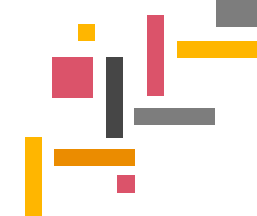


# Q2 2023 Financial Crime Quarterly Update

April - June



**pwc**



Welcome to the latest edition of our new Financial Crime update, which outlines all of the latest news and regulatory updates across the world of Financial Crime.

From an Irish perspective, on 24th May 2023 the Central Bank of Ireland (CBI) published their Annual Report and Annual Performance Statement for 2022. Access to the Beneficial Ownership Register was also amended in June following a ruling from the European Court of Justice in November 2022.

From a European perspective, the European Banking Authority published its Report on money laundering and terrorist financing risks associated with payment institutions across the EU. Its findings highlights that ML/TF risks in the sector may not be assessed and managed effectively by institutions and their supervisors. The EBA has also launched a public consultation on amendments to their ML/TF Risk Factor Guidelines, to extend the scope of the guidelines to include Crypto Asset Service Providers.

Separately, PwC has released its 2023 **PwC AML/CFT Survey** to identify and share insights into AML/CFT processes, procedures, technology and framework best practices across financial institutions in Ireland. We would welcome your participation in the Survey, a link to which can be found [here](#).

We hope you enjoy reading this newsletter, which contains further details on the issues outlined above, and more!

**Sinead Ovenden**  
Partner, FS Risk and Regulation

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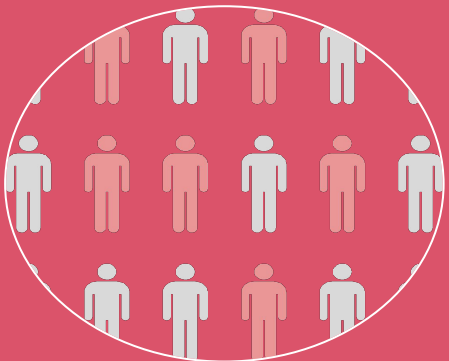
# 2023 PwC AML Survey



# 2023 PwC AML Survey

## Key callouts:

- Completing this survey should take approx. **10 minutes** of your time.
- The purpose is to identify and share insights into AML/CFT processes, procedures, technology and framework best practices across financial institutions in Ireland
- PwC will host an event to share these results.



## 2023 PwC AML Survey

PwC is delighted to invite **you to participate** in our PwC 2023 AML/CFT survey.

The objective of our Survey is to identify and share insights into AML/CFT processes, procedures, technology and framework best practices across financial institutions in Ireland. Later this year, **we will host an event** to share these results.

If you would like to attend and hear the survey insights, please share your email address via the survey.

**A link to the Survey can be found [HERE](#).**

The survey **focuses** on:

- Identifying how AML operating models are evolving and adapting across the financial services industry in Ireland;
- Comparing and contrasting how various entities across the financial services industry manage compliance with AML legislation and guidance;
- Capturing emerging trends and opportunities for automation of AML/CFT activities.

We are asking for your support in completing this survey, which should take **approx. 10 minutes** of your time. If there is another individual within your organisation who would be better placed to address these questions, we would really appreciate it if you could share this link with them.

We thank you for taking the time to complete the Survey and look forward in hearing your insights.



