



FINANCIAL ACTION TASK FORCE



FATF BUSINESS BULLETIN

This report provides a brief update on recent FATF outcomes of interest to the private sector, including those of the 2019 FATF Private Sector Consultative Forum and the FATF/MONEYVAL Joint Experts' meeting. For additional details, please see the [FATF public website](#).

May 2019



PRIVATE SECTOR CONSULTATIVE FORUM

Vienna, Austria | 6-7 May 2019

- The 2019 Private Sector Consultative Forum was held on 6-7 May 2019 at the United Nations Office on Drugs and Crime Headquarters in Vienna. The meeting was chaired by the President of the FATF, Marshall Billingslea from the United States. Over 300 private sector representatives, including from the financial sector, civil society, and FATF members and observers, participated in this year's Private Sector Consultative Forum. Over the two days of the Forum, participants held constructive discussions on the following issues:

Key Topical Issues

Importance of AML/CFT in the Context of Combating Corruption

- The FATF attaches great importance to the fight against corruption: corruption has the potential to bring catastrophic harm to economic development, and diminish respect for the law and effective governance. The session shared the experience of The Sentry and the U.S. Department of the Treasury in using a range of economic tools and sanctions against corrupt officials with a specific emphasis on the networks that they use to launder the proceeds of corruption. The session also highlighted how the work of non-profit organisations can fight against kleptocracy and complement the work of governments and the private sector in this regard. The session called upon both the public and private sectors to recognise the importance of anti-money laundering and combating the financing of terrorism (AML/CFT) in the context of combating corruption.

Latest Trends/Priorities of AML/CFT in Public and Private Sector

- In light of recent incidents of supervisory failure, major money-laundering schemes, various offshore or financial centre leaks, as well as terrorist attacks in different parts of the world, this session analysed and heard views from the public and private sector participants on the latest trends/priorities of AML/CFT. The session discussed the importance of measuring "effectiveness" in the context of implementation of AML/CFT measures and looked into areas to improve. The session also covered the current landscape of global remittance operations and the underlying risks, trends of public-private partnerships, and the importance of understanding ML/TF risks and how to mitigate risks by public and private sectors in the context of the FATF standards relating to risk.



Financial Innovation

Virtual Assets

- Following the **amendments of the FATF Recommendations in October 2018** to clarify the application of AML/CFT obligations to virtual asset activities and related providers, FATF had a fruitful dialogue with a multi-stakeholder group of virtual assets market players (issuers, exchangers, wallet and other service providers etc.). The discussions focused on the mapping of virtual asset services and business models, on the measures applicable to virtual asset transfers (Recommendation 16), as a follow-up to the **public consultation opened in February 2019**, and on the implementation of specific FATF Recommendations in a virtual asset context, in particular measures on customer due diligence (Recommendation 10), on recordkeeping (Recommendation 11) and on reporting of suspicious transactions (Recommendation 20). This input will help FATF finalise the interpretative Note to Recommendation 15 on new technologies and the Guidance paper in June 2019.

Digital ID

- To support the responsible use of innovative technologies to further AML/CFT objectives, the FATF is developing guidance on the use of digital identity for the purposes of conducting customer due diligence (Recommendation 10). Participants discussed how the requirement to use 'reliable and independent' sources for identification and verification could be interpreted in the context of digital identity provided by governments or by the private sector, including the intersect with technical digital identity standards and how these could be interpreted in the context of a AML/CFT risk management framework. Private sector input highlighted the benefits and risks of digital identity, including the opportunities for greater financial inclusion, more efficient cross-border financial service provision and better detection of ML/TF activity. Pending discussions by FATF in June 2019, there will be further opportunities for private sector input on this issue.

Application of Technologies in the Context of AML/CFT (Machine Learning, Data Mining, Artificial Intelligence)

- The session discussed the use of technology in order to support innovation in financial services while addressing the regulatory and supervisory opportunities posed by emerging technologies. Participants exchanged views on how public authorities and private sector firms could make greater use of technology in AML/CFT, how technology facilitated customer due diligence, sanctions screening and transaction monitoring, and how government authorities harnessed new technologies to increase efficiency and effectiveness in detecting ML/TF. Also see [here](#) for the workshop on the use of advanced technology at the Joint FATF/MONEYVAL Experts' meeting in March. Participants included academics, financial institutions, FinTech firms, and public sector representatives. The workshop explored the latest technology being used to understand ML and TF risk, and its potential implications for AML/CFT regimes in the future.

Opportunities and Challenges in Conducting Due Diligence (Information Sharing, Data Protection and Privacy)

- Information sharing is fundamental to financial institutions' compliance programmes, and can allow financial institutions, supervisory and law authorities to make better use of available resources and exploit new technologies and business models to develop innovative techniques to tackle ML/TF. The session discussed the key factors related to information sharing that are critical to effective risk management, including challenges faced by financial institutions related to information sharing on a global basis and within national context, public-private information sharing programs, and how to balance opportunities and challenges from the perspectives of public authorities and private sector.



Guidance and Best Practices

FATF TF Risk Assessment Guidance: Non-Profit Sector Consultation

- The FATF is conducting ongoing work to develop Guidance for countries on assessing terrorist financing risk. FATF delegations met with representatives from the non-profit sector to discuss the draft Guidance, and to seek feedback on common challenges and good practices in assessing TF risk within non-profit organisations. Participants spoke about the importance of ongoing engagement with the sector, including through the use of multi-stakeholder working groups to facilitate information exchange.

