Professional Certificate in Regulatory Compliance in Asia-Pacific

Unit 8: Anti-Money Laundering Compliance in Asia-Pacific

Anti-Money Laundering – A set of laws, regulations and procedures designed to detect, prevent and report suspicious financial activity. Related: AML, compliance, risk. Practical application includes implementing transaction monitoring systems; challenges involve keeping pace with evolving typologies and cross-border coordination.

Anti-Terrorist Financing – Controls aimed at preventing the flow of funds to support terrorist activities. Related: CFT, FATF, SAR. Example: Banks must flag large cash deposits linked to known extremist groups; difficulty lies in distinguishing legitimate charitable donations from illicit financing.

Beneficial Owner – The natural person who ultimately owns or controls a customer through direct or indirect holdings. Related: KYC, ownership structure. In practice, firms must obtain and verify this information for corporate clients; challenges include opaque corporate layers and offshore jurisdictions.

Black-list – A list of jurisdictions or entities deemed non-cooperative in AML/CFT efforts. Related: FATF, sanctions, watch-list. Example: FATF's non-cooperative jurisdictions list; challenges include diplomatic pressure and the impact on legitimate trade.

Cash Transaction Threshold – The monetary limit above which cash transactions must be reported. Related: SAR, reporting, CDD. In Australia, transactions over AUD 10,000 trigger a report; challenges include differentiating legitimate high-value cash use from structuring.

Chartered Financial Analyst (CFA) – A professional credential that, while not AML-specific, provides a strong foundation in financial analysis and ethics. Related: Certification, competency. Example: AML analysts often hold a CFA to understand complex financial products; challenge is integrating technical AML knowledge with broader finance expertise.

Compliance Officer – The individual responsible for overseeing a firm's adherence to AML regulations. Related: BSA, AML program, risk assessment. Practical duties include training staff and filing SARs; challenges involve maintaining independence while managing business pressures.

Correspondent Banking – Banking services provided by one bank to another, often across borders, facilitating international payments. Related: AML, due diligence, risk. Example: A Japanese bank offers payment processing for a Pacific-Island bank; challenges include heightened scrutiny due to misuse for money laundering.

Country Risk Assessment – Evaluation of a jurisdiction's AML/CFT regulatory environment and enforcement effectiveness. Related: FATF, mutual evaluation, risk matrix. Practical use: Firms assign risk scores to clients

based on their country; challenges include rapidly changing political climates.

Customer Due Diligence (CDD) – The process of collecting and verifying information about a client to assess risk. Related: KYC, EDD, risk profiling. Example: A Singapore bank conducts CDD on a new corporate client; challenges include balancing thoroughness with customer experience.

Dark Web – Parts of the internet not indexed by search engines, often used for illicit trading. Related: Illicit finance, crypto, monitoring. AML teams monitor dark-web forums for emerging laundering methods; challenges include anonymity and rapid turnover of sites.

Designated Non-Financial Business and Profession (DNFBP) – Entities such as lawyers, accountants and real estate agents that are subject to AML obligations. Related: FATF, AML, risk. Example: Australian conveyancers must file SARs for suspicious property purchases; challenges include limited resources for monitoring.

Digital Currency – A form of electronic money, including cryptocurrencies, that can be used for payments and investment. Related: Crypto, AML, CFT. Practical application: Exchanges implement KYC and transaction monitoring; challenges involve pseudonymity and rapid innovation.

Electronic Funds Transfer (EFT) – The movement of money electronically between institutions. Related: AML, monitoring, SWIFT. Example: Cross-border wire transfers are screened for AML alerts; challenges include high transaction volumes and sophisticated layering techniques.

Enhanced Due Diligence (EDD) – Additional investigative steps for high-risk customers or transactions. Related: CDD, PEP, high-risk. Practical use: A bank conducts EDD on a politically exposed person's offshore accounts; challenges include obtaining reliable source-of-wealth documentation.

Financial Action Task Force (FATF) – An inter-governmental body that sets international AML/CFT standards. Related: Recommendations, mutual evaluation, blacklist. Example: FATF's 40 Recommendations guide Asian regulators; challenges include ensuring consistent implementation across diverse legal systems.

