



Our anti-money laundering solutions

Business Risk Assessment Model

Mazars created a business risk assessment model (BRA) specifically designed for the Gaming Industry. Our model meets all the requirements of the PMLFTR and FIAU Implementing Procedures, taking into consideration both quantitative and qualitative factors.

What makes our BRA model different?

This is not a one-size-fits all model designed to service all remote gaming clients. It is a bespoke model which is designed around the specific risks of the subject person. A comprehensive scoring and weighting methodology is applied to analyze the inherent risks and relevant controls of the subject person.

Risk Category	Inherent Risk	Control Evaluation	Residual Risk Total
Governance	Moderate Risk (M)	Effective (H)	Low Risk (H)
Customer	Moderate Risk (H)	Effective (M)	Moderate Risk (L)
Product	Moderate Risk (L)	Effective (M)	Low Risk (H)
Payment Methods	Moderate Risk (H)	Effective (M)	Moderate Risk (L)
Interface	Moderate Risk (H)	Effective (M)	Moderate Risk (L)
Geographic	Moderate Risk (H)	Effective (L)	Moderate Risk (M)
Overall	Moderate Risk (H)	Effective (M)	Moderate Risk (L)



Product Risk			
Risk Category	Inherent Risk	Control Evaluation	Residual Risk Total
Fixed odds games where hedging is possible (ex. blackjack, baccarat, roulette)	Moderate Risk (L)	Strong (M)	Low Risk (H)
Sportsbetting	Moderate Risk (M)	Effective (L)	Moderate Risk (L)
Overall	Moderate Risk (L)	Effective (M)	Low Risk (H)



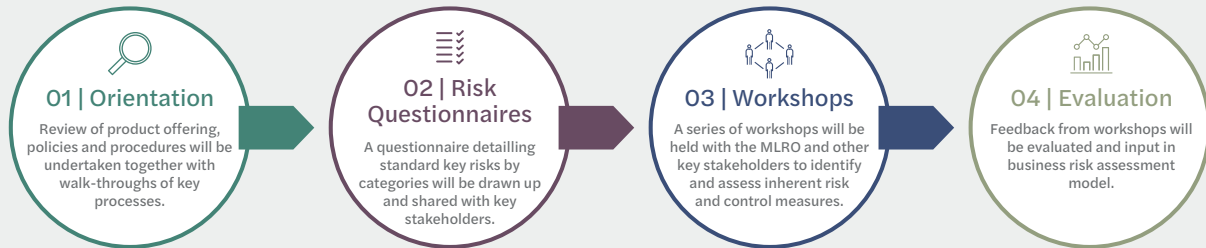
Sportsbetting	
Inherent Risk	Inherent Rating
A customer may influence the outcome of the game (element of skill)	Low Risk (M)
Player to player collusion is possible	High Risk (L)
Opposite betting (hedging) is possible	Low Risk (M)
Players can bet on high-risk competitions (ex. Non-European, player to player competitions, minor leagues)	High Risk (M)
Winnings are transferable to other players	Moderate Risk (M)
Safe bets are permitted	High Risk (M)
Customer wagers large stakes on P2P games	Moderate Risk (M)
Customer wagers significant amounts in small amounts and on low odd games / sports activities	High Risk (M)
Total weighted inherent risk	Moderate Risk (M)

Controls	Input
The subject person has in place added controls on high-risk competitions	Ineffective (M)
The subject person has in place pre-set limits on safe-bets	Ineffective (M)
Reports of irregular activity can be generated	Effective (M)
The activity monitoring system is automated	Ineffective (L)
The subject person has in place a monitoring system which monitors betting patterns	Effective (M)
Effective controls are in place to ensure that collusion does not take place in live betting	Effective (M)
Triggers are defined and updated	Effective (M)
Policies and procedures outline the process for the course of action following the identification of suspicious betting activity	Ineffective (M)
Total weighted control effectiveness	Effective (L)

