



AML Compliance Checklist

A simple guidebook + checklist for implementing a robust AML Compliance Program
for your Money Service Business (MSB)



By Clear View Systems Ltd.
© Copyright 2023, All Rights Reserved, BC, Canada
clearviewsys.com
Version 1.0

Contents

A Basic Checklist for AML	2
Client Identification	2
Transaction Monitoring	3
Perform a Thorough Risk Assessment	3
Compliance Training	4
Name a Compliance Officer	5
Train Your Staff	5
Recording-Keeping	6
Have a Compliance Regiment in Place	8
Relationship Management	8
Transparent Communication	9
Program Review	9
AML Audits	10
How To Pass Your AML Audit	10
Keeping An Audit Trail	11
AML Reporting	11
AML Compliance Technology	12

Introduction

A comprehensive Anti-Money-Laundering (AML) compliance manual is an essential tool for businesses of all sizes.

It sets out the core requirements that help organizations ensure they are compliant with current international standards and regulations.

These basic requirements cover everything from in-depth customer due diligence procedures to enhanced record-keeping practices and adequate internal controls.

Each step is designed to meet a specific purpose: protecting people from fraud, terrorism, and other criminal activities.

With careful implementation, these guidelines can provide your organization with the resources it needs to safeguard its finances and protect any individuals who might be affected.

Through this manual, you can create a safe culture of integrity as well as maintain an active commitment to global AML efforts.

The purpose of this guided checklist is to:

Inform MSBs About the Requirements to Stay Compliant With AML Policies

The Steps Required to Pass an AML Audit

Provide Information on AML Compliance Technology



A Basic Checklist for AML

The Basic Checklist

- ☐ Registration with AML Authorities (e.g. FINTRAC)
- ☐ A Valid Business License
- ☐ Registration as a Money Service Business (MSB)
- ☐ A Comprehensive Compliance Manual
- ☐ Assignment of a Compliance officer
- ☐ Risk Assessment
- ☐ Training Program
- ☐ Automation Systems
- ☐ Control System
- ☐ Operations Manual
- ☐ AML Compliant Record Keeping System



Client Identification

An effective client identification program is as important today as ever. It helps ensure that your organization is following the necessary procedures to properly identify your clients and protect them from fraud or other financial risks.

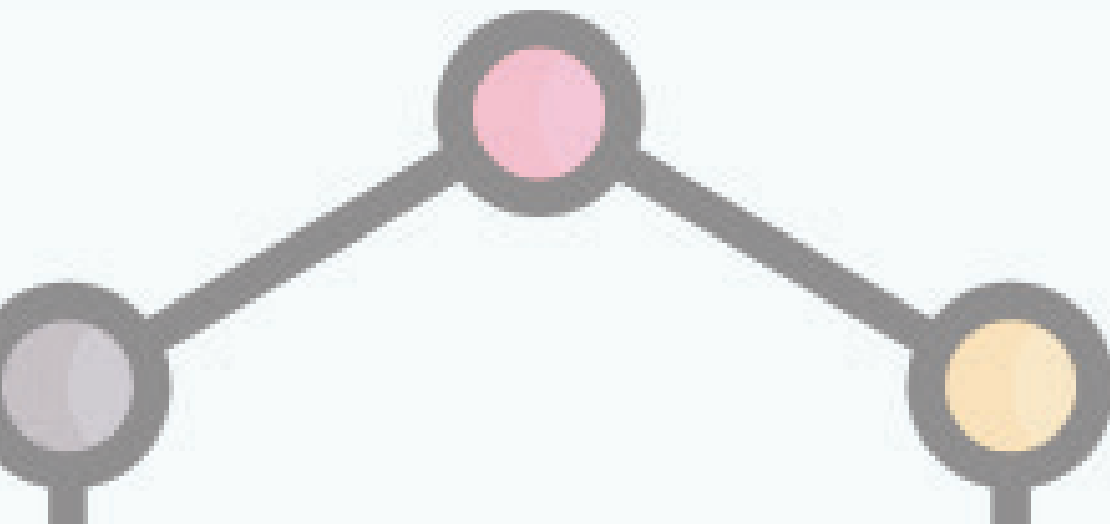
A great place to start is by making a checklist of the key elements required for a compliant and successful client identification program.

