



Top 5 KYC/AML Issues facing Financial Institutions:

IMPLEMENTING BEST PRACTICE IN AN EVER-CHANGING REGULATORY ENVIRONMENT

Bangladesh ranks 82 in Anti Money Laundering Index 2017 of 146 countries from its previous spot of 54.

1	Iran	8.60	51	China	6.53	99	South Africa	5.32
2	Afghanistan	8.38	52	Ukraine	6.52	100	Peru	5.25
3	Guinea-Bissau	8.35	53	Cote D'ivoire	6.51	101	Uruguay	5.16
4	Tajikistan	8.28	54	Algeria	6.48	102	Switzerland	5.15
5	Laos	8.28	55	Timor-Leste (East Timor)	6.43	103	Canada	5.14
6	Mozambique	8.08	56	Kazakhstan	6.42	104	Dominica	5.12
7	Mali	7.97	57	Morocco	6.38	105	Greece	5.11
8	Uganda	7.95	58	Ecuador	6.37	106	Macedonia	5.10
9	Cambodia	7.94	59	Tunisia	6.37	107	Qatar	5.10
10	Tanzania	7.89	60	Kyrgyzstan	6.33	108	Austria	5.06
11	Kenya	7.72	61	Indonesia	6.32	109	Chile	4.94
12	Liberia	7.62	62	Senegal	6.31	110	Netherlands	4.93
13	Myanmar	7.58	63	Guyana	6.24	111	Jordan	4.90
14	Nepal	7.57	64	Russia	6.22	112	Portugal	4.90
15	Burkina Faso	7.54	65	Philippines	6.20	113	Korea, South	4.90
16	Paraguay	7.53	66	Brazil	6.20	114	Spain	4.87
17	Haiti	7.50	67	Guatemala	6.17	115	Cyprus	4.87
18	Vietnam	7.44	68	Papua New Guinea	6.13	116	United States	4.85
19	Zambia	7.43	69	Mongolia	6.10	117	Singapore	4.83
20	Sao Tome And Principe	7.42	70	Malaysia	6.10	118	United Kingdom	4.81
21	Niger	7.38	71	Uzbekistan	6.09	119	Azerbaijan	4.78
22	Benin	7.37	72	United Arab Emirates	6.06	120	Slovakia	4.78
23	Bolivia	7.17	73	Grenada	6.04	121	Germany	4.78
24	Lesotho	7.15	74	Botswana	6.02	122	Montenegro	4.76
25	Sri Lanka	7.15	75	Honduras	5.97	123	Belgium	4.66
26	Sierra Leone	7.14	76	St. Vincent And The Grenadines	5.96	124	Ireland	4.62
27	Lebanon	7.07	77	Costa Rica	5.93	125	Colombia	4.57
28	Vanuatu	7.02	78	Mauritius	5.92	126	Czech Republic	4.57
29	Sudan	7.02	79	Bosnia-Herzegovina	5.91	127	Norway	4.56
30	Panama	7.01	80	Malawi	5.86	128	France	4.52
31	Cape Verde	6.99	81	Bahrain	5.80	129	Romania	4.50
32	Mauritania	6.92	82	Bangladesh	5.79	130	Poland	4.50
33	Nigeria	6.90	83	Serbia	5.76	131	Australia	4.49
34	Ghana	6.84	84	Mexico	5.75	132	Iceland	4.47
35	Trinidad And Tobago	6.80	85	Albania	5.75	133	Latvia	4.44
36	Zimbabwe	6.80	86	St. Lucia	5.72	134	Armenia	4.44
37	Yemen	6.80	87	Egypt	5.66	135	Malta	4.37
38	Marshall Islands	6.70	88	India	5.58	136	Taiwan, China	4.34
39	Gambia	6.70	89	Hong Kong Sar, China	5.54	137	Israel	4.25
40	Rwanda	6.69	90	Kuwait	5.53	138	Sweden	4.25
41	Argentina	6.69	91	El Salvador	5.48	139	Croatia	4.11
42	Dominican Republic	6.69	92	Moldova	5.43	140	Denmark	4.05
43	Turkey	6.65	93	Saudi Arabia	5.43	141	Slovenia	4.02
44	Thailand	6.65	94	Hungary	5.41	142	New Zealand	3.91
45	Nicaragua	6.64	95	Italy	5.41	143	Bulgaria	3.87
46	Pakistan	6.64	96	Luxembourg	5.40	144	Estonia	3.83
47	Jamaica	6.60	97	Georgia	5.37	145	Lithuania	3.67
48	Namibia	6.59	98	Japan	5.36	146	Finland	3.04
49	Angola	6.55						
50	Venezuela	6.53						