# Irish Financial Crime Updates



## Central Bank of Ireland Annual Report 2022

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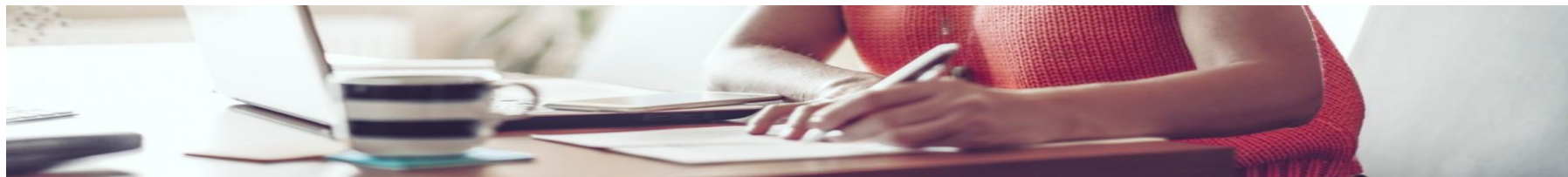
On 24 May 2023, the Central Bank of Ireland (CBI) published their Annual Report and Annual Performance Statement for 2022. From an AML perspective, the CBI noted that they continued to enhance and evolve their approach to AML/CFT supervision during 2022. This was primarily driven by new high-risk entity types, increasing numbers of firms and higher risk profiles, and a transforming international supervisory and policy landscape with ongoing work to devise a new EU AML framework and supervisory approach.

The CBI noted that the supervision of firms for AML/CFT purposes continued to focus on ensuring that appropriate and effective control frameworks are in place to minimise risk and to ensure that firms are compliant with their legislative obligations under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010. In this regard, areas covered included:

- Transaction monitoring;
- Customer Due Diligence;
- Risk Assessment Frameworks; and
- Suspicious Transaction Reporting



## Dear CEO Letter issued to High Cost Credit Providers



On 30 June 2023, the Central Bank of Ireland (CBI) issued a Dear CEO Letter to High Cost Credit Providers (HCCPs). The aim of this letter was to give both an insight into the findings of the CBI from their supervisory engagements with HCCPs, and to set out their expectations in relation to HCCPs and their compliance with their AML/CFT & FS obligations. The CBI noted that their supervisory engagements with HCCP highlighted a lack of compliance with legislative obligations in the following areas:

- HCCPs have not adequately considered their obligations under the CJA 2010 and therefore have not ensured that their business operations and control frameworks are appropriate to ensure compliance with their legislative obligations;
- In some instances, HCCPs had not undertaken a business risk assessment (BRA), and therefore were not in a position to identify their ML/TF risks and ensure that the appropriate control framework, to mitigate the identified risks, was put in place;
- In other cases, the BRA and or AML/CFT policies and procedures were not sufficiently tailored to the HCCPs business model, limiting their ability to implement an appropriate AML/CFT control framework;
- Many HCCPs were unable to demonstrate compliance with a number of obligations under the CJA 2010, including inadequate customer due diligence, ongoing monitoring and suspicion transaction reporting.

Further points noted by the CBI in their letter include:

- The CBI highlighted the importance of complying with all relevant obligations under the CJA 2010, regardless of size or structure of the entity. The CBI noted that many HCCPs did not have documented AML/CFT frameworks and/or AML/CFT policies and procedures in place;
- The CBI outlined their concern regarding the level of deficiencies it has observed in relation to responses provided by HCCPs via the Risk Evaluation Questionnaire (REQ);
- The CBI reminded HCCPs of their obligation to provide accurate, complete and timely information when requested to do so by the CBI.

The CBI letter concludes noting that all HCCPs are required to review the findings and expectations detailed in this letter and, where gaps/weaknesses are identified by HCCPs, they are required to take sufficient steps to remediate the identified gaps/weaknesses in a timely manner. The CBI notes that documentary evidence of this review and determination of actions to be taken may be requested during future supervisory engagement with HCCPs.

The full Dear CEO letter can be accessed [here](#).

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## Access to Beneficial Ownership Register Amended

On 13 June 2023, a new regulation (EU (Anti-Money Laundering: Beneficial Ownership of Corporate Entities) (Amendment) Regulations 2023 [S.I. No. 308 of 2023]) was signed into law which amended access rights to the Beneficial Ownership (BO) Register in Ireland. This regulation amended the original 2019 Regulation relating to BO of Corporate Entities to ensure that access to the BO Register is restricted to persons who have a legitimate interest for doing so.

This update was following a ruling from the Court of Justice of the European Union in November 2022, which confirmed that the provision under the AML Directive whereby the information on the beneficial ownership of companies incorporated within the territory of the Member States is accessible in all cases to any member of the general public is invalid.

