



European Banking Authority publishes final revised Guidelines on money laundering and terrorist financing risk factors (EBA/GL/2021/02)

On 1 March 2021, the European Banking Authority (EBA) published its final revised Guidelines on ML/TF risk factors. The revisions take into account changes to the EU Anti Money Laundering and Counter Terrorism Financing (AML/CFT) legal framework and address new risks, including those identified by the EBA's implementation reviews. In addition to strengthening financial institutions' risk-based approaches to AML/CFT, the revision supports the development of more effective and consistent supervisory approaches where evidence suggested that divergent approaches continue to exist. The Guidelines are central to the EBA's work to lead, coordinate, and monitor the fight against money laundering and terrorist financing.

The Guidelines are addressed to both financial institutions and supervisory authorities. They set out factors that firms should consider when assessing the Money Laundering and Terrorism Financing (ML/TF) risk associated with a business relationship or occasional transaction. In addition, they provide guidance on how financial institutions can adjust their customer due diligence measures to mitigate the ML/TF risk they have identified.

In this revised version, the EBA strengthens the requirements on risk assessments and customer due diligence measures, adding new guidance on the identification of beneficial owners, the use of innovative solutions to identify and verify customers' identities. There are additional requirements how financial institutions should comply with legal provisions on enhanced customer due diligence related to high-risk third countries. In addition, the EBA included new sectoral guidelines for crowdfunding platforms, corporate finance, payment initiation services providers (PISPs), and firms providing activities of currency exchanges offices. The revised Guidelines also provide more details on terrorist financing risk factors. Together, these changes will be conducive to the implementation by financial institutions of a more effective, risk-based approach to AML/CFT.

The EBA also stresses in several of its reports in 2020 the need for supervisory authorities and financial institutions to enhance their understanding of tax crimes, as there are substantial similarities between the techniques used to launder the proceeds of crimes and to commit tax crimes.

How can we help?

EBA Guidelines are related to the overall regulatory framework concerning Anti Money Laundering and Counter Terrorism Financing. They contain specific requirements, which are mandatory for the financial institutions and frequently refer to other EBA guidelines or legal acts. The implementation of the guidelines in the practice is time consuming and requires significant resources of highly qualified specialists for the analysis and incorporation of the requirements in the existing internal regulations and practice in the financial institution.

Deloitte is committed to provide the necessary knowledge, experience and practical approach for the successful completion of projects for the implementation of all relevant EBA Guidelines concerning Anti Money Laundering and Counter Terrorism Financing. We are here to support your organization with the following services:

- **Gap analysis**

First step in the project is a deep analysis of the gaps between the EBA Guidelines on Anti Money Laundering and Counter Terrorism Financing and the existing internal policies, procedures, and rules in the respective financial institution. We will prepare a detailed analysis of the differences in all related areas and will provide a report with the respective findings, including assessment of their risks and priorities.

- **Methodological support for the implementation of the new requirements**

We will prepare specific recommendations for the necessary actions to align with the requirements in the EBA guidelines, as well as assessment of the complexity and the necessary resources in view of the integrated approach for the incorporation of the new measures in the internal rules and practices in the financial institution. We can also assist for the resolution of specific issues, design and implementation of controls, preparation, and alignment of internal procedures.

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