

What Does an Effective Business Risk Assessment Program Look Like?

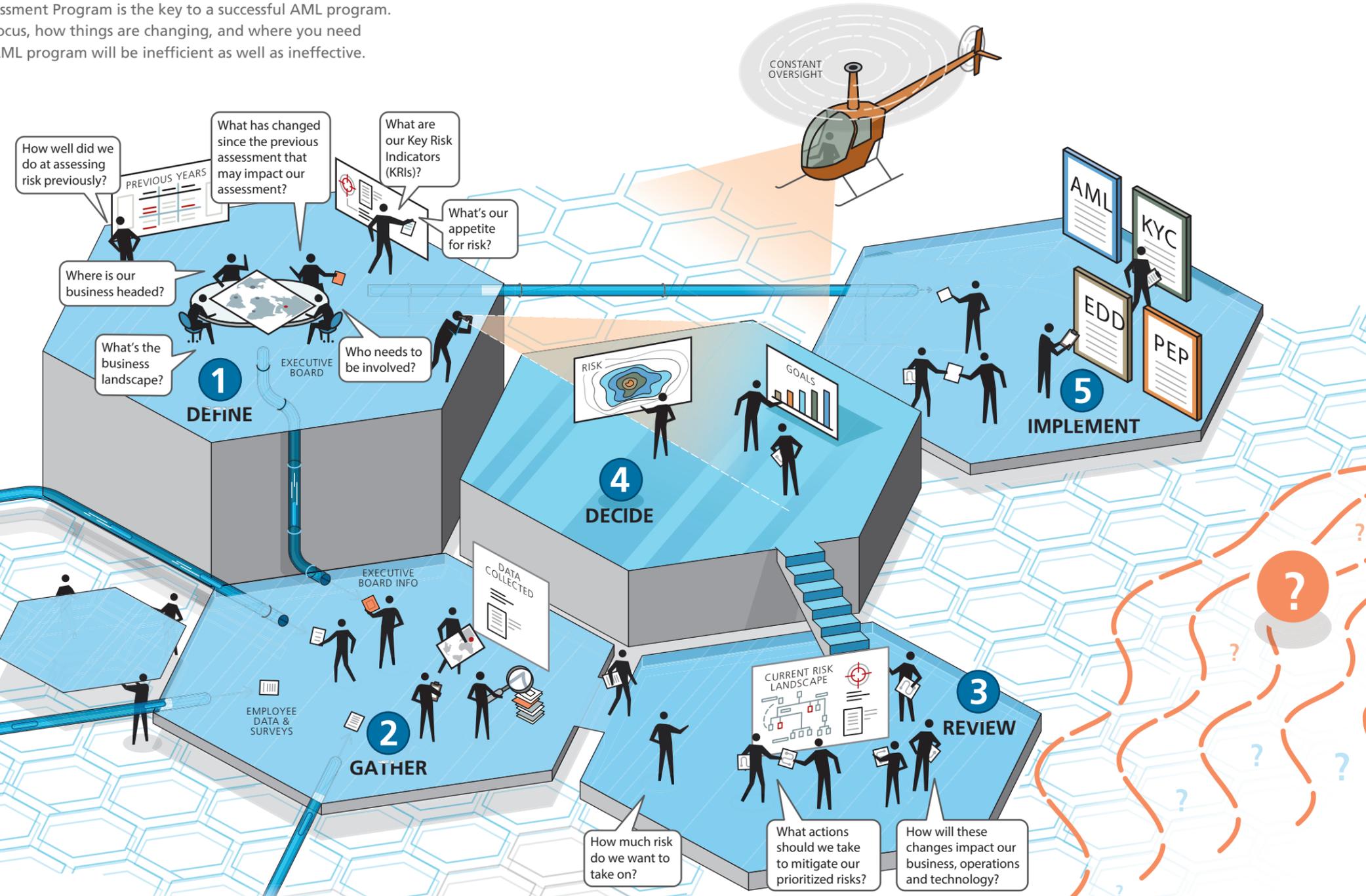
A well-designed Business Risk Assessment Program is the key to a successful AML program. It will identify where you should focus, how things are changing, and where you need build-out areas. Without it, your AML program will be inefficient as well as ineffective.

Environmental Factors

Where you live and where you sell your services can make a difference in how exposed to risk your organization can become. Protect your organization from exposure by understanding that geography, customer location and the types of products and services you provide can put you at risk.

Living, Breathing Process

Risk Assessment Programs must evolve as quickly as risks and crime do. Building in a good system of correction and monitoring that can flex with your organization is critical.



1. DEFINE THE RISK

At the forefront of any good Business Risk Assessment program is an executive vision. The Executive Sponsorship must ask themselves difficult, critical questions.

2. GATHER INTELLIGENCE

Once Executive Sponsorship has set the strategy in motion, now you must gather intelligence to truly understand the exposure across the organization's products, services and customer base. The AML team consults local business and compliance leaders to gain key insight.

1. Develop the Business Risk Assessment Questionnaire
2. Determine what controls are currently in place
3. Review external risk
4. Understand the magnitude of each risk factor
5. Gather and normalize all data for review

3. REVIEW THE FINDINGS

Once a full business assessment has been conducted and all the data collected, a full analysis of the data is performed at multiple levels. The overall picture of risk is reported to business line, regional leaders, and enterprise leaders.

1. Create full evaluation reports of all measured data
2. Involve AML staff, regulators and critical business leaders
3. Utilize external, unbiased consultation to determine product and service risk

4. DECIDE HOW TO PROCEED

Now that you understand your exposure and risk, the vision has been set, and you have gathered data and reviewed their implications, you can set a course to move ahead. Continual review of the plan's impact on the business, even at this stage, is critical.

5. IMPLEMENT THE PLAN

Once the organization has defined the strategy, measured the exposure to risk, understood the potential areas of risk and determined a path to accept, resolve and eliminate, it's time to go to work setting the plan into motion—however, just because you are now implementing doesn't mean you can relax. Constant scrutiny, learned best practices and ongoing monitoring are critical.

Your Product and Service Portfolio May Be Putting You at Risk

When reviewing current or planning future services or products, be sure to ask the tough questions.

- What are the inherent risks in our current business?
- What controls do we have in place?
- How much risk, after the Business Risk Assessment Process is instituted, remains?
- Should we close business locations?
- Should we add additional controls?
- Should we put spending restrictions in place?
- Are other industries at the same level of risk?

You Don't Know What You Don't Know...

There are risks that you aren't even aware of yet. Having a strong Risk Assessment Program in place will leave you better equipped to deal with new risks.

How Does Your Business Risk Assessment Affect Your Customer?

Existing and future customers can all be affected by the changes you make in your Business Risk Assessment Program. Keeping a watchful eye and a broad perspective can help the organization avoid costly mistakes. Ask critical questions as you develop your program.

- Can existing customers weather the planned Business Risk Assessment Strategy?
- Are target clients for a new product/service going to be subject to restriction due to the current/planned Business Risk Assessment strategy?
- Will current customers be affected negatively solely because of their geography?