



# Financial crime client risk rating

[plenitudeconsulting.com](http://plenitudeconsulting.com)



# Plenitude overview

Plenitude provides market-leading Financial Crime Compliance (FCC) advisory, transformation, technology, data analytics, and managed services. We are committed to building a secure financial system, safeguarding society, and empowering our clients to meet their regulatory obligations.

Appointed to the FCA's Skilled Person Panel for Financial Crime, we enable our clients to stay ahead of emerging risks and evolving regulations by optimising systems and controls, leveraging the latest AI-powered technology and data analytics, in order to drive greater effectiveness, efficiency and sustainability, reducing the overall cost of compliance.

Our best-in-class team come from a variety of backgrounds and disciplines. This breadth and depth of industry and deep subject matter expertise, alongside our scalable, full-service offering and tech-enabled delivery, enables us to meet all of our clients' needs, inspiring confidence and delivering excellence.

We work with a broad range of retail, commercial and investment banks, insurers, asset managers, as well as payment service firms, electronic money issuers, FinTechs and crypto firms across the world, ranging from startups to global financial institutions. We have a proven delivery track record and have provided advisory and transformation services on some of the most challenging projects in the industry.

Our depth of expertise and quality of service, combined with our commercial integrity, competitive rates and innovation, is second to none. Discover more about our services and see why our integrity, passion and delivery excellence have been praised by so many clients.

# Focus on financial crime client risk rating

In today's environment of heightened regulatory scrutiny, Client Risk Rating (CRR) is a key control for all financial institutions (FIs) which forms part of an effective risk-based approach. The client risk rating determines the level of Client Due Diligence (CDD) and Know Your Customer (KYC) that needs to be performed, and the level and frequency of ongoing monitoring activities, including periodic and event-driven CDD/KYC reviews, transaction monitoring and alert prioritisation.

The start point is to define a Client Risk Rating Methodology (CRRM), however, tailoring the methodology to an institution's client base, geographical footprint and products / services offered, is essential in order to ensure it is regulatory compliant, effective and minimises operational impacts.

Global regulators are intensifying their scrutiny to ensure FIs comply with regulatory obligations and accurately assess the financial crime risk posed by their clients. The consequences of weak or non-compliant CRRM are evident in the significant enforcement actions taken against FIs worldwide in recent years.

The repercussions of getting it wrong go beyond hefty regulatory fines and reputational harm: they can directly affect a firm's bottom line. Assigning clients an unnecessarily high-risk rating can lead to additional CDD/KYC and ongoing monitoring requirements, escalating associated costs.

Conversely, assigning a low-risk rating to a client that presents a high financial crime risk can result in insufficient CDD/KYC procedures and reduced monitoring. This oversight increases the likelihood of financial crime concerns going unnoticed during onboarding or undetected in ongoing monitoring. Regulators emphasise Client Risk Rating (CRR) as a crucial control, which is reflected in the significant enforcement actions against FIs related to CRR in recent years.

