



Public hearing on the revised Risk-based AML/CFT Supervision Guidelines

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OUTLINE OF THE MEETING

Opening remarks by Dr Dirk Haubrich

Head of Conduct, Payments and Consumers

Key principles of the risk-based supervision

Changes to the Risk-based Supervision
Guidelines

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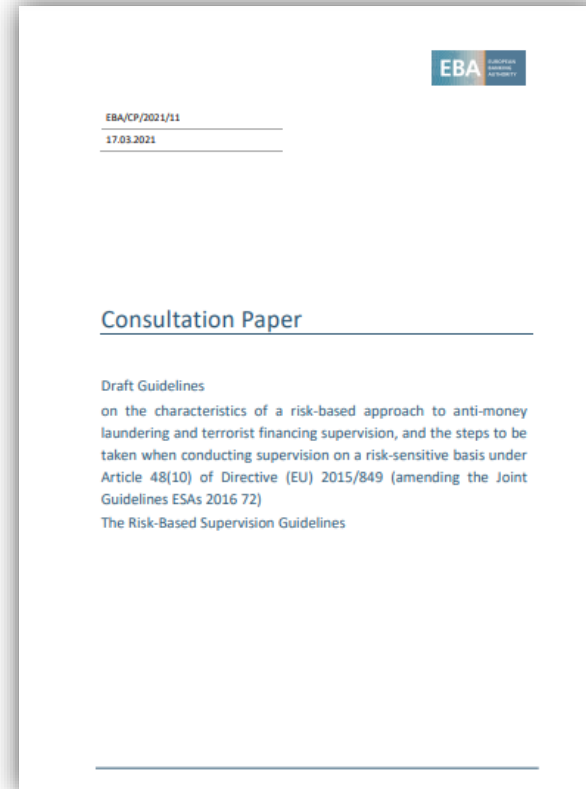
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THE RISK BASED SUPERVISION GUIDELINES

- ❑ The guidelines were originally published by the ESA's in Nov 2016 and came into force in April 2018.
- ❑ The guidelines aim to:
 - create a common understanding of the risk-based approach to AML/CTF supervision; and
 - establish consistent and effective supervisory practices across the EU, which are consistent with international standards
- ❑ Competent authorities should use these Guidelines to inform their approach to AML/CFT supervision, particularly when allocating their resources to ensure that the AML/CFT supervision is carried out effectively.



RISK-BASED SUPERVISION: 4-STEP CYCLICAL PROCESS



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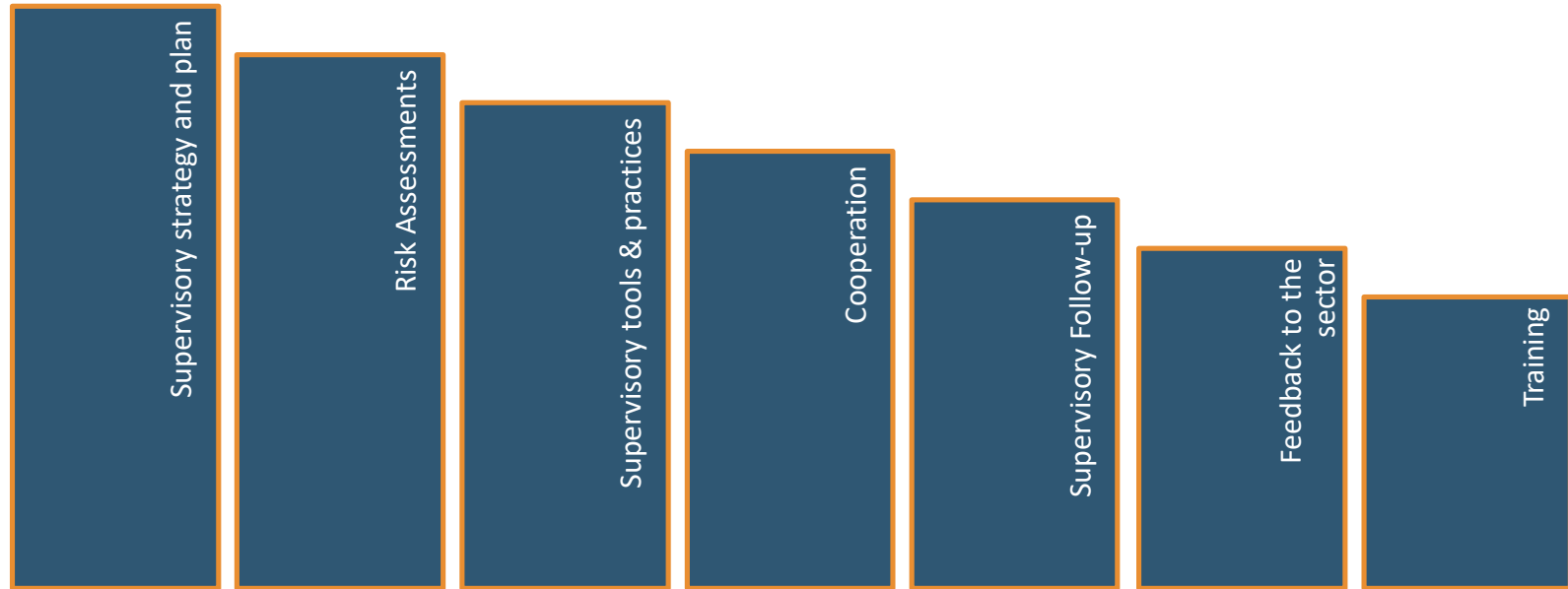
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KEY CHANGES



