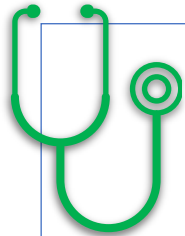


An aerial photograph of a coastal city, likely Valletta, Malta, at sunset. The city is built on a peninsula, surrounded by the sea. The sky is a mix of blue and orange, and the water reflects the colors. The city features a prominent dome and a tall spire.

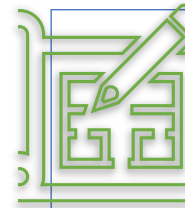
# The Risk-Based Approach - Factoring in the Results of the NRA



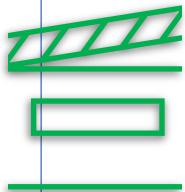
## THE NRA - 5 REASONS WHY YOU SHOULD READ IT



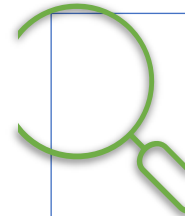
It is a health check of the country and of the sector you belong to.



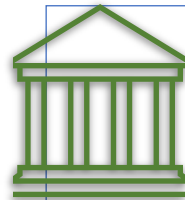
It can lead to a reconsideration of one's business model and strategy.



It can guide internal remediation exercises and implementation of new controls.



It provides a direction as to the areas that your supervisor is going to focus on.

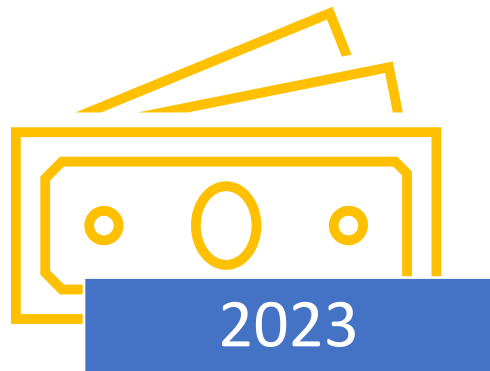


It is an obligation at law ... but be selfish and do it for your own good and safety.

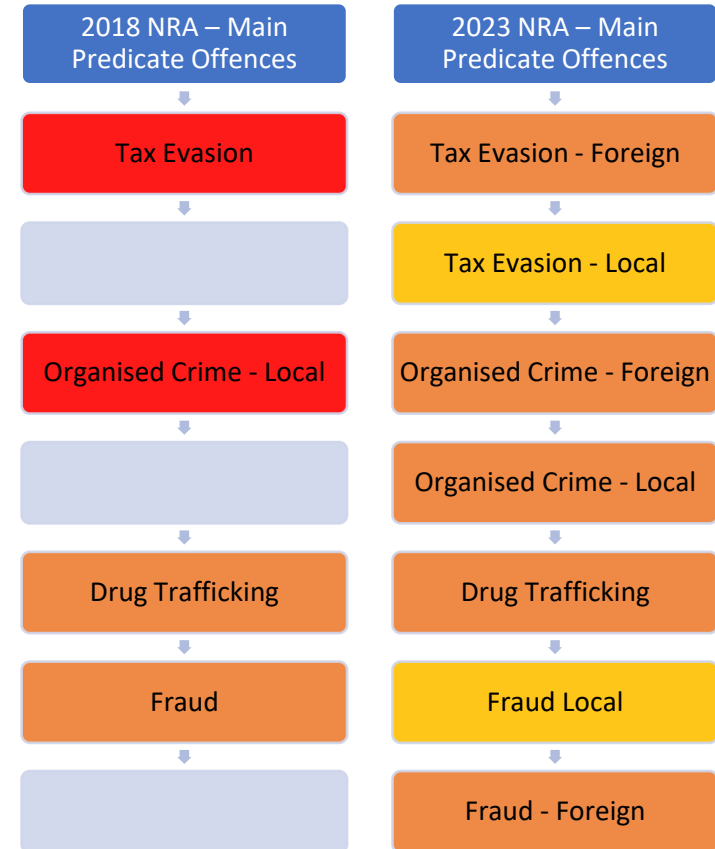


# A Health Check of the Country

## Money Laundering



## Terrorist Financing





# A Health Check of the Financial Sector





## The NRA & the Risk Based Approach

What ML/TF risks is the subject person exposed to?

