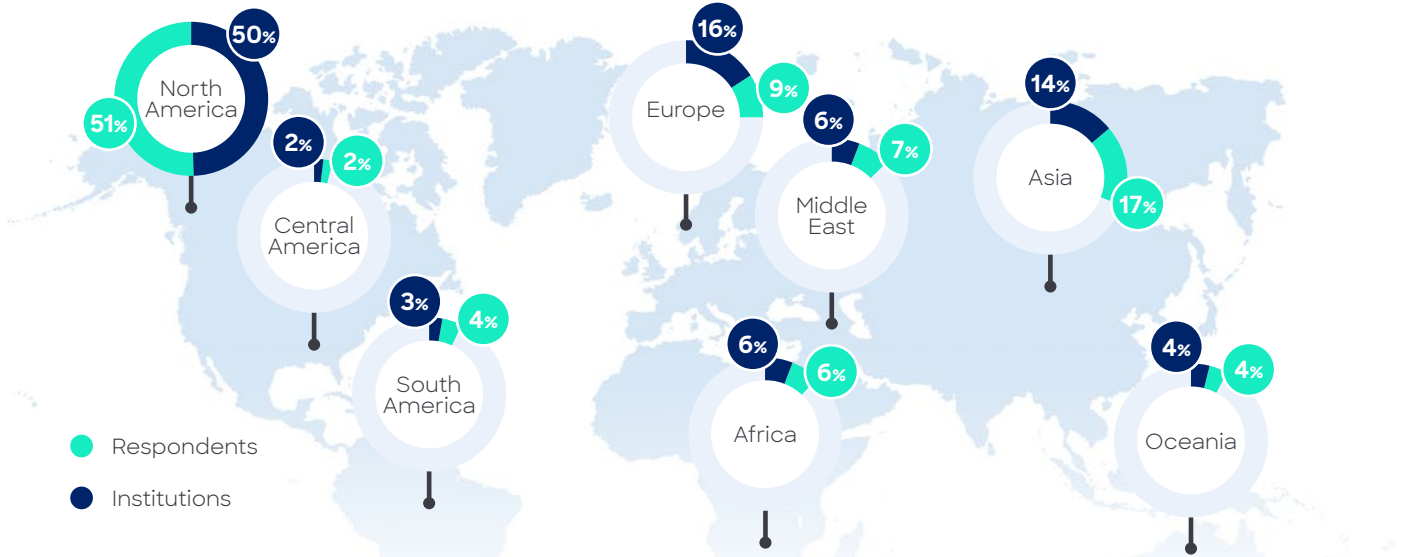




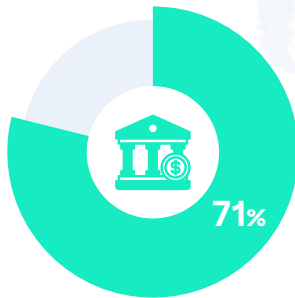
ACAMS Compliance Effectiveness and Risks Survey

February 2021

Respondent and Institution Location



Organisation Type



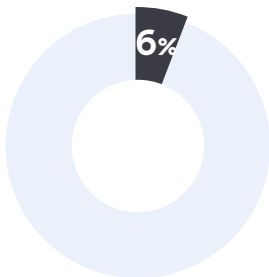
Financial institution (inc. neobanks)



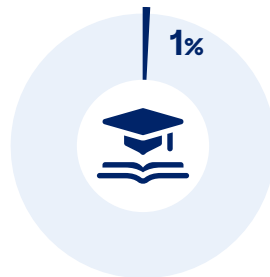
Other private sector (inc. law, other businesses, and other fintechs and regtechs)



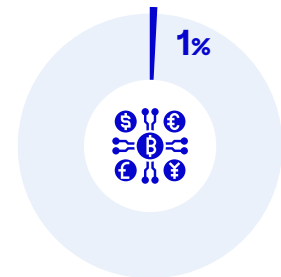
Governments (including international organisations)



Other

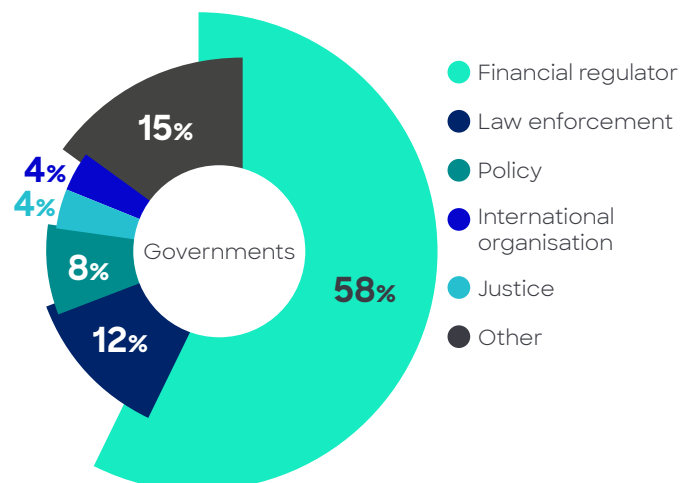
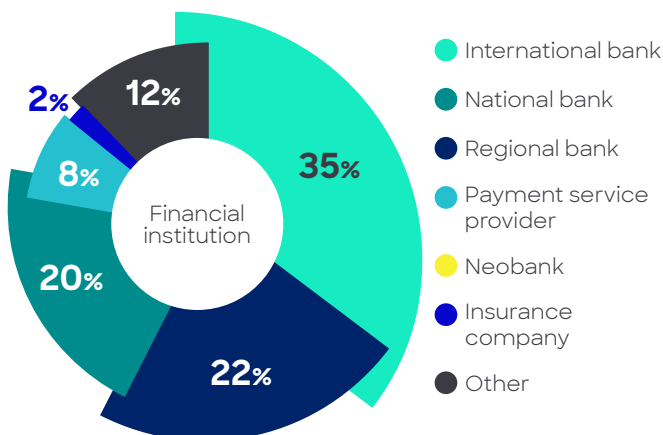


Academia



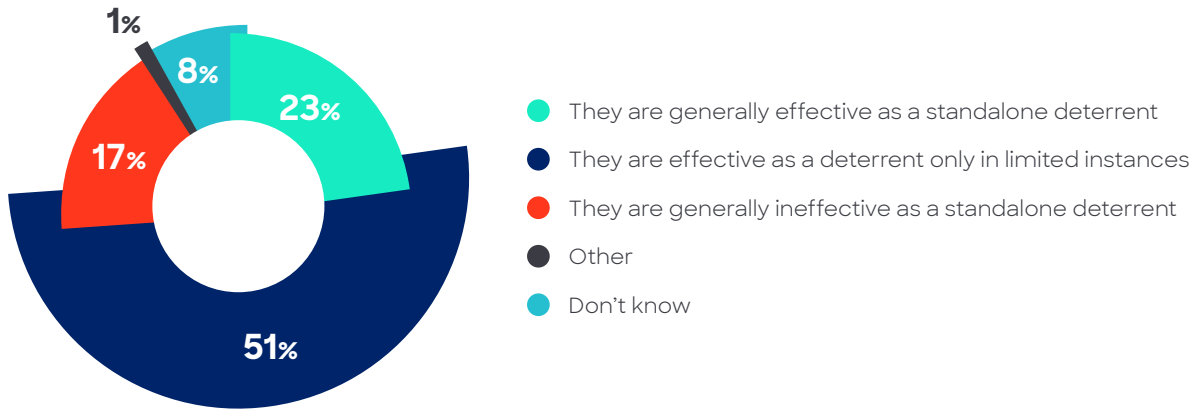
Cryptocurrency industry

Sector



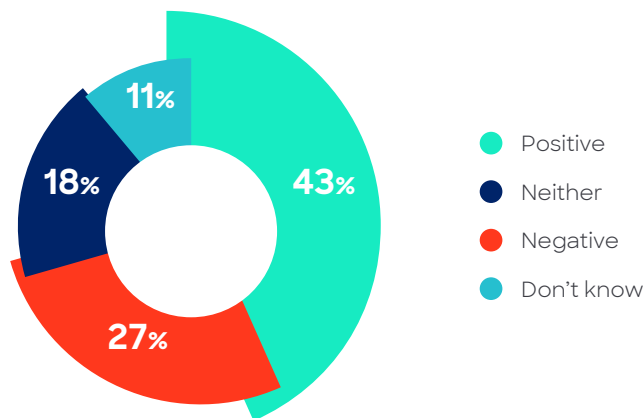
Half of respondents believe that monetary penalties are only effective as a deterrent in limited instances.

Based on the reported contents of the leaked FinCEN files, how would you describe the effectiveness of monetary penalties/settlements as a deterrent to repeated compliance violations?



Respondents are generally more likely to think the revelations of the FinCEN Files will have a net positive effect on global efforts to fight financial crime.

Taken as a whole, are the revelations of the FinCEN Files a net positive or a net negative for global efforts to fight financial crime?



Almost a third of respondents believe the most likely outcome of the FinCEN files leaks will be increased scrutiny of financial institutions.

