



A Global Study into Anti-Financial Crime Culture

Have we come
far enough?

18 May 2021

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Executive Summary

Scandals over recent years have shown that some institutions are still failing to live up to their obligation to minimize the risk of financial crime. In 2020, fines for non-compliance with anti-financial crime (AFC) and related regulations exceeded \$14.1 billion.¹ These failures occurred despite many financial institutions spending hundreds of millions to transform their control processes and systems. The persisting and larger problem is not technical but cultural.

ACAMS and Oliver Wyman conducted a review of the current state and trends of financial institutions AFC culture based on interviews of a dozen senior executives from both the public and private sector, roundtables of professionals and a survey of ~350 professionals.

While our findings confirm that most financial institutions and their senior managers have made clear inroads towards improving AFC compliance over the last decade, the respondents have highlighted a number of key programmatic areas where financial institutions still have limitations hindering the ability to fully embed a robust AFC culture. In particular these items include risk appetite, quality of knowledgeable staff, sizing of technology budget, training, and incentives.

Most financial institutions have made managing the risk of financial crime a priority over the last decade and invested significantly in addressing this challenge. As a result, respondents to our survey generally have a favorable view of their organization's AFC culture. Seventy-seven percent agree that their managers, peers, and colleagues lead by example in their behavior, and 73% agree that managers, peers and colleagues would withdraw from a business opportunity due to concerns about financial crime.

Respondents have however highlighted a number of areas for improvement. Only 64% agree that their organization is well equipped to deal with the level of AFC risk it is facing, leaving a further 36% who lack confidence in this. Some areas of particular attention include:

- Financial crime is not explicitly and consistently included in some financial institutions' risk appetite statements, making it more difficult to factor into strategic decision making about trade-offs between risk and return.
- Although the "tone from the top" has improved, with senior management paying more attention to financial crime, their engagement is too often event-driven rather than strategic. Whilst the survey highlighted that 70% of respondents felt that the tone from the top was clearly communicated by senior management, the participants in our roundtables identified a need to ensure that the message from the top is reinforced by middle management.
- While AFC policies and processes appear clear, and participants feel able to raise concerns and that these will be appropriately dealt with, the consistent global application of these policies is a challenge.
- Discussions with senior AFC professionals implied that the industry may need to do more to incentivize financial crime control. At many organizations, AFC is not yet part of management information or performance management schemes. Only 52% of our survey respondents agree that employees are rewarded for effective implementation of AFC controls which demonstrate there is more work to do for Financial Institutions in this regard.

Executive Summary (continued)

- Only 62% agree that there are sufficient skilled and trained personnel for AFC. Financial firms struggle to allocate staff with the proper skills to manage this risk. Only half of respondents believe the AFC training offered by their organization is adequate. And just half believe that training has the required budget allocated to it.
- Only half believe that technology and automation have the required budget.

Some regional differences were apparent in the survey, with European institutions displaying lower confidence than their American peers. For example, whereas 73% of American respondents believe their institution has a strong “tone from the top”, only 52% of European respondents do. Similar differences are observed in answers in questions pertaining to policies and procedures.

Across the survey questions, senior managers demonstrated a more favorable view of culture than middle managers. There is a similar trend across the lines of defense. Those who identified as the first line of defense had less favorable views on culture than second line staff. This was especially pronounced for questions regarding policies and procedures, which are designed by the second-line and used by the first line.

Improving technology (58%) is the highest priority among respondents when asked as to what actions should improve AFC culture. It can reduce the bureaucratic burden, helping to overcome a tick-box mentality and allowing staff to more genuinely engage with their AFC responsibilities. The regulators we spoke to pointed out that artificial intelligence (AI) and automation could help reduce cost of AFC compliance for financial firms – though it will require investment expenditure, too often compliance is often seen as an “expensive but not always efficient” exercise.

Additional training comes in second place, closely followed by additional resources. Furthermore, an increased AFC budget, reinforced tone from the top and improved feedback loops from law enforcement are also highlighted as key actions. Of the mentioned top six actions, all but two are a direct request for additional budget and resources.

Survey respondents also expect investment across these areas over the next year, more so in technology, and training and resourcing to a lesser extent. There is again a regional difference, with more European and Asian respondents expecting investments than their American peers.

Beyond these investments, regulated entities should embark on systematic programs to improve their AFC cultures. **The first step is to strengthen the important components of a strong AFC culture, which fall under four broad categories:**

1. Strategy and risk appetite
2. Tone from the top
3. Accountability and incentives
4. Training and communication

Once the target culture is understood, quantitative and qualitative indicators of its various elements should be identified. These can provide the basis of reports on the AFC culture and financial crime risk for senior management and the board. They can also be elements of performance management and incentive schemes for relevant staff. Assessments of the AFC culture should be conducted regularly, with findings translated into actions that will remedy any shortcomings and promote the target culture.

1. Introduction

Regulated financial entities are legally obliged to take measures to prevent financial crimes, including money laundering, terrorist financing and sanctions violations. Recent scandals reveal that anti-financial crime (AFC) controls are still inadequate at some financial institutions. The shortcomings are not matters of process or technology alone. Institutional culture also plays a crucial role.

This joint report by Oliver Wyman and ACAMS examines the AFC cultures of financial institutions globally, drawing on the findings of an online survey we conducted from December 2020 to January 2021, two roundtables and interviews with industry executives and regulators. We find that although much progress has been made in recent years, AFC cultures remain underdeveloped in certain areas. For example, many organizations still have not integrated AFC in their risk appetite framework; most remain under-resourced in proportion to the risk they face; and awareness-raising, incentives and training are inadequate, with the result that front-line staff too often think that AFC is someone else's responsibility. AFC professionals are at times frustrated by institutional culture in which short-term profit continues to dominate.

These shortcomings can be addressed by articulating the desired elements of a healthy AFC culture, and then regularly monitoring them to assess the culture of the firm and the risks arising from it. Managing the risk of financial crime must become an integral part of the behavior of staff and not a mere box-ticking exercise.

This report provides a summary of the research methodology before discussing its key findings and making recommendations for systematically improving AFC culture. We are thankful to our survey respondents, interviewees and roundtable participants for their contributions to this research.

**“ Culture eats
strategy for
breakfast ”**

- attributed to
Peter Drucker

2. Research Methodology

This report draws on data gathered from three sources: a global online survey, roundtables, and one-on-one interviews.

