Australian Government
AUSTRAC

FIGHTING FINANCIAL CRIME TOGETHER

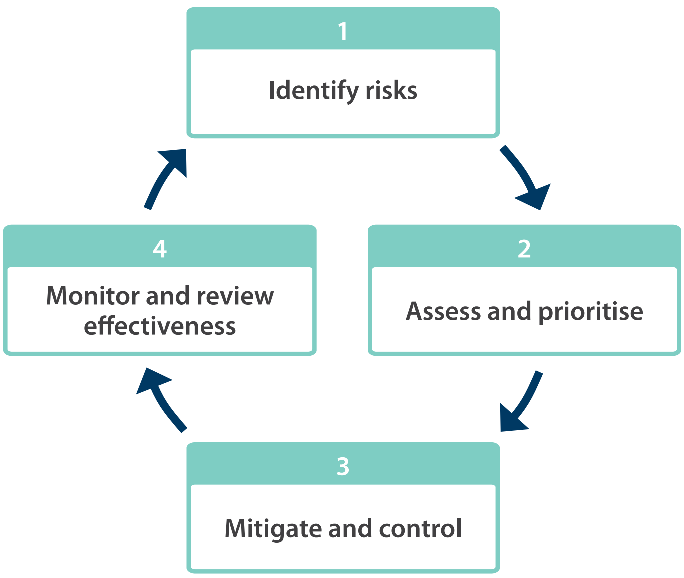
Risk management methodology

Fact sheet for remittance service providers

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) provides flexibility for businesses to manage their risks. It places considerable trust in businesses to identify and manage their risks, so businesses must demonstrate that they take this responsibility seriously.

Overview of the methodology

The risk management methodology consists of four key components. It is a continual process:



1. Identify the risks. Consider your customers, the products and services you offer, how you deliver your products, and where you do business.

2. For each identified risk, consider the likelihood it will happen and the level of impact it could have. Assess and prioritise each risk based on these factors. Consider the impact on your business, the wider industry and the whole Australian community.

3. Implement controls to manage the risks you have identified. Make sure you specify these actions and controls in your AML/CTF compliance program. Be mindful that your controls will only be effective if you have robust risk assessment.

4. Continually monitor how effective your controls are at managing your risks. Ensure you regularly review your risks and controls to stay on top of changes.

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EXAMPLES OF FACTORS TO CONSIDER

Which countries do you send money to?

Do you transfer money to others, accept money from others, or both?

What type of payment methods do you accept?

Are transactions done in-person or online?

Do you have transaction limits?

What are your customers' usual transaction patterns?

Do you have employees, or do you complete all transactions yourself?

Where are your customers based?

SOME RISKS YOUR BUSINESS MAY FACE

ASSESSING RISKS

When assessing money laundering, terrorism financing and other crime risks to your business you must consider the risk posed by the following four factors:

- your customers
- products and services
- delivery methods
- jurisdictions

Risk rating

When assessing and prioritising risks, your risk assessment must determine the level of risk for each type of designated service you provide (for example: high, medium, low).

A key part of your AML/CTF compliance program will be mitigating the risk posed by high-risk customers or transactions.

Risk management is critical to protecting your business

A robust risk assessment, transaction monitoring program and AML/CTF compliance program is critical to protect your business from criminal exploitation.

Risk management is an ongoing process. You must regularly review and update your risk assessment.

Your risk assessment process must be documented and updated as needed. You need to conduct a risk assessment before you offer any new products or services, or any time there is a change to an existing product that alters its risk.

For examples of some risks you may come across and actions you might consider, see the **risk indicators fact sheet for remittance service providers.**

Our industry-specific guidance for remittance service providers also provides information about how to develop an AML/CTF program.

For more information, go to **austrac.gov.au/remittance-service-providers**

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