



EMEA AML Survey 2026

Mind the gap – is Luxembourg ready?

Extended executive summary



May 2026

Introduction

The financial sector in Luxembourg, the EU, and the broader Europe-Middle East-Africa (EMEA) region is beginning to react to the new reality of the European Union's AML Package – a comprehensive regulatory framework to standardise anti-money laundering practices across the EU – and is having to make changes to its anti-money laundering/countering the financing of terrorism (AML/CFT) operations.

The EU AML package is more than a set of EU-wide know-your-client (KYC) regulations; it is a paradigm shift in how AML is carried out in the Union. Rather than AML being about ensuring that a minimum number of controls are implemented, the EU AML Package aims to instil a broader view of AML across the EU financial market, making institutions look at topics like sanctions and fraud much more closely, and focus on the holistic risk of financial crime, beyond mere compliance with narrow AML regulations.

As a highly developed financial market with robust regulatory frameworks, Luxembourg is ahead of the curve when it comes to aligning its existing AML rules with the new EU standards. However, while Luxembourg will likely not need a broad overhaul of its rulebook, this does not mean that concerted efforts will not be needed to comply. Survey results show that a strong majority of Luxembourg respondents recognise the substantial impact of the new regulations but believe they have the resources and expertise necessary to adapt.

However, this confidence risks tipping into complacency. While Luxembourg's highly developed AML framework – which has sometimes been referred to as “gold-plated” – is certainly an advantage, the findings reveal that **many local institutions may be underestimating the scale and urgency of the changes required to achieve full compliance**. Notably, the results of the survey show that while Luxembourg institutions likely are, or will be, capable of complying with the regulation substantively, including for customer due diligence (CDD), their methods sometimes do not match the form and procedures that the EU AML Package is now expecting. The same is true for risk assessment and anti-fraud measures. The EU AML Package does not explicitly require significant upgrades for Luxembourg, but it does demand changes to the status quo, which can still have massive operational impacts. In short, Luxembourg is not in a bad position, but continued vigilance and proactive action are crucial to avoid falling behind as the EU AML Package comes into full force.

As the deadline approaches, Luxembourg must ensure that its confidence is matched by decisive, forward-looking improvements. Only by doing so can the sector maintain its leadership and reputation in a rapidly changing regulatory landscape.

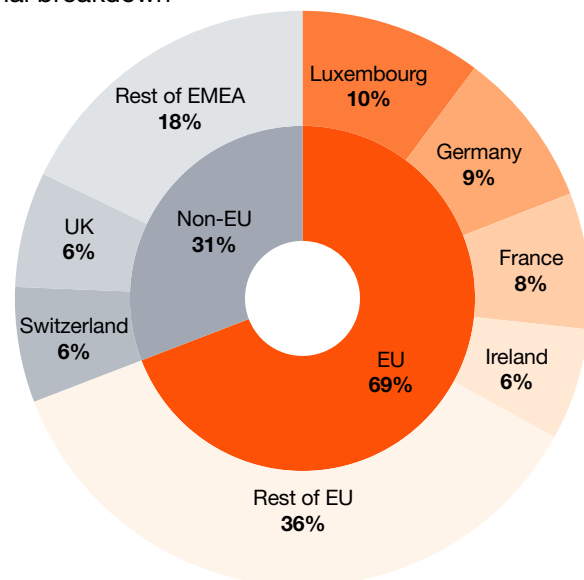
Methodology

Throughout the report, we compared Luxembourg responses to those from major EU and non-EU economies in the survey, focusing on countries that have highly developed financial sectors, which serve as useful peer references for Luxembourg's performance. There are also comparisons to the EU aggregate responses to measure how Luxembourg's reactions to the EU AML Package compares to the rest of the Union.

As Figure 1 shows, Luxembourg is the country that provided the most responses in the entire EMEA survey, with 10% of all respondents based in the Grand Duchy. The Luxembourg responses in this survey are therefore highly representative of the Luxembourg financial sector overall. Their active participation also underscores how seriously the Luxembourg market is taking AML in general and the EU AML Package in particular.

