

**CONNECTING GRANULAR  
BSA/AML FINDINGS TO  
MACRO-LEVEL RISK  
IMPACTS**

Linking detailed insights to overarching risks

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# INTRODUCTION



## WHY GRANULAR ISSUES MATTER

### Early Warning Signs

Granular issues reveal initial signs of systemic weaknesses that can escalate into major risks if unaddressed.

### Aggregation of Risks

Small control lapses accumulate and interact, creating misstatements, deviations and blind spots in risk management.

### Interconnected Compliance Functions

Siloed activities affect risk assessments and the ability to adapt to changes in products, customers & requirements.

### Governance and Remediation

Effective governance links micro-level gaps to macro risks, enabling sustainable remediation.



# BSA RISK ASSESSMENTS



## METHODOLOGY, DATA INPUTS, AND OUTPUTS

### Sound Risk Assessment Methodology

A transparent and consistent methodology is essential to accurately capture inherent and residual risks in all business lines in a uniform manner.

### Challenges with Data Inputs

Incomplete or outdated customer and transaction data can distort the true risk exposure and weaken risk assessments.

### Impact of Faulty Outputs

Outputs that do not reflect actual risks lead to ineffective controls, misallocated resource, and overlooked threats.

### Macro-Level Compliance Vulnerabilities

Micro-level weaknesses scale up to understated risks, misaligned enterprise risk positions and regulatory criticism.



# CUSTOMER RISK MANAGEMENT



## ONBOARDING, KYC, ENHANCED DUE DILIGENCE, AND DE-RISKING

### Onboarding and KYC Foundations

Effective consistent onboarding and KYC establish essential customer data for accurate risk classification and monitoring.

### Enhanced Due Diligence Challenges

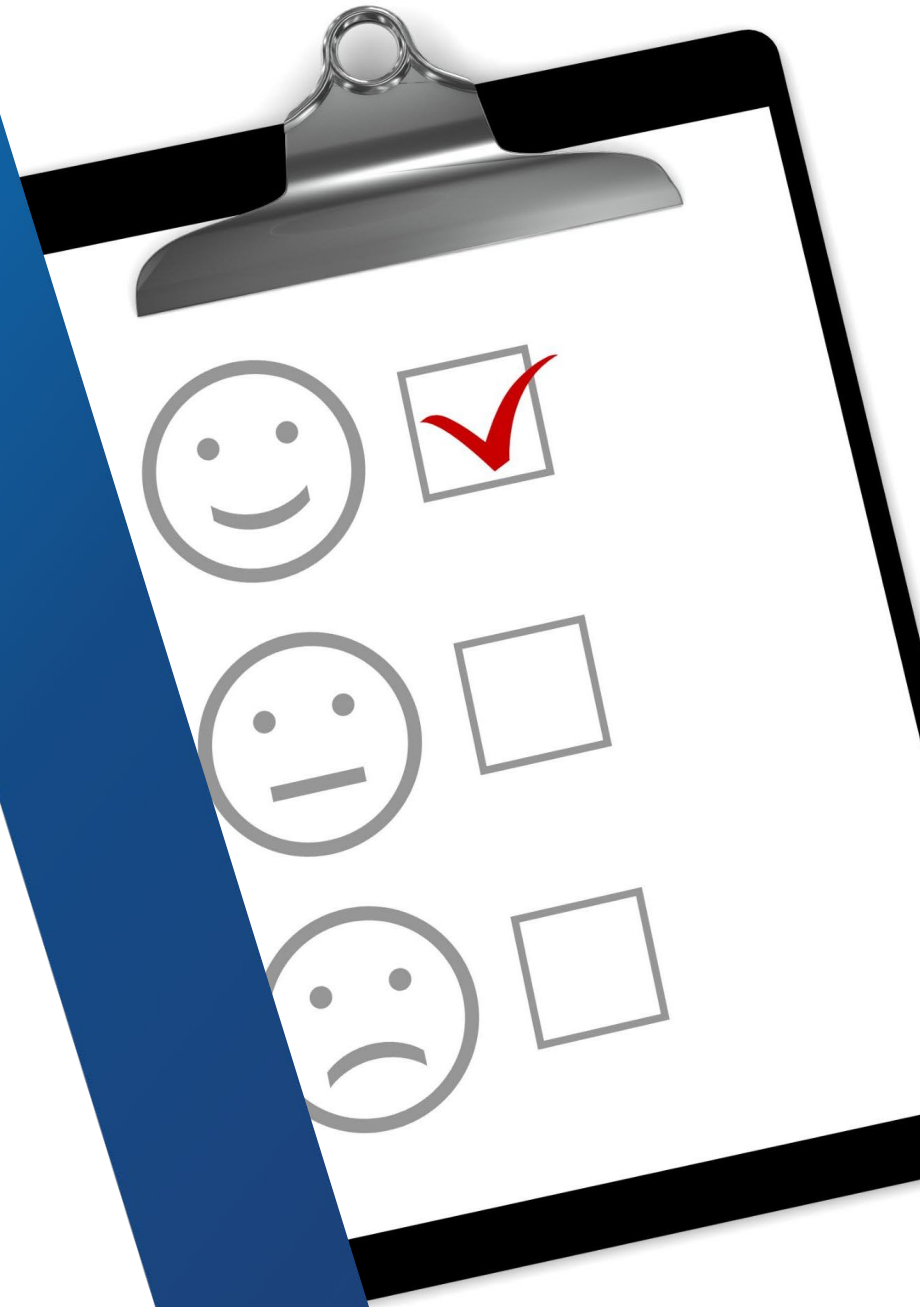
EDD processes face trigger failures, delayed reviews and generic analysis, limiting insight into higher-risk customers.

