

SAFE CAPITAL

SRA Sectoral Risk Assessment - Anti-money laundering and terrorist financing : A summary

Emerging Risks

- **Sanctions**
- **Proliferation financing**
- **Technology**
- **Wider economic pressures**



Sanctions

The SRA expects the sanctions regime to continue to expand, so all firms should be familiar with the requirements. Sanctioned individuals and businesses are likely to seek to instruct firms with weaker controls.



Proliferation financing

Amendments to the regulations in 2022 mean that all firms must now carry out an assessment of their exposure to the risk of proliferation financing.



Technology

Greater use of technology heightens the importance of cyber security. Any use of new technologies should be preceded by an assessment of the risks they may introduce and effective mitigation of these risks where possible.



Wider economic pressures

Economic conditions have deteriorated and there is much uncertainty for firms. Firms are likely to be under pressure to reduce costs. Whatever decisions are made about resourcing, firms need to understand that economic conditions do not change the requirement to comply with the regulations.



SRA observations from supervision work

- **Weak Controls**
- **Politically exposed persons (PEPs) and higher-risk jurisdictions**
- **External support**



Weak Controls

Inadvertent failures and gaps in a firm's AML compliance can introduce real and dangerous vulnerabilities into their ability to protect themselves from would-be money launderers.



Politically exposed persons (PEPs) and higher-risk jurisdictions

The SRA has found that smaller firms in particular are potentially taking an overly simplistic approach to risks associated with PEPs and higher-risk jurisdictions.

