

## Latest news

### EBA publishes report and action plan on “Cum-Ex/Cum-Cum”

We published the results of our inquiry into dividend arbitrage trading schemes (“Cum-Ex/Cum-Cum”), in which we set out the EBA’s expectations of credit institutions and national authorities under the current regulatory framework. In addition, we published a 10-point action plan for 2020/21 to enhance the future framework covering such schemes. More [here](#).

### EBA welcomes European Commission's AML action plan

We published a statement to welcome the [Commission's action plan](#) to strengthen the fight against financial crime across the EU. We stand ready to advise on the way forward over the future regulatory framework and the proposed establishment of a single EU AML/CFT Supervisor. More [here](#).

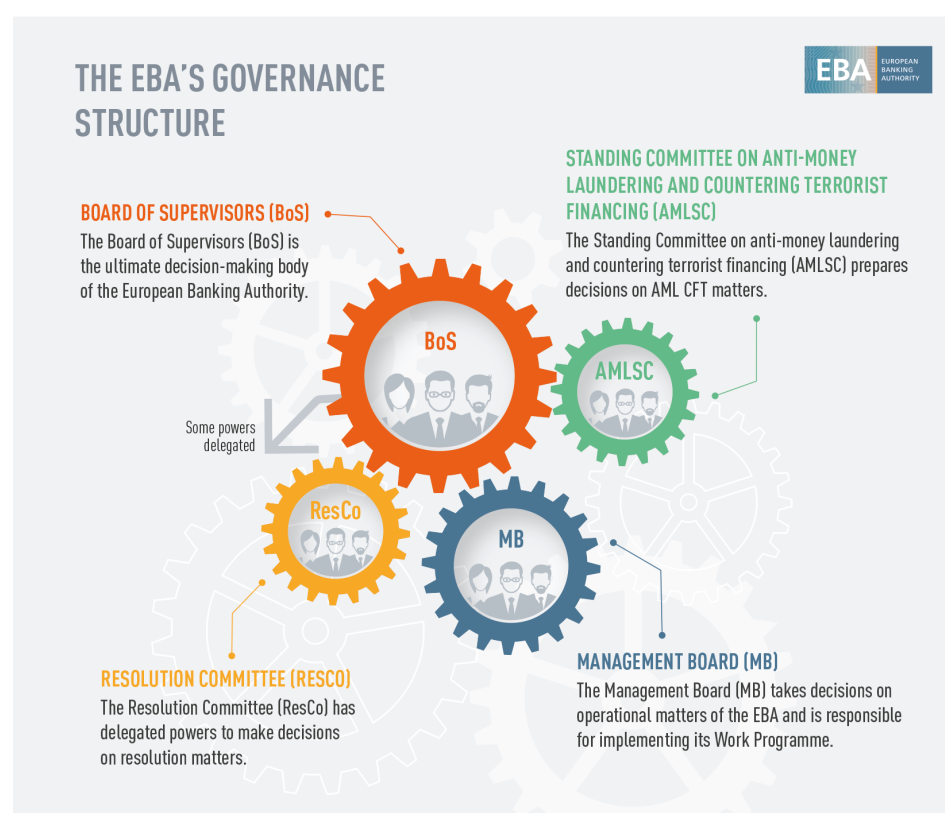
### EBA Statement on actions to mitigate financial crime risks in the COVID-19 pandemic

We are calling on competent authorities that are responsible for the AML/CFT supervision of credit and financial institutions under Directive (EU) 2015/849 to support credit and financial institutions’ ongoing AML/CFT efforts during this pandemic by:

1. Making clear that **financial crime remains unacceptable**, even in times of crisis such as the COVID-19 outbreak;
2. Continuing to **share information on emerging ML/TF risks** and setting clear expectations of the steps credit and financial institutions should take to mitigate those risks;
3. Considering how to **adapt the use of their supervisory tools** temporarily to ensure ongoing compliance by credit and financial institutions with their AML/CFT obligations.

More [here](#).

### New Standing Committee for AML/CFT



**The EBA set up a new Standing Committee on AML/ CFT (AMLSC).** The AMLSC is a permanent internal committee and brings together senior representatives from 58 AML/ CFT competent authorities across all financial services sectors.

