DOW JONES & ACAMS

GLOBAL ANTI-MONEY LAUNDERING SURVEY RESULTS 2016

DOW JONES

ACAMS® Advancing Financial Crime Professionals Worldwide®

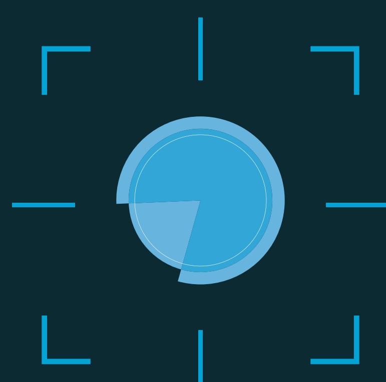
Contents

CLIENT SCREENING [PAGE 9]

47% report that too many false-positive alerts hurt confidence in client-screening data accuracy

42% note that comprehensiveness of the data is important – a 10% increase from 2015

VERIFYING BENEFICIAL OWNERSHIP [PAGE 12]



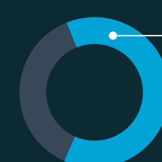
83% report this as part of the KYC process and **70%** use this as part of due diligence – stable from previous years

PEP SCREENING [PAGE 10]

~80%

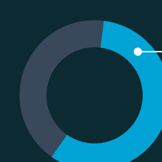
screen for domestic PEPs. Among them, more than **90%** also screen for local-level PEPs

HUMAN TRAFFICKING [PAGE 15]



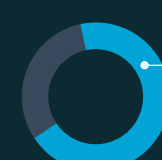
63%

of respondents have modified AML training to incorporate smuggling red flags and typologies



58%

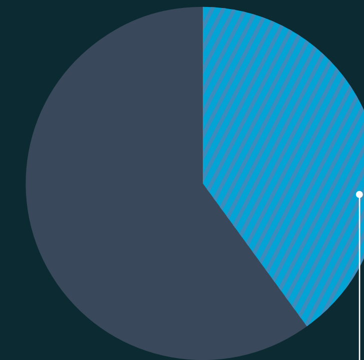
of respondents have modified AML transaction monitoring



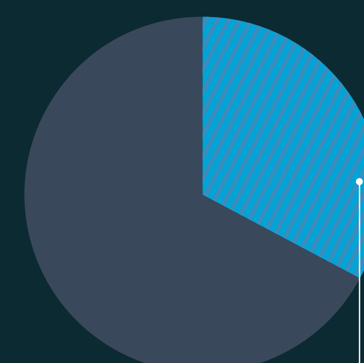
69%

of respondents do one or both of the above

DE-RISKING [PAGE 14]



40% report their companies have exited a full business line or segment in the past 12 months due to regulatory risk



One-third of respondents are planning and/ or investigating exiting a business line/segment in the next 12 months

Executive Summary

Dow Jones Risk and Compliance, in conjunction with the Association of Certified Anti-Money Laundering Specialists (ACAMS), surveyed 812 respondents around the world to (1) assess the current regulatory environment, (2) deepen understanding of client-screening processes, content and systems and (3) explore emerging issues.

In 2016, the trend continues as Anti-Money Laundering (AML) professionals cite increased regulatory expectations and enforcement of current rules as their greatest challenge. This is followed by concerns regarding a shortage of trained staff. These challenges translate to increased personal workloads and comparable portions predict increases in department workloads in the coming year.

The regulations most responsible for increased workloads are FinCEN's Proposed Beneficial Owner Rules, followed by FATCA, other tax evasion legislations and the Fourth EU Anti-Money Laundering Directive.

We invite you to delve into the Annual Survey to find out the latest views and practices on anti-money laundering.

We hope your compliance program benefits from the insights and opinions within this survey in 2016 and beyond. If you'd like to learn more, get in touch with our team at AMLsurvey@dowjones.com

THE DOW JONES
RISK AND COMPLIANCE TEAM

Survey Highlights

AML CHALLENGES AND WORKLOADS

Increased regulatory expectations continue to represent the greatest AML compliance challenge, as cited by 60% of respondents, followed by concerns regarding shortages of trained staff. Formal regulatory criticism, future shortage of trained staff and outdated technology are mentioned more often in 2016 compared with 2015.

REGULATIONS IMPACTING ORGANIZATION WORKLOAD

FinCEN's Proposed Beneficial Owner Rules (new in 2016 survey) is cited by nearly 75% of respondents as contributing to increased workloads. FATCA, other tax evasion legislation and the Fourth EU Anti-Money Laundering Directive are the other regulations mentioned by more than half of the respondents as adding to workloads. FATCA, Dodd-Frank and Ukraine-related sanctions have less workload impact in 2016 compared to 2015.

DATA ACCURACY REMAINS MOST IMPORTANT

Decision makers continue to cite data accuracy as the single most important factor in choosing AML data providers. Well-structured data, depth of content, customer service, conforming to international standards and company reputation are also very important for 60% or more of decision makers.

Excessive false-positive alerts remain the key factor for hurting confidence in client-screening data providers. Concerns about comprehensiveness and lack of data coverage definitions increased in importance from 2015 to 2016.

PEP SCREENING

About 80% of respondents screen for domestic PEPs; among them, more than 90% also screen for local-level PEPs. Local PEPs are usually included in client screenings in all countries, not only those with regulatory requirements.

CLIENT-SCREENING TECHNOLOGY

90% of respondents work in companies with client-screening technology solutions in place, with implementation of Governance, Risk and Compliance (GRC) platforms steady at 45%. Among respondents from companies with client-screening technology solutions in place, cost issues and excessive false alerts – positive and/or negative – are the reasons that mostly prompt companies to review their solutions. Cost issues are more important in 2016 than in 2015.

BENEFICIAL OWNERSHIP VERIFICATION AND SANCTIONS SCREENING

Almost one-half of firms limit their research into beneficial ownership to those with 25% or greater ownership, while slightly more than one-quarter do so for all ownership stakes of 10% or larger. The average number of sanctions or official lists used in client screening, as well as in payment filtering, saw a significant increase year-over-year. Respondents value having more complete and accurate list information over receiving list updates quicker, although nearly 90% of those surveyed expect those list updates to be available within 24 hours of their publication by regulators.