- Customer Risk
- Product, Service & Transaction Risk
- Geographical Risk
- Interface Risk
- Other Risks


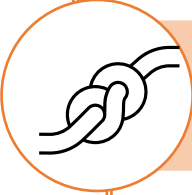


Are the mitigating measures preventing and/or detecting these risks?

What additional mitigating measures is the subject person to implement?  
What questions is it to ask its customers?



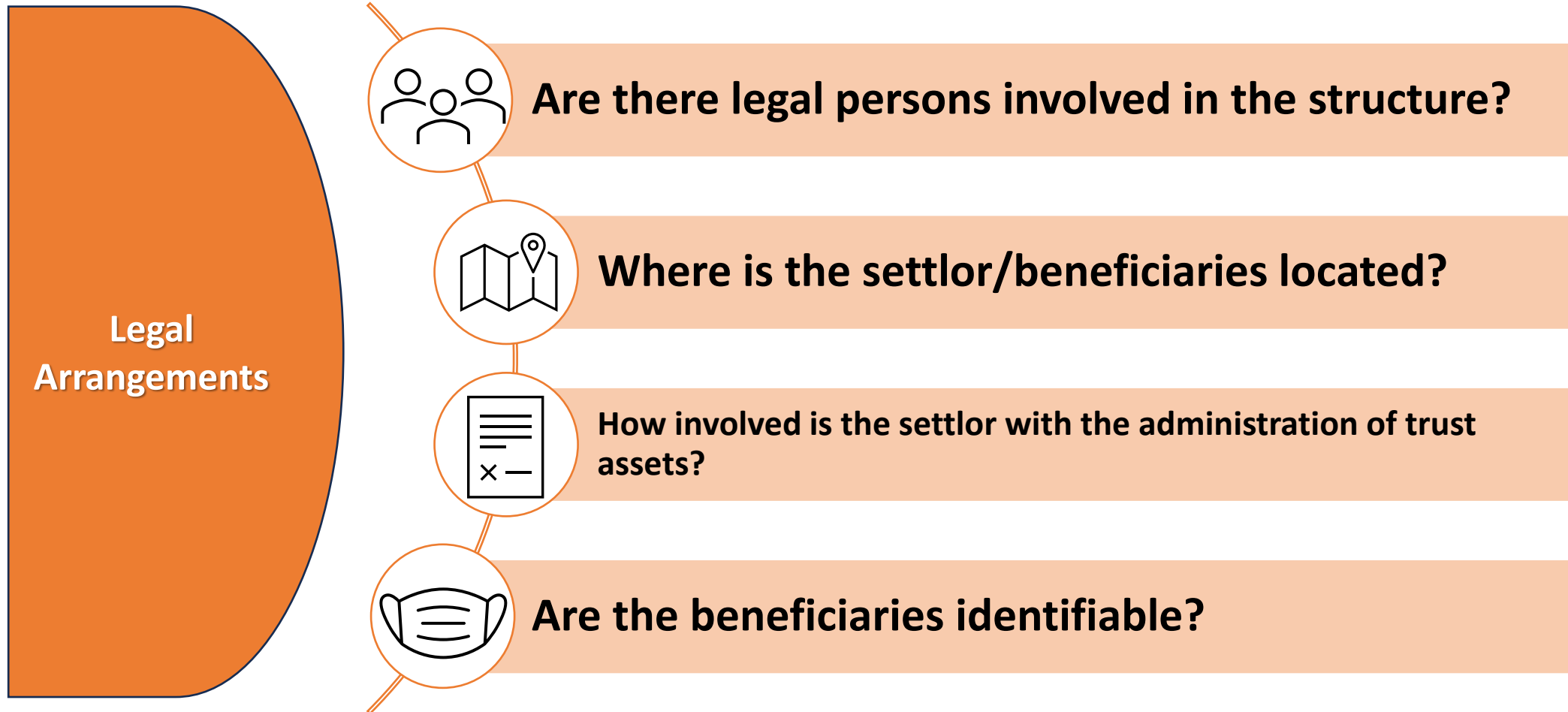
# Corporate Customers – Legal Person



-  **What kind of legal person is it?**
-  **What are the links to the jurisdiction?**
-  **How complex/transparent is the structure?**
-  **What is the likelihood that it is inactive?**



