AMSF AUTORITÉ MONÉGASQUE DE SÉCURITÉ FINANCIÈRE

Webinar

The customer risk-based approach | DNFBPs

21/07/2026

TABLE OF CONTENTS

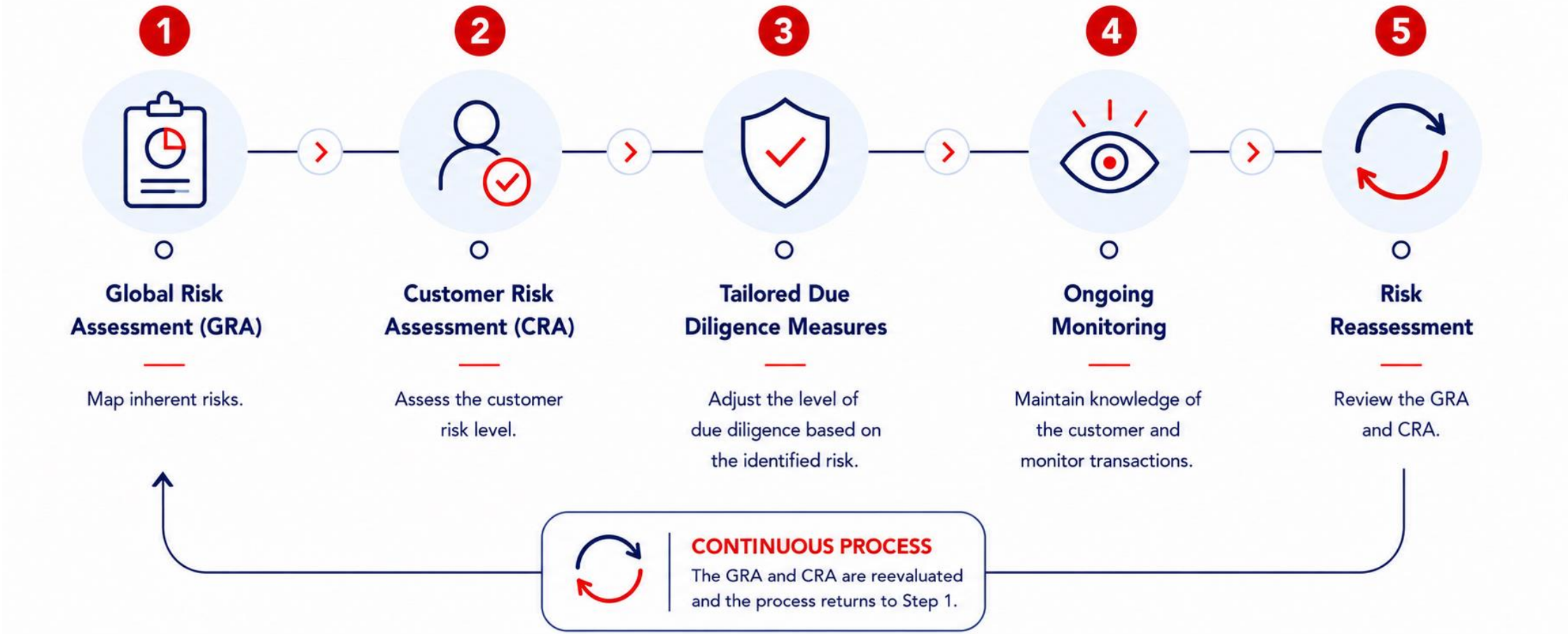
1. A risk-based approach
2. Global Risk Assessment (GRA)
3. Customer Risk Assessment (CRA)
4. Due diligence measures
5. Enhanced due diligence
6. Ongoing monitoring
7. Areas of focus
8. Key messages
9. Available resources

This presentation constitutes an **awareness action**
and does not replace the **training obligations** specific to each professional.

AMSF AUTORITÉ MONÉGASQUE DE SÉCURITÉ FINANCIÈRE

1. Stages of the risk-based approach

The webinar common thread



AMSF AUTORITÉ MONÉGASQUE DE SÉCURITÉ FINANCIÈRE

2. Global Risk Assessment (GRA) (1/2)

DEFINITION

A GRA is the process by which the entity identifies, analyzes and evaluates the ML/TF/PF risks to which it is exposed.

THE GRA IS AN ONGOING PROCESS

It must be documented, carried out on a regular basis and adapted to changes in activity and the risk environment.

