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BRIEFING PAPER

Coronavirus: Financial Inclusion Considerations for Risk-Based Supervision and Its Impacts on the Risk-Based Approach

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ABSTRACT

The coronavirus pandemic has already dramatically changed the way financial services are delivered, and will continue to do so. This creates an opportunity to propel the global adoption of a genuinely risk-based approach to supervision and financial crime controls that ensures that access to finance is consistently considered alongside the implementation of robust controls.

This Briefing Paper outlines how countries, supervisors and regulated entities can advance this mission by considering four main areas.

1. The Financial Action Task Force must correct the imbalance between negative and positive incentives within the international anti-financial crime framework to promote risk-taking by supervisors and regulated entities.
2. Developing countries must be supported so that they can adopt the flexibility already offered by the system.
3. Once prepared to take more risks, all entities would benefit from performing risk assessments that take account of financial inclusion through impact assessments to reduce the occurrence of unintended consequences.
4. The experience of the coronavirus pandemic must be dissected so that lessons learned can be carried forward and built on to promote innovation as a matter of course within the system.

INTRODUCTION

The coronavirus pandemic has reemphasised that financial crime controls and access to finance must operate alongside each other. The significant increase in the number of people seeking to access finance remotely due to the closure of bank branches and the need to apply social distancing has challenged how traditional financial services are delivered and financial crime controls are carried out. At the same time, the growing reliance of many people on state-financed loans and benefit schemes has created a new source of funds that can be exploited by criminals and must be protected.

Those responsible for the supervision and regulation of financial institutions, such as banks, and other regulated services, such as money service businesses (MSBs), lawyers and accountants have hurried to engage with these regulated populations to strike a balance between access and control.

While this plays out prominently on the front lines of finance, a second conversation has been occurring between supervisors themselves.¹ Have supervisors properly considered how their approaches to supervision and the way they oversee the risk-based approach within their sectors impacts financial inclusion? Has the historic emphasis on preventive measures entrenched a rigid approach to financial crime risk, which may have worked in the past but has proven insufficient in times of crisis?

The opportunity to engage with this conversation comes at a favourable moment. The Financial Action Task Force (FATF) – the global standard setter on anti-financial crime – has spent the last 12 months seeking to promote more effective supervision by national authorities.² This focus has included requesting that supervisors take a risk-based approach to supervision, which requires the proportionate application of resources in line with identified risk. It also comes one year after the group's mandate was updated to include a commitment to 'continue to promote financial inclusion and encourage proportionate and effective implementation of the FATF standards by countries in line with the risk-based approach'.³

Against this background, this Briefing Paper assesses what issues supervisors should consider when carrying out risk-based supervision, especially how they should work with their regulated populations to properly apply the risk-based approach. In light of the issues exposed by the new (post-pandemic) 'normal', this Briefing Paper will provide a number of insights along with recommendations for policymakers and national and sectoral supervisors. These should also be important to those at the FATF focused on improving approaches to supervision and the application of the risk-based approach so that this work also fulfils the FATF's mandate of promoting financial inclusion.

METHODOLOGY

This Briefing Paper supplements a wider project being undertaken by the authors, funded by the Bill & Melinda Gates Foundation, assessing how financial inclusion can be safeguarded through the proper implementation of financial crime controls. Thus, the authors draw on their review to date of the academic and grey literature on this topic, including the available regulatory guides on risk-based supervision for anti-money laundering and

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1. Denise Dias and Juan Carlos Izaguirre, 'Risk-Based Supervision is Key to Financial Inclusion in 2020 & Beyond', CGAP, 20 February 2020, <<https://www.cgap.org/blog/risk-based-supervision-key-financial-inclusion-2020-beyond>>, accessed 2 July 2020.
 2. Financial Action Task Force (FATF), 'First FATF Supervisors' Forum on Improving the Effectiveness of Supervision – Sanya, China 11–12 November 2019', 12 November 2019, <<http://www.fatf-gafi.org/publications/fatfgeneral/documents/supervisor-forum-2019.html>>, accessed 2 July 2020.
 3. FATF, 'Mandate', 12 April 2019, <<https://www.fatf-gafi.org/media/fatf/content/images/FATF-Ministerial-Declaration-Mandate.pdf>>, accessed 2 July 2020.

counterterrorist-financing supervisors.⁴ In addition to this literature review, the paper is supplemented by the insights the authors have gathered from a set of 36 semi-structured interviews that have been conducted with financial inclusion practitioners and national and multilateral policymakers during the first six months of the wider project.

