

WHAT ARE MONEY LAUNDERING AND TERRORISM FINANCING LAWS?

AML/CTF laws apply to millions of businesses in over 200 countries and over 30 different industries within the [financial services](#), [gaming](#), [gatekeeper professions](#) and [high-value dealers](#) sectors. AML/CTF laws are risk-based meaning they require all regulated businesses to conduct an ML/TF risk assessment to identify and assess their vulnerabilities to their businesses being used to facilitate ML/TF and build an appropriate and proportionate control framework.





CONDUCTING A MONEY LAUNDERING AND TERRORISM FINANCING RISK ASSESSMENT IN

10 STEPS



Understand Regulations: Familiarising yourself with ML/TF laws will help you understand the requirements and expectations for conducting ML/TF risk assessment.

STEP 01

STEP 06

Implement Controls: Put in place the controls and measures you've identified. This might involve updating policies and procedures, incorporating technology solutions for transaction monitoring, and providing training to staff.



STEP 02

Identify Risk Factors: Identify the risk factors specific to your business, such as customer profiles, transaction types, products or services offered, geographic locations, and delivery channels.



Testing and Review: Periodically test and review the effectiveness of your mitigation measures. Adjust your approach based on lessons learned and changes in risk factors resulting from external and internal factors.

STEP 07



Assess Vulnerabilities: Evaluate the vulnerabilities associated with each identified risk factor. Determine how likely these vulnerabilities are to be exploited and what impact they could have on your business.

STEP 03

STEP 08

Document the Assessment: Maintain comprehensive documentation of the entire assessment process, including your risk identification, evaluation, mitigation strategies, and the rationale behind your decisions.



STEP 04

Rate Risks: Assign a risk rating to each identified risk based on factors like likelihood and potential impact. This helps prioritise your efforts in mitigating the highest-risk areas, first.



Report and Communicate: If required by regulators, prepare reports detailing your ML/TF risk assessment findings, mitigation measures, and the outcomes of your efforts. Communicate these findings to relevant stakeholders, including regulators.

STEP 09



Develop Mitigation Measures: Develop strategies and measures to mitigate the identified risks. These could include enhanced customer due diligence, transaction monitoring, employee training, and reporting mechanisms for suspicious activities.

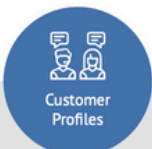
STEP 05

STEP 10

Continuous Improvement: Money laundering and terrorism financing risks evolve over time. Continuously monitor changes in your business environment, regulatory updates, and emerging risks and adapt your ML/TF risk assessment and mitigation strategies accordingly.



Risk factors to consider when conducting a money laundering and terrorism financing risk assessment



Customer Profiles



Source of Funds



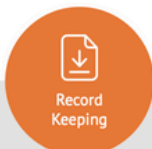
Delivery Channels



Transaction Types



Higher Risk Industries



Record Keeping



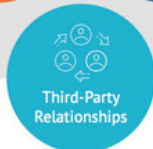
Regulatory Environment



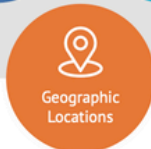
Customer Behaviour



Products and Services



Third-Party Relationships



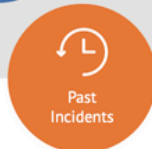
Geographic Locations



Employee Awareness



Technological Vulnerabilities



Past Incidents

About Arctic Intelligence


Arctic Intelligence (www.arctic-intelligence.com) is a multi-award winning, RegTech firm that specialises in audit, risk and compliance software related to financial crime compliance and risk management. Arctic Intelligence has helped hundreds of large and small clients across over 20 industry sectors and 20 countries and has also developed strong industry partnerships around the world.

Arctic has developed two leading cloud-based software solutions that leverage technology to re-engineer the way in which major financial institutions and other regulated businesses manage their enterprise-wide financial crime and non-financial crime risks.

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