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Navigating the EU AML/CFT Landscape

Readiness Assessment and Insights from Financial Institutions

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Preface

Financial crime, encompassing money laundering and terrorist financing, poses a profound threat to the global financial system and society at large. It undermines the trust of individuals, businesses and governments, necessitating a comprehensive and coordinated international response. Since 1989, the Financial Action Task Force (FATF) has played a pivotal role in setting global standards for Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT). Complementing this, the European Union, initially as the European Community since 1991, has worked diligently to harmonize AML/CFT frameworks across its Member States. Building on these efforts and recognizing the need for stronger harmonization, the European Commission introduced in 2021 an ambitious package of proposals aimed at harmonizing AML/CFT regulations across the European Union (EU), addressing longstanding legislative gaps among Member States.

The enactment of the new EU AML/CFT Package and the establishment of the Anti-Money Laundering Authority (AMLA) aim for significant advancement in the collective commitment to protecting financial systems from illicit activities. By striving for effective rules and consistent implementation across the EU, this package should enhance the fight against financial crime, which is essential for the stability and integrity of EU financial markets. Furthermore, these measures should deliver long-term solutions that improve efficiency and elevate the quality of operations within the financial sector across the entire European Union. The Anti-Money Laundering Regulation (AMLR) is an important part of the new EU AML/CFT Package and will be directly applicable on 10 July 2027.

This benchmark report evaluates the preparedness of the financial sector in response to the new EU AML/CFT Package. The insights in this report have been collected via a survey that was completed by 103 financial institutions in 20 countries in Europe. The insights gathered through this survey provide invaluable data for assessing compliance and readiness across obliged entities. Moreover, it underscores the importance of knowledge sharing as a foundation for building a strong knowledge base within the industry. The current report focuses exclusively on the responses and insights provided by financial institutions, despite the broader scope of the new package, which encompasses various sectors and stakeholders. Together, we strive to fortify the integrity of our financial systems and will address the challenges posed by the implementation of this package.

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Management summary

Context

- The EU AML/CFT Package was published by the EU Council in June 2024, leading to important milestones to be expected in the upcoming years for relevant public and private parties.
- The AMLR is an important part of the new EU AML/CFT Package and will be directly applicable on 10 July 2027 (with some exceptions following on 10 July 2029).
- The survey results provide valuable insight from the perspectives of **121 respondents of 103 financial institutions in 20 countries in Europe**[1] regarding the readiness for the new EU AML/CFT Package.
- In this context, the survey plays a crucial role by enabling organizations to benchmark their preparations for the EU AML/CFT Package against those of their industry peers. By providing these valuable insights, the survey fosters a collaborative environment that encourages organizations to enhance their risk management strategies, ultimately contributing to the overall integrity and resilience of the financial sector.

Results of the survey

1 **General sentiment on the EU AML/CFT Package: the EU AML/CFT Package is enhancing resilience in the fight against financial crime, however, there are concerns about the implementation and the new supervisory landscape**

The results reveal mixed sentiments regarding the upcoming EU AML/CFT Package among financial institutions. A majority (84%) of respondents believe that, upon implementation, the EU AML/CFT Package will enhance resilience in the fight against financial crime, reflecting a generally positive perception of its effectiveness. However, a substantial part (74%) of respondents also express concerns about the impact of the new regulatory changes in the EU AML/CFT Package on their organizations. Asset managers, investment firms, fintech and payment providers indicate they are less worried about this than banks and insurance companies. This suggests that banks and insurance companies anticipate a greater impact from the forthcoming changes.

Furthermore, a majority (60%) expresses concerns about the impact of changes in the supervisory landscape on their organizations. Bigger organizations seem more concerned than their smaller counterparts. Slightly more than half of the respondents (52%) see the EU AML/CFT Package as an opportunity for an improved relationship with their supervisor. This view is mainly shared by respondents in South Europe. A substantial majority of asset managers, investment firms, fintech and payment providers view the upcoming changes as an opportunity to enhance relationships with supervisors, contrary to banks and insurance companies. Additionally, employees from the first line of defense have a different perspective compared to their counterparts in the second line of defense. One third of respondents from the first line of defense feel the package will enhance their relationships with supervisors, compared to more than half of those in the second line, highlighting a notable disparity in perspectives within the organization.

Finally, a strong majority (85%) believe that the proposed changes concerning Financial Intelligence Units (FIUs) will enhance the effectiveness of efforts to combat financial crime, reflecting a positive sentiment towards this aspect of the regulatory reforms. These changes include, for example, strengthened collaboration between FIUs and other authorities, as well as improved processes for reporting suspicious transactions. Notably, respondents from Southern European countries predominantly support this view.

84% of respondents expect improved resilience in the fight against financial crime

74% of respondents have concerns about the impact of the regulations on their organization

2 Preparation approach: financial institutions are in the early stages of their preparations for implementing the EU AML/CFT Package, predominantly driven by the second line of defense.

The results highlight a strong commitment among financial institutions to prepare for upcoming changes, with a notable majority taking proactive steps, while a smaller segment may require additional focus to enhance their readiness. The majority of the respondents (84%) have commenced their preparations, though most are either still defining their approach or have established only initial strategies. Banks appear to be further advanced in their preparations compared to other financial institutions, with the majority having defined a high-level roadmap.

Most respondents reported that preparations for the EU AML/CFT Package within their organizations are primarily driven by the second line of defense. However, collaborative working groups comprising cross-functional teams from both the first and second lines reflect a more integrated approach to preparatory activities. Overall, the first line and external advisors are less involved than the second line. This is mainly valid for South and East Europe; North Western European countries are more likely to involve the first line of defense in their preparations. The results further indicate a clear preference for utilizing existing governance structures during the preparatory phase.

84% of respondents have started their preparations

68% of respondents involve second line in their preparations

3 Preparedness: financial institutions are confident that they have sufficient resources and a good understanding to effectively implement the EU AML/CFT Package, yet some express concerns about their involvement in staying updated on regulatory changes

Over the past few years, financial institutions have made substantial investments in their operations and training programs to enhance their compliance frameworks and operational capabilities. These initiatives appear to be yielding positive results, as the survey reveals a strong sense of confidence among respondents regarding their organizations' readiness to implement the EU AML/CFT Package: 94% believe they have sufficient resources, and 81% affirm a strong understanding of the regulatory framework. However, concerns remain about staying informed of ongoing regulatory developments; one third of respondents does not have confidence in the engagement of their organization with those developments. Insurance companies, in particular, show the least confidence in their monitoring abilities compared to other institutions, highlighting the need to enhance capabilities to remain compliant with incoming regulatory requirements in a timely manner.

94% of respondents has confidence in their resources regarding the implementation of AMLR

31% of respondents have concerns about staying informed about regulatory changes



4 Expected gaps: financial institutions are primarily concerned about client data gathering and actualization, and innovation; banks identify more significant gaps than other respondents

Respondents primarily identify areas of concern in client data gathering and actualization, as well as innovation-related processes. Most significant gaps are notified in these processes and in KYC processes (including onboarding, event-driven and periodic reviews), and in the use of tooling and technology. In contrast, respondents foresee either no or minimal gaps in FIU reporting, organizational governance, and learning and awareness.

Notably, differences emerge between various types of financial institutions: banks anticipate bigger gaps than insurance companies and insurance companies anticipate bigger gaps than asset managers, investment firms, fintech and payment providers. Additionally, smaller organizations overall report smaller gaps. Within the organizations, first line anticipates lager gaps than second line.

Gaps are expected in client data gathering and actualization, and innovation

Key messages

From the perspectives of 121 respondents in 20 countries in Europe we have identified four key messages that reflect the current readiness and interpretation of the EU AML/CFT package:

1

The EU AML/CFT Package is enhancing resilience in the fight against financial crime, however, there are concerns about the implementation and the new supervisory landscape.

2

Financial institutions are in the early stages of their preparations for implementing the EU AML/CFT Package, predominantly driven by the second line of defense.

3

Financial institutions are confident that they have sufficient resources and a good understanding to effectively implement the EU AML/CFT Package, yet some express concerns about their involvement in staying updated on regulatory changes.

4

Financial institutions are primarily concerned about client data gathering and actualization, and innovation. Banks identify more significant gaps than other respondents.


3108.90
1510.95

Introduction and aim of the survey



The EU AML/CFT Package

Since 1989, the Financial Action Task Force (FATF) and, since 1991, the European Union (then the European Community) have striven to harmonize Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) regulations. In 2021, the European Commission set out to bolster the EU's defenses against financial crime with an ambitious package of legislative proposals. This package includes the Anti-Money Laundering Authority Regulation (AMLAR), the Anti-Money Laundering Regulation (AMLR), the sixth Anti-Money Laundering Directive (AMLD6), and the recast Wire Transfer Regulation II (WTR II) and has been published by the EU Council in June 2023.

The package aims to strengthen the EU's anti-money laundering and countering terrorism financing (AML/CFT) rules and bridge legislative gaps across Member States. A key element of this package is the introduction of a new EU authority - the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) - a central authority coordinating national competent authorities acting in the AML/CFT ecosystem, such as supervisors and Financial Intelligence Units (FIUs). The AMLA will act as the cornerstone of an integrated system that encompasses national AML/CFT supervisory authorities and FIUs, thereby facilitating mutual support and collaboration among these entities. Moreover, it will assume a direct supervisory role over selected obliged entities within the financial sector. Another key element is the new AMLR which will be directly applicable to all obliged entities starting July 2027 (with certain exceptions effective from July 2029), eliminating the need for separate national legislations and ensuring consistency and harmonization. In parallel, the sixth Anti-Money Laundering Directive (AMLD6) introduces critical AML-related rules that necessitate national transposition and cannot be incorporated into a European regulation. This directive clarifies the powers of FIUs, underscores the importance of risk-based supervision, and describes the rules and procedures of centralized registers, among other essential provisions.

The package introduces a wave of upcoming deadlines, with nearly 100 due dates over the next 8 years, concentrated particularly in July 2026, 2027, and 2029. These deadlines encompass a range of requirements, including AMLA guidelines, regulatory and implementing technical standards, member state notifications, and reports, introducing further detailed regulatory requirements and interpretations for obliged entities and other stakeholders.

Although the EU AML/CFT Package does not signify a revolutionary overhaul of existing requirements, it will introduce a substantial array of changes that are poised to impact all facets of AML/CFT processes at financial institutions and organizational structures. The degree of this impact will differ across various components of the framework.

What are the challenges?

The implementation of the new EU AML/CFT Package presents several challenges for organizations across the financial sector. As noted earlier, the legislative package includes over 100 due dates spread over an extended period. A key aspect of this implementation will be the release of a series of guidelines and technical standards by AMLA. The deadline for publication of these guidances and regulations is scheduled for publication on 10 July 2027, coinciding with the effective date of AMLR applicability. Currently, a degree of uncertainty remains regarding the interpretation and application of certain AMLR provisions by obliged entities. This uncertainty is further compounded by the absence of key guidelines, which have yet to be issued ahead of the July 2027 deadline. This includes further guidance on politically exposed persons (PEPs), reliance on other obliged entities, third-country risks, suspicious transaction reporting, outsourcing, and other relevant areas.

Furthermore, the AMLR introduces new compliance requirements that are not fully aligned with the current operational processes and IT infrastructure of obliged entities. Addressing this misalignment will require adjustments to existing processes and systems, which can be resource-intensive and may involve significant investment in technology, personnel, and training.

Finally, direct supervision by the AMLA will apply to a limited number of obliged entities. However, AMLA will coordinate national authorities to ensure the correct and consistent application of EU rules. The aim of the EU Authority is to transform the anti-money laundering and countering the financing of terrorism supervision in the EU and enhance cooperation among financial intelligence units (FIUs).

In conclusion, while the new EU AML/CFT Package marks a significant step forward in strengthening the regulatory framework, its implementation poses considerable challenges for financial institutions. Organizations must prepare for extensive changes, invest in necessary resources, and remain adaptable amid ongoing uncertainties regarding regulatory guidance. Furthermore, AMLA's supervisory role is set to raise standards across the sector, emphasizing the importance of consistent compliance efforts by all obliged entities, regardless of their direct supervisory status. A proactive and collaborative approach will be essential to successfully navigate this complex transition.



Aim of the survey

The aim of this survey is to empower organizations to effectively benchmark their preparations for the EU AML/CFT Package against industry peers, thereby facilitating a comprehensive understanding of their level of readiness and expected gaps in relation to the package. By showing the responses from the respondents, the survey provides participants with actionable insights that can inform their implementation strategy. Furthermore, by fostering a collaborative environment, the survey encourages knowledge sharing and dialogue within organizations and amongst stakeholders, ultimately enhancing risk management approaches across the sector. This collective effort not only strengthens the individual organization's compliance frameworks but also contributes to the overall integrity and resilience of the financial sector as a whole. Through this initiative, we aspire to support organizations in navigating the evolving regulatory landscape and fortifying their defenses against financial crime.