Financial Intelligence Unit (FIU) – A national agency that receives, analyses and disseminates financial information to combat money laundering. Related: SAR, AML, cooperation. Example: Singapore's FIU-SG processes thousands of SARs annually; challenges include data overload and inter-agency coordination.

Financial Institution (FI) – Entities such as banks, securities firms and insurers that are subject to AML regulations. Related: AML program, risk assessment. Practical implication: All FIs must maintain AML policies; challenges include varying compliance cultures and resource constraints.

Financial Inclusion – Efforts to provide affordable financial services to underserved populations. Related: Fintech, compliance, risk. Example: Mobile money platforms in the Philippines expand access while embedding AML controls; challenges involve balancing inclusion with effective monitoring.

FinTech – Technology-driven financial services, often offering innovative payment or lending solutions. Related: RegTech, AML, digital onboarding. Practical application: Fintech firms use AI for real-time AML

screening; challenges include regulatory uncertainty and rapid scaling.

Foreign Exchange (FX) Risk – The exposure to currency value fluctuations that can affect transaction monitoring. Related: AML, transaction monitoring, hedging. Example: A Japanese exporter's FX exposure may mask anomalous patterns; challenge is integrating FX data into AML systems.

Fugitive Economic Offender – An individual who has fled a jurisdiction to evade prosecution for financial crimes. Related: AML, asset recovery, extradition. Practical response: Authorities issue international notices; challenges include locating assets hidden in offshore trusts.

General Anti-Abuse Rule (GAAR) – A principle that prevents the misuse of legal structures for illicit purposes. Related: Tax avoidance, AML, CFT. Example: Australian GAAR can be invoked against schemes designed to conceal money laundering; challenge is proving intent.

Global Sanctions List – A compilation of individuals, entities and countries subject to international restrictions. Related: OFAC, UN, AML screening. Practical use: Banks screen customers against the list; challenges include frequent updates and name-matching inaccuracies.

High-Risk Jurisdiction – A country identified as having weak AML/CFT controls. Related: FATF, risk rating, blacklist. Example: A bank assigns higher scrutiny to customers from a designated high-risk jurisdiction; challenges involve maintaining up-to-date risk intelligence.

International Bank Account Number (IBAN) – A standardized format for bank account identification used in cross-border transactions. Related: AML, SWIFT, payment tracing. Practical use: AML software parses IBANs to detect suspicious patterns; challenges include handling variations and errors.

International Monetary Fund (IMF) – An organization that, among other functions, assesses member countries' AML/CFT regimes. Related: FATF, technical assistance, surveillance. Example: IMF staff reports on Indonesia's AML reforms; challenges include aligning IMF recommendations with domestic law.

Joint Commission on International Banking (JCIB) – A collaborative forum for banks to share best practices on AML compliance. Related: Industry group, peer review, standards. Practical benefit: Participants adopt common screening thresholds; challenges include confidential information sharing.

KYC (Know-Your-Customer) – The process of verifying the identity of clients to assess risk. Related: CDD, AML, onboarding. Example: A Hong Kong brokerage collects passports and proof of address during account opening; challenges include balancing speed with thoroughness.

Lawful Business Activity – Transactions that have a legitimate commercial purpose. Related: AML, risk assessment, justification. Practical approach: Firms document the purpose of large transfers; challenge is distinguishing legitimate from concealed illicit activity.

Legal Entity Identifier (LEI) – A unique 20-character code that identifies legal entities participating in financial transactions. Related: AML, transparency, reporting. Example: Global banks require LEIs for corporate counterparties; challenges involve maintaining accurate LEI data across systems.

Liquidity Management – The process of ensuring an institution can meet its short-term obligations. Related: AML, cash monitoring, risk. AML relevance: Sudden liquidity moves can signal layering; challenge is integrating AML alerts into treasury workflows.

Money Laundering – The process of disguising proceeds from illicit activities as legitimate funds. Related: AML, layering, placement, integration. Example: Criminals use shell companies to funnel drug profits into real estate; challenge is detecting the multi-stage process.

