



Financial Action Task Force

FATF/PLEN(2020)24

For Official Use

English - Or. English

3 April 2020

Financial Action Task Force

Plenary of the Financial Action Task Force

COVID-19-RELATED ML/TF RISKS AND POTENTIAL POLICY RESPONSES

Information paper by the Secretariat

Information Note: This is a non-paper by the Secretariat, in consultation with the Steering Group and with the input from 27 FATF members, 7 FSRB Secretariats, 26 FSRB members and 5 observers. It presents a brief overview of emerging risks, impacts on AML/CFT activities, and policy responses related to the COVID-19 crisis. It is not for publication and is intended for use by members of the FATF Global Network.

FATF-XXXI

This document is for Official Use by FATF members and observers only. This document must not be made publicly available, or distributed to third parties, without prior authorisation from the FATF.

Kristen ALMA, Tel.: +(33-1) 45 24 96 44, Kristen.ALMA@fatf-gafi.org
Shana KRISHNAN, Tel.: +(33-1) 85 55 60 03, Shana.KRISHNAN@fatf-gafi.org
Mei-Lin WANG, Tel.: +(33-1) 45 24 91 00, Mei-Lin.WANG@fatf-gafi.org
Colby MANGELS, Tel.: +(33-1) 85 55 49 59, Colby.MANGELS@fatf-gafi.org

JT03460349

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

COVID-19-related ML/TF Risks and Potential Policy Responses

Information paper by the Secretariat

Issue:	To present a brief overview of emerging risks, impacts on AML/CFT activities, and policy responses related to the COVID-19 crisis.
Action:	For information
Recommendation(s):	<ul style="list-style-type: none"> • As a priority, members should consider (1) working with public and private sector agencies to identify and monitor emerging risks; and (2) engage with the private sector to communicate AML/CFT expectations (see section 5) • Circulate this briefing note to relevant authorities such as AML/CFT supervisors and regulators and law enforcement agencies • Participate, to the extent possible, in further work on risks including providing relevant updates to the Secretariat (see section 6).

1. Objectives

1. The FATF Secretariat has led the development of this information note for FATF members and the Global Network to identify challenges, good practices and policy responses to new threats and vulnerabilities arising from the COVID-19 crisis.
2. This information note is part of a coordinated and timely response to the impact of the COVID-19 crisis on global anti-money laundering and counter-financing of terrorism (AML/CFT) efforts, and the application of FATF Standards in this context. This response includes a Statement from the FATF President clarifying how the risk-based approach of the FATF Standards provides for emerging threats and vulnerabilities to be managed effectively and in support of COVID-19 aid and containment efforts (see Annex A). This Statement was published on the FATF website and via social media on 1 April 2020.
3. This note is for the information of FATF members, FATF-Style Regional Body (FSRB) members and observers. It does not constitute the official view of the FATF, which would require plenary discussion and approval. It does not imply or constitute any changes to the FATF Standards. The measures cited, and taken by some FATF members' authorities, have not been reviewed or considered by the FATF membership as a whole. For reference, a list of statements and guidance issued by authorities in response to COVID-19 is included in Annex B.

2. Background

4. The FATF Secretariat expeditiously developed this information note in response to the unprecedented and rapidly evolving COVID-19 crisis and following consultation with the President and FATF Steering Group. The findings of this paper are likely to change as this crisis further develops.
5. To inform this note, the FATF Secretariat conducted open-source research, and informally liaised with FATF members, observers, FSRB Secretariats and some FSRB members, including through emails, conference calls and a short questionnaire (see Annex C).¹

¹ In total, 27 FATF members, 5 observers, 7 FSRB Secretariats, and 26 FSRB members provided input.

6. The focus of this paper, as well as the outreach to delegations, relates to three broad themes:
- i. New threats and vulnerabilities stemming from COVID-19-related crime and impacts on money laundering (ML) and terrorist financing (TF) risks;
 - ii. Current impact on AML/CFT efforts by governments and the private sector due to COVID-19; and
 - iii. Suggested AML/CFT policy responses to support the swift and effective implementation of measures to respond to COVID-19, while managing new risks and vulnerabilities identified, including: charitable activity and economic and fiscal stimulus and financial rescue packages for firms and individuals.

3. Evolving ML/TF risk picture

7. The COVID-19 pandemic has generated various government responses, ranging from social assistance and tax relief initiatives to enforced confinement measures and travel restrictions. While unintended, these measures may provide new opportunities for criminals and terrorists to generate and launder illicit proceeds. Based on open source research and feedback received, this section highlights emerging issues in relation to predicate offences and ML/TF risks.

8. **Increased Fraud:** Reports consistently indicate that criminals have attempted to profit from the pandemic through fraudulent fundraising for fake charities, various medical scams (including investment fraud) and online sales of counterfeit medicines and medical supplies, such as testing kits and personal protective equipment. In some cases, criminals also pose as police or health officials to access victims' residences and obtain personal data to steal payment information.

