



Guernsey Financial  
Services Commission

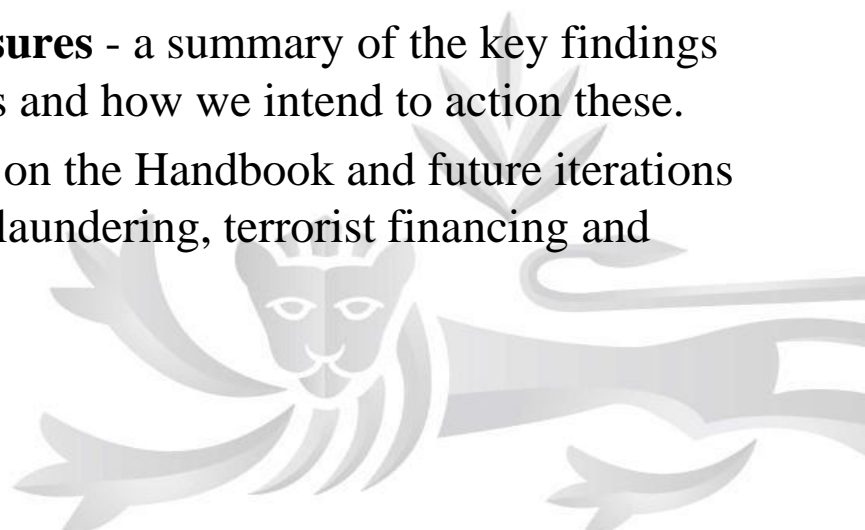
# Moneyval – Key Findings & Actions & What it Means for You

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# Agenda

- ❑ **At a Glance: The Story Behind Moneyval** - a summary of the overall findings, both the strengths and shortcomings and how these were factored into the ratings.
- ❑ **How Effective are Firms' AML/CFT Measures** - a summary of the key findings and recommended actions applicable to firms and how we intend to action these.
- ❑ **The Next Chapter Post-Moneyval** - update on the Handbook and future iterations of the National Risk Assessments on money laundering, terrorist financing and proliferation financing.





**At a Glance:  
The Story Behind  
MONEYVAL**



# Team Bailiwick of Guernsey & Moneyval

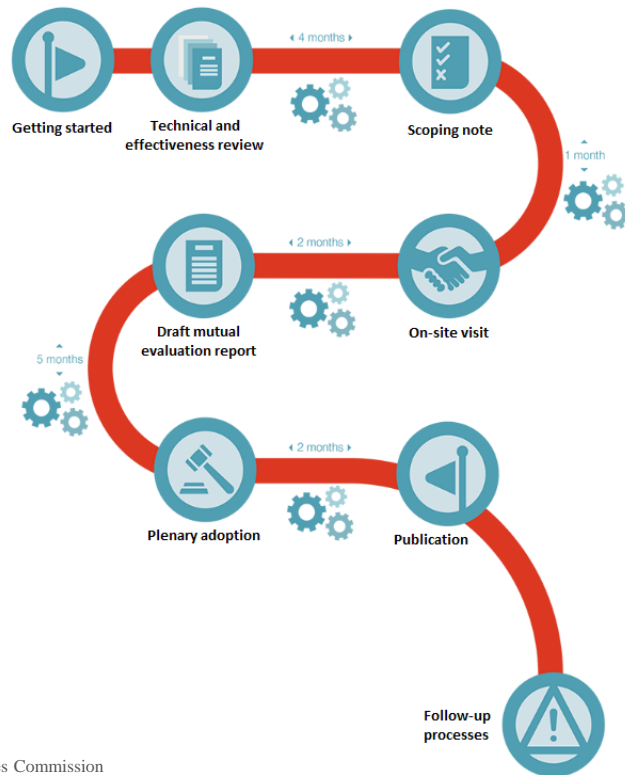


Day 1 of the April 2024 Onsite Visit

# Moneyval Timeline

- Technical & Effectiveness submissions prior to onsite.
- 2-week onsite in April 2024.
- 1<sup>st</sup> draft report – June 2024
- 2<sup>nd</sup> draft report – August 2024
- Face to Face Meeting in September 2024.
- 3<sup>rd</sup> draft report – October 2024.
- Plenary in December 2024.
- Published in February 2025.

