



FIAU

Risk Assessment Scoring Methodology

Elena Tabone
Financial Intelligence Analysis Unit

Compliance and Supervision Platform for Assessing Risk (CASPAR)



- Allows the FIAU to gather information from multiple sources.
- Translates the information gathered from multiple sources into the numerical scoring of risk indicators.



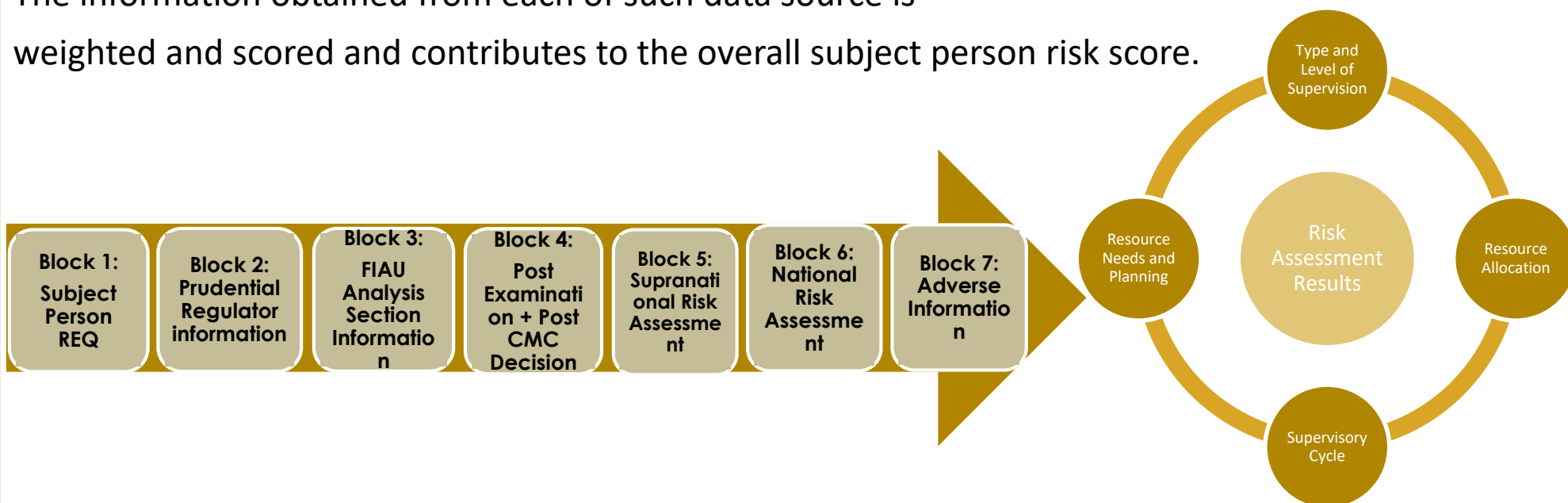
- The Residual Risk Rating will then determine the frequency and level of supervision.

Enhanced FIAU Risk Assessment Scoring Methodology



Risk assessments form the basis for the development of a supervisory strategy for each subject person and for the sector as a whole.

Variety of Data Sources: The revised methodology utilizes data that derives from 7 different sources. The information obtained from each of such data source is weighted and scored and contributes to the overall subject person risk score.



➤ **Annual Risk Assessment Process:** The risk assessment process is **ongoing, cyclical, and dynamic** i.e. new material information will be inputted and the risk score will be updated in real time.

FIAU Risk Assessment Framework



	Block 1 – Subject Person Self- Assessment	Block 2 – Supervisor Assessment: (MFSA or MGA)	Block 3 – FIAU Analysis Section Feedback	Block 4 – Compliance Review	Block 5 – SNRA	Block 6 – NRA	Final Scores/ Ratings	Block 7 – Adverse Information
Inputs to IR/CE	IR	IR	IR	IR	IR	IR	Final IR Score & Rating	Any material, adverse information
	CE	CE	CE	CE	CE	CE	Final CE Score & Rating	
							Final RR Rating	

