FINANCIAL CONDUCT AUTHORITY

Research Note

International perspectives on de-risking

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Chapter 1

Introduction

A bank account is one of the most fundamental of financial services for consumers, businesses, and charities. If people find it difficult to open or maintain an account, it can have a significant impact on receiving a salary or making basic payments, for businesses to operate and charities to raise money and distribute aid.

The UK is one of several countries where concerns have been raised about the scale of closures of bank and payment accounts. Furthermore, that such account closures are often driven by real or perceived risk, so called de-risking.

To better understand the approach taken in other countries to this issue, we have reviewed publicly available information about the nature, scale and impact of de-risking. While not exhaustive, over 70 documents, produced by central banks, regulators, civic bodies and others were reviewed. Our review found most countries appear to have only a partial understanding through data of the extent of de-risking, though there are different approaches globally on access to banking with some countries taking legislative steps to mandate or promote access to accounts. This review was carried out alongside our data collection exercise on account closures 'UK Payment Accounts: access and closures' which we have published today.

Chapter 2

Common factors of de-risking

The documents reviewed identified common factors behind de-risking.

Perceived or assessed risk and adjusted risk appetite

Financial institutions often assume that customers of sectors or groups perceived as at high risk of money laundering or other financial crime present a higher individual risk.

Banks interviewed by the US Department of Treasury stated that they tend to avoid certain customers if they determine that a given jurisdiction or class of customer could expose them to heightened regulatory or law enforcement action absent of risk management.[1]

In New Zealand, Kiwibank's Executive Risk Committee agreed a policy in 2014 to off-board all money remittance providers whose business models were not consistent with the bank's risk appetite, and not enter banking relations with new customers that fell into that category.[2]

Profitability

Another common factor behind de-risking appears to be low profitability of a customer base. Correspondent banking relationships (CBR) consist of a bilateral arrangement, often involving a reciprocal cross-border relationship in multiple currencies. This involves one bank (the correspondent) providing a deposit account or other liability account, and related services, to another bank (the respondent), often including its affiliates.[3] The International Monetary Fund (IMF) working paper found that countries such as those in the Caribbean are likely to 'generate a relatively low level of CBR transactions, making it more difficult for correspondent banks to generate economies of scale and therefore higher profits from CBR activity given their escalating costs of regulatory compliance'.[4] A survey published by the Financial Stability Board (FSB) highlighted that as well as profitability and costs, changes in business strategy were also cited as the most relevant for terminating a relationship, for respondents and correspondent banks.[5]

Money Service Businesses (MSBs) are non-bank institutions that provide financial services such as money transmission and currency exchange without the requirement of customers relying on a bank account. Profitability is cited as being a factor in whether credit institutions maintain relationships with them. While MSBs offer a regular client

1 https://home.treasury.gov/system/files/136/Treasury_AMLA_23_508.pdf
2 E-Trans International Ltd v Kiwibank Ltd2 (1).pdf (interest.co.nz)
3 https://www.imf.org/en/Publications/Policy-Papers/Issues/2017/04/21/recent-trends-in-correspondent-banking-relationships-further-considerations
4 https://www.imf.org/-/media/Files/Publications/WP/2017/wp17209.ashx
5 Correspondent Banking Data Report (fsb.org)

base, the average transaction amount is small.[6] The high volume of transactions adds operational and compliance obligations, which is further compounded by the complex and overlapping of varying regulatory frameworks involved in working across jurisdictions.[7] High volume transactions do not compensate for the added costs of banking for this customer base.

Increased compliance cost with Anti-Money Laundering (AML)/Counter-Terrorism Financing (CTF) standards

KPMG's 2014 annual AML survey reported that 78% of compliance professionals in top global banks reported increases in the total investment in anti-money laundering (AML) compliance since 2011, of that 22% of respondents indicating a spending increase of 50% from 2011-2014.[8] Anecdotal evidence collected in 2015 suggested the increasing cost of regulatory compliance, especially in relation to AML/counter financing of terrorism (CTF) regulation, had 'reached a level that, for certain financial institutions there is no business justification for continuing to engage in correspondent banking.' This was supported by a 2018 International Financial Sector Study, by Business at the Organisation for Economic Co-operation and Development (OECD) and the International Federation of Accountants (IFAC), which found 'regulatory divergence is resulting in material and increasing costs in the financial sector globally, consuming on average between 5-10% of annual turnover'.[9]

Rising fines and enhanced corporate individual accountability

There has been significant action, including by the FCA and other regulatory authorities, for regulatory breaches, including for AML/CTF failings. Some banks have reported that 'recent enforcement action has also created the perception of a zero-failure environment and coupled with the fall in risk appetite, has shifted the focus of some banks to the avoidance of regulatory scrutiny rather than better management of financial crime risk'.[10] The ongoing action required by banks, for example as part of deferred prosecution agreements (DPA) with US authorities, has also incentivised, and sometimes required them to cease relationships with high-risk customers, or to exit some markets altogether, where they and/or the regulator considers the bank is unable to sufficiently manage risk.

