

Anti-Money Laundering & Countering Terrorist Financing: *Building an Effective Compliance Framework*

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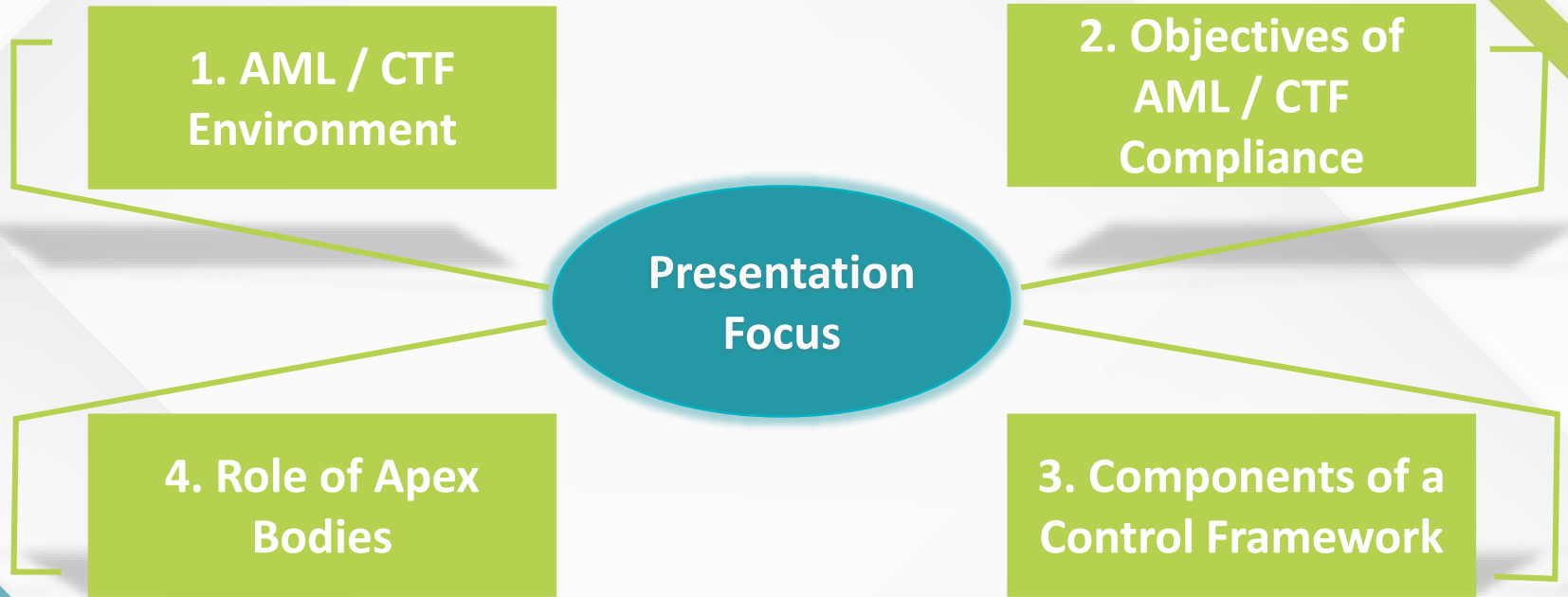
Background

- 10 years experience working in the Credit Union Movement
- Risk management - compliance - governance - education
- The Credit Union Compliance Centre (CUCC) est. 2014
- Professional compliance & risk advisory service for credit unions
- Working directly with 160 credit unions in Republic of Ireland & Northern Ireland
- Visit www.cucc.ie to learn more



CREDIT UNION COMPLIANCE CENTRE

culture | people | protection



International AML Environment

FATF & 4MLD

EU: Terrorism

Information
Sharing

PEPs

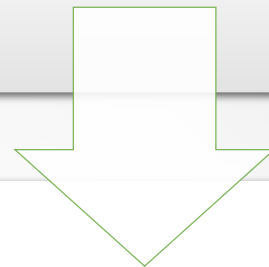
Beneficial
Owners

RBA

Republic of Ireland & Northern Ireland

Developments

- Larger entities through savings growth & mergers (€350m)
- New services: electronic payments, debit cards & online services
- Dedicated compliance & risk management functions
- AML / CTF is a regulatory priority (themed inspections)



Challenges

- Moving to a risk-based approach
- MLROs capacity & knowledge to effectively carry out role
- Quality of CDD & Suspicious Activity Reporting
- On-going monitoring

AML / CFT Requirements

- Appointed MLRO (MLCO in US & Canada)
- Customer Due Diligence
- On-going monitoring
- Suspicious Activity Reporting (SAR)
- PEPs & Financial Sanctions Compliance
- Adequate policies, procedures & training
- Report AML / CTF compliance to regulator (ROI only)

What are we trying to achieve?