9. **Cyber Crime:** Criminals exploit concerns about COVID-19 to insert malware on personal computers or mobile devices. In recent phishing attempts, criminals created fake World Health Organisation emails, embedded malware in mobile applications for tracking COVID-19 cases, and sent malware via text messages claiming to be healthcare providers requesting payment for treatment or promising to provide emergency relief funds. Some FATF members have also raised concerns about travel restrictions and confinement measures leading to increased online child exploitation activity.

10. **Changing financial behaviours:** FATF members and observers report upward trends in remote transactions as financial institutions close branches and offices or operate on reduced hours. On the other hand, some countries report an increase in cash withdrawals and transfer of funds from securities due to falling confidence in the formal financial sector and stock markets. Customers unfamiliar with online platforms may be more vulnerable to fraud and those without access to online financing options may move assets to the informal economy.

11. **Misdirection of Government Funds or International Financial Assistance and Increased Risks of Corruption:** FATF members raised concerns that criminals could make fraudulent claims on government stimulus funds by posing as businesses seeking assistance. A few FSRB members noted that stimulus measures and international and domestic aid could increase the risk of corruption. Financial assistance provided to countries with weak AML/CFT controls may be misappropriated and transferred to other jurisdictions. The emergency situation provides opportunities for corruption and misappropriation of public funds, particularly in procurement and government contracts.

12. **Financial Sector Volatility:** In an economic downturn, criminals and terrorists may seek to invest in real estate or troubled businesses, which can be used to generate cash and mask illicit proceeds, or use corporate insolvency proceedings to mask funds' origins. Illicit proceeds can also be introduced to the system as customers look for new ways to restructure loans and lines of credit. There is also a concern that large withdrawals of cash, liquidation of share portfolios and investment in gold bullion may provide an opportunity for money launderers to mingle illicit funds with clean money when funds are later put back into the system. Market volatility could also lead to increased insider trading.

13. **Change in Criminal Environment:** FATF members indicate that many law enforcement authorities (LEAs) may not have the full capacity to pursue other criminal activities as they are enforcing public health measures. Disruption to international trade, border closures, travel restrictions and business shutdowns have also impacted the criminal economy. There are reports of criminal actors changing their behaviour, including moving to online criminality.

14. **Terrorist Financing:** One FSRB Secretariat and one FSRB member raised concerns about terrorist groups using the COVID-19 crisis to raise or move funds, including by increasing their illicit activities to raise funds.

15. In summary, the **potential ML/TF risks** emerging from the aforementioned threats and vulnerabilities could be:

- Increased use of online schemes and/or virtual assets as a layering method to launder proceeds;
- Criminals finding ways to exploit temporary issues in internal controls caused by remote working situations to bypass CDD measures;
- Potential increases in transactions not in line with customers' profiles, the use of the informal economy to provide financing as traditional gatekeepers are locked down, and increases in bulk-cash movements;
- Misusing legal persons to obtain and subsequently launder stimulus funds fraudulently, taking advantage of legitimate businesses, or to hide funds via insolvency; and
- Criminals and terrorists using the pandemic to move into new cash-intensive and high-liquidity lines of business, including for the laundering of proceeds.

4. Current COVID-19 impact on AML/CFT regimes

16. Open source research, as well as feedback received from members and FSRB Secretariats indicates that the COVID-19 pandemic is impacting government and private sectors' abilities to implement AML/CFT obligations. This is primarily due to confinement and social distancing measures introduced to contain the COVID-19 virus, as many AML/CFT government and private sector employees are now working remotely, have been redeployed to COVID-19 responses, or are not working at all. To some extent, especially for countries with more limited resources and less advanced business continuity planning, re-prioritisation efforts by governments are likely to result in a reallocation of resources away from AML/CFT activities to other areas, such as financial stability, and humanitarian and economic recovery efforts. There have been indications that some countries with less resilient AML/CFT regimes or resources may be unable to maintain AML/CFT operations while they prioritise responding to COVID-19.

17. The COVID-19 crisis appears to affect the following key areas, depending on the magnitude of a country's COVID-19 outbreak at the time of writing.

18. **Supervision:** The majority of FATF members indicate that their AML/CFT onsite inspections have been postponed or substituted with desk-based inspections (including the use of video conferencing). In some instances, onsite inspections are only conducted for high-risk sectors or entities. Respondents indicated that reporting entities continue to implement their AML/CFT requirements and provide requested information to their supervisors. Some authorities have indicated that they have provided risk-based flexibility on the filing of annual reports, and have delayed issuing new licenses, particularly for some sectors, like casinos (excluding online casinos), that may have been shut down. Regarding sanctions and other remedial actions, a number of countries have introduced suspensions on decisions, including imposing monetary penalties for AML/CFT violations. Registering new companies in registries is also delayed.

