# AGRC Certificate in KYC/CDD - Syllabus

## About the Association of Governance, Risk & Compliance (AGRC)

AGRC is a non-profit global professional accreditation & certification organization & networking platform. AGRC aims to facilitate the exchange of knowledge & sharing of experiences among Compliance, Risk & Governance professionals (GRC) with the goal of growing its community to ensure multi-jurisdictional regulatory compliance in the financial services & exchange values, experiences, expertise & professional opportunities.

## Aim of the Certification

This certification aims to offer individuals with the necessary tools, information, and skills to become an in-demand professional for organizations looking to strengthen their client onboarding process. This certificate will provide participants with comprehensive knowledge of the KYC and CDD procedures and tools required to assess client risk and comply with a wide variety of global Anti-Money Laundering (AML) and Counter-Terrorist Financing (CFT).

## Certificate & Training Hours

The recommended number of learning and training hours is 12 to 20. This does not include additional time studying, revising, and preparing for the exam. A candidate should expect to spend an additional 15 hours of studying time to pass the exam, depending on prior knowledge and/or work experience.

## Exam Information

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|---|---|
| **Type of Exam** | Multiple-choice questions (MCQs) |
| **Number of Questions** | 40 questions |
| **Passing Grade or Mark** | 70/100 |
| **Exam Duration** | 60 minutes |
| **Method of Delivery** | Computer-based |

## Learning Objectives - Bloom Level

Based on **Bloom's Taxonomy**, AGRC's certificates prepares students to acquire knowledge that covers Bloom Levels 1, 2 and 3.

- **Level 1 - Remember:** Recall facts related to KYC and CDD processes and be able to define the main concepts involved in client onboarding.
- **Level 2 - Understand:** Explain, describe, identify, and discuss the main ideas or concepts pertaining to KYC and CDD procedures and policies.
- **Level 3 - Apply:** Use, apply and implement the information acquired to new scenarios, and solve problems related to onboarding clients and KYC/CDD processes.

## Certificate Content

**Chapter 1: Business-Wide Risk Assessment (2.5 Hours)**

***Learning Objectives***

The students will be able to do the following upon completion of this section:

- ✓ Understand the importance of a business-wide risk assessment.
- ✓ Explain the main elements of a business wide risk assessment.
- ✓ Apply the risk-based approach to a business-wide risk assessment.
- ✓ List and describe the FATF 40 recommendations.
- ✓ Identify inherent risk, apply internal AML controls, and calculate residual risk.
- ✓ Apply risk management to an organisation.

**1.1 Establishing the Risk Appetite**

**1.2 The Risk-Based Approach (RBA)**

- 1.2.1 The FATF 40 recommendations
- 1.2.2 National risk assessments
- 1.2.3 The EU Supranational Risk Assessment

**1.3 Risk Management**

- 1.3.1 Reputational, operational, legal and concentration risk

**1.4 Determining Business Inherent Risks**

- 1.4.1 Client risks
- 1.4.2 Products, services, and transaction risks
- 1.4.3 Delivery channel risks
- 1.4.4 Geographical or country risk

**1.5 Calculation of the Inherent Risk and Application of Internal Controls**

**1.6 Residual Risk**

**1.7 Keeping Risk Assessments Up to Date**

**Chapter 2: The AML Program (2.5 Hours)**

***Learning Objectives***

The students will be able to do the following upon completion of this section:

- ✓ Understand the importance of AML governance.
- ✓ Understand the role of the Board of Directors, the Compliance Officer, and the Internal Auditor.
- ✓ Define the most important aspects of employee training.

- ✓ Identify and interpret the Basel approach to KYC and CDD.

**2.1 AML and Corporate Governance**

- 2.1.1 Operational management as the first line of defence
- 2.1.2 Risk management and compliance functions as the second line of defence
- 2.1.3 Internal audit as the third line of defence

**2.2 The Role of the Board of Directors in AML**

**2.3 The Four Pillars of a Sound AML Programme**

- 2.3.1 Policies and procedures
- 2.3.2 Suspicious transaction/activity reporting (STR/SAR)
- 2.3.3 The role of the AML officer
- 2.3.4 The internal audit function
- 2.3.5 Employee training

**Chapter 3: Customer Risk Assessment (2.5 Hours)**

***Learning Objectives***

The students will be able to do the following upon completion of this section:

- ✓ Define and explain the risk-based approach.
- ✓ Use the risk-based approach in individual customer risk assessments.
- ✓ Understand the main types of CDD.
- ✓ List and explain the international standards for implementing CDD.

