

# Thematic questionnaire for customer risk assessments

As part of the Jersey Financial Services Commission's (JFSC) [planned thematic examination programme](#), we are testing how organisations complete customer risk assessments.

The examination's primary focus will be on understanding how well businesses obtain information for assessing the risks of money laundering and the financing of terrorism, as well as establishing how well that information is evaluated once gathered.

Article 8(2) of the Financial Services Jersey Law 1998 (FSJL) and Article 8(3) of the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008 (SBL), provide the JFSC with the power to request that registered/supervised persons (i) supply information to the JFSC; and (ii) provide answers to questions.

We would also like to remind registered/supervised persons of their obligations under Article 28 of the FSJL and Article 34(7), (8) and (9) of the SBL which concerns the provision of false or misleading information or failure to supply information to the JFSC.

## Data notice:

This questionnaire is not designed or intended to collect personal data, therefore please do not include any information in the questionnaire that directly identifies any individual or firm.

## General guidance:

- › Provide answers to the questions as at **31 December 2020**.
- › Provide answers that are as concise as possible.
- › Where any gaps in your policies and procedures are identified, construct a remediation plan and discuss this with your relevant (JFSC) Supervisor. You should also consider the General Notification requirements of Principle 6 of the relevant Codes of Practice.

**1 Please include your identification number below:**

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## Customer risk assessment methodology

**2 Who are risk assessments conducted on? Please tick all that apply.**

Customer	<input type="checkbox"/>
Underlying beneficial owners and controllers of customer (where customer is a legal entity)	<input type="checkbox"/>

Additional comments:

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**3 If risk assessments are conducted on the underlying beneficial owners and controllers of the customer (where customer is a legal entity), do these risk assessments feed into the overlying customer's risk assessment?**

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>
N/A	<input type="checkbox"/>

Additional comments:

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**4 If an individual is beneficial owner and/or controller of numerous customer legal entities, are all of the customer legal entities allocated the same risk rating?**

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>
N/A	<input type="checkbox"/>

Additional comments:

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**5 Please detail what type of system is used to conduct customer risk assessments.**

For example, a spreadsheet with drop down options to select from, all of which have their own score, which then automatically creates an overall score, which correlates to a risk rating.

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**6 How often is the customer risk assessment system reviewed and/or updated? Please tick all that apply.**

Periodic basis (provide frequency in comments)	<input type="checkbox"/>
Trigger events e.g. a country or territory is added or removed from Appendix D2 of the relevant Handbook for the Prevention and Detection of Money Laundering and the Financing of Terrorism	<input type="checkbox"/>
Other (please specify):	

**7 When was the customer risk assessment system last reviewed and/or updated? If never, please enter 01/01/2000 and provide details.**

DD/MM/YYYY
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Additional comments:

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**8 Who is authorised to make amendments to the customer risk assessment system? Please tick all that apply.**

Relationship manager/customer advisor/administrator	<input type="checkbox"/>
Compliance and/or risk team	<input type="checkbox"/>
Board member/senior manager	<input type="checkbox"/>
Other (please detail):	

**9 What controls are in place to prevent manipulation of the customer risk assessment system? Please provide brief details.**

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**10 Does the customer risk assessment allow for an override of the result of the risk assessment?**

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

Additional comments:

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- 11 If the customer risk assessment allows for an override of the result of the risk assessment, is there clear guidance surrounding when an override may be appropriate and what authorisation is required?**

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>
N/A	<input type="checkbox"/>

Additional comments:

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- 12 If the customer risk assessment allows for an override of the result of the risk assessment, who is authorised to override the output? Please tick all that apply.**

Relationship manager/customer advisor/administrator	<input type="checkbox"/>
Compliance and/or risk team	<input type="checkbox"/>
Board member/senior manager	<input type="checkbox"/>
N/A	<input type="checkbox"/>
Other (please detail):	

- 13 How many times was the customer risk assessment overridden between 1 January – 31 December 2020?**

0	<input type="checkbox"/>
1-10	<input type="checkbox"/>
11-20	<input type="checkbox"/>
21-30	<input type="checkbox"/>
31-40	<input type="checkbox"/>
50+	<input type="checkbox"/>
Data not collected	<input type="checkbox"/>

Additional comments:

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- 14 If the customer risk assessment allows for an override of the result of the risk assessment, when was the last time this practice was considered by the board/senior management? If never or N/A, please enter 01/01/2000 and provide details.**

DD/MM/YYYY
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Additional comments:

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**15 What risk factors are considered as part of the customer risk assessment? Please tick all that apply.**

Note: further information on the below risk factors can be found in the Handbook for the Prevention and Detection of Money Laundering and the Financing of Terrorism.