The AMLSC’s main objective is to coordinate measures to prevent and counter the use of the financial system for the purposes of money laundering and terrorist financing, and to prepare, in the context of Directive 2015/849/EU (AML Directive) and Regulation 2015/847/EU (Wire Transfer Regulation), all draft decisions to be taken by the EBA’s Board of Supervisors. More [here](#).

## Risks

### Update on ML/TF risks related to COVID-19

In the context of the COVID-19 pandemic and following our [Statement](#) on ML/TF risks, we are drawing competent authorities' attention to additional risks that are now emerging and that are likely to be relevant in all Member States.

#### **ML/TF risks related to the application by financial institutions of adequate CDD checks**

Due to restrictions on movement, many financial institutions are turning to non-face to face checks to meet their Customer Due Diligence (CDD) obligations. Furthermore, many Member States have taken steps to support businesses and particularly SMEs financially, creating an expectation that financial institutions approve applications for government support within very short timelines, which can make the application of adequate and risk-sensitive CDD measures difficult.

The ESAs' [Risk Factors Guidelines](#) set out how financial institutions can adjust their CDD measures on a risk-sensitive basis. In addition, the ESAs' joint [Opinion](#) on innovative solutions sets out the steps that financial institutions and competent authorities can take to ensure the responsible use of innovative solutions for CDD purposes, including in cases where the customer is not physically present and in situations where the ML/TF risk is increased.

#### **ML/TF risks related to financial institutions' actions to mitigate the financial impact of the crisis**

The COVID-19 outbreak and its global spread has created significant immediate risks for the economic outlook. Evidence from past crises suggests that economic pressure can lead some financial institutions to diversify by moving into higher ML/TF risk products, services, geographies and customer bases, without being equipped adequately to manage these risks.

The [ESAs' Risk-Based Supervision Guidelines](#) provide that AML/CFT supervisors should liaise with their prudential counterparts to ensure that they remain informed of any changes that could have a bearing on an institutions' ML/TF risk profile. The EBA's [Opinion](#) on ML/TF risk and prudential supervision has further information on this point.

## Consultations



### Strengthening the fight against ML/TF

#### **The EBA is consulting on changes to the ML/TF Risk Factors Guidelines.**

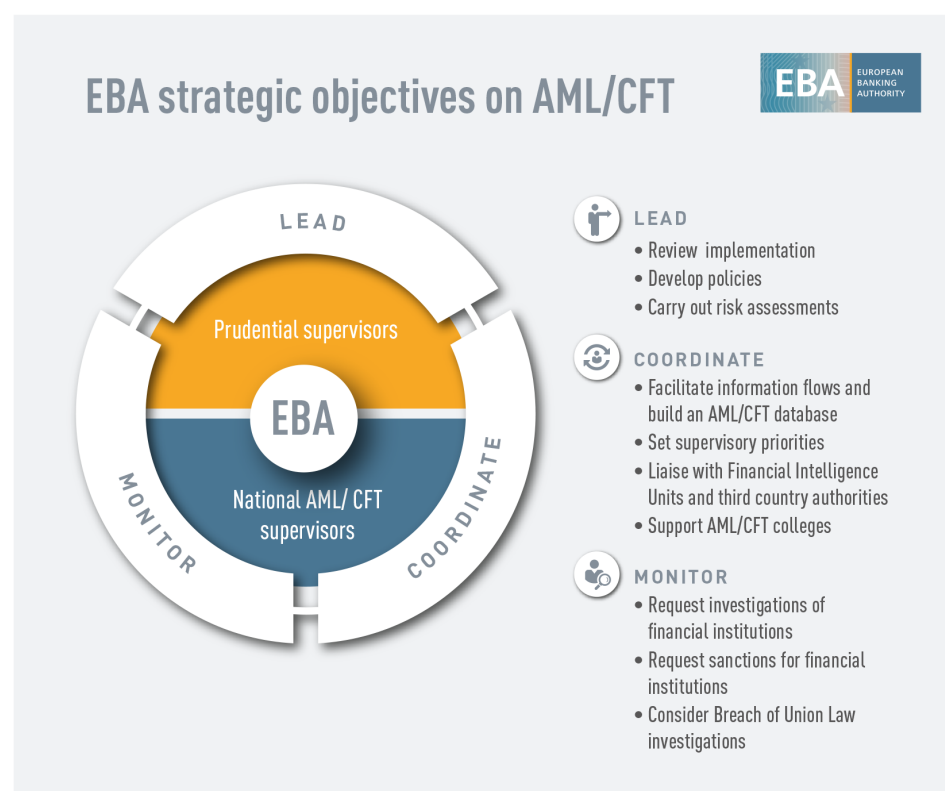
The Risk Factors Guidelines are central to our work to lead, coordinate and monitor the fight against money laundering and terrorist financing. They set out a common understanding of the risk-based approach to AML/CFT, and how this should be applied by financial institutions. Supervisors should use these guidelines to assess whether financial institutions' AML/CFT efforts are adequate and effective.