What leads to high risk ranking in the Basel AML Index?



Top

Country	Overall Score 2017	Overall Score 2016	Change in score 2016-2017
Sudan	7.02	7.85	-0.83
Taiwan, China	4.34	5.12	-0.79
Israel	4.25	4.89	-0.64
Bangladesh *	5.79	6.40	-0.61
Germany	4.78	5.33	-0.55
France	4.52	5.03	-0.51
Australia*	4.49	4.99	-0.50
Luxembourg	5.40	5.89	-0.49
Latvia	4.44	4.91	-0.46
Greece	5.11	5.53	-0.42

*: Overall score based on a new FATF evaluation, which includes an effectiveness assessment.

How Big is AML threat – Estimates ?

\$800 billion - \$2 trillion in One year

- **2 - 5% of global GDP**
- **\$ 321 billion in fines since 2008**
- **\$ 8 Billion spend AML Compliance**

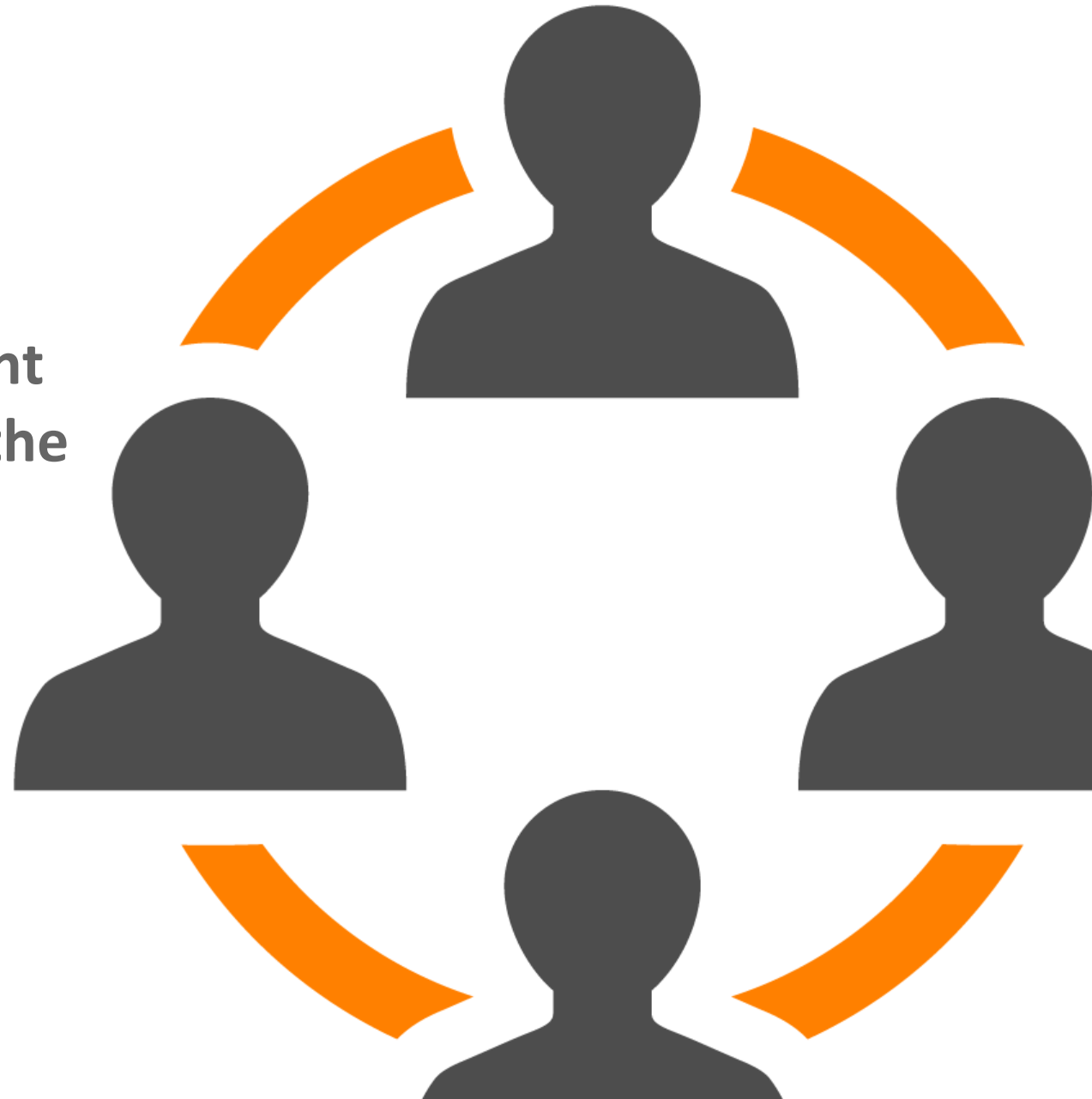