19. **Regulation and policy reform:** Many national, supranational and international policy departments have activated business continuity plans, with most or all staff working remotely or redeployed to respond to COVID-19. This has, in some jurisdictions, resulted in a significant pause in AML/CFT policy and legislative initiatives. This is further compounded by the suspension of meetings of some legislative decision-making bodies, or their prioritisation and focus on COVID-19 emergency matters.

20. **Suspicious transaction reports (STRs):** Reporting entities continue to file STRs. While some members indicated that there have been no delays or difficulties encountered by financial institutions to analyse and file STRs, some members are providing extensions to reporting entities to submit STRs (except in the case of high-risk areas, such as TF), as well as threshold-based reporting. In many cases, authorities have instructed reporting entities to expeditiously notify supervisors and/or financial intelligence units (FIU) of any encountered delays or barriers to reporting. Jurisdictions that still rely on paper-based reporting systems, or that have inadequate database software, may face delays in receiving and processing reports.

21. **FIU analysis:** FIUs of FATF members, and FSRB members who responded are operational, even in those countries severely affected by COVID-19 at present. FIU staff are working remotely to the extent that information technology systems and security allow. There are some anecdotal reports that some FIUs in lower capacity countries are significantly reducing their operations or even shutting down completely.

22. **International cooperation:** There are mixed reports about the impact on operational cooperation due to the COVID-19 crisis. Some delegations expressed concern that delays in cooperation could be exacerbated over time due to remote working of FIU staff, and potential re-prioritisation efforts of law enforcement and supervisory authorities and within the private sector. Formal cooperation, such as mutual legal assistance and extradition are already impacted by the crisis due to the limitation or suspension of court operations, and the delayed execution of extradition orders caused by travel restrictions. Some delegations have reported that the provision of AML/CFT technical assistance has also been reduced or suspended.

23. **Law Enforcement Authorities (LEAs):** Limited feedback indicates that LEAs in FATF member countries continue to prioritise AML/CFT efforts, with a heightened focus on emerging COVID-19 predicate offences. There are reports that some prosecutions may be postponed or delayed due to the suspension of trials, hearings, and other in-person proceedings. There are some reports that the diversion of law enforcement and security resources to COVID-19 responses in high-risk, poorly resourced countries, may embolden terrorists and terrorist financiers in their activities.

24. **Private Sector:** Respondents noted that financial institutions have initiated business continuity plans in response to the crisis. Some banks are closing branches, facing challenges at outsourcing centres, limiting their services and redeploying staff. There are reports from a few less affected countries that their banks are indirectly impacted and raised concerns about accessing information to conduct due diligence on foreign customers and foreign business relationships. Some members have flagged that there is increased activity in non-banking sectors like online gambling, the insurance sector, dealers in precious metals and stones and securities, while there is decreased activity in other sectors like casinos and real estate. The MVTs sector faces particular disruption as migrant workers have been affected by confinement measures and company shutdowns, and much of their business is done face-to-face. Should the current economic situation further deteriorate, there is a risk that financial institutions may re-prioritise their AML/CFT efforts and focus on broader prudential and stability measures.

5. Potential AML/CFT Responses for consideration

25. This section sets out a range of actions that jurisdictions could consider in responding to these challenges, from dealing with new risks and/or reduced operational capacity to facilitating charitable activity, economic and fiscal stimulus and financial relief packages.

26. **Coordinate domestically** to assess the impact of COVID-19 on AML/CFT risks and systems, to develop responses and engage with the private sector. Response teams are working with stakeholders to assess private and public sector resilience on a continuing basis (e.g., weekly situation reports). Supervisors, FIUs and LEAs are working together to identify, monitor and communicate the changing risk landscape (see Section 3) and provide guidance to the private sector. AML/CFT supervisors are engaging with prudential supervisors to ensure the appropriate prioritisation of AML/CFT measures to address potential illicit activity related to COVID-19 and its impact.

27. **Strengthen communication with the private sector** by proactively engaging on the application of their AML/CFT measures and working constructively with them to minimise potential impact. Supervisors and/or FIUs are providing regulated entities with a contact point where they face serious difficulties in meeting regulatory requirements and requiring them to keep relevant records and develop a plan to clear the backlog as the situation improves. Importantly, some countries are communicating beyond the financial sector, to DNFBPs, other trusted partners and industry associations, to address sectors that may have lower resilience. There are examples of some countries engaging proactively with the non-profit organisations (NPO) sector. Countries and financial institutions should apply a risk-based approach to ensure that legitimate NPO activity is not unnecessarily delayed, disrupted or discouraged.² In one jurisdiction, the government has designated channels for COVID-19 donations.

28. **Encourage full-use of a risk-based approach to CDD and address practical issues.** Some supervisors are communicating with reporting entities about the importance of continuing to provide essential financial services while also mitigating ML/TF risks by using the full range of tools at their disposal. In relation to CDD, supervisors have put in place some of the following measures:

² See [2015 Best Practices Paper on Combating the Abuse of Non-Profit Organisations](#).

