

Regulatory News Alert

FATF postpones its on-site visit for mutual evaluation of Luxembourg

2 February 2021

Context and objectives

On 26 January 2021, the Financial Action Task Force (FATF) decided to **postpone for a second time its Luxembourg onsite visit due to COVID-19**. Originally scheduled for June and July 2020, the inspection had already been postponed to March 2021 due to the travel restrictions and lockdown measures in place.

The evaluation of Luxembourg's anti-money laundering/combating the financing of terrorism (AML/CFT) system, including its legal and regulatory framework and operating effectiveness, is part of the FATF's fourth round of mutual evaluations. This new postponement will affect the publication of Luxembourg's AML/CFT mutual evaluation report (MER). The last evaluation dates back to 2010, when the country was only found to be fully compliant with one out of 40 FATF recommendations. A 2014 follow-up report highlighted that Luxembourg had improved its AML/CFT framework in several areas. In the meantime, Luxembourg has also transposed the European Union's fourth AML/CFT Directive.

The Grand Duchy has also produced several risk assessments on money laundering and terrorist financing (ML/TF) risks linked, for example, to virtual currencies as part of FATF recommendations. However, this by no means implies a change in vigilance against ML/TF risks. Amongst others, the European Banking Authority (EBA) has coordinated the strategy of fighting these types of risks since 2020, increasing the coordination of processes and procedures among national competent authorities.

What is next?

The new timeline will be published on the official FATF website, following the plenary meeting at the end of February 2021.

How can Deloitte help?

Deloitte's advisory specialists and dedicated services can help you design and implement your business strategy in light of the evolution of regulatory frameworks and market trends.

Deloitte's AML and CFT advisory specialists and dedicated services can also help you design and implement your renewed business strategy in light of the future evolution of the AML/CFT framework.

Key Deloitte AML services include:

- AML/know your customer (KYC) remediation plan
- AML/CFT training
- AML/CFT policy, procedures, and process design or review

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- Assistance in ML/TF risk assessment drafting or review

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