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Risk Based Approach: Reflections on the Elimination of the Unnecessary Burden in AML/CFT/PF Management within the Zimbabwean Casino Sector

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Abstract

To ensure the successful and effective way of handling problems within many spaces, it is not in doubt that the efficacy in resource deployed is pivotal. Its centrality cannot be challenged by progressive minds. To that end, in economic terms, the world over resources are always scarce. This scarcity demands the ranking of priorities into a scale of preference so that the most pressing needs and demands are addressed or attended to first with the limited resources. The phenomenon is known as the opportunity cost. Resultantly, the effort towards the Management of Money Laundering, Financing of Terrorism and Proliferation Financing needs to be approached and tackled from a position of an unadulterated understanding of the context of the individual country. The risk associated with AML/CFT/CPF needs a deliberate approach that follows through all angles and dimensions that might promote the advancement of these triple evils which have the propensity to ravage the serenity within otherwise development oriented spaces. This paper seeks therefore to address the centrality of the Risk Based Approach as a tool to help in the fight against ML/TF/PF within an African context.

Keywords: Risk based approach, Money laundering, financing of terrorism, proliferation-financing risk.

Introduction

In the face of limited resources, the only way that guarantees efficacy in the attainment of envisaged goals is the deliberate commitment to deploying the resources in the most economic and effective way. This thinking according to some scholars is defined as the Rifle approach. The approach aims for a specific target as opposed to a shotgun approach which fires towards a general direction. It is not intentional when compared to the rifle approach.

The Rifle approach as a deliberate or intentional approach is precisely what the Risk-based Approach entails. The approach provides that countries, competent authorities and financial institutions identify, assess and understand the money laundering, terrorist financing and proliferation financing to which risks maybe exposed, hence prepares them to take appropriate interventions in mitigation consistent with the level of the identified risk.

The approach actually activates mechanisms that seek to sufficiently explore the context in which they exist so that the risks are identified sufficiently. It is only when the risks within a context are identified that resources can be mobilized to effectively deal with them. Without sufficient understanding, the resources will be applied anyhow. This in

many cases could not help to advance efficacy and effectiveness. Weinstein (1999) appreciate that the understanding of risk within a given context helps to have clear understanding of the threats, vulnerabilities and consequences. It is in no doubt that the understanding of these facts within the Casino sector undeniably help to deploy resources squarely to achieve the desired or envisaged goals for the casino sector which within many jurisdictions is viewed as a conduit for money laundering.(Jabbar, 2020)

The understanding of the risk-based approach which consists of the identification, assessment and understanding of risks as well as the consequent application of AML/CFT/PF measures commensurate to these risks in order to ensure effective mitigation as the pillar for sanity and responsible behaviour within the casino sector. With this understanding a country will not have issues during a mutual evaluation, which is an exercise undertaken to ascertain the level of compliance with FATF recommendations. The failure to comply or adhere to these Recommendation which as at 2026 are 40, finds a country gliding as shipping into the grey listing. This development would not be good for any country since it comes with grave ramification.

The Assessment Risk is done at national level, sector level

and institutional level. This intentional approach seeks to understand the nature and extent of risk helps to have clear insights into what could happen before it happens. This is exactly what is required to ensure that the identified risks are responded to in a perfect way.

The situations in which countries, institutions operate in is never homogeneous. There are always peculiarities that need to be unmistakably understood so that strategies to mitigate are informed and relevant. If they are not adequately understood any efforts to mitigate will be off tangent as they remain a 'goose chase' or 'pipe dream'.

The understanding of the specific circumstances under which an institution or sector is operating needs to be understood so that every effort will be instituted to eliminate unintended consequences.

The risk based approach being pursued in the Casino sector as indeed for every other sector helps the authorities to identify, assess and understand the risk. In identifying the risk the idea is to ensure that the risk is clearly understood. In assessing the risk the idea is to ensure the content of the risk is ascertained. Its extent is defined, that is high, low and moderate. In understanding the risk, the idea is to ensure that measures to deal with the risk are appropriately conceived and instituted.

Accordingly, the approach fosters a flexibility, which compels authorities to use their limited resources efficiently as they seek to respond to the AML/CFT/PF threats they would have established. The extent of these threats vary by institution, sector and county. This is why there is no one size for all. The uniqueness of each sector needs to be understood, but the organizations are encouraged to have a panoramic view of all potential risks within their space.

Methodology

This paper was guided by the available literature on the subject matter and interviews conducted with some officials from ESAAMLG and attendees at a pre Mutual Evaluation Workshop in Harare in December 2025 and January 2026.

Findings and Discussions

The literature accessed and responses from the interviews conducted revealed that the risk-based approach is so pivotal to the successful management of the ML/TF/PF within jurisdictions. There was consensus in that the approach helps to guarantee the efficient use of the limited resources at the disposal of institutions and countries. The voices pointed to the view that without sufficient understanding of the risks the resources would be misdirected in pursuit of other motives.

In response to a question on the importance of risk assessment, Respondent ML 04 said 'It is only when the role has been assessed well that the mitigation of the risk may be decisive. Without properly making an assessment the efforts towards mitigation may be futile.'

Adding his voice despondent ML 12 said, 'Risk Assessment is the only sure way of ensuring that a country or sector can conceive and thus deploy appropriate policies, which will help deal with the prevailing challenges. Without this deliberate effort, the fight against ML/TF/PF will be futile in my view.'

Responded ML09 who said further buttressed the views advanced by Respondent ML12:

'The purpose or rationale for understanding the Risk based approach is to ensure the elimination of unnecessary burden which could lead to unnecessary costs being incurred. These costs in my view would have been avoided if the Risk based approach is followed through religiously.'

Responded ML 09 went further to add that:

'How well the Risk is understood is the only way that helps a country to formulate relevant AML/CFT/PF policies. These policies would thus help in the promotion of compliance levels.'

During a face-to-face interview an official from ESAAMLG actually indicated that the most important element of the Risk based Approach is the continuous monitoring and review. From his submissions this is largely so since the environment is forever mutating. As the environment changes, reflections also have to be made on the relevance of policies and programmes being instituted by institutes within their various sectors. He went further to explain the centrality of enhanced due diligence practices as espoused by Bonnitcha (2017) whereby high-risk clients within the Casinos sector ought to undergo extensive background checks. The level of their transactions also need to detect any traces of suspicion.

Recommendations

In view of the findings in this paper, it is recommended that:

- Customer risk profiling must be enforced at all times
- Countries and institutions should deliberately embrace the Risk based approach in dealing with ML/TF/PF
- Resources should be deployed as motivated by the risk profile
- Organisations must have a panoramic view of potential risks and visualize risks across multiple areas

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