For the purpose of this project and the Briefing Paper, the authors use the FATF's definition of financial inclusion: 'providing access to an adequate range of safe, convenient and affordable financial services to disadvantaged and other vulnerable groups, including low income, rural and undocumented persons, who have been underserved or excluded from the formal financial sector'.⁵

ASSESSING THE STATUS QUO

To understand this issue and the concept of the risk-based approach to both supervision and financial crime controls, it is worth briefly exploring some recent history.

In 2012, the FATF updated its 40 recommendations and methodology for assessing a country's compliance with its standards for protecting 'financial systems and the broader economy from threats of money laundering and the financing of terrorism and proliferation, thereby strengthening financial sector integrity and contributing to safety and security'.⁶

The 2012 recommendations marked a paradigm shift away from a prescriptive rules-based system to a system based on the proportionate application of resources in line with identified risk – the Risk-Based Approach (RBA). According to Recommendation 1 of the FATF's standards, the RBA should be implemented by all countries, their supervisors and the regulated entities that they oversee.⁷

In practice, the application of a risk-based approach in a country should take the following shape: a country should enshrine in law the need for supervisors, regulators and their regulated population to follow the RBA. To assist in this process, the country should carry out a national risk assessment

Has the historic emphasis on preventive measures entrenched a rigid approach to financial crime risk?

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4. FATF, 'Guidance for a Risk-Based Approach: Effective Supervision and Enforcement by AML/CFT Supervisors of the Financial Sector and Law Enforcement', October 2015; European Insurance and Occupational Pensions Authority, European Banking Authority and European Securities and Markets Authority, 'Joint Guidelines: The Risk-Based Supervision Guidelines', 16 November 2016.
 5. FATF, 'FATF Guidance: Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion', November 2017, p. 38.
 6. FATF, 'Mandate', p. 4.
 7. FATF, 'The FATF Recommendations', updated June 2019, p. 9, <<https://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202012.pdf>>, accessed 2 July 2020.

of the money laundering and terrorist-financing risks present in the country. This risk assessment can then be used to inform the implementation of the RBA. For supervisors, this national risk assessment can be used to inform their own risk assessment of the sector for which they are responsible. Once risk is fully understood, it will inform where a supervisor's resources are most needed and how controls should be calibrated – for example, determining the frequency of supervisory visits. This is what is known as Risk-Based Supervision (RBS). As part of their role, supervisors should set the tone for the sectors they supervise and, in turn, encourage them to take a risk-based approach to implementing financial crime controls. This should allow both financial institutions and designated non-financial businesses and professions to apply a tailored approach to controls.⁸

Much like their supervisors, once risk is identified via a process of risk assessments, firms should be able to apply controls in a proportionate fashion. Where risk is lower, controls can be reduced (Simplified Due Diligence); when it is seen as standard, a standard level of control is applied (Customer Due Diligence); and when it is found to be higher, enhanced and much more detailed checks must then be carried out (Enhanced Due Diligence).

Adopting a risk-based approach to supervision and controls should, therefore, facilitate financial inclusion by reducing scrutiny on sectors and customer types that are lower risk. In reality, however, this is not always the case. This issue is brought into sharp focus at times of crisis, such as following a natural disaster, a war or during the current coronavirus pandemic. This is when understanding how to operate at the lower end of the risk spectrum provided by the RBA is crucial for the rapid delivery of financial services. Such a challenge has been evidenced – in both more and less developed countries – by the emergency statements made by supervisors seeking to swiftly clarify requirements and expectations for the implementation of the RBA during the pandemic. This need to clarify expectations around flexibility was shown at the highest levels by the FATF itself in April 2020 when it released a statement addressing a number of these concerns.⁹

The research for this Briefing Paper suggests that there are four main barriers to promoting financial inclusion within the current understanding of the risk-based approach to supervision and controls. These are summarised below, with recommendations provided as to how they might be overcome.

