



Project Phoenix

Risk Scorecard

Draft for discussion

September 2020



The proposed changes to the Risk scorecard include changes to the risk weightings and categorisation within each risk factor

The proposed changes to the Risk scorecard include changes to the risk weightings and categorisation within each risk factor

CURRENT

	Categorisation	Low	Medium	High	Implemented in Salesforce?
Country of Residence	(Country Matrix)	0	2	20	Yes
Country of Secondary Residency	(Country Matrix)	0	2	10	Not in client application form
Nationality		0	2	10	Yes
Employment Status		Employed (0)	Self Employed/ Retired (2)	Unemployed (20)	Yes
Industry category		0	2	5	Yes
Financial information		0	2	5	Yes
PEPs		20	20	20	Yes – based on KYC check
Sanctions		Reject	Reject	Reject	Yes
Delivery Channel		Direct (0)		Indirect (20)	Yes
Total		0 - 2	4 - 20	22+	Yes

- The current risk scorecard implemented in Abu Dhabi and Asia is based on the London AML Risk Matrix
- It is deemed as unfit for purpose as the current weightings are skewed in a way which falsely categorises clients as high risk
- This has prompted a review to ensure that the weightings are suitable for the Abu Dhabi/ Asia client base

INTERIM

	Categorisation	Low	Medium	High	Short term/ long term
Country of Residence	(Country Matrix)	0	6	12	Short
Country of Secondary Residency	(Country Matrix)	0	2	6	Long
Nationality		0	0	0	Short
Employment Status	Risk Factor 1	0	2	10	Long
Industry category	Risk Factor 2	0	2	12	Short and Long
F.I – Annual Income	Risk Factor 3	0	4	10	Short and Long
F.I – Savings & Investments	Risk Factor 4	0	4	10	Long
PEPs		No (0)	N/A	Yes (22)	Short
Sanctions		Rejection			Short
Delivery Channel		Direct (0)	0	Indirect (22)	Short
Total		0 - 2	4 - 20	22+	Short

- The numbers highlighted in yellow are those where interim changes to the existing weighting have been suggested in order to rebalance the risk weightings
- The principles applied are:
 - A combination of 2 or more high risk categories will result in the case being treated as high risk overall
 - Any PEPs or Indirect entities will be subjected to increased due diligence in line with high risk clients, by default
 - Sanctioned entities will be rejected Dhabi/ Asia client base

Risk Factor 1 – Employment status

CURRENT

Low	Medium	High
<ul style="list-style-type: none"> Employed 	<ul style="list-style-type: none"> Self-employed Retired 	<ul style="list-style-type: none"> Unemployed

INTERIM

Low	Medium	High
<ul style="list-style-type: none"> Employed 	<ul style="list-style-type: none"> Self-employed Retired 	<ul style="list-style-type: none"> Unemployed

FUTURE

Low	Medium	High
<ul style="list-style-type: none"> Employed Student Homemaker Private Company (other positions) 	<ul style="list-style-type: none"> Self-employed Retired 	<ul style="list-style-type: none"> Unemployed Employed as private company BOD/exc-management team Public/political office Public sector State Company - Member of BoD or Executive management Public sector company-other positions

Proposed changes

- There are no proposed changes to the categorisation of employment status in the interim state
- It is proposed that the future state will have more options for employment status in order to learn more about the client and their Risk profile

Risk Factor 2 – Industry category

INTERIM

Accounting/Finance	Medium
Administration and Public Services	High
Advertising/Marketing/ Public Relations	Medium
Aircraft	High
Arts, Entertainment and Media	Medium
Broker/Dealer	High
Consulting and Management	High
Construction/Real Estate	High
Education/Training	Low
Energy and Utilities	High
Engineering and Manufacturing	Medium
Environment and Agriculture	Medium
Financial Services/Banking	High
FX/ CFD Trading	High
Government/Military	High
Healthcare	High
Information Technology	Medium
Insurance	High
Law Enforcement and Security	High
Leisure, Sport and Tourism	Low
Recruitment and HR	Low
Retail/ Sales	Low
Science and Pharmaceuticals	High
Transport and Logistics	High
Others (go to 'Please specify' box)	High

FUTURE

Attorney at Law	High
Catering/Restaurant	High
Cleaning Service	High
Digital Currencies	High
Currency Exchange/Money Remittance	High
Precious metals and stones	High

Proposed changes

- It is proposed that in the interim, changes will be made to the categorisation of certain industries
- The future state changes will include adding additional industry categories to the application form

Risk Factor 3 – Annual Income

CURRENT

Low	Medium	High	Fail
<ul style="list-style-type: none"> 100,000 - 499,999 500,000 - 999,999 1,000,000 + 	<ul style="list-style-type: none"> 50,000 - 99,999 	<ul style="list-style-type: none"> 25,000 - 49,999 	<ul style="list-style-type: none"> 0 – 24,999

Proposed changes

INTERIM

Low	Medium	High	Fail
<ul style="list-style-type: none"> 0 - 24,999 25,000 - 49,999 	<ul style="list-style-type: none"> 50,000 - 99,999 100,000 - 499,999 	<ul style="list-style-type: none"> 500,000 - 999,999 1,000,000 + 	

- In the interim state, the categorisation of income bandings will be changed as it is deemed that the current categorisations are suited to MIFID II requirements – London specific only

FUTURE

Low	Medium	High	Fail
<ul style="list-style-type: none"> 0 1- 24,999 25,000 - 49,999 	<ul style="list-style-type: none"> 50,000 - 99,999 100,000 – 249,999 250,000 - 499,999 	<ul style="list-style-type: none"> 500,000 - 999,999 1,000,000 – 4,999,999 5,000,000+ 	

- It is proposed that the future state will have more granular bandings to provide greater transparency for subsequent transaction monitoring

Risk Factor 4 – Savings & Investments

CURRENT

Low	Medium	High	Fail
<ul style="list-style-type: none"> • 50,000 - 249,999 • 250,000 - 499,999 • 500,000 -999,999 • 1,000,000 + 	<ul style="list-style-type: none"> • 25,000 - 49,999 	<ul style="list-style-type: none"> • 5,000 - 24,999 	<ul style="list-style-type: none"> • 0 - 4,999

Proposed changes

INTERIM

Low	Medium	High	Fail
<ul style="list-style-type: none"> • 0 - 4,999 • 5,000 - 24,999 • 25,000 - 49,999 	<ul style="list-style-type: none"> • 50,000 - 249,999 • 250,000 - 499,999 	<ul style="list-style-type: none"> • 500,000 -999,999 • 1,000,000 + 	

- There are no proposed changes to the categorisation of Saving & Investments in the interim state

FUTURE

Low	Medium	High	Fail
<ul style="list-style-type: none"> • 0 - 4,999 • 5,000 - 24,999 • 25,000 - 49,999 	<ul style="list-style-type: none"> • 50,000 - 249,999 • 250,000 - 499,999 	<ul style="list-style-type: none"> • 500,000 -999,999 • 1,000,000 – 4,999,999 • 5,000,000 – 9,999,999 • 10,000,000+ 	

- It is proposed that the future state will have more granular bandings to provide greater transparency for subsequent transaction monitoring and better client relationship management from a Sales perspective



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