- Applying simplified due diligence measures where lower risks are identified, for example, accounts created specifically to facilitate government payments to individuals or businesses and offering access to digital/contactless payment solutions.³ See below section on economic relief packages.
- Providing guidance that there may be legitimate reasons for customers not providing information for ongoing due diligence or ‘KYC refreshers’ (e.g., if they are confined, under quarantine or ill) and that the usual processes for dealing with these situations (including exiting the customer relationship) may not be appropriate at this time.⁴
- Reporting entities can accept recently expired government-issued identification until further notice in order to verify the identity of an individual (although still required to determine the authenticity of the identification).
- Considering the application of delayed verification provisions for new business relationships in line with the FATF Standards (e.g., by implementing transaction limits). Reporting entities can accept digital copies of documents as an interim measure, with the originals to be sighted in due course.
- Encouraging the use of responsible digital identity solutions for identifying customers at onboarding and while conducting transactions. See the recent FATF Digital ID Guidance that highlights that non-face-to-face onboarding and transactions conducted using trustworthy digital ID are not necessarily high-risk and can be standard or even lower-risk.

29. **Support electronic and digital payment options.** More broadly, supervisors are encouraging the full use of electronic and digital channels to continue payment services while maintaining social distancing. Some examples include increasing contactless limits, increasing point of sale purchase limits, raising maximum limits for e-wallets and reducing charges for domestic money transfers between banks to encourage the use of contactless payment methods in order to reduce the spread of the virus.

30. **Undertake pragmatic, risk-based AML/CFT supervision.** All supervisors have continued AML/CFT supervisory activities, although practices are adapted to be more pragmatic in the current situation (see Section 4). Supervisors continue to monitor the business continuity plans put in place and operationalised by financial institutions in order to ensure their sound operations, including implementation of AML/CFT measures. Some supervisors are adjusting their focus as relevant. For example, they are putting greater focus on online casinos and gambling platforms considering regular casinos and gambling arcades are closed, and more focus on dealers in precious metals and stones with greater investment in gold. Conversely, there is potentially less focus on lower risk areas such as cash-intensive businesses that have halted trading. All supervisors should consider reviewing their supervisory priorities and plans and adjust these to emerging risks, as necessary.

31. **Understand new risks and adapt operational responses.** Authorities are working with relevant partners, domestically and internationally, to understand and monitor the evolving risk environment (see Section 3). This requires liaising with a broad range of stakeholders. Countries with existing public/private partnerships are harnessing these

³FATF Interpretative Note to R.10 notes that “financial products or services that provide appropriately defined and limited services to certain types of customers, so as to increase access for financial inclusion purposes” are an example of a lower risk scenario.

⁴More information on how such measures can be implemented is set out in the 2017 [FATF guidance on AML/CFT measures and financial inclusion](#), with a supplement on customer due diligence.

forums to obtain the latest information. A number of countries have introduced special taskforces or other operational coordination measures to deal with COVID-19-related crime, particularly in relation to fraud. In some countries, authorities have issued advice to relevant agencies on the prioritisation of investigations and prosecutions. Some FIUs have asked regulated entities to use a keyword in their reports to triage and prioritise incoming STRs. FIUs are developing strategic analysis based on review of available bulk data and adapting STR prioritisation and analysis. Agencies are considering pooling available resources, including repurposing assets confiscated or forfeited from criminals to assist in COVID-19 responses (e.g., using confiscated properties as temporary/emergency hospital facilities).

32. **Clarify AML/CFT requirements in the context of economic relief measures.** Authorities are providing clarity on how to apply AML/CFT requirements in the context of economic relief packages for individuals and businesses. To facilitate the smooth processing of applications, some supervisors have approved simplified due diligence measures (including for customer verification) for transactions under government assistance programs where they are assessed to present lower risks. They include obligations for regulated entities to put in place mitigation measures, such as ongoing due diligence and to review CDD if other risks are later detected. A country has implemented measures to identify risk indicators, and implemented processes and controls to prevent the misuse of the aforementioned assistance packages for ML/TF purposes. These measures will likely vary depending on the scope and delivery of the relief package and contextual factors, including corruption issues. Countries receiving economic stimulus by international organisations such as the International Monetary Fund (IMF) may receive additional guidance to implement targeted AML/CFT measures to ensure those funds are not diverted for other purposes (such as corruption or ML). All countries should guide regulated entities to remain vigilant to detect suspicious financial transactions, particularly in the context of cross-border flows from countries that are receiving emergency COVID-19-related funding from international organisations and other donors.

33. **Continue cooperating across borders.** FIUs should keep the Egmont Group Secretariat apprised of any developments, including any operational disruptions that could impact international cooperation responses and provide a key contact point. Increased communication may be required, particularly on group-wide supervision.

