

Money Laundering, Terrorism and Proliferation Financing Risk and Control Module for Corporate Finance, Venture Capital and Private Equity Firms

Corporate finance, venture capital and private equity firms are attractive to organised criminal networks because they manage complex investment structures, large capital flows and cross-border transactions that can be used to disguise the origin of illicit funds or gain control of legitimate businesses for money laundering or sanctions evasion purposes.

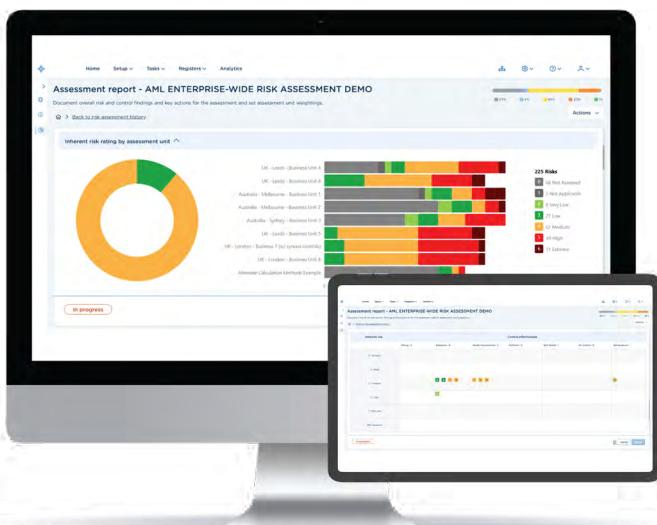
The use of layered ownership, shell entities and high-value acquisitions further increases the risk of obscuring beneficial ownership and the true source of funds. To counter these threats, it is essential that these firms maintain a robust, enterprise-wide money laundering, terrorism and proliferation financing risk assessment framework.

By systematically identifying and assessing their exposure to financial crime risks and evaluating the design and operational effectiveness of their mitigating controls in a manner appropriate and proportionate to their business model, size and complexity, they can enhance governance, safeguard investor confidence and uphold the integrity of capital markets.

About Arctic Intelligence's Risk Assessment Platform

Arctic Intelligence's [Risk Assessment Platform](#) can be used by smaller reporting entities out-of-the-box with standardised risk and control libraries or configured by medium and larger enterprises to suit any enterprise risk management framework.

Our multi-award-winning platform is highly-configurable and can be tailored to suit your methodology, risk indicators, applying risk and/or control weightings as appropriate, with a full audit trail and real-time data aggregation of individual business lines or consolidated across enterprises.



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Digitisation

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Automation

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Corporate Finance, VC and PE

Who is this risk and control module designed for?

The money laundering, terrorism and proliferation financing risk and control module contains a library of risks, controls and control tests designed specifically for different types of Corporate Finance, Venture Capital and Private Equity Firms:

- ✓ Alternative Investment Firms
- ✓ Angel Investment Networks
- ✓ Buyout Funds
- ✓ Capital Markets Advisors
- ✓ Corporate Finance Advisor
- ✓ Family Office Direct Investors
- ✓ Growth Equity Investors
- ✓ Investment Banking Boutique
- ✓ Investment Holding Companies
- ✓ Leveraged Buyout (LBO) Firms
- ✓ M&A Advisory Firms
- ✓ Mezzanine Finance Providers
- ✓ Private Equity Firms (PEs)
- ✓ Seed and Early-Stage Investors
- ✓ Venture Capital Firms (VCs)

What's included in the risk and control module?

Each of our expert-designed risk modules contain an Enterprise-Wide Risk Assessment, a Channel Risk Assessment, a Product Risk Assessment and a Country Risk Assessment containing hundreds of risk indicators and risk factors, grouped under different risk categories and risk groups.

In addition to a fully comprehensive risk library, our module also contains a library of controls and control tests that you can use to assess the design and operational effectiveness of your control environment.

Our content modules can be used out-of-the-box, easily modified to suit your requirements or you can simply build and import your own risk and control content. We can support implementation directly or through our growing advisory network.

What's the structure of the risk and control module?

Environmental Risk

External Threat Environment

Exposure to External Risks

Money Laundering or Terrorism Financing Risks; Proliferation Financing Risks; Sanctions or Geopolitical Risks; Fraud and Scam Risks and Other Financial Crimes.

National Risk Assessment Considerations

Criminal Threats; Sector Vulnerabilities; Regulatory Expectations; Enforcement and Supervision; International Standards and Divergence; Legal and Judicial Systems and Emerging Regulations.

