

AML/CFT SUPERVISORY PLAN 2025 – 2026

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WHY DOES THE FIAU CARRY OUT AML/CFT SUPERVISION?

Products and services offered by subject persons can be attractive to criminals, who may misuse them to launder money obtained from illicit sources or to finance terrorism. For this reason, subject persons play a fundamental role in preventing the entry of illicitly obtained money into the financial system. As gatekeepers of the financial system, it is important that subject persons understand the ML/FT risks that their business may be exposed to, and which measures should be implemented to build a robust anti-money laundering/combating the funding of terrorism (AML/CFT) control framework to mitigate the identified risks. As the AML/CFT regulator in Malta, the Financial Intelligence Analysis Unit (FIAU) is committed to supporting subject persons in the understanding and implementation of their AML/CFT obligations, and to monitor their compliance with these obligations.



THE COMPLIANCE MONITORING PLAN

The FIAU carries out its AML/CFT compliance monitoring responsibility through the Supervision Section. In its strategy for the period 2023-2026, the FIAU committed to further strengthen its compliance monitoring function by ensuring that supervisory initiatives are focused not only on high risk sectors/subject persons but also on the more prominent risk aspects and trends identified from sectorial and subject persons' risk assessments. The FIAU also aims to implement a risk-based compliance monitoring plan which is proportionate, effective and consistent.

The FIAU reviewed the Maltese national and sectorial risk assessments, as well as the risk assessments carried out by other European and other international bodies and assessed the subject persons' risks through the CASPAR system¹. Based on this, a five-year compliance monitoring plan was developed, to start in July 2024. The plan aims to effectively monitor the mitigation of the identified ML/FT risks, through proportionate supervisory interventions.

The FIAU also strives to synchronise guidance and outreach initiatives with the areas to be supervised as per the plan. This is a manifest of the FIAU's ultimate goal of enhancing the compliance culture and knowledge among subject persons, first and foremost.

¹ The Compliance and Supervision Platform for Assessing Risks (CASPAR) is a system which supports the FIAU in the collection of relevant risk data from multiple sources for the purpose of carrying out subject persons' risk assessment.



TYPES OF SUPERVISORY INTERVENTIONS

The FIAU monitors compliance by subject persons with their AML/CFT obligations through different types of supervisory interventions. These can be carried out on-site (i.e. at the subject person's premises) or off-site (i.e. desk-based). The choice of which supervisory intervention to apply is dependent on the FIAU's risk analysis and aims to achieve proportionate supervision.

TYPES OF SUPERVISORY INTERVENTIONS	DESCRIPTION
AML/CFT returns	Generally consists of regular or ad hoc requests to subjects persons for quantitative and/or qualitative data and information relating to key ML/TF risk indicators and AML/CFT controls. This also includes the annualised, mandatory, Risk Evaluation Questionnaire submitted by the individual subject persons.
Annual Risk Data Analysis	The analysis of risk data collected through Risk Evaluation Questionnaires (the CASPAR Tool). The scope of this analysis is to compare individual subject persons' risk data and identity particular inherent risks / control measures that stand-out when compared to peers within the same sector. This risk data analysis is carried out on a yearly basis and helps determine the population of low-risk subject persons that will be subject to supervisory meetings or policies and procedures reviews.
Supervisory meetings	These are less intensive types of inspections. They may be carried out on-site and/or remotely. The purpose of these meetings is to discuss with the subject person the implementation of certain AML/CFT obligations and/or level of controls applicable to specific risk topics. The focus of these supervisory meetings depends on the individual subject person, the sector (and the relative NRA findings) as well as the outcomes of the annual risk data analysis interventions.
Policies and procedures review	A desk-based review of a subject person's policies and procedures to assess whether the design of AML/CFT controls is adequate, while also considering the subject person's business model and AML/CFT risks to which it is exposed to.
Full-scope onsite inspection	An inspection that takes place on-site (at the subject person's premises). It is the most comprehensive type of inspection and involves examining compliance with all AML/CFT and Targeted Financial Sanctions ² (TFS) Obligations. During the testing phase there may be added a specific focus on particular risk topics to which the individual SP or the respective sector is exposed to (in line with NRA conclusions).
Thematic onsite inspection	An inspection that takes place on-site (at the subject person's premises). Thematic Inspections are generally conducted on a number of SPs focusing on one or limited number of AML/CFT obligations and/or risk topics
Thematic offsite review	These thematic reviews are similar to thematic onsite inspections but are carried out off-site, including through desk-based reviews and/or remote meetings with subject person. Thematic Off-Site are less intensive as they involve reviewing a reduced sample of files. These involve the analysis of client files / policies and procedures and any other information that is sourced from the SP.

² The FIAU may also extend its supervisory interventions to cover the implementation of obligations relative to targeted financial sanction (TFS) on behalf of the Sanctions Monitoring Board (this is not only limited to full-scope onsite inspections alone).



Follow-up inspection

An inspection which serves to comprehensively assess whether weaknesses in the subject person's AML/CFT systems and controls framework identified during a previous inspection have been remedied. These inspections are triggered once a subject person confirms that it has implemented an FIAU mandated remediation program. The way they are conducted may vary (i.e. on-site, remotely or desk-based) and mostly depends on the extent and type of remediation to be tested.