34. **Monitor the impact of COVID-19 on the private sector.** FIUs and supervisors should continue to monitor the impact on reporting entities, as the COVID-19 situation continues. Prolonged economic disruption may force some regulated entities to close down. Disorderly shutdowns may leave significant ML/TF vulnerabilities.

6. Suggestions for further work on emerging issues

35. Based on member feedback and requests to the questionnaire, there is support for the FATF Secretariat to work with the input already submitted and any further updates to provide members more detailed information on fraud and other illicit activity associated with COVID-19 and related financial flows. While Section 1 provides a summary, the Secretariat received more material than expected on potential risks. With the agreement of the providing countries, the Secretariat could circulate a more thorough brief, particularly to aid lower capacity countries, to identify potential ML/TF risks. There is also support for the Secretariat to develop more information on the potential misuse of government funds or international financial assistance in response to the crisis. The Secretariat will work to develop these products with guidance from the Steering Group.

36. In addition, FATF and FSRB members and observers requested further work to:

- develop an update of this paper for consideration by FATF members in June 2020. FATF and FSRB members and observers request that the paper address: adaptations to the application of the FATF Standards in the COVID-19 context (e.g., focused risk assessments; broadening non-face-to-face relationships; use of simplified CDD; EDD on transactions intended to provide capital or financing to financial institutions or large corporations possibly involving PEPs; use of virtual assets; application of risk based supervision notably by maximising offsite surveillance where onsite examinations are not possible; etc.) and continue to gather experience from supervisors and FIUs to develop further guidelines.
- support FSRB members to appropriately prioritise AML/CFT matters in coordination with FSRB Secretariats. This could include monitoring issues impacting FSRB members, further engagement (where feasible in the current circumstances) on the needs of FSRB members and developing materials or other assistance to address these issues.

37. In order to stay up-to-date with the evolving situation, the FATF President, Vice-President and FATF Secretariat will continue engaging with the following key stakeholders:

- other international bodies (the G20, Financial Stability Board, Committee on Payments and Market Infrastructures, World Bank, IMF, the Egmont Group, Interpol, Europol, United Nations Office on Drugs and Crime, and others, as relevant) to explore the medium and longer-term impacts of the COVID-19 crisis on remittance corridors; role of AML/CFT measures in economic relief packages; ensure appropriate prioritisation of AML/CFT measures in the event of a global economic recession and to share updates on emerging risks.
- a limited number of trusted private sector representatives and industry bodies (for example, those previously engaged in the FATF's work, such as the IIF and Wolfsberg Group) to continue to assess the impact of the COVID-19 pandemic on AML/CFT implementation.
- trusted NPO community stakeholders to further investigate claims that AML/CFT requirements may hinder delivery of humanitarian aid through NPOs, particularly those operating in higher risk regions.

Annex A.

Statement by the FATF President: COVID-19 and measures to combat illicit financing

The members of the FATF, both domestically and multilaterally, are applying every available resource to combat the COVID-19 pandemic. As the global standard-setter for combating money laundering (ML) and the financing of terrorism (TF) and proliferation, the FATF encourages governments to work with financial institutions and other businesses to use the flexibility built into the FATF's risk-based approach to address the challenges posed by COVID-19 whilst remaining alert to new and emerging illicit finance risks. The FATF encourages the fullest use of responsible digital customer onboarding and delivery of digital financial services in light of social distancing measures. At a time when critical relief is needed in-country and beyond, effective implementation of the FATF Standards fosters greater transparency in financial transactions, which gives donors greater confidence that their support is reaching their intended beneficiaries. The continued implementation of the FATF Standards facilitates integrity and security of the global payments system during and after the pandemic through legitimate and transparent channels with appropriate levels of risk-based due diligence.

Addressing COVID-19-related financial crime risks by remaining vigilant

Criminals are taking advantage of the COVID-19 pandemic to carry out financial fraud and exploitation scams, including advertising and trafficking in counterfeit medicines, offering fraudulent investment opportunities, and engaging in phishing schemes that prey on virus-related fears. Malicious or fraudulent cybercrimes, fundraising for fake charities, and various medical scams targeting innocent victims are likely to increase, with criminals attempting to profit from the pandemic by exploiting people in urgent need of care and the goodwill of the general public and spreading misinformation about COVID-19. National authorities and international bodies are alerting citizens and businesses of these scams, which include impostor, investment and product scams, as well as insider trading in relation to COVID-19. Like criminals, terrorists may also exploit these opportunities to raise funds.

Supervisors, financial intelligence units and law enforcement agencies should continue to share information with the private sector to prioritise and address key ML risks, particularly those related to fraud, and TF risks linked to COVID-19. Additionally, criminals and terrorists may seek to exploit gaps and weaknesses in national anti-money laundering/counter-financing of terrorism (AML/CFT) systems while they assume resources are focused elsewhere, making risk-based supervision and enforcement activity more critical than ever. Financial institutions and other businesses should remain vigilant to emerging ML and TF risks and ensure that they continue to effectively mitigate these risks and are able to detect and report suspicious activity.

