**AML BASE LLC**

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# Customer Risk Assessment (CRA) Template

Tier-1 Bank Standard — AML / KYC Prospective & Periodic Review Framework, All Customer Segmentations

SCOPE Individual · Private Banking · Corporate · Correspondent Banking · MSB · NBFI · NPO/Charity · Trust & PIV · PEP · Cash-Intensive · Embassy · VASP/Fintech · MRB

BASIS BSA/AML · USA PATRIOT Act · FinCEN CDD Rule · FFIEC BSA/AML Manual · FATF Recommendations · Wolfsberg Group Principles · OFAC

PURPOSE CAMS / CFE / CGSS / CCAS exam preparation & internal AML training use



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# 1. Purpose, Scope & Regulatory Basis

This Customer Risk Assessment (CRA) template establishes a standardized, risk-based methodology for rating the money-laundering, terrorist-financing, and sanctions-exposure risk of a prospective or existing customer at onboarding (prospective CRA) and throughout the relationship lifecycle (periodic / trigger-based CRA refresh). It reflects the layered Customer Identification Program (CIP), Customer Due Diligence (CDD), and Enhanced Due Diligence (EDD) structure used across Tier-1 U.S. banking institutions to comply with the Bank Secrecy Act (BSA), the USA PATRIOT Act, the FinCEN Customer Due Diligence (CDD) Final Rule (31 CFR 1010.230), and applicable OFAC sanctions programs, and incorporates guidance from the FFIEC BSA/AML Examination Manual, the FATF 40 Recommendations, and the Wolfsberg Group's AML Principles and Correspondent Banking Due Diligence Questionnaire (CBDDQ).

**Scope.** The framework applies to every customer segmentation onboarded by a Front Line Unit (FLU) — retail, private banking, commercial, institutional, and correspondent — and is designed to be reviewed and approved by Independent Compliance Risk Management (ICRM) / the Anti-Money Laundering Compliance Officer (AMLCO) prior to account opening, and periodically thereafter based on the assigned Customer Risk Rating (CRR).

**Out of scope.** This document does not cover transaction monitoring scenario design, SAR/CTR filing mechanics, or sanctions list-screening engine configuration, each of which is addressed in separate AML Base LLC training modules.

## 1.1 Regulatory & Industry Reference Points

| Reference | Relevance to CRA |
|---|---|
| 31 CFR 1010.230 — FinCEN CDD Final Rule | Establishes the four core CDD elements: identify & verify customer identity, identify & verify beneficial ownership (25% equity prong + control prong), understand nature & purpose of the relationship to develop a risk profile, and conduct ongoing monitoring. |
| USA PATRIOT Act §326 (CIP) / §312 (Correspondent & Private Banking) | Mandates a written Customer Identification Program and enhanced scrutiny for correspondent accounts for foreign financial institutions and private banking accounts for non-U.S. persons. |
| FFIEC BSA/AML Examination Manual | Interagency examiner guidance describing expected risk-based CDD/EDD practices by customer type (the primary source for U.S. Tier-1 bank CRA methodology). |
| FATF 40 Recommendations (esp. R.1, R.10, R.12, R.13) | International standard for the risk-based approach, CDD, PEP screening, and correspondent banking due diligence. |
| Wolfsberg Group AML Principles & CBDDQ | Private-sector standard used industry-wide for correspondent banking and private banking risk assessment questionnaires. |
| OFAC Sanctions Programs (SDN List, sectoral sanctions) | Independent screening obligation layered on top of, not a substitute for, the AML risk rating. |

***Disclaimer:** This template synthesizes publicly documented regulatory requirements and widely-published industry practice (FFIEC, FinCEN, FATF, Wolfsberg) to illustrate how a Tier-1 U.S. bank's AML/KYC risk assessment is typically structured. It is a generic training and reference tool prepared by AML Base LLC for CAMS/CFE/CGSS/CCAS exam preparation and internal training use. It is not a reproduction of, and should not be represented as, any specific institution's proprietary internal policy, procedure, or system screen.*

# 2. Risk-Based Approach & CRR Methodology Overview

Tier-1 banks apply a **Risk-Based Approach (RBA)**: due-diligence intensity, documentation, approval level, and ongoing monitoring frequency all scale with the customer's assessed risk rather than being applied uniformly. The Customer Risk Rating (CRR) is the single output — typically Low / Medium / High (some banks add a fourth Prohibited/Restricted band) — that drives these downstream decisions. CRR is calculated at prospective onboarding and recalculated at defined intervals and upon trigger events (see Section 5).

## 2.1 The Four CDD Pillars

### 1. Customer Identification (CIP)

Collect & independently verify name, date of birth (individuals) or formation details (entities), address, and a government-issued identification number (SSN/ITIN, EIN, or foreign equivalent) using documentary and/or non-documentary methods.

### 2. Beneficial Ownership Identification

For legal entity customers, identify and verify each individual who owns 25% or more of the entity (the *ownership prong*) and one individual with significant managerial control (the *control prong*) via a Certification of Beneficial Ownership.

### 3. Understanding Nature & Purpose of the Relationship

Develop a customer risk profile: expected account activity, geographic footprint, source of wealth (SOW) and source of funds (SOF), industry/NAICS code, and business rationale for the products and services requested.

### 4. Ongoing Monitoring & CDD Refresh

Monitor for suspicious activity and maintain/update customer information; trigger a CRA refresh on a periodic cycle keyed to CRR and on material trigger events.

## 2.2 CRA Workflow (Prospective Onboarding)

- **Step 1 — Segment Identification:** FLU identifies the applicable customer segmentation (Section 7) which determines the base CRA template and minimum documentation set.
- **Step 2 — Data & Document Collection:** CIP data, beneficial ownership certification, and segment-specific KYC documentation are collected by the Relationship Manager (RM) / onboarding team.
- **Step 3 — Screening:** Name screening against OFAC/UN/EU/HM Treasury sanctions lists, PEP databases, and adverse media (negative news) sources is performed on the customer, beneficial owners, authorized signers, and (for entities) senior management.
- **Step 4 — Risk Factor Scoring:** The weighted risk scoring matrix (Section 4) is applied across Geographic, Customer/Entity Type, Product/Service, and Delivery Channel categories to produce a preliminary CRR.
- **Step 5 — EDD (if triggered):** Where the preliminary score, a PEP hit, a high-risk jurisdiction nexus, or a segment-specific automatic-EDD trigger applies, enhanced due diligence is performed (source of wealth verification, adverse media deep-dive, site visit, senior management approval).
- **Step 6 — Independent Review & Approval:** ICRM/Compliance reviews the CRA package and either concurs with the FLU-proposed CRR, overrides it, or declines/escalates the relationship per the approval matrix (Section 6).
- **Step 7 — Onboarding Decision & Record Retention:** Approved relationships are onboarded with the final CRR recorded in the KYC system of record; the CRA package is retained per the institution's record-retention policy (generally 5 years post-relationship-closure under BSA recordkeeping rules).

# 3. Risk Factor Categories

Tier-1 banks generally group CRA risk drivers into four categories. Each is scored independently and then combined via the weighted matrix in Section 4. A single severe factor (e.g., a confirmed OFAC SDN match, a foreign senior political figure, or a shell-bank nexus) can override the blended score and drive an automatic High or Prohibited rating regardless of the arithmetic total.

