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Safeguarding access to financial services for refugees: towards an effective ML/TF risk management

Finance Latvia Association, 27 April 2023

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The EBA's AML/CFT role

Article 1(5)(fb) of the EBA Regulation:

'The Authority shall, within its respective competences, contribute to [...] preventing the use of the financial system for the purposes of ML/TF.'

EBA strategic objectives on AML/CFT



Article 9a(1) of the EBA Regulation:

The Authority shall [...] take a leading, coordinating and monitoring role in promoting integrity, transparency and security in the financial system by means of adopting measures to prevent and counter money laundering and terrorist financing in that system.

Challenges associated with onboarding of refugees and EBA's first responses



(2016) EBA Opinion on the application of customer due diligence measures to customers who are asylum seekers from higher-risk third countries or territories:

Key message: The EU framework is sufficiently flexible to overcome the challenges associated with the CDD for refugees = there should be relatively few cases where it will be necessary for a credit or financial institution to decline a business relationship with an asylum seeker from a higher-risk third country or territory on ML/TF grounds.

(2020-2022) EBA work on de-risking, with a publication of an Opinion in January 2022

Key message: de-risking of entire categories of customers, without due consideration of individual customers' risk profiles, can be unwarranted and a sign of ineffective ML/TF risk management.

(April 2022) EBA statement on financial inclusion in the context of the invasion of Ukraine

Key message: compliance with AML/CFT obligations should not lead to the financial exclusion of refugees = possible application of simplified CDD, postponement of application of initial customer identification measures, adjustment of monitoring, etc.

The new EBA Guidelines on effective management of ML/TF risks when providing access to financial services

March 2023: **Publication of a new set of Guidelines aiming at tackling unwarranted de-risking**, incl. of refugees:

- **General principle:** before taking a decision to reject or to terminate a business relationship, credit and financial institutions should first consider all possible mitigating measures.
- **CDD for refugees:** guidance on how to handle applications from individuals that may have credible and legitimate reasons to be unable to provide traditional forms of identity documentation.
- **Monitoring:** the guidelines make clear that over time, institutions can update the individual risk assessment of the customer and adjust the extent of monitoring and the type of products and services for which that customer is eligible.
- **Application:** The guidelines will apply three months after publication in all EU official languages.

More information

- EBA AML/CFT landing page:** <https://eba.europa.eu/regulation-and-policy/anti-money-laundering-and-countering-financing-terrorism>
- Subscribe to the **Newsletter** (link [here](#))

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