



Understanding the Importance of the UAE 2024 National Risk Assessment

A Practical Guide for DNFBPs

Issued by: Ministry of Economy

Purpose

In line with the Ministry of Economy's strategic commitment to strengthening the effectiveness of Anti-Money Laundering (AML), Countering Financing of Terrorism (CFT), Proliferation (CPF) and Illegal Organizations measures across the Designated Non-Financial Businesses and Professions (DNFBP) sector, this guidance addresses the importance of the [UAE 2024 National Risk Assessment \(NRA\)](#), outlines its key findings and sets out clear expectations from supervised entities in response to those findings. It serves as a practical guide and promotes a risk-based approach to mitigation efforts for DNFBPs, facilitating the alignment of national priorities with sectoral frameworks and controls.

1. Why must DNFBPs align with the 2024 UAE National Risk Assessment (NRA)?

The 2024 UAE National Risk Assessment (NRA) is key to gaining comprehensive understanding of existing and evolving threats, vulnerabilities and risks related to money laundering (ML), terrorist financing (TF) and proliferation financing (PF), particularly those that are sector-specific, to allow for:

- Alignment in risk identification through updated internal business-wide risk assessments conducted by DNFBPs
- Effective implementation of risk-based mitigation measures through the adjustment/update of the AML/CFT/CPF framework of DNFBPs in line with specific vulnerabilities and risks identified
- Adherence to statutory obligations as set out in applicable laws and regulations thereby enhancing confidence during supervisory inspections and reducing the likelihood of enforcement measures
- Reinforcement of UAE's commitment to combating ML/TF/PF crimes, ensuring adherence to global standards

2. What are the primary findings impacting DNFBPs?

Sector	ML Risk Rating	Primary Findings
Real Estate Brokers & Agents	High	High-value property transactions, use of third parties, and cash-based dealings
Dealers in Precious Metals & Stones (DPMS)	Medium-High	High cash intensity, cross-border trade and weak responsible sourcing in some segments
Corporate Service Providers (CSPs)	Medium	Potential misuse of legal persons including nominee arrangements, and challenges in verifying Ultimate Beneficial Owners (UBOs)
Independent Accountants	Medium-Low	No significant evidence of sector misuse, however vulnerabilities exist due to reliance on professional discretion and potential gaps in screening processes

3. Should low-risk DNFBPs still act on the NRA findings?

Yes, irrespective of the assessed risk level, all DNFBPs are mandated to apply proportional, risk-based measures in alignment with the NRA findings. All DNFBPs must:

- Review the NRA, understand and evaluate the findings, and determine its relevance to operations and risk profile
- Update internal risk assessment methodology to reflect the latest NRA factors and ensure appropriate risk levels are applied
- Implement appropriate mitigating controls and maintain documentation on how these controls address identified risks

4. How should DNFBPs update their Business-Wide Risk Assessment (BWRA) following the NRA?

Following the NRA, DNFBPs are required to evaluate the overall risks faced by the business, considering sectoral threats and vulnerabilities, typologies, geographic exposures, products/services offered, and delivery channels through a Business-Wide Risk Assessment (BWRA). This includes:

- Reassessment of inherent and residual risk ratings based on sectoral findings to reflect the latest national and sectoral ML/TF/PF risk landscape, ensuring comprehensive documentation of the risk assessment methodology
- Integration of new typologies (e.g., abuse of legal persons, use of intermediaries) as highlighted in the NRA
- Updating scoring across risk factors such as geographical, customer, product, and delivery channel to reflect the most current threats and vulnerabilities

Accordingly, DNFBPs are also required to review and update their Customer Risk Assessment (CRA) based on the BWRA outcome to:

- Revise customer risk assessment model, updating weightings or risk factors identified in the BWRA and ensuring comprehensive documentation of any updates made to the model and subsequent operating procedures
- Review existing customer base to ensure updated risk profiles based on the revised model
- Apply applicable due diligence measures whereby customers that fall under high-risk should be subject to enhanced due diligence (EDD) measures which include additional scrutiny and verification measures

5. What documentation is required to demonstrate compliance?

DNFBPs are mandated to maintain a well-documented, organized and auditable record that evidence both decision-making and implementation including but not limited to:

- BWRA and CRA methodologies and reports, inclusive of revisions made
- Board or Senior Management approvals for policies, methodologies, and controls, inclusive of revisions
- Updated policies, procedures, onboarding documents (inclusive of ID documents, risk assessments, KYC forms, etc.), transaction monitoring related documents and all types of reports filed with competent authorities
- Evidence of internal communications or staff briefings on new measures and records of AML/CFT/CPF training and awareness sessions undertaken
- Internal / external compliance / audit reviews

6. How can staff be trained on the 2024 NRA?

Effective training for staff should be role-based and tailored to encompass the following Integration of NRA findings into periodic AML/CFT/CPF training modules such as sectoral vulnerabilities, typologies, etc.

