




Assessing Virtual Asset Risk: A Methodology for Institutions

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Special Resources

Institutional Virtual Asset Risk Assessment Guide

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Special Resources

• What we found:

Why this guide

- Opaque
- Crypto native vs. legacy banks

• Target:

- VASPs operating within jurisdictions with immature regulatory frameworks
- FIs that wish to bank VASPs
- FIs that wish to offer crypto assets



Risk factors

- Uneven Regulatory Oversight
- Opacity of the end user
- Capacity to obfuscate the money trail
- The Ability to Convert Between Fiat and Crypto Assets and Vice Versa

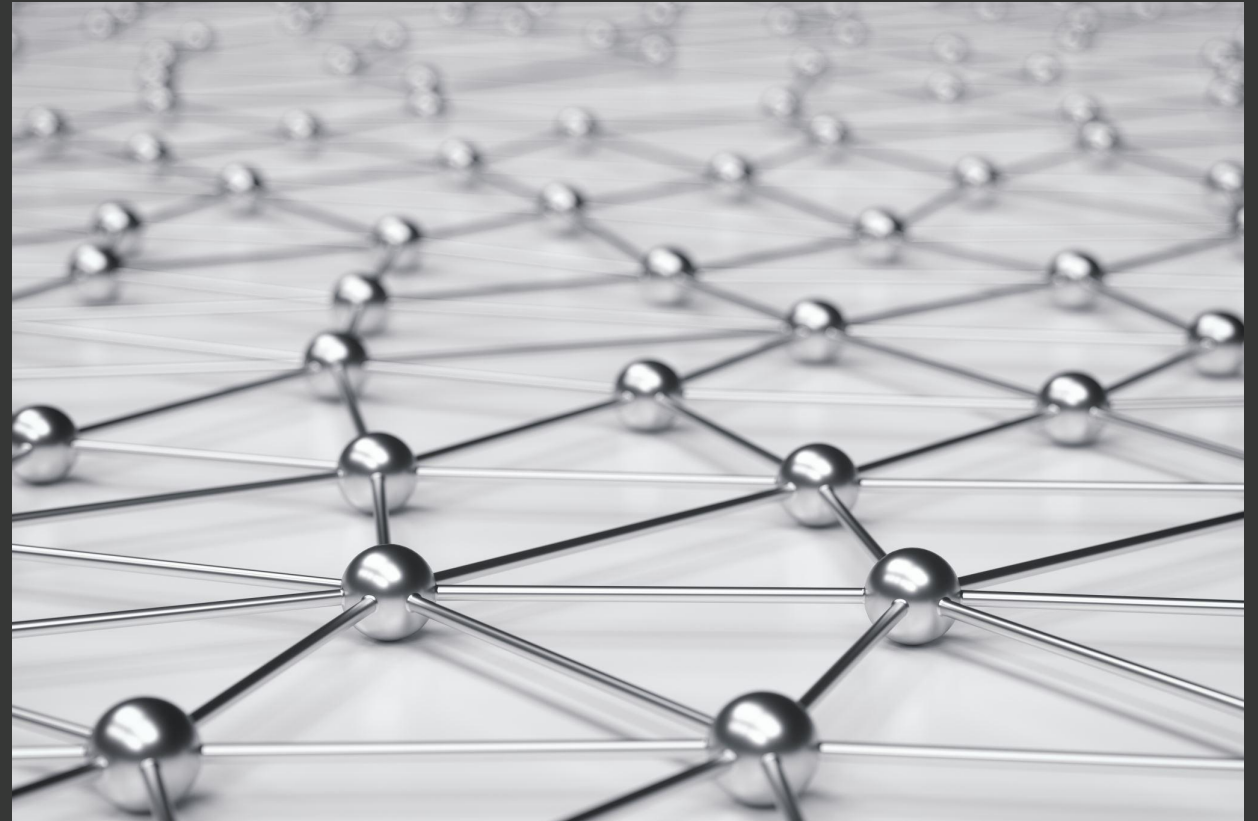


Risk Assessment Methodology

Inherent risks of:

- Customers
- Business/Occupation/Industry of Client
- Geographic Exposure
- Products, Services and Transactions

- **Wallet Risk**
- **Crypto Asset Token Classification**
- **Cybercrime and Fraud**



Risk Assessment Methodology

Risk categories	Risk factor
Wallet risk	Hosted/custodial wallet or self-hosted/non-custodial wallet
	Ability to top up wallet with high-risk payment types (e.g., credit cards, third-party payments)
	Wallet risk score
Crypto asset token classification risk	Reputational risk and regulatory and legal risk
	Anonymising features
Cybercrime and fraud risk	Liquidity
	Technology used for custodial services is robust
	The sources of wealth and funds are not related to hacking and/or ransomware
	Transactions are not related to fraud
	The sources of wealth and funds are not related to fraud

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