

Updates to the Transparency International Corruption Perception Index (CPI)

Jurisdictional Risk is one of the key factors all firms should be considering when developing its risk-based approach to Anti-Money Laundering and Counter Terrorist Financing. The Joint Money Laundering Steering Group Guidance in the UK, for example, clearly sets out that firms should ensure that any factors mitigating the jurisdictional or other risks of a customer are adequately documented and periodically reviewed in the light of international findings or developments.

On 25th January, Transparency International released its annual Corruption Perceptions Index (CPI), a global measure of anti-corruption efforts.

The CPI is the most widely used global corruption ranking in the World. It measures how corrupt each country's public sector is perceived to be, according to experts and business people.

According to Transparency International, the following factors associated with public sector corruption are considered when compiling the CPI:

- Bribery
- Diversion of public funds
- Officials using their public office for private gain without facing consequences
- Excessive red tape in the public sector which may increase opportunities for corruption
- Laws ensuring that public officials must disclose their finances and potential conflicts of interest

Corruption and money laundering are closely linked. Corruption offenses such as bribery or theft of public funds, can generate a large amounts of proceeds that need to be laundered. Therefore, it is important for firms to consider corruption risk when undertaking client risk assessments. Furthermore, the increased publicity given to corruption cases in recent months as a result of the Pandora Papers leaks makes it all the more important for firms to consider corruption risks when dealing with clients.

NEWGATE'S FINANCIAL CRIME SYSTEM AND TOOLS

Using the excellent work Transparency carries out as a baseline, Newgate's own Gateway Compliance System has built into it an interactive global risk matrix which provides a financial crime risk rating for each country based on several factors including the country's compliance with global AML standards set by the Financial Actions Task Force (FATF) and of course the country's CPI rating.

Newgate's country risk matrix is frequently updated by the Financial Crime Team to ensure each country's risk rating is in line with the latest financial crime publications such as those released by FATF, Transparency International and the European Commission's high risk third country lists. We also take in to account emerging geopolitical developments, Sanction news and concerns around tax transparency.

We also have a AML CRM system which is a AML monitoring tool to help firms manage and monitor the AML KYC risk of their clients and counterparties.

Please get in touch with our Financial Crime Team if you wish to learn more about our country risk matrix and our AML CRM system to see how it can benefit your firm.

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About Newgate Compliance

Newgate Compliance is a compliance consultancy offering a modern solution to implement your compliance function using an innovative compliance software solution called **The GATEway**.

Newgate has an unrivalled combination of experienced professionals, many of whom are ex-regulators.

Our customer focused approach seeks to provide appropriate, pragmatic and flexible solutions to our clients helping them to meet both the regulator's rules but also the spirit, principles and culture of the regulatory regime.

We look to build long-term relationships with our customers helping to encourage business growth, productivity and innovation. Our proactive approach is tailored to each customer's needs changing to meet those needs as the customer progresses and develops.

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