EBA's view on changes was informed by the EBA's implementation reviews, EC's post-mortem review, EBA's cum-ex report, European Council's Action Plan and FATF/ Moneyval mutual evaluation reports

GENERAL PRINCIPLES FOLLOWED WHEN INTRODUCING CHANGES TO THE GUIDELINES

- Any amendments are consistent with the **current legal framework** and consider the national differences in the application of the AML/CFT laws
- The guidelines retain the **4-step supervisory process** introduced in the original guidelines and the notion that certain institutions may be grouped in **clusters** for supervisory purposes
- Recognise **synergies** with other EBA/ESAS guidelines and include cross references to those where necessary
- Take into account **international guidance** like the FATF and the Basel Committee
- Incorporate changes introduced by the **5AMLD**
- Introduce new **definitions** where there was evidence to suggest that certain common terms were used inconsistently across the EU

KEY CHANGES IN STEP 1 OF THE RISK-BASED SUPERVISION MODEL

Step 1

Identification of risk and mitigating factors

- Understanding ML/TF risks in different sectors/ sub-sectors;
- Determining sectors/ sub-sectors;
- Type and sources of information used to identify risk factors;
- Relationship between risk factors in sectors and risk factors in institutions;
- Identification of mitigating factors – adequacy and effectiveness of AML/CFT systems and controls

KEY CHANGES IN STEP 2 OF THE RISK-BASED SUPERVISION MODEL

Step 2

Risk assessment

- Sectoral/ sub-sectoral risk assessment forms basis for the risk assessment at an institution level and vice versa;
- Assessment of risks in different sectors/ sub-sectors;
- Assessment of risks associated with institutions - process and methodology;
- Risks at a group level;
- Harmonized approach to the risk categorisation - 4 risk categories;
- Weighting of risk factors.

KEY CHANGES IN STEP 3 OF THE RISK-BASED SUPERVISION MODEL

Step 3

Adjust supervision in line with ML/TF risks

- Robust and comprehensive AML/CFT supervisory strategy;
- Link between the strategy and annual supervisory plans;
- Use of supervisory tools to meet supervisory objectives;
- Role of the supervisory manual;
- Involvement of external parties in the supervisory process;
- Communication strategy with the sector;
- Use of supervisory training to enhance supervision.

KEY CHANGES IN STEP 4 OF THE RISK-BASED SUPERVISION MODEL

Step 4

Monitoring and review of the RBS model

- Regular and ad hoc reviews of the risk assessments and supervisory strategy and plans;
- Regular reviews of the risk assessment methodology and the overall risk-based supervision model
- Changes and adjustments to the risk based model

PUBLIC CONSULTATION ON CHANGES TO THE GUIDELINES

The public consultation is open until
17 June 2021
at
<https://www.eba.europa.eu/node/104892>

MORE INFORMATION ON THE EBA'S WORK

Visit the **EBA's website** at:

<https://eba.europa.eu/regulation-and-policy/anti-money-laundering-and-countering-financing-terrorism>

You can also sign up to receiving a quarterly **Newsletter** with the latest information and developments here: <https://europa.eu/!rt48Jc>

EBA AML/CFT Newsletter





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