In 2012, as a result of failing to implement anti-money laundering controls HSBC agreed to pay $1.9bn and signed a 5-year deferred prosecution agreement (DPA) with the US government. The DPA provided for the appointment of an independent monitor charged with preparing periodic reports on HSBC's ongoing compliance with AML laundering laws and with the DPA itself.[11]

6 Understanding Bank De-Risking and its Effects on Financial Inclusion: An exploratory study (oxfam.org)
7 https://www-cdn.oxfam.org/s3fs-public/file_attachments/rr-bank-de-risking-181115-en_0.pdf
8 "Global Anti-Money Laundering Survey 2014," KM https://assets.kpmg/content/dam/kpmg/pdf/2015/03/global-anti-money-laundering-survey-latest.pdf PG Advisory, 2014. https://assets.kpmg/content/dam/kpmg/pdf/2015/03/global-anti-money-laundering-survey-latest.pdf
9 IFAC-OECD-Regulatory-Divergence.pdf
10 FSC0021 - Evidence on Treatment of Financial Services Consumers (parliament.uk)
11 United States v HSBC Bank USA, N.A and HSBC Holdings Plc HSBCOpinion.pdf (wlrk.com)

Reputational risk

There are suggestions that the risk of reputational harm created by enforcement action can lead to de-risking. For example, in September 2013 one high-profile fund at HSBC announced that they were selling a multi-billion-dollar holding as a direct result of concern over the impact of future fines.[12]

These conclusions reflect the research we carried out in the UK in 2016, which found that 'de-risking is the result of a complex set of drivers'.[13]

Impact of de-risking

Where de-risking occurs, reports show a number of impacts:

Shifting AML/CFT risk

The termination of account relationships may force entities, and persons into less regulated or unregulated channels[14], which may bring additional risks and reduce monitoring capabilities.

Increased financial exclusion

The de-risking of entire sectors can result in a disproportionate reduction of services that help economically vulnerable populations. Withdrawal of services such as correspondent banking could undermine smaller countries' access to remittances for individuals and access to foreign financing. This creates further economic pressure due to the substantial and continuing trade deficits these countries may already face.

Humanitarian concerns

The interruption of services for non-profit organisations (NPOs) operating in conflict or volatile areas has had far-reaching consequences, including an inability to get humanitarian help to those in need.[15]

Syria has been one of the largest humanitarian crises in the world in recent years. As most international banks transmitting funds for humanitarian projects do not have a physical presence in Syria or neighbouring states, international payments can only reach Syria or its neighbours if they are transmitted through correspondent banks.[16] Bank de-risking has reduced the cash available to the NPO community in Syria by at least 35% at any one point, and funds remain unavailable between 3-5 months longer than in the past.[17]

12 The rising costs of non-compliance: From the end of a career to the end of a firm (thomsonreuters.com)
13 https://www.fca.org.uk/news/news-stories/fca-research-issue-de-risking
14 FATF clarifies risk-based approach: case-by-case, not wholesale de-risking (fatf-gafi.org)
15 https://www.worldbank.org/en/topic/financialsector/brief/de-risking-in-the-financial-sector
16 https://www.derechos.org/peace/syria/doc/unsyr471.html#I
17 https://www.calpnetwork.org/wp-content/uploads/2020/03/the-impact-of-bank-de-risking-on-the-humanitarian-response-to-the-syrian-crisis-1.pdf

Reduction in trade finance

The World Bank in 2016 stated that 'de-risking practices by global financial institutions threaten to cut off access to the global financial system for remittance companies and local banks in certain regions, putting them at risk of losing access to the global financial system'.[18] This is particularly important for developing markets, where CBRs and MSBs provide critical financial links. Financial institutions closing the accounts of correspondent banks cut off access to the currencies needed to conduct international trade and enable international investment.[19] A report warned that de-risking poses a real risk of disruption in commodity markets and supply chains, which, subsequently has a negative impact on financial stability and economic development.[20]

