

Scorecard: United Kingdom (UK)

FATF Mutual Evaluation and Follow-Up Reports



RISK | STRATEGY | CYBER COMPLIANCE MANAGEMENT



About the FATF 40 Recommendations

The FATF Recommendations

outline and elaborate on a comprehensive and consistent framework for countries to implement as a means to combat money laundering (ML), terrorist financing (TF), as well as the financing of weapons of mass destruction. Due to the diversity and differences in the administrative, financial, legal and operational systems and measures of different countries, the FATF Recommendations serve as the international standard, which countries may adapt to their state of priorities and affairs.



AML/CFT Policies and Coordination

- R1** Assessing risks and applying a risk-based approach
- R2** National cooperation and coordination



Terrorist Financing and Financing of Proliferation

- R5** Terrorist financing offence
- R6** Targeted financial sanctions related to terrorism and terrorist financing
- R7** Targeted financial sanctions related to proliferation
- R8** Non-profit organisations (NPOs)



International Cooperation

- R36** International instruments
- R37** Mutual legal assistance
- R38** Mutual legal assistance: freezing and confiscation
- R39** Extradition
- R40** Other forms of international cooperation



Transparency and BO of Legal Persons and Arrangements

- R24** Transparency and beneficial ownership (BO) of legal persons
- R25** Transparency and BO of legal arrangements

Money Laundering and Confiscation

- R3** Money laundering offence
- R4** Confiscation and provisional measures



Powers and Responsibilities of Competent Authorities and Other Institutional Measures

- R26** Regulation and supervision of financial institutions
- R27** Powers of supervisors
- R28** Regulation and supervision of DNFBPs
- R29** Financial intelligence units
- R30** Responsibilities of law enforcement and investigative authorities
- R31** Powers of law enforcement and investigative authorities
- R32** Cash couriers
- R33** Statistics
- R34** Guidance and feedback
- R35** Sanctions



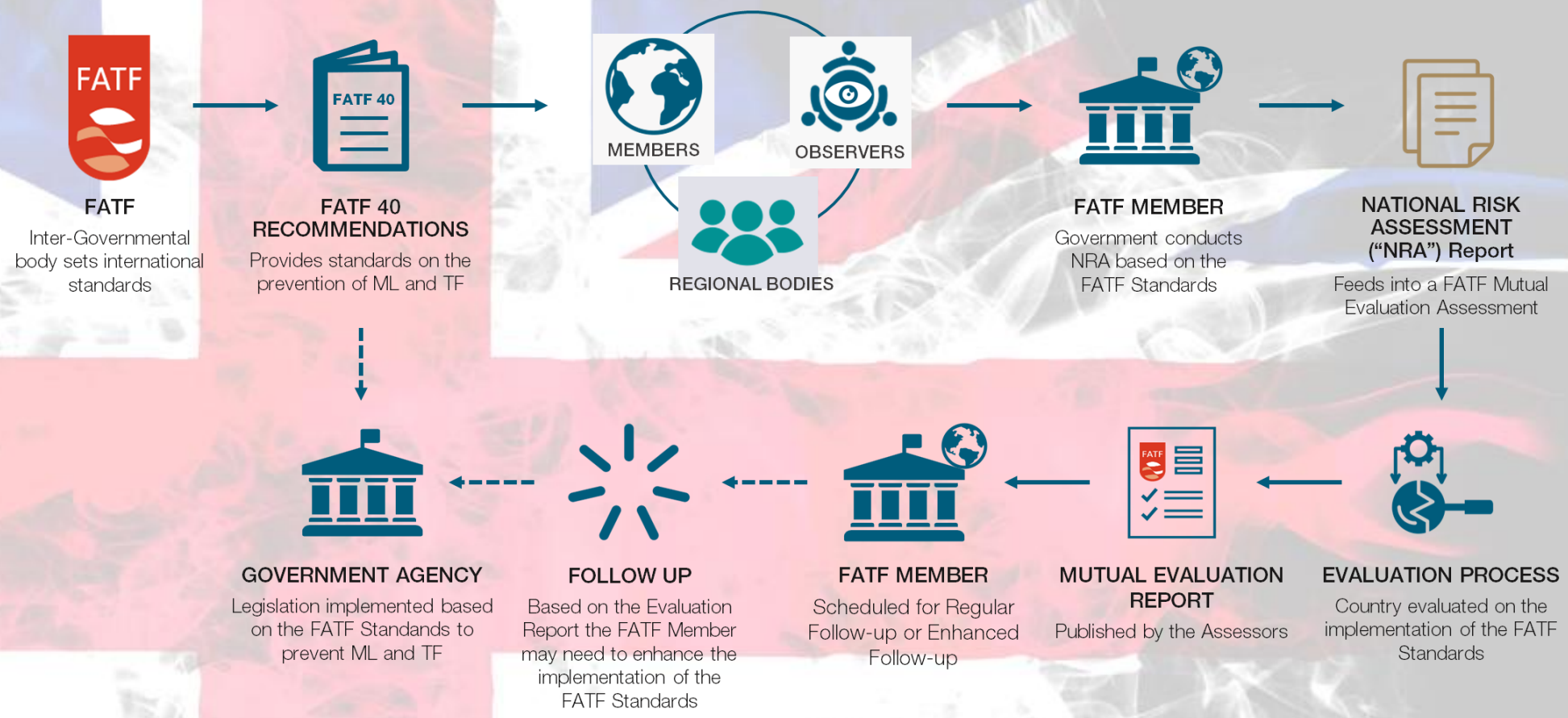
Preventive Measures

- R9** Financial institution secrecy laws
- R10** Customer due diligence
- R11** Record keeping
- R12** Politically exposed persons (PEPs)
- R13** Correspondent banking
- R14** Money or value transfer services
- R15** New technologies
- R16** Wire transfers
- R17** Reliance on third parties
- R18** Internal controls and foreign branches and subsidiaries
- R19** Higher-risk countries
- R20** Reporting of suspicious transactions
- R21** Tipping-off and confidentiality
- R22** DNFBPs: Customer due diligence
- R23** DNFBPs: Other measures



