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EBA AML/CFT Newsletter



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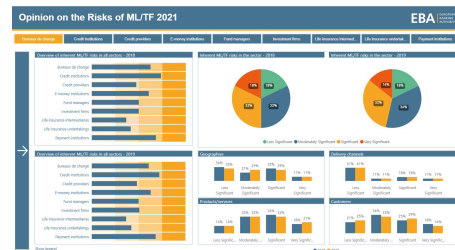
EBA publishes revised ML/TF risk factors Guidelines

In March, following an extensive public consultation, we published our final [Risk Factors Guidelines](#). These Guidelines were first issued in 2017 and have since become central to financial institutions' risk-based approaches to AML/CFT. We updated them to reflect changes in the EU legal framework, to address new ML/TF risks that have emerged since the previous version, and to clarify regulatory expectations where our findings from, for example, the [Opinion on ML/TF risks](#) and our [implementation reviews](#) suggested that this was necessary to achieve more robust and consistent outcomes across the EU.

The revised Guidelines will enter into force this summer, once they have been translated into all official EU languages.

EBA publishes its 2021 Opinion on ML/TF risks

In March, we also published our biennial [Opinion on ML/TF risks](#). This Opinion draws on information from the EU's 57 national AML/CFT supervisors of the financial sector and other work of the EBA. The Opinion provides an insight into the state of the fight against ML/TF in different financial services sub-sectors, as well as an overview of cross-cutting risks such as the Covid-19 pandemic, financial innovation and 'de-risking'. We will use our findings to inform our policy-making this year and next.



We also published an [interactive tool](#) that illustrates all the risks we identified.

Crypto-assets: ESAs remind consumers about risks

In March, the European Supervisory Authorities (ESAs) issued a joint warning reminding consumers that the majority of [crypto-assets](#) remain unregulated. Even though some virtual asset service providers now fall within the scope of national AML/CFT regimes and the legislative proposal for an EU Regulation in Markets for Crypto Assets (MiCA) has now been published, the negotiations between EU legislators are ongoing and the Regulation does not yet apply. This is why consumers buying or holding crypto assets do not yet benefit from the guarantees and safeguards associated with regulated financial services.

EBA provides introductory AML/CFT training to more than 550 EU supervisors

In February, we organised a virtual one-day introductory AML/CFT training course for staff of national supervisory authorities. More than 550 participants from AML/CFT competent authorities, prudential supervisors, Financial Intelligence Units (FIUs) and EU agencies joined to learn about global and European AML/CFT standards, the role of supervisors, FIUs and law enforcement, and the importance of a joined-up approach to fighting financial crime.



We would like to thank our expert speakers from the Financial Action Task Force (FATF), the European Commission, the European Central Bank, the Egmont Group, Europol, the Autorité de Contrôle Prudentiel et de Résolution, the Financial Intelligence and Analysis Unit, the Autoriteit Financiële Markten and the EBA for sharing their insights.

Staff from competent authorities can access recordings from the day on the [EBA's Learning Hub](#).

EBA conducts a peer review of competent authorities' approaches to assessing applications for qualifying holdings

We are currently carrying out a Peer Review under Article 30 of our Founding Regulation of the ESAs' [Joint Guidelines on the prudential assessment of the acquisitions and increases of qualifying holdings in the financial sector](#). We are assessing how competent authorities comply with specific aspects of the joint guidelines, and the extent to which their current practices are effective. Our review includes the fifth assessment criterion, which relates to ML/TF risks that may arise from the proposed acquisition of the qualifying holdings. We are paying particular attention to the way competent authorities assess the origin and legitimacy of the funds the applicant proposes to use to acquire the holdings.

We will conclude our review in July 2021 and publish our findings later this year.