We have updated our Risk Factors Guidelines to reflect changes to the EU's AML/CFT legal framework. We have also included new information on ML/TF risks, and the measures institutions should take to identify, assess and mitigate those risks. New sectoral

guidelines have been added on crowdfunding platforms, corporate finance, payment initiation services providers and account information service providers and for firms providing activities of currency exchanges offices.

The **public consultation is open until 06 July 2020.**

## Publications



### Leading, coordinating and monitoring the fight against ML/TF

In January, the EBA was given new powers to lead, coordinate and monitor the AML/CFT efforts of all financial services providers and competent authorities in the EU. We also have a new legal duty to contribute to preventing the use of the financial system for ML/TF purposes. We have published a [Factsheet](#) that explains our new role and how we are working to make the EU's financial markets a hostile environment for financial criminals.

### Reviewing AML/CFT supervision efforts

The EBA is carrying out reviews of competent authorities' approaches to the AML/CFT supervision of banks and published the results from our first round of reviews. Our findings show that most competent authorities are working hard to reform their approach to AML/CFT supervision, but that significant challenges remain. These have to be addressed to ensure AML/CFT supervision is risk based, proportionate and effective. More [here](#).

### Setting up AML/CFT colleges

We published our joint Supervisory Cooperation Guidelines (JC 2019 81) in December 2019. These guidelines have now been translated into all official languages. Competent authorities have two years to implement these guidelines.

The cooperation guidelines require competent authorities to set up stand-alone AML/CFT colleges for credit and financial institutions that operate on a cross-border basis in at least three different Member States. We are a permanent member of all AML/CFT colleges and are monitoring their progress. We will publish a report on the functioning of AML/CFT colleges later this year. More [here](#).

## Coming up

### Advising the European Commission on the future AML/CFT legal framework

The Commission has issued a call for advice to the EBA on the future AML/CFT legal framework. We are now working with competent authorities to identify which aspects of the AML Directive should be harmonised or strengthened, and how the future AML/CFT law should interact with other relevant legislation. The Commission has asked us to respond by 10 September 2020.

### Understanding the scale and impact of de-risking in the EU

De-risking leads to financial exclusion and loss of businesses. It can also contribute to the growth of the informal financial sector and thus reduce transparency. This entails significant ML/TF risks and is why in [2017](#) and [2019](#), the Joint Opinions of the European Supervisory Authorities on the risks of ML/TF affecting the EU's financial sector identified de-risking as posing a significant challenge. Feedback from competent authorities suggests that de-risking continues to be of concern today.

We want to hear from the private sector, not-for profit organisations and consumer organisations how de-risking affects them and their stakeholders. This is why we will shortly be launching a Call for Input. The input received will feed into our 2021 Opinion on ML/TF risks and inform our approach going forward. We will publish the Call for Input on our website shortly.

### **Monitoring crypto-asset activities**

We are continuing to monitor [crypto-asset activities](#), including so-called stablecoins, and to promote convergence in competent authorities' regulatory and supervisory responses. We are also continuing to contribute to work by international standard-setters, including the BCBS and FATF. We will host a workshop on crypto-assets and AML/CFT later this year.



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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