DX Compliance™

2020

Saudi Arabia Anti-Money Laundering Law

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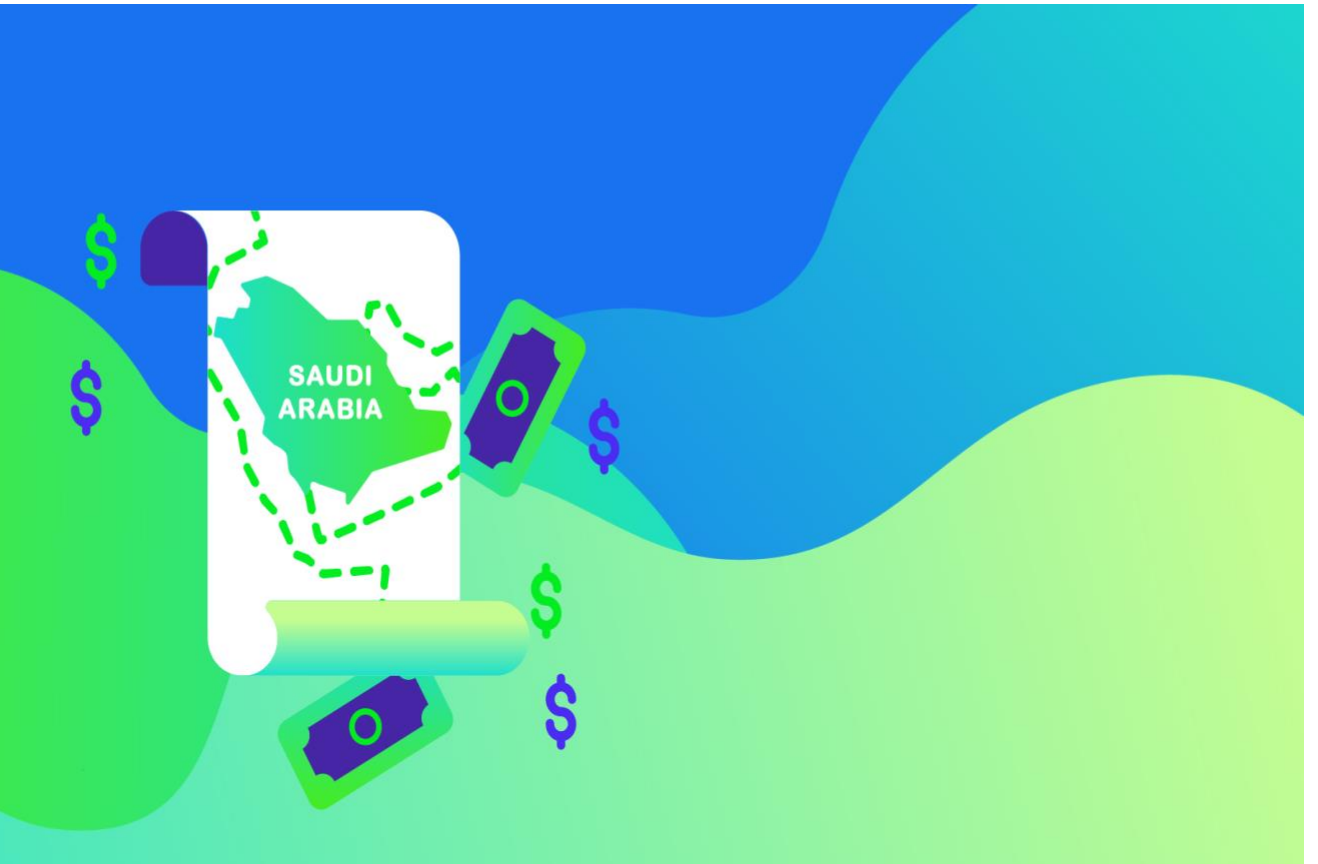
Saudi Arabia AML at a Glance

Regulatory Authority SAMA

Latest FATF Review 2018



Introduction

SAMA is the main regulatory body for Financial Services in The Kingdom of Saudi Arabia (KSA). It has made AML regulation one of its main priorities.

The first as second parts of the Money Laundering Law introduced in KSA focus on definitions and both on making the laundering of the proceeds of crime as well as on predicate offences.

Part III of the act covers obligations on firms. The majority of obligations such as those in Article 5, cover the need for a Risk assessment of each client relationship, and also of the business model. This should incorporate an analysis at least (but not limited to) the following: Transaction Risk, Product Risk, Customer Risk, Geographical/Country Risk and others.

Similar to many jurisdictions, the expectation of the Saudi Arabian Monetary Authority (SAMA) is that those customer relationships which bear a higher risk (based on any of the above criteria), should be subject to enhanced due diligence. This goes above and beyond the on-boarding process and includes ensuring that you have a clear distinct process for the ongoing monitoring of the behaviour of clients.

Article 13 provides clear guidance on this, with the need to document transactions and any deviance from expected behaviour. It also creates the clear obligation to look for patterns and 'unusual behaviour' to ensure that any risk of potential criminal activity is highlighted. This includes both domestic and international transfers.

Other significant paragraphs include, as with many jurisdictions the need to assess the risk involved in entering correspondent banking relationships.

The act contains many other detailed provisions, and the guidance issued by SAMA also helps to clarify what Financial Institutions need to do.

Basic Needs

It all starts with understanding the risk and documenting your process.

including new predicate offences that must be monitored and the risk involved in your business model. Firms will also need to reassess their technological capabilities and make sure that their behavioral transactions monitoring and screening software is well equipped to handle the new regulatory scrutiny.

The fundamental approach of every firm has to begin with the understanding of risk, and ensure that there are on-going due diligence measures in place to detect and uncover potentially suspicious behaviour, or other indicators of increased risk.

Phase 1

Determine what your inherent risks are and how they'll be affected.

Phase 2

Assess the Suitability of the businesses's current internal control environment for changing inherent risks.

Phase 3

Assess you Residual Risk which includes risk to reputation, regulatory risk and risk of liability.

Achieving Compliance

1 Risk Categorisation

There is a clear requirement to understand the level of risk in any given customer relationship. As organisations grow and scale, this can only be done by building in automating processes in software. The key requirement is not just to assign a risk category to the customer, but ensure that each risk cateogry has appropriate mitigating measures assigned to it.

2 On-going Behaviour

The requirements to asses risk on an on-going basis, mean that transactions monitoring needs to go above and beyond thresholds and basic rules, it needs to be directly linked to your Risk assessment and risk categorization policies. Transactions need to be monitored in a way that show customer specific insights and discrepancies from expected behaviour. The risk involved in each transaction should relate directly to the customer's profile and their financial behaviour. A tip is to look for anything which doesn't seem to make economic sense.

3 Reporting & Audits

"If it's not documented, it's not been done". The key to being compliant is ensuring you have both a clear case management system and audit trail in place. This should clearly tell the regulator not just what you have done, but how and why. Reporting is also one of the core duties, it is vital to show you can display where risk is at any given time.

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Where does DX come in?

A well-equipped Transaction Monitoring system must be in place to ensure that it can cover all predicate offences and also be able to adapt to any changes in regulatory requirements.

At DX compliance we provide top tier Transaction Monitoring systems which will help you glide through.

We help to provide an in-depth risk analysis for you to be able to equip you with exactly the tools you need.

By using DX you'll never have to worry about regulatory changes again.