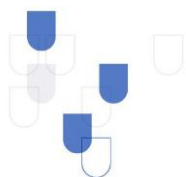


Implementada por  
**giz** Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

# GUIDE ON SECTORAL ML/TF RISK ASSESSMENT

September 2020



GAFILAT is grateful for the technical assistance provided by the German Development Cooperation, implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) for the elaboration of this document, with the support of Dr. Jorge Fernández-Ordás. The contents of this publication are the sole responsibility of the Financial Action Task Force of Latin America (GAFILAT).

Copyright © GAFILAT. All rights reserved. Reproduction or translation of this publication is prohibited without prior written permission. Requests for permission to reproduce or translate this publication in whole or in part should be addressed to: Florida 939 - 10° A - C1005AAS - Buenos Aires, Argentina – Telephone (+54-11) 5252-9292; e-mail: [contacto@gafilat.org](mailto:contacto@gafilat.org).



## TABLE OF CONTENTS

TABLE OF CONTENTS .....	2
A. INTRODUCTION .....	3
B. EXECUTIVE SUMMARY .....	4
C. METHODOLOGY .....	8
D. GLOSSARY/ACRONYMS .....	10
E. DEVELOPMENT .....	11
I. ML/TF risk assessment process: Definition of the different aspects involved.....	11
II. GAFILAT countries’ experience in conducting SRAs. ....	14
III. Guidelines for the execution of the different SRA preparation phases. ....	21
i. <b>Preliminary phase.</b> .....	22
ii. <b>Planning phase.</b> .....	24
iii. <b>Preparation phase.</b> .....	26
iv. <b>Presentation of the findings phase.</b> .....	38
v. <b>Analysis of the findings phase: Making use of findings.</b> .....	42
F. CONCLUSIONS.....	50
ANNEX I - QUESTIONNAIRE FOR COUNTRIES THAT HAVE DEVELOPED SRAs. ....	51
ANNEX II - QUESTIONNAIRE FOR COUNTRIES THAT HAVE NOT DEVELOPED SRAs.....	54



## A. INTRODUCTION

This document is part of GAFILAT's activities aimed at providing its members with the necessary technical support to be able to satisfactorily comply with the international standards established in the area of money laundering and terrorist financing (ML/TF).

The information gathered from the Fourth Round of Mutual Evaluations on the situation of GAFILAT member countries in terms of risk assessment was one of the reasons for carrying out this work. The Mutual Evaluation Reports prove that the evaluated countries have developed National Risk Assessments (NRAs). This has enabled them, in most cases, to gain a general understanding of the level of ML/TF risks and to develop national strategies to address them.

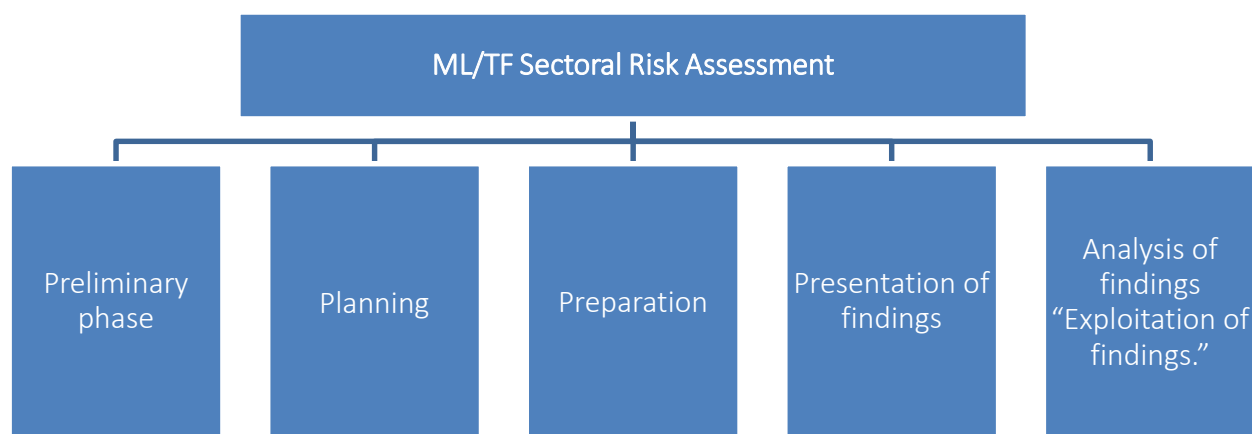
However, the results of the ratings reflected in the Mutual Evaluation Reports show that most of the countries assessed need to deepen their understanding of the risks of certain sectors or activities, which for whatever reasons, are not sufficiently known and understood. This calls for an additional effort on the part of the countries to acquire sufficient knowledge about these risks to enable them to assess, understand and—if necessary—mitigate them.

Therefore, in view of the above scenario, it is considered relevant to develop a tool to help guide countries in the identification and assessment of sectoral ML/TF risks, so that they can strengthen their level of understanding and implement effective policies for their mitigation.

## B. EXECUTIVE SUMMARY

1. Recommendation 1 of the Financial Action Task Force (FATF) establishes the so-called risk-based approach (RBA) as an essential foundation for the application of international standards, according to which the resources allocated to the prevention and fight against ML/TF must be applied based on the level and intensity of the risk detected.
2. To this end, the NRA and sectoral risk assessments (SRAs), aimed at identifying, analysing, and assessing the specific risks of a given activity sector or geographic area, are important elements. The *"FATF Guidance: National money laundering and terrorist financing risk assessment"* (FATF Guidance) contains the principles, criteria, and phases to be followed in these processes, as well as the goals to be achieved, and is therefore a key document for the execution of these risk assessment tasks.
3. The experience provided by GAFILAT member countries shows that most of them have carried out SRA processes, either individually or as an integral part of the NRA. The greatest difficulties encountered by the countries in the execution of these exercises are related to the identification, collection, and processing of information and to the procedure and manner of achieving the objective pursued. In turn, the strengths arising from the SRAs consist of the knowledge of the sectors' risks—for use by both public agencies and the sectors themselves—and the relationship and interaction generated during the execution of the exercise between the different public agencies and the sectors themselves.
4. Countries rated the experience positively, both in terms of the results achieved and the side effects generated with the sectors and other public entities and considered that the expected objectives have been met. This does not prevent that in some cases the exercise could be improved, which is natural due to the new nature of the exercise and the complexity involved in this type of actions.
5. The reasons given by the countries that have not carried out this exercise can be summarised as lack of resources and the need to attend to other priorities. Nevertheless, they show great interest in being able to carry out this type of exercise, and some countries are even in the process of implementing their first SRA.

6. The execution of an SRA is a complex process that requires the completion of different phases, ranging from the decision to carry out the exercise to the use of the corresponding findings. In each of these phases, different actions will be carried out, involving different actors.



7. The first of these phases is the so-called **preliminary** phase, whose purpose is no other than to define the objective to be pursued with the SRA process and to specify how it is to be carried out. At this stage, a series of decisions are made that will condition the entire process, so it is particularly important that these decisions be as precise and clear as possible in terms of their content.

8. The next phase is the **planning** phase, in which the procedure to be followed in the preparation of the SRA is defined. This procedure, which should take the form of a Working Plan, will consist of a description of the different actions to be taken in order to achieve the objective pursued, serving as a guide for the execution of the process. Among the aspects to be specified are the purpose of the exercise, its participants, the way in which participation will be organised, the methodology for identifying and assessing risks, and the expected schedule for execution.

9. Once the planning phase has been completed, the next phase consists of the actual **preparation**. This is where the different actions are carried out, applying the criteria established in the Working Plan. One of the recommendations made at this stage is to encourage the participation of representatives of the SRA's target sectors. This is due to:

- a. Their ability to provide information on the activity they perform and their relationship with customers.
- b. The understanding of their own processes that allow the detection of ML/TF associated vulnerabilities.
- c. They provide greater credibility to the findings of the exercise and greater acceptance by the sectors involved.
- d. The result of the evaluation exercise is intended for the sector itself to guide its preventive framework.

However, the form and degree of involvement will be defined by the characteristics of the sector itself, and must be specified in each specific case.

10. Within the preparation phase, all aspects related to information and its collection are of special relevance. Information is a key element in the process of developing an SRA, with the final outcome depending on the quality and quantity of such information, as well as the analysis made of it. One of the most common problems reported by GAFILAT countries that have carried out SRAs has been to obtain information that would allow objective and realistic conclusions to be drawn. Therefore, it is necessary to follow a series of criteria regarding the sources of information, the treatment provided to the information, and the characteristics that the information should have in order to be considered useful for the process.

11. A final aspect to be highlighted in the preparation phase is the way in which the risks and the methodology to be followed should be specified. There is no single methodology, as the FATF Guidance acknowledges, and any methodology that is developed is valid, as long as different concepts are taken into consideration. Among these is the equation that defines risks as an interaction between threats, vulnerabilities, and their consequences, for which it is necessary to take these terms into account. Furthermore, it should not be forgotten that the risk assessment consists of the phases of identification, analysis and evaluation. Compliance with these phases is necessary in order to carry out an adequate risk assessment.

12. The next phase is the **presentation of the findings** of the SRA among the different stakeholders to whom the information is addressed. This disclosure pursues different objectives depending on the recipient of the information and the use that will be made of it, in this sense, the content of the SRA should not be disseminated publicly and generally.

13. The different types of **dissemination** identified are aimed at public institutions either directly affected by the SRA or that have participated in its development, which will use the information to implement their RBAs and increase their knowledge of the sector to better perform their functions. Another target group is the sectors under evaluation, which need this information to carry out their own risk assessments in order to define the preventive framework. Finally, it is also important to provide general information to the public on the SRA, as it contributes to disseminate the actions being carried out by the authorities in this field and to make society aware of the existence of ML/TF.

14. The last phase is the so-called **analysis of findings**, although it should rather be called “making use of findings,” since the analysis itself is carried out in the preparation phase. This phase is closely related to the presentation of the findings phase, as it is necessary for the different recipients of the information to be able to exploit the findings obtained.

15. The first to apply the findings will be regulatory, supervisory, analytical, and research bodies. As indicated above, the conclusions of the SRA should be used for the implementation of an RBA in their respective areas of competence. This provides a relevant tool for making decisions on the allocation of resources to specific areas and fields.