18 https://www.worldbank.org/en/topic/financialsector/brief/de-risking-in-the-financial-sector
19 https://www-cdn.oxfam.org/s3fs-public/file_attachments/rr-bank-de-risking-181115-en_0.pdf
20 https://www.tradefinanceglobal.com/posts/effects-of-derisking-in-emerging-markets-insights-into-solutions/

Chapter 3

Global policy approach to de-risking

Financial Action Task Force (FATF)

Given the global nature of the problem and link to countering money-laundering, FATF has responded to concerns about de-risking. These responses include:

- In October 2014[21] and June 2015[22] FATF issued explicit statements about de-risking. It set out that financial institutions are only required to terminate customer relationships, on a case-by-case basis, where the money laundering and terrorist financing risks cannot be mitigated. The statements also made clear that 'the cutting loose of entire classes of customer, without taking into account, seriously and comprehensively, their level of risk or risk mitigation measures for individual customers within a particular sector is not in line with FATF recommendations'.
- FATF clarified in 2016 that not all NPOs are high risk and that it intended concerns to be addressed by it's updated recommendation and interpretive note, to ensure a risk-based approach to this sector.[23]
- In 2016, FATF's new guidance on the risk-based approach to managing correspondent banking relationships[24] clarified how respondent banking relationships can be managed effectively. At the same time, FATF published guidance on the risk-based approach to money value transfer services.[25] This provides guidance on effective risk management by money value transfer services and guidance to banks on how to effectively handle the risk of providing banking services to them.
- In October 2021, FAFT concluded that AML/CFT rules are not the main cause of de-risking but can be a related factor.[26] In March 2022, FATF confirmed that it was exploring through FATF working groups how it can mitigate the unintended consequences of its standards without diminishing the effectiveness of global AML/CFT measures.[27]

The UK delegation to FATF is headed by HM Treasury.[28] The FCA is part of this delegation and has supported the development of increased guidance on a risk-based approach and FATF's ongoing analysis of de-risking.

21 https://www.fatf-gafi.org/content/fatf-gafi/en/publications/Fatfgeneral/Rba-and-de-risking.html
22 https://www.fatf-gafi.org/content/fatf-gafi/en/publications/Fatfrecommendations/Derisking-goes-beyond-amlcft.html
23 https://www.fatf-gafi.org/content/dam/fatf-gafi/recommendations/FATF%20Recommendations%202012.pdf.coredownload.inline.pdf
24 https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Correspondent-banking-services.html
25 https://www.fatf-gafi.org/content/fatf-gafi/en/publications/Fatfrecommendations/Rba-money-or-value-transfer.html
26 https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Unintended-Consequences.pdf
27 https://www.fatf-gafi.org/en/publications/fatfgeneral/documents/outcomes-fatf-plenary-march-2022.html
28 FATF Heads of delegation (fatf-gafi.org)

Financial Stability Board (FSB)

In July 2017, the FSB created a remittances' taskforce chaired by the Treasury, and including FCA staff, to look at the challenges faced in the continued flow of remittances. A stocktake, published in March 2018, set out options for improvements:

- The development of a code of conduct for the remittance sector that would give banks confidence in offering banking services to the industry.
- International standards and oversight of the remittance sector.
- Supporting the development of digital identity solutions to improve customer due diligence (CDD) and support for broader innovation including the use of sandboxes.

In 2020, the FSB published a roadmap to enhance cross-border payments.[29] An element of this looks at applying AML/CFT rules consistently and whether initiatives can be taken to improve the efficiency and reduce costs of AML/CFT.

European Banking Authority (EBA)

In 2017, the EBA, under a mandate from the 4th EU Money Laundering Directive, published risk factor guidelines.[30] These stated that 'firms should note that the application of a risk-based approach does not of itself require them to refuse, or terminate, business relationships with entire categories of customers that they associate with higher Money Laundering /Terrorist Financing risk, as the risk associated with individual business relationships will vary, even within one category'.

In 2020, the EBA launched a call for input[31] on de-risking and in January 2022 published an opinion based on its work.[32] This report set out anonymised examples of approaches taken by EU Competent Authorities on de-risking. It provided the example of a member state that surveyed customer groups that appeared to be the most affected by de-risking, in particular financial markets participants (credit institutions and payment firms) and private consumers. The EBA also cited one AML supervisor, which had created a consultative body with other relevant authorities to develop guidance and provide a forum where practical issues are discussed and clarified, for instance correspondent banking, financial sanctions, know your customer (KYC).

