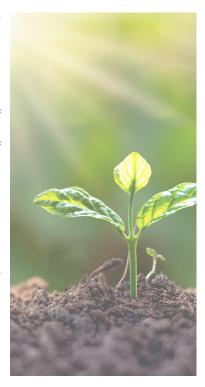
8. FOSTERS INNOVATION, GROWTH & INCLUSIVENESS



Amidst the escalation of regulatory compliance costs, banks are not only implementing de-risking and de-banking tactics but also shifting a significant portion of the burden onto their clients. A prime example is when banks impose additional charges on businesses, non-profits, and religious organisations to alleviate the financial strain arising from money laundering investigations. However, the plight of grassroots charities offers a stark illustration of the unintended consequences of Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) regulations. These measures inadvertently undermine the vital work of charities, particularly those led by vulnerable women in high-risk regions, by depriving them of essential donations, access to banking services, and governmental support.

These passed-on penalties manifest also in other forms, including prolonged and arduous account opening procedures lasting months, heightened friction in banking services, reduced loan allocations, and restricted access to vital products such as trade finance. A survey conducted by the Asian Development Bank in 2023 across 79 banks revealed a staggering 40% rejection rate for trade finance applications from Small and Medium Enterprises (SMEs). Consequently, SMEs are left with the stark choice of either constraining their growth or resorting to less transparent methods for conducting trade transactions, exacerbating their vulnerability to de-banking.



The unchecked risk of financial exclusion among SMEs, fueled by soaring compliance costs, now poses substantial economic harm to both developing and mature countries. In the UK, where approximately 99% of businesses are small enterprises, collectively contributing 34% to the country's turnover, these entities face disproportionate disruptions to their growth trajectories due to burdensome regulatory demands.

However, SMEs often demonstrate greater resilience and adaptability compared to larger corporations, particularly during economic downturns or crises. By fostering a vibrant SME sector, governments and organizations can enhance economic resilience at the local and national levels, reducing vulnerability to poverty-inducing shocks and promoting long-term sustainability.

Vortex Risk fosters safe business growth by empowering individuals and regulated institutions with understanding of how criminals can launder dirty money through their organizations. This practical knowledge is necessary to combat money laundering effectively while fostering a safe and more inclusive global economy.

Vortex Risks unique Risk Analysis Merging Platform (RAMP) methodology is designed to alert on true money laundering actors who make risk-based decision on how to best distance themselves from their dirty money. RAMP highlights steps, actions, tools, services, and parties that criminals might utilise depending on their money laundering needs. It also explains the criminal reasoning behind their choices, the risks to those involved, and the warning signs beyond what 'red flags' are ever likely to capture.

RAMP users have the opportunity to innovate by introducing new products and services customized to meet the needs of both existing and future customers. In doing so, they play a crucial role in mitigating the inadvertent widening of social and financial exclusion, particularly in developing economies disproportionately affected by AML and CTF regulations.