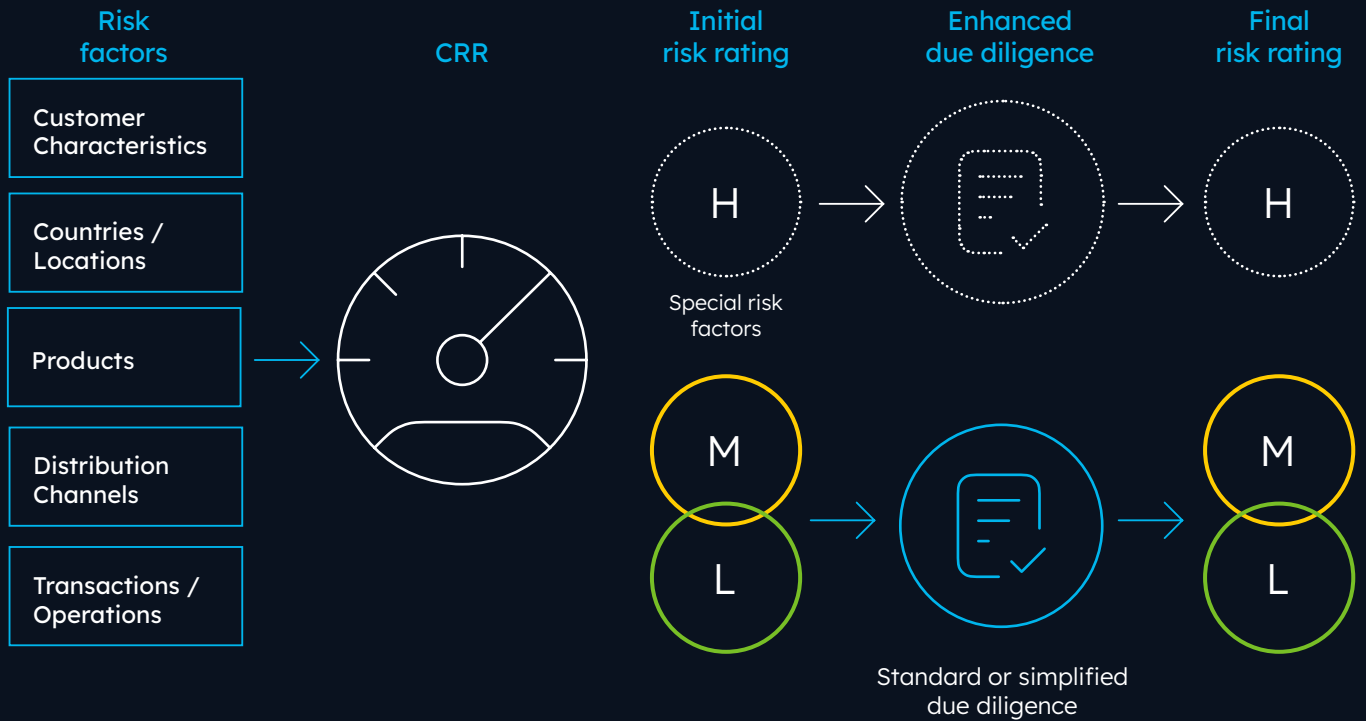
Designing, implementing, and maintaining an effective CRRM presents a significant challenge for FIs. It requires comprehensive regulatory analysis and thorough coverage of both quantitative risk factors – such as Country, Entity, Industry, Product and Channel risk – and qualitative ‘Special Risk Factors’ such as the presence of politically exposed persons (PEPs), sanctions exposure, negative news and complex structures.

Additionally, institutions must define and maintain supporting risk lists with proper risk classification across these factors.

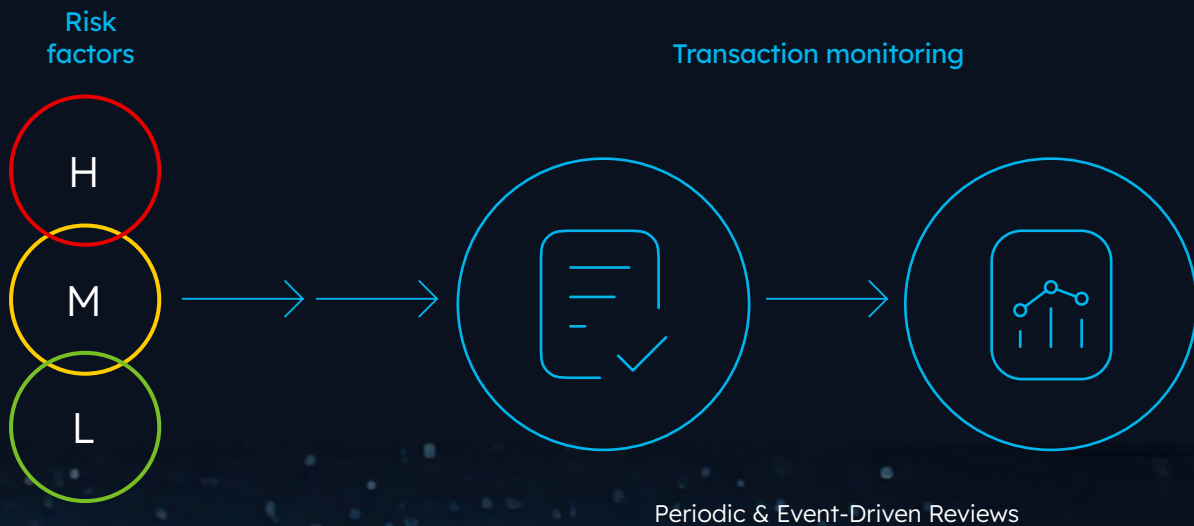
The CRRM must then be rigorously tested and calibrated to understand the overall portfolio risk distribution, ensuring the classification is appropriate and does not create substantial operational impacts.

