

# EGMONT GROUP

OF FINANCIAL INTELLIGENCE UNITS



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## The Role of FIUs in the National Risk Assessment Process

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Information Exchange Working Group

### Abstract

This paper examines the role and experiences of Financial Intelligence Units (FIUs) in conducting National Risk Assessments (NRAs) on money laundering and terrorist financing (ML/TF).

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**The Egmont Group** is a united body of 177 Financial Intelligence Units (FIUs). The Egmont Group provides a platform for the secure exchange of expertise and financial intelligence to combat money laundering and terrorist financing (ML/TF).

**The Information Exchange Working Group (IEWG)** is a forum for Egmont Group FIUs and Observers to leverage synergies associated with operational and strategic activities to enhance cooperation and information exchanges and address challenges.

**Project leads:** FIU Nigeria, FIU Belgium, FIU Zambia and FIU Morocco



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General Public



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## Executive Summary

Financial Intelligence Units (FIUs) are central players in the fight against money ML/TF due to their unique role in NRAs. Their expertise in analysing Suspicious Activity Reports (STRs/SARs) and other data provides critical insights for identifying and assessing ML/TF risks within a country. FIUs also go beyond data analysis and are seen to act as coordinators, facilitating communication, data collection, and stakeholder engagement throughout the NRA process. The specific role they play can vary depending on the national framework and chosen NRA methodology (e.g., focusing on data provision or leading the drafting process).

Another very important finding from the responses analysis is the key of Collaboration. NRA is not an isolated exercise. FIUs often leverage data from various sources including law enforcement, regulatory bodies, and even the private sector to build a comprehensive picture of the ML/TF landscape. Open-source intelligence (OSINT) is another valuable tool which they take advantage of. There is a very strong emphasis on international cooperation as well, with many countries involving private sector entities and collaborating with neighbouring countries or regional bodies.

Once the NRA is complete, effective communication of findings is crucial. Most countries have a strategy in place to disseminate this information to relevant stakeholders like reporting entities and competent authorities. This communication can take various forms, from making public reports to tailoring messages for specific audiences and providing training or guidance documents.

The approach to ML/TF risks is usually not a one size fits all approach. Recognizing this, a majority of FIUs conduct ML/TF typology studies based on the NRA's findings. These studies allow FIUs to tailor their AML/CFT efforts by focusing resources on the most vulnerable sectors and the highest-risk offenses identified in the NRA.

FIU involvement extends beyond the NRA itself. In most cases as seen in the responses provided, their understanding of ML/TF risks and established stakeholder networks make them natural partners in developing the National AML/CFT Strategy. Their level of involvement can vary from leading the strategy development process to contributing data and analysis from NRAs to inform the strategy. A number of FIUs also receive support from technical assistance providers like the World Bank or the Council of Europe when developing reports and strategies.

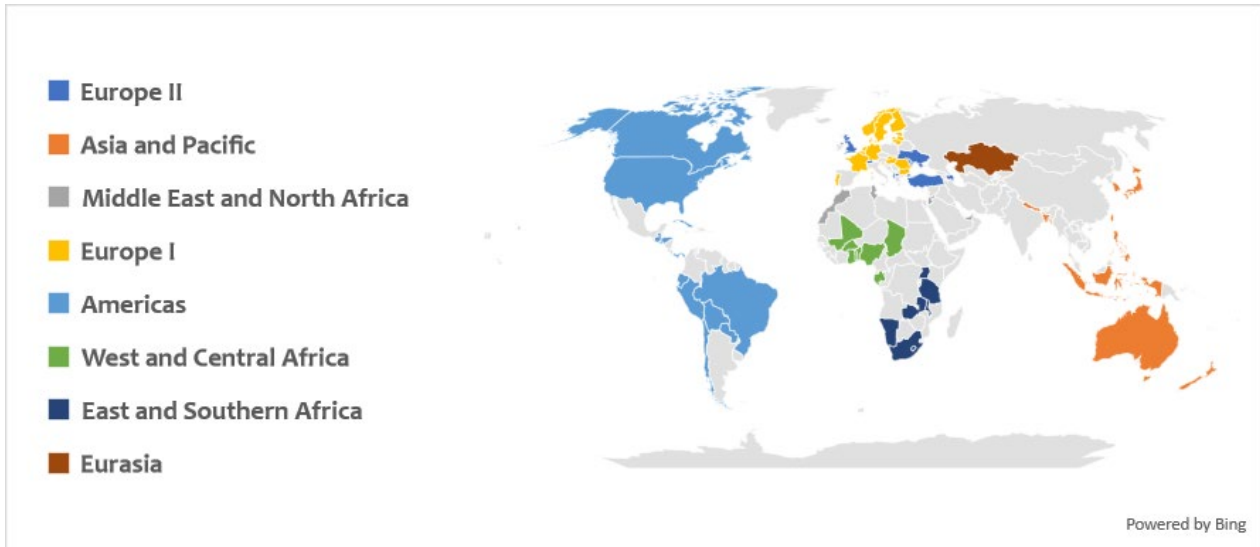
Participation in NRAs brings multiple benefits for FIUs. Improved collaboration, information sharing, and a deeper understanding of ML/TF risks all contribute to a more effective FIU. However, challenges like resource constraints, complex data analysis, and collaboration issues can arise.

Successful strategies to overcome these challenges involve strengthening partnerships, improving technology and data management systems, investing in staff training, streamlining internal processes, establishing clear communication channels, and adopting a flexible and adaptable framework for conducting NRAs. Building trust among stakeholders, avoiding political interference, proactive information sharing, adhering to international standards, and maintaining a flexible NRA framework are all key lessons learned from FIUs' experiences with NRAs.



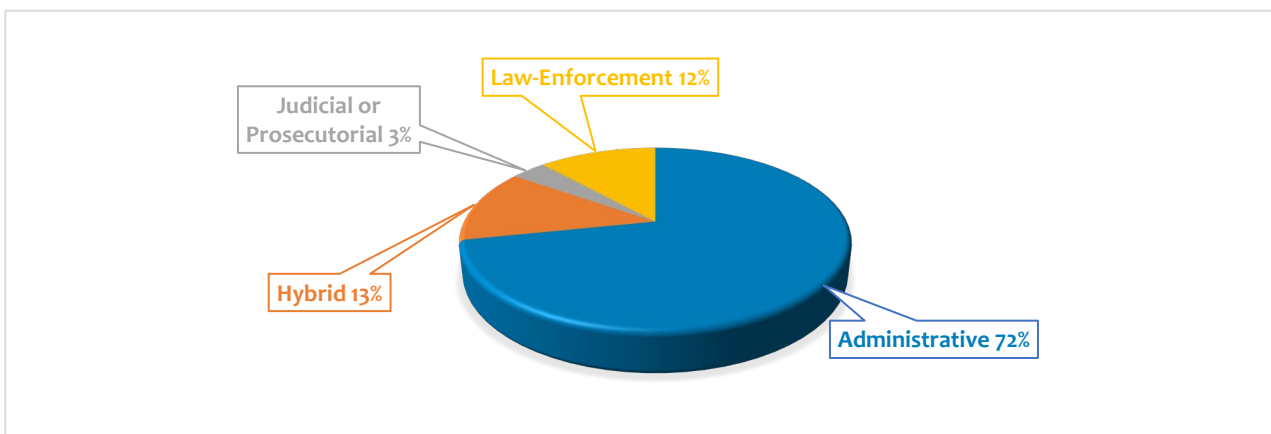


## 1.0 Introduction



Regions	Number of FIUs
Europe I	19
Americas	16
Europe II	13
Asia and Pacific	12
East and Southern Africa	8
Middle East and North Africa	8
West and Central Africa	8
Eurasia	1
<b>Grand Total</b>	<b>85</b>

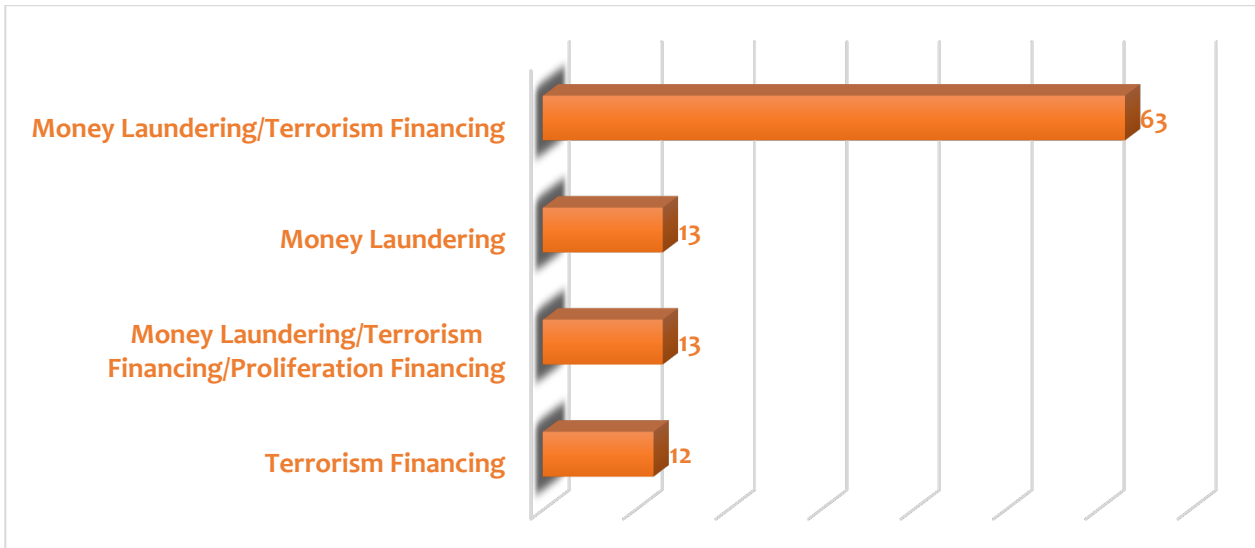
The results indicated that **a total of eighty-five (85) Financial Intelligence Units (FIUs) responded to the questionnaire**, representing exactly 50% of the total FIUs across all regions. This significant response rate allows for a comprehensive analysis of the insights provided by these FIUs findings are presented graphically in this report, offering a detailed understanding of the trends and patterns within the data. The chart below also shows **Administrative type FIUs to be the most prominent respondents of the questionnaire**, followed by Hybrid, Law-Enforcement and Judicial.



## 2.0 Country Understanding of Risk Assessment

This section of the questionnaire evaluates particularly in the context of money laundering and terrorism financing. It covers various aspects such as the scope of the NRA, coordination efforts, involvement of different stakeholders, update frequency, collaboration with other countries, and assessment of emerging risks.

### 2.1 Scope of National Risk Assessment (NRA)



The prevalence of "Money Laundering and Terrorism Financing" suggests that there's recognition of the interconnectedness between these two illicit activities. The NRA process in these jurisdictions likely considers the synergistic relationship between money laundering and terrorism financing when assessing risks and designing mitigation strategies. This overlap underscores the importance of addressing them comprehensively rather than in isolation.

### 2.2 Number of NRAs Coordinated by the Jurisdiction

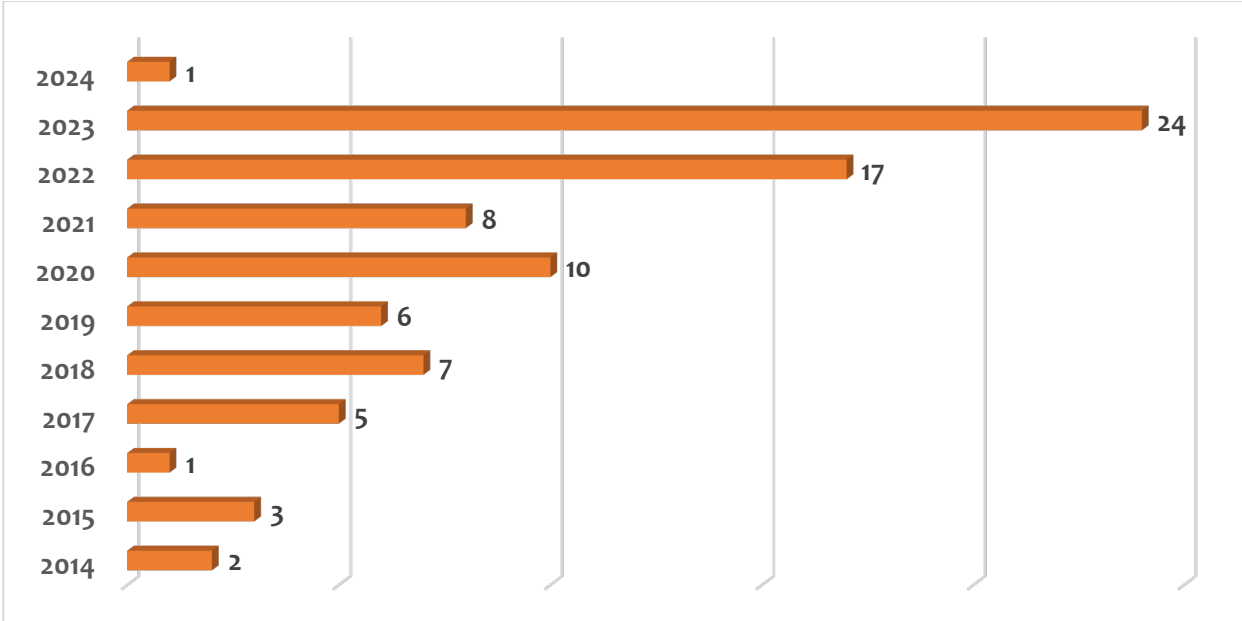


The majority of the occurrences fall within the range of 1 to 10 NRAs coordinated, averaging around 3 NRAs conducted by FIUs. The frequency of coordination may be influenced by



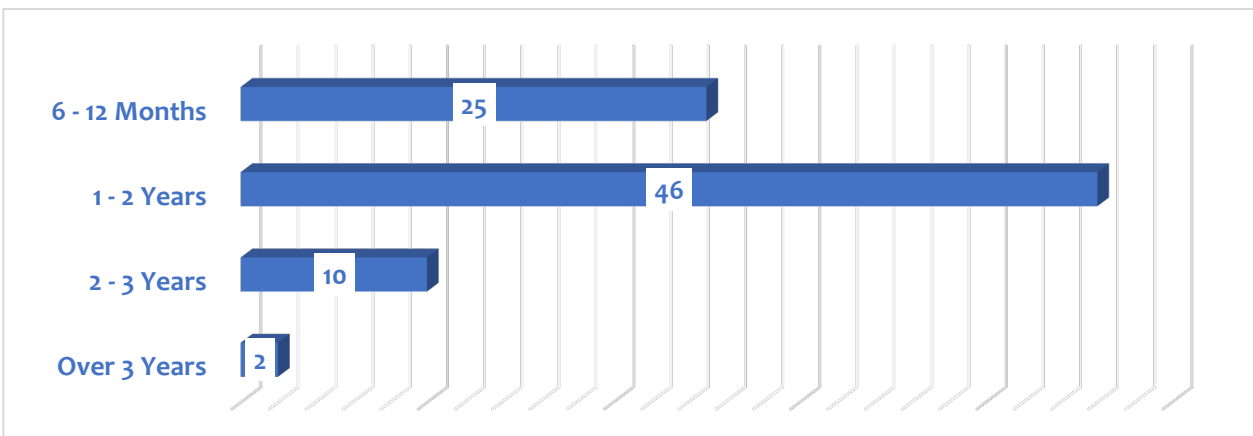
various factors such as changes in regulatory requirements, emerging threats, and the effectiveness of mitigation measures implemented following previous assessments.

### 2.3 Year of Last National Risk Assessment



From the above figure, with the year 2014 being the earliest and 2024 being the most recent, **most FIUs had their most recent NRA conducted in the year 2023**. This could mean 2023 could have been the year for a new assessment cycle for many jurisdictions. Another factor that could influence this result is the possibility that a surge in a specific type of financial crime (e.g., crypto-related money laundering) could have prompted many jurisdictions to re-evaluate their national risks, especially there were exposed vulnerabilities in their existing AML/CFT frameworks.

