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EBA AML/CFT Newsletter



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Latest News

New guidelines on the authorisation of credit institutions

In November we published the [final](#) guidelines on a common assessment methodology for granting authorisation of credit institutions. The guidelines introduce guidance on ML/TF risk as part of the risks competent authorities should consider in the assessment of applications for authorisation, and highlight the importance of cooperation with the AML supervisors and other public bodies.



EuReCA! Draft Regulatory Technical Standards on the AML/CFT database

In December, we published our [draft Regulatory Technical Standards \(RTS\) on a central database on AML/CFT in the EU](#), also known as the **European reporting system for material CFT/AML weaknesses** (EuReCA). This database will act as an early warning tool, helping competent authorities to take action before ML/TF risk materialise, and to coordinate their efforts to prevent and counter ML/TF in the Union.

The RTS specify the type of information competent authorities are to report, and how the information in EuReCa is collected, contained, analysed and disseminated. They also set out the rules necessary to ensure confidentiality, protection of personal data and the effectiveness of EuReCa. Once approved by the European Commission, the provisions in this regulation will be directly applicable in all Member States.

Revised guidelines on risk-based AML/CFT supervision

In December, we published our [revised guidelines](#) on the risk-based supervision of credit and financial institutions' compliance with AML/CFT obligations. Building on the EBA's existing 4-step approach to risk-based AML/CFT supervision, the revised guidelines set out the steps supervisors should take to ensure adequate AML/CFT oversight of their sector and support the adoption, by credit and financial institutions, of effective ML/TF risk management policies and procedures. They also provide additional guidance on ML/TF risk assessments, including sectoral ML/TF risk assessment. Finally, they help supervisors choose the most effective tools to meet their supervisory objectives, including in situations when they have identified breaches and weaknesses in institutions' systems and controls framework and emphasise the importance of cooperation between AML/CFT supervisors and other stakeholders, including prudential supervisors, FIUs and tax authorities.

The EBA decided to update and strengthen these guidelines in light of the findings from its ongoing work to review competent authorities' approaches to AML/CFT supervision and to monitor AML/CFT colleges. These findings suggest that some competent authorities found the implementation of the risk-based approach to AML/CFT supervision challenging.

EBA publishes AML/CFT cooperation guidelines

In December, we published our new [guidelines on cooperation and information exchange](#) between prudential and AML/CFT supervisors and FIUs. The guidelines set out how and in what situations information exchange is warranted, starting at the authorisation phase through the ongoing supervision and, where relevant the imposition of supervisory measures and sanctions including the withdrawal of authorisation.



The guidelines will apply from 1 June 2022.

EBA annual risk assessment

In December, we published our annual [risk assessment](#) (RAR) of the European banking system.

The report focuses on risks across the whole banking sector, including risks related to the current COVID-19 pandemic. From an AML/CFT perspective, we found that some banks may be underestimating the level of ML/TF risk to which they are exposed. We also found that the pandemic increased reliance on remote onboarding solutions and gave rise to new financial crime risks, which some banks may not have been equipped to manage. Finally, a reduction in some banks' revenues as a result of the pandemic may have led them to take on greater ML/TF risks.



AML/CFT colleges factsheets

In December, we published two factsheets on AML/CFT colleges.

One [factsheet](#) explains the overall AML/CFT colleges framework, which is set out in the [ESA's guidelines](#). The other [factsheet](#) explains how we monitor AML/CFT colleges, and how we select AML/CFT colleges that we will then monitor closely, i.e. those institutions that pose the highest ML/TF risks. When identifying the colleges to closely monitor, we also take into account the need to ensure a broad geographical spread, coverage by sector and the strategic importance of specific institutions in some regions and Member States.

In addition to active monitoring, from January 2022, we will also carry out *thematic monitoring* of colleges in certain sectors, and *general monitoring* of all colleges.

Update on EBA consultation on new guidelines on the role of AML/CFT compliance officers

The public consultation on the new [draft guidelines](#) on the role, tasks and responsibilities of AML/CFT compliance officers was launched in early August and ended on 2 November 2021. We received 36 submissions mainly from banking, insurance or other finance associations across Member States, which are currently under our review.



The publication of the final guidelines is scheduled for summer 2022.

EBA updates SREP guidelines with explicit AML/CFT references

We are currently finalising our revised guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP).

The revised guidelines will reflect changes to the EU's legal framework. They will also set out how prudential supervisors should take ML/TF risks into account in SREP, in line with the [EBA's Opinion on ML/TF risks in SREP](#).

The final revised SREP guidelines are aimed to be published by end of March 2022.

Ongoing consultations

EBA consults on draft guidelines on the use of remote customer onboarding solutions



We launched a consultation on [draft guidelines on the use of remote customer onboarding solutions](#). These guidelines set out a common understanding of the steps financial sector operators should take to ensure safe and effective remote customer onboarding practices in line with applicable AML/CFT legislation and the EU's data protection framework while observing the principle of technological neutrality.

The consultation is open until 10 March 2022.

The EBA will hold a virtual public hearing on the draft guidelines on 24 February 2022 from 11:00 to 12:30 Paris time. Registration is [open on our website](#).

Coming up

De-risking Opinion and Report

We will publish an Opinion on the scale and impact of de-risking in the EU in early 2022.

In 2020-21 we conducted a series of information gathering exercises, reaching out to all relevant competent authorities across the EU, as well as to [external stakeholders](#) to assess the scale and impact of de-risking across the EU and to better understand why institutions decide to de-risk particular categories of customers instead of managing the risks associated therewith. We consolidated the findings and identified a number of steps for competent authorities and the European Commission and co-legislators to tackle unwarranted de-risking going forward.

AML/CFT database will soon be operational

The European Reporting system for material AML/CFT weaknesses (EuReCA) will be central to coordinating efforts to prevent and counter money laundering and terrorist financing (ML/TF) in the Union.

EuReCA will start collecting data in Q1 2022.

AML/CFT Colleges report



In Q1, 2022, we plan to publish our second report on the functioning of AML/CFT Colleges, where we will summarise our observations of good and poor practices from AML/CFT colleges, which we have attended in 2021. In the report, we will also identify themes and priority areas for 2022 that should be considered and discussed in all colleges.

Findings from the EBA's review of competent authorities' approaches to AML/CFT supervision

We will soon be publishing our findings of this year's implementation reviews. Implementation reviews are staff-led assessments of competent authorities' approaches to AML/CFT supervision. Our first report is [available on our website](#).

Call for advice on digital finance



In February 2021, the European Commission requested the ESAs to provide technical advice on digital finance and related issues. The Commission specifically asked the ESAs to review the regulation and supervision of (a) more fragmented or non-integrated value chains, (b) platforms and bundling of services, and (c) risks of groups combining different activities, including in relation to AML/CFT.

The final report will be published Q1, 2022.

Report on non-bank lending

In February 2021, as part of a broader call for advice on digital finance, the European Commission requested the EBA to provide technical advice on non-bank lending.

We will provide our view on the need to adjust the EU regulatory perimeter, including in relation to AML/CFT. The final report will be published in Q1 2022.

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