Country or territory risk	<input type="checkbox"/>
Product risk	<input type="checkbox"/>
Service risk	<input type="checkbox"/>
Delivery risk	<input type="checkbox"/>
Type of customer e.g. a politically exposed person	<input type="checkbox"/>
Nature and scope of business activities generating the funds/assets	<input type="checkbox"/>
Transparency of customer	<input type="checkbox"/>
Reputation of customer	<input type="checkbox"/>
Behaviour of customer	<input type="checkbox"/>
Regularity or duration of relationship	<input type="checkbox"/>
Type and complexity of relationship	<input type="checkbox"/>
Value of assets handled	<input type="checkbox"/>
Value and frequency of cash or other “bearer” transactions	<input type="checkbox"/>
Delegation of authority by the customer	<input type="checkbox"/>
Involvement of persons other than the beneficial owner and controllers in the operation of the business relationship	<input type="checkbox"/>
For an express trust, nature of the relationship between settlor(s) and beneficiaries with a vested right/other individuals who are object of power	<input type="checkbox"/>
For an express trust, nature of classes of beneficiaries and classes within an expression of wishes	<input type="checkbox"/>
Identification measures considered incomplete or inadequate	<input type="checkbox"/>
Inconsistencies between information obtained	<input type="checkbox"/>
Reliance placed on obliged persons for identification measures	<input type="checkbox"/>

Other (please detail):

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**16 Does your customer risk assessment take into account the effect of a combination of a number of factors?**

For example, the use of complex structures by a customer who is a non-resident high-net worth individual in the course of wealth management, which may increase the cumulative level of risk beyond the sum of each individual risk element.

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

**Additional Comments**

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**17 Have any risks been assessed "generically" for customers falling into similar categories?**

For example, in the case of Jersey residents seeking to establish retail relationships, and in the absence of any information to indicate otherwise, such customers may be considered to present lower risk.

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

**If yes, please provide details:**

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**18 If you are part of a financial services group, do you use a group approach to customer risk assessments?**

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>
N/A – not part of a financial services group	<input type="checkbox"/>

**If yes, describe how your group approach takes into account the Jersey regulatory framework. Please provide details of additional steps taken.**

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**Internal systems and controls**

**19 When are customer risk assessments conducted? Please tick all that apply.**

On-boarding of customer	<input type="checkbox"/>
Periodic review of identification measures	<input type="checkbox"/>
Relevant trigger events	<input type="checkbox"/>
Other (please detail):	

**20 How often is the review of the documents, data and information obtained under identification measures for each customer reviewed? Please select all that apply.**

Risk level	Every six months	Every year	Every two years	Every three years	Every four years	Every five years	Other
Higher risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Standard risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lower risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other (please detail):

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**21 Are there any backlogs in respect of these reviews?**

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

**If yes, provide further information as to the nature of the backlog and any action plan(s) in place to resolve the matter.**

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**22 What trigger events would prompt a customer risk assessment to be undertaken? Please tick all that apply.**

\*To include parties listed in Article 3(2) of the Money Laundering (Jersey) Order 2008, ie (i) customers, (ii) beneficial owners and controllers of customers, (iii) third parties on whose behalf the customer acts, and (iv) persons authorised to act on behalf of the customer.

Change to customer information*	<input type="checkbox"/>
New customer*	<input type="checkbox"/>
New product or service for existing customer	<input type="checkbox"/>
Receipt of adverse information about customer* or business relationship	<input type="checkbox"/>
Suspicious activity report raised	<input type="checkbox"/>
Receipt of funds from new source	<input type="checkbox"/>
Unexpected activity/activity not in keeping with customer profile	<input type="checkbox"/>
Where customer is in a group, acquisition of, or changes to, subsidiaries, associated and other investments of customers	<input type="checkbox"/>
Change to customer risk assessment methodology or system	<input type="checkbox"/>
Other (please detail):	

**23 According to your policies and procedures, within what time period are customer risk assessments required following a trigger event?**

As soon as practicable	<input type="checkbox"/>
Within one week	<input type="checkbox"/>
Within one month	<input type="checkbox"/>
Between one – three months	<input type="checkbox"/>
Three months +	<input type="checkbox"/>
No time period stated	<input type="checkbox"/>

Additional comments:

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**24 Who is responsible for preparing the customer risk assessments? Please tick all that apply:**

Relationship manager/customer advisor/administrator	<input type="checkbox"/>
Specialist due diligence team	<input type="checkbox"/>
On-boarding team	<input type="checkbox"/>
Review team	<input type="checkbox"/>
Compliance and/or risk team	<input type="checkbox"/>
Other (please detail):	

**25 What level of authorisation is required on customer risk assessments? Please select all that apply:**

Risk level	Relationship manager/customer advisor/administrator	Specialist due diligence team	Compliance officer	Compliance/risk administrator	Board member/senior manager	The board/senior management committee	A subcommittee of the board	Other
Higher risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Standard risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lower risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other (please detail):

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**26 Is the output of the customer risk assessment subject to any challenge by those reviewing/authorising it? Please provide brief detail of challenge and how it's documented in the comment box below.**

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

Additional comments:

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- 27** If following a customer risk assessment the customer has a higher risk rating than previously, please describe the governance process it goes through.