### 2.4 Duration to Conclude NRA Exercise



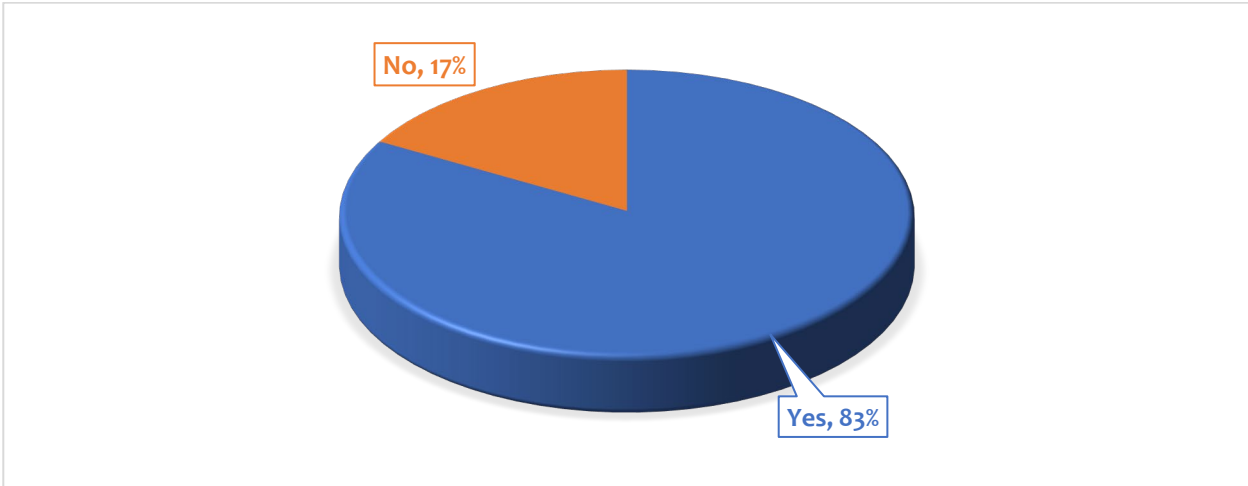
**The majority of responses fall within the shorter durations (6 months - 2 years). This suggests a positive trend towards more efficient NRAs.** However, because there is no one-size-fits-all approach to NRAs, the data also highlights some variations. There are still FIUs taking longer than 3 years to conclude their NRAs. This could be due to factors like having more complex financial systems or even more unique challenges, requiring a more in-





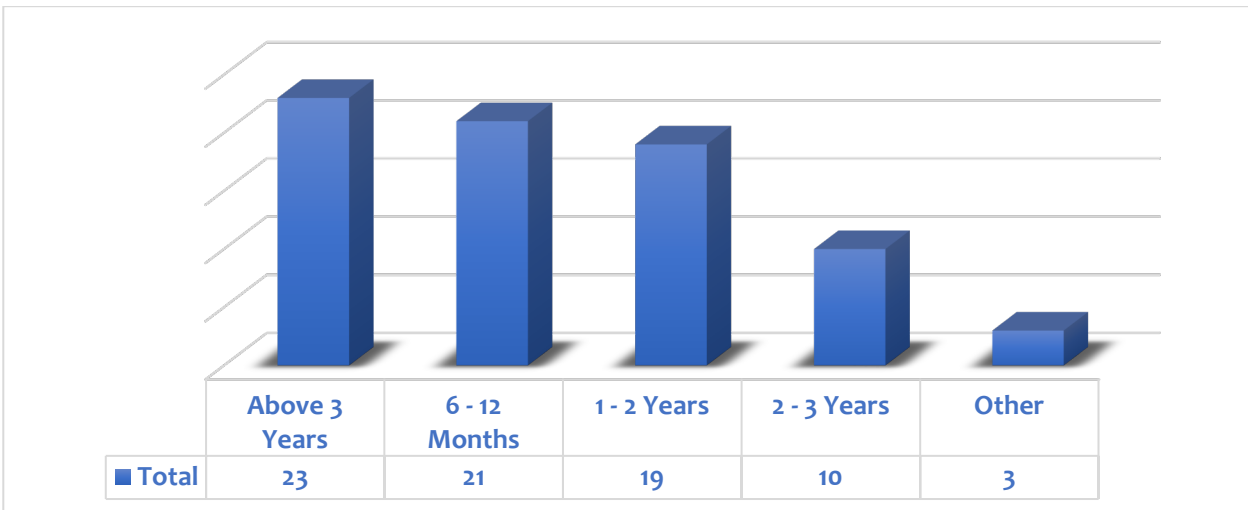
depth NRA. Some FIUs with limited staff or expertise might also require more time to complete the NRA despite their efforts. Data sharing challenges like difficulties obtaining data from various sources could extend the timeframe for some FIUs.

2.5 Regular Update of Risk Assessment Process



The data shows that a significant majority of the FIUs (83%) update their risk assessment process regularly. This suggests that a significant majority of FIUs recognize the importance of keeping their risk assessments up-to-date, ensuring that the NRA reflects the current money laundering and terrorist financing risks faced by the FIU's jurisdiction. On the other hand, updating the risk assessment process can be complex, requiring data collection, stakeholder consultation, report revision, to mention a few. These are a few reasons why some FIUs may not update their risk assessment process regularly. Additionally, for some FIUs, the NRAs are designed to be conducted regularly, after a certain period, it is not decided based on the changed risks.

2.6 Duration to Update the NRA

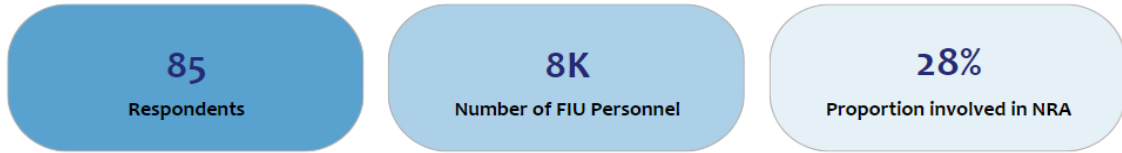


Insights from the data show that while a significant number of updates take over three years, there is also a notable proportion that is completed within a year, indicating a variability in the NRA update process. While the Financial Action Task Force (FATF) doesn't explicitly prescribe a specific update frequency for NRAs in its official



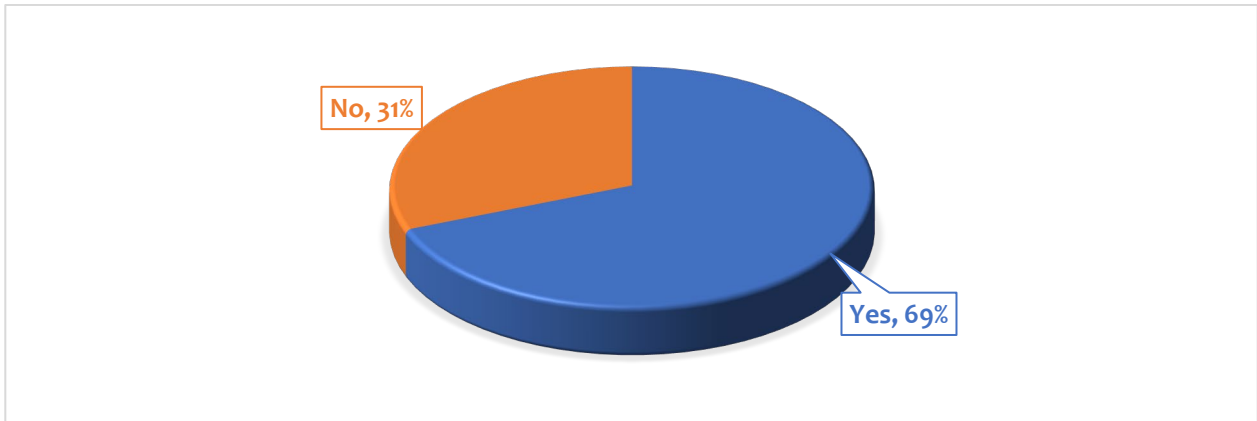
recommendations, it does emphasize the importance of keeping NRAs up-to-date to reflect the evolving money laundering and terrorist financing (ML/TF) risks. As mentioned previously, variations could arise because there is no one-size-fits-all approach to NRAs,

### 2.7 Proportion of Financial Intelligence Unit (FIU) Staff Involved in NRA



From the above figure, 8,000 (eight thousand) FIU personnel were reported across 85 FIUs with an average proportion of 28% involved in the NRA. Although it is important to remember that this is an average, the actual number of staff involved in NRAs at each FIU might vary depending on multiple factors like FIU Size. Larger FIUs might have more staff to dedicate to NRAs compared to smaller ones.

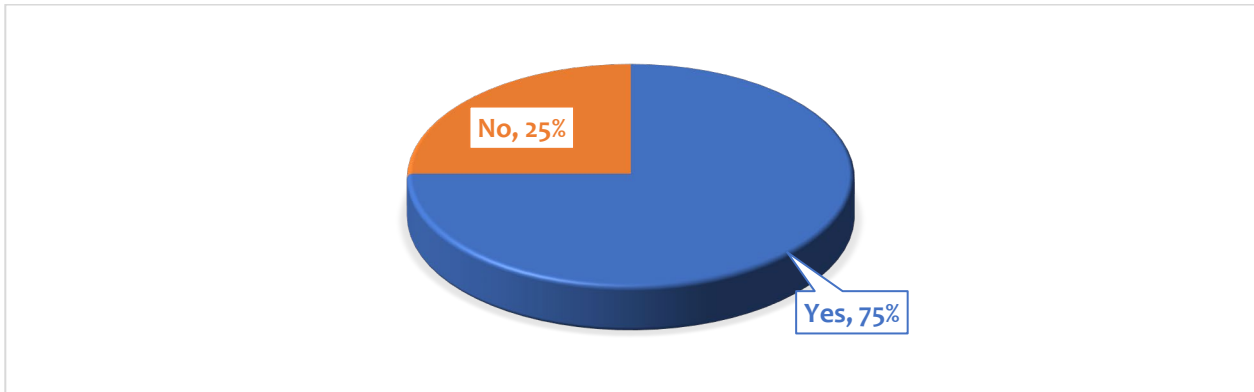
### 2.8 Permanent Designated Team for Risk Assessment



The data shows that **a significant majority of the FIUs have a permanent designated team for risk assessment.** A dedicated team can develop specialized knowledge and expertise in conducting risk assessments. This expertise can lead to more efficient and effective assessments over time as the dedicated team becomes familiar with data sources, stakeholder consultation procedures, and report writing formats. On the other hand, **there may be reasons why some FIUs (26 out of 84) may not have a permanent designated team for risk assessment.** Some FIUs might manage risk assessment tasks alongside other core functions, with staff members taking on additional responsibilities during the NRA process. **Maintaining a permanent team can also have cost implications.** Some FIUs might opt for temporary teams or consultants for specific risk assessment projects.

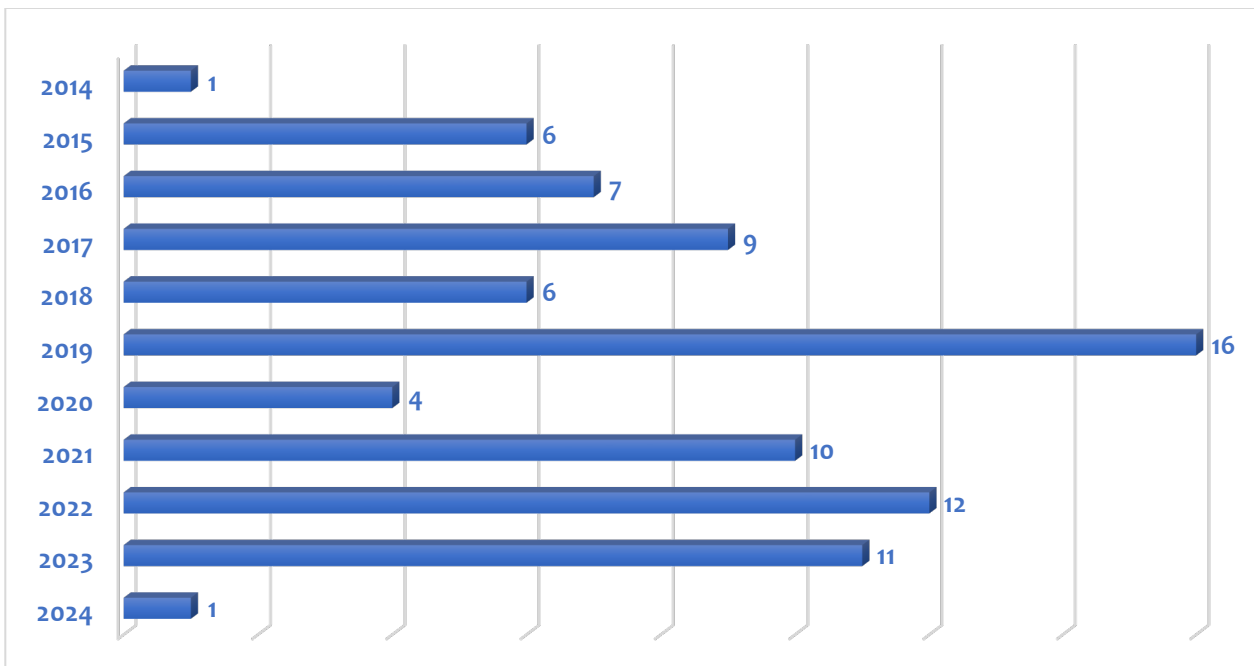


## 2.9 Assessment Conducted Prior to Mutual Evaluation Exercise



The data reveals that conducting an NRA before a mutual evaluation is a common practice for majority of the FIUs. This suggests that most FIUs prioritize having an up-to-date understanding of their money laundering and terrorist financing risks before a mutual evaluation exercise. **FATF Recommendation 1 supports the need for FIUs to conduct and update their NRAs regularly, particularly before undergoing mutual evaluations, to ensure they have a current and comprehensive understanding of their risks.** On the other hand, FIUs that might not conduct an NRA before evaluation could have other factors influencing this. Perhaps an NRA might be underway but not complete by the evaluation time.

## 2.10 Year of Most Recent Mutual Evaluation Exercise



From the above chart, evaluations are spread out over several years, ranging from 2014 to 2024. This indicates that mutual evaluations are not conducted simultaneously for all FIUs. Also, when this data is compared with the responses from subsection 2.3 (Year of Last National Risk Assessment) there were several FIUs where the NRA year precedes the mutual evaluation year. This observation aligns with the idea that FIUs might prioritize having a recent NRA before undergoing an evaluation (see 2.9).



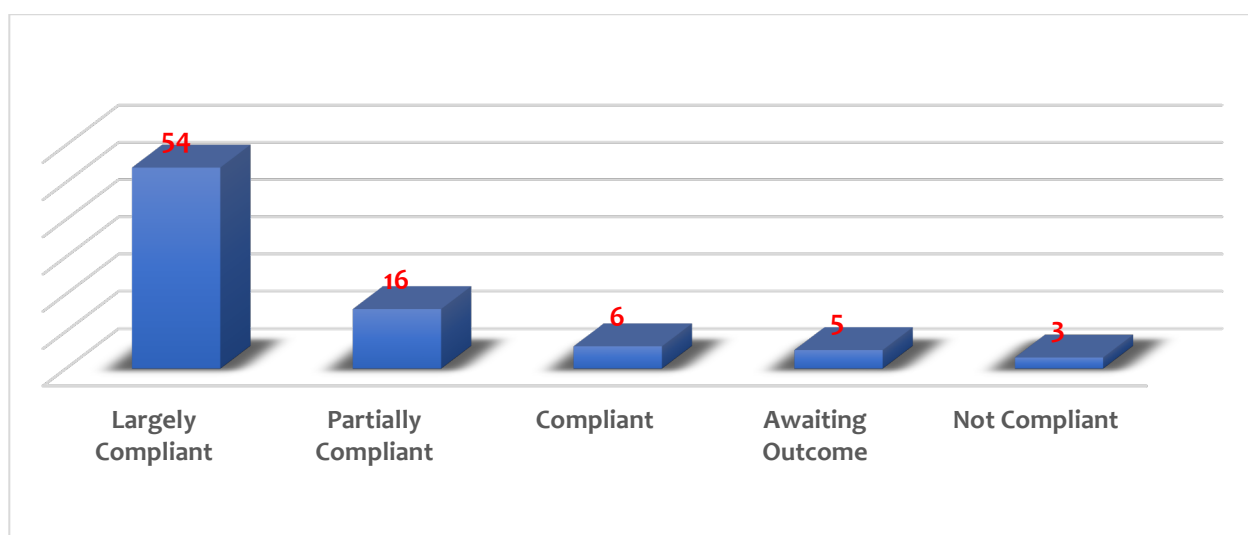
#### 2.11 Authority Designating the Agency to Coordinate NRA

The responsibility for designating the NRA coordinating agency falls under various authorities across the listed countries. These include legislative bodies, ministerial bodies, and even the highest authority. In many other cases, the designation of the coordinating authority is established by law or some specific AML/CFT legislation.

