

AML CHALLENGES WITH AMLA AND UKRAINE WAR SANCTIONS



MARCUS PLEYER

Deputy Director General,
International Financial Markets,
Digitization, Anti-Money
Laundering & Counter Terrorist
Financing - Federal Ministry of
Finance, Germany

Private-sector information-sharing as a mean to more targeted AML efforts

Money laundering and terrorism financing (ML/TF) are cross-border phenomena that can only be addressed with cross-border cooperation. Cross-border cooperation, in turn, is only possible if all stakeholders involved in the fight against ML/TF can participate in each other's findings on where money laundering risks lie. More extensive forms of information sharing – e.g. pooling transaction data – could help prevent the exploitation of information gaps and legal loopholes by criminals who may, for example, use multiple financial institutions in the EU, each of which has only a limited and partial view of transactions. To put it bluntly: We need to see the whole picture, not just parts of it. With this in mind,

the Council has already conducted its negotiations on the Regulation to establish the European watchdog AMLA and in this regard provided supervisory authorities with access to a European database held by the AMLA with relevant information on obliged entities and actions already taken by other supervisory authorities. The next step would be to align the substantive law contained in the Anti-Money Laundering Regulation and Anti-Money Laundering Directive with this insight to also allow for better information sharing in the private sector.

The Commission's initial proposal in this regard allows only for the very limited possibility of outsourcing and strictly prohibits disclosure of suspicious transaction reports ("tipping off"), which in turn could pose significant obstacles with regard to information-sharing and the shared use of digital tools. Our aim should be to overcome these obstacles and at the same time not lose sight of the fact that there are other legal interests to take into account, primarily data protection. In this regard, we should take advantage of new technologies to contribute to a more resilient, effective and future-proof framework.

We need to strike the right balance between information-sharing and privacy considerations.

There is a need to provide legal clarity regarding which kind of data processing and data sharing will be possible and which safeguards will be put in place. This would support obliged entities in their efforts towards a more intelligence-led approach to informationsharing. A European approach is indeed needed in this regard, since models and innovative technologies that have been applied or considered in some member states to date raise a number of questions on privacy rights and data protection.

Our further work at EU level should build on the lessons learned from the FATF report with the title "Partnering In The Fight Against Financial Crime: Data Protection, Technology, And Private Sector Information Sharing", which was initiated under my presidency and published in July 2022. The report

contains several case studies from the UK, Singapore, Estonia, the Netherlands, the US and Germany, on how entities and authorities have endeavoured to balance anti-money laundering and counter terrorist financing (AML/CFT) interests and data protection objectives to advance private-sector informationsharing for AML/CFT.

The report identifies a number of challenges, but also gives practical advice regarding the role of the public sector, the application of privacy-enhancing technologies and the benefits of a Data Protection Impact Assessment (DPIA). This FATF report was drafted in close cooperation with data protection authorities, corroborating the fact that data protection and the fight against ML/TF are both important public goods that are not inevitably in conflict with each other.

We should take away two lessons from the report:

1. We need to strike the right balance between information-sharing and privacy considerations for citizens. To this end, we should make effective use of privacy-enhancing technologies, which have already made significant strides in recent years. In this regard, it is essential to exchange best practices and practical experiences about how privacy-enhancing technologies can mitigate concerns or even increase data protection.
2. We can only strike this balance with the joint effort of AML experts from obliged entities as well as from authorities, data protection authorities at the national and European level and tech experts. We need to develop a common understanding of the benefits of the use of innovative technologies in the fight against ML/TF and of the legal framework which would be required to enable financial institutions to work together more effectively.

In the forthcoming negotiations in the Council, we should use the FATF report to stimulate the debate on private-sector information-sharing in line with data protection requirements. We will need to work on information-sharing even more intensively over the coming years, driven by a better understanding of what is possible, what patterns can be detected and what safeguards are necessary and technically possible.



