



JOINT COMMITTEE OF THE EUROPEAN
SUPERVISORY AUTHORITIES

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PRESS RELEASE

ESAs provide guidance on anti-money laundering and counter-terrorist financing supervision

The Joint Committee of the three European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) published today its final Guidelines on the characteristics of a risk-based approach to anti-money laundering and terrorist financing supervision and the steps to be taken when conducting supervision on a risk-sensitive basis. These guidelines form part of the Joint Committee's work to establish consistent, effective and risk-based supervisory practices across the European Union and contribute to a more robust European anti-money laundering and countering the financing of terrorism (AML/CFT) regime. They are consistent with international AML/CFT standards.

The risk-based supervision Guidelines are addressed to National Competent Authorities responsible for supervising credit and financial institutions' compliance with applicable AML/CFT obligations. They define the characteristics of a risk-based approach to AML/CFT supervision and set out what Competent Authorities should do to ensure that their allocation of supervisory resources is proportionate to the level of money laundering and terrorist financing (ML/TF) risk associated with credit and financial institutions in their sector.

Specifically, these Guidelines require Competent Authorities to identify and assess the ML/TF risk to which their sector is exposed, and adjust the focus, intensity and frequency of supervisory actions in line with the risk-based approach. As part of an effective risk-based approach to AML/CFT supervision, Competent Authorities should have suitably qualified staff to carry out risk-based AML/CFT supervision in an informed and consistent manner. Finally, the Guidelines make it clear that the size or systemic importance of a credit or financial institution may not, by itself, be indicative of the extent to which it is exposed to ML/TF risk and that small firms that are not systemically important can nevertheless pose a high ML/TF risk.

Note to the editors

1. The Joint Committee is a forum for cooperation that was established on 1st January 2011, with the goal of strengthening cooperation between the European Banking Authority (EBA), European Securities and Markets Authority (ESMA) and European Insurance and Occupational Pensions Authority (EIOPA), collectively known as the three European Supervisory Authorities (ESAs).

2. Through the Joint Committee, the three ESAs cooperate regularly and closely and ensure consistency in their practices. In particular, the Joint Committee works in the areas of supervision of financial conglomerates, accounting and auditing, micro-prudential analyses of cross-sectoral developments, risks and vulnerabilities for financial stability, retail investment products and measures combating money laundering. In addition to being a forum for cooperation, the Joint Committee also plays an important role in the exchange of information with the European Systemic Risk Board (ESRB).
3. These guidelines are based on a mandate in Article 48(10) of Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.
4. Directive (EU) 2015/849 puts the risk-based approach at the centre of the EU's AML/CFT regime. It recognises that the risk of money laundering and terrorist financing may vary and that Member States, competent authorities and credit and financial institutions should identify and assess risks in order to decide how to best manage it.

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