

Correspondent Banking Risk Module



Correspondent Banks must assess AML/CTF controls of Respondent Banks. Conducting ML/TF risk assessments across the network of Respondent Banks is a critical expectation set out by the [Financial Action Task Force \(FATF\), recommendation 13](#).

What is correspondent banking risk?

Correspondent banking risk refers to the potential dangers and challenges associated with the relationship between correspondent banks and respondent banks in the context of international financial transactions. These risks can arise due to various factors, including regulatory compliance, money laundering, terrorist financing and other illicit activities.

One major concern is that correspondent banks may inadvertently facilitate the movement of funds for illegal purposes through their networks. As a result, banks that engage in correspondent banking need to implement robust due diligence procedures to ensure that the respondent banks they work with are not involved in any suspicious or illegal activities. Failure to adequately manage these risks can lead to reputational damage, legal repercussions, financial losses, and potential disruptions to the global financial system.

What is a correspondent banking risk assessment?

A correspondent banking risk assessment is a process used by financial institutions, particularly correspondent banks, to evaluate the potential risks associated with their relationships with other banks, especially respondent banks, in the context of cross-border transactions. The purpose of this assessment is to identify and mitigate the various risks that could arise from these banking relationships, including money laundering, terrorist financing, sanctions violations, and other financial crimes.

The assessment involves analysing factors such as the regulatory environment in the respondent bank's country, the bank's financial stability, its anti-money laundering and counter-terrorism financing controls, and its reputation. By conducting such assessments, correspondent banks can make informed decisions about whether to establish or continue relationships with specific respondent banks and how to manage the associated risks effectively.

This helps ensure compliance with regulatory requirements, prevent illicit financial activities, and maintain the integrity of the global financial system.



Who should consider conducting a correspondent banking risk assessment?

Correspondent banking risk assessments are primarily conducted by correspondent banks, which are the banks that provide services to respondent banks, often located in different countries. Correspondent banks need to assess the risks associated with their relationships with respondent banks to ensure that they are not inadvertently facilitating money laundering, terrorist financing, or other illicit activities.

Regulatory authorities and financial institutions' internal compliance teams also play a role in monitoring and assessing correspondent banking risks. Regulatory authorities may require correspondent banks to demonstrate that they have effective risk assessment and risk management processes in place to prevent financial crimes. Internal compliance teams within financial institutions are responsible for ensuring that the institution's correspondent banking relationships adhere to regulatory standards and internal policies.

Ultimately, the goal of conducting correspondent banking risk assessments is to maintain the integrity of the global financial system, prevent the misuse of banking services for illegal purposes, and uphold compliance with international regulations.

About Arctic Intelligence's Risk Assessment Platform

Arctic Intelligence's Risk Assessment Platform has been designed for larger companies to conduct risk assessments for financial crime and other risk domains. The platform is highly-configurable and can be tailored to your organisation's risk assessment methodology, risk and control libraries relevant to your business and execute these across multiple countries, operating groups or business units. This process produces real-time dashboards and reports aggregated across the organisation.

The Risk Assessment Platform is commonly used to digitise manual spreadsheet-based models and also to automate the inherent risk assessment process by ingesting data from file uploads or API feeds.



PLAY VIDEO DEMO
DIGITISATION

PLAY VIDEO DEMO
AUTOMATION

DOWNLOAD BROCHURE

Key Features

To help manage your enterprise-wide risks, whatever the risk domain you're assessing



Highly configurable so you can tailor the platform to suit your needs



Import your own risk and controls or use our expert-built risk domains



Flexible risk methodology, tailored to your risk-based approach



Auditable workflow process for conducting risk analysis and controls assessment



Digitise and automate by ingesting data via API or file upload



Track, monitor and report on actions, issues and incidents



Real-time dashboards and analytics, with exportable reports



Fully hosted in a secure cloud with dedicated support

Why choose the Risk Assessment Platform?



