

# Tiered AML/CFT Action Planning

Prioritising Remediation When Resources Are Constrained

## Executive Summary

Not all compliance gaps carry equal risk. When facing multiple remediation requirements with limited resources, compliance leaders need a structured framework for prioritisation. This briefing presents a tiered approach to AML/CFT action planning that maximises risk reduction within resource constraints.

## 1. The Prioritisation Challenge

Every compliance programme faces more improvement opportunities than available resources. Regulatory examinations identify findings. Internal audits raise observations. Industry developments suggest enhancements. The challenge is determining where to invest limited time, budget, and attention for maximum risk reduction.

### Common Mistake

Many institutions address findings in the order received rather than the order of risk. This can result in significant effort on lower-risk items while critical vulnerabilities remain unaddressed. Tiered planning ensures resources flow to highest-risk areas first.

## 2. The Three-Tier Framework

### Tier 1: Critical (Address Immediately)

Tier 1 items present immediate regulatory, legal, or reputational risk. They require:

- Executive attention and Board visibility
- Dedicated resources and accelerated timelines
- Interim compensating controls while permanent fixes are implemented
- Regular progress reporting to senior management

Examples include: sanctions screening gaps, STR reporting failures, fundamental CDD weaknesses.

### Tier 2: Important (Address Within Quarter)

Tier 2 items represent significant but not critical risks. They require:

- Defined ownership and clear timelines

- Resource allocation within normal operating budgets

- Progress monitoring at management level
- Documentation of interim measures if full remediation is delayed

Examples include: policy updates, training enhancements, system optimisations.

### Tier 3: Desirable (Address Within Year)

Tier 3 items are improvements that enhance programme maturity but are not urgent:

- Can be addressed through normal planning cycles
- May be deferred if higher-priority items require resources
- Should be documented to demonstrate awareness and future intent

Examples include: reporting enhancements, process efficiencies, optional technology upgrades.

## 3. Tiering Criteria

Assign items to tiers based on a consistent assessment of:



## 4. Resource Allocation Principles

- 80% of remediation resources should flow to Tier 1 and Tier 2 items
- Tier 1 items should never be delayed for Tier 2 or 3 work
- Document rationale when items are deferred, including risk acceptance
- Review tiering quarterly as circumstances change
- Re-tier items if regulatory focus shifts or new information emerges

## 5. Communicating Priorities

The tiered framework provides a clear language for communicating priorities to stakeholders:

- To the Board: 'We have 3 Tier 1 items requiring immediate attention and resources'
- To regulators: 'Our action plan prioritises findings by risk, with critical items addressed first'
- To audit: 'This observation is tiered as Tier 2, planned for Q2 completion'

- To business: 'This request is Tier 3—we'll address it after current priorities'
- 

## Conclusion

Effective compliance leadership requires saying 'not yet' to some initiatives while focusing resources on the highest-risk items. The three-tier framework provides a defensible, transparent methodology for prioritisation that can be explained to regulators, auditors, and senior management. When resources are constrained—and they always are—tiered planning ensures those resources flow to where they reduce the most risk.