- ✓ Understanding the risks
- ✓ Know your member and environment
- ✓ Staff are aware and equipped
- ✓ Good quality SARs to the authorities
- ✓ Prove compliance – *not documented, didn't happen!*
- ✓ Help stop crime and terrorism

Four Factors to Improve Compliance

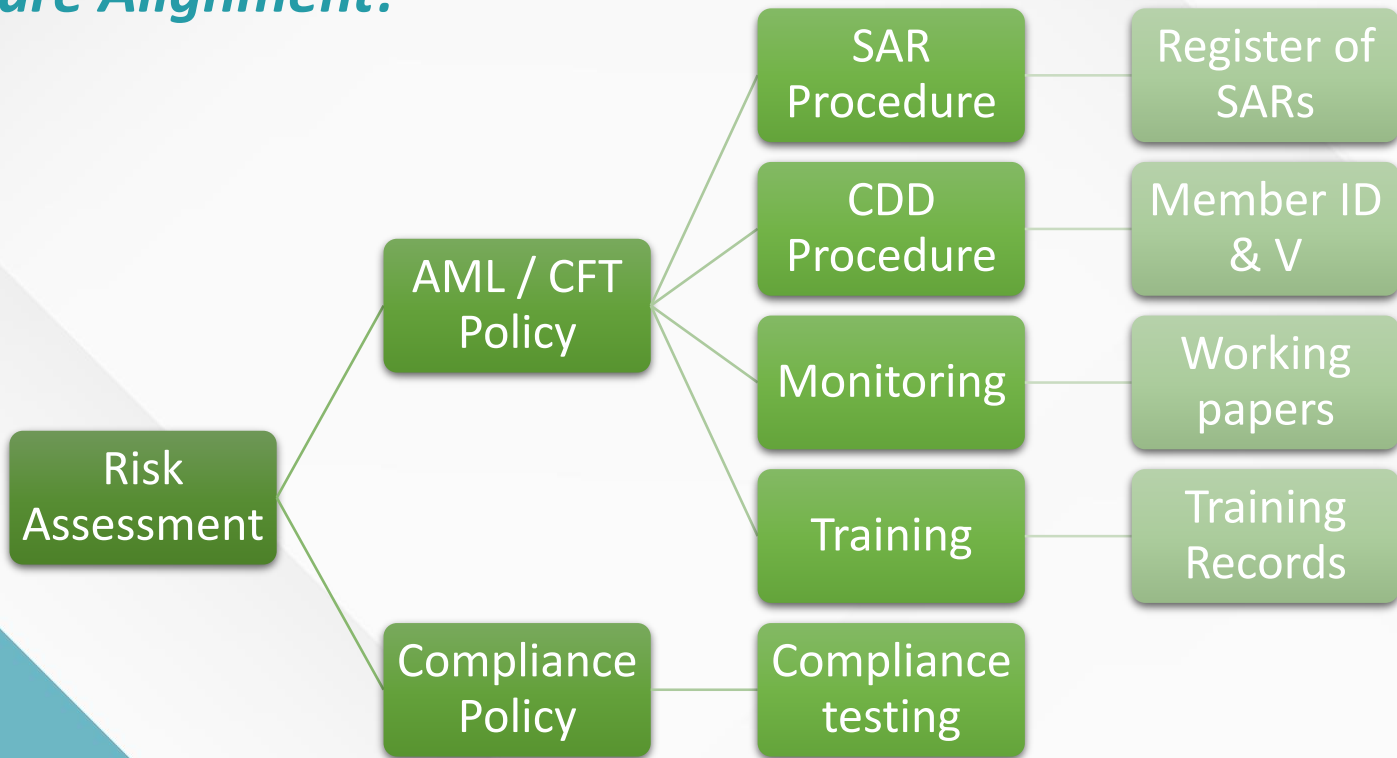


AML Risk Assessment

	Low Risk	Moderate Risk	High Risk
Members	Standard members	Legal Entities	PEPs
Products	Savings & Loans	Wire Transfer / FE	N/A
Geographic	Common Bond	Amber Rated Countries	Red rated Countries
Delivery Channel	Cheque or S/O	Large cash transactions	N/A

Implementing the Risk Assessment

Ensure Alignment!



The MLRO

Effective

- ✓ Senior officer
- ✓ Qualified & experienced
- ✓ Capacity to carry out role
- ✓ Clear procedures
- ✓ Good records and reporting
- ✓ Understand the risks

Ineffective

- × Didn't want the job
- × Not qualified / new to the role
- × Doesn't have the time
- × Reports everything
- × Not accessible to staff
- × What's terrorist financing???

AML / CTF Control Framework

Information: Quality in = Quality out



AML / CTF Compliance Framework

Training

- ✓ Informed by risk assessment
- ✓ Practical examples
- ✓ Incorporates policies & procedures
- ✓ Reviewed each year
- ✓ Contains assessment
- ✓ Customised for individual roles

- × Generic content
- × 90% regulatory requirements
- × Low cost approach
- × No assessment of knowledge
- × Same content each year
- × Insufficient records

Role of Credit Union Apex Bodies

Republic of Ireland

- Established the CU AML Working Group (CUAWG) in 2015
- Direct liaison with FIU & Revenue
- Point of contact with the Central Bank
- Private Sector Consultation Group
- Produce compliance guidance for credit unions
- Run specialist AML / CTF events
- Discuss impact of up-stream AML / CTF issues

Key Points

- Does control framework align to risk profile?
- Robust risk assessment is the foundation
- Effective MLRO underpins effective control framework
- Information: quality in → quality out
- Ensure top-down alignment of AML / CTF policies, procedures and practices
- Protect your frontline staff!

Thank you!

For more information:

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What we do: www.cucc.ie