**3.1 RBA in Individual Customer Risk Assessment**

- 3.1.1 Customer risk factors
- 3.1.2 Geographical or country risk
- 3.1.3 Product, service, and transaction risk
- 3.1.4 Delivery channel risk factors

**3.2 Customer Screening**

**3.3 Customer Classification**

**3.4 Types of CDD**

- 3.4.1 Standard Customer Due Diligence measures (CDD)
- 3.4.2 Enhanced Due Diligence (EDD)
- 3.4.3 Simplified Due Diligence (SDD)

**3.5 International Standards for Effective CDD Application**

- 3.5.1 The Wolfsberg Group guidance
- 3.5.2 The Basel Committee guidance
- 3.5.3 The European Directives

**Chapter 4: CDD Considerations (2.5 Hours)**

***Learning Objectives***

The students will be able to do the following upon completion of this section:

- ✓ Understand the Basel approach to CDD.
- ✓ Apply best practices to client onboarding and monitoring.
- ✓ Recognise and describe the key elements of an effective KYC programme.
- ✓ Understand what is outsourcing and relevant agency agreement.
- ✓ Demonstrate how technology can support KYC and CDD efforts.

**4.1 The Basel Approach to KYC and CDD**

- 4.1.1 Customer acceptance
- 4.1.2 Customer identification
- 4.1.3 Ongoing monitoring
- 4.1.4 Risk management

**4.2 Beneficial Ownership Registers**

**4.3 The Use of Technology in CDD Implementation**

**4.4 Reliance on Third Parties for CDD Purposes**

- 4.4.1 Reliance on a party that belongs to the same group for CDD purposes
- 4.4.2 Reliance on third parties for CDD application
- 4.4.3 Reliance under an outsourcing/agency agreement
- 4.4.4 Reliance on digital identity systems

**Chapter 5: CDD Application (2.5 Hours)**

***Learning Objectives***

The students will be able to do the following upon completion of this section:

- ✓ Define how CDD is applied within an organisation.
- ✓ Describe the CDD to be applied to natural persons.
- ✓ Explain the CDD to be applied to legal persons and arrangements.
- ✓ Use appropriate CDD on existing customers.

**5.1 CDD Measures**

**5.2 Who Needs to Comply with CDD Requirements and When is CDD Required?**

**5.3 Collection of CDD Information and Timing of CDD Application**

**5.4 The Customer's Economic Profile**

**5.4 Identification and Verification of Natural Persons**

**5.5 CDD for Legal Entities**

- 5.5.1 Corporate customers
- 5.5.2 Trusts and nominee agreements
- 5.5.3 Bearer shares
- 5.5.4 Shell and shelf companies
- 5.5.5 Non-face-to-face customers
- 5.5.6 Non-profit organizations

**5.6 CDD for Existing Customers**

**Chapter 6: CDD for Politically Exposed Persons (PEPs) (2.5 Hours)**

***Learning Objectives***

The students will be able to do the following upon completion of this section:

- ✓ Define and interpret the different types and cases of PEPs.
- ✓ Identify sources of information relating to PEPs.
- ✓ Understand EDD measures to different types of PEPs.

**6.1 Types of PEPs**

**6.2 Foreign PEPs**

**6.3 Domestic and International Organization PEPs**

**6.4 Family Members and Close Associates**

**6.5 Time of Lapse of a PEP**

**6.6 Sources of Information for PEPs**

**6.7 Use of Databases**

**6.8 EDD Measures for Different Types of PEPs**

- 6.8.1 Obtain senior management approval
- 6.8.2 Establish the source of wealth and source of funds
- 6.8.3 Enhanced ongoing monitoring of business relationships

**6.9 Red Flags**

- 6.9.1 PEPs attempting to shield their identity
- 6.9.2 PEP's behaviour
- 6.9.3 PEP's position
- 6.9.4 Industry which PEP is involved

**Chapter 7: CDD in Other High-Risk Situations (2.5 Hours)**

***Learning Objectives***

The students will be able to do the following upon completion of this section:

- ✓ Understand correspondent banking.
- ✓ Execute CDD on a correspondent relationship.
- ✓ Identify cases where EDD is required.

**7.1 Understanding Correspondent Banking**

- 7.1.1 CDD on a correspondent relationship
- 7.1.2 Verifying respondent institution's information
- 7.1.3 Ongoing due diligence on the respondent institution

**7.2 Other Cases Where EDD is Required**

- 7.2.1 High-risk countries
- 7.2.2 Complex and unusually large transactions
- 7.2.3 Dubiously transferred business
- 7.2.4 Clients' accounts

**Chapter 8: Case Studies in AML CDD (2.5 Hours)**

***Learning Objectives***

The students will be able to do the following upon completion of this section:

- ✓ Recognise instances under which there are insufficient and unsatisfactory KYC processes and procedures.
- ✓ Identify transactions being made by complex structures or a fraudulent investment company.
- ✓ Interpret transactions of a vague nature and with no business substance.

**8.1 Case study 1 - Insufficient and unsatisfactory KYC documents**

**8.2 Case study 2 - Insufficient and inadequate processes and procedures**

**8.3 Case study 3 - Fraudulent investment company**

**8.4 Case study 4 - Complex structures**

**8.5 Case study 5 - Transactions of vague nature and activities with no business substance**

**8.6 Case study 6 - Deposits and movement of funds between bank accounts**

**8.7 Case study 7 - Investment fraud**

**Chapter 9: Glossary of Terms**

**Chapter 10: Practice Questions**

**Chapter 11: Resource Materials**