To gain access to the register, the person must be able to demonstrate:

1. that the person is engaged in the prevention, detection or investigation of money laundering or terrorist financing offences;
2. that the person is seeking to inspect the information in the central register for the purposes of an activity in which he or she is engaged in (but such activity need not necessarily relate to cases of pending administrative or legal proceedings in respect of the relevant entity concerned), and
3. that the relevant entity concerned –
  - a. is connected with persons convicted (whether in the State or elsewhere) of an offence consisting of money laundering or terrorist financing, or
  - b. holds assets in a high-risk third country.

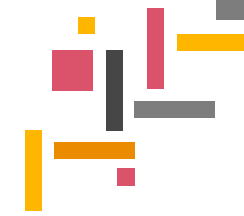


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# European Financial Crime Updates





## EBA finds that money laundering and terrorist financing risks in payments institutions are not managed effectively

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On 16 June 2023, the European Banking Authority (EBA) published its Report on money laundering and terrorist financing (ML/TF) risks associated with EU payment institutions. Its findings suggest that ML/TF risks in the sector may not be assessed and managed effectively by institutions and their supervisors.

In 2022, the EBA carried out an assessment of ML/TF risk in the payment institutions sector. It considered how payment institutions identify and manage ML/TF risks and what supervisors do to mitigate those risks when considering an application for the authorisation of a payment institution and during the life of a payment institution.

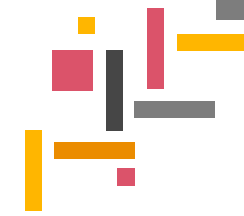
The EBA's findings suggest that generally institutions in the sector do not manage ML/TF risk adequately. AML/CFT internal controls in payment institutions are often insufficient to prevent ML/TF. This is in spite of the high inherent ML/TF risk to which the sector is exposed.

The EBA's findings also suggest that not all competent authorities are currently doing enough to supervise the sector effectively. As a result, payment institutions with weak AML/CFT controls can operate in the EU, for example, by establishing themselves in Member States where authorisation and AML/CFT supervision processes are less stringent to passport their activities cross-border afterwards.

The EBA outlines that several of the findings relate to issues addressed in EBA Guidelines. They note that a more robust implementation by supervisors and institutions of provisions in these guidelines will mitigate the sector's exposure to ML/TF risks.

The full EBA report can be accessed [here](#).





## European Banking Federation fully supports reform of the EU AML/CFT framework

On 26 May 2023, The European Banking Federation (EBF) provided reaction to the new EU AML Package, noting that it is fully supportive of the European Commission and the co-legislators' overarching objective to improve the effectiveness of the current EU AML/CFT framework.

The EBF outlined that it has carefully studied the positions reached in both the Council and the European Parliament on the new AML Regulation, AML Directive and for the Regulation on establishing a new AML Authority.

The EBF has identified several key issues of the three proposals from the perspective of European financial institutions:

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### 1. Information Sharing:

1. The EBF welcomes the view of the co-legislators to explicitly recognise the benefits stemming from information sharing for AML/CFT purposes. To this aim, the EBF emphasizes the importance of having a sound legal basis for exchanging AML/CFT data supplemented by appropriate safeguards to ensure that the data is protected.

### 2. Beneficial Ownership Threshold

2. The EBF supports the Council and Commission's proposal to maintain the 25% threshold for determining beneficial ownership which is aligned with international standards. The EBF cautions that the Parliament's proposal to lower the threshold is not aligned with the risk-based approach and would lead to disproportionate effects. Likewise, the Parliament's approach to expand the scope of PEPs would impose a significant burden for banks and customers alike.

### 3. Sanctions Obligations:

3. The EBF cautions that the intertwining of AML/CFT with sanctions obligations could have unintended consequences, particularly in terms of supervision.