It is followed by Germany, France, and Ireland, which have the most responses in the survey after Luxembourg and have been used as benchmarks for Luxembourg's performance throughout the report. Switzerland and the UK are also the two non-EU countries with the largest number of respondents in the survey and have also been used as benchmarks. Overall, 69% of respondents are based in the EU, with the remaining 31% outside of it.

Figure 1. Regional breakdown



Source: PwC Luxembourg EMEA AML Survey 2026
Percentages may not add up to 100% due to rounding.

Nearly half of Luxembourg respondents (48%) come from the asset and wealth management (AWM) industry, with another 44% from the banking sector. This breakdown corresponds to Luxembourg's overall financial sector, which is much more heavily focused on the AWM industry than many other territories. Conversely, only 21% of overall EMEA respondents come from the AWM industry. Furthermore, there are proportionally fewer respondents from the payments and insurance sectors in Luxembourg than in the rest of EMEA.

Findings

Regulation

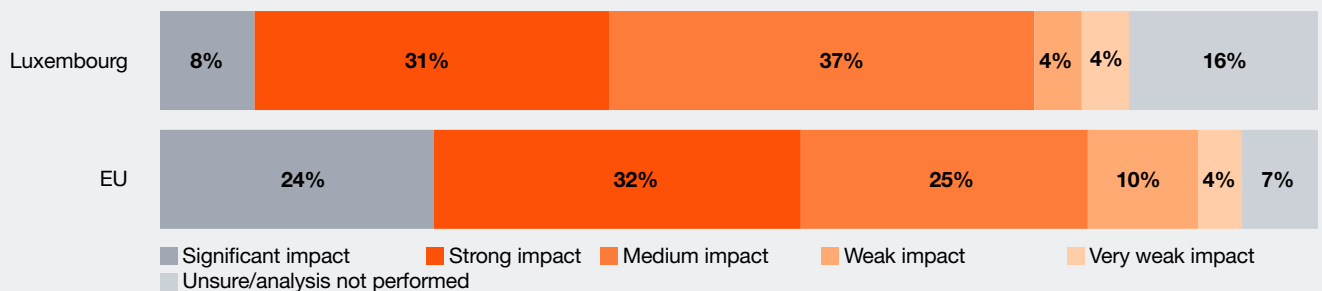


76% of Luxembourg respondents claim that the EU AML Package will have either a “medium”, “strong”, or “significant” impact on their operations. Although they recognise a high impact, they are mostly following a wait-and-see approach to the new regulation.

“Medium” impact means that the transition will require 5-10% of AML resources, while “strong” refers to 10-20% of capacity and “significant” refers to over 20%. To date, Luxembourg firms are taking little action on the EU AML Package, instead they appear to be waiting to see what the regulatory effects will be. They are confident in Luxembourg’s longstanding position and believe that the transition will be extremely mild. However, this strategy may backfire since the deadline for compliance is July 2027. Despite this, 60% of

Luxembourg firms do not plan to increase staff, while 59% do not plan to outsource operations. This seems to be inconsistent with the impact they expect from the regulations, whereas other peer financial markets show a stronger correlation between their perceived impact and their actions. Luxembourg’s advanced financial sector means that the impact of the EU AML Package will be greater in the rest of the EU than in Luxembourg, but that does not mean that the local impact should be underestimated.

