



FINANCIAL ACTION TASK FORCE
GROUPE D'ACTION FINANCIÈRE

FATF Guidance on National ML/TF Risk Assessment

FATF Secretariat
CFATF, May 2013

General background (1/2)

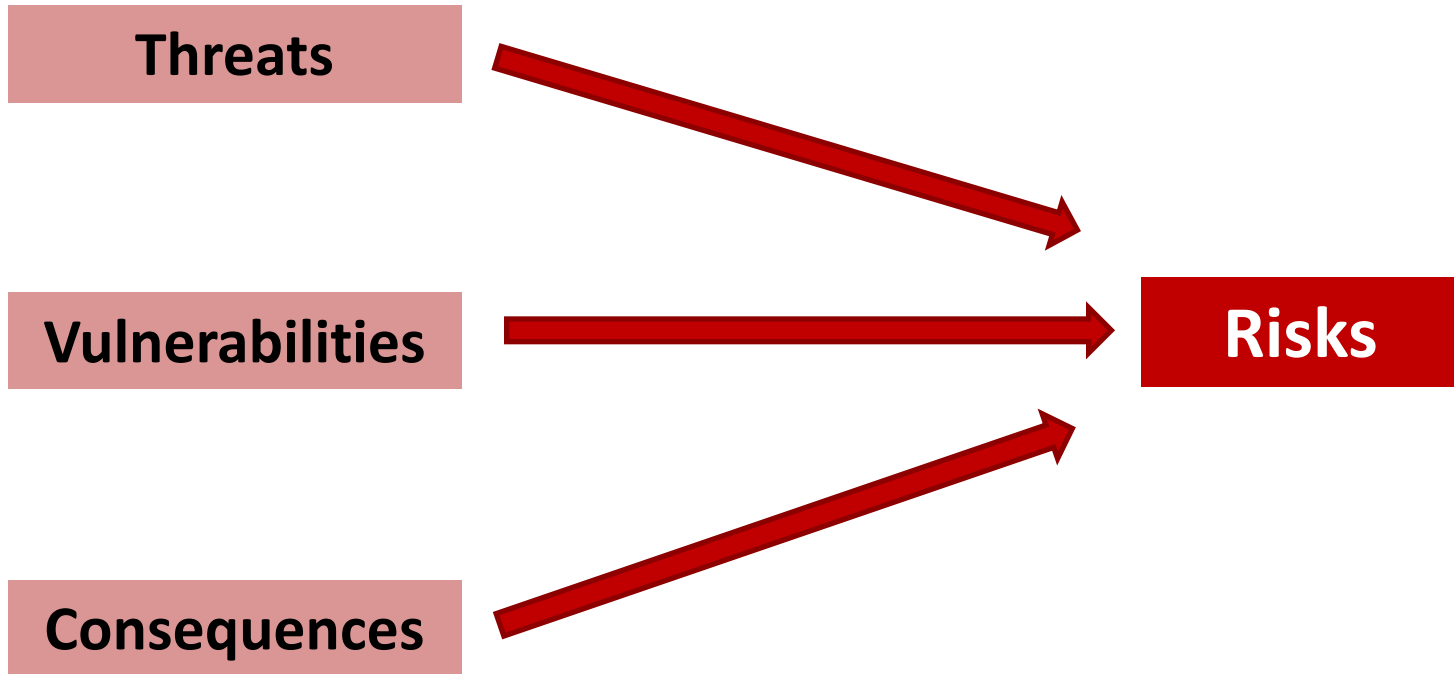
- Recommendation 1: Assessing Risks and Applying a Risk Based Approach & Interpretative Note to Recommendation 1
- **FATF guidance: National ML and TF Risk Assessment**
- Methodology
 - TC: R1
 - EC: IO1



General background (2/2)

- Countries required to identify, assess and understand ML/TF risks facing them.
- A good national risk assessment is critical as the basis for an effective AML/CFT system.
- It is critical for effectiveness, and it is critical for a favourable assessment.
- **See R1, paragraph 1: read and understand the elements of this Recommendation.**

What is risk?