KEY FACTORS TO CONSIDER FOR A GRA (ART. 3, LAW 1.362 AS AMENDED)

1. **CLIENT**

Characteristics of clients and associated risk profile.

2. **PRODUCTS AND SERVICES**

Nature, complexity and inherent risks of the products and services.

3. **TRANSACTIONS**

Amounts, frequency, nature and methods of transactions.

4. **DISTRIBUTION CHANNELS**

Access methods for products and services and level of control over the channels used.

5. **GEOGRAPHIC AREAS**

Countries or regions of operation of clients, business partners or counterparties.

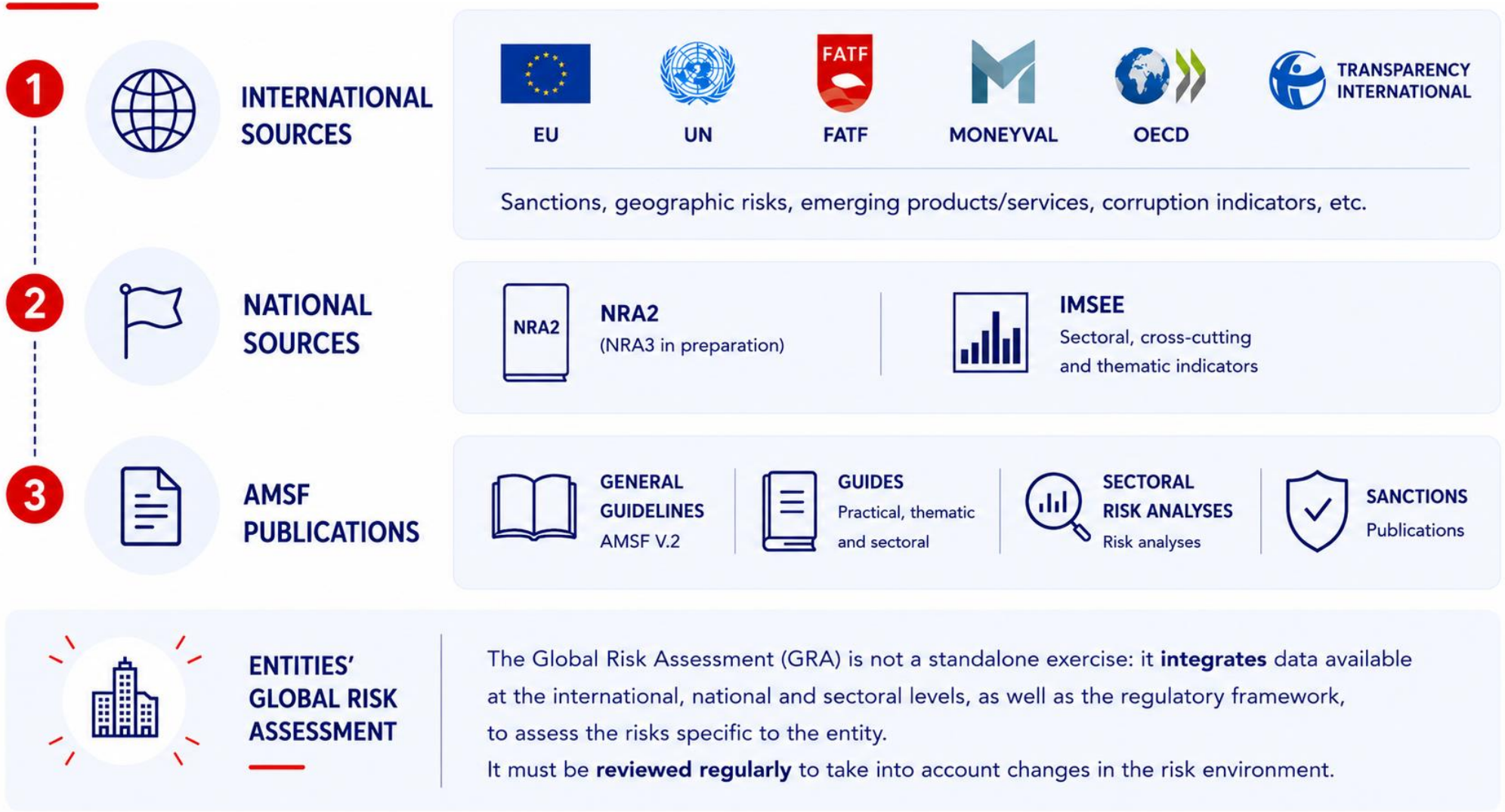
COMPLEMENTARY FACTORS

NEW TECHNOLOGIES

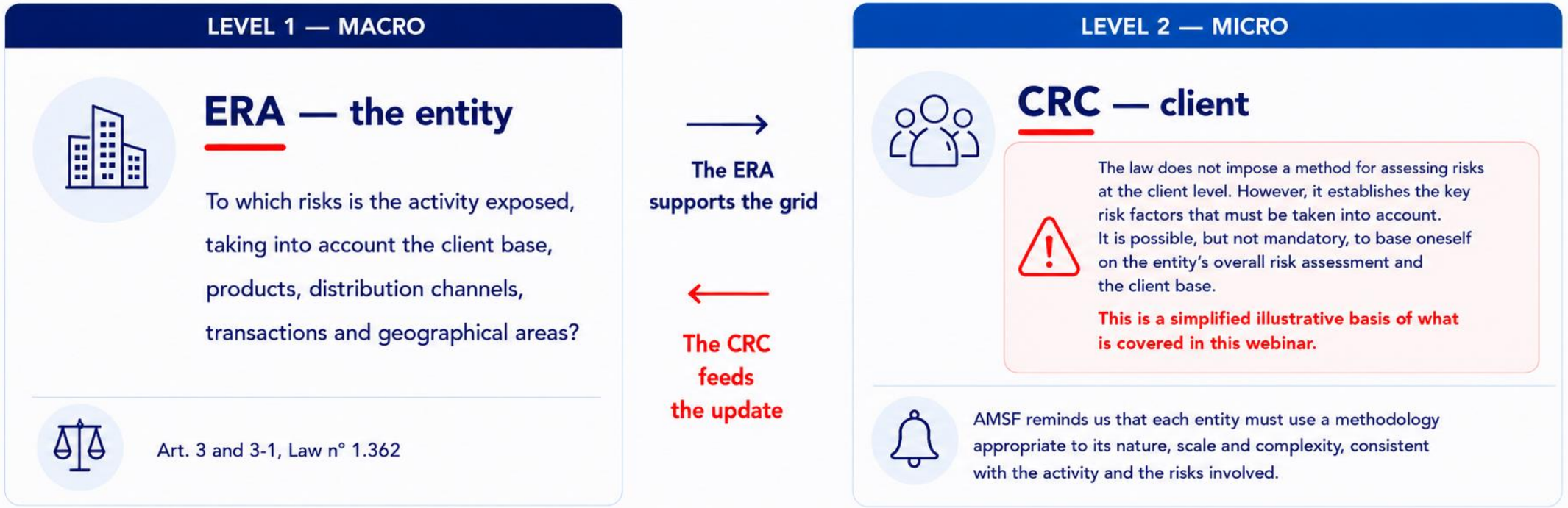
OUTSOURCING

EMERGING RISKS

2. GRA (2/2) : Sources



3. CRA (1/4): Articulation with the GRA



3. CRA (2/4): Stages

1 DEFINE THE GRA:
apply, based on relationships, the criteria of the risk grid defined at the entity level

2 RATE THE RISK
according to a defined approach in a consistent manner

3 ADAPT THE RISK MITIGATION —
the level tailored to the required intensity of the measures

4 DOCUMENT —
formalised, dated and recorded in the file, with supporting justification elements

5 REASSESS —
(business relationships only) periodic review (based on the risk and events), updated as part of ongoing monitoring

CUSTOMER-LEVEL RISK ASSESSMENT

It involves assessing the individual risk level of a customer based on their profile (legal or natural person), the nature of their activity, their moral or physical persons, the legal structure of the entity, in order to adapt the risk mitigation measures and applicable controls.

TIMELINESS

This assessment is carried out systematically and at the start of the business relationship or prior to carrying out an occasional transaction. It allows initiating risk monitoring measures to be applied to each customer.

DECISION-MAKING PROCESS

Internal validation and compliance: the customer risk level must be validated through the process set out in procedures.

TRACEABILITY OF DECISIONS

Each classification decision must be recorded, justified and consistent. Traceability makes it possible to monitor the evolution of the customer risk based on data and explanations, notably by recording the evolution of the risk since the start of the relationship.

An equivalent, controlled but undocumented assessment is considered as a lack of assessment.

3. CRA (3/4): Risk factors

CLIENT

Characteristics of clients and associated risk profile...

PRODUCTS AND SERVICES

Nature, complexity and risks of products and services...

TRANSACTIONS

Amounts, frequency, nature and methods of transactions...