Figure 2. Perceived impact of EU AML Package



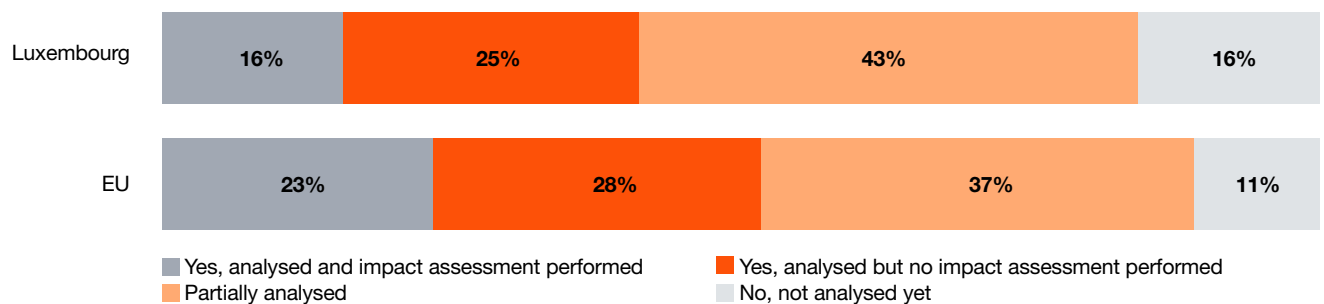
Source: PwC Luxembourg EMEA AML Survey 2026

16% of Luxembourg respondents have not carried out any form of analysis of the EU AML Package’s impact on their operations. Another 16% have carried out a full impact assessment. Respondents report high confidence in their ability to manage the transition despite having performed very limited analysis of their situation: a bold stance that flirts with underestimation.

Luxembourg respondents are confident in the fact that Luxembourg’s historic position as an advanced financial sector has already prepared them for what is

to come. However, they are far less likely to have carried out an impact assessment of the EU AML Package than their EU counterparts.

Figure 3. Analysis of the EU AML Package



Source: PwC Luxembourg EMEA AML Survey 2026

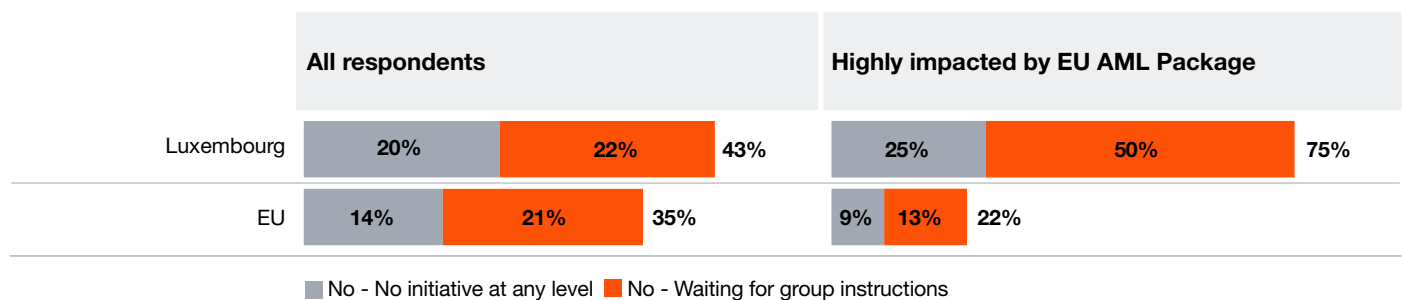


Luxembourg is the least active country in the EU when it comes to the EU AML Package. 42% of Luxembourg respondents have no plans to update their AML operating models. Furthermore, 75% of Luxembourg respondents who say the EU AML Package will be highly impactful have no plans to update their models.

The Grand Duchy is not taking enough action to mitigate the challenges it says it recognises. In fact, there seems to be a disconnect between the importance that Luxembourg respondents are assigning to the EU AML Package, and the actions they are taking to prepare for it. Part of this is explained because many firms in Luxembourg are not fully independent, but part of a group, and are waiting for group instructions on how to proceed.

While this is understandable, it may be risky to rely on EU authorities accepting this explanation; firms in groups will be subject to the same standards as standalone ones. Given the hard deadlines and increased regulatory scrutiny and standards that will be placed on Luxembourg as of July 2027, it may be very costly to underestimate the scale of the regulatory transition.

