?	<input type="checkbox"/>	<input type="checkbox"/>

G. Training and Oversight

	Yes	No
Are front-line and compliance staff trained in IVTS and hawala typologies?		
Are escalations around suspected IVTS and hawala independently reviewed?		
Are internal audits covering IVTS-related risks and controls?		

Checklist Overload? Don't Sweat It.

We'll break it down for you—reach out for a focused compliance review.

[Get In Touch](#)

How a RACI Matrix Enables Task Delegation and Role Clarity

- ◆ Clarifies ownership for each control and monitoring step.
- ◆ Ensures that compliance teams lead policy, while business teams support.
- ◆ Promotes consistent escalation and oversight protocols.
- ◆ Prevents confusion over who is reviewing, reporting, or remediating.

RACI Chart

A RACI chart is a responsibility delegation matrix used by businesses to chart out individual roles and responsibilities within teams. RACI stands for and defines who is “Responsible”, “Accountable”, “Consulted”, and “Informed” in the context of specific tasks.

How the RACI Framework Helps?

- ◆ Helps coordinate multiple teams working on the same customer or alert.
- ◆ Defines escalation channels for high-risk transactions.
- ◆ Assigns clear authority to decision-makers during enforcement actions.

Informal Value Transfer System (IVTS) Transaction Risk Assessment Checklist for AML/CFT



Activity	Front-Line Staff	KYC Analyst	Transaction Monitoring Analyst	AML Compliance Officer	Senior Management
Customer Onboarding	R	C	C	A	I
KYC and CDD	C	R	C	A	I
Transaction Monitoring Rule setup	I	C	R	A	I
IVTS/Hawala Red flag Alert Investigation	C	C	R	A	I
Staff Training on IVTS/ Hawala Risks	C	C	C	A/R	I
Regulatory Reporting/ Escalation	C	C	R	A/R	I

Unsure Who Should Own Your IVTS Red Flag Investigations?

Let's help you map your RACI Matrix for crystal-clear accountability.

[Contact Us](#)

Actionable Points for Businesses to Enhance Risk Mitigation of Informal Value Transfer Systems (IVTS)

In-House Compliance Department Setup

- ◆ Integrate IVTS-specific red flags into all monitoring systems
- ◆ Conduct internal audits targeting informal value transfers
- ◆ Establish protocols for suspicious activity reporting linked to IVTS/hawala typologies

Role-Specific AML Training

- ◆ Provide annual workshops on IVTS/hawala transaction detection
- ◆ Train staff on IVTS typologies and cross-border laundering risks
- ◆ Simulate case-based scenarios of hawala abuse for analysts

Best Practices: Checklist + RACI-Driven Implementation

- ◆ Use geo-risk indicators and anomaly detection for transfers
- ◆ Require the source of funds declaration for high-risk corridors
- ◆ Integrate IT/Compliance collaboration for system tuning
- ◆ Track known hawaladars and compile internal blacklists
- ◆ Establish audit trails for suspicious IVTS-linked activity
- ◆ Apply continuous training and testing on typologies

About AML UAE

AML UAE is an Anti-Money Laundering (AML) consulting firm with decades of experience supporting businesses across the UAE.

We have expertise in providing various AML services to DNFBPs, such as Lawyers, Real Estate Agents, Accountants and Auditors, Dealers in Precious Metals and Stones, and Company Service Providers. We also provide AML consultancy services to Virtual Asset Service Providers.

We are equipped to help you register on the goAML portal. We conduct Enterprise-Wide Risk Assessments and align your AML/CFT policies and procedures in line with them. We design customized forms and templates for carrying out KYC, Customer Risk Assessment, and Enhanced Due Diligence for your customers. We help you prepare and submit reports like SAR, STR, FFR, PNMR, HRC, HRCA, DPMSR, etc. We ensure that your employees are well-trained from an AML perspective.

Not just this, we assist regulated entities with decoding the Remedial Action Plan and effectively implementing the authority's recommendations around the AML program.

AML UAE is your go-to partner for handling all your compliance-related requirements.