Block 1: Subject Person Information



Financial Intelligence Analysis Unit Risk Evaluation Questionnaire		Designated Non Financial Businesses and Professions Sector Auditors and Accountants (Legal Persons)
<p>General remarks from the subject person:</p> <p>As indicated in the Guidance for Completion of the Anti-Money Laundering and Countering the Financing of Terrorism Risk Evaluation Questionnaire, sole practitioners and entities should, for each of the questions included in this questionnaire, choose the answer option that is best suited to them / their internal organization.</p> <p>The FIAU acknowledges that the answer options defined by it do not always fully capture the actual situation within each subject person. When choosing from the answer options available, it is therefore important to select an option that is a true reflection of your actual situation / the actual situation within your entity and that can be justified later on.</p> <p>In the text box, you can formulate general remarks on the answers submitted by you / your entity. Please note that these general remarks are not taken into account in the initial, automated analysis of your / your entity's answers.</p>		
<p>1 Subject Person Information</p>		
1.01	Please select the legal formation of your entity.	Public Limited Company / Private Limited Company / Civil Partnership / Commercial Partnership / Self-employed / Branch of a Foreign entity / Association / Other
1.02	If "Other", please specify.	[Text] / Not Applicable
1.03	Please select the status of your entity.	Subsidiary of a foreign traded company / Subsidiary of a privately held foreign company / Subsidiary of a local traded company / Subsidiary of a privately held local company / Privately held foreign company / Privately held local company / Other
1.04	If "Other", please specify.	[Text] / Not Applicable
1.05	Please indicate total annual turnover according to the latest available audited financial statements and / or tax declaration.	€ / Not Applicable
1.06	Please provide the year end reference date for the financial statements or / tax declaration as indicated above.	[Date] / Not Applicable
1.07	Please indicate the total number of employees (including partners, executive directors, associates and staff), expressed in full time equivalents ("FTEs"), working for you / your entity as at the end of the prior calendar year.	[Number] / Not Applicable
1.08	How many years experience in this industry do you / does the principal(s) and / or partners and / or director(s) and / or senior management of your entity have?	10 or more years / Between 5-9 years / Between 3-5 years / Between 1-3 years / Less than 1 year

Each Topic in the REQ has a weighting assigned to it:
All inherent risk topics add up to 100% and the same for All control effectiveness topics
The weight assigned signifies the importance of the topic in the overall risk algorithm

Each question also has a score which signals the importance of the question within each topic

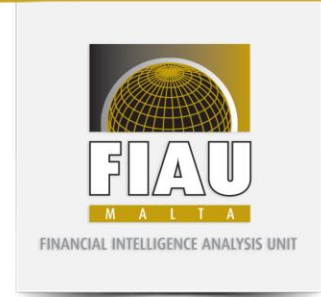
Each answer has a score assigned to it which signals the impact such answer has on the question being asked

Overall Methodology

Overall Questions score as a weighted average of the Topic Score

Overall score assigned for the topic

Block 2: Prudential Regulator / Regulatory Body



What we consider



- ☐ Prudential risk assessment score
- ☐ Information on prudential reviews carried out
- ☐ Corporate structure and Governance
- ☐ Compliance culture
- ☐ Significant changes
- ☐ Levels of risk



Block 3: FIAU Intelligence Analysis

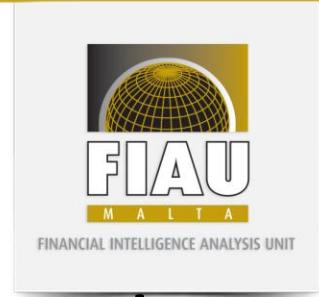


What we consider



- ☐ Number of STRs submitted in a given year
- ☐ Quality of the STRs submitted
- ☐ Replies to request for information
- ☐ Monitoring Orders

Block 4: Supervision



What we consider



- ☐ Level of cooperation
- ☐ Policies, procedures and measures in place
- ☐ Type and degree of findings
- ☐ MLRO and compliance staff level of AML/CFT awareness
- ☐ MLRO duties
- ☐ Serious, systemic and repetitive breaches



Block 4: Enforcement



Committee
Meeting



What we consider



- ☐ Relevance and quality of representations
- ☐ Type and Degree of Administrative Measures imposed
- ☐ Type and Degree of Administrative Measures taken by other authorities
- ☐ Recommendations to other authorities
- ☐ Issuance of directives
- ☐ Quality of any remedial measures taken by the subject person