#### 2.12 Extra Resources Provided to FIU for Coordinating NRA

From the responses provided, financial and technical assistance are the most common types of extra resources provided to FIUs for coordinating the NRA. These range from budgetary allocation, international technical assistance (UNODC, World Bank, etc.), or even special one-off funding. Some other FIUs also highlighted collaboration with other government agencies and the private sector. However, not all FIUs receive additional resources, and some rely on existing staff and budget allocations.

#### 2.13 Country's Rating on Recommendation 1 from Most Recent Mutual Evaluation

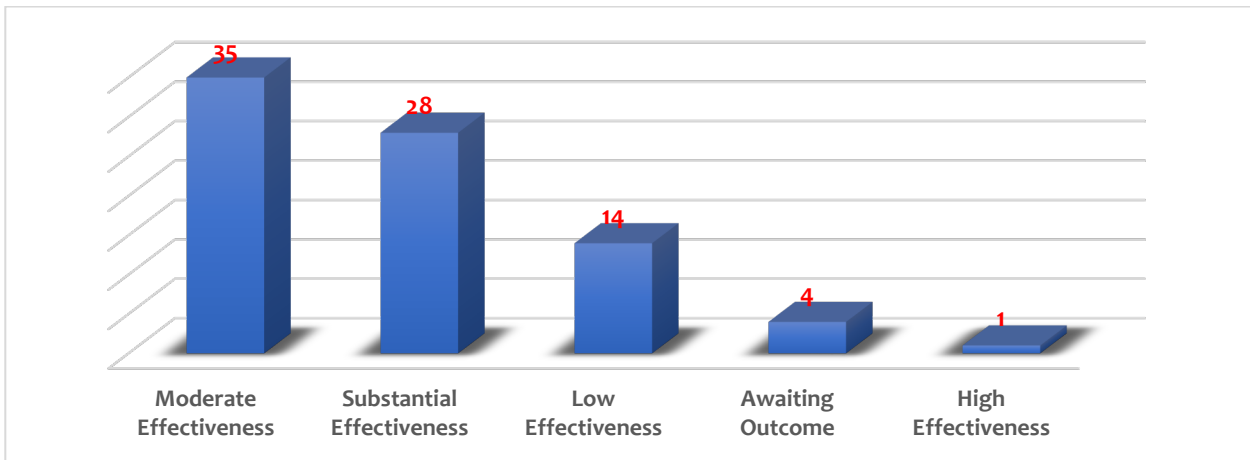


**The results above indicate that most FIUs are making progress towards implementing a risk-based approach to AML/CFT, as per FATF recommendation 1, with more than 89% of them showing compliance to some extent (Largely Compliant, Partially Compliant or Compliant).**

The largely compliant FIUs likely have a well-established framework for their national risk assessments, coordinated risk management efforts, and risk-based application of AML/CFT measures. Compliant FIUs likely demonstrated a very strong risk-based assessment framework with minimal shortcomings identified during the evaluation. For FIUs Awaiting Outcome the evaluation for these FIUs might not be finalized yet. Not Compliant FIUs likely have significant deficiencies in their Risk-based approach (RBA) implementation, requiring major improvements to achieve compliance.



2.14 Rating for Immediate Outcome 1 Following Mutual Evaluation Exercise



The results show that while most FIUs have made progress in understanding ML/TF risks and coordinating domestic responses, there's still room for improvement. **There is a strong correlation between Recommendation 1 (see 2.13) and Immediate Outcome 1. FIUs with a strong foundation in risk-based approach (as indicated by "Largely Compliant" in Recommendation 1) were seen to have achieved substantial or moderate levels of effectiveness" in understanding ML/TF risks (Immediate Outcome 1).** It is also important to note that the data does not account for all factors influencing effectiveness. The specific details of Immediate Outcome 1 (beyond just risk based), resource availability, and inter-agency collaboration can all play a role.

2.15 Summary of Assessors' Analysis Justifying the Rating

Different countries employ a variety of methods to assess their money laundering and terrorist financing risks. This assessment plays a key role in allocating resources and developing strategies to combat these financial crimes. While some countries excel in comprehensively understanding their vulnerabilities (e.g., having public risk assessments and sector-specific evaluations), others have areas for improvement. These weaknesses can include gaps in understanding the full range of threats (like a country strong in money laundering risks but weak in terrorist financing) or a lack of coordination between different government agencies.

The summary for Jurisdictions rated Low Effectiveness were; the action plan which requires all authorities to apply a risk based approach to their activities is still in draft form, unavailability of statistical data, which affected the relevance of the conclusions and results, NRA did not take into account the evolving ML/TF risks in order to enhance the level of understanding of ML/TF risk for specific risks, vulnerabilities arising from inadequate AML/CFT measures implemented by reporting entities and competent authorities, the NRA has not been updated to ensure that the understanding is in tandem with evolving risks.

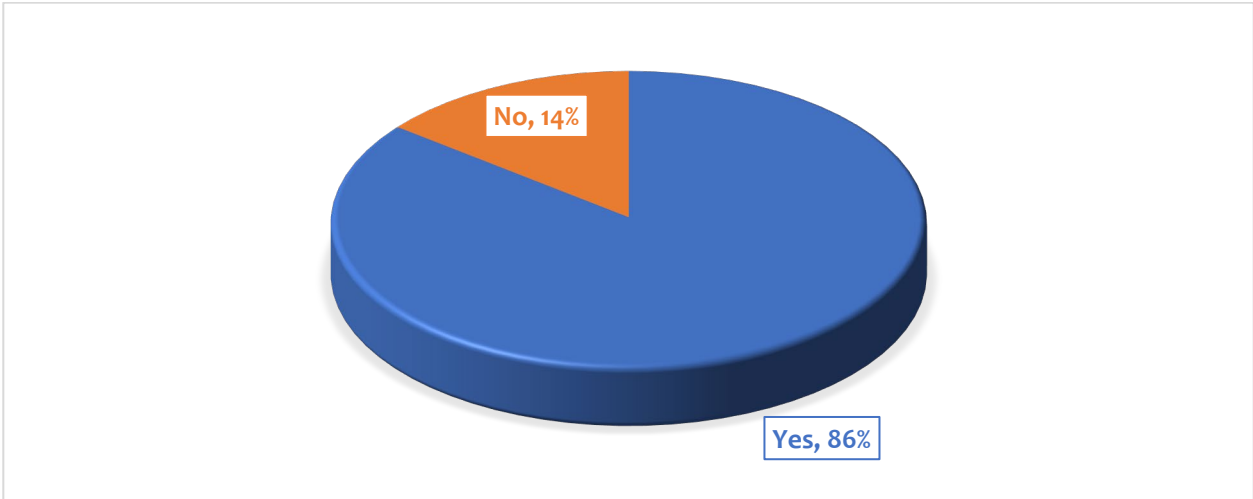
For jurisdictions rated Moderate Effectiveness; Major concern was the non-existence of sufficient mitigating measures for one of the most used methods to convert the proceeds of crime into tangible assets. The NRA process demonstrates a reasonable general understanding across most authorities of the main ML risks, The risks related to certain threats with potential impact on the country's risks have not been evaluated in depth, Assessment of vulnerabilities for ML and TF, not being comprehensive.

For Jurisdictions rated Substantial Effectiveness; There are moderate shortcomings in co-operation and coordination mechanisms, good level of understanding; adoption of the



AML/CFT Action Plan and the National AML/CFT Strategy which both address the main risks identified, the assessments did not benefit from the contribution of all competent authorities or the private sector.

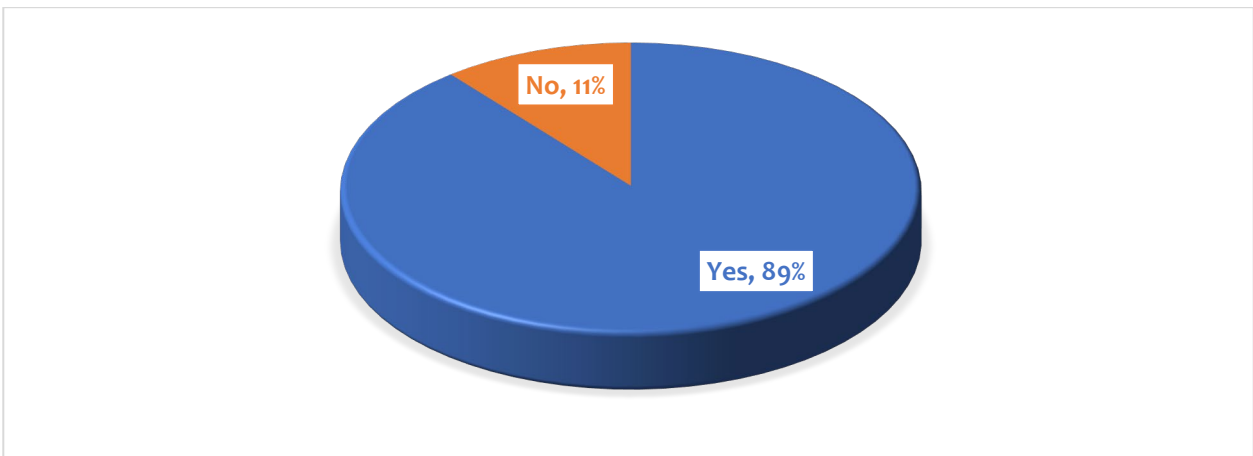
**2.16 Assessment of Risks Associated with Emerging Technologies**



**86% of jurisdictions analysed risks associated with emerging technologies as part of their risk assessment, while others conducted separate sectoral risk assessments or are still in the process of conducting their NRA exercise.** The disruption caused by emerging technologies cannot be overemphasized as they play a key role in identifying, learning and understanding new trends and patterns of money laundering and terrorist financing.

**The 12 FIUs that do not assess these risks represent a potential vulnerability in the global financial system. This could indicate a lack of resources, knowledge, or awareness of the evolving threats posed by emerging technologies.**

**2.17 Involvement of Private Sector Entities in NRA Process**



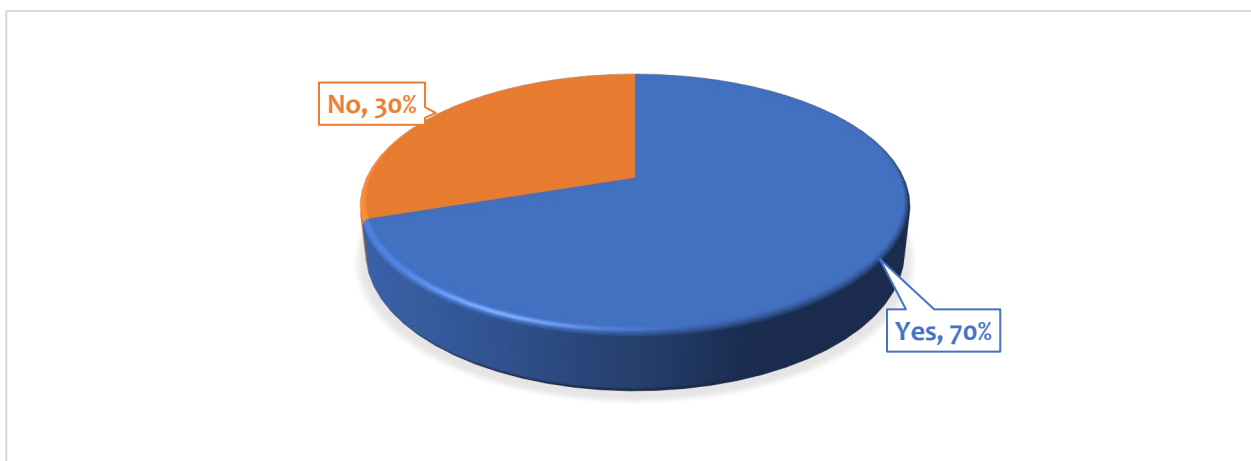
From the above results, it appears that the vast majority of FIUs (89%) involve private sector entities in their NRA process. This suggests a strong emphasis on collaboration between public and private sectors in understanding money laundering and terrorist financing risks. This collaboration can lead to a more comprehensive understanding of the money laundering and terrorist financing landscape. Private sector entities can share data, trends, and expertise





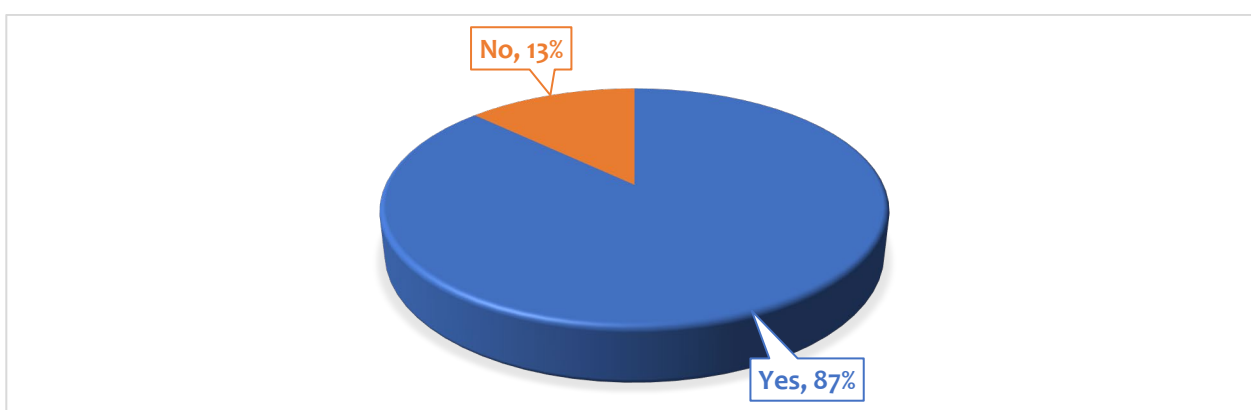
that might not be readily available to FIUs alone. On the other hand, the FIUs who selected 'No' could be as a result of some challenges that could include ensuring data privacy, maintaining confidentiality of sensitive information, and establishing clear communication channels between FIUs and private entities.

#### 2.18 Collaboration with Neighbouring Countries or Regional Bodies



The data shows that about 70% of FIUs collaborate with neighbouring countries or regional bodies which **suggests a relatively high level of international cooperation on issues related to money laundering and terrorist financing**. On the other end of this data, **30% do not collaborate with neighbouring countries or regional bodies**. This could be due to a variety of factors, such as lack of resources or capacity, political or regional tensions, absence of formal agreements or frameworks for collaboration, to mention a few.

#### 2.19 Separate Risk Assessments for Specific Sectors

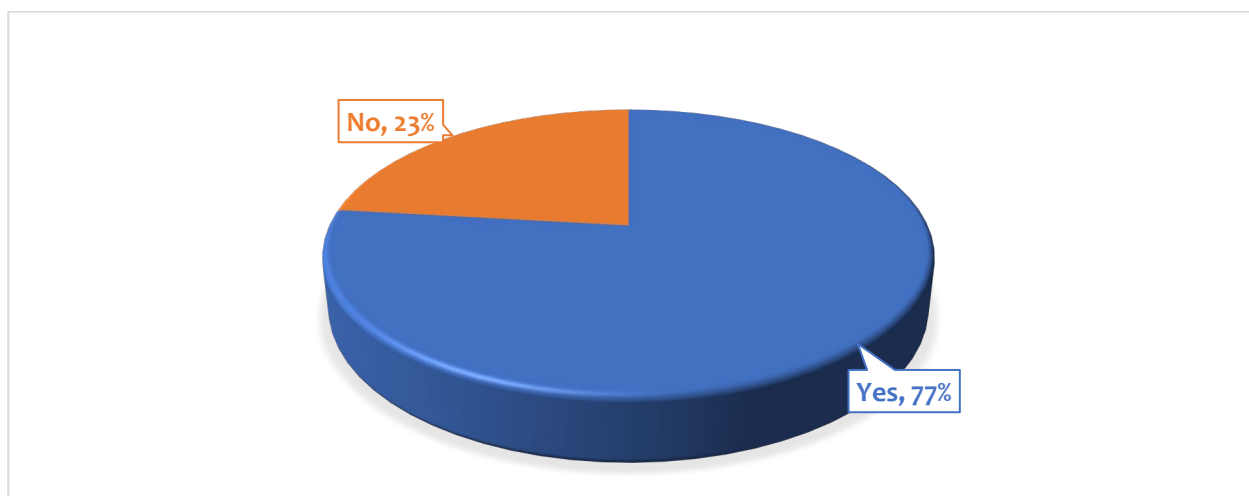


The analysis revealed that **a significant number of jurisdictions adopt a targeted approach to their NRA process by conducting separate risk assessments for specific sectors**. This targeted approach allows jurisdictions to identify sector-specific risks more effectively, allocate resources efficiently, and implement tailored regulatory measures to mitigate those risks. **However, it is also important to note that around 13% of FIUs do not conduct separate risk assessments for specific sectors**. This could be due to a variety of reasons, such as lack of resources or capacity, absence of clear methodologies for conducting sector-specific assessments, data limitations, among others.