DISTRIBUTION CHANNELS

Modes of access to products and services...

GEOGRAPHIC AREAS

Countries or areas where clients, partners or counterparties are located...

KEY TAKEAWAYS

- The CRA is the focal point or the approach for assessing risks prior to a specific and auditable decision.
- A risk rating is not a mere intuition: the risk level must result from a documented and reproducible methodology, consistent with the CRA, and not from a subjective assessment on a case-by-case basis.
- The importance of human analysis: a critical analysis is required to adjust the results of automated tools and to understand the specific cases.

3. CRA (4/4): Examples of sectoral risks*

AMSF AUTORITÉ MONÉGASQUE DE SÉCURITÉ FINANCIÈRE

** The list of sectors and factors is not exhaustive.*

4. Due Diligence measures (1/2): Approach adapted to customer risk

Three-tier example

LOW RISK

Simplified due diligence (optional) – identification is not exempted.

MEDIUM RISK

Standard due diligence.

HIGH RISK

Enhanced due diligence: additional measures, specific or particular examination, hierarchical validation, increased frequency of enhanced ongoing monitoring.

PROPORTIONALITY PRINCIPLE

Due diligence measures must be adapted to the nature and intensity of the customer risk for effective risk management.

DEFINED DUE DILIGENCE LEVELS

The law provides for the possibility to apply differentiated due diligence and the obligation to strengthen measures based on the level of risk.

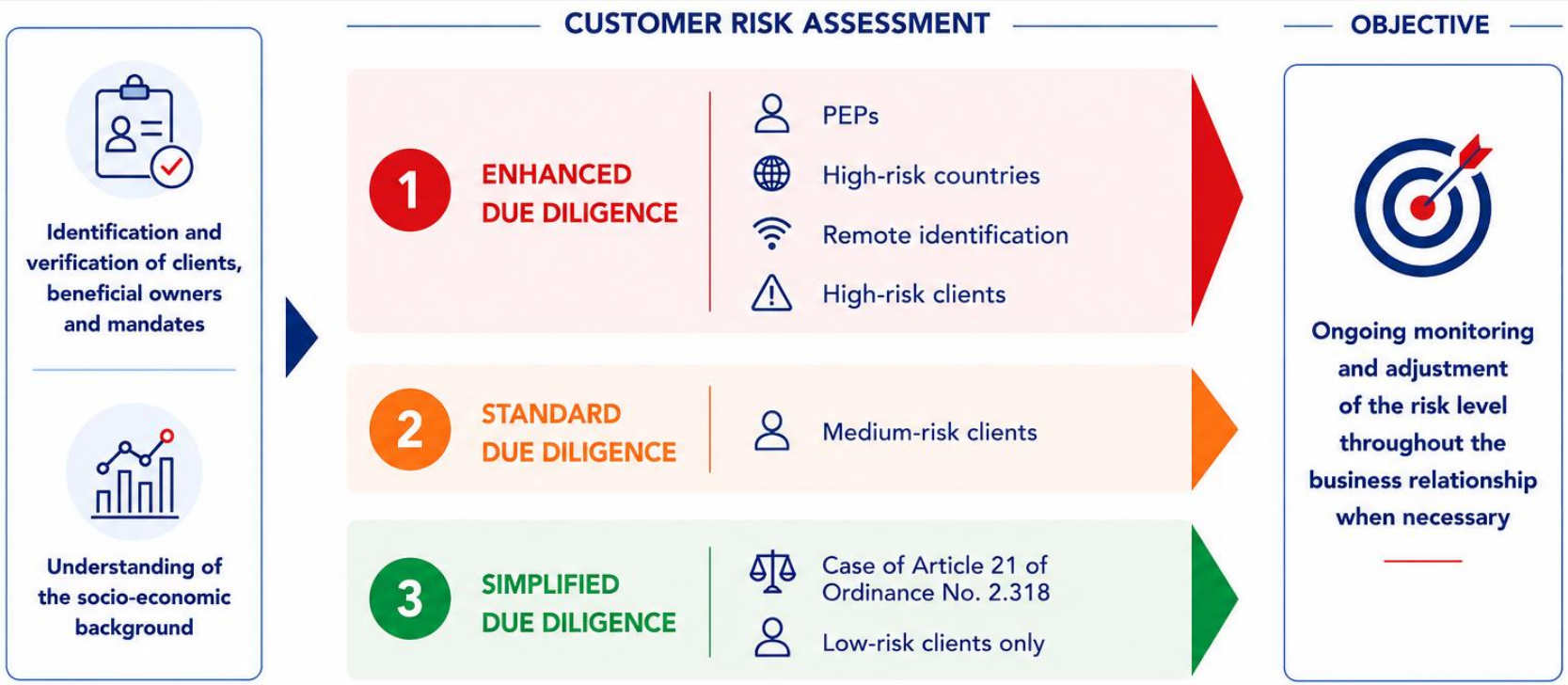
IMPORTANCE OF CONTROL AND COMPLIANCE

AMSF verifies formal compliance (in respect of Law No. 1.362 as amended) and the concrete implementation of due diligence measures in client files.