JESPER BERG
 Director General -
 Danish FSA (Finanstilsynet)

AML Supervision under the AMLA – only cooperation will work

If things go as planned the new European AML/CTF authority, AMLA, will begin its supervision in 2026.

A pan-European supervisory authority will not have the proximity to the banks and the markets as have the national competent authorities, and it will have to build its organization from scratch.

The AMLA will have the largest banks in Europe under its supervision. These banks are very large also in an international context. Very few, if any, other AML authority in the world will have such a population under its supervision.

At the same time, it is important to recall that the AMLA will only be a supporting actor in a value chain, where the lead roles are played by the banks and the police. The AMLA's role is to supervise that the banks do their work. It is the banks and the police, who have to catch the criminals. The AMLA will start with the disadvantage that it is further away from, where things take place on the ground.

In order to succeed, the AMLA will have to facilitate cooperation between authorities as regards both supervision and exchange of information and in the

use of new technology and information systems, e.g. joint facilities. The AMLA will not be successful unless it establishes a spirit of cooperation with the other authorities.

There is plenty of possible conflicts. It will be easy to earn political applause by being critical towards national competent authorities. Similarly, both prudential supervisors, including the SSM, and AML/CTF supervisors address governance issues with the potential for different positions. It will be utterly unproductive, if the AMLA goes down this road.

The AMLA will not only have to recruit highly technically skilled people, but also people with cooperative skills. Indeed, it needs to establish a corporate culture, where cooperation is a core value. This will not be easy, not least because the AMLA has been founded as part of a narrative that other authorities have failed.

The AMLA will have to live up to the highest standards in the world – particularly the standards issued by the Financial Action Task Force (FATF) and, of course, the future common rule book in the EU. Some EU policymakers have tried to create a conflict between the EU and FATF. This should be avoided.

The future European AML/CTF authority will have to facilitate cooperation between authorities.

During the build-up, the AMLA shall also draw up a plethora of rules in the form of Regulatory Technical Standards. These shall be updated regularly. However, we need to avoid adding complexity to an already excessive complex single rulebook.

It will not be possible to have the AMLA fully up and running from day one. Or year one, for that matter. Most of the AML authorities in Europe have been working hard on this for several years and the target is moving.

It is of paramount importance that the efforts against money laundering, terrorist financing and thereby other forms of crime is not set back during this transition period nor after the period.

This requires that there is a continuous clear division of tasks between the

AMLA and the national competent authorities. No supervisory task must be left without an owner. I am convinced that the national competent authorities will continue their tasks with the same vigor as now and we will even enhance our efforts as for example can be seen in the new Danish national strategy for AML and CTF.

There shall, of course, be a point in time where the responsibilities are handed over from the national authorities to the AMLA. I believe that in practice the transferal of tasks and responsibilities can only gradually be transferred to the AMLA because the time it will take to build up the new authority and the sheer size of the task. There should therefore be established a clear road map for the process.

The management of the AMLA will have to be very transparent on the roles and responsibilities. The management will also have to reach out to each and every national competent authority in order to precisely establish divisions of responsibilities and the gradual handing over of supervisory responsibilities for the specific banks. There is a risk that the proposed governance structure creates to big a distance from the AMLA to the national authorities.

The national competent authorities know the big banks very well because they have been in charge of AML supervision for many years and many of them also have responsibility for the prudential supervision. The AMLA will not have an all-round and in-depth knowledge of institutions in the same way as the national authorities. Therefore, it is important that the AMLA also in this area reach out to national authorities in order to gain a thorough knowledge of the banks with which the AMLA is to be engaged.

The AMLA has the possibility to add value, in particular if it embraces technology. With technology and public private partnerships, we can lift the banks' work on know your customers and transaction processing. We need to work smarter in order to focus our efforts on the important issues. Electronic IDs, databases on politically exposed persons and registers of beneficial owners offer great possibilities.