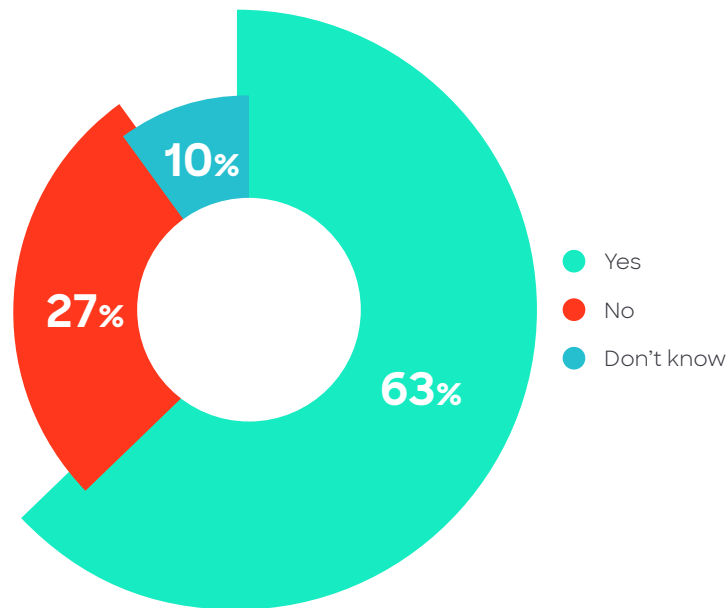
Just a tenth anticipate no changes.

Which of the following, if any, do you believe is most likely to be the result of the suspicious activity/transaction reporting leaks cited by the FinCEN Files?



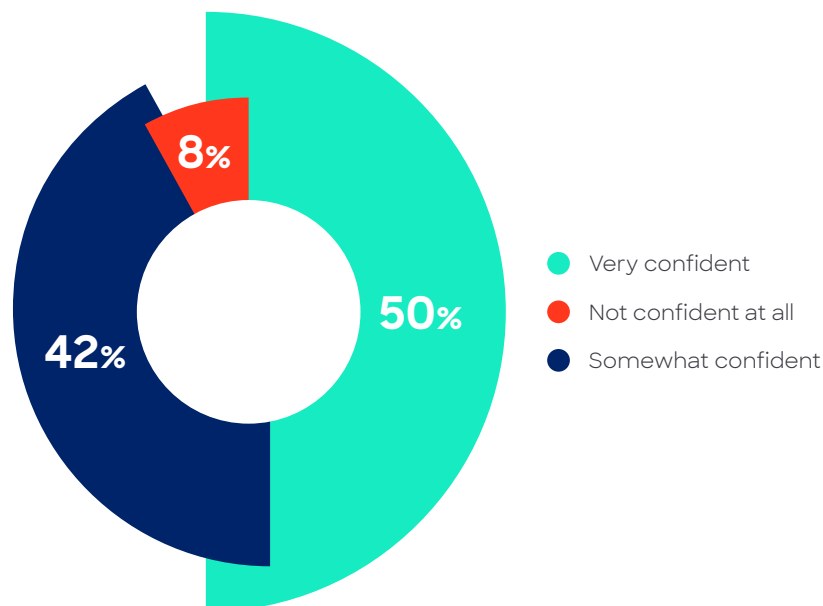
Around two-thirds of respondents think there is a reporting time-lag which limits the effectiveness of suspicious activity reporting regimes.

In your opinion, does the effectiveness of suspicious activity/transaction reporting regimes suffer from a reporting time-lag?*



Half of respondents say they are very confident their institution reports information with a high degree of usefulness, and under a tenth say they are not confident.

According to FinCEN, one potential requirement of an effective AML program is that it "provides information with a high degree of usefulness to government authorities." How confident are you that your institution currently reports information with a "high degree of usefulness"?

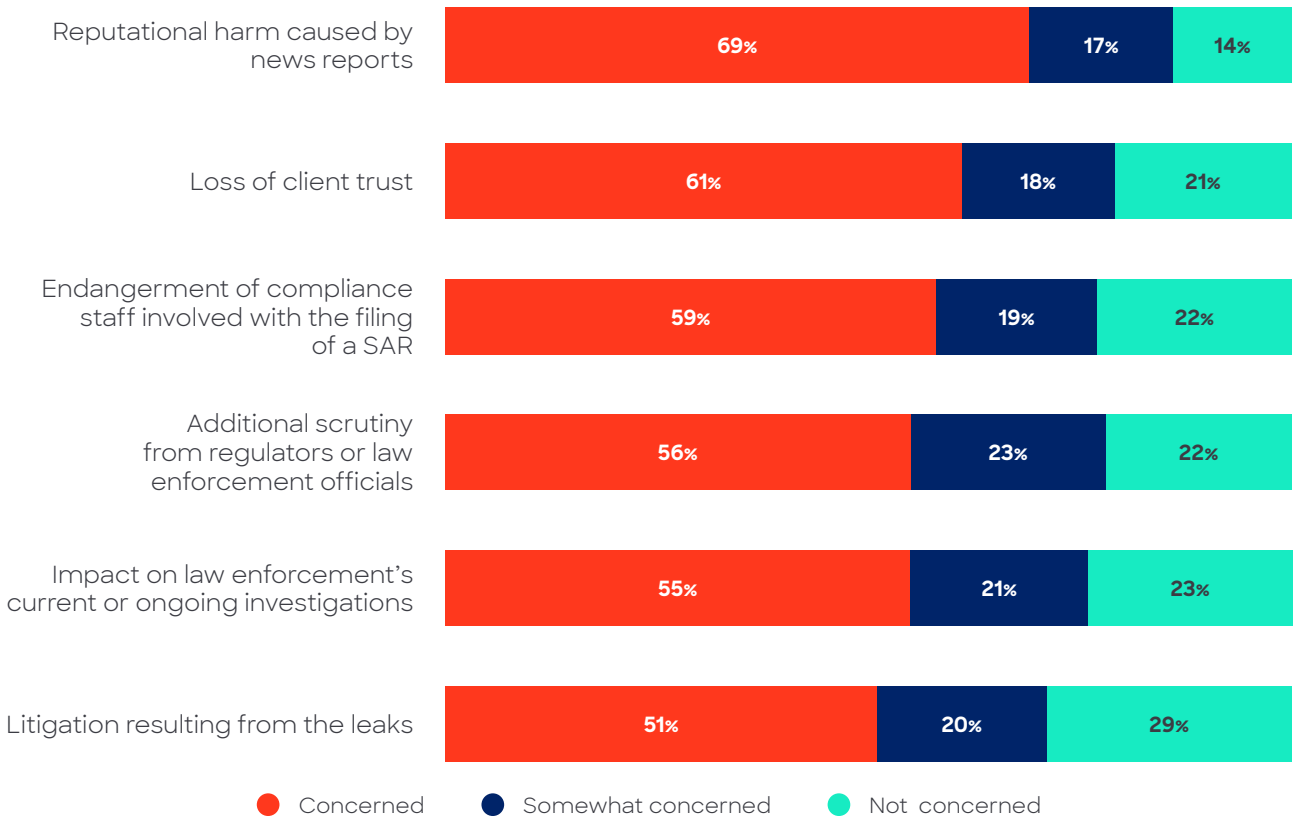


*Full wording: One issue highlighted by the FinCEN Files is the time between when a suspicious transaction occurs and when it is ultimately reported to authorities. In your opinion, does the effectiveness of suspicious activity/transaction reporting regimes suffer from a reporting time-lag?

Base: All respondents (342)

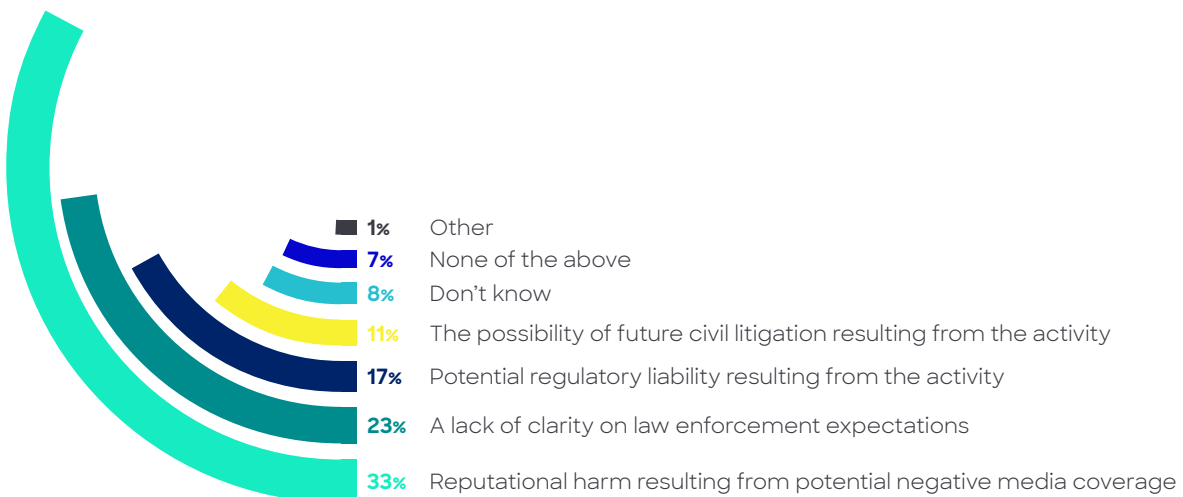
Respondents are most concerned with potential reputational harm which could arise from SARs leaks. Of the listed issues, respondents are least concerned with litigation, although half say this would concern them.

