Key Facts: National Risk Assessment, STR Filing, Suspicious Indicators, and SOW/SOF Corroboration

National Risk Assessment (NRA) Reports

- NRA reports provide critical insights into the scale, sophistication, and threats posed by money laundering, terrorism financing, and proliferation financing in a jurisdiction. For example, Australia's recent NRAs highlight vulnerabilities in sectors such as professional services (lawyers, accountants, trust and company service providers) and emphasize the need for enhanced AML/CTF measures in these areas.
- These reports are designed to help businesses understand methods used by criminals and to tailor their risk assessments accordingly. Entities should regularly consult NRA findings to ensure their internal controls and risk assessments remain aligned with evolving threats.

Suspicious Transaction Report (STR) Filing Timeline

- The standard expectation is that an STR must be filed "as soon as practicable." In Singapore, 75.5% of STRs by legal practitioners were filed within 15 business days after suspicion was first formed, but best practice is to file as soon as reasonably practicable, ideally within 5 business days.
- For higher-risk or sanctions-related cases, STRs should be filed within 1 business day, if not immediately.
- Delays in STR filing can adversely impact law enforcement's ability to act swiftly, so internal systems must support timely reporting and avoid unnecessary delays.

List of Suspicious Indicators

- Suspicious indicators are red flags that may suggest money laundering, fraud, or other illicit activities. Examples include:
  - Altered or forged identification documents
  - Inconsistent or incomplete personal information
  - Refusal to provide identification or supporting documents
  - Transactions or behaviors inconsistent with known legitimate activity
  - Alerts from law enforcement or third parties regarding potential fraud
- Industry-specific indicators are published by regulators to help businesses tailor their monitoring and reporting processes.

Source of Wealth (SOW) and Source of Funds (SOF) Corroboration

- SOW refers to the origin of the customer's total wealth, while SOF refers to the origin of funds for a specific transaction.
- Regulatory frameworks globally require financial institutions and certain professionals to identify and verify both SOW and SOF, especially for high-risk clients such as politically exposed persons (PEPs) or clients from high-risk jurisdictions.
- Corroboration involves gathering sufficient evidence to ensure that the client's wealth and funds are legitimate. This may include:

    - Reviewing property ownership, investment portfolios, business interests, and bank statements
    - Collecting supporting documents such as pay slips, inheritance documents, contracts of sale, loan agreements, and company registry records
- The information collected should form a coherent picture of the client's financial background. Any significant gaps, inconsistencies, or inability to provide supporting documentation should prompt further inquiry or reporting to authorities.
- Ongoing monitoring is essential, as both SOW and SOF may change over time and must be updated as part of continuous due diligence.

Summary Table

Topic	**Key Requirement/Fact**
National Risk Assessment	Use NRA insights to identify sector vulnerabilities and update internal risk assessments accordingly.
STR Filing Timeline	File STRs as soon as practicable, ideally within 5 business days; for high-risk cases, within 1 business day.
Suspicious Indicators	Monitor for red flags such as forged IDs, inconsistent information, refusal to provide documents, alerts from law enforcement.
SOW/SOF Corroboration	Collect and verify evidence of client's wealth and funds; use documents such as bank statements, contracts, and public records; update as needed.