

NovaPay – Document 03: Enterprise-Wide Risk Assessment (EWRA)

Version: Content-Only | Generated: 20 Oct 2025 | Company: NovaPay (UK)

Purpose

The EWRA provides a holistic AML/CTF risk view across customers, products, geographies, and channels, informing risk appetite, control design, and resourcing.

Methodology

Inherent risk and control effectiveness scored 1–5 for Likelihood and Impact. Residual risk computed and mapped to Low/Medium/High. Inputs: internal data (KYC, TM, SARs, audits) and external sources (FATF, OFSI, Europol, FinCEN).

Key Inherent Risks

Cross-border payments (HIGH): 4×5=20; Cryptocurrency transactions (HIGH): 4×5=20; PEP exposure (MEDIUM): 3×3=9; Sanctions (MEDIUM■HIGH): 4×4=16; Emerging tech/DeFi/AI (MED■HIGH).

Controls and Residuals (2025)

CDD/EDD 4 → Medium residual; Sanctions 4 → Medium■Low; TM 3 → Medium■High; Adverse media 3 → Medium■High; Governance 4 → Medium; Data/Tech 3 → Medium■High.

Risk Appetite (2025)

Moderate for cross-border and digital assets within strong control boundaries; zero tolerance for sanctions or deliberate AML breaches. Targets: SAR timeliness ≥95%; CDD quality ≥90%; high-risk customers ≤5%; overdue audit findings = 0.

Emerging Risks

AI/ML opacity in third-party fraud tools; DeFi and stablecoin off-platform flows; CBDC data challenges; synthetic identities. Analysis limited and not yet fully integrated.

Stress/Scenario Testing

Only limited sensitivity tests; no formal stress program. A scenario testing framework is scheduled for Q4 2025.

Weaknesses

Annual cycle only (no continuous updates); limited scenarios; emerging tech not quantified; subjective residual scoring; data silos; risk appetite changes not refreshed since 2023.

Improvement Plan

Continuous risk dashboard (Mar 2026); AI/DeFi module (Jun 2026); first stress test (Q4 2025); fraud-AML data integration (Q2 2026); monthly Board risk brief (Q1 2026).

Conclusion

Residual enterprise risk is Medium to Medium■High, rising with crypto growth. Enhancements to analytics, scenarios, and emerging-risk coverage are priorities.