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8. Designated Non-Financial Businesses and Professions (DNFBPs) are sectors under the purview of FATF and its recommendations which are not the financial sector, including: casinos; real estate agents; dealers in precious metals; dealers in precious stones; lawyers; notaries; and other independent legal professionals and accountants and Trust and Company Service Providers.
 9. FATF, 'Statement by the FATF President: COVID-19 and Measures to Combat Illicit Financing', 1 April 2020, <<http://www.fatf-gafi.org/publications/fatfgeneral/documents/statement-covid-19.html>>, accessed 2 July 2020.

1. THERE IS A LACK OF INCENTIVES WITHIN THE GLOBAL ANTI-FINANCIAL CRIME SYSTEM TO ENCOURAGE GOVERNMENTS TO APPLY A TRULY RISK-BASED APPROACH TO THEIR RESPONSE

The FATF system is underpinned by the threat that non-compliant countries will be added to its list of 'High-Risk Jurisdictions Subject to a Call for Action' or 'Jurisdictions Under Increased Monitoring' – more commonly referred to as the black and grey lists, respectively.¹⁰ For countries added to these lists, at best their cost of doing business increases as, according to the FATF, enhanced compliance checks must be carried out on transactions in which they are involved. At worst, they may face restrictions accessing the international financial system. The threat of being placed on one of these lists is thus considerable and incentivises countries to ensure that they perform well when evaluated.¹¹ As a result, countries may implement FATF standards in a manner that fails to make the risk distinctions required by the RBA at the expense of the flexibility it affords which is so important for advancing financial inclusion.

The evaluation methodology fails to positively recognise supervisors who operate flexibly. Indeed, some argue that the FATF methodology dissuades supervisors from applying simplified measures as they are optional in contrast to enhanced measures that are mandatory where risks are high.¹² As a result, there is an inevitable emphasis by supervisors on higher risks. This principle leads supervisors to set expectations within their regulated populations that protecting against higher risks must be prioritised over providing flexibility in dealing with lower risks which may hold benefits for inclusion.

Recommendations: The international anti-financial crime community must reform the system to ensure that it is not based solely on negative enforcement of failures with higher risks but also contains positive incentives rewarding lower-risk compliance practices. In creating this balance, countries and supervisors will have the confidence to use the flexibility afforded by the FATF's standards to implement the RBA; flexibility that is proving especially important in times of crisis.

10. FATF, 'Topic: High-Risk and Other Monitored Jurisdictions', <[http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/?hf=10&b=0&s=desc\(fatf_releasedate\)](http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/?hf=10&b=0&s=desc(fatf_releasedate))>, accessed 2 July 2020.

11. The evaluation process is conducted in detail approximately every 10 years, with the results published in a Mutual Evaluation Report (MER). Interim 'follow-up' reports are also published, providing updates on advances made by countries to address shortcomings identified in their MER. Countries that perform poorly in their MER are placed on the black or grey list until sufficient remediation has been undertaken.

12. Louis de Koker, 'The 2012 Revised FATF Recommendations: Assessing and Mitigating Mobile Money Integrity Risks Within the New Standards Framework', *Washington Journal of Law, Technology & Arts* (Vol. 8, No. 3, 2013), p. 177.

Positive incentives could take different forms:

- Countries must have the confidence to implement the RBA at the lower end of the risk spectrum without the fear of being listed. The FATF's methodology assesses a country's compliance with Immediate Outcome 3,¹³ which calls on supervisors to perform their role commensurate to risk. Here, evaluators could more consistently praise countries that create a supervisory landscape that not only curtails risk but is also truly proportionate, minimising unintended consequences, such as financial exclusion.
- The FATF should give greater detail in its recommendations on what Simplified Due Diligence means in practice. It should continue to provide examples of how controls can be reduced for emerging products and services with confidence that these decisions will be well received. These examples should be created in collaboration with the private sector to ensure they can be operationalised.

When considering these long-term changes, it is also important that the FATF considers the immediate pressures caused by the coronavirus pandemic. For example, countries on the FATF grey list should not be treated negatively for delaying supervisory action that requires on-site visits to regulated entities that have been suspended due to government-imposed social distancing and lockdown requirements. Equally, if countries have made supervisory interventions that relax controls to minimise any negative impact on financial inclusion and assistance during the coronavirus pandemic, they should not be penalised as this may further reduce the appetite to embrace financial inclusion initiatives.