Despite these requirements, many FIs struggle, often implementing deficient or suboptimal CRR controls.

## Onboarding & Initial Due Diligence



## Ongoing Monitoring



# Counting the cost of non-compliance

Many firms often underestimate the importance of having an accurate and comprehensive CRR control. To ensure your firm is on the right track, consider these key questions:

- 1. Could you demonstrate to regulators how your existing CRRM aligns with all applicable laws, regulations and guidance relevant to your business activities and the jurisdictions in which your firm operates?
- 2. Are you still relying on suboptimal solutions such as Excel spreadsheets to maintain your CRR? Can you instantly identify which clients are impacted by changes in your CRR risk lists?
- 3. Does your existing CRRM cover the required quantitative risk factors (Country, Entity, Product, Industry and Channel risk), alongside qualitative 'Special Risk Factors', such as the presence of PEPs, sanctions exposure, negative news and complex structures?
- 4. How do you stay on top of every regulatory update, and have you ever faced tight deadlines to update your CRRM or jurisdiction risk list? For instance, how do you handle sudden changes in obligations or updates from international bodies such as the EU or FATF?
- 5. Can you provide a clear, detailed and objective rationale for the risk classification applied to your client portfolio, based on regulations, guidance and external regulatory sources?
- 6. As an accountable individual, are you worried about your current approach to rating your clients' financial crime risk? Could you miss something critical, and how do you tackle this concern?
- 7. Are you confident that your current CRRM is effectively designed and calibrated, accounting for all risk factors and allowing for lower risk classifications where appropriate? Remember, implementing reduced CDD/KYC and ongoing monitoring in these cases can provide a competitive edge and boost operational efficiency.
- 8. Is your firm unknowingly doing business with money launderers, terrorist financiers, tax evaders or other criminals?

# Introducing ClientSight

Plenitude ClientSight is a comprehensive cloud-based CRR solution that allows financial institutions, FinTechs and professional services firms to risk assess natural persons' (individuals) or legal persons' (entities) inherent financial crime risk.

✓ ClientSight is grounded in FCC regulation and guidance of key global markets. ClientSight provides full coverage of a wide spectrum of financial crime risk themes, including:

- Money laundering
- Terrorist financing
- Sanctions violations
- Proliferation financing
- Bribery and corruption
- Tax offences

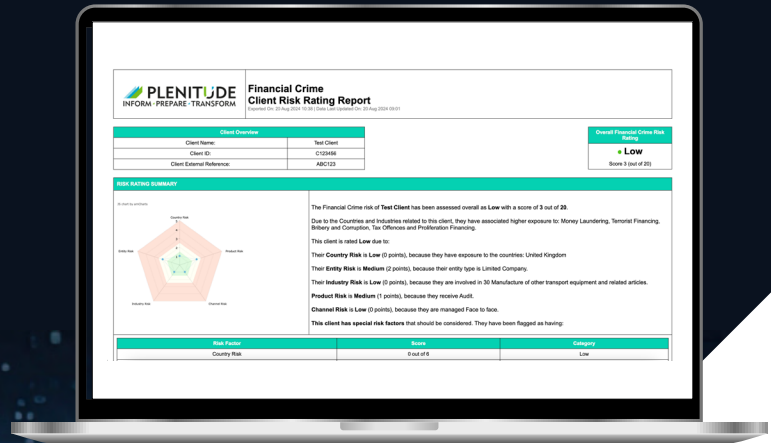
✓ In addition to the cloud-based solution, clients are also provided with a robust CRRM document that will withstand regulatory scrutiny. Our pre-configured and calibrated solution can also be adjusted pre-implementation based on a Financial Institution's client base, specific requirements and risk appetite.

