

Annex 5 to the order of Chairman of Finacial
Reuglatory Commission of .../.../2018

**RISK ASSESSMENT METHODOLOGY MONEY LAUNDERING AND FINANCING
TERRORISM**

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I. INTRODUCTION

This assessment methodology was designed to assess the risk of money laundering and terrorist financing (MLTF) existed in regulatory bodies of the Financial Regulatory Commission. The risk of MLTF activities is assessed by qualitative and quantitative factors.

- a) Quantitative factors include quantitative information about the organization's financial condition, size of the organization, user and product types, geographical location dispersion of products or services, and distribution channels. Based on these figures, organizations' risk of MLTF is evaluated.
- b) Qualitative factors include the organizational ownership structure, control and arrangement system, quality of the management, risk management and industry reputation. Based on these qualitative information, assessment of activities undertaken by the organizations to combat the MLTF.

Risk assessment is calculated based on the following characteristics of chapters.

- Organizational Structure Risk: The purpose of this chapter is to estimate the risk of MLTF based on the general nature of the organization;
- Quality Assessment: The purpose of this chapter is to assess the activities of the organization to combat and mitigate risk of MLTF;
- Business Risk Assessment: This chapter aims to assess the nature of MLTF risk in organizations' activities.

II. ORGANIZATIONAL STRUCTURE RISK

Organizational structure risk is assessed based on following 3 types of information: size of the organization, ownership type and year of operation.

2.1. Structural risk of securities companies

Size of the organization: Risk rating will be calculated based on the assumption that bigger the size and operational activities of the organization, higher the risk of MLTF. Risk rating is between 1-5 points; 1-very low risk, 2-low risk, 3-medium risk, 4-high risk and 5-very high risk.

Table 1 Risk assessment of securities companies by Asset amounts

Asset amounts	Risk rating
30 million - 200 million	1
200 million - 300 million	2
300 million - 1.2 billion	3
1.2 billion - 1.3 billion	4
more than 1.3 billion	5

Areas of activities: The risk of MLTF in securities companies varies depending on the nature of their operations, and therefore the risk of the companies is determined according to their activities. Risk rating is between 1-5 points; 1-very low risk, 2-low risk, 3-medium risk, 4-high risk and 5-very high risk.

Table 2 Risk assessment of securities companies, by areas of activities

Areas of activities	Risk rating
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Investment advisory	1
Brokerage (brokerage and investment advisory)	2
Brokerage and dealership (brokerage, dealership and investment advisory)	3
Brokerage and underwriting (brokerage, underwriting and investment advisory)	4
Brokerage, dealership and underwriting (brokerage, dealership, underwriting and investment advisory)	5

Year of operations: Assessment is based on the assumption that organization that has been operating many years will have a lower risk of MLTF. Risk rating is between 1-5 points; 1-very low risk, 2-low risk, 3-medium risk, 4-high risk and 5-very high risk.

Table 3 Risk assessment of securities companies, by year of operations

Year of operation	Risk rating
More than 10 years	1
8-10 years	2
6 -10 years	3
2 - 6 years	4
Up to 2 years	5

Overall assessment: To assess the structural risk of money laundering of organizations, size of the organization, areas of activities and year of operations have been considered, and following weighting will be used for overall assessment.

Table 4 Weight of structural risk rating of securities companies

Risk measures	Weight
Size of the organization	60
Areas of activities	30
Year of operations	10

2.2.STRUCTURAL RISK OF INSURANCE COMPANY AND INSURANCE INTERMEDIARY

Size of the company: Total revenue of the insurance companies is selected as a variable that reflects size of the them and risk is evaluated between 1-5 ratings, based on the assumption that bigger the fee revenue and the scope of activities, higher the exposure to risk of companies. Risk rating is as follows: 1-very low risk, 2-low risk, 3-medium risk, 4-high risk and 5-very high risk.

Table 5 Risk assessment of insurance companies and insurance intermediaries, by fee income

Fee income	Risk rating
For insurance companies	
less than 100 million	1
100 million - 500 million	2
500 million - 1 billion	3
1 billion - 5 billion	4
more than 5 billion	5
For insurance intermediaries	
less than 5 million	1
5 million – 50 million	2

50 million – 500 million	3
500 million – 1.5 billion	4
more than 1.5 billion	5

Ownership type: Depending on the ownership type, risk of the organization is assessed between 1-5 ratings, and here: 1-very low risk, 2-low risk, 3-medium risk, 4-high risk and 5-very high risk.