## The Mutual Evaluation Process



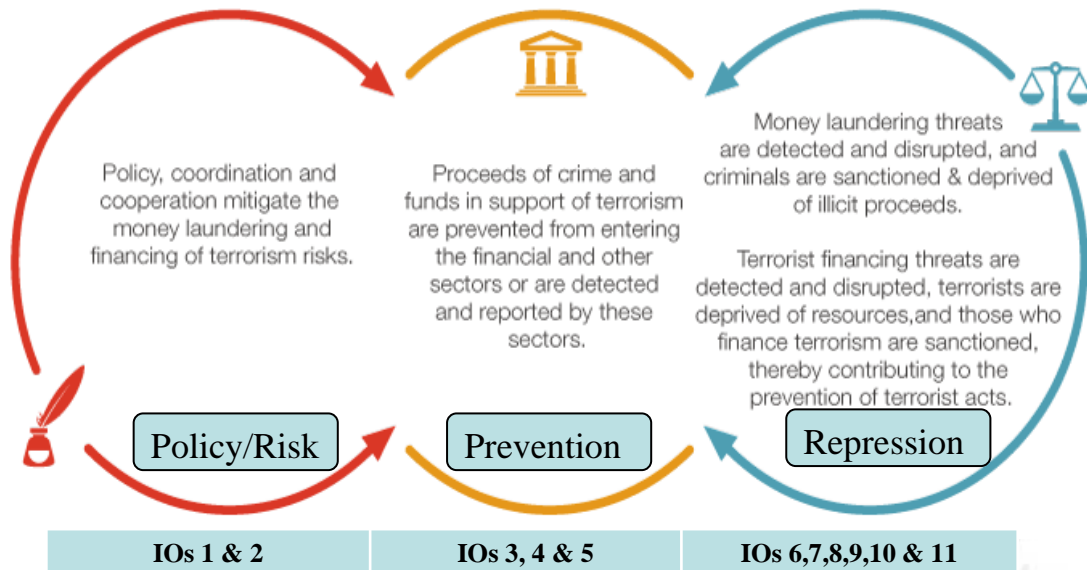
## Face-to-Face September 2024



## Our Plenary December 2024



# Our Evaluation Against 40 Recs. & 11 IOs



Guernsey was evaluated against:  
11 Immediate Outcomes assessing effectiveness and  
40 Recommendations assessing technical compliance against FATF Recommendations.

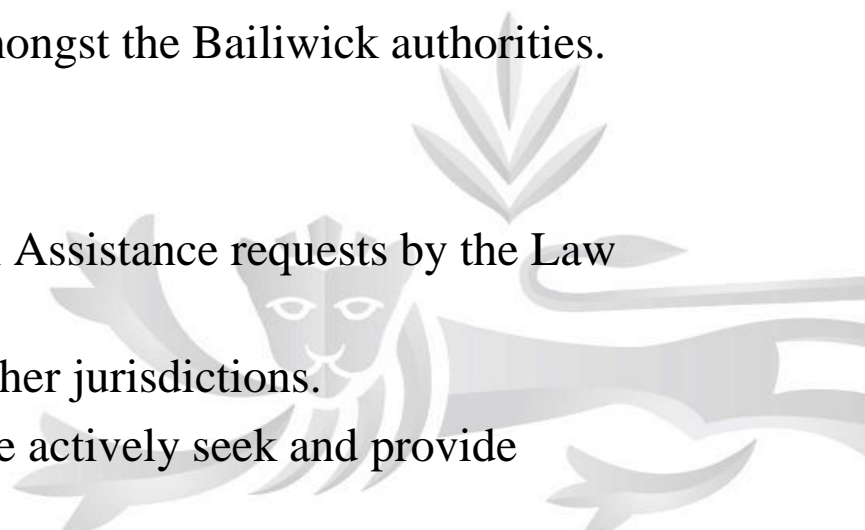
# Bailiwick Key Strengths

## **Risk Understanding & Coordination – IO1**

- ✓ Authorities and private sector demonstrated a strong awareness of ML/TF risks.
- ✓ Risk-based approaches embedded in supervision, investigations, and strategic planning.
- ✓ Extensive co-operation and co-ordination amongst the Bailiwick authorities.

