Client Risk Assessment

Risk Rating: High

XYZ Ltd

Address: undefined
Registration Number: xxx
Licence Type: undefined

Risk Assessment Summary

Risk Rating: High

Assessment Date: 15 Aug 2025

Trigger: Onboarding

Details: Risk assessment conducted during the onboarding process to determine the client's risk profile.

Risk Assessment Details

A. Business Activity

Question	Answer	Weight	Score	Risk
A.1 Principal Activity	Asset Management	1	7	Medium
Asset Management (Risk: 7): Moderate to high risk; involves managing client funds, which can attract criminal elements if not regulated adequately.				
A.2 Industry Sector	Financial Services	1	8	High
Financial Services (Risk: 8): Medium-high risk due to exposure to international businesses entailing cross-border flows of funds and cash-intensive activities of its customers.				
A.3 Countries of Operation	South Africa	1	9	High
South Africa: High risk; corruption and organized crime present vulnerabilities despite a developed financial system. Identified as having strategic AML deficiencies by FATF. (Source: FATF, status last updated by regulator on June 26, 2025; Know Your Country, February 27, 2025; EU High List Countries, status last updated June 10, 2025).				
A.4 Legal Structure	GBL	1	4	Low
GBL (Risk: 4): Medium-low risk, as Global Business License companies operate under regulatory oversight but may engage in cross-border activities that require enhanced due diligence.				

Section Risk		4	70%	Medium

B. Corporate Structure, Governance and Ownership

Question	Answer	Weight	Score	Risk
B.1 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Lower risk as the transparent corporate structure allows for better understanding of operations, governance, and financial relationships, aiding in effective risk management.				
B.2 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Moderate risk as additional layers can add complexity and potential opacity, increasing the difficulty in verifying UBO information.				
B.3 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Lower risk as having all KYC documents on file indicates thorough due diligence, facilitating transparency and compliance with Anti-Money Laundering (AML) regulations.				
B.4 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Lower risk as the absence of legal issues or negative publicity suggests a stable management team, reducing concerns over reputational harm and operational challenges.				
B.5 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Lower risk as the absence of legal issues or negative publicity suggests a stable management team, reducing concerns over reputational harm and operational challenges.				
B.6 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Higher risk, as FATF promotes standards to prevent money laundering and terrorist financing. High-risk jurisdictions are often non-compliant or only partially compliant with these standards.				
B.7 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Lower risk, because the ownership structure is more transparent, making it easier to conduct due diligence and verify the true beneficial owners.				
B.8 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Lower risk, as entities not engaged in cash-intensive sectors are generally less likely to be used for money laundering.				
B.9 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Higher risk, as high-net-worth individuals typically have significant wealth and assets, which can make them more susceptible to money laundering, tax evasion, or fraud.				
Section Risk		**10.5**	**51%**	**Medium**

C. Source of Funds / Wealth

Question	Answer	Weight	Score	Risk
C.1 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Lower risk, as money being used in transactions can be traced back to legitimate activities.				
C.2 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Higher risk, as high-risk countries are often associated with weak regulatory environments, corruption, or non-compliance with international financial standards, making the origin of funds harder to trace and potentially illegal.				
C.3 [redacted]		[redacted]	[redacted]	[redacted]
Section Risk		**2**	**65%**	**Medium**

D. Transactions

Question	Answer	Weight	Score	Risk
D.1 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Lower risk, as it is less likely that the company is engaged in tax evasion or financial manipulation.				
D.2 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Lower risk, as by restricting third-party payments, the institution reduces the potential for illicit activity or non-compliance with regulatory obligations.				
D.3 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Lower risk, as the client's activities appear consistent with normal business practices and have not raised red flags with regulatory authorities.				
Section Risk		**3**	**40%**	**Low**

E. Business Relationship / Delivery Channel

Question	Answer	Weight	Score	Risk
E.1 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Lower risk, as in-person interaction helps verify the client's identity, business activities, and financial status.				
E.2 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Lower risk, as fewer electronic-only interactions reduce the likelihood of cyber fraud and technological risks.				
E.3 [redacted]		[redacted]	[redacted]	[redacted]
Lower risk, as direct face-to-face meetings with the client provide greater control and transparency.				
E.4 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Higher risk, as prolonged lack of contact with principals can signal potential abandonment, fraudulent activity, or lack of transparency regarding the business's ongoing operations.				
Section Risk		**4**	**53%**	**Medium**

F. Technological Risks

Question	Answer	Weight	Score	Risk
F.1 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Lower risk, as avoiding complex, cutting-edge technologies can reduce some of the complexity and associated AML compliance risks.				
F.2 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Lower risk, as full in-house control typically allows for more robust AML procedures and monitoring systems.				
F.3 [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Section Risk		**2**	**40%**	**Low**

Risk Assessment Summary

Summary			
Section	**Weight**	**Score**	**Risk**
A. Business Activity	1	70%	Medium
B. Corporate Structure, Governance and Ownership	1	51%	Medium
C. Source of Funds / Wealth	1	65%	Medium
D. Transactions	0.5	40%	Low
E. Business Relationship / Delivery Channel	1	53%	Medium
F. Technological Risks	0.5	40%	Low
Computed Risk Score		**56%**	**Medium**
Suggested Risk			**High**

1. Client operates in one or more high-risk jurisdictions, this typically indicates a high risk profile for the client.

2. UBO/shareholder is a citizen and/or resident of one or more high-risk jurisdictions, this typically indicates a high risk profile for the client.

3. Funds of the client are generated in high-risk jurisdictions, this typically indicates a high risk profile for the client.

Risk Assessment Conclusion

Risk Rating: High

Assessor's Conclusion:

Client operates in SA