


POSITION PAPER



ESBG response to the European Commission consultation on a new comprehensive approach to preventing and combating money laundering and terrorism financing

ESBG (European Savings and Retail Banking Group)

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ESBG welcomes the opportunity to comment on the EC roadmap. ESBG fully supports preventing money laundering and curbing terrorist financing. In ESBG's view, an urgent and useful next step is an enhanced cooperation between supervisors and regulators as well as a strengthened dialogue between them and the banking industry. It is also key to monitor and assess the proper implementation of the last AML Directives and the ESAs review.

The adoption of an EU Regulation could be a way to help clarify the grey zones in the existing rulebook and would allow banks that operate cross-border to develop common EU-wide AML/CFT policies and processes, create synergies and facilitate effective cross-border supervision.

Supervisory fragmentation could be addressed by the creation of an independent EU body/authority with a clear AML/CFT mandate, or by giving an existing EU authority a deeper AML/CFT mandate, always taking into account also the national specificities. ESBG is supportive of harmonised guidance, better coordinated implementation and unified supervisory practices across the EU, leveraging the experience and expertise of national supervisors as well as banking institutions in this field.

Additional reflections on policy action:

- **NCA's and Obligated Entities to start building up respective know-how.** ESBG believes that there is need to develop an additional new set of skills and capabilities such as statistics, mathematics and IT, including Big Data and Transaction Monitoring.
- **Encouragement to declare Innovative Technologies/Approaches** as best practices in the EU. ESBG believes that the EC should promote new innovative approaches by encouraging a broader development of ML detection algorithms to increase the efficiency and effectiveness of AML Monitoring and CFT Screening.
- **Enhance AML regulatory framework to specifically regulate more and grant controlled Personal Data Access and exchange** between and within Public Authorities and Financial Services to fight crime (even without explicit customer consent). Enhance exchange between banking groups, and between banking groups and public authorities. ESBG calls on the EC to develop a Communication on the usage of Big Data in Anti-Financial Crime analytics and production, which will include an assessment and proposal to adapt the legal framework.
- **Evaluate EU centralized AML/Sanction utility**, which gathers all necessary/transaction data and apply advanced analytics to detect Financial Crime. EU legislator should be very cautious of any duplicate work the national authorities already do. In that regard, it is therefore of the utmost importance that centralisation does not come at the cost of efficiency. ESBG suggests that synergies are tapped into, to avoid additional reporting burdens and cost efficiencies on the industry, including potential duplicate procedures and overlapping of competencies and work between national and EU entities whilst ensuring that the monitoring regime is strengthened.

ESBG encourages EU regulators to continue identifying AML risk related to crypto-assets, wallet services providers and other assets providing a high level of anonymity, and also encourages the establishment of an appropriate legal framework.

In addition, ESBG still observes some cases where applying AML and CTF measures is difficult:

- International transfers, of which the amount is increasing hugely, to/from countries with a low level of bank secrecy protection to/from offshore jurisdictions;
- Schemes using payment accounts of newly incorporated legal entities, which simulate big investment interests, order to transfer a big cash flow all at once for money laundering purposes.



Finally, ESBG aims for a high level of assurance approach for electronic KYC in the financial services sector based on governmental eIDAS, and would like to encourage the EC to put forward a common regulatory approach for customer identification and due diligence processes when performed remotely (see the reports prepared by the European Commission Expert Group on Electronic Identification and remote Know-your-customer processes).



About ESBG (European Savings and Retail Banking Group)

ESBG represents the locally focused European banking sector, helping savings and retail banks in 21 European countries strengthen their unique approach that focuses on providing service to local communities and boosting SMEs. An advocate for a proportionate approach to banking rules, ESBG unites at EU level some 900 banks, which together employ more than 650,000 people driven to innovate at roughly 50,000 outlets. ESBG members have total assets of €5.3 trillion, provide €1 trillion in corporate loans (including to SMEs), and serve 150 million Europeans seeking retail banking services. ESBG members are committed to further unleash the promise of sustainable, responsible 21st century banking. Our transparency ID is 8765978796-80.



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