## **International Cooperation – IO2**

- ✓ Efficient response to incoming Mutual Legal Assistance requests by the Law Officers.
- ✓ FIU has strong collaboration with UK and other jurisdictions.
- ✓ Supervisory Authorities and Revenue Service actively seek and provide information.



# Bailiwick Key Strengths

## **Supervision – IO3**

- ✓ Robust market entry controls.
- ✓ Established risk-based supervision by GFSC, includes good quality and thorough onsite visits.
- ✓ Wide ranging remediation and enforcement powers.

## **Internal Controls in the Private Sector - IO4**

- ✓ Good knowledge and implementation of risk based CDD.
- ✓ Robust internal controls and resourced compliance functions: larger entities apply 3 lines of defence.
- ✓ BO obligations was well understood, particularly banks and fiduciaries.

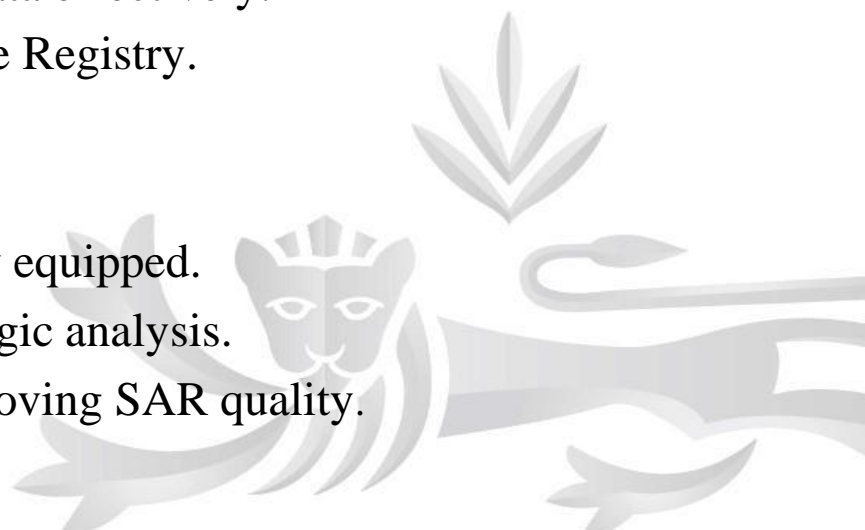
# Bailiwick Key Strengths

## **Transparency & Beneficial Ownership - IO5**

- ✓ Accurate BO registers and supervisory checks.
- ✓ Authorities have direct access and use BO data effectively.
- ✓ Public access to basic legal person data at the Registry.

## **Financial Intelligence Unit (FIU) - IO6**

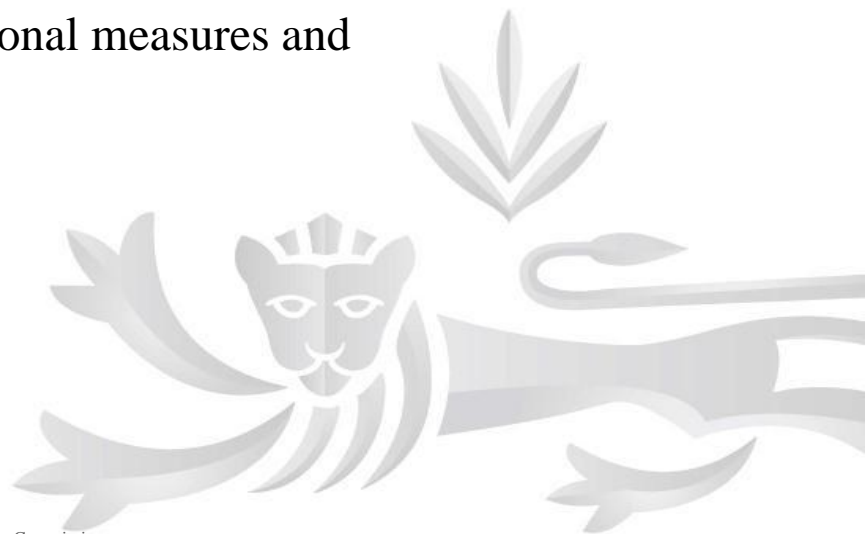
- ✓ Independent, well-resourced, and technically equipped.
- ✓ Produces high-quality intelligence and strategic analysis.
- ✓ FIU feedback mechanism and outreach improving SAR quality.



