



# ANNUAL REPORT

2021

2022

## ABOUT THE FATF

The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction.

The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CFT) standard. For more information about the FATF, please visit [www.fatf-gafi.org](http://www.fatf-gafi.org)

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# ACRONYMS

AML	Anti-money laundering
APG	Asia-Pacific Group on Money Laundering
CFATF	Caribbean Financial Action Task Force
CFT	Countering the financing of terrorism
COVID-19	Corona Virus Disease 2019
Digital ID	Digital Identification
DNFBP	Designated Non-Financial Businesses and Professions
DPRK	Democratic Republic of Korea
EAG	Eurasian Group
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FATF	Financial Action Task Force
FSRB	FATF-Style Regional Body
FT	Financing of Terrorism
FUA	Follow-Up Assessment
FUR	Follow-Up Report
GABAC	Task Force on Money Laundering in Central Africa
GAFILAT	Financial Action Task Force of Latin America
GIABA	Inter Governmental Action Group against Money Laundering in West Africa
GPFI	Global Partnership for Financial Inclusion
ICRG	International Co-operation Review Group
IMF	International Monetary Fund
ISIL	Islamic State of Iraq and the Levant
MENAFATF	Middle East and North Africa Financial Action Task Force
MONEYVAL	Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
OECD	Organisation for Economic Cooperation and Development
PF	Proliferation Financing
SSB	Standard-Setting Bodies
TF	Terrorist Financing
UN	United Nations
UNSCR	United Nations Security Council Resolutions
VA	Virtual Asset
VASP	Virtual Asset Service Provider
WMD	Weapons of mass destruction

## **DR MARCUS PLEYER**

### **FATF PRESIDENT (2020-2022)**

Dr. Marcus Pleyer of Germany assumed the position of President of the FATF on 1 July 2020. Dr. Marcus Pleyer serves as Deputy Director General in Germany's Federal Ministry of Finance with responsibilities for policy development and international engagement pertaining to International Financial Markets (including FSB, G7, G20 matters), Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT), Financial Sanctions Policy, Digital Finance including Payment Services and Cyber Security and national and international development banks.

Dr. Pleyer's Presidency ended on 30 June 2022 when he was succeeded by T. Raja Kumar of Singapore. Dr Pleyer was the first FATF President with a two-year mandate.



## **MESSAGE FROM THE FATF PRESIDENT (2020-2022)**

I am pleased to introduce the annual report of the Financial Action Task Force for 2021-2022, which highlights the FATF's achievements under the second year of its German Presidency.

This includes an important milestone with the completion of the strategic review after three years of intensive work. The FATF published a landmark report on the state of effectiveness and global compliance with the FATF Standards that informed the strategic review to make the next round of mutual evaluations more timely, risk-based and results-oriented.

The FATF completed crucial work on strengthening its standard on beneficial ownership transparency which will help prevent criminals from laundering billions of dollars each year through shell companies and other legal persons. Changes include the need for countries to have a beneficial ownership registry or an equivalent mechanism in place and adopt a multi-pronged approach that ensures adequate, accurate and up-to-date information on the true beneficial owners of companies. The FATF is developing guidance to support implementation of this revised standard and will monitor its effective implementation by countries.

We organised a High-Level conference which for the first time brought together heads of international organisations to discuss partnerships to tackle the dirty money generated by environmental crimes. Other prominent speakers such as The Duke of Cambridge, Prince William and Dr. Dame Jane Goodall also emphasised the need for coordinated action. It is only through such collaboration that we can stop criminals from laundering hundreds of billions of US dollars from environmental crimes each year.

During the German Presidency, the FATF made it a priority to explore the challenges and opportunities that digital transformation can offer to make the fight against money laundering and terrorist financing more effective. I am pleased that this year we adopted reports that explore how technology can help detect suspicious activities, analyse financial intelligence, and better understand money laundering and terrorist financing risks, especially through information sharing, while respecting high standards of data protection and privacy. This was an important priority for me. As I told the FATF Conference on Digital Transformation, we need to connect the dots across our various specialisations to see the bigger picture and solve the big problems of today and tomorrow.

Our Ministers also agreed on the need to leverage digital transformation to better tackle money laundering and terrorist financing at the first biennial Ministerial meeting in April 2022. They also agreed on other ambitious strategic priorities for the next two years including increasing capabilities to more effectively recover criminal assets, and strengthening the global network. The continued commitment by Ministers and other top officials from 37 member countries and two regional organisations is crucial to ensure swift implementation of FATF's Standards and support for the FATF's mutual evaluation programme.

I am proud that alongside these milestones, the FATF also continued to deliver other important work such as a report that focuses on the laundering of proceeds from migrant smuggling and a guidance to help countries implement the FATF Standards for virtual assets and virtual asset service providers. On the training front, the FATF has released two new training modules – on proliferation financing and virtual assets. The FATF's training programme is providing valuable resources to build knowledge within the Global Network and help countries around the globe implement the FATF Standards more effectively.

While COVID-19 loosened its grip on much of the world, another crisis emerged at the start of 2022 when the Russian Federation invaded Ukraine. FATF immediately issued a statement that deplored the loss of life in Ukraine and expressed FATF's grave concern about the invasion's impact on the money laundering, terrorist financing and proliferation financing risk environment as well as the integrity of the financial system, the broader economy and safety and security. This statement was reaffirmed by Ministers in April. In June, the FATF made the unprecedented decision to severely limit the Russian Federation's role and influence within the FATF

The world is facing uncertain times with recession, climate change and an unstable geopolitical situation. However, now, more than ever, it is important for countries to keep their guard up and not let the criminals, the corrupt and the kleptocrats exploit weaknesses in the financial system to move their dirty money or raise funds for terrorism or proliferation. Under the leadership of T. Raja Kumar of Singapore, the FATF is in good hands. I am certain that he will guide the FATF to achieve the priorities its Ministers agreed to earlier this year.

Dr. Marcus Pleyer  
FATF President (2020-2022)

## **PRIORITIES DURING THE 2ND YEAR OF THE GERMAN PRESIDENCY**

1 July 2021 - 30 June 2022

### **FATF MINISTERIAL**

FATF Ministers met at a special biennial meeting to discuss the role of the FATF in taking action against money laundering, terrorist and proliferation financing, crimes that impact our society and threaten global security.

They committed to take swift and decisive action to improve the effectiveness of measures to fight money laundering, terrorist and proliferation financing. This includes promptly implementing the FATF's global beneficial ownership rules, to stop criminals from hiding their illicit activities and dirty money behind anonymous shell companies and other corporate structures.

FATF ministers and high-level officials from FATF's 37 member countries

and 2 regional organisations also agreed on strategic priorities for 2022-2024 to enhance the effective implementation of the FATF Standards worldwide. These include increasing capabilities to more effectively recover criminal assets, which will help remove incentives for crimes, such as corruption and tax crimes, and return assets to victims.

They also agreed to strengthen the FATF Global Network, support the FATF system of mutual evaluations, ensure sustainable funding for the FATF to implement its strategic priorities, and leverage digital transformation to better tackle money laundering and terrorist financing.



**PRIORITIES**  
**DURING THE GERMAN PRESIDENCY**

SEE ALSO

**DECLARATION OF THE MINISTERS OF THE FINANCIAL  
ACTION TASK FORCE - APRIL 2022**  
<http://bit.ly/3AgiXq9>

Participants at the FATF Ministerial meeting in  
Washington D.C. on 21 April 2022.



## STRATEGIC REVIEW

In 2019, shortly after receiving its open-ended mandate after three decades of operation, the FATF launched a strategic review of its assessment procedures.

The strategic review aimed to make the next round of mutual evaluations more effective in driving meaningful change in countries' measures to combat money laundering and the financing of terrorism and proliferation. The strategic review focused on three core areas:

- The components, scope and timing of the mutual evaluation process, including how to select jurisdictions, scope evaluations, and how ML/TF risks should feed into the assessment process.
- The FATF International Cooperation Review Group process and follow-ups.
- The FATF Methodology.

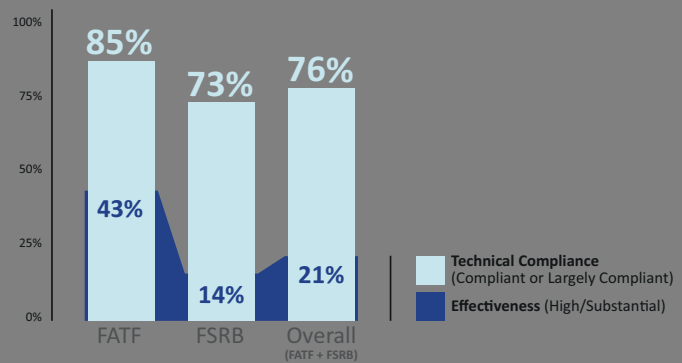
The strategic review was informed by an important stocktake which assessed the strengths and weaknesses of global efforts to tackle money laundering, terrorist and proliferation financing.

Overall, the report found that countries have made huge progress in improving technical compliance by establishing and enacting a broad range of laws and regulations to better tackle money laundering, terrorist and proliferation financing. This has created a firm legislative basis for national authorities to 'follow the money' that fuels crime and terrorism.

In terms of laws and regulations, 76% of countries have now satisfactorily implemented the FATF's 40 Recommendations. This is a significant improvement in technical compliance, which stood at just 36% in 2012, demonstrating the positive impact of the FATF Mutual Evaluation and Follow-up processes.