2. SUPPORT FOR LOWER-CAPACITY COUNTRIES MUST BE STRENGTHENED SO THAT THEY CAN FULLY ACTION A RISK-BASED APPROACH

The problems with confidence highlighted above occur most commonly in lower-capacity countries that also experience several unique challenges. First, these countries may be less familiar with the flexibility provided by the FATF's revised 2012 methodology. They may also lack the confidence to exploit this flexibility by breaking from what they know will 'pass the exam' for certain to what may be equally effective – albeit more simplified than standard – and at the same time more beneficial for financial inclusion priorities.

This can be particularly problematic in countries where the supervisors are under-resourced and used only to overseeing traditional financial institutions, such as retail banks. When new digital products, such as mobile money, come to market, supervisors may not have the expertise to understand either the benefits these represent for inclusion or how to manage any associated financial crime risks. Furthermore, these sectors

13. During an evaluation, the FATF assesses both technical compliance with its 40 Recommendations as well as the effective implementation of its standards via the assessment of 11 Immediate Outcomes.

It is also important that the FATF considers the immediate pressures caused by the coronavirus pandemic

may produce data that could assist supervisors in better understanding these benefits and shaping supervision accordingly, but they may lack the resources, knowledge and experience to use this data to aid their supervisory role. As a result, supervisors may struggle to apply risk-based supervision to these less-familiar products and services and thus fall back on their standard supervisory requirements, meaning that all sectors end up being treated in the same way. Additionally, it is not uncommon for new products to fall between regulatory gaps as the pace of the development of the legislative framework falls behind that of innovation – once more, this results in ‘default’ supervision that fails to adapt accordingly.

Recommendations: To rectify the challenges experienced by lower-capacity countries, it is essential that they receive more effective support from both the FATF and the international community.

- As part of its ongoing Strategic Review,¹⁴ the FATF should reconsider how it evaluates lower-capacity countries within the Mutual Evaluation Report (MER) process so that they can be emboldened to take more supervisory risks.¹⁵ This would be achieved by calibrating a MER to reflect the size, nature and complexity of a country’s financial system so that lower-capacity countries are held to appropriate standards that may be more flexible than those applied to larger economies that are central to the integrity of the global financial system.
- The FATF should also prioritise the work of the newly established Supervisors’ Forum and consider how more guidance can be produced that would assist the supervisors of lower-capacity countries to keep up with the changing nature of financial services in a way that balances access and financial crime risk.
- As suggested by CGAP, simple forms of Supervisory Technology should be developed that are both economical and simple for supervisors to use so that they can more effectively use the data generated by new sectors in their supervision.¹⁶ It must be noted, however, that this can only be introduced in countries where the requisite underpinning IT and expertise are already in place.

14. In 2019, FATF announced that it would carry out a Strategic Review on how the FATF’s evaluations of countries can better promote and enable more effective and efficient anti-money laundering and counterterrorist-financing measures. The Review occurs within the FATF forum and is set to conclude at the end of 2021.

15. For more information, see FATF, ‘Topic: Mutual Evaluations’, <[http://www.fatf-gafi.org/publications/mutualevaluations/?hf=10&b=0&s=desc\(fatf_releasedate\)](http://www.fatf-gafi.org/publications/mutualevaluations/?hf=10&b=0&s=desc(fatf_releasedate))>, accessed 10 June 2020.

16. Laura Brix Newbury and Juan Carlos Izaguirre, ‘Risk-Based Supervision in Low-Capacity Environments: Considerations for Enabling Financial Inclusion’, June 2019, p. 28, <http://www.ruralfinanceandinvestment.org/sites/default/files/cgap_rbs_report_11june2019_complete.pdf>, accessed 2 July 2020.

3. RISK ASSESSMENTS FAIL TO ACCOUNT FOR THEIR IMPACT

As explained above, risk assessments form the basis of both risk-based supervision and the risk-based approach taken by regulated firms. They are crucial for informing where resources should be placed to ensure that risk is mitigated. Risk assessments, however, only look at where the risk lies and not beyond this to what impact risk ratings have on sectors, including on the ability for them to be inclusive. To ensure that the anti-financial crime framework does not cause unintended consequences, it is essential that the impact of controls developed in response to risk assessments are themselves assessed as part of their implementation.