16. Another benefit of the conclusions of SRA is the **design and implementation of measures to mitigate the risks** that have been detected. Knowledge of the risks will enable competent authorities to identify mitigating paths and possible specific measures that can be included in these paths. These mitigation measures, which are of a different nature and which should be defined and specified with the participation of different public entities and the affected sector itself, should be integrated in a specific planning, agreed upon in the inter-agency coordination body for the prevention and fight against ML/TF.

17. As indicated above, the conclusions yielded from the sectors subject of the SRA should be used to identify their specific risks and design their own preventive procedures.

18. Finally, it should not be forgotten that the findings of the SRA, in one way or another, depending on whether it has been prepared on an individual basis or as part of a NRA process, strengthen the conclusions of the general risk assessment. However, regardless of the type of integration of findings, the SRA must maintain its differentiated nature so that its specific findings can be presented and used by the sector and the public agencies directly involved.



## C. METHODOLOGY

19. The objective of this analysis is to prepare a guide for use by GAFILAT member countries in the SRA management process, identifying the possible difficulties detected. General impact expected is that, through this document, countries will have another tool for the development of their SRA that will allow them to increase the authorities' understanding of ML/TF risks in the relevant economic and professional sectors and activities, which will contribute to the design and implementation of targeted and effective mitigating measures.
20. In the preparation of this document, a series of procedural criteria have been followed, formulated based on experience in risk assessment processes, aimed at guaranteeing the smooth development of the process. The most relevant aspect is the active participation of GAFILAT member countries, sharing their experiences in carrying out this type of exercise and their vision of it. This participation has been a fundamental input for the work.
21. It is important to point out that the analysis of the information provided by the members consisted of assessing the experience acquired and not evaluating the adequacy of their actions to international standards. Likewise, the data provided have been treated with due confidentiality. In this sense, it is expected that the final product will be useful for GAFILAT and all its members.
22. The following phases have been carried out for the drafting of the document:
- a) Phase 1: Analysis of written documentary sources (provided by the GAFILAT Executive Secretariat). The purpose was to learn how GAFILAT countries have approached the NRA implementation processes and the actions they have implemented in terms of SRAs (identifying countries and sectors).
  - b) Phase 2: Collection of direct information from the countries. This information was gathered by filling out questionnaires with different content depending on whether the countries had carried out SRAs or not. In this way, direct information was gathered on the experiences gained from this activity (methodology, strengths and weaknesses) and, in the case of those who had not carried out this type of exercise, the reasons for not having done so were investigated.

- c) Phase 3: Systematisation of the information obtained, in which we proceeded to organise the information collected for its proper processing.
  - d) Phase 4: Preparation and delivery of the Preliminary Report, which includes a guide for SRA planning and development in ML/TF matters. The form and structure of this document is the one established by GAFILAT in the Terms of Reference.
  - e) Phase 5: Review of the Preliminary Report by the GAFILAT Executive Secretariat and GIZ, in order to make observations and/or corrections.
  - f) Phase 6: Preparation of the Final Report in accordance with the observations made by the GAFILAT Executive Secretariat and GIZ.
23. The completion of this methodology has made it possible to prepare this Guide, which should be considered as a product that can be used by GAFILAT member countries, which—with their input—have contributed to its drafting.

## D. GLOSSARY/ACRONYMS

RBA	Risk-Based Approach
NRA	National Risk Assessment
SRA	Sectoral Risk Assessment
FATF	Financial Action Task Force
FATF Guidance	FATF Guidance: National Money Laundering and Terrorist Financing Risk Assessment
ML/TF	Money Laundering and Terrorist Financing
FIU	Financial Intelligence Unit

## E. DEVELOPMENT

### *1. ML/TF risk assessment process: Definition of the different aspects involved.*

1. ML/TF risk assessment is an activity intrinsic to the very development of preventive systems and the fight against these crimes, and it is reflected in the wording of the 40 FATF Recommendations approved in February 2012. Accordingly, the assessment of the risks affecting a country, activity or economic sector is one of the fundamental pillars of the system for preventing and combating ML/TF.
2. In this regard, the content of Recommendation 1—according to which countries are required to adequately identify, assess and understand the ML/TF risks they are exposed to—is particularly important.
3. This Recommendation requires countries that apply the so-called risk-based approach (RBA) to adopt measures and implement effective actions to mitigate ML/TF risks. Consequently, this activity developed by the countries should serve as an instrument for an efficient allocation of resources aimed at preventing and combating these illicit phenomena, thereby focusing the application of the whole set of international standards. Likewise, Recommendation 1 itself also requires national authorities to require reporting institutions to develop the corresponding process of identification and assessment of ML/TF risks that affect the development of their activity.
4. The scope of these obligations is specified and detailed in the Interpretive Note to said Recommendation, which contemplates the different actions that must be carried out in order to comply with its contents and complements it by adding aspects related to its practical application and development.
5. The obligations for the countries resulting from the application of Recommendation 1 and its Interpretive Note can be summarised in the execution of the following actions:
  - a) Regular identification, assessment, and understanding of ML/TF risks affecting them, while keeping the diagnosis up to date.

- b) Designation of an authority or articulation of a procedure that allows the coordination of actions aimed at conducting the risk assessment.
  - c) Application of the RBA with the purpose of ensuring that the measures implemented, and the resources allocated to prevent or mitigate ML/TF are proportional to the risks identified, adjusted to their greater or lesser incidence.
  - d) Share the information and conclusions obtained from the risk assessment within the country and internationally.
  - e) Verify that reporting institutions (financial and non-financial) carry out their corresponding risk assessments, review them and take them into account in their supervisory programs.
6. As established in the Interpretive Note, the execution of the mandatory risk assessment by a country translates, from a practical point of view, into obtaining the necessary information for an efficient formulation of public policies in the prevention and fight against ML/TF, in helping the competent authorities in the allocation of their human and material resources dedicated to these activities, and in supporting the risk assessments carried out by reporting institutions, guiding their activities in this field.
7. As mentioned above, the main obligation of reporting institutions is to prepare their own risk assessments, whereby assessments carried out at regional, national or sectoral level are of particular importance.
8. To develop risk assessment processes, the FATF has developed a guidance document to assist countries in diagnosing, assessing, and understanding their national ML/TF risk. This guide, entitled "*FATF Guidance: National money laundering and terrorist financing risk assessment*" (FATF Guidance), was approved by the FATF in February 2013, establishing a conceptual basis for the preparation of a risk-based assessment in accordance with international standards. It also provides the general principles and criteria necessary to facilitate the preparation and development of a working methodology for each country, since the FATF Guidance, despite defining concepts, objectives and contents that must be present in this type of assessment, does not require a specific method to be followed. This freedom recognised by the FATF Guidance with regard to the specific procedure to be followed in risk assessment is not

a barrier to the fact that the process must be governed by certain principles and follow specific organisational and implementation criteria.

9. The FATF Guidance, which helps to make the product on which the practical application of the RBA is based as realistic as possible, guides the risk assessment processes from an integral and comprehensive point of view, designing the framework that should govern the preparation of national risk assessments. However, this type of assessments, which have come to be called National Risk Assessments (NRA), does not prevent the document itself from contemplating the possibility of carrying out assessment exercises aimed at more specific sectors. In this case we would be dealing with the so-called Sectoral Risk Assessments (SRAs), which would focus on the performance of this activity in specific geographical areas within a country or with respect to specific financial, economic, or professional activities.

10. In this process, therefore, we are dealing with three different but closely related concepts: NRA, SRA, and RBA. In order to highlight the content of each of them, a brief definition is provided below.

11. The first key concept in this process is the NRA, defined as a process by which countries become aware of their ML/TF risks. This process must have the necessary political impetus and the participation of all the actors involved in the design and implementation of the preventive framework and the fight against ML/TF. The final result, which is obtained through the application of previously defined concepts, principles, and criteria, encompasses the identification, evaluation, and understanding of these risks. It is, therefore, a description of the scenario of risks likely to affect the country in this area. As its name suggests, the purpose of an NRA is to understand the risks of a country as a whole, analysing the different economic, political, social, geographic, and other variables that affect it.

12. A concept closely linked to the NRA is that of the SRA, which as such is contemplated in the FATF Guidance. It is a process in which, following the principles and criteria established for the NRA, the assessment activity is focused on a more restricted scope, either geographically (a specific territory within a country) or materially (a specific sector of economic or professional activity), the latter being the most common. It is therefore a matter of applying the general risk assessment process to a given sector of activity. As will be discussed later, SRAs can be carried out with the purpose of knowing the risks of a specific sector or as part of an NRA elaboration process based on the combination and integration of the conclusions obtained in such assessments.

13. The RBA is a tool whose application ensures that the ML/TF risk preventive or mitigating measures designed and implemented are in line with the risks of the entities or sectors. This requires that the NRA or SRA has been previously prepared, since it will be the risks identified in them that must be contemplated in the RBA. It is therefore a matter of applying the findings obtained in the risk assessments in the processes of defining public policies and allocating resources. Thus, for national authorities, the RBA is used to prioritise actions and define criteria for the application of resources in the prevention and fight against ML/TF. This application of the RBA also applies to the reporting institutions, through which they will be aware of the risks that affect their activity, allowing them to focus their preventive procedures precisely on the mitigation of such risks. This marked focus on risk impacts the 40 Recommendations as a whole, in such a way that the practical application of most of their contents, as contemplated by these standards and their evaluation methodology, will be rated according to the risks that have been detected.

14. The concepts and activities described have a shared interest in being part of the ML/TF risk assessment process, which is becoming more and more necessary every day. The need for countries to identify, assess, and understand their ML/TF risks and, at the same time, to have policies that facilitate inter-institutional coordination and cooperation at the national level in the prevention and fight against both crimes, has become a basic requirement demanded by the international community. Risk assessment has therefore become a key element in preventing and combating both crimes.

## ***II. GAFILAT countries' experience in conducting SRAs.***

15. As indicated in the description of the methodology used, most GAFILAT member countries provided information on their experience in conducting sectoral risk assessment exercises. Previously, a questionnaire was sent to them, in which, depending on whether or not they had had previous experience in carrying out this type of exercise, they were asked a series of questions related, if applicable, to their experience or the reason why they decided not to carry out this exercise. This information was later complemented with a series of virtual meetings with representatives of certain countries, in which additional information was obtained and a bilateral dialog was established to learn more directly about their experiences.