- Utilization of sector-specific case studies to demonstrate practical insight (e.g., manipulation of real estate prices or gold trade) along with red flag indicators and regulatory mandates (inclusive of due diligence measures and reporting requirements)
- Interactive workshops to review updates to internal policies, procedures, methodologies based on NRA alignment

7. What is expected from senior management or owners of DNFBPs?

Senior management plays a critical role in ensuring a strengthened, proportionate and sustainable AML/CFT/CPF framework adopted by the DNFBP. Senior Management is expected to:

- Understand the entity's risk exposure to ML/TF/PF risk as outlined in the NRA whilst demonstrating sector-specific vulnerabilities and risks
- Ensure sufficient allocation of resources to support the AML/CFT/CPF framework and address any compliance gaps
- Oversee and approve updates to risk assessment methodologies, policies and controls
- Demonstrate leadership in fostering a culture of compliance and setting the appropriate 'tone at the top'

8. Do third-party arrangements and onboarding forms need to change?

Yes, DNFBPs are required to review and, where necessary, update third-party and customer onboarding processes to reflect the evolving ML/TF/PF risk landscape, as outlined in the UAE 2024 NRA. Key actions required include, but are not limited to:

- Update of third-party reliance agreements to ensure alignment with national and sectoral vulnerabilities and risk factors
- Amend onboarding documents and due diligence templates, ensuring the capture of new data points (e.g., exposure to high-risk jurisdictions, complex ownership / nominee structures, crypto activity)
- Discontinue partnerships that cannot meet due diligence standards

9. How should DNFBPs respond to the misuse of legal persons and nominee arrangements?

Misuse of legal persons and nominee structures is highlighted as one of the key typologies identified in the 2024 NRA. Consequently, it is imperative that DNFBPs implement enhanced measures to detect and mitigate associated risks, including but not limited to:

- Strengthening due diligence measures to identify ultimate beneficial owners (UBO) and full control structures, ensuring further scrutiny into structures that are complex or opaque
- Request and obtain full legal documentation from customers acting on behalf of entities; documents should be accurate and up to date
- Monitor changes in ownership, control or authorized representative that may indicate misuse or attempt to obscure ownership
- Escalate suspicious structures / arrangements for compliance review and reporting, where deemed necessary

10. What measures should DNFBPs take to mitigate Terrorism Financing (TF) risks in practice?

While direct misuse of DNFBPs remains limited, indirect risks exist warranting for appropriate measures to be put in place, including but not limited to:

- Ensuring onboarding process and customer risk assessments incorporate TF-specific checks and factors, particularly for customers that are identified as PEPs and/or are associated with high-risk jurisdictions and/or engage in charity-linked activity
- Ensuring appropriate monitoring is in place to detect structured low-value transactions, recurring crypto transfers, utilization of unregulated payment platforms, transactions that do not align with the nature of business
- Ensuring enhanced due diligence in cases where the source of funds are unclear, there is political exposure, or links to cross-border activity (high risk jurisdictions).
- Ensure staff are trained to detect non-obvious TF indicators and to respond using internal escalation protocols for suspicions
- Record the rationale for TF-related decisions and risk ratings, justification for the application or non-application of enhanced due diligence, reports filed with competent authorities

11. Is a gap analysis between the current AML program and the NRA required?

Yes, a gap analysis will allow for alignment between the DNFBP's AML/CFT/CPF framework and the outcomes of the NRA enabling effective identification and remediation of any weaknesses / gaps in existing programs. The gap should include:

- Drawing a comparison between existing controls and NRA findings
- Identification of required enhancements (e.g., in CDD, EDD, transaction monitoring)
- Comprehensive risk-informed plan, approved by Senior Management, for remediation of outstanding gaps

12. How should DNFBPs reflect NRA insights in product/service risk assessments?

The integration of NRA findings into product/service risk assessments is essential in ensuring a risk-based approach to mitigation. This includes, but is not limited to:

- Assessment of how specific services (e.g., high-value property sales, gold trading, company formation) may be misused
- Adjust delivery channel risk (e.g., non-face-to-face onboarding)
- Factor in speed, volume, and opacity of transactions in residual risk analysis

13. Have any customer profiles become riskier due to the NRA findings?

Yes, the NRA has highlighted increased risk from:

- Customers using complex offshore structures with no clear economic rationale
- Individuals linked to unlicensed virtual asset services
- Customers from jurisdictions with high corruption or weak AML/CFT/CPF enforcement frameworks

14. How should DNFBPs demonstrate a risk-based approach in practice?

DNFBPs must clearly connect identified risks to implemented controls in order to demonstrate a risk-based approach. This entails documenting the ways in which identified risks associated with key factors (customer type, product/services, geographic exposure, channels, transaction type etc.) influence decisions related to customer risk profiling, due diligence, monitoring and escalation protocols. In order to demonstrate sustainability of a risk-based strategy and continuous alignment with an ever evolving risk and regulatory landscape, well documented and auditable records of policies, procedures, methodologies, assessment reports, control actions and periodic review must be maintained.

15. How often should DNFBPs update risk assessments?

DNFBPs are required to review and update risk assessments at least annually. However, prompt update of risk assessments are required in the event of notable changes in overall operations of the business, regulatory mandates, national or sectoral risk assessments and in light of emerging risks identified. Furthermore, results of internal / external reviews and/or supervisory inspections ought to prompt for reassessment of methodology in order to ensure AML/CFT/CPF frameworks are robust and responsive to regulatory and risk environments.

16. What are the consequences for failing to align with NRA findings?

Failure to comply with expectations will result in:

- Regulatory findings
- Corrective action plans
- Enforcement actions