



**Credit Guarantee Fund Trust for  
Micro and Small Enterprises  
(AML Training Policy)**

cgtmse



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## **1. INTRODUCTION**

### **1.1 Introduction**

CGTMSE is committed to the highest standards of Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF). All employees and stake holders are required to adhere to these standards to protect CGTMSE and its reputation from being misused for money laundering and/or terrorist financing or other illegal purposes.

### **1.2 Objective**

The major goal of the CGTMSE AML Training policy is ensure all its employees are well trained to combat money laundering and terrorist financing. CGTMSE expects all its Member Lending Institutions (MLI) to provide AML training to their employees during onboarding and on periodic basis based on the current trends and typologies in money laundering and terrorist financing.

### **1.3 Training to Employees**

While credit guarantee schemes are often well-intentioned programs designed to stimulate economic growth and entrepreneurship, they are not immune to fraudulent activities or may be linked to money laundering activities, bribery, or corruption. When such activity is suspected, it should be reported to the appropriate regulatory and law enforcement agencies for investigation. To mitigate the risks training plays a vital role.

- **Regulatory Compliance:** MLI employees shall undergo AML training to understand and comply with existing laws, as per regulations of RBI, FIU-IND, PMLA Act
- **Global Operations:** For credit guarantee companies that work with international partners, understanding global AML standards is critical. AML training can prepare employees to manage complex transactions that span multiple countries and legal frameworks.
- **Risk Mitigation:** AML training helps employees to identify red flags and suspicious activities that could signify money laundering.
- **Due Diligence:** AML training equips employees to prevent fraudulent loans and other types of financial fraud that could exploit the credit guarantee system.
- **Operational Efficiency:** Training enhances the organization's understanding of AML processes, making it easier to integrate these checks into the regular workflow. This could improve overall operational efficiency.
- **Internal Culture:** Regular AML training helps in instilling a culture of compliance and ethical conduct within the organization, making it less likely for employees to engage in or overlook unlawful activities.



#### **1.4 Training methodology**

The MLI's Designated Director shall ensure that each relevant employees are properly trained in compliance topics reflecting the risk of money laundering, bribery, corruption, and terrorist financing related to the duties and functions to be carried out.

The Designated Director shall ensure that all relevant employees are regularly trained following appropriate AML/CFT training and awareness-raising measures.

Therefore, the following training formats are use:

- Web based training
- Face-to-face training

The training program shall be implemented to ensure that staff employees are properly trained in KYC/AML/CTF policies. The focus of the training shall be different for frontline staff and compliance staff.

- During onboarding of the employee
- Annual ongoing training
- Ad hoc based trainings as appropriate

#### **1.5 CGTMSE Training methodology**

The CGTMSE shall provide training to its full-time employees and vendor employees on Compliance & AML as per RBI, FIU-IND and PMLA Act regulations.

- During onboarding of the employee
- Annual ongoing training
- Ad hoc based trainings as appropriate

Training formats shall be:

- Web based training
- Face-to-face training

#### **1.6 Breach of the Policy**

Compliance with the AML Training Policy, as well as other applicable laws, regulations, and processes, is a key requirement for all employees. Any violation of the policy will result in disciplinary or corrective action in accordance with the applicable service rules or contract terms.