

CONSUMER DUTY POLICY

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Version 1.0



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SECTION 1: - PRODUCTS AND SERVICES

PRODUCTS AND SERVICES- are designed to meet the needs, characteristics and objectives of a specified target market.

FCA EXPECTATION 1:

Dex International Limited (“DEX”) is a money service business which provides remittance services to UK-based retail customers via its nationwide network of agents.

DEX is an Authorized Payment Institution in the United Kingdom that is authorized and regulated by the Financial Conduct Authority (FCA Firm Reference Number: 503929). The FCA requires all authorized firms to abide by the new “Consumer Duty” rules which take effect on 31st July 2023.

DEX must demonstrate that the firm’s products and services are designed to meet the needs of consumers in their target markets and that they perform as expected.

CURRENT STATE:

DEX provides services to consumers indirectly via its agent network and directly via its online service which consumers may use to transfer funds from their UK bank accounts to the bank accounts of beneficiaries / recipients overseas.

DESIRED FUTURE STATE:

Fair, Clear and Not Misleading payments platforms providing a competitively priced, rapid and secure service for the firm’s consumers.

GAP:

The gap between the current state and the desired future state can be summarized as follows:

The online service will be enhanced by an improved web portal and a new mobile app for use on iOS and Android devices.

The current agent and online service allows for funds to be remitted to a large number of countries (circa 185 as of July 2023) and in future an even broader range of corridors will be developed.

Overall, the gap between the current state and the desired future state involves improvements in existing technology for online customers, and expanding the range of corridors available to all DEX customers.

ACTION PLAN:

To close the gap between the current state and the desired future state, the following action plan can be considered:

- Develop, test and launch the improved web portal and the new mobile app for use on iOS and Android devices.
- Evaluate the potential to increase the number of nations and territories served.

By implementing this action plan, DEX will work towards closing the gap between the current state and the desired future state of remittance services for its consumers.

DEADLINE FOR IMPLEMENTATION:

The deadline for the implementation of the action plan will depend on various factors such as the complexity of the technological improvements, resource availability, and the specific commercial goals of the firm. It is important to set realistic and achievable deadlines to ensure successful implementation.

Overall, the gap between the current state and the desired future state involves improvements in existing services and Dex International Ltd should be able to close this gap within 12 months.

GOVERNANCE AND RESPONSIBILITY:

The implementation process should be led by Adeel Salman, Director of Business Development, and the most senior UK-based executive in the group.

He will play a crucial role in the implementation process, taking responsibility for overall coordination, monitoring and evaluation, as well as problem solving and decision making, ensuring that all stakeholders are effectively coordinated, tasks are assigned, and progress is tracked.

MONITORING AND REVIEW:

The specific individuals or teams involved in monitoring and review can include:

1. **Senior Management:** All senior management, including Directors and department heads, should be involved in monitoring and reviewing implementation progress. They will assess the alignment of the action plan with the organization's strategic goals, review key performance indicators, and make decisions regarding resource allocation or adjustments to the plan if necessary.

The monitoring and review process should be conducted periodically, and at least annually, throughout the implementation timeline, with defined milestones and checkpoints.

FCA EXPECTATION 2:

Assessing whether DEX's products and services have features which could cause harm to groups of customers with characteristics of vulnerability, and what action they are taking to mitigate this risk of harm.

CURRENT STATE: DEX provides a secure service to consumers with several layers of ID verification and validation to reduce false representation, fraud, and money laundering and risk of other financial crime.

DEX policy is "No ID, no transfer and no exceptions" and the firm has strong customer authentication processes including the assessment and verification of ID and address proofs presented by customers.

Dex International Limited will implement a two-factor authentication security system for customers when they login to the firm's secure system.

DESIRED FUTURE STATE: Reduced risk of harm to consumers from potential security breaches.