Key terms

- Threat = *what the bad guys do*
- Vulnerability = *what the bad guys exploit*
- Consequence = *what effect the activity of the bad guys has*
- Risk = *combination of the preceding*
- Risk factors (in guidance) – threat, vulnerability

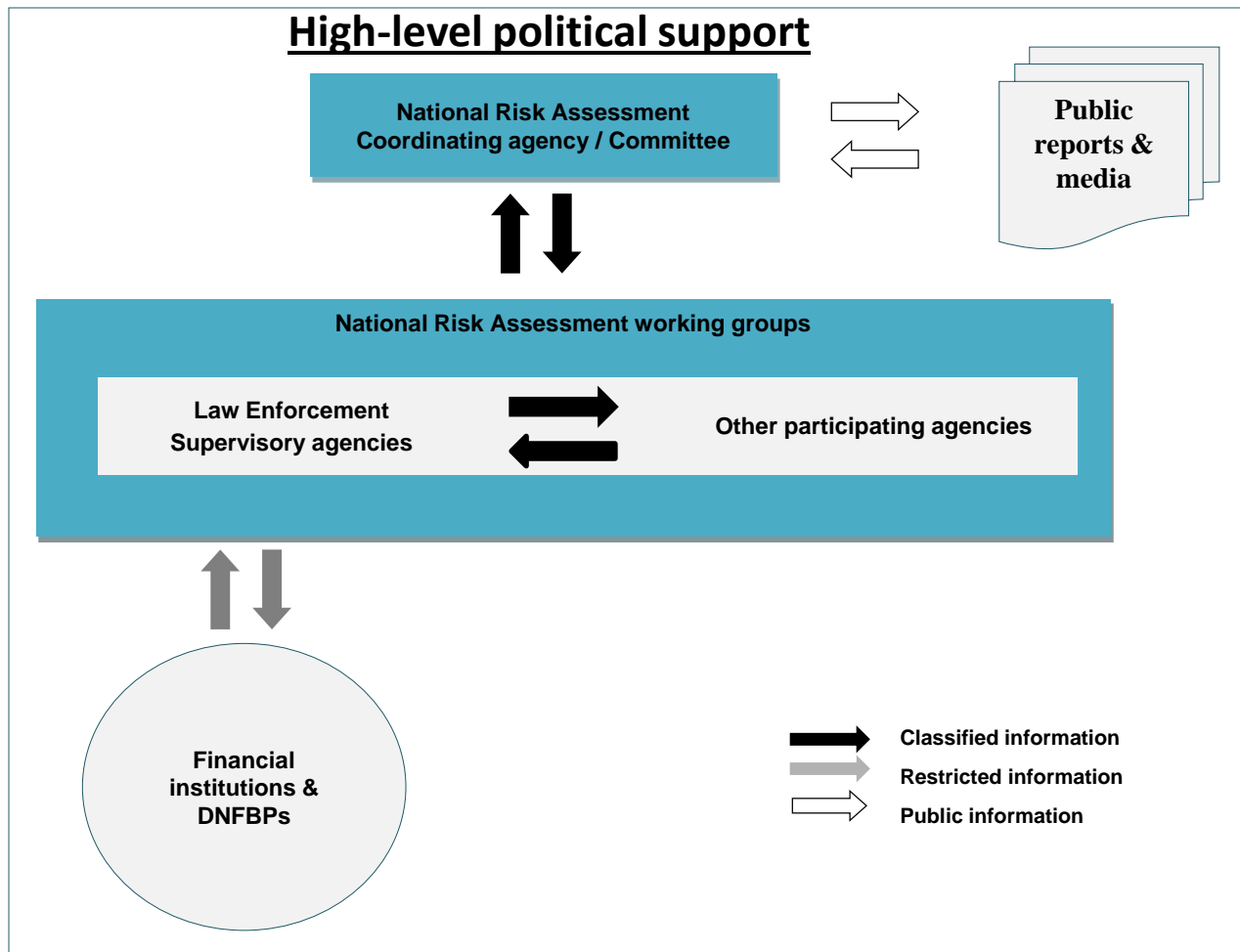
Purpose and scope of the NRA Guidance

- Outlines general principles that may serve as a useful framework.
- Does not designate specific actions necessary to meet the obligations of the FATF Recommendations.
- Focuses on country/national level.

Overview of the NRA process

- Clear definition of scope and of purpose.
- High-level political commitment.
- Multi-stakeholder effort.
- Comprehensive approach.
- Multiple sources of reliable information.
- Evolutionary process.