Table 6 Risk assessment of insurance companies and insurance intermediaries, by ownership type

Ownership type	Risk rating
Shares are traded publicly in Stock Exchange	1
Individual owned	2
Legal entity owned	3
Foreign invested	4
Owned by political affiliation	5

Year of operations: Risk is assessed between 1-5 ratings by year of operations, based on the assumptions that an organization that has been operating for a number of years has a low risk of MLTF. Here: 1-very low risk, 2-low risk, 3-medium risk, 4-high risk, 5-high risk.

Table 7 Risk assessment of insurance companies and insurance intermediaries, by year of operations

Year of operations	Risk ratings
more than 50 years	1
40 years – 50 years	2
10 years – 40 years	3
5 years – 10 years	4
up to 5 years	5

Overall assessment: To assess the structural risk of money laundering of organizations, size of the organization, areas of activities and year of operations have been considered, and following weighting will be used for overall assessment.

Table 8 Weight of structural risk rating of insurance and insurance intermediary companies

Risk measure	Weight
Size of organization	60
Ownership type	10
Year of operations	30

2.3. STRUCTURAL RISK OF NON-BANK FINANCIAL INSTITUTIONS (NBFI)

Size of the organization: Risk is assessed based on the assumption that bigger the size and range of activities of organizations, higher the risk of exposure to MLTF. Risk rating is between 1-5 points; 1-very low risk, 2-low risk, 3-medium risk, 4-high risk and 5-very high risk.

Table 9 Risk assessment of NBFI, by amount of assets

Amount of assets	Risk rating
less than 800 million	1
800 million – 1 billion	2
1 billion – 2.5 billion	3
2.5 billion - 5 billion	4

more than 5 billion	5
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Ownership type: Depending on the ownership type, risk of the organization is assessed between 1-5 ratings, and here: 1-very low risk, 2-low risk, 3-medium risk, 4-high risk and 5-very high risk.

Table 10 Risk assessment of NBFI, by ownership type

Ownership type	Risk rating
Shares are traded publicly in Stock Exchange	1
Individual owned	2
Legal entity owned	3
Foreign invested	4
Owned by political affiliation	5

Year of operations: Assessment is based on the assumption that organization that has been operating many years will have a lower risk of MLTF. Risk rating is between 1-5 points; 1-very low risk, 2-low risk, 3-medium risk, 4-high risk and 5-very high risk.

Table 11 Assessment of non-bank financial institutions, by year of operation

Year of operation	Risk rating
More than 10 years	1
8-10 years	2
6 -10 years	3
2 - 6 years	4
Up to 2 years	5

Overall assessment: To assess the structural risk of money laundering of organizations, size of the organization, areas of activities and year of operations have been considered, and following weighting will be used for overall assessment.

Table 12 Weight of structural risk rating of securities companies

Risk measure	Weight
Size of organization	60
Ownership type	10
Year of operations	30

2.4.STRUCTURAL RISK OF SAVINGS AND CREDIT COOPERATIVES

Size of the organization: Risk rating will be calculated based on the assumption that bigger the size and operational activities of the organization, higher the risk of MLTF. Risk rating is between 1-5 points; 1-very low risk, 2-low risk, 3-medium risk, 4-high risk and 5-very high risk.

Table 13 Risk assessment of Savings and Credit cooperatives by Asset size

Asset size	Risk
Less than 100 million	1
100 million- 500 million	2
300 million- 1 billion	3
1 billion- 10 billion	4
More than 10 billion	5

Ownership type: Depending on the ownership type, risk of the organization is assessed between 1-5 ratings, and here: 1-very low risk, 2-low risk, 3-medium risk, 4-high risk and 5-very high risk.

Table 14 Risk assessment of Savings and Credit cooperatives, by ownership type

Ownership type	Risk rating
Shares are traded publicly in Stock Exchange	1
Individual owned	2
Legal entity owned	3
Foreign invested	4
Owned by political affiliation	5

Year of operations: Risk is assessed between 1-5 ratings by year of operations, based on the assumptions that an organization that has been operating for a number of years has a low risk of MLTF. Here: 1-very low risk, 2-low risk, 3-medium risk, 4-high risk, 5-high risk.

