



 Checklist

Checklist for Foreign Diplomat Client Risk Assessment for Robust AML/CFT Compliance

Website: www.amluae.com

Email: info@amluae.com

Introduction

Ambassadors from Foreign Countries are granted diplomatic immunity from prosecution in host countries under International Law. However, by virtue of being a Public Servant, diplomats often pose high-risk of ML/TF activities, considering the access they have to government money. These protections and privileges make it difficult for host countries to hold them accountable for any kind of financial misconduct. There are chances on the part of foreign diplomats to misuse their immunity with an aim to circumvent the AML/CFT Regulations by indulging in predicate offences such as conduits for illicit fund movement, corruption, or sanction evasion.

In order to ensure compliance with the AML/CFT Regulations, Regulated Entities in UAE such as Financial Institutions (FIs), Designated Non-Financial Professions and Businesses, Virtual Assets Service Providers (VASPs) should implement risk-based approach and methodologies to identify, assess and monitor ML/TF risk associated with Foreign Diplomats and Foreign Embassy Employees to combat the threats of ML/TF arising out of their volatile profile.

Also known as: Diplomats, Ambassadors, Embassy Officials, Consular Representatives, Foreign Consulates

Used for: Representing sovereign states in host nations, managing diplomatic relations.

Abuse in ML/TF/PF: Exploiting diplomatic immunity to bypass customs checks, move illicit funds, obscure origin of criminal proceeds or shield their financial misconduct from Regulatory Scrutiny.

Applicability

Financial Institutions (FIs):

- ✦ Banks
- ✦ Private Banks
- ✦ Payment Institutions
- ✦ Money Service Businesses (MSBs)
- ✦ Insurance Companies
- ✦ FinTech Firms
- ✦ Wealth Management Firms
- ✦ Remittance Providers

Designated Non-Financial Businesses and Professions (DNFBPs):

- ✦ Real Estate Agents and Brokers
- ✦ Law Firms, Notaries, and other legal professionals
- ✦ Dealers in Precious Metals and Stones
- ✦ Trust and Company Service Providers
- ✦ Accountants and Auditors

Virtual Assets Service Provider (VASPs)

How to Use This Checklist

Use this Checklist to,

- ⬢ While onboarding clients who are Foreign Diplomats or Ambassadors.
- ⬢ **Front-line teams:** Identify red flags associated with clients claiming diplomatic status.
- ⬢ **Compliance officers:** Evaluate transactions and account activity involving diplomats for abnormal patterns.
- ⬢ **Transaction monitoring:** Review for exemption abuse, unusual fund inflows, and geographical routing.
- ⬢ **MLROs:** Escalate concerns and apply Enhanced Due diligence (EDD) on high-risk diplomat-linked accounts.

Came across a
Foreign Diplomat Client?

Unsure as to how to conduct CRA?

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Foreign Diplomat Client Risk Assessment: Checklist for Holistic AML/CFT Compliance

A. Customer Profiling

	Yes	No
Has the individual claimed Diplomatic Status with documentation (e.g., diplomatic passport)?		
Is the Diplomat linked to a high-risk jurisdiction or sanctioned country?		
Is the Diplomat belonging to a Country where AML/CFT Regulations are weak?		
Are beneficial ownership details clear for any linked Corporate Entities?		

B. Account Activity

	Yes	No
Are there large cash deposits inconsistent with declared income or rank?		
Do the sources of funds and sources of wealth of diplomat appear legitimate?		
Are embassy-linked accounts used for personal transactions?		
Are there frequent international transfers routed via third countries?		
Do the transactions seem eerily unusual and way too complex or layered?		

C. Immunity & Control Checks

	Yes	No
Has diplomatic immunity been cited to block Due Diligence requests?		
Are unusual goods or assets being acquired under diplomatic cover?		

D. Sanctions & PEP Screening

Has the individual been screened as a PEP?	<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
Are any associates or family members under sanctions or high-risk lists?	<input type="radio"/>	<input type="radio"/>
Has the Diplomat been screened against relevant national and international sanction lists?	<input type="radio"/>	<input type="radio"/>
Has the Diplomat been continuously monitored against various media databases to derive any adverse news or information related to the diplomat or their country?	<input type="radio"/>	<input type="radio"/>

E. Source of Wealth/Funds

Has the source of funds been documented and verified?	<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
Are there unexplained spikes or inflow of funds around political events?	<input type="radio"/>	<input type="radio"/>

F. Monitoring & Reporting

Is there a dedicated review plan for diplomat-linked accounts?	<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
Have STRs/SARs been filed where appropriate?	<input type="radio"/>	<input type="radio"/>

G. Training and Oversight

	Yes	No
Are staff trained to manage high-immunity individuals with proper protocols?		
Has compliance reviewed controls against abuse of diplomatic channels?		
Are the staff trained to recognise the red flags and suspicious activities related to the clients having diplomatic status?		