Ad hoc Targeted inspection

These are reactive type of inspections that may be triggered by any one or more of: specific events, adverse information received from prudential supervisors or other FIUs, whistleblowing reports, media and other sources. They may also be triggered by significant and sudden increases in a subject person's particular risk aspects (e.g. volume of clients, launch of risky product etc). These inspections may either be full-scope inspections or focused on specific AML/CFT obligations and risk aspects. They must be conducted on-site (at the subject person's premises).





THE SUPERVISORY INTERVENTION PROCESS: WHAT TO EXPECT FROM THE SUPERVISOR AND WHAT IS EXPECTED FROM A SUBJECT PERSON?

COLLABORATION

If a subject person is selected for a supervisory intervention, the FIAU expects them to collaborate throughout the process. As part of the process, the FIAU notifies the subject person about the supervisory intervention and its scope, and establishes a single point of contact, i.e., the Money Laundering Reporting Officer (MLRO) or where applicable the main liaison of the AML/CFT compliance function, for the exchange of information and documentation during the supervisory intervention. The assessor/s carrying out the supervisory intervention may also need to speak to other employees as part of the process.



CONTRIBUTION

Prior to starting a supervisory intervention, the assessor will ask the subject person to provide preliminary documentation and information which is required for the purpose of the supervisory intervention. While the type and extent of documentation and information requested will vary according to the scope and type of the supervisory intervention, this would typically include the customer list and AML/CFT related policies and procedures. Additional information and/or documentation may be requested during the supervisory intervention to allow the subject person to demonstrate compliance with AML/CFT obligations (such as copies of risk assessments and CDD measures applied on customers serviced). While assessors will guide subject persons on what information and/or documentation should be provided, the onus is on the subject persons to provide the necessary information and/or documentation demonstrating compliance with their AML/CFT obligations. Documents should be sent electronically via a secure platform as guided by the assessor. It is important that the documents requested are made available to the assessor in a timely manner for the supervisory intervention to be carried out efficiently. Should the subject person encounter any difficulties in complying with stipulated deadlines, it is important that the matter is promptly discussed with the assessor. Non-compliance with the provision of information and/or documentation may lead to enforcement action.



FEEDBACK AND COMMITMENT

The outcome of a supervisory intervention is based on a number of considerations, such as the overall regard to AML/CFT obligations as exhibited by subject persons and whether serious breaches of AML/CFT obligations have been identified. The outcome of a supervisory intervention can be one of the following:

Outcome A: A closure letter in cases where no/minor AML/CFT shortcomings are identified during the compliance examination.

Outcome B: A remediation letter requesting the subject person to implement a remedial action plan within a stipulated timeframe to address the minor/moderate shortcomings identified during the supervisory intervention. When remedial action is requested, the subject person is expected to demonstrate commitment to implementing the remedial action within the timeframe stipulated by the FIAU. Where required, support from the FIAU is provided to the subject person during this process. If the subject person fails to implement the required remedial action, enforcement action may be taken by the FIAU.

Outcome C: A potential breaches letter is issued in cases where serious shortcomings are identified during the supervisory intervention. In this case, the subject person is requested to submit representations within a stipulated timeframe. The potential breaches letter and the subject person's representations are subsequently referred to the Compliance Monitoring Committee for its consideration. This may also lead to the application of administrative penalties and/or administrative measures.

More detailed information on the supervisory intervention process can be accessed through the link: <https://fiaumalta.org/news/https-fiaumalta-org-event-aml-supervisory-examinations-what-to-expect-fiau-malta/>.



THE AML/CFT COMPLIANCE MONITORING PLAN FOR THE 2025/2026 ANNUAL CYCLE

The second year of the five-year compliance monitoring plan details the supervisory work that the FIAU plans to carry out during the 2025/2026 annual supervisory cycle commencing in September 2025 in respect of the selected sectors. Article 27(3)(b) of the Prevention of Money Laundering Act (PMLA) also permits the FIAU to request other supervisory authorities to carry out compliance examinations on behalf of, or jointly with, the FIAU. Therefore, some supervisory interventions will be carried out by the Malta Financial Services Authority and the Malta Gaming Authority, on behalf of, or jointly with the FIAU. The FIAU may also extend its supervisory interventions to cover the implementation of obligations relative to targeted financial sanction on behalf of the Sanctions Monitoring Board. Other supervisory interventions not included hereunder may also take place during the supervisory cycle, if the FIAU is in receipt of material risk data during the year.

SECTOR	TOPIC
Credit Institutions	Mis-use of products and services offered by credit institutions for trade-based money laundering (includes elements related to terrorist financing).
Financial Institutions	Money remittance (includes elements related to terrorist financing).
Investment services	Source of wealth/funds checks for investments/subscriptions made.
Remote Gaming Operators, Land Based Casinos and Investments	Capacity to detect and analyse potential suspicious activities taking into account the relevant red flags.
Remote Gaming Operators and/or Crypto Asset Providers	Deposits and withdrawals involving crypto assets within remote gaming.
Crypto Asset Providers	Adherence with beneficial ownership obligations with a focus on complex/opaque ownership structures and/or shell companies.
Auditors, Accountants and Company Service Providers	Mis-use of companies for trade-based money laundering (includes elements related to terrorist financing).
Auditors, Accountants and Company Service Providers	CDD measures applied in instances where corporate customers have a limited local footprint and/or where only registered office service is provided.
Across all sectors	Adherence with beneficial ownership obligations with a focus on complex/opaque ownership structures and/or shell companies.



CONTACT US

Subject persons are guided to contact the Supervision Section by email at compliance@fiaumalta.org should they have any queries regarding the supervisory process.



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