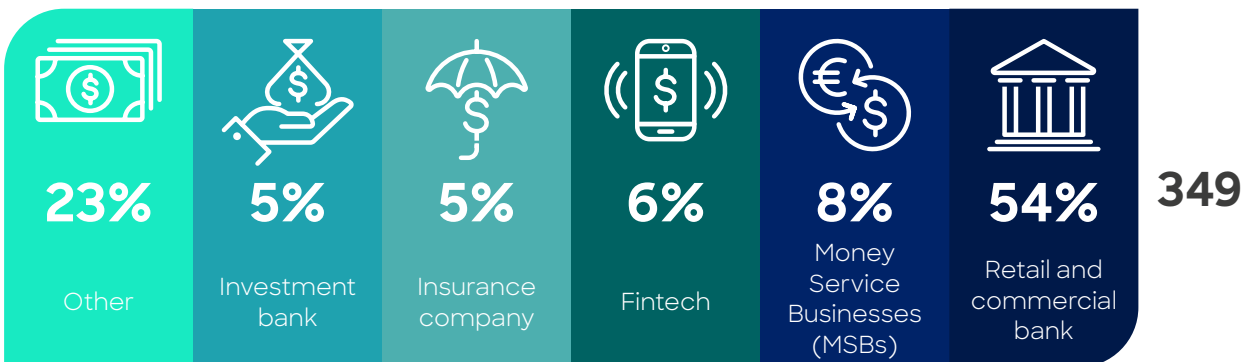
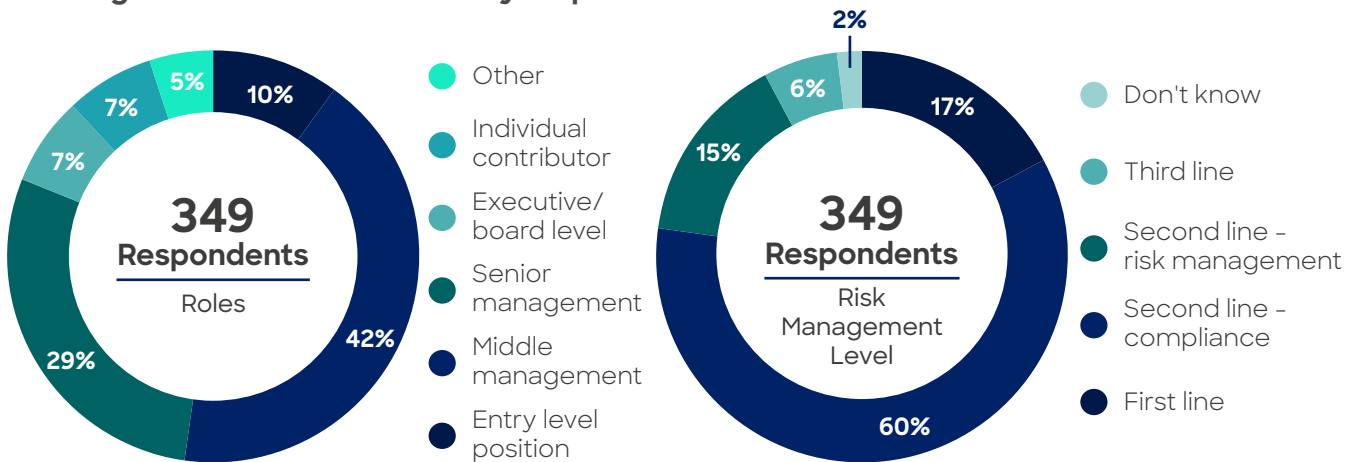
2.1 Survey

The survey questions were formulated by ACAMS and Oliver Wyman and administered by YouGov. The survey contained 31 questions covering six themes.

Three hundred and forty-nine individuals, including ACAMS members, responded to the survey between the 4th December 2020 to the 31st January 2021. The respondents represent a wide range of countries, types of financial firms, professional roles, and personal characteristics (see Figure 1).

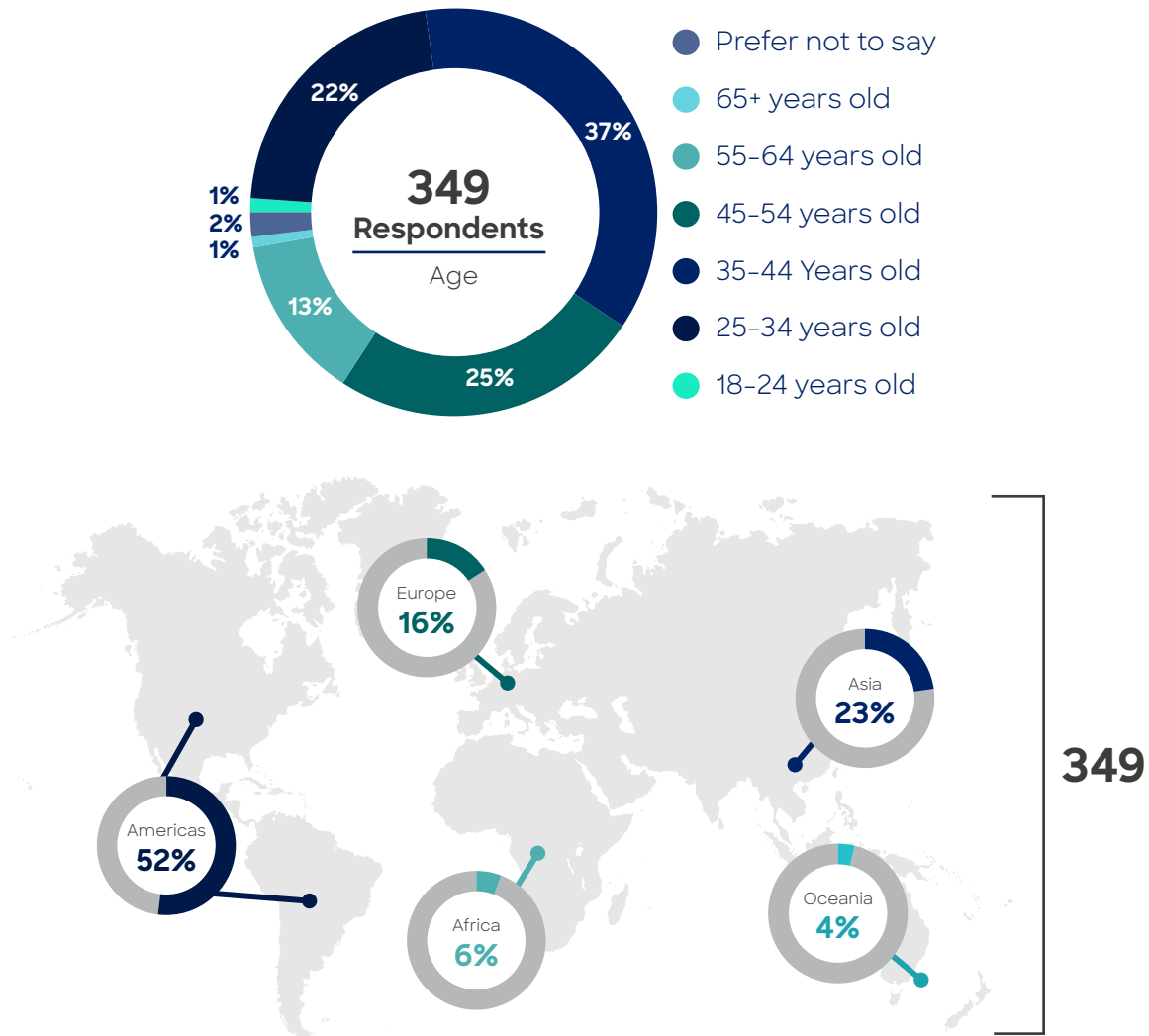
Most respondents work in the “second-line of defense”: 60% from second-line compliance and 15% from second line risk. Fifty-two percent of the respondents are from the Americas. To provide a more balanced view, roundtables have included participants from Europe and Africa.