Digital onboarding and simplified due diligence

With people around the world facing confinement or strict social distancing measures, in-person banking and access to other financial services is difficult, and unnecessarily exposes people to the risk of infection. Use of digital/contactless payments and digital onboarding reduce the risk of spreading the virus. As such, the use of financial technology (Fintech) provides significant opportunities to manage some of the issues presented by COVID-19. In line with the FATF Standards, the FATF encourages the use of technology, including

Fintech, Regtech and Suptech to the fullest extent possible. The FATF recently released [Guidance on Digital ID](#), which highlights the benefits of trustworthy digital identity for improving the security, privacy and convenience of identifying people remotely for both onboarding and conducting transactions while also mitigating ML/TF risks. The FATF calls on countries to explore using digital identity, as appropriate, to aid financial transactions while managing ML/TF risks during this crisis.

When financial institutions or other businesses identify lower ML/TF risks, the FATF Standards allow them to take simplified due diligence measures, which may help them adapt to the current situation. The FATF encourages countries and financial service providers to explore the appropriate use of simplified measures to facilitate the delivery of government benefits in response to the pandemic.

Delivery of aid through non-profit organisations

This global public health emergency has highlighted the vital work of charities and NPOs to combat COVID-19 and its effects. The FATF has long recognised the vital importance of NPOs in providing crucial charitable services around the world, as well as the difficulties in providing that assistance to those in need. The FATF has worked closely with NPOs over the years to refine the FATF Standards to provide flexibility to ensure that charitable donations and activity can proceed expeditiously through legitimate and transparent channels and without disruption. It is important to recognise that FATF Standards do not require that all NPOs be considered high-risk and that most NPOs carry little or no TF risk. The aim of the FATF Standards is not to prevent all financial transactions with jurisdictions where there may be high ML/TF risks, but rather to ensure these are done through legitimate and transparent channels and money reaches its legitimate intended recipient. National authorities and financial institutions should apply a risk-based approach to ensure that legitimate NPO activity is not unnecessarily delayed, disrupted or discouraged. FATF encourages countries to work with relevant NPOs to ensure that much needed aid is getting to its intended recipients in a transparent manner.⁵

Ongoing outreach and advice

Regulators, supervisors, financial intelligence units, law enforcement authorities and other relevant agencies can provide support, guidance and assistance for the private sector on how national AML/CFT laws and regulations will be applied during the current crisis. Such guidance can give financial institutions and other businesses reassurance that the authorities share their understanding of challenges and risks involved in the current situation, and of the appropriate actions to take. Authorities in some countries have already taken swift action and provided this type of advice. Mechanisms by which victims, financial institutions, and other businesses can report COVID-19 related fraud may be especially useful.

At the international level, the FATF is working with the Committee on Payment and Market Infrastructures and the World Bank to help ensure coordinated policy responses for the continued provision of critical payment services against the backdrop of the COVID-19 crisis. The FATF, International Monetary Fund and World Bank are working with their membership to mitigate the impacts of the COVID-19 crisis, including through the use of AML/CFT measures, where relevant. In addition, the FATF is working with its members and the FATF-Style Regional Bodies to identify and share good practices in response to common issues faced in many affected countries.

⁵ See [2015 Best Practices Paper on Combating the Abuse of Non-Profit Organisations](#)

FATF's commitment to support efforts to address COVID-19 issues

The FATF stands ready to provide further AML/CFT guidance to support the current global efforts to tackle the COVID-19 crisis and its effects, and welcomes feedback.

Annex B.

Statements or guidance issued by authorities in response to COVID-19

- **Australia** – AUSTRAC updates to reporting entities on COVID-19 including advice and guidance on: working with reporting entities during COVID-19 pandemic, extension on annual compliance reporting, advice on rule changes for early access to superannuation funds, suspicious matter reporting and advice on meeting KYC requirements (<https://www.austrac.gov.au/covid-19-updates>).
- **Canada** – FINTRAC message to all reporting entities in light of COVID-19 (<https://www.fintrac-canafe.gc.ca/1-eng>).
- **People's Republic of China** – The Peoples Bank of China (PBC) has issued Notices on AML/CFT requirements in responding to the COVID-19 pandemic to all its branches on 5th Feb 2020. All branches of PBC should continue more pragmatic AML/CFT supervisory activities adapted to local situation and provide necessary guidance to local regulated entities when they face difficulties in meeting regulatory requirements;