The survey is divided in 4 topics:

1. **General sentiment**
   What is the general sentiment among financial institutions?
2. **Preparation approach**
   What is the current state of preparedness among financial institutions?
3. **Preparedness**
   What is the level of preparedness of financial institutions regarding future developments?
4. **Expected gaps**
   What kind of gaps are financial institutions currently expecting?

In this report, we examine the perspectives of various financial institutions regarding the EU AML/CFT package. The survey results provide valuable insight from the perspectives of 121 respondents of 103 financial institutions in 20 countries in Europe. It is important to note that the number of respondents does not directly correspond to the number of financial institutions, as some respondents did not provide the name of their financial institutions, and some respondents work at the same financial institution. Furthermore, the number of respondents varies per question, as not all participants answered every question. To ensure reliability and maintain anonymity, results for answer categories with fewer than five respondents are not displayed. Additionally, differences between groups will only be discussed where notable variations exist.

We present the outcomes on each of the subtopics and briefly reflect on the implications.


60%
75%
45%
80%
75%
17%
16%
22%
20%

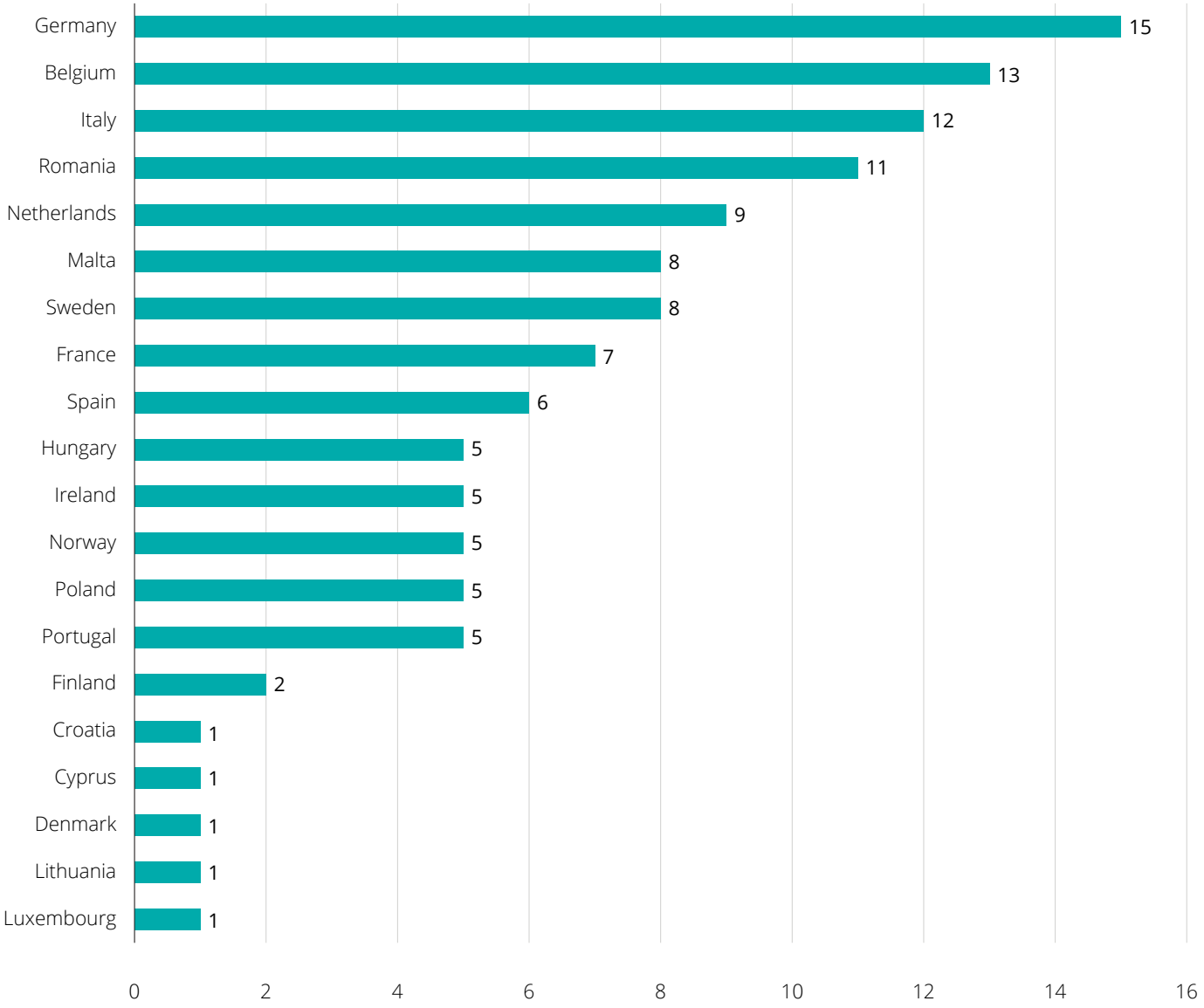
Results

Survey participants

What type of financial institutions participated in the survey?

Respondents are mainly banks, followed by insurance companies, and other financial institutions

The recent survey conducted within the financial services sector indicates that a significant majority of respondents are employed by banks, which represent a substantially larger proportion compared to other institutions such as insurance companies, asset managers, investment firms, fintech and payment providers. Most participants originate from North-Western financial institutions with medium-sized organizations (those with 251 to 1,000 employees) constituting the largest group of respondents. Furthermore, the survey reflects a considerable presence of individuals in the second line of defense, predominantly in leadership, executive, AML, financial crime specialist, and compliance roles.

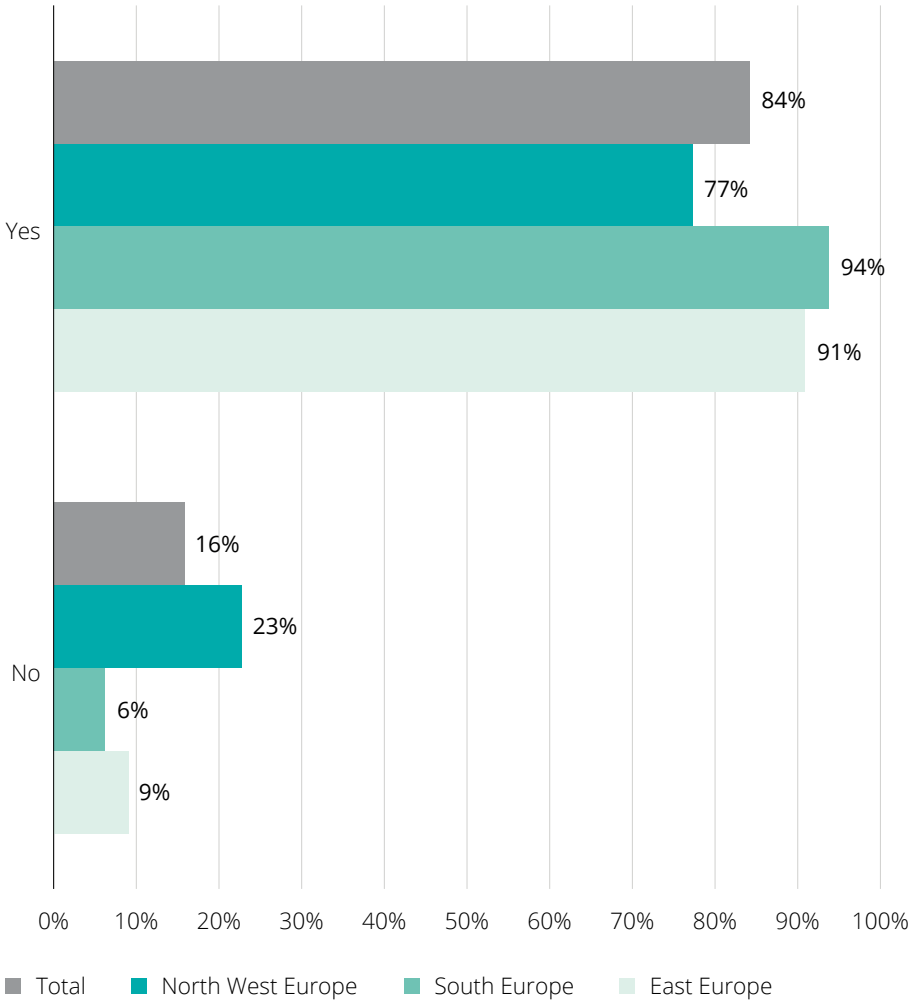


Graph 1: Location of the financial institutions of the respondents
N=121

1. General sentiment of the EU AML/CFT Package

What is the sentiment about the changes of the EU AML/CFT package?

1.1: Do you feel the EU AML/CFT Package is improving the resilience in the fight against financial crime?

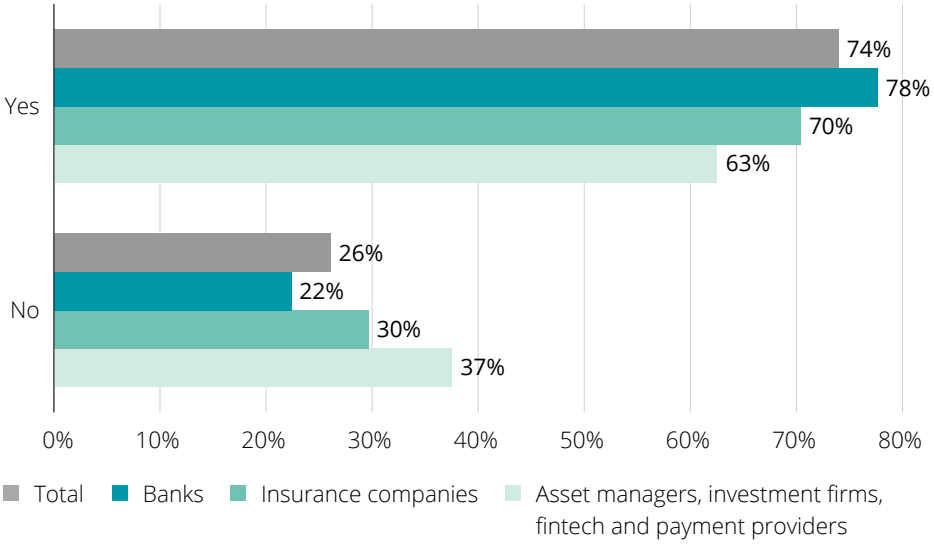


Graph 2: Sentiment on improved resilience
N=120[2]
Number of respondents (%)

Resilience improved

- 84% of respondents believe that the EU AML/CFT Package is improving resilience in the fight against financial crime. This shows a generally positive perception of the overall effectiveness. This optimism aligns with the objective of harmonizing legislation across all Member States. Only 16% of the respondents do not believe that it is improving resilience in the fight against financial crime.
- Countries in South and East Europe[3] have a more favourable view on the package, with 94% of Southern European and 91% of Eastern European respondents believing it enhances resilience, compared to 77% of their North-Western European counterparts. This contrast suggests that Southern and Eastern European nations may perceive greater potential for the package to strengthen their defense against financial crime.

1.2: Do you worry about the impact of the new regulatory changes in the EU AML/CFT Package to your organization?

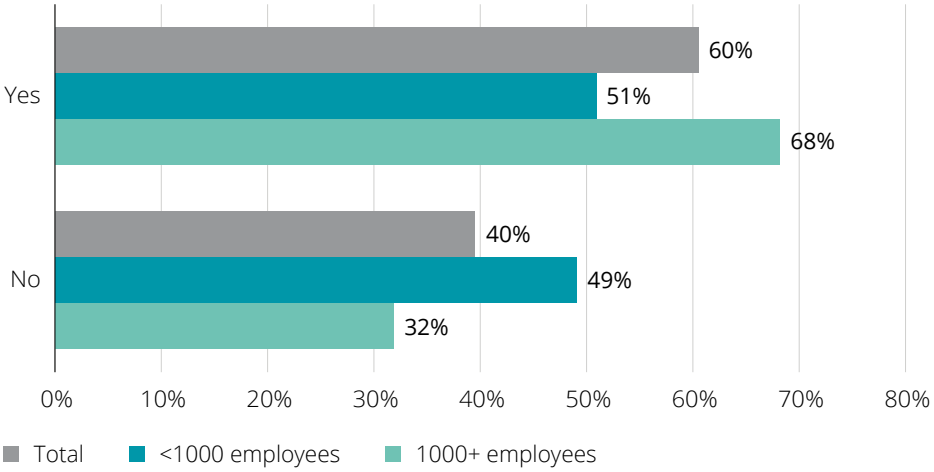


Graph 3: Impact on organization
N=119
Number of respondents (%)

Concerns regarding the internal effects

- 74% of the respondents are worried about the impact of the new regulatory changes in the EU AML/CFT Package on their organization.
- Asset managers, investment firms, fintech companies and payment providers exhibit the least concern about the impact of the new regulatory changes, with 63% expressing worry. Insurance companies (70%) and banks (78%) report slightly higher levels of concern.