## 3.0 Risk Assessment Process Planning - Methodology

### 3.1 Legal Provisions for Conducting National Risk Assessments



Based on the results above, a significant majority of FIUs (77%) operate within a legal framework that mandates or at least enables them to conduct NRAs. On the other hand, some FIUs (23%) lack legal provisions for conducting NRAs and this could be due to a variety of reasons, including the absence of a national anti-money laundering/counter-terrorist financing (AML/CFT) framework, lack of awareness or political will to implement an NRA framework, developing economies or regions with limited resources for AML/CFT compliance, among others.

### 3.2 Authority Level Designating Coordination of NRA

Insights from responses obtained reveals a diverse range of authorities responsible for designating the coordination of NRAs across different countries **with the most popular mention being 'National Coordination Committee'**. This entails a collaborative approach involving multiple stakeholders. In some cases (e.g., mentions of "by the law," "It's designated by law"), the authority is directly established by legislations within the jurisdiction. There were also notable mentions of Ministry/Government Departments (Ministry of Justice, Ministry of Finance, Presidency, etc.), Inter-Ministerial Committees, Prime Minister, Council of Ministers, CEO, and specific committees like AML/CFT Councils. A few other responses indicate the FIU itself takes the lead role in coordinating the NRA process (see 3.3).

### 3.3 Authority Designated to Coordinate NRA

**The FIU, responsible for receiving, analysing, and disseminating intelligence was seen to be the most common designation entrusted with coordinating the NRA process. This makes sense, given the FIU's central role in understanding money laundering and terrorist financing risks.** There were also mentions of government bodies, including ministries (e.g., Ministry of Justice, Ministry of Finance) and other executive offices. The specific government authority responsible can vary depending on the country's institutional framework. Other mentions include the National Coordination Committee, Inter-Ministerial Committee, Ministry of Finance, Central Bank, the Attorney General's Office, AML/CFT advisory boards, and the Presidency. While there is no single best approach for designating the NRA coordinating authority. The optimal structure likely depends on multiple factors like the country's size, political system, and existing AML/CFT framework.



### 3.4 Technical Assistance Received for Conducting NRA

A significant portion of FIUs reported receiving technical assistance for conducting their NRAs. Responses covered areas such as methodology and tool training, capacity building, data collection and analysis, among others. This means that many countries recognize the value of external expertise and support in this crucial process.

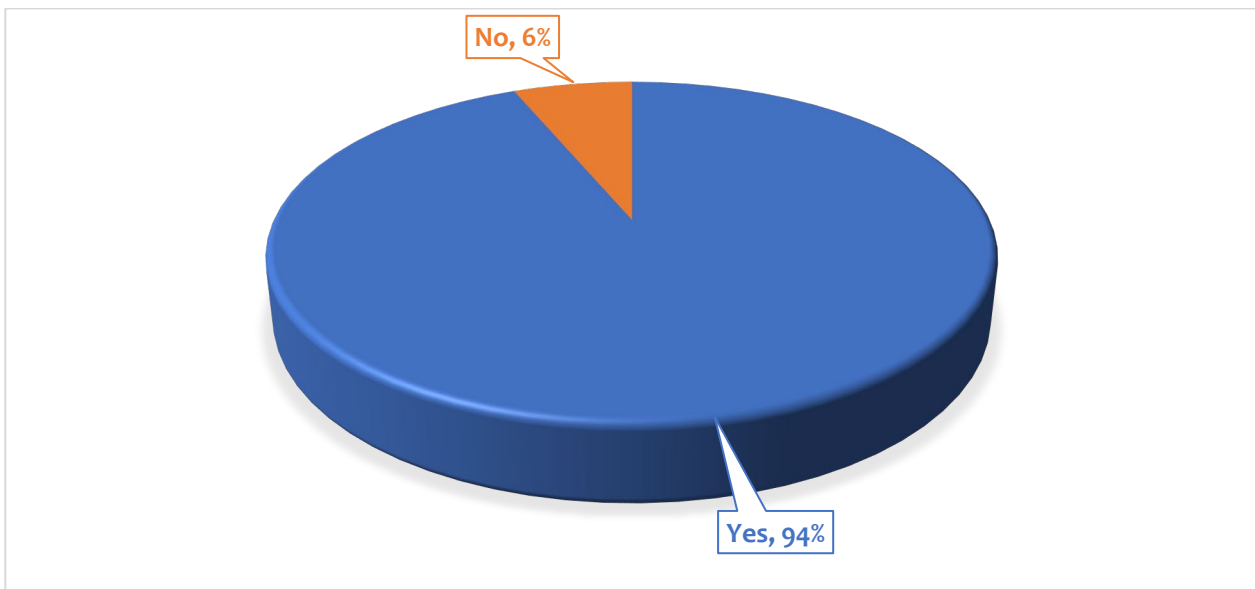
The World Bank's NRA tool appears to be a major source of technical assistance for NRAs as it is popularly mentioned by FIUs. Other organizations providing technical assistance as highlighted in the responses include the Council of Europe, the European Union (EU), Inter-American Development Bank (IDB), GIABA (Groupe Intergouvernemental d'Action contre le Blanchiment d'Argent en Afrique de l'Ouest), among others.

### 3.5 Methodology Used for the Last Assessment

The data reveals a diverse range of methodologies used for conducting NRAs for money laundering and terrorist financing. **World Bank Tools appeared to be the most common methodology, mentioned in at least 42 responses.** 5 other responses also mentioned referencing the FATF Guidance. Additionally, a variety of other methodologies were mentioned, including tools from the Council of Europe, Inter-American Development Bank (IDB), Mc-Donnel Nadeau, RUSI, and supranational risk assessment (SNRA) methodologies.

Many FIUs reported using their own in-house methodologies which entails tailoring the NRA to specific national contexts. While standardized approaches offer a foundation, the use of in-house methodologies and adaptations emphasizes the need to tailor NRAs to address specific country risks and vulnerabilities.

### 3.6 Incorporation of International Trends and Typologies into NRA



With 94% of the FIUs indicating 'yes', there is a strong emphasis on staying informed about the evolving landscape of money laundering and terrorist financing with an understanding that international trends and typologies can provide valuable insights into new threats and vulnerabilities that may not be readily apparent within a single country. There are factors which may make it challenging for a few FIUs to attain this. In



some cases, FIUs may have limited access to international information or resources, making it challenging to fully incorporate these trends into their NRAs.

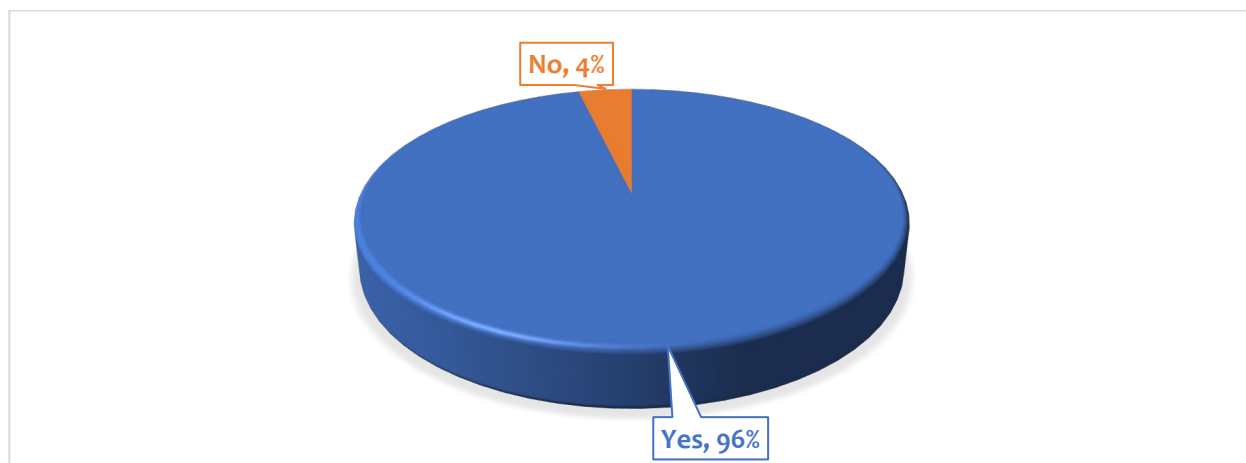
#### 3.7 Methodology Applied to Money Laundering Risk Assessment

Analysis of the responses uncovered the following types of methodologies:

- **World Bank Tools:** A widely used set of tools providing a structured approach to identify, analyse, and assess ML/TF risks. Many countries (Lesotho, Nigeria, South Africa, Uganda) utilize this methodology.
- **FATF Guidance:** Recommendations and guidance from the FATF on conducting NRAs. It emphasizes analysing threats, vulnerabilities, and consequences. Many countries (Denmark, Estonia, Latvia, Lithuania) follow these guidelines.
- **In-house developed Methodology:** Some FIUs develop their methodologies based on international best practices, like those in Malta, Peru, and the United States.
- **Other Methodologies:** Tools from organizations like the Council of Europe, Mc-Donnel Nadeau, RUSI, and Supranational Risk Assessment (SNRA) are also used by some countries (Bolivia, Canada, Ukraine).

Commonalities across methodologies include the **reliance on a combination of quantitative data (statistics, reports) and qualitative data (interviews, surveys, expert opinions) to assess risks**. Most methodologies also follow a structured approach with phases for identification, analysis, and evaluation of threats, vulnerabilities, and resulting risks.

#### 3.8 Application of Scoring System for Money Laundering Assessment



A significant majority (77 FIUs or 96%) of FIUs claim to possess the capability for scoring system-based ML assessments. The scoring systems likely involve assigning ratings to risk likelihood and consequences, translating them into risk levels through a risk matrix. On the other hand, there are several possible reasons why 3 FIUs responded "no". These may include factors like the lack of a scoring system for ML assessments, reliance on other methodologies discussed in section 3.7, such as qualitative analysis or in-house approaches, limitations of scoring systems (e.g., difficulty capturing complexity as some scoring systems might struggle to capture the multifaceted nature of ML activities.), etc.

#### 3.9 Sectors, Products, or Services Subject to Money Laundering Risk Assessment



In the responses to this question, **the most common sector assessed is the financial sector**, encompassing banks, insurance companies, securities firms, money exchanges, and other financial institutions. Another mention is **designated non-financial businesses and professions (DNFBPs)** which includes businesses like real estate agents, accountants, lawyers, casinos, precious metals dealers, and others considered vulnerable to ML due to the nature of their services. Some countries assess additional sectors like **virtual asset service providers (VASPs)**, legal entities, NPOs (Non-Profit Organizations), and even specific professions like tax advisors.

The responses also cover a wide range of financial products and services, including **deposits, loans, credit cards, foreign exchange trading, trusts, insurance policies, money transfers, payment services, electronic money products, investment products, securities trading, real estate transactions, precious metals trading, legal and accounting services, etc.**

#### 3.10 Determination of Different Risks and Profiles

**Many countries were seen to use a risk assessment tool developed by the World Bank.** This tool is said to help them identify threats, vulnerabilities, and the overall risk of ML/TF in each sector. World Bank methodology also offers a structured approach for countries to assess ML/TF risks. This helps them target their resources and efforts to mitigate these risks more effectively. **Another mention is the use of risk matrices.** After analysing threats and vulnerabilities, a risk matrix is often used to determine the overall ML/TF risk for each sector or product. The matrix typically considers factors like the likelihood of an attack and the potential consequences.

**Some countries have also added their own factors to consider based on their specific national context.** Other jurisdictions also followed FATF guidance, employing qualitative and quantitative methods for risk assessment. Data collection included surveys, workshops, expert interviews, and private sector operator interviews.

#### 3.11 Authorities Consulted to Establish Money Laundering Risk Assessment

From these responses, **the authorities involved can vary depending on the country, but it includes entities from both the public and private sectors.** The most popular mention is **law enforcement agencies (LEAs)** (police, investigative authorities, customs, immigration services, etc.) They provide data on criminal activities that generate dirty money and the criminals involved. **FIUs** are also not excluded as they are responsible for receiving STRs/SARs filed by financial institutions and other reporting entities. **Some FIU types are also law enforcement. Regulators** for banks, insurance companies, casinos, money transmitters, and other DNFBPs are also mentioned as they assess vulnerabilities in the sectors they oversee.

**Other Government Agencies including Ministries of Justice, Finance, Foreign Affairs, intelligence agencies, tax authorities, etc.** were also mentioned as they contribute data and expertise relevant to their areas of responsibility.

#### 3.12 Methodology Applied to Terrorist Financing Risk Analysis

Overall, the responses reflected a diverse range of approaches to TF risk analysis, including reliance on international standards, regional frameworks, in-house methodologies, and combinations of tools to effectively assess and mitigate terrorist financing risks. **Popular tools include the World Bank's Terrorist Financing Risk Assessment Tool and FATF guidance.** Some FIUs also develop their own methodologies tailored to their national context.



Most jurisdictions indicated that the breakdown of the methodologies applied to their Terrorist Financing (TF) risk analysis is similar to those applied to ML (see 3.7). The slight difference observed is the responses in 3.7 likely consider a broader range of data sources beyond just financial information. For TF however, it seems there is a focus on financial data and activities.

#### 3.13 Application of Scoring System for Terrorist Financing Assessment

While there is no universally adopted scoring system for TF risk assessment, **many FIUs find them valuable tools for evaluating individual risk factors and informing their overall assessments, based on the responses provided.** The responses show that most respondents can use a scoring system for TF Assessment, while a few uses scenario-based assessments instead. **Most respondents (75%) said they could use a scoring system for TF Assessment, indicating that many FIUs can use scoring methods to evaluate terrorist financing risks. A smaller group (10%) said they do not use a final score for TF Assessment, showing preferences for scenario-based assessments instead.** This means some jurisdictions prefer assessing risks through scenarios rather than final scores.

#### 3.14 Risks and Profiles Subject to Terrorist Financing Assessment

Some responses highlighted the diverse range of sectors and entities subject to assessment, including the **private sector, DNFBPs, NPOs, charities, and virtual assets.** Additionally, specific risks such as those associated with **foreign terrorist fighters and NPOs were identified as focal points for assessment,** highlighting the importance of addressing emerging threats in the evaluation process. There were mentions of the inclusion of all relevant risks and profiles, **including those specific to money laundering and hawala operators.** The evaluation spans all aspects of terrorism and its financing, incorporating analyses of threats, vulnerabilities, prosecutions, convictions, informality, corruption, and regulated activities to identify and mitigate risks impacting obligated activities and the economy at large.

#### 3.15 Determination of Different Risks and Profiles for Terrorist Financing

**The responses have shown that these different TF risks and profiles are determined through a comprehensive approach that includes analysing threats, vulnerabilities, and consequences.** Some jurisdictions consider sector-specific risks and consult various stakeholders. Additionally, information is gathered from multiple sources, including open-source intelligence, law enforcement and intelligence agencies, industry consultations, financial reports, suspicious activity reports, and international sources like the FATF and Egmont Group. Some countries use scoring systems and frameworks like the World Bank methodology, while others develop their own tailored approaches. This process involves using risk matrices and continuously monitoring new and emerging threats like the use of virtual currencies for financing terrorism. As there is no one-size-fits-all approach, methodologies and risk profiles are often adapted to fit the specific context of each country.

#### 3.16 Authorities Consulted to Establish Terrorist Financing Risk Analysis

The responses seen have indicated that a wide range of authorities are consulted to establish terrorist financing (TF) risk analysis. These include:

- **Federal Authorities:** Federal Public Prosecutor's Office, Federal Police, State Security, General Service for Intelligence and Security of the Armed Forces, Coordinating Unit for Threat Analysis, Financial Information Unit, Customs and Excise Administration, General





Administration of the Treasury, and various Federal Public Services (Justice, Finance, Foreign Affairs, Economy).