The BRA model in practice

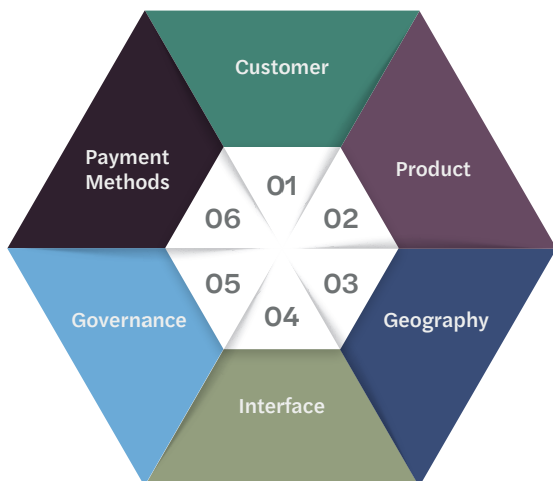
Understanding

The BRA process includes an orientation phase, followed by a procedural walkthrough and workshops with the MLRO and risk owners. This will enable the MLRO to understand the BRA methodology, and obtain a deeper understanding of the inherent and residual risks exposures of the subject person.



Risk classification

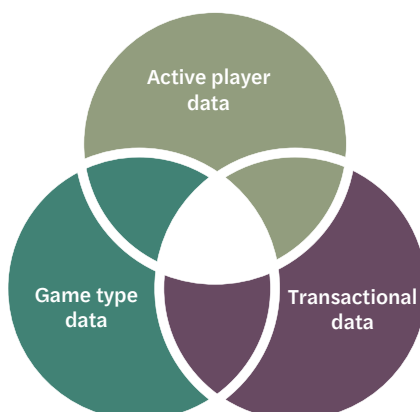
All evident risks are included. The BRA model delves into at least 6 risk categories that are specific to the remote gaming sphere, including governance structures and payment methods.



Data Sources - because data is key

The model is a data driven assessment which makes extensive use of quantitative and qualitative data.

Quantitative



Qualitative



Control effectiveness

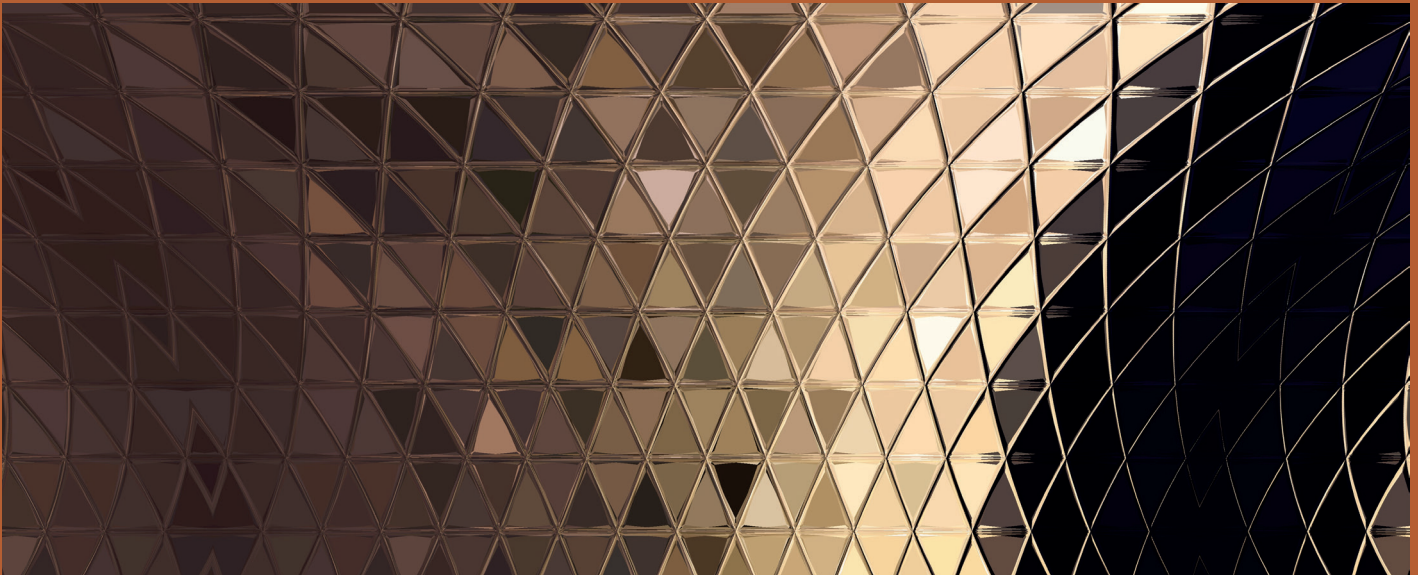
While the BRA is not an independent assessment, this model is designed to include and give due weighting to the mitigating measures applied to the identified risks.

