



## FAQ

### **Money Laundering/Terrorist Financing (ML/TF) Business Risk Assessments**

#### **Q1: What is the purpose of an ML/TF Business Risk Assessment in the context of ML/TF?**

The purpose is to ensure that an institution's compliance resources are allocated to the risk areas that are both needed and have the most significant impact in preventing and suppressing ML/TF.

#### **Q2: How often should an ML/TF Business Risk Assessment be conducted?**

Each Regulated Financial Institution (RFI) must conduct the risk assessment before commencing business and at least annually thereafter. However, the BMA may require risk assessments to be conducted more frequently in line with evolving risks or changes in business circumstances.

#### **Q3: Who is responsible for conducting an ML/TF Business Risk Assessment?**

The senior management of the RFI is responsible for conducting the risk assessment. They must ensure that the assessment methodology and results are well-documented, appropriately approved, and readily available for sharing with the BMA.

#### **Q4: What factors should be considered in an ML/TF Business Risk Assessment?**

It should consider all relevant risk factors regarding the RFI's customers, business relationships, countries or geographic areas, products and services, and delivery channels to assign inherent risk ratings. It may also consider, but is not limited to, other risk factors such as outsourcing and reliant relationships and transactions. The information contained in an institution's Business Plan is often a key source of this information when developing an ML/TF Business Risk Assessment.

#### **Q5: What happens if the ML/TF Business Risk Assessment is not current?**

If the risk assessment is not up to date, the BMA will first give the RFI the opportunity to prepare the assessment to restore its compliance. However, if compliance is not restored and results in systemic issues, it could potentially lead to the RFI being referred to the BMA's Enforcement Team. Therefore, it is critical for RFIs to ensure that their risk assessment remains well documented, relevant and appropriate given the RFI's current risk profile.

#### **Q6: How does an RFI ensure that its ML/TF Business Risk Assessment is up to date?**

An RFI can ensure its assessment remains up to date by implementing an approach that provides continuous monitoring and evaluation. Some of the strategies that can be implemented include regular reviews and updates, conducting data-driven risk analysis, keeping up to date with regulatory changes, conducting regular AML/ATF independent audits, employee training and awareness and stakeholder engagements.