Risk assessments allow both supervisors and regulated entities to categorise risk as lower, medium or higher, and create controls accordingly. In guidance documents on how to form these controls, the language describing the establishment of simplified controls for lower risks is much less detailed than that for establishing controls for higher risks.¹⁷ It also lacks a detailed mention of financial inclusion that may encourage both supervisors and regulated populations to consider the benefits of reduced controls for lower-risk products and services.¹⁸ Without sufficient tools to inform simplified approaches, it is likely that they are not used, with commensurately negative implications for financial inclusion.

Recommendations: Greater consideration must be given to the impact of risk assessments to ensure that unintended consequences are mitigated.

- When risk-rating products or sectors, supervisors should consider the impact that a higher-risk rating may have on financial inclusion by conducting an impact assessment. In higher-capacity countries, this could take the form of a formal adjunct to the risk-assessment process, and in lower-capacity countries, it could form an element of the risk assessment. In assessing impact, supervisors will have to take a more holistic view of products and the communities they serve. When a higher-risk rating is deemed necessary for a product that holds potential for inclusion, as identified by an impact assessment, supervisors should consider whether the application of thresholds to a product could allow for its use. For example, in a number of countries, basic bank accounts are offered with daily transaction and total deposit limits to limit risk while ensuring access,¹⁹ and these could be applied in a wider set of cases. During the coronavirus pandemic, placing transaction and deposit limits on products designed for the disbursement of public funds has been important as

17. FATF, 'The FATF Recommendations', p. 63.

18. FATF, 'Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion', p. 6.

19. Bill & Melinda Gates Foundation, 'Inclusive Digital Financial Services: A Reference Guide for Regulators', July 2019, <https://docs.gatesfoundation.org/documents/InclusiveDigitalFinancialServices_ReferenceGuide.pdf>, accessed 2 July 2020.

it make them less vulnerable to criminals who may wish to exploit less rigorous financial crime checks.²⁰

- It is also essential that the language related to Simplified Due Diligence in key guidance documents, such as the FATF Recommendations and the EU Risk Factor Guidelines, is carefully considered. For supervisors and regulated entities to feel empowered to use simplified measures, indefinite language should be removed. For example, FATF's Recommendation 1 states that: 'Where countries identify lower risks, they may decide to allow simplified measures for some of the FATF Recommendations under certain conditions'.²¹ This language should be made more exact to aid regulators.
- Special consideration should be given to the supervisors of lower-capacity countries, who may need additional guidance in how to oversee simplified measures in their regulated populations.

4. IDENTITY AND VERIFICATION CREATE CONSTRAINTS FOR INCLUSION

Establishing identity at the initial stages of financial crime checks is one of the most commonly cited barriers to financial inclusion.²² This tends to be for two main reasons. First, identity documents that are deemed sufficient for financial crime checks by financial institutions and their supervisors are expensive and may not be accessible.²³ In the traditional banking sector, the reliance on documents, such as utility bills, is not only old fashioned but is also exclusive. Not only does this requirement prove prohibitive in the developing world, where addresses may not be commonplace, but also in the developed world where changing behaviours around renting can make proving an identity just as difficult. Supervisors must ask themselves what the objective is of identification when creating norms around identity verification standards to ensure that they are fair, relevant and realistic.

Second, there is a common perception that identity verification that is not carried out face to face is by default high risk, making it more difficult for the remote verification of, for example, rural communities. Both issues have been exacerbated by the coronavirus pandemic as the closure of bank branches and government offices that might have supplied or verified documentation have created barriers to managing existing, and opening new, accounts.²⁴ The early

20. Zachary Kazzaz, 'Regulatory Analysis of KYC for Covid-19 in Emerging Markets', Glenbrook, April 2020.

21. FATF, 'The FATF Recommendations', p. 9.

22. Alan Gelb and Diego Castrillion, 'Identifying and Verifying Customers: When Are KYC Requirements Likely to Become Constraints on Financial Inclusion?', Working Paper 522, Center for Global Development, December 2019; Barry Cooper, John Symington and Masilwa Rusare, 'KYC Innovations, Financial Inclusion and Integrity', Guideline Note No. 32, Alliance for Financial Inclusion (AFI), March 2019, p. 5; USAID, 'Executive Summary: Identity in a Digital Age: Infrastructure for Inclusive Development', September 2017, p. 1.

