

Are You Ready?



On March 22, 2022, the European Banking Authority (EBA) published its [report on competent authorities' approaches to the AML/CFT supervision of banks](#). The report shall set out the concrete steps that the competent authorities are expected to take in order to meet the requirements of the EBA regarding the implementation of the international standards and the risk-based approach.

In section 4.1.3 ("Supervisory practices"), the EBA notes that, in its view, too few on-site visits to obligated entities have taken place. In this context, the EBA also notes that this means that the competent authorities cannot check whether the AML/CFT measures taken are appropriate and effective.

Key points of such audits are not only the established processes but also the measures implemented, such as research systems used, and business rules applied. This includes the derivation and development of the business rules. The audits also focus on the completeness of data delivery, and the appropriate handling of suspicious activities in the systems.

In addition, the EBA criticised that the risk factors communicated by the EBA have been implemented inadequately or inappropriately ([Final Report on Guidelines on revised ML TF Risk Factors.pdf \(europa.eu\)](#)). The report shows that in many cases obligated parties shared that the regulatory requirements are not clear. In particular, this concerns smaller institutions with limited services, or specialised banks, for example those that only offer services such as trade finance.

The EBA's report is usually taken as an opportunity by the competent authorities to review their audit strategy internally and to carry out more on-site audits at the obligated entities. It can be assumed that these audits will extend to all obligated parties and not only focus on the large institutions.

Is your institute sufficiently prepared for such audits?

Our experienced team of former money laundering officers and auditors will support you in reviewing and optimising processes to implement the expectations and requirements of your supervisory authority.

Our ready for audit services:



Preparation, review, and further development of the emergency/audit plan



Professional development of data processing system



Adaptation of existing indicators to current circumstances



Support in dealing with missing or incorrect data



Proper case handling



Backtesting and proper documentation

Get in touch with us: +49 69 580045-0 or info@msg-compliance.com