16. A total of fourteen countries responded to the request for information, which is a sufficiently significant sample of the organisation's total membership. Of these, ten have carried out SRAs, while the remaining four have not developed any experience in this regard.

17. The project focused first on countries that did develop SRAs. Of the ten countries identified, three of them carried out the SRA as part of the NRA. In other words, the final NRA document was made up of the SRAs of the different reporting institutions. In the case of the remaining seven, the SRAs were carried out independently of the NRA. Of these, there is one that, although it states that it has carried out SRAs, it cannot be concluded from the questionnaire sent that they were in fact this type of exercises. It seems that the study carried out was an attempt to get to know the sectors in order to articulate the supervisory work, but without focusing specifically on a specific assessment of their ML/TF risks.

18. The reasons for carrying out this type of exercise on an individual basis (without being part of an NRA process) are, according to the countries, basically twofold.

- i. On the one hand, there are those that carry out SRAs because the findings of the NRA suggest so, in the sense that they identify sectors that could be at risk, but for which there is a lack of sufficient information. This is what happens in three of the countries that carried out this type of exercise, and it is used as a tool to improve knowledge of the sector after a deficit of information was found in the NRA.
- ii. On the other hand, the reason for carrying out this exercise is that the Mutual Evaluation Report identified a lack of supervisions under the lens of the RBA, which made the elaboration of SRAs necessary.

19. In the remaining cases, the motivations are diverse and, in general, are due to the countries' interest in obtaining greater knowledge of the level of risk in certain sectors, rather than having been induced to do so by an external element.

20. The questionnaires sent requested information on the different phases and stages of the process, as well as on other relevant aspects of the process (identification of critical points, degree of participation of the representatives of the sectors subject to the SRA, level of dissemination of the findings, usefulness of the product, etc.). The following are, in general terms, the most relevant findings of the questionnaires submitted both by those countries



whose SRAs were independent of the NRA, and by others in which these exercises have been integrated into the aforementioned NRAs.

21. One of the issues there was disagreement on was the participation of the sectors in the process and the degree to which this was articulated. The presence of representatives of the sectors whose risks were assessed has not been common to all the experiences. In some cases, the information on the sectors came from the supervisors or regulators themselves, rather than provided directly by these sectors. In other cases, this participation was articulated through the completion of questionnaires, in which information on the activities carried out and their characteristics was provided. In contrast, in other cases, there has been direct and fluid participation of the sectors through meetings and discussion forums. In all these cases this participation was articulated in the execution phase, although they did not participate in the planning phase.

22. Another aspect in which differences have been observed is the participation in the process of public bodies other than the one in charge of the SRA. In the exercises carried out by some countries, this participation even materialises in the planning phase, although this is not usual. As far as the actual implementation phase is concerned, this participation is fairly widespread and virtually unanimous. However, the degree of participation is not the same, since in some cases it is articulated through the submission of information, while in other exercises they participate in the work aimed at identifying and assessing risks.

23. One of the questions asked to the country representatives was to mention the critical points and strengths they had identified in the process. The purpose of knowing these ends is to be able to focus, in the corresponding part of this Report, on those issues that have been found to be more complex in the preparation of an SRA. It is also of interest to know which aspects contribute to making the SRA a good experience.

24. The following are some of the critical points highlighted:

- a) Definition and application of the methodology: Choice of how risk measurement is to be conducted and its implementation in practice.
- b) Obtaining information: Under this heading are included those actions aimed at having accurate information to prepare the SRA. These actions include the following, which countries have considered to have a certain degree of complexity:

- Identification of the information needed.
  - Identification of who has the information.
  - Request of the information from whoever has it.
  - Systematisation and validation of the information.
- c) Access to statistics: Difficulty in obtaining statistical information that, given the way it is compiled and systematised, reflects the reality of a sector.
- d) Information analysis: Processing of the information with the purpose of using it for the process, establishing guidelines that allow the use of such information with a higher degree of reliability. Likewise, weighting of the factors that allow discriminating the most subjective information is considered critical in this activity.
- e) Sectors' understanding of the purpose of the process: Reporting institutions have problems in understanding the actual scope and content of the risk assessment process.
- f) Ensuring the participation of all stakeholders: Difficulty in articulating ways to allow the active participation of all participants in the process, mainly reporting institutions.
- g) Lack of previous experience: Lack of practice of the officials in charge in the performance of this type of exercises.

25. As can be seen, basically all the critical points detected refer to information-related processes and to the execution of the exercise itself. On these issues there has been a high degree of agreement among countries. This is reasonable, since the information, obtained in the appropriate manner, is a key input in carrying out an SRA, since it will enable conclusions to be drawn. Moreover, the lack of experience in carrying out this type of work and the fact that there is no single methodology for doing it, makes the execution of this activity even more difficult.

26. The identification and formulation of strengths yielded the following outcomes:

- a) Knowledge of the risks of the sectors subject to SRA: Conducting the exercise provides the sector and public bodies with a detailed view of the risk scenario faced by operators in the sector.

- b) Conduction of the tasks jointly with the sectors: The execution of an SRA facilitates the relationship between authorities and sectors, fostering a stable dialog between them.
- c) Active participation of the sectors and their representatives: This involvement and the way in which they have participated in the processes is positively valued.
- d) Support to the sectors in complying with the preventive framework and safeguarding their integrity: Disclosure among sectors of the findings of their risk assessment and possible mitigating measures that could be applied helps to prevent them from being used for ML/TF activities.
- e) Methodology applied in accordance with the objective: The application of the methodology contemplated in the FATF Guidance contributes to the proper execution of the SRA.
- f) Drawing of conclusions in a well-founded manner: Identified risks have been assessed in accordance with the quantitative and qualitative information gathered in the process and are the logical consequence thereof.
- g) Cooperation with other public sector organisations: The involvement in these processes of other public actors with functions in the prevention and fight against ML/TF facilitates inter-agency collaboration.

27. Factors identified as strengths of the process and the real added value they provide impact the knowledge of the sectors' risks, for use by both public agencies and the sectors themselves, and in the relationship generated during the execution of the exercise with other public agencies and the sectors. The use of the FATF methodology to carry out the SRA has been identified as a positive value, even though the choice of a specific methodological process was also considered by the countries as a critical part of the process.

28. GAFILAT members were also asked about the usefulness of the SRAs and about the way in which the results obtained were presented and disseminated.

29. In the case of those countries that developed SRAs as part of the NRA preparation process, the findings have generally been disseminated simultaneously to all public and private

agents involved. It is, therefore, a joint presentation, regardless of the fact that other more specific dissemination activities were subsequently carried out for specific sectoral groups.

30. Naturally, this broad presentation has not been made in those SRAs prepared independently. In these cases, the conclusions have been socialised with those directly affected, which was also the case in most of the SRAs included in the NRAs. The most commonly used formulas for this dissemination are detailed below:

- a) Presentation and dissemination of the findings among public bodies performing regulatory and/or supervisory functions in the sectors subject to the SRA.
- b) Presentation of the findings to representatives of the sectors whose risks have been assessed.
- c) Preparation of guides for use by sector operators identifying risk operations.
- d) Training to reporting institutions so that they are aware of their risks and how to protect themselves through the implementation of preventive measures tailored to those risks.

31. Through these forms of disclosure and dissemination, countries that have carried out this type of exercise have conveyed their conclusions both to the sectors and to the public agencies in charge of supervision and/or regulation. Generally speaking, the SRAs, according to the information provided, serve to implement an RBA by both public bodies and private operators.

32. Finally, the rating of the experience carried out is considered as positive by the countries, considering that the expected objectives have been met. This does not mean that the exercise could be improved, which is natural due to the novelty and complexity involved—to a certain extent—in this type of actions.

33. One aspect on which information was requested was the way SRA findings had been incorporated into the NRA. This request for information was designed for cases in which the SRA was carried out in a stand-alone manner, rather than integrated into the NRA preparation process. The purpose was to obtain information on how this integration had been carried out.

34. In these cases, the response was fairly homogeneous, considering that, in the event that the NRA was already completed, the SRA conclusions would be considered as an updated appendix to the NRA. The most common assumption in this case was precisely that the preparation was motivated by shortcomings in the identification of risks detected in the NRA, so that the conclusions obtained would complement the risk scenario. In the event that the SRA was prior to the preparation of the NRA, it is expected that they will be integrated to it, since in most cases the national assessment exercise is currently in the preparation phase.

35. In view of the fact that three countries had opted to develop SRAs as part of the NRA process, the information on the process of integrating this diversity of instruments into a single document is particularly important. This is a bottom-up risk construction process, rather than applying a methodology that first identifies global hazards and vulnerabilities and then moves down to analyse the consequences for the different sectors.

36. The answers provided show that the integration has been carried out, in general terms, following the World Bank's methodology, incorporating sectoral risks into a comprehensive and national approach to the risk landscape. To this end, the overall risk is considered as the sum of all risks. Other contributions show that sectoral risks, together with those of a cross-cutting nature, are addressed jointly in an action plan, or that these risks are included in the chapter of the NRA dedicated to risks specific to reporting institutions.

37. With regard to the countries that stated that they have not undertaken SRA preparation processes (a total of four out of the 14 responses received), the reasons given are varied, but all have one thing in common: they show no reluctance to conduct this type of exercise.

38. The reasons given are related to other priorities as far as risk assessment is concerned (mainly the preparation of the NRA) and to the lack of sufficient resources and experts available for this purpose. In any case, all of them identify possible sectors that could be the subject of SRAs and two of the countries even state that they are already conducting these assessments on specific sectors.

39. In view of the above, it can be concluded that the SRA is a risk assessment tool known by GAFILAT member countries and that most of them have used it in an individual or comprehensive way in an NRA process, identifying in a fairly consistent way the critical areas of the process, as well as its strengths. Likewise, in general, the experience is valued positively both for the outcomes achieved and for the side effects generated with the sectors and other public

entities. The countries that have not carried out this exercise have not shown reluctance to carry it out—some of them are in the process of implementing it, while in the remaining countries there are objective reasons that justify not conducting it.