- 28** If following a customer risk assessment the customer has a lower risk rating than previously, please describe the governance process it goes through.

- 29** Do your policies and procedures include the following? Please select all that apply.

Subject matter	Yes	Partially	No	N/A
Customer due diligence measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Enhanced customer due diligence measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Simplified customer due diligence measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exemptions to applying customer due diligence measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer screening	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer risk assessment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer acceptance (and rejection)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transaction monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Periodic review	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trigger events	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you answered no or partially, provide details of why the policies and procedures do not include/fully incorporate these areas.

**30 Please detail the ways in which the Money Laundering Compliance Officer (MLCO) ensures the policies and procedures (in which customer risk assessments are referenced) are kept up to date? Please all that apply.**

Annual review	<input type="checkbox"/>
Periodic review, other than annual (please detail frequency in comments)	<input type="checkbox"/>
Trigger events e.g. updates to the relevant Handbook for the Prevention and Detection of Money Laundering and the Financing of Terrorism	<input type="checkbox"/>
No involvement in procedures	<input type="checkbox"/>

Additional comments:

**31 Do compliance or other relevant reports to the board/senior management reference where the customer risk assessment has not been completed prior to on-boarding or at the time of review or trigger event?**

Yes	<input type="checkbox"/>
No - the delays have not been referenced in reports	<input type="checkbox"/>
N/A - no delays	<input type="checkbox"/>

Additional comments:

**32 In the last 12 months, how many incidents of non-compliance with the regulatory framework have been identified in regards to completing the customer risk assessment?**

0	<input type="checkbox"/>
1-10	<input type="checkbox"/>
11-20	<input type="checkbox"/>
21-30	<input type="checkbox"/>
31-40	<input type="checkbox"/>
41-50	<input type="checkbox"/>
50+	<input type="checkbox"/>
Additional comments	

**33 How many of these incidents of non-compliance have been reported to the JFSC?**

N/A – no breaches identified	
All of the breaches	

Some of the breaches (provide detail in comments)	
None of the breaches (provide detail in comments)	

Additional comments:

**34 Have you identified any deficiencies or areas for development, which are still ongoing, in your approach to customer risk assessments?**

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

If yes, please provide details:

**35 How do you test that systems and controls (including policies and procedures) in relation to customer risk assessments are being adhered to? Please tick all that apply.**

Four or six eye oversight	<input type="checkbox"/>
Front line testing	<input type="checkbox"/>
Compliance monitoring	<input type="checkbox"/>
Internal and/or external audit	<input type="checkbox"/>
No testing conducted	<input type="checkbox"/>
Other (please detail):	

Additional comments:

**36 Please describe how customer risk assessments are captured within the Compliance Monitoring Plan (CMP) or any other testing conducted. Select all that apply:**

Specific test on customer risk assessments	<input type="checkbox"/>
Captured within test on customer due diligence	<input type="checkbox"/>
Captured within test on customer acceptance	<input type="checkbox"/>
Captured within test on periodic reviews	<input type="checkbox"/>
Captured within test on trigger events	<input type="checkbox"/>
Not captured	<input type="checkbox"/>
Other (please detail):	

**37 Who conducts testing in relation to customer risk assessments and how frequently is it completed?**

Function / Team	Annually	Quarterly	Monthly	No testing conducted	Other
Compliance team	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk team	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Group function	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Additional comments:

**38 If a group function conducts the testing please indicate whether this function is based in Jersey or another jurisdiction.**

Jersey	<input type="checkbox"/>
N/A	<input type="checkbox"/>
Other (please detail):	

**39 When was the last time testing in respect to customer risk assessments was conducted? If never, please enter 01/01/2000 and provide details.**

Additional comments:

**40 What were the results of the latest tests in respect of customer risk assessments?**

Significant issues identified (please detail in comments)	<input type="checkbox"/>
Minor issues identified (please detail in comments)	<input type="checkbox"/>
No issues identified	<input type="checkbox"/>
No testing conducted	<input type="checkbox"/>

Additional comments:

## Corporate governance

**41 When was the last time the Business Risk Assessment (BRA) was approved by the board/senior management?**

Within the last six months	<input type="checkbox"/>
Six months to one year	<input type="checkbox"/>
One year to two years	<input type="checkbox"/>
Two years +	<input type="checkbox"/>

Additional comments:

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**42 Does the BRA have a section dedicated to risks relating to customers and how they are assessed?**

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

If no, please provide the rationale as to why this is not captured in the BRA.

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**43 Are there currently any actions point(s) outstanding in relation to the BRA (specific to customer risk assessment) for the board/senior management/business to action?**

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

If yes, please provide additional information.

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**44 How often does the board/senior management consider the overall risk assessment of the customer base?**

Every year	<input type="checkbox"/>
Quarterly	<input type="checkbox"/>
Monthly	<input type="checkbox"/>
Weekly	<input type="checkbox"/>
Never	<input type="checkbox"/>
Other (please detail):	