Key Issues

Thomson Reuters Survey 2017

RESOURCES REMAIN THE BIGGEST CHALLENGE

Despite dramatic increase in headcount and spend KYC resource still remains the greatest challenge to FIs.





ONBOARDING TIMES ON THE RISE

Despite continued investment, onboarding times are still rising.





ONGOING CHECKS NOT FIT FOR PURPOSE

Many FIs have still not implemented all the requirements for ongoing KYC Checks.

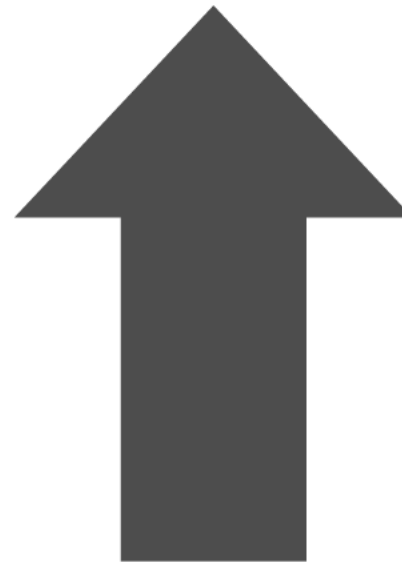


IMPACT OF REGULATION

A mixed approach to regulatory changes indicates that many FIs lack clear plan.

RISING COST OF COMPLIANCE

FIs have continued to increase their expenditure more than the average compared to 2016.



