

Financial Action Task Force (FATF) Calls for Countermeasures on Iran, Evaluates U.S. AML Framework, Releases Digital Identity Guidance

February 21, 2020

Paris – Today the Financial Action Task Force (FATF) concluded its 31st plenary meeting with a [public statement](#) calling for countermeasures on Iran. The FATF also released guidance on digital identity for customer identification and verification, and evaluated Treasury’s Customer Due Diligence rule for compliance with the FATF standards.

“Iran claimed it was finally ready to implement basic controls to counter illicit finance, but the regime has failed to live up to its commitments,” said Secretary Steven T. Mnuchin. “We commend FATF for calling on our partners around the world to take concrete steps to impose financial restrictions to protect the global financial system from Iranian threats.”

“The U.S. applauds the condemnation of Iran’s failure to combat money laundering and terrorist financing, a consensus decision of 39 FATF members,” said Assistant Secretary for Terrorist Financing Marshall Billingslea. “We urge countries around the world to take meaningful steps to prevent Iran from using the international financial system for illicit purposes. The safety and security of the international financial system depends upon it.”

FATF CALLS ON COUNTRIES TO IMPLEMENT COUNTER-MEASURES ON IRAN

The FATF called on all jurisdictions to impose effective countermeasures on Iran, such as requiring financial institutions to review, amend, or if necessary terminate correspondent relationships with Iranian banks or limiting business relationships or financial transactions with Iran. The countermeasures should be developed and implemented to protect the international financial system from the ongoing money laundering, terrorist financing, and proliferation financing (ML/TF/PF) risks emanating from Iran.

THIRD-YEAR FOLLOW UP OF THE UNITED STATES

As part of a follow-up process, the FATF discussed the changes made by the United States to improve the AML/CFT system since the 2016 Mutual Evaluation Report, including Treasury's CDD rulemaking and beneficial ownership requirements that went into effect in 2018. The United States also joined Switzerland as one of the first countries to voluntarily submit to an assessment of its compliance with the new FATF standards regarding virtual assets. The results of the FATF's findings will be published after they go through the FATF's quality and consistency process.

FATF RELEASES GUIDANCE ON DIGITAL IDENTITY

The FATF also issued guidance on the issue of digital identity systems for customer identification and verification. This guidance explains how digital ID systems could meet FATF's customer due diligence requirements and will assist governments and financial institutions worldwide to apply a risk-based approach to using digital ID systems.

FATF UPDATES REPORT ON ISIL AND AL-QAEDA

FATF adopted its twelfth non-public update on the financing of ISIL, Al-Qaeda and affiliate groups. The report notes the growing trend of ISIL affiliates generating their own revenue and relying less on funds sent from Syria and Iraq. This decentralization and growing independence of ISIL affiliates are increasing the terrorist financing risk from ISIL throughout the FATF global network. The report also details Al-Qaeda financial links and support to its affiliates, highlighting the ongoing threat of Al-Qaeda to international peace and security.

IDENTIFYING COUNTRIES WITH STRATEGIC AML/CFT DEFICIENCIES

The FATF also called on all countries to apply countermeasures on North Korea due to the ongoing money laundering, terrorist financing, and weapons of mass destruction proliferation financing risks to the international financial system. In addition, the Plenary identified new countries as well as updated statements of countries that are working with the FATF to implement an Action Plan and strengthen their domestic frameworks. FinCEN will release an advisory updating financial institutions to the FATF list of jurisdictions with strategic AML/CFT deficiencies.

ADOPTION OF MUTUAL EVALUATION REPORTS OF THE REPUBLIC OF KOREA AND THE UNITED ARAB EMIRATES

The Mutual Evaluation Reports of the Republic of Korea and the United Arab Emirates were also adopted and will be published on the FATF website in the near future, representing the culmination of a peer review by FATF members to assess both jurisdictions' AML/CFT and counter-proliferation financing legal frameworks as well as the measures in place to implement these frameworks effectively.

Outcomes of the FATF Plenary, 19-21 February 2020

The Financial Action Task Force (FATF) is an international policy-making and standard-setting body, headquartered in Paris, dedicated to combating money laundering and terrorist financing. Treasury's Assistant Secretary for Terrorist Financing and Financial Crimes leads the U.S. delegation to FATF.

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