1.3: Do you worry about the impact of changes in the supervisory landscape to your organization?

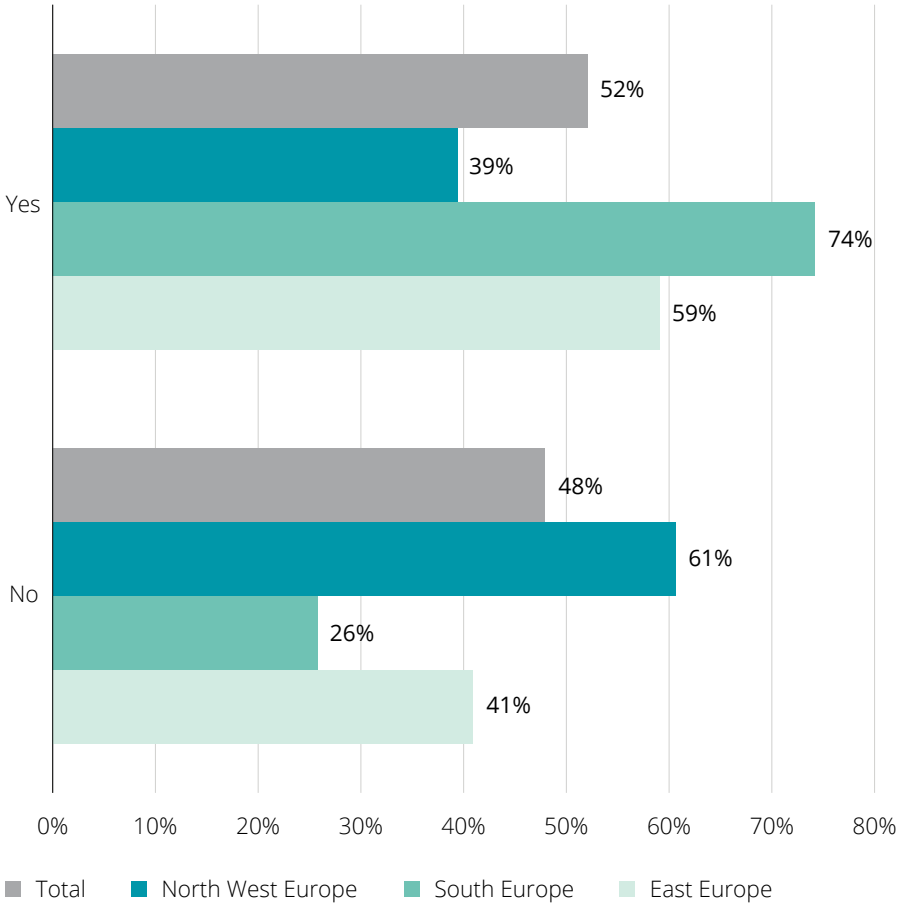


Graph 4: Impact on supervisory landscape
N=119
Number of respondents (%)

Concerns regarding the impact of the new supervisory landscape

- A majority (60%) expresses concerns about the impact of changes in the supervisory landscape on their organizations.
- There are differences between different sizes of organizations. Organizations with more than 1,000 employees expect a bigger impact from changes in the supervisory landscape on their organization than their smaller counterparts.

1.4: Do you believe the upcoming EU AML/CFT Package offers an opportunity for an improved relationship between your organization and your supervisor?

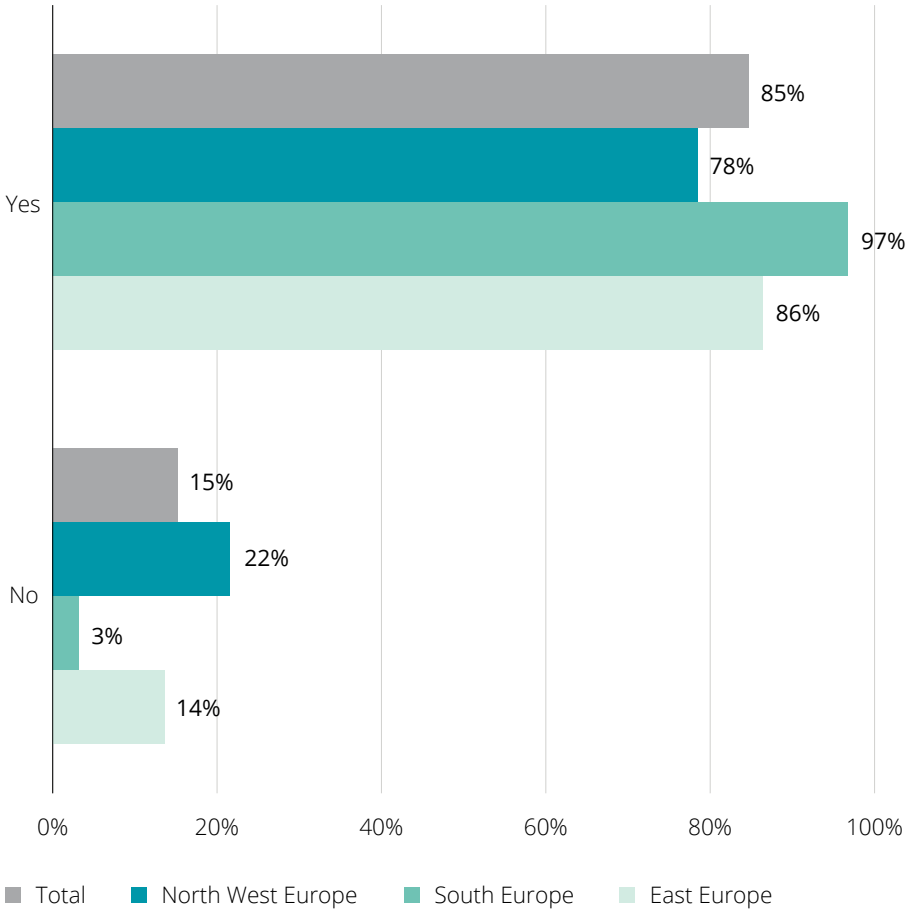


Graph 5: Opportunity for improved relationship supervisor
N=119
Number of respondents (%)

Half of the respondents foresee opportunities in improving the supervisor relationship

- Slightly more than half (52%) of the respondents believe that the upcoming EU AML/CFT Package offers an opportunity for improved relationships with their supervisors, while the remaining 48% do not share this sentiment.
- 74% of respondents in South Europe believe that the forthcoming EU AML/CFT Package presents an opportunity to enhance their relationships with regulators. In contrast, 59% of respondents from East Europe share this view and only 39% of respondents in North-Western Europe.
- Respondents from the second line of defense express a more optimistic belief (56% answered yes) that the package is improving their relationship with the regulator/supervisor than those in the first line (33% answered yes).[4]

1.5: Do you feel the changes around the FIU contribute to a better fight against financial crime?



Graph 6: Expected effect FIU changes
N=118
Number of respondents (%)

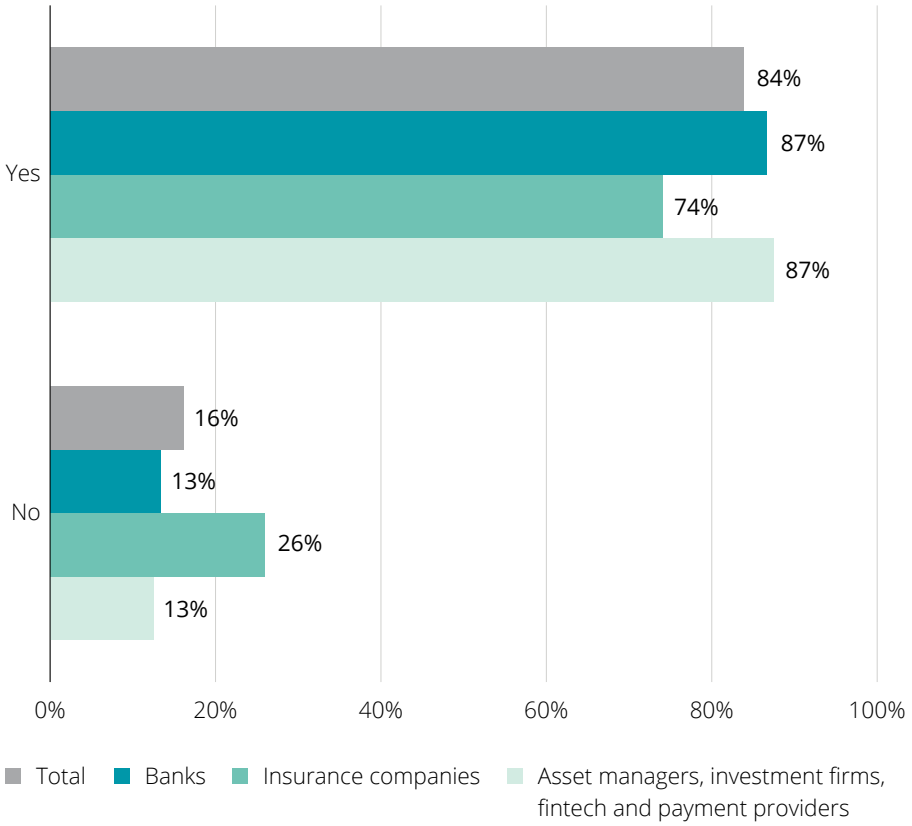
Improved approach by FIU changes

- A strong majority (85%) feel that the changes around the FIU contribute to a better fight against financial crime, indicating a positive sentiment towards this specific aspect of the regulatory changes.
- It is particularly striking that almost all Southern European countries (97%) feel that the changes around the FIU contribute to the fight against financial crime, a higher consensus than in East (86%) and in North West Europe (78%). Respondents in South Europe recognize greater potential for improvement in the fight against financial crime with the FIU changes.

2. Preparation approach

How far along are financial institutions with their preparations for the EU AML/CFT Package?

2.1: Has your organization started preparing for the upcoming EU AML/CFT Package?

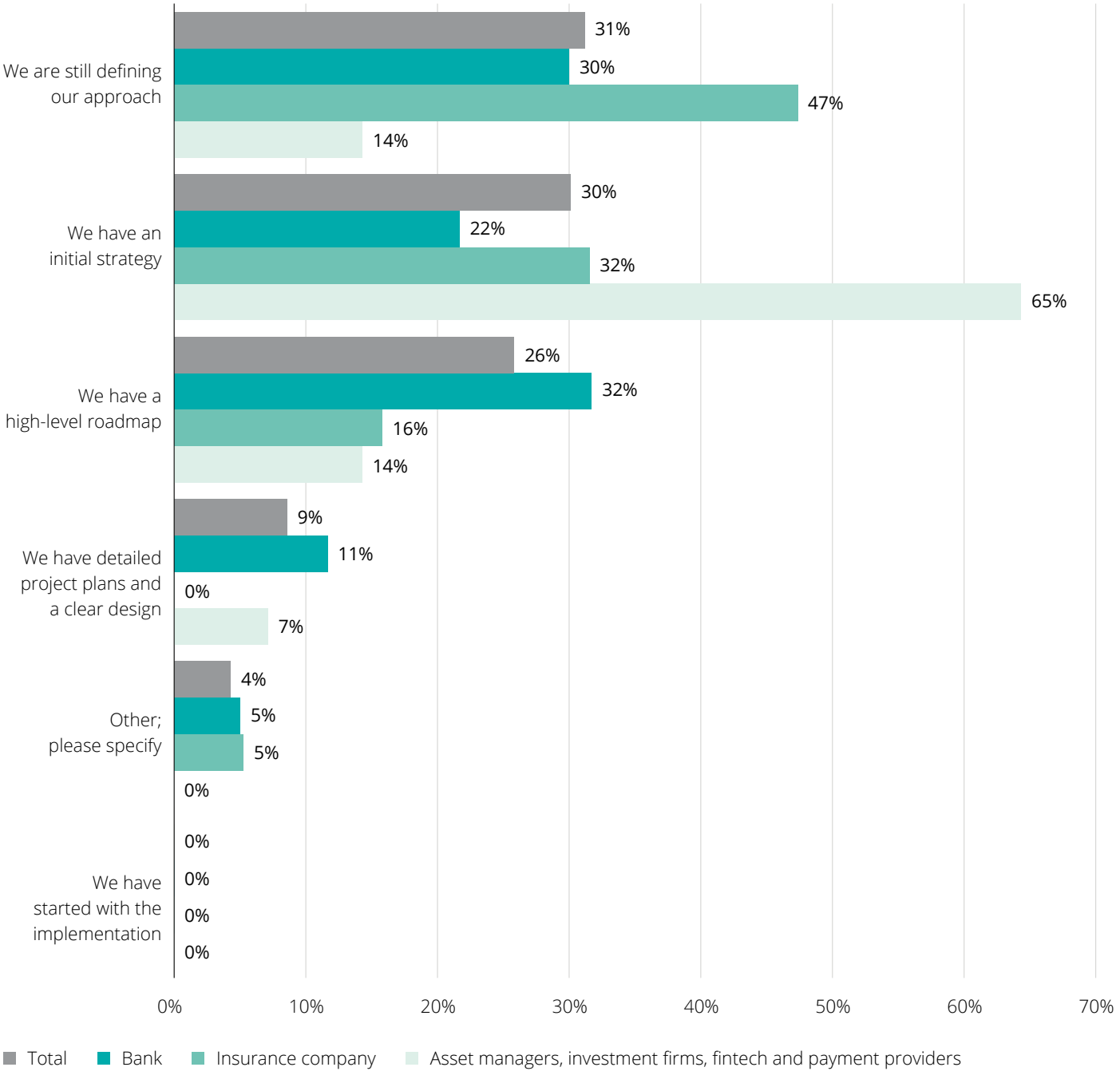


Graph 7: Preparations started
N=118
Number of respondents (%)