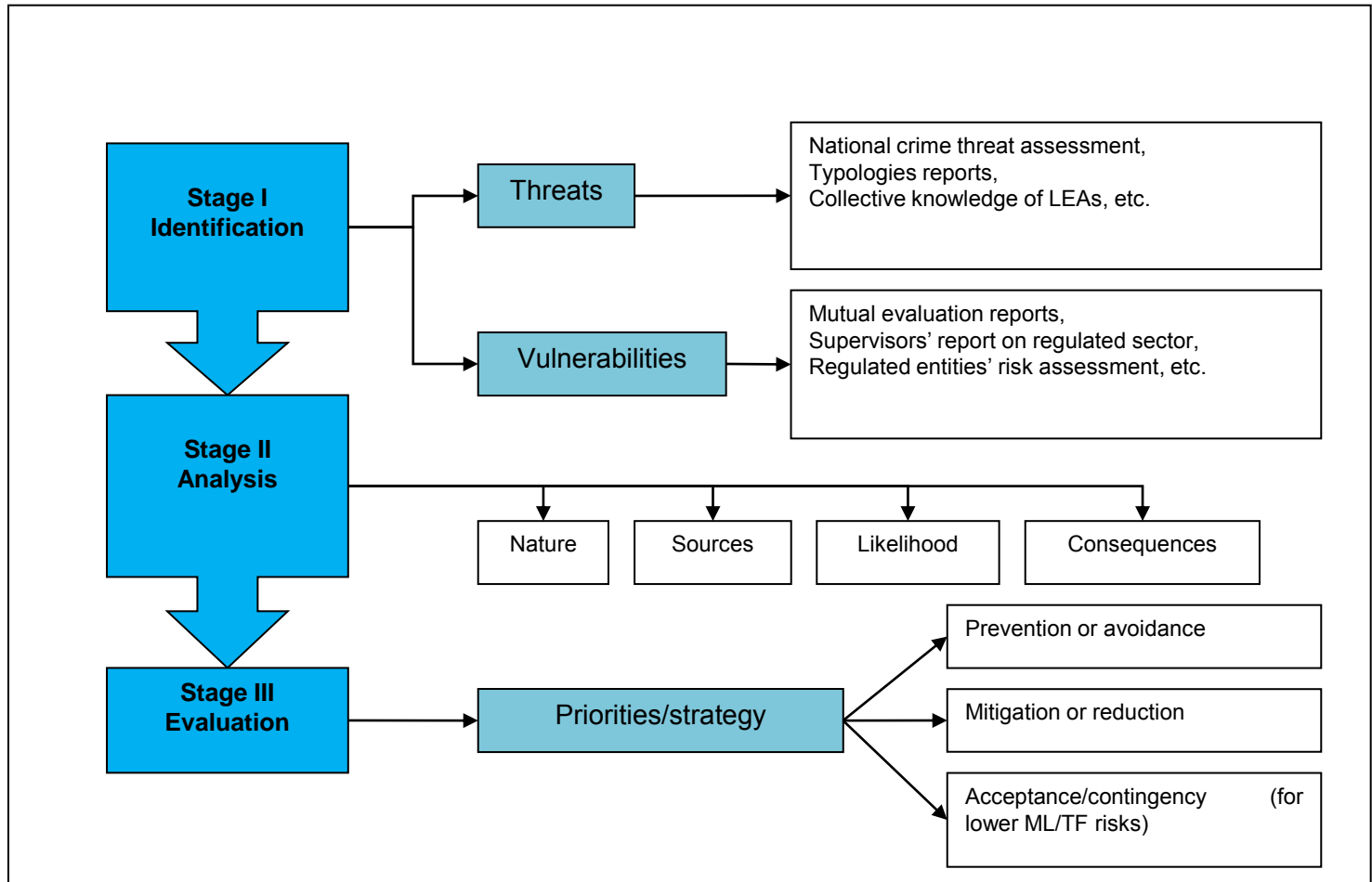
Interrelationships between various contributors to the process



A 3 stage approach (1/2)

- Identification
 - List of all potential risks or risk factors, drawn from suspected threats or vulnerabilities.
- Analysis
 - Consideration of the nature, sources, likelihood and consequences of identified risks or factors.
 - Size and seriousness of the risks.
- Evaluation
 - Definition of risk levels
 - Set priorities to address the risks and to determine risk mitigation or prevention strategies

A 3 stage approach (2/2)





FINANCIAL ACTION TASK FORCE
GROUPE D'ACTION FINANCIÈRE

For more information:

FATF public website

www.fatf-gafi.org