This list should include: collecting personal information, verifying identity documents, creating a risk-based assessment of customers, developing policies and procedures, training staff on customer due diligence requirements, keeping records of customer identification details, obtaining periodic reviews where appropriate, and understanding anti-laundering rules in relation to clients.

By taking the time to create and implement a comprehensive checklist such as this, your business can better protect your clients and stay compliant with regulations.

Checklist for Client Identification

- ☐ Implement Automated Sanction Screening System
- ☐ Sanction Screening
(e.g. OFAC SDN, UNSC, EU Consolidated List...)
- ☐ Politically Exposed Person (PEP) List (Both Domestic and International)
- ☐ Implement and Maintain an Internal Blacklist
- ☐ Implement an Automated ID Verification System
- ☐ Maintain KYC Profile for Your Returning Customers
- ☐ Maintain a Record of Your Business Relationship With Recurring Clients
- ☐ Operations Manual
- ☐ AML Compliant Record Keeping System





Transaction Monitoring

The implementation of a transaction monitoring system can be a powerful tool to help your company guard against money laundering activities.

This system allows your institution to track any suspicious transactions and provides an early warning system that identifies irregular transactions quickly.

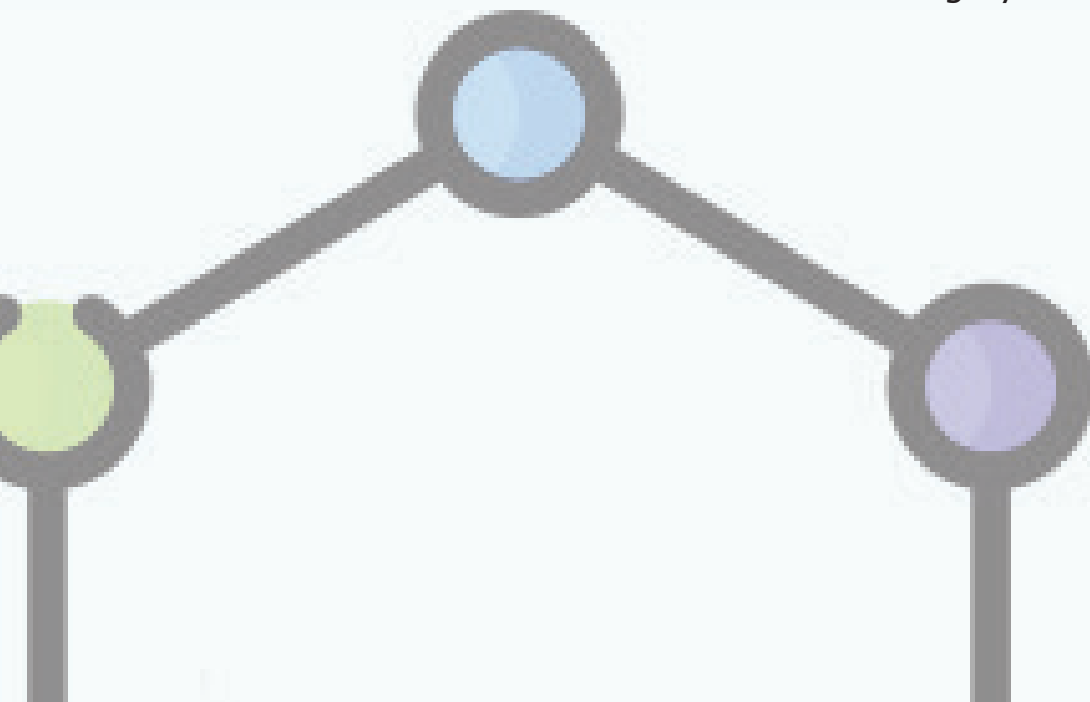
An effective transaction monitoring system evaluates accounts for money laundering indicators, such as consistent large deposits/withdrawals without an apparent source of funds, complex or interrelated transactions, and beyond-normal currency patterns.

