



anti-money  
Laundering

4581.21	4946.23	3651.1
3452.20	2284.69	408
<del>4574.52</del>	7825.66	4
7581.21	4546.23	
	2284.69	
	946.23	



TRAINING  
INTERNATIONAL

# BEING PREPARED IN UNPRECEDENTED TIMES: MANAGING MONEY LAUNDERING RISKS DURING A PANDEMIC

By Lloydette Bai-Marrow, Dods Associate



TRAINING  
INTERNATIONAL

## BEING PREPARED IN UNPRECEDENTED TIMES: MANAGING MONEY LAUNDERING RISKS DURING A PANDEMIC

The unprecedented events of the last six months have thrown many organisations into a state of flux and for some it is a fight for survival. The combination of the lockdown, the dramatic reduction in economic activity in some sectors and the mass migration to home working has increased organisational vulnerability to a myriad of financial crime risks.

Being prepared in this current crisis requires organisations to draw upon their collective long-term memory. To recall the lessons learnt from the financial crisis of 2007/08, to recollect the actions taken to regain ground and to revisit the hard-fought battlegrounds for the resources and manpower required to tackle financial crime.

We know from the last financial crisis that the door to criminal opportunists can be left wide open when the focus is on dealing with the fallout. The emergence from that crisis resulted in an increased focus on the responsibility of organisations to take the appropriate steps to minimise the risks of being used in connection with money laundering and other financial crime.

There will be short, medium and long term effects of the pandemic's impact on the financial crime threat landscape. Organisations should be alive to the rapid evolution in the money laundering risks. It is essential that they are prepared and agile in responding to these present and emerging threats in relation to money laundering.

Whilst regulators and law enforcement recognise that the circumstances are remarkable, there is a clear expectation that organisations should continue to comply with anti-money laundering (AML) regulatory and legal requirements. Compliance commitments remain and should be adapted, within reason, to reflect the limitations brought on by the pandemic.





# BEING PREPARED IN UNPRECEDENTED TIMES: MANAGING MONEY LAUNDERING RISKS DURING A PANDEMIC



Managing the AML risk landscape means:

- Organisations should consider stress testing the resilience and effectiveness of their AML procedures without delay. It is essential that organisations understand how the pandemic has affected their AML risk profiles and the integrity of their systems and procedures.
- Considering the three factors which are the hallmarks of a risk-based approach to AML:
  1. Proportionality – are the AML procedures and controls systems proportional to the additional threats created by the pandemic?
  2. Consistency - are the systems and controls being applied consistently across all relevant areas of the organisation?
  3. Effectiveness – it is important to continually review AML systems and controls to determine what is working well and what is not. Do they do deter and detect potentially suspicious activities and money laundering risks? Are there sufficient resources to enable the systems and controls to be deployed effectively within the organisation?



## BEING PREPARED IN UNPRECEDENTED TIMES: MANAGING MONEY LAUNDERING RISKS DURING A PANDEMIC

- Responsibility for managing an organisation's overall exposure to financial crime may be managed by different functions. Organisations should consider reviewing the internal coordination and communication between all those responsible for managing and mitigating money laundering and other financial crime risks to minimise internal fragmentation.
- Organisations have had to adapt their operations and should identify new vulnerabilities that have arisen as a result. Organisations should apply a pragmatic risk-based approach to managing the new money laundering risks such as conducting customer due diligence checks digitally.
- Organisations should consider applying the hybrid approach to managing AML risks. Increased use of data analytics to provide quicker and more detailed insights combined with utilising experienced AML professionals who can provide valuable context and analysis.
- Simplicity is key. Organisations will have various competing priorities during this pandemic and they should resist the temptation or pressure to introduce further complexities to their AML systems and procedures. Any necessary changes made should be simple to understand and with a clear process for implementation.

*Lloydette Bai-Marrow is an anti-corruption expert and lawyer, with extensive experience of working with companies and institutions to develop effective strategies to tackle economic crime. She is currently appointed as Investigation Counsel to a publicly traded U.S company and is also a Visiting Lecturer at the International Anti-Corruption Academy in Vienna, Austria.*



---

# TRAINING INTERNATIONAL

London 11th Floor | The Shard | 32 London Bridge Street | London SE1 9SG

Brussels 7th Floor | Rue du Trône 60 | Brussels 1050 | Belgium

Edinburgh 32 Calton Road | Edinburgh | EH8 8DP

Paris 315 Bureaux de la Colline | 92213 Saint-Cloud cedex | Paris

+44 20 7593 5500 +44 20 7593 5501 [customer.service@dodsgroup.com](mailto:customer.service@dodsgroup.com) [www.dodsgroup.com](http://www.dodsgroup.com)