

**Assessing  
customer risk:  
Where does UK  
regulation stand?**



# Financial vulnerability and risk

**Target:** binge gambling; unaffordable losses over time; financial vulnerability

**Aim:** “frictionless for the majority”



## Financial vulnerability checks – SRCP 3.4.4

Two stages: £500 > £150 monthly rolling net deposits  
Light touch checks using publicly available data



## Financial risk assessments – SRCP 3.4.6

Enhanced checks using credit reference data for high spending customers  
6 month pilot with largest operators to evaluating approach



## BGC Interim Code

Developed with the Government and Commission  
Net deposits of £5,000 in a rolling month (£2,500 for 18-24 years) and enhanced at £25,000 in rolling 12 months



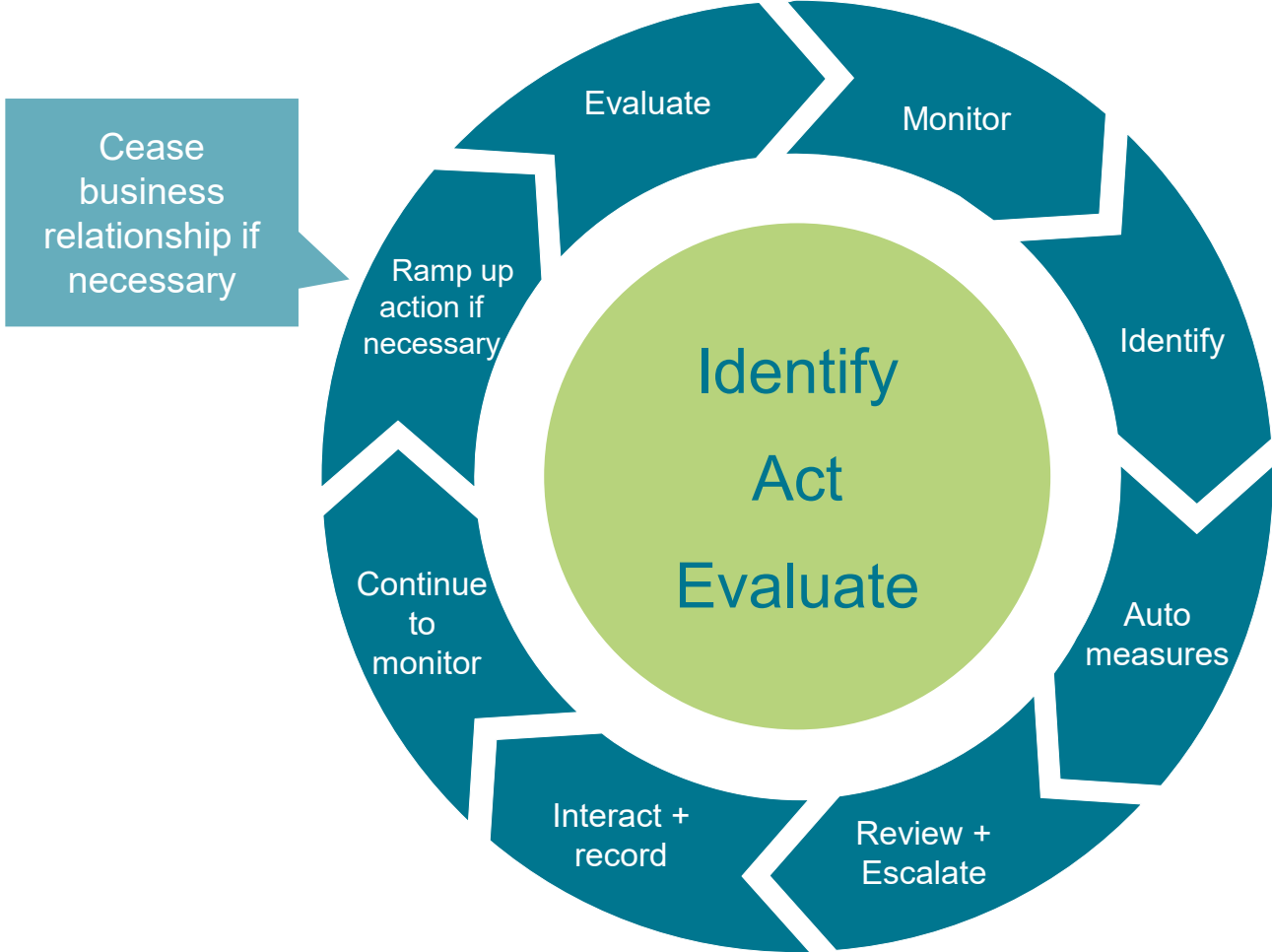
# SRCP 3.4.3 and the Customer Interaction Guidance

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- Action tailored to level of risk overall
- Must also comply with the broader requirements of SRCP 3.4.3 and the Customer Interaction Guidance
- Beyond customer spend:
  - patterns of spend
  - time spent gambling
  - gambling behaviour indicators
  - customer-led contact
  - use of gambling management tools
  - account indicators



# Continuous and ongoing assessment





# Assessing ML, TF and PF risk



Risk  
assessment



Policies,  
procedures  
and controls



Due  
diligence  
and risk  
profiling



Ongoing  
monitoring



Reporting  
suspicious  
activity



# Categories of risk



## Customer risks

No physical identification, PEPs and sanctions, **unable to establish source of funds**, risks in customer profile, trends in customer play, multiple accounts



## Product risks

Peer-to-peer gambling, casino, low-risk wagering, withdrawing without play



## Geographical and jurisdictional risks

Transacting with customers associated with high-risk jurisdictions, cross-border transactions, mismatch in account details, activity outside jurisdiction



## Payment and transactional risks

eWallet payment methods, cryptocurrency, pre-paid cards, third party payment methods

## Emerging Risk Bulletin February 2024



- Ineffective triggers for source of funds checks
- Failure to critically review source of funds documentation

# So, where do we stand & what is to come?

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## Now

- ✓ Assessing customer risk in the round and on an ongoing basis
- ✓ Taking account of social responsibility and AML risk factors and requirements
- ✓ BGC's Interim Code on spend checks

## Moving towards

- An initial and then lower threshold for vulnerability checks using publicly available data
- Frictionless financial risk assessments using credit reference data (subject to the pilot)
- BGC's Code on AML measures
- How will the BGC's Interim Code on spend checks be interpreted?
- What will frictionless financial risk assessments involve?
- What if the pilot is unsuccessful?
- What action will operators be expected to take off the back of financial vulnerability and risk checks?
- How will customers react to the new checks?
- Will requests for documentation from customers reduce?
- Will there be clarity and alignment in assessing customer risk from an AML perspective?

# Thank you



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