Table 15 Risk assessment of Savings and Credit cooperatives, by year of operation

Year of operation	Risk rating
More than 10 years	1
8-10 years	2
6 -10 years	3
2 - 6 years	4
Up to 2 years	5

Overall assessment: To assess the structural risk of money laundering of organizations, size of the organization, areas of activities and year of operations have been considered, and following weighting will be used for overall assessment.

Table 16 Weight of structural risk rating of Savings and Credit cooperatives

Risk measures	Weight
Size of organization	60
Areas of activities	10
Year of operation	30

III. QUALITY ASSESSMENT

The chapter summarizes measure to prevent the risk of MLFT's risk in organization by 57 qualitative questions for 7 groups of corporate governance, board responsibilities, policies, rules, procedures, risk management, internal controls and internal, external audit, complians, training, human resources and reporting of the MLFT. In calculating risk estimates, the inspectors will be given 1-5 pints based on the questionnaire of the organization. Here are: 1-very low risk, 2-low risk, 2-average risk, 4-high risk, 5-very high risk. See the annexes for quality queries and questionnaire responses. In calculating the quality of the combined quality, the average score for each group is determined by the group assessment and weigh the group value by the following percentages.

Table 17. Rate of quality assessment groups

Section	Questionnaire number	Weight
Corporate governance, board responsibilities	12	25
Rules and procedures for combating MLFT	11	20
Risk management	7	15
Internal contrals and internal, external audit	5	10
Complians	5	12.5
Training, human resources	5	5
Reports and notes	12	12.5

IV. BUSINESS RISK ASSESSMENT

This part aims to assess Money laundering and Financing terrorism risk of operating institutions and is divided in 4 types of risk assessment: customer risk, product and service risk, geographical risk, delivery channel risk.

4.1.SECURITIES COMPANIES

Customer risk: In estimating risk associated with customer involvement in Money laundering and Terrorism financing activities, following evaluation based on number of arrangements, was conducted on 1-5 pointscale, establishing 4 types of customers: resident natural persons, resident legal persons, non-resident natural persons, non-resident legal persons.

Table 18 Customer risk of Securities Companies

Customer types	1	2	3	4	5	Weight
Resident natural persons	Under 500	500-1000	1000-2500	2500-5000	Over 500	15
Resident legal persons	Under 100	100-250	250-500	500-1000	Over 1000	25
Non-resident natural persons	Under 100	100-250	250-500	500-1000	Over 1000	25
Non-resident legal persons	Under 100	100-250	250-500	500-1000	Over 1000	35

Transaction risk: In estimating risk affecting Money laundering and Terrorism financing activities, following evaluation based on transaction amount, was conducted on 1-5 pointscale, establishing 4 types of customers: resident natural persons, resident legal persons, non-resident natural persons, non-resident legal persons.

Table 19 Transaction risk of Securities Companies

Customer types	1	2	3	4	5	Weight
Resident natural persons	Under 500 million	500 million - 1 billion	1-2.5 billion	2.5-5 billion	Over 5 billion	15
Resident legal persons	Under 100 million	100-250 million	250-500 million	500 million-1 billion	Over 1 billion	25
Non-resident natural persons	Under 100 million	100-250 million	250-500 million	500 million-1 billion	Over 1 billion	25
Non-resident legal persons	Under 100 million	100-250 million	250-500 million	500 million-1 billion	Over 1 billion	35

Product and service risk: In estimating such risk, following evaluation based on transaction amount, was conducted on 1-5 pointscale, establishing 3 types of service: broker, dealer and underwriter

Table 20 Product and service risk of Securities Companies

Service types	1	2	3	4	5	Rate
Broker	Under 500 million	500 million – 1 billion	1-1.5 billion	1.5-2 billion	Over 2 billion	50
Dealer	Under 250 million	250-500 million	500 million- 1 billion	1-1.5 billion	Over 1.5 billion	25
Underwriter	Under 250 million	250-500 million	500 million - 1 billion	1-1.5 billion	Over 1.5 billion	25

Delivery channel risk: In estimating such risk, following evaluation based on transaction amount, was conducted on 1-5 pointscale, establishing 3 types of location: central offices, local branches

Table 21 Delivery channel risk of Securities Companies

Delivery channel	1	2	3	4	5	Rate
Central office	Under 500 million	500 million- 1 billion	1-1.5 billion	1.5-2 billion	Over 2 billion	70
Local branch	Under 250 million	250-500 million	500 million- 1 billion	1-1.5 billion	Over 1.5 billion	30

Overall assessment: In estimating Money laundering and Terrorism financing risk institutions might encounter, following evaluation based on the weights, is conducted taking into consideration: customer risk, transaction risk, product and service risk, delivery channel risk.