Risk Based Approach on Legal Profession, Accountants and Trust and Corporate Service Providers

- A risk-based approach (RBA) is central to the effective implementation of the 2012 FATF Standards. The session discussed the draft Guidance to assist competent authorities and professionals in the legal, accountancy and trust and company service providers sectors in the application of a RBA to AML/CFT. The key areas of focus were: risk assessment and mitigation, initial and ongoing customer due diligence, monitoring of clients' activity and reporting, private sector practices for the implementation of RBA and communication of the final Guidance. Three separate but generally consistent Guidance documents are being produced and they will replace the 2008 Guidance for these professions.

Best Practices on Beneficial Ownership

- The FATF has started a project to identify the best practices on beneficial ownership, which aims to facilitate jurisdictions to implement effective measures in order to ensure that legal persons are prevented from being misused for ML/TF, and that information on their beneficial ownership is available to competent authorities without undue restrictions. Participants exchanged views on the key features in different systems and shared their opinions on the key factors of an effective system to promote beneficial ownership transparency consistent with the FATF standards, including the benefits of adopting multi-pronged approach, greater use of technologies, importance of verifying information, public and private partnerships, balancing the needs of information sharing and data protection and global interaction on information sharing.



FATF/MONEYVAL Joint Experts' Meeting Terrorist Financing Prosecution Workshop

Tel-Aviv, Israel | March 2019



- This year, FATF and FATF-Style Regional Body MONEYVAL jointly organised the experts' meeting, which was hosted by the Israeli government in Tel Aviv from 25-26 March.
- The 2019 joint experts' meetings brought together over 300 delegates, representing 63 jurisdictions from across the FATF's global network, and representatives from FATF-style regional bodies and international organisations. During this three-day operational forum, participants discussed the preliminary findings of FATF's ongoing work in identifying and understanding new risks to the financial system, including on improving countries' assessment of the terrorist financing risks they face. Participants also discussed the detection, investigation and confiscation of virtual assets in criminal investigations, challenges associated with asset recovery. See [more](#).
- On 27 March, as part of the priorities of the US Presidency of the FATF, a global workshop took place alongside the Joint Experts' Meeting to improve capacity of countries in prosecuting terrorist financing cases. The workshop featured judges and prosecutors from around the world, as well as experts from international organisations, and builds on work completed under the Argentinian Presidency on improving the effectiveness of AML/CFT efforts with judges and prosecutors. See [more](#).



FATF Mutual Evaluations

China's AML/CFT Measures

- The **FATF Evaluation of the People's Republic of China** was published on **17 April 2019**. The report found that China has the foundation for a sound system to tackle money laundering and terrorist financing but should strengthen its financial intelligence unit and use of financial intelligence. See [Executive Summary](#) and [Full Report](#) for more details.



Finland's AML/CFT Measures

- The **FATF Evaluation of Finland** was published on **16 April 2019**. The report found that Finland's measures to combat money laundering and terrorist financing are delivering good results, but the country needs to improve supervision. See [Executive Summary](#) and [Full Report](#) for more details.



Follow-up Reports

Norway's progress in strengthening measures to tackle ML and TF

- Norway has been in an enhanced follow-up process following the adoption of its mutual evaluation in 2014. Norway has reported back to the FATF on the progress it has made to strengthen its AML/CFT framework in March 2018 and March 2019, respectively. **The FATF has now re-rated Norway on 13 of the 40 Recommendations.** See full [follow-up report](#) for details.



Italy's progress in strengthening measures to tackle ML and TF

- Italy has been in a regular follow-up process since the adoption of its 2015 Mutual Evaluation, published in February 2016. Italy has reported back to the FATF on the actions it has taken since then. **The FATF has re-rated Italy on 8 of the 40 Recommendations.** See full [follow-up report](#) for more details.



FSRB Reports



CFATF

Cayman Islands - [Mutual Evaluation Report - 2019](#)



GAFILAT

Peru - [Mutual Evaluation Report - 2019](#)

FATF Ministers give FATF an open-ended Mandate

- FATF Ministers adopted a **new open-ended mandate** for the FATF and its role leading global action to counter money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. Also see **Remarks by FATF President Marshall Billingslea**.

FATF Report to G20 Finance Ministers and Central Bank Governors

- The FATF published its **report** to the April 2019 G20 Finance Ministers and Central Bank Governors' meeting. The report sets out FATF's ongoing work to fight money laundering and terrorist financing.

New UN resolution recognising the role of the FATF

- On 28 March 2019, the Member States of the United Nations Security Council adopted a new resolution, **UNSCR 2462**, recognising the essential role of the FATF in setting global standards to combat money laundering, terrorist financing, and weapons of mass destruction (WMD) proliferation financing. See **more**.



Latest Overview on Assessments Conducted by FATF and FSRB

- Click **here** for the latest overview of the ratings that assessed countries obtained for effectiveness and technical compliance as a result of mutual evaluation and follow-up actions (last updated on 17 April 2019). These should be read in conjunction with the detailed mutual evaluation and follow-up reports, which are available on **FATF public website**.

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