Fintelekt – Bangladesh Banking Industry Survey 2017

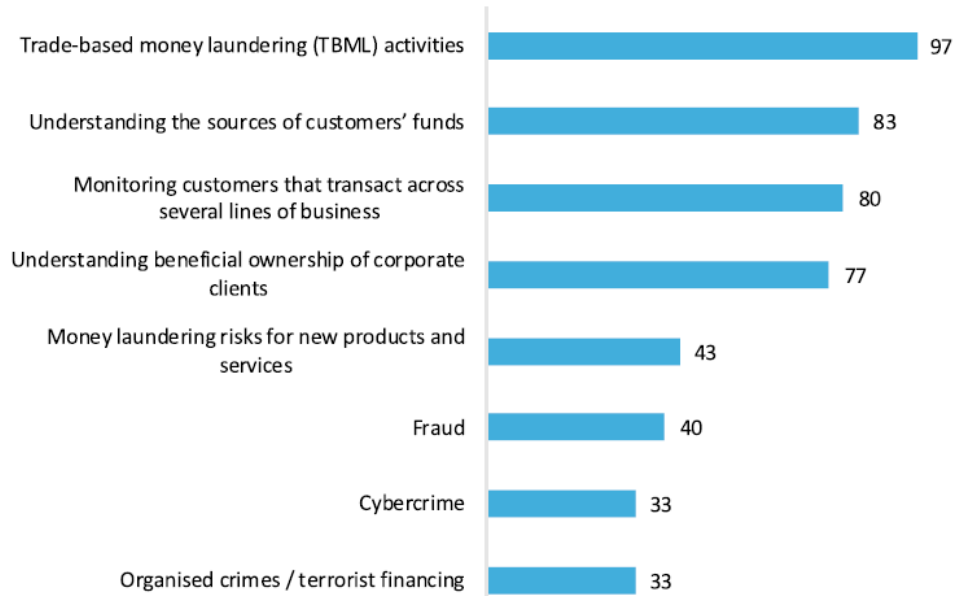
Top threats to the bank (% of respondents)

97% Trade-based money laundering (TBML)

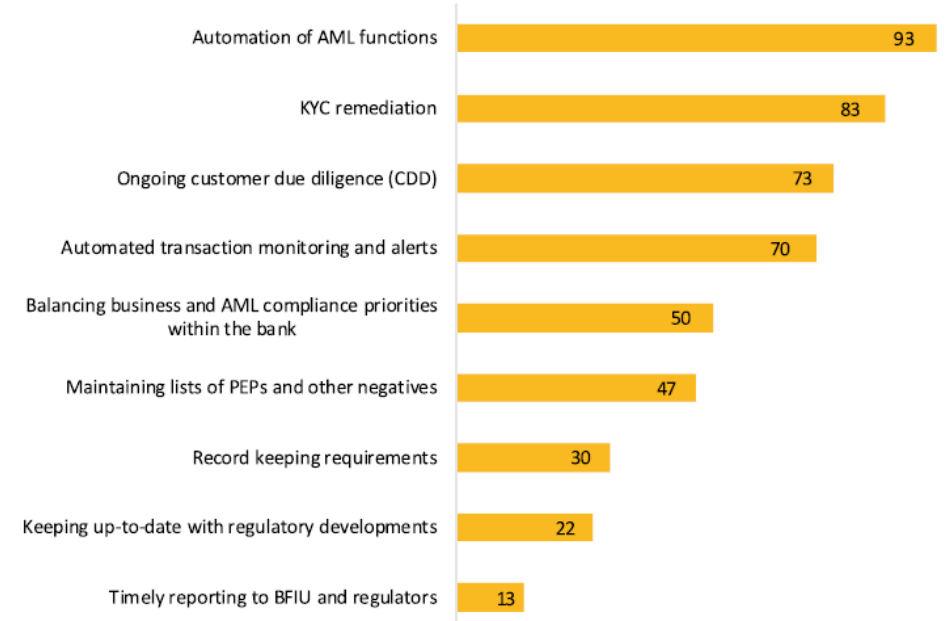
83% Understanding the sources of customers' funds

80% Monitoring customers that transact across several lines of business

Perceived threats to banks (% of respondents)