GAP:

The gap between the current state and the desired future state regarding FCA Expectation 2 is that the current state focuses on providing a secure service with ID verification and authentication processes to reduce false representation and fraud. However, the desired future state aims to have a service that not only prevents money laundering and terrorist financing but also protects customers from online hacking and associated fraud.

ACTION PLAN:

To close the gap between the current state and the desired future state regarding FCA Expectation 2, the following action plan can be implemented:

Conduct a comprehensive information security assessment to identify potential aspects of products and services that could cause harm to customers and develop a robust risk mitigation strategy that outlines specific actions to address identified risks and minimize harm to vulnerable customers. This may include enhanced security measures, improved authentication processes, and additional safeguards.

A comprehensive consumer education program should be implemented to raise awareness among customers about potential risks of using online and/or mobile app services and providing detailed guidance about how to protect themselves. Also, there must be a monitoring system to regularly review the effectiveness of implemented measures. This should include ongoing assessments of potential vulnerabilities, monitoring customer feedback and complaints, and conducting internal audits to ensure compliance with the desired future state.

DEADLINE FOR IMPLEMENTATION:

DEX will establish a project timeline with clear milestones and deadlines for each action item in the action plan. This will help track progress, ensure accountability, and provide a framework for timely completion. The timeline should consider factors such as the scope of changes required, any

dependencies between different actions, and the time needed for testing, training, and communication.

Ideally, a reasonable timeframe for implementing the action plan for DEX by end of December 2023 and there must be continuous monitoring of progress.

GOVERNANCE AND RESPONSIBILITY:

Key roles and responsibilities for implementing the action plan:

A dedicated project manager or team along with the compliance manager should be responsible for coordinating and overseeing the implementation process. They will manage the ongoing activities, track progress, and ensure that milestones and deadlines are met.

MONITOR AND REVIEW:

Here are the key parties involved in monitoring and reviewing the implementation of the action plan:

1. **Internal Audit:** The internal audit or compliance team can play a crucial role in monitoring the implementation of the action plan. They can conduct periodic audits or assessments to evaluate the progress, identify any gaps or noncompliance, and provide recommendations for improvement.
2. **Risk Management Team:** The risk management team can assess the risks associated with the action plan implementation and monitor the effectiveness of risk mitigation measures. They can provide feedback on potential vulnerabilities or risks that need to be addressed.
3. **Senior Management:** Senior executives or leaders within the organization should be actively involved in the monitoring and review process. They can review progress reports, analyze key performance indicators, and provide guidance or support as needed.

Regular review meetings, progress reports, and performance indicators should be established to ensure ongoing monitoring and review. The frequency of these activities may vary depending on the complexity and duration of the action plan. The feedback and findings from the monitoring and review process should be used to make necessary adjustments, address any identified issues, and improve the implementation of the action plan.

FCA EXPECTATION 3:

Consider the potential impact of any plans to cross-sell more to customers; the FCA has seen cross-selling where the promoted products were appropriate for the original target market, but not necessarily appropriate for all of a wider group of customers, creating a risk that the later purchase products which do not meet their needs.

CURRENT STATE

No conflict with requirement

DESIRED FUTURE STATE: Not Applicable due to DEX as the firm does not intend to depart from its established monoline business model and does not cross sell to the customer base.

GAP:

Currently there is no conflict with the Consumer Duty requirement.

Therefore, there is no gap to address in this particular scenario.

ACTION PLAN:

There is no action plan required at this stage, and there will be action plan in future, unless the company starts cross-selling products or services.

DEADLINE FOR IMPLEMENTATION:

N/A

GOVERNANCE AND RESPONSIBILITY

Adeel Salman will be responsible for the implementation of consumer duty plan if DEX ever started cross selling to its clients.

MONITORING AND REVIEW:

Not Applicable

FCA EXPECTATION 4:

Sharing necessary information with other firms in the distribution chain, and receiving all necessary information themselves, to enable every firm in the chain to comply with the Duty.