DE-RISKING

40% of respondents report their companies have exited a full business line or segment in the past 12 months due to regulatory risk. One-third of respondents are planning and/or investigating exiting a business line/segment in the next 12 months.

HUMAN TRAFFICKING

Nearly 70% of respondents report their organizations have modified AML training and/or transaction monitoring to incorporate human trafficking and smuggling red flags and typologies, while about the same proportion have taken similar steps with addressing ISIS terrorist financing and recruitment risks.

2016 total results are compared to 2013 and 2015 to measure trends; statistically significant differences between 2015 and 2016 are noted with arrows.

AML Challenges & Workloads

AML COMPLIANCE CHALLENGES FACED BY ORGANIZATIONS

60% of respondents cite increased regulatory expectations as the greater AML compliance challenge, followed by concerns regarding having enough properly trained staff. Formal regulatory criticism increases by 4% from 2015.

	2013	2015	2016	MAIN CHALLENGE
Increased regulatory expectations & enforcement of current regulations	53%	62%	60%	28%
Having enough properly trained AML staff	36%	49%	50%	19%
Insufficient/outdated technology	31%	38%	41%	15%
Too many false positive screening results	31%	32%	36%	7%
Budget constraints & increased scrutiny of third-party reviews			27%	5%
Additional regulations	25%	26%	22%	3%
Understanding regulations outside home country	22%	23%	25%	4%
Sanctions compliance			24%	3%
Formal regulatory criticism	12%	15%	19% ↑	5%
Fear of personal civil & criminal liability			15%	2%
Lack of senior management/BoD AML engagement	13%	17%	14%	5%
Understanding regulations in home country	10%	9%	9%	1%

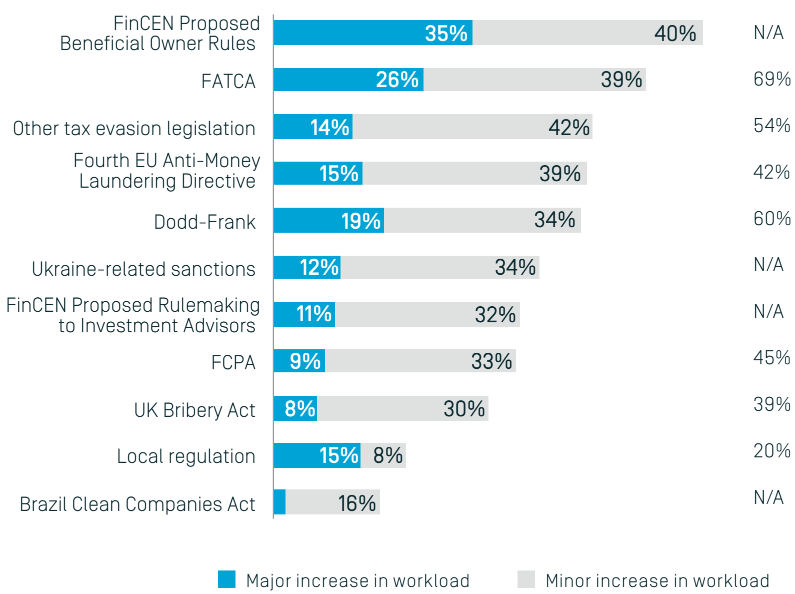
AML COMPLIANCE CHALLENGES IN NEXT 12 MONTHS

Increased regulatory expectations and enforcement of current rules continue to be the key future challenges for AML professionals. In addition, concerns about future shortages of trained staff and outdated technology are mentioned more often in 2016 than in 2015.

	2013	2015	2016
Increased regulatory expectations & enforcement of current regulations	50%	58%	57%
Having enough properly trained AML staff	30%	40%	45% ↑
Additional regulations	37%	37%	40%
Insufficient/outdated technology	25%	31%	36% ↑
Budget constraints & increased scrutiny of third-party reviews			26%
Too many false positive screening results	21%	22%	25%
Sanctions compliance			20%
Understanding regulations outside home country	18%	16%	18%
Formal regulatory criticism	10%	13%	16%
Fear of personal civil & criminal liability			11%
Lack of senior management/BoD engagement	9%	12%	10%
Understanding regulations in home country	9%	8%	7%

IMPACT OF REGULATIONS ON ORGANIZATION WORKLOAD

Nearly 75% of the respondents cite FinCEN's Proposed Beneficial Owner Rules as contributing to increased workloads. FATCA, other tax evasion legislation and the Fourth EU Anti-Money Laundering Directive are the other regulations mentioned by more than half of the respondents as adding to workloads.



Major/Minor increase in workload

	2013	2015	2016
FinCEN Proposed Beneficial Owner Rules	N/A	N/A	74%
FATCA	69%	72%	65% ↓
Other tax evasion legislation	54%	52%	56%
Fourth EU Anti-Money Laundering Directive	42%	52%	54%
Dodd-Frank	60%	59%	53% ↓
Ukraine-related sanctions	N/A	51%	46% ↓
FinCEN Proposed Rulemaking to Investment Advisors	N/A	N/A	43%
FCPA	45%	45%	42%
UK Bribery Act	39%	38%	37%
Local regulation	20%	22%	23%
Brazil Clean Companies Act	N/A	20%	19%

REGULATION WITH MOST IMPACT ON ORGANIZATION WORKLOAD

FinCEN's Proposed Beneficial Owner Rules (new in 2016 survey) is cited by 20% of respondents as the regulation most responsible for increased workloads. The relative impact of FATCA, Dodd-Frank and Ukraine-related regulations decreases from 2015 to 2016. For 35% of respondents, none of these specific regulations represent a major impact on workloads.