When thinking about the potential leak of suspicious activity/transaction reports filed by your institution or citing your institution, how concerned are you, if at all, about each of the following?



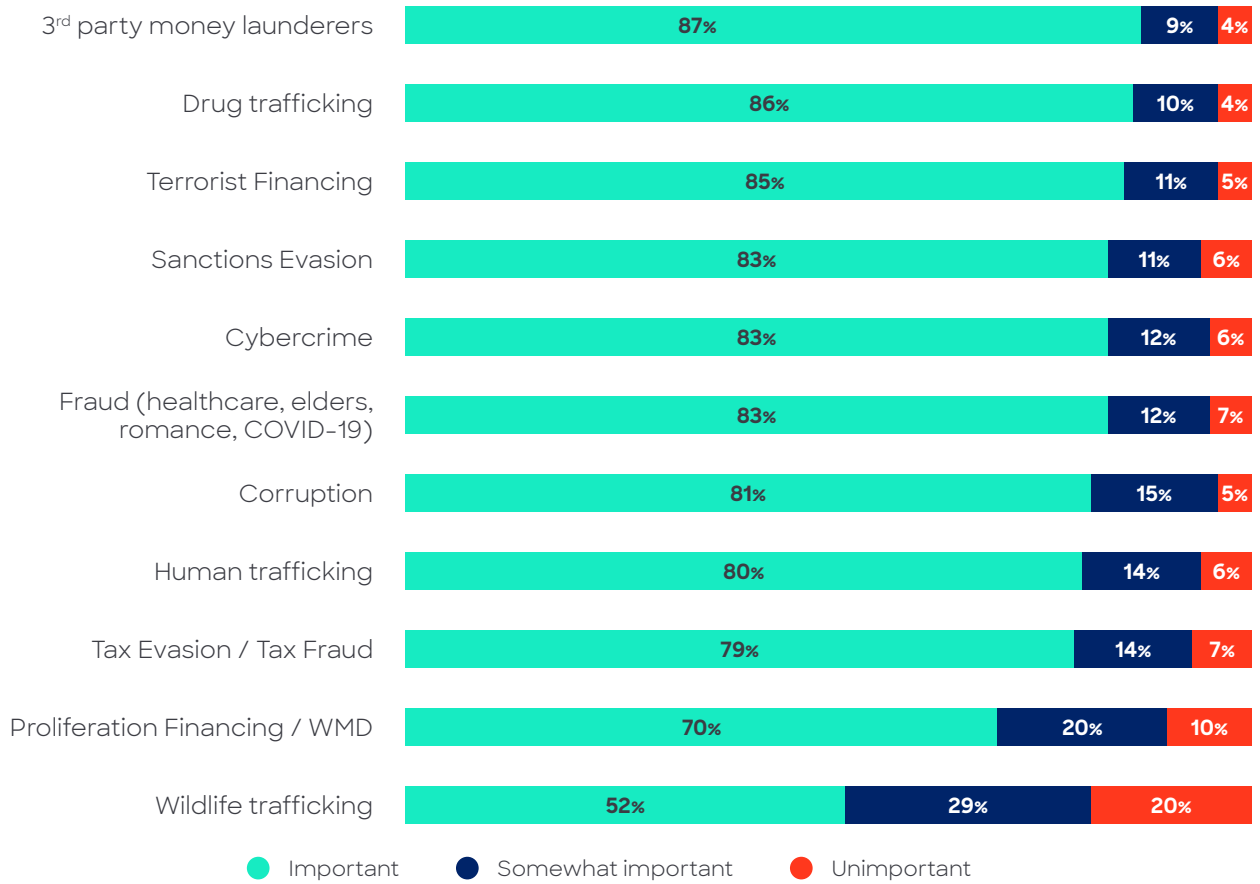
When instructed to “keep open” an account, the biggest concern for respondents is the potential reputational harm which could arise from negative media coverage.

In instances when law enforcement investigators request that your institution “keep open” an account or relationship in order to monitor ongoing suspicious activity, which of the following, if any, is a primary concern for your institution?



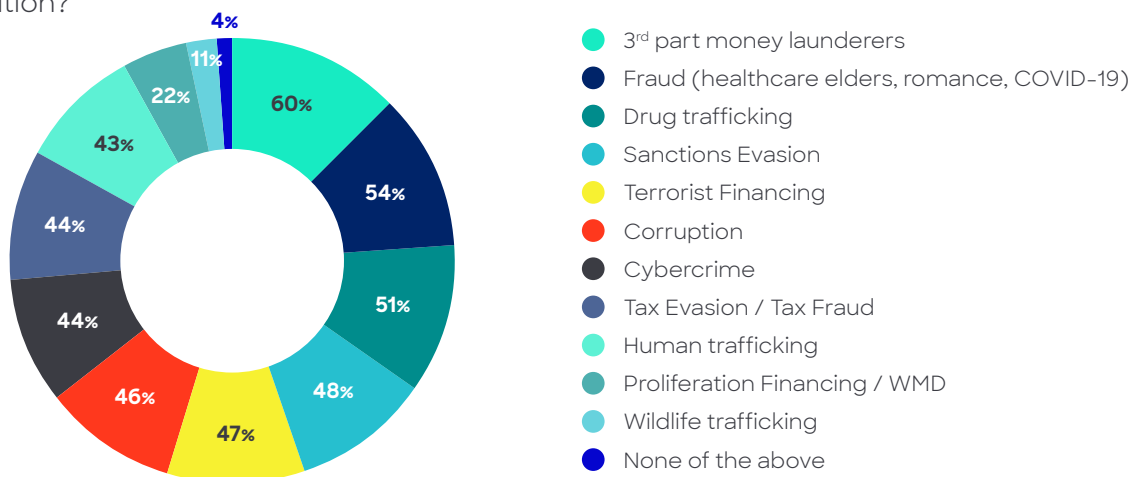
When developing AML/CTF programs 3rd party money launderers, drug trafficking and terrorist financing stand out as the most important issues to consider. Wildlife trafficking is seen as the least important consideration, although over half still consider this important.

How important, if at all, are each of the following risk considerations when developing your AML/CTF program?*



Respondents are most likely to be concerned with 3rd party money launderers when thinking about their own institution. At least half of respondents say they are concerned with fraud and drug trafficking.

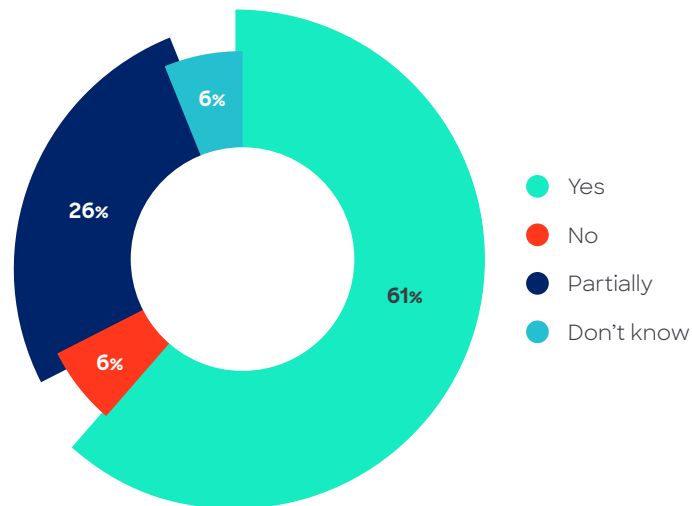
Which of the following, if any, are you most concerned about when thinking about your institution?



*Full wording: Another characteristic of an effective AML/CFT program is that it “identifies, assesses, and reasonably mitigates the risks resulting from illicit financial activity, including terrorist financing, money laundering and other relevant financial crimes, consistent with both the institution’s risk profile and the risks communicated by relevant government authorities as national AML priorities.” With this in mind, how important, if at all, are each of the following risk considerations when developing your AML/CTF program?