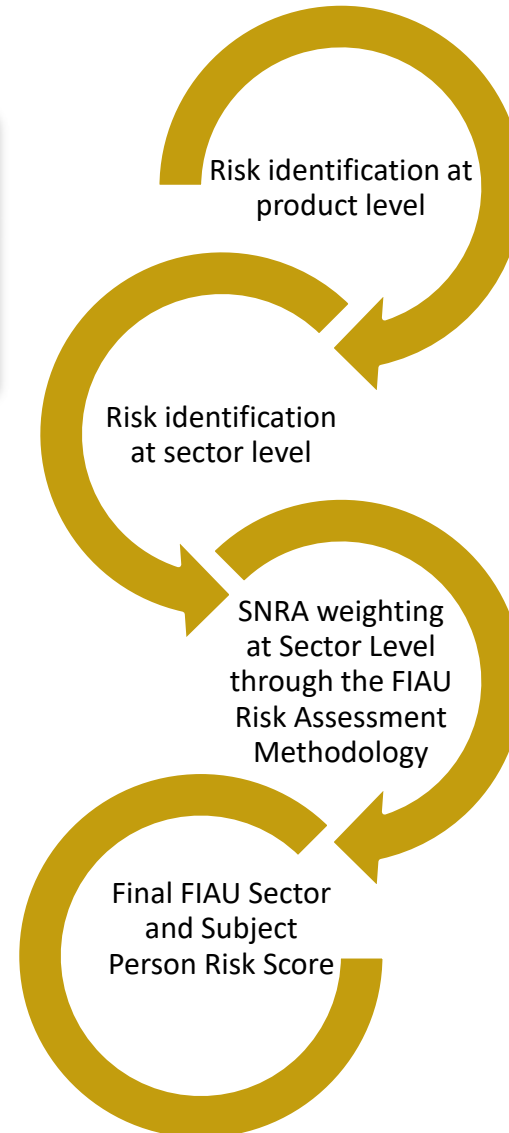
Block 5

EU SUPRANATIONAL RISK ASSESSMENT

The Supranational Risk Assessment is available on the website of the European Commission:
http://ec.europa.eu/newsroom/just/item-detail.cfm?item_id=81272