However, the report also highlights that many countries still face substantial challenges in taking effective action in line with the risks they face. This includes difficulties in investigating and prosecuting high-profile cross-border cases and preventing anonymous shell companies and trusts being used for illicit purposes.



*Report on the State of Effectiveness and Compliance with the FATF Standards*

Note: Threshold for TC is to count average ratings of 40 Recommendations "C" or "LC" and for effectiveness, average 11 Immediate Outcomes rated above "HE" or "SE".  
 Source: Ratings of 120 assessed jurisdictions from the Global Network since 2013, as published on the FATF website as of December 2021.

**SEE ALSO**

**REPORT ON THE STATE OF EFFECTIVENESS AND COMPLIANCE WITH THE FATF STANDARDS**

<http://bit.ly/3Utk3Hb>



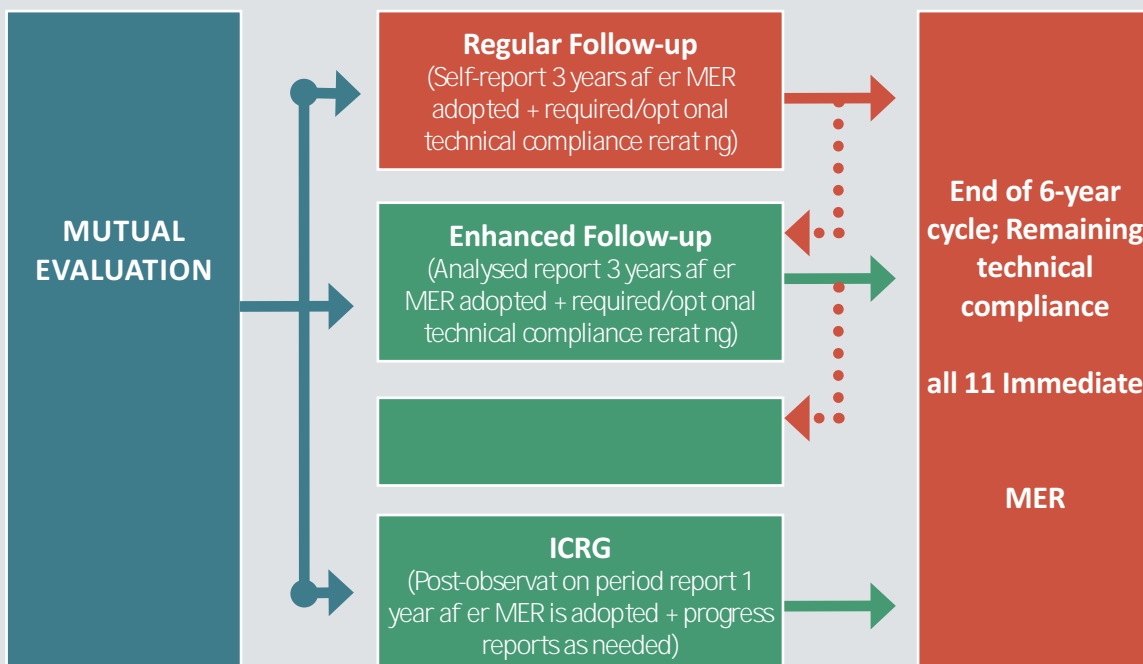
In April 2022, the FATF published the revised Methodology and Procedures which set out how the FATF will assess countries' compliance in the 5th Round of mutual evaluations. These changes cover the mutual evaluation itself, but also the follow-up processes, including the process for countries that need to make fundamental improvements.

These documents will come into effect when the FATF commences the 5th Round of mutual evaluations and may be subject to adjustments before the start of that next round.

The changes to the Methodology and procedures for assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT/CPF Systems for the 5th Round include the following.

- The next round of mutual evaluations will place an even greater focus on effectiveness, to ensure that countries are implementing and making use of the laws, regulations and policies that are being passed.
- There will also be a greater emphasis on the major risks and context. This will ensure that countries, and the assessors reviewing them, focus on the areas where the risks are highest, not just lower-risk areas where it is comparatively easier to launch investigations and secure convictions.
- Mutual evaluations in the next round will assess the effectiveness of the financial sector and the non-financial businesses and professions separately. This will provide a clearer overview of the level of effectiveness of these distinct areas, and stronger and more targeted recommendations for improvement.
- Recommendations from the mutual evaluation reports will be more results-oriented. They will focus on specific actions and timelines to tackle money laundering, terrorist financing and the financing of weapons of mass destruction.
- The next round of mutual evaluations will be a six-year cycle. This is significantly shorter than earlier rounds, which lasted 10 years on average.
- The assessment sequence will be based on risk, so that FATF assesses in priority the countries with the lowest scores and that face the highest risks.
- After their mutual evaluation, countries will have three-years to take action and address the deficiencies.

- If they fail to do so, they will automatically face a range of measures, including the possibility of the FATF publicly raising concerns about outstanding deficiencies.
- The shorter cycle, greater scrutiny and strong follow-up mechanisms will ensure that governments stay focused on taking effective action to detect, prevent and punish money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction.
- Clarified procedures for assessments in a supranational context, such as the EU context.
- The follow-up assessment process will be more results-oriented, focusing on specific actions to tackle money laundering, terrorist financing and the financing of weapons of mass destruction.
- To improve transparency and consistency, there is now one set of procedures that combines the follow up and enhanced follow up procedures with the procedures to identify countries with serious and strategic shortcomings in their national frameworks.



## **TRANSPARENCY AND BENEFICIAL OWNERSHIP**

Complex corporate structures enable criminals to hide their identity and launder their illicit profits from criminal activities, including fraud, drug and human trafficking and bribery and corruption. Revelations such as the ‘Pandora Papers’ leaks also highlight the abuse of networks of anonymous shell companies and other arrangements for these illicit activities.

The FATF first introduced a global standard in 2003 to prevent the concealment of company beneficial ownership information. Almost two decades have passed since then. However, the mutual evaluations demonstrate the low level of implementation across the global network. This has allowed widespread misuse of company and trust ownership to grow. It has also resulted in elaborate networks of anonymous shell companies and trusts where criminals, corrupt officials and rogue states can launder the proceeds of crime and corruption.

In March 2022, the FATF adopted amendments to Recommendation 24 and its Interpretive Note to ensure

greater transparency about the ultimate ownership and control of legal persons and to mitigate the risks of their misuse. This will significantly strengthen the requirements for beneficial ownership transparency globally, while retaining a degree of flexibility for countries. These stronger standards are an important first step, but tackling the abuse of legal persons will need constructive and sustained effort by all countries to effectively implement the new standards and respond to risks.

The amendments explicitly require a multi-pronged approach, i.e. to use a combination of different mechanisms, for collection of beneficial ownership information. Countries should require companies to obtain and hold adequate, accurate and up-to-date information on their own beneficial ownership and make such information available to competent authorities in a timely manner. Countries should also require beneficial ownership information to be held by a public authority or beneficial ownership registry or may use an alternative mechanism if such a mechanism also provides efficient access to



adequate, accurate and up-to-date beneficial ownership information by competent authorities. Moreover, countries should apply any additional supplementary measures that are necessary to ensure the determination of beneficial ownership.

The revisions will require countries to assess and address the risk posed by legal persons created in their countries as well as foreign-created legal persons which have sufficient links with their country. Furthermore, the revisions require countries to ensure that public authorities have access to beneficial ownership information of legal persons in the course of public procurement.

Finally, the changes include stronger controls to prevent the misuse of bearer shares and nominee arrangements, including prohibiting the issuance of new bearer shares and bearer share warrants and conversion or immobilisation of the existing ones, and more robust transparency requirements for nominee arrangements. The FATF will develop guidance to assist in the implementation of these requirements and explore refining Recommendation 25 on legal arrangements, to bring it in line with the requirements of Recommendation 24 (see page 31).

## SEE ALSO

**P** **9S** **9** **R** **9** **R** **9** **24**

[www.fatf-gafi.org/publications/fatfrecommendations/documents/r24-statement-march-2022.html](http://www.fatf-gafi.org/publications/fatfrecommendations/documents/r24-statement-march-2022.html)

**FATF R** **9**

[www.fatf-gafi.org/en/topics/fatf-recommendations.html](http://www.fatf-gafi.org/en/topics/fatf-recommendations.html)

## ENVIRONMENTAL CRIME

Environmental crime generates an estimated USD 110 to 281 billion in proceeds for criminal enterprises every year. Crimes such as illegal logging, illegal mining, and waste trafficking, have far-reaching implications for societies and communities around the world, affecting ecosystems, impacting climate change, and causing damage to public health and safety.

The FATF, working closely with the United Nations Office on Drugs and Crime (UNODC), published a report in July 2021 that assesses the links between environmental crime and money laundering. The report highlights the need for greater awareness by countries of their exposure to money laundering from

environmental crime, especially for countries that have not detected environmental crime within their borders. It also highlights the importance of effectively implementing the FATF Standards to help prevent, detect and disrupt the financial flows.

To discuss how to fix the gaps in our systems to protect the environment and preserve the world's natural resources, the FATF held a webinar on this topic in September 2021. Panelists from civil society, private and public sectors discussed important aspects of the FATF Report. This included how to identify red-flag information to help detect and trace the illicit finances of criminals engaged in environmental crimes.