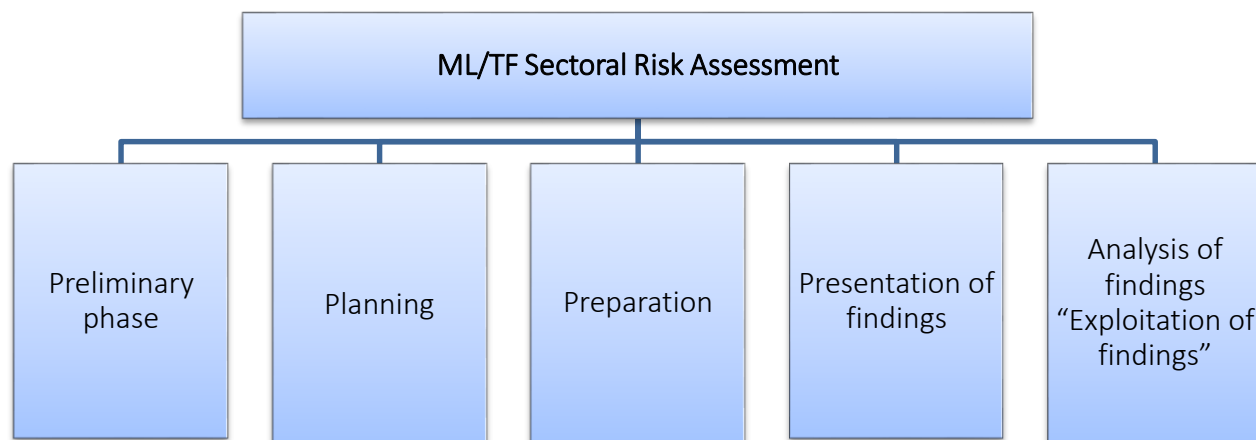
40. This set of contributions made by the member countries participating in this process provides us with valuable information on the experiences developed in this area. In the light of the weaknesses and strengths detected, the guidelines included in this document can be used in such a way that they may be as useful as possible for those to whom they are addressed.

### ***III. Guidelines for the execution of the different SRA preparation phases.***

41. The process of preparing an SRA, as we have seen, consists of different phases, the completion of which would allow an adequate identification and assessment of ML/TF risks in a given sector. These phases include a series of actions that must be carried out by applying certain criteria and principles in order to meet the objectives of each phase.

42. For the identification and definition of the guidelines to be applied in each of the different phases, we have used two main sources of information: the contents of the FATF Guidance and, mainly, the experience with respect to the elaboration or not of SRAs provided by GAFILAT member countries that have contributed to this consultancy work. Likewise, the content of different official GAFILAT documents (Mutual Evaluation Reports, Follow-up Reports, etc.) on the SRAs carried out by specific countries has also been of importance.

43. We will now develop the guidelines proposed for each of the different phases identified. First, we believe it is necessary to refer to another phase that we will call preliminary, in which a series of decisions are taken that are of vital importance for defining the desired objective and, at the same time, laying the foundations for achieving it.



### **i. Preliminary phase.**

44. In this phase, the sector whose risks are to be assessed has been defined, as well as the principles that must govern the entire process and which should be specified and assumed. These are, therefore, decisions that will condition the process and are of crucial importance.

45. Obviously, the first decision to be taken is none other than to initiate an SRA process focused on a given sectoral area. The adoption of this decision may be motivated by different factors, among which the following stand out:

- a) Detection of changes in the operations of a given sector that could be exploited for ML/TF.
- b) Evolution of ML/TF typologies that may affect specific sectors.
- c) Changes in the conditions in which a sector develops its activity that may imply a change in ML/TF risks (emergence of new products, regulatory changes, increase of criminal activities in areas where the implementation and importance of the sector is relevant...).

- d) Time elapsed since the last SRA was carried out for a given sector and it is believed appropriate to proceed with its revision.
- e) Start of an NRA preparation process, in which the decision has been made that the final result of the process will be the addition of a number of SRAs. This modality will be fully referred to in the corresponding section of this Report.

46. All these elements are capable of serving as a catalyst for deciding to initiate an SRA. As can be seen, some are more objective (passage of time, initiation of an NRA process due to the addition of SRAs, etc.) and others, on the contrary, are more subjective. In the latter case, a prior activity should be carried out to detect this need and to inform the person in charge of making the decision to conduct an SRA.

47. In the case of individual SRAs that are not part of an NRA process, due to the usual lack of resources, this type of exercise should be focused on those sectors in which a real need to deepen their risks has been detected. In this way, a prioritisation of activities would be made, focusing efforts on those sectors in which, for some of the reasons mentioned above, it is more urgent to carry out this assessment.

48. It is usually believed that only economic and professional categories that have the status of reporting institutions can be subject to the SRA. The truth is that, although most SRAs focus on reporting institutions, it is possible to conduct SRAs on other professional or economic activities that do not have such status in order to determine their risk profile. Furthermore, such exercises are useful to determine whether ML/TF risks of such a magnitude exist in a given sector that it actually should be considered a reporting institution. In this way, the SRAs become an instrument to obtain detailed knowledge of a particular sector to enable the adoption of decisions that are appropriate and deemed convenient in terms of incorporation into the ML/TF preventive framework.

49. According to the information reflected in the contributions of GAFILAT members, decision-making in this regard falls to a different body in each country. However, it seems desirable that, to ensure that the decision is shared, and the process has the widest possible support, it should be adopted by the institutional ML/TF coordination body in each country. In any case, the proposal to initiate an SRA should be made to the coordinating body by the entity



with the capacity to detect the circumstances that make it advisable (normally the financial intelligence units).

50. The agreement adopted should be as clear and accurate as possible, as this will help to make the subsequent stages of the process easier. In this regard, it is considered desirable that the agreement should address the following aspects:

- a) Definition of the purpose to be pursued with the preparation of the SRA, specifying the sector whose risks are to be assessed.
- b) Body or authority responsible for the execution and coordination of the process.
- c) Other bodies that will participate in the process (regulators, supervisors or others whose competences have a bearing on the sector covered by the SRA).
- d) Intended use of the results of the SRA (if it is an instrument to determine the specific risks of a sector or if it is part of a process to prepare an NRA by addition of SRAs).

51. The adoption of the decision in a coordinated manner by a coordinating body that includes the public agencies responsible for the prevention and fight against ML/TF is a first step towards complying with another principle that is advisable at this stage, which is that the process should have a high degree of political support. The higher the level of institutional responsibility of the representatives of each agency present in the coordinating body, the higher the degree of political commitment is expected to be.

52. This political support will help to promote the execution of the work due to the greater involvement of the different agencies that will participate in the process and, at the same time, will help to overcome possible resistance among the members of the sector under evaluation.

## ii. Planning phase.

53. This is the first stage of the SRA preparation work itself, in which, once the decisions mentioned in the previous section have been made, the foundations are laid for the execution of the process. Therefore, it is of crucial importance because it defines the procedure to be

followed in the preparation of the SRA, considering that it should go beyond the preparation of a simple schedule. In this sense, it is considered appropriate that the planning takes the form of a Working Plan, which will serve as a road map, describing the different actions to be taken to meet the objective pursued and other fundamental aspects of the process, to which we will refer later on.

54. The Working Plan should be drafted by the body responsible for coordinating the work. However, in order for it to be more widely accepted and assimilated by the public bodies that have a role to play in the process, its content should be agreed with them. The aim, therefore, is to reflect the planning and nature of the process in a document that is accepted by all those who, from the public sector, will participate in the process to a greater or lesser extent. This increases the degree of commitment to the project and acceptance of its contents.

55. It is important to note that, although there is an agency responsible for implementing the SRA, it is recommended that other public entities participate in the process, in whatever way is determined. For example, if an SRA is the responsibility of the financial intelligence unit (FIU), it is convenient that the prudential and ML/TF regulators and supervisors (if other than the FIU) of the sector to be assessed participate in the process.

56. The degree of involvement will depend on each specific case, but, in general, it will be related to providing information on the sector directly related to its scope of action (type of operators that make up the sector and their general characteristics, degree of compliance with prudential and ML/TF regulations, weaknesses and strengths of the applicable regulations...). This will broaden the information on the sector and provide comprehensive information on its situation.

57. The following is a list of the possible tentative contents of a Working Plan, although it does not necessarily have to be limited to these items. On the contrary, other issues may be included as deemed necessary to achieve the intended objective. In the section corresponding to the preparation phase, the most relevant aspects of part of this content will be presented in more detail.

#### **Tentative content of a Working Plan**

a) Specification of the sector subject to risk assessment.

- b) Identification of the body responsible for coordinating the work.
- c) List of public bodies that will participate in the process and description of such participation.
- d) Form of articulation of the participation of the reporting institutions subject to assessment during the process (we will refer to this issue in the presentation of the preparation phase).
- e) Identification of the sources of information to be used and how they will be obtained.
- f) Description of the actions planned for conducting the SRA, indicating their content, participants and those responsible for their execution (e.g., information gathering, identification of vulnerabilities in the sector, etc.).
- g) Specification of the methodology to be followed for the identification and assessment of risks (this aspect will be explained in the preparation phase).
- h) Definition of a work schedule.

58. However, a Working Plan should not be considered as something fixed that cannot be modified. Planning is an instrument to achieve an objective, which is none other than the assessment of the risks of a given sector. If in the consultancy process it is found that the Working Plan is not effective for the development of the work, it should be modified to adapt this planning to the achievement of the objective. This modification should be known and accepted by those involved in the process, thus facilitating its application.

59. In short, the Working Plan should serve as a guide for the execution of the process, contemplating the different actions and the most relevant aspects it includes. Its content must be such that, from its reading alone, it provides an insight into the process and the role played by each of the participants in the process.

### iii. Preparation phase.

60. Once the Working Plan has been approved, its execution begins and, with it, its preparation. In this phase, the different actions are carried out, applying the criteria established in the Working Plan.



61. The experience analysed by the different GAFILAT members in the execution of these processes, as well as guidelines and principles contemplated in the FATF Guidance and other guidelines on risk assessment, suggest that the following aspects should be emphasised.

*a. Involvement of representatives of the sectors subject to the SRA.*

62. A key element is the participation of reporting institutions in the preparation of the SRA. Despite the fact that in some of the experiences observed there has been no active participation of the representatives of the sector whose risks are being assessed, it is considered that their involvement in the process is necessary. There are two main reasons for this:

- i. Because of the capacity they have to provide information on the activity they carry out and how it may be abused in order to conduct ML/TF actions and,
- ii. because they will use the findings to guide their preventive framework.