# Bailiwick Key Strengths

## **Investigations, Prosecutions & Confiscations - IOs 7 & 8**

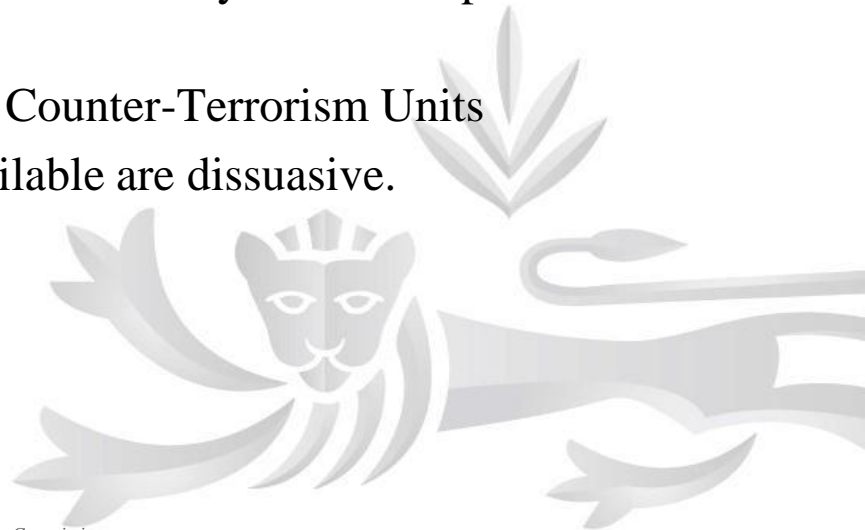
- ✓ Establishment of the EFCB as a dedicated and powerful LEA indicates a strategic shift towards pursuing ML activities more aligned with the jurisdiction's risks.
- ✓ Comprehensive and robust regime of provisional measures and confiscation/forfeiture.
- ✓ Cash controls – cash detection dogs.



# Bailiwick Key Strengths

## Investigations, Prosecutions & Confiscations - IO9

- ✓ The overall risk of terrorist financing (“TF”) is considered low.
- ✓ Contributed to the “Monaco Guidance” TF in IFCs.
- ✓ Authorities have the skills and knowledge to successfully detect and prosecute TF cases.
- ✓ Guernsey Police has a close liaison with UK Counter-Terrorism Units
- ✓ Whilst no sanctions imposed – sanctions available are dissuasive.



# Bailiwick Key Strengths

## Sanctions & Proliferation Financing - IOs 10 & 11

- ✓ “**Automatically** applies relevant UK sanctions regimes”.
- ✓ “**Ample experience** with asset freezing and associated procedures” - Russian sanctions.
- ✓ “Authorities provided **abundant and remarkable outreach** and guidance in relation to TFS”.
- ✓ “A **remarkable effort** has been the sanctions thematic review of 2021”.
- ✓ “Private sector demonstrated an overall **very good understanding**.”

# Bailiwick Key Shortcomings

## **ML Investigations & Prosecutions - IO7**

- ✗ Low and declining number of ML investigations and prosecutions.
- ✗ No legal persons investigated or prosecuted for ML.
- ✗ Sentences in ML cases are lenient and not dissuasive.