Table 22 Rate of Securities Companies business risk

Types of risk	Rate
Customer risk	30
Transaction risk	30
Product and service risk	30
Delivery channel risk	10

4.2. INSURER AND INSURANCE INTERMEDIARIES

Customer risk: In estimating risk associated with customer involvement in Money laundering and Terrorism financing activities, following evaluation was conducted on 1-5 pointscale, establishing 2 types of customers: resident natural persons, resident legal persons.

Table 23 Customer risk of Insurer and insurance intermediaries

Customer types	1	2	3	4	5	Weight
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Resident natural persons	Under 1000-	1000-10000	10000-50000	50000-100000	Over 100000	85
Resident legal persons	Under 1000	1000-10000	10000-50000	50000-100000	Over 100000	15

Geographical risk: In estimating geographical risk, following evaluation based on how insurance service (or accrued fee income) is being allocated throughout geographical area, was conducted on 1-5 pointscale, establishing 2 types of geographical regions.

Table 24.

Table 24 Geographical risk of Insurer and insurance intermediaries

Geographical regions	1	2	3	4	5	Weight
Insurance companies						
Ulaanbaatar	Under 500 million	500-1 billion	1-2 billion	2-5 billion	Over 5 billion	85
Rural areas	Under 500 million	500-1 billion	1-2 billion	2-5 billion	Over 5 billion	15
Insurance intermediary companies						
Ulaanbaatar	Under 500 million	500-1 billion	1-2 billion	2-5 billion	Over 5 billion	100
Даатгалын хохирол үнэлэгч компаниуд						
Ulaanbaatar	500 саяас доош	500-1 тэрбум	1-2 тэрбум	2-5 тэрбум	5 тэрбумаас дээш	93
Rural areas	500 саяас доош	500-1 тэрбум	1-2 тэрбум	2-5 тэрбум	5 тэрбумаас дээш	7

Product and service risk: In estimating such risk, following evaluation based on accrued fee income of insurer and insurance intermediaries, was conducted on 1-5 pointscale.

Table 25 Product and service risk of Insurer and insurance intermediaries

Service types	1	2	3	4	5	Weight
Insurance companies						
Personal accident	Under 50 million	50-100 million	100-500 million	500 million-1 billion	Over 1 billion	20
Property	Under 100 million	100-500 million	500 million-1.5 billion	1.5-3 billion	Over 3 billion	40
Driver responsibility	Under 50 million	50-100 million	100-500 million	500 сая-1 billion	Over 1 billion	40
Insurance intermediary companies						

Property insurance	Under 100 million	100-500 million	500 million-1.5 billion	1.5-3 billion	Over 3 billion	40
Vehicle	Under 50 million	50-100 million	100-500 million	500 million-1 billion	Over 1 billion	10
Mandatory Driver responsibility insurance	Under 50 million	50-100 million	100-500 million	500 million-1 billion	Over 1 billion	50
Даатгалын хохирол үнэлэгч компаниуд						
Хөрөнгийн даатгал	100 саяас доош	100-500 сая	500 сая-1.5 тэрбум	1.5-3 тэрбум	3 тэрбумаас дээш	10
Авто тээврийн хэрэгслийн	50 саяас доош	50-100 сая	100-500 сая	500 сая-1 тэрбум	1 тэрбумаас дээш	20
Жолоочийн хариуцлагын	50 саяас доош	50-100 сая	100-500 сая	500 сая-1 тэрбум	1 тэрбумаас дээш	10
ЖХАЖД	50 саяас доош	50-100 сая	100-500 сая	500 сая-1 тэрбум	1 тэрбумаас дээш	60

Delivery channel risk: In estimating such risk, following evaluation was conducted on 1-5 pointscale, establishing 4 types of delivery service of the insurance and insurance intermediaries: insurance representatives, insurance intermediaries, branches, central offices.