### 4. UBO Register - non EU entities

4. The EBF expresses concern with the Council's proposal to prohibit entering into a business relationship with entities incorporated outside the Union whose information is not held in an EU UBO register. In view of obliged entities' obligation to identify and verify beneficial ownership information, this information would be readily available in case it was required by competent authorities. The EBF is of the view that the prohibition will likely impact EU competitiveness and introduce friction into the ordinary course of business without a substantiated AML/CFT purpose.

### 5. Risk Based Approach:

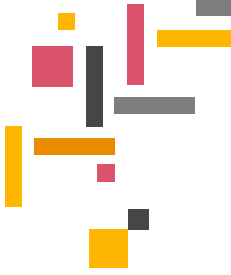
5. The EBF calls for a stronger focus on the risk-based approach to updating customer information. They are of the view that the proposed 5-year limit will impose disproportionate requirements given the large proportion of low-risk customers whose information would change only marginally in this timeframe, if at all. The EBF recommends that firms are permitted to apply a defensible and documented risk-based approach to ongoing monitoring that is subject to review by supervisors.

### 6. Direct Supervision:

6. The EBF stresses the importance of following a risk-based approach in developing AMLA's methodology for selection of obliged entities that would fall under its direct supervision. The EBF notes that to target the riskiest entities, it is key to put the focus on residual risk from the first selection process.

### 7. UBO Register

7. The EBF calls for stronger UBO registers that hold accurate, adequate and up-to-date information.



## Stopping the flow of dirty money: Parliament ready for negotiations



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On 19th April 2023, the European Parliament approved its negotiating mandates for proposals reforming the EU's policies on anti-money laundering and countering the financing of terrorism (AML/CFT). The first meeting to start negotiations with the representatives of EU ministers took place at the beginning of May.

The draft laws foresee new due diligence rules for businesses to verify customers' identity, what they own and who controls them, and grant people with a legitimate interest (for example journalists, civil society organizations, and higher education institutions) access to beneficial ownership registers, among other provisions. Finally, the package would create a European Anti-Money Laundering Authority (AMLA) with supervisory and investigative powers to enforce the rules consistently. You can read more about the legislation [here](#).

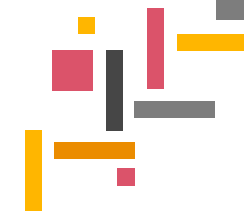
The draft negotiating mandates were announced at the opening of the 17 April plenary session. Since there were no objections to starting negotiations with the Council, the talks on the final form of the legislation can now start. The Council of the EU set its own negotiating position in December 2022.

## Criminal money: Council and European Parliament reach deal on access to financial information

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- On 6 June 2023, the presidency and the European Parliament reached a provisional agreement on a proposed EU law to speed up and ease the access of national authorities to financial information. Access to financial information is an important instrument in financial investigations and in efforts to trace and confiscate the proceeds of crime.
- Under the proposed new law, EU countries will have to make information from centralised bank account registers available through a single access point. The centralised bank account registers contain data on who has which bank account and where.
- With this provisional agreement, not only national financial intelligence units (FIUs), but also national authorities dealing with criminal offences will have access to these registers through this single access point. This will greatly help law enforcement and judicial authorities to fight criminal offences as they currently have to collect this information via the regular cross-border cooperation channels.
- The European Parliament agreed to the Council's proposal to require that financial institutions share transaction records (i.e. bank statements) in a harmonised format when they are sharing them as part of an investigation. A harmonised format will greatly help and speed up law enforcement agencies' work.
- This agreement will have to be endorsed by member states representatives before its adoption by both the Council and the European Parliament.





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## European Commission updates list of high-risk third-country jurisdictions

On 17th May 2023, the European Commission updated the list of high-risk third-country jurisdictions presenting strategic deficiencies in their anti-money laundering/countering the financing of terrorism (AML/CFT) regimes.

Two third-country jurisdictions were added to it: **Nigeria** and **South Africa**, while two other jurisdictions were delisted: **Cambodia** and **Morocco**.

