



AML/CFT Control Framework

Five Best Practice Design Principles

December 2018

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Practice Makes Perfect

1. Develop one KYC/AML policy for the group
2. Apply a client centric & 'risk-based' approach
3. Manage the client through the 'Life Cycle'
4. Align local/regional business practice with group policy
5. Maintain central management & oversight

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Develop one KYC/AML Policy for the Group

- Client Centric & Risk Based Approach
- Client Life Cycle Management
- Local and Regional Business Alignment
- Central Management & Oversight

- One policy that captures as many common requirements as possible and that will serve as the minimum standard for the whole group
- Designed and maintained by Compliance as the Group's 'neutral partner' in the AML framework
- Individual businesses can, or may be required to adopt additional requirements depending on their inherent risk profile
- Ensure alignment with the AML risk appetite of the bank ('walk the talk')
- Compliance works with Risk/Operations to translate the policy into procedures
- Compliance advises in high AML risk cases as well as in escalation fora

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Client Centric & Risk Based Approach

- Develop one KYC/AML Policy for the Group
- Client Life Cycle Management
- Local and Regional Business Alignment
- Central Management & Oversight

- The client's profile determines the risk and the KYC standards to be applied
 - Type of client (private individual/legal entity)
 - Business activity
 - Jurisdiction of incorporation and activity
 - Product use
 - Delivery channel
- Every client has one identified and accountable owner of the entire relationship
 - Clients may be organised individually (e.g. commercial or private banking clients) or as a portfolio (e.g. retail clients)
- Each client will be given a risk classification. Higher risk clients will require more exhaustive research and more frequent reviews

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Develop one KYC/AML Policy for the Group

Client Centric & Risk Based Approach

Client Life Cycle Management

Local and Regional Business Alignment

Central Management & Oversight

- ▶ Customer Due Diligence impacts clients during the different stages of their relationship life cycle:
 - ▷ Upon initial acceptance when the client’s money laundering risk profile and expected transaction profile is set
 - ▷ Periodically; the frequency will depend on risk profile and the firm’s policy
 - ▷ When certain events occur that change the client’s profile
 - ▷ On the closure of the relationship

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Develop one KYC/AML Policy for the Group

Client Centric & Risk Based Approach

Client Life Cycle Management

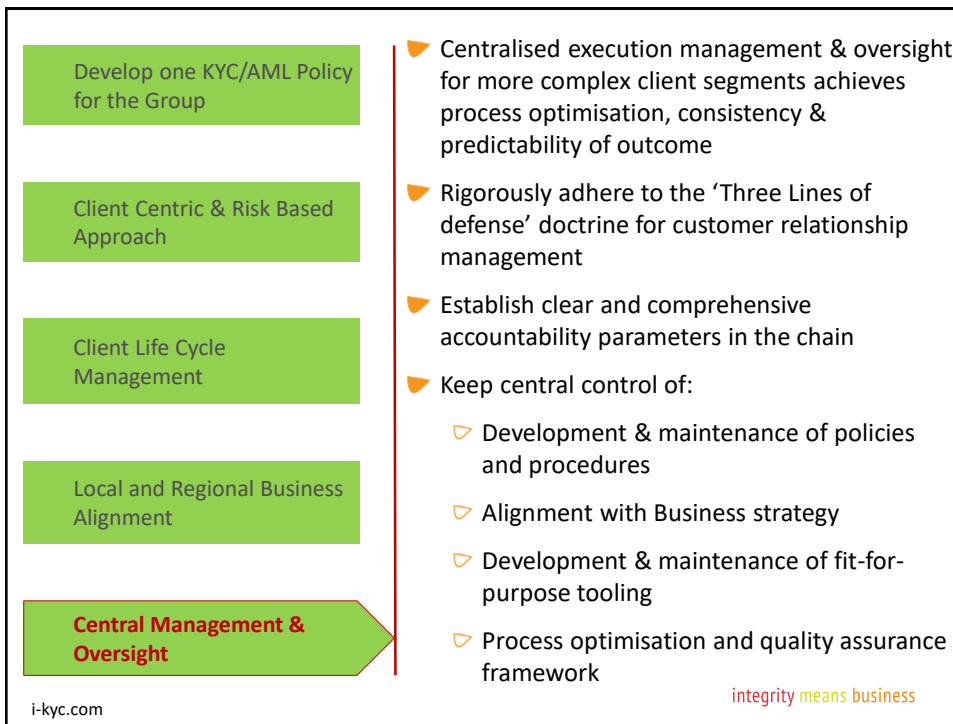
Local and Regional Business Alignment

Central Management & Oversight

- ▶ Attention must be given to local CDD requirements and limitations
 - ▷ Respect local sanctions/black lists and documentary requirements
 - ▷ Sometimes group requirements are difficult to achieve locally – use common sense and observe substance over form
- ▶ Country’s KYC profile must fit the Group’s risk appetite
 - ▷ Some countries have a higher AML risk profile
 - ▷ Maintain a corporate engagement policy towards these countries, and communicate this unequivocally
 - ▷ AML policy should articulate a deviation procedure for exceptions
 - ▷ Deviations from policy should be properly documented for audit and accountability purposes

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i-KYC – Financial Crime Specialists

Who We Are	What We Do
<ul style="list-style-type: none"> ▶ Anti-Money Laundering Specialists <ul style="list-style-type: none"> ▷ Experts in AML Operations with an all-round, international banking background ▷ Focus on AML compliance effectiveness and efficiency ▶ Contact: <ul style="list-style-type: none"> ▷ Amsterdam office: +31 20 305 1188 ▷ Singapore office: +65 96 83 1451 <p>info@i-kyc.com www.i-kyc.com</p>	<ul style="list-style-type: none"> ▶ AML/CFT Specialist Services <ul style="list-style-type: none"> ▷ Business Integrity operational risk assessment & governance support ▶ Business Integrity Learning <ul style="list-style-type: none"> ▷ In-company class room education ▷ E-learning portfolio – Anti-Money Laundering, Anti-Bribery & Corruption, TBML, etc. ▷ Cooperation with Rotterdam School of Management, Webster University, University College London, ACAMS, NCI

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