### Governance and Control Issues

Specific EDD weaknesses impact customer segments. Weak governance, including inconsistent de-risking decisions, and controls create challenges in managing customer risk.

### Macro-Level Consequences

Micro-level failures lead to inaccurate risk ratings, monitoring gaps, regulatory scrutiny, and program misalignment.



# CHANGE MANAGEMENT



## PRODUCTS, SERVICES, PROCESSES, CONTROLS, CUSTOMER CHARACTERISTICS, THIRD PARTIES, REGULATIONS

### Multi-Dimensional Change Management

Effective change management addresses new products, services, processes, controls, customer characteristics, third parties, and regulations.

### Micro-Level Risk Issues

Failures in impact assessments and misaligned procedural updates cause micro-level risks and monitoring gaps.

### Evolving Customer & Vendor Risks

Customer behavior changes and third-party changes increase risks, requiring evergreen reassessment.

### Regulatory Complexity Impact

Slow regulatory adaptation and incomplete implementation/remediation lead to recurring compliance findings and governance issues.



# INTEGRATION AND RISK SYNTHESIS



## CROSS-DOMAIN INTERDEPENDENCIES

### Interconnected BSA/AML Domains

Risk assessments, customer risk management, and change management are deeply interconnected in effective BSA/AML programs to strengthen all aspects.

### Impact of Micro-Level Issues

Small flaws in one domain cause distortions and inefficiencies in others, creating compounding circumstances that weaken control environments.

### Regulatory Expectations

Examiners expect institutions to show how insights from one domain inform decisions in others to minimize vulnerabilities.

### Systemic Vulnerabilities from Integration Failures

Failure to integrate processes leads to repeated regulatory criticism and systemic program weaknesses.



# CONCLUSIONS & TAKEAWAYS



## BUILDING A RESILIENT BSA/AML PROGRAM

### Proactive Risk Detection

Detecting and addressing micro-level issues early prevents escalation to major risks within the BSA/AML program.

### Strong Governance and Documentation

Embedding strong performance, control, escalation and governance with disciplined documentation supports transparency and accountability in risk management.

### Evolving Risk Assessments

Timely updating risk assessments and dynamic BSA management aligns the program with changing business and regulatory demands.

### Continuous Improvement & Alignment

Sustainable program resilience is achieved through ongoing improvement and execution – strategy alignment across all BSA/AML domains; beyond just remediation.



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Thank You