Almost all the financial institutions started their preparations

- The AMLR will be applicable on 10 July 2027, and a majority (84%) of the respondents have already started their preparations. This suggests that these organizations are taking a proactive approach in anticipating and responding to upcoming changes and requirements.
- All types of financial institutions have started their preparations. Insurance companies shows the highest percentage (26%) of respondents indicating preparations have not started.
- Only 16% of all respondents indicated that they have not yet started their preparations. This suggests they are taking a more reactive approach awaiting further guidelines and technical standards to be published.

2.2: What is the current status of your preparations regarding the EU AML/CFT Package?



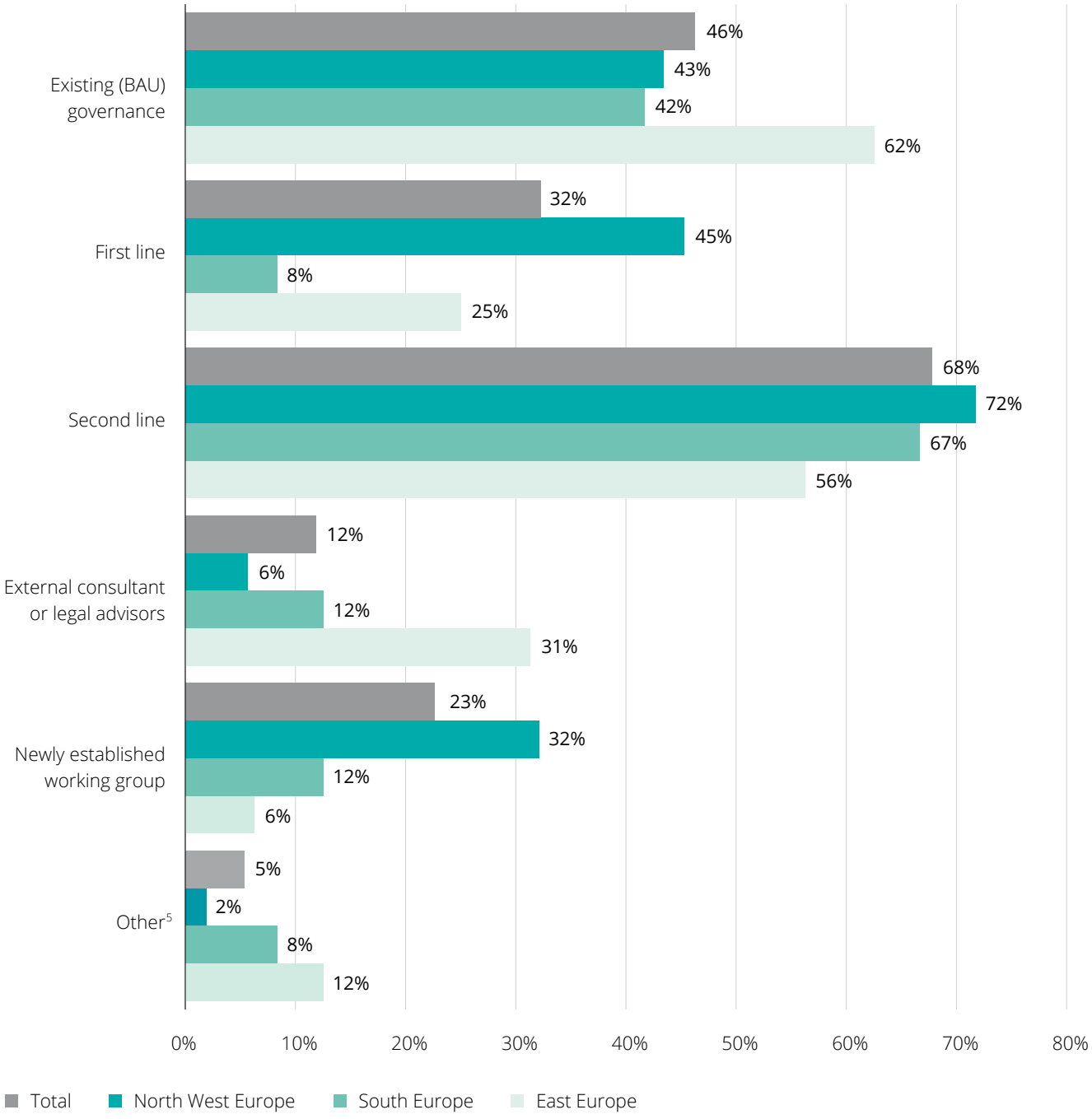
Graph 8: Status of preparations
N=93
Number of respondents (%)



Most financial institutions are in the early preparation stages

- 93 out of 121 respondents answered this question regarding the status of their preparations.
- Most respondents who answered this question are in the early phases of their preparations regarding the new EU AML/CFT Package, with about one-third (31%) of respondents indicating that they are still defining their approach. Approximately another third has established an initial strategy (30%), indicating a foundational level of planning among many institutions. 26% of respondents have progressed further by defining a high-level roadmap, while 9% have developed detailed project plans and a clear design.
- None of the respondents indicated that beginning with implementation activities best described their current situation. This is likely due the AMLR being applicable from 10 July 2027 and further guidelines and technical standards need to be released.
- Banks appear to be further along in their preparations compared to other financial institutions, with the majority having defined a high-level roadmap (32%) or detailed project plans and clear designs (11%). In contrast, insurance companies are mostly still defining their approach (47%), indicating that they are in the early stages of strategizing their response to regulatory changes. Asset managers and investment firms, along with fintech and payment providers, have predominantly developed initial strategies (65%), indicating a more proactive approach in their preparations, positioning them between banks and insurers.
- 93% of the respondents of the first line of defense indicate that they are in the early stages of their preparations, either defining their approach or having established an initial strategy, compared to 53% of the second line respondents.
- The results indicate that larger financial institutions with more than 1,000 employees are likely to have developed a high-level roadmap or detailed project plan (44%) compared to smaller institutions (22%), possibly due to their greater access to resources and the availability of personnel to support the preparation process, enabling them to advance further in their planning efforts.

2.3: How is your organization approaching EU AML/CFT Package compliance preparations?



Graph 9: Approach preparations[6]
N=93
Number of respondents (%)



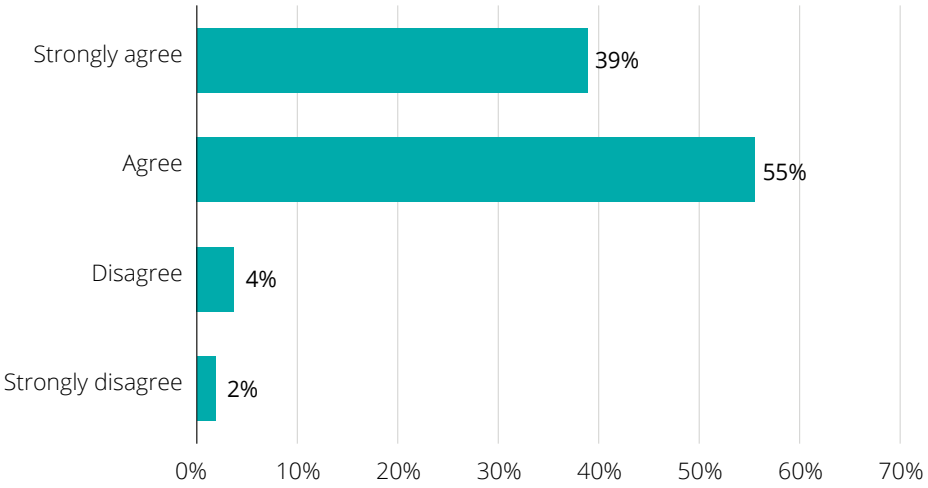
Preparations are mainly done by second line

- Most institutions (68%) have their second line of defense in charge of preparations. A smaller proportion (32%) of respondents indicated that preparations are primarily conducted within the first line of defense, suggesting that while operational teams have some involvement in the preparatory work, their role is less prominent compared to that of the second line.
- Nearly half (46%) of respondents integrate preparations into existing Business As Usual (BAU) governance structures, with this practice being particularly common in Eastern Europe (62%).
- Furthermore, one in eight respondents (12%) indicates that they are collaborating with external consultants or legal advisors for their preparations.
- Respondents from financial institutions in North West Europe are more likely to involve the first line of defense in their preparations (45%) compared to those in South Europe (8%).
- 73% of respondents from the first line of defense answers that they are involved in the preparations, whereas only 25% of the respondents in the second line answer that the first line of defense is involved. This highlights a notable discrepancy in perspective between the two lines.

3. Preparedness

Are financial institutions feeling prepared for the new EU AML/CFT Packages?

3.1: I believe my organization has sufficient resources to prepare for implementation of the EU AML/CFT Package.

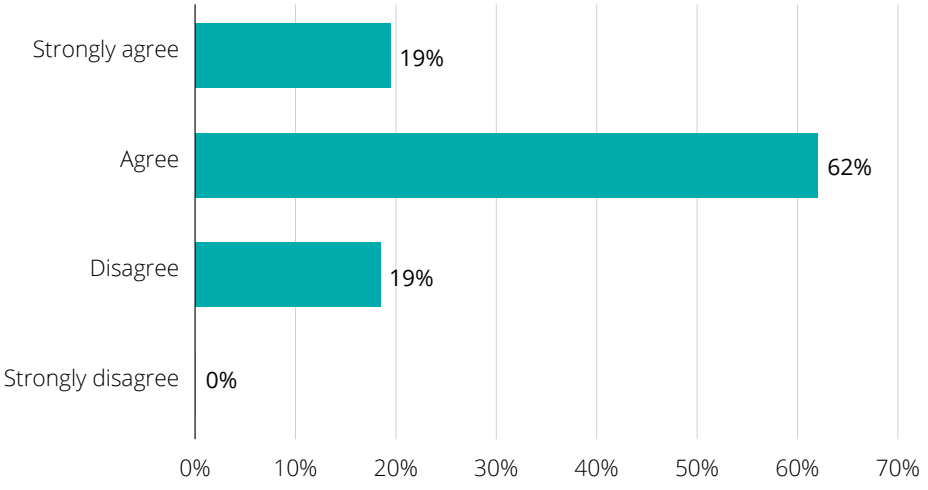


Graph 10: Resources for implementation EU AML/CFT Package
N=108
Number of respondents (%)

Confidence about resource sufficiency

- Almost all respondents (94%) believe that their organization possesses sufficient resources for implementing the EU AML/CFT Package. This indicates confidence in their compliance capabilities.
- Most respondents across various financial institutions, countries, lines of defense, and sizes express similar confidence.

3.2: Based on what we know now, I believe my organization has sufficient understanding of what the EU AML/CFT Package entails.