KEY REMINDER

The targeting of financial sanctions is never based solely on the risk level assigned to the customer — it must be carried out systematically, including for customers classified as low risk.

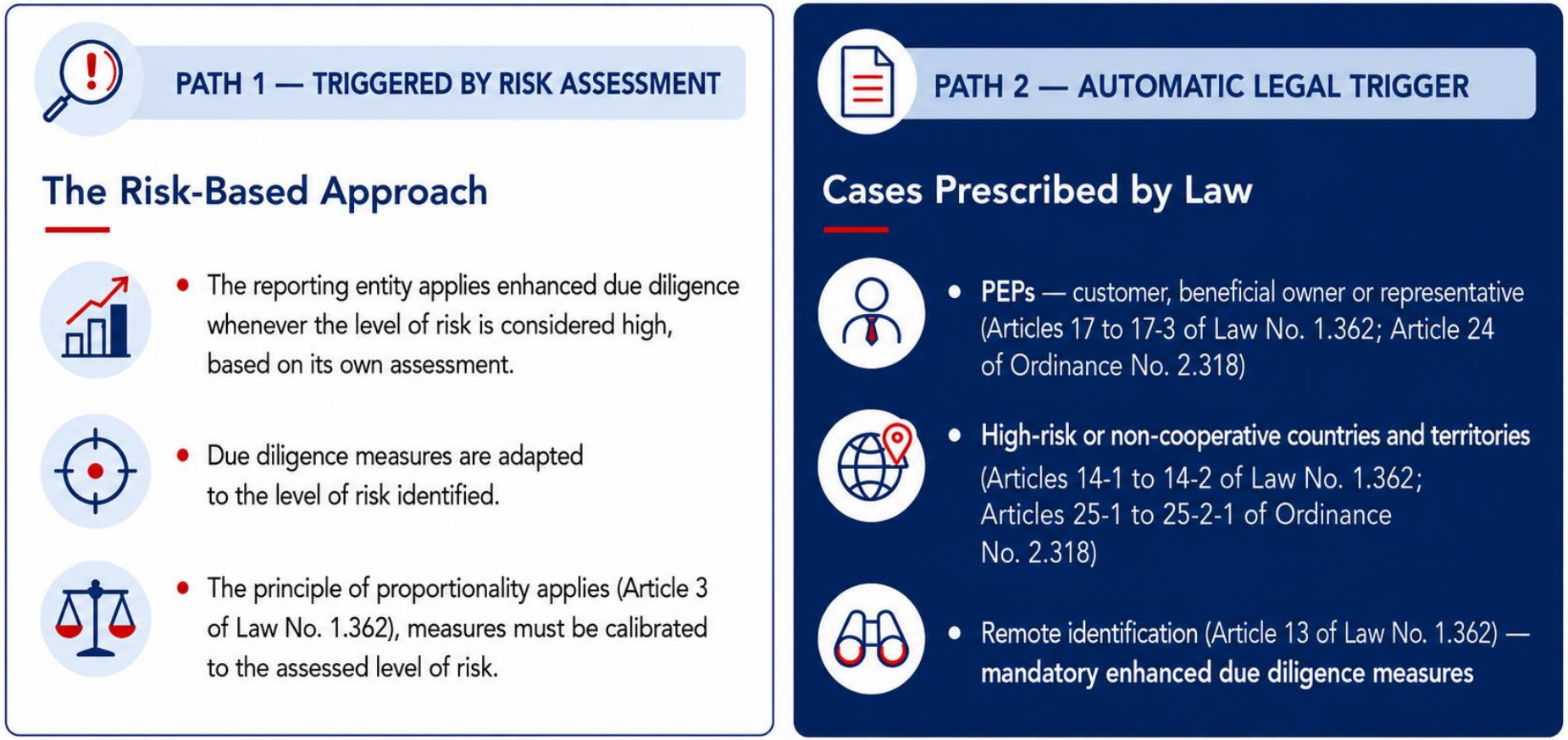
4. Due Diligence measures (2/2): Synthesis