Fully configurable risk analysis and controls assessment platform



Automate risk assessments by ingesting data, improving efficiency



Expert-built content modules with hundreds of risks and controls



Real-time analytics, approval workflows and fully auditable



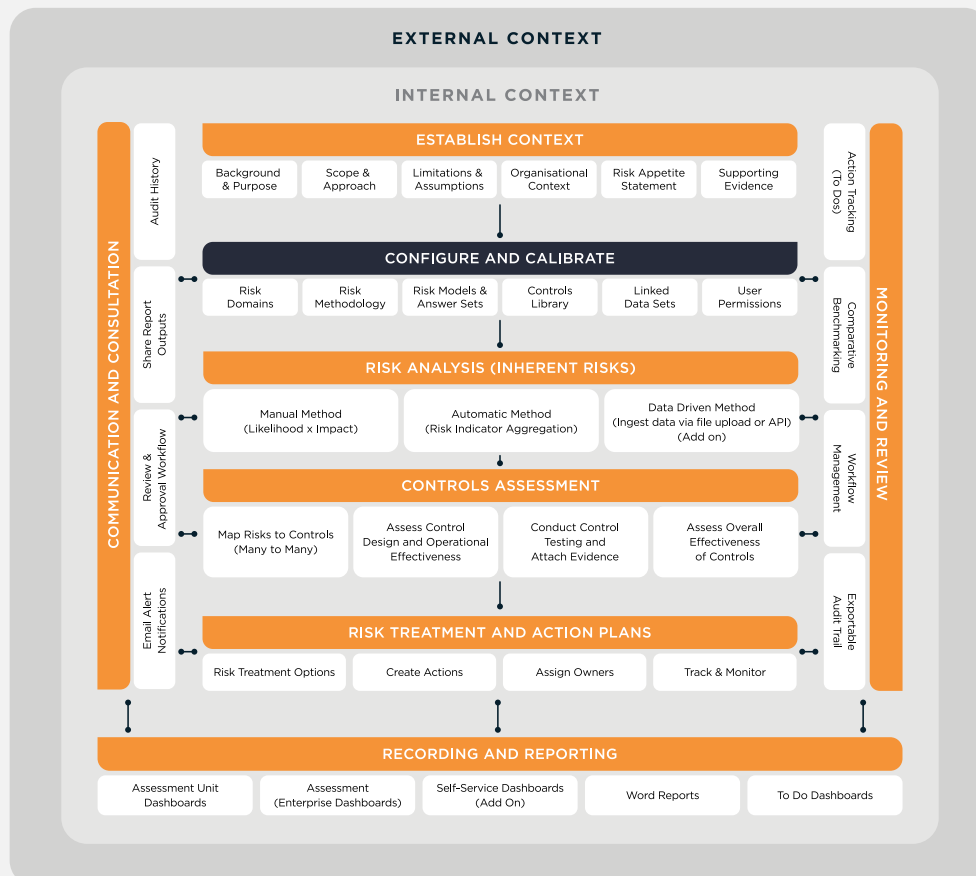
Digitise spreadsheet-based approaches, improving quality