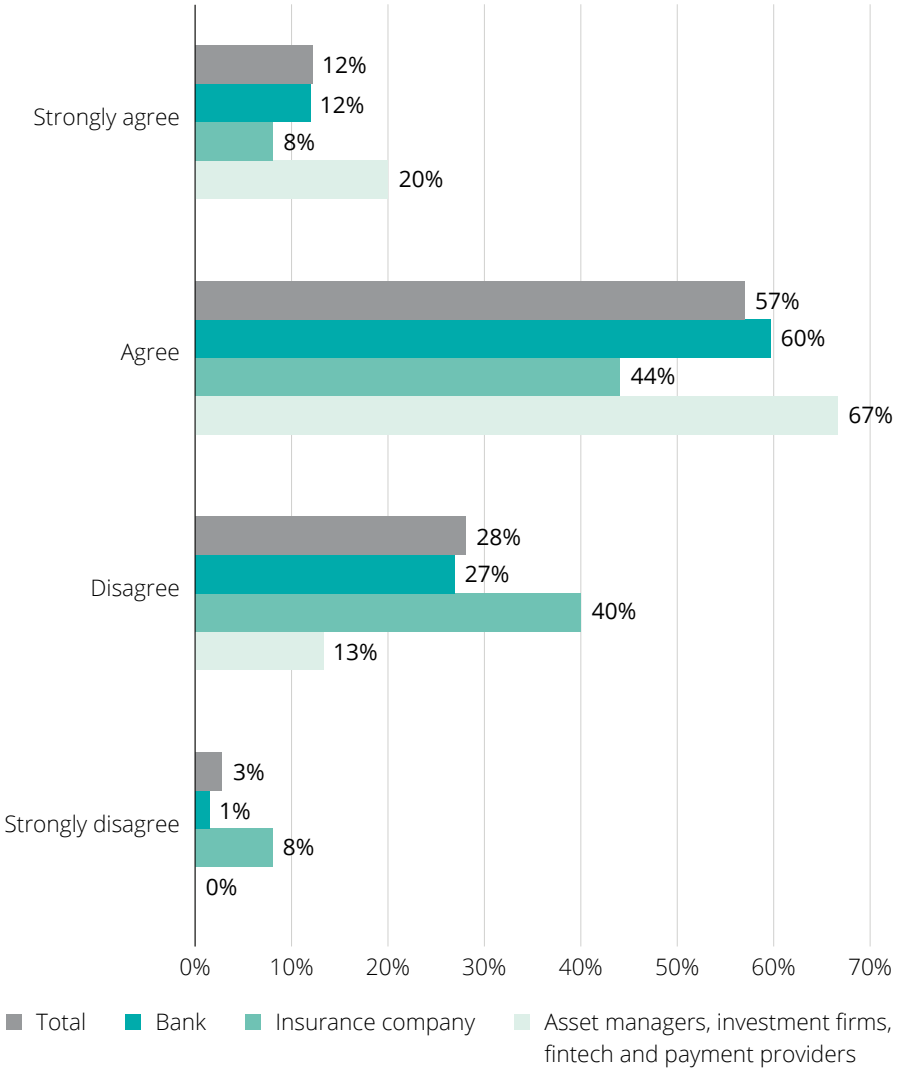


Graph 11: Sufficient understanding EU AML/CFT Package
N=108
Number of respondents (%)

Understanding of the EU AML/CFT Package

- With 81% of respondents affirming that their organization has a sufficient understanding of the EU AML/CFT Package, there is a strong sense of confidence in grasping and understanding the extent of the future requirements. This suggests that organizations are not only equipped to implement the necessary measures effectively but are also aware of what the regulatory framework entails.
- Most respondents across various financial institutions, countries, lines of defense, and sizes express similar confidence.

3.3: My organization closely follows developments at the level of the EU AML/CFT Package (such as RTS, consultations, etc.)



Graph 12: Closely following developments
N=107
Number of respondents (%)

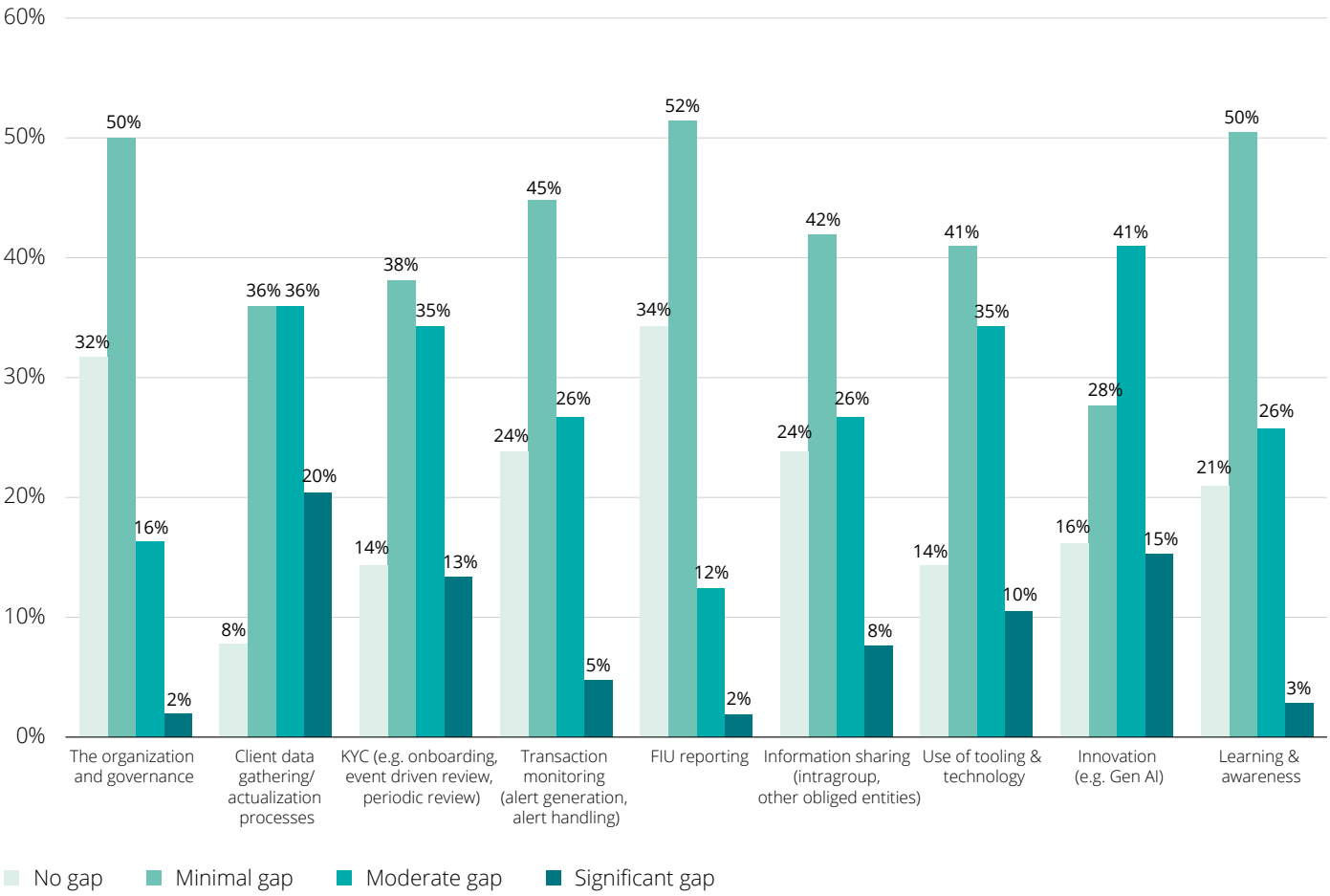
Concerns about staying informed about regulatory changes

- There appears to be a more negative sentiment regarding engagement with ongoing developments related to the EU AML/CFT Package. 69% of the respondents think that their organizations closely follow developments at the level of the EU AML/CFT Package; almost one third does not have confidence in the engagement of their organization with ongoing developments.
- There are some discrepancies between different types of institutions. Only 52% of insurance companies show their confidence in believing that they can effectively track these developments. Asset managers, investment firms, fintech and payment providers (87%), and banks (72%), demonstrate greater confidence in their organizations' regarding the ability to monitor the developments of the EU AML/CFT package.

4. Expected gaps

What gaps do financial institutions anticipate?

4.1: What gaps do you anticipate in your organization with the implementation of the new EU AML/CFT Package?

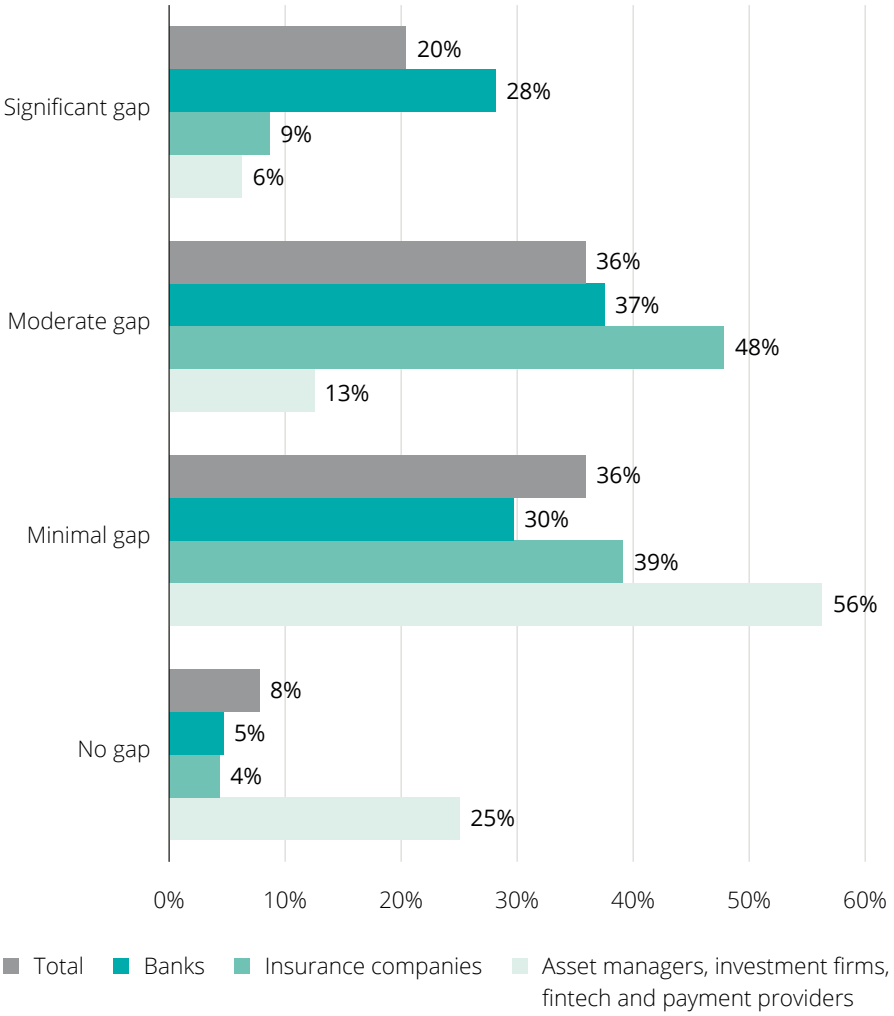


Graph 13: Anticipated gaps
N=104
Number of respondents (%)

Potential gaps are mainly seen in client data gathering and innovation

- Respondents foresee potential gaps within their organizations related to the implementation of the new EU AML/CFT Package. Overall, the primary areas where the majority of respondents identifies a moderate to significant gap include client data gathering and actualization, as well as aspects related to innovation. Respondents expect a minimal discrepancy in areas such as FIU reporting, the organization and governance, and learning and awareness.

4.2: What gaps do you anticipate in your organization with the implementation of the new EU AML/CFT Package with regards to client data gathering/actualization?