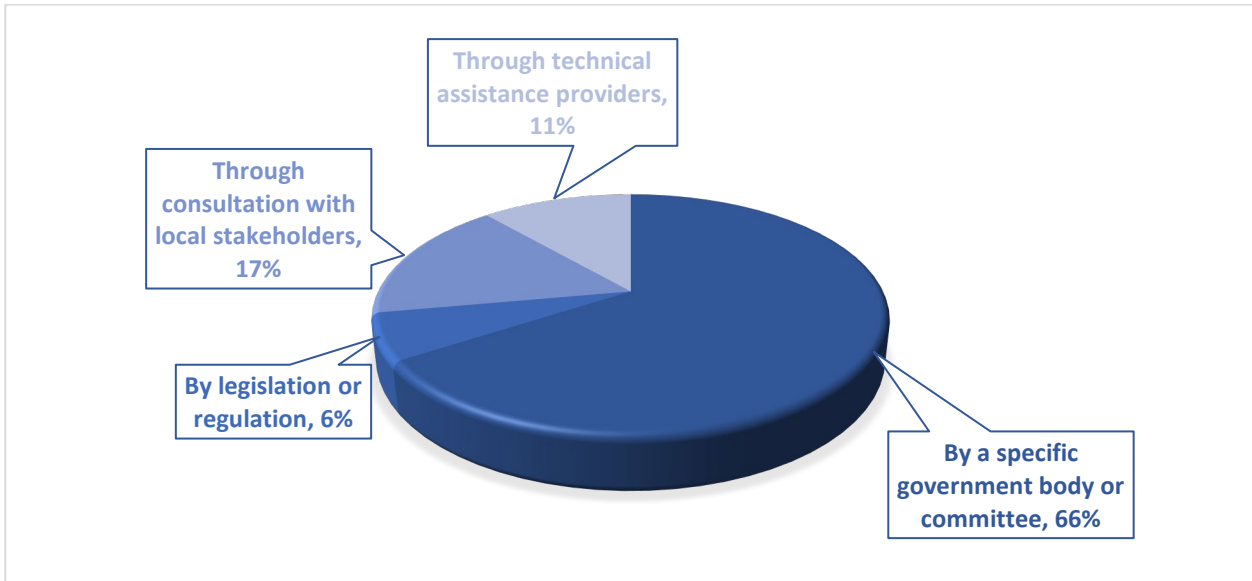
- **High-Level Committees and Working Groups:** Security services, attorney general offices, central banks, FIUs, police forces, financial services authorities, business registries, sanction monitoring boards, and more.
- **National and Local Law Enforcement:** National Security, federal and local law enforcement authorities, Ministry of Community Development (supervising NPOs), intelligence services, tax authorities, customs authorities, judicial authorities, and immigration authorities.
- **Financial Regulators and Supervisors:** Central Banks, Financial Services Authorities, AML/CFT supervision authorities, and sector-specific regulators.
- **International and Domestic Intelligence Agencies:** Entities of the National Intelligence System, counter-terrorism units, UN sources, and international cooperation bodies.
- **Customs and Revenue Authorities:** Departments of Treasury, IRS, Customs, and various national customs authorities.
- **Judicial and Prosecution Bodies:** Prosecutor's Offices, Ministry of Justice, and entities related to the prosecution and conviction of TF cases.
- **Private Sector and Civil Society:** Financial institutions, non-financial businesses, private sector organizations, civil society, academia, and industry consultations.

#### 3.17 Questionnaire for Authorities or Organizations to Support ML/TF Analyses

**Responses have shown questionnaires to be a prevalent tool for AML/CFT analysis (used by a majority of respondents).** 59% of the respondents (50 FIUs) indicated they have a form with questions for authorities or organizations to support the ML/TF analyses. Of these only 5 FIUs can provide a copy of the questionnaire on request. 21% of the respondents (18 FIUs) did not have a form while 16% of the respondents (14 FIUs) did not provide any response. 4% of the respondents (3 FIUs) indicated it was not applicable. In terms of the content of the questionnaire, some respondents shared those questionnaires can cover threat, vulnerability, and consequence factors for ML/TF risks. They may inquire about specific methods used by criminals (e.g., cash smuggling, use of professionals) and that some questionnaires are based on methodologies from organizations like the World Bank or Council of Europe.

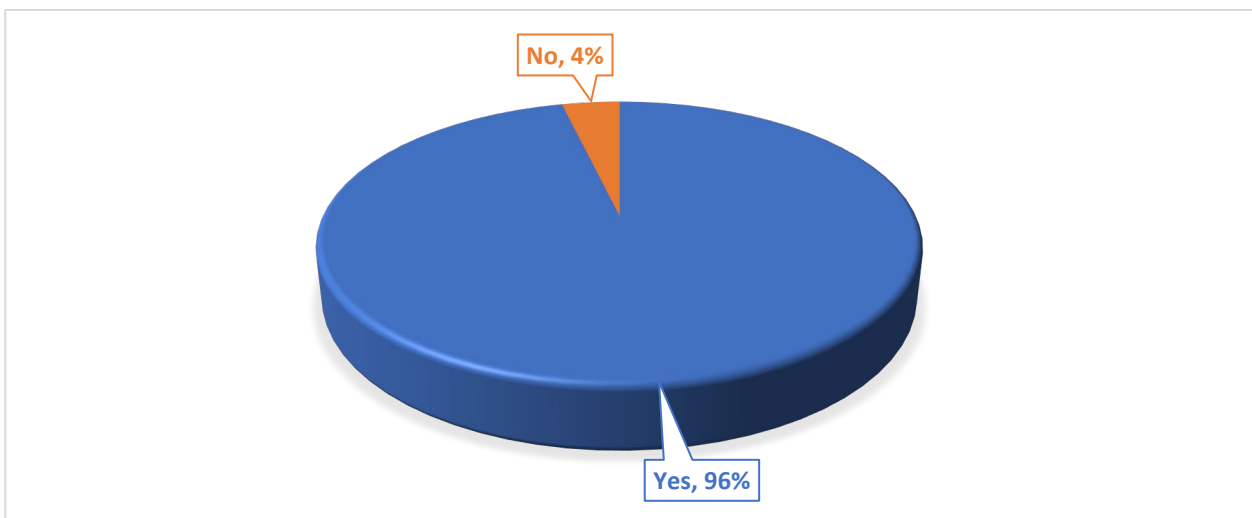


### 3.18 Approval or Agreement on Methodology for Conducting NRA



**A majority of countries (66%) rely on a specific government body or committee to approve the NRA methodology.** This suggests a centralized approach where there is a clear authority responsible for setting the standards for risk assessment. While a centralized body takes the lead, stakeholder consultation (over 17%) is also important. This means that involvement from industries, law enforcement, and other relevant parties is valued. Their input can help create a more comprehensive and relevant NRA methodology that reflects the specific risks faced by the country. **A smaller percentage (6%) use legislation or regulation to establish the NRA methodology. This approach can provide a stable and long-term framework for conducting NRAs. However, it might be less flexible to adapt to evolving risks.** Technical assistance from external providers (around 11%) plays a role in some countries. This can be helpful for countries that lack the internal expertise to develop a robust NRA methodology.

### 3.19 Role of FIU at the Initiation Stage and Over the Course of the Risk Assessment

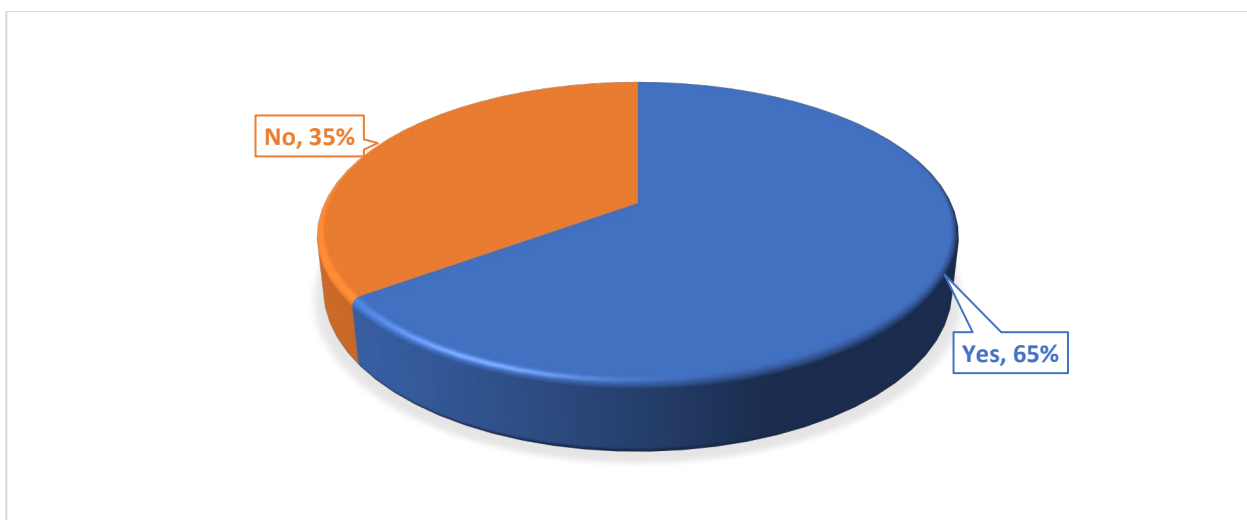


The majority (96%) of countries involve FIUs in their NRAs. This shows the critical role FIUs play in assessing money laundering and terrorist financing (ML/TF) risks. Their access to financial intelligence and expertise in SARs/STRs analysis makes them valuable contributors to the NRA process. High FIU involvement shows a collaborative approach to NRAs as FIUs likely work alongside other stakeholders like government bodies, law enforcement, and the private sector to create a comprehensive risk assessment.

#### 3.20 Specific Role of FIU at the Initiation Stage and Over the Course of the Risk Assessment

The responses show FIUs being heavily involved throughout the entire NRA process, from initiating the assessment to communicating the final results. This suggests they act as central figures orchestrating and coordinating the different stages of risk assessment. A significant focus is on FIU involvement in information collection which highlights their role as a central hub for gathering data from various stakeholders involved in the NRA, such as law enforcement, regulatory bodies, and the private sector. FIU contributions to drafting the NRA report and communicating the results shows their key role in transforming collected data and analysis into clear and actionable findings. This ensures the NRA results are effectively communicated to relevant authorities and institutions. In some other cases, they might lead the entire NRA process or participate in specific working groups depending on the country's approach.

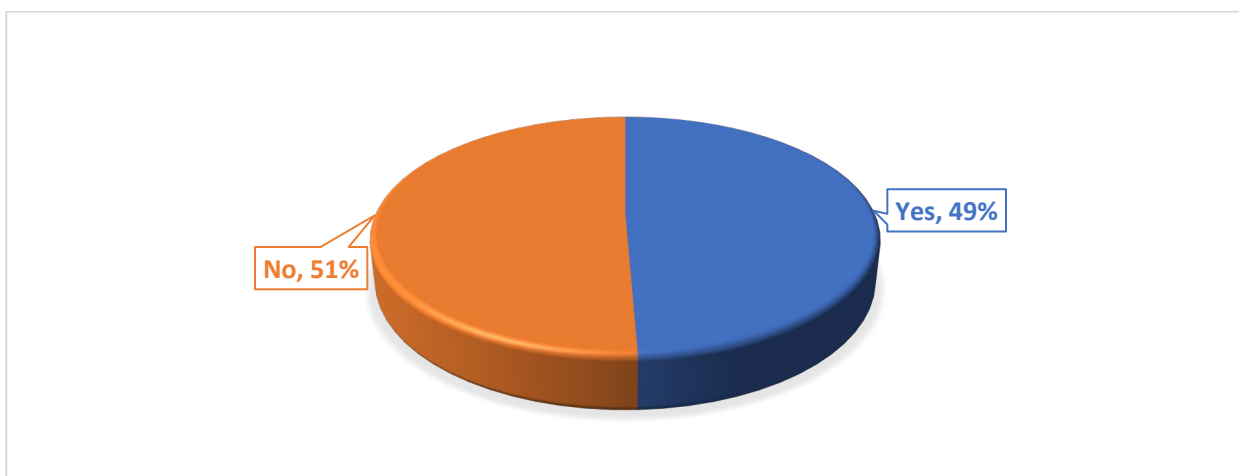
#### 3.21 Direct Communication Between FIU and Technical Assistance Providers



The data indicates that a majority of respondents (65%) reported having direct communication with technical assistance providers. This suggests that FIUs view these providers as a valuable resource and collaborate with them regularly. A significant minority of respondents (35%) indicated no direct communication with technical assistance providers. This could be due to various reasons, such as: Countries with sufficient internal expertise or resources not requiring external assistance, confidentiality concerns or political reasons.



### 3.22 Dedicated Budget for Risk Assessment Exercise

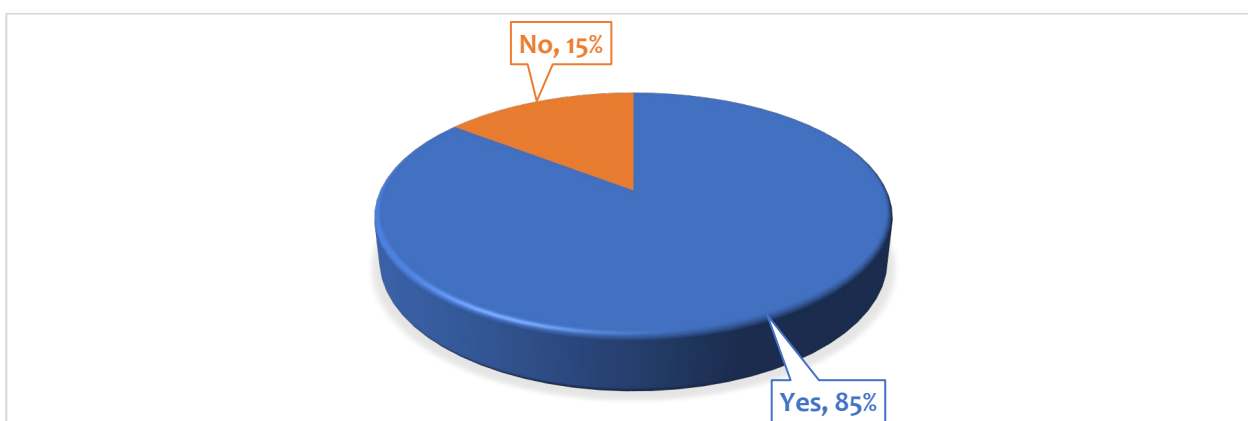


A significant number of FIUs (38 FIUs or 49%) have a dedicated budget for risk assessments, highlighting the importance of allocating specific resources for this critical activity. A dedicated budget ensures that FIUs have the financial means to conduct thorough and well-resourced risk assessments. Not all FIUs (39 FIUs or 51%) have a dedicated budget. FIUs without a dedicated budget might face challenges securing adequate resources for conducting effective risk assessments. They might have to compete for resources with other priorities or rely on staff expertise without access to necessary training or tools.

### 3.23 Provider of the Budget for Risk Assessment

**From the responses national governments play a leading role in financing NRAs, but there is a mix of funding providers with some FIUs contributing their own resources and international organizations providing support in certain cases.** A few responses mention international organizations like the World Bank or UNODC contributing to NRA budgets suggesting some countries might receive external financial and technical assistance for risk assessments.

### 3.24 Adequacy of the Budget for Comprehensive Risk Assessment



A majority of respondents (85%) felt their budget was sufficient for conducting comprehensive risk assessments. This suggests that many FIUs have the necessary financial resources to fulfil their role in the NRA process. A minority of respondents (15%) indicated their budget was inadequate. This highlights that some FIUs might face challenges in securing sufficient



resources for effective risk assessments. Understanding why some FIUs perceive their budgets as inadequate is crucial. Potential reasons might include:

- **Rising Costs:** The cost of conducting comprehensive NRAs might be increasing due to factors like growing data complexity or the need for specialized expertise.
- **Static Budgets:** If NRA budgets are not adjusted for inflation or increasing complexity, they might become inadequate over time.

#### 3.25 Nomination/Co-option of Participants to the NRA

The data on NRA participant nomination reveals a variety of approaches across different countries. The most frequent approach involves nomination by the government, the national FIU, or a designated central body (e.g., AML/CFT committee). Several responses also highlight consultation with relevant stakeholders during the selection process. This can help ensure participation from various sectors with expertise in money laundering and terrorist financing risks.

#### 3.26 Securing Commitment of Participants Outside FIU Employee

The data on securing commitment from NRA participants beyond FIU employees reveals a variety of methods used by different countries. Securing commitment is crucial for successful NRAs. **A combination of formal and informal approaches is used by different countries.** There are **mentions of legal obligations to participate in the NRA which ensures a baseline level of commitment from relevant institutions.** Another significant mention is **Government appointment and nomination by institutions which help identify and involve experts from various sectors with relevant knowledge and experience in AML/CFT.** Informal **activities like awareness-raising workshops can help participants understand the NRA's purpose** and their role in the process, which encourages a sense of ownership. **The FIU plays a key role in communicating expectations and maintaining participant engagement through various channels (meetings, emails).** This ongoing communication loop is essential for a smooth NRA process. **Political commitment from high-level officials** sends a strong message about the importance of the NRA. Inter-agency working groups facilitate collaboration and shared responsibility for the NRA's success.



