

Module	<b>European Union Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT)</b>
Jurisdictions	<b>European Union (EU)</b>

## Module Application

---

1. Does the financial institution assess and identify money laundering and terrorism financing risks, implementing a risk mitigation framework?
  2. Does a financial institution apply customer due diligence in various scenarios, identify beneficial owners, determine if they are politically exposed persons (PEPs), and use enhanced measures for high-risk situations or simplified measures for low-risk relationships?
  3. Does the financial institution must monitor customer transactions, report suspicious transactions to the financial intelligence unit, and maintain confidentiality about the reporting?
- 

## Module Scope

The European Union (EU) has implemented robust measures aimed at combating money laundering (ML) and the financing of terrorism (FT) within its jurisdiction. These measures are essential for safeguarding financial systems and ensuring national and international security.

The EU Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) module expects financial institutes to establish and maintain a procedure to detect and deter money laundering and terrorist financing within their organisation. A financial institute can be a bank, an insurance company, an investment firm or a payment service provider, or any entity that is declared to be a financial institution.

By implementing robust AML compliance programs and adhering to applicable regulations, financial institutions can contribute to the global fight against money laundering, maintain the integrity of the financial system, and protect themselves from legal and reputational risks associated with non-compliance.

The AML/CFT module lays down following key directives, notably:

- **The fourth and fifth Anti-Money Laundering Directives (AMLD IV and V):** These directives which provide a comprehensive framework for combating ML/FT activities. They outline obligations, procedures, and requirements for financial institutions operating within the EU. These directives establish common standards for customer due diligence, record-keeping, and reporting suspicious activities.
- **The FATF recommendations:** These recommendations serve as global benchmarks for combating ML/FT activities, and EU regulations are designed to ensure compliance with these standards. It enables financial institutions to navigate the complex landscape of AML requirements and contribute to the global fight against financial crime.

- **The EBA guidelines:** They set out factors that firms should consider when assessing the ML/TF risk associated with a business relationship or occasional transaction. In addition, they provide guidance on how financial institutions can adjust their customer due diligence measures to mitigate the ML/TF risk they have identified to make them more appropriate and proportionate.

The key topics covered in this module include:

- Risk assessment
- Customer due diligence
- Reporting obligations
- Data protection, record-retention and statistical data
- Internal procedures, training and feedback
- Virtual assets

Non-compliance with AML regulations can have severe consequences, including heavy fines and penalties, sanctions and criminal charges, reputational damage, and increased regulatory scrutiny, which can significantly impact an organisation's financial standing, business operations, and stakeholder trust.

### **About LexisNexis Regulatory Compliance**

LexisNexis Regulatory Compliance® helps you forge a clear path to compliance.

With LexisNexis® content know-how at the core, our compliance registers, alerts, and information-driven solutions make compliance uncomplicated for GRC professionals across the globe.