Clockwise, from top centre: John Edward Conway, Santander Bank, Matthew Shannon, Department of Finance Canada, Rochelle Pasiani, COAF-Brazil, Lakshmi Kumar, Global Financial Integrity, Axel Threlfall, Thomson Reuters (moderator), during Money Laundering from Environmental Crime webinar on 30 September 2021.

## Money Laundering from Environmental Crime

### Webinar

WATCH

W : M L E C  
<https://www.youtube.com/watch?v=1G9mxymNK8s>

In October 2021, the FATF amended its Standards to ensure greater specificity and consistency in its future country assessments on the links between environmental crime and money laundering.

The FATF engaged with the UN Climate Conference in Glasgow (COP26) in November 2021, to encourage consideration of the financial flows as part of public policy dialogue on environmental protection, and to invigorate action to tackle these flows. FATF President Marcus Pleyer highlighted how an increased focus on anti-money laundering can be a powerful solution in combatting environmental crime such as deforestation.

**“ I call on all governments,  
to help us take  
the money out of  
environmental crime”**

**Dr Marcus Pleyer  
FATF President**



Dr. Marcus Pleyer attending #COP26 in Glasgow on 3 November 2021.



WATCH

<https://www.youtube.com/watch?v=RIN5ECQ9H3U&>

The FATF also organised a high-







**“Now is the time for action. We need to draw on the collective expertise across the public, private and not-for-profit sectors to identify these criminal networks and bring them to justice.”**

The Duke of Cambridge  
Prince William

**“The work FATF is doing is vital in this fight. The fight will be long. It will be hard. But if we work together, we can succeed.”**

Inger Andersen Executive Director, UN Environmental Program



**“Go after the people at the top of the international cartels because if those are targeted then their networks may tend to crumble.”**

Dr. Dame Jane Goodall  
primatologist and ethologist

**“The same enforcement tools, techniques and penalties that countries use to combat other serious crimes, such as trafficking in drugs or persons, must be deployed against wildlife crime.”**

Ivonne Higuero, Secretary General of CITES, the Convention on International Trade in Endangered Species of Wild Fauna and Flora

WATCH

K N ... H - L C ...

E ... C

<https://bit.ly/3r6atwQ>

## **DIGITAL TRANSFORMATION**

New technologies have the potential to make anti-money laundering (AML) and counter terrorist financing measures (CFT) faster, cheaper and more effective. They can improve the implementation of FATF Standards to advance global AML/CFT efforts and avoid unintended consequences such as financial exclusion.

Under the German Presidency, the FATF made it a priority to explore the challenges and opportunities that digital transformation can offer to make the fight against money laundering and terrorist financing more effective. New technologies for AML/CFT refer to:

- innovative skills, methods, and processes that are used to achieve goals relating to the effective implementation of AML/CFT requirements or
- innovative ways to use established technology-based processes to comply with AML/CFT obligations

FATF's work focused on three distinct areas. During 2020-2021, it completed work in two areas: identifying the opportunities and challenges of new technologies for AML/CFT, and a stocktake on data pooling, collaborative analytics and data protection.

During 2021-2022, the FATF explored how advanced analytics and machine learning can be used to detect suspicious activities, analysing financial intelligence, and understanding money laundering and terrorist financing risks.

## DIGITAL TRANSFORMATION OF AML/CFT FOR OPERATIONAL AGENCIES

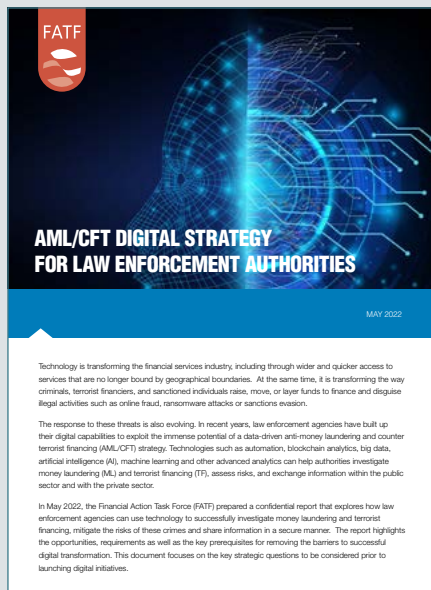
In October 2021, the FATF and the Egmont Group of Financial Intelligence Units completed a project to explore how technology can strengthen the operations of financial intelligence units, law enforcement and other operational agencies around the world.

This confidential report for operational agencies focuses on how to find the right tools and when to use them. It also explains how to optimise these tools for AML/CFT purposes, and how to overcome practical and operational challenges.

The FATF also released a public summary of this report, which highlights the key findings, including the drivers, strategic considerations and benefits of digital transformation.



Digital Transformation of AML/CFT for Operational Agencies - Executive Summary, October 2021  
Available at [www.fatf-gafi.org](http://www.fatf-gafi.org)



AML/CFT Digital Strategies for Law Enforcement Agencies - Executive Summary, May 2022  
Available at [www.fatf-gafi.org](http://www.fatf-gafi.org)

## **AML/CFT DIGITAL STRATEGY FOR LAW ENFORCEMENT AUTHORITIES**

In May 2022, the FATF finalised a confidential report that explores how law enforcement agencies can use technology to successfully investigate money laundering and terrorist financing, mitigate the risks of these crimes and share information in a secure manner. The report highlights key questions that law enforcement should be asking before embarking on their digital transformation journeys, and summarises legal, ethical and other strategic considerations that need to be taken into account.

The full report is available to public authorities and the FATF has published a public summary that highlights key strategic questions to be considered for any project on digital transformation of anti-money laundering and counter terrorist financing work.

## **PARTNERING IN THE FIGHT AGAINST FINANCIAL CRIME: DATA POOLING, TECHNOLOGY AND PRIVATE SECTOR INFORMATION SHARING**

In June 2022, the FATF adopted a report that shares lessons on how to develop information-sharing initiatives to better detect money laundering and terrorist financing,

while protecting data and upholding privacy rights.



## FATF CONFERENCE ON DIGITAL TRANSFORMATION

On 11 June 2022, the FATF held a *Conference on Digital Transformation* that brought together more than 100 AML/CFT leaders from governments and the private sector, alongside experts in innovative technologies, data protection, advances analytics, and more. Participants discussed how to create an enabling environment for new technologies and digital AML/CFT strategies.

Participants included key note speaker Deputy Commissioner James Dipple-Johnstone of the UK Information Commissioner Office, who emphasised that AML and data protection and privacy are not mutually exclusive and can co-exist. The Conference drew together the work completed on digital transformation, helped share best practices, and encourage further dialogue. Ultimately, this will help improve the efficiency and effectiveness of AML/CFT systems.

**“If we operate in bubbles – a bubble fighting crime – a bubble protecting privacy rights – a bubble for the private sector – a bubble for developing new technology – then we fail to address the real problems we face today.**

**Connecting the dots across our various specialisations lets us see the bigger picture and solve the big problems of today and tomorrow.”**

Dr Marcus Pleyer  
FATF Conference on Digital Transformation

SEE ALSO

FATF C...  
<https://bit.ly/3eF2hkw>



## **STRENGTHENING THE GLOBAL NETWORK**

The Global Network, comprises the FATF and the nine FATF-Style Regional Bodies (FSRB). It brings together more than 200 governments and 20 observer international organisations. The FSRBs oversee a large part of the world's AML and CFT efforts. They support their member jurisdictions to implement the FATF Standards and they assess their members' AML/CFT regime. The FATF Presidency continued to support enhanced cooperation with FSRBs with a view to strengthening the Global Network, through three priorities:

- high-level engagement with FSRBs and their members,
- building capacity to prioritise and address FSRBs' internal challenges and
- increased involvement of FATF members to support FSRBs.

In April 2022, the FATF Ministerial committed to further strengthen the Global Network and endorsed the Strategic vision for the Global Network. The overall goal is to support FATF and FSRBs' collective efforts to achieve the common objectives of preventing and combating money

laundering, terrorist financing and the financing of proliferation of weapons of mass destruction, and of fostering effective AML/CFT/CFP regime. Work to implement the Strategic Vision agreed in June 2022 will seek first to ensure that FSRBs are fully prepared and equipped to conduct the next round of mutual evaluations, and second, to develop a more inclusive, cohesive and collaborative Global Network.

The participation of the President and of the Vice-President in FSRBs' Ministerial and Plenary meetings, as well as dialogue with FSRB Chairs and Executive Secretaries highlighted the importance of a global response to money laundering and the financing of terrorism and proliferation and the interest to have strategic discussions about the future of the Global Network.

FSRBs have continued to conduct high-level engagement activities with national/regional authorities, in particular to highlight the importance of AML/CFT for countries' security and stability, and secure support for the preparation of mutual evaluations. Most FSRBs have also taken actions to enhance their internal functioning and ability to promote the implementation

of FATF Standards and deliver on their mutual evaluation programme.

The FATF has continued to assist higher priority FSRBs addressing their structural internal challenges and improving their effectiveness. FATF has also monitored FATF members' commitment to further support FSRBs, especially for the completion of their round of mutual evaluations with quality reports and in a timely manner.

To date, all FSRBs are well positioned to conclude their current round of mutual evaluations on schedule.