Money-Laundering Reporting Officer (MLRO) – The senior individual tasked with overseeing SAR filing and AML compliance. Related: Compliance officer, SAR, governance. Practical duties include reviewing alerts and liaising with FIU; challenges involve staying current with regulatory changes.

Monetary Authority of Singapore (MAS) – Singapore's central bank and financial regulator, responsible for AML enforcement. Related: AML, regulations, licensing. Example: MAS issues guidelines on digital token service providers; challenges include balancing innovation with risk mitigation.

Mutual Evaluation Report (MER) – An assessment conducted by FATF or its regional bodies on a country's AML/CFT framework. Related: FATF, compliance, peer review. Practical outcome: Recommendations guide legislative reforms; challenge is implementing recommendations within domestic timelines.

Non-Resident Account – A bank account held by an individual or entity that does not reside in the account-holding jurisdiction. Related: AML, CDD, jurisdictional risk. Example: A Hong Kong bank opens a non-resident account for a Singaporean corporation; challenge is heightened monitoring due to cross-border exposure.

Off-Shore Financial Centre (OFC) – A jurisdiction that provides financial services to non-resident clients, often with favorable tax regimes. Related: AML, secrecy, risk. Practical concern: OFCs may be used for concealment; challenge is obtaining transparent information from opaque jurisdictions.

One-Stop-Shop (OSS) AML Solution – Integrated platforms that provide KYC, transaction monitoring and reporting in a single interface. Related: RegTech, compliance, automation. Example: A regional bank adopts an OSS to streamline onboarding; challenge is ensuring the solution adapts to local regulatory nuances.

Operational Risk – The risk of loss resulting from inadequate or failed internal processes, people or systems. Related: AML, governance, controls. AML perspective: Poor data quality can lead to missed alerts; challenge is embedding AML checks into broader risk frameworks.

PEP (Politically Exposed Person) – An individual who holds a prominent public function, or a close associate/family member of such a person. Related: EDD, risk, sanctions. Example: Banks apply enhanced monitoring to accounts owned by senior government officials; challenge is identifying indirect relationships.

Privacy Shield – An arrangement governing data transfers between the EU and the US, affecting AML data sharing. Related: GDPR, cross-border, compliance. Practical impact: Firms must ensure AML data transfers meet privacy standards; challenge is navigating differing legal regimes.

RegTech (Regulatory Technology) – Technology that helps firms comply with regulations efficiently. Related: AML, AI, automation. Example: AI-driven AML systems flag anomalous transaction patterns; challenge is validating algorithmic decisions to regulators.

Risk-Based Approach (RBA) – A methodology that allocates resources according to the level of AML risk presented by customers or products. Related: FATF, CDD, profiling. Practical use: Banks assign higher monitoring frequencies to high-risk sectors; challenge is accurately quantifying risk.

Sanctions – Measures imposed by governments or international bodies to restrict financial activity with designated entities. Related: AML, OFAC, compliance. Example: Australian banks must freeze assets of individuals on the UN sanctions list; challenge is real-time screening against multiple lists.

Screening – The process of comparing customer data against watch-lists to detect matches. Related: SAR, AML, false positives. Practical workflow: Automated matching flags potential hits for analyst review; challenge is balancing detection rates with operational burden.

Secretarial Services – Professional services that assist in company formation and administration, often subject to AML obligations. Related: DNFBP, KYC, shell company. Example: Singapore law firms providing incorporation services must conduct CDD; challenge is preventing misuse for illicit structures.

Shell Company – A corporate entity with no active business operations or significant assets. Related: Beneficial owner, AML, OFC. Practical risk: Shell companies can conceal true owners; challenge is tracing ownership through multiple layers.

Small-Value Transaction (SVT) – A transaction below a defined monetary threshold, often exempt from detailed reporting. Related: SAR, AML, threshold. Example: In New Zealand, cash payments under NZD 5,000 may not trigger a SAR; challenge is detecting structuring to stay under the limit.

Strategic AML Initiative – A high-level program aimed at strengthening a firm's overall anti-money-laundering posture. Related: Governance, culture, technology. Example: A regional bank launches a three-year AML transformation plan; challenge is securing executive buy-in and measuring progress.

