

FATF STATEMENT ON COVER PAYMENTS

The FATF welcomes the work of the international banking community and the Basel Committee on Banking Supervision (BCBS) to address the potential for misuse of cover payments and to promote greater transparency of cross-border wire transfers.

The FATF reminds jurisdictions that they should ensure that financial institutions are subject to adequate AML/CFT regulation, and urges financial supervisors and financial institutions to focus on the transparency of cover payments and all cross-border wire transfers. As noted in the BCBS paper on due diligence and transparency regarding cover payment messages related to cross-border wire transfers, “increasing transparency in payment messages does not depend on messaging standards alone, but also on the implementation of appropriate practice by banks involved in processing the transfers.”

The FATF will review the effect of these developments and will amend as appropriate its standards to ensure transparency of cover payments and to address money laundering and terrorist financing vulnerabilities associated with the abuse of such payments.