This list takes into account the information from the Financial Action Task Force (FATF) and the changes decided at the last FATF Plenary of February 2023 in the list of 'Jurisdictions under Increased Monitoring' ('grey list').



## Freezing and confiscating criminal money: Council agrees negotiating position for new EU law

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On 9 June 2023, Ministers of Justice from EU states agreed on the European Council's position on a draft Directive on asset recovery and confiscation. The draft Directive sets minimum rules on the tracing, identification, freezing, confiscation and management of criminal property.

The proposed rules will apply to a wide range of crimes, including the violation of sanctions, once the directive on the definition of criminal offences and penalties for the violation of Union restrictive measures has been adopted. People profiteering from doing business with persons or companies on EU sanction lists will see their yields being seized the same way as traffickers in human beings or drug cartels.

The new law will also come with obligations for member states to ensure that the administrations dealing with tracing, freezing and managing criminal money have qualified staff and appropriate financial, technical and technological resources.

Member States have now concluded that the Council will be able to start negotiations with the European Parliament in order to settle on a final legal text.





## ECB Press Release - Card fraud in Europe declines significantly



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On 26 May, the European Central Bank (ECB) published its card fraud report, covering data from 2020 & 2021. This report is based on information provided by 20 card payment scheme operators.

The ECB notes that Card fraud in 2021 fell to its lowest level, since data collection began. The value of card fraud in 2021 constituted 0.028% of the total value of card payments made using cards issued in the Single Euro Payments Area (SEPA), amounting to €1.53 billion from a total value of €5.40 trillion. This is in comparison to 2008, which saw the highest level of this type of fraud, when 0.048% of the value of all card payments in the Single Euro Payments Area (SEPA) were fraudulent.

The majority of the value of card fraud took the form of “card-not-present” fraud. This type of fraud is conducted remotely in online and telephone payments, using card details obtained by scams such as phishing. The revised EU Payments Services Directive (PSD2) in particular targets this type of crime, with the implementation of strong customer authentication.

The ECB report notes that in 2020 and in 2021, the majority of card fraud was in cross-border transactions. They highlighted that in terms of value, cross-border card transactions accounted for only 11% of the total value of card transactions, however, 63% of all card fraud in 2021 was from cross-border card transactions.





## EBA consults on amendments to the Guidelines on money laundering and terrorist financing risk factors to include Crypto-Asset Service Providers

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On 31st May 2023, the European Banking Authority (EBA) launched a public consultation on amendments to its Guidelines on money laundering and terrorist financing (ML/TF) risk factors. The proposed changes extend the scope of these Guidelines to Crypto-Asset Service Providers (CASPs), setting common, regulatory expectations of the steps CASPs should take to identify and mitigate ML/TF risks effectively.

The proposed amendments introduce new sector-specific guidance for CASPs, which highlights factors that may indicate the CASP's exposure to the higher or lower ML/TF risk.

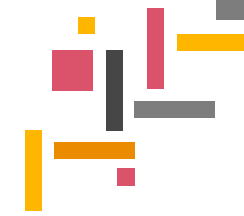
The EBA notes that CASPs should consider these factors when carrying out the ML/TF risk assessments of their business and customers at the outset and during the business relationship. In addition, the Guidelines explain how they should adjust their customer due diligence (CDD) in line with the identified risks.

The proposed amendments include guidance to other credit and financial institutions on risks to consider when engaging in a business relationship with a CASP or when they are otherwise exposed to crypto assets.

Specific guidance for AML/CFT supervisors of CASPs will be delivered through the amendments to the EBA risk-based supervision Guidelines, which were under consultation until 29 June 2023. They will be further complemented with amendments to the Guidelines to prevent the abuse of fund transfers for ML/TF purposes, and new Guidelines on policies and procedures for compliance with restrictive measures.

This consultation runs until 31 August 2023 and can be accessed [here](#).





## EuReCA - The EBA's AML/CFT Database

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Initially launched in January 2022, EuReCA is the EBA's central database for anti-money laundering and counter-terrorist financing (AML/CFT). All EU financial sector supervisors have to report their findings into EuReCA if their findings are serious and if they could affect an institution's ability to tackle ML/TF risk.

