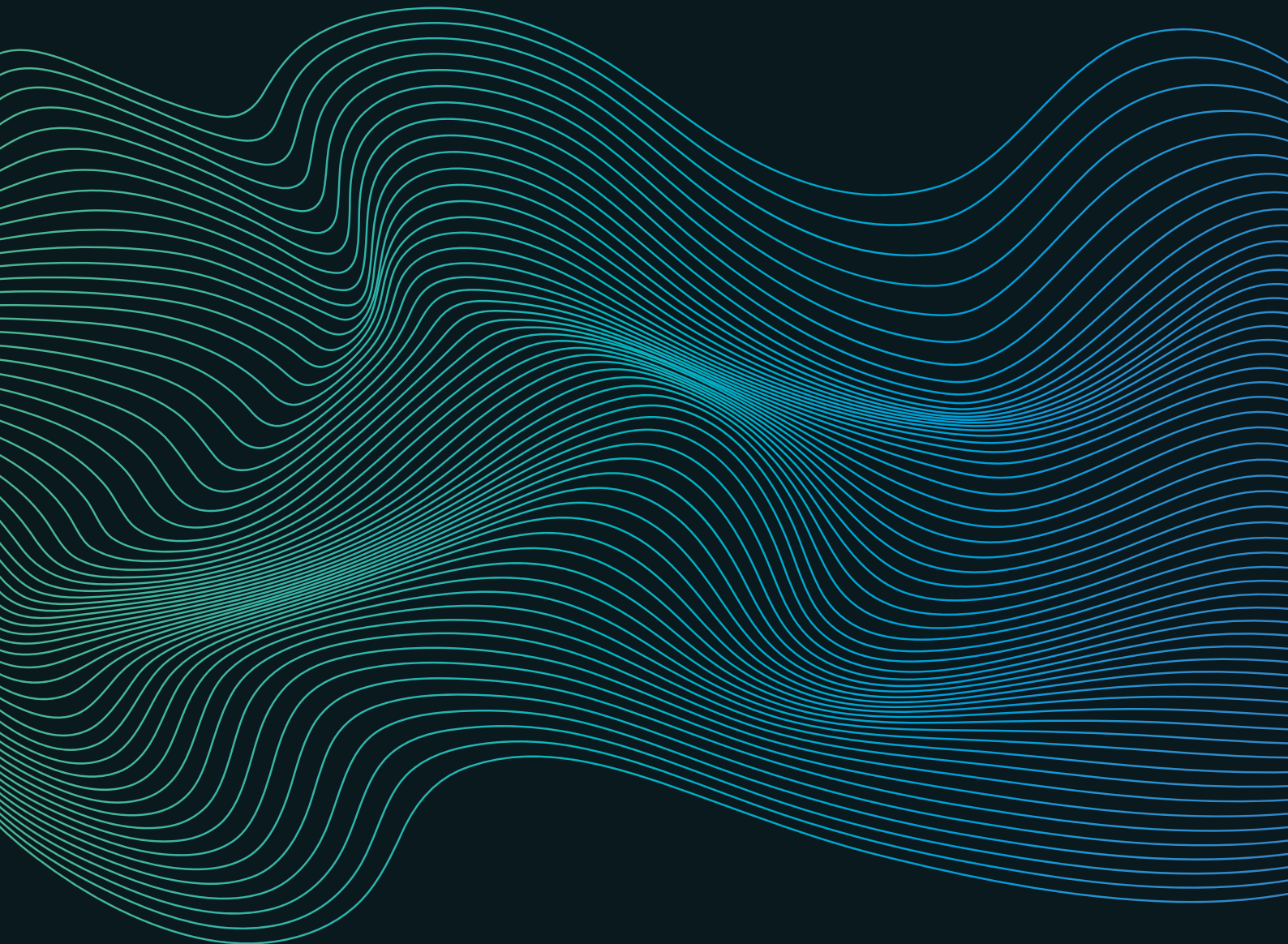




COMPASS

Financial Crime
Country Risk

PLENITUDE



Challenges for Financial Institutions

Effective and robust assessment of geographical risk is a cornerstone of financial crime risk management for financial institutions. Country risk impacts many key financial crime controls, including customer risk assessment, business-wide risk assessment and transaction monitoring, and usually carries a significant weighting.



Maintaining an effective and reliable country risk index is a time-consuming and challenging task for most organisations, however:

- Country risks factors can be complex; a compliant and defensible approach requires consideration of many risk types and data sources.
- In-depth analysis by Financial Crime 1st or 2nd Line teams is often not feasible to perform and maintain at the scale required, i.e. up to 250 countries.
- Models developed in-house can reduce manual analysis, however, these often carry a significant cost to design and maintain. Furthermore, this approach can result in a lack of transparency to stakeholders and in difficulty in providing assurance to senior management and regulators.
- Existing off-the-shelf solutions often require significant work to set-up and maintain. Furthermore, these are often not dedicated financial crime services, and may lack complete coverage of key risk types facing FIs.