During this period (July 2021-June 2022):

- The FATF President, Vice-President (and/or the FATF Secretariat Executive Secretary) attended six FSRB Ministerial/plenary meetings: GAFILAT Plenary (July 2021), ESAAMLG Ministerial (September 2021), GIABA Ministerial (October 2021), GABAC Ministerial (October 2021), EAG Plenary (November 2021) and MENAFATF Plenary (November 2021)
- There were five high-level bilateral/group meetings between FATF President and FSRB Chairs: GAFILAT (July 2021), CFATF (September 2021), EAG (September 2021), GAFILAT (May 2022), All FSRB Chairs (June 2022)

#### SEE ALSO

**FATF MINISTERIAL STATEMENT**

[www.fatf-gafi.org/publications/fatfgeneral/documents/ministerial-statement-2022.html](http://www.fatf-gafi.org/publications/fatfgeneral/documents/ministerial-statement-2022.html)

**STRATEGIC VISION GLOBAL NETWORK**

[www.fatf-gafi.org/publications/fatfgeneral/documents/strategic-vision-global-network.html](http://www.fatf-gafi.org/publications/fatfgeneral/documents/strategic-vision-global-network.html)

## **FATF ENGAGEMENT WITH OTHER INTERNATIONAL BODIES**

The FATF continued to have a strong presence on the global political stage this year. The FATF President and Executive Secretary participated in meetings of the G20 Finance Track to underline the importance of G20 leading by example to implement robust safeguards against money laundering and terrorist financing. In particular, they drew attention to the need for G20 countries to implement FATF's revised Standards on transparency and beneficial ownership and virtual assets. FATF's interventions have resulted in consistent and strong support from G20 members for the FATF as the global standard setting body for preventing and combating money laundering, terrorist financing and proliferation financing.

Their statements welcomed FATF's work to regulate virtual assets and reaffirmed their commitment to implement the FATF Standard to prevent the misuse of crypto for illicit financing.

The G7 also welcomed FATF work in its communiqués, including the recently strengthened standard on beneficial ownership.

Continued FATF participation in and support by high-level international fora such as the G20 is crucial to drive the meaningful change that we need to help countries take the profit out of crime.

**“It is critical for the G20 to be ambitious, leading by example to stop the criminals and the corrupt from getting away with illicit profits.”**

**Dr Marcus Pleyer**  
**FATF President Fourth**  
Remarks at the G20 Finance  
Ministers and Central Bank  
Governors 'meeting,  
13 October 2021

# **ONGOING WORK**

1 July 2021 - 30 June 2022



## RISKS, TRENDS AND METHODS

The FATF continuously conducts research into existing or emerging money laundering and terrorist or proliferation financing trends and methods.

As countries implement anti-money laundering and counter terrorist and proliferation financing measures, they become better at detecting, disrupting and prosecuting financial crime. As a result, criminals must continuously adjust the way they raise and move assets to avoid detection by authorities.

FATF's research will help countries better understand the risks they face so that they will be better able to implement effective measures that mitigate these risks.

## **MONEY LAUNDERING AND TERRORIST FINANCING RISKS ARISING FROM MIGRANT SMUGGLING**

Migrant smuggling has a significant consequence on the lives of millions of civilians, with criminals taking advantage of the sometimes desperate plight of individuals seeking a better life.

Since the FATF last focused on migrant smuggling in 2011, there have been significant changes that have affected both migratory patterns, and the associated financial flows. The FATF's updated analysis of the money laundering and terrorist financing risks arising from migrant smuggling, published in March 2022, aims to help countries understand and mitigate the risks, and disrupt and recover the proceeds – an important driver of this crime.

A range of techniques are used to launder the proceeds of crime that are not spent on living expenses or other goods. Forms of trade-based money laundering appear particularly common, with relatives often involved in operating cash-intensive

**While it is difficult to quantify the exact amount of the proceeds generated, recent increases in migration may mean proceeds currently exceed USD10 billion per annum.**



Money Laundering and Terrorist Financing Risks  
Arising from Migrant Smuggling, March 2022  
Available at [www.fatf-gafi.org](http://www.fatf-gafi.org)

The report highlights the steps needed to more effectively disrupt and prevent the financial flows associated with migrant smuggling. These include:

- Strengthening bilateral and international cooperation between financial intelligence units and cross-regional cooperation between law enforcement and judicial authorities
- Conducting more systematic investigations, including parallel financial investigations, into potential money laundering and terrorist financing linked to migrant smuggling
- Ensuring that money and value transfer services comply with all the requirements in the FATF Standards, with proactive action taken to detect and disrupt unregulated money and value transfer service providers, including hawala, and
- Fostering domestic cooperation between public and private sector, especially with the credit and payment institutions, and money and value transfer service providers.

## TERRORIST FINANCING

The FATF continues to be at the forefront of efforts to track and tackle global terrorist financing risks, bringing together expertise to ensure countries have the tools that they need.

The activities of ISIL, AQ and their affiliates continue to represent serious terrorism and terrorist financing threats in different parts of the world. While the territorial defeat of ISIL in 2019 significantly impacted its ability to generate revenue, it has turned to other activities to raise funds. The expansion of territory over which terrorist organisations in Africa have influence or control has provided new opportunities to generate funds and sustain their activities. The FATF also conducted an exercise in 2021 to

monitor the risks associated with the instability in Afghanistan, working closely with the EAG and APG FATF style regional bodies as well as with partner organisations – in particular the United Nations, releasing a statement in October in order to share information with the private sector and other key stakeholders. The FATF will continue to monitor the risks associated with ISIL, AQ and their affiliates as they continue to evolve.

### SEE ALSO

#### TERRORIST FINANCING

[www.fatf-gafi.org/en/topics/Terrorist-Financing.html](http://www.fatf-gafi.org/en/topics/Terrorist-Financing.html)

## ETHNICALLY OR RACIALLY MOTIVATED TERRORISM

Ethnically or racially motivated terrorism (EoRMT) is a complex and growing phenomenon that encompasses a wide range of actors. These range from individuals, operating as lone actors or so called “lone wolves” to small and medium organisations, as well as transnational movements which span borders, and sometimes even continents. Following the completion of a report on Ethnically or racially motivated terrorism in June 2021, the FATF released a confidential report on

related risk indicators in October 2021 along with updated terrorism financing risk indicators to ensure that operational authorities have up-to-date information to help intercept and prevent terrorist financing in its varied forms.



## SETTING THE INTERNATIONAL STANDARDS

The FATF Recommendations, or the FATF Standards, are the global standards to combat money laundering and financing of terrorism and proliferation of weapons of mass destruction. Over 200 countries around the world have committed to implement them in their national frameworks.

In response to evolving threats to the financial system, the FATF continuously refines and strengthens its standards. This ensures that these international standards remain powerful and effective tools to take the profit out of crime and disrupt the financial flows that fuel terrorism and the proliferation of weapons of mass destruction.



## **GUIDANCE ON RECOMMENDATION 24**

Transparency concerning the true beneficiary in financial transactions is critical to stopping illicit assets being laundered. In March 2022, the FATF agreed on tougher global beneficial ownership rules to stop criminals from laundering their dirty money or hiding illegal activities through complex corporate structures or legal persons (see page 12). This includes the requirement to ensure beneficial ownership information is held by a registry or alternative mechanism, which is as efficient.

The FATF is currently developing a Guidance to help countries and the private sector implement the new requirements.

## **CONSULTATION REVISION RECOMMENDATION 25**

The FATF is considering amendments to strengthen Recommendation 25, which applies to trusts and other legal arrangements. These revisions aim to ensure a balanced and coherent approach to beneficial ownership in the FATF Recommendations.

Following the June 2022 Plenary, the FATF released a white paper for public consultation, to seek views particularly on the scope of legal arrangements, risk assessment and foreign trusts; obligations of trustees; definition of beneficial owners; approach in collecting beneficial ownership information; adequate, accurate and up-to-date information; and obstacles to transparency.

### SEE ALSO

#### **FATF RECOMMENDATIONS**

[www.fatf-gafi.org/en/topics/fatf-recommendations.html](http://www.fatf-gafi.org/en/topics/fatf-recommendations.html)

## **OTHER AMENDMENTS TO THE FATF RECOMMENDATIONS: APPLICATION OF GROUP-WIDE PROGRAMMES BY NON-FINANCIAL BUSINESS AND PROFESSIONS**

In October 2021, the FATF adopted minor amendments to Recommendation 23 and the FATF Glossary to clarify how the existing requirements in Recommendation 8 to implement group-wide programmes against money laundering and terrorist financing apply to Designated Non-Financial Businesses and Professions (DNFBPs) under Recommendation 23.

The FATF also published explanatory material to clarify FATF's expectations in this area and how they fit with its overall objective of improving the effectiveness of AML/CFT measures. They explain the basic concepts, and answer questions such as 'What does the FATF mean by common ownership, management or compliance control?' and 'How should DNFBP groups and other structures implement group-wide programmes?'

## **CROSS BORDER PAYMENTS - SURVEY RESULTS ON IMPLEMENTATION OF THE FATF STANDARDS**

Faster, cheaper, more transparent, and more inclusive cross-border payment services that are safe and secure can facilitate economic growth, international trade, global development and financial inclusion. Enhancing cross-border payments is a key priority of the G20. In October 2020, G20 Finance Ministers and Central Bank Governors endorsed the Roadmap for Enhancing Cross-border Payments, which comprises 19 Building Blocks.

