



WHAT IS A REGULATORY QUICK GUIDE?

A quick guide gives regulated businesses a brief snapshot of an AML/CTF compliance topic, to help you make sure you are meeting your obligations and protecting your business and the community from serious and organised crime.

Money laundering/terrorism financing risk assessments

In the course of our regulatory activity, AUSTRAC has identified situations where businesses failed to regularly review and update their money laundering and terrorism financing (ML/TF) risk assessments.

Risk assessments are the foundation of your anti-money laundering and counter-terrorism financing (AML/CTF) program. Your obligations under the Act involve more than a tick-a-box approach and procedures. The Act requires you to actively understand and manage your business's ML/TF risks.

The ML/TF risks businesses face constantly change. This means you need to undertake and maintain a robust ML/TF risk assessment, and conduct ongoing reviews of new and emerging risks to effectively mitigate and manage ML/TF risks. Failure to do so could lead to multiple breaches of AML/CTF compliance and risk management.

Risk-based systems and controls in Part A of your AML/CTF program must be aligned to current ML/TF risks, and need to be tested and reassessed regularly to ensure they are mitigating and managing your risks as intended.

Regularly reviewing your risk assessments will ensure you can identify and manage emerging ML/TF risks and will also help you to identify and strengthen controls that are not adequately mitigating and managing your risks and protecting you against non-compliance.

What is an effective approach to assessing ML/TF risk?

- ✓ your risk assessment is documented
- ✓ you understand the ML/TF risks to your business, and review them regularly to identify new and emerging risks
- ✓ your AML/CTF program enables you to identify, mitigate and manage your ML/TF risks
- ✓ risk assessments are conducted on all designated services and channels, customer types and jurisdictions
- ✓ your AML/CTF program provides guidance on how to identify all ML/TF risks that may arise from new designated services, delivery channels and technologies, before they are introduced
- ✓ processes exist to ensure risks and issues are appropriately escalated
- ✓ accountabilities for management of risks are clearly assigned.



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Example: effective ML/TF risk assessments in action

BusinessCO receives a notification from AUSTRAC about new and emerging crime trends and the risks these could pose to businesses in its sector. The notification includes a range of indicators that business in the sector should closely monitor to prevent being exploited.

The notification is relevant to BusinessCO's products and services, so a comprehensive assessment of BusinessCO's ML/TF risks is conducted to understand the likelihood and impacts that these crime trends may have on the business.

The risk assessment reveals a number of new circumstances that pose a high ML/TF risk to BusinessCO. Business CO immediately updates its existing systems and controls. Changes include introducing new transaction limits and due diligence checks for transactions to specific jurisdictions and updating risk awareness training so that staff know of the emerging crime trends, the risks they pose and what systems and controls are to change. The risk assessment is thoroughly documented and the necessary changes made to the AML/CTF program.

Throughout the process, senior management and the board are kept informed of developments, including the outcomes of the updated risk assessment. The board approves changes to the AML/CTF program.

Looking for more guidance?



For tips on understanding your AUSTRAC compliance obligations, take a look at our regulatory quick guides at austrac.gov.au/reg-quickguides

For more information on money laundering/terrorism financing risk assessments, visit austrac.gov.au/assess-manage-mltf-risks