## 3.1 Geographic / Country Risk

Assessed for the customer's country of residence/incorporation, nationality/citizenship, beneficial owners' countries, and countries of expected counterparties or fund flow.

| Indicator | Examples / Sources |
|---|---|
| FATF-identified jurisdictions | Jurisdictions under Increased Monitoring (“grey list”) and Calls for Action (“black list”) published by the FATF. |
| OFAC-sanctioned / comprehensively sanctioned jurisdictions | Countries subject to comprehensive OFAC sanctions programs. |
| Bank secrecy / low-transparency jurisdictions | Jurisdictions with weak beneficial-ownership transparency or bank-secrecy regimes flagged by Financial Secrecy Index / Basel AML Index. |
| High-corruption jurisdictions | Low scorers on the Transparency International Corruption Perceptions Index (CPI). |
| Narcotics / conflict / major-crime source or transit countries | INCSR Majors List (International Narcotics Control Strategy Report) and similar designations. |
| Offshore financial centers | Jurisdictions offering limited beneficial-ownership disclosure, nominee shareholder/director services, or zero/low tax regimes. |

## 3.2 Customer / Entity Type Risk

- Legal-entity complexity: layered ownership structures, bearer shares, nominee shareholders/directors, shell or shelf companies with no genuine business operations.
- Occupation / industry cash-intensity (Section 7.11) or exposure to bribery/corruption-prone sectors (extractives, defense, government contracting).
- Public prominence: Politically Exposed Person (PEP) status — domestic, foreign, or of an international organization — and PEP family members / close associates (RCA).
- Adverse media: credible, substantive negative news alleging financial crime, corruption, fraud, or sanctions evasion.
- New/young entities with no operating history, or entities registered shortly before account opening.
- Unwillingness or inability to provide beneficial-ownership or source-of-wealth information.

## 3.3 Product / Service Risk

- Correspondent banking, payable-through accounts, and nested-account arrangements.
- Private banking, wealth management, and trust/fiduciary services.
- International wire transfers, particularly to/from higher-risk jurisdictions.
- Trade finance (letters of credit, documentary collections) — exposure to trade-based money laundering (TBML) via over/under-invoicing and phantom shipments.
- Cash and monetary-instrument intensive services (cash deposit/withdrawal, money orders, cashier's checks purchased with cash).
- Correspondent relationships with Money Services Businesses (MSBs) and virtual-asset-related businesses.

- Lower-risk, standardized retail products (checking/savings, consumer credit cards, auto loans).

### 3.4 Delivery Channel Risk

- Non-face-to-face account opening (online/digital onboarding) without in-person verification.
- Use of intermediaries, agents, or introducers rather than direct customer contact.
- Accounts opened through a jurisdiction different from the customer's stated residence.
- Extensive use of third-party payment processors or omnibus/aggregator arrangements that obscure the underlying originator or beneficiary.

# 4. Weighted Risk Scoring Matrix (Illustrative)

Each of the four risk-factor categories from Section 3 is scored 1 (Low) – 3 (High) and multiplied by a category weight; the weighted sum maps to a preliminary CRR band. Weights below are illustrative of common Tier-1 bank practice and are calibrated per institution based on the enterprise-wide AML risk assessment.

| Risk Category | Weight | Low (1 pt) | Medium (2 pt) | High (3 pt) |
|---|---|---|---|---|
| Geographic / Country | 30% | Domestic / FATF-compliant jurisdiction | Jurisdiction with moderate transparency gaps | FATF grey/black list, OFAC-sanctioned, or offshore secrecy jurisdiction |
| Customer / Entity Type | 30% | Individual/regulated entity, transparent ownership | Privately-held entity, moderate complexity | PEP, complex/opaque structure, shell entity, adverse media hit |
| Product / Service | 25% | Standard retail deposit/lending product | Domestic wires, trade finance (routine) | Correspondent banking, private banking, cross-border wires, MSB/VASP-linked |
| Delivery Channel | 15% | In-person / branch onboarding | Introduced via known intermediary | Non-face-to-face, unverified digital onboarding |

## 4.1 Worked Example

| Category | Score | Weight | Weighted |
|---|---|---|---|
| Geographic (offshore holding jurisdiction) | 3 | 30% | 0.90 |
| Entity Type (privately-held trading co.) | 2 | 30% | 0.60 |
| Product (cross-border wires + trade finance) | 3 | 25% | 0.75 |
| Channel (in-person, RM-introduced) | 1 | 15% | 0.15 |
| **Total Weighted Score** | | | **2.40 → High** |

**Indicative bands:** 1.00–1.49 = Low | 1.50–2.29 = Medium | 2.30–3.00 = High. A confirmed sanctions match, active law-enforcement inquiry, or shell-bank relationship overrides the arithmetic score to Prohibited regardless of weighted total.

# 5. CRR Rating Bands, Refresh Cycles & Trigger Events

## 5.1 Periodic KYC Refresh Cycle by CRR

| CRR Band | Typical Refresh Cycle | Ongoing Monitoring Intensity |
|---|---|---|
| **Low** | 36 months | Standard automated transaction-monitoring scenarios; no enhanced manual review cadence. |
| **Medium** | 24 months | Standard scenarios plus periodic sample transaction review at refresh. |
| **High** | 12 months | Lower monitoring thresholds, more frequent adverse-media and sanctions re-screening (typically daily/weekly automated list screening), annual senior-management attestation. |
| **Prohibited** | N/A — relationship declined or exited | Entry on enterprise-wide restricted-party / do-not-onboard list. |

## 5.2 Event-Driven (Trigger-Based) CRA Refresh

In addition to the periodic cycle above, a CRA refresh is triggered immediately upon any of the following, irrespective of the scheduled review date:

- A positive/potential sanctions, PEP, or adverse-media screening hit on the customer, a beneficial owner, or an authorized signer.
- Material change in beneficial ownership, control structure, or authorized signers.
- A significant, unexplained change in expected account activity or transaction pattern versus the customer's stated profile.
- Receipt of a grand jury subpoena, National Security Letter, law-enforcement inquiry, or 314(a) request referencing the customer.
- A SAR (Suspicious Activity Report) is filed, or filed a second time, on the customer.
- The customer relocates to, or begins transacting with, a newly-designated high-risk jurisdiction.
- For correspondent banking relationships: material change in the respondent's ownership, license status, or CBDDQ responses, or a downgrade in the respondent's home-country FATF rating.
- Adverse regulatory action, license revocation, or negative examination finding affecting the customer.

# 6. Approval & Escalation Workflow

Approval authority scales with assessed CRR, consistent with the “four-eyes” / independent review principle: the Front Line Unit (FLU) proposes a CRR; Independent Compliance Risk Management (ICRM) reviews and concurs, overrides, or escalates.

| CRR | Minimum Approval Level | Additional Requirement |
|---|---|---|
| **Low** | RM / FLU self-certification with QC sampling by Compliance | Standard CIP/CDD documentation on file. |
| **Medium** | AML Compliance Officer / KYC Analyst sign-off | Full CDD file review prior to account activation. |
| **High** | Money Laundering Reporting Officer (MLRO) / Senior Compliance Officer, plus Business Unit Head | Completed EDD package: source of wealth/funds verification, enhanced adverse-media review, documented business rationale. |
| PEP (any tier) | Senior Management approval prior to onboarding (FATF R.12 / Wolfsberg standard) | Source-of-wealth documentation mandatory; annual review minimum. |
| **Prohibited** | Declined — escalated to Head of AML Compliance / Legal | Entry on enterprise restricted-party list; SAR consideration if activity already occurred. |

**Escalation path for disagreement:** where the FLU and ICRM cannot reach concurrence on a proposed CRR or onboarding decision, the matter is escalated to the AML/BSA Officer or a designated New Business / Reputational Risk Committee for final determination; Compliance holds veto authority in all cases.