The bottom line is that the transition from supervision by the national competent authorities to a European supervision should not hamper the AML/CTF supervision.

If we do not safeguard this, we will risk that the overall supervision will suffer from the establishment of the AMLA.



ANTE ŽIGMAN

President of the Board -
Croatian Financial Services
Supervisory Agency (HANFA)

AMLA as a new reliable and powerful partner in addressing AML/CFT challenges

Recent history and current unfortunate circumstances have shown us that the current EU AML/CFT framework needs a strong and significant boost to enable us to combat money laundering in all its many forms, and to ensure the consistent enforcement of war sanctions. The new EU AML package has tremendous potential to provide us with a more efficient framework of powers and tasks, and can provide us with new opportunities to achieve our common goals, if we use them wisely.

The negotiations on the AML package between the co-legislators are on going, and we all have great expectations from this process. The result should enable the current national supervisory authorities and FIUs to react effectively and to enforce a sound risk-based system that will not allow illegal practices to fall through the cracks, both nationally and EU-wide. The result should also boost direct cooperation between supervisory authorities and FIUs, strengthened by the new dedicated Anti-money laundering

Authority (AMLA). So far, there has been no EU AML/CFT “umbrella” agency that would have the authority, responsibilities and tasks that are now to be provided for AMLA. Now that we have the opportunity to establish such a powerful coordination point, it is important to avoid any beginner mistakes that we can already foresee, by drawing on the experience and practice we already have from other ESAs.

Lessons learned are a good foundation for further development and improvement, and any potential shortcomings that we detect and solve now, will reduce “growing pains” for AMLA, while it takes on its systemically important role. While this role needs to be ambitious and demanding, we also need to ensure that AMLA’s objectives and tasks can be efficiently applied in practice, and that these tasks are accompanied by sufficient resources.

AMLA should become our reliable and powerful partner in our common effort to address AML challenges.

How can we achieve this?

The first prerequisite is making sure that AMLA has highly specialised expertise, operational knowledge, professional experience and quality professional management. This is important to keep in mind while the legislative package is being negotiated, and even more so after AMLA becomes operational. The role of General Board should be carefully addressed in order to enable the necessary participation and influence of national supervisors and FIUs in the decision-making process that will affect the entire AML/CFT area. National supervisory and FIUs are AMLA’s partners that have the expertise and experience that AMLA will need, particularly in its beginning stages.

AMLA should become our reliable and powerful partner in our common effort to address AML challenges.

The second prerequisite is the establishment of a functional central AML/CFT database, which should have all necessary and up-to-date information, enabling both national authorities and AMLA to react more promptly and to exchange targeted data more efficiently. It is important to pay special attention to the functionalities

that we expect and need from this kind of database. What level of interoperability and interconnectivity do we need to establish in order to be more efficient? What is the right level of access, and can we use AI solutions in order to maximise the benefits, without overloading NCAs or AMLA? Digital development and interconnectivity can speed up supervisory tasks and a central AML/CFT database can have a crucial role in this process.

The final and equally important component is designing a digital strategy to combat AML/CFT risks. New technology will place increased demands on supervisors and on AMLA in terms of specialist skills and infrastructure. Simply put, supervisors will need to recruit from the same talent pool as fintechs and BigTech; and will need to avail of the same technological infrastructure. Some of these skills and infrastructure can be replicated in-house. Most of it may be either too specialist, expensive or complex to be replicable, requiring supervisors and AMLA to become “users”, outsourcing components of the process to third parties. The trade-off between “make” or “buy” will be increasingly present in dealing with AML/CFT risks specific to fintech, and the right balance will determine ultimately the supervisory costs and the success of EU in combating these risks and its success as a fintech hub.

A successful ALM framework for the digital age necessarily implies an upgrade of supervisory resources; and likely a significant reliance on outsourcing of supervisory skills and functions.

