

NATIONAL RISK ASSESSMENT (NRA)



For St. Kitts and Nevis



A team from the Financial Market Integrity Unit of the World Bank Group visited St. Kitts and Nevis to facilitate a Training Workshop designed to assist the national authorities in undertaking a National Risk Assessment (NRA) on Money Laundering and Terrorist Financing.

The Workshop was held at the St. Kitts Marriott Resort from April 24th—26th 2018.



What is a National Risk Assessment?



The National Risk Assessment (NRA) is a comprehensive evaluation undertaken to develop risk-based anti-money laundering and countering the financing of terrorism (AML/CFT) systems and actions and facilitate the allocation of available resources to control, mitigate, and eliminate the identified risks.

Who is Involved?

The NRA Process is organized, led and undertaken by representatives of all relevant AML/CFT stakeholders including representatives of Government Agencies and the Private Sector. It requires collaboration between different government agencies and private sector parties as they are all jointly responsible for the Federation's AML/CFT mitigation efforts.



Why is it Necessary?



The Financial Action Task Force (FATF) was established in 1989 with a mandate to design and promote the effective implementation of legal, regulatory and operational measures to combat money laundering and terrorist financing (ML/TF) along with any other related threats to the Financial Sector.

The FATF developed forty (40) Recommendations which are universally recognized as the International Standards for AML/CFT. Recommendation 1 requires countries to identify, assess and understand its ML/TF Risks and take the necessary actions to mitigate these risks. **St. Kitts and Nevis has chosen to address this recommendation by undergoing a NATIONAL RISK ASSESSMENT.**

The Caribbean Financial Action Task Force (CFATF) is a regional style body of the FATF and comprises 25 member countries, which includes St. Kitts and Nevis. All members have agreed to implement standardized measures to address AML/CFT issues. To ensure that countries are compliant with the FATF Recommendations, Mutual Evaluations are conducted on each member country. **St. Kitts and Nevis is scheduled to be evaluated in the 1st Quarter of 2020.**



How is the NRA Conducted?

The NRA will generally take 15 months to complete. It will be undertaken in a three-phase process:

1. Preparation
2. Assessment
3. Finalization

The following are the 3 main outputs of the NRA Process:

Risk Assessment Results

This data highlights the areas of higher, medium, or lower risk in various sectors, as well as at a general, national level.

Risk Assessment Report

This report document the assessment process, findings, and evidence.

Risk-Based Action Plan

Based on the risk assessment results, a detailed action plan is developed for the implementation of a risk-based approach to mitigate the identified ML/TF risks.

Topics Discussed:

- ⇒ What is a National Risk Assessment?
- ⇒ Why Is It Necessary?
- ⇒ Who Is Involved?
- ⇒ How is the NRA Conducted?
- ⇒ What Are The Benefits?
- ⇒ How Can You Assist?
- ⇒ References



of Conducting the National Risk Assessment

1. The NRA identifies the primary ML/TF risks in the Federation through comprehensive analysis that enables the design of a fitting strategy and mitigation actions.
2. These regulatory strategies and actions will be developed in accordance with International Standards and Guidelines.
3. The NRA creates awareness of the ML/TF risks in the Private Sector and provides information and educational opportunities to all stakeholders as well as the General Public.
4. The Assessment highlights the operational and regulatory standards with which all regulated entities must be in compliance.
5. The NRA can be used as a training tool as vulnerable areas are highlighted and therefore resources can be allocated to these areas for immediate improvement.
6. The NRA provides useful information necessary to develop measures to minimize future financial and reputational losses to the Federation from fraud. It saves costs by being proactive.



* **Provide full cooperation to the NRA Working Group Teams**

-In order to complete the Assessment, statistical and other documentation will need to be collected.
-Provide documentation and responses in a timely manner.
-Ensure your organization's representation at focus group meetings and trainings, when required.

* **Keep Staff Informed**

Ensure that all staff members are aware of the NRA Process and what is required to avoid them being blindsided or confused if asked to complete tasks relating to the Assessment.

* **Disseminate Information**

Information about the importance and the processes involved with the NRA should also be communicated to Clients and Customers. This would assist the general public in understanding regulatory requirements especially when conducting business transactions and would essentially improve cooperation.

Points to Remember

St. Kitts and Nevis is scheduled to be evaluated in the first Quarter of 2020 by the CFATF on our level of compliance with the FATF's 40 Recommendations.

To address Recommendation 1, the Federation has decided to undertake a National Risk Assessment (NRA).

The NRA is an evaluation aimed to develop risk-based (AML/CFT) measures to facilitate the allocation of available resources to mitigate and reduce the identified risks.

The NRA includes the participation of all officials from both the public and private sectors to provide expertise and promote cooperation. The World Bank Group is providing technical assistance through the use of their NRA Methodology Tool.

The NRA Process would be completed in a three phase operation: Preparation, Assessment and Finalization. This process would allow authorities to identify data and information gaps and to develop a framework for future data collection.

The NRA is an essential undertaking as it allows the Federation to allocate resources more efficiently in various sectors to combat the threats of Money Laundering and Terrorist Financing.

Financial Institutions and other relevant entities can assist by cooperating with the NRA Working Group Teams and disseminate important information to clients and the general public.

REFERENCES

FATF Recommendations: International Standards, February 2012
World Bank's AML/CFT Risk Assessment Guidance Document