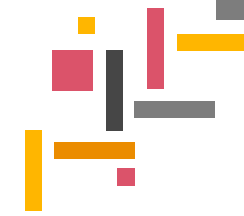
In June 2023, the EBA published a EuReCA factsheet that summarises what EuReCA is, who reports into it and how the EBA uses information from EuReCA to foster an effective approach by EU supervisors to tackling financial crime risks in their sector.

The fact sheet also provides some statistics and examples from EuReCA's first year, including:

- Between 31 January 2022 and 31 May 2023, 29 supervisors submitted more than 700 serious deficiencies and corrective measures affecting 152 financial institutions;
- Most submissions to EuReCA so far relate to credit institutions, followed by payment institutions;
- More than half of the submissions to date relate to deficiencies in institutions' customer due diligence (CDD) framework and in particular to deficiencies in institutions' approaches to conducting ongoing monitoring of business relationships and inadequate transaction monitoring systems;
- 80% of all deficiencies reported to date were found during onsite inspections.

The EBA EuReCA factsheet can be found [here](#).





## EBA Annual Report highlights key achievements in 2022

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On 12 June 2023, the European Banking Authority (EBA) published its Annual Report that sets out the activities and achievements in 2022 and provides an overview of their key priorities for 2023.

From a Financial Crime perspective, the EBA provided details on their Financial Crime regulatory Framework. They outlined how in 2022, this framework was completed, with new guidelines on core aspects of financial institutions' AML/CFT governance and internal controls:

- the Remote Customer Onboarding Guidelines that provide clarity on the application of AML/CFT rules in a digital context; and
- the AML Compliance Officer Guidelines.

In addition to these guidelines, the EBA also published:

- revisions to its SREP Guidelines to specify how prudential supervisors should take ML/TF risks into account;
- a report on the withdrawal of authorisation that lays down uniform criteria supervisors should use to assess the seriousness of an AML/CFT breach; and
- prepared for the delivery of ten new mandates under the recast Regulation on the transfer of funds and crypto-assets.

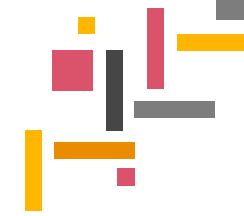
In highlighting its priorities for 2023, the EBA provided details on the next steps in the EU Fight against money laundering and the financing of terrorism, including establishing a new Anti-Money Laundering Authority (AMLA) and new AML/CFT mandates under the Transfer of Funds Regulation (the EBA will be assigned 10 legislative mandates on different aspects of the TFR).

The full 2022 EBA Annual Report can be accessed [here](#).



# Global Financial Crime Updates





## Wolfsberg Group Publication of the Anti-Bribery and Corruption Guidance

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On 17th April 2023, the Wolfsberg Group published its updated Anti-Bribery and Corruption (“ABC”) Compliance Programme Guidance, which updates the 2017 version with a view to promote a culture of ethical business practices and compliance with ABC regimes.

The Guidance is a risk-based approach for the adequate development and implementation of compliance programmes to prevent, detect, and report acts of Bribery and Corruption and identifies areas of elevated risk.

The Wolfsberg Group notes that while no ABC compliance programme can prevent or protect against Bribery and Corruption risks completely, and there is no one-size-fits-all solution, this guidance can help the industry mitigate Bribery and Corruption risks by using elements including but not limited to:

- An applicable firm wide ABC policy;
- Governance with roles and responsibilities and access to top management;
- Periodic risk assessment to assess the nature and extent of the Bribery and Corruption risks;
- the establishment of a controls environment covering risks associated with anything of value;
- third party providers and customer related transaction risks;
- investments and acquisitions;
- Training and awareness including the sharing of lessons learned from internal and external events for continuous evaluation of the compliance programme adequacy; and
- Monitoring and testing for compliance with controls to identify failure to act in a manner consistent with the financial institution’s business principles/policies/codes of conduct/applicable laws or regulations.