Key Features

Plenitude Compass has been developed specifically for Financial Crime Compliance teams. It combines the most effective aspects of existing solutions with several key enhancements that clearly differentiate it from other vendor solutions:



Provides a transparent and procedural approach to country risk calculation, that is fully documented and that aligns with financial crime regulations and guidance.



Addresses the complex financial crime risk landscape and provides distinct coverage of six key financial crime risk types facing FIs: money laundering, sanctions violations, terrorist financing, bribery & corruption, tax offences, and proliferation financing.



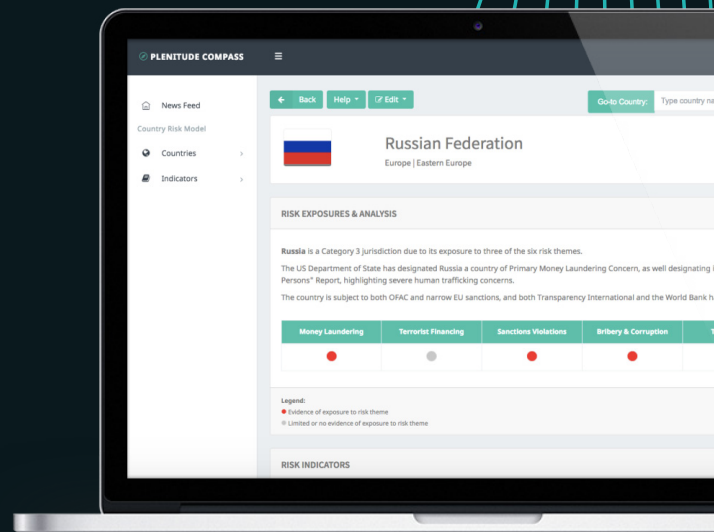
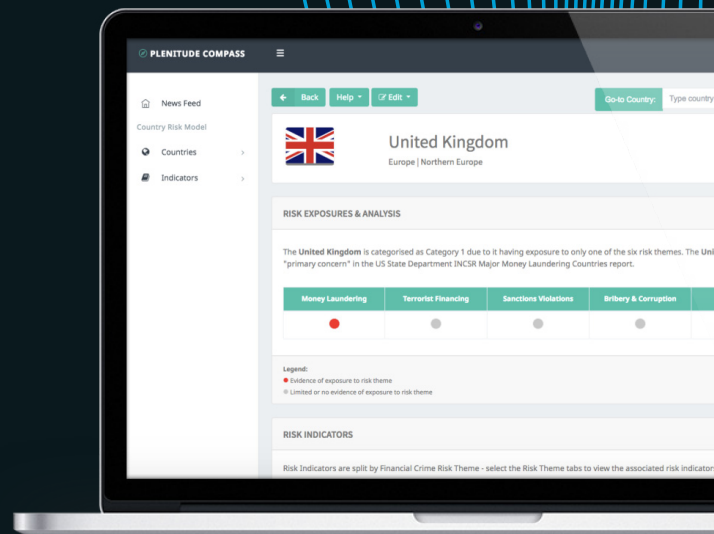
Hosted on our dedicated cloud platform that provides interactive web access to individual country risk dashboards for all 249 ISO-3166 countries, each providing an in-depth analysis of the financial crime risks present.



Ensures a maintenance-free solution for our clients, with updates to data sources and risk categorisations performed at least every three months, and changes analysed and documented in detail.



Delivers extensive customisation options as needed, including the ability to add and remove data sources, re-configure numerical thresholds, apply overrides to risk categories, and export custom data feeds for use in internal tools and systems.



Data Sources

To ensure a robust approach to country risk, Compass uses 30 high-quality, publicly-available data sources in our standard methodology to determine country risk across the six key financial crime risk types facing FIs¹. We apply strict criteria when selecting data sources for inclusion:

- Data sources should be specific to a financial crime risk type (including relevant predicate offences).
- Governments of major financial hub jurisdictions e.g. US, UK, and EU.
- Inter-governmental organisations such as the Organisation for Economic Cooperation and Development (“OECD”).
- Supranational organisations such as the United Nations (“UN”), European Union (“EU”), or Financial Action Task Force (“FATF”).
- Non-Governmental Organisations (“NGOs”) whose focus is relevant and specific to one of the six Risk Themes.
- Data Sources should be relevant specific to one of the six risk themes.
- Data Sources should be updated and re-issued on at least an annual basis, or otherwise up to a maximum of three years old (with the exception of FATF Mutual Evaluation Reports).
- Data sources should consider a reasonable number of countries, so as not to introduce any bias.

Example Data Sources

- FATF Mutual Evaluation Reports, with recommendations assessed and translated into single combined technical compliance and effectiveness scores for ML and TF ease comparison;
- FATF High Risk and Other Monitored Jurisdictions list;
- EU High Risk Third Country List;
- US State Department International Narcotics Strategy Control Report (INCSR);
- Transparency International Corruption Perceptions Index;
- OECD Tax Transparency ratings and implementation status of the OECD Common Reporting Standard.

As part of the customisation options available to you, data sources may be added or removed, as needed.

1. Money laundering, sanctions violations, terrorist financing, bribery & corruption, tax offences, and proliferation financing.