Figure 4. Percentage of respondents who have NO initiatives to update their AML/CTF target operating model



Source: PwC Luxembourg EMEA AML Survey 2026

Operations



From Luxembourg’s standpoint, the EU AML Package does not imply major regulatory paradigm shifts, as Luxembourg is already an advanced jurisdiction. Rather, in most cases the Package will require tweaks to existing methods and procedures. However, it is very important to keep in mind that these small changes can still lead to major operational impacts, as long-standing AML models get called into question.

22% of Luxembourg respondents and 28% of EU respondents believe CDD periodical reviews will be the most impacted control. Another 20% and 23% respectively believe that CDD onboarding will be highly impacted.

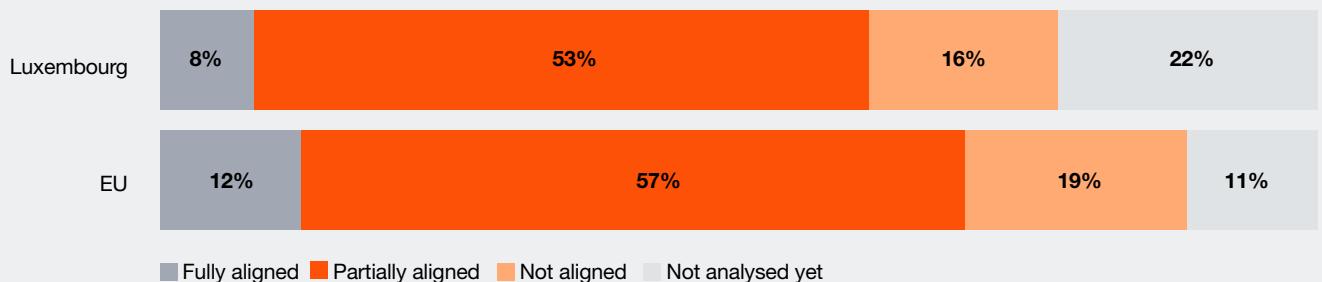
The market believes that CDD, whether at the onboarding phase or throughout the client relationship, will be the AML operation that requires the most resources in order to comply with the EU AML Package.

Only 8% of Luxembourg firms say they are fully aligned with the CDD regulatory technical standard (RTS). In the EU this number is 12%.

Furthermore, 22% of Luxembourg respondents have not analysed their alignment. Even when considering those respondents who claim to be partially aligned, Luxembourg

appears to be less ready to comply with the AMLR’s CDD requirements than its peers. These results call for bold action from Luxembourg financial institutions to comply with the upcoming regulations. The inaction in the face of misalignment also reiterates the overconfidence that seems to be gripping Luxembourg AML teams.

Figure 5. Alignment with AMLR RTS 28(1) on CDD



Source: PwC Luxembourg EMEA AML Survey 2026

Only 24% of Luxembourg respondents have signalled they are considering remediations by third parties, but 60% also claim they will not increase personnel. Carrying out fully internal remediations given current capacity may not be enough to implement all the necessary changes needed for the AML transition. An increase in AML spending partnered with support from external managed services could help smoothen the process.

When asked what actions they would take to fix the alignment gap with CDD, Luxembourg respondents mostly stated that they would take some form of in-house remediation. A plurality (30%) of Luxembourg respondents said they would have their compliance team carry out an in-house remediation. With another 27% saying the same for their first line team. While these actions can help firms become compliant with the EU AML Package, it is important to keep in mind that Luxembourg firms have overwhelmingly reported a degree of underinvestment in AML topics,

while also citing concerns about their technology and data-readiness. This approach may therefore be overly optimistic. While performing remediations, compliance and first line teams will also need to carry out their regular duties, which will be very difficult if they are already at capacity. This difficulty will be compounded by the short timeframe in which remediations and regulatory changes will need to be implemented. Here again, Luxembourg risks falling behind its EU counterparts if it does not significantly speed up and intensify its transition efforts.