How RACI Matrix Enables Task Delegation and Role Clarity

How RACI Framework Helps?

What is RACI?

RACI is standardised model which bifurcates roles and responsibilities and clarifies task delegation to ensure operational efficiency and reduces internal obfuscation. RACI defines who in organisation is responsible for executing certain tasks, who is accountable for the result, who needs to be consulted for the insights and who needs to be informed for the progress of the task. This clarity ensures that there is no duplication of effort and well-organised internal coordination during escalation, audits, and remediation planning.

Purpose of this RACI:

- ✦ Ensures diplomatic-linked accounts are owned by designated risk functions.
- ✦ Reduces conflict during escalations of immunities vs Due Diligence.
- ✦ Clarifies accountability for STR decisions on sensitive individuals.
- ✦ Elucidates oversight from compliance and escalation to MLRO where risks are detected.

RACI aids businesses streamline workflow by:

- ✦ Aligning Due Diligence rigor with diplomatic immunity constraints.
- ✦ Providing a governance trail, when dealing with sensitive political personas.
- ✦ Ensuring escalation protocols are followed across teams.

Checklist for Foreign Diplomat Client Risk Assessment for Robust AML/CFT Compliance



RACI for Foreign Diplomat Risk Identification				
Task	Front-Line Staff	AML Compliance Team	AML Compliance Officer	Senior Management
Are all required key details of the Diplomat captured at the onboarding including information related to their role and affiliation?	R	A	C	I
Are deeper checks related to Source of Funds and Geographical Exposure for Foreign Diplomats beyond basic Customer Due Diligence deployed?	C	R	A	I
Are Foreign Diplomats' names screened and cross-checked against various PEP databases and UN/UAE Sanction lists?	C	R	A	I
Are any inconsistent transactions, unusual cross-border flows, high cash activities or transfers linked to conflict zones from foreign diplomats monitored regularly?	C	R	A	I
Are the activities that crosses suspicion thresholds, escalated promptly and reported via goAML portal?	C	R	A	I
Are role-based training incorporated to all Employees regarding the high-risk foreign diplomats carry and to efficiently detect red flag involving ML/TF activity?	I	R	A	I

Worried about the Next Steps or Foreign Diplomat Client Relations?

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Action Items for Regulated Entities to Mitigate Anticipated Risk from Foreign Diplomat

In-House Compliance Department Setup

- ◆ Develop SOPs for onboarding and reviewing diplomats.
- ◆ Align diplomatic accounts handling with regulatory expectations.
- ◆ Assign trained specialists for diplomatic exposure reviews.

Role-Specific AML Training

- ◆ Educate staff on diplomatic privileges, misuse scenarios.
- ◆ Conduct workshops on international immunity laws vs AML obligations.
- ◆ Provide case studies involving diplomat-linked laundering.

Best Practices for Regulated Entities: Checklist + RACI Driven Implementation for CRA of Foreign Diplomats

- ◆ Require EDD for all diplomatic clients.
- ◆ Integrate embassy verification procedures.
- ◆ Tag and monitor diplomat-linked accounts separately.
- ◆ Restrict exemptions from due diligence to legal minimums.
- ◆ Train compliance teams on international immunities.
- ◆ Escalate red flags involving politically exposed diplomats.

**Role confusion can lead to
reporting delays under UAE FIU expectations.**

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Glossary of Terms

AML	Anti Money Laundering, Measures to prevent laundering of Money
CFT	Countering the Financing of Terrorism, Measures to stop funding terrorism
goAML	The FIU Portal used to submit relevant Regulatory Reporting
KYC Analyst	Know Your Customer analyst who validates and enriches identity data
Screening Analyst	Specialist who manages list, matching settings
AML Compliance Officer	Independent, Senior role that owns the program and reporting duties
Senior Management	Sets risk appetite, approves policies, receives management, information and oversees compliance
Customer	The person or entity being onboarded or transacting

Checklist for Foreign Diplomat Client Risk Assessment for Robust AML/CFT Compliance



RACI

Role Guide that defines who is Responsible, Accountable, Consulted and Informed

Audit Trail

Complete record of actions, approvals and timestamps

Real Time Screening

Screening that runs immediately during onboarding or payment

**Build your in-house compliance,
map roles clearly, and upskill teams to
identify settlement red flags.**

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About AML UAE

AML UAE is an Anti-Money Laundering (AML) consulting firm with decades of experience supporting businesses across the UAE.

We have expertise in providing various AML services to DNFBPs, such as Lawyers, Real Estate Agents, Accountants and Auditors, Dealers in Precious Metals and Stones, and Company Service Providers. We also provide AML consultancy services to Virtual Asset Service Providers.

