According to the FFIEC manual, you should reassess your FI’s current BSA/AML risks every 12 to 18 months. While it is not necessary for this to be done outside of the bank; it is valuable to periodically get an independent perspective. This outsider’s view can be refreshing and helps to further demonstrate your willingness to ensure your FI is compliant. With the push to innovate our AML programs, we have seen risk assessments evolve over the last 15 years moving away from a qualitative approach toward a detailed, quantitative methodology.

Our risk assessment methodology has been proven advantageous and withstood regulator review year over year. We take a scientific approach to quantitatively demonstrate all of your risk factors, your risk mitigation effectiveness, and the overall risk to your institution. We will statistically prove what your risk actually is versus what you believe by analyzing your bank’s data.

<table>
<thead>
<tr>
<th>Customer</th>
<th>Inherent Risk Score</th>
<th>Mitigation Score</th>
<th>Residential Risk Score</th>
<th>Elemental Weight %</th>
<th>Category Overall Weighing</th>
<th>Weighted Residual Score</th>
<th>YOY Increase/Decrease</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Base</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>50%</td>
<td>0.5</td>
<td>0.5</td>
<td>↑</td>
<td>15%</td>
</tr>
<tr>
<td>High Risk Customers and Business</td>
<td>3</td>
<td>-1</td>
<td>2</td>
<td>17%</td>
<td>0.334</td>
<td>0.334</td>
<td>⇨</td>
<td>0%</td>
</tr>
<tr>
<td>Correspondent Banking</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td>17%</td>
<td>0.51</td>
<td>0.51</td>
<td>⇩</td>
<td>6%</td>
</tr>
<tr>
<td>International Accounts with Currency Transactions</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>17%</td>
<td>0.334</td>
<td>0.334</td>
<td>⇩</td>
<td>8%</td>
</tr>
<tr>
<td>Customer Risk Subtotal</td>
<td>100%</td>
<td>33%</td>
<td>1.669</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1%</td>
</tr>
</tbody>
</table>
Prepare the Assessment
1. Consider the regulatory environment, and account for that
2. Try to consider future business expectations that can impact your overall risk
3. Compile and document detailed workpapers

Erect the Structure
1. Confirm your Customer Risk Rating (CRR) Methodology
2. Ensure that you’re using consistent and reliable reporting data
3. Include any secondary factors in your assessment

Build the Foundation
1. Review your BSA/OFAC Policies, Procedures, and Processes
2. Document your Risk Assessment Methodology
3. Ensure that you have current validations completed for all related systems

In short, our AML Risk Assessment will provide:

- A thorough review of your institution’s risk, including your inherent risks, your risk mitigation, and your residual risk.

- A legal and regulatory perspective on your institutions risk, through the eyes of our AML specialized experienced professionals.

- An independent risk assessment, that has undergone our rigorous quality control process.
About ARC Risk and Compliance

ARC Risk and Compliance is an award-winning specialized consulting company dedicated to anti-money laundering compliance programs and the processes that support them. That specialization includes transaction monitoring/the Bank Secrecy Act (BSA), sanctions screening/Office of Foreign Assets Control (OFAC), Know Your Customer (KYC)/Customer Due Diligence (CDD) programs, and FinCEN 314(a) requests. We are the AML specialists.

We can bridge the communication gap between what compliance needs and IT can support with the system they have. We believe that in order to bridge the gap between compliance and IT, the expert needs to be able to communicate to both departments, have knowledge and experience in both, and provide experienced solutions. We’ve been able to combine that knowledge and experience for a more thorough solution addressing both the compliance and IT requirements. Our approach ensures a better rate of success than non-specialized companies.

Many of ARC Risk and Compliance’s team members were leaders in the initial design, development, and deployment of many of the leading AML software in use today. Our team has a deep compliance background that can assist banks with their regulatory and compliance challenges.

Every customer is important to us and we will provide the best service possible to all clients. ARC Risk and Compliance is a certified veteran-owned small business and has a large network of professionals and alliance partners to support the ever growing demands within the financial industry.

Some of Our Services

Validation & Review Services
- vAML Model Validation
- vAML Gap Analysis
- vAML Procedures: Review and Updates

Assessing, Analyzing, & Tuning Services
- vAML Risk Assessment
- vRules/Risk Rating/Profiling: Statistical Data Analysis
- vSoftware Tuning & Optimization

Remediation Services
- vData Mining: Analysis and Correction
- vLook-Back Services
- vRegulatory Remediation Services

Regulatory Specific Services
- vNYS DFS 504 Pre-Certification Service

Custom Development
- vCustom Software Development

Staffing & Outsource
- vAML Program Outsource
- vStaff Augmentation

Cybersecurity Services
- vAudits and Compliance
- vVulnerability Assessments
- vUser Training
- vVirtual CISO
- vPenetration Testing
- vSystems and Services Installation

© 2021 ARC Financial Solutions, LLC D/B/A ARC Risk and Compliance. All rights reserved. All information provided here within are proprietary. AML-ology is a registered trademark of AML-ology, LLC. Inc. 500 is a registered trademark of Mansueto Ventures LLC.