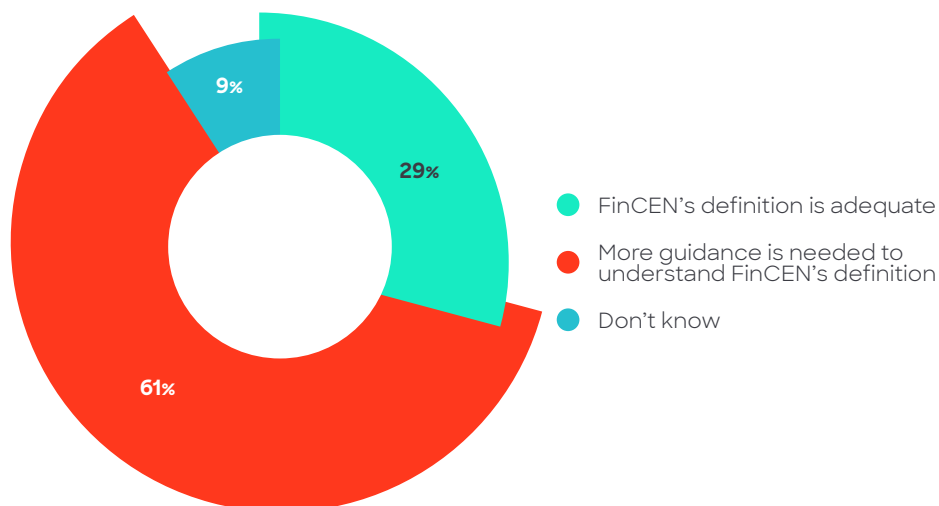
Respondents generally believe the three elements described by FinCEN adequately cover their industry, with under a tenth saying they do not.

Do you feel that the three elements described by FinCEN for an effective AML program, adequately cover your particular industry?*



While FinCEN's definition is generally seen to adequately cover respondents' industries, around three-fifths say more guidance is needed to understand the definition

When thinking about FinCEN's proposed three-element definition of an effective and reasonably designed AML program, which of the following most closely resembles your view?

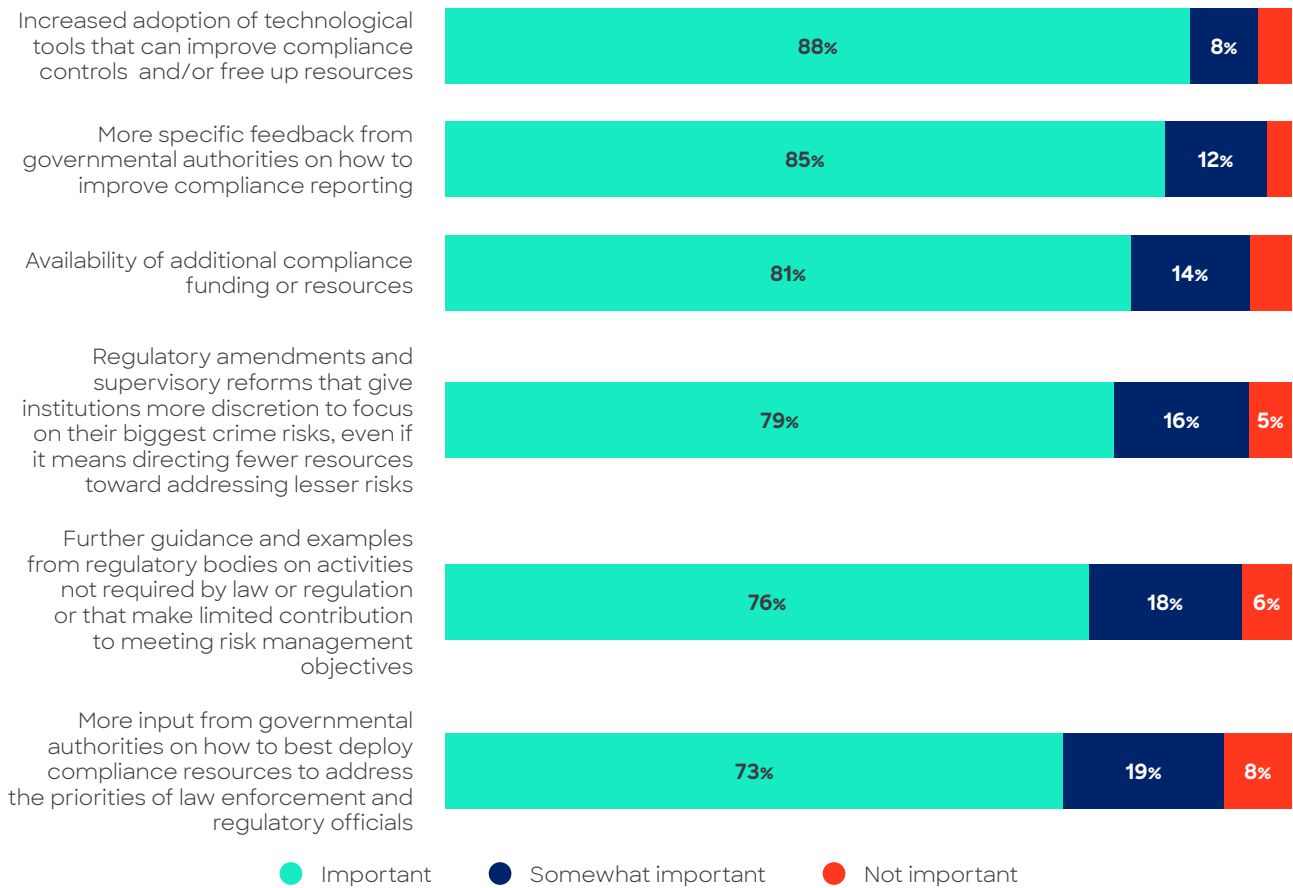


*Full wording: Do you feel that the three elements - (1) the assessment and management of risk; (2) compliance with BSA requirements; and (3) the reporting of information with a high degree of usefulness to the government, described by FinCEN for an effective AML program, adequately cover your particular industry?

Base: All respondents (342)

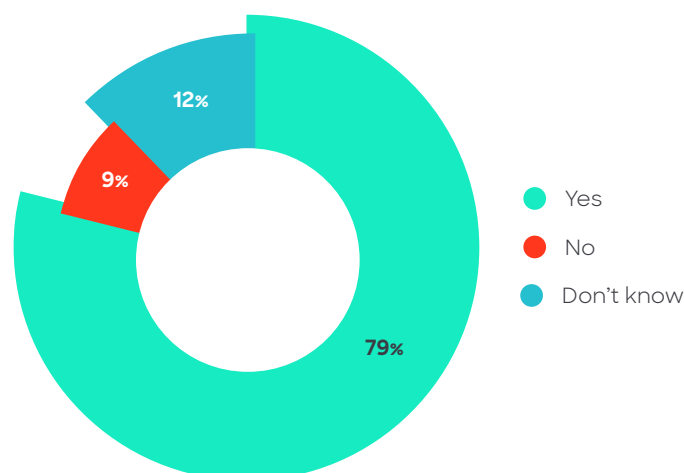
Almost nine-tenths of respondents say that increased adoption of technological tools that improve compliance controls would be important in creating an effective and reasonably designed compliance program.

How important, if at all, do you think each of the following would be in creating an “effective and reasonably designed” compliance program?



Four-fifths of respondents say that the periodic issuance of national AML priorities would be helpful in shaping an institution’s compliance program.

In your opinion, would the periodic issuance of national AML priorities by a government body be helpful in shaping an institution’s compliance program?



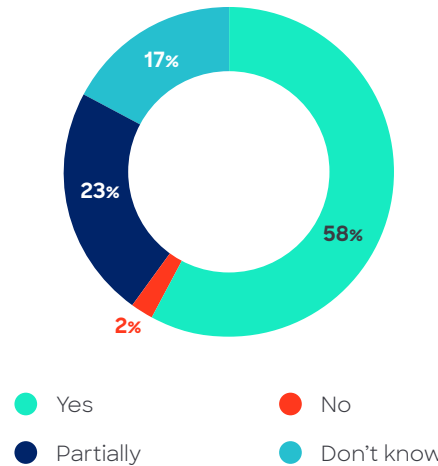
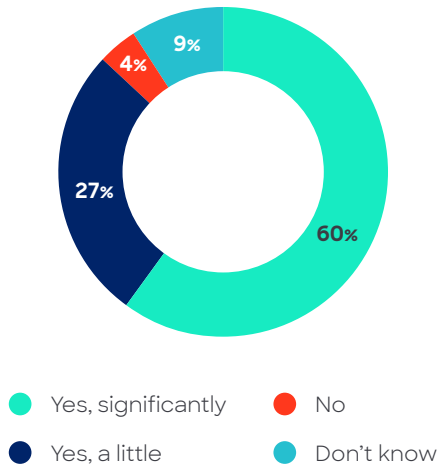
*Full wording: In the ANPRM, FinCEN has suggested that it might issue “Strategic Anti-Money Laundering Priorities” every two years that could be integrated into financial institution risk assessments. In your opinion, would the periodic issuance of national AML priorities by a government body be helpful in shaping an institution’s compliance program?

Base: All respondents (342)

The vast majority of respondents think feedback from FinCEN would shape the reports they file. Three-fifths say their AML program detects institution-specific risk as required, and a further quarter say it does partially.