## Corporate Customers – Legal Arrangements





## Corporate Customers

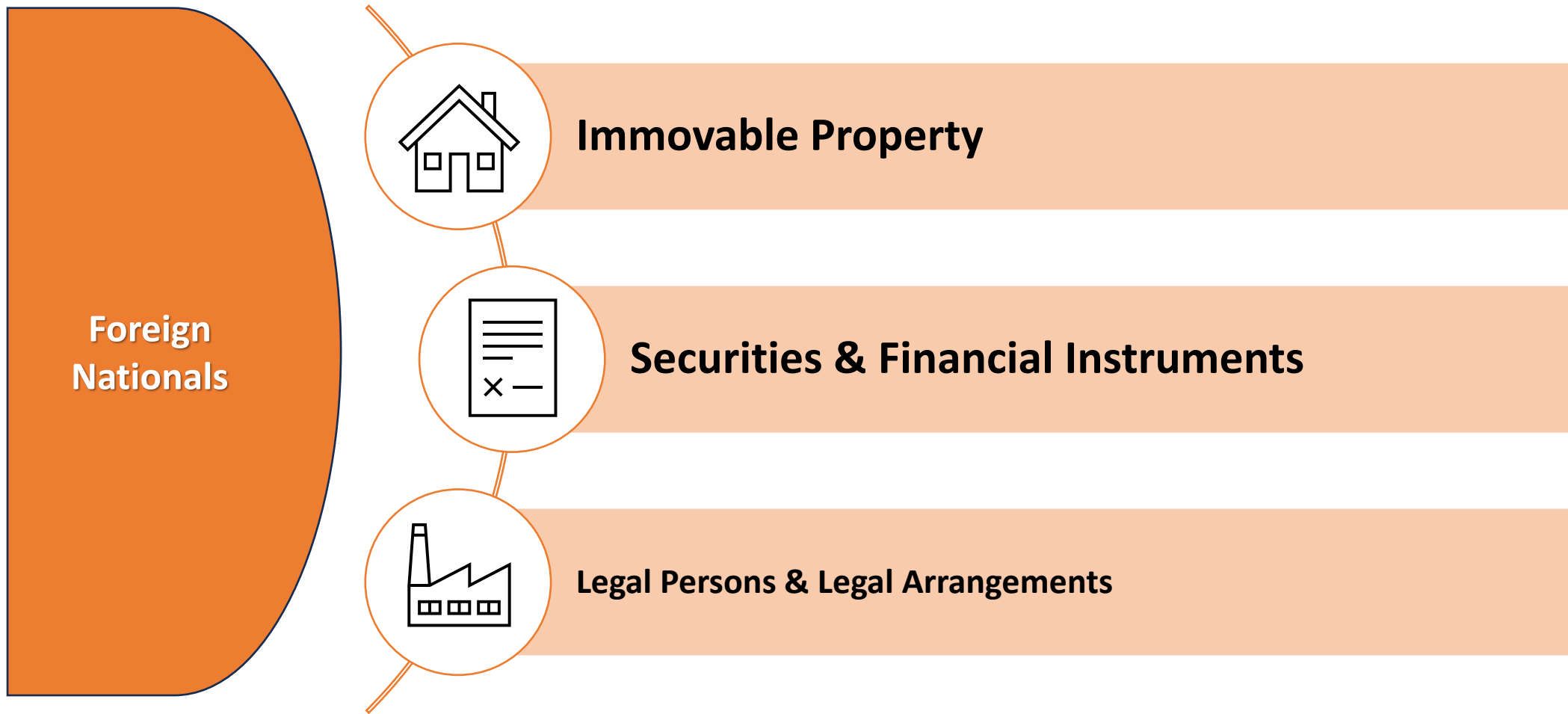
### Mitigating the Risk ...

