

Commission Proposes New Anti-Money Laundering Supervision Mechanism



News

Thomas Wahl

On 12 September 2018, the Commission tabled a legislative proposal to amend existing EU rules on the supervision of banks and financial institutions to better address risks of money laundering and terrorist financing (COM(2018) 646 final).

The amendments are considered necessary in the wake of several recent cases in which EU banks were involved in money laundering. The EU's strong anti-money laundering rules, as established by the 4th Anti-Money-Laundering Directive in particular, do not seem to have been adequately implemented and supervised.

The core element of the tabled proposal is to give the European Banking Authority (EBA) a leading supervision and coordination role in view of anti-money laundering responsibilities in the financial sector. As a result, the EBA will become a centralised hub with expertise and resources dedicated to preventing and combating money laundering and terrorist financing. Its scope and mandate will be clarified.

The EBA will also be able to request competent authorities to investigate possible breaches of the relevant rules and oversee national procedures in this area. In this context, the EBA can also request national supervisors to consider targeted actions, e.g., sanctions. Under specific, prescribed circumstances, it will be able to address decisions directly to individual financial sector operators with regard to money laundering matters and to engage in binding mediation between national competent authorities on such matters.

The Commission proposal also includes the following elements:

- Ensuring the quality of supervision through common standards, periodic reviews of national supervisory authorities, and risk assessment;
- Fostering the exchange of information on money laundering risks and trends between national supervisory authorities;
- Facilitating cooperation with non-EU countries on cross-border cases;
- Establishing a permanent committee that convenes national anti-money laundering supervisory authorities.

The proposal is closely connected to a pending Commission proposal of September 2017 for broader review of the European Supervisory Authorities' Regulations. This so-called "Review Proposal" intends to strengthen the European Supervisory Authorities' capacity to ensure convergent and effective financial supervision, but

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does not address the issues of combating money laundering and terrorist financing. The Commission therefore calls on the EP and the Council for swift adoption of the entire legislative package.

The currently tabled proposal also reinforces the tenor of Commission President *Jean-Claude Juncker's* 2018 State of the Union speech. The fight against money laundering is high on his political agenda – as expressed by the message: “Europeans expect a Union that protects them.”

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