

MONEYVAL: Risks and Policies on COVID-19-related Money Laundering and Terrorist Financing

News

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On 12 May 2020, MONEYVAL drew attention to a [paper](#) issued by the FATF on risks and policy responses in relation to COVID-19-related money laundering (ML) and terrorist financing (TF).

Based on information provided to the members of the FATF Global Network on 7 and 23 April 2020 (together more than 200 jurisdictions), the paper identifies challenges, good practices and policy responses to new ML and TF threats and vulnerabilities arising from the COVID-19 crisis. The paper provides for an overview of the evolving ML-TF risks, on the impact of the COVID-19 crisis on the anti-money laundering and counter-terrorist financing (AML/CFT) regimes, as well as on the potential AML/CFT responses for consideration.

MONEYVAL draws the attention of its members and the private sector to the key findings of the paper, including:

- The increase in COVID-19-related crimes as the pandemic creates new sources of proceeds for illicit actors in relation to fraud, cybercrime, misdirection, or exploitation of government funds or international financial assistance;
- The potential impact of measures to contain COVID-19 on profit-driven criminals to move to other forms of illegal conduct;
- The impact of the pandemic on the governments' and private sectors' abilities to implement AML/CFT obligations from supervision, regulation, and policy reform to suspicious transaction reporting and international cooperation.

The identified threats and vulnerabilities represent emerging ML and TF risks that could result in:

- Criminals finding ways to bypass customer-due diligence measures;
- The increased misuse of online financial services and virtual assets to move and conceal illicit funds;
- The misuse and misappropriation of domestic and international financial aid and emergency funding;
- Criminals and terrorists exploiting COVID-19 and the associated economic downturn to move into new cash-intensive and high-liquidity lines of business in developing countries.

In order to manage the new risks and vulnerabilities, the paper recommends the AML/CFT policy responses to include:

- A domestic assessment of the impact of COVID-19 on AML/CFT risks and systems;
- Strengthening communication with the private sector;

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- Encouraging the full use of a risk-based approach to customer-due diligence;
 - Supporting electronic and digital payment Options.
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