EBA consults on changes to its risk-based AML/CFT supervision Guidelines



In March, we launched a [public consultation on changes to our Risk-based Supervision Guidelines](#). The Guidelines set out what supervisors should do to ensure institutions' compliance with their AML/CFT obligations. The changes address key obstacles to effective AML/CFT supervision that we identified since the Guidelines were first issued, including for example through our implementation reviews and Breach of Union Law work. Specifically, the revised version contains greater detail on risk assessments, the translation of risk assessments into a supervisory strategy and inspection plan, and the use of different tools to meet supervisory objectives.

The consultation is open until 17 June 2021.

The EBA will hold a virtual public hearing on the draft Guidelines on 22 April 2021 from 14:00 to 16:00 Paris time. [Registration is open on our website](#).

EBA consults on new Guidelines on the authorisation of credit institutions

In March, we launched a public [consultation on a common assessment methodology for granting authorisation as a credit institution under the Capital Requirements Directive](#) (CRD). The draft Guidelines set out how supervisors should consider ML/TF risk when assessing applications for authorisation and emphasise the importance of cooperation between prudential and AML/CFT supervisors, and between supervisors and other public bodies in this context.

The consultation is open until 10 June 2021.

The EBA will hold a virtual public hearing on the draft Guidelines on 22 April 2021 from 10:00 to 12:00 Paris time. [Registration is open on our website](#).

Risks in focus

The EBA takes steps to address unwarranted 'de-risking'

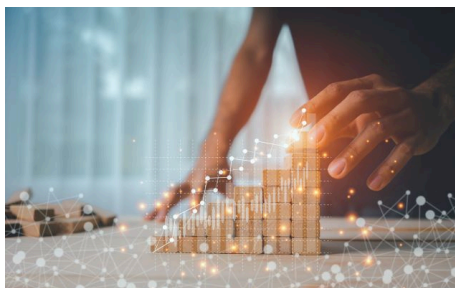


In March, following evidence we gathered in our call for input last year, we published three regulatory instruments in which we address de-risking practices. In these instruments, we clarify that compliance with anti-money and countering terrorist financing (AML/CTF) obligations in EU law does not require financial institutions to refuse, or terminate, business relationships with entire categories of customers that they consider to present a higher ML/TF risk. We also set out steps that financial institutions and competent authorities should take to manage risks associated with individual business relationships in an effective manner.

[More](#)

Coming up

EBA to consult on three new AML/CFT instruments in Q2 2021



We are preparing to launch public consultations on three new AML/CFT instruments in Q2, 2021:

- Draft regulatory technical standards on our new AML/CFT central database, which will specify the type of information this database will contain and how we will use and disseminate this information in line with our legal mandate to lead, coordinate and monitor the EU financial sector's fight against ML/TF;
- Draft Guidelines on the cooperation between prudential supervisors, AML/CFT supervisors and FIUs; and
- Draft Guidelines on the role of AML/CFT compliance officers.

Advising the Commission on digital finance

In September 2020, the European Commission published its Digital Finance Strategy (DFS) accompanied by legislative proposals for markets in crypto-assets (MiCA) and digital operational resilience (DORA). The DFS sets out significant new roles for EBA including in relation to digital identities, RegTech and SupTech and ensuring the ongoing suitability of the EU's regulatory and supervisory framework.

In this context, in February 2021, the Commission issued [a call for advice](#) to the European Supervisory Authorities (ESAs) in relation to technology-enabled structural change in the financial sector, new mixed activity groups and additional mandates for the EBA on non-bank lending and deposit guarantee schemes. It asked the ESAs to pay particular attention to regulatory and supervisory challenges in this field, including in relation to AML/CFT.

The ESAs will report to the EC in accordance with the timelines set out in the call for advice.

You are receiving this newsletter because you have previously expressed an interest in the European Banking Authority's work to lead, coordinate and monitor the EU financial sector's fight against money-laundering and terrorist financing. | We will be publishing this newsletter four times per year. If you do not wish to receive the newsletter, please 'unsubscribe'. You can also find more information on the EBA's AML/CFT page.

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