# Ratings

Immediate Outcome	Rating
IO.1 – Risk, Policy & Coordination	Substantial
IO.2 – International Cooperation	Substantial
IO.3 – Supervision – GFSC & AGCC collectively	Moderate
IO.4 – Preventive Measures by Private Sector	Moderate
IO.5 – Legal Persons/Arrangements	Substantial
IO.6 – Financial Intelligence	Moderate
IO.7 – ML Investigation & Prosecution	Low
IO.8 – Confiscation	Moderate
IO.9 – TF Investigation & Prosecution	Substantial
IO.10 – TF Preventive Measures & Sanctions	High
IO.11 – PF Financial Sanctions	High

Technical	Count
Compliant (C)	25
Largely Compliant (LC)	15
Partially Compliant (PC)	0
Non-Compliant (NC)	0

# How well firms apply effective AML/CFT measures



# Understanding of ML/TF Risk & AML/CFT Obligations



## *Findings*

- High level of awareness of the National Risk Assessments' ("NRAs") findings and risk understanding in line with NRAs.
- Most material sectors showed a strong understanding of their specific ML risks and relevant typologies; except the investment sector.
- TF risk understanding generally less nuanced, except for TCSPs.
- Generally good understanding of AML/CFT obligations across all sectors including beneficial ownership.
- Concern that the application of simplified due diligence on intermediaries in low-risk cases misunderstood within the investment sector.

# Understanding of ML/TF Risk & AML/CFT Obligations

## *Recommendations*

- GFSC and FIU should continue efforts to strengthen awareness of ML risks and typologies with an added focus on the investment sector to ensure that business specific risk are well-understood and addressed.
- The GFSC should increase efforts at strengthening the awareness of TF risk across banks and investment firms.

## *What we will do*

- Enhance guidance on assessing ML and TF risks, including highlighting relevant typologies for the main sectors.
- Periodic outreach and thematic reviews of Business Risk Assessments on a cross sector and sectoral basis, including follow-up to 2022 thematic.

# Applying Risk-Based Mitigating Measures

## *Findings*

- Overall risk-based measures applied are commensurate with risk across all sectors.
- Risk appetite stable and decreasing across sectors.
- Overall effective measures in place to counter misuse of products and services.
- Concern that risks associated with complex structures not fully appreciated.
- Concern over effective application of tax evasion counter-measures.



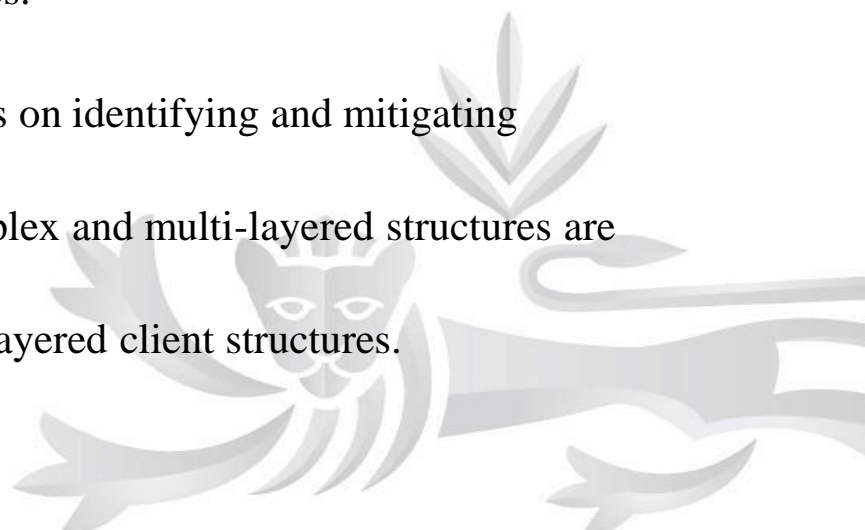
# Applying Risk-Based Mitigating Measures

## *Recommendations*

- The GFSC should make further efforts to monitor and ensure that investment firms and TCSPs apply a consistent understanding of risk associated with complex structure and the consequential application of counter measures.

## *What we will do*

- Enhance Handbook guidance on the expectations on identifying and mitigating complexity risks.
- Use supervision to gauge how risks around complex and multi-layered structures are identified, managed and mitigated.
- Consider collecting data on complex and multi-layered client structures.



# Applying CDD & Record-Keeping

## *Findings*

- Good knowledge and implementation of risk-based CDD and record-keeping requirements.
- CDD information kept up to date and periodic risk-based reviews.
- Understanding of beneficial ownership good except for investment sector.
- Application of simplified due diligence in the investment sector needs improving.



