

AML/CTF aspects affected by the 4th AMLD

- Risk based approach and ongoing monitoring
- Know your customer and Customer Due diligence
- Enhanced Due Diligence
- Trainings and record keeping
- Reporting

RISK BASED APPROACH AND TRANSACTION MONITORING

- 100% of payers and payees are to be checked against the sanctions lists, lists of politically exposed persons, lists of known criminals.
- 100% of the transactions are to be monitored in real time and their risk is evaluated for: tax evasion, concealment of corruption income, terrorist financing, money laundering, fraud etc.
- 100% of our customers and their transactions are to be assigned to 3 risk categories – low, medium, high.
- Every high risk transfer or a customer is a subject for the Enhanced Due Diligence.
- Based on the results of the EDD the transfer is processed or reported to the respective FIU.
- **What regulators do differently:**
- Regulator provides FI with obligatory risk factors (customer, geography, service, channel)
- FI is to submit to regulator risk factors which would assign users or operations to different risk categories, and get it approved
- FI is to be able to evidence RBA process applied to any particular transaction

Know your customer and Customer Due diligence

- 100% of the clients are to be identified and verified, before the company provides them with any services.
- National registers of BOs

What regulators do differently:

- There is very little room for the simplified due diligence, i.e. no ID
- KYC must be linked to risk assessment

Enhanced Due Diligence and its justification

- The objective of the EDD is to mitigate risks by obtaining information and documented evidences clarifying:
 - - The ultimate beneficiary of the funds;
 - - The source of the funds;
 - - The nature of the money transfer, its purpose;
 - - The nature of the relationship between the sender and the recipient of funds.
- What is new
- Easier to justify when EDD is to be applied

Trainings and record keeping

- FI is to provide training courses, which makes the knowledge base on AML/CTF easily accessible for the employees and the agents of the company.
- Employees and agents are to be informed about AML/CTF risks and their responsibilities to prevent it.
- The compliance team is to constantly monitor the legislation and update the respective organizations within the company accordingly.
- New thing
- Senior management used to be Board of directors, now an officer or employee with specific knowledge of the institution's exposure to AML/CTF risk and sufficient seniority to make decisions affecting its risk exposure.

Cross border operations and reporting

- Operations in another Member State
- Central contact points
- Home state vs host regulator