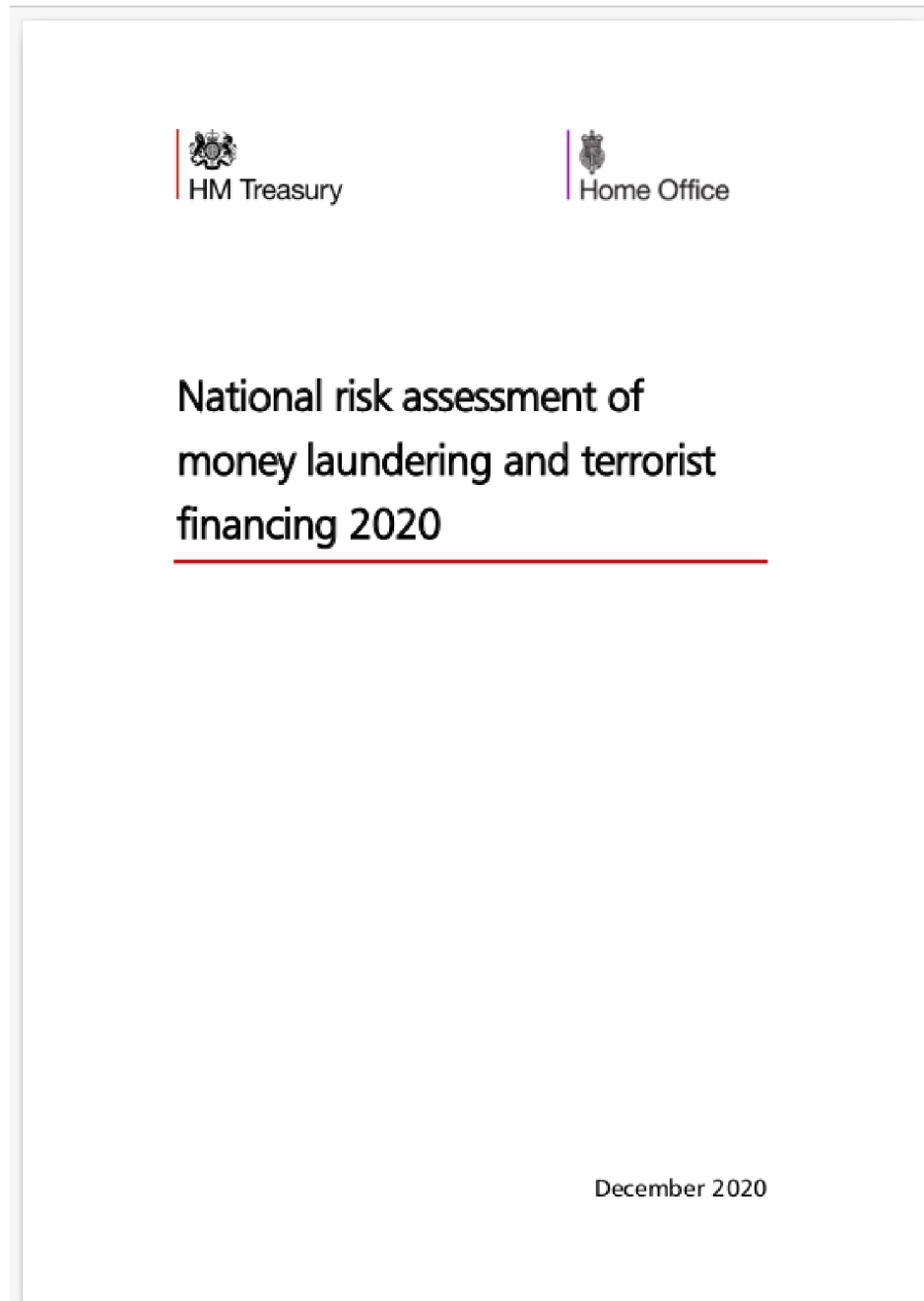


External support

Many firms engage external advice to meet their compliance requirements. In most cases, this is a helpful resource. Some firms, however, rely too heavily on external consultants or systems.



Risk in the legal sector



"The risk of abuse of legal services for money laundering purposes remains high overall. Legal service providers (LSPs) offer a wide range of services and the services most at risk of exploitation by criminals and corrupt elites for money laundering purposes continue to be conveyancing, trust and company services, and client accounts."

HM Treasury/Home Office UK National Risk Assessment of Money Laundering and Terrorist Financing -December 2020

Risk in the legal sector

The SRA expects firms to have both:

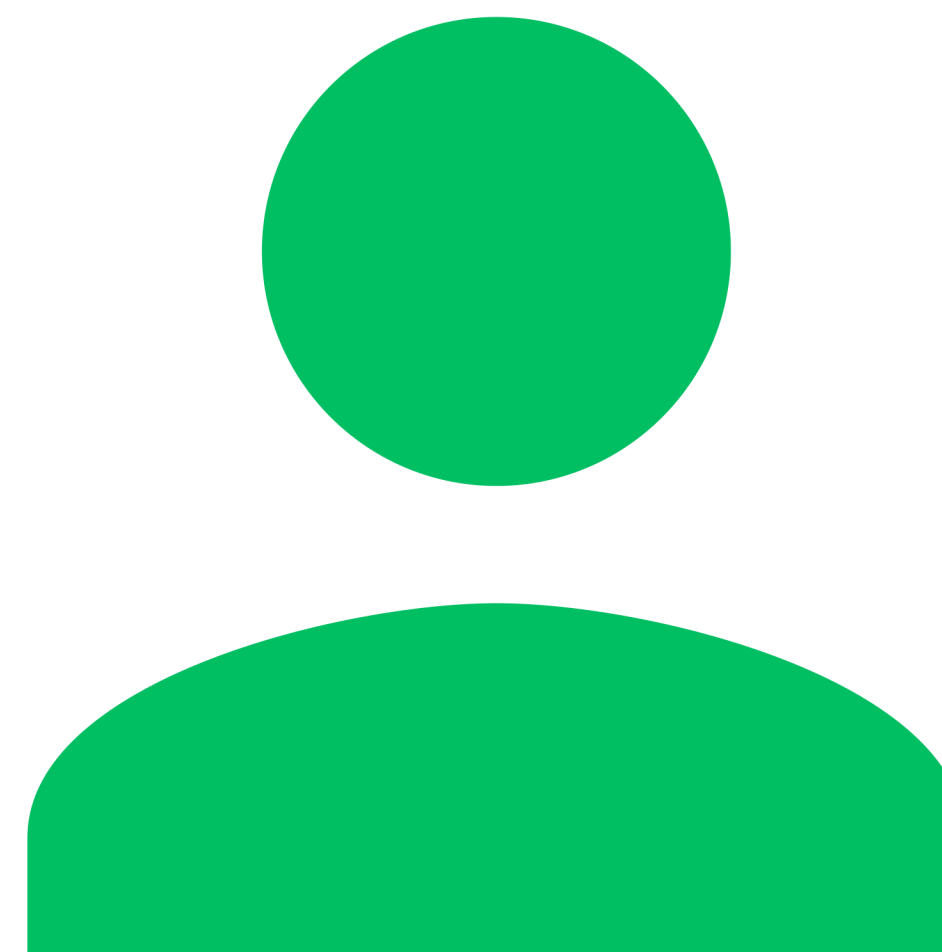
- a realistic awareness of the risk posed to the profession and to their own business and clients**
- systems to manage risk appropriately**



Client Risk

The SRA has identified the following risks:

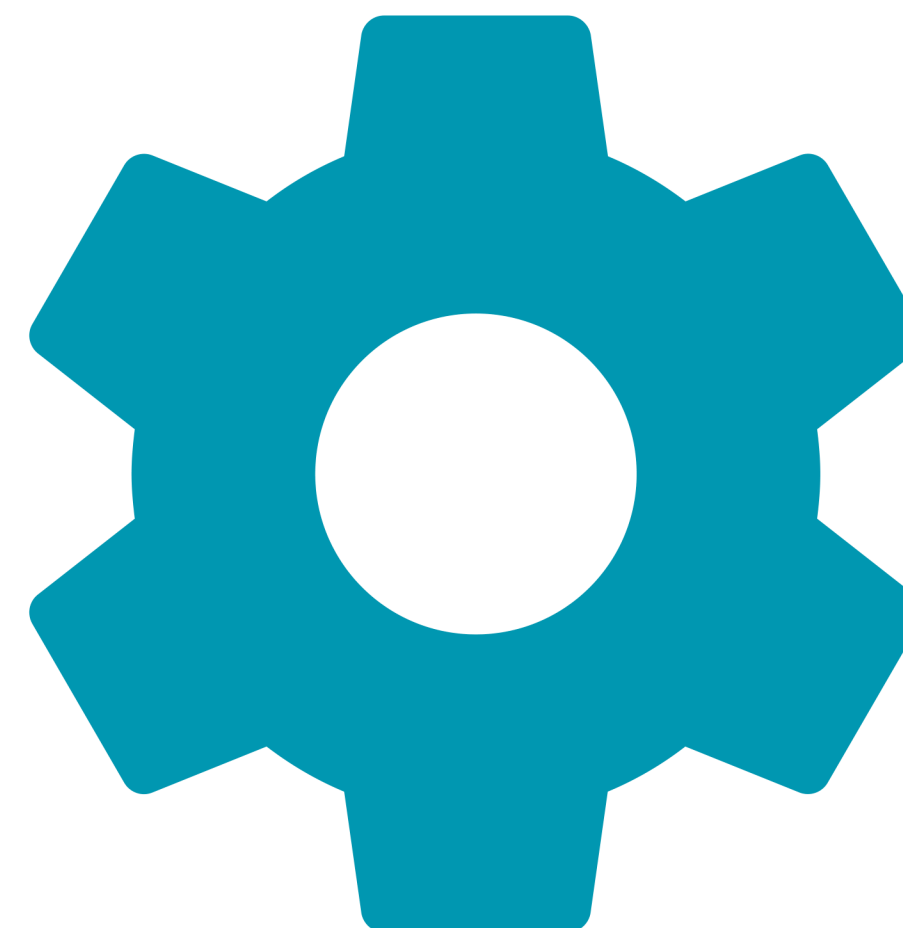
- **Politically-exposed persons (PEPs)**
- **Cash intensive/risky sectors or businesses**
- **Familiar clients**
- **Anonymity/cannot prove ID**
- **Intermediaries or agents**



Products and Services Risk

The SRA has found that the following services pose the highest risk:

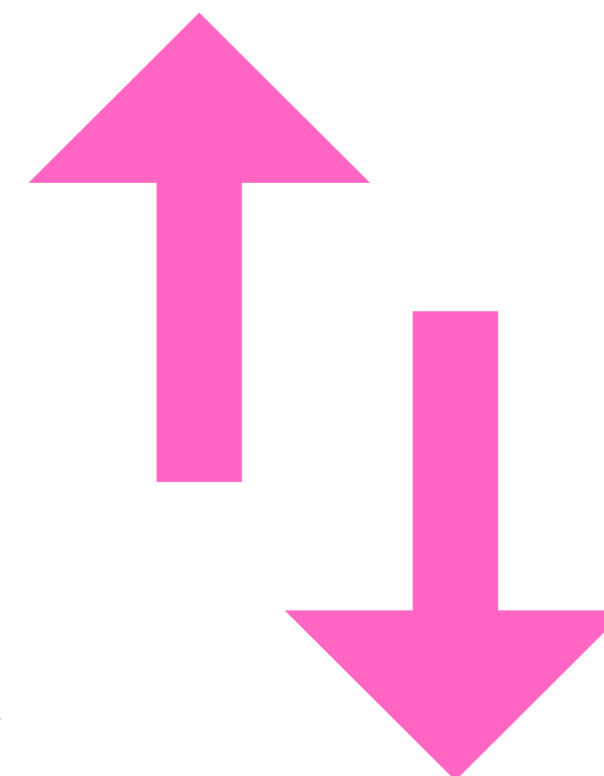
- **Client accounts**
- **Creating or managing trusts and companies**
- **Tax Advice**
- **Family Offices**



Transaction Risk

The SRA has found that the following factors might make an individual transaction higher risk:

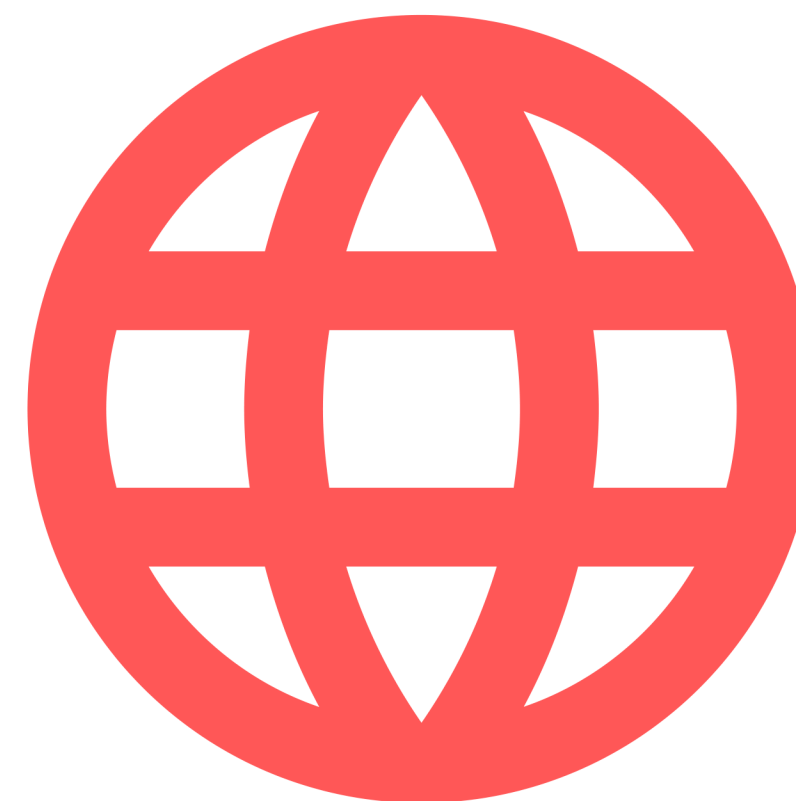
- **Size and value of the transaction**
- **Cryptocurrency and crypto assets (crypto)**
- **Physical cash**
- **Transactions that don't fit the norms of your firm or the client's activity**
- **Transactions or products that facilitate anonymity**
- **New products, delivery mechanisms or technologies**
- **Complex transactions**



Delivery Channel Risk

The way in which you deliver your services can increase or reduce risk to the firm:

- **Remote Clients**
- **Combining services**
- **Payments to or from third parties**

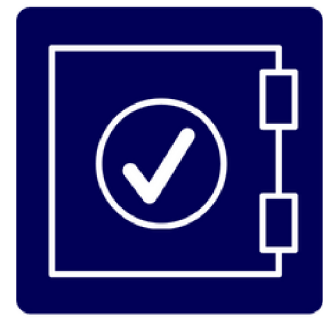


Geographic Risk

The SRA has identified several key issues to consider regarding geographic risk:

- **Countries that do not have equivalent AML standards to the UK**
- **Information your firm has access to**
- **Local characteristics**
- **Countries with significant levels of corruption**
- **Sanctions**
- **Stringent local capital offshoring controls**





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INSTANT SECURE PAYMENTS

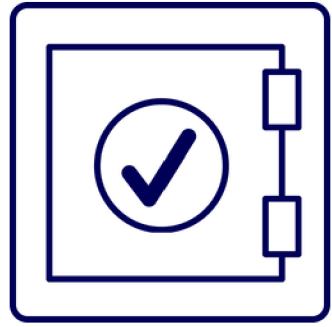


VERIFIED ACCOUNT INFORMATION



CLIENT MONEY COMPLIANCE





Our Solution

Safe Capital supports your law firm to meet key risk and compliance challenges



Safer Payments

Provides a safer way for your clients to make payments



Return Client Funds Easily

Helps you to return client money easily when necessary



Limit Access

Limits access to your client account details



Streamline Payments

Simplifies and streamlines the allocation of client funds



SAFECAPITAL



SafePay

Enable clients to make payments directly to your bank account without disclosing your bank details directly



Reduce Mistakes

Reduce the chances of client money being lost due to human error when manually entering bank account details



Reduce Fraud Risks

Mitigate fraud risks such as email modification, payment diversion, authorised push payment and malicious redirection fraud



Reduce Your Exposure

Limit access to your client account details so that only clients who are making a payment to you can see them





SafeAuth

Obtain verified bank account details from your clients which are supplied directly from your client's own bank



Ensure the bank account is live

Ensure that your client has access to the bank account they are providing information for



Reduce Fraud Risks

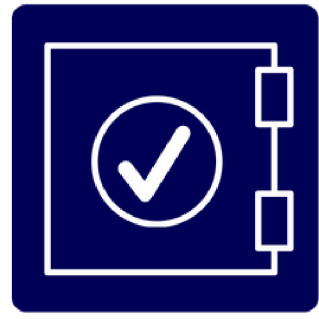
Prevent fraudsters from supplying false bank details for your client during the transaction



Return client funds easily

Easy for you to return funds to your clients using the bank account information held on file





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GET IN TOUCH

hello@safecapital.co.uk

www.safecapital.co.uk