It can also monitor customer transactions over time to identify unusual behaviour in previously compliant customers.

All of these tools help to provide more secure banking services with the goal of preventing any loss of assets due to illegal activities related to money laundering.

Transaction Monitoring Checklist

- ☐ Sanction Screening
- ☐ Systematic Reviews
- ☐ Detection of Money Laundering Patterns
- ☐ Rule-Based Systems
- ☐ Case Management System
- ☐ Compliance Dashboard
- ☐ Customer Risk Valuation
- ☐ Operations Manual
- ☐ Automated Transaction Monitoring System (TMS)





Perform a Thorough Risk Assessment

Effectively implementing AML concepts requires a comprehensive risk-based approach.

This means taking proactive measures to identify, assess and understand any potential money laundering and terrorist financing risks that your organization may face.

Once these risks have been identified, you can take appropriate steps to mitigate them depending on the level of risk.

This approach enables you to maintain consistency in your processes and remain compliant with regulatory requirements in order to prevent any fraudulent activities.

The RBA Checklist

- ☐ Geographic Risk
- ☐ Location of Business Office
- ☐ Products / Services & Delivery Channels
- ☐ Risk of Different Services Offered
- ☐ Risk of Non-Face-To-Face Transactions (e.g. Online Onboarding)
- ☐ Risk of Foreign Partners
- ☐ Client Demographics
- ☐ Typical Customer Demographics
- ☐ Typical Beneficiary Demographics System (TMS)
- ☐ Identify Country of Birth and Relationships
- ☐ Identify Typical Transactions
- ☐ Software & System Risks
- ☐ Vendor Risk Analysis
- ☐ Vendor Reputation
- ☐ Reputation of the System in Use
- ☐ Third-Party Risk
- ☐ Employee Risk
- ☐ Agent Risk
- ☐ Business Relationship Risks
- ☐ External Channels
- ☐ High-Risk Jurisdictions
- ☐ Operational Risk



Compliance Training

Creating a comprehensive compliance training program is an essential part of any financial institution's operations.

With the regulations and standards imposed by government agencies, you need to ensure that your staff has the knowledge and understanding to comply with legal requirements.

Companies benefit from making their employees aware of these guidelines; from reducing their risk of a breach of conduct to engendering trust within their organization and clients.

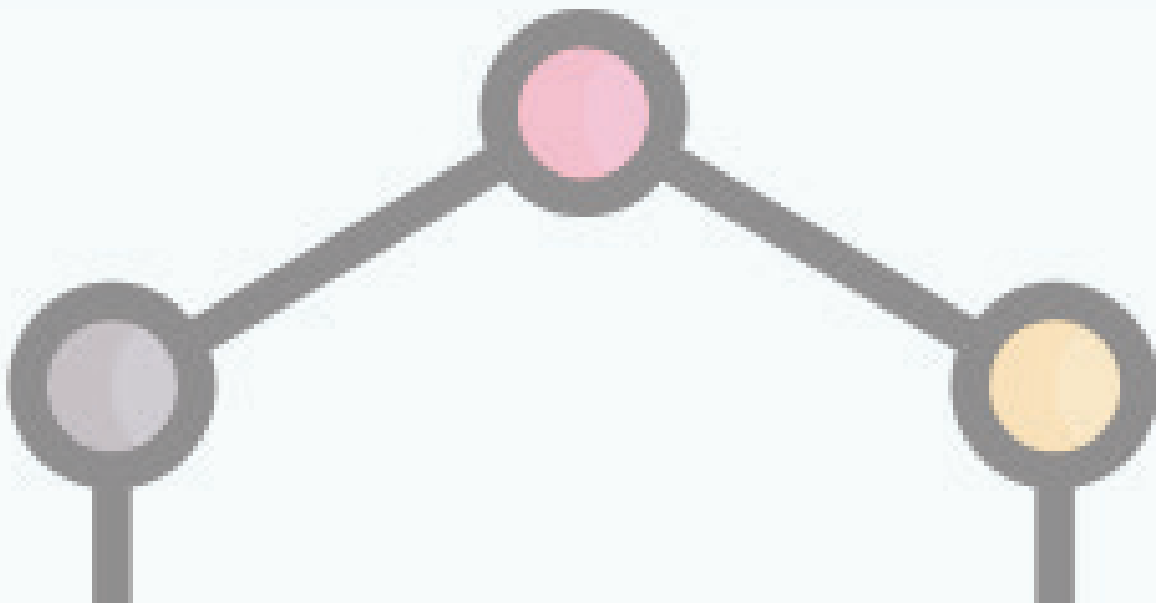
Designing an effective compliance training program provides protection against legal or regulatory actions, as well as helps to create a policy-focused workplace culture that places customers first.