63. To the extent that reporting institutions participate in the process of preparing an assessment of their sectoral risks, the findings will have a greater chance of being taken on board as their own and, as such, more widely accepted. Moreover, the information they can provide on their activity, the everyday problems they encounter, and the way in which they face the challenge of prevention will enrich the product and will be complementary to other types of contributions that may be made by supervisors and/or regulators.

64. However, this participation should not take place without prior directions that inform about the purpose of the process, what is expected from their participation, and how to articulate it. Specifically, in order for this participation to be effective and useful for the process, the following indications should be made:

- a) Clear explanation of the purpose of the process: The objective is to assess the ML/TF risks of the sector, rather than other issues related to regulatory compliance or ML/TF requirements.
- b) Need to provide truthful input on the activity they carry out and its characteristics.

- c) Specific description of the collaboration required from them and the way to implement it (questionnaires, setting up of working groups, etc.), providing the necessary instructions to make such collaboration as useful as possible.
- d) Raising awareness on the benefits of conducting the SRA, which will allow them to better understand their risks and facilitate the design and implementation of their preventive procedures.

65. The analysis of the experiences of GAFILAT member countries suggests that these activities should be carried out prior to the participation of the representatives of the sectors whose ML/TF risks are to be assessed. This increases the chances that the output will be useful.

66. In this regard, it should be pointed out that these preliminary tasks will have to be more intense in the case of sectors that have just joined prevention activities or that do not even have the status of reporting institutions. This is due to the fact that their knowledge of the matter and experience in this type of processes will not be extensive and in some cases even non-existent. This will imply an additional effort to transfer these criteria to them, but it will contribute to a successful participation.

67. Conversely, in those other sectors with greater experience in prevention, because they have been involved in compliance activities for some time, the explanations on the above issues will tend to be less complex. In such cases, there is already a prior relationship with the public body or bodies in charge of coordinating and directing the process, which undoubtedly facilitates this approach.

68. So far, emphasis has been placed on the desirability of involving the reporting institutions subject to the assessment exercise in the preparation of the NRA, but it has not been specified whether such participation will be through unions, specific operators or in a combined form. It is considered that there is no single formula in this respect and that the decision finally adopted will be conditioned by the characteristics of the sector itself.

69. Structured and regulated sectors are more likely to have organisations representing their interests, so in this case their participation in the process will be desirable. On the contrary, the participation of individual operators representative of the sector will be more important in those activities that do not have such institutional articulation.

70. In any case, provided that the nature of the sector covered by the SRA allows it, the most appropriate approach is to combine the participation of unions with individual operators. In this way, it will be possible to obtain both an institutional and corporate vision, together with a vision more directly linked to the specific operations of the sector.

71. Once the convenience of involving reporting institutions whose risks are to be assessed in the process has been established, it is necessary to specify how this participation is to be materialised. There are various ways of doing this, which may take the form of setting up working groups, filling in questionnaires or holding bilateral meetings with the SRA coordinators.

72. Once again, the choice to use one of these methods will depend on the characteristics of the sector under risk assessment. If their operators or representatives are used to maintaining a fluid relationship with public institutions, the most suitable means of participation seems to be through working groups. This alternative is also convenient when, in addition to the representatives of the sectors, other public bodies also participate in the process. Through these working groups it is possible to improve the knowledge of the reality of the sectors from different points of view (sector, supervisor, regulator...). This also helps to intensify relations between sectors and public bodies responsible for preventing and combating ML/TF.

73. On the contrary, in the case of sectors that do not have this tradition of interaction with the Public Administrations, and for whatever reasons, it is not considered necessary to strengthen it in this process, the questionnaire or bilateral meeting alternatives are more appropriate.

74. In any case, whichever method is chosen for participation, it is essential that the representatives of the sectors are clearly provided with the information referred to above, concerning the purpose and expectations of their participation, the manner in which it is going to be materialised, and the need for the information provided to reflect the reality.

*b. The challenge of information: Sources, nature, treatment, and conditions it should meet.*

75. Information is a key element in the process of developing an SRA, since the quality and quantity of the information will largely determine the final outcome. Precisely, one of the most common problems among countries that have carried out SRAs has been to obtain information with characteristics that would allow objective and realistic conclusions to be drawn. This section

will describe the possible sources of information, the proposed treatment of the information and the characteristics that the information should have in order to be useful for the process.

76. There are different sources of information, the most common of which are the following:
- a) Information from public entities: It is almost impossible for the public agency in charge of coordinating and implementing the SRA to have all the information necessary to carry out this activity. Therefore, it is recommended to obtain information from those entities that can provide knowledge and/or experience in the prevention and fight against ML/TF relevant to the sector under evaluation. This list includes the following entities:
    - Competent authorities in law enforcement (control, investigation, pursuit and prosecution agencies), which can provide, with respect to the SRA target sector, relevant ML/TF statistical data (investigations, indictments, convictions...) taking place in such sector and the typologies, trends, and risks detected in the performance of their activity.
    - FIU, in the event that it is not the promoter of the process. This is because its function of receiving suspicious transaction reports and analysing and processing them makes it a key player in identifying threats and vulnerabilities, ML/TF behaviour patterns, and possible new trends affecting the sector whose risks are being assessed.
    - Regulatory and supervisory agencies, due to their extensive knowledge of the sector, in the event that they are actually subject to this regime. This knowledge allows them to provide information on the specific vulnerabilities of the sector and the approach being taken towards certain identified risks, as well as on the preventive policies and controls developed by operators in the sector.
  - b) Information from private sector entities: Reference has already been made to the participation of the sector that is the subject of the SRA, which is intended to provide relevant information on its situation, so this issue will not be discussed further. However, in addition to this information, the private sector can provide other information from the following sources specifically related to the SRA sector:
    - Study centres and foundations dedicated to ML/TF risk analysis.
    - National or international ML/TF experts.
    - Representatives of the academic world

- Investigative journalism, as long as it has sufficient credibility and the information provided is reliable.
- c) Information from international organisations and fora: This information has the common denominator of coming from public entities engaged in ML/TF research, studies, and typology reports, or to disseminate knowledge of international standards and ensure their application. These include work and studies by GAFILAT, FATF, Egmont Group, United Nations, OECD, and other entities.

77. The information may be quantitative or qualitative. Quantitative information is important for the preparation of an SRA, since it provides relevant data on different aspects that contribute to identify a sector's risks. This information includes the number of operators, supervisions they have been subject to, number of suspicious transactions reported or investigative and judicial procedures involving members of this sector investigated for ML/TF offences.

78. However, depending both on the degree of institutionalisation of the sector (if, for example, it is subject to licensing and prudential regulation) and on whether the statistics on the activity carried out by the country's own institutions are reliable, this information may not be as useful as desirable. In this regard, the problems often encountered when using quantitative information is that it is not sufficiently consistent and does not cover all aspects relevant to the process.

79. The lack of quantitative data covering all aspects can be compensated with qualitative information that is able to provide different views on the sector subject to SRA. This information, which results from the experience and knowledge on ML/TF and on the sector under analysis, may be provided by different sources, that would include, among others, FIUs' strategic analysis units that analyse ML/TF trends, police investigation agencies, or experts and scholars on the matter. In any case, it should be remembered that both types of information (quantitative and qualitative) complement each other and are thus an essential part of a whole.

80. Prior to obtaining the information, an internal exercise should be carried out to be aware of the needs in this area. By knowing the objectives pursued with the SRA and the characteristics of the sector to be assessed, progress can be made in specifying the information required. Therefore, for the sake of a rational and orderly use of the information, the following actions should be carried out:



- a) Specification of the type of information required (supervision statistics, suspicious transaction reports, ML/TF crimes involving operators in the sector, possible trends in typologies...).
- b) Identification of the sources that generate or possess the information required.
- c) Commitment that the information obtained will be used for the sole purpose of carrying out the SRA in order to overcome possible resistance in making it available.

81. Adequate treatment of the information obtained will ensure that, if it has an adequate degree of objectivity, the outcome of its analysis will be free of subjective appraisals. In addition, the availability and quality of information will vary depending on whether or not there is comprehensive data on illicit behaviours that may affect the SRA's target sector (investigations, incidence of each crime, typologies, etc.) or on the characteristics of the sector's operations (national and international financial flows, patterns of the most common operations, etc.).

82. In the event that this information lacks a high degree of reliability and consistency, other sources mentioned above should be consulted, such as studies and statistics on ML/TF and other relevant crimes by international organisations or the opinions of experts in the field to complement the information.

83. In any case, attention should be drawn to the importance of having sufficient and reliable information to carry out an SRA, regardless of whether it is qualitative or quantitative. Therefore, in addition to identifying possible internal sources that can provide such information, it also refers to other types of instruments capable of providing inputs that allow the SRA conclusions to be as complete and consistent as possible.

84. As noted above, the information may originate from public or private entities. Depending on whether it comes from one or the other, the criteria to be used to assess whether the information meets the requirements for being considered adequate are different.

85. With regard to information from public entities, it should be borne in mind that it is usually presumed to be true due to its origin, which is not always fully in line with reality. This does not imply that the data they contain are untrue, but rather that they do not reflect the full reality of the area on which they have an impact, thus omitting certain aspects that could be

relevant to the SRA. In order to try to ensure that the degree of reliability of these sources is as high as possible, it is considered that the following characteristics should be met:

- a) **Reliability:** The information should contemplate the set of data on the sector on which it has an impact, verifying beforehand that it conforms to reality (for example, that the counting system used in the statistics avoids duplicities or other distortions). With regard to qualitative information on certain extremes (e.g., trends in criminal typologies), the greatest possible number of evaluative elements and indications should be considered to ensure that the conclusions provided are in line with the real scenario.
- b) **Consistency:** It is necessary that the information coming from different public sources on the same subject be consistent with each other, so as to avoid serious discrepancies between them. Even if the same issue or subject matter is analysed from different points of view, this should not imply that the information must be different, although a minimum threshold of divergence of a technical nature should be allowed. For example, in the case of quantitative information on certain types of offences affecting a specific sector, the data provided by a police agency on the investigations carried out and sent to the Public Prosecutor's Office must coincide with the data that the latter reports on the files received from that police agency. Otherwise, except in case of technical discrepancies relating to the form of classification and compilation of the information, information would be inconsistent and would not allow to reach conclusions with a minimum degree of reliability.
- c) **Homogeneous treatment:** This criterion fundamentally affects quantitative information, since it consists of the data held by public bodies being processed under the same criteria applied homogeneously. This task, which involves identifying the type of data to be processed and when it should be processed, will ensure that there are no possible dysfunctions in the information on the same issue. Its correct application ensures that everyone follows the same guidelines when processing data, when there are public agencies with overlapping competencies (e.g., police agencies investigating the same crimes). Likewise, the criteria decided should be applied within each institution so that the different units in which a public agency is structured process information under the same criteria. The definition of these homogeneous criteria and processes for information processing requires the participation of a coordinating entity with the capacity and competence to issue

instructions to the different agencies that collect data and to enforce compliance with them. In this way, in addition to guaranteeing a homogeneous treatment of quantitative information, progress will be made in the process of integrating information.