SWIFT (Society for Worldwide Interbank Financial Telecommunication) – A global messaging network used for secure financial communications. Related: AML, transaction monitoring, FIU. Practical role: SWIFT's AML compliance service provides shared watch-list data; challenge is integrating SWIFT data with internal AML platforms.

Suspicious Activity Report (SAR) – A filing by a financial institution to its FIU describing a transaction that appears suspicious. Related: AML, filing, confidentiality. Example: A bank submits a SAR after detecting unusual wire transfers to a high-risk jurisdiction; challenge is ensuring timely, accurate reporting.

Targeted Financial Sanctions (TFS) – Specific restrictions imposed on individuals or entities linked to illicit behavior. Related: AML, sanctions, enforcement. Example: The U.S. Treasury designates a ransomware group's crypto wallet; challenge is tracking rapid asset movement across multiple exchanges.

Technology-Enabled Money Laundering (TEML) – Use of advanced technologies, such as AI or blockchain, to facilitate laundering. Related: RegTech, crypto, AML. Practical concern: Criminals exploit automated mixers; challenge is developing detection tools that keep pace with innovation.

Transaction Monitoring – Ongoing analysis of customer transactions to identify potentially suspicious activity. Related: AML, alerts, SAR. Example: A bank's system generates alerts for rapid movement of funds between unrelated accounts; challenge is reducing false-positive rates while maintaining vigilance.

Transfer Pricing – The pricing of goods, services or intangibles between related entities, often scrutinized for tax avoidance. Related: AML, CFT, beneficial owner. AML relevance: Abnormal pricing may signal profit shifting to conceal illicit proceeds; challenge is distinguishing legitimate business rationales.

Trusted Third Party (TTP) – An entity that provides verification services, such as identity authentication, on behalf of another party. Related: KYC, AML, RegTech. Example: A fintech uses a TTP to validate customer documents; challenge is ensuring the TTP's processes meet regulatory standards.

Underground Banking – Informal or illegal financial networks that operate outside regulated channels. Related: Money laundering, cash smuggling, CTF. Practical risk: Hawala networks facilitate rapid cross-border transfers; challenge is limited visibility for authorities.

Unusual Transaction – A transaction that deviates from a client's normal behavior or appears inconsistent with known business activities. Related: SAR, monitoring, red flag. Example: A small retailer suddenly receives a large inbound wire from a high-risk country; challenge is determining whether it is legitimate or suspicious.

Virtual Asset Service Provider (VASP) – Entities that exchange, transfer or store virtual assets, subject to AML obligations. Related: Crypto, FATF, licensing. Example: A Singapore VASP registers with MAS and implements KYC; challenge is monitoring fast-moving token transactions.

Whistleblower Protection – Legal safeguards that encourage reporting of AML violations without retaliation. Related: Compliance culture, SAR, reporting. Practical effect: Employees feel safe reporting internal misconduct; challenge is establishing robust, confidential channels.

Wire Transfer – An electronic transfer of funds between banks, often scrutinized for AML compliance. Related: SAR, monitoring, SWIFT. Example: A cross-border wire flagged for multiple rapid transfers to a tax haven; challenge is timely investigation and reporting.

Zero-Risk Tolerance – An organizational stance that seeks to eliminate AML risk entirely. Related: Culture, governance, compliance. Practical implication: Strict controls and extensive monitoring; challenge is the impracticality of achieving absolute risk elimination.

AML Audit – An independent review of a firm's AML program to assess effectiveness and compliance. Related: Internal audit, risk, remediation. Example: An external auditor evaluates a bank's transaction monitoring thresholds; challenge is addressing identified gaps promptly.

AML Controls – Specific procedures, policies and technologies designed to mitigate money-laundering risk. Related: Governance, risk, compliance. Practical components include customer screening, transaction monitoring and staff training; challenge is ensuring controls adapt to emerging threats.

AML Governance – The framework of policies, responsibilities and oversight mechanisms that guide AML compliance. Related: Board, MLRO, risk appetite. Example: A bank's board approves an AML charter; challenge is maintaining effective oversight amidst complex regulatory environments.