The Guidance incorporates learnings from enforcement actions since 2017 with updates to the red flags section and expands the section on customer and transaction corruption risks. The document includes the need for financial institutions’ programmes to be continuously evolving, and contains a new section on identifying, reporting, and mitigating emerging Bribery and Corruption risks. Finally, the guidance has been aligned to current and evolving legal regulatory expectations with additional guidance for post-acquisition due diligence, the inclusion of guidance for financial institutions to include a holistic risk assessment and management as part of their control frameworks.

These updated Wolfsberg ABC Guidelines can be found [here](#).



## Countering the Financing of Terrorism: Good Practices to Enhance Effectiveness

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On 12th May 2023, The International Monetary Fund (IMF) published a book on Countering the Financing of Terrorism (CFT). In publishing the book, the IMF notes that member countries face significant challenges when it comes to improving the effectiveness of their fight against terrorism financing. This book is intended to assist anti-money laundering and combating terrorism financing (AML/CFT) policymakers and practitioners in identifying key challenges and good practices for strengthening the effectiveness of counter terrorism financing frameworks. The book's six chapters cover

- Understanding Terrorist Financing Risk;
- The role of the private sector in detecting and disrupting Terrorist Financing activities;
- The production and use of financial intelligence to counter Terrorism and Terrorist Financing;
- Investigating, prosecuting, and sanctioning Terrorism Financiers;
- Terrorism-related targeted financial sanctions; and
- International cooperation in combating the financing of terrorism.

The book presents contributions by experts from the IMF, United Nations, Egmont Group of Financial Intelligence Units, INTERPOL, and Europol.

This book is available to download from the IMF website, [here](#).



# Crypto Insights



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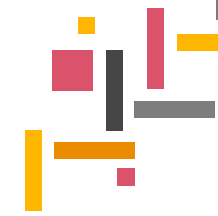
## EU Transfer of Funds Regulation extended to include Crypto Assets

On 16th May 2023, the Council of the EU adopted updated rules on information accompanying the transfers of funds by extending the scope of the rules to include transfers of crypto assets. This move will ensure financial transparency on exchanges in crypto-assets and provides the EU with a solid framework that complies with the most demanding international standards on the exchange of crypto-assets, ensuring that these are not used for criminal purposes.

Under the new rules, crypto asset service providers are obliged to collect and make accessible certain information about the sender and beneficiary of the transfers of crypto assets they operate, regardless of the amount of crypto assets being transacted. This ensures the traceability of crypto-asset transfers in order to be able to better identify possible suspicious transactions and block them.

In announcing this amendment, Elisabeth Svantesson, Minister for Finance of Sweden, highlighted that this “decision is bad news for those who have misused crypto-assets for their illegal activities, to circumvent EU sanctions or to finance terrorism and war. Doing so will no longer be possible in Europe without exposure – it is an important step forward in the fight against money laundering”.





## European Commission publishes Digital Euro package

- ❑ Introduction
- ❑ 2023 PwC AML Survey
- ❑ Irish FC Updates
- ❑ European FC Updates
- ❑ Global FC Updates
- ❑ **Crypto Insights**
- ❑ How PwC can help you
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On 28 June 2023, the European Commission put forward two proposals:

- to ensure that citizens and businesses can continue to access and pay with euro banknotes and coins across the euro area; and
- to set out a framework for a possible new digital form of the euro that the European Central Bank may issue in the future, as a complement to cash.

### **Legislative Proposal on the legal tender of euro cash**

This proposal from the European Commission is to safeguard the role of cash, ensure it is widely accepted as a means of payment and that it remains easily accessible for people and businesses across the euro area.

### **Legislative proposal establishing the legal framework for a possible digital euro**

The European Commission notes that as a complement to euro banknotes and coins, the digital euro would ensure that people and businesses have an additional choice that allows them to pay digitally with a widely accepted, cheap, secure and resilient form of public money in the euro area (complementing the private solutions that exist today). While today's proposal – once adopted by the European Parliament and Council – would establish the legal framework for the digital euro, it will ultimately be for the European Central Bank to decide if and when to issue the digital euro..





