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## EBA AML/CFT Newsletter

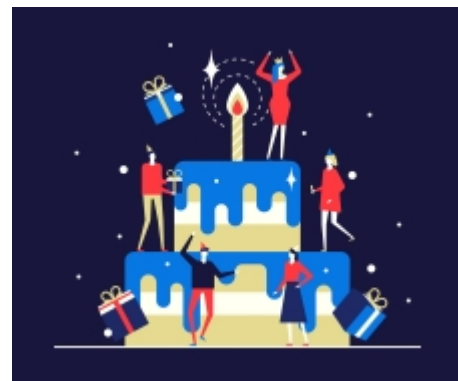


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### Latest News

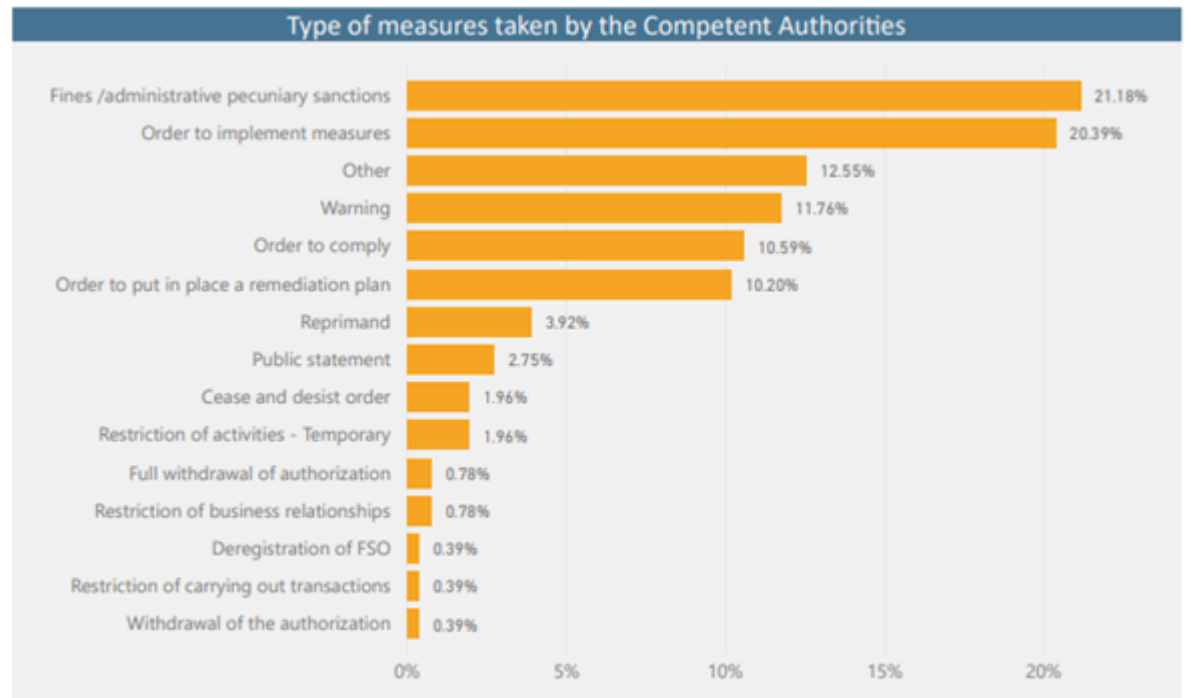
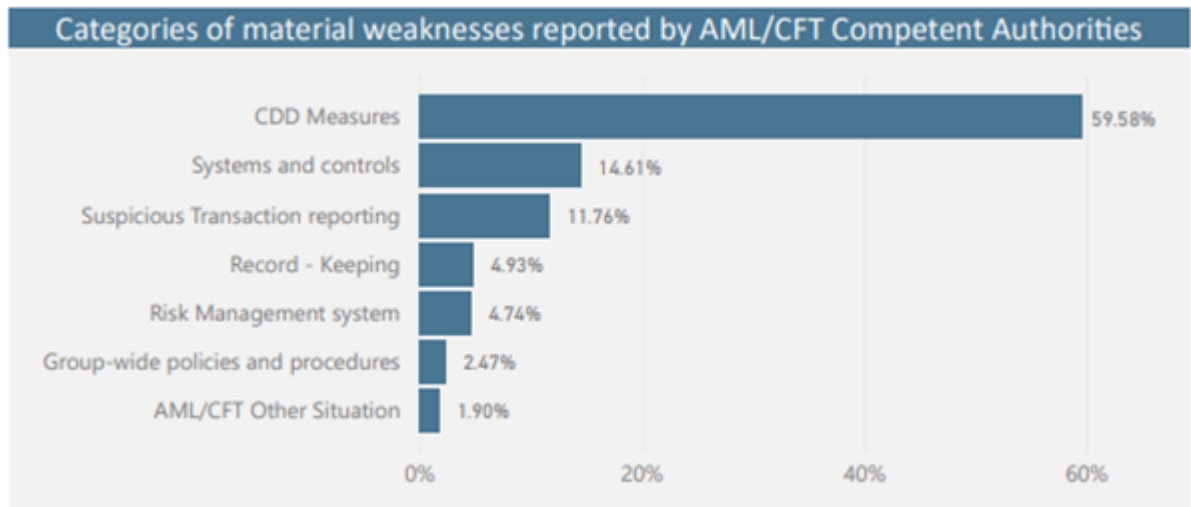
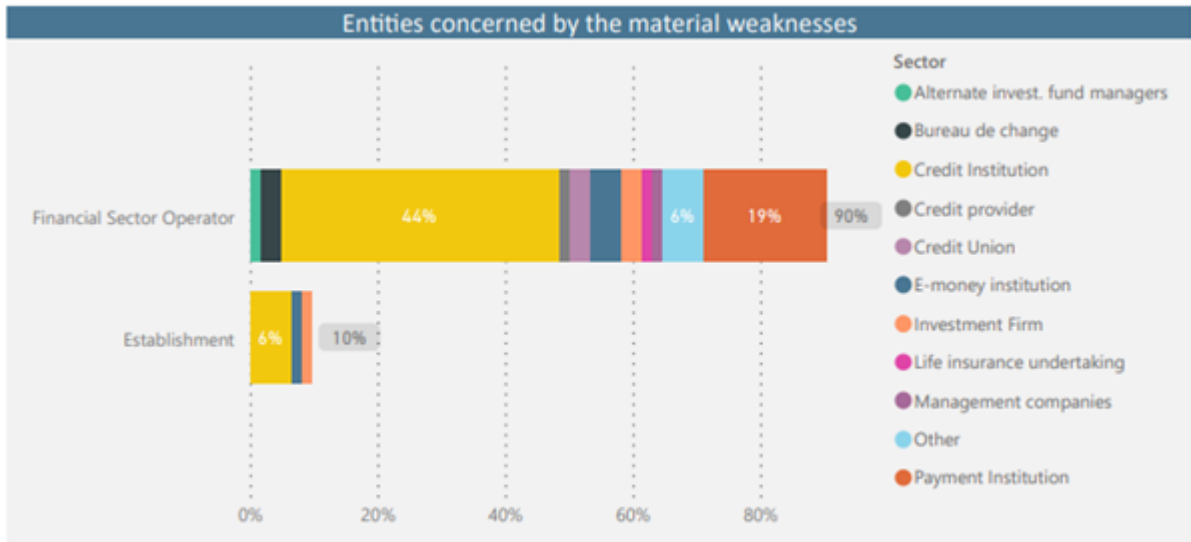
#### **EuReCA approaching 1-year anniversary!**