✓ In addition, the solution includes the option to conduct PEP and Sanctions screening, and is customisable to cater to different sectors and firm size.

✓ The cost associated with deploying ClientSight is also significantly less than that of developing, implementing and maintaining a CRRM and solution inhouse. Firms can choose to pay 'per use' or as part of a subscription agreement with unlimited use.

✓ We also offer a discount on the subscription price agreement when firms subscribe to Plenitude's other RegTech products, including RegSight and Compass, as part of a packaged bundle.

✓ ClientSight is the most effective way to accurately risk-rate the level of financial crime risk that prospective and existing clients present to your firm, ensuring full compliance with laws, regulations and guidance.



# Key features



## Compliance with regulation and guidance

Our leading financial crime CRRM is grounded in FCC regulation and guidance across key global markets, including the UK, EU and US, providing assurance you are fully complying with regulatory obligations.



## Inbuilt PEP and sanctions screening (optional)

The inbuilt screening capability, based on third-party leading sources, provides you with instant matching of your clients and their Ultimate Beneficial Owners and Legal Representatives based on up-to-date international sanctions and PEP lists.



## Comprehensive financial crime risk coverage

ClientSight accurately assesses the risks presented by clients across a wide spectrum of financial crime risk types, including money laundering, terrorist financing, sanctions violations, proliferation financing, bribery and corruption, fraud and tax offences.



## Automated updates to jurisdiction risk list

ClientSight is integrated with Plenitude Compass, which is our leading Country Risk Rating Tool. This ensures that any changes to country risk classification such as the EU or FATF lists can be automatically applied. Our clients may choose to use their existing list or provider.



## Special risk factors

Key drivers of risk, including those required by regulation or identified by the firm, are configured in tools such as exposure to PEPs, sanctions, complex structures and negative news.



## Maintenance of other risk lists

Plenitude also actively maintains and updates our proprietary industry, entity, product and channel risk lists on behalf of clients based on regulatory and other external inputs from international bodies.



## Simple to use and fully customisable

The risk rating of clients can be performed through a set of simple steps by providing information on their location, entity type, industry, product and delivery channel. The parameters used through the application are fully customisable to provide an accurate and appropriate assessment of risk based on your firm's business sector, size and client base.



## Integration with existing systems

The application offers an API and can be integrated with your existing KYC, onboarding applications or transaction monitoring system, to assist with a seamless onboarding process and ongoing monitoring without additional complexity for your organisation.



## Detailed client reports

Through the customisable calculation of risk (based on country, product, channel, industry and entity type risk), the application provides informative reports on each client, including an overall financial crime risk rating to determine the level of due diligence, to inform your risk-based decision making.



# ClientSight

ClientSight provides subscribers with an effective and efficient CRR solution, enabling regulatory obligations to be met and complex risk exposure such as PEPs, sanctions exposure and negative news to be identified and addressed as part of the client risk classification process.