# 7. Customer Segmentation — Specific CRA Templates

The following fourteen segments cover the standard customer segmentation model used across Tier-1 U.S. bank retail, commercial, and institutional lines of business. Each template lists segment-specific inherent risk drivers, the minimum KYC/CIP documentation set, EDD triggers unique to the segment, and the typical baseline CRR, approval authority, and refresh cycle. These sit on top of — not in place of — the universal risk factor categories in Section 3 and the scoring matrix in Section 4.

## 7.1 Individual — Retail / Mass Consumer

The default segment for personal checking, savings, consumer credit, and auto/personal loan customers. Ordinarily the lowest-risk segment absent PEP status, adverse media, or a nexus to higher-risk geography or activity.

### Inherent Risk Drivers

- Occupation inconsistent with expected income/account activity (e.g., stated occupation of “student” with large recurring international wires).
- Non-resident alien (NRA) accounts and W-8BEN certifications.
- Frequent cash structuring-pattern deposits just under CTR reporting thresholds.
- Use of the account as a pass-through/funnel account for third-party funds.

### Standard KYC / CIP Documentation

- Government-issued photo ID (driver's license, passport) and SSN/ITIN.
- Proof of address (utility bill, lease, or equivalent) if not confirmed via non-documentary verification (credit bureau, database check).
- Employment/occupation and expected account activity (approximate monthly deposits, wire frequency) captured at account opening.

### Enhanced Due Diligence (EDD) Triggers

- PEP or adverse-media screening hit on the applicant.
- Non-resident alien with no U.S. address or SSN, verified via passport/foreign ID only.
- Requested cash-intensive activity inconsistent with stated occupation.

| Typical Baseline CRR | Approval Authority | Refresh Cycle |
|---|---|---|
| Low | RM self-certification / QC sample | 36 months |

## 7.2 Private Banking / High-Net-Worth (HNW) Individual

Customers with investable assets typically above an institution-defined threshold (commonly USD 1–10 million+) accessing wealth management, investment advisory, trust, or concierge banking services. USA PATRIOT Act §312 imposes statutory enhanced due diligence for private banking accounts held by, or on behalf of, non-U.S. persons.

### Inherent Risk Drivers

- Source of wealth derived from a single large liquidity event (business sale, inheritance, IPO) requiring independent corroboration.
- Use of offshore trusts, holding companies, or nominee structures to hold assets.
- Non-U.S. person private banking relationships (statutory §312 EDD trigger).

- Family office or multi-generational wealth with complex, layered ownership.
- Politically exposed family members or close associates (RCA).

### Standard KYC / CIP Documentation

- Full CIP package plus a documented Source of Wealth (SOW) and Source of Funds (SOF) narrative.
- Corroborating evidence for SOW: business sale agreements, inheritance/probate documents, audited financial statements, tax returns, or investment account statements.
- Beneficial ownership certification for any holding entity, trust deed / letter of wishes where assets are held in trust.
- Expected activity profile: anticipated deposit size, investment strategy, wire corridors.

### Enhanced Due Diligence (EDD) Triggers

- Non-U.S. person private banking account (mandatory §312 EDD).
- Any PEP nexus (self, family member, or close associate).
- SOW derived from a jurisdiction with elevated corruption or bank-secrecy risk.
- Use of a nominee, trust, or shell structure to hold or transfer assets.

| Typical Baseline CRR | Approval Authority | Refresh Cycle |
|---|---|---|
| Medium–High | MLRO + Business Head; Senior Mgmt if PEP | 12–24 months |

## 7.3 Small & Medium Enterprise (SME) / Small Business

Privately-held operating businesses below large-corporate revenue thresholds seeking business deposit, lending, or merchant-services products. Risk is driven primarily by industry, ownership transparency, and cash intensity.

### Inherent Risk Drivers

- Industry classification (NAICS code) associated with elevated ML/TF risk (e.g., money transmission, precious metals, used-vehicle sales, check cashing).
- Newly formed entity with no operating history or website/public footprint.
- Beneficial owner(s) unwilling or unable to provide identification or SOW documentation.
- Business address that is a residential address, virtual office, or registered-agent address only.

### Standard KYC / CIP Documentation

- Certificate of formation/incorporation, EIN confirmation letter, business license(s).
- Beneficial Ownership Certification Form identifying all 25%+ owners and one control-prong individual, each independently verified.
- Description of business activity/NAICS code and expected account activity.
- Financial statements or tax returns where lending is involved.

### Enhanced Due Diligence (EDD) Triggers

- High-risk NAICS classification.
- Ownership structure involving a trust, holding company, or foreign parent.
- Cash-intensive projected activity (see Section 7.11).
- Beneficial owner is a PEP or has an adverse-media hit.

| Typical Baseline CRR | Approval Authority | Refresh Cycle |
|---|---|---|
| Low–Medium | AML Compliance Officer sign-off | 24–36 months |

## 7.4 Corporate / Commercial (Large Corporate) Banking

Established operating companies, often publicly traded or rated, accessing treasury management, commercial lending, and capital markets products. Generally lower relative risk given regulatory oversight, public disclosure, and audited financials, but scale of flows raises TBML and sanctions exposure considerations.

### Inherent Risk Drivers

- Cross-border supply chain with counterparties in higher-risk jurisdictions (TBML exposure).
- Complex corporate group structure spanning multiple jurisdictions, including offshore holding entities.
- Industry exposure to sanctions-sensitive sectors (energy, defense, shipping, dual-use goods).
- Use of trade finance instruments (letters of credit) with unusual pricing, quantities, or routing versus commercial norms.

### Standard KYC / CIP Documentation

- Corporate formation documents, good-standing certificate, organizational/ownership chart to the ultimate beneficial owner.
- Beneficial ownership certification (publicly traded subsidiaries may qualify for the exempt-entity carve-out under the CDD Rule, subject to verification of listing status).
- Board resolution / authorized-signer documentation.
- Audited financial statements and description of principal business lines and trade corridors.

### Enhanced Due Diligence (EDD) Triggers

- Operations in or trade flows through FATF grey/black-listed or comprehensively sanctioned jurisdictions.
- Dual-use goods, defense, or extractives industry exposure.
- Ownership structure obscured by multiple layers of offshore holding companies.
- Significant related-party transactions with entities in secrecy jurisdictions.

| Typical Baseline CRR | Approval Authority | Refresh Cycle |
|---|---|---|
| Low–Medium | AML Compliance Officer; MLRO for EDD cases | 24 months |

## 7.5 Financial Institutions — Correspondent Banking

Foreign and domestic respondent banks/financial institutions maintaining correspondent accounts to clear payments, settle FX, or access USD clearing. Subject to the most stringent statutory EDD regime under USA PATRIOT Act §313 (shell bank prohibition) and §312 (foreign correspondent EDD), and industry-standard Wolfsberg CBDDQ due diligence.