CURRENT STATE:

DEX has sophisticated API integrations with its banking partners and defined processes relating to information sharing of customer data

DESIRED FUTURE STATE:

Process of information sharing is already in place and this requirement is met.

GAP:

No Gap identified in this case.

ACTION PLAN:

Not Applicable

DEADLINE FOR IMPLEMENTATION:

Not Applicable

GOVERNANCE AND RESPONSIBILITY

DEX's Chief Operations Officer is responsible for the effective implementation of the integration, and to confirm that all necessary information is being shared with all the correspondence parties and banks.

MONITORING AND REVIEW:

Not Applicable

FCA EXPECTATION 5:

Using data and management information to monitor whether products and services continue to meet the needs of customers and contribute to good consumer outcomes. This includes regularly reviewing this data and taking any necessary mitigating actions.

CURRENT STATE:

DEX has long established and dependable operations and is conducting research and UAT on its new and/or enhanced online and mobile platforms to ensure the customer journey meets the needs of its customers to contribute to good consumer outcomes.

The customers' feedback and complaints are regularly monitored in order to improve operations, where applicable.

DESIRED FUTURE STATE:

DEX will conduct systematic analysis of customer engagements and conduct regular customer market feedback research.

GAP:

There is no identified gap at present.

However, as DEX enhances its online portal and launches mobile device based apps for iOS and Android during the second half of 2023, close monitoring will be undertaken in terms of systematic analysis and using proprietary firm data and management information.

In future, DEX will continue its structured approach to analyzing customer engagements and obtaining regular customer feedback to continuously monitor and improve products and services.

ACTION PLAN:

1. Refine tools and processes to collect pertinent information on client interactions, preferences, and satisfaction. This might involve different data collecting techniques, analytics platforms, and customer relationship management (CRM) systems.

2. Identify and specify KPIs that are in line with tracking client requirements and results. These KPIs may include measures of consumer engagement, product performance, and customer satisfaction.
3. Continue procedures for routinely analyzing the management data and gathered data. Understanding consumer behavior, spotting patterns, and evaluating how well products and services function in satisfying consumer demands should be the main goals of this study.
4. Continue methods, like as surveys, feedback forms, and feedback sessions, for receiving consumer input. Ask for feedback from consumers on a regular basis to learn about their experiences, difficulties, and recommendations for change.
5. Conduct regular market research to understand consumer preferences, business developments, and the state of the market. This might entail researching industry news and studies, doing competitive analysis, and analyzing market data.

DEADLINE FOR IMPLEMENTATION:

The management information process has been started. It is expected that DEX should not take more than six months to implement the action plan to achieve desired state.

GOVERNANCE AND RESPONSIBILITY:

The responsibility for implementing the action plan lies with the management team of DEX International Ltd, who will assign dedicated resources or establish a cross functional team responsible for overseeing the implementation process. This team would have clear roles and responsibilities, including monitoring progress, coordinating efforts, and reporting to the relevant stakeholders.

MONITORING AND REVIEW:

The responsibility for monitoring and reviewing the implementation of the action plan lies with the senior management.

FCA EXPECTATION 6

Checking that appropriate distribution strategies are being followed and that products and services are being correctly distributed to the target market.

CURRENT STATE:

No conflict with the Consumer Duty requirement at present.

Accurate distribution strategies are being followed and products and services are being offered to the desired and relevant target market.

DESIRED FUTURE STATE:

Not Applicable due to DEX's only product is offering international remittance payment services and does not cross sell any other service.

GAP:

Not Applicable

ACTION PLAN:

Not Applicable

DEADLINE FOR IMPLEMENTATION:

Not Applicable

GOVERNANCE AND RESPONSIBILITY

Not Applicable

MONITORING AND REVIEW:

Not Applicable

SECTION 2: PRICE AND VALUE

Price, Value Products and services must provide fair value with a reasonable relationship between the price consumers pay and the benefit they receive.

