



## EU Commission Proposes Expanding EBA Anti-Money Laundering Mandate

***The EU Commission is proposing measures to increase financial sector supervision in the wake of money laundering incidents.***

The European Commission recently proposed expanding the Europe Banking Authority's ("EBA") mandate and entrusting it with financial sector anti-money laundering ("AML") responsibilities.

The proposal was in response to recent cases of money laundering in European banks, some amounting to hundreds of billions of euros. These cases illuminated weaknesses and gaps in the legislative framework implemented by the EU's network of supervisors. Three specific issues stand out:

- Supervisory action to tackle weaknesses in the AML risk management efforts of financial institutions is delayed and insufficient;
- Cooperation and information sharing at the domestic level (between prudential and AML authorities) and at the EU level (between authorities in different Member States) are insufficient; and
- Arrangements for cooperation with third countries regarding the AML supervision of financial institutions are inconsistent.

At the EU level, the European Supervisory Authorities ("ESAs") ensure that the EU's prudential and AML rules are applied consistently, efficiently, and effectively. According to the proposal, the EBA will receive a more comprehensive mandate to ensure that risks of money laundering and terrorist financing in the EU's financial system are effectively and consistently incorporated into the supervisory strategies and practices of all relevant authorities.

The proposal will:

- Ensure that breaches of AML rules are consistently investigated;
- Provide that the national AML supervisors effectively implement EU rules, comply with their supervisory duties, and cooperate properly with prudential supervisors;
- Enhance the quality of supervision through common standards, periodic reviews of national supervisory authorities, and risk-assessments;
- Enable the collection of information on AML risks and trends, and foster the exchange of such information between national supervisory authorities;
- Facilitate cooperation with non-EU countries on cross-border cases; and
- Establish a new permanent committee that brings together national AML supervisory authorities.

The EBA will have the authority to request AML supervisors investigate potential material breaches and consider targeted actions—such as sanctions—when a material breach is uncovered.

The new permanent committee will be composed of heads of national supervisory authorities responsible for ensuring compliance with laws against money laundering and terrorist financing. The EBA will also cooperate with the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority in the framework of the existing Joint Committee of the ESAs.

The proposed legislative amendments were incorporated in the draft [Commission proposal to review the ESAs' Regulations](#), adopted by the Commission in September 2017.

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For additional information, please read the [State of the Union 2018 – Stronger anti-money laundering supervision for a stable banking and financial sector](#).



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