Figure 1: Breakdown of survey respondents



Institutions represented

Research Methodology (Continued)



The gender breakdown was 57% male and 41% female, with the 2% remainder describing themselves as “other” or preferring not to say.

2.2 Roundtables

To gain a deeper understanding of the survey results, we conducted two roundtable discussions with senior industry leaders including Heads of Financial Crime and Fraud, Chief Compliance Officers and MLROs. These were conducted (virtually) on the 15th of February and the 14th of April 2021.

2.3 Interviews

On top of these small group discussions, we conducted 11 one-on-one interviews with executives from financial sector regulators and industry trade associations in the US and Europe.

3. The State Of Anti-Financial Crime Culture

Culture is a notoriously vague concept. To describe the AFC culture of an institution, we asked about its various elements and drivers, such as policies, systems, organization and resource allocation. In the subsections below we display the distribution of answers to our questions and share the perspectives of participants in the roundtable discussions and one-on-one interviews.

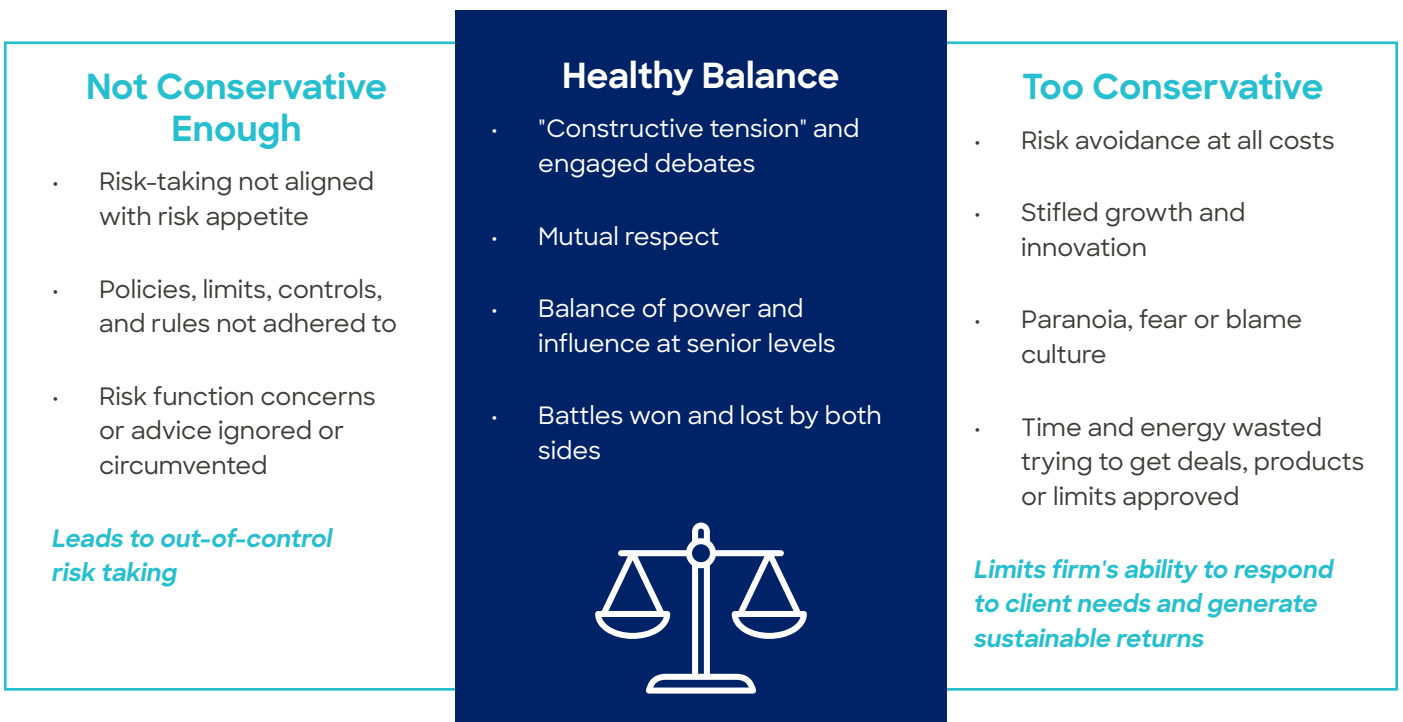
3.1 Elements of a strong AFC culture

The first step towards developing a strong AFC culture is understanding what it looks like, what its important elements are. The research conducted for this report and the prior experience of ACAMS and Oliver Wyman suggest four essential ingredients:

Strategy and risk appetite

Long-run profitability and social responsibility require revenue generation to be balanced with risk management. To get this balancing act right, firms must define their appetite or tolerance for risk and ensure that they are embedded throughout the organization. This is no less true for financial crime than other risks. It should be explicitly addressed when setting and communicating the firm's risk appetite.

Figure 2: The risk-return balancing act



3.1 Elements of a strong AFC culture (Continued)

Tone from the top

Regulators repeatedly point to this as the most important element of a strong AFC culture. The CEO and senior management must communicate clear and consistent messages about values and behaviors, and not just when their institution is under the spotlight. The board must also engage with the issue, receiving relevant management information so that they can challenge senior executives at board meetings. But it is not about communication alone. Senior leaders must also “walk the talk”. Their actions will be a primary driver in a successful culture program. If the CEO and senior leadership do not exemplify the AFC culture, there is little chance of success. This approach must also be evident in middle management, who may have an even more direct influence on operational staff than the C-Suite – a point emphasized by several of our roundtable participants. In other words, the “tone from the top” must become the “tone from above” at every level of the organization. And information should not flow in only one direction. Management must cultivate an environment in which staff are not just able to speak up about financial crime risks but are keen to do so.

Accountability and incentives

Managing the risk of financial crime requires contributions from many business units as well as back and mid-office functions. Senior managers must be clear about roles and responsibilities for this complex collective task. They must communicate these responsibilities clearly to the staff concerned, who should understand that they will be held accountable for any of their activity that introduces financial crime risks. Failing to do so can result in everyone thinking that AFC is someone else’s job. Frontline staff must be made to understand that compliance and financial crime risk management are part of their jobs, and not responsibilities of second-line alone. To achieve a shift in behavior, communication must be reinforced by the performance management system. AFC indicators should feed into objective setting, compensation and recognition. Rewards need not be purely financial and should also include celebrating the right behaviors. “Strong AML culture is about doing the right thing irrespective of regulatory scrutiny or sanctions” as quoted by one European regulator. The most forward-thinking organizations will build a culture of AFC that will not need external incentives.