1	Client to whom a high-risk level has been assigned	Application of enhanced due diligence measures
2	Client to whom a medium-risk level has been assigned	Application of standard due diligence measures
3	Client to whom a low-risk level has been assigned	Application of simplified due diligence measures (optional)

AMSF AUTORITÉ MONÉGASQUE DE SÉCURITÉ FINANCIÈRE

5. Enhanced Due Diligence (1/3): Two approaches



AMSF AUTORITÉ MONÉGASQUE DE SÉCURITÉ FINANCIÈRE

5. Enhanced Due Diligence (2/3): Triggering by analysis

Detection of a Risk at Onboarding or During the Business Relationship

Following a Customer Risk Assessment (CRA) or through other monitoring mechanisms capable of detecting specific events, enhanced due diligence measures must be applied.

Where the customer or transaction risk assessment results in a **high-risk** classification, the reporting entity must **implement enhanced due diligence measures**, including:

Specific Review (of the customer) or **Particular Review** (of the transaction) (Article 25 of Ordinance No. 2.318, Article 14 of Law No. 1.362).

Collection of Reliable Documents, Data or Information Sources (Article 4-3 of Law No. 1.362).

Enhanced Due Diligence Measures as defined by the reporting entity.

5. Enhanced Due Diligence (3/3): Cases Required by Law

Politically Exposed Persons (PEPs)

Detection of a PEP at onboarding or during the business relationship:
Customer Risk Assessment (CRA)
Implementation of enhanced due diligence measures (**formal approval by senior management**).

Verification of the PEP's close associates (Family members and close associates.)

Collection of reliable information
On the importance of the risk and the source of wealth.

Enhanced ongoing monitoring
Increased monitoring and enhanced review of transaction patterns.

Remote Identification

Progressive enhancement of customer knowledge
(Video interview, additional supporting documents.)

First transaction
Through an account opened with a financial institution or in a jurisdiction subject to equivalent AML/CFT requirements.

Two valid official photo identification documents

Specific customer acceptance review
(Formal approval by senior management.)

Mandatory refusal
If the customer attempts to avoid physical contact, or where there is suspicion of ML/TF/PF.

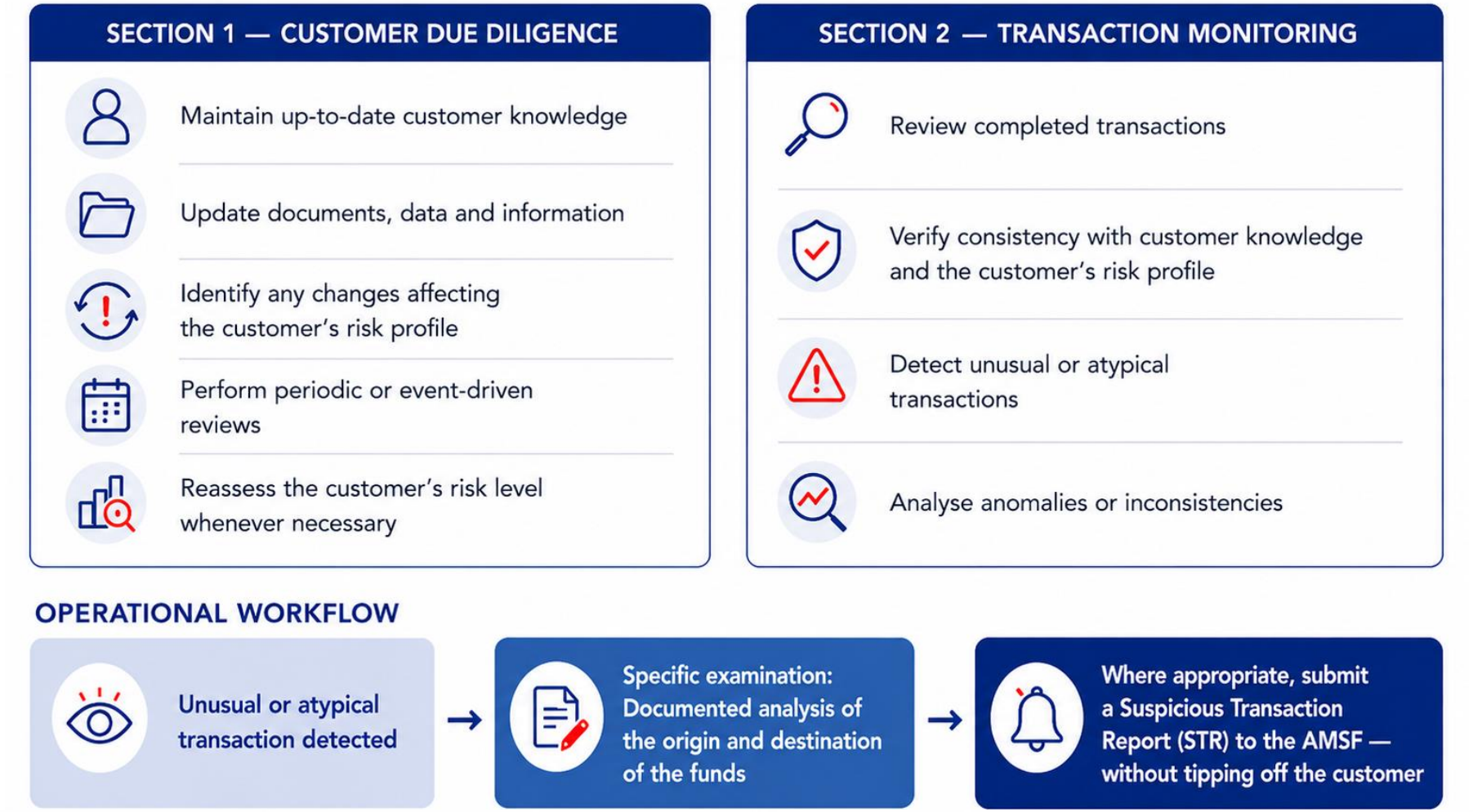
Countries or Territories Subject to a Ministerial Order

Detection of a connection with a country subject to a Ministerial Order at onboarding or during the business relationship:
Customer Risk Assessment (CRA)
Implementation of enhanced due diligence measures (**formal approval by senior management**).

Where a connection with a high-risk third country exists:
A specific review must be conducted in accordance with Article 14.

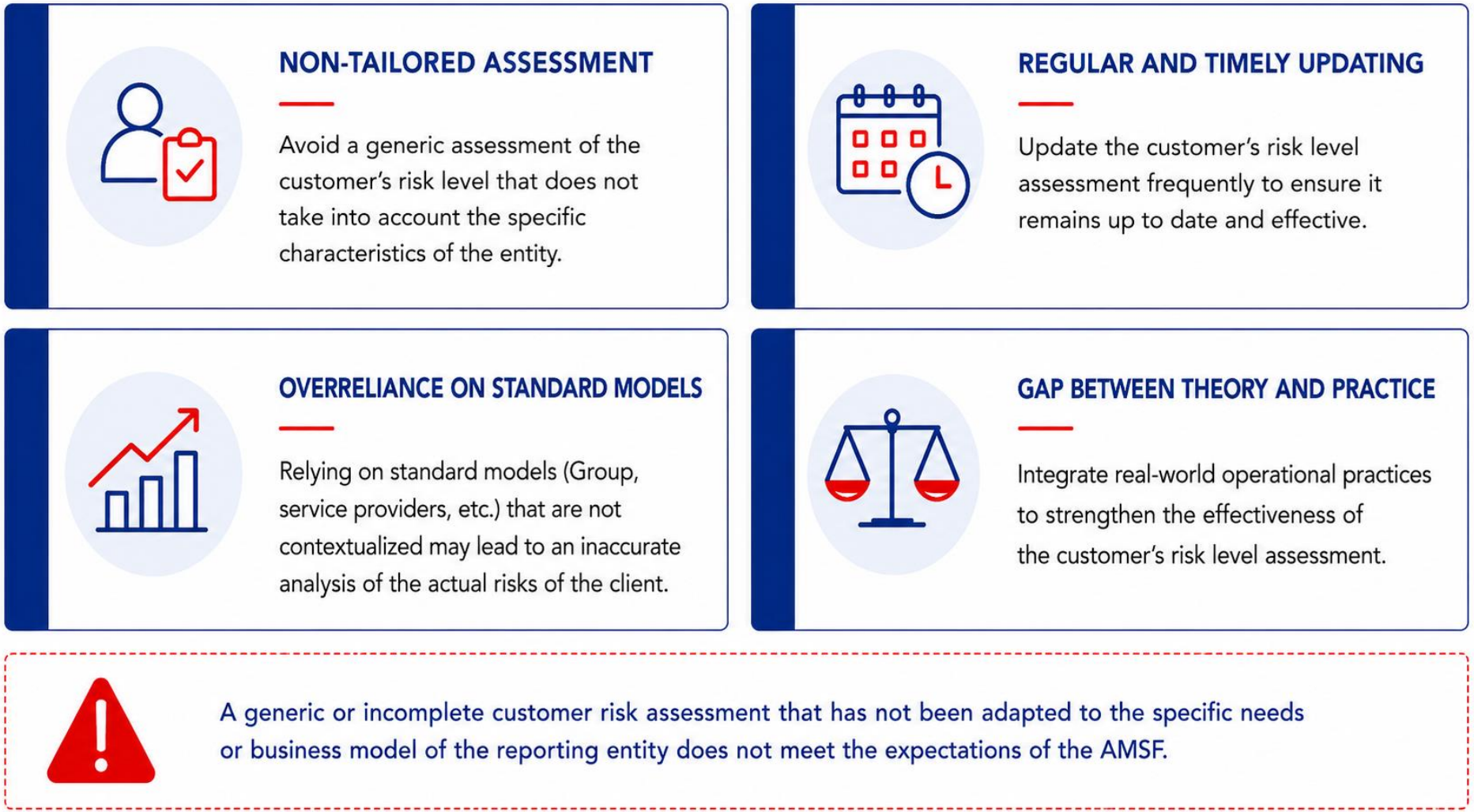
WARNING: Document all searches, analyses, and supporting evidence to demonstrate compliance with regulatory requirements.

