



Paper, People, Platforms:

Risk Management Best Practices for Canadian FinTechs

Anti-money laundering (AML) risk management depends on a host of factors. The diagram below shows an overview of the complete compliance program:



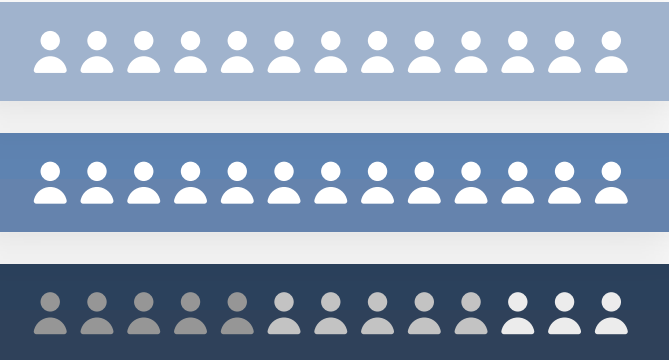
But how do firms break this down into actionable steps? The program can be summarized in three words: **paper, people, and platforms...**

Paper

Auditors and regulators will expect to see documentation explaining what firms say they are doing. Written commitments will be used as a benchmark against which they'll assess what a FinTech does in practice. This will set out core policies, processes, and procedures.

For example, an enhanced due diligence (EDD) policy should set out the need to identify high-risk clients to ensure that controls are commensurate with the risk. Related processes would explain the risk-based approach (RBA), the range of considerations and tools used during enhanced due diligence (EDD), and the potential outcomes.

- Size
- Readiness for growth
- Skill-set



- Low-risk control
- Medium-risk control
- High-risk control
- Client risk level



People

From the AML/ATF Officer onwards, all compliance team members should have defined responsibilities. FinTechs should evaluate the team they need to manage their program, including size, skill-set, and readiness for growth. FinTechs must bring in individuals with AML/ATF experience, alongside training on new regulations and emerging threats.

Platforms

Automation is increasingly critical to the AML/ATF operation, allowing human staff to focus on high-risk and more specialized work. Firms must answer the "build vs. buy" question across their client life cycle and its due diligence requirements, including:

- Customer relationship management (CRM)
- Identification and verification (IDV)
- Screening
- Monitoring
- Case management
- Social network analysis



A Guide to AML for Canadian FinTechs

Uncover the core compliance responsibilities that arise from Canada's AML/ATF regime and how FinTechs should respond using a risk-based approach.

[Download the guide](#)