- **Check against MBR records – Has it changed its form? Is it up-to-date with its filings (annual return, financial statements etc.)?**
- **Check against the BO Register – Does the beneficial ownership determination made by the subject person tally with what has been reported to the MBR or the MFSA?**
- **Is the explanation provided for the complex structure/choice of jurisdictions reasonable?**
- **Is the absence of a physical footprint justified? What is the link to the jurisdiction?**
- **What level and kind of transaction monitoring is applied?**
- **Consider making use of introducers – CDD standards have improved across the board.**



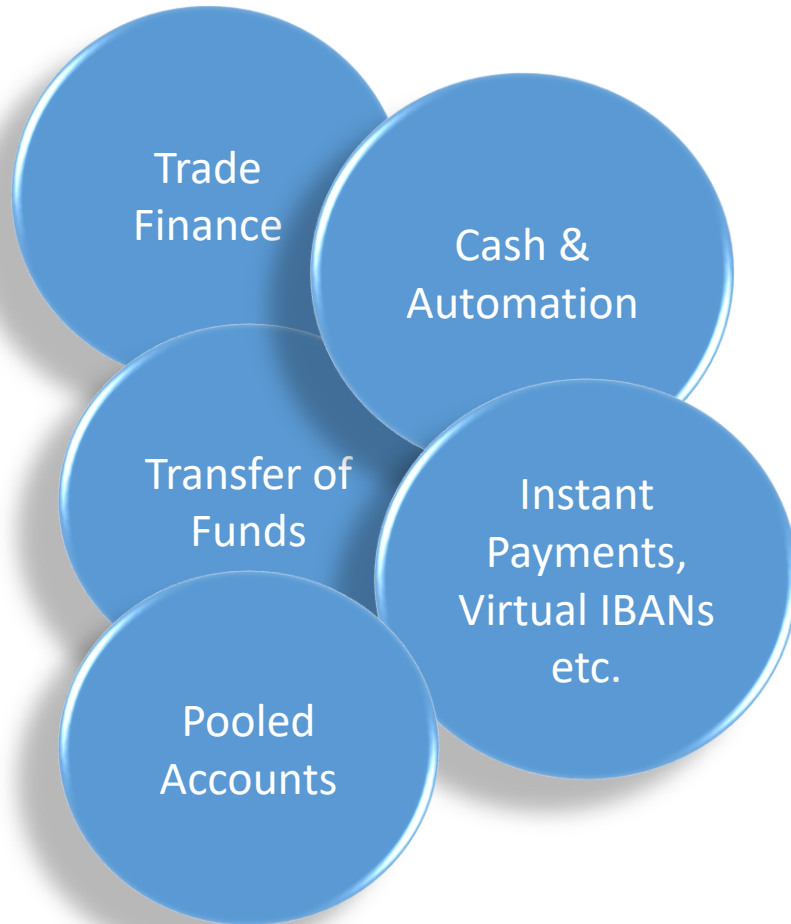


# The Maltese CBI/RBI Schemes





## The Banking & Financial Institutions Sector



### The Controls to Implement, Assess and Improve

- Understand the ownership & control structure of cash intensive businesses.
- Consistency between cash intensive businesses.
- Ability to monitor inflows of cash through different channels.
- How many false positives is the monitoring system generating?
- Is the profile sufficiently robust to understand what the pooled account is to be used for? Is it consistent with the declared used?
- What are the main jurisdictions to which funds are being transferred to / received from? Are the risks associated therewith understood?
- Is information on the underlying users of Virtual IBANs known?
- Are trade finance transactions properly understood, staff trained to identify forged documentation?
- Is training focusing on existing and new typologies?



# The Banking & Financial Institutions Sector



Inherent risk of the sector Medium/Medium-High  
Only a minority of VOs are of particular relevance from an ML/TF perspective  
A very small minority presents a risk of TF