	2013	2015	2016
FinCEN Proposed Beneficial Owner Rules			20%
FATCA	17%	17%	11%
Local regulation	7%	8%	9%
Dodd-Frank	22%	16%	8% ↓
Fourth EU Anti-Money Laundering Directive	2%	5%	5%
Ukraine-related sactions		6%	3% ↓
None will cause major increase	36%	39%	35%

CLIENT-ONBOARDING CHANGES DUE TO FATCA REQUIREMENTS

As in 2015, more than 70% of respondents report their organizations have already made or are considering changes to client-onboarding processes due to FATCA requirements. Enhanced identity verification and standardized onboarding processes across BU's remain the most mentioned changes. The proportion adding negative news checks increases from 2015 to 2016.

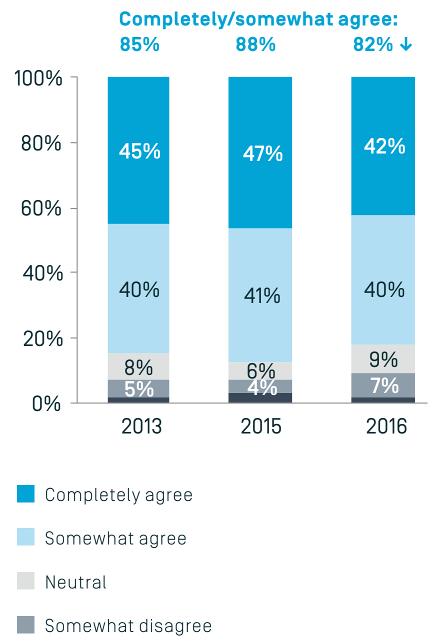
	2013	2015	2016
Enhanced identify verification	35%	39%	39%
Standardizing onboarding processes across BU's	27%	38%	39%
More stringent standards for accepting customers	23%	32%	30%
Enhanced watch list scans	22%	24%	27%
Adding PEP checks	17%	21%	25%
Increased search of public records	18%	22%	22%
Establishing enterprise-wide due diligence unit	14%	17%	20%
Adding negative news checks	12%	15%	20% ↑
Commissioning due diligence research	10%	12%	11%
None defined yet	41%	28%	27%

73% considering and/or have made changes

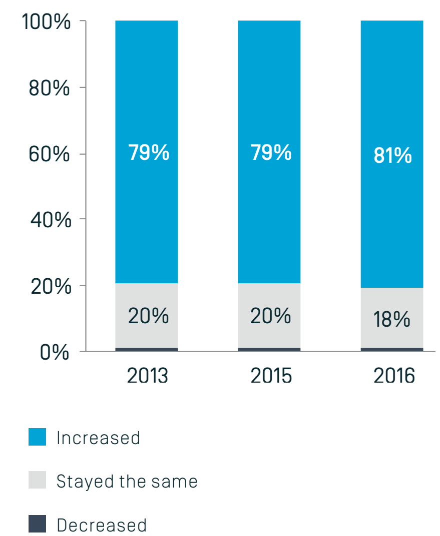
COMPANY RISK POLICIES & OPERATIONAL EFFECTIVENESS

Although the proportion decreases from 2015 to 2016, more than 80% of respondents continue to believe their companies' risk policies and/or operations reflect a convergence of global compliance disciplines. As in previous years, about 80% report increased regulatory expectations for operational effectiveness in the past 12 months.

POLICIES/OPERATIONS REFLECT CONVERGENCE OF COMPLIANCE DISCIPLINES



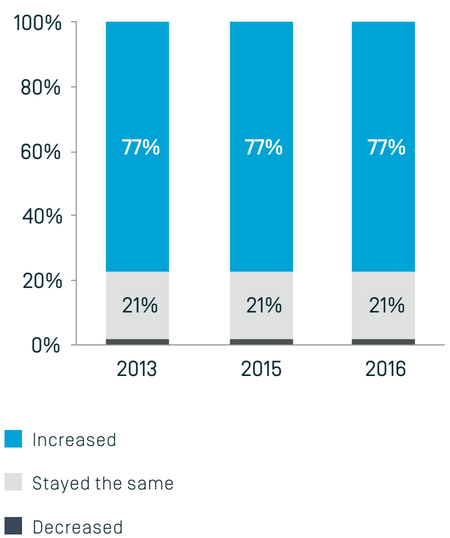
CHANGE IN REGULATORY EXPECTATIONS FOR OPERATIONAL EFFECTIVENESS IN PAST 12 MONTHS



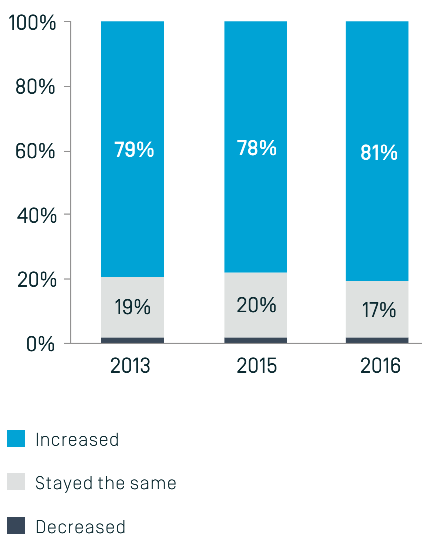
CHANGES IN PERSONAL & DEPARTMENT WORKLOAD

As in previous years, over three-quarters of AML professionals report increased personal workloads and comparable proportions predict further increases in department workloads in the coming year. Most others expect their workloads to remain at current levels.

CHANGE IN PERSONAL WORKLOAD IN PAST 12 MONTHS



EXPECTED CHANGE IN DEPARTMENT WORKLOAD IN NEXT 12 MONTHS



REASONS FOR INCREASE IN PERSONAL WORKLOAD

Rising regulatory expectations and increased areas of responsibility remain the strongest drivers of greater personal workloads. Formal examination criticism by regulators and merging with another organization have become more widely reported reasons for increased workloads in 2016.