FINANCIAL INTELLIGENCE ANALYSIS UNIT

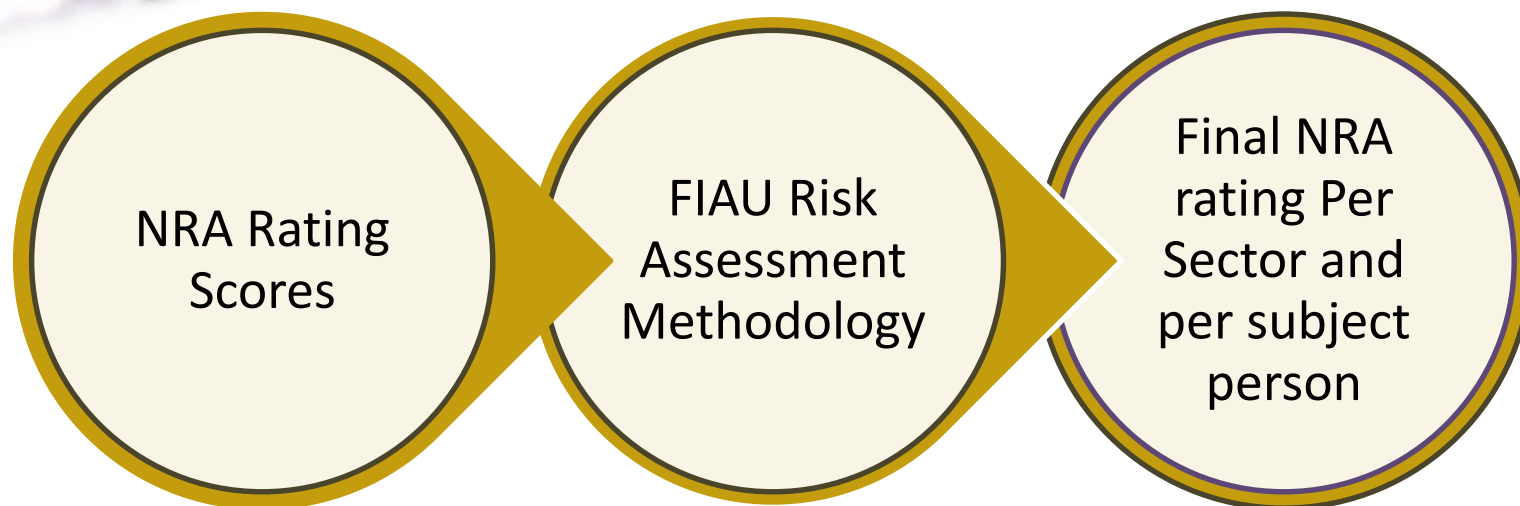


Block 6: National Risk Assessment



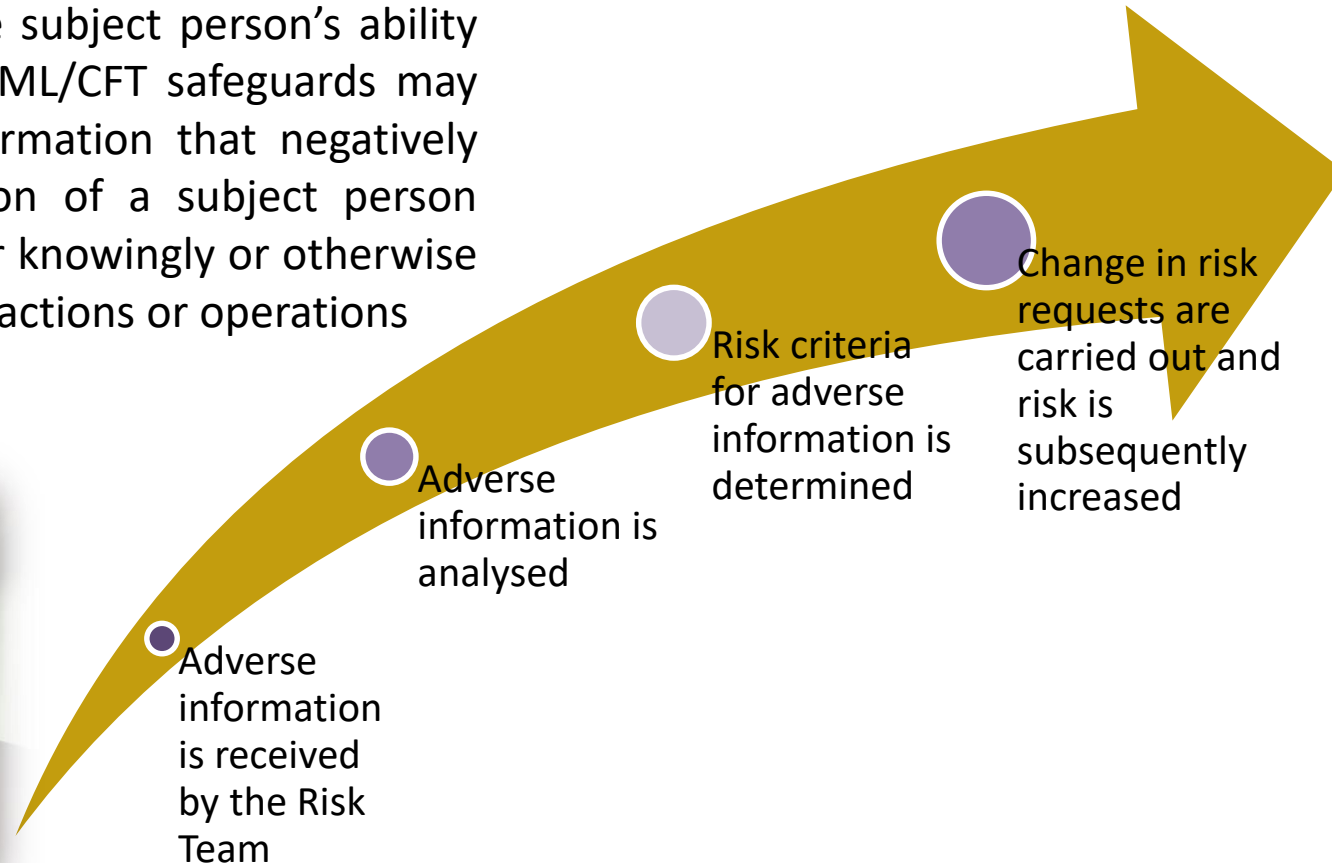
The results of the latest national risk assessment can be found on the website of the Ministry for Finance and are accessible through the following link:

