Money laundering and terrorist financing risk assessment form template

**This form may only be used for the purpose for which it was made.**

**Company details**

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| **Name of the company** |  |
| **Business ID** |  |
| **Business sector(s)** |  |
| **Turnover** |  |
| **Number of employees** |  |

**Risk assessment details**

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| --- | --- |
| **Risk assessment prepared (date)** |  |
| **Person responsible for preparing risk assessment** |  |
| **Risk assessment authors** |  |
| **Risk assessment updated** |  |
| **Management approval** |  |

**Sources used for risk assessment**

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# Risk identification and assessment

## Products and services: vulnerabilities and threats

Identify and assess vulnerabilities and threats related to products and services offered by your company. Assess each product or service separately.

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| **VULNERABILITIES**What are the characteristics of products or services that can make them vulnerable to money laundering or terrorist financing? Assess the following, for example:* availability of a product or service from the perspective of threats (criminal actors)
	+ how easily or quickly a product or service is available to criminal actors
* the attractiveness of a product or service from the perspective of threats
	+ anonymity for criminal actors
	+ mobility
	+ resale
	+ value retention

**THREATS**For threats, consider for example the following:* How could your company’s products or services be used to conceal or cover the origin of illegitimately acquired funds?
* How could your company’s products or services be used to collect or distribute funds or other property to finance terrorism?
* How likely is it that criminal actors could use the company’s products or services to try to conceal or cover the origin of illegitimately acquired funds?
* How likely is it for criminal actors to try to use the company’s products or services to collect or distribute funds or other property to finance terrorism?
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| **Product or service** | **Identify and assess vulnerabilities related to a product or service. Justify the assessment.****Also specify the degree of vulnerability.**1 = low2 = moderate3 = significant4 = very significant | **Identify and assess the significance of different threats. Justify the assessment.****Also specify the level of the threat.**1 = low2 = moderate3 = significant4 = very significant | **Risk level**1 = low2 = moderate3 = high4 = very high |
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## Products and services: risk factors

1. In the first column, list the products and services offered by your company. Mark down their inherent risk level based on your assessment above.
2. Then assess the different risk factors associated with the product or service. Risk factors refer to factors that affect the risks related to your company’s products and services. The number and quality of the risk factors affect the final risk level of the products and services offered by your company. Risk factors may indicate a low risk or a higher risk than usual.
3. Assess the final risk level of a product or service after taking into account the impact of different risk factors.

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| **Product or service** | **Risk level 1-4 (table 1)** | **Assessment of risk factors** | **Final risk level after taking into account the impact of risk factors**1 = low2 = moderate3 = high4 = very high |
|  |  | **Customers*** customer base of a product or service (e.g. private customers, small businesses, large enterprises, international companies, cash customers, others)
* customers’ lines of business
* transaction types of customers buying a product or service (e.g. on-site transaction, non-face-to-face transactions, other)
* connections of customers buying a product or service to different geographical areas or countries
* nature of customer relationships of customers buying a product or service (e.g. permanent, one-off, other)

**Business transactions*** different payment methods for transactions (e.g. cash, credit transfers, debit cards, virtual currency, other payment methods)
* location of business transactions (e.g. on-site, non-face-to-face, other)
* identifying the purpose of business transactions and the origin of related funds (easy, reasonably easy, difficult, very difficult)
* connections of business transactions to different geographical areas or countries
* frequency and pace of transactions

**Countries and geographical areas*** High-risk states and regions listed by the European Commission and the FATF: ones whose actions to prevent money laundering and terrorist financing are not at a sufficient level
* geographical area where a product or service is offered
* location of the site where a product or service is offered

**Distribution channels*** different types and number of distribution channels

direct sales to the end customerdirect sales to retailsales through wholesalerssales through importerscombination of several distribution channels**Technologies*** product- or service-related payment and service methods and systems that utilise new technology
* if the product or service itself is new technology

**Others, specify** |  |
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**Also assess the impact of the sector-related risks associated with money laundering and terrorist financing on your company’s operations.**

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| **What is the national assessment of the risk of money laundering and terrorist financing related to your company’s business sector? Why?** |
| **Assess the risks related to your business sector from the perspective of your company’s operations.** |

## Customers

1. List the different customer groups of your company.
2. Assess the risk factors, i.e. factors that may indicate a low risk of money laundering or terrorist financing for the relevant client group and factors that may indicate a higher than usual risk of money laundering or terrorist financing.
3. Mark the assessed risk level of each customer group based on the risk factors.