Table 26 Delivery risk of Insurer and insurance intermediaries

Delivery channel types	1	2	3	4	5	Weight
Insurance companies						
Insurance representatives	Under 500 million	500-1 billion	1-2 billion	2-5 billion	Over 5 billion	10
Insurance intermediaries	Under 500 million	500-1 billion	1-2 billion	2-5 billion	Over 5 billion	30
Branch	Under 500 million	100-500 million	500 million – 1 billion	1-2.5 billion	Over 2.5 billion	10
Central office	Under 500 million	500-1 billion	1-2 billion	2-5 billion	Over 5 billion	50
Insurance intermediaries companies						

Central office	Under 100 million	100-500 million	500 million – 1 billion	1-2.5 billion	Over 2.5 billion	40
Даатгалын хохирол үнэлэгч компаниуд						
Central office	100 саяас доош	100-500 сая	500 саяас 1 тэрбум	1-2.5 тэрбум	2.5 тэрбумаас дээш	60
Branch	100 саяас доош	100-500 сая	500 саяас 1 тэрбум	1-2.5 тэрбум	2.5 тэрбумаас дээш	40

Overall assessment: In estimating Money laundering and Terrorism financing risk institutions might encounter, following evaluation based on the weights, is conducted taking into consideration: customer risk, transaction risk, product and service risk, delivery channel risk

Table 27 Rate of Insurer and insurance intermediaries business risk

Risk types	Weight
Customer risk	40
Transaction risk	40
Product and service risk	10
Delivery channel risk	10

4.3. NON-BANK FINANCIAL INSTITUTION

Customer risk: In estimating risk associated with customer involvement in Money laundering and Terrorism financing activities, following evaluation based on transaction amount of the loan service and foreign currency exchange service rendering institutions, was conducted on 1-5 pointscale, establishing 5 types of customers of : resident natural persons, resident legal persons, non-resident natural persons, non-resident legal persons.

Table 28 Customer risk of Non-bank financial institutions

Customer types	1	2	3	4	5	Weight
Resident natural persons	Under 100 million	100-500 million	500 million – 1 billion	1-1.5 billion	Over 1.5 billion	10
Resident legal persons	Under 100 million	100-500 million	500 million – 1 billion	1-1.5 billion	Over 1.5 billion	15
Non resident natural persons	Under 100 million	100-500 million	500 million – 1 billion	1-1.5 billion	Over 1.5 billion	15
Non resident legal persons	Under 100 million	100-500 million	500 million – 1 billion	1-1.5 billion	Over 1.5 billion	25
Politics related persons	Under 100 million	100-500 million	500 million – 1 billion	1-1.5 billion	Over 1.5 billion	35

Geographical risk: In estimating geographical risk, following evaluation based on how NBFI service (or loan granted) is being allocated throughout geographical area, was conducted on 1-5 pointscale, establishing 2 types of geographical regions.

Table 29 Geographical risk of Non-bank financial institutions

Geographical region	1	2	3	4	5	Weight
Ulaanbaatar city	Under 100 million	100-500 million	500 million - 1 billion	1-1.5 billion	Over 1.5 billion	10
Rural areas	Under 100 million	100-500 million	500 million - 1 billion	1-1.5 billion	Over 1.5 billion	15
Economic Free zones	Under 100 million	100-500 million	500 million - 1 billion	1-1.5 billion	Over 1.5 billion	15
Countries listed by FATF	Under 100 million	100-500 million	500 million - 1 billion	1-1.5 billion	Over 1.5 billion	25
Other countries	Under 100 million	100-500 million	500 million - 1 billion	1-1.5 billion	Over 1.5 billion	35

Product and service risk: In estimating such risk, following evaluation based on total value of money remittance, funds sourced other than from government and financial institutions and foreign currency exchange , was conducted on 1-5 pointscale.

Table 30 Product and service risk of Non-bank financial institutions

Service types	1	2	3	4	5	Weight
Money remittance service amount	Under 50 million	50-100 million	100-500 million	500 million - 1 billion	Over 1 billion	50
Trust service payment	Under 50 million	50-100 million	100-500 million	500 million - 1 billion	Over 1 billion	20
Foreign currency exchange amount	Under 50 million	50-100 million	100-500 million	500 million - 1 billion	Over 1 billion	30

Delivery channel risk: In estimating such risk, following evaluation based on loan and foreign currency exchange amount, was conducted establishing types as shown below.

Table 31. Table 31 Delivery channel risk of Non-bank financial institutions

Delivry channel types	1	2	3	4	5	Weight
Service centers	Under 100 million	100-500 million	500 million- 1 billion	1-1.5 billion	Over 1.5 billion	20
Branches/intermediaries	Under 100 million	1100-500 million	500 million- 1 billion	1-1.5 billion	Over 1.5 billion	32.5
Mobile based service	Under 100 million	100-500 million	500 million- 1 billion	1-1.5 billion	Over 1.5 billion	47.5

Overall assessment: In estimating Money laundering and Terrorism financing risk institutions might encounter, following evaluation based on the weights, is conducted taking into consideration: customer risk, transaction risk, product and service risk, delivery channel risk.