In January the [EBA launched EuReCA](#), the European Reporting system for AML/CFT material weaknesses. EuReCA is the only EU central database that brings together in one space information on serious deficiencies in individual financial institutions' systems and controls that expose these institutions to money laundering and terrorist financing (ML/TF) risk. EuReCA also contains information on the measures competent authorities imposed on financial institutions to correct those deficiencies.



Competent authorities that are legally required to report to EuReCA include not only AML/CFT authorities but also prudential authorities, resolution authorities, deposit guarantee schemes, conduct of business authorities and payments institutions authorities. In return, these authorities can obtain data from EuReCA by submitting 'reasoned requests' to inform their supervisory activities. The EBA also shares information from EuReCA with competent authorities, as necessary.

By 1 December 2022, EuReCA had received 303 submissions from competent authorities. The serious deficiencies, or 'material weaknesses', reported by competent authorities are mainly about credit and payment institutions, but reports were submitted in respect of financial institutions in all sectors.



## The EBA receives new mandates under the revised Regulation on information accompanying transfers of funds (TFR)

On 29 June 2022 the co-legislators reached a provisional agreement on the revised TFR. According to this agreement, the EBA will be assigned 10 legislative mandates on different aspects of the TFR. The new mandates include:

- guidance on the steps crypto assets service providers (CASPs) need to take to comply with the TFR,
- the AML/CFT supervision of CASPs,
- the systems and controls payment service providers and CASPs have to put in place to comply with restrictive measures (financial sanctions) regimes.

The EBA has started to work on these mandates. It also issued a [call for input](#) to identify practical issues that the industry experienced when complying with the [2017 Joint Guidelines to prevent the abuse of fund transfers for ML/Tf purposes](#). The call for input closed on 15 November 2022.

## The EBA sets up two Technical Expert Groups to inform the EBA's work on new TFR mandates

In October, the EBA issued a public [call for interest for two expert groups](#) (TEG) to advise on its work under the revised TFR.

Both groups have now been set up. One group brings together experts on crypto assets service providers and anti-money laundering and countering the financing of terrorism (TEG-CASPs/AML), and the other one brings together experts on restrictive measures regimes (TEG-RMRs). TEG members participate in their personal capacity and provide independent expertise. They do not represent national interests or the interests of their organisation or employer. For transparency purposes, the EBA published the name of [members of each TEG](#) on its website.



## The EBA published final Remote Customer Onboarding Guidelines

In November, the EBA published the final [Guidelines on remote customer onboarding](#). The Guidelines establish common EU standards on the development and implementation of sound, risk-sensitive initial customer due diligence policies and processes in the remote customer onboarding context. They set out the steps credit and financial institutions 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.

The Guidelines apply to all credit and financial institutions that are within the scope of the Anti-money Laundering Directive (AMLD).

## AML/CFT in the EU Supervisory Digital Finance Academy

In October, the European Commission together with the European Supervisory Authorities (ESAs) and the Florence School of Banking and Finance (Robert Schuman Centre, EUI) launched the [EU Supervisory Digital Finance Academy \(EU-SDFA\)](#).

The EU-SDFA provides participants with the knowledge necessary to carry out effective supervision of the application of digital technologies in finance by credit and financial institutions and supervisors' use of technology. It also includes an AML/CFT module, which is provided by the EBA.



## Financial crime risk remains a priority for prudential supervisors

In October, the EBA published the [European Supervisory Examination Programme \(ESEP\)](#) for 2023. The ESEP sets priorities for prudential supervisors across the EU. One of ESEP's four priorities relates to financial crime. Accordingly, supervisors are expected to consider ML/TF risks from a prudential perspective and to verify that institutions' internal control and governance frameworks are sufficient to enable them to comply with financial sanctions.

## The EBA trains AML/CFT supervisors

In December, the EBA hosted a 3-day training event on effective, risk-based AML/CFT supervision to follow up on its findings from its [ongoing programme of intrusive reviews of competent authorities' approaches to AML/CFT supervision](#). The training was provided by EBA staff with input from 16 competent authorities across the EU who shared best practices and discussed real life cases through presentations, Q&As and panel discussions. Approx. 300 supervisors from AML/CFT, prudential and resolution authorities participated in the training. Competent authorities can access the training materials on the [EBA's learning hub](#).



## **The EBA consults on Guidelines to tackle de-risking**

In December, following up on its [Opinion on de-risking](#), the EBA launched a [public consultation on new Guidelines to tackle de-risking](#). The consultation covers two set of Guidelines.

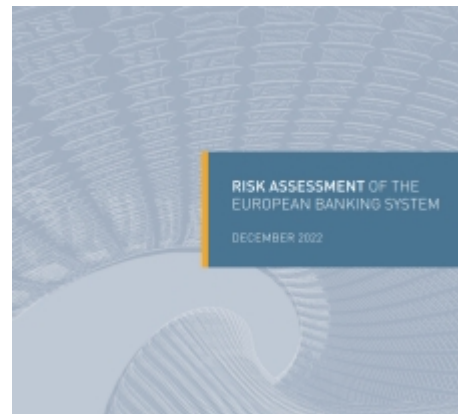
The first set consists of a new section to the [EBA's ML/TF risk factors Guidelines](#) dedicated to not-for-profit organisations and set out what financial institutions should do to identify and tackle ML/TF risk associated with these customers.

The second set are new Guidelines, which clarify the interaction between access to financial services and institutions' AML/CFT obligations, particularly in situations where customers, including the most vulnerable such as refugees and homeless people, have legitimate reasons to be unable to provide traditional forms of identity documentation.

