

# Building an Effective Anti-Money Laundering Program

A well-designed anti-money laundering program with balance, checks of power, and complete transparency can protect an enterprise from reputation damage, assist in legal compliance and ensure the organization is free from criminal wrongdoing.

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## Start with why

Every organization has a different set of reasons for building an Anti-Money Laundering Program. The primary reasons include legal compliance, reputation management, protection from criminal prosecution and just not wanting to handle dirty money.



### KNOW THE LAW

Keeping up with ever-changing and often conflicting national laws, regulations and treaties about financial transactions, money laundering and information privacy is critical.



### What is money laundering?

#### Its not just for drug dealers anymore...

Money laundering is how criminals disguise the identity, source and destination of proceeds of crime or hide funds they plan to use to finance their actions. For crimes that generate cash, this requires placing, layering and integrating money into the general economy. For other crimes such as bribery and tax evasion, criminals use funds already in the system but seek to disguise any movement that might reveal the wrongful action. For terrorism financing, the goal is to hide the transfer of legitimate or illegitimately sourced funds into the hands of those who will use the money to fund acts of terror.

### DEFINE THE RISK

- Start with a comprehensive organizational analysis
- Understand how much exposure your organization has and where it originates
- Keep track of the places you operate, directly and through agents and partners
- Know where threats are hiding in your operations
- Identify threats posed by your products & service
- Understand the enhanced risks posed by your markets and spheres of operation
- Identify the risks inherent in different customer types

### QUANTIFY THE RISK

- Determine quantitative impact from a customer and asset perspective
- Understand how operating locations affect risk
- Profile and risk rate customers and assets based on risk attributes including customer geography, business structure, sources of funds, business type, products and services utilized, Politically Exposed Person (PEP) and sanctions risks, and other factors
- Formulate a comprehensive Business Risk Assessment

### MANAGE THE RISK

Develop a program of people, processes and controls proportional to the quantified risks which can ensure compliance, visibility and protection. Evaluate processes ripe for automation such as repetitive manual tasks.

### OUTSIDE ENVIRONMENT

#### Continuous Evolution

The nature of money laundering is ever-evolving as criminals construct new and "improved" methods to hide the proceeds of crime and funds for financing criminal action, making it ever more difficult to monitor and stop.

### CONSTANT IMPROVEMENT

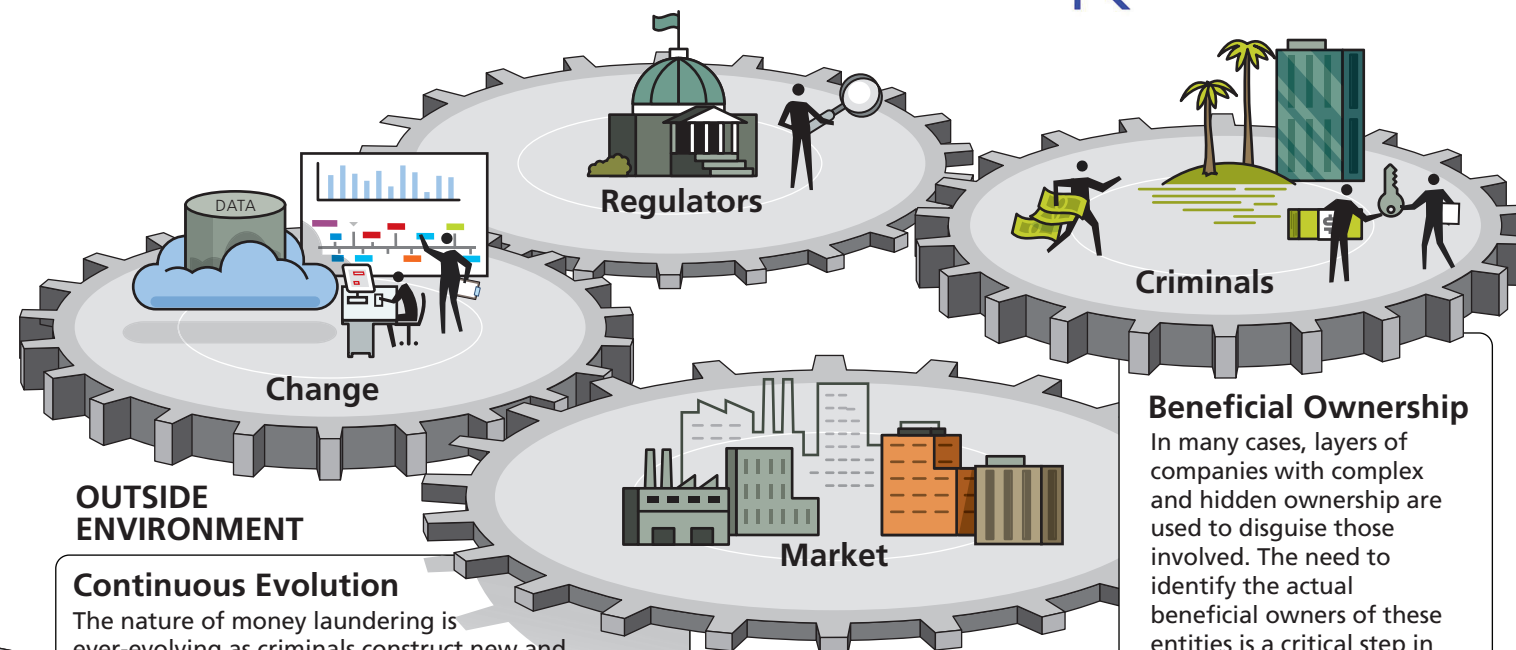
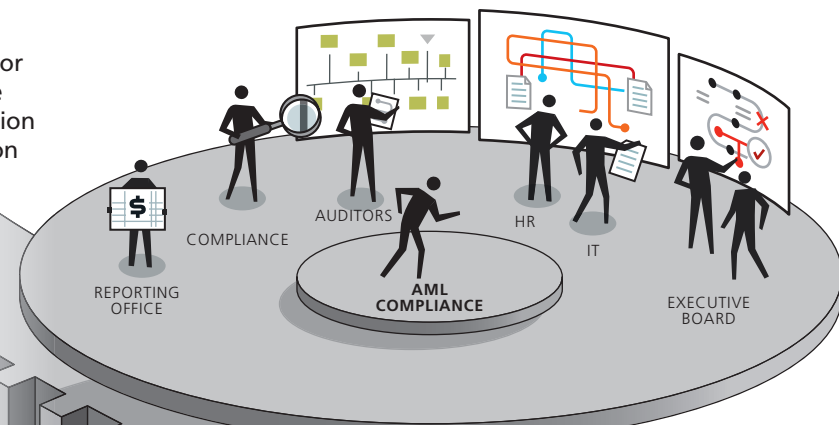
Continually capture and update your understanding of threats and system weaknesses to influence continued evolution of an effective Anti-Money Laundering Program.

### What is Your Global Exposure to Risk?

#### It may be more than you know...

Money laundering arises from a number of predicate crimes – unlawful activity which generates dirty money or property. And committing a crime in a jurisdiction outside of your own – even if the activity is legal where you reside – may be such a predicate crime under one or more statutes that apply to you.

Organizations attempting to institute a sound Anti-Money Laundering Program are wisely advised to ensure that for every transaction in every location they abide by the rules of the strictest jurisdiction in which they operate.



### Beneficial Ownership

In many cases, layers of companies with complex and hidden ownership are used to disguise those involved. The need to identify the actual beneficial owners of these entities is a critical step in fighting money laundering.