- d) **Comprehensiveness:** Qualitative and quantitative information from public agencies should cover the entire scope of their competencies. Lack of information on certain aspects could falsely suggest that they are not relevant to the process, which could imply that the conclusions do not adjust to the real ML/TF scenario faced by a country. This requires an internal process in each agency to ensure that the information provided includes all the relevant aspects its actions affect, even if they are the responsibility of different units. In this way, the comprehensiveness of the information is guaranteed, providing information with a higher degree of reliability.
- e) **Integration:** The ideal situation is for there to be a comprehensive statistical system that, contemplating the principles and criteria listed above, brings together in a harmonious and homogeneous way the quantitative information coming from the different public bodies. To this end, it is necessary that a public body or entity, with sufficient competencies and capacities, issue instructions to bring together such information, prior verification to guarantee the veracity of the data contained therein. In addition to the aforementioned common processing criteria, guidelines should be established regarding, among other aspects, the computation period, updating deadlines, and the resolution of discrepancies and inconsistencies that may be detected in the information from different public bodies. However, where this system does not exist or cannot be articulated, measures should be taken to avoid possible failures in the information leading to misleading conclusions.

86. As for the other sources, whose common characteristic is that they do not come from the country's public agencies, the information they provide may be specifically focused on aspects of the specific sector for which the SRA is being prepared, or on those that affect that sector at the regional level. This is important, since ML/TF are transnational phenomena whose effects go beyond the borders of a single country.

87. The conditions these sources should meet to be used are different from those indicated with respect to public sources, since in this case there is virtually no capacity to regulate the procedure for obtaining and processing information in order for it to achieve its objectives.

Therefore, this document focuses rather on identifying the conditions that these sources should generally meet and the information they provide in order to be useful.

- a) Experience and knowledge of the subject matter: If the information comes from international organisations or private entities with proven experience on the matter, its content is assumed to have a high degree of reliability. This is due to the fact that they are sources with solid reputation and proven solvency. In this sense, for example, particularly relevant are the studies prepared by international organisations or fora exclusively dedicated to the study of ML/TF or criminal activities traditionally associated with them, which can provide quantitative data or qualitative information of great interest.
- b) Degree of national or international acceptance: Closely linked to the previous parameter is the degree of prestige and acceptance that the source has at the national or international level. If they are fora or entities whose studies, statistics, or reports are commonly accepted and have proven their reliability, there will be more certainty about the information they can provide. Similarly, the prestige of individual experts or private entities (observatories, university study centres, etc.) is also an element to be taken into account when deciding on their use and their level of reliability. Note that the information is presumed to be more truthful insofar as the source has a higher degree of acknowledgment and acceptance.
- c) Method for obtaining and processing the information: This criterion is applied, essentially, to information of a quantitative nature consisting of statistics, although it also affects qualitative information because it is sometimes based on such estimates. Generally speaking, information obtained through sampling methods will be more or less reliable depending on the size of the sample, although not necessarily so. Reliability will also depend on the method used to process the data obtained and formulate conclusions. It is possible that, with a large sample, the final result may not be adequate because it may have not been properly processed.
- d) Degree of representativeness of the sector they have an impact in: This parameter is specifically dedicated to unions and organisations representing sectoral interests, as well as to the reporting institutions themselves.

- Unions: The greater their presence and sectoral deployment, the more likely it is that the information they provide will have a greater degree of reliability. However, with respect to qualitative information, when assessing its suitability, the possibility that it is intended to convey a different view of reality to encourage some kind of public action to benefit their corporate interests must be taken into account. Therefore, it becomes necessary to perform a prior analysis of this information and compare it with other information held by the authorities, to verify whether it is in line with that previously collected on this matter.
- Reporting institutions: An assessment should be made as to whether the reporting institutions that provide us with information are a representative sample of the sectoral reality (in terms of nature and characteristics, not in terms of number), in order to be able to determine the treatment given to such information. For example, the information provided by a commercial bank with a nationwide presence on the behaviour patterns of customers potentially linked to ML/TF should not be treated in the same way as that provided by another entity whose presence is limited to urban centres with a population of over 250,000 inhabitants. This does not mean that one is more reliable than the other, but rather that, when processing and using it, it will be necessary to be aware of its origin and the scope it covers, thus avoiding generalising the conclusions that may be obtained from a reporting institution with a very specific field of action to a sector.

*c. Method of identification of risks: Methodology to be followed and phases of the process.*

88. One of the most relevant aspects of the SRA preparation process is the methodology to be followed. The information provided by the different countries suggests that the World Bank's methodology has been followed, or another methodology developed in-house that follows the criteria established in the FATF Guidance.

89. In this regard, it should be pointed out that the FATF Guidance requires risk assessments to comply with the principles and guidelines for action it sets out, which refer to different aspects, some of which have already been specified in this Report (agreement on the scope of the process, participants, sources of information, etc.). The aim is to ensure the consistency and congruence of the document to be prepared.

90. Regardless of the methodology that is ultimately followed, there are a series of concepts that must be considered in the process of preparing an SRA, as indicated below. These are the same concepts that apply to an NRA, but adapted to a sectoral risk assessment exercise:

- a) Threat: Person, group of persons, purpose or activity with sufficient potential to cause harm to the operators in the sector whose risks are being assessed.
- b) Vulnerability: Situations or events that can be exploited or used to enable threats to achieve their purposes, acting as catalysts of these. Vulnerabilities are represented by weaknesses in anti ML/TF systems or controls or in certain specific characteristics of a country or the sector under evaluation. Not all vulnerabilities are deficiencies, but it should be kept in mind that a high number of ML/TF prevention and control system deficiencies are susceptible to be qualified as vulnerabilities.
- c) Consequence: Impact or damage that ML/TF can cause on a given sector.

91. In any case, as the FATF Guidance indicates, risks constitute an interrelation between threats, vulnerabilities, and their consequences. The way in which this interaction is described, and risks are formulated is part of the methodology used in each case, so it will be done differently depending on the model used. It should be noted that the risks to be formulated must be a logical outcome of the assessment process followed, so that they have a solid rationale and argumentation. As mentioned above, consistency is one of the characteristics that must be present in an SRA.

92. Whatever the methodology followed, in the SRA preparation process there are three activities that need to be carried out and these are identification, analysis and the actual assessment of risks, a brief explanation of which is given below:

- a) Identification: Preparation of an initial list of potential risks or risk factors, derived from previously detected threats and vulnerabilities.
- b) Analysis: Study and understanding of the nature, sources, likelihood of occurrence, and consequences of the identified risks.

- c) **Assessment:** Taking into account the risks identified and analysed and based on the findings, it involves defining priorities and prevention, mitigation or acceptance strategies for low risk levels.

93. The proper execution of these activities will ensure that the risk assessment reliably reflects the ML/TF risk scenario faced by a specific sector of activity.

#### **iv. Presentation of the findings phase.**

94. The findings of the SRA, by their very nature and purpose, must be presented and disclosed to different stakeholders. However, it is not recommended that the total content of an SRA be disclosed publicly and broadly. The level of information, as indicated below, will depend on the recipient and the use this information will be given.

95. In general, and regardless of who the recipient is, the information provided must be clear and unambiguous, so that it can be understood by the recipient. To this end, the message must be adapted to the level of technical knowledge of the person receiving it. For example, the level of knowledge of the representatives of the supervisory body is not the same as that of the reporting institutions, especially when dealing with sectors that lack a long tradition in ML/TF preventive systems compliance. This difference should be reflected in the way information is communicated and conveyed, and the message should be conveyed in such a way as to facilitate its reception and understanding.

96. Accordingly, three types of information can be distinguished according to the target audience and the goals to be achieved with such dissemination. The nature and characteristics of each of them are described below.

- a. *Dissemination among public institutions directly affected by the SRA or that have participated in its preparation.*

97. The target audience for this presentation would be public bodies that have actively participated in the process of developing an SRA or that, even if they have not been involved in the process, will find its findings of interest in the performance of their functions.

98. As indicated in the discussion of the development phase, the participation of public agencies and institutions in the SRA is desirable, not just those that will lead and manage the process. The nature and scope of this participation will be defined in the corresponding Working Plan, and it is considered appropriate to distinguish different types of participation depending on the degree of interest they may have in the process.

99. They may be incorporated into the process as mere suppliers of quantitative information (e.g., number of ML/TF convictions involving the sectors under assessment or investigations carried out in this regard) or as contributors of more qualitative views on the reality of the sector (e.g., types and characteristics of operators). Also, the findings of the process may interest each of them in different ways, since their conclusions may be directly applicable (supervisory bodies), or may provide guidance for the adoption of possible future decisions (regulatory bodies), or may be useful for understanding the possible ML/TF typologies that can be used in a given sector (investigative bodies).

100. These differences in participation and the degree of involvement in the process may require different systems of communication and reporting. Also, how the results obtained will be used will affect the communication of the results to certain participants, although this issue will be addressed in the following section.

