Business Risk Assessment - Anti Money Laundering

Right Homes

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Business Name: Right Homes

Executive Summary:

This Business Risk Assessment aims to identify and evaluate potential risks related to anti-money laundering (AML) practices within the operations of Right Homes. The assessment considers both internal and external factors that could expose the business to money laundering or related illicit activities. By identifying these risks, the business can implement appropriate measures to mitigate and manage them effectively.

1. Introduction:

Right Homes operates as an estate agent business, facilitating property transactions between buyers and sellers. Given the nature of real estate transactions, there is a potential risk of the business being used for money laundering activities. This assessment will identify and assess the key risks associated with money laundering within the business and propose corresponding risk mitigation strategies.

2. Risk Identification:

2.1 Customer Risk:

- High-value transactions without clear legitimate sources of funds.
- Unusual or inconsistent buying/selling behaviour by customers.
- Customers with connections to high-risk jurisdictions or politically exposed persons (PEPs).

2.2 Transaction Risk:

- Frequent large cash transactions.
- Rapid and repeated property flipping.
- Incomplete or inconsistent property transaction documentation.

2.3 Employee Risk:

- Insufficient employee training and awareness about AML policies and procedures.
- Employee involvement in suspicious activities.

2.4 Technological Risk:

- Insufficient digital security measures, leading to data breaches and potential misuse.
- Use of technology for remote identity verification without robust safeguards.

3. Risk Assessment:

3.1 Customer Risk:

- Likelihood: Low
- Impact: High

3.2 Transaction Risk:

- Likelihood: Low
- Impact: Moderate

3.3 Employee Risk:

- Likelihood: Low
- Impact: Moderate

3.4 Technological Risk:

- Likelihood: Moderate
- Impact: High

4. Risk Mitigation Strategies:

4.1 Customer Risk:

- Implement enhanced due diligence (EDD) procedures for high-risk customers.
- Screen customers against international sanctions lists and PEP databases.
- Implement robust Know Your Customer (KYC) procedures.

4.2 Transaction Risk:

- Set limits on cash transactions and report large cash transactions to relevant authorities.
- Monitor and report rapid property flipping to suspicious activity reporting units.

4.3 Employee Risk:

- Provide comprehensive AML training to all employees.
- Implement a whistle-blowing policy to encourage reporting of suspicious activities.

4.4 Technological Risk:

- Strengthen cybersecurity measures to protect customer data and prevent data breaches.
- Ensure that remote identity verification processes adhere to industry best practices.

5. Conclusion:

This risk assessment highlights potential vulnerabilities within Right Home's operations related to anti-money laundering. By implementing the recommended risk mitigation strategies, the business can significantly reduce the likelihood and impact of money laundering activities. Regular monitoring and updates to the AML policies and procedures are crucial to maintaining a strong defence against potential risks.

Director/MLRO

Shahid Mahmood

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