## Targeted Update on Implementation of the FATF Standards on VAs & VASPs

- ❑ Introduction
- ❑ 2023 PwC AML Survey
- ❑ Irish FC Updates
- ❑ European FC Updates
- ❑ Global FC Updates
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In 2019, the Financial Action Task Force (FATF) extended its anti-money laundering and counter-terrorist financing (AML/CFT) measures to virtual assets (VA) and virtual asset service providers (VASPs) to prevent criminal and terrorist misuse of the sector. Since then, FATF has produced three reviews on implementation of its standards on VAs and VASPs.

On 27 June 2023, the FATF published an updated report, providing an overview on country compliance with FATF's Recommendation 15 and its Interpretative Note (R.15/INR.15), including the Travel Rule, and updates on emerging risks and market developments, including on Decentralized Finance (DeFi), Peer-to-Peer transactions (P2P), and Non-Fungible Tokens (NFTs), unhosted wallets, and stablecoins.

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It was noted that Decentralised Finance and unhosted wallets including P2P do not currently account for a large share of transactions, however they are at risk of misuse, including by sanctioned actors. The FATF will therefore continue to monitor the illicit financing risks and developments in this sector.

Following the results noted in the report, FATF has called on all countries to rapidly implement the FATF Standards on VAs and VASPs, including the FATF's Travel Rule. In addition, amongst other activities, FATF will continue to facilitate the sharing of findings, experiences and monitoring market trends in the areas of Decentralised Finance, unhosted wallets and P2P for material developments that may necessitate further FATF work. A further review on progress and remaining challenges for implementation will be completed by June 2024.

The full FATF report can be found [here](#).



# How can PwC help you?



## PwC Financial Services Regulatory Team

Our Financial Services Regulation Team at PwC Ireland have the experience and expertise to provide solutions that have the overarching aim of addressing new and existing financial crime threats. Get in touch to find out more on how we can help you.

### Central Bank RMPs focused on AML

PwC can assist firms in navigating the many demands and challenges of addressing and responding to an AML focused RMP with a selection of our services provided below:

- Design and implementation of a RMP response framework, including tracking, monitoring and reporting
- Constructing a Governance framework, that includes management and Board reporting
- Developing risk mitigation planning, implementation, and progress monitoring
- Leveraging the latest technology to assist in assessing risk and data analytics

### Customer Due Diligence & ESG

Our team are experienced in designing policies and procedures for conducting ESG risk assessments, as well as identifying ESG risk:

- Leveraging our established AML / KYC due diligence and risk assessment process to support firms in identifying ESG risk in their customer portfolios and creating a suitable ESG framework.
- Providing access to our network of ESG practitioners consisting of Subject Matter Experts, trainers, experienced project managers and due diligence analysts.

### AML Remediation Programmes

PwC have vast experience in conducting large scale AML remediation programmes, achieved by:

- Designing a tailored and specific remediation plan, which includes a formalised governance framework and comprehensive resource planning.
- Providing a team of highly experienced and industry focused individuals.
- Assisting clients with the delivery of the programme, including customer outreach and independent quality assurance.

### AML Risk Mitigation

The appropriate assessment is a key area of focus for the CBI. We can support you to assess and enhance your AML risk assessment process through the review of:

- Your Business Wide Risk Assessment - identification of gaps and opportunities for improvement in AML/CFT methodology
- Your Customer Risk Assessment process - identifying and assessing a comprehensive list of risks making up your customer's risk profile.

### Target Operating Model

PwC can assist firms in transforming their AML / Financial Crime Target Operating Model through:

- Reviewing your current operating model to identify / address regulatory gaps
- Assessing and advising on the most appropriate technology available to manage your FC risks
- Advising on your 3LOD structure to ensure that all FC activities are operating effectively, efficiently and meeting regulatory expectations

# Contacts

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