In order to contribute to this work, the FATF initiated an industry survey in consultation with the Basel Committee on Banking Supervision (BCBS) to identify areas where divergent AML/CFT rules or their implementation cause friction for cross-border payments. The FATF published the survey results in October 2021. They highlight that, among others factors lack of risk-based approach and inconsistent implementation of the AML/CFT requirements increase cost, reduce speed, limit access and reduce transparency. Inconsistent national approaches also create obstacles in identifying and verifying customer and beneficial owners, effective screening for targeted financial sanctions, sharing of customer and transaction information where needed, and establishing and maintaining correspondent banking relationships. The FATF will continue its engagement with all stakeholders on this issue.

## MITIGATING THE UNINTENDED CONSEQUENCES OF THE FATF STANDARDS

In February 2021, the FATF launched a project to study and mitigate the unintended consequences resulting from the incorrect implementation of the FATF Standards, such as de-risking, financial exclusion and undue targeting of NPOs.

The first phase of this work was a stocktake which consolidated previous analysis of these phenomena by FATF and other stakeholders, including expert bodies, to identify and understand to what extent, and in what manner, these unintended consequences are occurring. In October 2021, the FATF published a high-level synopsis, summarising a longer stocktake report, which brings together existing knowledge from various sources as a basis for policy decisions. The stocktake supported further consideration of policy options for the FATF.

In March 2022, the FATF completed this work-stream and decided to refer the substantive work to the relevant FATF Working Groups to scope out and refine how FATF can mitigate these unintended consequences. The FATF will continue to engage with external stakeholders as this work develops.

## RISK-BASED APPROACH FOR THE REAL ESTATE SECTOR

Real estate is a popular choice for investment, but it also attracts criminals who use real estate in their illicit activities or to launder their criminal profits. Professionals involved in the real estate sector, from real estate agents to notaries, play an important role in preventing criminals from laundering their illicit assets through the purchase of often high-end real estate.

However, the fourth round of mutual evaluations has demonstrated that the sector generally has a poor understanding of the risks they face.

Following a public consultation in April 2022, the FATF finalised a guidance to help real estate sector professionals to implement risk-based measures to prevent money laundering and terrorist financing.

The guidance will help the private sector participants and their supervisors develop a better understanding of the ML/TF risks of the sector and take effective measures to mitigate the risk.





Updated Guidance for a Risk-Based Approach to Virtual Assets and Virtual Assets Service Providers, October 2021  
Available at [www.fatf-gafi.org](http://www.fatf-gafi.org)

## **UPDATED GUIDANCE FOR A RISK-BASED APPROACH TO VIRTUAL ASSETS AND VIRTUAL ASSET SERVICE PROVIDERS**

The virtual asset sector is fast-moving and technologically dynamic, which means continued monitoring and engagement between the public and private sectors is necessary. In view of these developments and other ongoing work, the FATF decided to revise and update its 2019 Guidance on Virtual Assets and Virtual Asset Service Providers by identifying areas requiring greater guidance.

Following a public consultation in March-April 2021, the FATF finalised an updated Guidance for a Risk-Based Approach to Virtual Assets and VASPs, which explains how the FATF Recommendations apply to these assets and services. In particular, the guidance clarifies the definitions of virtual asset and VASP and explains how the FATF Standards apply to stablecoins. It also addresses the risks of peer-to-peer transactions, and illustrates tools to identify and mitigate these risks.

The guidance covers the licensing and registration of VASPs, the so-called “travel rule” and includes principles of information-sharing and cooperation amongst VASP supervisors.

## WEBINAR ON PROLIFERATION FINANCING RISK ASSESSMENT AND MITIGATION

The FATF organised a webinar in December 2021 to highlight new obligations for countries and the private sector on proliferation financing risk assessment and mitigation.

The webinar brought together experts from public and private sectors and the interactive discussion focused on the following topics:

- New FATF obligations on proliferation financing risk assessment and mitigation.
- Emerging trends on risks and techniques adopted by the designated individuals and entities to evade proliferation financing targeted financial sanctions.
- National experiences, challenges, and lessons-learnt in proliferation financing risk assessment and developing appropriate mitigation strategies.
- Private sector experiences in assessing proliferation financing risks and implementing appropriate mitigating measures.



## WEBINAR ON RISK-BASED SUPERVISION

Since 2012, taking risks into account has been at the center of the FATF’s requirements in the fight against money laundering and the financing of terrorism. The private sector and supervisors are on the front line in the fight against illicit financial activities. Implementing a risk-based control program is not without its challenges, however. The FATF organised a webinar (in French) in October 2021 on key elements of risk-based supervision to help supervisors and other authorities better implement a risk-based approach in their activities and programs.



From top left, Violaine Clerc, ACPR; Philippe Bertho, ACPR; Benoît Bienfait, National Bank of Belgium; Nathalie Martineau, FINTRAC, and Bertrand Salewyn, Société Générale during the webinar on 7 October 2021.





## MUTUAL EVALUATIONS

All member countries of the FATF Global Network have committed to implementing the FATF Recommendations.

The Mutual Evaluation process involves extensive peer reviews that assess countries on their compliance with the Recommendations and the strength of their systems to combat money laundering and the financing of terrorism and proliferation of weapons of mass destruction.



The COVID-19 pandemic continued to affect the FATF's mutual evaluation schedule this year. COVID-related restrictions, including lockdowns, quarantines and travel restrictions prevented stakeholders from actively participating in the assessment processes. Under these conditions, and to avoid any potential impact on the quality of its mutual evaluation reports, the FATF postponed several assessments until there was more certainty surrounding the COVID situation.

In 2021, the FATF was able to resume the mutual evaluation processes for some jurisdictions and, in May 2022, the COVID-19 situation had improved sufficiently to reschedule the remaining.

Despite the challenges posed by hybrid on-site visits and virtual Plenary discussions, the FATF published three mutual evaluation reports this year: France, Japan and South Africa.

The FATF discussed and adopted the evaluations of Japan and South Africa at a virtual Plenary in June 2021, and the France evaluation at a hybrid Plenary in March 2022.

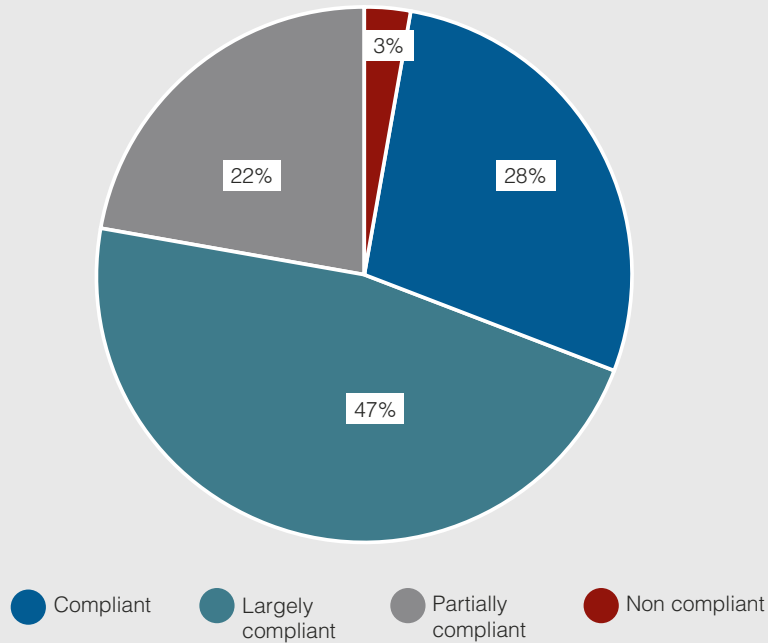
In June 2022, the Plenary discussed and adopted the mutual evaluation reports of Germany and the Netherlands. In line with FATF procedures, both reports were subsequently submitted for a quality and consistency review, ahead of their publication.

## **EFFECTIVENESS AND TECHNICAL COMPLIANCE OF FATF MEMBERS**

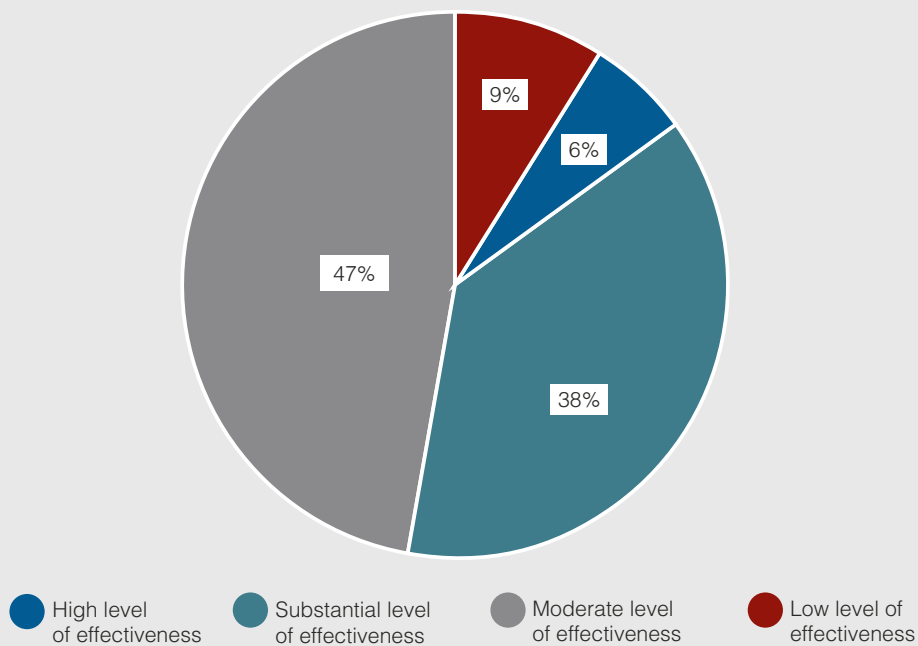
By the end of the 2021-2022 Plenary year, the FATF published the mutual evaluation reports of 31 of its 37 member countries; 84% of FATF members have now been evaluated. Each report is a snapshot of the situation in the country at the time of



**TECHNICAL COMPLIANCE  
OF FATF MEMBERS' AML/CFT REGIMES**



**EFFECTIVENESS  
OF FATF MEMBERS' AML/CFT REGIMES**



### FOLLOW-UP PROCESS

FATF closely monitors countries’ progress in improving compliance with the FATF 40 Recommendations using the follow-up process. As part of that process, FATF members regularly report their progress toward addressing identified deficiencies and recommended actions.

