



Dissecting Ongoing Monitoring Obligations

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OVERVIEW



What is Ongoing Monitoring?



What is Transaction Monitoring?



Keeping Customer Due Diligence up to Date



Relevant Legislation



Ongoing Monitoring in Practice



Future Framework (AML Package)





LEGAL BASIS OF ONGOING MONITORING PMLFTR

- The obligation arises from regulation 7(1)(d) of the PMLFTR.
- Ongoing monitoring is a core Customer Due Diligence (CDD) measure.
- Two key parts of ongoing monitoring (Reg 7(2)):
 - A) Scrutiny of transactions throughout the relationship to ensure that transactions are consistent with the business and risk profile of the customer.
 - B) Ensuring that CDD information and documentation is reviewed and kept up to date.

WHAT IS TRANSACTION MONITORING?

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SECTION 4.5.1. IMPLEMENTING PROCEDURES PART I

→ “Transaction monitoring consists in using the subject person’s **knowledge of the customer** to identify any transactions that are **unusual**”.

→ Outcomes of Transaction Monitoring:



Identify behaviour or transactions which deviate from the customer’s normally expected behaviour;






Identify suspicious activity in relation to which an STR is to be filed with the FIAU; and



Determine whether the risk assessment of the customer in question requires updating.

UNUSUAL TRANSACTIONS

- The term “unusual” refers to those transactions which are inconsistent with the Customer’s Profile.
- Factors that can be used to detect transactions that are unusual:
 -  Significant changes in the values and volumes of transactions carried out;
 -  Transactions carried out in short time frames (e.g. immediate sales of assets or the withdrawal of deposited funds)
 -  Jurisdictional factors such as a change of destination or origin of the transaction.
- Not all unusual behaviours amount to a suspicion of money laundering or financing of terrorism but should serve as a trigger event.
- Subject Persons should collect additional information and/or documentation to assess the legitimacy of the transaction.
- The additional documentation should be appropriate and collected on a risk-sensitive basis.

DIFFERENT METHODS OF CONDUCTING TRANSACTION MONITORING

- The appropriate method depends on the activity and business carried out by the Subject Person.
- Methods of Transaction Monitoring mentioned in the Implementing Procedures:



Pre-transaction monitoring.



Post transaction monitoring.



On the basis of the customer's profile.



Comparing against peer group information.



On the basis of detection rules.



KEEPING CUSTOMER INFORMATION UP TO DATE



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Ongoing monitoring also requires subject persons to keep CDD documents and data updated



Regular review ensures the risk assessment reflects the real ML/FT risks.



Updating customer info helps tailor CDD and monitoring measures appropriately.



Reviews should take place either periodically or following certain changes in the business relationship

SECTOR-SPECIFIC GUIDANCE

SECTOR-SPECIFIC GUIDANCE FOR CSPS IPS PART 2, SECTION 2.4.

→ The risk-based approach is crucial when determining how to conduct ongoing monitoring.

→ Monitoring approach depends on:

1

Type and number of services provided.

2

Level of visibility into the client's company activities and transactions.

→ Section 2.4.4 of the Implementing Procedures Part II provide for a baseline of what is expected in terms of ongoing monitoring.

→ Directorship services require both transaction monitoring and updating CDD as a minimum when:

1

Vested with legal and judicial representation of the corporate customer; or

2

Are otherwise empowered to bind the corporate customer.





CONTROL & VISIBILITY FACTORS AFFECTING ONGOING MONITORING IPS PART 2 SECTION 2.4. CONT.

- The extent of ongoing monitoring is determined by two main factors:
 - 1 Does the CSP have legal/judicial representation of the corporate customer?
 - 2 Does the CSP have signatory rights over the company bank accounts?
- The Control and Visibility a Director has over the Company will determine the methods and extent of ongoing monitoring.
- More control = ability to perform **pre-transaction monitoring** (monitor before execution)
- Less control = **post-transaction monitoring** (monitor transactions after execution)

ONGOING MONITORING IN PRACTICE

MONITORING BASED ON DIRECTOR'S ROLE

EXECUTIVE VS NON-EXECUTIVE DIRECTORS

Executive Directors



Hands-on control over day-to-day affairs.



Authority to approve/sign transactions.



Should perform pre-transaction monitoring.

Non-Executive Directors



Advisory role, limited day-to-day influence.



Usually no direct access to transaction details pre-execution.



Transaction monitoring would depend on the visibility of transactions

- The Companies Act does not define Executive & Non-Executive
- Adapt monitoring to director's actual level of control and visibility

DIRECTORS AS SIGNATORIES

- Directors who are signatories on bank accounts or loan agreements have control over the execution of a transaction.
- Given the control, SPs should conduct pre transaction monitoring.
- Factors to consider during ongoing monitoring:



The parties involved in the transaction – adverse media?



The economic rationale?



Source of Funds.

FUTURE FRAMEWORK (AML Package)

FUTURE OUTLOOK - AML REGULATION (AMLR) (1)

- Article 26 AMLR continues to require ongoing monitoring of business relationships to ensure that transactions are consistent with:



Knowledge of the customer.



Customer's business activity and risk profile.



Origin and destination of funds.

- The use of information sharing when SPs form part of a group.

FUTURE OUTLOOK - AML REGULATION (AMLR) (2)

→ The Frequency of CDD reviews will be risk based and shall not exceed:



Yearly for High Risk.



Every 5 years for all other customers.

→ Ongoing updates required when:



Customer circumstances change.



Relevant facts arise.



Legal obligations for beneficial ownership info.

**By 10 July 2026, AMLA shall issue guidelines on ongoing monitoring of a business relationship and on the monitoring of the transactions carried out in the context of such relationship.*

SUMMARY & KEY TAKEAWAYS

KEY TAKEAWAYS



Ongoing monitoring is a dual obligation: transaction scrutiny and CDD updating.



Level and technique of monitoring depends on the services and the CSP's role and control over the client company.



Executive vs. non-executive directors have different monitoring capabilities and responsibilities.



AMLR will reinforce ongoing monitoring obligations without drastic changes.



Always apply a risk-based, flexible approach tailored to the services and client risk profile.



Thank you



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