AMONG THOSE REPORTING INCREASED PERSONAL WORKLOADS:

	2013	2015	2016	MAIN REASON
Rising regulatory expectations	61%	67%	68%	21%
Increased areas of responsibility	58%	55%	55%	21%
Increased AML focus by senior management	38%	44%	45%	12%
New or expanded government regulations	39%	37%	40%	8%
Growth of company	38%	37%	39%	9%
Formal examination criticism by regulators	15%	21%	30% ↑	8%
Out-dated technology/processes	20%	27%	26%	5%
Expanding into new markets	22%	21%	24%	4%
Received regulatory fine or penalty	5%	9%	12%	4%
Merging with another organization	11%	6%	10% ↑	2%
Layoffs in the organization	8%	5%	7%	1%

AML Data Providers

KEY FACTORS IN CHOOSING AML DATA PROVIDER

Decision makers continue to cite data accuracy as the single most important factor in choosing AML data providers. Well-structured data, depth of content, customer service, conforming to international standards and company reputation are also very important for 60% or more of decision makers.

	2013	2015	2016
Data accuracy	88%	89%	89%
Well-structured data	75%	74%	75%
Depth of content	65%	64%	65%
Customer Service/support	64%	63%	63%
Conforms to international standards	56%	57%	63% ↑
Company reputation			60%
Breadth of content	59%	56%	57%
SME/staff knowledge	53%	51%	51%
Price	50%	47%	51%
Data quality verified by third party	49%	48%	49%
Speed of implementation	53%	51%	48%
Technology independent	43%	42%	43%
Recommended by regulators/FIU's	41%	42%	43%
Suite of products	43%	42%	42%
Used by similar organizations	29%	29%	32%
Local presence	22%	23%	24%
Existing vendor relationship	23%	21%	19%

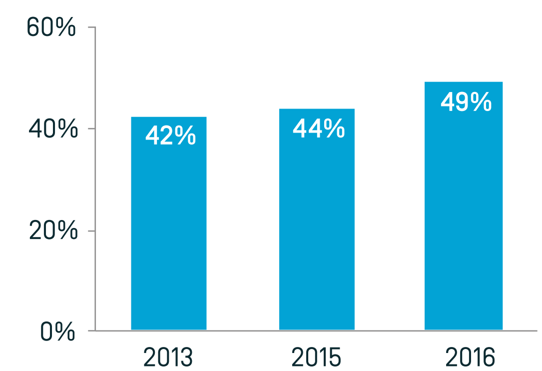
USING AND CONSOLIDATING MULTIPLE AML DATA PROVIDERS

Comprehensiveness remains the most mentioned reason for using multiple data providers, followed by coverage of specialized risk categories. Nearly 50% of 2016 respondents in companies using multiple providers report their companies are considering consolidating to a single provider, up slightly (not significantly) from 2015.

REASONS FOR USING MULTIPLE DATA PROVIDERS [AMONG THOSE USING MULTIPLE DATA PROVIDERS]

	2013	2015	2016
Comprehensiveness	51%	55%	57%
Specialized risk categories	36%	40%	42%
Result of legacy systems/contracts	25%	27%	31%
Decentralized AML structure regional requirements	16%	23%	19%
Risk of data provider outage	12%	13%	16%
Result of company acquisitions	10%	12%	10%

CONSIDERING CONSOLIDATING DATA PROVIDERS [AMONG DECISION MAKERS USING MULTIPLE DATA PROVIDERS]

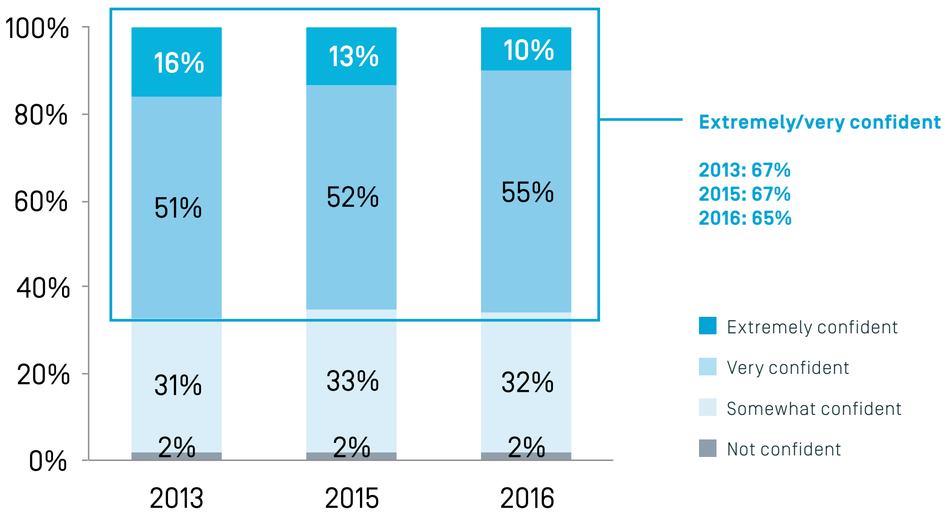


Client Screening

CONFIDENCE IN CLIENT-SCREENING PROVIDER DATA ACCURACY

About two-thirds of respondents who mainly focus on client screening remain extremely or very confident in the data accuracy of their primary data provider. Confidence levels have been steady in recent years.

AMONG THOSE WITH CLIENT SCREENING AS A MAIN FUNCTION



WHY NOT FULLY CONFIDENT IN CLIENT-SCREENING DATA ACCURACY

Excessive false-positive alerts remain the key factor hurting confidence in client-screening data providers. Concerns about comprehensiveness and lack of data coverage definitions increases in importance from 2015 to 2016.

AMONG THOSE FAMILIAR WITH CLIENT SCREENING AND NOT "EXTREMELY" OR "VERY" CONFIDENT IN DATA ACCURACY

	2013	2015	2016
Too many false-positive alerts	37%	44%	47%
Comprehensiveness of the data	34%	32%	42% ↑
Name variations/transliterations	32%	41%	38%
Gaps in coverage/in certain regions	25%	27%	27%
Data structure	17%	24%	24%
Lack of data coverage definition	16%	13%	22% ↑
Too many false-negative alerts	19%	23%	22%
Integration	12%	18%	20%
Insufficient breadth of coverage	23%	24%	19%
Timeliness	14%	17%	14%
Not enough crime types covered	9%	13%	12%

TESTING CLIENT-SCREENING DATA QUALITY

About 90% of respondents report that their companies test the quality of data from their client-screening data providers, including almost half who conduct quality checks monthly or more often.

AMONG THOSE FAMILIAR WITH CLIENT SCREENING

	2015	2016	
Daily	19%	22%	**Test monthly or more often**
Weekly	11%	12%	**2015: 26%** **2016: 48%**
Monthly	16%	14%	
Quarterly	12%	12%	
Annually	14%	14%	
Every few years	2%	1%	
Only when issue suspected	16%	17%	
Have never run quality checks	11%	9%	**91% run quality checks**

REASONS FOR NOT REVIEWING CLIENT-SCREENING DATA QUALITY

Respondents in companies that don't review client-screening data quality mainly cite lack of resources, trust in their vendors and not knowing how to test data as the reasons – or claim it is simply not their responsibility.

AMONG THOSE FAMILIAR WITH CLIENT SCREENING WHO HAVE NEVER SCREENED FOR DATA QUALITY

	2015	2016
No resources	17%	29%
Trust my vendor	18%	27%
Don't know how	19%	24%
Not my responsibility	33%	22%
No time	11%	10%
Budget constraints	7%	7%
Not important	0%	7%

Notes: Small base sizes (n<75); no statistical testing performed

SCREENING FOR DOMESTIC PEPS

About 80% of respondents work in organizations that screen for domestic PEPs in the client-screening process.

AMONG THOSE WITH CLIENT SCREENING AS A MAIN FUNCTION

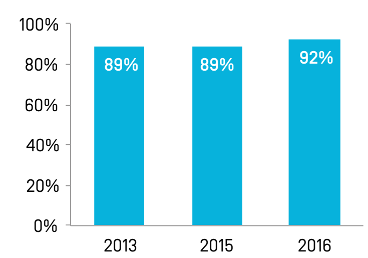
2013	2015	2016
80%	76%	82%

SCREENING FOR LOCAL-LEVEL PEPS

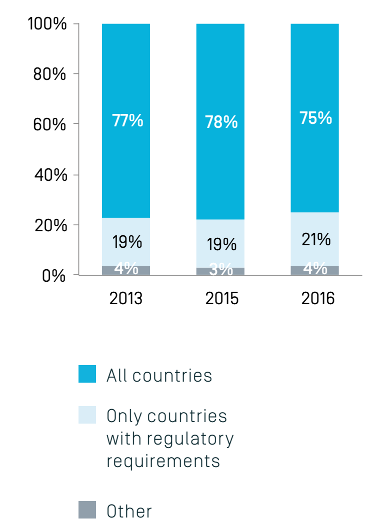
More than 90% of respondents in organizations that screen for domestic PEPs report that their companies also screen for local-level PEPs. Local PEPs are usually included in client screening in all countries, not only those with regulatory requirements.

AMONG ORGANIZATIONS SCREENING FOR DOMESTIC PEPS

SCREEN FOR LOCAL-LEVEL PEPS



WHERE LOCAL PEPS INCLUDED IN CLIENT SCREENING

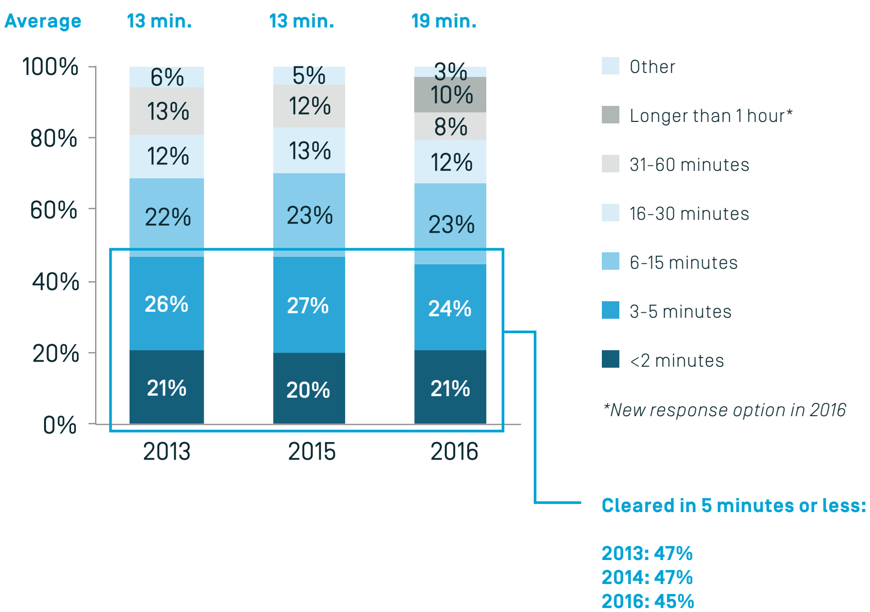


AVERAGE TIME TO CLEAR GENERATED ALERT

As in previous years, nearly half of the respondents claim their companies typically clear a generated alert within five minutes or less. The average across all respondents increases to 19 minutes, likely due to a change in available survey responses.

AMONG THOSE FAMILIAR WITH CLIENT SCREENING

% OF ALERTS THAT ARE FALSE POSITIVES



SECONDARY IDENTIFIERS USED IN CLIENT SCREENING

As in previous years, more than 90% of respondents report their organizations use secondary identifiers in the client-screening process. Date of birth, personal identification data, country of birth and entity type continue to be the most widely used secondary identifiers. The proportion using name in original script increases in 2016 compared to 2015.

	2013	2015	2016
Date of birth	77%	78%	81%
Personal identification data (passport, ID card)	58%	62%	62%
Country of birth	52%	53%	52%
Entity type	47%	49%	52%
Known location	43%	43%	44%
City/state province of birth	46%	47%	44%
Gender	38%	40%	44%
Name in original script	29%	28%	33% ↑
Corporate identification data		23%	26%
None	6%	7%	4%

REASONS TO REVIEW/CHANGE CLIENT-SCREENING TECHNOLOGY

Among respondents from companies with client-screening technology solutions in place, cost issues and excessive false alerts – positive and/or negative – are the reasons most likely to prompt companies to review their solutions. Cost issues are more important in 2016 than in 2015.

AMONG THOSE FAMILIAR WITH CLIENT SCREENING AND HAVE SOLUTION IN PLACE

	2013	2015	2016
Cost issues	38%	40%	46% ↑
Too many false-positive alerts	48%	47%	45%
Too many false-negative alerts	40%	40%	43%
Poor customer service/roadmap	31%	33%	36%
Consolidation of software across risk areas	32%	38%	35%
Enterprise technology consolidation	33%	34%	35%
Inability to handle non-Latin script	10%	12%	11%

Beneficial Ownership & Sanctions Lists

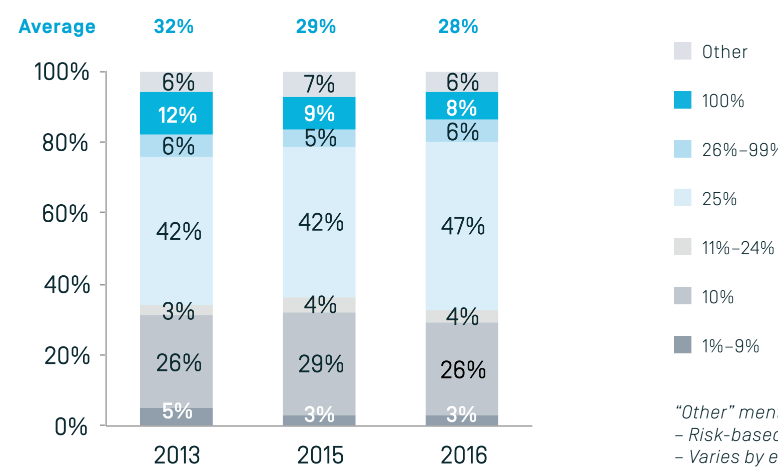
HOW COMPANIES VERIFY BENEFICIAL OWNERSHIP

Beneficial ownership continues to be verified mainly as part of the KYC process or through internal due diligence.

	2013	2015	2016
Part of KYC process	84%	82%	83%
Due diligence	66%	69%	70%
Country company registry	30%	29%	31%
Outsourced due diligence	16%	18%	21%

BENEFICIAL OWNERSHIP VERIFICATION REQUIRED

Nearly half of respondents report their companies adhere to the standard of 25% beneficial ownership verification, and another one-fourth require 10% verification. Nearly one-tenth claim their companies require 100% verification.



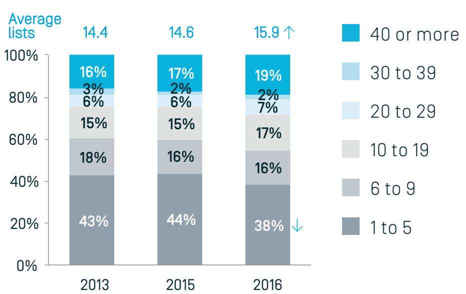
"Other" mentions (2016):
– Risk-based
– Varies by entity/account type
– No formal requirements

USAGE OF SANCTIONS/OFFICIAL LISTS

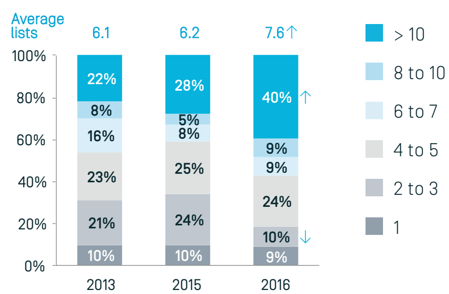
The average number of sanctions/official lists for client screening increases in 2016 compared to 2015, due mainly to a decrease in respondents reporting their companies use five or fewer lists. Payment filtering list usage also increases, with more respondents estimating their companies use 10 or more lists.

AMONG THOSE RESPONSIBLE FOR CLIENT SCREENING AND/OR PAYMENTS FILTERING

OF LISTS USED IN CLIENT SCREENING



OF LISTS USED IN PAYMENTS FILTERING

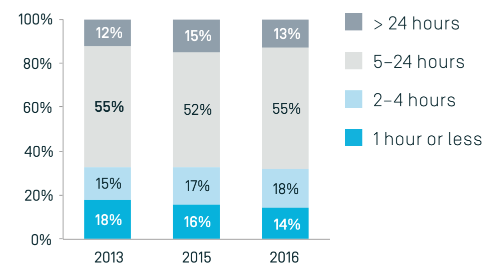


Note: Small base size in 2016 (n<75)

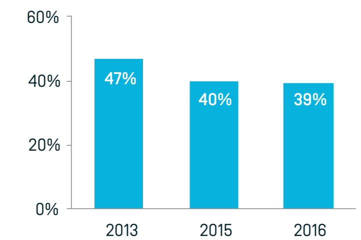
INTERNAL UPDATES TO SANCTIONS/OFFICIAL LISTS

Nearly 90% of respondents expect internal lists to be updated within 24 hours of changes to sanctions/official lists, including one-third that expect updates within four hours. Almost 40% of respondents report their companies are basing their expectations on regulator guidance in 2016, comparable to 2015 levels.

ACCEPTABLE DELAY IN GETTING INTERNAL LISTS UPDATED



INTERNAL EXPECTATIONS REGARDING SPEED OF LIST UPDATES ARE BASED ON REGULATOR GUIDANCE



CHOOSING LISTS FOR CLIENT SCREENING AND PAYMENTS FILTERING

The proportion of respondents working in AML departments that make risk-based decisions (by AML officers or staff) in choosing which sanctions/official lists to use in client screening and/or payments filtering decreases in 2016 compared to 2015. The impacts of guidance from local AML regulations, system capabilities, origin of list and risk of penalty increases.