There are still open questions for careful consideration and discussion. We have the opportunity and the responsibility to strengthen our AML/CFT actions in the best possible way. But we also need to align the desired targets with AMLA’s planned capacities through prioritisation of tasks and a phased approach.



ANA FERNÁNDEZ MANRIQUE

Global Head of Regulation and Internal Control - Banco Bilbao Vizcaya Argentaria (BBVA)

A new European framework to face emerging and evolving AML risks

Over the past three decades, since the EU issued its first AML directive in 1991, the EU institutions have been working on improving its framework to fight money laundering and terrorist financing in line with evolving FATF guidelines. Despite these improvements, the existing framework still suffers from some shortcomings, and further action is required in five main fields. First, the uneven national transposition of the AML directives. Second, the need for better and common supervision at EU level of the more vulnerable sectors. Third, the urgency to improve the coordination of national Financial Intelligence Units (FIUs), in order to enhance investigations and prosecution. Fourth, the application of the rules to the crypto sector. Finally, there are opportunities and challenges of new technologies for AML/CFT, innovative skills, methods and processes.

Completing the AML framework with these pending elements is crucial to protect the integrity of the EU

and international financial systems. Thus, the Commission AML package constitutes a welcomed step forward, particularly the Single Rule Book, intended to address the fragmentation and regulatory asymmetry caused by the different transposition of the directives. Other positive elements are the inclusion of the crypto sector in the scope, the setting up of an EU AML Authority (AMLA) and the fostering of coordination and support between national Financial Intelligence Units (FIUs). However, challenges may arise in the implementation of these measures, and in particular regarding AMLA.

With respect to AMLA, there are several issues to be considered. First, a strong and credible European AML authority should have a broad scope, the new supervisory powers and related competences should be clear and well calibrated and it should also cover the non-financial sector in order to preserve the level-playing field and to make the fight against AML more effective. In general terms, the trend moving from technical compliance to a more risk-based and risk prioritization framework is crucial.

Second, for the success of the framework a fluid exchange of information and coordination between AML supervisors (national & AMLA) would be crucial. The methodology for deciding which entities should be supervised directly at EU level should be clear and predictable, with a streamlined selection process based on harmonized and risk-based criteria. Additionally, the expected gradual increase in the number of entities subject to direct supervision by AMLA should be done following objective criteria as well as an in depth cost/benefit analysis.

A strong and credible European AML authority should have a broad scope.

Third, the future AMLA database should be a central data hub designed to facilitate the sharing of information among all the authorities involved, including prudential supervisors, while minimizing the reporting burden and facilitating the control activities of obligated banks. However, the intrusion into individuals' privacy should be avoided ensuring that full compliance with data protection rules is compatible with an efficient use of data when justified.

Finally, the structure of the Single Supervisory Mechanism could be seen as an example for AMLA. The creation of joint supervisory teams could help create a common European supervisory culture.

In AML, like in many other fields, there is much to gain from making good use of technology. As proposed in the FATF Recommendations on opportunities and challenges of new technologies, innovative skills, methods and processes as well as new ways to use existing technology-based processes can help regulators, supervisors and regulated entities. Elements such as machine learning, data analytics, artificial intelligence or digital identity can facilitate data collection, processing and analysis and help actors identify and manage risks more effectively and faster, even closer to real time.

AML supervision has shown its shortcomings over the past few years, with scandals arising in different Member States due to banks with inadequate AML frameworks. Those cases have shown the benefits of having pan-European structures and have made evident the need to complete and reinforce the AML framework. The new AML package is an opportunity to further harmonise the EU framework and to foster supervisory collaboration, thereby strengthening the prevention of money laundering and terrorist financing risks. It is the responsibility of policy makers, supported by the private sector, to complete a strong EU AML framework, making good use of the lessons learned along the past few years.



