A pocket guide to:

Conducting a Financial Crime Compliance Gap Analysis

To find out how FCR Compliance can help you to conduct a FC gap analysis, please contact Steve@FCRcompliance.com

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Why run a FCC Gap Analysis?

In today's financial landscape, the importance of a robust Financial Crime compliance programme cannot be overstated.

A financial crime compliance gap analysis helps identify where your current programme falls short of legal, regulatory, or operational expectations.

Whether preparing for a regulatory review, scaling operations, or launching a new product, a structured review ensures your controls are fit for purpose.

This pocket guide gives you a practical, five-step approach to conducting a clear, risk-based compliance gap analysis.

One: Define the Scope

Start with clarity.

Are you reviewing your whole financial crime framework or a specific area like AML, sanctions, KYC, or transaction monitoring?

Common scoping options:

- End-to-end financial crime framework
- AML/CTF programme only
- High-risk product lines
- Regional compliance e.g. UK, EEA, MENA
- Specific systems or third-party dependencies

One: Define the Scope

Tip: Keep it **targeted**.

Broad scope = longer timelines

Tight scope = actionable outputs

Two: Benchmark against a standard

Once scoped, benchmark your existing framework against recognised expectations.

Use a blend of regulatory, industry, and internal benchmarks.

You might compare against:

- FCA guidance
- JMLSG
- FATF recommendations
- Sector-specific best practices
- Your own internal policies

Two: Benchmark against a standard

Ask: What do we currently do and what **should** we have in place?

Three: Assess key controls and risk areas

Now, test your controls **in practice.**

Review how your programme works across core pillars:

- Governance and ownership
- Risk assessment and business-wide risk appetite
- Customer due diligence and onboarding
- Ongoing monitoring and alerts
- Screening (sanctions, PEPs, adverse media)
- Investigations and reporting (SARs, internal escalations)
- Record-keeping and audit trail
- Vendor management and outsourcing

Three: Assess key controls and risk areas

Tip: Don't just look for absence of policy.

Look for **effectiveness** and **evidence of use**.

Four: Identify and categorize gaps

Once your review is complete, identify any gaps, and prioritise them by severity:

- Critical: missing mandatory controls or major failures
- High: weaknesses that expose the business to real regulatory or operational risk
- Medium: inefficiencies or inconsistencies that should be addressed
- Low: cosmetic or documentation related issues

Four: Identify and categorize gaps

Focus your attention on anything that could lead to **enforcement**, **customer harm**, or **financial loss**.

Five: Build a clear remediation plan

Translate your findings into a remediation roadmap.

Your plan should include:

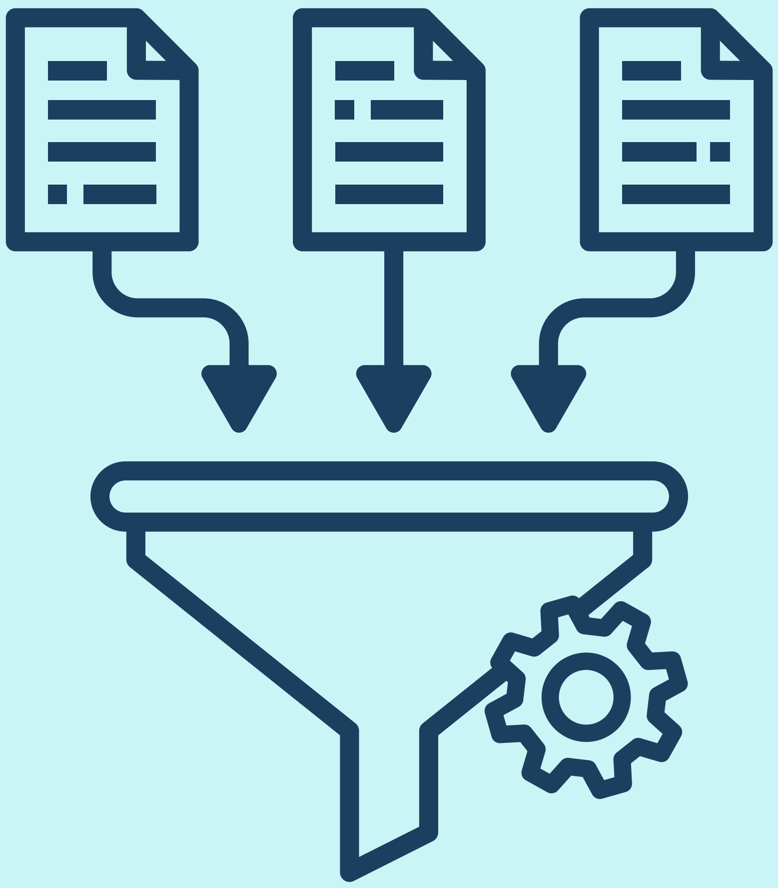
- Actions required
- Who owns each action
- Delivery timelines and deadlines
- Dependencies e.g. technology, legal, resources
- Key risks and escalation points