Keep a Log Sheet for Every Trainee

- ☐ Name of Trainee
- ☐ Date/Time of Training
- ☐ Material / Subject
- ☐ Description of Material
- ☐ Completion and Signature
- ☐ If Quiz Is Involved Include the Score

Maintain Assessment Material

- ☐ Quizzes a practice material
- ☐ The material should be relevant and up to date
- ☐ Do not share material with staff ahead of time





Name a Compliance Officer

As reflected by several laws across the globe, one person must be appointed as a Compliance Officer to provide both oversight for the AML compliance program and to act as a liaison for the financial authorities.

In some organizations, this may be the BSA Officer/Money Laundering Reporting Officer (MLRO) or the Chief Compliance Officer (CCO). Regardless of their title, this individual must have the experience and power to influence the company.

This person is responsible for:

- ☐ A Compliance Policies & Procedure Guideline Has Been Developed and Recent Regulations Have Been Addressed
- ☐ The Business Is Following Its Own Compliance Policies and Procedures
- ☐ Ensuring the Processes Are Followed and up to Date
- ☐ Reports Are Filed With Authorities on Time
- ☐ The Staff Is Trained Regularly and Training Logs Are Maintained
- ☐ Automated Transaction Monitoring System Is in Place (Highly Recommended)
- ☐ The System Is Running Smoothly



Train Your Staff

In accordance with the law, all employers are required to ensure their organization meets its AML compliance requirements and responsibilities on a daily basis.

Every employee who deals with customers and transactions needs to be fully aware of your company's:

- ☐ Policies and Procedures
- ☐ Legal Requirements
- ☐ Techniques Used by Money Launderers
- ☐ How to Report Suspicious Activities

As an employer, you are responsible for ensuring your employees are trained on the latest politics.

Use this checklist to keep track of your ongoing AML training schedule:

- ☐ Keep a Log of the Training
- ☐ Include Who Was Present During the Training
- ☐ Perform an Internal And/or External Audit (These Requests Will Be Both Internal (Audit, Oversight/Governance Committees) And External (Regulators))
- ☐ Adapt to New Legislation and Emerging Criminal Methodologies

Regular Staff Training

- ☐ Make Sure Your Staff Have Been Trained on AML Regulations
- ☐ Make Sure That Your Staff Have Been Tested on the Knowledge of the Material
- ☐ Keep a Regular Schedule for Training
- ☐ Make Sure You Take Attendance and Log the Training
- ☐ Preferably Use a Training System to Keep Track of Your Employees Training (e.g. Curricula)

Review and Update All Training Material Frequently

- ☐ A Date/Time of the Last Update of Training Material
- ☐ Name of the Person Responsible for Preparing the Training Material and Tests
- ☐ Do Not Share Responses to the Tests With Your Employees in Advance

Remember, AML compliance training should not be considered a one-time thing. Look at refresher programs to stay up-to-date and informed on current procedures.



Recording-Keeping

As a financial company, selecting an adequate record-keeping system is incredibly important.