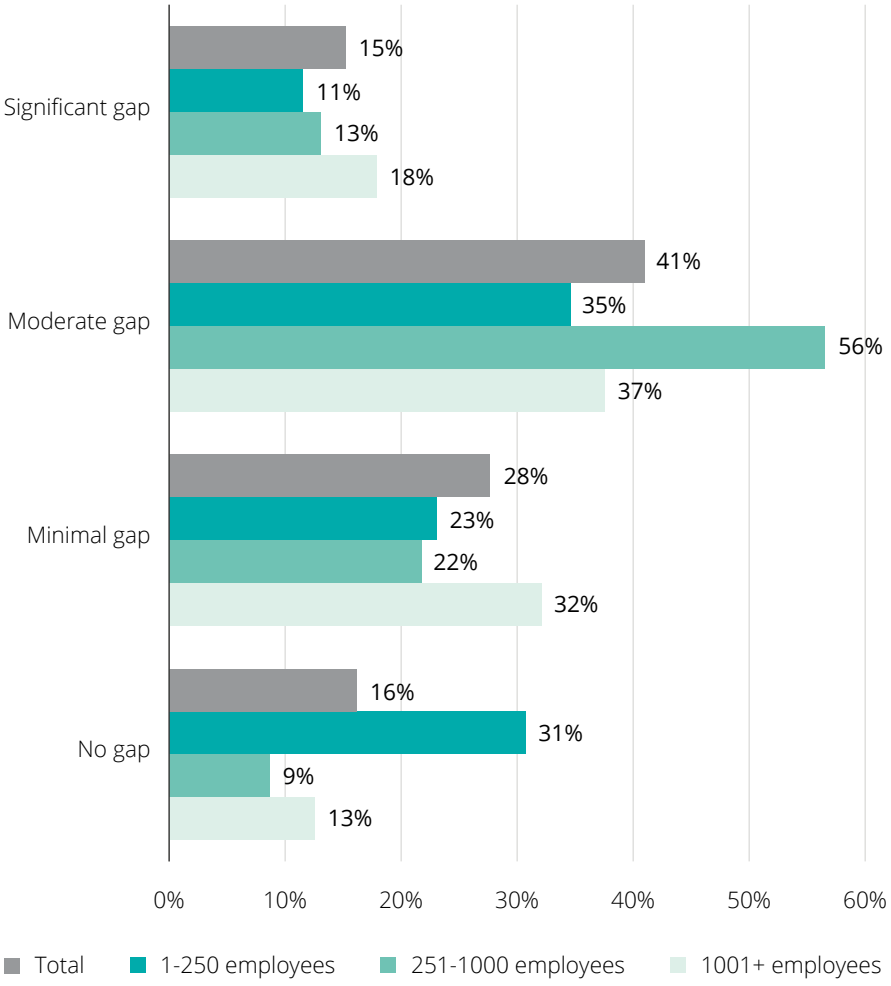


Graph 14: Anticipated gaps in data gathering and actualization per Financial Institution
N=103
Number of respondents (%)

Assessing the gap on data gathering and actualization

- The majority of the respondents (56%) anticipate a moderate to significant gap in client data gathering/actualization processes. 20% of the respondents even anticipate a significant gap. These findings illustrate the need for a closer examination of current data practices and the potential for improvement to enhance overall effectiveness in client data management.[7]
- Interestingly, banks recognize a moderate (37%) to significant (28%) gap between their policies and the new regulations concerning client data gathering and actualization. The majority of insurance companies anticipate a minimal (39%) or a moderate (48%) gap, while most asset managers, investment firms, payment providers and fintech entities expect no gap (25%) or a minimal gap (56%). These companies seem less concerned about the gaps in client data gathering.
- It is noteworthy that large financial institutions mainly perceive the data gathering topic as an important gap (37% perceives a moderate gap and 29% a significant gap). In contrast, most medium-sized financial institutions identify a minimal (43%) to moderate gap (30%). Among smaller financial institutions, the majority of responses also fall between minimal (42%) and moderate (35%).

4.3: What gaps do you anticipate in your organization with the implementation of the new EU AML/CFT Package with regards to innovation?

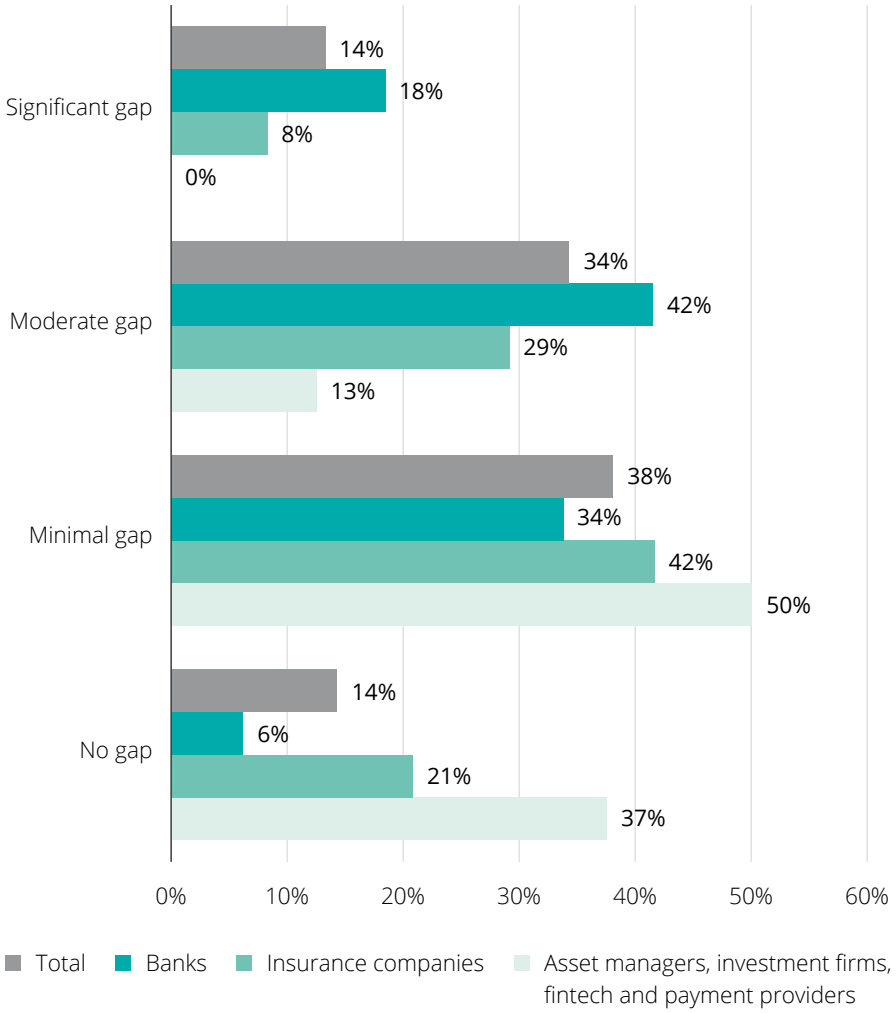


Graph 15: Anticipated gaps regarding innovation per size of the Financial Institution
N=105
Number of respondents (%)

Assessing the innovation gap

- The majority of respondents (56%) identify a moderate to significant gap in innovation. 15% of respondents even identify a significant gap, suggesting that about one in six organizations perceive a serious shortfall in their innovative capabilities.
- Respondents from medium size institutions seem most concerned about the innovation gap. 69% expect a moderate to significant gap. More or less half of the respondents of other financial institutions (55% of larger institutions and 46% of smaller institutions) expect a moderate to significant gap.
- The majority of respondents from asset managers, investment firms, fintech and payment providers (56%), and insurance companies (54%) expect to encounter no or only a minimal gap in innovation. In contrast, only 37% of banks anticipate no to a minimal gap. A substantial proportion of banks foresee a moderate to significant gap in this area.

4.4: What gaps do you anticipate in your organization with the implementation of the new EU AML/CFT Package with regards to KYC?

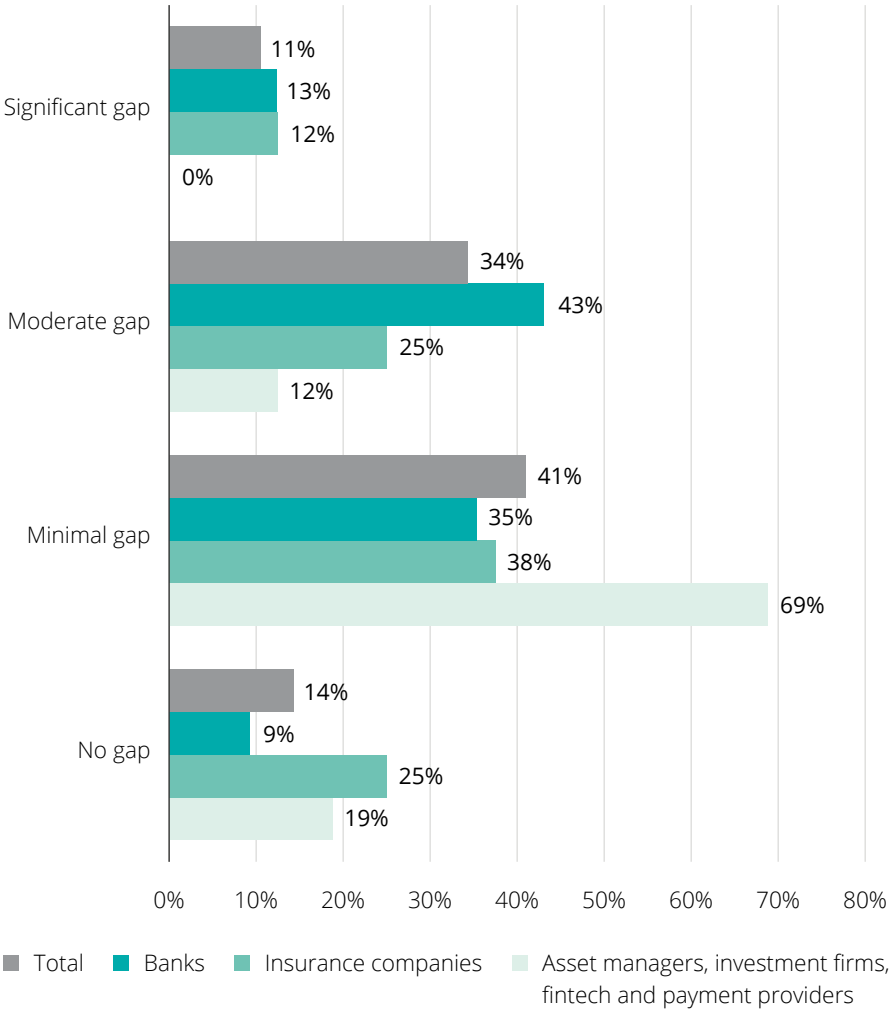


Graph 16: Anticipated gaps regarding KYC per Financial Institution
N=105
Number of respondents (%)

Varied perceptions on KYC gaps

- The results indicate a varied perception of the Know Your Customer (KYC) gaps among respondents. While the majority perceive a minimal gap (38%), 34% identify a moderate gap, and 14% even report a significant gap. This suggests that they recognize possible challenges they may face during onboarding and ongoing due diligence.[8]
- Interestingly, a portion of respondents from banks (18%) and insurance companies (8%) anticipate a significant gap in their KYC processes, whereas respondents from asset managers, investment firms, fintech and payment providers do not expect any significant gaps. Furthermore, 37% of respondents from asset managers, investment firms, fintech and payment providers do not foresee a gap at all, while only a small percentage of banks (6%) and insurers (21%) share this view.
- The results also indicate that perceptions of the gap in KYC among respondents vary significantly based on the size of their financial institution. It is particularly striking that smaller institutions of maximum 250 employees, report a minimal gap to no gap in their KYC processes (73%), with a quarter (27%) indicating that they perceive no gap at all. In contrast, medium and large size institutions tend to anticipate a more significant gap in KYC (17% versus 16%).

4.5: What gaps do you anticipate in your organization with the implementation of the new EU AML/CFT Package with regards to the use of tooling and technology?

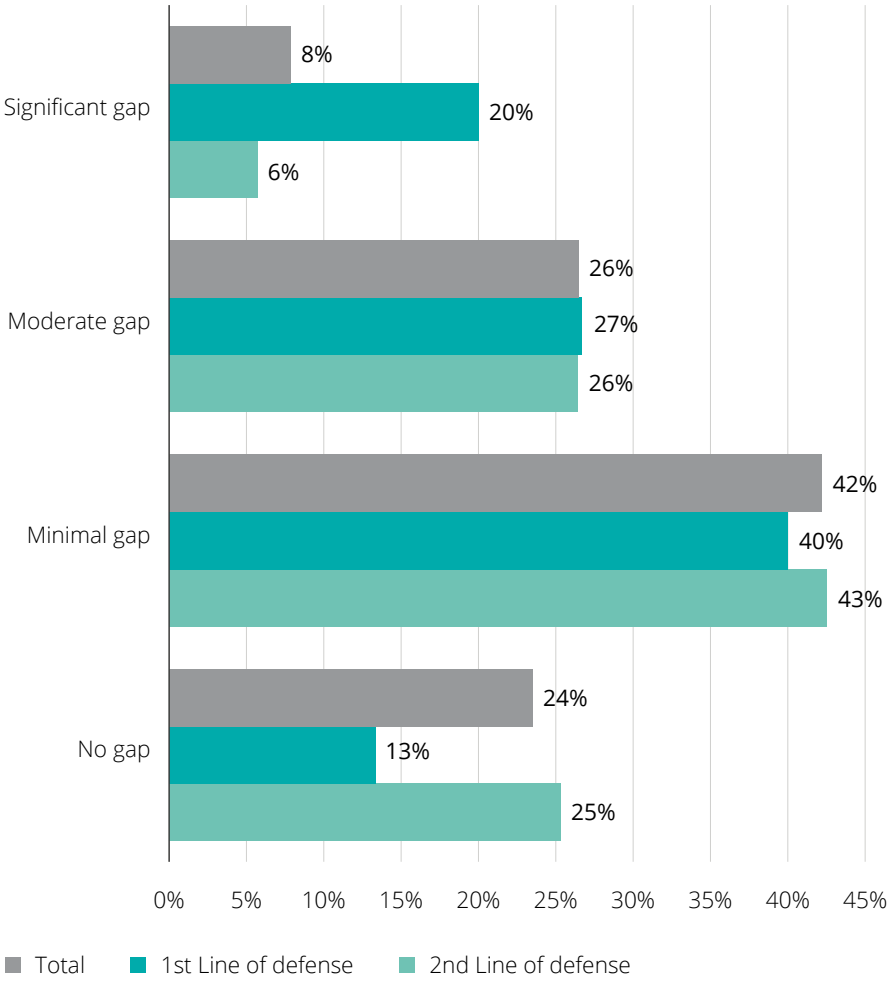


Graph 17: Anticipated gaps regarding technology and tooling per Financial Institution
N=105
Number of respondents (%)

Confidence and challenges in tooling and technology

- The majority of respondents (86%) anticipate a gap in tooling and technology. Nearly half (45%) expect at least a moderate gap, while 11% foresee a significant gap in the use of tooling and technology.
- The results indicate that the majority of banks anticipate a moderate (43%) to significant (13%) gap in the use of tooling and technology, whereas the majority of insurance companies anticipate no (25%) to a minimal (38%) gap and even more asset managers, investment firms, fintech companies, and payment providers anticipate no (19%) to a minimal gap (69%). The latter are more confident about their technology and tooling than banks and insurance companies.
- The majority of North Western (56%) and Southern European (63%) respondents expect no to a minimal gap in tooling and technology. In contrary, most Eastern European respondents anticipate a moderate to significant gap (61%).