PBC has also issued Guidance on how to meet the AML/CFT requirements in responding to the COVID-19 pandemic to regulated entities on 5th Feb 2020. All regulated entities are encouraged to develop contingency program meeting the AML/CFT requirements by using the full range of tools at their disposal. To support charitable activity and medical aid, simplified due diligence measures are allowed but the STR of TF and the other high-risk areas should be maintained overall.
- **Colombia** – UIAF statement on STR reporting conditions (<https://www.uiaf.gov.co/index.php?idcategoria=30421>); UIAF Alert urging reporting to entities to carry out certain risk mitigation actions (https://www.uiaf.gov.co/caracterizacion_usuario/slide_home/30420) (both in Spanish).
- **Denmark, Kingdom of** – FSA Fighting money laundering and terrorist financing must continue during the Covid-19 crisis (https://www.dfsa.dk/News/Press-releases/2020/Fighting_money_laundering_covid19).
- **European Banking Authority** – Statement on actions to mitigate financial crime risks in the COVID-19 pandemic (<https://eba.europa.eu/eba-provides-additional-clarity-on-measures-mitigate-impact-covid-19-eu-banking-sector>).
- **Europol** – press release and report on pandemic profiteering: how criminals exploit the COVID-19 crisis (<https://www.europol.europa.eu/newsroom/news/how-criminals-profit-covid-19-pandemic>).
- **Finland** – FIU-FI disseminated an alert to reporting entities concerning the possible typologies related to COVID -19 on 26 March 2020.
- **Germany** – BaFin information on new developments and key points on the COVID-19 situation (in [English](#) and [German](#)):

https://www.bafin.de/EN/Aufsicht/CoronaVirus/CoronaVirus_node_en.html

https://www.bafin.de/DE/Aufsicht/CoronaVirus/CoronaVirus_node.html

- **Israel** - the Israeli National Police, IMPA (the Israeli FIU), the Bank of Israel (Banking Supervision Division), the Israel Securities Authority and the Israeli Capital Markets, Insurance and Savings Authority have published notices to reporting entities and the public, concerning specific risks arising in connection with the COVID-19 crisis.
- **Italy** – UIF has indicated the need to leverage more on IT tools for being able to detect suspicions through remote screening:
https://uif.bancaditalia.it/pubblicazioni/comunicati/documenti/Comunicato_UIF_Covid19.pdf
https://uif.bancaditalia.it/pubblicazioni/comunicati/documenti/Contatti_lavoro_a_distanza.pdf
- **Japan** – Consumer Affairs Agency & National Police Agency advice public to be aware of COVID-19 related frauds (in Japanese):
https://www.npa.go.jp/bureau/soumu/corona/index_corona_special.html
https://www.caa.go.jp/policies/policy/consumer_policy/information/notice_200227.html
- **Korea** – KoFIU has issued guidance for reporting entities on STR reporting requirements during the crisis
- **Mexico** – FIU and the National Banking and Securities Commission (CNBV) Joint statement to regulated entities; CNBV statement on prudential and AML/CFT requirements; FIU and Tax and Customs Authority joint statement for DNFBPs (all in Spanish):
https://uif.gob.mx/work/models/uif/imp/AVISO_UIFMARZO.pdf
https://www.dof.gob.mx/nota_detalle.php?codigo=5590567&fecha=26/03/2020
<https://uif.gob.mx/work/models/uif/imp/ComunicadoCOVID19.pdf>
- **Namibia** – FIU public statement on COVID-19 lockdown and public alert on COVID-19 scams:
https://www.fic.na/uploads/Public_Awareness/General_Publications/COVID-19%20%E2%80%93%20National%20Lockdown.pdf
<https://www.fic.na/index.php?mact=News,cntnt01,detail,0&cntnt01articleid=321&cntnt01showall=&cntnt01pagelimit=25&cntnt01returnid=76>
- **Netherlands, Kingdom of** – National Police has issued a warning on cybercriminals taking advantage of corona-related measures:
<https://www.politie.nl/nieuws/2020/maart/17/cybercriminelen-misbruiken-maatregelen-rondom-corona.html>
- **New Zealand** – Joint guidance by three supervisory agencies:
[https://www.dia.govt.nz/diawebsite.nsf/Files/AML-CFT-2020/\\$file/aml-cft-supervisor-guidance-covid-19-alert-26-march-2020.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/AML-CFT-2020/$file/aml-cft-supervisor-guidance-covid-19-alert-26-march-2020.pdf)
- **Palestinian Authority** – Palestine Monetary Authority issued Circulate No. (84/2020) for Specialized Lending Institutions Operating in Palestine; Circulate No. (85/2020) for Banks Operating in Palestine; Circulate No. (86/2020) for Money Exchangers Operating in Palestine on 26 March 2020.