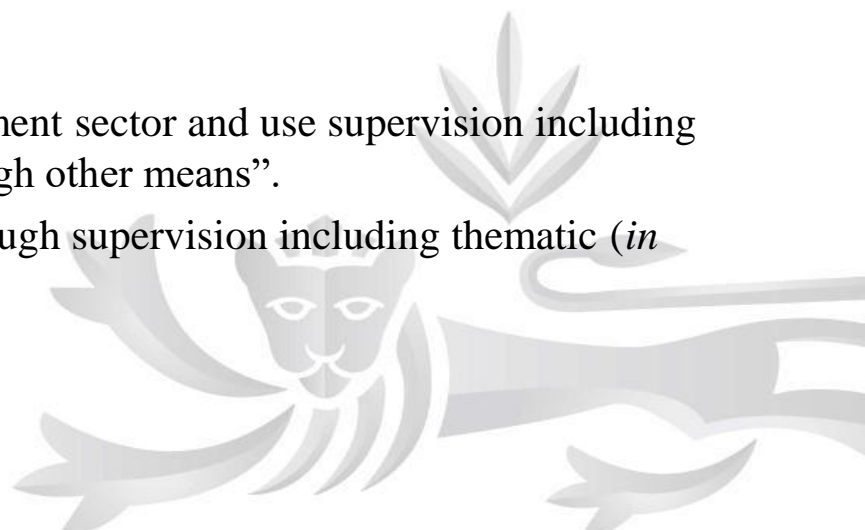
# Applying CDD & Record-Keeping

## *Recommendation*

- The GFSC should make further efforts to monitor and ensure that investment firms i) improve their understanding of beneficial ownership obligations and ii) properly apply simplified due diligence (“SDD”) to intermediaries.

## *What we will do*

- Conduct beneficial ownership outreach for investment sector and use supervision including thematics to gauge understanding of “control through other means”.
- Monitor application of SDD to intermediaries through supervision including thematic (*in progress*).



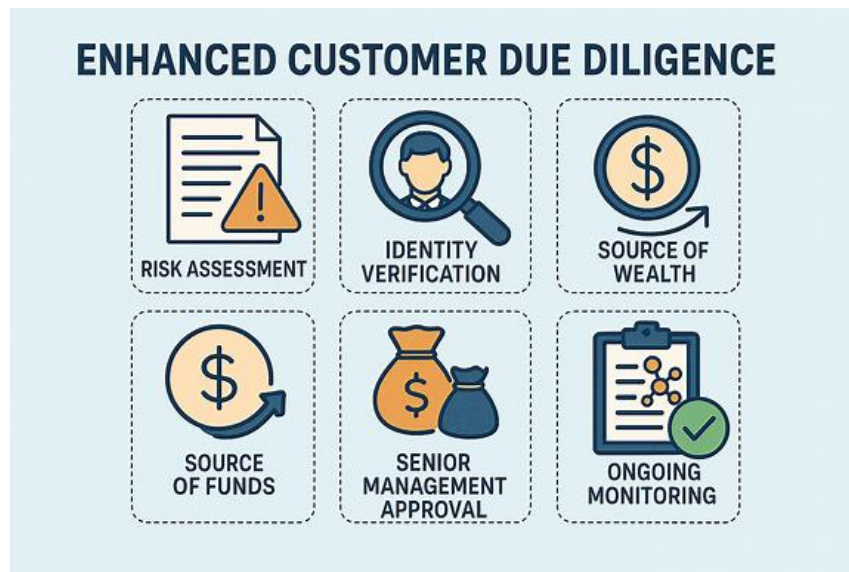
# Applying Enhanced Due Diligence (“ECDD”)

## *Findings*

- Robust ECDD or specific measures applied by all sectors to PEPs, new technology, wire transfers, TF targeted financial sanctions and higher-risk countries.
- Investment sector’s impaired understanding of beneficial ownership may impact the application of robust sanction measures.