AML Policy – A documented set of rules and procedures outlining an organization's approach to AML compliance. Related: Procedures, training, risk assessment. Practical need: The policy must be approved by senior management; challenge is keeping it current with regulatory changes.

AML Risk Assessment – Systematic analysis of the likelihood and impact of AML threats to an organization. Related: RBA, controls, profiling. Example: A fintech conducts a quarterly risk assessment covering product, geography and customer type; challenge is quantifying qualitative risks.

AML Training – Educational programs designed to inform staff about AML obligations and detection techniques. Related: Compliance culture, e-learning, refreshers. Practical delivery: Online modules with scenario-based quizzes; challenge is ensuring retention and relevance across diverse roles.

Anti-Bribery and Corruption (ABC) – Measures to prevent illicit payments intended to influence business decisions. Related: AML, FCPA, KYC. Example: Companies implement ABC policies alongside AML programs; challenge is integrating overlapping controls without duplication.

Asset Freeze – A legal order preventing the transfer or disposal of designated assets. Related: Sanctions, AML, enforcement. Practical use: Authorities freeze crypto wallets linked to terrorist financing; challenge is speedy identification and technical execution.

Bank Secrecy Act (BSA) – U.S. Legislation requiring financial institutions to assist government agencies in detecting money laundering. related: AML, SAR, AML program. Example: Australian banks with U.S. Operations must comply with BSA reporting; challenge is aligning BSA requirements with local regulations.

Beneficiary – The natural person or entity that ultimately receives the proceeds of a transaction. Related: AML, CDD, KYC. Practical step: Firms verify beneficiary information for wire transfers; challenge is dealing with undisclosed or concealed beneficiaries.

Business Continuity Planning (BCP) – Strategies to ensure essential functions continue during disruptions. Related: AML, disaster recovery, resilience. AML relevance: Maintaining monitoring and reporting capabilities during outages; challenge is testing BCP without exposing data.

Cash Smuggling – Physical transport of large amounts of cash across borders to evade detection. Related: AML, structuring, high-risk jurisdiction. Example: A logistics firm discovers concealed cash in a container; challenge is reporting while protecting commercial relationships.

Closed-Loop Payments – Payment systems where funds circulate within a limited network of participants.

Related: Fintech, AML, monitoring. Practical concern: Limited external oversight may increase laundering risk; challenge is applying AML controls within the closed ecosystem.

Compliance Culture – The collective mindset and behaviors that promote adherence to regulatory standards. Related: AML, tone at the top, training. Example: A bank's leadership publicly emphasizes zero tolerance for AML breaches; challenge is translating rhetoric into daily practice.

Counter-Terrorism Financing (CTF) – Efforts to detect and disrupt the financing of terrorist activities. Related: AML, FATF, SAR. Practical tools: Watch-list screening and pattern analysis; challenge is the speed at which funds move through digital channels.

Cross-Border Transaction – Any transfer of funds that involves two different jurisdictions. Related: AML, FIU, SWIFT. Example: A Singapore-based firm sends funds to a New Zealand supplier; challenge is reconciling differing AML standards.

Customer Risk Rating (CRR) – A numerical or categorical score reflecting the AML risk posed by a client. Related: RBA, profiling, CDD. Practical use: High-risk customers receive enhanced monitoring; challenge is maintaining consistent rating criteria across business units.

Data Privacy Law – Legislation governing the collection, use and sharing of personal data. Related: GDPR, AML, cross-border. Example: Asia-Pacific firms must balance AML data collection with privacy obligations; challenge is navigating conflicting regulatory demands.

Digital Onboarding – The electronic process of enrolling new customers, often using AI-driven identity verification. Related: KYC, RegTech, AML. Practical benefit: Faster account opening; challenge is ensuring the digital checks meet local AML standards.

Electronic Money Institution (EMI) – A regulated entity that issues electronic money and provides payment services. Related: AML, licensing, fintech. Example: An Australian EMI must implement AML controls similar to banks; challenge is scaling monitoring for high-volume transactions.

Enhanced Monitoring – Intensified scrutiny of transactions for high-risk customers or jurisdictions. Related: EDD, SAR, risk rating. Practical implementation: Daily review of flagged activity; challenge is resource allocation for continuous oversight.