Risk Categorisation Algorithm

Compass is based on a fully documented, transparent, and procedural methodology. Unlike many existing vendor solutions, it does not rely on obscure or proprietary statistical models. This ensures that the risk categorisations can be understood and communicated with ease.

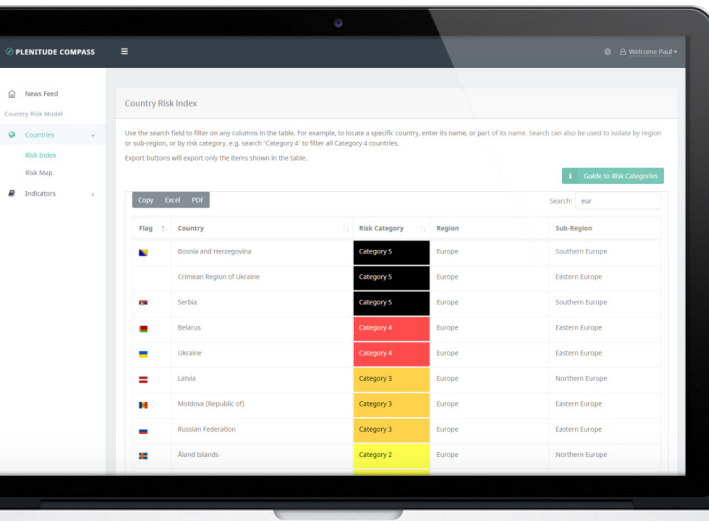
Algorithm & Approach

- 1**
Fact-based
Data and evidence is at the heart of our approach.
- 2**
Repeatable
Our calculation can be repeated and will always yield the same result for the same input data.
- 3**
Transparent
Our dedicated cloud platform provides you with access to all underlying data and helps you understand the overall risk categorisation and individual financial crime risk types present.



Compass Online

Compass is hosted on our dedicated cloud platform that makes it easy to access and understand country risk data.



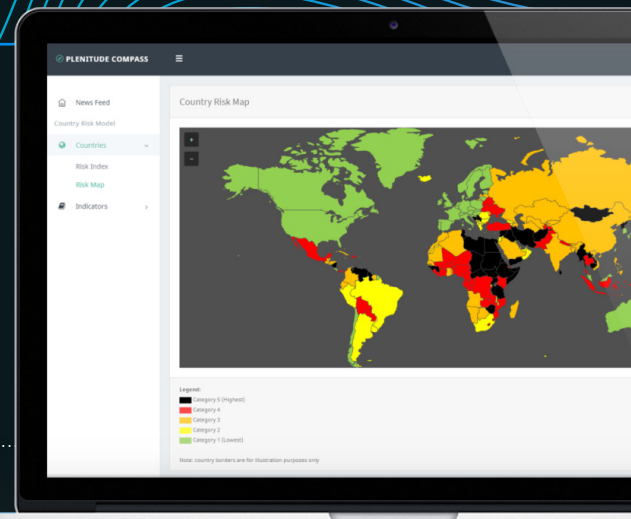
Country Risk Index

Use the search field to filter on any columns in the table. For example, to locate a specific country, enter its name, or part of its name. Search can also be used to isolate by region or sub-region, or by risk category. e.g. search "Category 4" to filter all Category 4 countries. Export buttons will export only the items shown in the table.

Copy	Excel	PDF	Search	Filter
Flag	Country	Risk Category	Region	Sub-Region
	Bosnia and Herzegovina	Category 5	Europe	Southern Europe
	Crimpean Region of Ukraine	Category 5	Europe	Eastern Europe
	Serbia	Category 5	Europe	Southern Europe
	Belarus	Category 4	Europe	Eastern Europe
	Ukraine	Category 4	Europe	Eastern Europe
	Latvia	Category 3	Europe	Northern Europe
	Moldova (Republic of)	Category 3	Europe	Eastern Europe
	Russian Federation	Category 3	Europe	Eastern Europe
	Åland Islands	Category 2	Europe	Northern Europe

- **Interactive access to country risk data covering all 249 ISO-3166 countries** (plus three other territories/regions). No installation or IT involvement required.
- **Index exportable into PDF and Excel** for integration with financial crime controls, such as client risk assessment and transaction monitoring (other custom feeds in XML and JSON available).

- **Individual country dashboards** presenting an in-depth analysis of the financial crime risks present and the calculation of the risk category.
- **Explanation of the specific underlying risk exposures** to assist in risk assessments (both client and enterprise).



Compass Benefits & Outcomes

Benefit
/Outcome
Delivered



Our procedural methodology is fully aligned with applicable regulations and guidance and has withstood regulatory scrutiny.



Comprehensive country risk categorisation which will drive more effective financial crime risk management within your institution.



Provides assurance that your country risk index is kept up-to-date and is aligned with regulatory lists, including the UK, EU and FATF high risk country lists.



Our online tool is a valuable resource to train and educate first and second line staff on country risk and the underlying risk drivers, facilitating more effective decision making.



Reduces the costs associated with the development and maintenance of an in-house country risk methodology.



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ENQUIRIES@PLENITUDECONSULTING.COM