Countries can request a re-rating of their technical compliance with any Recommendation rated non-compliant (NC) or partially compliant (PC) in the mutual evaluation.

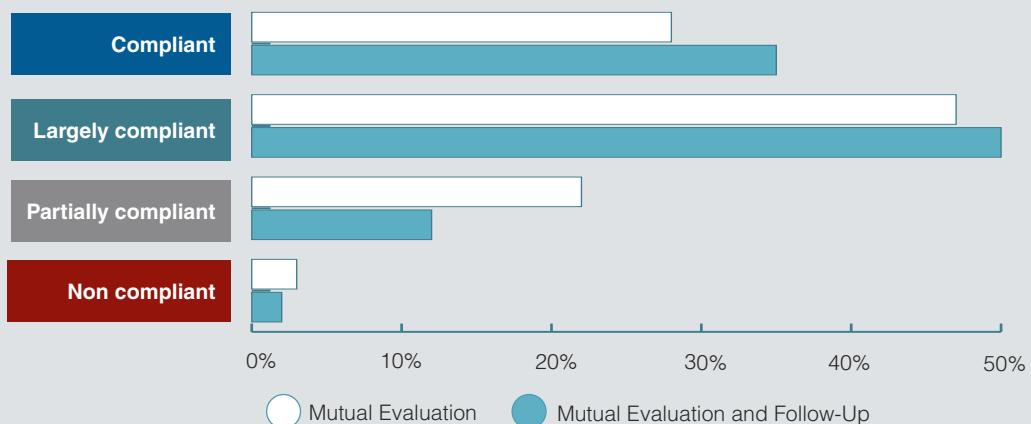
FATF considers these requests and whether the country has made sufficient progress to merit a re-rating. Although effectiveness ratings are not reassessed, all countries in follow-up report on measures taken towards addressing priority actions or other recommended actions identified in the mutual evaluation report to enhance effective implementation of the FATF Standards.

During 2021-2022, the FATF adopted and published ten TC re-rating reports in which FATF members received between one and seven upgrades for technical compliance with the FATF 40 Recommendations. These countries (Canada, China, Finland,

Iceland, Ireland, Israel, Mexico, New Zealand, Turkey, and United Kingdom) improved their technical compliance by 29.5% on average since their mutual evaluation report as reflected in detail in the table below.

Follow-up reports involving technical compliance re-rating requests also look at whether countries’ measures meet the requirements of any FATF Recommendations that have changed since their on-site visit. Canada, Finland, Israel and the United Kingdom were assessed for technical compliance with the new requirements on countering proliferation financing in the context of national cooperation and co-ordination (R.2). Canada, Finland, Ireland, Israel, and the United Kingdom were also assessed against the new requirements on virtual assets and virtual asset service providers (R.15). Canada was also re-rated on R.5 (terrorist financing offence), R.7 (targeted financial sanctions related to proliferation), R.8 (non-profit organisations), R.18 (internal controls and foreign branches and subsidiaries) and R.21 (tipping off and confidentiality) due to changes in the Standards.

### 2021-2022 TECHNICAL COMPLIANCE RATINGS AFTER RE-ASSESSMENT COMPARED TO MUTUAL EVALUATION REPORT





# RATINGS FOLLOWING THE MUTUAL EVALUATION AND FOLLOW-UP REPORTS PUBLISHED DURING 2021-2022

mutual evaluation report 
 follow-up report  
 (shaded cell) not reassessed during follow-up

	Canada	China	Finland	France	Iceland	Ireland	Israel	Japan	Mexico	New Zealand	South Africa	Turkey	United Kingdom

● High 
 ● Substantial 
 ● Moderate 
 ● Low

**Effectiveness**

Risk, policy and coordination (IO.1)													
International co-operation (IO.2)													
Supervision (IO.3)													
Preventive measures (IO.4)													
Legal persons & arrangements (IO.5)													
Financial intelligence (IO.6)													
ML investigation & prosecution (IO.7)													
Confiscation (IO.8)													
TF investigation & prosecution (IO.9)													
TF preventive measures & financial sanctions (IO.10)													
PF financial sanctions (IO.11)													

● Compliant 
 ● Largely compliant 
 ● Partially compliant 
 ● Non compliant

**Technical Compliance**

Assessing risk & applying risk-based approach (R.1)													
National cooperation & coordination (R.2)													
Money laundering offence (R.3)													
Confiscation & provisional measures (R.4)													
Terrorist financing offence (R.5)													
Targeted financial sanctions - terrorism & TF (R.6)													
Targeted financial sanctions - proliferation (R.7)													
Non-profit organisations (R.8)													
Financial institutions secrecy laws (R.9)													
Customer due diligence (R.10)													
Record keeping (R.11)													
Politically exposed persons (R.12)													
Correspondent banking (R.13)													
Money or value transfer services (R.14)													
New technologies (R.15)													
Wire transfers (R.16)													
Reliance on third parties (R.17)							n.a.	n.a.					
Internal controls & foreign branches /subsidiaries (R.18)													
Higher risk countries (R.19)													
Reporting of suspicious transactions (R.20)													
Tipping-of and confidentiality (R.21)													
DNFBPs - customer due diligence (R.22)													
DNFBPs - other measures (R.23)													
Transparency & BO of legal persons (R.24)													
Transparency & BO of legal arrangements (R.25)													
Regulation & supervision of financial institutions (R.26)													
Powers of supervision (R. 27)													
Regulation & supervision of DNFBPs (R.28)													
Financial intelligence units (R.29)													
Responsibilities law enforcement / investigative authorities (R.30)													
Powers law enforcement / investigative authorities (R.31)													
Cash couriers (R.32)													
Statistics (R.33)													
Guidance and feedback (R.34)													
Sanctions (R.35)													
International instruments (R. 36)													
Mutual legal assistance (R.37)													
Mutual legal assistance: freezing and confiscation (R.38)													
Extradition (R.39)													
Other forms of international cooperation (R.40)													

## HIGH RISK AND OTHER MONITORED JURISDICTIONS

Illicit finance harms societies by enabling a wide range of criminal activity such as drugs and arms trafficking, human trafficking and terrorist attacks. That is why it is so important for all countries to crackdown on illicit finance, and for the FATF to call out the countries that fail to take the necessary action.

## JURISDICTIONS UNDER INCREASED MONITORING

From July 2021 until June 2022, the FATF continued to provide flexibility to jurisdictions under increased monitoring in light of the continuing COVID-19 pandemic. This allowed the FATF to continue to review and identify jurisdictions with serious deficiencies in their measures to combat money laundering and terrorist financing.

In October 2021, the FATF added Jordan, Mali and Turkey to its list of jurisdictions under increased monitoring.

In February 2022, the FATF added the United Arab Emirates.

In June 2022, the FATF added Gibraltar.

Each of the jurisdictions under increased monitoring has provided a high-level commitment to resolve the deficiencies and has agreed an action plan and timeframes to complete the necessary reforms. It is not a punitive process.

The FATF and FATF-style regional bodies will work with the jurisdictions as they report on the progress achieved.

### SEE ALSO

#### HIGH RISK AND OTHER MONITORED JURISDICTIONS

[www.fatf-gafi.org/en/topics/high-risk-and-other-monitored-jurisdictions.html](http://www.fatf-gafi.org/en/topics/high-risk-and-other-monitored-jurisdictions.html)

**REMOVAL FROM INCREASED MONITORING**

Since July 2021, four jurisdictions followed through on their high-level political commitment to strengthen their capabilities to fight money laundering and terrorist financing. Thanks to the dedication and hard work of the government officials involved in this process, each carried out the necessary major reforms.

**BOTSWANA**

In October 2021, the FATF welcomed Botswana’s significant progress in improving its AML/CFT regime. Botswana strengthened the effectiveness of its AML/CFT regime and addressed related technical deficiencies to meet the commitments in its action plan regarding the strategic deficiencies that the FATF identified in October 2018. Specifically, Botswana made the following key reforms: (1) developed a comprehensive national AML/CFT strategy and policy; (2) developed risk-based supervision and monitoring programmes; and (3) improved the dissemination and use of financial intelligence by the FIU and others to identify and investigate ML cases.



**MAURITIUS**

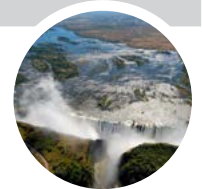
Also in October 2021, the FATF welcomed Mauritius’s significant progress in improving its AML/CFT regime. Mauritius strengthened the effectiveness of its AML/CFT regime and addressed related technical deficiencies to meet the commitments in its action plan



regarding the strategic deficiencies that the FATF identified in February 2020. Specifically, Mauritius made the following key reforms: (1) conducted outreach to promote understanding of ML and TF risks and obligations; (2) developed risk-based supervision plans; (3) ensured access to accurate basic and beneficial ownership information; and (4) provided training for law enforcement authorities to conduct money laundering investigations.