https://mfin.gov.mt/en/Library/Documents/Result_of_the_NRA_2018.pdf

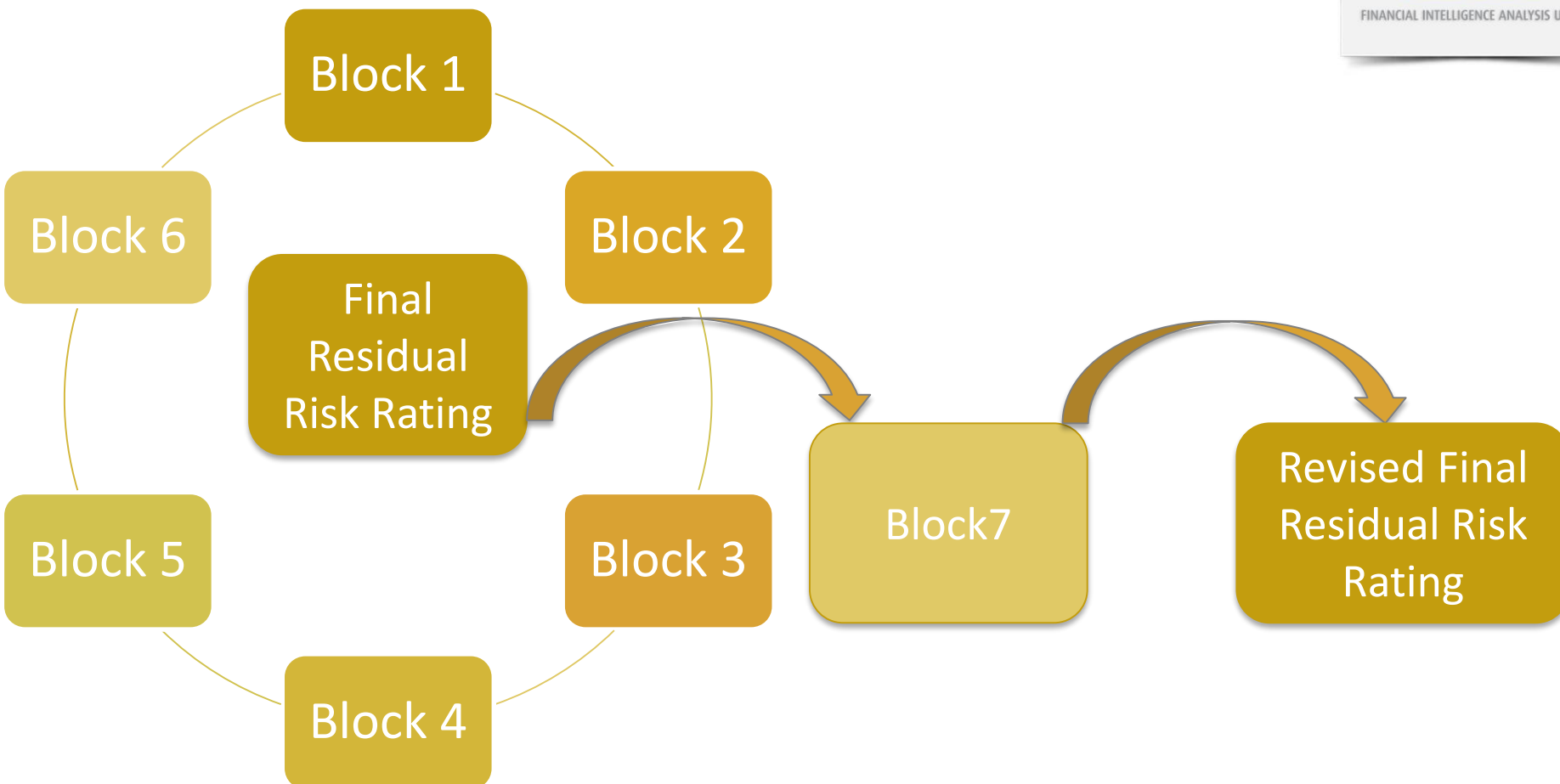


Block 7: Adverse information

Adverse information is any **information** that adversely reflects on the integrity of the operations of a subject person, which suggests that the subject person's ability to effectively comply with all AML/CFT safeguards may be impaired, or otherwise information that negatively impacts the AML/CFT reputation of a subject person through its involvement whether knowingly or otherwise in anomalous or suspicious transactions or operations



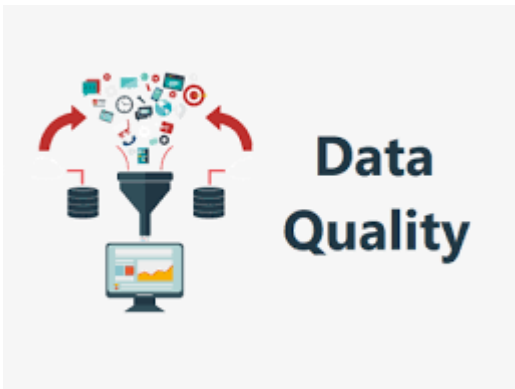
Summary: Risk Assessment Scoring Methodology



The FIAU's Risk Assessment Process is ongoing



Key Takeouts



Sli.do event code: J782

Wifi

User: IC Meeting

Password: meeting247



65C, Tower Street, Birkirkara BKR 4012, Malta

T. (+356) 21 231 333 F. (+356) 21 231 090 E. info@fiumalta.org W. fiumalta.org