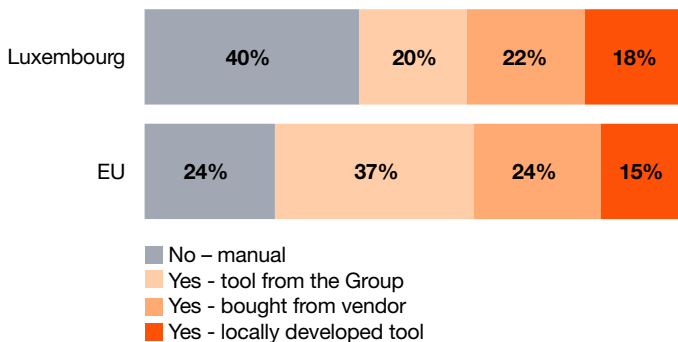


40% of Luxembourg firms have fully manual risk assessment processes with no automation. This figure is 24% in the EU and 16% in Ireland. Luxembourg is lagging in key operational areas, especially with regards to digital tools.

Some firms risk falling out of compliance. Overreliance on manual systems can lead to receiving a higher risk score from EU-level AML institutions. 59% of Luxembourg firms have no tools for identifying fraudulent/forged documents. In the EU it is 31%. The EU AML Package requires that financial institutions have measures to verify the authenticity

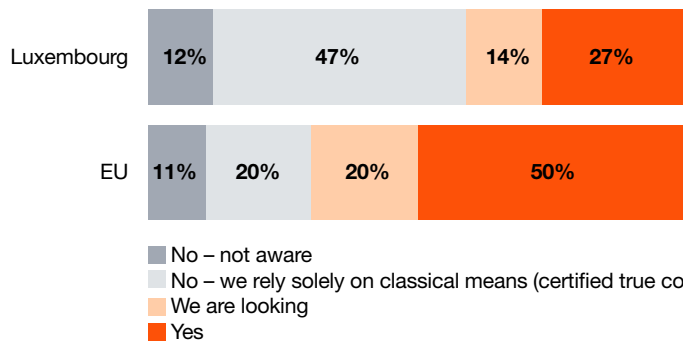
of the documents they receive, which is becoming increasingly important as forging or altering digital documents becomes easier. Indeed, Luxembourg’s 2025 National Risk Assessment of Money Laundering placed fraud and forgery as the top threat that the Luxembourg financial centre faces in its threat assessment overview.

Figure 6. Is your AML Risk Assessment standardised and automated?



Source: PwC Luxembourg EMEA AML Survey 2026

Figure 7. Do you have a tool that helps identify forged documents?



Source: PwC Luxembourg EMEA AML Survey 2026

Technology



There is a market-wide concern about data quality, particularly for CDD; 67% of Luxembourg respondents say the data collection volume is one of their top concerns regarding regulatory compliance.

Concerns about data in Luxembourg are likely related to overreliance on legacy and manual systems, as well as a broader underinvestment in technology. Simultaneously, the major focus on CDD may be due to the release of the RTS on CDD around the time the survey was distributed, which