Financial Crime – Illegal activities involving the misuse of financial systems, including money laundering, fraud and corruption. Related: AML, CFT, compliance. Example: A regional bank investigates a scheme involving false invoicing; challenge is coordinating with law enforcement.

Financial Intermediary – An entity that facilitates financial transactions, such as brokers or payment processors. Related: AML, DNFBP, risk. Practical duty: Conduct CDD on counterparties; challenge is dealing with multiple layers of intermediaries.

Financing of Illicit Activities (FIA) – The provision of funds to support criminal enterprises. Related: AML, CFT, SAR. Example: A crypto exchange detects large purchases linked to a known drug cartel; challenge is rapid

reporting and asset freezing.

Foreign Direct Investment (FDI) – Investment made by a company or individual in a foreign country. Related: AML, risk assessment, screening. AML relevance: Large FDI inflows may mask laundering; challenge is distinguishing genuine investment from illicit capital movement.

Fundamental AML Principle – The core concept that financial systems must be protected from exploitation. Related: FATF, compliance, risk. Practical implication: All firms adopt policies that reflect this principle; challenge is translating principle into actionable controls.

General Data Protection Regulation (GDPR) – EU regulation governing personal data protection, influencing AML data handling. Related: Privacy, AML, cross-border. Example: A EU-based fintech must ensure AML data sharing complies with GDPR; challenge is reconciling AML's reporting duties with data minimisation.

High-Value Transaction (HVT) – A transaction exceeding a defined monetary threshold, often subject to enhanced scrutiny. Related: SAR, AML, monitoring. Example: A NZ bank flags a NZD 500,000 wire to a high-risk jurisdiction; challenge is assessing the transaction's legitimacy quickly.

Identification Document – Official paperwork, such as a passport or driver's licence, used to verify a customer's identity. Related: KYC, CDD, AML. Practical step: Scanning and verifying authenticity; challenge is detecting sophisticated forgeries.

Import/Export Controls – Regulations governing the movement of goods across borders, intersecting with AML when used for illicit trade financing. Related: CFT, sanctions, risk. Example: A customs agency reports suspicious trade invoices; challenge is integrating trade data with financial monitoring.

Information Sharing Agreement (ISA) – Formal arrangement between institutions or jurisdictions to exchange AML-related data. Related: FIU, cooperation, confidentiality. Practical benefit: Faster SAR dissemination; challenge is aligning legal frameworks for data protection.

International Sanctions – Restrictions imposed by bodies such as the UN or EU on targeted individuals or nations. Example: Banks must block assets of sanctioned entities; challenge is maintaining up-to-date sanction lists across multiple platforms.

Joint Investigation Team (JIT) – A collaborative group of law-enforcement agencies from different jurisdictions working on a single case. Related: AML, FIU, extradition. Practical advantage: Pooled resources and expertise; challenge is coordinating investigative steps across legal systems.

KYC Refresh – Periodic updating of customer information to ensure ongoing compliance. Related: CDD, risk review, AML. Example: A bank conducts a KYC refresh every two years for corporate clients; challenge is managing the logistical burden for large client bases.

Legal Hold – An instruction to preserve electronic data for potential litigation or regulatory review. Related: AML, e-discovery, compliance. Practical need: Retaining transaction logs for SAR investigations; challenge is ensuring all relevant data is captured and secured.

Liquidity Provider – An entity that supplies funds to facilitate trading or settlement, often subject to AML checks. Related: AML, risk, monitoring. Example: A forex broker's liquidity provider must meet AML standards; challenge is verifying the provider's compliance posture.

Money-Laundering Detection System (MLDS) – Software tools that analyse transaction data to identify potential laundering patterns. Related: RegTech, AI, SAR. Practical use: Rule-based and machine-learning models generate alerts; challenge is tuning models to minimise false positives.

National AML Authority – The governmental body responsible for AML supervision within a country. Related: FIU, regulator, enforcement. Example: The Australian AUSTRAC acts as the national AML authority; challenge is coordinating with multiple sector regulators.

Off-Shore Account – A bank account held in a jurisdiction different from the account holder's residence. Related: AML, tax haven, secrecy. Practical risk: Higher potential for concealment; challenge is obtaining reliable information on the account's purpose.

