



4 AMLD

How will it affect you?

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24 November 2017



Agenda

- What is 4AMLD?
- Why is this being brought in?
- Key changes?
- Practical implication
- Hotspots - KPMG benchmarking
- What's next?



Question

Has your organisation already made changes to their policy & procedures to take account of the changes brought in by 4AMLD?



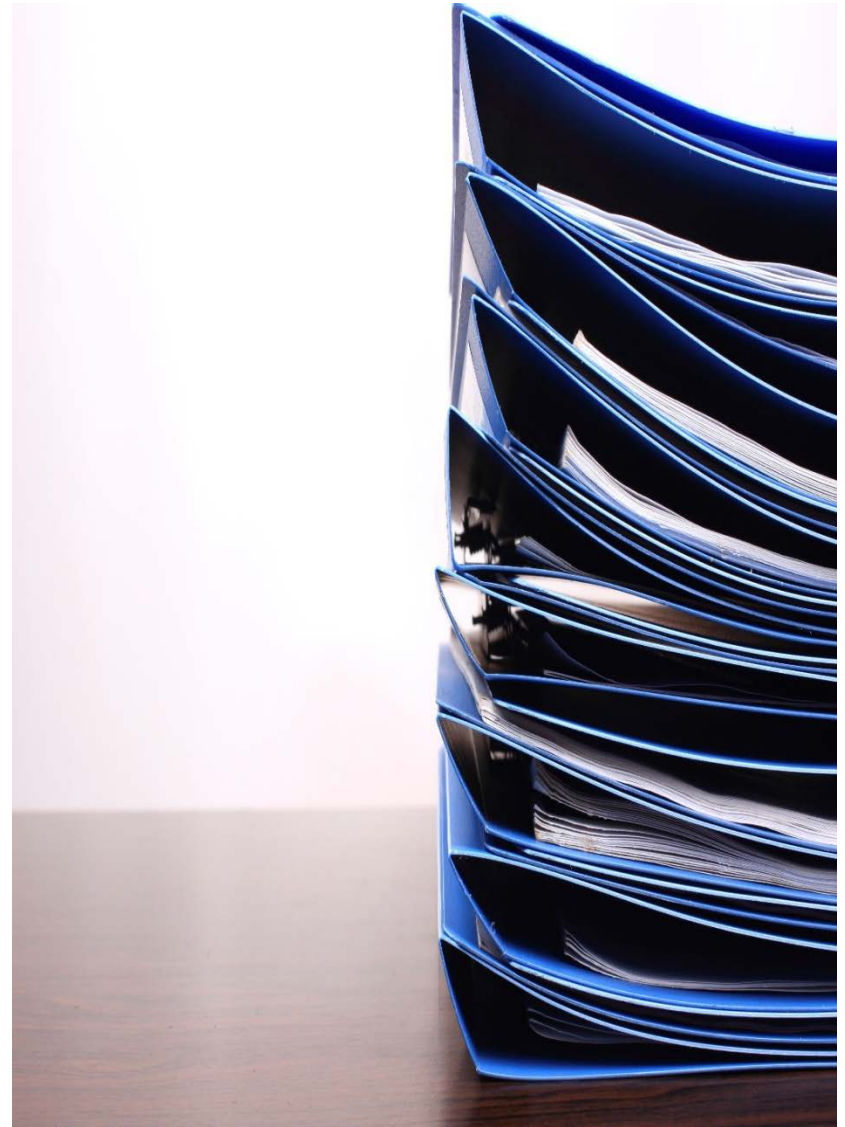
What is 4AMLD?

- The European Union 4th Anti Money Laundering Directive – reforms to EU AML rules
- Adopted 26 June 2015, member states had two years to implement directive into national law
- Deadline to implement fully was 26 June 2017, although 17 member states had not done so
- Infringement proceedings
- Directives differ from regulations. They are binding as to the result to be achieved but more leeway for Member States as to how to achieve



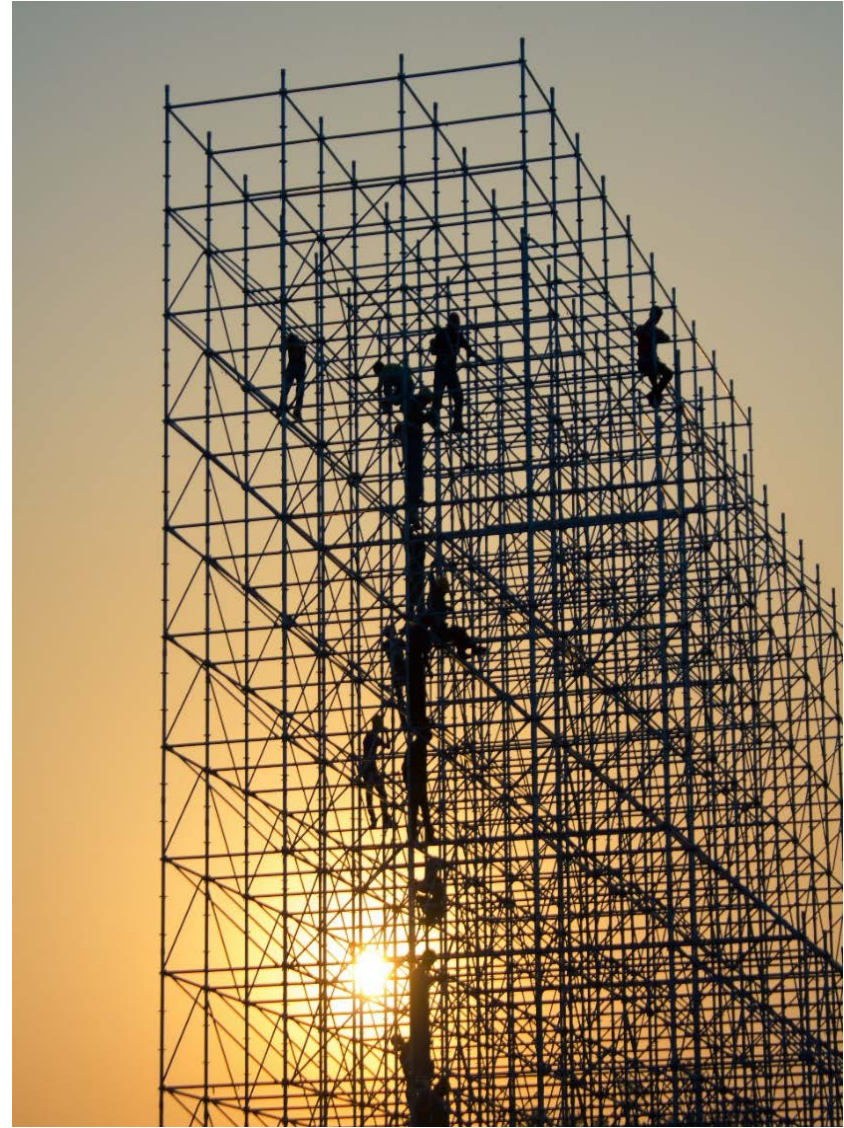
Why is this being brought in?

- Main objective to improve the tools to counter money laundering and terrorist financing
- Traditional financial services advanced legislation, avenues closing
- Advances in technology and communication easier to move money
- 4AMLD strengthening controls to make it harder for criminals



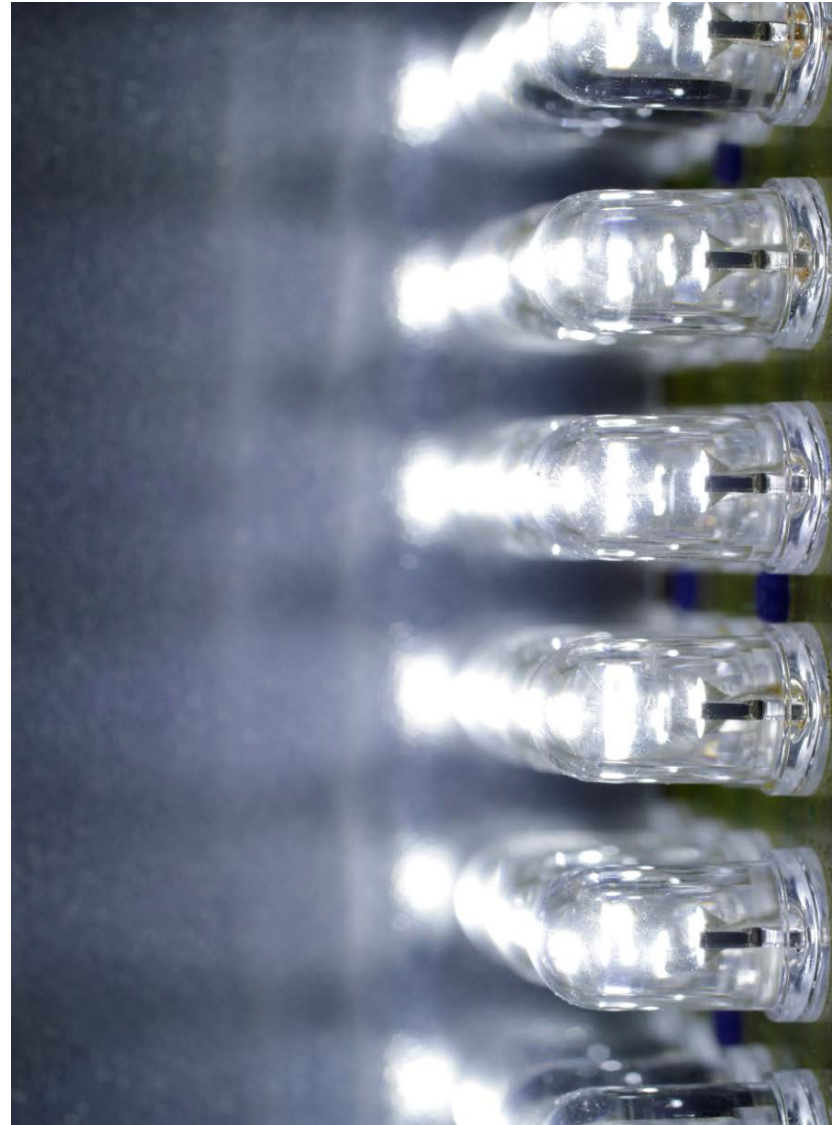
Key changes?

- **Gaming now an 'obliged entity'**
- **Risk based approach**
- **Risk assessment - business and customer**
- **Due diligence changes**
 - Simplified – removal of blanket exemption
 - Standard - €2,000 withdrawal
 - Enhanced – local PEPs now included



Practical implementation

- Review new requirements
- Conduct a gap analysis
- Update policies/procedures
- AML/CFT risk assessment
- Additional CDD e.g. PEPs
- Staff training



Hotspots - KPMG benchmarking

Governance

Tone from the top

Lack of discussion of issues at senior level

Assessing risk

Risk assessment – business and customer

Policies and procedures

Staffing

Visibility of MLRO

Staff training

Testing knowledge

Customers

Inadequate documentation

Length of time to collect

Screening

What next

- Malta implementation of 4AMLD
- FATF 5th round assessments – Moneyval visit

And one to leave you with....

- 5AMLD





Thank you



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AML/CFT Governance

Using data & technology to protect your business from Financial Crime

Malta

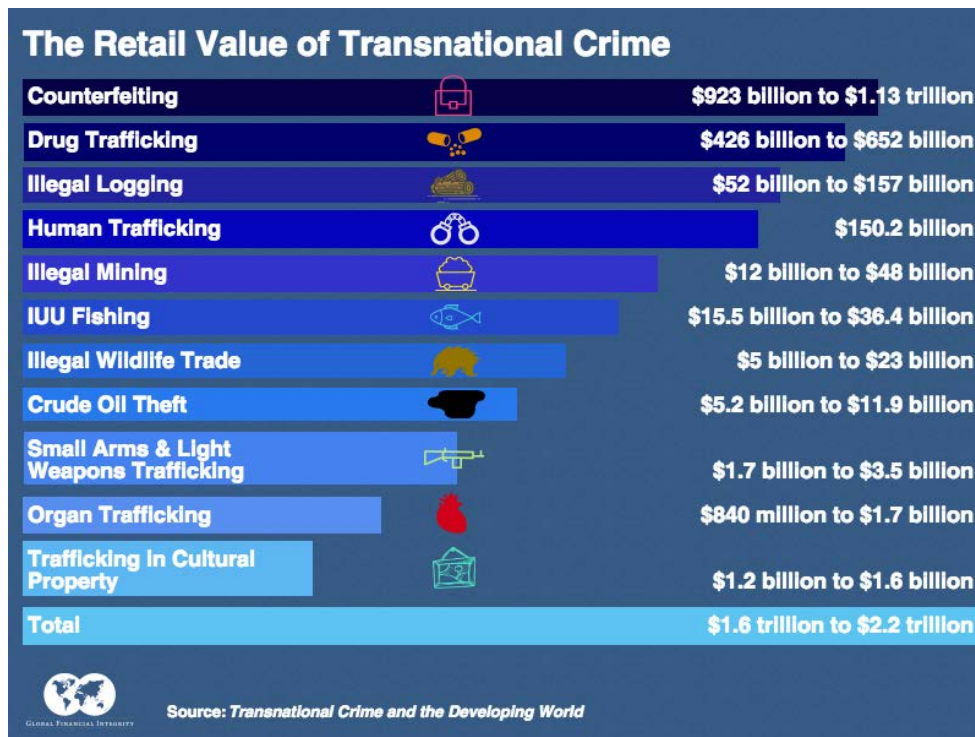
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Malcolm Wright

Global Head of AML and Fraud Transaction Monitoring

Thomson Reuters

AML and CFT: Why it Matters



- Significant detrimental effect on individuals and society
- Impact on stability of global financial systems
- Reputational, financial and legal risk to countries and individual financial organisations – and increasingly

A working example: Sonali Bank (UK) Limited



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- Oct 2016. Bank fined £3.25m. MLRO fined £18,000
- Bank prevented from accepting new deposits for 168 days
- MLRO prohibited from performing MLRO / compliance oversight in future
- In particular, the bank:
 - Failed to put in place appropriate AML monitoring arrangements
 - Failed to identify serious weaknesses in operational controls and a lack of appropriate knowledge among staff members
 - Reassured SBUK's board and senior management that controls were working well when they were not
 - Failed to report appropriately SBUK's internal auditors' concerns and the results of internal testing; and
 - Failed to impress upon senior management the need for more resources in the MLRO function and failed to take adequate steps to recruit more staff in a timely fashion.

Sonali Bank (UK) Limited



“There is an abundance of guidance for firms on how to comply with AML and financial crime requirements and no excuse for failing to follow it. The FCA will not hesitate to take action against firms and senior individuals who fall short of our standards. As in this case, such action may include using our powers to restrict a firm’s continuing business.”

Mark Steward

Director of Enforcement and Market Oversight, FCA

7 Steps to a Successful AML / CFT Culture

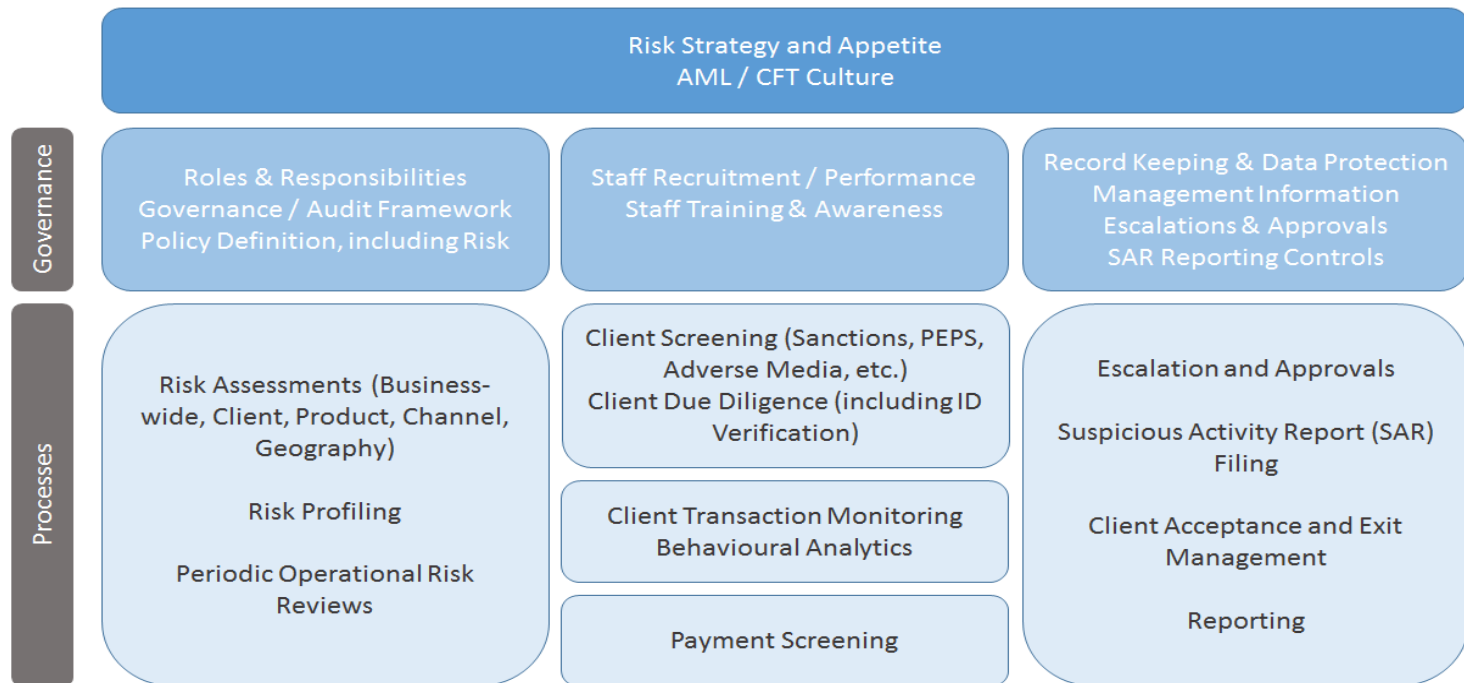


1. Tone from the Top: C-Suite Engagement
2. Leadership Engagement: Management Buy-in
3. Quality Monitoring: Ensuring fit-for-purpose
4. Risk / Reward Balance: Is the business worth the risk?
5. Sufficient Resourcing: Appropriately trained / experienced
6. Business-as-Usual: AML / CFT should be embedded into business processes
7. Training and Communication: Regular communication of what and why

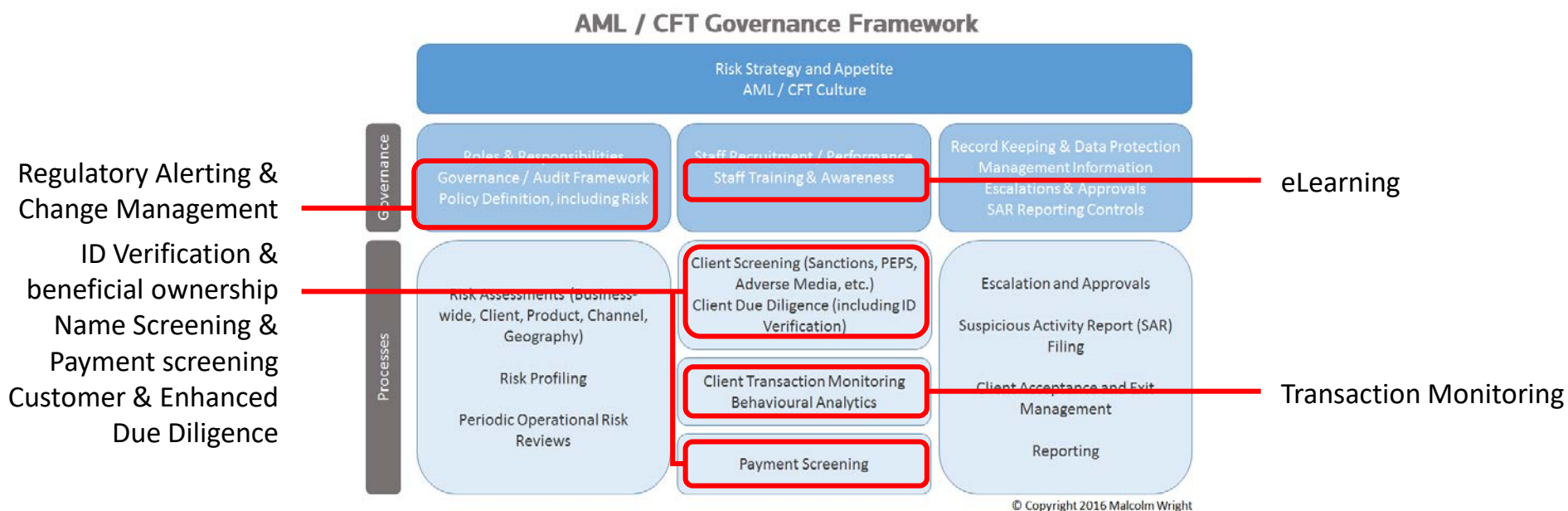
Importantly: Systems and controls are only as good as the individuals using them

AML Governance Framework

AML / CFT Governance Framework



AML Governance Framework: Utilising Data & Technology



AML Governance Framework & Thomson Reuters



Thomson Reuters Regulatory Intelligence & Connected Risk

The first step in your regulatory compliance program, TRRI allows you to track, flag, understand and share regulatory developments.



Thomson Reuters World-Check

Screen for heightened risk individuals and entities globally against a risk intelligence database consisting of millions of profiles, to help uncover hidden risks in business relationships and human networks.



Thomson Reuters Country Risk Ranking

Country Risk Ranking is a country-focused risk index that ranks all 247 countries according to their geopolitical, economic and social risk level.



Thomson Reuters Enhanced Due Diligence

Enhanced Due Diligence provides highly detailed background checks on companies and individuals. The result is a comprehensive report, which can be purchased with varying levels of detail.



Thomson Reuters Sanction Set

Sanctions data designed specifically for payment screening. Deduplicated profiles from major sanctions bodies to reduce false positives and increase efficiency in payments screening platforms



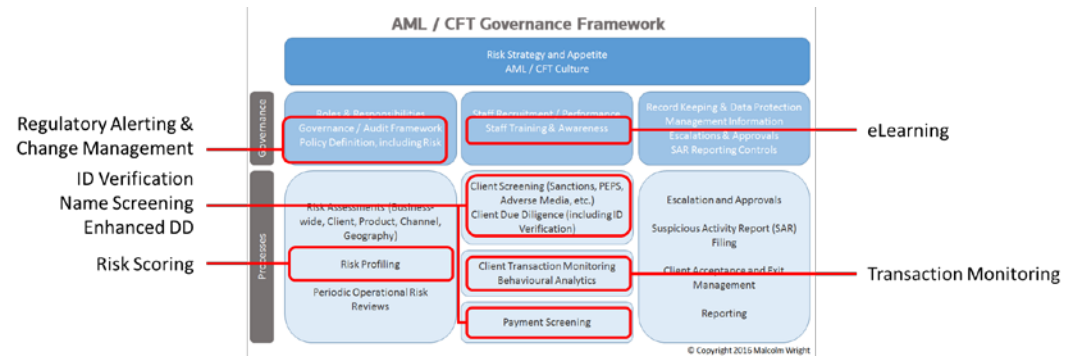
Thomson Reuters Transaction Monitoring

A transaction monitoring solution that screens for suspicious financial activity through customizable rulesets



Thomson Reuters Compliance Learning

Our Compliance Learning courses provide practical, interactive, customizable and cost-effective compliance training programs, which assist in changing behavior and supporting a culture of integrity.



Thankyou



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