The EBA updated its risk factor guidelines in March 2023.[33] It aimed to 'foster a common understanding by institutions and AML/CFT supervisors of effective AML/CTF risk management practices in situations where access by customers to financial products and services should be safeguarded, in particular for the most vulnerable ones'. The updates were:

29 Enhancing Cross-border Payments: Stage 3 roadmap (fsb.org)
30 JC 2017 37 Final draft Risk Factors AML GL (europa.eu)
31 Call for input on 'de-risking' and its impact on access to financial services | European Banking Authority (europa.eu)
32 Call for Input.pdf (europa.eu)
33 https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Guidelines/2023/1054143/Amending%20GLs%20to%20the%20RFGLs%20in%20relation%20to%20NPOs.pdf

New guidelines on policies and controls for the effective management of money laundering and terrorist financing risks when providing access to financial services.[34] The guidelines emphasise the need to clearly document and justify decisions to exit customers and to make those documents available to their supervisor on request and clarify that banks should not create barriers to access of basic bank accounts under the EU's Payment Accounts Directive.

An annex to the existing guidelines sets out what financial institutions should do to manage the risks from NPOs.

In June 2023, the European Commission announced a series of proposals under its financial data and payments package.[35] The proposals recognise the EBA's findings from January 2022 that some payment institutions still face difficulty opening accounts with credit institutions based on perceived higher risk of ML/TF. The proposals provide new requirements on credit institutions on access to payment account services for payment and electronic money institutions, as well as their agents and distributors. Under the proposals credit institutions should provide payment account services to payment institutions, as well as their agents and distributors, except in exceptional cases where there are serious grounds to refuse access.[36]

34 https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Guidelines/2023/1054144/Guidelines%20on%20MLTF%20risk%20management%20and%20access%20to%20financial%20services.pdf

35 https://finance.ec.europa.eu/publications/financial-data-access-and-payments-package_en

36 Regulation 32, REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on payment services in the internal market and amending Regulation (EU) No 1093/2010

Chapter 4

Jurisdictional approaches to de-risking

United States

In April 2023, the US Treasury published a de-risking strategy in response to a requirement in the Anti-Money Laundering Act 2020.[37] The strategy sets out current understanding of the nature and scale of the problem, steps the US has already taken to address the issue and proposed future work. It notes that the U.S. government has limited authority to effectively address some drivers of de-risking, especially those related to business decisions of financial institutions' and that 'no individual recommendation is likely to be transformative of its own'. The strategy:

- Notes 16 public statements that the US Treasury and Federal Banking Authorities have made since 2004 on de-risking across the topics of MSBs, charities, correspondent banking, embassies and sanctions compliance.
- Recommends reviewing the approach taken by AML supervisors in the US. This includes updating examination guidance, greater engagement by the US Treasury in the work of the federal financial institutions' examination council to improve risk-based supervision by examiners.
- Recommends that banking regulators permit the sharing with banks of MSBs' audit findings to lift confidence in the quality of individual MSB controls.
- Recommends work on whether firms are being given sufficient notice when accounts are closed, particularly for MSBs and NPOs.
- Recommends tracking and measuring de-risking due to incomplete information on account closures. The US Treasury recommends a joint study mechanism and a gap analysis of current data on de-risking to scope out further data collection.
- Explores the potential for emerging technological solutions especially digital identity. The US Treasury considers digital identity solutions 'could potentially address de-risking by increasing the efficiency and safety of customer identification data storage and processes that banks and MSBs currently use'.
- Recommends a review of existing guidance produced by the US Treasury and the Federal Banking Authorities to evaluate the effectiveness of guidance on foreign embassies, best practice for NPOs, and provision of banking services to MSBs.
- Considers changes to the AML rules for MSBs' regulations and guidance to promote financial inclusion and reduce de-risking.
- Makes recommendations focused on raising international AML/CFT compliance efforts, supporting further work by the IMF and others on de-risking as well as supporting regional consolidation projects to facilitate access to correspondent banking.
- Recommends changes to the US financial sanctions regime to support humanitarian assistance.