### Inherent Risk Drivers

- Respondent's home-country AML/CFT regulatory regime and FATF mutual-evaluation rating.
- Respondent's ownership structure, including any state ownership or PEP-linked shareholders.
- Nested correspondent relationships — the respondent providing its own correspondent services to downstream banks not directly visible to the Tier-1 institution.
- Payable-through account (PTA) arrangements allowing the respondent's customers to conduct transactions directly through the correspondent account.
- Volume and currency mix of expected clearing activity, and respondent's own AML program maturity.

### Standard KYC / CIP Documentation

- Completed Wolfsberg Correspondent Banking Due Diligence Questionnaire (CBDDQ).
- Respondent's banking license, regulator confirmation, and ownership/organizational chart to the ultimate beneficial owner.
- Respondent's AML/CFT policy summary, sanctions compliance program description, and most recent independent audit or regulatory examination summary where obtainable.

- Statutory certification that the respondent does not provide services to shell banks (§313 certification) and does not permit nested/downstream correspondent access without disclosure.

### Enhanced Due Diligence (EDD) Triggers

- Respondent domiciled in a FATF grey/black-listed jurisdiction.
- Any nested or payable-through account arrangement.
- Respondent unable or unwilling to complete the CBDDQ or disclose beneficial ownership.
- Respondent has been subject to a prior regulatory enforcement action for AML deficiencies.

| Typical Baseline CRR | Approval Authority | Refresh Cycle |
|---|---|---|
| High (statutory EDD by default) | MLRO + Senior Management / Correspondent Banking Risk Committee | 12 months |

## 7.6 Money Services Businesses (MSBs) / Money Transmitters

Non-bank businesses providing currency exchange, check cashing, money orders, or money transmission (including remittance companies), regulated by FinCEN as MSBs and typically state-licensed. Treated as a heightened-risk banking-as-a-customer relationship given the MSB's own exposure to laundering through its retail customer base.

### Inherent Risk Drivers

- MSB's own AML program maturity, independent testing history, and BSA officer designation.
- Agent network size and geographic dispersion, including foreign agents.
- Product mix: cash-to-cash remittance corridors to higher-risk jurisdictions.
- History of regulatory action (FinCEN, state money-transmitter regulator) or account terminations by prior banking partners (“de-risking” history).

### Standard KYC / CIP Documentation

- FinCEN MSB registration confirmation and applicable state money-transmitter license(s).
- Copy of the MSB's written AML program, including agent-monitoring and OFAC-screening procedures.
- Description of products/services offered, corridors served, and expected transaction volume.
- List of principal owners/officers and beneficial ownership certification.

### Enhanced Due Diligence (EDD) Triggers

- Foreign agent network or corridors to FATF grey/black-listed jurisdictions.
- History of prior account closure by another financial institution.
- Unlicensed or inconsistently licensed operations across states served.
- Inability to demonstrate independent AML program testing.

| Typical Baseline CRR | Approval Authority | Refresh Cycle |
|---|---|---|
| High | MLRO + Business Head; ongoing enhanced transaction monitoring mandatory | 12 months |

## 7.7 Non-Bank Financial Institutions (NBFIs)

Broker-dealers, registered investment advisers, insurance companies, mutual funds, and other financial-sector entities subject to their own AML program obligations under the BSA. Risk assessment focuses on the NBFI's regulatory status and the transparency of its own underlying client base where the relationship involves omnibus/aggregated accounts.

### Inherent Risk Drivers

- Use of omnibus accounts that commingle the underlying beneficial clients' activity, limiting the bank's visibility into individual transactions.
- NBFI's registration/licensing status with the SEC, FINRA, state insurance regulator, or equivalent foreign regulator.
- NBFI's own AML program and Customer Identification Program maturity.
- Cross-border NBFIs domiciled outside the U.S. with limited regulatory transparency.

### Standard KYC / CIP Documentation

- Evidence of regulatory registration/licensing (SEC/FINRA CRD number, state insurance license, foreign regulator confirmation).
- Summary of the NBFI's AML/CIP program and reliance arrangements (if the bank is relying on the NBFI's CDD under a certified reliance/introduced-business agreement).
- Beneficial ownership certification for the NBFI entity itself.

### Enhanced Due Diligence (EDD) Triggers

- Foreign-domiciled NBFI with no equivalent AML regulatory oversight.
- Omnibus account structure with no reliance agreement or look-through capability.
- NBFI has been subject to regulatory enforcement action.

| Typical Baseline CRR | Approval Authority | Refresh Cycle |
|---|---|---|
| Medium–High | AML Compliance Officer; MLRO for foreign/omnibus cases | 12–24 months |

## 7.8 Non-Profit Organizations (NPOs) / Charities / NGOs

Domestic and international charitable, religious, or humanitarian organizations. Identified by FATF Recommendation 8 as vulnerable to abuse for terrorist financing, particularly organizations operating in or channeling funds to conflict zones.

### Inherent Risk Drivers

- Operations in or fund disbursement to conflict zones or jurisdictions with active terrorist organization presence.
- Cash-based fundraising (collection boxes, street solicitation) with limited donor-level documentation.
- Use of informal value transfer to move funds to overseas program locations (in lieu of traceable wire transfer or banked intermediary).
- Limited financial transparency — no independent audit, unclear program-vs-administrative expense allocation.
- Affiliation with or funding from an organization on a terrorism-related sanctions list.

### Standard KYC / CIP Documentation

- IRS 501(c)(3) determination letter (or foreign-jurisdiction charity registration equivalent) and organizing documents (articles of incorporation/bylaws).
- List of officers, directors, and beneficial control parties.
- Description of programmatic activity, countries of operation, and fund-disbursement mechanism (banked intermediary, cash courier, in-kind distribution).
- Most recent Form 990 / audited financial statements where available.

### Enhanced Due Diligence (EDD) Triggers

- Program activity in or near a designated conflict zone or terrorism hot-spot.
- Disbursement via cash courier or unregulated hawala-style channel.
- Officer/director adverse-media hit linking to extremist affiliation.

- Newly formed NPO with no track record raising or disbursing at scale relative to its history.

| Typical Baseline CRR | Approval Authority | Refresh Cycle |
|---|---|---|
| Medium–High | AML Compliance Officer; MLRO if conflict-zone nexus | 12–24 months |

## 7.9 Trusts, Foundations & Private Investment Vehicles (PICs)

Personal trusts, private foundations, and Private Investment Companies (PICs) used to hold and transfer wealth across generations or jurisdictions. Requires identification of settlor(s)/grantor(s), trustee(s), protector, and beneficiaries in addition to standard beneficial ownership analysis, since control and economic benefit are often separated.

### Inherent Risk Drivers

- Discretionary trust structure where beneficiaries are not fixed or named (class of beneficiaries only), limiting transparency.
- Offshore trustee or protector domiciled in a bank-secrecy jurisdiction.
- Settlor retains de facto control despite formal transfer of legal title (a red flag for sham trust arrangements).
- Layering of a PIC beneath a trust to further obscure ultimate beneficial ownership.
- Letter of wishes directing distributions to a PEP or sanctioned party.

### Standard KYC / CIP Documentation

- Trust deed / declaration of trust (or foundation charter), identifying settlor(s), trustee(s), protector, and beneficiaries (or class of beneficiaries).
- Identification and verification of the settlor, trustee(s), protector, and any beneficiary with a vested (non-discretionary) interest of 25% or more.
- Source of wealth documentation for the settlor / funding party.
- Letter of wishes (where available) and description of the trust's investment/distribution purpose.

