THE CENTRAL BANK OF BELIZE

MISSION

To promote the stability of monetary and financial systems for the wellbeing of Belize.

AML STRATEGY

It is the policy of the Central Bank of Belize (Central Bank) to contribute to the national AML strategy to prevent money laundering, terrorism financing, and financing the proliferation of weapons of mass destruction.

This strategy is a collaborative effort between the Central Bank, other domestic and foreign supervisory authorities, and supervised institutions to actively identify, understand, and assess ML/TF/PF risks in Belize's financial system. Together, risk-based mitigating measures are implemented to align with international standards and best practices. In addition, on-going outreach is undertaken to sensitize stakeholders on AML matters.

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CENTRAL BANK of BELIZE

ANTI-MONEY LAUNDERING HIGHLIGHTS

Notice No. 4 | December 2025

CONDUCTING THE PRODUCT RISK ASSESSMENT

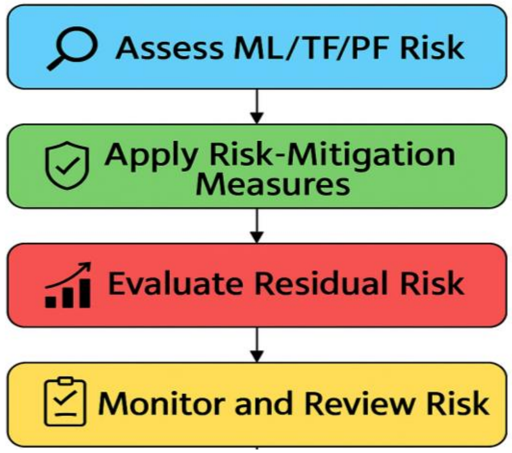
Financial institutions (FIs) must establish robust policies, procedures, and controls to prevent the misuse of products, services, practices and technology for the purposes of ML/TF/PF.

Outlined below are the key components that FIs should include when assessing ML/TF/PF risks related to new products, services, practices, or technologies.

ASSESS ML/TF/PF RISKS

FIs are to first assess the inherent risk which is the risk that naturally exists before there are mitigating controls in place by considering the following:

- ❑ **Risk Factor:** A characteristic that makes the product more likely to be used for ML/TF/PF.
- ❑ **Threat**: A person, object or activity with the potential to cause harm. Refer to sectoral, national and international sources on threats.
- ❑ **Vulnerability**: The likelihood of the product being exploited by the threats identified.
- ❑ **Consequence**: The potential impact or harm that could result from a hazard or event.



IMPLEMENT RISK MITIGATION MEASURES

After assessing the inherent risk associated with the new offerings, the next step is to implement appropriate measures to reduce and manage the ML/TF/PF risks. Below are non-exhaustive categories of risk mitigation measures that may be considered based on the risks identified:

- ❑ **Customer Due Diligence**: Robust identification and verification measures for customer identity and activity.
- ❑ **Usage Limits**: Restrictions on transaction value, frequency and types of activities that can be facilitated.
- ❑ **Geographic Limits**: Restrictions on cross-border functionality and permissible geographic scope.
- ❑ **Monitoring and Record Keeping**: Systems for ongoing transaction monitoring and maintenance of comprehensive records.
- ❑ **Segmentation Due Diligence and Controls**: Controls to understand the parties involved and mitigate associated risks.

EVALUATE RESIDUAL RISK

Next FIs are to evaluate the risk remaining after applying mitigation measures. This step ensures effective risk management, including allocating appropriate resources and controls.

Where residual risk exceeds the institution's risk tolerance, or current measures do not sufficiently mitigate high risks, stronger mitigation strategies must be implemented.

MONITOR AND REVIEW RISK

The final step is to monitor and review the risk.

This involves documenting the product risk assessment and ensuring it remains current through periodic reviews and in response to trigger events such as:

- ❑ Changes to the characteristics of the product;
- ❑ Serious compliance incident; and
- ❑ Major changes to the FI's operations.

FIs are to maintain a documented process for approving updates to the product risk assessment.

See the Central Bank's AML Highlights No. 3 / September 2025: Product Risk Assessment for more information on the purpose and legal requirements relating to the product risk assessment.