23. Cooper, Symington and Rusare, 'KYC Innovations, Financial Inclusion and Integrity', p. 5.

24. Miho Shirotori and Brune Antunes, 'Securing Access to Financial Services for Vulnerable People During Covid-19', United Nations Conference on Trade and Development, 1 May 2020; AFI, 'Policy Framework for Leveraging Digital

months of the coronavirus pandemic coincided with the release of the FATF's guide on digital identity which revises the notion that all remote identification is high risk and can be treated as standard risk if it is based on reliable digital identity systems.²⁵ The timing of the release of this guide has meant that it has not yet had the opportunity to change this common perception.

Recommendations: It is essential that the confidence and familiarity gained during the coronavirus pandemic by supervisors with established and newer forms of remote identification are maintained and expanded on once the current crisis has been resolved.

- When addressing what can be accepted as an alternative form of identification document, it is important that regulators recognise the flexibility provided to them by the global standards, which can be especially useful in times of crisis. The FATF guidelines on identification – especially digital identity – provide for flexibility on this issue which often appears to be lost at the supervisory level. Supervisors could experiment with allowing the use of newer identifying attributes, such as verified mobile phone numbers and social media profiles, to develop means of identification that are more accessible to a greater number of people.
- Moving away from the notion that remote identification is always high risk will be beneficial for financial inclusion as it will cement the progress made in recent years by the FinTech community, who have shown that it is possible to offer services remotely and securely, without the need for physical branches.
- During the coronavirus pandemic, the need to conduct identity verification remotely has led supervisors to encourage innovation, with some supervisors, such as the Australian supervisor AUSTRAC, issuing a statement confirming that they would accept identities being verified via video calls.²⁶ Other supervisors, such as the Ghanaian Central Bank, have allowed for the remote opening of basic mobile money accounts using the information from financial crime checks which were carried out during SIM card registration.²⁷

Financial Services to Respond to Global Emergencies – Case of Covid 19', May 2020, p. 8.

25. FATF, 'Digital Identity', March 2020, p. 30.

26. AUSTRAC, 'How to Comply With KYC Requirements During the COVID-19 Pandemic', updated 8 May 2020, <<https://www.austrac.gov.au/business/how-comply-and-report-guidance-and-resources/customer-identification-and-verification/kyc-requirements-covid-19>>, accessed 2 July 2020.

27. Buddy Buruku, 'Ghana Launches World's First Digital Finance Policy Amid COVID-19', CGAP, 21 May 2020, <<https://www.cgap.org/blog/ghana-launches-worlds-first-digital-finance-policy-amid-covid-19>>, accessed 2 July 2020.

CONCLUSION

As the world adjusts to a new normal that has dramatically impacted the way in which financial services are delivered, an opportunity has arisen to drive forward the adoption by countries of a genuinely risk-based approach to supervision and financial crime controls that ensures that access to finance is consistently considered alongside the implementation of robust controls.

This Briefing Paper has outlined how countries, supervisors and regulated entities can forward this mission by considering four main areas:

1. The FATF must correct the imbalance between negative and positive incentives within the international framework to curtail financial crime to promote risk-taking by supervisors and regulated entities.
2. Developing countries must be supported so that they can adopt the flexibility present in the system.
3. Once prepared to take more risks, all entities would benefit from performing risk assessments which take account of financial inclusion through impact assessments to reduce the occurrence of unintended consequences.
4. The experience of the coronavirus pandemic must be dissected so that lessons learned can be carried forward and built on to promote more routine innovation within the system.

Of course, none of these recommendations are without their own risks. Whenever controls are perceived to be relaxed, it is likely that criminals will try and exploit them. But it is important to note that a relaxing of controls is not what this Briefing Paper suggests. It calls for the proper and proportionate application of the standards so that criminal risk can be mitigated alongside increasing access to finance. The current system, with all of its rigidity, overcompliance and exclusion, is not immune to criminal exploitation and is often criticised for its ineffectiveness. This Briefing Paper proposes a safe break from this status quo by promoting a level of experimentation which is already permitted within the standards. By implementing the recommendations made here and advancing a risk-based approach to supervision, the international anti-financial crime community will move closer to overseeing financial systems that are more inclusive and more robust in times of both crisis and normality.

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