### Enhanced Due Diligence (EDD) Triggers

- Discretionary trust with an offshore trustee/protector.
- Settlor or beneficiary is a PEP.
- Layered PIC-beneath-trust structure with no clear commercial rationale.
- Trust formed in, or administered from, a bank-secrecy jurisdiction.

| Typical Baseline CRR | Approval Authority | Refresh Cycle |
|---|---|---|
| Medium–High | MLRO + Business Head; Senior Mgmt if PEP nexus | 12–24 months |

## 7.10 Politically Exposed Persons (PEPs)

Individuals entrusted with prominent public functions (domestic PEPs), their equivalents in a foreign government (foreign PEPs), or in a position of authority at an international organization (HIOs — heads of international organizations), together with their immediate family members and known close associates (RCAs). FATF Recommendation 12 and Wolfsberg standards require mandatory EDD and senior-management approval for foreign PEPs; U.S. institutions typically apply risk-based (not automatic) EDD to domestic PEPs absent other risk indicators.

### Inherent Risk Drivers

- Foreign PEP status (mandatory EDD regardless of other factors under Wolfsberg/FATF standards).
- Domestic PEP combined with another risk factor (high-risk industry, complex structure, adverse media).
- Family member or close associate (RCA) of a PEP, particularly one used as a nominee account holder.

- Source of wealth inconsistent with the individual's declared government salary/public role.
- PEP status not voluntarily disclosed and only identified through screening.

### Standard KYC / CIP Documentation

- Standard CIP/CDD package plus a documented Source of Wealth and Source of Funds narrative specifically addressing how wealth was accumulated relative to the PEP's public role.
- Confirmation of current/former position, dates of tenure, and jurisdiction.
- Enhanced adverse-media and litigation search covering the PEP and immediate family.

### Enhanced Due Diligence (EDD) Triggers

- All foreign PEPs by default; domestic PEPs on a risk-based trigger; all confirmed RCAs.

| Typical Baseline CRR | Approval Authority | Refresh Cycle |
|---|---|---|
| High (foreign PEP) / Medium–High (domestic PEP) | Senior Management approval mandatory prior to onboarding | 12 months |

## 7.11 Cash-Intensive Businesses

Retail, hospitality, gaming, and other businesses whose ordinary course of operations generates a high proportion of currency transactions, elevating structuring and placement risk. Includes restaurants, convenience/liquor stores, car washes, laundromats, casinos/card rooms, check cashers, precious metals and jewelry dealers, and used-vehicle dealers.

### Inherent Risk Drivers

- Deposit volume inconsistent with the business's physical footprint, staffing, or comparable businesses in the same market.
- Frequent just-below-threshold cash deposits suggestive of structuring.
- Multiple related businesses depositing to a single account, or a single business operating multiple accounts across institutions.
- Precious metals/jewelry dealers and pawnbrokers: additional exposure as a placement vehicle for illicit cash and as a target for trade-based laundering via over/under-valued goods.
- Casinos/card rooms: exposure to chip walking, third-party chip cash-outs, and structuring across multiple visits (subject to their own Title 31 casino BSA obligations as a customer segment).

### Standard KYC / CIP Documentation

- Business license, lease/deed for physical premises, and point-of-sale/register system description.
- Expected monthly cash deposit volume and comparison to industry benchmarks for the business type and location.
- For precious metals/pawn: state licensing and description of inventory sourcing/valuation practices.

### Enhanced Due Diligence (EDD) Triggers

- Deposit activity materially exceeding the norm for the stated business type/size.
- Structuring-pattern deposits identified during screening or early monitoring.
- Precious metals, pawn, or check-cashing business models by default.

| Typical Baseline CRR | Approval Authority | Refresh Cycle |
|---|---|---|
| Medium–High | AML Compliance Officer; MLRO if structuring indicators present | 12–24 months |

## 7.12 Embassies, Consulates & Foreign Government Entities

Diplomatic missions, consulates, and foreign-government-owned entities. Accounts are typically restricted to official governmental purposes; personal-benefit use by diplomatic personnel is a key monitoring concern. Some accounts may implicate immunities under the Vienna Convention on Diplomatic Relations, which affects (but does not eliminate) the institution's due-diligence obligations.

### Inherent Risk Drivers

- Country risk of the represented government (sanctions exposure, FATF status, corruption perception).
- Use of the diplomatic account for personal transactions by embassy staff rather than official mission business.
- Cash withdrawal patterns inconsistent with stated operational (payroll, facilities, official travel) purpose.
- Foreign mission representing a government subject to partial or sectoral U.S. sanctions.

### Standard KYC / CIP Documentation

- Diplomatic accreditation confirmation (typically via the U.S. Department of State Office of Foreign Missions) and authorized-signer list limited to accredited diplomatic/consular staff.
- Description of the account's official purpose (payroll, operating expenses, consular fee collection).

### Enhanced Due Diligence (EDD) Triggers

- Represented government subject to any level of U.S. sanctions.
- Pattern of personal-benefit transactions by accredited individuals.
- Country risk rating of High per the geographic risk factors in Section 3.1.

| Typical Baseline CRR | Approval Authority | Refresh Cycle |
|---|---|---|
| Medium–High | MLRO + Senior Management | 12 months |

## 7.13 Virtual Asset Service Providers (VASPs) / Crypto-Related & Fintech Businesses

Cryptocurrency exchanges, custodians, OTC desks, and fintech companies whose business model involves convertible virtual currency, or bank-fintech partnerships (including Banking-as-a-Service arrangements) where the fintech, not the bank, holds the direct end-customer relationship. FATF Recommendation 15 extends AML/CFT obligations to VASPs and introduces the “travel rule” for virtual asset transfers.

### Inherent Risk Drivers

- VASP's registration status as a Money Services Business with FinCEN and applicable state virtual-currency licensing (e.g., NYDFS BitLicense where relevant).
- Travel Rule compliance capability — ability to transmit originator/beneficiary information on outbound virtual asset transfers above the applicable threshold.
- Exposure to mixing/tumbling services, privacy coins, or unhosted (self-custodied) wallet counterparties with no identity verification.
- For BaaS/fintech partnerships: clarity of KYC responsibility allocation between the bank and the fintech program manager, and the bank's look-through visibility into underlying end users.
- Jurisdictional footprint of the VASP's own customer base, including access from FATF grey/black-listed jurisdictions or U.S.-sanctioned regions via VPN/geo-evasion.

### Standard KYC / CIP Documentation

- FinCEN MSB registration and applicable state money-transmitter/virtual-currency license(s).

- Description of the VASP's Travel Rule compliance solution and blockchain-analytics / wallet-screening vendor.
- For BaaS arrangements: the tri-party (or bi-party) agreement defining KYC/CIP responsibility, and the bank's audit/look-through rights over the fintech's end-customer program.
- AML program summary, including sanctions-screening approach for blockchain wallet addresses.