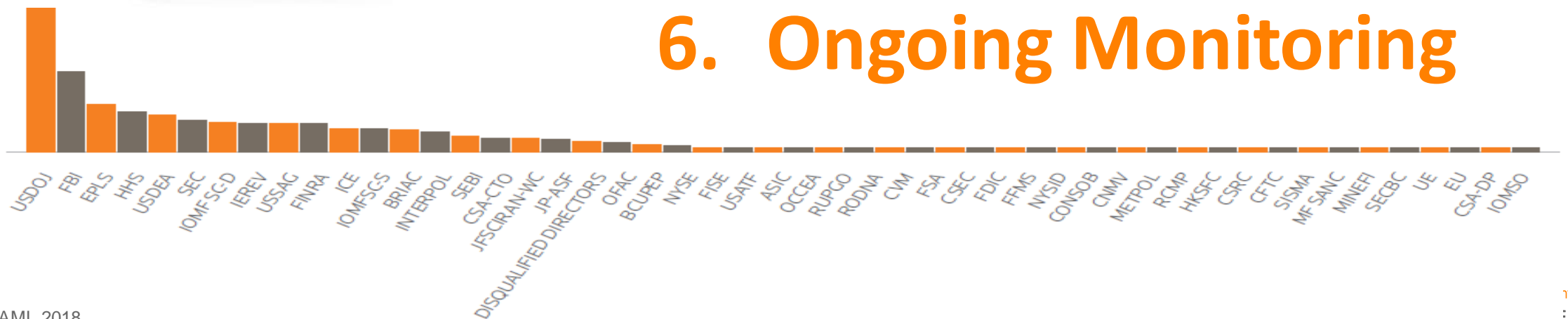
Top challenges for the AML compliance team (% of respondents)



Stricter Screening to Prevent AML

Reveal the risk hiding in human networks and business relationships

1. Far Beyond Sanctions
2. Highly Structured data
3. Global research
4. PEPs and their associates
5. Includes adverse media
6. Ongoing Monitoring

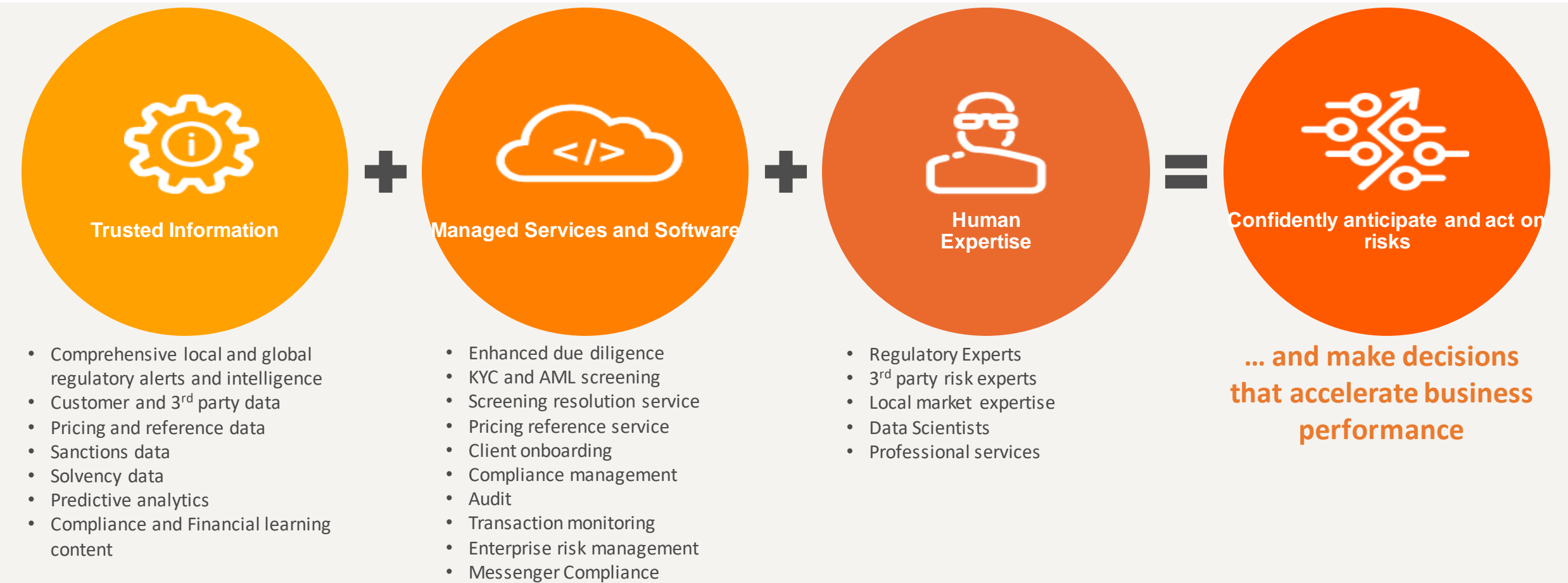


Key Steps in Due Diligence to Prevent TBML

- ❖ **Screen the trading partners, business, countries & counterparties**
- ❖ **Nature of the goods traded, Market price**
- ❖ **Flag of the vessel, flag history, name and Ownership**
- ❖ **Port of loading, ports-of-call, port of discharge and route**
- ❖ **Track the Vessel Real time**
- ❖ **Ongoing Monitoring**