Internal Threat Environment

Exposure to Internal Risks

Governance and Oversight; AML/CTF Program Alignment to Risks; AML/CTF Program Non-Compliance and Regulatory Reporting.

Exposure to Operational Risks

Business Location Risk; Outsourcing Risk; Employee Risk; New or Significant Business Changes and Emerging or Forward Looking Risks.

Customer Risk

Customer Base Profile

Customer Type; Customer Location and Changing customer base profile.

Customer Legal Form Risk

Proportion of higher risk customer types.

Politically Exposed Person (PEP) Risk

Proportion of PEPs and PEP profile changes

Customer Location Risk

Proportion of customers by location.

Customer Industry / Occupation Risk

Proportion of higher risk industry or occupations.

Customer Activity Risk

Customer risk profiling and other risk factors; Customer behaviours, profiles and activities and PEPs, sanctions or proliferation financing risk.

Product and Services Risk

Product and Service Types

Commercial and Business Lending Products; Investment and Wealth Management Products and Investment Products.

General Product and Service Risks

Product lifecycle and governance; Product transparency and anonymity; Transactional features and payment characteristics; Geographic and customer exposure; Transaction volume, value and revenue; Monitoring and reporting involving higher risk products and services and Higher product and service risks.

Commercial and Business Lending Products

- Commercial Loans
- Commercial Overdrafts or Lines of Credit
- Working Capital Loans

Investment and Wealth Management Products

- Asset Management
- Discretionary Portfolio Management
- Family Office Services
- Family Trusts
- Private Banking

Investment Products

- Capital Investment
- Investment Funds
- Offshore Investment Funds
- Securitisation
- Structured Equity and Equity Products

[^] Our separate product and services risk model contains over 15 different products and services offered by corporate finance, venture capital and private equity firms and includes ML/TF/PF risk factors aligned to the features and characteristics of each.

Channel Risk[^]

Face-to-Face Channels

Internal Physical Channels; Relationship Managed Physical Channels and External Physical Channels.

Face-to-Face or Non-Face-to-Face Channels

External Partner Intermediary Channels.

Customer Onboarding Channels

Channel type; onboarding through face-to-face channels and non-face-to-face channels and customer onboarding through intermediaries.

Non-Face-to-Face Channels

Internal Remote Assisted Channels; Internal Manual Channels; Internal Digital Self-Service Channels; Internal Programmatic / Embedded Access Channels; External Interbank and Payment Infrastructure Channels and External Digital Channels.

Transaction and Delivery Channels

Value of transactions by delivery channel type.

General Channel Risks

Higher channel risk indicators.



Face-to-Face Channels

- ✓ Authorised Third-Party Introducers
- ✓ In-house Financial Advisers / Wealth Managers
- ✓ Sales Agents / Relationship Managers



Non-Face-to-Face Channels

- ✓ Fax or Email instructions
- ✓ Mail / Postal Instructions
- ✓ Social Media / Messaging Apps

[^]Our separate channel risk model contains over 30 different customer onboarding and transaction channel types.

Transaction Risk

Transaction Risk Rating

By customer type (individuals vs. entities).

Transaction Volume By Transaction Risk Type

Industry Type; Customer Type; Country Risk Rating and Changes in Transaction Volumes.

Transaction Value By Transaction Risk Type

Industry Type; Customer Type; Country Risk Rating and Changes in Transaction Values.

Transaction Monitoring and Reporting

Alerts, Cases and Suspicious Activity Reports and Transactions involving Higher Risk Countries and Alerts, Cases and Suspicious Matter Reports related to higher risk scenarios.

Country Risk[^]

Higher Risk Business Operations

Geographic footprint of business locations.

Country Risk by Customer Type (Individuals)

Higher risk individual customers and country risks and Residency, nationality or citizenship.

Country Risk by Customer Type (Entities)

Higher risk non-individual customers and country risks and Country of registration, incorporation, domicile or operating in.

Country Risk by Transaction

Transaction volume and values by country.

[^] Our separate country risk model contains country risk ratings generated for over 240 countries and territories.

