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Guidance for PSPs providing money remittance

The FIN-FSA has identified significant shortcomings in compliance with the Act on the Act on Detecting and Preventing Money Laundering and Terrorist Financing (“AML Act”, 444/2017) by providers of money remittance. Key shortcomings were found in risk-based procedures, customer due diligence, the ongoing monitoring of customers and the obligation to obtain information and to report to the Financial Intelligence Unit. The purpose of this guidance is to highlight particular areas of focus for money remitters in their activities.¹

Risk-based procedures under the AML Act in customer due diligence

The obliged entity’s risk assessment under the AML Act must be prepared in writing. In the risk assessment, a service provider providing money remittance must identify AML/CFT risks associated with its own activities and their management methods. The risk assessment must indicate who prepared the assessment and when it was last updated. Guidance on the contents and preparation of the risk assessment is available on the FIN-FSA’s website in the section on the obliged entity’s risk assessment²

Assessment of risks associated with customer relationships

Service providers providing money remittance must have adequate internal policies and procedures to assess risks pertaining to customer relationships and to assign customers into different risk categories. These must indicate the factors the risk categories are based on as well as the risk category to which a customer belongs to (e.g. low, normal or high).

Service providers providing money remittance must examine and document the customer’s political influence (PEP status) in Finland and abroad at least when establishing a customer relationship and in connection with the regular updating of customer information. The customer’s PEP status can be inquired for example by asking the customer. The matter must be documented in the money remittance system or elsewhere in the customer due diligence information. In accordance with the AML Act, a PEP customer belongs to the scope of enhanced customer due diligence and enhanced monitoring, and it also means that the customer is classified as a high-risk customer.

¹ This guidance applies to parties providing payment services without authorisation in accordance with section 7 of the Payment Institutions Act (297/2010) which only provide money remittance as referred to in section 1(2)(5) of said Act.

² [Risk assessment - Prevention of money laundering and terrorist financing www.finanssivalvonta.fi/en](http://www.finanssivalvonta.fi/en)

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customer's financial standing for example by inquiring the profession or payslip.

Ongoing monitoring, obligation to obtain information and reporting obligation

In ongoing monitoring, attention must be paid to customers' unusual transactions, such as circumstances where a customer makes a money remittance to a new country or sends money in an exceptional manner to several persons.

Service providers providing money remittance are obliged to report each individual payment or remittance that has a value of at least EUR 1,000, whether carried out individually or in a number of linked operations (threshold report).⁵ This reporting obligation is based on a combined threshold concerning all payments or remittances, including those that are not suspicious.

The threshold reports are made electronically to the Financial Intelligence Unit of the National Bureau of Investigation using a separate application accessible at <https://ilmoitus.rahanpesu.fi/Home>.

Reporting obligation

Providers of money remittance must report to the FIN-FSA annually by 28 February information on AML/CFT risks and management methods (RA survey). The reporting section of the FIN-FSA website contains more detailed instructions on reporting and its technical implementation [Reporting - www.finanssivalvonta.fi](http://www.finanssivalvonta.fi). The FIN-FSA would like to remind that reports of the total volume of payment transaction (ML) and fraud information (MF) have been replaced by the MAPE survey to be submitted to the Bank of Finland. For further information on the survey, you can contact the Bank of Finland

In addition to reporting, entities are obliged to notify material changes in their activities. Besides actual operational changes, also changes of contact details and changes affecting fit&proper notifications submitted to the FIN-FSA must be notified. In the event of changes in personnel participating in the management or conduct of the firm's business (members and deputy members of the board of directors, managing director, other executive management), a new fit&proper notification must be submitted.

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⁵ In the FIN-FSA's view, payments and remittances can be considered to be linked when, for example, payments are made to the same recipient within a few days (payment recurs without four days from the previous remittance) and the basis of the payments is evidently similar.

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