Once we enter the picture, AML compliance is ensured. With that, you can continue to be a highly reputed business, actively striving to counter money laundering, terrorist financing, and proliferation financing.

Our Team



Pathik Shah

Founder

CAMS, FCA, CISA, CS, DISA (ICAI), FAFP (ICAI)

Pathik is a Chartered Accountant with proven experience in governance, risk, and compliance. He helps companies with end-to-end AML compliance services, from conducting Enterprise-Wide Risk Assessments to implementing robust AML compliance frameworks. He has played a pivotal role as a functional expert in developing and implementing RegTech solutions for streamlined compliance.



Jyoti Maheshwari

Partner

CAMS, ACA

Jyoti is a Chartered Accountant and Certified Anti-Money Laundering Specialist (CAMS), with extensive hands-on experience in regulatory compliance, legal advisory, policy-making, tax consultation, and technology project implementation. Jyoti holds experience with Anti-Money Laundering regulations prevalent across various countries. She helps companies with risk assessment, designing and deploying adequate mitigation measures, and implementing the best international practices to combat money laundering and other financial crimes.

Our Team



Dipali Vora

Partner

CAMS, ACS

Dipali is an Associate member of ICSI and a Certified Anti-Money Laundering Specialist (CAMS). She has a strong background in the compliance domain, including Anti-Money Laundering, due diligence, secretarial audit, and managing scrutiniser functions. She currently assists clients by advising and helping them navigate through all the legal and regulatory challenges of Anti-Money Laundering Law. She helps companies to develop, implement, and maintain effective AML/CFT and sanctions programs.



Purva Buch

Senior Consultant

CAMS, LLB

Purva is a Certified Anti-Money Laundering Specialist (CAMS) and a Lawyer. She has substantial knowledge of Anti-Money Laundering Laws, Rules, Regulations, and AML Compliance Processes. Purva has been instrumental in drafting RegTech processes, corporate policymaking, and fulfilling various legal research and drafting requirements arising from AML laws and regulatory technology.

Service Matrix

Service	Common Drivers							Value Proposition
	Ensure legal compliance	Save time and costs	Need expert support	Automate compliance processes	Implement best practices	Crisis management	Change AML/CFT consultant	
goAML Registration	✓		✓					Streamlines the process of registering with the UAE FIU goAML portal. Ensures compliance and reduces administrative burden.
Enterprise-Wide Risk Assessment	✓	✓	✓		✓		✓	Identifies risk factors, gross risk, controls deployed and their effectiveness, residual risk, and need for additional controls.
AML/CFT Policy Drafting	✓	✓	✓		✓		✓	Provides tailored AML/CFT policy frameworks that are up-to-date with current laws, enhancing regulatory compliance.
In-house Compliance Department Set-up	✓		✓		✓		✓	Establishes a robust internal compliance structure, helps recruit the right resources and ensures ongoing compliance efficiency.
KYC Managed Services	✓	✓	✓		✓	✓		Outsourced KYC processes that speed up customer onboarding and maintain high compliance standards.
Ongoing AML/CFT Consulting	✓	✓	✓	✓	✓	✓	✓	Continuous expert advice tailored to address specific challenges, enhancing overall compliance strategies.
AML/CFT Health Check	✓		✓		✓	✓	✓	Conducts comprehensive reviews and assessments to pinpoint vulnerabilities and recommend improvements.
AML Training	✓	✓	✓		✓		✓	Offers comprehensive training programs that enhance the compliance skills of employees at all levels.
AML Software Selection	✓	✓	✓	✓	✓			Helps choose the best AML software that fits the company's needs, improving efficiency and cost-effectiveness.
Screening Software Validation	✓		✓	✓	✓			Tests and validates screening tools to ensure they meet regulatory requirements and operational needs.
Regulatory Reporting	✓	✓	✓		✓		✓	Streamlines the process of creating and submitting SAR, STR, PNM, FFR, DPMSR, REAR, HRC, and HRCA reports accurately and on time.

AMLVerse

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