### Enhanced Due Diligence (EDD) Triggers

- No demonstrated Travel Rule compliance capability.
- Material volume with unhosted wallets or known high-risk exchanges/mixers.
- BaaS program with no contractual look-through/audit rights over end customers.
- VASP licensed in a jurisdiction with limited virtual-asset regulatory oversight.

| Typical Baseline CRR | Approval Authority | Refresh Cycle |
|---|---|---|
| High | MLRO + Senior Management / New Product & Business Risk Committee | 12 months |

## 7.14 Cannabis / Marijuana-Related Businesses (MRBs)

State-licensed cannabis cultivators, processors, and dispensaries. Marijuana remains a Schedule I controlled substance under the federal Controlled Substances Act notwithstanding state-level legalization, creating a unique conflict addressed by FinCEN's 2014 MRB guidance, which requires banks servicing MRBs to file SARs (Marijuana Limited, Priority, or Termination SARs) and conduct enhanced, ongoing due diligence tied to the Cole Memo priorities framework.

### Inherent Risk Drivers

- Cash-intensive by nature (limited access to federally-regulated card networks historically), elevating structuring and placement risk.
- Vertical integration across cultivation, processing, and retail creating complex intercompany cash flows.
- Risk of diversion to minors, to the illicit market, or across state lines (Cole Memo priorities).
- State licensing status — operating without a valid, current state cannabis license is an automatic disqualifier.
- Proximity to federal property or schools, and compliance with state-mandated seed-to-sale tracking systems (e.g., Metrc).

### Standard KYC / CIP Documentation

- Valid state cannabis cultivation/processing/dispensary license(s) and confirmation of good standing with the state cannabis regulatory authority.
- Seed-to-sale tracking system enrollment confirmation (e.g., Metrc) and periodic reporting.
- Detailed business plan, expected cash-vs-electronic revenue mix, and armored-transport/cash-management procedures.
- Beneficial ownership certification and background checks on all owners/officers.

### Enhanced Due Diligence (EDD) Triggers

- By default — all MRB relationships require enhanced, ongoing due diligence per FinCEN's 2014 guidance, including quarterly (at minimum) transaction review against Cole Memo priorities.
- Any indicator of sales to minors, diversion out of state, or co-mingling with unlicensed operations.
- Loss of state license or adverse state regulatory action.

| Typical Baseline CRR | Approval Authority | Refresh Cycle |
|---|---|---|
| High | MLRO + Senior Management; dedicated MRB banking program required | Quarterly transaction review; full CRA refresh 12 months |

# 8. Master Prospective CRA — Fillable Form Template

A consolidated, segment-agnostic intake form suitable for adaptation to any of the fourteen segmentations in Section 7. Compliance/ICRM completes Part D (risk scoring) and Part E (approval) independently of the Front Line Unit's Part A–C submission.

## Part A — Customer Identification

**Customer / Entity Legal Name** ______________________

**Trade / DBA Name (if applicable)** ______________________

**Customer Segmentation (per Section 7)** ______________________

**Date of Birth / Date of Formation** ______________________

**SSN / ITIN / EIN / Foreign Tax ID** ______________________

**Registered / Residential Address** ______________________

**Country of Citizenship / Incorporation** ______________________

**Government ID or Registration Number & Issuer** ______________________

**Relationship Manager / FLU Officer** ______________________

**Date of Application** ______________________

## Part B — Beneficial Ownership (Legal Entity Customers)

| Full Name | Date of Birth | Ownership % | Control Prong (Y/N) | ID Verified (Y/N) |
|---|---|---|---|---|
| | | | | |
| | | | | |
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| | | | | |

## Part C — Nature, Purpose & Expected Activity

**Products / Services Requested** ______________________

**Business Description / Occupation / NAICS Code** ______________________

**Expected Monthly Deposit / Turnover (USD)** ______________________

**Expected Wire Activity (Domestic / International)** ______________________

**Anticipated Countries of Counterparty Activity** ______________________

**Source of Wealth (SOW)** ______________________

**Source of Funds for This Relationship (SOF)** ______________________

## Part D — Risk Factor Scoring (Completed by Compliance / ICRM)

| Category | Score (1–3) | Weight | Weighted | Rationale / Notes |
|---|---|---|---|---|
| Geographic / Country | | 30% | | |
| Customer / Entity Type | | 30% | | |
| Product / Service | | 25% | | |
| Delivery Channel | | 15% | | |
| **Total Weighted Score / Preliminary CRR** | | | | |

**PEP / Sanctions / Adverse Media Screening Result** ______________________

**EDD Required? (Y/N) — Trigger(s)** ______________________

**Final Approved CRR** ______________________

## Part E — Approval & Sign-Off

| Role | Name | Decision | Date | Signature |
|---|---|---|---|---|
| Relationship Manager / FLU | | | | |
| AML Compliance Officer | | | | |
| MLRO / Senior Compliance (if High/PEP) | | | | |
| Senior Management (if PEP / Correspondent) | | | | |

# 9. Glossary of Key Terminology

Consolidated reference of terms used throughout this template, aligned to CAMS/CFE examination terminology.

| | |
|---|---|
| **AML/CFT** | Anti-Money Laundering / Countering the Financing of Terrorism — the combined regulatory and institutional discipline addressing both risks. |
| **Adverse Media (Negative News)** | Credible, substantive media reporting linking a customer to financial crime, corruption, sanctions evasion, or other predicate offenses; screened at onboarding and on an ongoing basis. |
| **Beneficial Owner** | Under the FinCEN CDD Rule, any individual owning 25% or more of a legal entity customer (ownership prong), plus one individual with significant managerial control (control prong). |
| **BSA** | Bank Secrecy Act (1970) — the foundational U.S. AML statute requiring recordkeeping and reporting (CTRs, SARs) by financial institutions. |
| **CBDDQ** | Correspondent Banking Due Diligence Questionnaire — the Wolfsberg Group's standardized questionnaire used industry-wide to assess respondent banks. |
| **CDD** | Customer Due Diligence — the process of identifying a customer and assessing/understanding the nature and purpose of the relationship to develop a risk profile. |
| **CIP** | Customer Identification Program — the USA PATRIOT Act §326 requirement to collect and verify identifying information for every customer prior to account opening. |
| **Correspondent Account** | An account established by a bank to receive deposits from, make payments on behalf of, or handle other financial transactions for, a foreign financial institution. |
| **CRR** | Customer Risk Rating — the output classification (e.g., Low/Medium/High) of the CRA process. |
| **CTR** | Currency Transaction Report — filed with FinCEN for currency transactions exceeding USD 10,000 in a single business day. |
| **EDD** | Enhanced Due Diligence — additional, more intensive due diligence applied to higher-risk customers beyond baseline CDD. |
| **FATCA / CRS** | Foreign Account Tax Compliance Act / Common Reporting Standard — tax-transparency regimes requiring identification of a customer's tax residency; related to, but distinct from, AML CDD. |
| **FATF** | Financial Action Task Force — the intergovernmental standard-setting body for global AML/CFT policy (the “40 Recommendations”). |
| **FinCEN** | Financial Crimes Enforcement Network — the U.S. Treasury bureau administering the BSA. |
| **Look-Back Review** | A retrospective review of historical transactions (often following a SAR filing or regulatory finding) to identify previously undetected suspicious activity. |
| **MLRO** | Money Laundering Reporting Officer — the senior individual (or equivalent BSA Officer in the U.S.) with formal responsibility for the AML program and SAR-filing decisions. |
| **Nested Account** | An arrangement in which a respondent bank's correspondent account is used by the respondent's own downstream respondent banks, obscuring the ultimate transacting party from the correspondent institution. |
| **NAICS Code** | North American Industry Classification System code — used to classify a business customer's industry for risk-rating purposes. |
| **OFAC** | Office of Foreign Assets Control — the U.S. Treasury office administering economic and trade sanctions programs, including the Specially Designated Nationals (SDN) List. |