**ZIMBABWE**

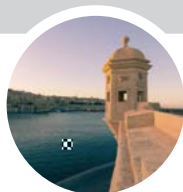
In February 2022, the FATF welcomed Zimbabwe’s significant progress in improving its AML/CFT regime. Zimbabwe strengthened the effectiveness of its AML/CFT regime and addressed related technical deficiencies to meet the commitments in its action plan regarding the strategic deficiencies that the FATF identified in October 2019. Zimbabwe made the following key reforms: (1) developed a risk-based supervision framework for FIs and DNFBPs; (2) developed adequate risk mitigation measures among FIs and DNFBPs; (3) created mechanisms to ensure that competent authorities have access to timely and up-to-date beneficial ownership information; and (4) addressed remaining gaps in the PF-related targeted financial sanctions framework. Zimbabwe was encouraged to work with ESAAMLG to improve further its AML/CFT system, including by ensuring its oversight of NPOs is risk-based and in line with the FATF Standards.





**MALTA**

In June 2022, the FATF welcomed Malta's significant progress in improving its AML/CFT regime. Malta strengthened the effectiveness of its AML/CFT regime and addressed related technical deficiencies to meet the commitments in its action plan regarding the strategic deficiencies that the FATF identified in June 2021. Specifically, Malta made the following key reforms: (1) continued to demonstrate that beneficial ownership information is accurate; (2) enhanced the use of the FIU's financial intelligence to support authorities pursuing criminal tax and related money laundering cases; and (3) increased the focus of the FIU's analysis, to produce intelligence that helps Maltese law enforcement detect and investigate cases in line with Malta's identified ML risks related to tax evasion.

**HIGH-RISK JURISDICTIONS  
SUBJECT TO A CALL FOR  
ACTION**

Since February 2020, in light of the COVID-19 pandemic, the FATF has paused the review process for countries in the list of High-Risk Jurisdictions subject to a Call for Action, given that they are already subject to the FATF's call for countermeasures. The FATF's call for action on Iran and the Democratic People's Republic of Korea, adopted in February 2020, remains in effect, even if the statement may not necessarily reflect the most recent status of these countries' AML/CFT regimes.



## THE GLOBAL NETWORK

The FATF Global Network of over 205 jurisdictions around the world is a cornerstone in the international fight against money laundering and terrorist financing. Effective national, regional and global responses are essential to fight global threats and ensure there are no loopholes for criminals and terrorists to exploit.

The active participation of the FATF-Style Regional Bodies (FSRBs) in the work of the FATF is crucial to ensure a global implementation of effective measures to combat money laundering and terrorist financing. To overcome the challenges and delays posed by the COVID-19 pandemic, FSRBs have been working hard to meet expectations regarding the agenda of their mutual evaluation round and the adoption of quality reports.

In order to provide them with tailored support to complete their round, FATF adopted individual roadmaps and prioritised its support to FSRBs - with CFATF, GIABA and MENAFATF as higher priority FSRBs, ESAAMLG and GABAC as medium priority FSRBs and APG, EAG, GAFILAT and MONEYVAL as lower priority FSRBs.

FATF members and observers have committed to also provide support to FSRBs, mainly by providing assessors, reviewers or experts for follow-up reports. The FATF has also helped FSRBs target their structural internal challenges, and developed monitoring effectiveness improvement plans for relevant higher priority FSRBs.

The FATF Secretariat has continued providing different forms of support to meet the needs of FSRBs – from attendance to FSRB meetings to capacity-building workshops for FSRB Secretariats on some aspects of the mutual evaluation process, experience-sharing sessions between FSRB Secretariats, streamlining procedures and internal mechanisms, mentoring some and directly participating in some mutual evaluations.

A critical part of this support is the rigorous review of all FSRB draft mutual evaluation and follow-up reports with a view to ensure the accuracy and consistency of those assessments and strengthen recommended actions that will guide assessed countries for the follow-up steps. This engagement resulted in improving the quality of FSRB products and ensure the correct interpretation of the FATF Standards and processes.

#### SEE ALSO

##### **FATF GLOBAL NETWORK**

[www.fatf-gafi.org/en/countries/global-network.html](http://www.fatf-gafi.org/en/countries/global-network.html)

## MUTUAL EVALUATIONS AND FOLLOW-UP REPORTS

Each FSRB is responsible for evaluating whether its own members are taking effective action to tackle ML, TF and PF, in compliance with the FATF Recommendations. Common assessment procedures - the Universal Procedures<sup>1</sup> - ensure that every assessment is of a high quality and that the conclusions and ratings are consistent across evaluations. As such, the evaluations conducted by the FATF and the FSRBs are equivalent. Following their plenary discussion and approval, each report is subject

to a quality and consistency review. During this rigorous review, the FATF Secretariat and all 206 members of the FATF Global Network have the opportunity to review the draft reports and raise any issues before publication. This review ensures that all reports across the Global Network are of a high quality and are consistent with the FATF Recommendations and Universal Procedures. This year, the FSRBs completed the mutual evaluations of 18 of their members, including 2 jointly assessed with the FATF. The FSRBs also completed 32 follow-up reports to measure the progress their members had made following the adoption of the mutual evaluations.

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<sup>1</sup> *Procedures for the FATF Fourth Round of Mutual Evaluations*, available at [www.fatf-gafi.org/publications/mutualevaluations/documents/4th-round-procedures.html](http://www.fatf-gafi.org/publications/mutualevaluations/documents/4th-round-procedures.html)



## TRAINING

The FATF conducts training activities to strengthen countries' understanding of the FATF Standards and how they help combat money laundering, terrorist financing and proliferation financing (funding for weapons of mass destruction), and to support FATF countries and FATF-style regional bodies (FSRBs) in the conduct of mutual evaluations.

The FATF delivers these activities worldwide, including at the FATF Training Institute in Busan, Korea, and often in partnership with FATF members, FSRBs and other international organisations such as the International Monetary Fund and the World Bank.



During this year, the FATF introduced training for those countries that have entered into the FATF's process for high-risk and other monitored jurisdictions (the ICRG process). This training course serves to familiarise the countries with the ICRG process and procedures, sets a high-level calendar for inputs and interventions required by the country, and provides best practices in participating in the process.

This training ensures that countries are equipped to navigate the ICRG process, represent itself in a successful manner and exit the process as soon as possible.

FATF President Marcus Pleyer with staff of the FATF Training Institute in Busan, November 2021.



#### SEE ALSO

##### **FATF TRAINING AND SUPPORT ACTIVITIES**

[www.fatf-gafi.org/en/pages/fatf-training-and-support-activities.html](http://www.fatf-gafi.org/en/pages/fatf-training-and-support-activities.html)

The FATF also hosted its inaugural Standards Training Course Train-the-Trainer event. This event instructed and empowered seasoned AML/CFT practitioners from around the FATF Global Network to multiply the FATF's training capabilities.

This event yielded a number of new FATF trainers that have quickly contributed to the FATF's training activities and resulted in the FATF's most successful year providing Standards Training Courses ever.

# 497

**Trainees from around the FATF's Global Network participated in the Standards Training Course this year**

## **ASSESSOR TRAINING**

This year, the FATF organised six assessor training sessions, jointly with FSRBs. During these training sessions, FSRB representatives learn what it takes to become assessors. These training sessions are crucial.

They ensure that assessors have a sound understanding of the FATF Recommendations and know how to measure the effectiveness of a country's actions to combat money laundering and terrorist financing.

While two of these sessions were still virtual as a result of COVID restrictions, the majority of the assessor trainings were once again able to take place in person.



Participants at the Joint Assessor Training at the OECD Headquarters in Paris, December 2021.

The FATF expanded its online training activities by releasing two new e-learning courses.

The **Virtual Asset/Virtual Asset Service Provider** course is comprised of a general opening module that will provide an introductory lesson on VAs/VASPs, key terms and technologies and the FATF Standards related to VAs/VASPs. The course will then provide the learner with four different learning paths based on their interests and career path: operational authority's path, policy maker's path, supervisor's path and assessor's path.

The FATF also released an e-learning course on **counter proliferation financing**, in response to the revisions to the FATF Recommendations to better combat the risk of proliferation financing. This course first covers the FATF's long standing Recommendation on targeted financial sanctions related to proliferation. The course then goes on to extensively cover the changes to the FATF Recommendations that will begin to be assessed in the FATF's fifth round of mutual evaluations such as proliferation financing risk assessment, and mitigation mechanisms and strategies.

The FATF built on the success of its online training environment, the FATF @cademy, by making it more accessible to AML/CFT professionals around the world and by making the FATF's introductory course available in French, Spanish and Russian.

The image displays two screenshots from the FATF @cademy e-learning platform. The top screenshot shows the 'Cryptocurrency Exchange Platforms' course page. The left sidebar contains a navigation menu for 'Virtual Assets and Virtual Asset Service Providers' with options like 'Introduction', 'New Definitions', 'Cryptocurrency Exchange Platforms', 'Key Terms', 'FATF Standards', 'Country Consideration', 'Implementation Next to R.11', and 'RBA Guidance'. The main content area features a large illustration of a person pointing at a screen displaying a Bitcoin logo and a bar chart, with the text 'Cryptocurrency Exchange Platforms' and 'Group 1 (R.11)'. The bottom screenshot shows a 'Quiz Time!' section. It includes a question: 'Which of the following requirements are set by the revised R.1?' and two multiple-choice options. The first option is 'Countries should identify, assess, and understand their FT risks. In the context of Recommendation 1, "FT risk" refers strictly and only to the potential breach, non-implementation or evasion of the TFS obligations referred to in Recommendation 7.' The second option is 'Countries should take commensurate action to ensure that these risks are mitigated effectively, including delegating an authority or mechanism to coordinate efforts to assess risks.'