- Portugal** – Statements by supervisors on securities and real estate:
 - https://www.bportugal.pt/sites/default/files/anexos/pdf-boletim/bo3_2020_s.pdf
 - <https://www.cmvm.pt/en/Comunicados/communiques/Pages/20200320mc3.aspx?v=>
 - https://www.cmvm.pt/pt/Legislacao/Legislacaonacional/Circulares/Documents/Circular_PAI_covid_20200330.pdf
 - <https://www.cmvm.pt/en/Comunicados/communiques/Pages/20200320mc1.aspx?v=>
 - <https://www.asf.com.pt/NR/exeres/DCEA4D59-33B9-4149-91A3-384160BDC805.htm>
- Saudi Arabia** – SAMA provided guidance to regulated entities
- Seychelles** – Advisory from the FIU and Financial Services Authority statement on COVID-19 to reporting entities:
 - <https://www.seychellesfiu.sc/FIU/?p=1109>
 - <https://www.fsaseychelles.sc/wp-content/uploads/2020/03/Communique-COVID19.pdf>
- Singapore** – The Singapore Police Force (SPF) and AML/CFT authorities (e.g. MAS) have provided guidance and advisories to regulated entities and the public respectively. SPF has issued an advisory warning of a new type of e-commerce scam involving sale of face masks (https://www.police.gov.sg/media-room/news/20200222_others_new_type_of_ecommerce_scams_involving_the_sale_of_face_masks). SPF also regularly shares news on types of scams, including those relating to COVID-19, via www.scamalert.sg/news.⁶
- Spain** – SEPBLAC public message:
 - <https://www.sepblac.es/en/2020/03/18/covid-19/>
- Sweden** – Police advice to general public:
 - <https://polisen.se/aktuellt/nyheter/2020/mars/forandrade-brottsmonster-till-foljd-av-coronaviruset/>
- United Kingdom** –
 - Law Enforcement Agencies have produced threat assessment and published advice on the risk of Covid-19 fraud (<https://nationalcrimeagency.gov.uk/news/fraud-scams-covid19>).
 - The Financial Conduct Authority (FCA) CEO has written to the CEOs of firms providing services to retail investors with advice and detail of the FCA’s response to Covid-19 (<https://fca.org.uk/publication/correspondence/dear-ceo-letter-coronavirus-update-firms-providing-services-retail-investors.pdf>).
 - The Institute for Chartered Accountants of England and Wales (ICAEW) has published advice for its firms on how they can continue to meet their AML/CTF

⁶ Recent advisories on scams include one where Singapore Prime Minister Lee Hsien Loong warns of fake COVID-19 emails purportedly sent by him asking for “contributions” and the Ministry of Health’s warning of scammers impersonating its COVID-19 contact tracing personnel to request for personal information and financial details.

obligations (<https://www.icaew.com/-/media/corporate/files/technical/legal-and-regulatory/money-laundering/coronavirus-guide-aml-responsibilities.ashx>).

- **United States** –

FinCEN Press Release, FinCEN Encourages Financial Institutions to Communicate Concerns Related to COVID-19 and to Remain Alert to Related Illicit Financial Activity:

<https://www.fincen.gov/news/news-releases/financial-crimes-enforcement-network-fincen-encourages-financial-institutions>

US Department of Justice memorandum and press release: <https://www.justice.gov/ag/page/file/1258676/download>

<https://www.justice.gov/opa/pr/attorney-general-william-p-barr-urges-american-public-report-covid-19-fraud>)

FDIC Chairman’s Statement, FDIC Chairman Addresses FSOC; Underscores Banks and Deposits Remain Safe; FDIC Frequently Asked Questions, For Financial Institutions and Consumers Affected by the Coronavirus:

<https://www.fdic.gov/news/news/press/2020/pr20040.html>

<https://www.fdic.gov/news/news/financial/2020/fil20018.pdf>

Federal Reserve Board Press Releases: Federal Reserve Statement on Supervisory Activities, Federal Reserve provides additional information to financial institutions on how its supervisory approach is adjusting in light of the coronavirus:

<https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20200324a1.pdf>

<https://www.federalreserve.gov/newsevents/pressreleases/bcreg20200324a.htm>

- **Zimbabwe** – FIU notice to banks on business continuity arrangements during the national ‘lockdown’.

Annex C.

Covid-19 Response Questionnaire

Template for delegations to submit information

Please provide your delegation's responses to the below questionnaire. Please feel free to include any **relevant documents or hyperlinks to webpages**. The results from this survey will be used to take stock of the global AML/CFT community's response to the Covid-19 pandemic and to recommend potential FATF responses thereto. The expected time for completion is 30 minutes.

Please reach out to FATF Secretariat should you have any questions or need any further information.

The deadline for the submission of information is **COB Tuesday, 31 March 2020**.

1) Have authorities observed any emerging ML/TF risks associated with the COVID-19 crisis? Please include any new trends or challenges faced by the private sector or NPOs and any difficulties faced by authorities.

2) Have authorities taken any taken to assess or manage the impact of covid-19 on AML/CFT systems? Please include any relevant links or documents.

3) Are there particular areas that the FATF should focus on or could assist AML/CFT authorities with in relation to the crisis?