“ Questioning the role that staff incentives and management play in driving behavior has revealed great insights into how internal and external motivation affects individual behavior. ”

– FCA Discussion Paper: Transforming Culture in Financial Services²

3.1 Elements of a strong AFC culture (Continued)

Training and communication

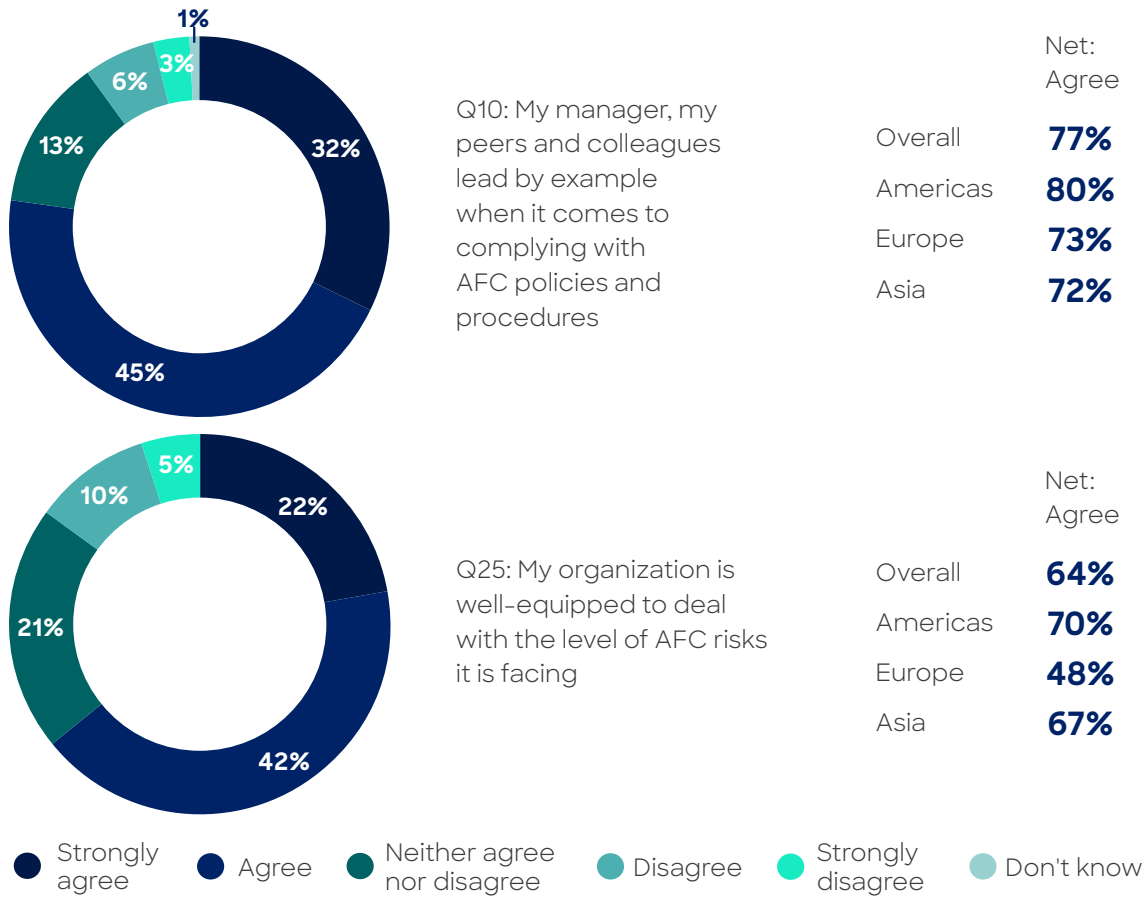
As Daniel Pink argues in *Drive: The Surprising Truth about What Motivates Us*³, to feel motivated people need purpose, mastery and autonomy. Financial crime risk management is no exception. Financial firms must give their staff a sense of purpose around AFC, showing how they make a difference to the institution and society by detecting and deterring financial crime. As one of the participants in our roundtable highlighted, people must feel the emotional connection to financial crime culture – the “Why” we do this must go before the “What”. This must then be translated into the desired contribution of individual staff-members – the role they should play in achieving the organization’s purpose. This requires role-specific training and continued communication about the firm’s AFC framework. And it requires staff to feel empowered to deliver the results for which they are accountable.

“ You won’t get true transformation unless everyone has a common purpose. ”

– Mark Brotherton, Head of Financial Crime and Fraud at Lloyds Commercial Banking

3.2 Perceptions of AFC culture and readiness to deal with AFC risks are mainly positive

Figure 3: Survey results on AFC culture and readiness



These questions aim to assess if an institution is one in which staff are concerned about AFC and confident to do what is required to minimize the risk of financial crime.

Responses reveal that, for the most part, those surveyed believe their institution has a sound AFC culture. Respondents' answers varied with seniority, with senior managers giving more positive responses than middle managers (81% to 76% for Q10 and 67% to 61% for Q25). And second-line staff had a better view of the example set by their colleagues than did front line staff, with 80% of the former but only 67% of the latter answering Q10 positively.

While the generally positive responses are encouraging, two notes of caution are required. First, these judgments are relative to the standards applied by the respondents, and they tend to look back at the "progress made" to date rather than "the progress that remains to be made". Second, 10 to 25% of negative answers (depending on the questions) reveals that there is still a significant minority who remain concerned about the AFC culture in their organization. Discussions in the roundtables focused on effectiveness of the AFC regime within financial institutions. According to one participant, "organizations tend to be process-oriented and need to transition to an outcome-oriented culture".