Table 32. Rate of Non-bank financial institutions business risk

Risk types	Weight
Customer risk	40
Transaction risk	40
Product and service risk	10
Delivery channel risk	10

4.4.SAVINGS AND LOAN COOPERATIVES

Customer risk: In estimating risk associated with customer involvement in Money laundering and Terrorism financing activities, following evaluation was conducted establishing types of customers as shown below.

. Table 33 Savings and Credit Cooperatives customer risk

Customer types	1	2	3	4	5	Weight
Resident natural persons	Under 50	50-100	100-500	500-1000	Over 1000	10
Resident legal persons	Under 50	50-100	100-500	500-1000	Over 1000	15
Non resident natural persons	Under 50	50-100	100-500	500-1000	Over 1000	15
Non resident legal persons	Under 50	50-100	100-500	500-1000	Over 1000	25
Politics related persons	Under 50	50-100	100-500	500-1000	Over 1000	35

Geographical risk: In estimating geographical risk, following evaluation based on how NBFI service (or loan granted) is being allocated throughout geographical area, was conducted on 1-5 pointscale, establishing types of geographical regions as shown below.

Table 34 Savings and Credit Cooperatives geographical risk

Geographical regions	1	2	3	4	5	Weight
Ulaanbaatar city	Under 50 million	50-100 million	100-500 million	500 million – 1 billion	Over 1 billion	20
Rural areas	Under 50 million	50-100 million	100-500 million	500 million – 1 billion	Over 1 billion	15
Economic Free zones	Under 50 million	50-100 million	100-500 million	500 million – 1 billion	Over 1 billion	20
Countries listed by FATF	Under 50 million	50-100 million	100-500 million	500 million – 1 billion	Over 1 billion	30
Other countries	Under 50 million	50-100 million	100-500 million	500 million – 1 billion	Over 1 billion	15

Product and service risk: In estimating such risk, following evaluation based on savings amount and Credit amount, was conducted on 1-5 pointscale.

Table 35 Product and service risk of Savings and Credit Cooperatives

Service types	1	2	3	4	5	Weight
Savings amount	Under 50 million	50-100 million	100-500 million	500 саяас 1 тэрбум	Over 1 billion	50
Credit amount	Under 50 million	50-100 million	100-500 million	500 million - 1 billion	Over 1 billion	50

Delivery channel risk: In estimating such risk, following evaluation based on service channels, was conducted establishing 4 types of delivery channels: service centers, branches, intermediaries, internet and mobile banks.

Table 36 Delivery channel risk of Savings and Credit Cooperatives

Delivery channels	1	2	3	4	5	Weight
Service centers	Under 50 million	50-100 million	100-500 million	500 million - 1 billion	Over 1 billion	15
Branch, intermediaries	Under 50 million	50-100 million	100-500 million	500 million - 1 billion	Over 1 billion	25
Internet banks	Under 50 million	50-100 million	100-500 million	500 million - 1 billion	Over 1 billion	25
Mobile banks	Under 50 million	50-100 million	100-500 million	500 million - 1 billion	Over 1 billion	35

Overall assessment: In estimating Money laundering and Terrorism financing risk institutions might encounter, following evaluation based on the weights, is conducted taking into consideration: customer risk, transaction risk, product and service risk, delivery channel risk.

Table 37 Weight of Saving and Credit Cooperatives risk

Risk types	Weight
Customer risk	40
Transaction risk	40
Product and service risk	10
Delivery channel risk	10

5. OVERALL RISK ASSESSMENT RESULT

Overall risk assessment of Money laundering and Terrorism financing is comprised of a) structural risk assessment which is linked to the general characteristics, b) business risk assessment which is linked to operations of those institutions and c) quality assessment which serves to assess the preventive measures. Overall risk assessment result took effect in following weights. Financial institutions are assessed in 1-5 pointscale in which 1 represents very low risk, 2 represents low risk, 3 represents average risk, 4 represents high risk and 5 represents very high risk.

Table 38 Weight of overall assessment

Assessment types	Weight	
Quality assessment	40	85
Business risk	60	
Structural risk		15