## *Recommendations*

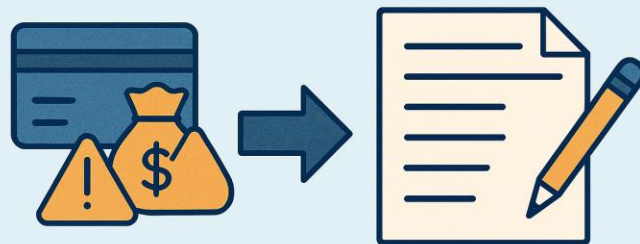
- *None*



# Suspicious Activity Reporting

## *Findings*

- SARs largely aligned with Bailiwick's risk profile.
- Concern over decline in number of SARs.
- Concern that SARs are filed reactively impacting their quality.
- Concern over relatively low number of SARs linked to tax evasion, corruption and attempted activity/transactions.
- Indication that recent FIU guidance beneficial on reporting procedures.
- Tipping off risk well understood and mitigated.
- Recent FIU feedback initiative showing positive improvements.



**SUSPICIOUS ACTIVITY  
REPORTING**

# Suspicious Activity Reporting

## *Recommendations*

- The GFSC and FIU should continue and enhance their actions for addressing underreporting and quality of SARs by providing:
  - i) Further guidance and awareness raising initiatives focusing on prevention and detection of tax and corruption-related ML and reporting of attempted transactions.
  - ii) Clear guidance around the suspicion threshold required for tax related SARs; complemented by AML/CFT supervision and enforcement.

## *What we will do*

- Continue collaboration with the FIU to address SAR quality and quantity issues.
- Highlight relevant money laundering typologies by sector.
- Encourage registration onto Themis and use of FIU guidance.
- Thematic reviews and supervision over activity/transaction monitoring, staff training on “red flags” and SARs.

# Internal controls

## *Findings*

- Robust internal controls and procedures in place commensurate to size and risk.
- Three lines of defence model within larger regulated entities.
- International group owned regulated entities subject to group audit.
- Properly structured and resourced AML/CFT compliance functions.
- Adequate tailored training.

## *Recommendations*

- *None*



# The Next Chapter Post-Moneyval



# Post-evaluation

## *What next?*

- Supervisory activity to address Moneyval identified deficiencies.
- Schedule 3 & Handbook changes.
- Regular follow up reporting – June 2027.
- National risk assessments.
- Next evaluation early 2030s.

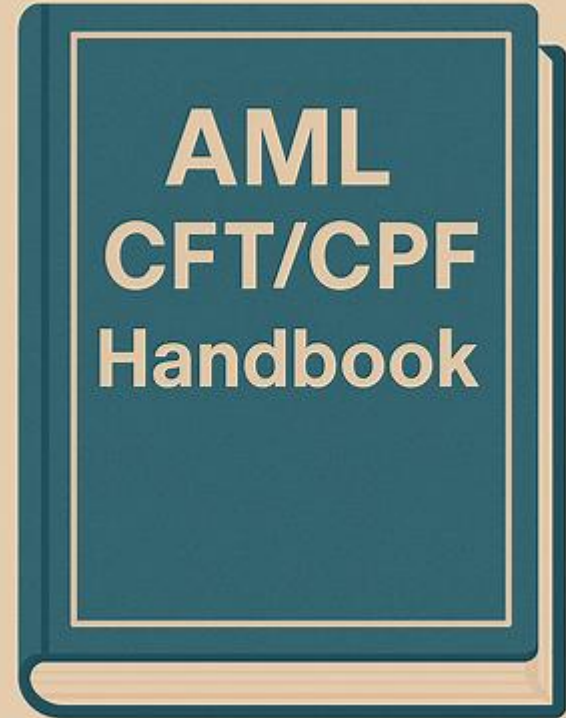
## *External factors*

- Incremental changes to the FATF standards to take into account.
- Revisions to FATF Standards.
- Technological developments.



# Schedule 3 & Handbook Changes

- 11 Technical Compliance Recommendations.
- Enhance Handbook Guidance – Technology.
- Consultation Late 2025.
- Finalise In Summer 2026.



# National Risk Assessments



## *Moneyval recommendations on National Risk Assessments*

- Increased private sector participation.
- Likely new data requests to assist on assessing ML/TF risks linked to:

Virtual Assets.

Complex & Multi-Layered Client Structures.

Trusts and Companies Banked Off-Island.

Business Introduced by Foreign Law Firms.

Any further questions?

