



Feedback Paper

Responses to the Consultation on
Supporting Growth with Digital
Finance

Enhancing Anti-Financial Crime Controls with
Technology
5 May 2026



Introduction

As part of its Digital Finance Initiative the Commission launched a [Consultation Paper](#) in December 2025 on Supporting Growth with Digital Finance (“the Consultation Paper”). This paper represents the first phase of the Commission’s response to feedback received to this consultation. Further material will be issued shortly. It focuses on the draft changes we proposed to rules and guidance in the Handbook on Countering Financial Crime (AML/CFT/CPF) (“the Handbook”) to further encourage investment in technology for compliance purposes which were set out in Section 8.1 of the consultation paper covering “Handbook amendments”.

We were encouraged by the overwhelmingly positive feedback on the proposed changes to the Handbook. Among those responses some further suggestions were proposed, most of have been implemented to provide additional clarity in the rules and guidance relating to technology use. We would like to take this opportunity to thank everyone who participated in the consultation; your input has proved invaluable.

We hope that these changes provide industry with greater regulatory certainty, supporting confident and responsible engagement in digital finance-related activity and investment. In turn this should help to support the inflow of substantial, high-quality business to the financial services sector to bring positive outcomes for the Bailiwick of Guernsey and the customers it serves.

8. Enhancing anti-financial crime compliance through technology

Question relating to Section 8.1 of the Consultation Paper on proposed changes to the Handbook

Q 8.1	Do respondents agree with the proposed changes to the Handbook? If not, what other changes are suggested?
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Overview of Feedback Received

The Commission received 35 submissions to the Consultation Paper, of which, 31 responded to Question 8.1 regarding proposed changes to the Handbook, 26 of whom agreed with the proposed changes, of which 11 had further suggestions. Three respondents stated they had no comments, while two respondents suggested minor amendments but did not confirm whether they agreed with the other changes or not.

Outcome / Way Forward

Technology plays an important role within a firm’s compliance framework for automating processes, enhancing accuracy and delivering efficiencies. Applied properly it can improve effectiveness across a range of activities such as due diligence at customer on-boarding, ongoing monitoring and scrutiny of transactions, adverse media and sanctions screening and record retention.

Having considered very carefully the feedback we received, the Commission today published an updated version of the Handbook. The changes we have made to rules and guidance in the Handbook provide further clarity on the role technology can have within compliance processes, including widely used technologies, such as electronic systems for verifying a person's identity (i.e. electronic verification systems) and digital signatures. Further changes implemented in response to feedback include aligning terminology with the Electronic Transactions (Guernsey) Law, 2000 and additional wording to assist clarification.

Below we outline below why some feedback has not been incorporated:

Four respondents highlighted that they would like the Commission to endorse particular technologies or system providers. The Commission does not plan to do so as a prescriptive approach to the technologies or system providers to use could risk stifling innovation and limit market development. The Commission does, however, meet with technology developers and providers to maintain an awareness of what is being offered to, and used by, the market and to highlight the regulatory requirements developers and system providers should consider. Going forwards we are considering whether it would be helpful to do further work in this area with specific firms who wish to deploy novel technologies.

Three respondents queried whether there is scope for a national Guernsey Electronic ID system. Whilst we are open to such suggestions, developing national identity systems lie with governments; however we are considering the feedback we had to questions we posed in the Consultation Paper about how central customer due diligence ("CDD") utilities might be established using distributed ledger technology and how the rules and guidance in the Handbook could be adapted to recognise advances in this area.

One respondent queried whether the considerations proposed in paragraphs 3.70 to 3.73 in Chapter 3 of the Handbook on technology risk assessments had to be applied retrospectively to existing systems. The Commission wishes to emphasise that these considerations are proposed as guidance, not rules. Firms were already required to assess the money laundering, terrorist financing and proliferation financing risks which may arise from the use of new or developing technologies prior to the publication of the Consultation Paper. Accordingly, the Commission is not proposing a retrospective application of this revised section but would expect that upon a firm's next review of the relevant risk assessments, any considerations contained in this section of the Handbook which a firm may regard useful, but which had not previously been considered, could be incorporated at that point.

One respondent referred to a perceived documentation burden requiring firms to justify their technology choices to the regulator, while another appears to misconstrue the requirements to assess technological solutions provided by third parties. The Commission does not require firms to justify their technology choices, but they are required to undertake the aforementioned risk assessment prior to the launch of new or developing technologies and to keep this updated. The Commission does not expect firms to assess or verify the proprietary methodologies used by third party providers but instead to conduct a proportionate assessment of any solutions they adopt as part of their risk management frameworks for managing financial crime risks.

One respondent wanted further clarification on complying with the rules on the information requirements for virtual asset transfers (commonly referred to as the “Travel Rule”), including whether available anonymity enhancing features are permitted; however, guidance on this is already detailed within Chapter 18 of the Handbook on Virtual Assets. A similar request for clarity was made regarding custody and safe-keeping controls for digital assets; this is outside the Handbook’s scope but will be considered within further feedback to the consultation.

One respondent expressed surprise that the Commission has not provided a definition for Artificial Intelligence (“AI”), while three others queried whether the Handbook could go further to support new and emerging technology not yet in use. The Commission would not want to define AI in the absence of a universally agreed definition, in order to avoid constraining the development of future AI models and methodologies. A fixed definition of AI in the Handbook could also create regulatory uncertainty regarding the acceptability of a hereto unknown future AI development. The Handbook has been drafted to encourage uptake of new and emerging technologies without specifically naming them, thereby flexibly supporting innovation as technologies continue to evolve.

Three respondents queried whether the Handbook should address AI model governance, but this is outside the purposes of the Handbook which is to assist firms’ implementation of the anti-money laundering and counter terrorist financing and proliferation financing obligations within Schedule 3 to the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999. We have issued guidance in January 2026 on the use of AI which may be helpful: <https://www.gfsc.gg/news/policy-statement-use-artificial-intelligence>

Next Steps

This is the first part of feedback to the Consultation Paper, which is being published approximately eight weeks after the consultation closed. The Commission will issue further feedback in due course on the remaining sections of the Consultation Paper.

The updated version of the Handbook, published today, incorporates feedback received to Question 8.1 of the Consultation Paper. We are also considering feedback we received on the use of technology in anti-financial crime controls in areas such as smart contracts and centralised CDD utilities in sections 8.2 and 8.3 of the Consultation Paper; feedback on which will be issued in due course.

The Commission is also intending further updates to the Handbook to take into account MONEYVAL’s recommended actions which will be consulted on separately.