101. In accordance with the above, the following types of communication can be distinguished and recommended:

- a) Submission to the inter-agency coordination body on the prevention and fight against ML/TF: Practically all countries have this type of body which includes public bodies that play relevant roles in preventing and combating ML/TF. The findings of the SRA should be submitted to this body, which in some cases will probably be in charge of approving the final SRA results.
- b) Communication to the supervisory and regulatory bodies of the sectors covered by the SRA: The information provided to them should be focused on one of the purposes of this type of exercise, which is none other than to facilitate the RBA in the ML/TF prevention actions developed by the authorities. Through this approach it will be possible to focus efforts and human and material resources on those areas where a higher level of risk has been detected. This will make it possible to reduce the



possibilities of operators being used for ML/TF activities. In the case of regulators, the information provided to them should be oriented to show the possible regulatory gaps that have been detected and that may represent a vulnerability for the sector. In the case of supervisors, the information would focus on those actions or organisational characteristics of the operators that could result in a higher risk of being used for ML/TF. This information, as will be indicated later, will serve to guide their activity.

- c) Communication to public agencies and entities that have participated in the process as information providers: The information that should be provided would be general information on the final outcomes of the process and how it has been conducted. In this way, the aim is to show those who have collaborated in the SRA what the final outcome was, demonstrating that their participation has been valuable in completing the work. In this way, not only is the inter-agency relationship that may have been generated maintained, but also the participants become involved in this type of process, favouring their participation in further work.

102. With this series of presentations, dissemination activities among the different public agencies and entities that are, to a greater or lesser degree, linked to the SRA would have been completed. As mentioned above, the information provided should be oriented towards the real needs of the recipients of such information, adjusting its content to such needs.

*b. Dissemination of the findings to the sectors.*

103. Bearing in mind that the main purpose of the SRA is to know the ML/TF risks affecting a given sector, the members of that sector should be aware of the conclusions reached. This provides relevant information to guide ML/TF prevention procedures.

104. Ideally, this information should be transmitted to corporate and trade union organisations so that they can pass it on to their members. However, in the case of sectors that do not have a consolidated associative structure, it is difficult to pass this information on to all operators in the sector. For this reason, it is necessary to use the most appropriate means according to the characteristics of the sector and its idiosyncrasies.

105. In this sense, there are different possibilities, which are described below, but are not mutually exclusive. Several of them can be developed on the same sectoral group, which would reinforce the message and the possibilities of success of the communication:

- a) Presentation to trade unions: Through this system, the findings of the SRA are conveyed to the sector's representative entities, so that they can in turn be communicated to their members. The more structured the sector is, the more agile this communication will be.
- b) Direct explanation to specific operators: This alternative is impossible to materialise for the entire range of operators, unless the sector is extremely small. It is also possible to choose to make these presentations to operators who are the leaders of the sector, with the aim that they will pass it on to the rest, or to direct them to those who, depending on their geographical location or the activities they carry out, are at greater risk.
- c) Organisation of training sessions: Other ways of transferring to operators the information related to their risks is the delivery of face-to-face and/or electronic training activities. This allows direct interaction with the operators and the ability to meet the demands for information that may arise. However, it should be borne in mind that this type of action is not as effective in mature ML/TF prevention sectors, which have their own compliance officers, as in others that lack this type of knowledge and structures.

106. In any case, the message to be conveyed must be in line with the characteristics of the sector so that it can be understood by it and the information should be as precise as possible, so that they can perfectly identify the risks that affect them. However, in the findings' analysis phase, this issue will be discussed again.

*c. External presentation.*

107. Although the content of an SRA and its conclusions are aimed at those who, from the public and sectoral aspects, must implement it, it should not be forgotten that it can be communicated to the public.

108. The purpose would be to communicate that, within the framework of the actions carried out by the authorities for the prevention and fight against ML/TF, an SRA has been carried out for a certain sector. In this type of communication, it is not appropriate to expose the conclusions reached, and the message should focus on the fact that efforts are being made to prevent ML/TF and that the SRA should be included in these activities.

109. The message that should reach the general public is that the State is developing public policies to prevent and fight ML/TF, also serving as a reminder to the population of the dangers involved in collaborating in these criminal activities. In this way, in addition to the dissemination of the action itself, progress can be made in raising awareness in society.

110. The most suitable form of transmission is through mass media and social media, which ensures that this information, which, as indicated, should not get into the conclusions of the SRA, reaches a larger number of recipients. It is, therefore, a disclosure of the fact that an action has been taken that contributes to prevent ML/TF, recalling both the role that the authorities play in this field and the harmful consequences that result from such crimes.

**v. Analysis of the findings phase: Making use of findings.**

111. This stage, which has come to be called "*analysis of findings*," should more appropriately be called "*making use of findings*." This is because the analysis itself is carried out at the development stage, while the objective at this stage is to apply risk knowledge to the public policies to be developed to prevent and combat ML/TF and to the procedures implemented by sectoral operators for this purpose.

112. As has been repeatedly mentioned, the SRA is not an end in itself. On the contrary, it is a tool to help improve the knowledge of risks of a certain sector and to gather information to guide the public and private preventive activity to be as effective as possible.

113. In this sense, the practical implementation of the final outcome varies based on the purpose pursued. The most relevant of them are described below, with suggestions on how to carry them out.

*a. Application of findings by regulatory, supervisory, analysis, and research agencies.*

114. As noted above, the findings of an SRA will be a key input for regulators and supervisors to apply the RBA. This information will be essential to guide the actions of these agencies, so that they are aimed at mitigating the risks detected.

115. In the case of regulatory agencies, the information provided on risks will serve to detect possible vulnerabilities in the sector associated with the regulatory framework. This knowledge will allow the corresponding agency to focus its regulatory activity in this sector on overcoming these shortcomings that can be misused to commit ML/TF. In addition to a general overview of the SRA, the information provided to such bodies should include a specific explanation of the gaps that have been identified.

116. As far as supervisory agencies are concerned, the findings of the SRA are an important input for articulating their activities towards those areas or operators most at risk of being used for ML/TF. With the information received on risks, the supervisor can articulate a specific plan for that sector, including priorities and resources allocated to each area, as well as a schedule of activities. This implies the practical application of the RBA and, as such, streamlining the means and resources available for these activities.

117. Another use of the findings in the SRA is to raise awareness of them among analysis and investigation entities, which may include the FIU and law enforcement agencies. The information gathered in these assessments is of interest to the FIU for the proper weighting of suspicious transaction reports submitted, if they are reporting institutions, by operators in this sector. If a sector is found to have a high number of risks and its level of communication is low, we would be faced with an apparently anomalous situation that would require further inquiry.

118. Likewise, as regards the characteristics of the transactions reported, these should be in line with the risks detected. Therefore, if there is no correspondence between the risks detected and the type of transactions reported, it is possible that this category of reporting institutions is not reporting adequately. This information would allow the FIU to take the appropriate corrective actions to improve the reporting of suspicious transactions quantitatively and qualitatively.

119. As far as the investigative bodies are concerned, the conclusions of an SRA will help them know to what extent ML/TF affects the sectors assessed and what are the characteristics of

each of these operators that make them more vulnerable to these crimes. Therefore, the information to be provided to them should be aimed precisely at knowing the risks that affect them and, therefore, the ML/TF typologies they may be used for. This information will help investigators to focus their actions and resources precisely on those behaviours most likely to be related to ML/TF or operators whose characteristics make them more likely to be used for this type of crime.

*b. Design and implementation of mitigation measures.*

120. Knowledge of the risks is essential to be able to articulate measures that can be used for their mitigation. The aim is to reduce the possibility that operators in the SRA sector may be used for ML/TF activities.

121. These mitigating measures may affect different areas and be of different types. In some cases, they will be developed by the competent authorities (e.g., regulatory amendments to mitigate a detected gap) and in others by the operators in the sector themselves, as could be the case of the development of organisational structures that make ML/TF more difficult. Below is a classification of possible mitigating measures based on their characteristics, indicating who would be responsible for their implementation:

- a) Regulatory adequacy to mitigate the risks detected (regulatory agency).
- b) Development of RBA-based supervision systems aimed at detecting and preventing possible ML/TF opportunities (supervisory body).
- c) Design and implementation of training sessions for investigative agencies on possible ML/TF typologies affecting the sector and ways to investigate and prosecute them (investigative agencies).
- d) Design and implementation of training directed to the sectors to teach them how to prevent and detect possible ML/TF situations (ML/TF supervisory body).
- e) Development of catalogues of risk operations listing those that may be susceptible of being linked to ML/TF (supervisory body and sector).

- f) Articulation of measures for the improvement of suspicious transaction reporting made by the sector's operators (if they are reporting institutions) taking into account the risks that affect them (FIU).

122. The mitigating measures whose execution corresponds to public entities should be included in an action plan prepared for this purpose, the contents of which should be agreed among the entities that will participate in the design and execution of such measures. This planning should be approved by the ML/TF inter-agency coordination body, which would ensure a higher degree of acceptance of its contents, thus increasing the probability of success in its execution. Finally, the planning should include the specific content of the measure, the competent body or bodies responsible for its development and the timeframe foreseen for its implementation.

*c. Use of the conclusions by the SRA target sectors.*

123. The need for the sectors whose risks have been evaluated to receive information on the findings has been stated in the findings dissemination phase, and this communication can be made through their union representatives or through them.

124. The provision of this information is a necessary step in order to comply with one of the functions and purposes that Recommendation 1 attributes to the risk assessments, which is none other than to serve as a basis for the risk assessment that each operator will subsequently carry out prior to the design and implementation of its preventive system.

125. Although the performance of these individual risk assessments refers to operators that are reporting institutions, their execution can also be considered for those operators that are not. This is because if relevant risks have been detected that require the implementation of preventive measures by the operator, the logical consequence is that they should be classified as reporting institutions in the most expeditious manner possible. This protects the sector against ML/TF, strengthens the preventive system and the fight against both crimes, and empowers the authorities to demand compliance with the measures resulting from the operator's condition as reporting institution.

126. The practical application of the SRA findings by the sectors is a continuation of the disclosure and dissemination activity referred to above. In addition to the different modalities of risk exposure and training, the presentation of possible mitigating measures included among

these those aimed at preparing catalogues of risk operations for each sector that would make it possible to identify the elements that could suggest a suspicion of being linked to ML/TF activities. The execution of these measures, mainly the one related to risk operations, is a relevant input for each operator's subsequent individualised risk assessment.

127. Each operator in the sector must be able to translate generic risks that have been detected and assessed in the SRA to its specific field. To this end, it must take into account certain parameters and specific circumstances that may affect the risks' incidence. These include the size of the operator, the type of customers who demand its services, the geographical location of its facilities, its organisational structure or the type of operations it carries out (within those specific to the sector).