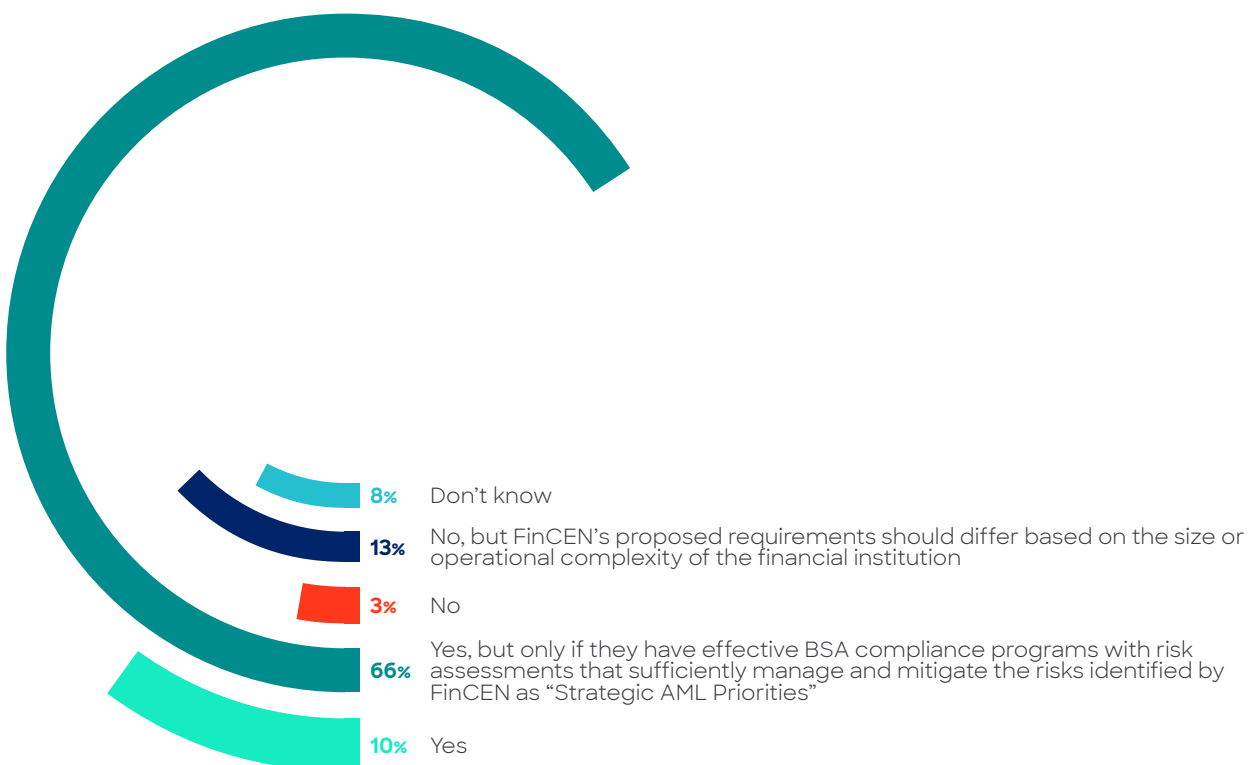
Would feedback from FinCEN on how suspicious activity/transaction reports are reviewed and acted upon shape the reports you file?

Does your AML program detect institution-specific risk, as would be required under FinCEN’s proposed definition?



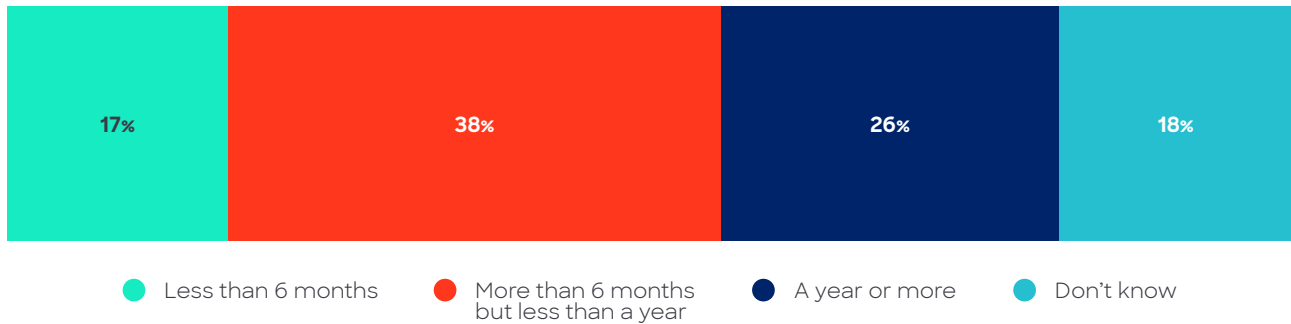
Two-thirds believe smaller, less complex financial institutions should have the ability to decide when to make changes to AML programs, but only if they have effective BSA compliance programs.

Should FinCEN go further and allow smaller, less complex financial institutions that already maintain effective BSA compliance programs, to have the ability to decide when to make changes to AML programs as described in this ANPRM?



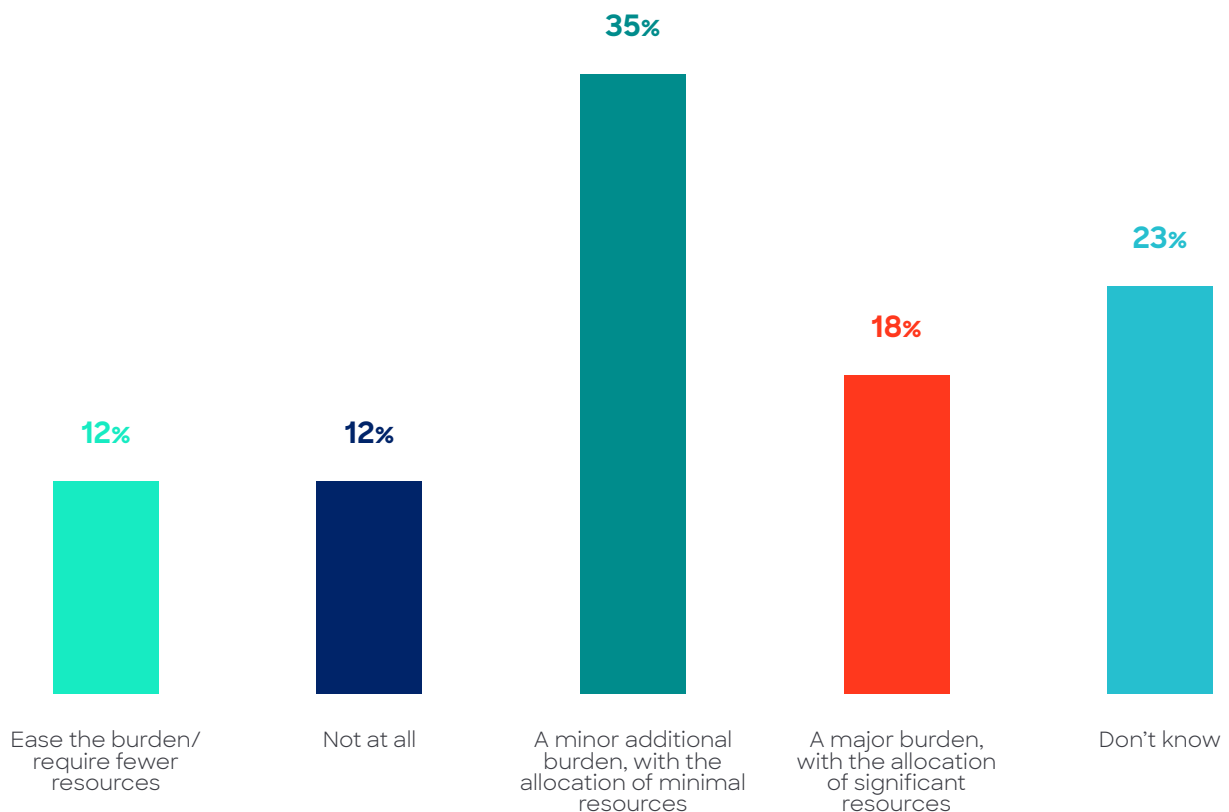
Over half of respondents say that they would need a year or less to implement the changes necessitated by the implementation of a “reasonable and effectively designed” AML program.

How long would your institution need to implement any changes required by the implementation of a “effective and reasonably designed” AML program as described by these three elements?



The effect of implementing a “effective and reasonably designed” AML program varies among respondents; over a third say it would slightly increase the burden, with a further fifth saying it would require significant resource.

How, if at all, would implementing an “effective and reasonably designed” AML program, as defined by the three elements articulated by FinCEN, affect your institution’s regulatory burden?



The exploitation of technological advances by financial criminals is seen as the most important factor when thinking about compliance failure.

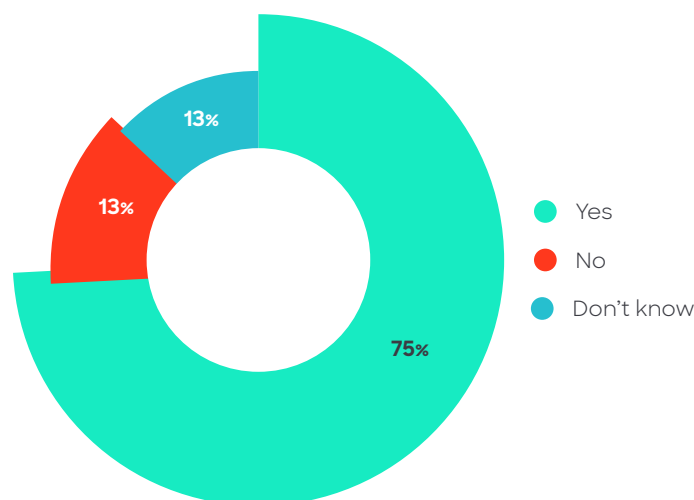
Over four-fifths also think resource, ineffective legacy systems and regulation gaps are important factors.