3.3 Financial crime risk is considered within strategy and risk appetite; the latter could be more systematic

Figure 4: Survey results on financial crime risks and decision-making

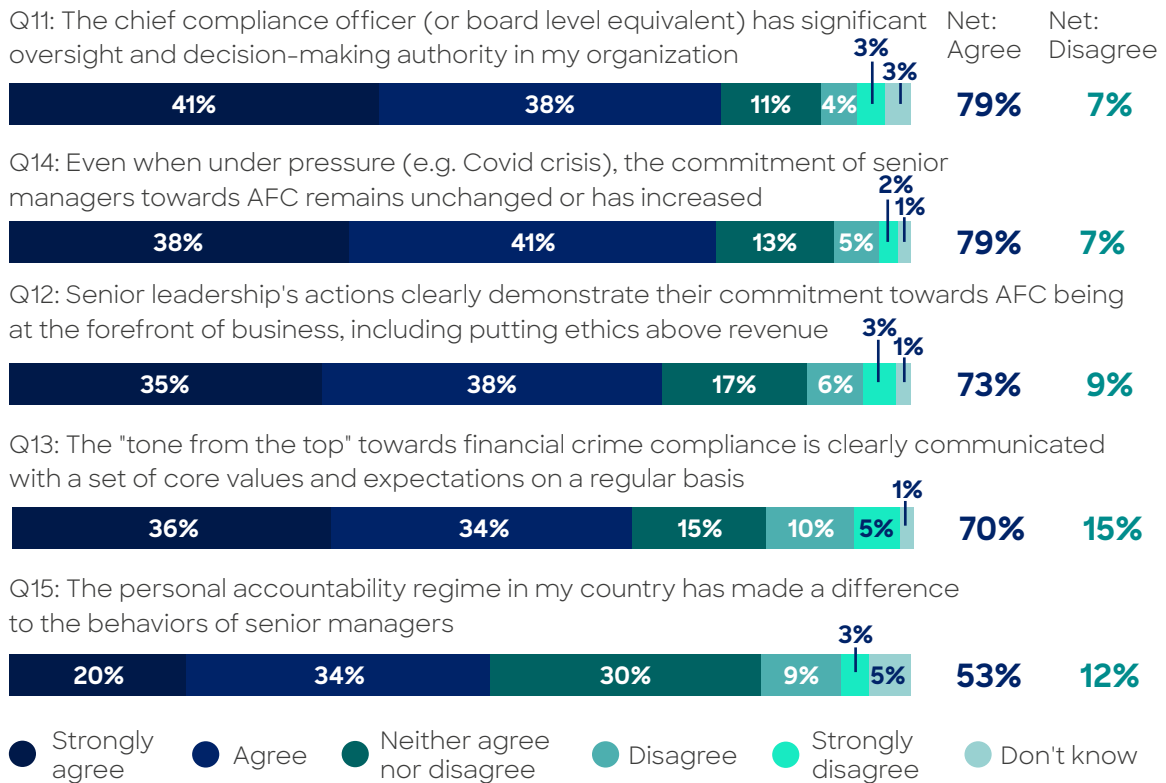


The relative weight an organization gives to revenue generation and to risk management is fundamental to its AFC culture. Respondents believe that a balance is being maintained, with 73% saying that managers and colleagues would withdraw from a business opportunity that presented AFC risk. However, it is concerning that 12% do not believe this. As in 3.2 above, more senior managers have more favorable views. Whereas 91% of executive-level respondents gave positive responses to withdrawing from business opportunities, only 75% of senior managers and 69% of middle managers did.

Over the past couple of years, leading financial institutions have formulated risk appetite statements regarding financial crime, and cascaded them through the organization. However, among smaller financial institutions, financial crime is not always explicitly included in the institutions' risk appetite statements, making it more difficult to factor into strategic decision-making about trade-offs between risk and return.

3.4 Participants perceive a positive tone from the top

Figure 5: Survey results on the role of senior leadership



The “tone from the top” appears to support a sound AFC culture at most respondents’ institutions. Again, senior managers had a more favorable view than middle managers, with top executives demonstrating the most favorable view. Increased attention to AFC from senior management is probably the result of regulatory changes over recent decades, increased scrutiny and enforcement from supervisors and prosecutors, and enhanced media coverage, is likely to have caused the focus on the topic. However, interviewees suggested that too many senior managers are still inclined to talk about the importance of AFC measures only when something has gone wrong or when their institution is subject to an enforcement action.

“ [Firms must follow] the path to sustainable - from remediation to BAU. ”

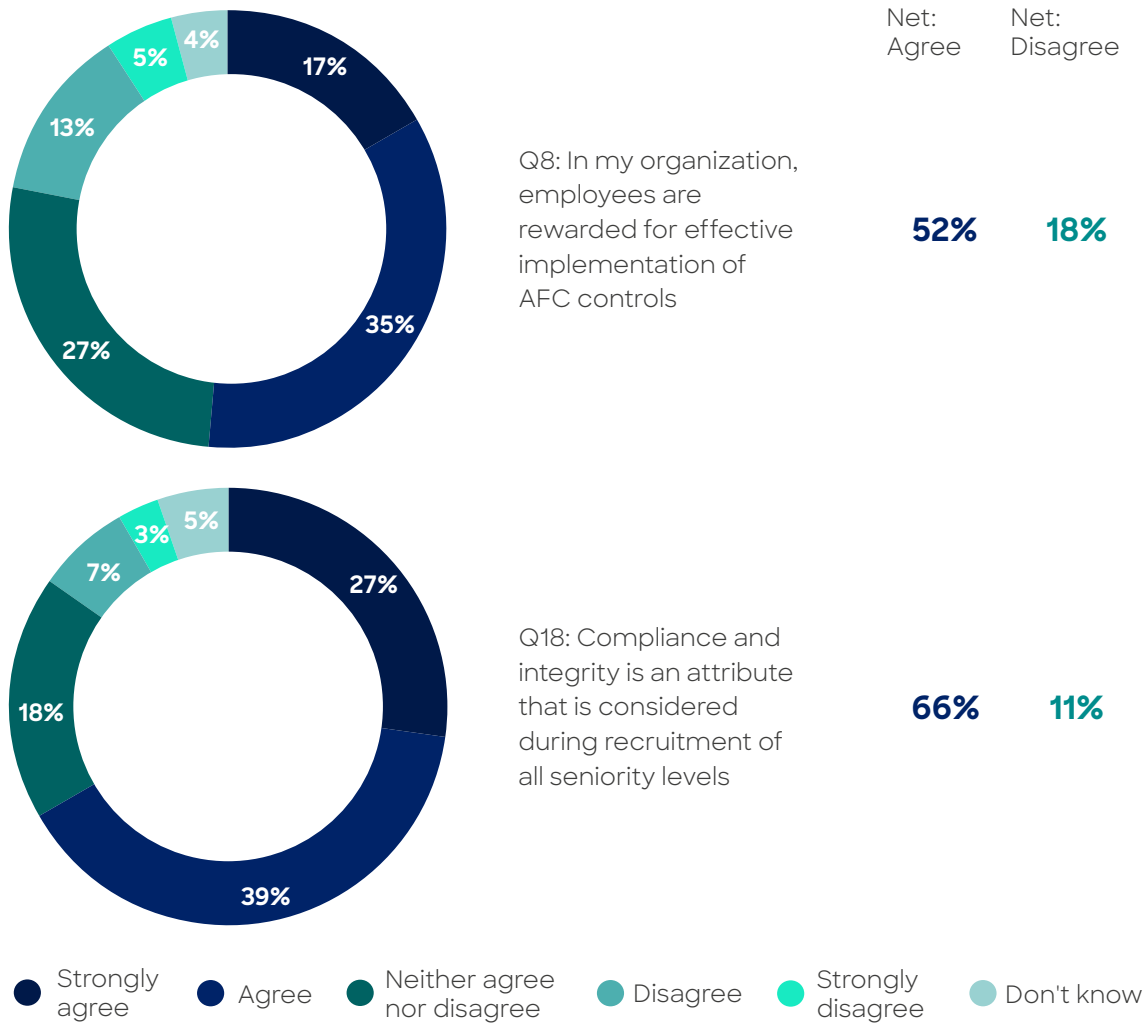
- The Institute of International Bankers in the US

In other words, AFC must be an ongoing and integral part of the institution’s operations and culture, rather than an issue that “raises its ugly head” from time to time.

An interesting observation about “tone from the middle” was made at one of the round tables. While many organizations have clear messages coming from senior management, if middle managers do not reinforce the importance of combating financial crime, the culture is unlikely to change.

3.5 Incentives may need to improve

Figure 6: Survey results on AFC incentives



Survey results indicate that there is room for improvement with regard to employees’ incentives to control financial crime risk. Only executive-level staff have a good opinion of standards in this area, with 65% answering positively to Q8 and 91% to Q18. The participants of one of our roundtables agreed that AFC controls are often viewed as merely bureaucratic. Although the “what to do” is clearly communicated, the “why do it” may have been forgotten. When the “why” is not properly understood by staff, further education is needed and, also, better incentives to effectively apply the appropriate controls.

Some regulators are in favor of implementing incentive schemes for businesses to own risks, for example, by linking bonuses and pay to risk management. However, they understand that AFC controls can increase the cost to serve, which creates a tension between the first and the second lines of defense. However, they believe this tension can be managed to achieve a “dynamic equilibrium”.