Reporting – accuracy, consistency and simplicity

The methodology and workings together with the results generated from the model will be analysed and presented in an easy-to-understand report. The report also provides narrative on why controls are effective or otherwise in the context of the specific and holistic risk exposure, thereby control weaknesses can be easily identified.

Applying the BRA conclusions into practice

We can assist in the drawing up of remedial plans for the gaps identified during the assessment.



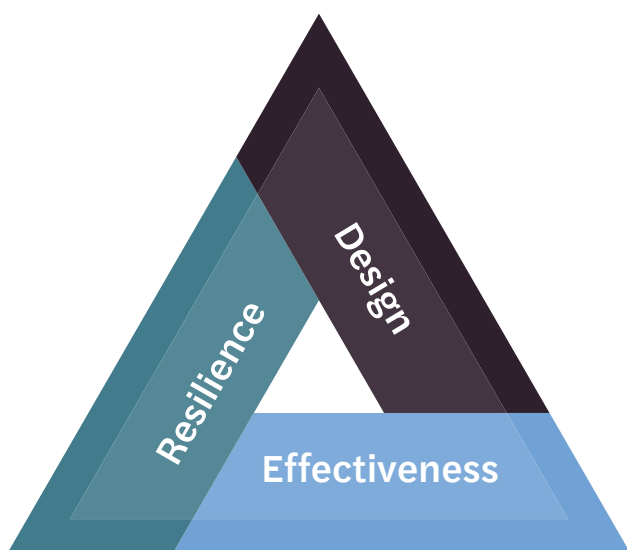
AML Effectiveness Review

Traditionally, compliance reviews have mainly focused on the design of policies and procedures against regulatory requirements. However, when put to the test, how effective are control frameworks in managing real ML/FT risk?

Gaming companies continually face increased pressure to comply with Anti-Money Laundering (AML) regulations to avoid hefty fines, reputational risk, and disruptions to their operations. Senior management and directors are directly responsible and accountable for the implementation of an effective and resilient control framework.

Regulators and enforcement authorities have now shifted their focus to **effectiveness**. What is the real **risk exposure** to the company, senior management and board?

Designing an **effective AML framework** which is compliant with the regulations, and which addresses the ML risks that the entity faces is crucial. We will give you the additional assurance that your AML control framework is effective in mitigating the risks of your entity being used to facilitate illicit activity. We take a practical approach by assessing the controls and evaluating whether these are implemented in practice as designed.



Effectiveness Review - Key benefits

- Risk based approach focusing on high risk areas
- Independent review of processes and key controls
- Effectiveness of Customer Risk Assessment
- Assessment of control effectiveness and real residual risk exposure
- Meaningful recommendations to improve processes / controls / tools implemented by 1LOD and 2LOD
- Identification of skills gaps and training needs

Why choose Mazars?

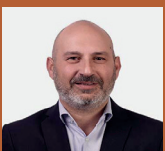
- Independent and objective
- Expertise in ML/FT and sanctions regulatory frameworks
- Strong knowledge of the gaming industry
- Bespoke solutions, not one-size-fits-all
- Knowledge of process design, risk and control
- Tried and tested methodology and approach
- Experience in conducting AML compliance reviews, risk assessments and control frameworks
- MGA approved compliance and system auditors

Delivering results

Over the past years, we have worked closely and cooperated both with the competent authorities, as well as various business entities, to deliver effective solutions in managing ML/FT/Sanctions risks. Our team has extensive experience in the ML/FT sector and also worked extensively on governance, risk and control engagements. Their understanding of risk and how this intertwines with the control framework is vital to assess the operating effectiveness of your AML framework. This will be coupled with the industry-specific experience and expertise of the gaming sector.

Flexibility

We are committed to providing you with the support required to give you peace of mind on the robustness of your AML framework. We offer the flexibility of providing different levels of support according to your requirements. If the entity has in-house resources, we can establish a collaborative partnership between your in-house team, by providing access to subject matter experts (SME) and combining this with the deep understanding of the business that your in-house team brings. Our service can range from assistance during the scoping of a review, providing resources to assist in the fieldwork, provision of SME or complete execution of the review.



Alan Craig
Advisory Partner

alan.craig@mazars.com.mt



Alicia Vella
Advisory Director

alicia.vella@mazars.com.mt

<https://www.mazars.com.mt>

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of more than 44,000 professionals – 28,000+ in Mazars' integrated partnership and 16,000+ via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws