

EBA Report on Performance of AML/CFT Banking Supervision



Thomas Wahl

News

Authorities still face challenges in the AML/CFT supervision of banks. Measures to correct deficiencies in banks' anti-money laundering and countering the financing of terrorism (AML/CFT) systems and controls should be more dissuasive. These are one of the main conclusions of the European Banking Authority's (EBA) [first report on competent authorities' approaches to the AML/CFT supervision of banks](#). It is part of the EBA's new duties to ensure consistent and effective application of the EU's AML/CFT law.

The report is based on a peer review of seven supervisory authorities in five EU Member States that was carried out in 2019. It describes how these competent authorities apply the risk-based approach according to international standards, Directive (EU) 2015/849 (the 4th AMLD), and the European Supervisory Authorities' joint AML/CFT guidelines.

The EBA report acknowledges that all authorities in the sample have taken significant steps to strengthen their approach to AML/CFT supervision. Supervisory staff is well-trained and committed to fighting financial crime. Several authorities have also made the fight against ML/TF one of their key priorities and significantly expanded their AML/CFT supervisory teams in a number of cases. The report also observes, however, that most authorities faced challenges in operationalising the risk-based approach to AML/CFT. A number of challenges are common to all peer-reviewed authorities and may therefore hold true for other supervisory authorities in all EU Member States. The major challenges are as follows:

- Translating theoretical knowledge of ML/TF risks into supervisory practice and risk-based supervisory strategies;
- Moving away from a focus on tick box compliance towards assessing the effectiveness of banks' AML/CFT systems and controls;
- Taking sufficiently dissuasive corrective measures if banks' AML/CFT control systems are not effective;
- Cooperating effectively with domestic and international stakeholders to draw on synergies
- Positioning AML/CFT in the wider national and international supervisory frameworks.

These challenges can result in ineffective banking supervision. The EBA's peer review will be continued in 2020. The EBA will also continue to provide support and training to all competent EU AML/CFT authorities in order to help them tackle the key challenges identified in the present report. The EBA is also working on a review of its AML/CFT guidelines in order to provide further guidance in areas where weaknesses persist. It has launched a [public consultation](#) on the revised draft guidelines. Stakeholders are invited to comment by 6 July 2020.

AUTHOR

Thomas Wahl

Senior Researcher
Max Planck Institute for the
Study of Crime, Security and
Law

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The EBA has also published a [factsheet](#) explaining its new functions in coordinating, leading, and monitoring the fight against money laundering and terrorist financing in more detail.

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