Compliance and Supervision Platform for Assessing Risk (CASPAR)

• Allows the FIAU to gather information from multiple sources.

• Translates the information gathered from multiple sources into the numerical scoring of risk indicators.

• The Residual Risk Rating will then determine the frequency and level of supervision.
Enhanced FIAU Risk Assessment Scoring Methodology

Risk assessments form the basis for the development of a supervisory strategy for each subject person and for the sector as a whole.

**Variety of Data Sources:** The revised methodology utilizes data that derives from 7 different sources. The information obtained from each of such data source is weighted and scored and contributes to the overall subject person risk score.

- **Annual Risk Assessment Process:** The risk assessment process is **ongoing, cyclical, and dynamic** i.e. new material information will be inputted and the risk score will be updated in real time.
# FIAU Risk Assessment Framework

<table>
<thead>
<tr>
<th>Block 1 – Subject Person Self-Assessment</th>
<th>Block 2 – Supervisor Assessment: (MFSA or MGA)</th>
<th>Block 3 – FIAU Analysis Section Feedback</th>
<th>Block 4 – Compliance Review</th>
<th>Block 5 – SNRA</th>
<th>Block 6 – NRA</th>
<th>Final Scores/Ratings</th>
<th>Block 7 – Adverse Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>IR</td>
<td>IR</td>
<td>IR</td>
<td>IR</td>
<td>IR</td>
<td>IR</td>
<td>IR</td>
<td>Any material, adverse information</td>
</tr>
<tr>
<td>CE</td>
<td>CE</td>
<td>CE</td>
<td>CE</td>
<td>CE</td>
<td>CE</td>
<td>CE</td>
<td>Final CE Score &amp; Rating</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Final RR Rating</td>
</tr>
</tbody>
</table>
Each Topic in the REQ has a weighting assigned to it:
All inherent risk topics add up to 100% and the same for All control effectiveness topics
The weight assigned signifies the importance of the topic in the overall risk algorithm

Overall Methodology
Overall Questions score as a weighted average of the Topic Score
Overall score assigned for the topic

Each question also has a score which signals the importance of the question within each topic

Each answer has a score assigned to it which signals the impact such answer has on the question being asked
What we consider

- Prudential risk assessment score
- Information on prudential reviews carried out
- Corporate structure and Governance
- Compliance culture
- Significant changes
- Levels of risk
Block 3: FIAU Intelligence Analysis

What we consider

- Number of STRs submitted in a given year
- Quality of the STRs submitted
- Replies to request for information
- Monitoring Orders
Block 4: Supervision

What we consider

- Level of cooperation
- Policies, procedures and measures in place
- Type and degree of findings
- MLRO and compliance staff level of AML/CFT awareness
- MLRO duties
- Serious, systemic and repetitive breaches
Block 4: Enforcement

What we consider

- Relevance and quality of representations
- Type and Degree of Administrative Measures imposed
- Type and Degree of Administrative Measures taken by other authorities
- Recommendations to other authorities
- Issuance of directives
- Quality of any remedial measures taken by the subject person
The results of the latest national risk assessment can be found on the website of the Ministry for Finance and are accessible through the following link: https://mfin.gov.mt/en/Library/Documents/Result_of_the_NRA_2018.pdf
Adverse information is any information that adversely reflects on the integrity of the operations of a subject person, which suggests that the subject person’s ability to effectively comply with all AML/CFT safeguards may be impaired, or otherwise information that negatively impacts the AML/CFT reputation of a subject person through its involvement whether knowingly or otherwise in anomalous or suspicious transactions or operations.
Summary: Risk Assessment Scoring Methodology

Block 1

Block 2

Final Residual Risk Rating

Block 3

Block 4

Block 5

Block 6

Block 7

Revised Final Residual Risk Rating
The FIAU’s Risk Assessment Process is ongoing
Key Takeouts

- Timing is everything
- Data Quality
- Penalty Fine
Sli.do event code: J782

Wifi
User: IC Meeting
Password: meeting247