




The IMF and AML/CFT Risk: a Brief Overview

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Fund Work on AML/CFT Risk

- **Theoretical Framework**
- **Practical Applications**
- **Development of TA Tools**

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Theoretical

Framework paper

- **Presents risk management standards**
- **Applies them to AML/CFT**
- **Drafts have circulated**
- **Work was suspended in order to focus on practical case studies**

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Practical Applications

Pacific Islands

Uruguay

Peru

Thailand

Other seminars and activities

South East Asia

South Asia

East Africa

Upcoming/In progress - EUR PNRA (in cooperation with the OSCE)

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Technical Assistance Toolbox

Work in Progress

- *Risk Assessment Modules*
- *Risk Assessment Procedures*
- *Flexible Modalities*

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Elements of Risk

Risk = Likelihood X Consequence

Likelihood

- Threat
- Vulnerability

Consequence

- Social
- Economic
- Political

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Threat

Demand for ML/FT

POC is a proxy

Other elements

- Composition of POC
- Characteristics of criminal organizations
- Characteristics of launderers

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Vulnerability

- Systemic characteristics that facilitate ML
- “Weaknesses” in AML/CFT controls
- Other systems that impact on ML and FT activity (e.g., CJS, Border)
- Financial services products open to ML abuse
- Geographical, social, and economic conditions.

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Risk Assessment Modalities

- **Workshop based**
- **In-country TA project**
- **Combined approach (PIC/PNRA)**
 - **Country Work**
 - **Deskwork**
 - **Workshop validation and discussion**

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Risk Assessment Procedures

- **Combination of objective data and structured perceptions**
- **Data collection and analysis**
 - **Crime statistics**
 - **Financial Sector characteristics**
 - **AML/CFT regime and controls**
- **Expert sessions and workshops**
 - **Data Validation**
 - **Surveys and judgments**
- **Interagency Process**
- **Reporting and outcome**

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Connection to National Strategies

- Risk Assessment => Risk mitigation
- National strategies and other policy processes
 - Resource allocation
 - Policy making
 - Legislative drafting
- Concrete Examples
 - Peru
 - Thailand

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Questions?

Thank you for your attention

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