

The Year of AML



Definitely a challenging year with different legislative and regulatory changes. The transposition of the 4th and 5th AML Directives, in line with the concentration of international efforts to fight money laundering and financing of terrorism, will keep compliance officers busy and not the least the upcoming visit of the FATF to assess Luxembourg puts AML once more in the spotlight.

“Headlines over the past several weeks should startle every professional involved in anti-money laundering efforts. [Several Banks] faces probes for alleged massive money laundering crimes. Yet the shock shouldn’t come from the details of the alleged crimes carried out at otherwise reputable financial institutions, but from the fact that such incidents have actually become business as usual.”

Robert Mazur

New Challenges

5th and 6th AML Directive

- Scope extension e.g. virtual currencies, payment providers
- New implications from central registers for bank accounts
- Extended powers and cooperation from authorities

Law 13 January 2019 (RBE)

- Registration of BO in RBE end of August 2019.
- Practical challenges around who qualifies as BO in more complex scenarios for investment funds or multilayer/multinational company structures

Circular 18/698 (ManCo)

- Extended scope of MLRO report
- Extended due diligence requirements on intermediaries, delegees and assets
- Reporting breaches of AML obligations

Circular 18/702 (Private Banking)

- Focus on ML/FT risks in private banking, including tax risk
- Definition and implementation of the risk appetite of the professional

Circular 18/9 (Life insurance)

- Extended AML/KYC information to be obtained and analysed, impacting current operational business processes and controls
- Applicable to new business underwritten (or significant change to a contract) as from 1 September 2019
- Existing stock of contracts to be reviewed by 31 December 2019 (manually or through models)
- Continued vigilance and monitoring (risk-based approach)

DAC 6 and 17/650 (Tax)

- Increase challenges in term of tax compliance and the reporting of CRS Avoidance Arrangements and Opaque Offshore Structures

Our Services

- Review internal Policies and Procedures to identify gaps towards the new regulatory requirements and challenges;
- Support around RBE and beneficial owner (BO) obligations;
- Support to amend the AML risk assessments as a consequence of the new regulatory requirements;
- Remediate client portfolios in order be compliant with changing regulations.

FATF – Visit 2020

The evaluation of Luxembourg will take place in 2020. How to demonstrate that my organisation is “Fit For Purpose”? Here’s a sample of relevant questions:

Are my employees sufficiently skilled and regularly trained?

Do my AML systems meet the nature, scale, diversity and complexity of my business?

Is the FATF terminology and definition of key topics correctly understood and addressed?

Are the ML/TF risks properly addressed and mitigated?

Are ML/TF risks clearly identified and understood?

Is Customer Due Diligence, record keeping and suspicious activity reporting compliant with FATF expectations?

Do Directors, Compliance Officers and Internal Auditors understand the detailed implications?

- Training Sessions of how to prepare for a FATF visit;
- Advising how to understand Luxembourg legal and regulatory language vs FATF language;
- Review of your key AML Documents (Policy, Risk Assessments, Risk Appetite Framework) for completeness;
- Dry Run Work Shop including interviews of the Compliance Officer and the CEO simulating a visit to help identify elements for preparation.

Digital Crime Fighters

Financial Institutions need to consider new technology tools to address challenges such as heightened regulatory scrutiny and the increasing cost pressures that are affecting their anti-money laundering (AML) and know your customer (KYC) processes.

Robotic Process Automation (RPA)

Verify and collect evidence of regulatory status of intermediaries.

Biometrics and face recognition

New ways to perform KYC remotely.

Transaction Monitoring

Optimise the effectiveness and completeness of the screening as well as the alert review process.

KYC process optimisation

Use dedicated analytics, RPA and visualisation tools and approaches to improve the KYC process for defined customer segments.

- Identify RPA opportunities in AML/CTF – KYC Procedures and Applications;
- Assess the effectiveness and completeness of data and controls;
- Transaction monitoring and name screening Program Diagnostic, System Configuration-, Data Quality- and Data Lineage Assessment;
- Machine learning to fight against Financial Crime.

How we can help you

Whatever the complexity or urgency of the situation your organisation faces, our Financial Crime & Forensic Services practice can provide expert support and solutions. Our forensic, AML Compliance and investigation skills help organisations (and their lawyers) that are facing issues to make intelligent, informed decisions whether in the boardroom or the courtroom.

AML/CTF and Sanctions

- Adequate internal Framework
- Customer/ Investor/ Distributor due diligence
- Transaction Monitoring
- Compliance program evaluations
- Enhancing overall risk management
- Review and investigate historical transactions
- Policy and risk-based approach review
- Review and investigate historical and suspicious transaction
- Preparing for regulatory onsite visits

- Investigations
- Gap analysis and rigorous testing of controls
- Policies and procedures
- Incident response plan
- “Heat map” of controls

Market Abuse

Fraud and Asset misappropriation

- Fraud Risk reviews
- Fraud Investigations and regulatory analytics
- Corporate intelligence
- Employment screening
- Vendor and supply chain due diligence

- Risk Assessment
- Policies and Procedures
- Effective implementation
- Monitoring and Review

Bribery and Corruption

Cyber crime

- Strategy and transformation
- Incident and threat management
- Privacy and consumer protection
- Implementation and operations

- Review of existing customer base
- Risk assessment and heat map
- Policies and procedures

Tax Evasion and Tax Fraud

Contacts



Michael Weis

Financial Crime & Forensics Leader

+352 49 48 48 4153

michael.weis@lu.pwc.com

Roxane Haas

Anti-Money Laundering Services Leader

+ 352 49 48 48 2451

roxane.haas@lu.pwc.com

Birgit Goldak

Anti-Money Laundering Services Partner

+352 49 48 48 5687

birgit.goldak@lu.pwc.com

Murielle Filipucci

Tax Partner

+352 49 48 48 3118

murielle.filipucci@lu.pwc.com

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