## 4.0 FIU as the Designated Coordinating Authority

### 4.1 Designation of Coordinating Authority for Risk Assessment in Line with FATF Recommendation 1.2

A large majority of respondents indicated that the FIU is the designated coordinating authority for NRAs. This aligns with FATF's recommendation and ensures that a central body with expertise in financial analysis is responsible for leading the risk assessment process. FIUs are specialists in analysing financial data, making them well-suited to identify vulnerabilities in the financial system that could be exploited for money laundering or terrorist financing. FIUs are typically at the centre of the national AML/CFT framework, facilitating information sharing and coordination between various stakeholders involved in the NRA process. Additionally, FIUs often have established relationships with FIUs from other countries, which can be helpful for gathering information and best practices for conducting NRAs.

On the other hand, a smaller number of responses mentioned alternative coordinating bodies, including government departments (e.g., Ministry of Finance), anti-money laundering committees, or specific project teams. The reasons behind this choice are not entirely clear from the responses. However, in some jurisdictions, the FIU might lack the resources or expertise to lead a complex NRA process. The AML/CFT framework might also be decentralized, with different government departments having primary responsibility for specific areas. In such cases, a different body might be better suited to coordinate the NRA.

While the effectiveness of any NRA depends on various factors beyond just the coordinating authority, **it is observed from this data that FIU-led NRAs tend to be more effective. A significant portion of FIU-led NRAs are classified as substantially effective, whereas there are more mentions of less effective outcomes under alternative coordinating authorities.**

### 4.2 Criteria for Selecting and Designating FIU as Coordinating Authority for Risk Assessment

In most jurisdictions, legislation is a major criterion as it explicitly assigns the FIU the responsibility for coordinating NRAs. This legal mandate provides a clear foundation for the FIU's role and facilitates resource allocation for the NRA process. Another popular criterion is in AML/CFT expertise which FIUs are specialists in.

### 4.3 Strategies Employed by FIU to Enhance Coordination Among Relevant Authorities

- **Establishing Dedicated Working Groups:** This is the most frequent strategy mentioned in the data. FIUs establish working groups with representatives from various government agencies and the private sector. These groups focus on specific areas of the NRA, such as threats, vulnerabilities, or specific sectors like banking or insurance. (Examples from Indonesia, Philippines, Peru, Turkey).
- **Convening Regular Meetings and Workshops:** FIUs organize regular meetings with stakeholders involved in the NRA process. This facilitates information sharing, progress updates, and discussions on challenges. Workshops can be used to build capacity and raise awareness about the NRA methodology. (Examples from Indonesia, Guyana, Denmark, Peru).





- **Clear Communication and Task Delegation:** FIUs ensure clear communication of tasks, deadlines, and expectations to all participating authorities. This helps maintain focus and avoids confusion during the NRA process. (Examples from Indonesia, COPRECLAFIT).
- **High-Level Commitment and Leadership:** FIUs advocate for the importance of the NRA and seek buy-in from high-level authorities. This can involve senior officials in meetings or establishing steering committees. (Examples from Indonesia, Guyana).
- **Utilizing Technology and Communication Tools:** FIUs leverage technology for communication and data exchange. This can include online platforms, email, and collaboration tools to streamline information sharing. (Examples from Uruguay, Denmark).
- **Formalized Agreements and Procedures:** In some cases, FIUs establish formal agreements or procedures to govern the NRA process. This can help ensure continuity and consistency across different assessments. (Examples from Kazakhstan, Philippines).

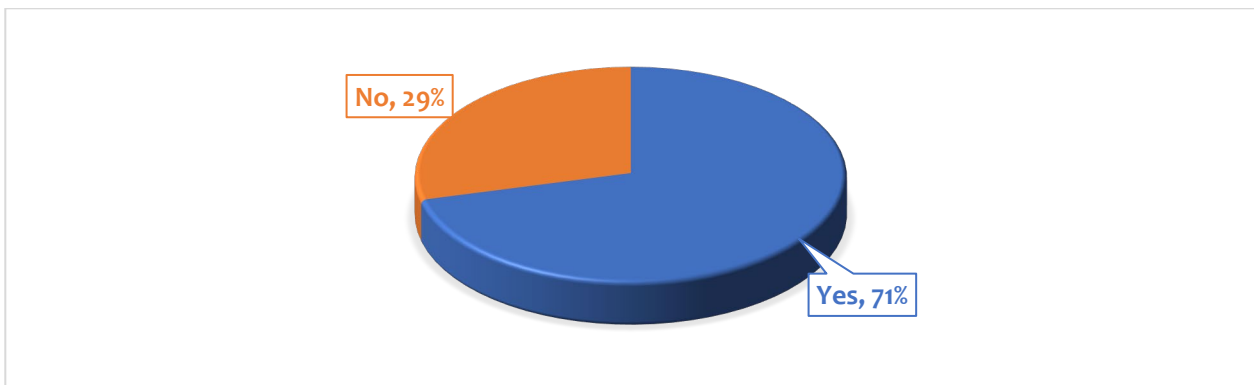


## 5.0 Information Sourcing and Analysis by FIUs - Data

### 5.1 Coordination of Data Access During NRA

From the responses, multiple ways were identified for the coordination of data access, with NRA Working Groups being the most frequently mentioned method, suggesting it plays a significant role. These working groups likely consist of representatives from various relevant agencies like financial institutions, law enforcement, and regulatory bodies. It is important to note that while there are multiple ways to coordinate data access during NRA, the most appropriate method will vary depending on the specific circumstances of the NRA. This explains the presence of other mentioned methods (FIU Secretariat, Central Authority) indicating that there might be flexibility depending on the specific NRA or national context.

### 5.2 Framework for Centrally Collecting National AML/CFT/CPF Statistics



FATF Recommendation 33 lays the groundwork for the importance of data collection in AML/CFT. While it does not prescribe a specific method, centralized data collection is a strong option for fulfilling the requirements of this recommendation. Based on the above, 71% of the responding FIUs have indicated having a framework for centrally collecting national AML/CFT/CPF statistics. The remaining jurisdictions on the other hand may have reasons influencing the lack of a framework for centrally collecting national AML/CFT/CPF statistics. It could be due to factors like resource constraints, lack of political will, specific challenges in their financial system, or national context.

### 5.3 Ensuring Reliability of Information for ML/TF Risk Assessment

The responses emphasize the importance of using reliable information for ML/TF risk assessments by employing a multifaceted approach. Majority of the responding jurisdictions have stated that it is mainly done through data collection and analysis from official and reliable sources such as the FATF and the Egmont Group. Cross-checking, expert analysis, and statistical techniques are also methods that were mentioned. Additionally, working groups and shared review processes can help ensure a comprehensive and accurate assessment. Regardless, there are challenges that FIUs have highlighted in trying to achieve this which will be addressed in the next subsection.

### 5.4 Challenges in Obtaining and Analysing Reliable Information for ML/TF Risk Assessment

From the responses, **limited data availability and the need to balance security with transparency are still challenges those countries need to address.** Also, **verifying information from multiple sources and employing complex statistical techniques can**



be resource-intensive which can be a burden for countries with limited budgets and personnel. Information is often scattered across various institutions like government agencies, FIUs, and the private sector. This **lack of centralization makes it difficult to get a holistic view of the ML/TF threat landscape**. This challenge could explain jurisdictions' preference for centralized data collection (see 5.2).

#### 5.5 Use of NRA to Improve Data Access, Quality, Consistency, and Comprehensiveness

The provided responses highlight several ways NRAs can improve data access, quality, consistency, and comprehensiveness for AML/CFT efforts:

- **Improved Data Collection and Sharing:** NRAs can identify data gaps and inconsistencies across different institutions (e.g., responses mentioning "mapping of the data needed" and "problems with data (gaps, challenges with accessibility)").
- **Risk-Based Supervision:** NRAs inform the identification of higher-risk sectors and entities, allowing for targeted supervision efforts (e.g., responses mentioning "focusing resources on the reporting entities identified as high-risk sectors" and "risk-based supervision")
- **Enhanced Data Quality and Accuracy:** NRAs can identify weaknesses in data recording and storage practices (e.g., responses mentioning "data recording is not at the desired level" and "updating electronic systems and databases").
- **Continuous Improvement:** NRAs are a cyclical process, and findings from each assessment can inform improvements in data collection methodologies for subsequent assessments (e.g., "The NRA methodology used by the Bulgarians has different annexes for statistics for the last 3 or more years. The FIU approach now is to collect/register all the information requested by the methodology on regular basis and not when required by the next NRA exercise.")

#### 5.6 Key Sources of Quantitative and Qualitative Data for Assessing ML and FT Risk

Earlier responses have indicated that a comprehensive NRA relies on a combination of quantitative and qualitative data from a variety of sources, essential for identifying, assessing, and mitigating ML/TF risks. Hence, analysis of the responses has uncovered multiple sources of data highlighted by the responding FIUs:

##### Qualitative Data:

- **Expert opinions:** Insights from AML/CFT professionals working in government, law enforcement, and the private sector. (e.g., responses from Canada, Denmark, Estonia, Hungary, Latvia, Lithuania, Mexico, Netherlands, Nigeria, Poland, Singapore, Slovenia, Thailand, United States)
- **Open-source intelligence (OSINT):** Information from news reports, academic research, and other publicly available sources. (e.g., responses from Denmark, Estonia, Hungary, Netherlands, Nigeria, Poland, Singapore, Tunisia)
- **Mutual Evaluation Reports:** Assessments by the Financial Action Task Force (FATF) on a country's AML/CFT regime. (e.g., responses from Chile, Netherlands).
- **Typologies reports:** Studies on specific ML/TF methods used by criminals. (e.g., responses from Estonia, Tunisia).

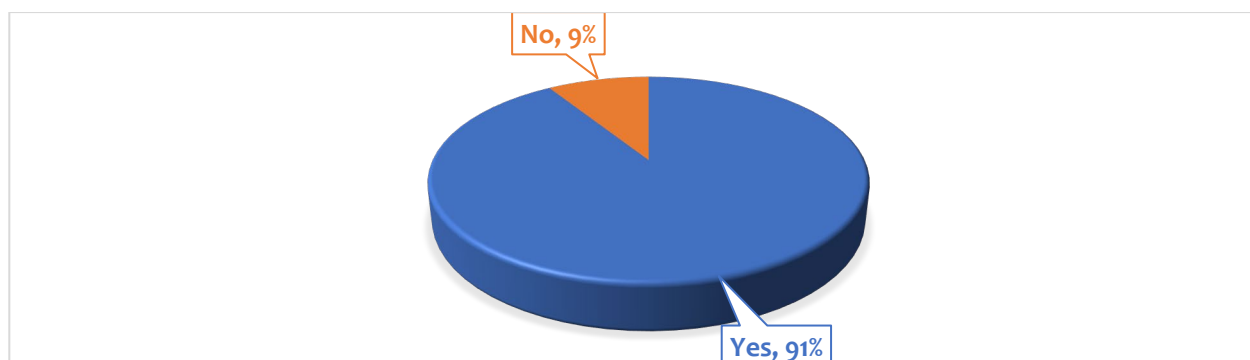


- **International reports:** Reports by regional bodies like the Egmont Group or international organizations like the United Nations. (e.g., responses from Denmark, Estonia, Slovenia)
- **Stakeholder consultations:** Meetings and discussions with representatives from the public and private sectors. (e.g., responses from Bulgaria, Denmark, Estonia, Netherlands).

#### Quantitative Data:

- **FIU data:** This includes Suspicious Activity Reports (SARs), typologies, and statistics on STRs, investigations, prosecutions, and asset seizures. (e.g., responses from Austria, Bulgaria, Canada, Chile, Denmark, Estonia, France, Hungary, Lithuania, Mexico, Netherlands, Nigeria, Poland, Singapore, Slovenia, Thailand, United States).
- **Law enforcement data:** This includes criminal statistics, investigation data, and information on prosecutions and convictions related to ML/TF. (e.g., responses from Canada, Denmark, Estonia, Hungary, Latvia, Lithuania, Mexico, Netherlands, Nigeria, Poland, Singapore, Slovenia, Thailand, United States).
- **Supervisory authority data:** This includes data on compliance inspections and enforcement actions against reporting entities. (e.g., response from Denmark)
- **Regulatory data:** This includes data on the number of reporting entities and the volume of transactions. (e.g., response from Switzerland).
- **Public data:** This includes national statistics on economic activity, demographics, and corruption. (e.g., responses from Albania, Bulgaria, Estonia, Latvia, Lithuania, Slovenia).

#### 5.7 Use of Open Sources for Analyses

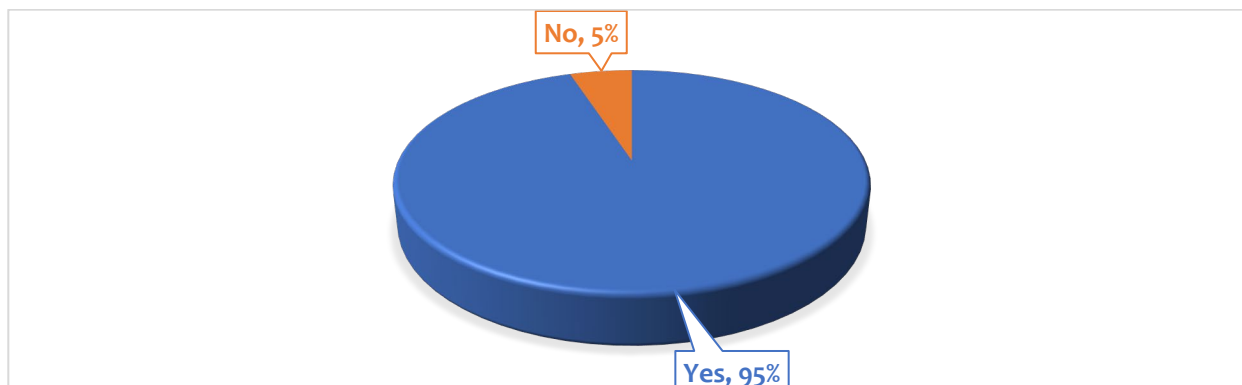


Responses have shown that open-source intelligence (OSINT) is a widely used tool for analysing ML/TF risks in NRAs. The results could be due to the fact that OSINT is generally free and publicly available, making it a cost-effective resource for countries with limited budgets. OSINT also provides complementary data points that can be triangulated with traditional sources like law enforcement data or FIU reports to get a more holistic understanding of ML/TF risks. OSINT also covers a wide range of topics relevant to ML/TF risks, including news reports, academic research, financial data, and social media activity.



## 6.0 Risk Assessment Reporting and National Strategy Development

### 6.1 FIU's Involvement in Production of the Risk Assessment Report



The responses have indicated that **most FIUs are involved in the production of NRAs on ML/TF in their respective jurisdictions**. This once again emphasizes that FIU data and expertise are considered critical for conducting comprehensive NRAs. On the other hand, in a few countries, the FIU might have a more limited role in the NRA process. This could be due to a specific national framework where another agency takes the lead or the question could have been misinterpreted. It is however important to note that even with a "No" answer, the FIU likely plays some role in the NRA process.

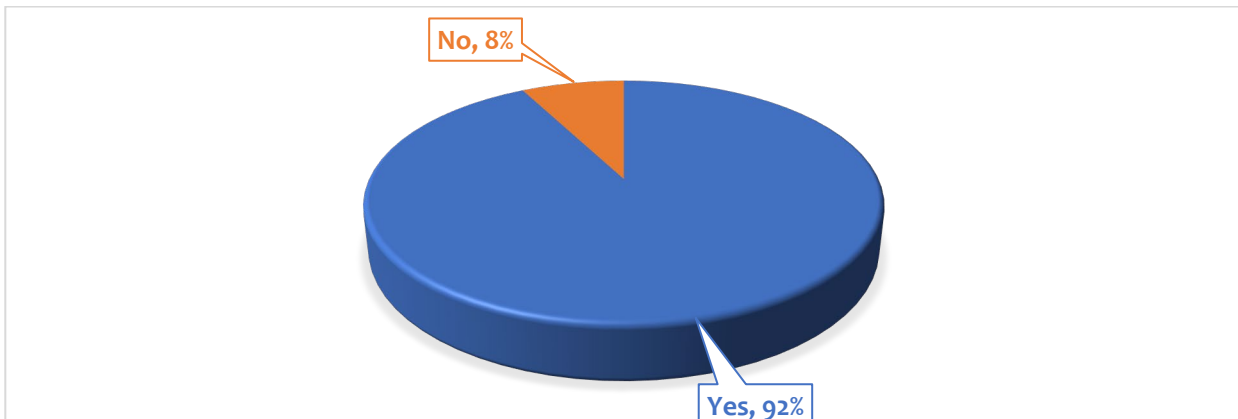
### 6.2 Role Played by FIU in Production of the Risk Assessment Report

The responses regarding the FIU's role in NRA production paint a vivid picture of their extensive involvement. The FIU is seen to frequently play the role of **the coordinator** of the NRA process, managing communication, data collection, and stakeholder engagement. (e.g., UIFAND, FIU Jordan, Tunisian FIU). They also leverage their **access to STRs/SARs and other data to provide crucial insights** for risk identification and assessment. (e.g., Switzerland's MROS, Austria's FIU). **In the aspect of collaboration**, they actively collaborate with other government agencies, law enforcement, and the private sector throughout the NRA process. (e.g., FIUs from Jordan, Nigeria, Australia).