**Table 3**

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| **Customer group** | **Assessment of risk factors** | **Risk level**1 = low2 = moderate3 = high4 = very high |
|  | Factors that may indicate a low risk of money laundering or terrorist financing:* customer is a publicly traded company
* customer is a public entity or a public enterprise
* customer’s place of residence or domicile is in a lower risk geographical area

Factors that may indicate a higher risk than usual:* transaction is concluded in unusual conditions
* customer’s place of residence or domicile is in a
	+ country where, according to reliable sources, there is considerable bribery or other criminal activity
	+ country with EU or United Nations sanctions, export or import prohibitions or similar measures
	+ country that finances or supports terrorist activity or where known terrorist organisations operate
* personal funds are managed by a legal person or by legal arrangements
* company has a nominee shareholder or its shares are issued as bearer shares
* products and transactions may impede the identification of the customer or beneficial owner
* business operations involve a lot of cash payments
* company’s ownership seems unusual or too complicated compared to the nature of the company’s business operations

Also consider other risk factors related to the customer group. |  |
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**How does the risk assessment affect compliance with obligations concerning customer due diligence?**

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| **Simplified due diligence procedure** |
| **Enhanced due diligence procedure** |
| **Politically exposed persons** |
| **Identification and verification of beneficial owners** |

# Money laundering and terrorist financing risk management measures

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| **Assessment and justification of management measures** | **Functionality of management measure**functionalmoderately functionalinsufficientvery insufficient |
| **Customer due diligence**Assess what kinds of **risk mitigation measures** your company uses for customer due diligence. Assess the related **vulnerabilities and shortcomings**. Justify your assessment.Take the following matters into account, for instance:* company’s internal processes and procedures for identifying and verifying customers and collecting due diligence data
* documentation and retention of customer information
* updating the customer due diligence data and ensuring that it is up to date
* non-face-to-face identification policies
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| **Systems**Assess what kinds of risk mitigation measures your company uses for different systems. Assess the related vulnerabilities and shortcomings. Justify your assessment.Take the following matters into account, for instance:* money laundering and terrorist financing prevention systems are in place / are not in place
* other systems are in place / are not in place
* storing and documenting data in different systems
* storing, backing up and restoring data in systems
* usability and integrity of data stored in systems
* organisation of document management and related responsibilities
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| **Continuous monitoring**Assess what kinds of risk mitigation measures your company uses for continuous customer monitoring. Assess the related vulnerabilities and shortcomings. Justify your assessment.Take the following matters into account, for instance:* manual or automatic (system-supported) continuous customer monitoring
* monitoring permanent customer relationships
* monitoring one-off customer relationships
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| **Practices related to risk management**Assess your company’s risk management practices and their vulnerabilities and shortcomings. Justify your assessment.Take the following matters into account, for instance:* regularly evaluating, revising and updating risk management practices and operating models
* relationship between the risk management related to money laundering and terrorist financing and other types of risk management
* documentation of risk management practices
* available financial resources
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| **Internal control**Assess what kinds of risk mitigation measures your company uses for internal control. Assess the related vulnerabilities and shortcomings. Justify your assessment.Take the following matters into account, for instance:* efficiency and frequency of internal control
* extending internal control to company’s processes and practices for preventing money laundering and terrorist financing and to individual transactions
* allocation of responsibilities for internal control
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| **Personnel: training, competence and personnel resources**Assess what kinds of risk mitigation measures your company uses for personnel. Assess the related vulnerabilities and shortcomings. Justify your assessment.Take the following matters into account, for instance:* quality and quantity of training
* responsibility for training
* awareness of legislation and phenomena related to money laundering and terrorist financing
* practical competence levels and ensuring competence
* division of responsibilities in the prevention of money laundering and terrorist financing
* personnel turnover, absences, new staff members
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| **Others, specify** |  |

# Assessment of residual risk

1. Fill in the tables with the products and services offered by your company and your company’s customer groups.
2. Enter the risk levels you assessed above.
3. Assess the impact of management measures on the risk level. Take into account any vulnerabilities and shortcomings identified in the management measures.
4. Assign numerical values to the level of residual risk (1 = low, 2 = moderate, 3 = high, 4 = very high) that remains despite the measures to mitigate risks.
5. Assess whether more management measures related to residual risk are needed to further reduce risk. If not, justify why the residual risk can be accepted without action.

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| **Product or service** | **Risk level 1-4** | **Assess the impact of risk management measures on the risk level. Justify the assessment.** | **Residual risk level 1-4** | **Management measures targeted at residual risk or acceptance of residual risk** |
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| **Customer group** | **Risk level 1-4** | **Assess the impact of risk management measures on the risk level.****Justify the assessment.** | **Residual risk level 1-4** | **Management measures targeted at residual risk or acceptance of residual risk** |
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Finally, use the risks associated with your company’s products, services and customer relationships to assess the **overall risk level** of money laundering and terrorist financing on your company’s business or professional activities (1 = low, 2 = moderate, 3 = high, 4 = very high). Justifying the assessment is recommended.

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| **Assessment of overall risk level 1-4** | **Justifications** |
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