TYLER HAND

Chief Compliance Officer -
Western Union

Anti-money laundering: making the new EU framework a reality

The European Commission has published an ambitious package to reform the anti-money laundering (AML) and combating the financing of terrorism (CFT) framework in the EU. The approach recognizes that AML challenges are transnational and trans-sectoral in nature and require a common and integrated response at European level.

Western Union supports the move from a Directive to a Regulation, as well as the consolidation of AML supervision at the EU-level through the Anti-Money Laundering Authority (AMLA). We also welcome proposals that empower the Authority to directly supervise certain selected obliged entities through joint supervisory teams. If applied effectively, this could create real efficiency gains for payment services providers operating in multiple Member States.

At present, the envisaged process for direct supervision under the AMLA presumes that a company is either of high risk or has demonstrated failings in its AML procedures. Western Union believes that the scope of the legislation should be extended and that

it should allow companies to opt into the direct supervision of AMLA at their own accord. This would contribute to more efficient AML supervision at the European level, without the negative reputational connotations otherwise potentially associated with the designation process.

Another improvement is the European Commission's intention to harmonize the templates for reporting suspicious transactions (STRs). AMLA is empowered to draft the Regulatory Technical Standards (RTS) which should open the way for a risk-based approach which would allow payment services providers to apply their own sophisticated risk mitigation techniques such as a unified template on an operational basis both for filing of STRs but also harmonizing the information that industry collects to create controls across the region.

The establishment of AMLA will moreover foster supervisory convergence and best practices within the EU, in particular by improving supervisory information and intelligence sharing.

Western Union believes that AMLA should establish a platform that would act as a one-stop-shop for the exchange of information within the EU on a need-to-know basis between (i) national Financial Intelligence Units (FIUs) and (ii) ALMA.

AML challenges are transnational and trans-sectoral in nature and require a common and integrated response at European level.

A European one-stop-shop platform would furthermore help develop and nurture a feedback culture from FIUs and AMLA to obliged entities on their submitted STRs. This would allow companies to continuously improve their AML processes and the development of even better risk mitigation techniques.

Moreover, Western Union supports the development of public-private partnerships (PPPs). The public and private sector play a critical joint role in combating financial crime. The ability to detect and fight financial crime has significantly improved in recent years. We see potential for further improvements by adopting better and broader data-sharing arrangements, including

with law enforcement agencies, and applying an intelligence-led approach to the reporting mechanism.

Such data sharing arrangements based on an intelligence-led approach should be compatible with high levels of data protection. They should allow the relevant parties to share only that data which is necessary and proportionate for the purposes of fighting illicit activity, while maintaining safeguards and protection for fundamental rights. PPPs should allow payment services providers and the participating public authorities to share actionable information arising from any critical threat assessments both within the EU and at an international level, where appropriate. For this reason, Western Union would welcome more clarity on the application of data privacy rules in relation to AML. AML enforcement works best where public authorities can share information among themselves, but there is also a flow of information between companies and between the public and private sectors.

Finally, we would like to turn to the subject of international cooperation. Financial crime is global in nature. Western Union believes that the Financial Action Task Force (FATF) has been instrumental in fostering global cooperation and a common understanding of AML risks, common standards and the promotion of best practice. We welcome the EU's active participation in the work of the FATF and the consistent alignment of the EU's AML regime with these international standards.



IGOR VIDA

Chief Executive Officer,
Chairman of the Board -
Raiffeisenbank a.s.
(Czech Republic)

Business outlook on AML/CFT by a Czech commercial bank

What are the biggest AML/CFT challenges in the banking sector? Lately, one of the most significant challenges is the increasing number of new and further modified legal requirements from regulators. These are not only imposed by the European Union but are subsequently transposed to national regulators' requirements in each member country. In the last few years, there has been a significant increase in the number of amendments to laws, regulations, decrees, and methodological guidelines related to AML/CFT. Therefore, the need for extensive administrative changes has had a significant impact. In particular, activities related to changing and creating new processes, methodologies and forms. It has also created a demand to allocate more human resources to carry out more and more controls. Moreover, it relates to a need to implement new technical/IT solutions.

