



EBA sets out how prudential supervisors should take money laundering and terrorist financing risks into account in the Supervisory Review and Evaluation Process

04 November 2020

The European Banking Authority (EBA) published today an Opinion setting out how prudential supervisors should consider money laundering and terrorist financing (ML/TF) risks in the context of the Supervisory Review and Evaluation Process (SREP). This Opinion forms part of the EBA's ongoing work to strengthen the fight against money laundering and terrorist financing in Europe.

Money laundering and terrorist financing can have a significant, adverse impact on an institution's soundness and viability. It can also have an impact on the stability and integrity of the financial system in which an institution operates. This is why prudential supervisors need to develop a sufficient understanding of ML/TF risks to enable them to identify ML/TF risks and prudential concerns. ML/TF risks that are particularly relevant to prudential supervisors include those that are indicative of broader deficiencies in the internal governance or internal controls framework, such as ICT-related weaknesses, that criminals can use.

The EBA expects prudential supervisors to cooperate effectively and in a timely manner with AML/CFT supervisors to exchange information on ML/TF risks and to assess the implication of those risks for the safety and soundness of the institution they supervise.

This applies to prudential and AML/CFT supervisors that form part of the same competent authority, as it does to prudential and AML/CFT supervisors from different competent authorities and in cross border situations.

The EBA will include more detailed guidance on how ML/TF risks should be considered by prudential supervisors as part of their overall SREP assessment in the revised version of the SREP Guidelines that is planned to be published by end December 2021 as set out in the Pillar 2 roadmap.

Legal basis and background

The EBA has delivered this Opinion in accordance with Article 29(1)(a) of Regulation (EU) No 1093/2010, which mandates the Authority to play an active role in building a common Union supervisory culture and consistent supervisory practices, as well as in ensuring uniform procedures and consistent approaches throughout the Union.

This Opinion is part of the EBA's wider work to strengthen the link between prudential and AML/CFT supervision, and to lead, coordinate and monitor the EU financial sector's fight against ML/TF. It reflects a specific request in the Council Anti Money Laundering Action Plan of 2018.

The EBA has published guidance on supervisory cooperation in the AML/CFT context. Guidance on the cooperation between prudential and AML/CFT supervisors under Art 117 of the CRD is currently being drafted, and will be published for consultation shortly

DOCUMENTS

- › [Opinion on how to take into account ML/TF risks in the Supervisory Review and Evaluation Process](#)
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LINKS

- › [Anti-Money Laundering and Countering the Financing of Terrorism](#)
- › [Supervisory Review and Evaluation Process \(SREP\) and Pillar 2](#)

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