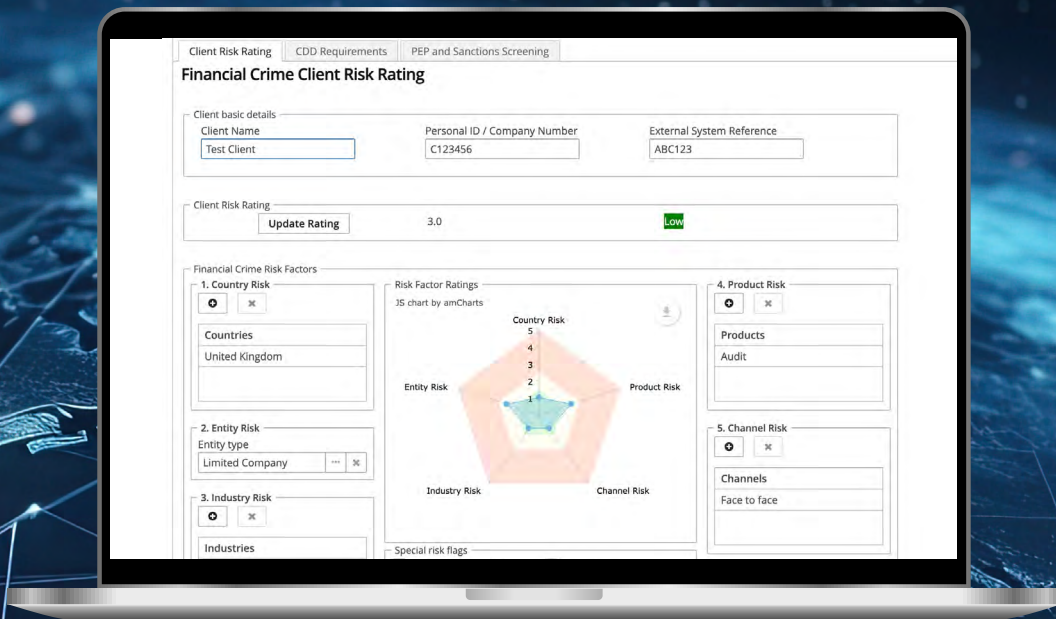
The tool has the holistic ability to assess each risk area through consideration of the following risk factors:

- Country risk
- Entity type risk
- Industry risk
- Product risk
- Channel risk
- Special risk factors (PEPs, complex structure, sanctions and negative news, etc.)

ClientSight also provides the user with an extensive, detailed report of the financial crime risks presented by the client, with the ability to understand the risk drivers and

exposure by risk theme, and recommended due diligence steps to be applied. This is a key differentiator of ClientSight on the basis other solutions and approaches can be opaque and do not enable firms to understand the financial crime risk exposure by risk theme.

The robust methodology underpinning ClientSight provides assurance to the FI that the financial crime risk exposure of the client is fully assessed, ensuring full compliance with laws, regulations and guidance; and mitigating the risk of regulatory fines or censure.



# Benefits



## Assurance you are meeting CRR obligations

ClientSight has been deployed to a wide range of clients across numerous sectors, including global financial institutions under regulatory scrutiny by international regulators. Our CRRM will provide you with a robust methodology and overall assurance you are meeting your CRR and wider regulatory obligations.



## Effective risk-based approach

A consistent, reliable approach to client risk classification allows for more accurate and consistent ratings, and ultimately the application of a more effective risk-based approach.



## Reduced costs and improved operational efficiency

The consistent and accurate assessment of the risks presented by clients will allow you to more effectively target your due diligence and ongoing monitoring at your highest-risk clients, mitigating the risk of unnecessary effort and associated costs. The cost associated with deploying ClientSight is also significantly less than that of developing, implementing and maintaining a CRRM inhouse.



## Proactively manage future FCC obligations more effectively

Plenitude actively maintains and updates the country and industry risk lists used for the assessment based on regulatory and other external inputs, ensuring that your client risk assessments are future-proofed against changes to regulatory expectations. These are seamlessly integrated into the methodology as they occur.



## More effective financial crime risk management

More effective client risk classification drives better risk management and ultimately risk mitigation outcomes, reducing your exposure to potential enforcement actions or fines.



## Clear rationale for both internal and external audiences

Our leading methodology provides a clear and traceable basis for each risk rating, based on the requirements of financial crime compliance regulation and guidance across key global markets, including the UK, EU and US. The detailed reports provided for each client will identify the relevant data points and risk factors behind every rating.

ClientSight is the most effective way to accurately risk rate the level of financial crime risk that prospective and existing clients present to your firm, ensuring full compliance with laws, regulations and guidance.



A Plenitude Product

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