4.6: What gaps do you anticipate in your organization with the implementation of the new EU AML/CFT Package with regards to information sharing?

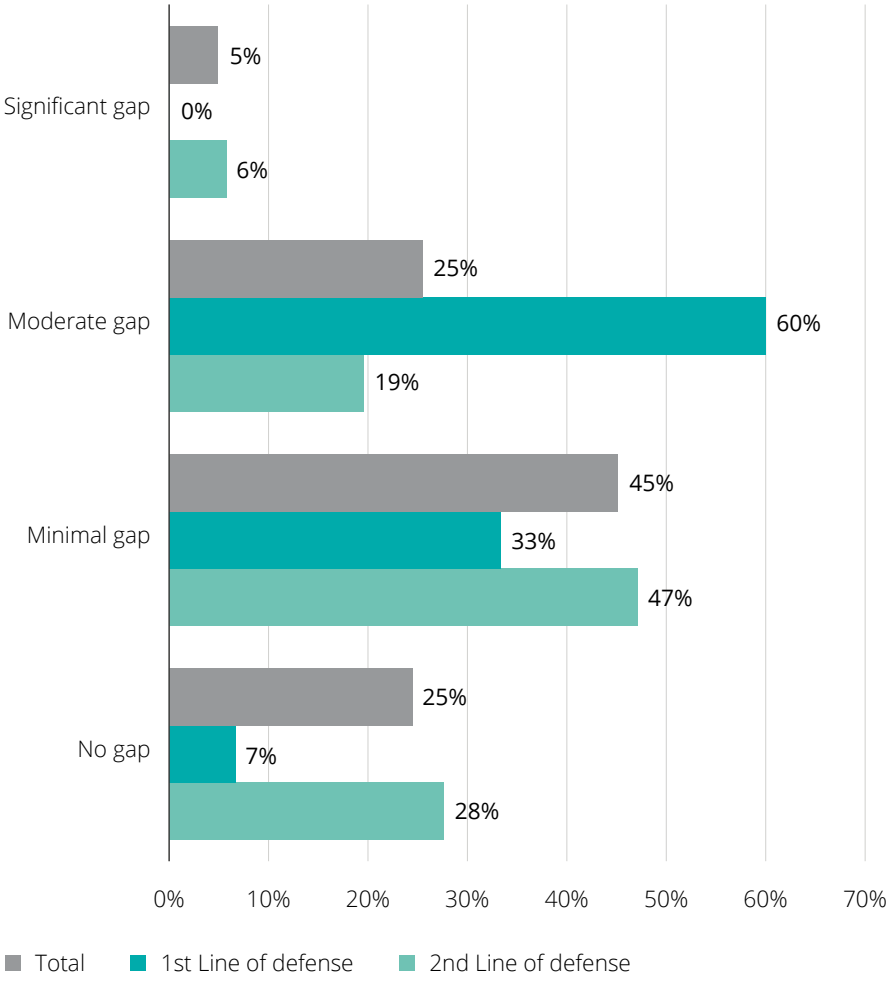


Graph 18: Anticipated gaps regarding technology and tooling per line of defense
N=105
Number of respondents (%)

Positive perception on information sharing

- Respondents anticipated ease of implementation from a technology and tooling angle of information sharing in the context of the AMLR. The majority (66%) anticipates minimal to no gaps, despite some lingering uncertainties and extra opportunities regarding the operational application of Data Sharing (Article 75 AMLR).
- 20% of respondents from the first line of defense anticipate a significant gap on this topic, in stark contrast to only 6% of those in the second line.

4.7: What gaps do you anticipate in your organization with the implementation of the new EU AML/CFT Package with regards to transaction monitoring? (TM)

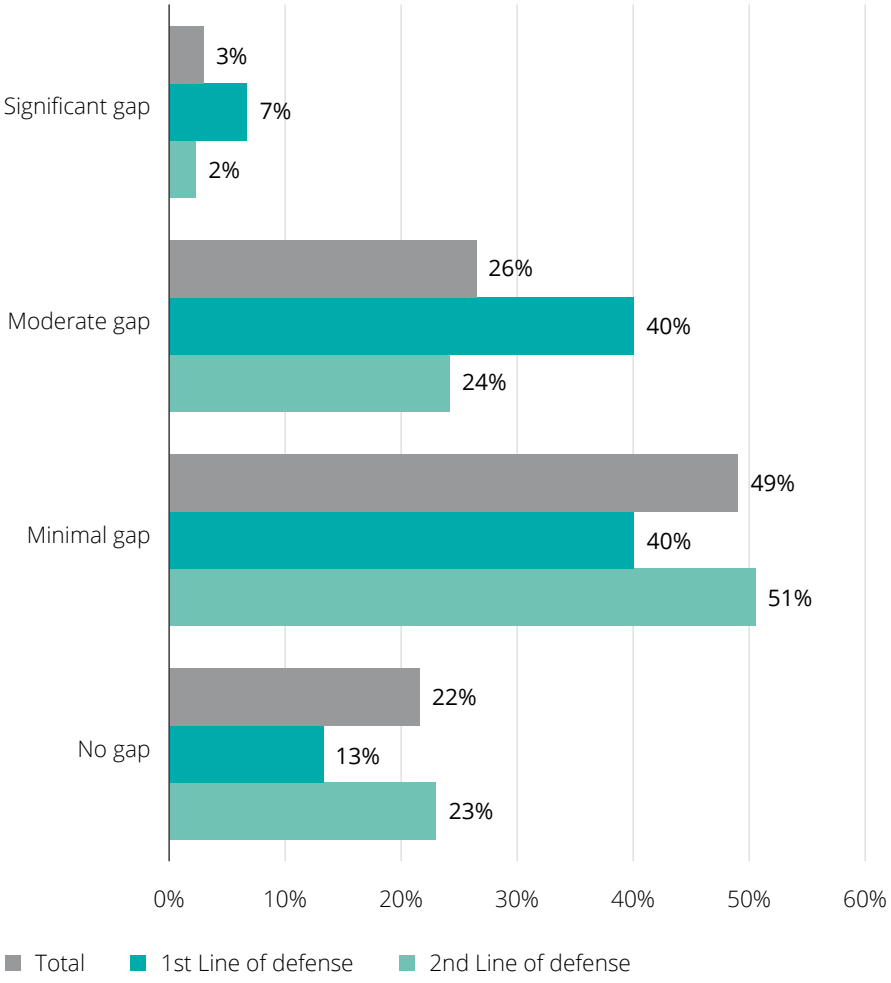


Graph 19: Anticipated gaps regarding TM per line of defense
N=105
Number of respondents (%)

Largely positive perception on TM

- The results indicate a largely positive perception of transaction monitoring, particularly concerning alert generation and alert handling processes among respondents; 70% anticipate a minimal to no gap. This suggests that most organizations have effective systems in place to manage alerts and feel relatively secure in their transaction monitoring practices.
- A moderate gap is noted by 25% of respondents. Moving forward, it may be beneficial to further investigate specific areas where even moderate gaps are identified to enhance overall transaction monitoring effectiveness and bolster regulatory compliance.
- 60% of the first line respondents perceive a moderate gap, no respondents perceive a significant gap. In contrast, only 19% of the second line anticipates a moderate gap and 6% a significant gap in transaction monitoring.
- All of the asset managers, investment firms, fintech companies and payment providers anticipate no gap or a minimal gap in terms of transaction monitoring, in contrast to 63% of banks and 62% of insurance companies.

4.8: What gaps do you anticipate in your organization with the implementation of the new EU AML/CFT Package with regards to learning & awareness?

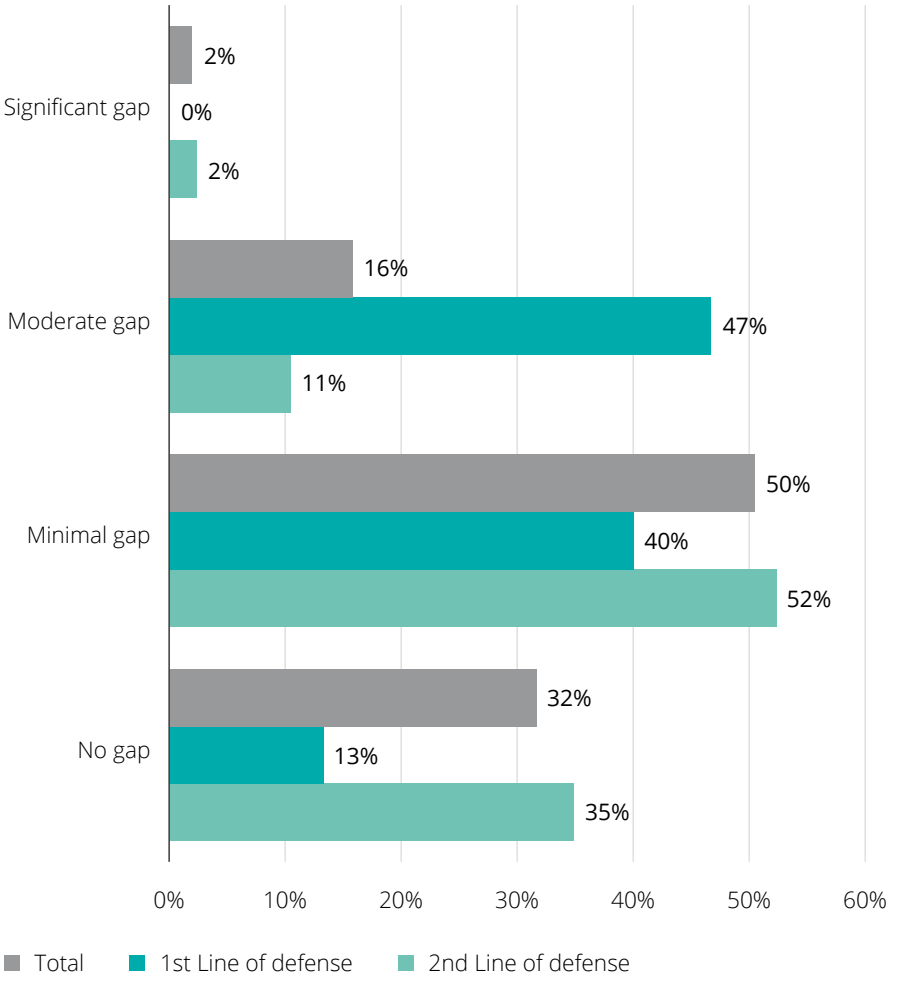


Graph 20: Anticipated gaps regarding learning and awareness per line of defense
N=105
Number of respondents (%)

Confidence in the learning and awareness capabilities

- There is a generally positive outlook on learning and awareness among respondents. Most organizations do not view their learning and awareness processes as critically deficient (71% expect a minimal to no gap). This indicates a strong belief in the effectiveness of their current learning frameworks.
- 29% of respondents expect a moderate or significant gap, suggesting that a considerable number of financial institutions expect that they need to improve their learning and developing programs.
- Unlike the second line of defense, the first line anticipates a larger gap in learning and awareness. 47% of the first line respondents expect a moderate to significant gap versus 26% of second line respondents.

4.9: What gaps do you anticipate in your organization with the implementation of the new EU AML/CFT Package with regards to the organization and governance?