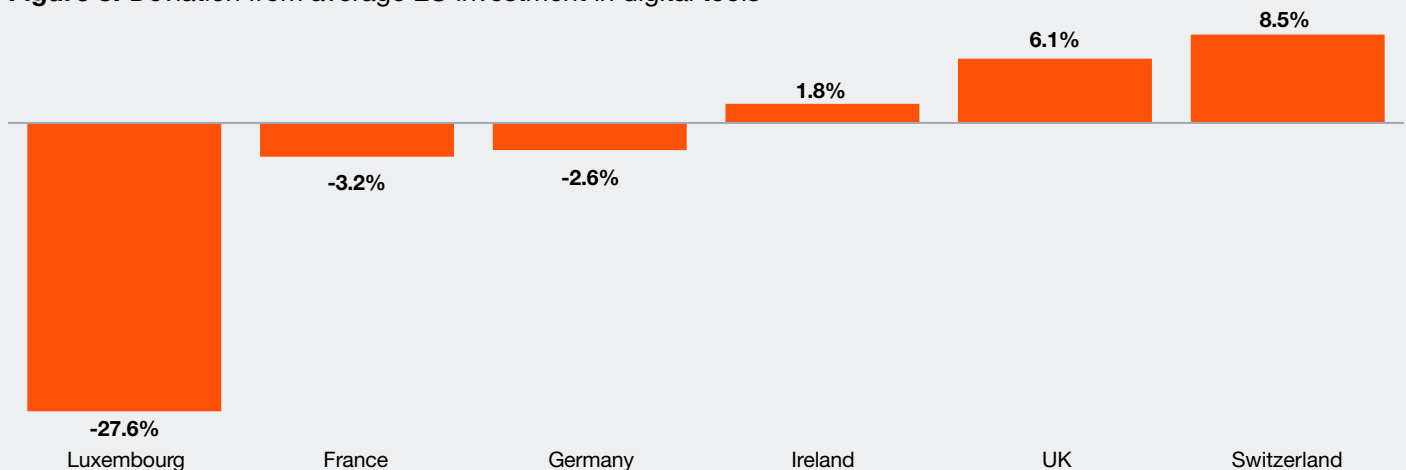
may have brought disproportionate amount of market attention to CDD. Luxembourg and EU firms should take a broader big-picture approach to the regulatory transition. Reacting to RTS as they are released may not be the most efficient approach.

Luxembourg firms are investing 28% less in digital tools than the EU average. They are also 38% below Switzerland, 35% below the UK, and 30% below Ireland.

This is not a new problem, as Luxembourg was already underinvesting in 2024, but the investment gap between Luxembourg and major EU financial centres has widened. The 2024 survey showed that 42% of Luxembourg firms were planning to invest over 10% of their AML/CFT budget into digital tools for the 2024-2026 period.

At that time, 55% of overall EU firms were investing over 10% of their budget into digital tools, this figure was 80% in Switzerland and 60% in France. However, Luxembourg was more aligned with peers like Germany (45%) and Ireland (40%), who were investing overall less than Luxembourg.

Figure 8. Deviation from average EU investment in digital tools



Source: PwC Luxembourg EMEA AML Survey 2026

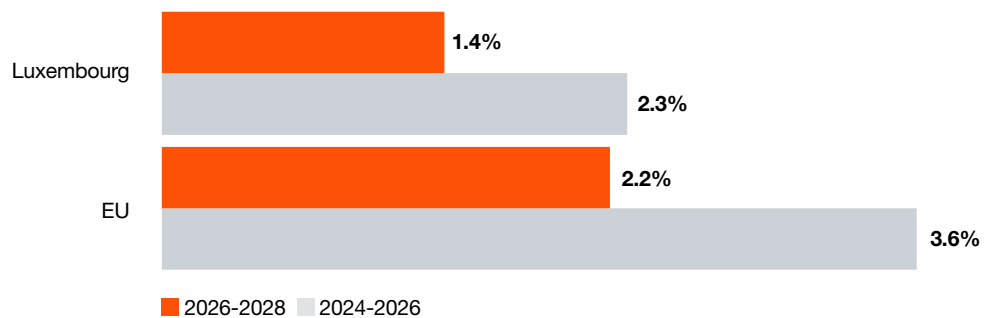
Luxembourg firms have reduced their AI investments by 49% since 2024. Firms are finding it difficult to identify the right AI solutions for their specific AML needs.

Rather than a lack of interest, the hesitancy to invest likely stems from uncertainty about which tools will genuinely improve monitoring, reporting, and compliance. Many organisations have experimented with AI technologies, such as large language models (LLMs) and chatbots; however, these have not

always aligned with the specialised requirements of AML/CFT processes. The struggle to find tools that deliver tangible benefits may have led to disappointment or scepticism, resulting in a smaller percentage of budget assigned to AI within AML teams.