FCA EXPECTATION 7:

Taking into account regular charges or fees and any contingent fees or charges when assessing whether a product provides fair value. If a firm charges fees or commission for remittance, it must ensure that these charges are proportionate and commensurate with the costs actually incurred by the firm. You should keep these fee structures under review, especially as costs to your business change.

CURRENT STATE:

DEX's pricing structure is currently based on analysis from its competitors pricing which has been derived from continuous market research.

All the fees and charges are set by considering the company's own cost, the desired margin to earn for meeting up the expenses and the competitor prices, all charges and fees are shared with the consumer before the agreement is finalized. No hidden fees is charged to the consumers.

DESIRED FUTURE STATE:

DEX uses the services of MoneyGram International for the bulk of its transfers and earns a minimal commission for each transfer. Furthermore, competitive pressures in the sector are intense, which serves to ensure pricing is fair and not excessive and prices are proportionate with costs incurred for execution of transfer by the firm.

GAP:

DEX is marginally profitable and operates in a sector with very small profit margins and intense competition which operates to the benefit of consumers.

Accordingly, there is no 'gap' to close, and market dynamics will for the foreseeable future continue to ensure fair value, proportionate fees, and value pricing aligned with the costs incurred by the firm.

ACTION PLAN:

Not applicable.

DEADLINE FOR IMPLEMENTATION:

Not Applicable.

GOVERNANCE AND RESPONSIBILITY:

Not applicable.

MONITORING AND REVIEW:

The CEO and finance director may in future establish a monitoring and review process to assess the effectiveness of the new pricing service and ensure ongoing compliance with the FCA expectation. This process should involve periodic assessments of the pricing structure, monitoring of cost components, and evaluation of customer feedback. Necessary adjustments or refinements should be made based on the findings from the monitoring and review activities.

FCA EXPECTATION 8

Considering whether vulnerable customers are adversely impacted by the firm's charging structures.

CURRENT STATE:

DEX is offering its services to informed consumers and there are no fees or charges or disadvantageous rates such as might adversely impact vulnerable customers. The fees and rate structure is fully disclosed before the start of a remittance transfer in clear, simple terms. Again, DEX's current consumers are best described as sophisticated clients.

DESIRED FUTURE STATE:

DEX is satisfied with the charging structure and will regularly review its pricing to protect any vulnerable customers,

GAP:

There is no GAP identified at this stage.

ACTION PLAN:

Not Applicable

DEADLINE FOR IMPLEMENTATION:

Not Applicable

GOVERNANCE AND RESPONSIBILITY:

The Finance Director and CEO are responsible for setting the price for the firm's remittance services and both will make sure customers who may be considered vulnerable have equal access to the remittance services on identical terms to other customers.

MONITORING AND REVIEW:

DEX will review the pricing of the products on quarterly meetings and any changes in prices will be shared with consumers before implementation of the new prices.

FCA EXPECTATION 9

Firms selling products via agents will consider the charges they are levying on consumers as part of the assessment of fair value.

Furthermore, a firm which distributes products to retail customers is at all times responsible for ensuring the fair value obligations in relation to distribution are met in respect of any product it distributes to a retail customer.

DEX is offering its service through its agents and via its online portal, the company directly offering its service to its consumers as well.

SECTION 3: CONSUMER UNDERSTANDING

Consumer understanding of the Firms' communications should enable consumers to make informed decisions about financial products and services.

FCA EXPECTATION 10:

Clarity over fees and charges ensuring that consumers are given the information they need, at the right times, and presented in a way they can understand.

CURRENT STATE:

DEX communicates with its customers via disclosures in agent locations e.g. AML statements such as "No ID, no transfer!" and complaint procedure notices.

Printed customer receipts are provided for each agent transfer providing full detail of the charges, exchange rates and all information relating to the transfer including names of senders and recipients of funds.

The DEX website provide full information disclosure in clear and simple language so consumers can easily make the decisions about the firm's services.

DESIRED FUTURE STATE:

This requirement is already met in its existing state.

