

# Everything you need to know about AML5



The fifth Anti Money Laundering Directive (AMLD5) came into effect on 10 January 2020, setting out a new set of rules to help financial entities protect against the risks of money laundering and financing of terrorism. The legal framework against financial crime was completed alongside the Regulation on the Information accompanying the Transfer of Funds.

## Why do we need AML5?

### Money laundering is a big problem



Estimated amount of money laundered globally in one year is 2 - 5% of global GDP, equivalent of up to

**\$2 trillion<sup>1</sup>**

This issue has to be addressed because it undermines the economy and jeopardise financial institutions.

### Penalties for AML and KYC violations increases



Financial Institutions that do not properly address the regulation get an average fine of

**\$145m<sup>2</sup>**

The EU authorities recognise financial crime is a serious issue, and they have updated the regulatory framework to tackle it:



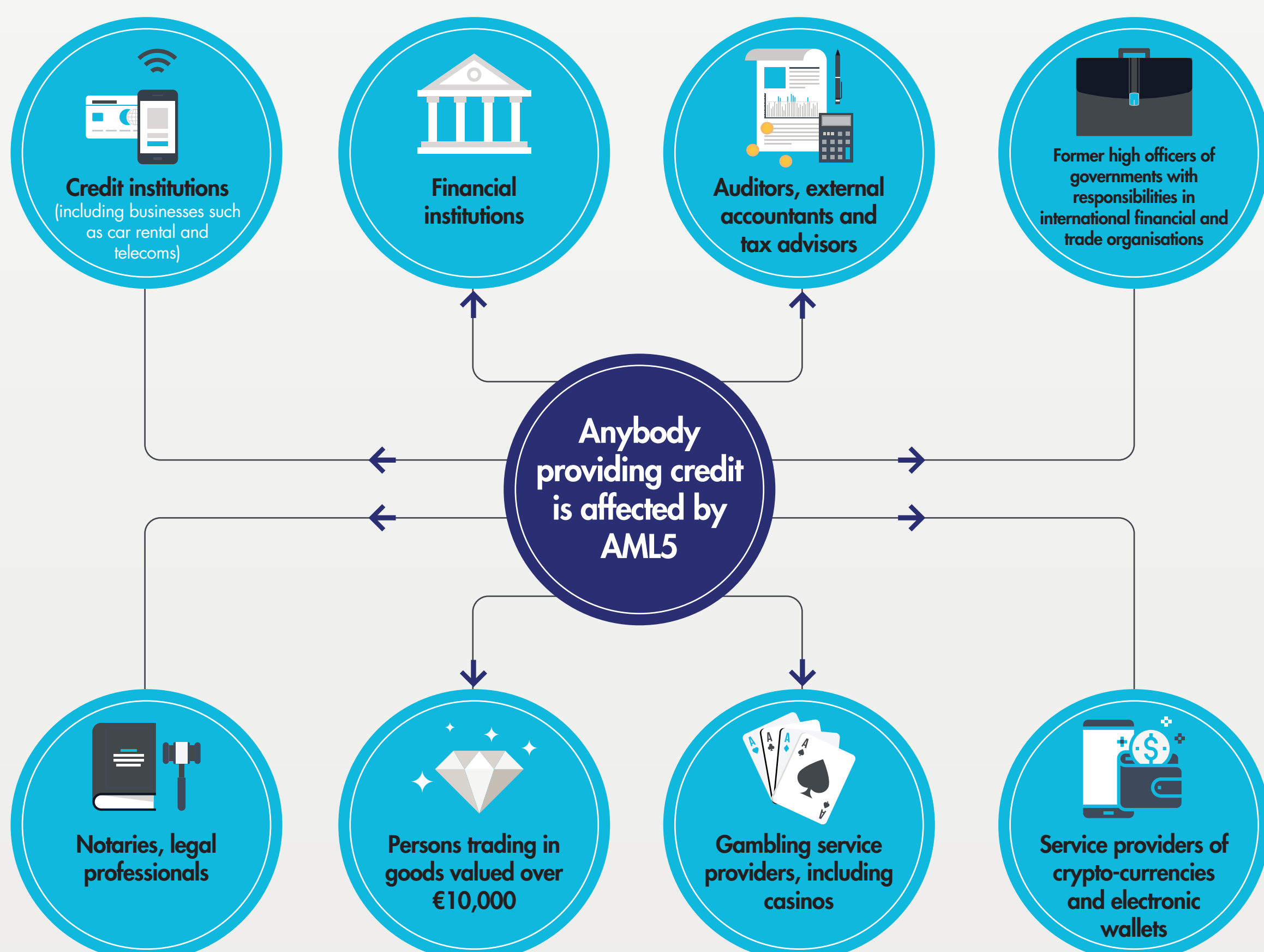
The new Directive adds to the legislation enshrined in AMLD1 (1991), AMLD2 (2001), AMLD3 (2006) and AMLD4 (2015).

