

Risk-Based Approach



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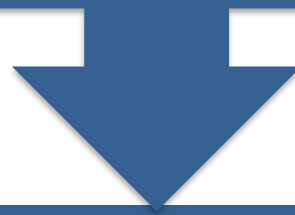
- Jamaica's National Risk Assessment
- Industry Risk Assessment
- Regulated Entity Risk Individual Assessment

Risk-Based Approach

- Gaming Lounges are exposed to expanding money laundering and terrorist financing threats.
- Modern financial criminals have a range of methodology at their disposal to avoid countermeasures put in place to stop them.
- Gaming Lounges must be able to respond to threats appropriately.
- The most effective way to achieve that objective is to take a risk-based approach, meaning an AML compliance program tailored to the individual levels of risk exposure that each customer presents.

Risk Analysis

Gaming Lounges are expected to conduct a Risk analysis in order to develop an understanding of the risks faced.



This provides an input to the risk assessment and risk treatment decisions.

Risk Based Approach



- Steps in ML/TF Risk Assessment
 - Identify
 - Assess
 - Mitigate
 - Monitor

Risk Identification

- Identify inherent risks using the following criteria:
 - Customer types
 - Products and services
 - Delivery channel/distribution, Payment Method
 - Geography/jurisdiction/ Regions
- Secondary Criteria:
 - Transactions (Volume)
 - Length of business relationship

Risk Identification

Customer Type

Risk Factor to consider:

- Customer from high-risk Jurisdictions;
- AML/Controls in place;
- Customers who owns cash intensive businesses such as gas stations, supermarkets, wholesales or operate charities and other non-profit organizations;
- Customers who are high rollers
- Customer who are not domicile in Jamaica
- Political Exposes Persons (PEPS)

Risk Identification

- **Transactions , Product and Services**
 - Cash Intensive, international customers, third parties and/or has complex features for pay-outs;
 - Allows payments to/from third parties
 - Allows high transaction volumes/high value payments.

Risk Identification

Delivery Channel:

Risk Factors:

- Face-to-face (with the entity)
- Non-face-to-face – reliance on outsourcing to third parties, and/or intermediaries which are not subject to the same level of AML/CFT

Risk Identification

Geography/Jurisdiction & Region:

Risk factors

- Customers are based in or linked to countries with higher ML/TF risks.
- Conducting business from countries with the following characteristics:
 - Identified by FATF & EU as High risk;
 - Perceived high level of public sector corruption;
 - High level of illicit drug production and/or drug trafficking.

Risk Classification

- ML/TF risks are often classified as low, medium and high, however POCA states that the risks should be classified as low or high.
- Classification assists in understanding and prioritizing ML/TF risks.

RISK MITIGATION

After identifying ML/TF risks, steps to mitigate the risks should be identified:

Where the risk is higher, then enhanced measures should be implemented to mitigate the risk.

Similarly, when the risks are lower simplified measures are applied;

Gaming Lounges should continue to assess the controls to mitigate ML/TF risks.

To be effective the risk mitigation for the risks, should remain relevant

Ongoing Monitoring

- The risk-based approach to AML compliance is a process, which means customers should be subject to ongoing monitoring throughout the business relationship.
- Ongoing monitoring is important because customers' risk profiles can change over time.
- You must be able to react to new levels of risk exposure to ensure emerging money laundering threats are identified as quickly as possible.

Control Factors

- KYC (incl. All requirements)
- Monitoring & Controls
- Policies & Procedures
- AML Corporate Governance; Management Oversight & Accountability
- Management Information / Reporting
- Record Keeping & Retention
- Designated AML Compliance Officer / Unit
- Detection and SAR Filing
- Training
- Independent Testing & Oversight

Risk-Based Stakeholders

Involve all relevant stakeholders in the Risk Assessment process including but not limited to:

- AML/CFT Nominated Officers
- Compliance and risk management professionals
- Senior management/Business line heads
- Information technology professionals
- The Board of Directors are required to approve an entity's ML/TF risk assessment
- Not a one-time exercise; ML/TF risk assessments must be kept up to date and made available to relevant authorities