3.6 Communication is regular and satisfaction with training positive

Figure 7: Survey results on training and communications

Q19: My organization regularly communicates relevant compliance information that impacts me

Net: Agree Net: Disagree



Q17: I am satisfied with the quality, frequency and delivery of AFC training I receive within my organization



● Strongly agree ● Agree ● Neither agree nor disagree ● Disagree ● Strongly disagree ● Don't know

While communication is strong, training needs to improve. Roundtable participants agreed that in-person, small group, dilemma-based training was the most effective format for lasting impact and shifting behavior. One of the roundtable participant’s recommended the use of case studies, either from their own institution or close peers, as a way of engaging and educating staff. The participant also suggested referring to three lines of *responsibility* rather than *defense* because this more positive expression could encourage staff to embrace the desired culture. Regulators also mentioned the importance of effective training, especially to educate AFC professionals about new and existing legislations. They are however aware that smaller financial institutions tend to be less mature with their AFC controls and may not always provide training to the same level or at all compared to larger counterparts.

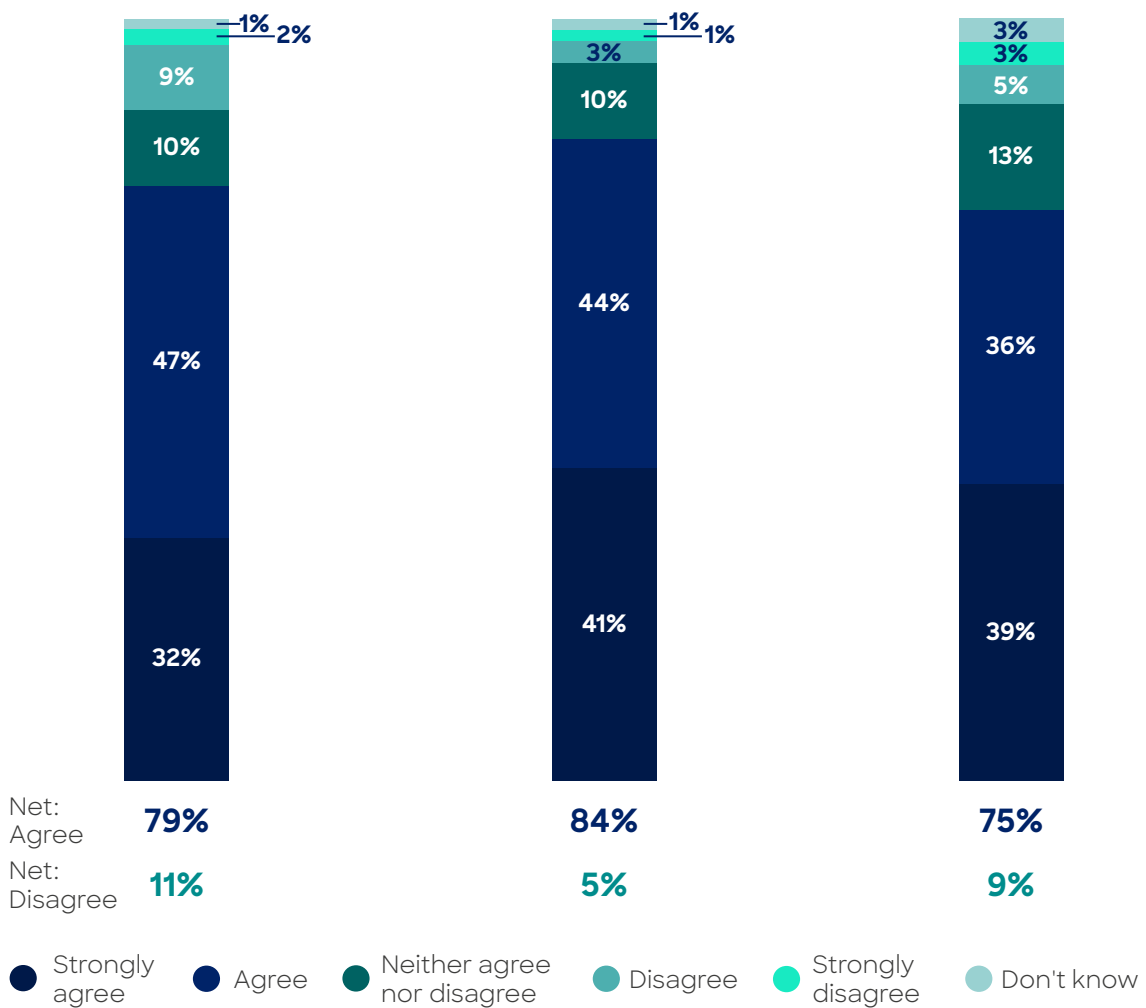
3.7 The ability to “speak up” is well-perceived

Figure 8: Survey results on openness of communications

Q7: I feel comfortable to speak up and voice an opinion that is contrary to the most senior person in the meeting

Q23: I am confident that any escalation of concern I make about financial crime will be taken seriously and investigated by the appropriate team

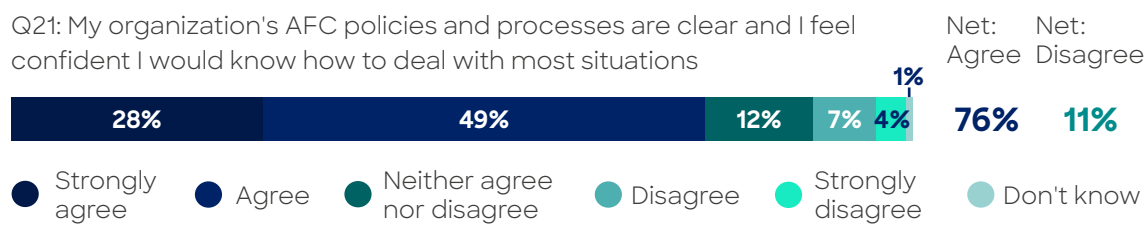
Q24: My organization has a whistle-blowing program and clear policies and procedures in place



Although most staff at all levels feel that they can speak up and that concerns will be acted on, this feeling is stronger among more senior staff. It is stronger in America (86%) than in Europe (75%). Creating an environment that promotes a culture of “speaking up” is an important mechanism in effective AFC controls and, as one of our roundtable participants stated, “it is important that people know their escalation channels” to facilitate this. Enabling employees to raise risks and issues is important. However, acting on information is even more important. If nothing is done, not only will the risk persist, but staff will be demotivated and not bring forward concerns in the future.

3.8 Policies and processes are considered clear, but consistent global application remains a challenge

Figure 9: Survey results on policies and procedures



Respondents generally painted a good picture of their institution’s AFC policies and procedures. However, the fact that minorities of AFC professionals regard their policies and procedures to be inadequate is concerning, both for the institution concerned and for the wider financial system. This is especially concerning in Europe, where only 48% agree to the above statement and 25% disagree. By contrast, 87% of respondents from Americas agreed with the statement. At least part of this difference is likely to be explained by the fact that American banks have been held to rapidly evolving regulatory standards over the last decade.

