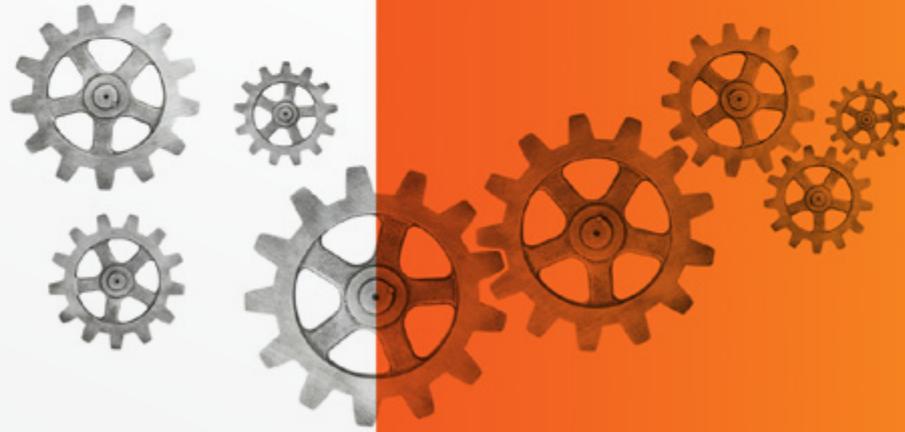


AML Culture & Effectiveness Assessment



Is your firm's AML culture undermining its compliance?

Why, in robustly regulated environments, do well-regarded financial services businesses continue to suffer compliance failings? The root cause of almost every significant and material AML failure is an insufficiently robust compliance AML culture. Generally, organisations strive to comply with their AML obligations, however Boards need to foster and promote an environment where compliance processes and controls can succeed.

The 'whys' in assessing the effectiveness of an organisation's AML culture are just as important as the 'hows'. With increased risks of receiving a substantial civil penalty from the Regulator it is now more important than ever that firms assess their AML culture and take steps to ensure it is aligned with their statutory and regulatory obligations. Promoting a healthy AML culture makes sound business sense. As jurisdictions increasingly direct their civil penalties towards directors, compliance staff and senior managers, employees will be seeking out those firms that can demonstrate a healthy AML compliance culture.

Baker Regulatory Services have devised a unique AML Culture & Effectiveness Assessment tool that ultimately provides a Board with a health check on the AML culture within their business and suggestions on how the AML culture could be strengthened further.

AT A GLANCE

Recommended best practices in Risk Culture*

- Common values
- Tone at the top
- Common risk language
- Application of risk management principles
- Timely, transparent and honest risk communications
- Risk management responsibilities
- Challenging discussions on risk management
- Risk reporting and whistle-blowing

Culture, while not easy to master, is crucially important in taking risk management beyond the mechanical articulation of rule and regulations. Creating the "right" culture has the potential to do more than merely fix problems. The right culture can provide [banks] with a competitive advantage that is difficult for rivals to emulate. Getting the culture right may not be the ultimate panacea to all challenges. However, an effective risk culture can serve as glue that binds together elements such as governance, risk management, compliance, high-level systems and controls and makes the [bank] cohesive and stronger.

*IFC World Bank Group Risk Culture, Risk Governance, and Balanced Incentives report.

"A poor AML culture cannot be fixed solely with systems and controls. Culture comes first."

- Barry Faudemer, Chief Executive of Baker Regulatory Services



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