How important, if at all, are each of the following factors when thinking about compliance failure when detecting illicit funds?



Three-quarters think 3rd party service providers should be held accountable for the effectiveness of their software if relied on for a significant portion of an institution’s monitoring program.

Do you think 3rd party service providers, such as sanction monitoring and transaction monitoring software providers, should be held accountable for the effectiveness of their software and subject to regulatory examinations and possible shared regulatory penalties if a financial institution is relying on them for a significant portion of their monitoring program?



Improving corporate transparency regarding beneficial owners and granting greater powers to share compliance data with other institutions are seen as the most effective ways for compliance professionals to be supported.

Based on recent news reports, which of the following, if any, would best help compliance professionals in the fight against financial crime?



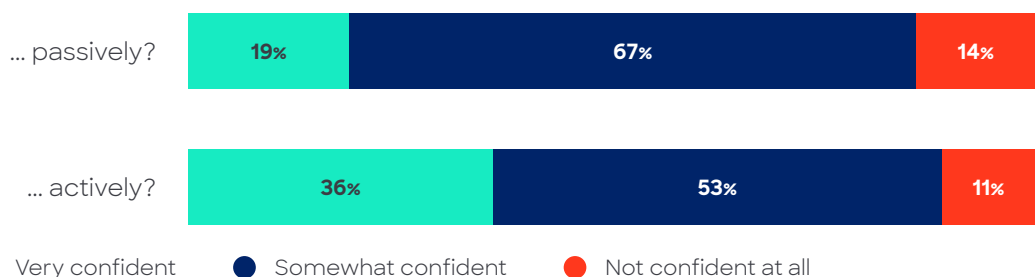
Were every financial institution to comply with their local AML regulations, a quarter are very confident the global financial sector would be adequately shielded from illicit funds. A fifth, however, are not at all confident this would be the case.

If every financial institution complied with the anti-money laundering (AML) regulations of their respective jurisdictions exactly as they are instructed to, how confident, if at all, are you the global financial sector would be adequately shielded from illicit funds?



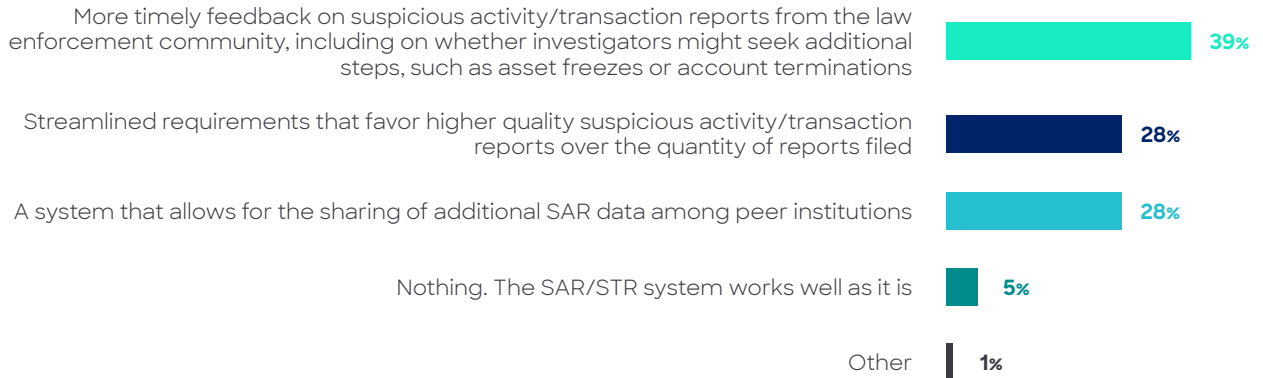
Respondents are more confident that compliance officers are able to identify when AML regulations are being actively violated than when passively violated.

How confident, if at all, do you feel that compliance officers are able to prevent others in their institution from violating AML regulations...



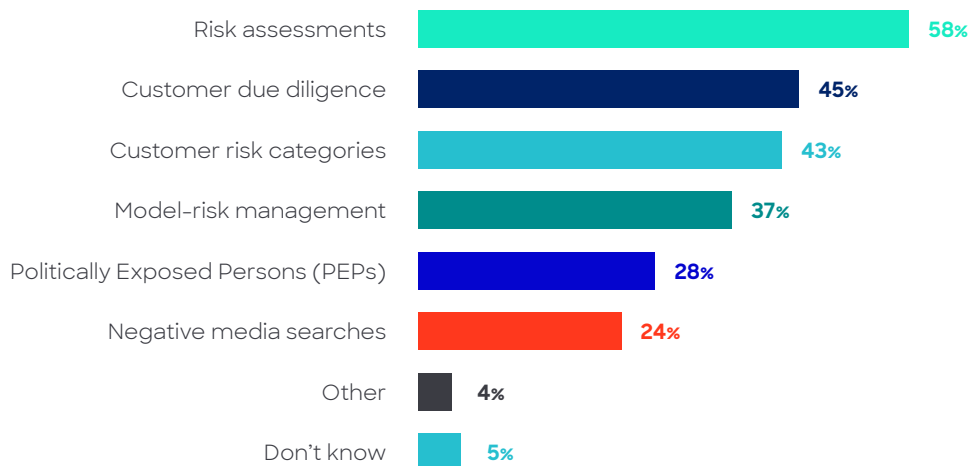
Respondents would most like to see more timely feedback on SARs from law enforcement when thinking about improvements in their country.

What, if anything, would you most like to see revised with regard to the suspicious activity/transaction reporting or STR regime applicable in your country?



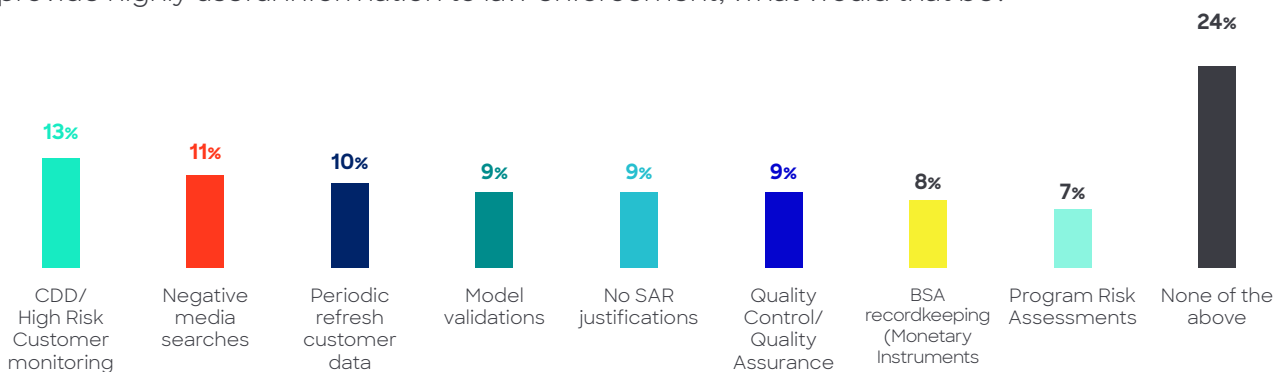
Risk assessments stand out as the area which respondents would most like to see further regulatory clarification.

Which of the following compliance topics, if any, do you think would most benefit from further regulatory clarification to help institutions better allocate compliance resources?