Financial scandals have often originated in branches and subsidiaries outside the home country of the organization. And one challenge identified by interviewees is achieving consistency in the application of policies across international institutions. Controls and culture in the head office do not automatically permeate the broader regional network. The international firms with an effective AFC culture pay close attention to complying with local requirements while driving clear and consistent AFC policies through the entire organization.

“Building a global framework that is globally consistent and respectful of local jurisdictional requirements is one of the key challenges.”

- Dara Fernandez, Global Head of Financial Crime, BUPA

The difficulty arises not just from differences in domestic regulations but from cultural differences and the maturity of compliance functions around the world. Recent fines on large European banks have demonstrated the challenges of inconsistent application of AFC strategy, policies and controls in their subsidiaries and overseas branches who have historically acted on a mostly devolved basis from the head office. Similarly, creating a strong AFC culture at Money Services Businesses is challenging given the large number and dispersion of agents.

Performance in this area can vary with the size and maturity of the institution. A European regulator noted that smaller regional banks tend to know their customers well and have

3.8 Policies and processes are considered clear, but consistent global application remains a challenge (continued)

a long-term and risk-based approach that works well for AFC – often better than at their larger and more anonymous competitors. Newer entrants to the market often have inadequate policies and procedures, not only for AFC but for risk management more generally.

Another difficulty concerns the way policies are written. A chief compliance officer at one of the round tables pointed out that there are multiple stakeholders to consider. Auditors require legal language, while the staff who apply the policy daily may require simpler language to grasp the substance and intent of the policy. Our roundtable participants agreed that ensuring policies are clear and concise, and are reviewed periodically. As one put it, “policy is not just documentation, it is communication”. If viewed in this way by senior and middle management, it will be more effective in daily application.

Linked to this we need to consider that financial crime is not seen as bureaucracy which has been highlighted by some institutions. If the processes that support are not smooth and automated where possible, the issues and ‘noise’ created by inefficiency will overtake the core purpose of AFC controls.

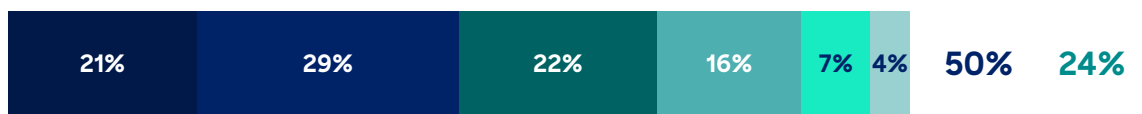
3.9 AFC culture and controls need more investment

Figure 10: Survey results on personnel

Q16: My organization has allocated sufficient skilled and trained personnel towards AFC efforts



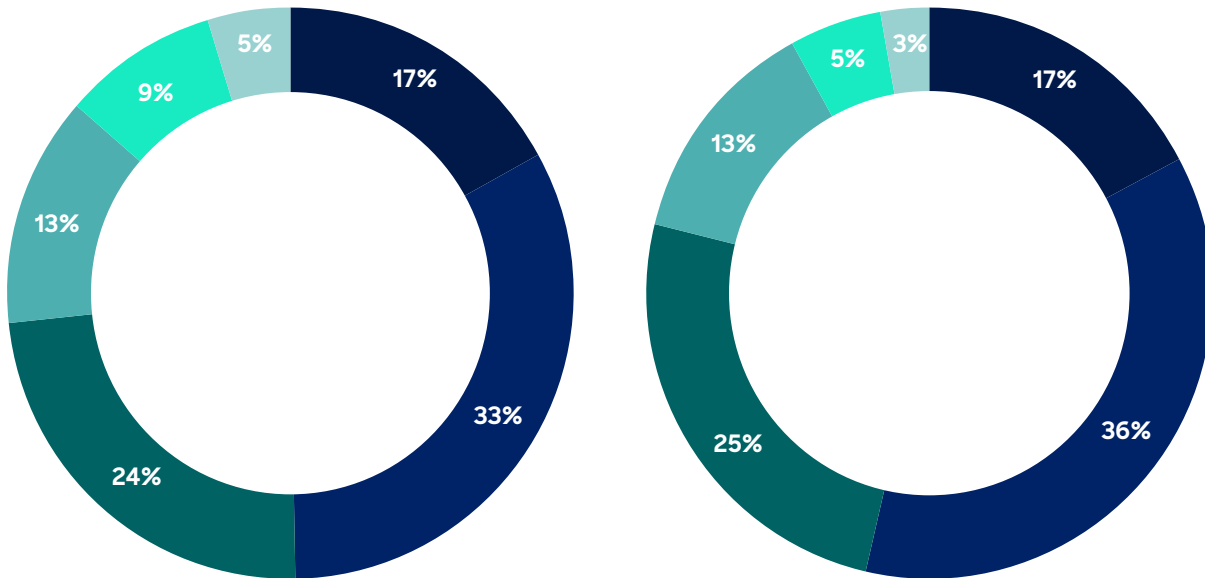
Q20: My organization has very few people leaving their jobs in the compliance function



● Strongly agree
 ● Agree
 ● Neither agree nor disagree
 ● Disagree
 ● Strongly disagree
 ● Don't know

3.9 AFC culture and controls need more investment (Continued)

Figure 11: Survey results on budget and resources



Q26: My organization has allocated sufficient budget towards **technology and automation of AFC controls**

Q27: My organization has allocated sufficient budget towards **training staff on AFC controls**

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know

In recent years, most institutions have invested heavily in their AFC organizations, notably on staff, technology and re-organization. Still, only about half of respondents feel that AFC is sufficiently well resourced at their organization. AFC Compliance is a costly business, and responses to our survey show that financial institutions struggle to allocate a sufficient number of well-trained professionals to it, especially as regulatory requirements continue to increase. Cost pressure across the financial services industry is another factor, which is leading to more centralized and consolidated compliance functions.

The problem is more acute at smaller firms, which lack the broader resources of their larger competitors. A regulator told us that small firms, such as fintechs, tended to rely on technology such as AI, including machine learning. Being young companies, however, they must ensure they have sufficiently broad and diverse data to deploy these technologies efficiently. These resourcing issues will make the role of 1st line functions yet more important. According to the chief compliance officer of a prominent payment service provider, currently “the second line of defense is the driving force of AML culture”. This needs to change, with the first line of defense taking greater responsibility for managing the risk of financial crime.