The success of your business depends greatly on the capabilities of the record-keeping system you choose. An advanced system will organize financial data in an accessible and secure platform.

This allows for more efficient analysis of trends and enables better decision-making so that you have a competitive edge over other services.

Utilizing an advanced system also ensures your customer's information is safe from prying eyes and unwanted hackers. With this type of security, you can offer customers peace of mind knowing their information is safeguarded against any breaches.

Investing in the right record-keeping system is necessary for every financial company to ensure your data — and your customer's data — remains secure and processed with accuracy.

Your audit will need to demonstrate:

- ☐ Why Decisions Were Made
- ☐ Evidence That You Have Followed Your Own Policies and Procedures
- ☐ Documented Risks
- ☐ All Required Fields Are Filled In
- ☐ Onboarding Information
- ☐ Monitoring, Screening & Submission of Information

Checklist for an Effective Record-Keeping System

- ☐ Maintaining Full Customer Records
- ☐ Retention of Records (Time, and Determine and Specify the Location of Records)
- ☐ Audit Trails
- ☐ Data Integrity & Security
- ☐ Clarify How Data Are Stored on Media
- ☐ Data Protection & Privacy
- ☐ System Controls



Customer Due Diligence (CDD)

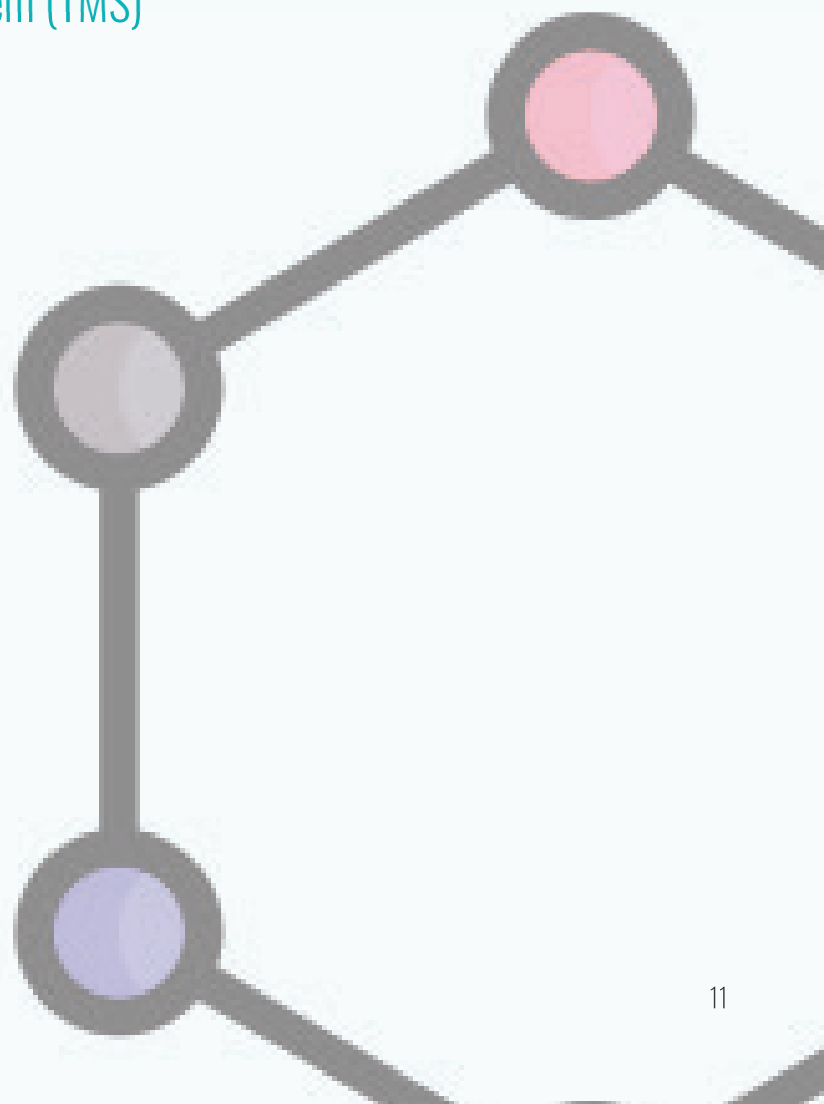
- ☐ Customer Profiles/KYC Profiles
- ☐ Sanction Screening
- ☐ ID Verification
- ☐ Address Validation
- ☐ PEP/HIO Determination
- ☐ POI (Person of Interest) Determination
- ☐ Third Party Determination
- ☐ Customer Transaction Monitoring
- ☐ Customer Risks
- ☐ Periodic Reviews

Enhanced Due Diligence (EDD)

- ☐ Transaction Type Identification Source of Funds (SoF)
- ☐ Purpose of Transaction (PoT)

Transaction Monitoring System (TMS)

- ☐ Rule Based System
- ☐ Notification System
- ☐ AML Alert Management
- ☐ STR Reporting





Relationship Management

Relationship management is an integral component of a successful compliance program.

Building strong relationships with clients, partners, vendors and other stakeholders helps promote ethical conduct and establish trust between parties.

These relationships also provide an avenue for communication regarding changes in regulations, allowing organizations to respond quickly and effectively.

Furthermore, relationship management can further facilitate an organization's efforts to detect and report violations or discrepancies in rules or standards.

Establishing and maintaining these important connections through relationship management strengthens the overall effectiveness of any compliance program.

- ☐ Keep Open and Transparent Communication With Your Banks
- ☐ Keeping Open Communication With AML Authorities (e.g. Fintrac)
- ☐ Keeping Your Auditors Informed and Communicate Frequently
- ☐ Communicate Your Policies and Expectations With Your Agents
- ☐ Keep Your Employees Informed About Your Policies and Processes
- ☐ When Necessary Communicate Suspicious Activities With Your Law Enforcement Agencies



Transparent Communication

Establishing a clear, open line of communication with the various parties involved in your compliance program is essential for its success.

This means regularly communicating with your bank on their expectations and parameters regarding new products or services you may be introducing, liaising with auditors to ensure that all rules and regulations are being adhered to, and keeping in contact with your compliance officers for guidance and support.

The ability to communicate effectively with these stakeholders gives everyone involved peace of mind that the business is meeting all relevant requirements; it also shows that the company takes its compliance obligations seriously.

- ☐ Transparent Communication With External and Internal Auditors
- ☐ Transparent Communication With Government Official Auditors
- ☐ Frequent and Transparent Communication With the Bank
- ☐ Communicate With Your Compliance Officer(s)



Program Review

Staying up to date with the ever-changing regulatory landscape can be challenging, but regular reviews of compliance programs is essential in meeting obligations and avoiding any costly penalties.

Taking the time to review existing compliance programs on a regular basis ensures that your organization is informed of any changes or updates.

Not only can this practice help keep you from making unnecessary mistakes, but it can also make it easier to spot any potential discrepancies quickly before they become an issue.

By keeping up with legal and regulatory developments, you can rest assured that your compliance effort is designed for the highest standards.

- ☐ Systematic Review of Compliance Program
- ☐ Updating the Material to Comply with New Regulations



AML Audits

Every AML compliance regiment seeks to ensure a financial organization is meeting regulations preventing illegal activities.

This goal is achieved through the implementation of internal and external validations, assessed through specialized audits. Internal validations are routinely completed by one of your organization's compliance officers, while external validations are conducted by professionally trained auditors.

Through these practiced audits and evaluations, AML compliance teams can confidently navigate potential risks and threats which challenge a company's terms of service and adherence to regulations.

Ultimately, a well-executed series of reviews serves as an invaluable tool in working toward legitimate success within organizations subject to government regulation.

