Financial Crime Factsheet

ARCTIC INTELLIGENCE

Financial crime types	What is the size of the financial crime problem?
Money Laundering & Terrorism Financing	Financial cost of Money Laundering is estimated at USD$800bn - $2trn a year.[1.] Terrorism Financing is estimated at USD$150bn - $200bn a year.[2.]
Fraud & Scams	Organisations are estimated to lose around 5% of their annual revenues to fraud each year, which indicates this costs around USD$4.5trn a year.[3.]
Bribery & Corruption	Bribery and corruption is reported to cost the global economy around USD$2.6trn a year which represents 5% of global GDP.[4.]
Cybercrime	Global cost of Cybercrime were estimated to be around USD$1trn a year in 2020 – a 50% increase from 2018 and is a trend that is continuing to rise year on year.[5.]
Human Trafficking	Around 40 million people are reported to be trafficked each year and 25% are hildren and is reported to generate over USD$150bn in profits each year.[6.]
Wildlife Trafficking	The illegal wildlife trade of endangered species has been estimated at USD$7bn - $23bn per year and causes irreversible loss of natural resources and biodiversity.[7.]
Arms Trafficking	The global arms trade is estimated to generate over USD$100bn per year in profits for organised criminal networks and perpetuates armed conflict.[8.]
Tax Evasion	Governments globally are reported to be losing around USD$427bn a year to tax avoidance which reduces funding for schools, hospitals and social services.[9.]

Sectors Impacted by AML / CTF Laws

Financial Services

- Asset Managers, Hedge Fund Managers and Fund Managers
- Banks, Building Societies, Credit Unions and Mutual Banks
- Cash in Transit and Safety-Deposit Box Service Providers
- Corporate Finance and Private Equity
- Cryptocurrency and Digital Currencies
- Fintechs
- Foreign Exchange and Money Remittance Businesses (MSBs)
- Financial Planners

- Insurance Companies
- Investment Managers
- Leasing and Hire Purchase Financing businesses
- Non-Bank Financial Institutions
- Payment Processing Services
- Stockbrokers
- Superannuation, Retirement and Pensions

Other Industry Sectors

Gaming and Wagering

- Bookmakers and Betting Agencies
- Casinos
- Physical Gaming Venues
- Online Gambling

Gatekeeper Professions

- Accountants and Bookkeepers
- Lawyers and Conveyancers
- Trust and Company Service Providers
- Real Estate Professionals
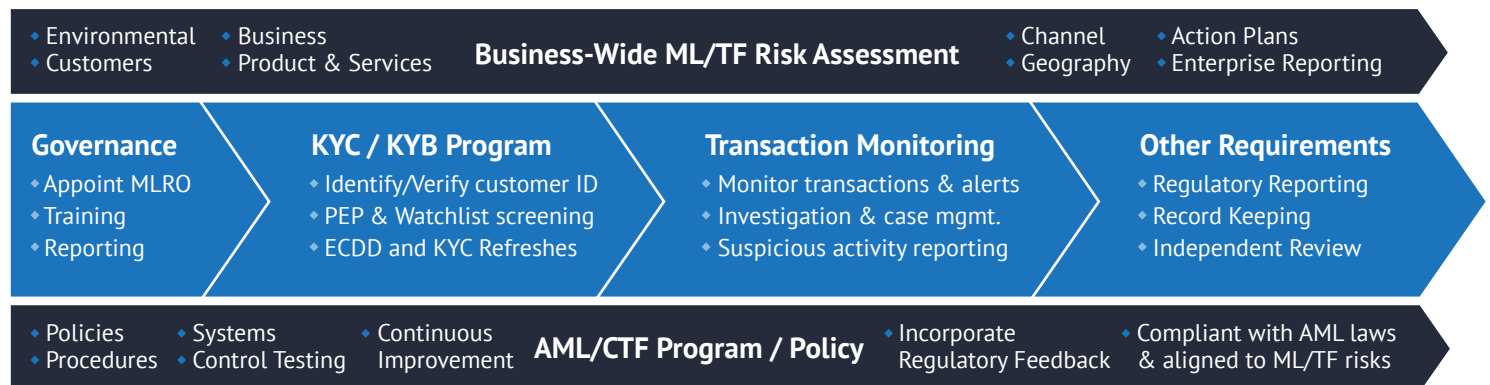
Dealers in High-Value Goods

- Antique and Fine Art Dealers
- Auctioneers and Brokers
- Bullion Dealers, Jewellers and Precious
- Metal and Stone Dealers
- Motorised Vehicle Dealers
- Luxury Goods Dealers
- Pawnbrokers and Secondhand Dealers

* For a full list of industry sectors impacted by AML/CTF and other financial crime laws visit our website -
www.arctic-intelligence.com/impacted-sectors

Core AML/CTF Program Requirements

• Environmental • Business	Business-Wide ML/TF Risk Assessment	• Channel • Action Plans
• Customers • Product & Services		• Geography • Enterprise Reporting

Governance
- Appoint MLRO
- Training
- Reporting

KYC / KYB Program
- Identify/Verify customer ID
- PEP & Watchlist screening
- ECDD and KYC Refreshes

Transaction Monitoring
- Monitor transactions & alerts
- Investigation & case mgmt.
- Suspicious activity reporting

Other Requirements
- Regulatory Reporting
- Record Keeping
- Independent Review

• Policies • Systems • Continuous	AML/CTF Program / Policy	• Incorporate • Compliant with AML laws
• Procedures • Control Testing Improvement		Regulatory Feedback & aligned to ML/TF risks

ML/TF risk assessments are a foundational pillar of the AML/CTF Program

Common Challenges	Solved
• Defining ML/TF risk appetite and acceptable risk tolerances	• Document the context behind the ML/TF risk assessment
• Deciding what ML/TF risk-based approach methodology	• Tailor the methodology to suit any risk management framework
• Deciding how to assess and maintain country risk ratings	• Maintained at least quarterly for 240 countries and territories
• Deciding between a subjective, objective or hybrid approach	• Hundreds of qualitative and quantitative risk indicators in libraries
• Deciding what risk groups, categories, factors and indicators	• Expert built and maintained ML/TF risk and control libraries
• Deciding whether to weight ML/TF risks or keep the same	• Risks, controls and assessment units can be weighted
• Assessing the design and operational effectiveness of controls	• Assess control effectiveness and attach control testing evidence
• Documenting decision making and providing a full audit trail	• In-built workflow, audit trail and supporting documents
• Aggregating ML/TF risk data across the enterprise	• Real-time dashboards and reports with enterprise aggregation
• Keeping track of issues, actions, events and remediation plans	• Real-time tracking of items identified during the risk assessment

Arctic Intelligence is a multi-award winning, RegTech firm that specialises in audit, risk and compliance software related to financial crime compliance and risk management

Our enterprise-wide financial crime risk assessment platforms are trusted by hundreds of regulated businesses in over 20 industries and 15 countries.

AML Accelerate

Enterprise -wide money laundering and terrorism financing risk assessment and AML policy platform designed for small and medium sized businesses.

RISK ASSESSMENT

Fully configurable financial crime risk assessment platform designed for larger enterprises that want to tailor their own risk and control models.

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Risk modules available for:

- Money Laundering
- Terrorism Financing
- Sanctions
- Bribery and Corruption
- Fraud
- Correspondent Banking
- Modern Day Slavery
- Wildlife Trafficking

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