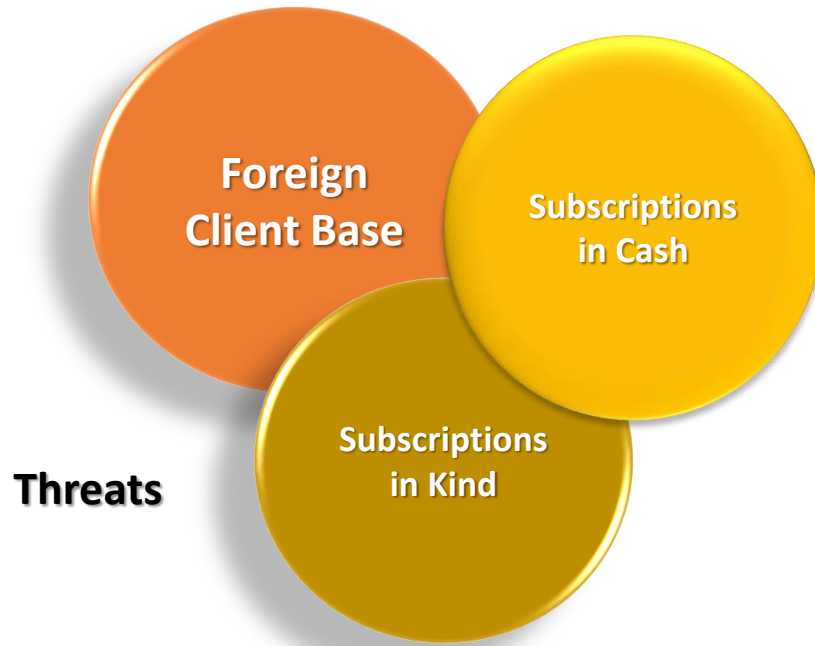
Inherent risk of the sector Medium-High  
NRA provides more granular information re: (i) the level of ML/TF risk presented by different operators and different games; (ii) the factors contributing to an increase in ML/TF risk; (iii) the possible safeguards for non-Malta licensed entities



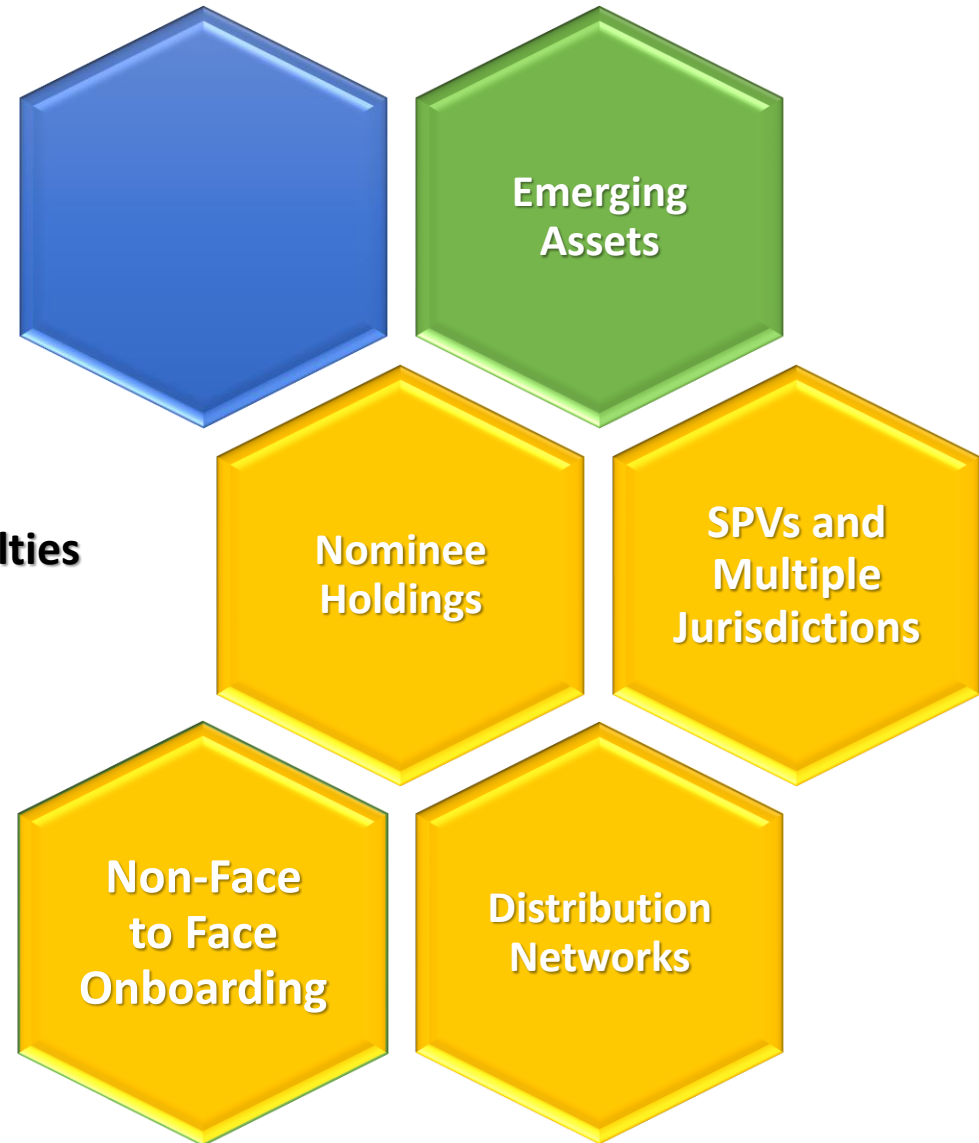
Inherent risk of the sector Medium-High/High  
Not all dealers are necessarily within this risk bracket (e.g. car dealers)



