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News Release

## **CCAB launches European discussion on the role of finance professionals in fighting money laundering and terrorist financing**

*Experts from across Europe gathered in Brussels to discuss the role of accountants and finance professionals in implementing anti-money laundering requirements and fighting terrorist financing. Organised by CCAB, the debate focused on the importance of greater professional scepticism and transparency.*

Money laundering and terrorist financing deprive economies of capital and governments of revenue, distort fair competition in business transactions, betray the trust of stakeholders, and, as the recent events across Europe demonstrate, can also lead to tragic human losses.

In 2013, the European Commission presented the so called “AML IV” package, composed of a Directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, and a Regulation on information accompanying transfers of funds. In October 2015, the Joint Committee of the three European Supervisory Authorities launched a public consultation on two anti-money laundering and countering the financing of terrorism (AML/CFT) Guidelines.

While the Regulation came into force on 25 June 2015, the Directive should come into force on 26 June 2017, and it is imperative that the grounds for successful implementation are prepared. With this in mind, CCAB – the collective forum of accountancy bodies bringing together ICAEW, ACCA, ICAS, CIPFA and Chartered Accountants Ireland – recently organised in Brussels an interactive multi stakeholders debate to discuss the issues likely to arise around the implementation of the AML package, the role that accountants and finance professionals should play in it, and to reflect on the way forward.

Krišjānis Kariņš, MEP Rapporteur on the fourth anti-money laundering directive for the Economic and Monetary Affairs Committee said: *“MEPs working on the AML package looked into what was missing in the initial European Commission proposal. One of the problems was finding the real person behind business transactions. This led to the idea of the European-wide register of beneficial ownership, which will for the first time oblige EU member states to keep central registers of information on the ultimate “beneficial” owners of corporate and other legal entities, as well as trusts.*

*This will help the fight in tracing where the funds are coming from and where they are going. It will not solve all the problems, but it means that criminal activity will become more*

*difficult, more dangerous and riskier. We didn't want legislation that would make our lives difficult; what we wanted was legislation that will make criminals' lives difficult!"*

The debate revealed that the cornerstone to effectively fighting money laundering and terrorist financing throughout Europe - and worldwide- is transparency. Panellists acknowledged the move towards a more integrated EU framework on anti-money laundering, including the elements of supranational risk assessment, the EU approach on beneficial ownership transparency and high risk third countries, which should provide the EU with a more comprehensive picture of the money laundering and terrorist financing risks facing the internal market. Member states will have to implement appropriate measures on a 'comply or explain' basis following Commission recommendations. The European Banking Authority is also playing an important role in fostering a common understanding of the risk-based approach to the European AML/CFT regime.

However, it was stressed that if the EU has good legislation on the books, it had until now too often been let down by a lack of enforcement or appropriate supervision. The need for information sharing as well as the lack of good cost/benefit analysis behind AML was also clearly highlighted. The accounting profession has a particular public interest role, and needs to work with governments and law enforcement agencies to help improve the quality and quantity of reports and reporting on money-laundering. Rather than settling for cultures of compliance we should be encouraging cultures of integrity'.

Furthermore discussions revealed a clear need for a holistic approach to financial crime.

Moderating the event, Anthony Harbinson, chair of the CCAB Anti-Money Laundering Task Force, said *"As a professionally qualified accountant, the issue of anti-money laundering matters to me a great deal. I admit this is a tough job for all involved, and the awful events in Paris, as well as the current terrorist threat, tragically further highlight the importance of the fight against illegal money flows. We need to be one step ahead of the criminals involved in this activity; in an ideal world we would be 10 steps ahead. We need clear water between Us and Them to stop this abuse.*

*Money laundering has very real and harmful effects on communities – not only does it reward people who commit crime but it encourages further criminal and anti-social activity of all kinds. If these are to be stopped, then we need to stop the flow of money from nefarious means",* Anthony Harbinson concluded.

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#### **Notes for editors**

1. The combined membership of the five CCAB bodies - ICAEW, ACCA, ICAS, CIPFA and Chartered Accountants Ireland - amounts to 245,000 professional accountants in the UK and the Republic of Ireland (354,000 worldwide).
2. CCAB provides a forum for the bodies to work together collectively in the public interest on matters affecting the profession and the wider economy.
3. CCAB's credibility stems from its insight into all areas of finance and accounting, from finance director and audit partner to management accountants, professional

advisers, public sector finance leaders and entrepreneurs. CCAB's members work through the financial value chain in all sectors as key decision makers and business leaders within the UK and around the world.

4. CCAB's report, *Coming Out in the Wash: Views on the UK's Anti-Money Laundering Regime*, can be viewed here <http://www.ccab.org.uk/documents/AMLFinalReport.pdf>

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