How FATF Sets International Standards

FATF set out the methodology to assess whether a country is compliant to FATF Recommendations or Standards, and if its AML/CFT system is working effectively, assessed through on-site visits, data analysis and the publication of **Mutual Evaluation Reports (MERs)**, or **Follow-Up Reports (FURs)**, where applicable. Done through peer reviews from members of other countries for objectivity, these evaluations are comprehensive country reports that present analysis, findings, as well as points for improvement, regarding a country’s ML/TF systems.



FATF publishes a **Global Assessment Calendar**, which provides a preview of planned assessments by the FATF, its FATF-Style Regional Bodies (FSRBs), the International Monetary Fund (IMF) or the World Bank. The 4th and the most recent round of MERs were measured against the 2013 Assessment Methodology. FATF commenced its 5th round of mutual evaluations in 2024, using revised the Assessment Methodology adopted in 2022. The **United Kingdom (UK)** is lined up for its 5th round of MER based on the schedule below:

	COUNTRY	ASSESSMENT BODY	ME ROUND	PLANNED ONSITE SCHEDULE	PLANNED PLENARY DISCUSSION SCHEDULE
	United Kingdom	FATF	5th	Jun 2027	Feb 2028



United Kingdom 2018 FATF Mutual Evaluation Report



Key Findings

1. The UK has a very good understanding of its ML and TF risks as reflected in its NRAs. The UK also showed significant improvement with its national coordination and cooperation both AML/CFT policy and operational levels since its 2009 evaluation.
2. Proactive investigation and prosecution is evident in TF activities and demonstrate strong public and private partnerships and information sharing. The same goes for ML activity, however, these cases generally take years to prosecute and convict. With this, it is unclear as of the 2018 MER if there is alignment with UK's threats, risk profile and national AML/CFT policies.
3. The UK has been a world leader in designating terrorists at the United Nations (UN) and European Union (EU) level, as well as in its corporate transparency.
4. Significant ML risks come from overseas, particularly from other financial centres, and cross-border banking.

MUTUAL EVALUATION REPORT (MER) RATING

DATE: December 2018

Effectiveness

Immediate Outcomes

Risk, Policy and Coordination	●
International Cooperation	●
Supervision	●
Preventive Measures	●
Legal Persons and Arrangements	●
Financial intelligence	●
ML Investigation and Prosecution	●
Confiscation	●
TF Investigation and Prosecution	●
TF Preventive Measures and Financial Sanctions	●
PF Financial Sanctions	●



Technical Compliance

FATF Recommendations

R1	●	R11	●	R21	●	R31	●
R2	●	R12	●	R22	●	R32	●
R3	●	R13	●	R23	●	R33	●
R4	●	R14	●	R24	●	R34	●
R5	●	R15	●	R25	●	R35	●
R6	●	R16	●	R26	●	R36	●
R7	●	R17	●	R27	●	R37	●
R8	●	R18	●	R28	●	R38	●
R9	●	R19	●	R29	●	R39	●
R10	●	R20	●	R30	●	R40	●



UK 2022 FATF Follow-Up Report and Technical Compliance Updates



Progress Updates

1. The UK has demonstrated progress related to R13, resulting to an upgraded re-rate in 2022. In the 2018 MER, there was lack of application of enhanced due diligence (EDD) measures for correspondent banking within the European Economic Area (EEA). To address this, the UK amended the definition of third country or outside jurisdictions in the Money Laundering Regulations (MLR), effectively making EDD measures mandatory for correspondent banking and other similar relationships.
2. The other main opportunity identified in the 2018 MER was R29, and concerns related to the operational independence of the UK Financial Intelligence Unit (FIU) and its limited ability to conduct operational and strategic analysis. The UK has made progress to address this through the SARs Reform Programme. This warranted an expansion in staff and technology. However, the expansion remains insufficient due to the size of its financial sector, the growth of SARs filed in the last couple of years, and the corresponding changes from IT systems. R29 thus remain at the same rating.
3. Despite some setbacks, the UK was considered as compliant to new FATF requirements, retaining a majority of its “Compliant” and “Largely Compliant” ratings.

FOLLOW-UP REPORT

DATE: May 2022

Technical Compliance Re-Rating

Rating Updates Based on Subsequent Report:

- R13 Upgrade

FATF Recommendations									
R1		R11		R21		R31			
R2		R12		R22		R32			
R3		R13		R23		R33			
R4		R14		R24		R34			
R5		R15		R25		R35			
R6		R16		R26		R36			
R7		R17		R27		R37			
R8		R18		R28		R38			
R9		R19		R29		R39			
R10		R20		R30		R40			





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