6. Ongoing monitoring



AMSF AUTORITÉ MONÉGASQUE DE SÉCURITÉ FINANCIÈRE

7. Areas of focus (1/2)



7. Common pitfalls (2/2)

1 CONCEPTUAL

Distinguish GRA and CRA

GRA does not replace CRA; the two are separate and distinct obligations.

2 COHERENCE

Distinguish intuition and rationale

Invoke a "known client" to justify the application of the risk-based approach.

3 STANDARDISATION

An "off-the-shelf" GRA and CRA

Establish a generic GRA or CRA that is not calibrated to the entity's real activity, by incorporating unjustified or inappropriate risk factors.

4 METHODOLOGY

Unjustified risk rating

A risk level assigned without traceability: the rating is unjustifiable in the event of inspection.

5 OBSOLESCENCE

Failure to update

GRA or risk rating that is never reviewed periodically or on an ad hoc basis.

6 EFFECTIVENESS

Reduced monitoring through poor documentation

Collect documents (for identification or updates) without examining and analysing documents and the consistency of transactions.

8. Key messages

1.

A risk-based approach is the foundation of the AML/CFT/CPF compliance framework.

It enables the overall set of monitoring measures to be designed in a proportionate and effective manner.

2.

The GRA enables the entity to identify and understand its own risks.

It analyses the business activities, customers, products, delivery channels and geographical areas to define the risk landscape and implement an appropriate control framework.

3.

The CRA tailors this analysis to each customer.

It applies the GRA methodology to each customer, assigns a risk level, and determines the appropriate intensity of monitoring measures.

4.

Cases requiring enhanced due diligence, as provided for by law, are distinct and complementary to the risk-based approach.

PEPs, precarious situations, remote identification, risks identified by the authorities: these cases require enhanced due diligence, whatever the internal risk rating.

5.

Ongoing monitoring, covering both the customer and their transactions, ensures that monitoring measures remain appropriate throughout the business relationship.

It relies on two complementary pillars: keeping customer knowledge up to date and examining the consistency of transactions.

9. Available ressources

1

AML TUESDAY'S WEBINARS

- Thematic awareness
- Practical cases

To learn and stay informed

2

GUIDES AND GUIDANCE

- Methodology
- Good practices

To help you achieve compliance

3

NATIONAL RISK ASSESSMENT

- Threat landscape
- Sectoral vulnerabilities

To support your risk analysis

EVOLVING RESOURCES

Informed by **your questions**

Enhanced by **supervisory findings**

AMSF AUTORITÉ MONÉGASQUE DE SÉCURITÉ FINANCIÈRE

This presentation is intended solely for awareness purposes and should not be considered a substitute for the formal training provided to each professional.

13, rue Émile de Loth
98000 MONACO

Tél. (+377) 98 98 42 22

feedback@amsf.mc
www.amsf.mc