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

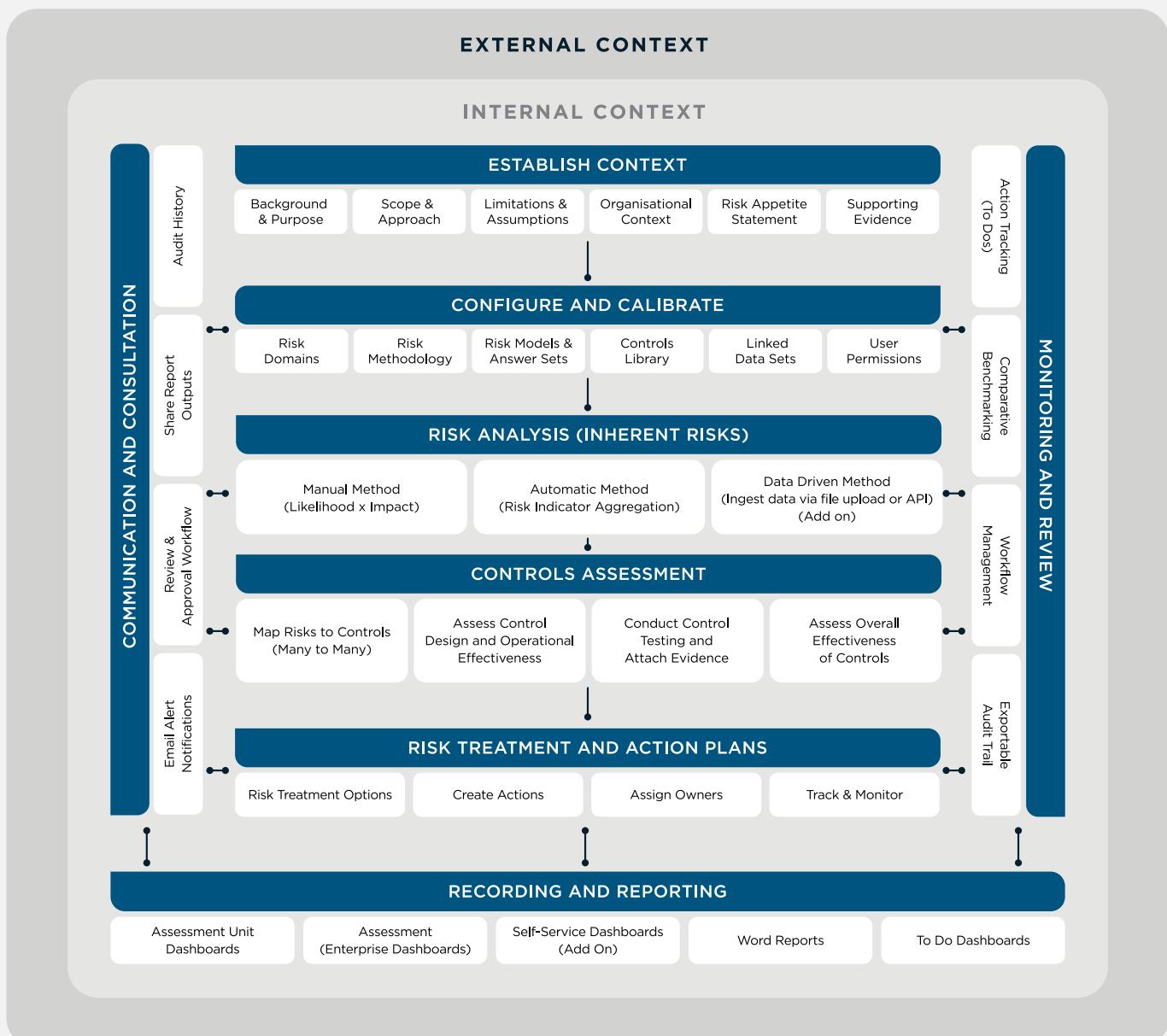
-  Digitise and automate by ingesting data via API or file upload
-  Track, monitor and report on actions, issues and incidents
-  Real-time dashboards and analytics, with exportable reports
-  Fully hosted in a secure cloud with dedicated support

Why choose the Risk Assessment Platform?

- ✓ Fully configurable risk analysis and controls assessment platform
- ✓ Expert-built content modules with hundreds of risks and controls
- ✓ Digitise spreadsheet-based approaches, improving quality
- ✓ Automate risk assessments by ingesting data, improving efficiency
- ✓ Real-time analytics, approval workflows and fully auditable
- ✓ 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.



Companies we've helped

APAC



EMEA



AMERICAS



Our customer footprint

Our customer footprint

About Arctic Intelligence

Arctic Intelligence is a multi-award-winning RegTech firm that specialises in financial crime risk and controls risk management software to help regulated businesses to identify, assess, mitigate and manage financial crime.

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Compliance. The smart way.