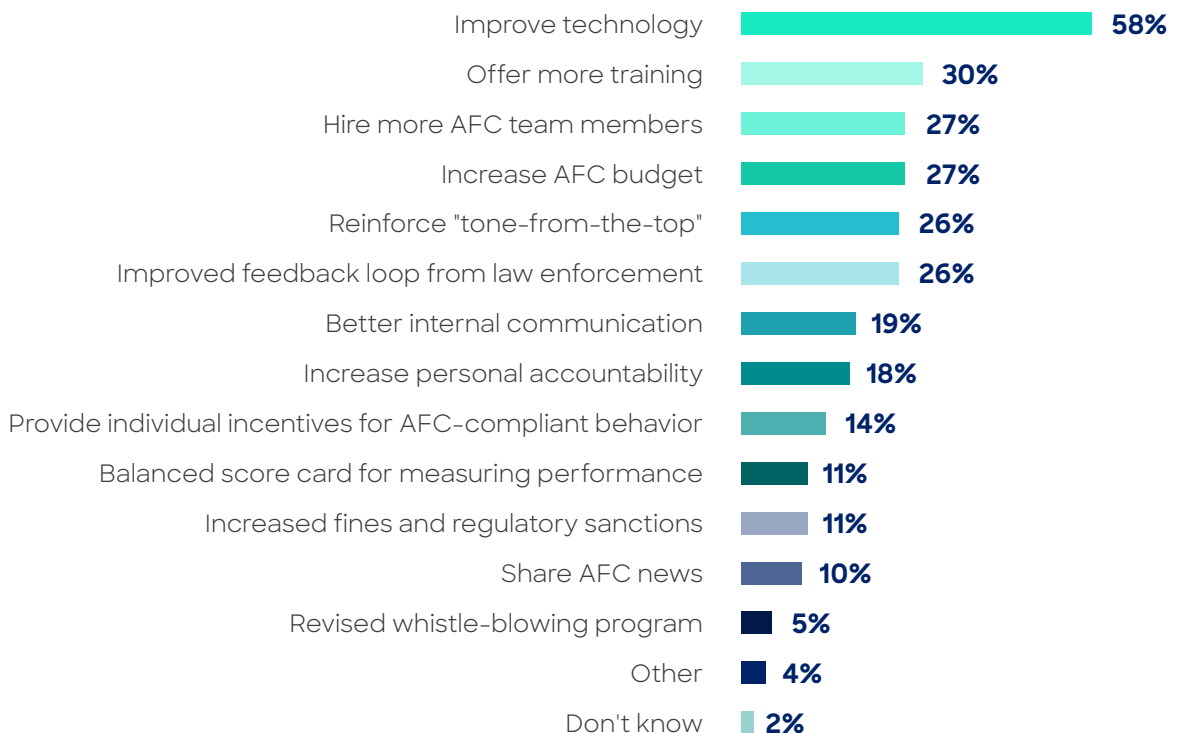
3.9 AFC culture and controls need more investment (Continued)

Having people with the right skill set remains the key to achieving an effective control environment. A firm that grows without having created the right culture of compliance from the outset will find the task more difficult down the line. One participant in the roundtables stated that “culture is now being assessed externally and can often impact on attracting talent. Companies perceived as having a negative culture can find it hard to attract the right talent and change that culture.”

Several respondents and interviewees highlighted the need to improve AFC training across the organization. While the second line of defense receive training, the first line of defense often receive no more than basic training on an annual or semi-annual basis. In most financial institutions, relationship managers are coached to have conversations with clients about collecting specific information. But it is too often approached as a “box-ticking” exercise rather than as part of the firm’s strategy for preventing financial crime. They may understand the rules but not always their purpose or importance.

3.10 Technology, training, and resourcing may have greatest potential to move the needle on AFC culture

Figure 12: Survey results on top actions to enhance AFC culture



3.10 Technology, training, and resourcing may have greatest potential to move the needle on AFC culture (continued)

Improving technology is the highest priority among respondents, with 58% choosing it as one of their top three actions. Round table participants agreed that technology could support an effective AFC culture. One pointed out that technology increasingly eliminates process inefficiencies. Technology can also help to make policies and expertise more accessible - for example, on mobile devices - and thereby make it easier for staff and clients to understand what is required to reduce the risk of financial crime. However, technical competence alone is not enough. Organizations need to ensure the right inputs are going into the machine. Without the right compliance culture, effective AFC controls cannot be achieved.

Additional training, identified by 30% of respondents as one of the top three actions, comes in second place, closely followed by additional resources (27%) and increased AFC budget (27%). These top four actions are a direct call for additional investment.

Figure 13: Survey results on expected investments

In the next 12 months do you expect investment in the following to:



4. Building a Strong AFC Culture

4.1 Creating and maintaining the target culture

Once the elements of a strong AFC culture are understood, they must be established and maintained. This is a four-step process.

Step 1: Define the target culture

The first step is to translate the elements of a strong AFC culture into concrete specifications of values, risk appetite, roles and responsibilities, training requirements, procedures, and acceptable and unacceptable behavior. Such clarity is important not only for clear communication with staff but for monitoring the culture and incentivizing staff to exemplify it. It is also worth undertaking a cultural assessment upfront (alongside or even before defining the target culture) to get a clear picture of where the organization is today and to select indicators to measure going forward.

Step 2: Develop AFC culture measurement approach

When the elements of the target risk culture have been clearly defined, a set of measures to assess how well they are being achieved should be developed. These will be used to report on the culture and financial crime risk to senior management and the board. They can also be elements of performance management and incentive schemes for relevant staff. Indicators should be both quantitative and qualitative. Quantitative measures may include the number of self-identified “AFC events or breaches” and the speed of their resolution, the latter being a sign of the urgency placed on resolving AFC issues. Qualitative measures may include feedback from focus groups or surveys of employees regarding their understanding of AFC processes and controls and how effective they believe them to be. Ideally, these indicators should be combined to provide an overall assessment or score for the AFC culture of the organization.

Step 3: Regularly measure the AFC culture

Having settled on a set of measures, they must be used to regularly assess the health of the organization’s AFC culture. The results of these assessments should be recorded in clear and concise reports for the board and senior management. An overall assessment of the state of the AFC culture should be combined with more detail on any identified problems and recommended remedies. As far as possible, the indicators and reporting template should remain constant over time – otherwise, it becomes difficult for management to assess how the risk culture is evolving. It is also important that these measures are reviewed regularly at key governance forums to provide transparency and visibility to senior managers.

4.1 Creating and maintaining the target culture (continued)

Step 4: Act on the findings

The purpose of measuring the AFC culture is not simply to understand it but to change and improve selected behaviors. Organizations are experienced at creating remediation projects, technology infrastructure upgrades and training programs, and a similarly focused approach to achieving changes in culture may be necessary to act on the findings. Ongoing monitoring of AFC culture should result in an associated action plan with accountable owners and due dates. It is critical that monitoring and tracking of actions are embedded into BAU governance forums ensuring a regular AFC Culture 'health check' is carried out.

5. Conclusion

Regulatory tightening and scrutiny from supervisory bodies and media have encouraged the senior management of financial institutions to pay more attention to the risks of financial crime. Our survey results indicate that, in most areas, financial firms are taking satisfactory measures to combat financial crime.

But not in all areas. This is confirmed not only by the scandals of recent years but by what we were told by the executives who participated in our roundtables and interviews. Despite the progress made over the last decade, more work is required. Technology, training, and resourcing are deemed inadequate by many respondents, and these areas should be the focus of attention. Better technology can eliminate laborious and error prone manual processes; AFC training can help motivate the first line by teaching them the “why” before the “what”; and more skilled specialist staff can protect the organization by identifying gaps and strengthening controls. Global organizations must also take steps to strengthen AFC culture while being mindful of local practices.

Developing an effective AFC culture requires structure, rigour, measurement and concerted effort from multiple channels. The goal of these efforts is to make preventing financial crime central to the purpose of the organization, reflected in risk appetite statements and ever-present in day-to-day operations. Financial institutions must shift from merely “having AFC controls” to “having a solid AFC culture”.

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