Operational AML Controls – Day-to-day procedures that enforce AML policies, such as transaction screening and record-keeping. Related: Governance, monitoring, audit. Example: A bank's front-office staff must complete a checklist for each high-value transfer; challenge is ensuring consistency across branches.

PEP Screening – The process of identifying whether a customer or beneficial owner is a politically exposed person. Related: EDD, sanctions, risk. Practical step: Automated matching against PEP lists; challenge is managing false positives for common surnames.

Regulatory Sandbox – A controlled environment allowing fintech firms to test innovative products under relaxed regulatory conditions. Related: AML, innovation, oversight. Example: Singapore's MAS sandbox permits crypto-wallet testing with AML safeguards; challenge is ensuring sandbox participants do not become AML blind spots.

Risk Appetite – The level of risk an organization is willing to accept in pursuit of its objectives. Related: AML, governance, RBA. Practical implication: Setting thresholds for transaction monitoring; challenge is aligning appetite with regulatory expectations.

Sanctions Evasion – Activities designed to circumvent imposed financial restrictions. Related: AML, compliance, asset freeze. Example: Using third-party intermediaries to disguise the true beneficiary of a sanctioned entity; challenge is detecting indirect pathways.

Sector-Specific AML Guidance – Tailored recommendations for particular industries, such as real estate or gaming. Related: DNFBP, risk, compliance. Practical use: Regulators issue guidance on AML for gaming operators; challenge is ensuring sector participants adopt the guidance fully.

Shareholder Structure – The composition of ownership interests in a company, relevant for AML due diligence. Related: Beneficial owner, CDD, transparency. Example: A bank maps the shareholding of a client to identify hidden PEPs; challenge is obtaining accurate data from opaque jurisdictions.

Specific Transaction Monitoring Rule (STMR) – A customized detection rule targeting a particular risk scenario. Related: AML, alerts, scenario analysis. Practical example: Flagging transactions that involve rapid movement of funds to tax havens; challenge is rule maintenance as typologies evolve.

Suspicious Transaction – A transaction that raises doubts about its legitimacy or purpose. Example: A series of small deposits followed by a large outbound wire; challenge is determining if the pattern is benign or indicative of layering.

Technology Risk Assessment – Evaluation of potential vulnerabilities introduced by new technologies. Related: RegTech, AML, cyber security. Practical step: Assessing AI-driven AML tools for bias; challenge is balancing innovation with regulatory compliance.

Third-Party Risk Management – Oversight of external service providers to ensure they meet AML standards. Related: DNFBP, outsourcing, compliance. Example: A bank conducts due-diligence on a cloud-hosting vendor; challenge is monitoring the vendor's ongoing AML performance.

Trade-Based Money Laundering (TBML) – Use of trade transactions to disguise illicit proceeds. Related: AML, customs, invoice fraud. Practical detection: Mismatch between shipment values and market prices; challenge is the complexity of global supply chains.

Transaction Aggregation – Consolidating multiple small transactions that collectively exceed a reporting threshold. Related: Structuring, AML, SAR. Example: A client makes several NZD 9,900 transfers in a day; challenge is detecting aggregation before it triggers a SAR.

Underwriting Risk – The potential for loss arising from the acceptance of a new client or product. Related: AML, CDD, risk rating. Practical implication: Thorough AML checks before onboarding; challenge is the speed-to-market pressures in competitive sectors.

Virtual Asset – A digital representation of value that can be transferred electronically, including cryptocurrencies. Related: AML, VASP, blockchain. Example: A client holds Bitcoin on a foreign exchange; challenge is tracing the asset's movement across pseudonymous addresses.

Whitelist – A list of approved entities or customers exempt from certain AML checks. Related: Risk, screening, false positives. Practical use: Trusted corporate clients may have reduced screening; challenge is ensuring the whitelist is regularly reviewed.

Wire Fraud – Criminal deception involving electronic fund transfers. Related: AML, SAR, cybercrime. Example: A scammer convinces a victim to wire money to a fraudulent account; challenge is rapid detection and recovery of funds.