128. Understanding these parameters will facilitate the performance of its own risk assessment and, thus, the design of the preventive procedures that need to be implemented. The process will consist of analysing how the characteristics of each operator affect the risks detected, in such a way as to reduce or accentuate them. In addition, information on the operations that, if applicable, have been included in the catalogue of risk operations should be added.

129. For example, if one of the risks detected is the use of this sector for money laundering by corporate structures incorporated abroad and the customers of a particular operator are mostly national natural persons, the current incidence of this risk in this case is quite low. This does not mean that it should not be kept in mind in case circumstances change in the future, but in the assessment of particular risks it should appear as having a low incidence. The completion of this process for the set of sectoral risks detected will design the risk map for each specific operator, which, like the SRA itself, should include a series of conditions for its update (lapse of time, changes in ML/TF typologies, etc.).

130. Once the risks have been detected by an operator, the next step is the design and implementation of preventive measures to avoid being used for ML/TF activities. These measures should be in line with the level of the operator's own risks and should be reflected in a handbook of procedures that contemplates their purpose, definition, content, and form of application for each case. Likewise, a review system would have to be contemplated that would make it possible to evaluate its suitability to the risks existing at any given time. This would provide a preventive system focused on the risks faced by an operator and adapted to its own characteristics.

131. Even though the implementation of these activities is the responsibility of each individual operator, the role played in this type of process by sectoral and trade union organisations must be taken into account. This aspect will be more relevant if there is a high degree of organisation in the sector and, on the contrary, it will be of little importance if such organisation is very low.

132. In this sense, the preparation of potential handbooks for implementation aimed at individualised risk assessment may be useful, as well as the training or advisory services that can be organised. It should be borne in mind that these are processes that for a large number of operators are very new and, a priori, complex. Therefore, any type of support that can be provided—even by the authorities themselves—to carry out a particular risk assessment will be welcome and will contribute to the soundness of the preventive system.

*d. Incorporation of SRA findings in the NRA.*

133. One of the aspects we have referred to in various parts of this document is the way of including the SRA in an NRA, whose scope is broader. To this end, it will be necessary to distinguish those cases in which the SRA is prepared independently of a general risk assessment process from those in which the NRA is precisely the sum of sectoral assessments.

134. In the first case, the conclusions of the SRA can easily be incorporated into the NRA, enriching its final result. It may be the case that the NRA has already been prepared, in which case the SRA could be considered as an appendix that would serve to update the specific risks of a given sector. The other possibility is that the NRA has not yet been drafted or is in the drafting stage. In this situation, the findings of the SRA are incorporated into the NRA as an integral part of it, although if some time has elapsed since the SRA was drafted, it should be reviewed to see if the findings are still valid.

135. One issue to be taken into account when proceeding with this incorporation is the consistency of the content of both risk assessment instruments. Even when the SRA focuses on a specific sector, its conclusions should follow the same line of risk identification and assessment contained in the NRA and vice versa. Naturally, they cannot be identical due to the different specific scope and degree of depth of the analysis, but it is certain that the risks identified by the SRA must be included for the most part, albeit in a more generic way, in the NRA.



136. In the event that the content of the two assessments is found to be inconsistent, they should be reviewed, trying to identify the reasons behind such inconsistencies. This is probably due to a lack of information or a deficient use of it, to the fact that the procedure used has not been appropriate, or to other issues.

137. However, it should be borne in mind that congruence does not mean similarity or identity, by which we mean that the findings of the SRA and the NRA for a given sector are consistent. An SRA would be consistent with the NRA if it identifies risks that have not been covered by the latter, since its special focus on a sector makes it go into detail. However, if the SRA were to conclude that a certain risk that the NRA identifies as relevant to the sector under assessment is not considered as such, it would not be consistent and would therefore be incongruent. We would therefore be faced with a dysfunctionality that suggests a review of both assessments.

138. The second case of incorporation of the SRA in the NRA is precisely when the process of preparing the latter is based on the different sectoral assessments made for each category of reporting institutions. As has been seen in the study of GAFILAT member countries' experiences with SRAs, in certain cases the NRAs are the result of the sum of the different sectoral assessments.

139. The incorporation of the findings of the different SRAs into a common whole to shape the NRA can be a critical process, as it implies bringing together different findings. The final result should be harmonious and logical, reflecting a country's risk scenario. According to GAFILAT members' contributions, the way of integrating the different SRAs was contemplated in the methodology that most of them had followed to prepare the NRA. Thus, the different risks of a reporting institution, analysed independently, are reflected in the risk assessment tool at the national level.

140. Regardless of the fact that these SRAs are part of the NRA, their conclusions must, as when they are prepared individually, be known, and applied by the sectors. Therefore, in order to be able to carry out the actions of dissemination and making use of the findings referred to above, which are essential to their own objectives, SRAs should continue to maintain their nature as an autonomous risk assessment instrument. This will facilitate the fulfilment of their strictly sectoral purpose, while acting and having the same benefits as those of other SRAs prepared on an individual basis.

141. However, even though this is not the purpose of this paper, attention is drawn to the difficulty that the identification of cross-cutting risks affecting the whole or most of the country may entail in these processes. There is a risk that if the SRAs focus strictly on each sector, a global vision of domestic risks may be lost. Also, the system used to add up the risks should establish weighting and extrapolation systems that allow for the identification and assessment of general risks. In any case, the methodology used must contemplate this circumstance, ensuring a domestic vision of the risks and the identification of those of a cross-cutting nature.

## F. CONCLUSIONS

142. The ML/TF risk assessment is a key instrument to know the scenario that the country or its sectors have to face in this area, as well as for the formulation of policies and optimisation of resources aimed at its mitigation.

143. This type of process comprises the SRA, aimed at assessing the risks affecting certain reporting institutions or economic or professional sectors. The SRA is particularly useful for obtaining more information on the situation of specific sectors, and can also be used to complement, update or configure an NRA. In any case, in the decision-making process, prior to the initiation of the SRA, its purpose and objective must be clearly established in order to avoid possible misunderstandings.

144. To increase the likelihood of obtaining a final result that makes it possible to identify and assess the risks affecting a given sector, the SRA should follow a series of pre-established principles and criteria for the different phases of the work (preliminary, planning, execution, presentation of the findings and dissemination). This organisation of the work facilitates its execution, although the process must be flexible enough to be modified in order to achieve its objective.

145. The participation of representatives of the sectors under evaluation is important in several ways. On the one hand, because of the information they can provide for the development of the process and, on the other hand, so that they become aware first-hand of the impact of these crimes, especially in the case of those sectors with less tradition in ML/TF prevention that are not aware of the need to comply with this framework. This participation is also transferred to the field in practice, since they will be the ones to apply the conclusions of the SRA to prepare their individual risk assessments, which requires them to have a comprehensive knowledge of these conclusions.

146. Finally, it should be borne in mind that the preparation of an SRA is perfectly compatible with the performance of risk assessment exercises of a larger scope (NRA), and that they are not mutually exclusive; the SRAs may even constitute an NRA. However, even if they share the same characteristics, it should be noted that they have different scopes and pursue different objectives.

## ANNEX I - QUESTIONNAIRE FOR COUNTRIES THAT HAVE DEVELOPED SRAs.

COUNTRY:

SECTOR/S ANALYSED IN THE SRA:

### 1. DECISION TO CONDUCT THE SRA AND IDENTIFICATION OF SECTORS.

1.1 What was the reason for developing the SRA?

A/:

1.2 How was the decision to develop the SRA made? What agencies or entities were involved in making the decision?

A/:

1.3 Who participated in the choice of the sector under analysis?

A/:

1.4 What criteria were followed to select the sector?

A/:

### 2. SRA PLANNING.

2.1 Which agency was responsible for the preparation of the SRA?

A/:

2.2 Was a prior Working Plan prepared?

A/:

2.3 Were other competent authorities involved in this phase? Which ones?

A/:

2.4 Did representatives of the sectors to be assessed participate in this phase?

A/:

### 3. SRA EXECUTION.

3.1 Was there any external collaboration or was it carried out with the means of the competent authorities themselves?

A/:

3.2 Describe the phases of the procedure followed for the execution of the SRA.

A/:

3.3 Were representatives of the sector under analysis involved? How would you assess, if at all, the degree of collaboration of the sector?

A/:

3.4 Identify the most critical phases that, in your opinion, were detected in the implementation process (e.g., obtaining information) and how were they solved.

A/:

3.5 Identify the strengths of the implementation process and the reasons to be considered as such.

A/:

### 4. CONCLUSIONS REACHED IN THE SRA.

4.1. Do you consider that the conclusions reached correspond to the initial idea you had about the risks of the sector? If so, how do they differ from those initially foreseen?

A/:

4.2. What degree of dissemination has been given to the results obtained? Has such information been provided to the sector under analysis and to the public agencies that perform functions with respect to such sectors in terms of preventing and combating ML/TF?

A/:

4.3. Do you consider that the conclusions reached have been useful for the reporting institutions to guide their particular risk assessments?

A/:

4.4. Do you think that the results achieved have been used by the competent authorities in the prevention and fight against ML/TF to guide their activity? Justify your answer.

A/:

4.5. Does the SRA contemplate any system or mechanism for the periodic review of its findings?

A/:

4.6. How were the conclusions reached in the SRA incorporated into the NRA?

A/:

## 5. GENERAL ASSESSMENT OF THE PROCESS.

5.1. Do you consider that the process carried out has met the expectations created and the objectives foreseen?

A/:

5.2. Which decisions taken in the SRA elaboration process would you consider as successful and why? Conversely, which of those decisions would you change because you do not consider them adequate and why?

A/:

5.3. Are there any other issues that you would consider appropriate to convey?

A/:

Thank you for your cooperation.

## ANNEX II - QUESTIONNAIRE FOR COUNTRIES THAT HAVE NOT DEVELOPED SRAs.

COUNTRY:

1. Has your country conducted an NRA? On what date?

A/:

2. What have been the reasons for not having elaborated any SRA?

A/:

3. Have you ever made a decision to carry out an SRA that did not materialise? If so, what were the reasons for the work not being completed?

A/:

4. If you were to decide to undertake an SRA, what sectors would you identify as priorities for that activity and why?

A/:

Thank you for your cooperation.