

France Seeks New September Deadline for Europe's AML Directive

24 December 2015

Irene Madongo, Moneylaundering.com

CORRECTION APPENDED

France will seek to implement the European Union's latest anti-money laundering directive by September, nine months ahead of a mandated deadline, according to a French official.

The plan, prompted by terrorist attacks in Paris last month that killed 128 people, follows EU ministerial meetings aimed at cracking down on Islamic State's finances. Earlier this month, European finance ministers adopted a 13-page French plan to expedite implementation of the directive and commit to new measures to fight terror funding.

"Under the present circumstances, it is imperative to speed up enactment of this package in every EU member-state so that it enters into force much earlier than the original June 2017 compliance deadline," France said in the Dec. 2 statement.

France could package the September date as part of a domestic measure aimed at improving economic transparency, the French official said.

Other member-states have signaled their willingness to fast-track legislation mandated by the bloc-wide directive but have yet to detail how they might do so. European officials are expected to discuss the directive's current timeframe next month as part of a broader review of counterterrorist financing proposals.

Under the EU's Fourth Anti-Money Laundering (AML) Directive, member-states must centralize data on corporate ownership, increase scrutiny of domestic politicians, assess their risks to money laundering and terrorist financing and amend rules on suspicious activity reporting for banks, attorneys, real estate agents and casinos.

Timely implementation of the EU regime is not guaranteed, even under the current deadline.

In June 2008, the EU criticized France and 14 other nations for failing to meeting the December 2007 deadline to implement the bloc's third AML directive. Months later, EU officials threatened penalties against Belgium, Ireland, Sweden and Spain for not approving legislation and regulations required under the EU law.

That the French are now calling for fast action is "completely understandable" given last month's attack in Paris by Islamic State, said David Brain, head of assurance at the London-based consultancy Bovill.

But fast action on terrorist financing won't necessarily translate into effective action, according to Marieke de Goede, a political science professor at the University of Amsterdam and author of "*Speculative Security: The Politics of Pursuing Terrorist Monies*."

"Six or seven perpetrators [of the Paris attacks] were already known to French services, so it's not a case of having data or financial data in order to track it better," she said. "It's also a question of police work or intelligence sharing."

The push to speed up the directive's implementation comes as European leaders weigh new steps to prevent terrorists from raising and sending funds in the economic bloc, including proposals to streamline data-sharing among financial intelligence units, strengthen legal powers to seize assets and bolster oversight of virtual currencies and prepaid cards.

A French proposal under consideration would require countries to consolidate data on bank accounts in centralized registers accessible to terrorism investigators.

Should EU leaders request quicker implementation of the AML directive, some financial institutions may find their quarterly budgets upended as a consequence, according to Michelle Frasher, a U.S.-based researcher of terrorist financing.

"Governments are going to have to put not just political will, but [also] money forward to help banks and regulators to do so," she said.

A revised deadline won't necessarily mean new outlays for financial institutions, but it could impact the initial efficacy of the directive, according to Brain.

"If the deadline were to be aggressively brought forward, this may impact on the quality of implementation by firms, as they may not have sufficient time to get it right. If the directive is laid out and it's clear what a member-state is required to [do], I don't see why it couldn't be done quicker at about the same cost," he said.

CORRECTION: Corrects reporting throughout to clarify that France intends to meet the September deadline unilaterally rather than ask the EU to amend deadlines for the entire economic bloc.

<http://www.moneylaundering.com/News/Pages/136755.aspx>