While FIU involvement is widespread, the specific role might differ based on the country's framework and NRA methodology. (e.g., some FIUs focus on data provision, while others lead the drafting process).



### 6.3 Development of National AML/CFT/CPF Strategy



The data indicates that in the majority of responses (92%), FIUs are involved in the development of the National AML/CFT/CPF strategy. This suggests a strong connection between FIU activities and national strategy development. FIUs, through their analysis of STRs/SARs and other data, possess a deep understanding of the ML/TF risks prevalent in their jurisdictions. They often collaborate with various government agencies, financial institutions, and private sector stakeholders. This network can be crucial for developing a comprehensive strategy. In a few countries (8%), the FIU might have a more limited role in strategy development. **There could be an alternative lead agency overseeing this process.**

### 6.4 FIU's Involvement in Development of the National AML/CFT/CPF Strategy

Among the jurisdictions that have a national AML/CFT/CPF strategy, majority of the FIUs play a role in its development. Their broad view of risks allows FIUs to have an understanding of the risks that persist despite the implementation of control measures, the residual risks. Some FIUs seem to be **leading the AML/CFT/CPF strategy** development process (e.g., Ukraine's unified strategy). Others might be **involved in specific aspects like monitoring the strategy's effectiveness** (e.g., development of monitoring concept). Even if not leading the process, FIUs likely **contribute data and analysis from the NRA to inform strategy development**. (e.g., Peru's FIU updating the National Policy based on NRA). **Some responses mention the strategy being developed after the NRA is completed** (e.g., Bulgaria) highlighting the importance of NRA findings in informing the national AML/CFT/CPF strategy.

### 6.5 Guidance from Technical Assistance Providers in Developing the Report and National Strategy

**A little more than half of the responding FIUs (61%) have benefited from guidance from technical assistance providers.** This help can come, for example, from international organizations such as the **world bank, council of Europe or from consultancy companies**. This highlights the value of external expertise in supporting countries with crafting effective AML/CFT strategies.

On the other hand, **some countries might have well-established AML/CFT frameworks and expertise, making them less reliant on external guidance. Limited budget or personnel** might also restrict a country's ability to engage technical assistance providers.





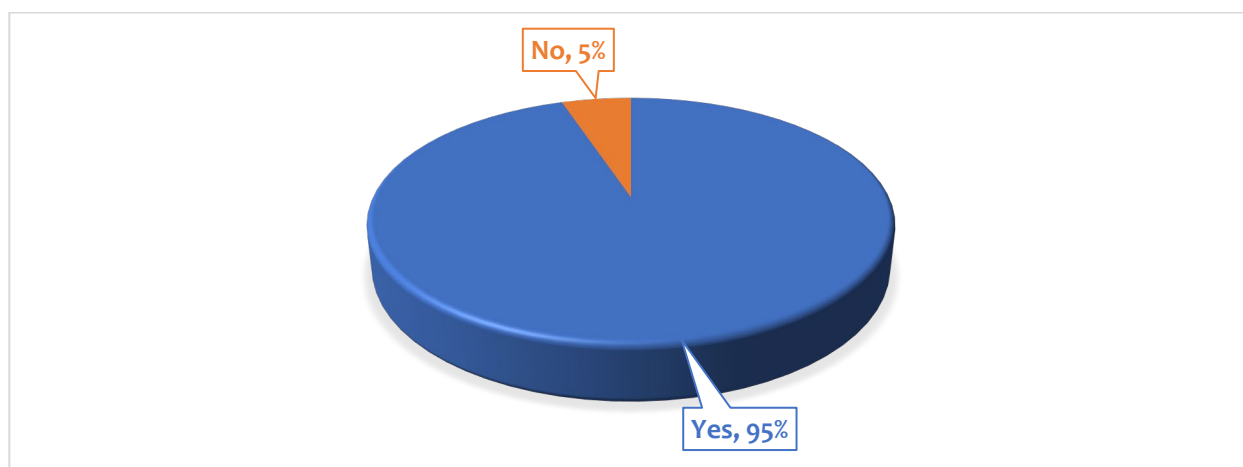
## 7.0 Communication and Implementation of Risk Assessment Findings

### 7.1 Knowledge of Risk Assessment Findings Among Non-Directly Involved FIU Staff

The data on FIU staff knowledge of NRA findings reveals variations in awareness levels. Some FIUs ensure all staff are well-versed in the NRA findings. This might involve training sessions, report dissemination, or workshops. (e.g., Peru, Nigeria). In some cases, staff awareness varies depending on their role. Those involved in analysis or supervision might have a deeper understanding, while others might have a general grasp of key findings. (e.g., Bulgaria, Germany). A few responses suggest limited awareness among non-directly involved staff. Reliance on public reports or summaries might be the primary source of knowledge. (e.g., Canada). Sharing reports, conducting briefings, and holding meetings are common methods for disseminating NRA findings within FIUs. Training sessions or workshops specifically focused on NRA results can enhance staff understanding. Also, making the NRA report publicly available can provide access for interested staff members.

Generally, it is important to disseminate these NRA results, not only to all the participants who took part in the analysis, but also within the FIU itself in order to increase the knowledge of all the FIU staff on the perception of risks and therefore the daily effectiveness of the work of the FIU.

### 7.2 Strategy for Disseminating Risk Assessment Findings to Reporting Entities and Competent Authorities



The data shows a significant majority (95%) of responding countries have a strategy for disseminating NRA findings to reporting entities and competent authorities. A small number of countries do not have a specific strategy. This might be due to factors like resource constraints or a preference for targeted communication approaches. FIUs might tailor their communication based on the specific needs of different stakeholders. For instance, providing guidance to reporting entities on high-risk sectors identified in the NRA.

### 7.3 Efficient Dissemination of ML/TF Risk Assessment Results to Relevant Entities

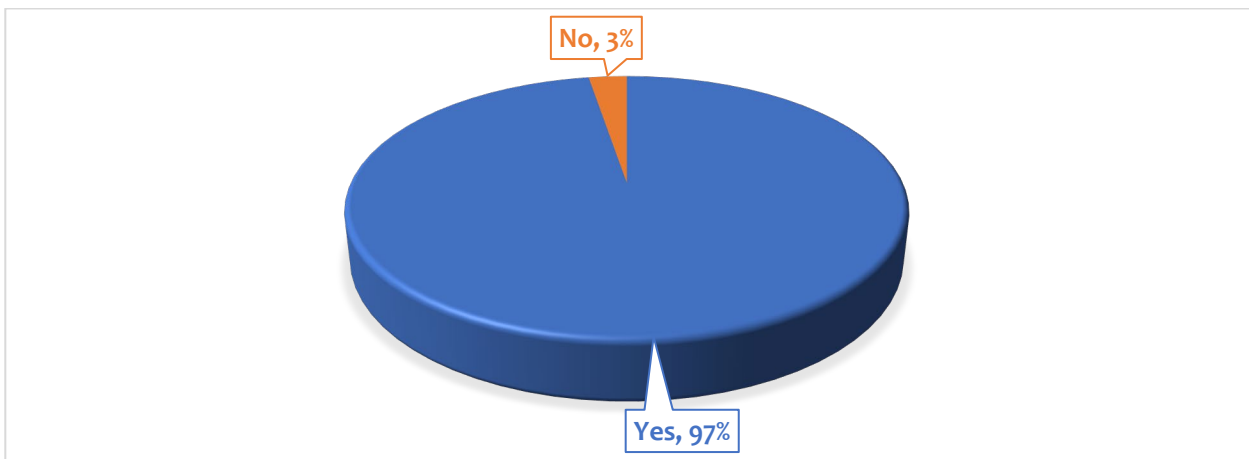
The central role of the FIU in the NRA means that FIUs can often use their communication channels to disseminate the findings.

The responses provided reveal a variety of methods employed by FIUs:



- **Public Reports:** Making the NRA report publicly available on the FIU website or government websites is a common strategy. (e.g., Jordan, Portugal).
- **Targeted Communication:** Sending reports or summaries directly to relevant authorities and reporting entities allows for tailored communication. (e.g., Albania, Bulgaria).
- **Outreach and Workshops:** Organizing workshops, seminars, or training sessions specifically focused on NRA findings can enhance understanding. (e.g., France, Peru).
- **Other Channels:** Press releases, social media, newsletters, and bilateral meetings are additional methods used by some FIUs. (e.g., Denmark, New Zealand).
- **Collaboration and Coordination:** The responsibility for dissemination may not solely lie with the FIU. Collaboration with supervisory authorities and other stakeholders is often crucial. (e.g., Canada, Bulgaria)

#### 7.4 Use of Risk Assessment Findings in Developing FIU Priorities



The results indicate that most responding countries (97%) utilize risk assessment findings when developing FIU priorities. **This suggests a strong understanding of the importance of tailoring FIU activities to address the most prominent ML/TF threats identified in the NRA.** It also ensures FIU resources are focused on the areas with the highest risk. A smaller number of FIUs might not explicitly use NRA findings in setting their priorities. There could be various reasons for this, such as: the reliance on alternative intelligence sources to inform priorities, resource constraints limiting the ability to act on all NRA findings, specific national circumstances where a risk-based approach might not be the primary focus, among others.

#### 7.5 Effective Communication of ML/TF/PF Risk Assessment Results by FIUs

The most common practice among FIUs in **making the NRA report publicly available** on the FIU website or government websites (e.g., Jordan, Portugal). Some FIUs employ **tailored communication** where the message and format are adapted to the specific audience (e.g., public vs. reporting entities). The sometimes-sensitive content included in a risk analysis does not allow dissemination to a non-targeted audience. This is why certain risk analyses are then sanitized before being published. There is then a public version in addition to the original version. It is also possible to simply distribute a quick summary of the findings, depending on the jurisdiction's strategy. Providing training sessions or guidance documents on how to understand and implement the NRA findings can be beneficial.



Note also that in the context of FT or PF analyses, these NRA findings may only be disseminated to a restricted framework at the national level due to the sensitivity of the results.

#### 7.6 Mechanisms for Ensuring Effective Implementation and Monitoring of AML/CFT/PF Policies

Many countries **establish national committees with representatives from various government agencies**, law enforcement, and regulatory bodies. These committees play a crucial role in overseeing the implementation of the National AML/CFT Strategy and action plans developed based on the NRA findings (e.g., Albania, Cambodia, Nigeria). Other mechanisms mentioned include: **translating NRA findings into concrete action plans with timelines and assigned responsibilities, regular reporting by relevant authorities on their progress in implementing action plan activities (e.g., Aruba, Bulgaria) or even conducting inspections of reporting entities to assess their AML/CFT compliance and identify areas for improvement. (e.g., France, Malta).**

Ensuring within a jurisdiction the effective implementation of the various measures that would emanate from the results of the NRA via an action plan is an important point of the NRA process. This proper application by the different entities subject to a jurisdiction's AML/CFT law is a necessary condition so that the system as a whole can improve and does not leave doors open to risks that are well discussed within the NRA.

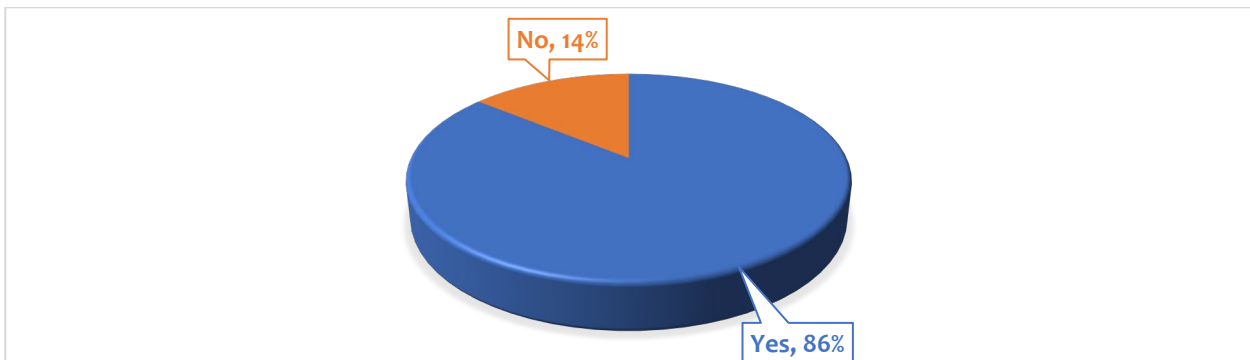
#### 7.7 Successful Practices for Bridging Communication Gaps Between FIUs and Stakeholders

Some successful practices shared by the respondents include the following:

- **Scheduling periodic meetings between FIUs and stakeholders** (competent authorities, private sector) allows for continuous dialogue and exchange of updates. (e.g., Aruba, Saint Lucia). In this regard, face-to-face meetings are all the more important to build trust between stakeholders.
- **National Coordinating Committees:** Creating permanent committees with representatives from various government agencies, law enforcement, and regulatory bodies fosters regular communication and collaboration. (e.g., Albania, Cambodia)
- **Working Groups:** Forming working groups focused on specific AML/CFT/PF risks identified in the NRA ensures concentrated efforts and information exchange on particular issues. (e.g., Lithuania, Bulgaria)
- **Memorandums of Understanding (MOUs):** Formal agreements between FIUs and domestic/international counterparts can facilitate information sharing and cooperation on AML/CFT/PF policies. (e.g., Nigeria)
- Moreover, working with staff who have security clearance is an advantage because when necessary, they can exchange sensitive information – or create a trusted environment for sharing information.



### 7.8 ML/TF Typologies Studies on Higher Risk Offences and Sectors Following Risk Assessment Findings

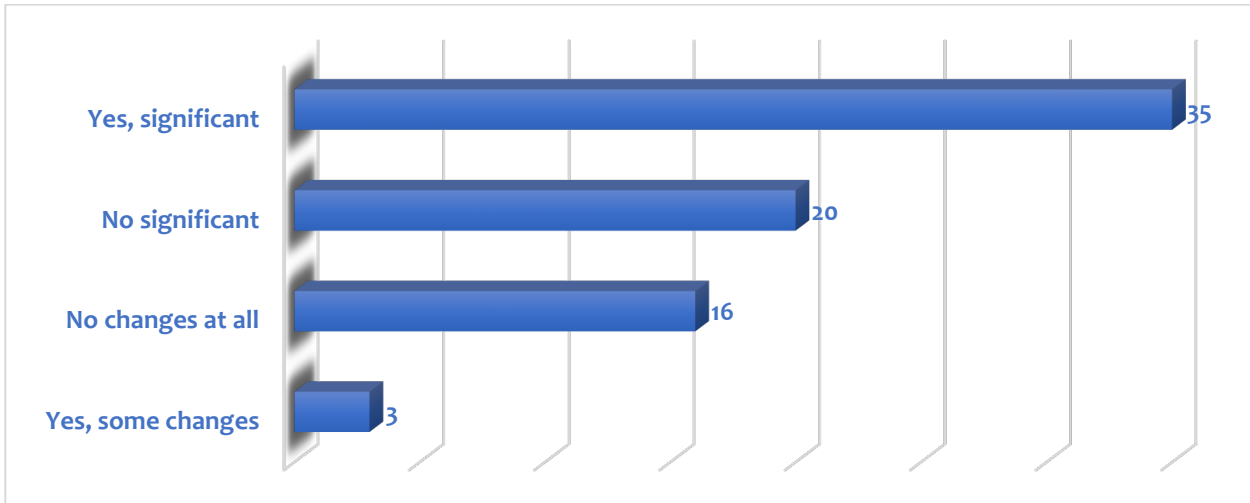


A majority of respondents (86%) conduct ML/TF typology studies on higher-risk offenses and sectors following risk assessment findings. What this means is that these FIUs recognize the importance of tailoring their AML/CFT efforts to the specific vulnerabilities identified in their national risk assessments (NRAs). By focusing on higher-risk areas, FIUs can concentrate their resources on areas with the greatest potential for ML/TF. This can lead to more effective detection and prevention of these crimes. The other FIUs who answered 'No' may have various reasons behind their decision including **limited resources**, **prioritizing establishing basic AML/CFT compliance frameworks** before undertaking more advanced activities like typology studies, **relying on typologies developed by international organizations like the Financial Action Task Force (FATF)** or regional bodies instead of conducting their own studies, among others. A major **implication of this is that FIUs might overlook certain types of suspicious activity that are prevalent in their jurisdiction but not captured in broader typologies.**



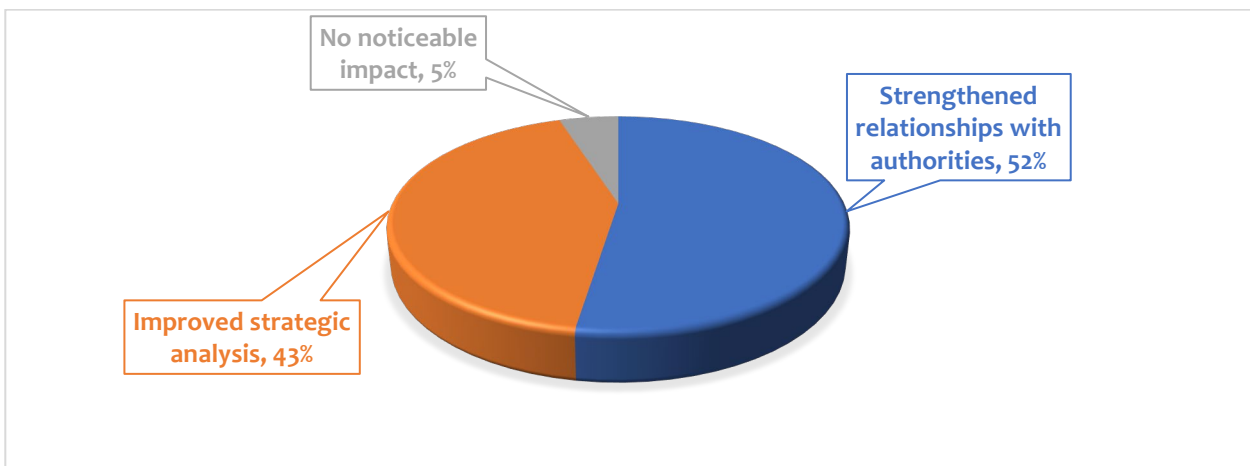
## 8.0 Impact On FIU Structure and Operations

### 8.1 Structural and Operational Changes in FIU Due to NRA Process



Based on the above responses, a significant portion of FIUs (35) underwent structural or operational changes as a result of their NRA process. **This could mean that the NRA process likely uncovered weaknesses in the FIU's structure or operations that hindered its ability to effectively combat ML/TF.** For the jurisdictions with no significant changes, the NRA process might have identified minor areas for improvement, but the overall changes implemented to the FIU's structure or operations might have been relatively small. For some other FIUs, the NRA process may not have identified a significant need for structural or operational changes.

### 8.2 Enhancement of Strategic Analysis and Relationships with Domestic Authorities through NRA Participation

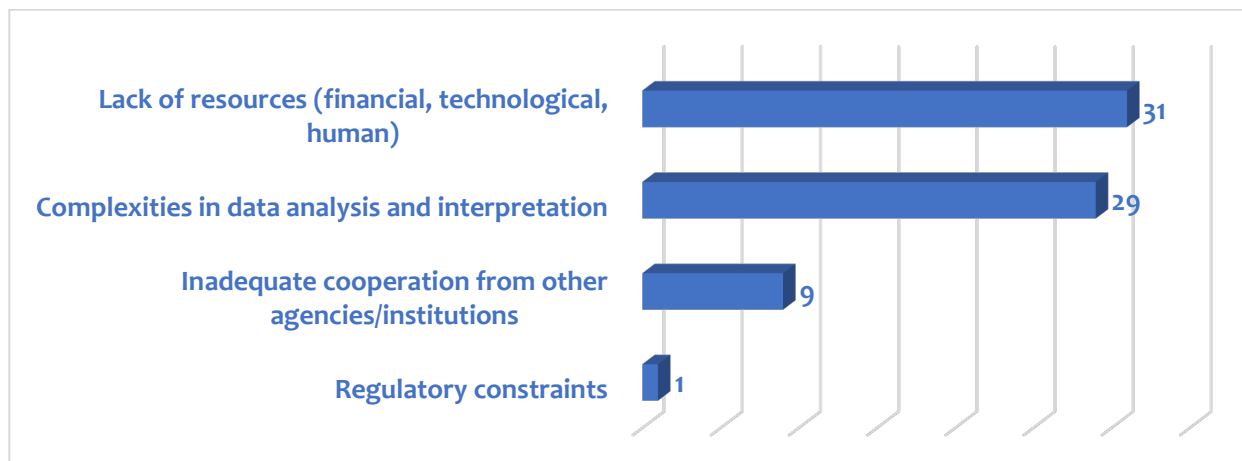


The results indicate that participation in the NRA process has a positive impact on both FIUs' relationships with authorities and their ability to conduct strategic analysis. This suggests that the NRA process fosters collaboration and information sharing between FIUs and other stakeholders involved in AML/CFT (e.g., law enforcement, supervisory authorities) as well as improving their understanding of the ML/TF risks specific to their jurisdiction, which can inform their AML/CFT strategies and priorities.



## 9.0 Lessons Learned and Best Practices – Challenges/Recommendations

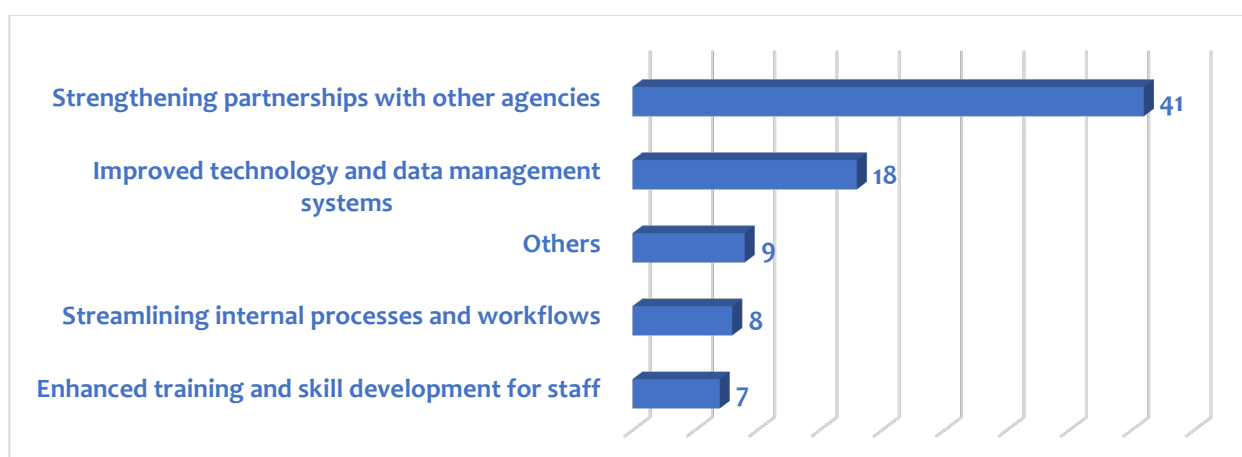
### 9.1 Significant Challenges Faced by FIU in NRA Process



The most commonly reported challenge is lack of resources. Limited resources can hinder the ability to collect, analyse data, and conduct thorough risk assessments. This might restrict the scope and depth of the NRA. Regarding complex data analysis and interpretation, **effectively analysing and interpreting large volumes of data from various sources can be a significant challenge.** FIUs might require expertise and specialized tools to make sense of the data and draw meaningful conclusions for the NRA.

Successful NRAs heavily rely on **collaboration and information sharing between FIUs and other stakeholders** involved in AML/CFT. Lack of cooperation can impede data collection and hinder the comprehensiveness of the risk assessment. Some FIUs also face **limitations imposed by existing regulations** that restrict their ability to collect certain data or conduct specific activities during the NRA process.

### 9.2 Successful Strategies for Overcoming NRA Challenges



Strengthening Partnerships with Other Agencies: Enhanced collaboration and cooperation with other agencies are crucial for addressing various challenges encountered in the NRA process.





**Improved Technology and Data Management Systems:** Investing in technology and data management systems can streamline processes and enhance efficiency in data analysis and interpretation.

**Streamlining Internal Processes and Workflows:** Optimizing internal workflows can contribute to smoother operations and better utilization of available resources.

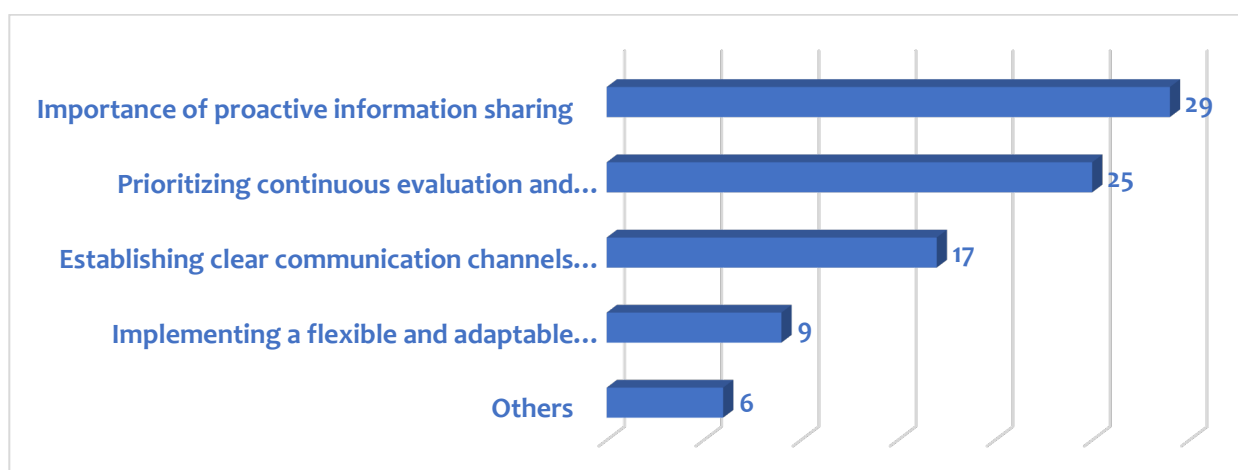
**Enhanced Training and Skill Development for Staff:** Providing staff with adequate training and skill development opportunities is essential for improving their capacity to navigate complex challenges.

**Establishing Clear Communication Channels Among Stakeholders:** Effective communication channels facilitate information sharing and coordination among stakeholders involved in the NRA process.

**Implementing a Flexible and Adaptable Framework:** Flexibility is key to adapting to evolving challenges and requirements encountered during the NRA process.

**Prioritizing Continuous Evaluation and Improvement:** Regular evaluation and improvement efforts ensure ongoing enhancement of processes and strategies employed in the NRA

### 9.3 Key Lessons and Best Practices Learned by FIU



**Building Trust Between Partners:** Establishing trust among stakeholders, including FIUs, law enforcement agencies, regulatory bodies, financial institutions, and international counterparts, is essential for effective collaboration in combating financial crimes. Regular meetings and joint training sessions provide opportunities for stakeholders to interact, share insights, and develop a better understanding of each other's roles and capabilities. Building trust involves not only formal interactions but also fostering informal channels of communication and relationship-building activities. This can include joint task forces, working groups, and information sharing platforms. Additionally, transparency in decision-making processes and mutual respect for each other's expertise can further strengthen trust among partners.

**Avoiding Political Interventions:** Political interventions in AML/CFT risk analyses can compromise the integrity and effectiveness of the process. Political pressures may influence risk assessments, leading to inaccurate conclusions or biased decisions. To avoid political interventions, it is crucial to establish clear and independent mechanisms for conducting AML/CFT risk assessments. This involves ensuring that risk assessments are based on



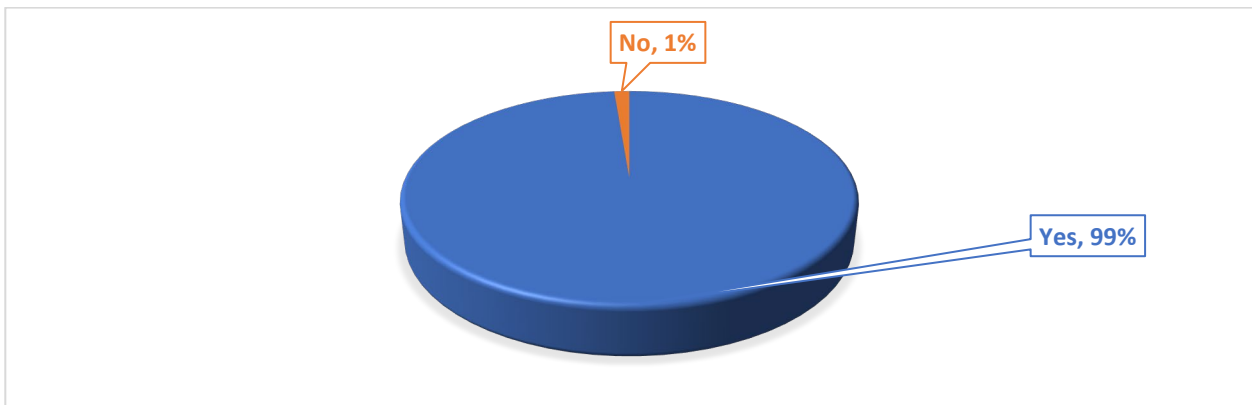
objective criteria, thorough analysis of financial data, and consultation with relevant experts. Moreover, promoting awareness among policymakers and government officials about the importance of maintaining the integrity of AML/CFT processes can help mitigate the risk of political interference.

**Importance of Proactive Information Sharing:** Proactive sharing of information among stakeholders facilitates early detection and prevention of financial crimes. Timely exchange of intelligence enables stakeholders to identify emerging trends, suspicious activities, and potential threats more effectively. Implementing mechanisms for real-time or near real-time information sharing, such as secure databases, encrypted communication channels, and automated alerts, can enhance the responsiveness of stakeholders in addressing AML/CFT challenges. Moreover, promoting a culture of information sharing through training programs, awareness campaigns, and incentives can encourage stakeholders to actively contribute to the collective effort against financial crimes.

**International Standards and Best Practices:** Adhering to international standards and best practices in AML/CFT is essential for ensuring the effectiveness and credibility of National Risk Assessments (NRAs). International standards, such as those set by the Financial Action Task Force (FATF), provide guidance on risk assessment methodologies, data collection, risk mitigation strategies, and reporting requirements. To align with international standards and best practices, FIUs and other relevant agencies should regularly review and update their policies, procedures, and regulations. This may involve conducting gap analyses, benchmarking exercises, and peer reviews to identify areas for improvement and implement necessary reforms. Collaboration with international partners and participation in mutual evaluations can also help assess compliance with global AML/CFT standards and identify areas for enhancement.

**Implementing a Flexible and Adaptable Framework:** Given the dynamic nature of financial crimes and evolving risk landscapes, it is essential to adopt a flexible and adaptable framework for conducting NRAs. A rigid or static approach may limit the ability of stakeholders to respond effectively to emerging threats and changing circumstances. Implementing a flexible framework involves incorporating risk-based methodologies, scenario planning, and continuous monitoring mechanisms into the NRA process. This enables stakeholders to assess and mitigate risks in a timely manner, adjust strategies and priorities as needed, and leverage emerging technologies and analytical tools to enhance the effectiveness of AML/CFT efforts. Moreover, regular reviews and updates of the NRA framework based on lessons learned, feedback from stakeholders, and changes in the regulatory environment ensure its relevance and resilience over time.

#### 9.4 Consideration of International Standards and Best Practices in NRA Planning



When asked if NRA planning processes should involve international standards and best practices, 99% of participants agreed to this. Furthermore, FIUs should actively seek opportunities to engage with other domestic authorities throughout the NRA process, fostering a collaborative and inclusive approach to risk assessment and mitigation. Establishing formalized channels for communication and data sharing, as well as conducting joint training and capacity-building initiatives, these can help overcome barriers and enhance the effectiveness of inter-agency cooperation.





[www.egmontgroup.org](http://www.egmontgroup.org)

The goal of the Egmont Group of Financial Intelligence Units (Egmont Group) is to provide a forum for financial intelligence units (FIUs) around the world to improve co-operation in the fight against money laundering and the financing of terrorism and to foster the implementation of domestic programs in this field.

The IEWG builds opportunities for FIUs to share operational intelligence, develop technical solutions for effective information exchange, and work collaboratively to address emerging ML/TF risks and vulnerabilities.