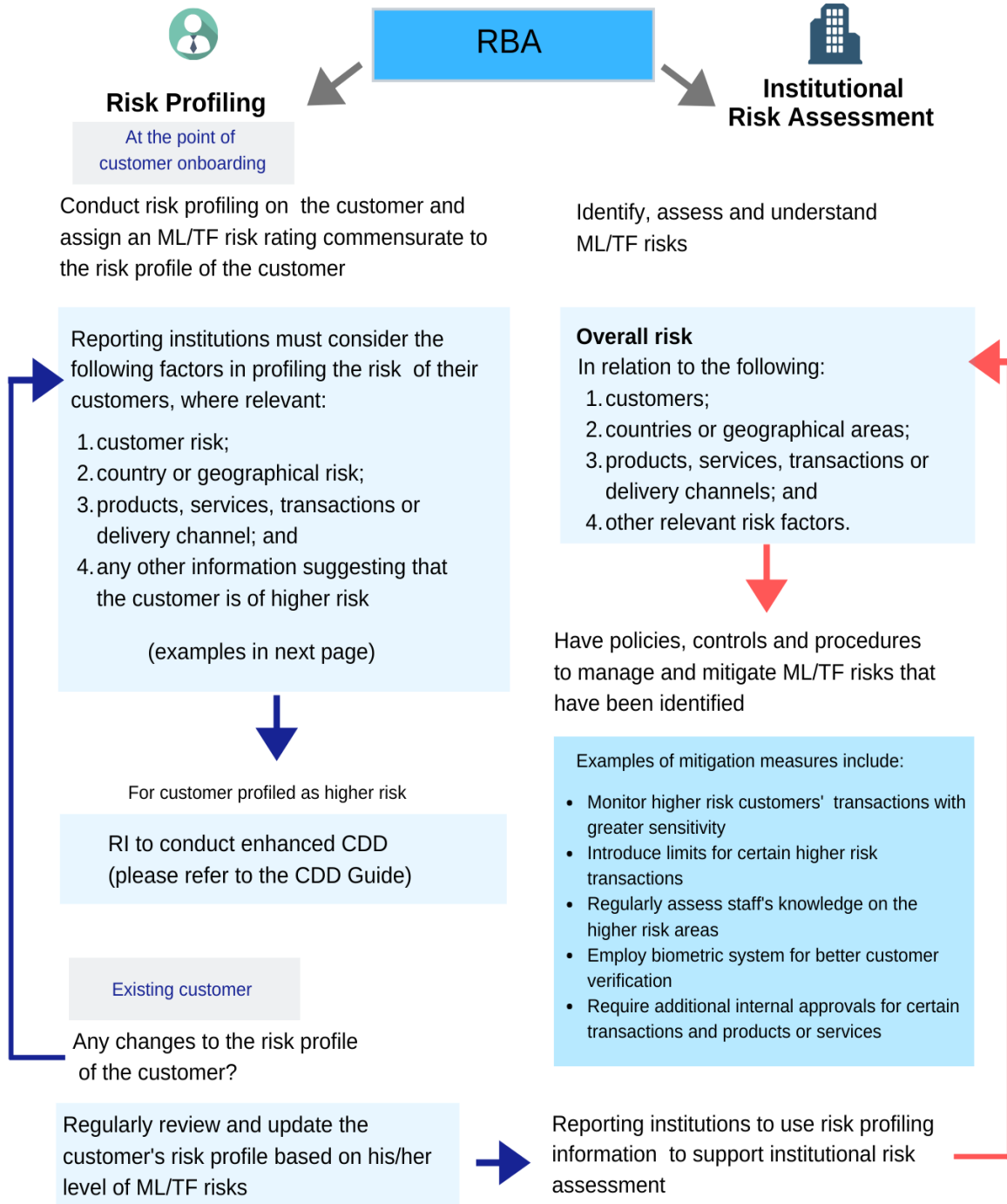


## Risk Based Approach (RBA) Guide

RBA is the process of identifying, assessing and understanding your firm's exposure to the money laundering/ terrorism financing (ML/TF) risks and taking reasonable and appropriate anti-money laundering and counter financing of terrorism (AML/CFT) measures effectively and efficiently to mitigate and manage the risks.



## Risk Factors for Risk Profiling and Institutional Risk Assessment

The risk factors to be considered for risk profiling and institutional risk assessment are generally similar. The difference lies wherein that risk profiling looks at the individual customer, while institutional risk assessment looks at the risks of the firm/ business as a whole.



### RISK PROFILING

#### Customer risk

- Politically exposed person (PEPs)
- High net worth customer e.g. customer with assets worth RM3 million and above
- Nationality
- Customer with large and complex business structure
- Involvement of nominee shareholder/ director
- Any adverse news on the customer e.g. involvement in investigations or having criminal records

#### Product/ service risk

- Product/ service provides anonymity
- Value/ volume/ type of product/ service not commensurate with the customer profile
- Involves nominee services
- Involves complex and unusual transactions

#### Geographical risk

- Customer connected to or originates from higher risk countries (called by the Financial Action Task Force or Government of Malaysia)
- Location of business

#### Transaction/ delivery channel risk

- Non face-to-face
- Cross border transaction
- Involves complex and unusual payment methods
- Involvement of unknown third parties for payments



### INSTITUTIONAL RISK ASSESSMENT

#### Customer risk

- What is the **overall** exposure of your firm to higher risk customers?

#### Product/ service risk

- What is the **overall** exposure of your firm to higher risk products/ services?

#### Geographical risk

- What is the **overall** exposure of your firm to geographical risk?

#### Transaction/ delivery channel risk

- What is the **overall** exposure of your firm to transaction/ delivery channel risk?

#### Examples of Additional risk factors:

- **Size of business:** Larger size and structurally complex firms are exposed to higher ML/TF risks
- **Risks identified in NRA:** Exposure to customers from highly vulnerable sectors pose higher ML/TF risks

## EXAMPLES OF RISK FACTORS

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