Figure 9. Changes in AI investment 2023-2025

Average percentage of AML budget allocated to AI



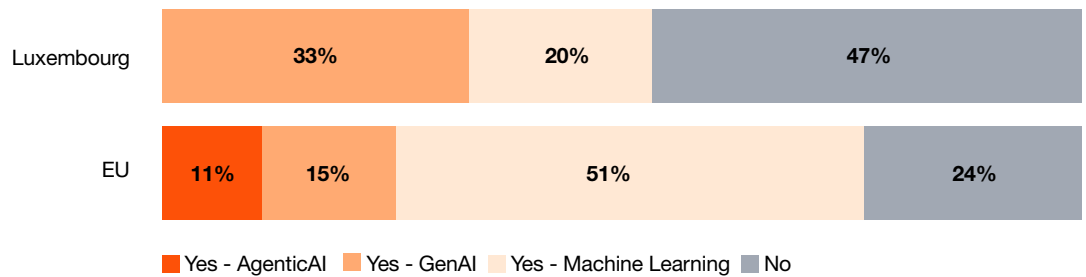
Source: PwC Luxembourg EMEA AML Survey 2026

Only 53% of Luxembourg firms claim they are considering implementing AI into their AML operations. Furthermore, when Luxembourg firms do invest in AI, they tend to opt for less advanced solutions.

Within the subset of Luxembourg firms that are considering AI, most of them (62%) are considering GenAI, while the remaining 38% are considering simpler AI solutions like machine learning. These figures correspond to 33% and 20% of the total Luxembourg respondents respectively. There are no firms in Luxembourg considering agentic AI, one of the most complex AI solutions currently on the market, although this figure is 11% in Europe.

Agentic AI is a relatively new entrant to the market which is why its adoption remains low across Europe. Luxembourg firms therefore have an opportunity to gain a competitive edge in the market by being at the forefront of synthesising AI with AML/CFT in the European market. AI is an area where Luxembourg needs to be proactive since a much higher percentage of firms in the EU are using AI than in Luxembourg.

Figure 10. Are you considering the implementation of Artificial Intelligence (AI) into your AML processes/workflow?



Source: PwC Luxembourg EMEA AML Survey 2026

Contact us

Michael Weis

Anti-Financial Crime Leader,
Partner, PwC Luxembourg
michael.weis@pwc.lu

Cécile Moser

AML Banking Leader,
Partner, PwC Luxembourg
cecile.moser@pwc.lu

Dariush Yazdani

Global AWM & ESG Research Centre
Leader,
Partner, PwC Luxembourg
dariush.yazdani@pwc.lu

Birgit Goldak

AML Services Leader,
Partner, PwC Luxembourg
birgit.goldak@pwc.lu

Alessandro Casarotti

AML Survey Coordinator,
Anti-Financial Crime Director,
PwC Luxembourg
casarotti.alessandro@pwc.lu

PwC Luxembourg (www.pwc.lu) is the largest professional services firm in Luxembourg with over 3,600 people employed from 90 different countries. PwC Luxembourg provides audit, tax and advisory services including management consulting, transaction, financing and regulatory advice. The firm provides advice to a wide variety of clients from local and middle market entrepreneurs to large multinational companies operating from Luxembourg and the Greater Region. The firm supports its clients in creating the value they are looking for by contributing to the smooth operation of the capital markets and providing advice through an industry-focused approach.

At PwC, we help clients build trust and reinvent so they can turn complexity into competitive advantage. We're a tech-forward, people-empowered network with more than 364,000 people in 136 countries and 137 territories. Across audit and assurance, tax and legal, deals and consulting, we help clients build, accelerate, and sustain momentum. Find out more at www.pwc.com and www.pwc.lu.

© 2026 PricewaterhouseCoopers, Société coopérative. All rights reserved.

In this document, "PwC" or "PwC Luxembourg" refers to PricewaterhouseCoopers, Société coopérative which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity. PwC IL cannot be held liable in any way for the acts or omissions of its member firms.