



## FATF - Virtual Assets Red Flags.

The Financial Action Task Force has released a report identifying red flag indicators of money laundering and terrorist financing through the use of virtual assets.

As virtual assets become more commonplace in today's financial ecosystem, it's important that firms understand the risks associated with these types of virtual products even if they do not directly deal with them (think enhanced due diligence processes). Having an awareness of the financial crime risks will help firms get comfortable with virtual assets on the whole and not view them as inherently high risk.

The report pulls out key flags around the technical elements of virtual assets (such as anonymity), and other areas around sender and recipient profiles, transaction patterns, and source of wealth checking for virtual currencies.



### Global

#### Jersey National Money Laundering Risk Assessment.

As a global offshore finance centre, Jersey has a heightened attraction for financial criminals to exploit their financial infrastructure for criminal gain.

[The report](#) has identified that Jersey faces a significant threat from overseas financial crime actors, with Trust and Company Services, and investment businesses being particularly high risk financial crime targets in addition to the banking sector.

Interestingly the report also explicitly highlights lawyers as being exposed to ML and TF risks due to their involvement in corporate legal work, and complex structuring.

### UK

#### PRA consultation for new bank supervision

[The consultation](#) includes approaches to adequate risk management and governance frameworks, which will include financial crime controls, and the timeline they expect the firm to deliver them.

#### UK issues sanctions against Belarus

The U.K. [has issued financial sanctions](#) against Alexander Lukashenko, his son, and other senior Belarusian figures following human rights abuses and election rigging.

Reminder: Firms are [required to report any frozen sanction related assets](#) to OFSI for 2020 by the 16th of October 2020.

### EU

#### European Commission Digital Finance Package

The EU Commission released a [digital finance strategy](#) to help bring more accessibility to innovative financial products and services, without compromising consumer protection or financial stability.

The strategy sets out how the EU can better support digital financial innovation by addressing the digital transformation risks, adapting existing regulations, preventing Digital Single Market fragmentation, and enhancing the overall operational resilience of the financial system.

Reminder: The [updated EU Commission list of high risk third countries](#) comes into force from the 1st of October 2020.

### Additional insights

#### Impact of Covid-19 on Child Sexual Abuse

Interpol has [reported](#) that restrictions related to Covid-19 has caused an under-reporting of of child sex abuse and an increase in the sharing of this illegal content.

The report highlights key risks such as the closure of schools and restricted access to community services, and even how much time children are now spending online as contributing factors to the increase in instances of this horrific abuse.

#### Companies House Reform

Companies House are introducing [new controls to tackle fraud and money laundering](#) including mandatory verification of ID before director appointment, and an increase in investigatory powers to remove false or criminal businesses from the directory.

We are a consultancy with expertise in using financial and regulatory technology to combat financial crime.