Save time and money, reducing compliance costs

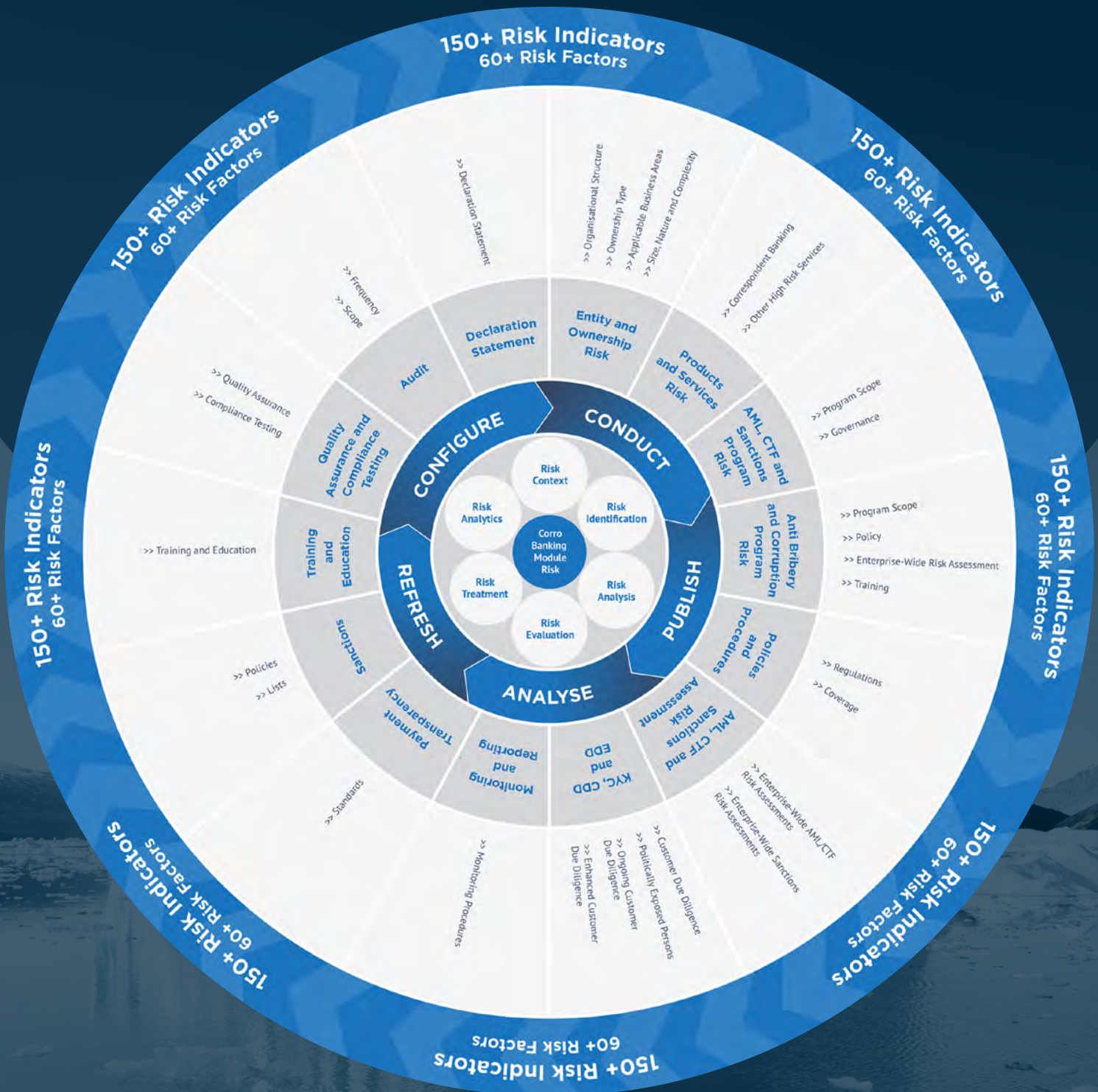
How it works

The diagram below visualises recognised industry best risk assessment practices overlaid against the features within the Risk Assessment Platform that supports these processes.



What is the structure of the Correspondent Banking Risk and Control Module?

We've developed a correspondent banking AML/CTF/sanctions risk and control module based on the [Wolfsberg Correspondent Banking Due Diligence Questionnaire \(CBDDQ\)](#), which is represented in the diagram below. It can also be fully tailored to suit your organisation by modifying content, applying weightings, determining answer set values and calibrating risk thresholds.



About Arctic Intelligence

[Arctic Intelligence](#) is a multi-award winning, RegTech firm that specialises in audit, risk and compliance software related to financial crime compliance and risk management.

We've helped hundreds of clients in over 20 industry sectors and multiple countries strengthen their defences against financial crime.

[VISIT OUR WEBSITE](#)

[BOOK A DEMO TODAY](#)



Compliance. The smart way.