- ☐ Clearly Describe Your Internal Audit Process
- ☐ How Frequently Do You Audit Your Company
- ☐ What Processes Do You Follow for Your Internal Audit
- ☐ Who Is Responsible for the Audit
- ☐ How Do You Determine the Scope of Work
- ☐ External Audits



How To Pass Your AML Audit

For your next AML compliance audit make sure you have the following documents in order:

- Your compliance manual has to be ready and updated based on the latest regulatory requirements
- Your compliance manual should include your methods of risk assessment and mitigation
- Your policies and procedures should specify how to determine high-risk customers, PEP and HIO
- Proof of AML training for you and your staff – a training logbook will be sufficient
- Written policies and procedures, which include the compliance manual
- All your corporate customer's documents should be complete, including their registration and shareholder structure.
- KYC due diligence – so all customer information should be entered electronically into your record-keeping system, including their occupation, date of birth, address, etc.
- Prepare the selected queries as requested in the auditor's letter well in advance
- Ask all your staff members to review their documents and materials and prepare them for interviews
- Note down the methods of determining high-risk customers
- Have your F2R reports available on request and ensure all confirmation numbers have been entered into your electronic system

Keeping An Audit Trail

An audit trail is a critical security measure that no AML program can do without.

Not having one could cost you and your company more than just your reputation.

It's essential to have:

- ☐ All Actions Documented
- ☐ Rationale for Why Decisions Were Made
- ☐ Documents Outlining Any Potential Risks
- ☐ Evidence of Following Rules and Procedures

Don't take chances when it comes down to protecting yourself.



AML Reporting

Reporting is one of the most essential elements of a successful AML compliance program.

Knowing when and how to report suspicious activity is necessary in order to comply with AML regulations, as well as to prevent financial institutions from becoming unwitting accomplices to criminal activity.

As the cornerstone of the AML compliance program, reporting should be taken seriously and monitored carefully under the guidance of experienced professionals.

You should have complete documentation on any reports submitted, along with policies and procedures covering such scenarios, in order to demonstrate continual monitoring efforts if needed.

In that way, you can show your dedication to protecting yourself and others from any nefarious activities carried out through your services or products.

- ☐ Automated vs. Manual Reporting System
- ☐ LCT Reporting
- ☐ EFT Reporting
- ☐ STR/SAR Reporting
- ☐ Retention of records
- ☐ Batch reporting

AML Compliance Technology

We are Clear View Systems, the makers of CurrencyXchanger, the most trusted name in the Foreign Exchange Industry since 2003.

Almost every single one of our customers who have been audited mentioned that CurrencyXchanger helped dramatically with their audit process.

Over 95% of our customers pass their audits with flying colours. Our new 'Transaction Monitoring' module gives our customers the peace of mind they need during their compliance audits.

Our Award-Winning CurrencyXchanger is used and trusted by thousands of foreign exchange professionals in over 40 countries. Whether you have a small branch or a multi-branch international operation, CXR can take your business to the next level.

In fact, 95% of our customers see considerable growth and profit within 3 to 6 months of using our software.

For further help and advice on your AML compliance, contact us for a chat.



AML Compliance Solutions by Clear View Systems

Trust, reliability and innovation: Clear View Systems is the gold standard in foreign exchange software. With a reliable track record since 2003 and awards such as Best Leading Solution Providers for Currency Exchange Software 2022 (Global 100 | North American Business Awards), CVS has proven its mettle time after time.

Our AML/KYC compliance solutions have been instrumental in helping hundreds of clients pass their audits effortlessly - all thanks to our effortless process simplification! We are now pushing boundaries even further with Transaction Monitoring that's already being used by financial companies and international banks to detect frauds, money-laundering activity instantly - adding another layer of security for your transactions today!

What makes us stand out is that we don't just help clients pass their compliance audit examinations; nearly all Clear View customers rave about how much easier we make their audit experience and process!

With CVS trusted technology deployed across over 40 countries worldwide already helping thousands of professionals protect their operations every day; you can rely on us for AML compliance no matter where or how large your organization may be. Get in touch with us today for a free 30 mins consultation!

Contact Us Today