| | |
|---|---|
| **Payable-Through Account (PTA)** | A correspondent account that permits the respondent bank's own customers to conduct transactions directly, subjecting the correspondent to elevated §312 EDD obligations. |
| **PEP** | Politically Exposed Person — an individual entrusted with a prominent public function (domestic, foreign, or at an international organization), or their immediate family member/close associate (RCA). |
| **RBA** | Risk-Based Approach — the principle that AML control intensity should be proportionate to assessed risk rather than uniformly applied. |
| **RCA** | Relatives and Close Associates — individuals connected to a PEP who may be used to obscure the PEP's beneficial interest in assets or transactions. |
| **SAR** | Suspicious Activity Report — a confidential report filed with FinCEN when a financial institution detects known or suspected criminal activity. |
| **Shell Bank** | A bank with no physical presence in any jurisdiction and unaffiliated with a regulated financial group; U.S. banks are statutorily prohibited from maintaining correspondent accounts for shell banks (§313). |
| **SDN List** | Specially Designated Nationals and Blocked Persons List — OFAC's primary sanctions list of individuals and entities with whom U.S. persons are generally prohibited from dealing. |
| **SOF** | Source of Funds — the origin of the specific funds involved in a particular transaction or relationship. |
| **SOW** | Source of Wealth — the origin of a customer's total net worth/assets, distinct from the funds in a specific transaction. |
| **Structuring** | Deliberately breaking a transaction into smaller amounts to evade CTR or other reporting thresholds — itself a federal criminal offense independent of any underlying predicate. |
| **TBML** | Trade-Based Money Laundering — disguising illicit proceeds through trade transactions, e.g., over/under-invoicing, phantom shipments, or misrepresented goods. |
| **Travel Rule** | The requirement (FATF R.16, and its virtual-asset extension under R.15) that financial institutions and VASPs transmit originator and beneficiary information alongside qualifying fund/virtual-asset transfers. |
| **VASP** | Virtual Asset Service Provider — an entity conducting exchange, transfer, custody, or related services involving convertible virtual currency, subject to AML/CFT obligations under FATF Recommendation 15. |
| **Wolfsberg Group** | An association of global banks that publishes widely-adopted private-sector AML standards and due-diligence questionnaires (e.g., the CBDDQ). |

# 10. Document Control

| Document Title | Customer Risk Assessment (CRA) Template — Tier-1 Bank Standard |
|---|---|
| | AML Base LLC — AML/CFT Certification Training |
| | Training & Reference Material — Not a proprietary institutional document |
| | CAMS / CFE / CGSS / CCAS exam preparation; internal AML training reference |
| | 1.0 |

***Reminder for exam use:*** *when answering CAMS/CFE questions on customer risk rating, focus on the underlying regulatory logic (the four CDD pillars, the risk-based approach, and statutory EDD triggers under §312/§313) rather than any single institution's specific scoring weights — exam questions test the principle, not a proprietary numeric model.*

# Annex A — Individual / Personal Customer — U.S. KYC Risk Rating Matrix

Determinant-based risk rating grid for personal/consumer customers — FinCEN CDD Rule risk-profiling requirement, calibrated to U.S. retail banking practice (BSA/CTR thresholds, OFAC/FATF jurisdictional risk, SSA/DMV identity verification). The officer marks the Select column for each determinant; the highest risk level triggered by any single determinant governs the preliminary rating, subject to Compliance override with documented rationale.

| | | | | | |
|---|---|---|---|---|---|
| **Title of Account** | | **Branch / RM Name** | | **Relationship Status** | New / Existing |
| **Account Number** | | **Officer / NMLS Code** | | **Date of Assessment** | |

| Category | Risk Determinant | High Risk | Medium Risk | Low Risk | Select |
|---|---|---|---|---|---|
| **Customer / Occupation Risk** | **Customer Type** | • Minor (UTMA/UGMA custodial account)<br>• Non-Resident Alien (NRA) with no U.S. address, SSN, or ITIN | • Joint account with a non-relative<br>• Individual signer on a trust/estate account | • U.S. citizen or resident individual — single or joint account with immediate family | |
| | **PEP Status** | • Foreign PEP<br>• Immediate family member or known close associate (RCA) of a foreign PEP | • Domestic PEP (state/local elected or senior appointed official) | • Not a PEP; no known PEP association | |
| | **Occupation / Employment** | • Self-employed, cash-intensive business owner (e.g., restaurant, convenience store, used-vehicle sales)<br>• Unemployed with account activity inconsistent with stated means | • Small-business owner (non-cash-intensive)<br>• Commission-based sales or gig-economy / 1099 contractor income | • W-2 salaried employee<br>• Retired / pensioner (Social Security, employer pension)<br>• Active-duty U.S. military | |
| | **Banking History** | • New relationship (<6 months)<br>• Previously de-risked / account closed by another institution for AML concerns | • Existing relationship 6 months–3 years | • Existing relationship >3 years, no adverse history | |
| | **Source of Funds / Source of Wealth** | • Unclear or undocumented SOF for high-value transactions<br>• Wealth derived from a single large, uncorroborated liquidity event | • Self-attested SOF only, no supporting documentation | • Clearly identifiable, documented SOF (payroll records, tax returns, retirement/investment account statements) | |
| | **Identity Verification** | • Identity cannot be verified through an independent database (SSA, DMV, credit bureau, Real ID) | • Verified via non-documentary method only; no government ID presented in person | • Government-issued photo ID (driver's license, state ID, U.S. passport) independently verified via database | |
| | **Contact Information** | • No verifiable phone number or address provided | • VoIP / mobile number only; unable to independently confirm | • Independently verifiable landline and/or mobile number plus confirmed address | |
| | **Association with NPO / Trust / Club / Society** | • Officer, director, or trustee of an NPO/trust/club that operates internationally or in a conflict-affected region | • Officer, director, or trustee of a domestic-only NPO/trust/club | • No such association | |
| **Geographic / Jurisdiction Risk** | **Citizenship** | • Citizen of a FATF grey/black-listed or OFAC-sanctioned jurisdiction | • Citizen of a foreign country not otherwise designated high-risk | • U.S. citizen | |
| | **Residency / Immigration Status** | • Resident of a FATF grey/black-listed jurisdiction<br>• Immigration/visa status cannot be confirmed | • Non-resident alien with a valid visa and confirmed U.S. address | • U.S. resident / domiciliary | |
| | **Permanent Address** | • Address in an OFAC-sanctioned or FATF call-for-action jurisdiction | • Foreign address, non-high-risk jurisdiction | • Domestic U.S. address, independently verified | |
| | **Mailing Address Verification** | • No supporting documentation available; mail-hold requested at account opening | • Address differs from ID but a supporting document (utility bill, lease) is provided | • Mailing address matches government ID or is independently verified | |
| **Activity / Delivery Channel** | **Products & Services** | • Frequent cash deposits/withdrawals across multiple branches or ATMs<br>• International wire transfers<br>• Purchase of monetary instruments (money orders, cashier's checks) with cash<br>• Virtual-currency-linked activity | • Domestic wire transfers<br>• Cashier's checks / money orders (non-cash funded)<br>• Mobile remote deposit capture | • Direct-deposit payroll<br>• Standard debit card / ACH<br>• Online bill-pay | |
| | **Onboarding / Delivery Channel** | • Fully non-face-to-face digital onboarding with no biometric/liveness verification | • Non-face-to-face onboarding using biometric or document-verification technology | • In-branch, in-person onboarding | |
| **Transaction Profiling** | **Expected Monthly Credit Amount** | • > $50,000 | • $10,000 – $50,000 | • < $10,000 | |
| | **Expected Monthly Debit Amount** | • > $50,000 | • $10,000 – $50,000 | • < $10,000 | |
| | **Expected Monthly Credit Transaction Count** | • > 25 | • 10 – 25 | • < 10 | |
| | **Expected Monthly Debit Transaction Count** | • > 25 | • 10 – 25 | • < 10 | |