The consultation is open until 6 February 2023 and a public hearing will be held 10 January 2023.

## **The EBA publishes 2022 Risk Assessment Report**

In December, the EBA published its [Risk Assessment Report for 2022](#). This report provides an in-depth assessment of the state of health of the EU banking sector. In relation to financial crime, the report highlights that banks are attributing less importance to ML/TF risks, following a shift in focus towards risks related to the implementation of restrictive measures following the Russian war of aggression against Ukraine and risks relating to the circumvention of sanctions.



Coming up

## **The EBA reviews implementation of authorisation guidelines for payment services providers**

The EBA is carrying out a peer review on the authorisation of payment institutions (Pis) and electronic money institutions (EMIs) under the Payment Services Directive.

The peer review assesses supervisory practices across the EU in the authorisation of Pis and EMIs including the implementation of the [EBA Guidelines on the information to be provided for the authorisation of Pis and EMIs and for the registration of account information service providers under PSD2](#). It will also identify shortcomings, good practices and provide targeted recommendations to competent authorities with the overall aim to further strengthen consistency and convergence of the assessment of applications for authorisations of Pis and EMIs across Europe.

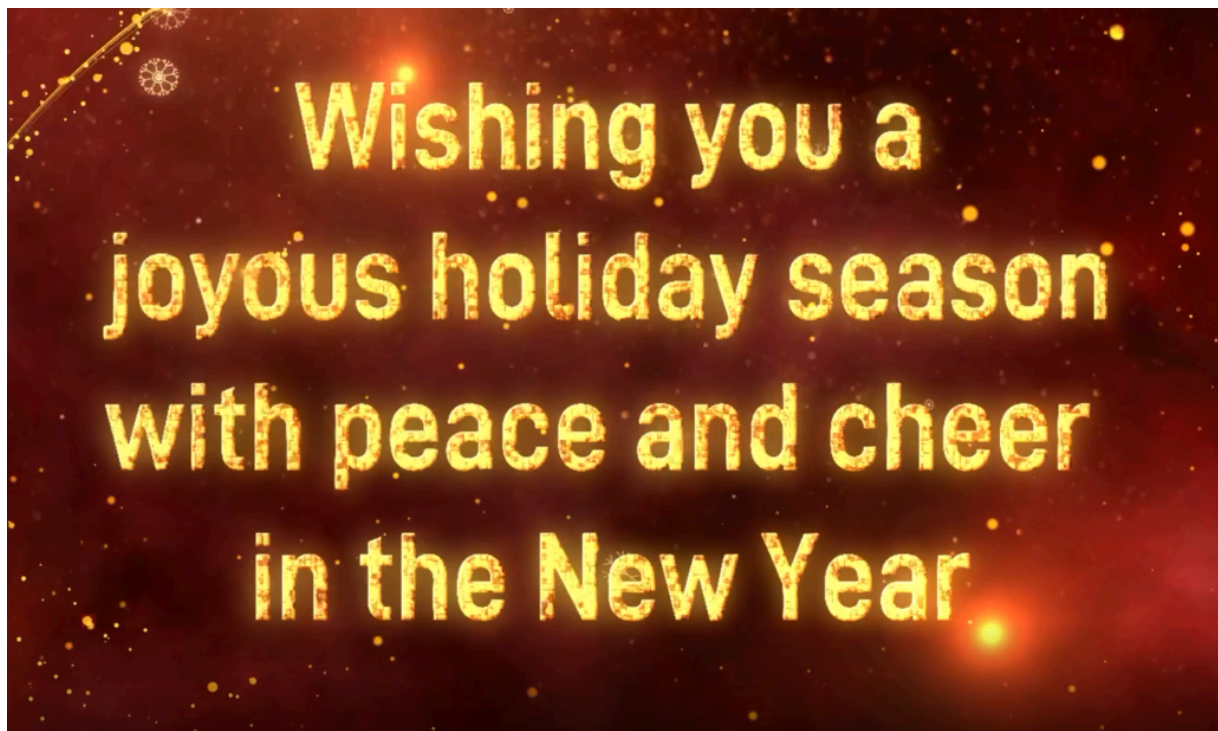
The report will be published in early 2023.

All the best for 2022

**We'd like to thank you for your interest in our work and wish you and your dear ones a joyous end of the year and a great beginning of 2023.**

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