International Banking Federation

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London, 2 November 2021

Dear Madam, Dear Sir,

Re: Public Consultation on Guidance on the Rules Applicable to the Use of Public-Private Partnerships in The Framework of Preventing and Fighting Money Laundering and Terrorist Financing

The International Banking Federation (IBFed)[1] appreciates the opportunity to comment upon the European Commission's consultation on public-private partnerships for preventing and fighting money laundering and terrorist financing.

As you know, IBFed is the representative body for national and international banking federations from leading financial nations around the world. This worldwide reach enables the IBFed to function as the key international forum for considering legislative, regulatory and other issues of interest to the banking industry and its customers. We also have a keen interest in the efficiency of the global tax system.

IBFed supports the Commission's view that information sharing is crucial to anti-money laundering and countering terrorist financing (AML/CFT), and that public-private partnerships (PPPs) should be encouraged to the fullest extent possible. We consider that the Commission should work with Europol to consolidate current good practice into harmonised guidance for EU PPPs and support further cross-border collaboration between PPPs. This type of guidance and support would help more EU Member States to develop and secure PPPs, and could serve as a model for other jurisdictions. We also consider that the AML legislative reform package should include a clear legal basis for PPPs to share personal data for AML/CFT purposes.

[1] The International Banking Federation (IBFed) was formed in 2004 to represent the combined views of our national banking associations. The IBFed collectively represents more than 18,000 banks, including more than two thirds of the largest 1,000 banks in the world. IBFed member banks play a crucial role in supporting and promoting economic growth by managing worldwide assets of over 75 trillion Euros, by extending consumer and business credit of over 40 trillion Euros across the globe, and by collectively employing over 6 million people. The IBFed represents every major financial centre and its members' activities take place globally. With its worldwide reach the IBFed is a key representative of the global banking industry, actively exchanging with international standard setters and global supervisory bodies on subjects with an international dimension or with an important impact on its members.

From the international banking sector's experience of PPPs in over 20 jurisdictions, including both EU and non-EU countries, we see that information sharing through PPPs supports more effective approaches to AML/CFT. This includes higher quality reporting of suspicious activity, improved private sector risk management and increased disruption of criminal networks through law enforcement, asset freezes and account closures. For example, since its establishment in 2015 the UK's Joint Money Laundering Intelligence Taskforce (JMLIT) has led to the restraint of £59m in suspect criminal assets, over 265 arrests and the distribution of 41 alerts and risk typologies across the UK banking and finance sector.

It is important to recognise that PPP information sharing can improve the targeting of AML/CFT procedures and the proportionality of data processing. For example, by developing and communicating detailed risk typologies, PPPs can seek to reduce the number of scenarios where a whole industry is identified as high risk, and instead improve understanding of the specific indicators of risk, or the specific activities that may be undertaken within an industry that are higher risk and require enhanced due diligence. In this way, PPP information sharing can help to reduce the risk of wholesale de-risking or elevated risk ratings being applied too broadly to customers and clients.

It is also important to recognise that current PPPs include a range of safeguards to ensure confidentiality of information and to ensure that relevant information is only used for ML/TF risk management. These include vetting of participants, clear guidance and undertakings on use of data, secure channels for sharing and formal governance structures including procedures for dealing with breaches of the guidelines. Banks are familiar with these types of safeguards due to their obligations to report suspicious activity, avoid tipping off, and manage the sharing of information required for AML/CFT within international banking groups.

We hope that our contribution is useful and would like to thank you for taking our input into consideration.

Yours sincerely,

Hedwige Nuyens
Managing Director IBFed