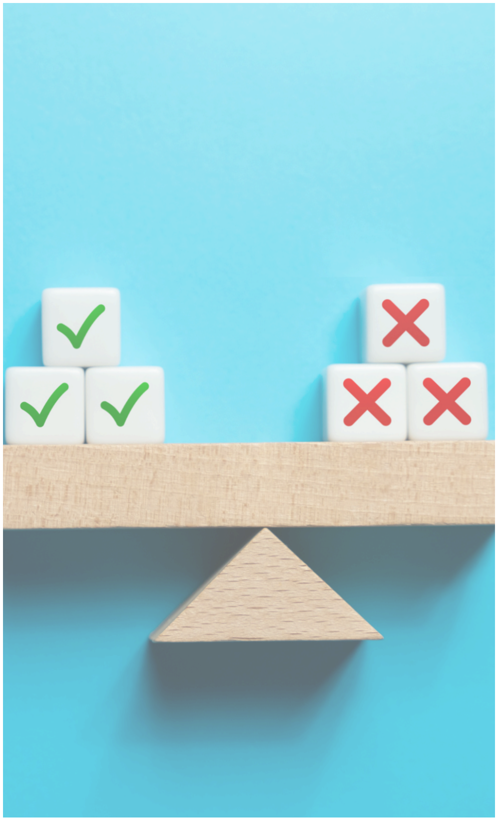
1. ENABLE EVIDENCED ‘RISK-BASED’ APPROACH

The current approach to Anti-Money Laundering (AML) is meant to follow the Risk-Based Approach (RBA) - as introduced by the Financial Action Task Force (FATF) in 2003. The RBA aims to reduce compliance costs by allowing regulated sectors to focus their resources on the most significant money laundering risks. Additionally, the RBA seeks to address the issue of excessive reporting, which often overburdens law enforcement with large volumes of mostly irrelevant information.



In 2007 the FATF issued its first high level principles and procedures on the ‘Risk-Based Approach to Combating Money Laundering and Terrorist Financing’. In 2014 it followed with the RBA guidance specifically for the banking sector where the FATF stressed that the RBA is not a “zero failure” approach thus banks might still be used for money laundering and terrorism financing purposes even though they took reasonable measures to counter the risks identified.

Despite being two decades old, the RBA remains misapplied. Instead of focusing on mitigating money laundering, regulated sectors use the RBA to minimise the risk of regulatory fines. Ironically, this compliance paradox benefits criminals when not recognised as the highest risk; rather its the regulators themselves.

Consequently, criminals are able to launder money with little interference, while regulated institutions struggle with checklist-oriented oversight that deviates from the FATF’s RBA guidance. **Despite ongoing efforts, banks and other regulated entities remain conduit to money laundering posing significant security risks both domestically and internationally.**

Vortex Risk resolves the misapplied RBA paradox by empowering individuals and regulated institutions with understanding of how criminals can launder money through their organisations. Such evidence based knowledge can subsequently be used to make informed risk based decisions rather than simply reacting to the threat of fines.

Vortex Risks unique Risk Analysis Merging Platform (RAMP) methodology helps banks proactively spot money laundering vulnerabilities and enablers beyond those contained in the regulatory guidelines. RAMP, in the simplest terms, can be compared to a constantly expanding roadmap of money laundering choices that criminals make to distance themselves from the dirty money. The map highlights steps, actions, tools, services, and parties that criminals might utilise according to their money laundering needs. It also explains the criminal reasoning behind their choices, the risks to those involved, and warning signs beyond what ‘red flags’ are ever likely to capture.

At Vortex Risk we are dedicated to ensuring that the RBA is applied correctly. We invite anyone interested to partner with us on the journey to combat money laundering effectively, **fostering a safe and more inclusive global economy where finally we can say ‘crime does not pay‘.**