GAP:

No Gap

ACTION PLAN:

Not Applicable

DEADLINE FOR IMPLEMENTATION:

Not Applicable

GOVERNANCE AND RESPONSIBILITY:

Not Applicable

MONITORING AND REVIEW:

Not Applicable

FCA EXPECTATION 11:

Where appropriate, highlighting the differences between the protections that apply to customers using different products and services.

CURRENT STATE:

This factor is not relevant to the customer experience, whether a transfer is initiated online or through a DEX agent.

DESIRED FUTURE STATE:

This requirement is already met in its existing state.

GAP:

No Gap

ACTION PLAN:

Not Applicable

DEADLINE FOR IMPLEMENTATION:

Not Applicable

GOVERNANCE AND RESPONSIBILITY:

The MLRO and Head of Compliance regularly review the guidelines issued by the FCA in terms of safeguarding and financial promotions and it is the responsibility of the Head of Compliance to regularly assess the firm's regulatory compliance in respect of the client's funds arrangements and company's compliance in financial promotions.

MONITORING AND REVIEW:

Compliance Manager will at least annually review the marketing material and other information sent to consumers to ensure no misleading and false claims has been made. This will be undertaken in advance of the launch of DEX's new mobile apps later in 2023.

FCA EXPECTATION12:

Firms offering regulated products alongside unregulated ones should make it clear to consumers which products are regulated, and which are not, and clearly set out the consumer protections relating to each product.

CURRENT STATE:

DEX International Ltd only offers one regulated service, and no unregulated services will ever be offered to the consumers.

DESIRED FUTURE STATE:

DEX International Ltd has no plan to offer unregulated services in future.

GAP:

Not Applicable

ACTION PLAN:

Not Applicable

DEADLINE FOR IMPLEMENTATION:

Not Applicable

GOVERNANCE AND RESPONSIBILITY:

Director of Business Development Adeel Salman is responsible for product design and for any changes or upgradation in the service offered to consumers.

MONITORING AND REVIEW:

Not Applicable

FCA EXPECTATION 13:

Where firms provide their products and services through agents and distributors, they should make clear to consumers the split of responsibilities between themselves and the intermediaries and who does what in those arrangements. Principal firms should be considering their agents' and distributors' communications relating to the firm's regulated services to the same extent and standards as their own.

CURRENT STATE:

DEX provides remittance payment services through its agents.

DESIRED FUTURE STATE:

DEX will continue offering service via agents for the foreseeable future.

GAP:

Not Applicable

ACTION PLAN:

Not Applicable

DEADLINE FOR IMPLEMENTATION:

Not Applicable

GOVERNANCE AND RESPONSIBILITY:

Director of Business Development Adeel Salman is responsible for the expansion and evolution of the business model.

If there are any changes to the DEX business model the FCA will be notified for via a formal 'Variation of Permission' or 'VOP' application in advance of change to the services offered to the consumers.

Decisions in respect of Director of Business Development Adeel Salman's proposals will be approved by the board of directors after the Head of Compliance confirms that a proposal conforms to the risk appetite of the firm and will be acceptable to the FCA, HMRC, and any other relevant stakeholders.

MONITORING AND REVIEW:

Not Applicable

FCA EXPECTATION 14:

Firms should avoid using technical and complex language that is difficult for customers to understand. For example, when open banking firms ask for consumers to give explicit consent for the access and use of their payment accounts data, or when firms are explaining the nature of the services provided. This will support customers in understanding the implications of providing such consent and making informed decisions.

CURRENT STATE:

DEX avoids using technical languages in its formal communication and all information provided by the firm is easy to understand for its customers.

DESIRED FUTURE STATE:

No change is contemplated.

GAP:

Not Applicable.

ACTION PLAN:

Not Applicable.

DEADLINE FOR IMPLEMENTATION:

Not Applicable.

GOVERNANCE AND RESPONSIBILITY:

Not Applicable.