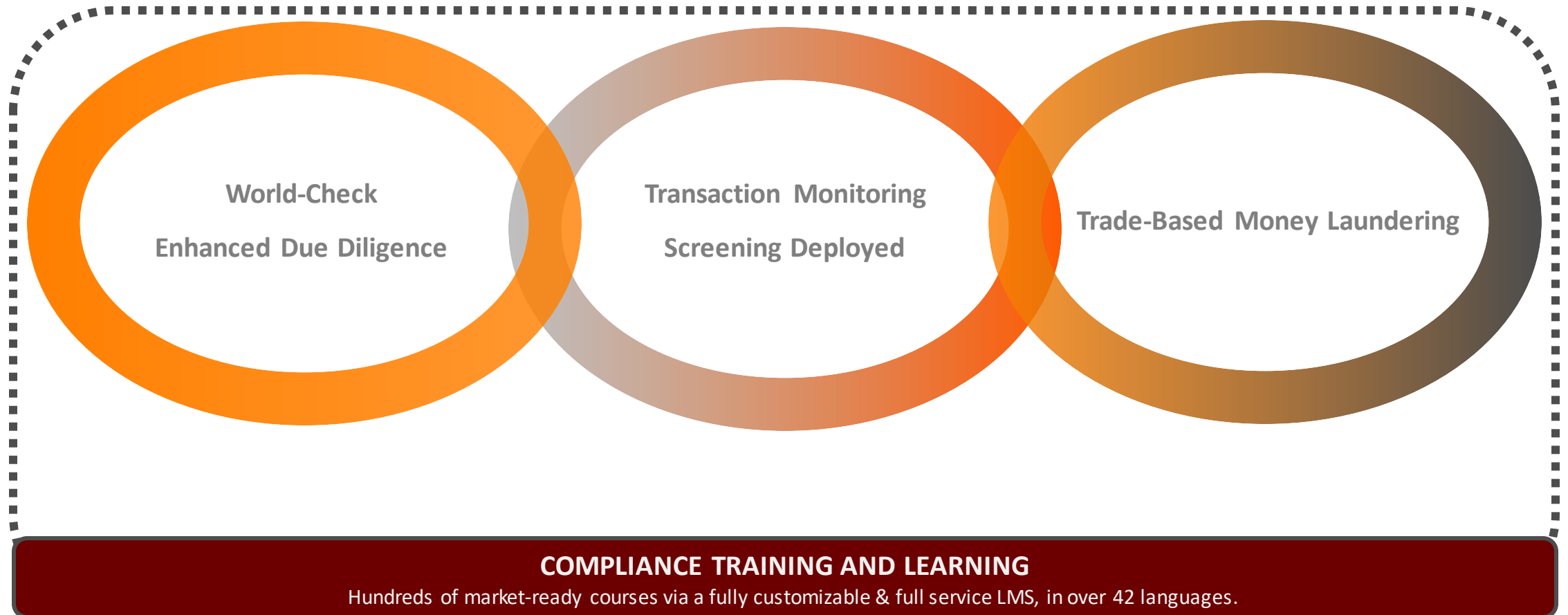
Thomson Reuters' Role in a Complex World

Only Thomson Reuters brings together **trusted information**, **managed services**, **software and expertise** – an unrivaled combination that helps you **confidently anticipate and act on risk** across your organization so you can **accelerate business performance**



Thomson Reuters KYC/AML Risk Solutions

The key areas we help our customers



Thank You !