We are equipped to help you register on the goAML portal. We conduct Enterprise-Wide Risk Assessments and align your AML/CFT policies and procedures in line with them. We design customised forms and templates for carrying out KYC, Customer Risk Assessment, and Enhanced Due Diligence for your customers. We help you prepare and submit reports like SAR, STR, CNMR, PNMR, HRC, HRCA, DPMSR, etc. We ensure that your employees are well-trained from an AML perspective.

Not just this, we assist regulated entities with decoding the Remedial Action Plan and effectively implementing the authority's recommendations around the AML program.

AML UAE is your go-to partner for handling all your compliance-related requirements.

Once we enter the picture, AML compliance is ensured. With that, you can continue to be a highly reputed business, actively striving to counter money laundering, terrorist financing, and proliferation financing.

Our Team



Pathik Shah

Founder

CAMS, FCA, CISA, CS, DISA (ICAI), FAFP (ICAI)

Pathik is a Chartered Accountant with proven experience in governance, risk, and compliance. He helps companies with end-to-end AML compliance services, from conducting Enterprise-Wide Risk Assessments to implementing robust AML compliance frameworks. He has played a pivotal role as a functional expert in developing and implementing RegTech solutions for streamlined compliance.



Jyoti Maheshwari

Partner

CAMS, ACA

Jyoti is a Chartered Accountant and Certified Anti-Money Laundering Specialist (CAMS), with extensive hands-on experience in regulatory compliance, legal advisory, policy-making, tax consultation, and technology project implementation. Jyoti holds experience with Anti-Money Laundering regulations prevalent across various countries. She helps companies with risk assessment, designing and deploying adequate mitigation measures, and implementing the best international practices to combat money laundering and other financial crimes.

Our Team



Dipali Vora

Partner

CAMS, ACS

Dipali is an Associate member of ICSI and a Certified Anti-Money Laundering Specialist (CAMS). She has a strong background in the compliance domain, including Anti-Money Laundering, due diligence, secretarial audit, and managing scrutiniser functions. She currently assists clients by advising and helping them navigate through all the legal and regulatory challenges of Anti-Money Laundering Law. She helps companies to develop, implement, and maintain effective AML/CFT and sanctions programs.



Purva Buch

Senior Consultant

CAMS, LLB

Purva is a Certified Anti-Money Laundering Specialist (CAMS) and a Lawyer. She has substantial knowledge of Anti-Money Laundering Laws, Rules, Regulations, and AML Compliance Processes. Purva has been instrumental in drafting RegTech processes, corporate policymaking, and fulfilling various legal research and drafting requirements arising from AML laws and regulatory technology.

Service Matrix

Service	Common Drivers							Value Proposition
	Ensure legal compliance	Save time and costs	Need expert support	Automate compliance processes	Implement best practices	Crisis management	Change AML/CFT consultant	
goAML Registration	✓		✓					Streamlines the process of registering with the UAE FIU goAML portal. Ensures compliance and reduces administrative burden.
Enterprise-Wide Risk Assessment	✓	✓	✓		✓		✓	Identifies risk factors, gross risk, controls deployed and their effectiveness, residual risk, and need for additional controls.
AML/CFT Policy Drafting	✓	✓	✓		✓		✓	Provides tailored AML/CFT policy frameworks that are up-to-date with current laws, enhancing regulatory compliance.
In-house Compliance Department Set-up	✓		✓		✓		✓	Establishes a robust internal compliance structure, helps recruit the right resources and ensures ongoing compliance efficiency.
KYC Managed Services	✓	✓	✓		✓	✓		Outsourced KYC processes that speed up customer onboarding and maintain high compliance standards.
Ongoing AML/CFT Consulting	✓	✓	✓	✓	✓	✓	✓	Continuous expert advice tailored to address specific challenges, enhancing overall compliance strategies.
AML/CFT Health Check	✓		✓		✓	✓	✓	Conducts comprehensive reviews and assessments to pinpoint vulnerabilities and recommend improvements.
AML Training	✓	✓	✓		✓		✓	Offers comprehensive training programs that enhance the compliance skills of employees at all levels.
AML Software Selection	✓	✓	✓	✓	✓			Helps choose the best AML software that fits the company's needs, improving efficiency and cost-effectiveness.
Screening Software Validation	✓		✓	✓	✓			Tests and validates screening tools to ensure they meet regulatory requirements and operational needs.
Regulatory Reporting	✓	✓	✓		✓		✓	Streamlines the process of creating and submitting SAR, STR, PNMR, CNMR, DPMSR, REAR, HRC, and HRC reports accurately and on time.

AMLVerse

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