



# UAE Financial Crime Compliance

Key Considerations: MENA FATF's  
3<sup>rd</sup> enhanced follow-up report

2023

# Introduction

Following the UAE’s Mutual Evaluation, The Financial Action Task Force (FATF) and its MENA chapter placed the UAE on the list of “Jurisdictions Under Increasing Monitoring” or the “Grey List” in March 2022.

To address the gaps against the 40 recommendations adopted by FATF, the UAE solidified its stance and continuous efforts to combat money laundering and terrorist financing through taking active measures to enhance and improve compliance within its financial crime control framework.

In June 2023, the 3rd Enhanced Follow Up Report issued by MENA FATF noted that the UAE position had been strengthened and was rated compliant in 15 recommendations, largely compliant in 24 recommendations and partially compliant in 1 recommendation\*. This update demonstrates the results of the ongoing efforts made by the UAE’s leadership and stakeholders towards the compliance journey.



## Enhanced measures by the UAE

Through its various competent authorities, the UAE has continued to conduct 8 complementary sectoral assessments to the National Risk Assessment (NRA), taking a measured in-depth approach in identifying key risk areas and required mitigants to combat money laundering.

Significant legislative efforts have been made across the board with the UAE relying on the overarching guidance of FATF and leveraging on its internal capabilities to introduce new and enhanced frameworks to tackle ML/TF risks.

The UAE has also made notable progress from a regulatory perspective, addressing key areas including but not limited to enhanced regulation of virtual assets, large-scale operational analysis, increased management of suspicious transactions reporting and high-risk jurisdictional monitoring.

On the financial services supervisory side, Anti-Money Laundering departments within regulators such as the Central Bank of the UAE (CBUAE) have continued investing in people and capabilities to provide wider coverage and monitoring scope.

In addition to the steps taken in the Financial Services sector, a number of milestones have been achieved in other sectors. This includes the establishment of a specialised AML department at the Ministry of Economy to address the risks associated with Designated Non-Financial Businesses and Professions (DNFBPs) including Precious Metals and Stones businesses.

As such, the consortium of initiatives underpinned by the continued cooperation and intelligence sharing approach, has resulted in further progression towards the adoption of international leading practices.

\* <https://www.fatf-gafi.org/content/fatf-gafi/en/publications/Mutualevaluations/FUR-UAE-2023.html>

## Key considerations for subject institutions

While the UAE is on track towards the adoption and implementation of necessary measures, it is important for subject institutions to consider various key areas which play a pivotal role in contributing to a well controlled ecosystem in the Financial Crime Compliance space, these include:

1. Strengthening the overarching internal control environment within the entity, to ensure adequate coverage of ML / TF risks across the business.
2. Taking a deep-dive into the measures around combatting Trade Based Money-Laundering (TBML). This applies to both Financial and Non-Financial Institutions.
3. Improving the approach towards an Enterprise-Wide Financial Crime risk assessment to ensure a comprehensive coverage and mitigation of risks.
4. Staying up to date with the recent developments in transaction monitoring including associated technologies and baseline fundamentals.
5. Focusing on the ongoing developments related to sanctions and monitoring local and international restrictions in a pragmatic manner.
6. Continuing to cooperate with the directives of the competent authorities to ensure a streamlined approach towards compliance.
7. Ensuring application of leading practices around compliance governance, monitoring and assurance.

## Reach out

Our financial services experts have extensive experience with UAE, Middle East and global entities. For more information, please contact our team.



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