

Anti-Money Laundering (AML)

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What is AML?

Anti-Money Laundering (AML) refers to laws and practices financial institutions and fintechs follow to detect, prevent, and report financial crime.

Global Standards in AML

Financial Action Task Force (FATF)

The FATF is an intergovernmental organization that sets the global benchmark for AML, with guidelines to help financial institutions and governments worldwide establish consistent measures to detect and prevent illegal financial activities.



Regional & National Enforcement Bodies

In the U.S., the Department of the Treasury enforces AML standards through agencies like FinCEN (Financial Crimes Enforcement Network), while in the European Union, similar bodies uphold FATF standards.



AML Certifications

AML certifications provide validation of expertise in AML compliance. Ideal for professionals in compliance, fraud, and regulatory roles.



Certified Anti-Money Laundering Specialist (CAMS)

The most recognized AML certification globally, CAMS certifies advanced knowledge in detecting and preventing money laundering.



Certified Fraud Examiner (CFE)

Granted by the Association of Certified Fraud Examiners (ACFE), CFE equips professionals with knowledge to investigate and prevent fraud and corruption, complementing AML.



Certified Financial Crime Specialist (CFCS)

A broader credential, CFCS is suited for professionals across AML, fraud, and compliance fields, providing skills to handle complex financial crime investigations.

Who Needs AML Certification?

While not always required by law, certifications are highly valued in risk and compliance roles, with many financial institutions and regulatory bodies mandating a certain number of certified AML staff to ensure proper adherence to AML protocols.

Money Laundering Stats

\$800 billion to \$2 trillion dollars are laundered per year.

90% of money laundering goes undetected by law enforcement.

U.S. Regulations

1. Bank Secrecy Act (BSA)

Established in 1970, the BSA is a foundational U.S. law requiring financial institutions to establish AML programs.

2. USA Patriot Act

Expanding on the BSA, the Patriot Act mandates Customer Identification Programs (CIP), Enhanced Due Diligence (EDD), and Suspicious Activity Reporting (SAR) to FinCEN.

3. Office of Foreign Assets Control (OFAC) Regulations

AML programs must integrate OFAC checks to prevent interactions with restricted parties.

4. Customer Due Diligence (CDD) Rules

Required by FinCEN, CDD involves ongoing transaction monitoring, and performing risk assessments to detect potential illegal activities.

5. Anti-Money Laundering Act of 2020

AMLA 2020 aims to modernize efforts, expand regulations, enhance enforcement, and promote innovation.



AML Compliance Requirements

AML compliance involves a multi-layered approach to monitor and report suspicious activities effectively:

1. Customer Due Diligence (CDD)

Financial institutions must collect and verify the identities of their customers, focusing on high-risk individuals like Politically Exposed Persons (PEPs) who might be more vulnerable to corruption or illegal financial activities.

2. Transaction Monitoring

Institutions are required to continually monitor financial transactions for unusual patterns that may indicate laundering or illicit activities, using sophisticated transaction monitoring systems.

3. Suspicious Activity Reporting (SAR)

When a transaction meets certain risk criteria, institutions are legally required to file a SAR with regulatory bodies, flagging the activity as potentially criminal.

4. OFAC & Sanctions Compliance

Enforcing economic and trade sanctions set by the Office of Foreign Assets Control (OFAC) involves monitoring for transactions involving sanctioned individuals or countries, preventing illegal funding activities from reaching those targets.