MONITORING AND REVIEW:

Not Applicable.

SECTION 4: CONSUMER SUPPORT

Consumer Support Firms provide support that meets consumers' needs throughout the life of the product or service.

FCA EXPECTATION 15:

Providing appropriate support channels. For example, consumers must be able to access mobile and internet services, or if need to speak to DEX staff to report fraud on their account.

CURRENT STATE:

DEX customer service assistance is currently in nascent operation status and has not acquired the volume of online and app based customers to have a dedicated customer support team. It has made available an email, phone number, and address to communicate with the company.

DESIRED FUTURE STATE:

DEX at some point should have a dedicated customer support team to deal with customer enquiries in addition to having a dedicated line or team member to deal with instances of fraud reporting on their account.

GAP:

DEX does not have a dedicated customer support team to address customer inquiries and provide support, nor a specific channel for reporting fraud on customer accounts. This may pose challenges for customers who require assistance or need to report fraudulent activities.

ACTION PLAN:

1. DEX will establish a dedicated customer service division with qualified staff who can respond quickly and efficiently to consumers' questions and problems.
2. The customer services team will assist to the consumers to make a correct complaint whether it is eligible complaint or illegible complaint. The team will update the consumer about the status of the complaint and explain the process to make a complaint to FOS incase consumer is not satisfied.

DEADLINE FOR IMPLEMENTATION:

The implementation of the action plan should be prioritized to align with the growth and operational requirements of DEX. It is recommended to complete the implementation within 12 months, considering the potential growth of online and mobile app service and customer acquisition targets.

GOVERNANCE AND RESPONSIBILITY:

The responsibility for implementing and overseeing the action plan should lie with the Director of Business Development and the Compliance Manager who will coordinate the establishment of the customer support team, channel implementation, and training initiatives.

MONITORING AND REVIEW:

A monitoring and review process will be put in place to assess the effectiveness of the implemented customer support channels and the fraud reporting mechanism. The senior management team would oversee the monitoring and review process to ensure that it aligns with the company's strategic goals and objectives. They would receive regular reports and updates on customer support performance, fraud incidents, and any necessary actions or improvements.

Regular feedback from customers, performance metrics analysis, and internal audits can help identify areas for improvement and ensure ongoing compliance with FCA

FCA EXPECTATION 16:

Firms should make it clear to consumers how and where they can access support and make a complaint if they wish to do so.

CURRENT STATE:

DEX requires prominent display of complaints procedure in all its agent locations, and its online and mobile app services will include prominent mention of the firm's complaint handling procedure and contact details. The response timelines for consumer complaints will also be provided.

DESIRED FUTURE STATE:

Complaint handling procedure is pretty much in desired state but to make it more accessible for customers DEX is planning to offer the services of the customer support where team member will guide the process of making the formal complaint by post or email and also update the status of the existing complaint.

GAP:

DEX will provide additional support to its customers, especially for vulnerable customers, who are facing difficulties to make a complaint through email or post.

ACTION PLAN:

The complaint handling team will be established within twelve months depending on growth of the business.

DEADLINE FOR IMPLEMENTATION:

It will be implemented by the 31st of June 2024.

GOVERNANCE AND RESPONSIBILITY:

Director of Business Development and Head of Compliance will be responsible for the effective working of the complaint handling department.

MONITORING AND REVIEW:

DEX Head of Compliance will review all customer complaints and the complaints in a timely manner to ensure proper guidance has been provided to the customers.

FCA EXPECTATION 17:

In cases where products are no longer suitable, firms should support customers in moving to a more suitable product or make it easy for them to exit.

CURRENT STATE:

Not Applicable

DESIRED FUTURE STATE:

Not Applicable

GAP:

Not Applicable

ACTION PLAN:

Not Applicable

DEADLINE FOR IMPLEMENTATION:

Not Applicable

GOVERNANCE AND RESPONSIBILITY:

Not Applicable

MONITORING AND REVIEW:

Not Applicable