

Guidance for Licensed Financial Institutions on Transaction Monitoring and Sanctions Screening

8 September 2021

The Central Bank of the United Arab Emirates (CBUAE) issued the ‘Guidance for Licensed Financial Institutions on Transaction Monitoring and Sanctions Screening’ which aims to assist all Licensed Financial Institutions (LFIs) with their statutory obligation pertaining to Transaction Monitoring (TM) and Sanction Screening, on the basis of reasonable grounds, under the legal and regulatory framework in force in the United Arab Emirates (UAE). Below, we have identified the key takeaways from the CBUAE guidance note.

CBUAE Guidance

Governance and Oversight

“TM and sanctions screening programs should be subject to independent testing by internal or external auditors with sufficient technological expertise and understanding of ML/TF/PF and sanctions risks and requirements.”

Enterprise-Wide Risk Assessment (EWRA)

“An LFI’s risk assessment should include, at a minimum, an assessment of the customers, products and services, delivery channels, and geographic exposure presenting the greatest money laundering (ML), terrorist financing (TF), and proliferation financing (PF) risks (...) [and risk areas] through which the LFI is most likely to engage, directly or indirectly, with sanctioned persons, parties, countries, or regions, (...) strength of controls currently in place.”

Transaction Monitoring (TM)

“LFIs should therefore review and enhance their TM frameworks regularly and upon the occurrence of specified “trigger events”, such as material changes in the LFI’s business or risk profile or its legal and regulatory environment, to ensure that they remain tailored to the institution’s financial crime risks. Incorporating feedback from the personnel handling the alerts to the TM system also helps in better calibration and tuning.”

Sanctions Screening

“In all cases, the appropriate method of sanctions screening and the screening criteria employed should be appropriately calibrated to the sanctions risks presented by the institution’s customers, products and services, delivery channels, and geographic exposure, and may therefore vary across an LFI’s business lines or units, where applicable.”

Training

“LFIs should ensure that personnel responsible for performing TM and sanctions screening roles receive training that covers key financial crimes risks faced by the institution (such as common ML/TF/PF or sanctions evasion typologies), complex and higher-risk customer and transaction types relevant to TM and sanctions screening processes, applicable legal and regulatory requirements, and internal policies, procedures, and processes.”

How we can help

- Compliance program governance review and enhancement
- Compliance program governance design
- Compliance program governance review and validation
- TM and sanctions model and technology validation and testing

- EWRA Methodology design and enhancement
- Conducting EWRA
- EWRA findings review and validation
- EWRA model development and automation

- TM system review and gap analysis
- TM scenario optimisation
- AML alert backlog clearance
- Transaction intelligence
- Alert investigation review and optimisation
- Trigger event approach design
- Nextgen TM capabilities and tools (e.g. AI, ML)

- Sanction system review and gap analysis
- Sanction scenario optimization
- Sanctions alert backlog clearance
- Intelligence led transaction screening approach
- Policy review and enhancement

- Role-specific training development
- Role-specific training delivery

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