AMONG THOSE RESPONSIBLE FOR CLIENT SCREENING AND/OR PAYMENTS FILTERING

	2013	2015	2016
Risk-based decision by AML Officer/Staff	62%	62%	57% ↓
Guided by local AML regulation	47%	47%	54% ↑
Understanding of best practices	37%	39%	41%
System capabilities	27%	26%	32% ↑
Centralized decision	28%	28%	30%
Origin of list	23%	23%	28% ↑
Risk of penalty	12%	13%	17% ↑
Currency of payment	9%	9%	12%

PREFERENCE FOR SPEED VS. ACCURACY IN LIST UPDATES

More than half of respondents prefer accurate/complete list information over quicker updates. Another 30% claim that preference for quicker updates would depend on the effort required to correct any erroneous list information.

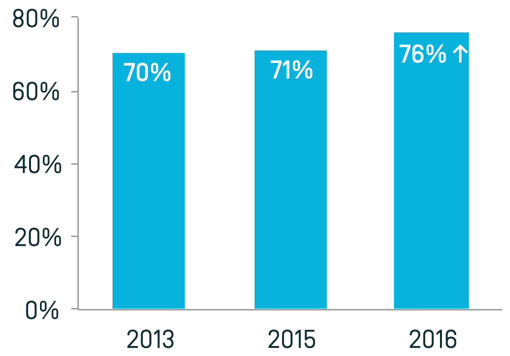
WHAT IS VALUED MOST REGARDING SANCTIONS/OFFICIAL LISTS

	2016
More accurate and complete list information	53%
Depends on the impact of additional research efforts to correct and enhance list information on the availability of the list	30%
Quicker updates of lists	16%

ADDITIONAL INFORMATION USED IN SANCTIONS/OFFICIAL LISTS

The proportion of respondents reporting their companies include information other than the entities named on sanctions/official lists in their screening processes increases in 2016 compared to 2015. Additional names of people/companies/organizations, entities controlled or owned by other sanctioned entities and entities linked to sanctioned jurisdictions are the most frequently used types of supplemental information.

INCLUDE ADDITIONAL INFORMATION TO COMPLY WITH SANCTION PROGRAMS



TYPES OF ADDITIONAL INFORMATION INCLUDED

	2013	2015	2016
Additional names of people, companies, organizations	80%	77%	78%
Entities controlled/owned by other sanctioned entities		66%	66%
Entities linked to sanctioned jurisdictions	69%	68%	64%
Vessels	39%	44%	43%
Cities and ports	34%	33%	38%
BIC Codes	31%	24%	27%
Debt and equity securities		13%	15%
Chinese Commercial/Telegraph Codes	14%	10%	14%

De-Risking

EXITING BUSINESS LINES AND CUSTOMER SEGMENTS

In 2016, 40% of respondents report their companies have exited a full business line or segment of business in the past 12 months due to perceived regulatory risk and/or the organization's inability to manage the risk, an increase from 2015. About one-third of respondents claim their companies are planning to exit and/or are investigating the possibility of exiting a business line or segment in the next 12 months due to regulatory risk.

HAVE EXITED BUSINESS LINE/SEGMENT OR CUSTOMER SEGMENT IN PAST 12 MONTHS

	2015	2016
Due only to regulatory risk	30%	33%
Due to inability to manage the risk	21%	25%

Net: Have exited for either reason

2015: 35%
2016: 40% ↑

POSSIBILITY OF EXITING BUSINESS LINE/SEGMENT IN NEXT 12 MONTHS DUE TO REGULATORY RISK

	2015	2016
Planning to exit	10%	12%
Investigating possibility of exiting	24%	23%
Not planning or investigating exit	70%	67%

Net: Planning and/or investigating possibility of exiting

2015: 30%
2016: 33%

TYPES OF BUSINESS SEGMENTS AND REASONS FOR EXITING

More than half of the respondents whose companies are considering exiting business segments mention leaving industries designated as high-risk by government agencies. At least 40% also cite leaving specific product lines or geographic areas. The main reasons for leaving involve the organization is no longer willing to assume the segment risk and the cost of compliance making the segment unprofitable.

AMONG THOSE PLANNING AND/OR INVESTIGATING POSSIBILITY OF EXITING

TYPES OF SEGMENTS CONSIDERING EXITING	2016
Industries that have been designated high-risk by government agencies	51%
Specific products/product lines	45%
Specific geographic area(s)	40%
Non-governmental organizations (NGOs) or charities	14%
Other	8%

REASONS CONSIDERING EXITING SEGMENT	2016
Segment no longer within organization's risk appetite	56%
Cost of compliance makes segment unprofitable	51%
Segment draws excessive regulatory oversight	40%
No confidence regulators will approve risk management approach	20%
Segment is generally unprofitable	18%
Other	1%

FACTORS THAT COULD MAKE FIRM RE-EVALUATE EXIT DECISION

More than half of respondents whose companies are considering exiting business segments claim that better guidance from regulators could keep them from leaving. However, more than 20% believe nothing can influence the decision to exit.

AMONG THOSE PLANNING AND/OR INVESTIGATING POSSIBILITY OF EXITING

	2016
More precise guidance from regulators or increased compliance comfort for segments in question	53%
A mechanism to "pre-clear" compliance activities with regulator for riskier business segments	32%
A "hold harmless" letter or some type of "safe harbor" from regulators or other government agency	30%
Other	3%
Nothing could influence the decision	21%

Human Trafficking & Terrorism

HUMAN TRAFFICKING INFORMATION AND ACTIONS

Nearly 70% of respondents report their organizations have modified AML training and/or transaction monitoring to incorporate human trafficking and smuggling red flags and typologies (organizations typically have done both or neither). Nearly all respondents work in organizations that use information, usually multiple sources, to identify human trafficking and smuggling activities.

AMONG THOSE PLANNING AND/OR INVESTIGATING POSSIBILITY OF EXITING

	2016
Have modified AML training	63%
Have modified AML transaction monitoring	58%
Neither of these	31%

INFORMATION USED TO IDENTIFY HUMAN TRAFFICKING AND SMUGGLING ACTIVITIES

	2016
FinCEN or other advisories	73%
Government agencies	68%
Adverse media	65%
FATF reports	64%
Other	6%
None	5%

TERRORISM-RELATED ACTIONS

70% of respondents report their organizations have modified AML training and/or transaction monitoring to include red flags and typologies indicative of ISIS terrorist financing and recruitment (organizations typically have done both or neither).