37 https://home.treasury.gov/system/files/136/Treasury_AMLA_23_508.pdf

Australia

In March 2022, the Australian Government asked the Council of Financial Regulators, Australian Transaction Reports and Analysis Centre (AUSTRAC), Australian Competition and Consumer Commission (ACCC) and the Home Affairs department to provide advice on policy options to address the issue of de-risking in relation to financial technology firms, digital currency exchanges (DCE), and remittance providers. The advice[38] made four recommendations:

- The four major Australian banks to undertake information collection on de-risking. The report recognised that this would only be able to capture formal applications for banking and would not give a complete picture. The Government agreed with this recommendation and committed to work with APRA and the 4 banks to design and scope the voluntary data collection to ensure the data collected is useful and the process is iterative.
- A set of measures termed 'transparency and fairness measures' that banks would be required to do when de-risking. The measures included documenting reasons, providing the customer with reasons, access to an internal complaints system for those customers and notice of at least 30 days. The Government supported this recommendation and said it will work with AUSTRAC to ensure the measures are implemented to the greatest extent possible. AUSTRAC has also provided guidance on managing the risk of 'tipping off' (where there are AML/CTF concerns) for Australian Banks[39] when providing reasons for closing an account, to require banks to give reasons and more time when closing an account.
- Banks to provide guidance about their risk tolerance and requirements to provide services to groups of customers most affected by de-risking. The Government also supported this recommendation in principle and 'encourages the major banks to publish information on their requirements and risk tolerance' of the sectors.
- The Government to consider funding targeted education, outreach and guidance to these sectors to increase capability.

In June 2023, AUSTRAC published 'Financial services for customers that financial institutions assess to be higher risk'.[40] It clarified AUSTRAC's regulatory expectations when assessing and providing services to customers in higher risk sectors. It includes:

- A clear statement from AUSTRAC that the risk-based approach does not imply a zero-failure regime and that firms are expected only to take 'reasonable precautions'.
- Emphasis of the need to assess the risks posed by each customer individually but recognition that some elements of the process can be standardised.
- A strong recommendation that, where a customer is exited, firms document reasoning for an exit, give sufficient notice and provide reasons where it is possible and not to de-risk other customers associated with the customer unless there is a separate risk assessment for those customers.

38 https://www.cfr.gov.au/publications/policy-statements-and-other-reports/2022/potential-policy-responses-to-de-banking-in-australia/pdf/potential-policy-responses-to-de-banking-in-australia.pdf
39 https://www.austrac.gov.au/business/core-guidance/financial-services-customers-financial-institutions-assess-be-higher-risk
40 Financial services for customers that financial institutions assess to be higher risk | AUSTRAC

- Worked scenarios on how a bank can onboard sex workers and digital currency exchanges.
- Guidance on how banks can deal with adverse information about customers when deciding on whether to close an account.

France

Anyone who is French (even if resident elsewhere) or resident in France has the right to a bank account – either for their personal use or to run their own business.[41] This also applies to agents of political parties, candidates and associations with legal personality.[42] This includes those who are subject to banking interdiction, have poor credit/are bankrupt or in some circumstances are on bail/in prison. The person must apply to the Bank of France who directs a bank to offer an account which will be opened, provided the applicant provides relevant identity documents from a list set out in a 2015 order.[43]

The French Government says that, in 2020, the Banque de France made 36,056 appointments, including 28,923 for individual people. In March 2022, the Government made changes to this approach 'to strengthen the efficiency and fluidity of the procedure for entitlement to an account'. This includes requiring the Bank of France to make a direction within a day to ensure an account remains open or is opened and allowing applicants to assert this right before an account is closed.[44] The published literature doesn't point to any exemptions from the right for access where the person is able to provide the relevant documents.

Belgium

The National Bank of Belgium wrote a circular to firms under its supervision in 2022 setting out 'prudential expectations on de-risking'.[45] In 2020, the Belgian government legislated that any company established in Belgium and registered with the Crossroads Bank for Enterprises[46] or applying for registration is entitled to a basic banking service. Diplomatic missions are also entitled to a basic banking service.

The Basic Banking Service Chamber is responsible for designating a basic banking service provider for companies. Grounds for rejection/cancellation include if opening the account would be in violation of Belgium's AML law or that a senior manager of the company has been convicted of fraud, breach of trust, fraudulent bankruptcy or forgery.