# The Investments Sector

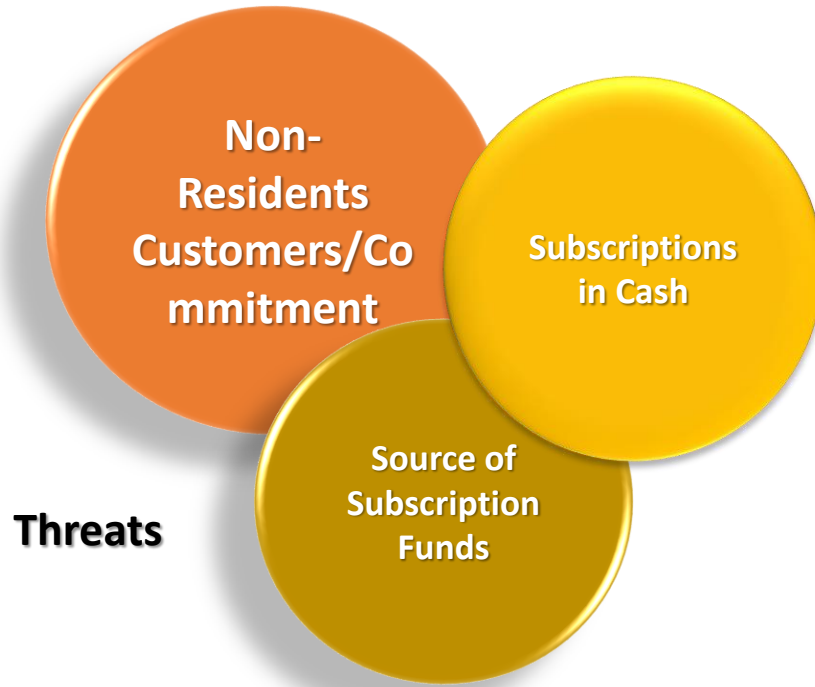


## Vulnerabilities

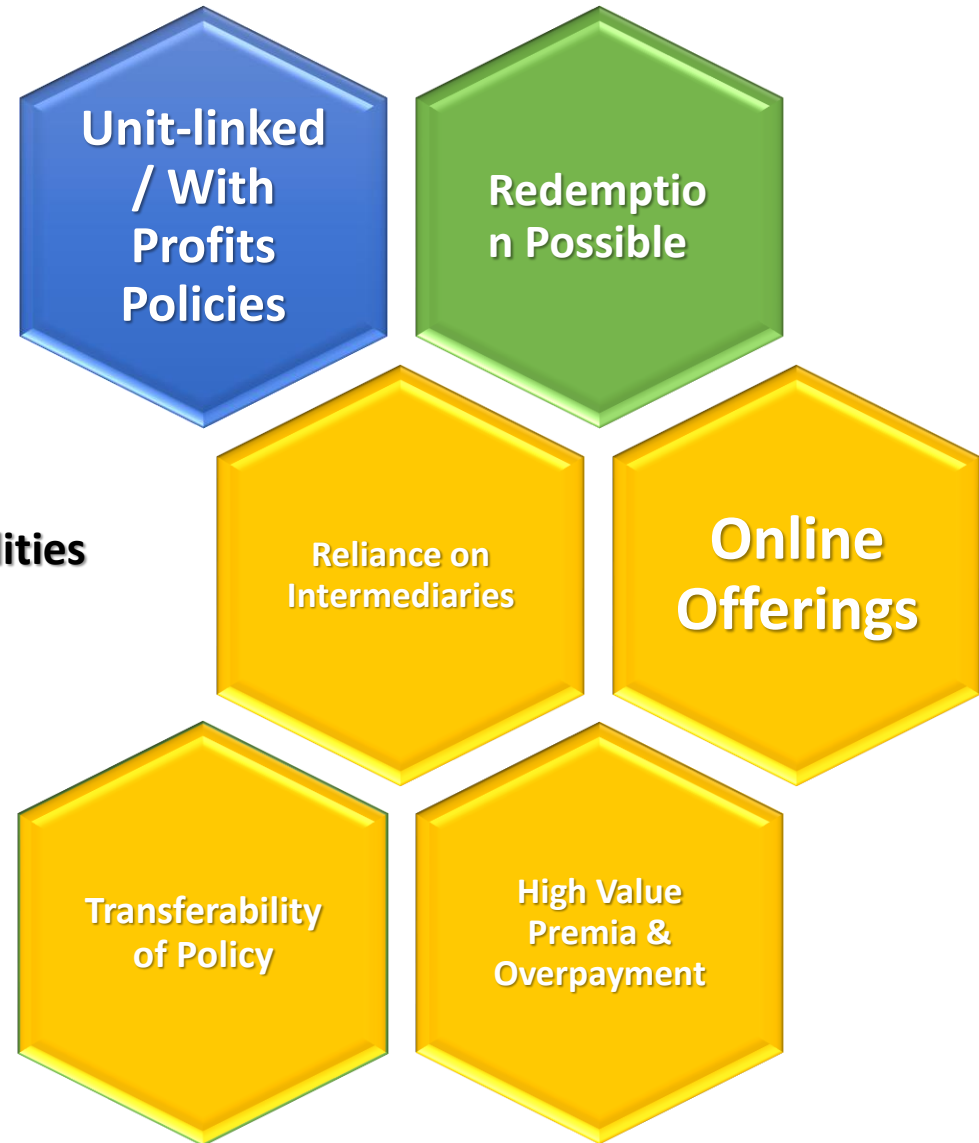




# The Insurance Sector

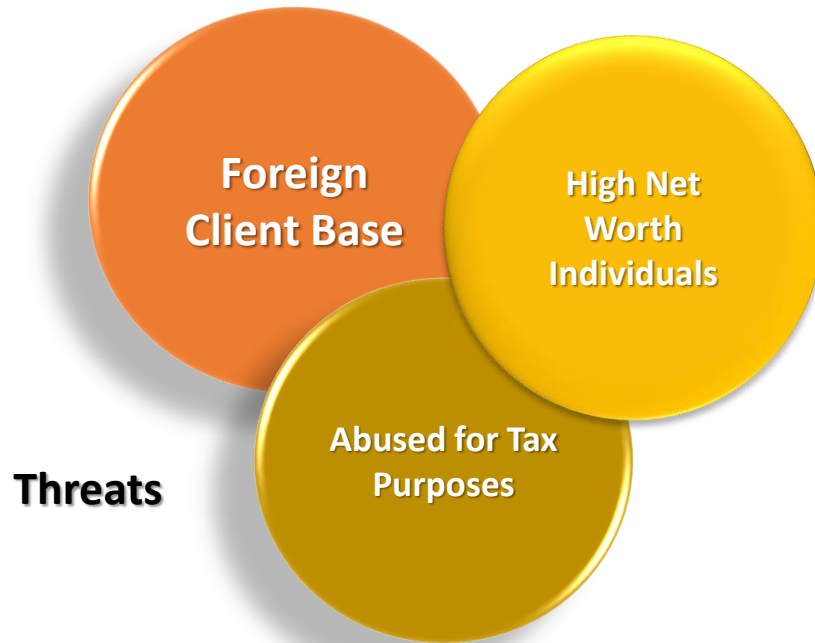


## Vulnerabilities

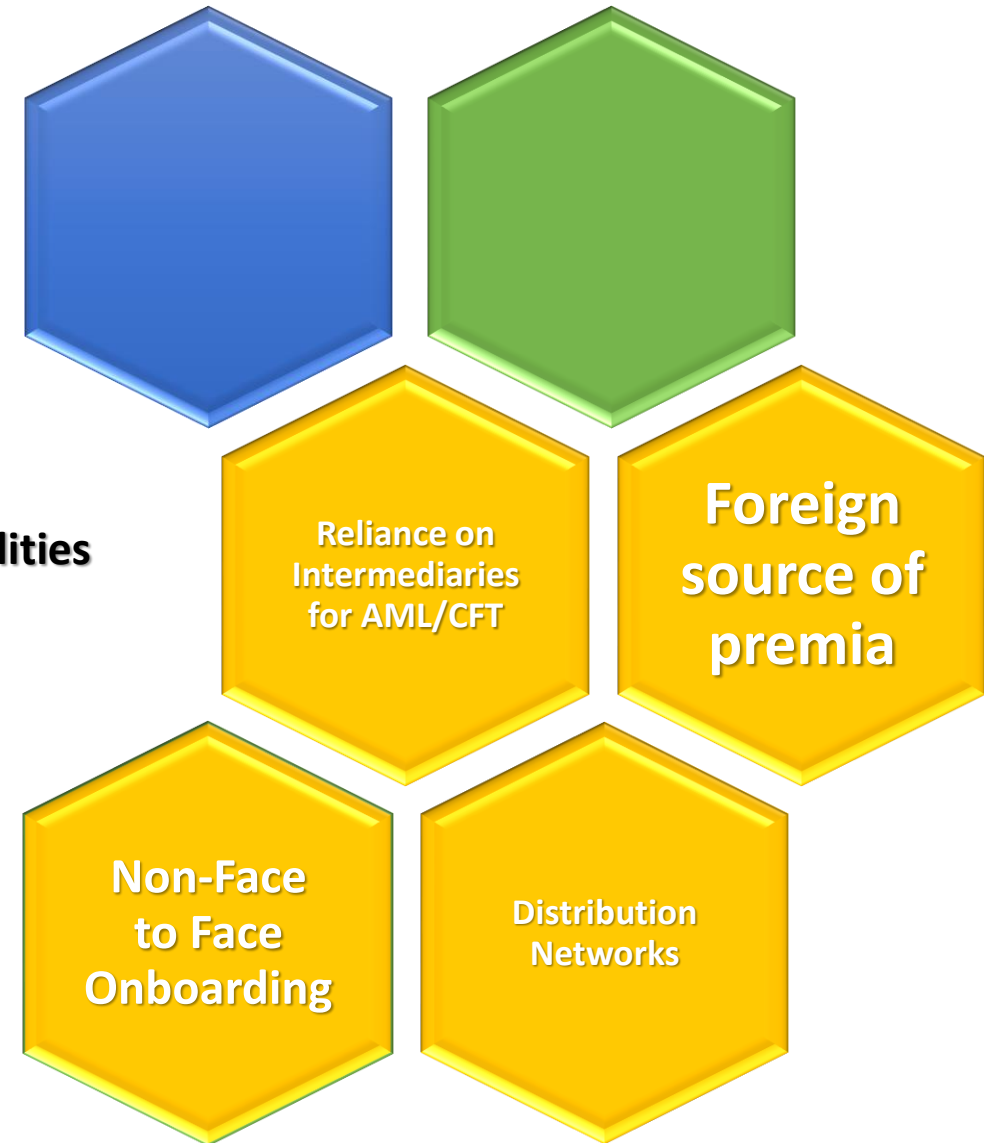




# The Pensions Sector



## Vulnerabilities





## What are the FIAU Expectations?

- **The publication of the NRA is a trigger event - do undertake a review of your own BRA and related mitigating measures.**
- **No expectations that the BRA and any changes to the mitigating measures will be carried out in a few days.**
- **If you are subject to a supervisory engagement show us that you are working on the review.**
- **If you want to diverge from the assessment in the NRA, document your reasons and make sure they are valid ones.**
- **Hold information/training sessions for your directors, top management and interested officers and employees.**
- **Don't generalise – make use of sub-categories and avoid de-risking ...**  
**and treat TF separately from ML.**

# Thank you!

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If you need us, we're here to help you!