## FINANCIAL STATEMENT

At the close of the second Plenary year under the FATF's two-year German Presidency, there are 71 staff members at the FATF Secretariat, including permanent staff and secondees.

The FATF Secretariat provides support to the FATF, and its Presidency, to complete the work in line with its mandate, including:

- co-ordinating mutual evaluation missions and drafting of the related assessment reports, including quality and consistency controls,
- coordinating the preparation and production of risk analysis and policy papers to be discussed in working groups and/or the Plenary,
- organising Plenary and working groups meetings,
- providing support to the Global Network,
- providing support to the FATF President, the Steering Group and FATF delegations,
- providing trainings to FATF countries and FSRBs,
- providing support to the FATF to

achieve its priorities under the German Presidency (see page 6).

The FATF Secretariat liaises on an ongoing basis with the numerous FATF partners, undertakes a representational role at professional events and provides information to the public and the media.

The budget of the FATF is funded by annual membership fees paid by FATF Members and the two member organisations (Gulf Co-operation Council and European Commission) as well as additional voluntary contributions provided by some Members for specific projects.

The scale used to calculate the membership fees is based on the OECD's calculation method, which is a formula related to the size of the country's economy.

## FATF BUDGET 2021-2022

<b>BUDGET ITEMS</b>	<b>FY 2021</b>	<b>FY 2022</b>
Staff costs (salaries and indemnities)	8 348 119	9 347 045
Travel	1 266 000	1 054 270
Operating costs (incl. office rental)	841 725	960 652
OECD overhead charges	635 000	637 300
Meeting costs, translation, interpretation	284 000	409 836
IT: investments and maintenance costs	450 000	473 689
Total	11 824 844	12 882 792



## MEMBERS AND OBSERVERS

### MEMBERS

Argentina	Korea
Australia	Luxembourg
Austria	Malaysia
Belgium	Mexico
Brazil	Netherlands, Kingdom of
Canada	New Zealand
China	Norway
Denmark	Portugal
European Commission	Russian Federation
Finland	Saudi Arabia
France	Singapore
Germany	South Africa
Greece	Spain
Gulf Co-operation Council	Sweden
Hong Kong, China	Switzerland
Iceland	Turkey
India	United Kingdom
Ireland	United States
Israel	
Italy	
Japan	

### FATF OBSERVER

Indonesia

### FATF ASSOCIATE MEMBERS

Asia/Pacific Group on Money Laundering (APG)  
 Caribbean Financial Action Task Force (CFATF)  
 Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL)  
 Eurasian Group (EAG)  
 Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)  
 Financial Action Task Force of Latin America (GAFILAT)  
 Inter Governmental Action Group against Money Laundering in West Africa (GIABA)  
 Middle East and North Africa Financial Action Task Force (MENAFATF)  
 Task Force on Money Laundering in Central Africa (GABAC)

## THE GLOBAL NETWORK

COUNTRY	FSRB
Afghanistan	APG
Albania	MONEYVAL
Algeria	MENAFATF
Andorra	MONEYVAL
Angola	ESAAMLG
Anguilla	CFATF
Antigua and Barbuda	CFATF
Argentina	FATF/GAFILAT
Armenia	MONEYVAL
Aruba	CFATF
Australia	FATF-APG
Austria	FATF
Azerbaijan	MONEYVAL
Bahrain	MENAFATF
Bangladesh	APG
Barbados	CFATF
Belarus	EAG
Belgium	FATF
Belize	CFATF
Benin	GIABA
Bermuda	CFATF
Bhutan, Kingdom of	APG
Bolivia	GAFILAT
Bosnia and Herzegovina	MONEYVAL
Botswana	ESAAMLG
Brazil	FATF/GAFILAT
Brunei Darussalam	APG
Bulgaria	MONEYVAL
Burkina Faso	GIABA
Cambodia	APG
Cameroon	GABAC
Canada	FATF-APG

COUNTRY	FSRB
Cape Verde	GIABA
Cayman Islands	CFATF
Central African Republic	GABAC
Chad	GABAC
Chile	GAFILAT
China, People's Republic of	FATF-APG-EAG
Chinese Taipei	APG
Colombia	GAFILAT
Comoros	GIABA
Cook Islands	APG
Costa Rica	GAFILAT
Côte d'Ivoire	GIABA
Croatia	MONEYVAL
Cuba	GAFILAT
Curacao	CFATF
Cyprus	MONEYVAL
Czech Republic	MONEYVAL
Democratic Republic of Congo	GABAC
Denmark	FATF
Djibouti	MENAFATF
Dominica	CFATF
Dominican Republic	GAFILAT
Ecuador	GAFILAT
Egypt	MENAFATF
El Salvador	CFATF
Equatorial Guinea	GABAC
Estonia	MONEYVAL
Ethiopia	ESAAMLG
Fiji	APG
Finland	FATF
France	FATF-MONEYVAL



<b>COUNTRY</b>	<b>FSRB</b>
Paraguay	GAFILAT
Peru	GAFILAT
Philippines	APG
Poland	MONEYVAL
Portugal	FATF
Qatar	MENAFATF
Republic of Congo	GABAC
Romania	MONEYVAL
Russian Federation	FATF-EAG-MONEYVAL
Rwanda	ESAAMLG
Saint Kitts and Nevis	CFATF
Saint Lucia	CFATF
Saint Vincent and the Grenadines	CFATF
Samoa	APG
San Marino	MONEYVAL
Sao Tome and Principe	GIABA
Senegal	GIABA
Serbia	MONEYVAL
Seychelles	ESAAMLG
Sierra Leone	GIABA
Singapore	CATF-APG
Sint Maarten	CFATF
Slovak Republic	MONEYVAL
Slovenia	MONEYVAL
Solomon Islands	APG
Somalia	MENAFATF
South Africa	FATF-ESAAMLG
Spain	FATF
Sri Lanka	APG
Sudan	MENAFATF
Suriname	CFATF
Swaziland	ESAAMLG
Sweden	FATF
Switzerland	FATF
Syrian Arab Republic	MENAFATF
Tajikistan	EAG
Tanzania	ESAAMLG
Thailand	APG

<b>COUNTRY</b>	<b>FSRB</b>
The Bahamas	CFATF
The Former Yugoslav Republic of Macedonia	MONEYVAL
Timor-Leste	APG
Togo	GIABA
Tonga	APG
Trinidad and Tobago	CFATF
Tunisia	MENAFATF
Türkiye	FATF
Turkmenistan	EAG
Turks and Caicos Islands	CFATF
Uganda	ESAAMLG
Ukraine	MONEYVAL
United Arab Emirates	MENAFATF
United Kingdom	FATF
United States	FATF-APG
Uruguay	GAFILAT
Uzbekistan	EAG
Vanuatu	APG
Venezuela	CFATF
Vietnam	APG
Virgin Islands	CFATF
Yemen	MENAFATF
Zambia	ESAAMLG
Zimbabwe	ESAAMLG

## OBSERVER ORGANISATIONS

African Development Bank  
 Anti-Money Laundering Liaison Committee of the Franc Zone (CLAB) [French]  
 Asian Development Bank  
 Basel Committee on Banking Supervision (BCBS)  
 Camden Asset Recovery Inter-agency Network (CARIN)  
 Council of Europe  
 Egmont Group of Financial Intelligence Units  
 European Bank for Reconstruction and Development (EBRD)  
 European Central Bank (ECB)  
 Eurojust  
 Europol  
 Group of International Finance Centre Supervisors (GIFCS)  
 Inter-American Development Bank (IDB)  
 International Association of Insurance Supervisors (IAIS)  
 International Monetary Fund (IMF)  
 International Organisation of Securities Commissions (IOSCO)  
 Interpol  
 Organization of American States / Inter-American Committee Against Terrorism (OAS/CICTE)  
 Organization of American States / Inter-American Drug Abuse Control Commission (OAS/CICAD)  
 Organisation for Economic Co-operation and Development (OECD)  
 Organization for Security and Co-operation in Europe (OSCE)  
 United Nations -  
     United Nations Office on Drugs and Crime (UNODC)  
     United Nations Counter-Terrorism Committee Executive Directorate (UNCTED)  
     The Analytical Support and Sanctions Monitoring Team pursuant to resolutions 1526(2004) and 2253(2015) concerning ISIL (Da'esh), Al-Qaida and the Taliban and associated individuals and entities  
     The Expert Group to the Security Council Committee established pursuant to resolution 1540 (2004)  
     Panel of Experts to the Security Council Committee established pursuant to resolution 1718 (2006)  
     Security Council Subsidiary Organs Branch  
 World Bank  
 World Customs Organization (WCO)







FATF

## **FATF Annual Report 2020-2021**

This report summarises the work of the Financial Action Task Force (FATF) from 1 July 2021 to 30 June 2022, under the Presidency of Dr. Marcus Pleyer of Germany.

[www.fatf-gafi.org](http://www.fatf-gafi.org)