41 https://presse.economie.gouv.fr/15-03-2022-publication-du-decret-portant-reforme-de-la-procedure-de-droit-au-compte/
42 How do I use the Right to Account Procedure (DAC) to open a bank account? | economie.gouv.fr
43 Order of 31 July 2015 setting the list of supporting documents for the exercise of the right to an account with the Bank of France https://www.legifrance.gouv.fr/loda/id/LEGITEXT000031024044
44 https://presse.economie.gouv.fr/15-03-2022-publication-du-decret-portant-reforme-de-la-procedure-de-droit-au-compte/
45 CIRCUL (nbb.be)
46 https://www.linklaters.com/en/insights/blogs/bankinglitigationlinks/2023/january/belgian-basic-banking-service-for-undertakings

The National Bank of Belgium has provided guidance on the interplay between de-risking and AML obligations.[47] This seemed to have been a response to difficulties faced by entrepreneurs in sectors such as the diamond trade, sports and gaming and the catering industry to set up a business or open a bank account in Belgium.

New Zealand

New Zealand developed a specific project focused on remittances within Pacific Island countries called the Pacific Remittances Project that finished in 2022.[48] This included work to develop a regional know-your-customer facility which has not yet materialised, but the Reserve Bank says 'the foundations have now been laid for South Pacific nations to take this forward'.

Sweden

Sweden launched a data collection exercise on account closures in September 2022 following a roundtable hosted by the Finansinspektion (the Swedish Financial Markets Supervisor) in May 2022.[49] No further details on the outcomes of this data collection nor further policy responses have been published. However, Sweden like other Nordic countries have implemented a digital identity, BankID, which claims to have 8 million users (which would be nearly 80% of the Swedish population). This uses the Swedish identity card system to create a verified identity that can be used to open a bank account or access other services.[50] An advisor at Sweden's Central Bank claimed in 2018, 'Sweden is a success story when it comes to financial inclusion – almost 100 percent have a bank account.'[51]

India

Adoption of digital identity has helped financial inclusion in India. Schroders reports that 'only one in 25 Indians had formal identification and one in four had a bank account in 2008. India's unique biometric identity system, Aadhaar, launched in 2010, was the first digital system designed for the specific purpose of authenticating individual identity. More than 1.2 billion Indians now have a unique digital identity, and the system is used to authenticate identity for more than 1.6 billion transactions each month. The speed of adoption of Aadhaar together with other government initiatives has also led to a sharp increase in the number of bank accounts. According to the Bank for International Settlements (BIS), more than 470 million Indian adults opened a bank account between 2011 and 2017.'[52]

47 https://www.eba.europa.eu/eba-consults-new-guidelines-tackle-de-risking
48 https://www.rbnz.govt.nz/regulation-and-supervision/cross-sector-oversight/our-relationship-with-other-financial-regulators/pacific-remittances-project
49 https://www.fi.se/en/published/news/2022/fi-vill-se-statistik-over-nekade-betalkonton/
50 https://www.bankid.com/en/privat/om-bankid
51 https://thefintechtimes.com/swedens-success-story-for-financial-inclusion/
52 https://www.schroders.com/en-gb/uk/intermediary/insights/how-technology-is-transforming-india-s-economy/

Chapter 5

Conclusion

Our work reflects the significant attention the issue of de-risking has received from global bodies, civic society and individual jurisdictions. Many reports reach similar judgements to our 2016 statement on de-risking: there is no silver bullet which will effectively solve the challenges faced by those being de-risked. In line with our statement on managing money laundering risk in 2015, other jurisdictions as well as FATF have published statements that emphasise the need for a case-by-case assessment rather than a broad-brush approach to individual sectors.

The review also shows that much of the evidence on the scale of account closures at the national or global level is limited and often anecdotal rather than based on data (other than correspondent banking where global data is more prevalent). We discuss the FCA's own findings in our review published today alongside this report.

Chapter 6

Publicly available documents reviewed

1. AMLA The Department of the Treasury's De-risking Strategy. (2023). [online] Available at https://home.treasury.gov/system/files/136/Treasury_AMLA_23_508.pdf

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5. 'At the Intersection of Security and Regulation: Understanding the Drivers of 'De-Risking' and the Impact on Civil Society Organizations', Illustrated by Case Studies from Brazil, Mexico and Ireland, Human Security Collective and European Center for Not-for-Profit Law, (2018) [online] Available at: https://www.hscollective.org/assets/Uploads/Reports/8f051ee3cb/Understanding-the-Drivers-of-De-Risking-and-the-Impact-on-Civil-Society-Organizations_1.pdf

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