**TOPIC:** ANTI-MONEY LAUNDERING  
**ACTION:** ANTI-MONEY LAUNDERING DIRECTIVES IV

**CONSEQUENCES:**

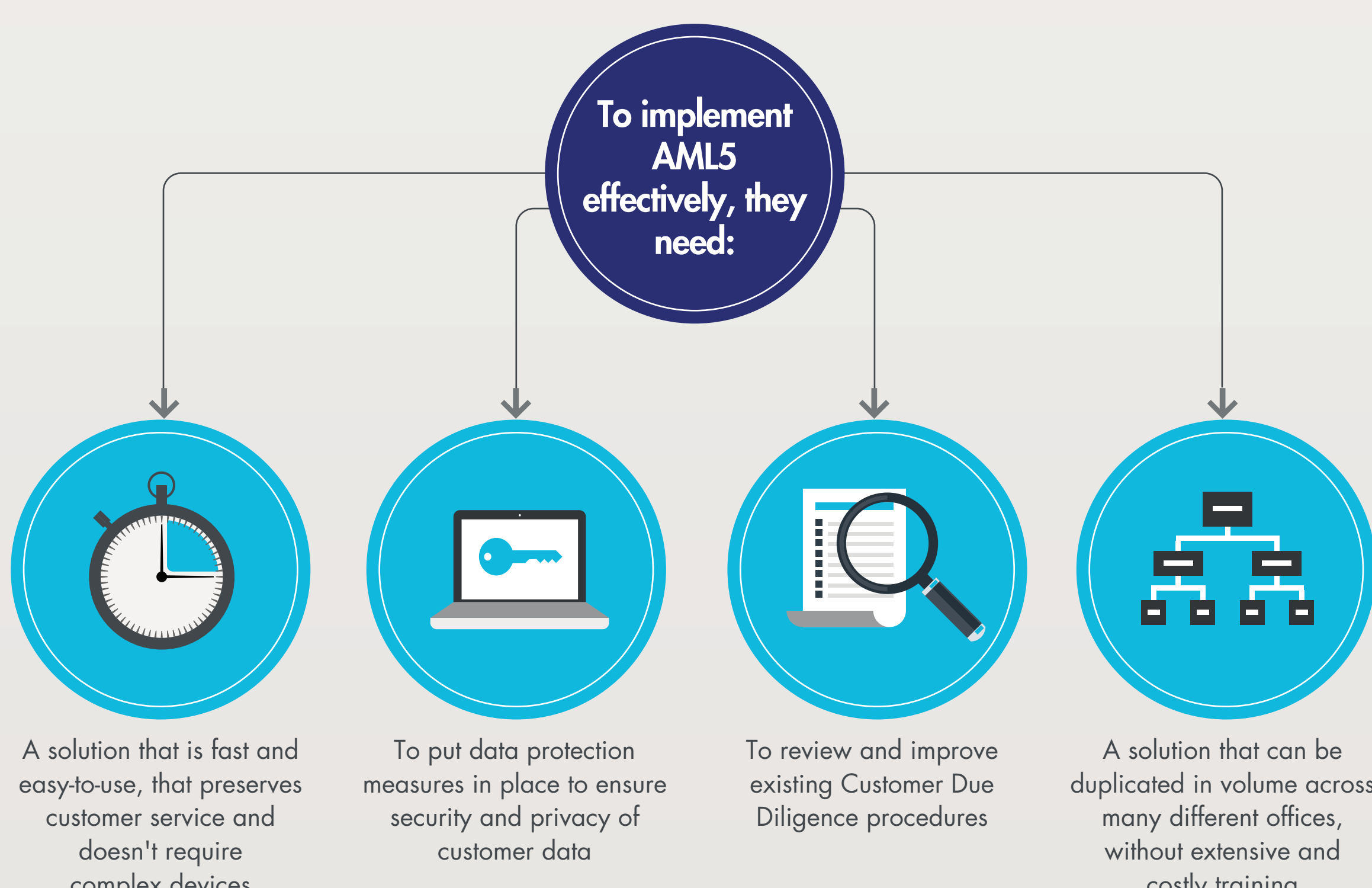
- ▶ Improve understanding of customers and their financial dealings to minimise risk
- ▶ Stricter customer due diligence
- ▶ Control customer identity and share data with central administration
- ▶ Enforcing Politically Exposed Persons (PEP) lists *(new)*
- ▶ Electronic identification must comply with eIDAS *(new)*
- ▶ Regulating cryptocurrencies and pre-paid cards *(new)*

## Who's affected by AML5?



## The challenges in implementing AML5

Reinforced Know Your Customer (KYC) and Customer Due Diligence (CDD) requirements for entities such as banks need to be implemented in the first stage of any business relationship when enrolling a new customer. This means employees at the front desk.



## How Thales can help

We are a **world leader in managing and securing identities**, and has already developed solutions to help financial institutions to meet with regulation compliancy requirements.

Built on our strong expertise in **ID verification** we support financial institutions with a solution that helps them comply with new regulations, particularly those regarding CDD (Customer Due Diligence) and KYC (Know Your Customer) obligations.

### Our offer:

Ease of implementation. The solution is available as consistent Software-as-a-Service, with no complex IT integration

A fully secure solution. We have been ranked #1 in the secure ID document market

Field proven technologies used in the most demanding environments, such as border control, with support for biometric technologies

User friendly technology for both internal users and customers, designed specifically for your environment

**For more information, visit [thalesgroup.com](https://thalesgroup.com)**

### Sources

- 1) <https://www.unodc.org/unodc/en/money-laundering/globalization.html>
- 2) <https://www.finextra.com/newsarticle/35189/fs-firms-hit-with-36bn-in-aml-kyc-and-sanctions-fines-in-2019>