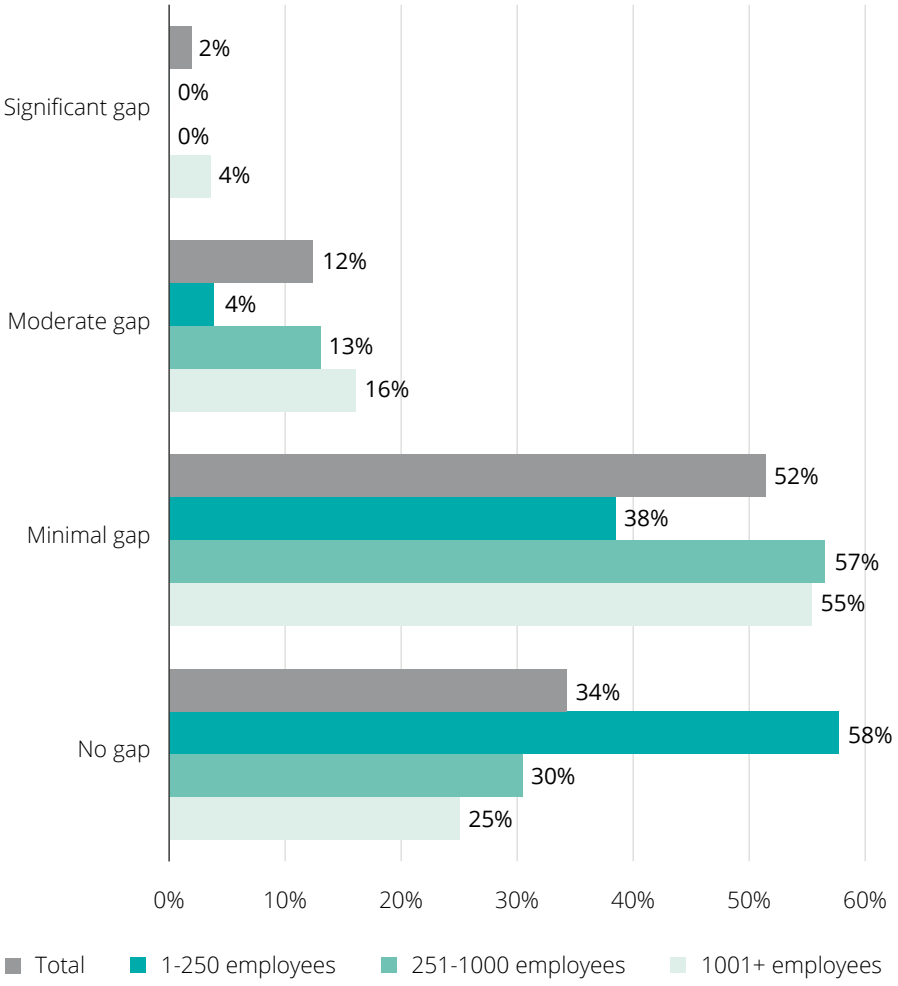


Graph 21: Anticipated gaps regarding the organization and governance per line of defense
N=104
Number of respondents (%)

Financial institutions are confident about the implementation of the Package

- The majority of the respondents anticipate either no gaps (32%) or minimal gaps (50%) in their organization's structure and governance following the implementation of the new EU AML/CFT Package, indicating that they anticipate minimal impact from the new regulations and possess overall confidence in their level of preparedness.
- Respondents from the first line of defense anticipate a bigger gap regarding governance than respondents from the second line of defense (47% expects a moderate to significant gap versus 13%).

4.10: What gaps do you anticipate in your organization with the implementation of the new EU AML/CFT Package with regards to FIU reporting?



Graph 22: Anticipated gaps regarding FIU reporting per size of Financial Institution
N=105
Number of respondents (%)

A minimal gap with regards to FIU reporting

- There is strong confidence among respondents regarding their current FIU reporting processes. 86% report either a minimal gap or no gap, highlighting that many organizations believe their current FIU reporting process needs little to no change to be compliant with the EU AML/CFT Package.
- The majority of small financial institutions perceive no gap (58%), whereas the majority of medium size and large institutions mainly perceive a minimal gap (57% versus 55%).

Key messages



The survey results provide valuable insight from the perspectives of 121 respondents from 103 financial institutions in 20 countries in Europe on the new EU AML/CFT Package.[9] According to the respondents' perspective, the Package will enhance resilience, although there are concerns regarding its implementation and the evolving supervisory landscape. While financial institutions are in the early stages of their preparations, primarily involving second line teams, they are confident in their resources and understanding of the package, yet they remain apprehensive about their involvement in staying informed about regulatory changes. The biggest gaps are expected in client data gathering and actualization, and innovation. We can identify four key messages regarding the current readiness and interpretation of the EU AML/CFT package:

1. The EU AML/CFT Package is enhancing resilience; however, there are concerns about the implementation and the new supervisory landscape

The EU AML/CFT Package is perceived to be enhancing resilience in the fight against financial crime, with 84% of respondents acknowledging its effectiveness, however, significant concerns remain regarding the implementation and the new supervisory landscape, as 74% express concerns about the potential impact of the new regulatory changes on their organizations. This indicates an opportunity for collaboration, support and expertise. While there are opportunities for improving relationships with supervisors, as mainly identified by respondents in South Europe, careful consideration is essential as institutions navigate these changes and adapt their approaches, particularly in light of the enhancements related to the FIU.

2. Financial institutions are in the early stages of their preparations, predominantly driven by second line teams

The majority of the respondents (84%) have initiated their preparations for the new regulatory requirements, although the majority of respondents are still in the process of defining their approach or have only developed initial strategies. This demonstrates a proactive commitment to compliance. Notably, banks appear to be more advanced in their preparations than other financial institutions, with many having established a high-level roadmap. One third of the institutions, however, is still in the process of defining their approach. This indicates a need for improved strategic planning to ensure that all institutions develop clear and actionable compliance strategies well ahead of the implementation deadlines. Furthermore, the second line of defense is actively involved in the preparatory efforts across most institutions, underscoring the pivotal role of compliance and risk management within this transition.

3. Financial institutions are confident that they have sufficient resources and a good understanding to effectively implement the EU AML/CFT Package, yet some express concerns about their involvement in staying updated on regulatory changes

Financial institutions have significantly invested in enhancing their compliance frameworks and operational capabilities, leading to a strong sense of confidence among respondents regarding their readiness to implement the EU AML/CFT Package. Almost all respondents believe that they have sufficient resources (94%) and a solid understanding of the regulatory framework (81%). However, one third of respondents express concerns about their organizations' ability to stay informed on ongoing regulatory developments, particularly among insurance companies. This indicates a need for improved monitoring capabilities to remain compliant.

4. Financial institutions are primarily concerned about client data gathering and actualization, and innovation; banks identify more significant gaps than the other respondents

The results highlight several critical areas within financial organizations where improvements can be made, particularly in client data gathering and actualization, and innovation. The majority of the respondents express moderate to significant concerns regarding the processes of client data collection and updating. This suggests that many organizations are aware of the inefficiencies or limitations in their current practices. These findings illustrate the need for a thorough examination of current data practices, revealing expected gaps where improvements can be made.

The majority of respondents also identify at least a moderate gap concerning innovation. This indicates that a substantial group of respondents recognizes areas for improvement in their innovation practices, such as generative AI. The results show that both first and second line see opportunities for enhancements in innovation activities.

The results also present notable observations regarding the expected gaps of KYC processes, and the use of tooling and technology as well. The results depict a mixed picture: a considerable number of respondents recognize a moderate or significant gap in KYC processes, indicating a clear awareness of the challenges to getting client onboarding and ongoing due diligence AMLR compliant. Respondents also acknowledge challenges in the use of tooling and technology. These insights emphasize the importance of targeted initiatives to address the identified shortcomings. In contrast, financial institutions express confidence in the regulatory changes across other key areas. Respondents foresee either no or minimal gaps in FIU reporting, organizational governance, and learning and awareness.

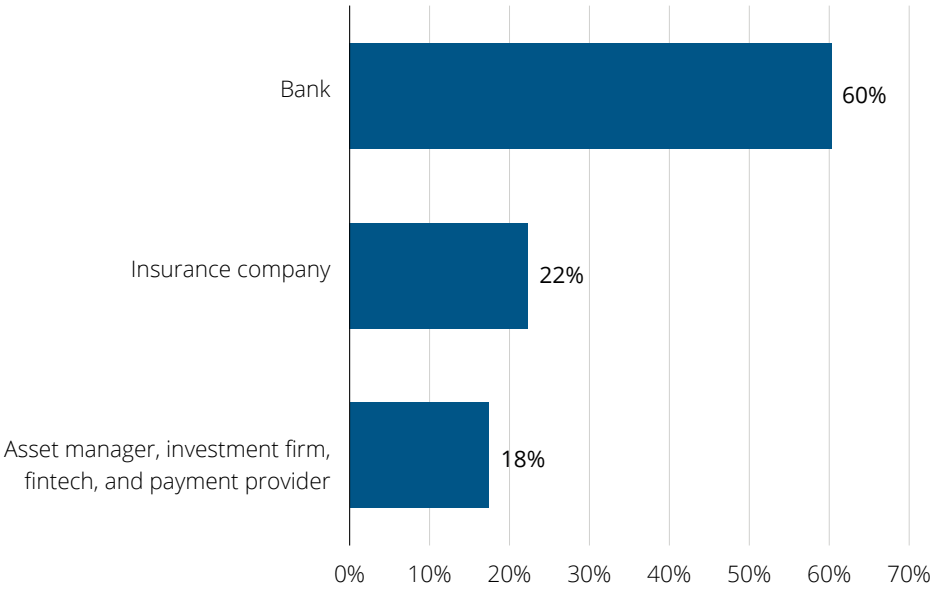
The analysis additionally shows that the first line mainly perceives a minimal to moderate gap, while the second line exhibits a smaller gap and a more divided opinion. Notably, differences also emerge between banks, insurance companies, and asset managers, investment firms, fintech and payment providers: banks anticipate bigger gaps than insurance companies and insurance companies anticipate bigger gaps than asset managers, investment firms, fintech and payment providers. Additionally, smaller organizations overall report smaller gaps.

Appendixes



Respondents

For this survey, a selection of respondents from financial institutions across member states of the European Union were approached. The survey results provide valuable insight from the perspectives of 121 respondents from 103 financial institutions in 20 countries in Europe on the new EU AML/CFT Package. We want to thank all respondents for their valuable contribution.



Graph 23: Type of Financial Institution

Method

The data was collected between 22 April and 1 August 2025. Analysis began with a review of descriptive statistics for all questions answered by respondents who completed both the first and second sections of the survey. Following this, cross-tabulations were used to examine differences in responses across various groups, including different industries, countries, lines of defense (first and second line), and organizational sizes. Key findings from these cross-tabulations were recorded and discussed in detail within the report.

Geographical Distribution

For the geographical distribution of the respondents, the following categorization has been used:

- East Europe consists of Hungary, Lithuania, Poland and Romania;
- North West Europe consists of Belgium, Denmark, Finland, France, Germany, Ireland, Luxembourg, Netherlands, Norway and Sweden;
- South Europe consists of Croatia, Cyprus, Italy, Malta, Portugal and Spain.

References

- Regulation (EU) 2024/1624 of the European Parliament and of the council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (https://eur-lex.europa.eu/eli/reg/2024/1624/oj/eng)
- Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (https://eur-lex.europa.eu/eli/dir/2024/1640/oj/eng)
- https://www.amla.europa.eu/index_en
- https://www.eba.europa.eu/publications-and-media/press-releases/eba-consults-new-rules-related-anti-money-laundering-and-countering-financing-terrorism-package



Endnotes

1. The number of respondents does not equate to the number of financial institutions, as some respondents did not provide the name of their financial institutions, and some respondents work at the same financial institution.
2. The number of respondents per question varies, as some respondents did not answer all questions.
3. Please refer to Appendix: Geographical Distribution for detailed information on the geographical distribution.
4. Note that results for categories with fewer than five respondents are not displayed to ensure reliability and maintain anonymity.
5. Respondents who selected 'Other' predominantly indicated that they work within combined working groups and collaborate with their legal departments.
6. The percentages do not total 100%, as respondents were permitted to select multiple answers.
7. The Draft RTS under Article 28(1) of the AMLR on Customer Due Diligence (CDD) proposes a 5-year risk-based transition period for updating client data of existing clients. If respondents were unaware of this proposed grace period in the consultation version, it may have influenced the results.
8. The perception of a significant gap may be attributed to ongoing uncertainties surrounding the operational application of Customer Due Diligence as outlined in Article 28 of the AMLR.
9. The number of respondents does not equate to the number of financial institutions, as some respondents did not provide the name of their financial institutions, and some respondents work at the same financial institution.



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