A significant challenge is to be able to interpret the impact of the new provisions of laws and decrees on time and in correct manner. Thus, to be able to correctly understand all impacts on processes to other employees and other departments within the same organization. Especially to employees in direct contact with clients, who have to perform and comply with them during standard and hence very often enhanced AML controls.

Unfortunately, it has been common practice recently that the interpretation of some provisions is not clear until the effective date and the regulator itself (especially in the case of multinational regulations) is not sure of the exact interpretation. Banks then must decide themselves on the implementation of the "correct" interpretation and already count on the fact that shortly there may be a change in interpretation, which will subsequently mean a change in the setup of the new process/methodology and IT solution.

Recent experience has shown that effective combating of AML/CFT has and will have increased human resource requirements and extensive financial budget for any obliged institution which wants to be able to not only react to legislative requirements but also to react to current threats on time. Thus, in addition to analysing the legal obligations, each institution must also perform an AML risk analysis of its products and its client mix. Then evaluate what appropriate solution to choose. In this seemingly never-ending battle, it turns out that being an established obligor with many years of experience and a robust system is not always a win. For example, newly established obliged entities do not carry historical practices and, in some cases, obsolete IT solutions. They are therefore able to respond much more quickly to the new challenges that obliged persons face from national and, especially, multinational regulators.

A recent example is the accelerated implementation of sanction measures taken in response to Russia's aggression in Ukraine. Obligated parties, in this case primarily banks and other payment service providers, were forced to implement several sanctions measures almost immediately, some of which required the allocation of significant resources, in terms of human resources and new IT solutions. What happened in practice is that within a very short period after the implementation of an automated solution responding to a given sanction measure, the interpretation of that measure is unclear and is interpreted differently by the local regulator, the European Commission, and even individual obliged entities. This fact led to new and further questions mostly to the local regulator, which has proceeded to change its interpretation of the sanctioning measure. It resulted in the new interpretation putting the obliged entity back to the previous set-up of systems and processes. Therefore, the first incorrect interpretation meant an unnecessary use of funds for system changes, but mainly for human resources and restrictions on clients and their transactions.

In addition, further limiting clients and transactions will always generate complaints to which the obliged party must

respond. In Czech we have a profound saying that I would recommend obligated persons to apply when regulatory changes are quickly approved - "measure twice, cut once".

A few words on AMLA (the new EU AML Authority) from a local bank perspective and what are our expectations. This new authority/body will be created under the 6th AML Directive. Its task will be to coordinate the individual FIUs, manage a central AML/CFT database and have direct supervision of "selected entities" according to defined criteria (e.g., operating in multiple countries, with high inherent risk, etc.). The AMLA will carry out indirect supervision in the financial market area. It will likely mean an increase in administration for individual obliged entities. We hope that AMLA will help to unify the various FIUs and thus achieve a more rapid exchange of information between FIUs and therefore faster detection of money laundering cases.

At the same time, it could help obliged entities to obtain information about foreign clients through the local FIU and thus prevent the possible adoption of risky clients sooner. But on the other hand, we must expect an increased number of queries compared to the current volume of interaction with the local FIU. In conclusion, therefore, from what has been mentioned - we expect AMLA to be an asset for an effective combating with AML/CFT, however, connected with further costs increase.

A key factor for an obliged entity to be successful in the combating against AML/CFT is connecting the experts in this area with the selection of the right IT solution. The reason we mention IT so often is mainly because of the need to use highly automated solutions to enable obliged organizations to keep up with the ever-faster client-facing tools and services. At the same time, money-laundering criminals are reacting to the evolution of society, adapting their methods and therefore tools that are only a few years old no longer meet current trends. Unfortunately, there is no clear end to the AML/CFT fight, the issue will have to be addressed not only by developed countries but ideally with global support. So, it is certainly not advisable to stop innovating and think that we are done after deploying all the measures that are currently known.