| Risk Category | Due Diligence Required | Refresh Cycle | Approval Authority |
|---|---|---|---|
| High Risk (HR) | Enhanced Due Diligence (EDD) | 12 months | MLRO / Senior Compliance + Business Head |
| Medium Risk (MR) | Standard CDD + targeted EDD on any HR determinant present | 24 months | AML Compliance Officer |
| Low Risk (LR) | Standard CDD | 36 months | RM self-certification / QC sample |

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|---|---|---|---|
| | | FINAL RISK RATING | |
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# Annex B — Business / Legal Entity Customer — U.S. KYC Risk Rating Matrix

Determinant-based risk rating grid for legal-entity customers — incorporates the FinCEN CDD Rule's beneficial-ownership requirement (25% ownership prong + control prong), NAICS-based industry risk classification, and correspondent/trade-finance product risk consistent with U.S. Tier-1 bank commercial and institutional onboarding practice. The highest risk level triggered by any single determinant governs the preliminary rating, subject to documented Compliance override.

| | | | | | |
|---|---|---|---|---|---|
| **Title of Account** | | **Branch / RM Name** | | **Relationship Status** | New / Existing |
| **Account Number** | | **Officer / NMLS Code** | | **Date of Assessment** | |

| Category | Risk Determinant | High Risk | Medium Risk | Low Risk | Select |
|---|---|---|---|---|---|
| **Customer / Entity Type Risk** | **Customer Type** | • Trust, Foundation, or Private Investment Company (PIC)<br>• Money Services Business (MSB) / money transmitter<br>• NPO / Charity / NGO<br>• Sole proprietorship operating under a trade name (DBA) | • LLC, LLP, or general/limited partnership | • Publicly traded corporation (SEC-reporting)<br>• U.S. government entity<br>• Regulated financial institution | |
| | **Type of Business / NAICS Classification** | • High-risk NAICS classification (money transmission, precious metals/jewelry dealer, cannabis-related business, check cashing, pawn brokerage, virtual-currency exchange, adult entertainment) | • Cash-generating retail/hospitality (restaurant, retail store, car wash, laundromat) | • Not linked to a high-risk NAICS classification | |
| | **Years in Business** | • < 1 year (newly formed entity) | • 1 – 5 years | • > 5 years, established operating history | |
| | **Ownership / Control Structure** | • Bearer shares; nominee shareholders/directors<br>• Beneficial owner(s) cannot be identified or verified<br>• Ownership layered through offshore holding companies | • Multi-tier LLC structure with a foreign parent, otherwise transparent | • Simple, transparent, directly-held ownership<br>• Publicly disclosed shareholders | |
| | **Beneficial Ownership Certification** | • Entity unwilling or unable to complete the Beneficial Ownership Certification Form | • Certification provided but one or more owners not independently verifiable | • Certification complete; all 25%+ owners and the control-prong individual independently verified | |
| | **Location of Major Customers** | • FATF grey/black-listed or OFAC-sanctioned jurisdiction | • Foreign, non-high-risk jurisdiction | • Domestic (U.S.) | |
| | **Location of Major Suppliers** | • FATF grey/black-listed or OFAC-sanctioned jurisdiction | • Foreign, non-high-risk jurisdiction | • Domestic (U.S.) | |
| | **Expected Type of Counterparties** | • NPOs, trusts, sole proprietors<br>• Foreign embassies/consulates or foreign government entities | • Partnerships, privately-held companies | • Publicly traded companies<br>• Regulated financial institutions | |
| | **Contact Information** | • No verifiable business phone number provided | • Mobile/cell number only | • Verified business landline and/or website with matching contact details | |
| | **Banking History** | • New relationship (<6 months)<br>• Entity previously de-risked by another institution | • Existing relationship 6 months–3 years | • Existing relationship >3 years, no adverse history | |
| | **PEP Connection** | • Director, officer, or beneficial owner is a foreign PEP | • Director, officer, or beneficial owner is a domestic PEP | • No identified PEP connection | |
| | **NPO / NGO / Charitable Status** | • NPO/NGO/charity operating in or disbursing funds to a conflict-affected region | • Domestic NPO/NGO/charity; no international disbursement | • Not an NPO/NGO/charity | |
| **Geographic / Jurisdiction Risk** | **Registered / Principal Office Address** | • Address in an OFAC-sanctioned or FATF call-for-action jurisdiction | • Foreign address, non-high-risk jurisdiction | • Domestic U.S. address | |
| | **Business Operations Location** | • Primary operations in an OFAC-sanctioned or FATF grey/black-listed jurisdiction | • Foreign operations, non-high-risk jurisdiction | • Domestic U.S. operations only | |
| | **Mailing Address Verification** | • No supporting documentation; registered-agent or virtual-office address only, mail-hold requested | • Address differs from formation documents but a supporting lease/utility bill is provided | • Mailing address matches formation documents or is independently verified | |
| **Activity / Delivery Channel** | **Products & Services** | • Correspondent banking or nested-account access<br>• International trade finance<br>• Cross-border wire transfers<br>• Frequent cash deposits/withdrawals across multiple branches<br>• Virtual-currency-linked activity | • Domestic wire transfers<br>• ACH origination<br>• Merchant card processing | • Standard business checking<br>• Payroll processing<br>• Domestic ACH only | |
| | **Delivery Channels** | • Non-face-to-face onboarding; remote deposit capture with no site visit conducted | • Online/commercial banking portal, ATM/POS | • Branch-based, in-person relationship management | |
| **Transaction Profiling** | **Expected Monthly Credit Amount** | • > $250,000 | • $25,000 – $250,000 | • < $25,000 | |
| | **Expected Monthly Debit Amount** | • > $250,000 | • $25,000 – $250,000 | • < $25,000 | |
| | **Expected Monthly Credit Transaction Count** | • > 50 | • 15 – 50 | • < 15 | |
| | **Expected Monthly Debit Transaction Count** | • > 50 | • 15 – 50 | • < 15 | |

| Risk Category | Due Diligence Required | Refresh Cycle | Approval Authority |
|---|---|---|---|
| High Risk (HR) | Enhanced Due Diligence (EDD) | 12 months | MLRO / Senior Compliance + Business Head |
| Medium Risk (MR) | Standard CDD + targeted EDD on any HR determinant present | 24 months | AML Compliance Officer |
| Low Risk (LR) | Standard CDD | 36 months | RM self-certification / QC sample |

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|---|---|---|---|
| | | FINAL RISK RATING | |
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