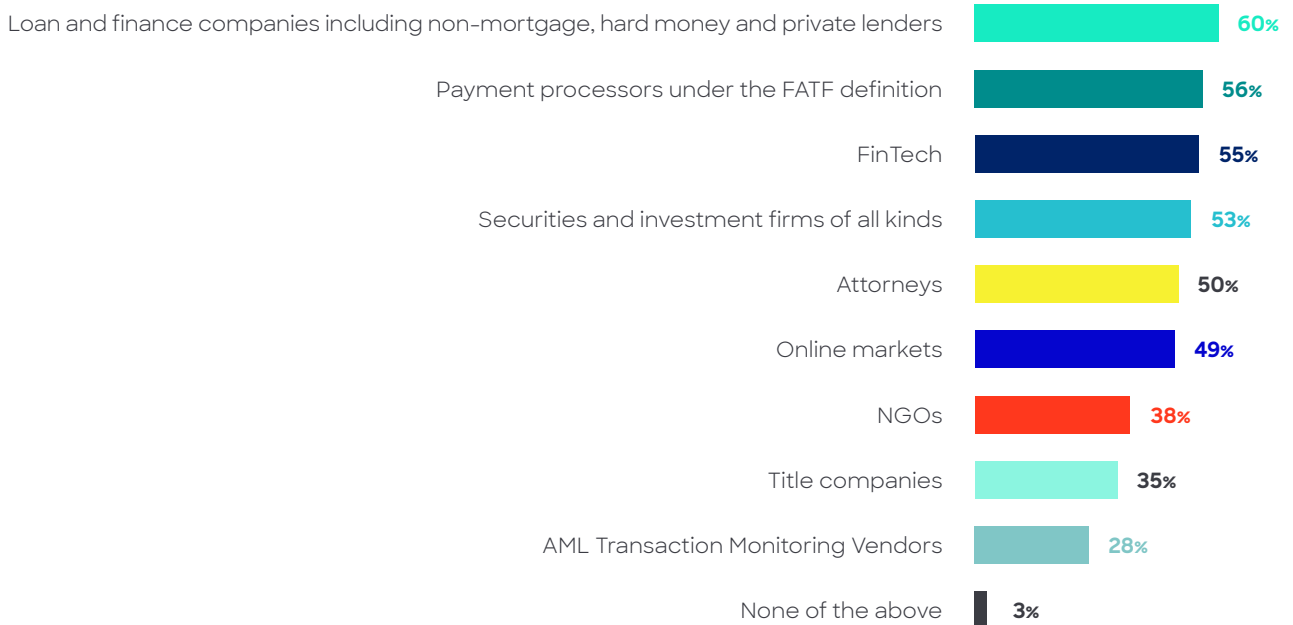
When thinking about areas that deliver little value relative to cost, CDD/High Risk Customer monitoring is the most frequently cited, although a quarter say this does not apply to any of the listed areas.

If there was one area of your program, where you feel a lot of time, resources and technology has been spent but not bring much value, not regulatory required, or does not ultimately provide highly useful information to law enforcement, what would that be?



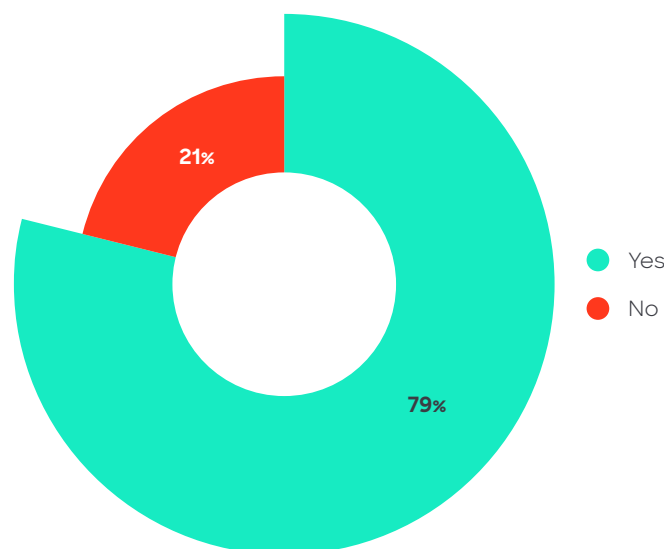
Three-fifths of respondents believe that loan and finance companies should be regulated and subject to similar AML requirements. More than half say the same of payment processors, FinTech, securities and investment firms, and attorneys.

Which of the following industries, if any, do you think should be regulated and subject to similar AML requirements?



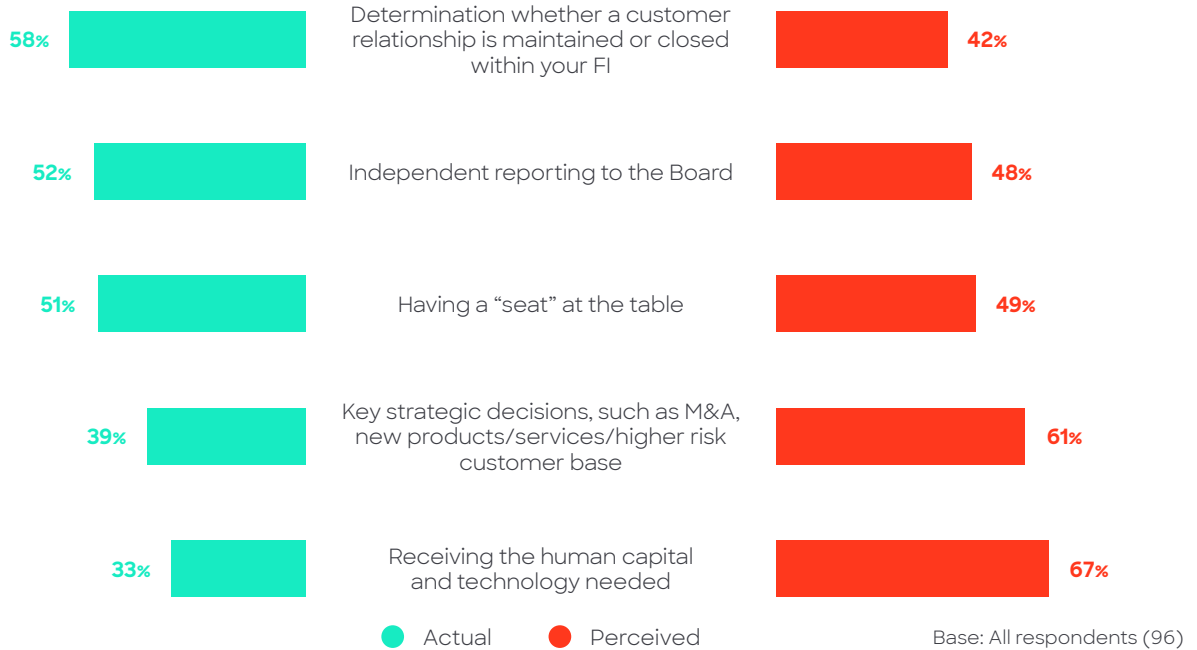
Four-fifths believe that if the US were to model FATF's MVTS and NPPS it would be effective in capturing FinTechs circumventing AML requirements.

If the U.S. modeled FATF's MVTS (money value transfer services) AND their NPPS (new payment products and services) definition, would that be effective in capturing the wide-range of FinTechs currently circumventing U.S. AML requirements?



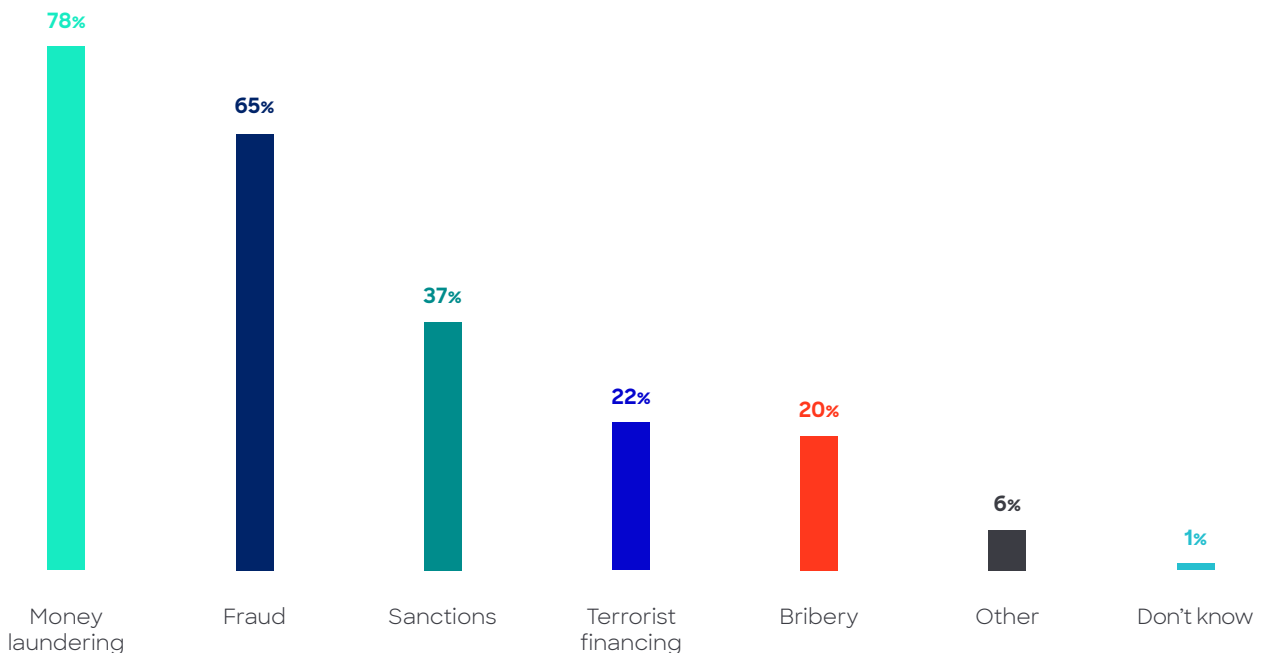
Respondents are most likely to think they have actual authority when determining whether a customer relation is maintained or closed within their institution. Receiving the human capital needed is where they think they are most likely to have perceived authority.

As an AML Officer, do you think you have actual authority or perceived authority when it comes to...



Money laundering is seen as the financial crime that poses the greatest compliance risk to respondents, of whom almost four-fifths cite. This is followed by fraud, of which two-thirds say is one of the biggest compliance risks to their institution.