It is important to retain experts and to have an IT solution that is flexible enough to be constantly adapted to new requirements. An equally crucial factor is education and training of employees, clients, and the general public. However, let's keep in mind that even the best system can be evaded by human ignorance. We wish us all to find a successful direction in the combating against AML/CFT threats.



SYLVIE MATHERAT

Senior Advisor - Mazars

Improving the effectiveness of the fight against money laundering in Europe

Money laundering and terrorist financing are now major concerns for public authorities and a constant preoccupation for financial institutions which must implement sophisticated means to avoid being used as channels of transmission without their knowledge. The situation in Ukraine and the development of a regime of sanctions against certain Russian companies and personalities has further increased the topicality of these issues.

In order for Europe to fight effectively against these scourges, certain prerequisites are necessary; in this respect, the proposals made by the European Commission last summer are a step in the right direction. Nevertheless, these proposals must be translated into reality in a sufficiently operational manner so that international financial institutions can implement them effectively. What is involved?

1) A harmonized European regime: It is essential that the rules in force in the different European countries be identical for two main reasons. On the one hand, fraudsters must not see

their projects facilitated by loopholes in certain countries that would allow them to slip through the net, and on the other hand, international financial institutions must be able to rely on common rules by major geographical areas to integrate them into their internal control systems. Too much diversity of rules makes these internal control systems more difficult to parameterize and manage and exposes them to risks of error/less efficiency. On this point, the announcement of the European Commission to legislate by regulations that are directly applicable and not by directives subject to the vagaries of national transposition is an excellent initiative.

**More harmonization,
more cooperation for
more efficiency.**

2) A unified control of these rules within Europe: It is essential that these rules be applied in the same way in all European countries, once again to avoid national distortions that would make certain countries (or certain financial institutions) more or less conducive to the spread of these crimes. In this context, the proposal to create a new European authority which will have to set up a unique system of supervision, ensure coordination between national authorities but above all will have a direct power of control over the establishments considered as the most risky, is also good news. The concrete and effective application will undoubtedly take time, but the example of prudential control with the single supervisor (ECB) is encouraging. However, one should not underestimate the costs and energy required to create an efficient authority. On this point, the problem of how to finance this authority is fundamental: a new, under-dimensioned institution would be both inefficient and would carry serious risks, both reputational and financial, for Europe. The current proposal seems to be perfectible in order to achieve the desired objectives.

3) Facilitated cooperation and exchange of information : In the fight against money laundering, operational efficiency is confronted with a dilemma: how to ensure compatibility between the necessary search for information that may involve personal data across borders

and data protection rules that prevent the storage, retention and dissemination of these same data? Financial institutions, which are at the heart of the fight against these scourges, face great difficulties in exchanging the necessary information, even sometimes within the same banking group. It is essential to clarify the rules applicable in this area and to facilitate, for these specific needs, the exchange of information. This is obviously also true between public authorities.

4) Greater maturity in the face of these risks: The risks of money laundering and terrorist financing are not ordinary risks and are not treated as such within financial institutions. While a tolerance threshold exists for classic financial risks (credit, market, liquidity risks) and is included as such in the internal risk appetite systems, the threshold for money laundering is zero. This rule is understandable but it results in very significant costs, in systems that are not always efficient (see the number of false positives in internal control systems) and in attitudes that are not very mature, both on the part of financial institutions and public authorities. Financial institutions can thus choose to systematically refuse certain types of clients, certain activities (correspondent banking for example), make a considerable volume of suspicious transaction reports with the sole aim of protecting themselves against criticism or subsequent procedures, while certain public authorities tend to give priority to form (sending suspicious transaction reports within a given timeframe) over substance (sending reports after investigations at the level of the institution, even if they are out of time). A more effective fight against money laundering and terrorist financing also requires a greater maturity of all with regard to these risks.