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**STUDY ON RISK ANALYSIS ASSOCIATED TO MONEY LAUNDERING AND TERRORISM FINANCING**



# **Study on Risk Analysis associated Money Laundering and Terrorist Financing According to the FATF Recommendations: Standardizing Concepts in the area of Risk**

**XLIII Meeting of the Group of Experts for the Control of Money Laundering (GELAVEX)**

**Sub-Working Group on Financial Intelligence Units and Criminal Investigation Agencies**



# Background

2015-2016 Work Plan, the Sub-Working Group agreed to “develop a study on risk analysis associated with ML/TF that would allow for the standardization of concepts regarding risks according to the FATF recommendations”.

At the May meeting in Washington DC, the sub-group reported on work progress and discussed that would actually be achieved in terms of a product. Delegations finally agreed to perform a “study on risk analysis associated with ML/TF that would allow for the standardization of concepts regarding risks.



# Proposal of standardized concepts:

**Threat:** person or group whose actions can cause damage to a particular State. This damage can occur through the commission of common crimes, through terrorism, through criminal facilitation or the insertion of illicit funds into a country's financial system.

- **Vulnerabilities:** Factors that can be exploited or used by a person or persons engaged in activities considered to be threats.



# Proposal of standardized concepts:

- **Impact or consequence:** Damage resulting from the mixture of threat and vulnerability. They may be general in economic or social system or seen in particular sectors.



# Risks/Consequences

- Financial sector instability
- Threats to territorial integrity and the security of States
- Distortion in the allocation of resources between the licit and illicit economies; prices; consumption; in the external sector; on investment; and economic development
- Unfair competition
- Corruption
- Imposing higher costs to the benefit of the AML / CFT regime society
- Not achieving the goal of preventing criminal organizations to have profit, in order to reduce their economic capacity and associated crimes.
- Failure in depriving terrorist organizations from resources to achieve their terrorist purposes



# Evaluation of internal / national Risks

Sectores que deben aportar con información esencial para el correcto análisis de riesgo: Sectors that have to provide essential information for proper risk analysis:

- **Prevention** (including regulatory authorities, supervision and punishment AML / CFT in different economic areas)
- **Detection** (including FIUs, intelligence and security offices, tax control authorities, and customs and immigration authorities)
- **Prosecución/sanction** (including prosecutors, police and the judiciary).

Should be assessed according to the context request information from representatives of financial institutions and DNFBPs (trade associations)



# National Risk Evaluations

Possibilities of risk evaluation in participating countries:

Technical assistance IADB, WB, FMI

“In-house” analysis for mutual evaluation





# Conclusion Why do we work on risk analysis?

It is important for the agencies related in prevention and sanctioning to work together in risk analysis, because this is a single target group, which is that those who get money from illicit origin can not enjoy it.

For this, it is essential that prevention bodies have the input (information) from the prosecution agencies, and also, that prosecutors are aware of the areas that preventive identified as higher risk.

Finally, since crime always goes a step forward, we must join efforts to work seriously o face the new scenarios such as for example the new forms of payment, the bit coins, pre-paid cards, the use of social networks and Internet as a means to realize criminal activities.

En último lugar el crimen va siempre un paso adelante, y debemos unir esfuerzos para trabajar seriamente en enfrentar los nuevos escenarios como son las nuevas formas de pago, los bit coins, las tarjetas pre pago, el uso de redes sociales y de la Internet como medios para concretar actividades delictuales.



# Thanks!!