Five: Build a clear remediation plan

Tip: Avoid long, static reports.

Use a **tracked action log** that is regularly updated and reviewed by senior management.

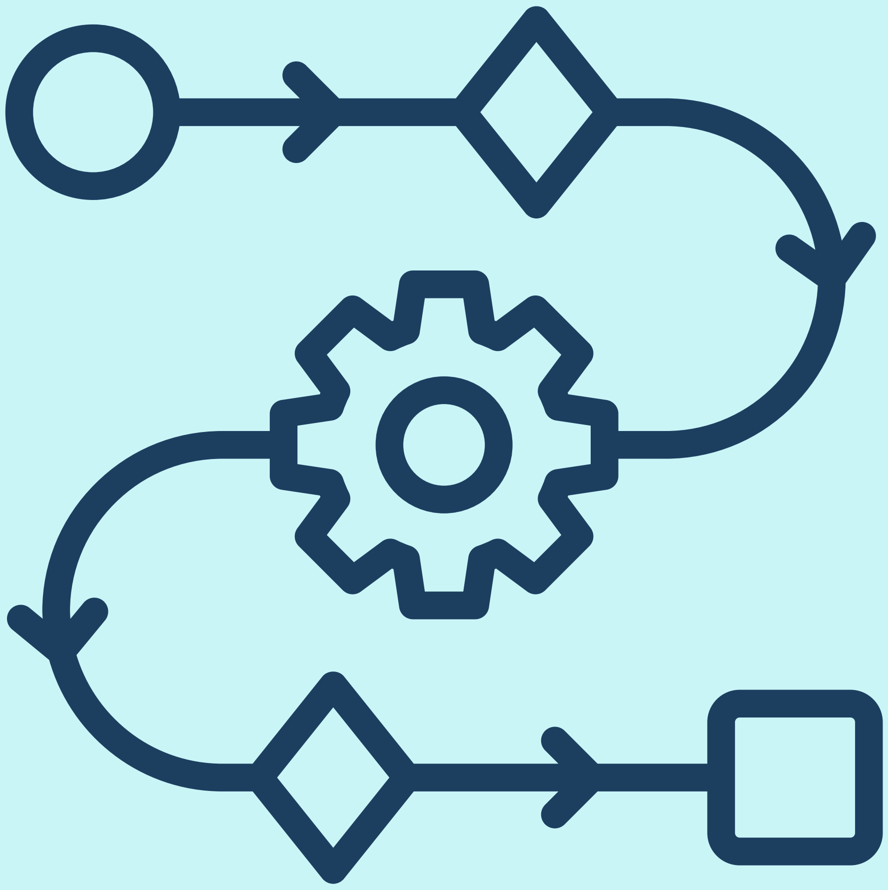
A final thought:



A gap analysis is not just a tick-box exercise.

It’s a strategic opportunity to strengthen your risk posture, support growth, and show regulators you’re in control.

Need support?



If you need support running or reviewing your gap analysis, FCR Compliance delivers targeted, regulator aligned assessments that help firms identify weaknesses, prioritise remediation, and prepare for audits.

Contact our team at:
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or on 07881 944227

Steve Lockwood

Steve is one of FCR Compliance's founders. He has been a financial crime specialist for over 20 years.

Steve started his career in law enforcement investigating organized crime money laundering, he then moved to the UK Financial Conduct Authority (FCA) as an investigator in Enforcement and then as a specialist supervisor in the Financial Crime Supervision team. Here he conducted reviews of regulated firms' financial crime compliance programs.

Since 2017 Steve has been helping clients to assess, develop and remediate their Financial Crime compliance programs.

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