ACTIONS TAKEN TO INCLUDE AML TYPOLOGIES AND RED FLAGS INDICATIVE OF ISIS TERRORIST FINANCING AND RECRUITMENT

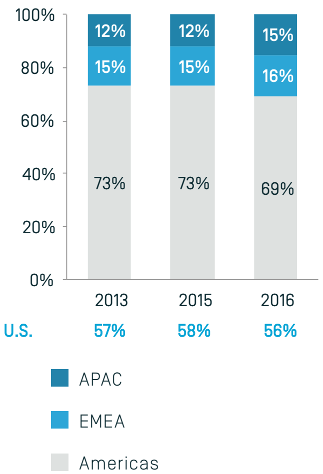
	2016
Have modified AML training	65%
Have modified AML transaction monitoring	64%
Neither of these	30%

Respondent Profiles

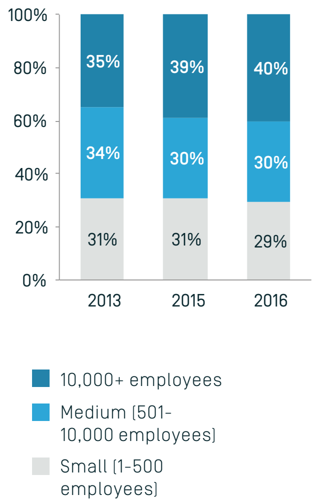
COMPANY GEOGRAPHY AND SIZE

As in recent years, about 70% of respondents are from companies in the Americas, including a majority from the US. Respondents are split between small, medium and large companies.

REGION



COMPANY SIZE



TYPE OF ORGANIZATION

Retail and commercial banking remain the largest industries represented among respondents, followed by private banking/wealth management and investment banking.

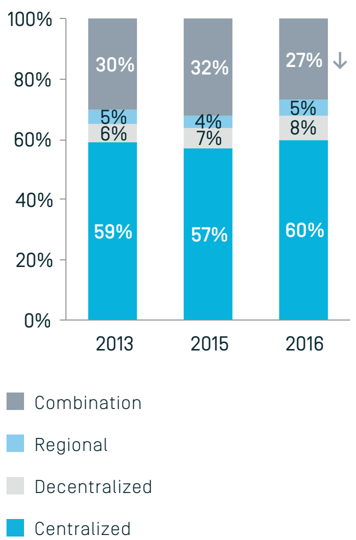
	2013	2015	2016
Retail banking	37%	36%	38%
Commercial banking	31%	32%	35%
Private bank or wealth management	16%	17%	16%
Investment banking	13%	16%	15%
Brokerage	9%	9%	9%
Money service business	9%	8%	9%
Consulting company	7%	8%	7%
Insurance	7%	6%	5%

Mentions less than 5% omitted

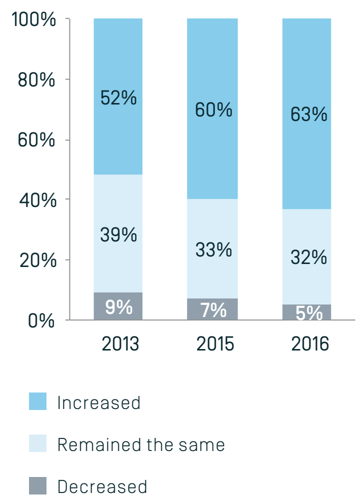
AML DEPARTMENT STRUCTURE AND STAFFING

As in previous years, most respondents report their AML departments are centralized. The proportion having a combination of structures decreases in 2016 compared to 2015. More than 60% report their organizations have increased AML staff levels in the past year, continuing the increase in staffing growth rates in recent years.

AML DEPARTMENT STRUCTURE



CHANGE IN AML STAFFING IN PAST YEAR



AML JOB FUNCTIONS

In 2016, 80% of respondents have AML-related job functions, a level comparable to previous years. Many also identify working in KYC, regulatory/policy compliance and compliance operations.

	2013	2015	2016
Anti-Money Laundering (AML)	78%	79%	80%
Know Your Customer (KYC)	49%	50%	50%
Regulatory & policy compliance	49%	52%	48%
Compliance operations	45%	45%	44%
Sanctions	28%	33%	34%
Fraud	28%	26%	28%
Client screening	26%	26%	26%
Governance	17%	20%	19%
Other	10%	11%	11%
Accounting risk and control	9%	8%	10%
Payments filtering	10%	9%	9%
Technology risk and security	7%	6%	8%

JOB TITLES

More than 70% of respondents have job titles specifying AML, BSA and/or Compliance responsibilities. The proportion of respondents who are AML Compliance Managers increases in 2016 compared to 2015.

	2013	2015	2016
AML/BSA/Compliance Officer	20%	19%	20%
AML/BSA/Compliance Chief Officer	15%	13%	12%
AML Compliance Manager	8%	7%	10% ↑
AML/Compliance Consultant/Specialist/ Investigator	9%	9%	10%
AML/BSA/Compliance Analyst	11%	11%	10%
CEO/President/Director/AVP/VP/SVP/Officer	9%	9%	8%
AML Auditor/Audit Manager	5%	9%	8%
Risk Analyst/Manager/Officer	6%	5%	5%
Other	17%	18%	16%

DOW JONES

Dow Jones Risk and Compliance is a global provider of risk management and regulatory compliance information, delivering targeted content to organizations around the world. Our market-leading data helps financial institutions and businesses have greater control managing Anti-Money Laundering, Anti-Bribery and Corruption, Economic Sanctions, Third Party Due Diligence and Commercial Risk operations. With a global team of expert researchers covering more than 60 languages, our risk and compliance data is information rich, accurate and timely, enabling our clients to make better quality decisions faster and with greater confidence.

For more information, visit dowjones.com/risk