In your opinion, which type of financial crime poses the greatest compliance risk to your institution?

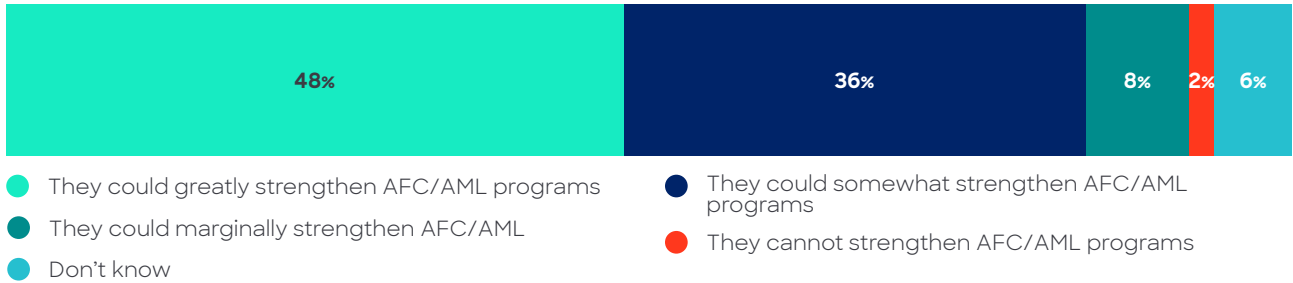


Base: All respondents (342)

N.B. lower base size caused by question wording change during fieldwork

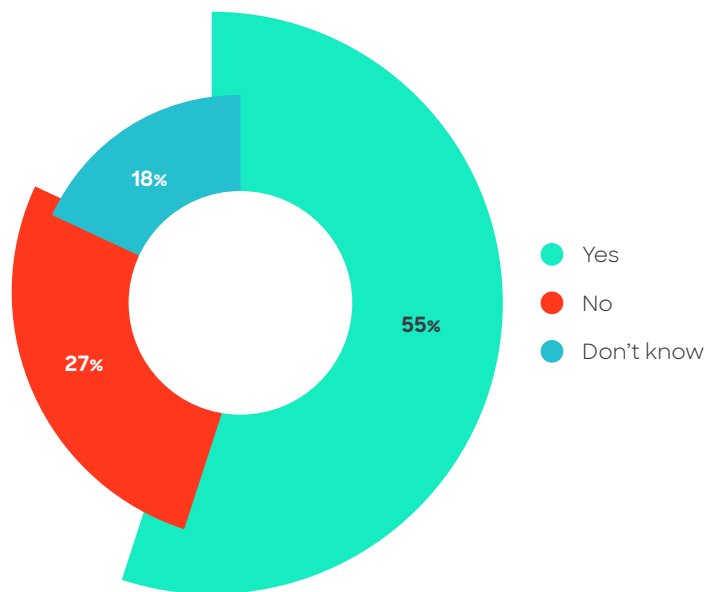
The vast majority of respondents believe that AI can improve AFC and AML programs, and half think they could improve these ‘greatly’.

To what degree do you believe tools incorporating artificial intelligence (AI) and similar technology can strengthen AFC/AML compliance programs generally?



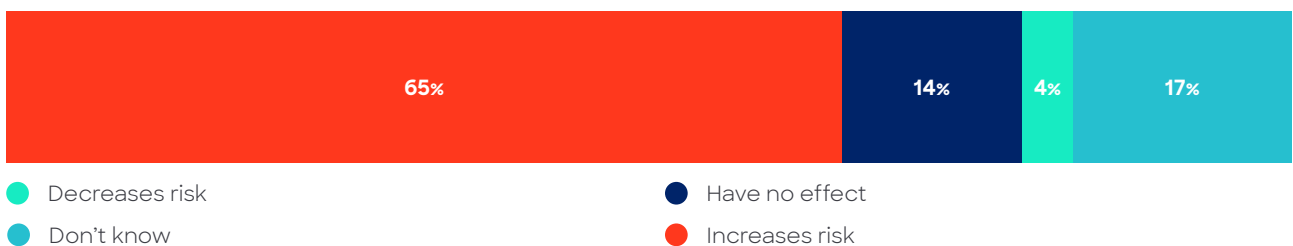
Over half of respondents say supervisory authorities should enable financial institutions to utilize statements from third-party solutions firms as evidence of their compliance to reduce regulatory burden. A quarter say they should not.

Should supervisory authorities enable financial institutions to utilize statements from third-party solutions firms as evidence of their compliance to reduce regulatory burden?



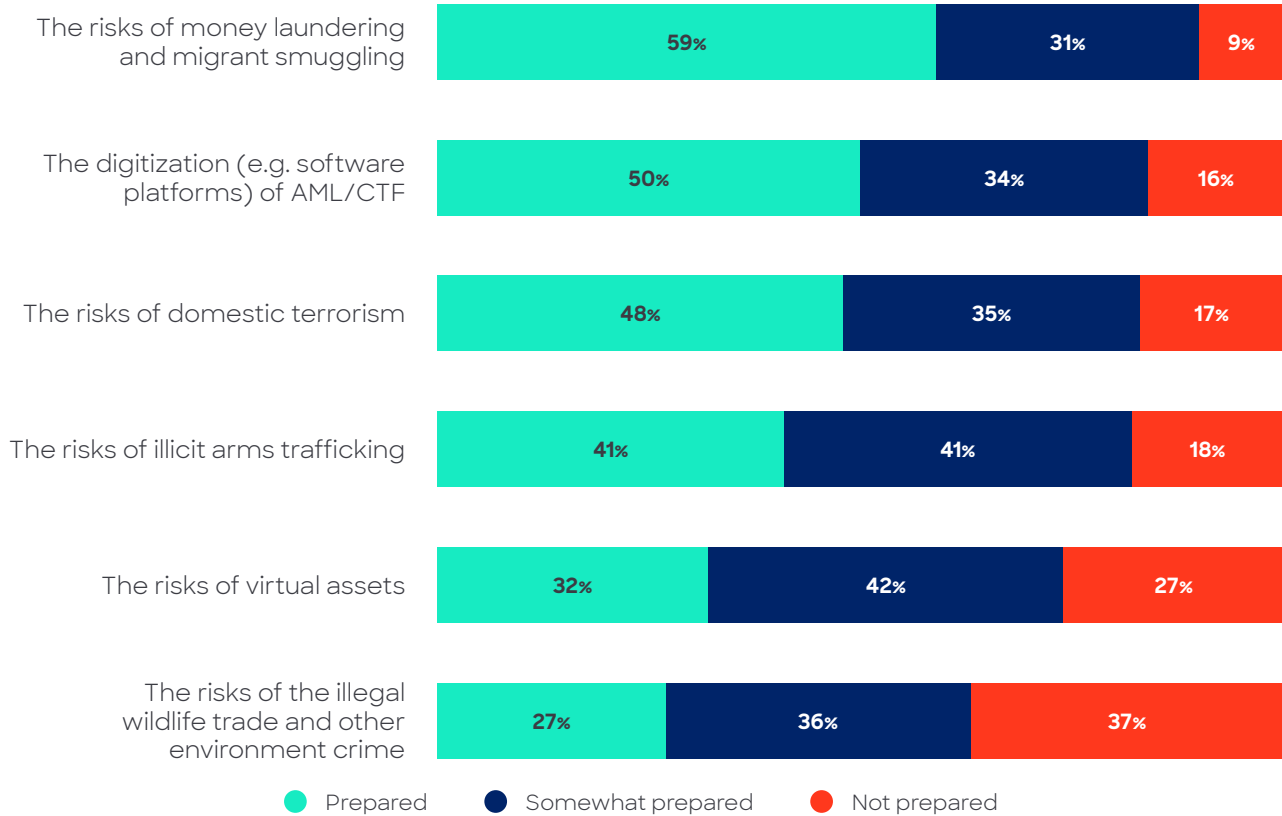
Two-thirds believe that emerging non-bank financial services providers increase compliance risk for their institution, and very few think these decrease risk.

On balance, what effect, if any, do emerging non-bank financial service providers have on the AML compliance risks your institution is faced with?



Of the listed issues, respondents believe their institution is best prepared to address the risks of money laundering and migrant smuggling. The risk of the illegal wildlife trade is the only area where more feel unprepared than prepared.

When it comes to the following compliance issues that have been recently highlighted by the Financial Action Task Force, how prepared do you believe your institution is to address them?



Respondents are more likely to say that current global AML/CTF efforts are effective than ineffective, although half are neutral on this question.

On a scale of one to five, with 1 being “very effective” and 5 being “not at all effective,” how effective are global AML/CTF compliance efforts currently?



Three-quarters believe the FATF and associated organizations understand the practical capabilities of financial crime compliance departments well.

Over two-thirds think the same of regulators and 3rd party consultants.

Respondents are more likely to say NGOs, the media, and the public understand these capabilities and limitations poorly rather than well.

How well or poorly do you feel the practical capabilities and limitations of financial crime compliance departments are understood by each of the following?

