



Emerging Global Trends in Financial Crime and Regulatory Implications for Arab Banks



With you today



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Agenda

01

New Global Trends in Combating Financial Crime, ML/TF & Their Impact on Arab Banks

15 mins

02

Updated FATF Mutual Evaluation Methodology

15 mins

03

Transparency of Cross-Border Payments

10 mins



New Global Trends in Combating Financial Crime, ML/TF & Their Impact on Arab Banks

The Evolving Financial Crime Landscape | Financial crime is becoming more complex, digital, and borderless, making it harder to detect and control using traditional methods

Several developments have altered how illegal funds are moved, hidden, and shielded from monitoring

- 1 • **Rising sophistication of criminal networks**
Criminal groups now operate across multiple countries using layered ownership structures, professionals, and technology to hide identity, control, and transaction purpose.
- 2 • **Digital transformation increasing risk exposure**
Online banking, digital wallets, fintech solutions, and fast, automated platforms allow value to move quickly beyond traditional monitoring points, reducing visibility.
- 3 • **Shift from traditional money laundering and terrorist financing to cyber-enabled crime (ML/TF going forward)**
Illicit actors make use of anonymity tools, online identities, encrypted platforms, and virtual assets to avoid leaving clear audit trails.
- 4 • **Greater regulatory expectations and cross-border cooperation**
Regulators are sharing data faster, coordinating supervision, and placing higher expectations on real results, not just documented compliance.

Key Global Trends Shaping the AML/CFT Environment | Industry standards and supervisory approaches are evolving toward more technology-enabled, data-driven, and transparency-focused compliance models

01

AI- and data-driven supervision and monitoring

Regulators and institutions are increasing the use of analytics and automation to identify unusual financial behavior more quickly and accurately.

02

Growth of instant payments creating higher ML/TF risks

Real-time payments reduce review time and limit the ability to intervene before funds leave the banking system.

03

Increasing focus on beneficial ownership transparency

Authorities are seeking more accurate and verified information to clearly identify who ultimately owns or controls accounts and legal entities.

04

Dynamic, broader, and faster-changing sanctions expectations

Sanction rules and lists are updated more frequently and may include individuals, entities, industries, technology, and virtual assets.

05

Use of digital assets and stablecoins in illicit finance

Some criminals leverage virtual assets for faster cross-border movement and reduced visibility compared with traditional bank transfers.

Global Regulatory & Supervisory Shifts | Regulatory approaches are placing greater focus on demonstrated outcomes, stronger due diligence, and more stringent enforcement

1

More detailed risk-based compliance frameworks

Supervisors expect institutions to calibrate controls to specific customer, product, channel, and geographic risks, not broad assumptions.

2

Increase in enforcement actions globally

Authorities are imposing higher penalties and public enforcement to drive stronger accountability and compliance discipline.

3

Stronger emphasis on CDD/KYC quality and execution

Customer information must remain accurate throughout the relationship, not only at onboarding.

4

Higher expectations for sanctions screening and list management

Screening must account for name variations, transliterations, and additional context, not only exact matches.

5

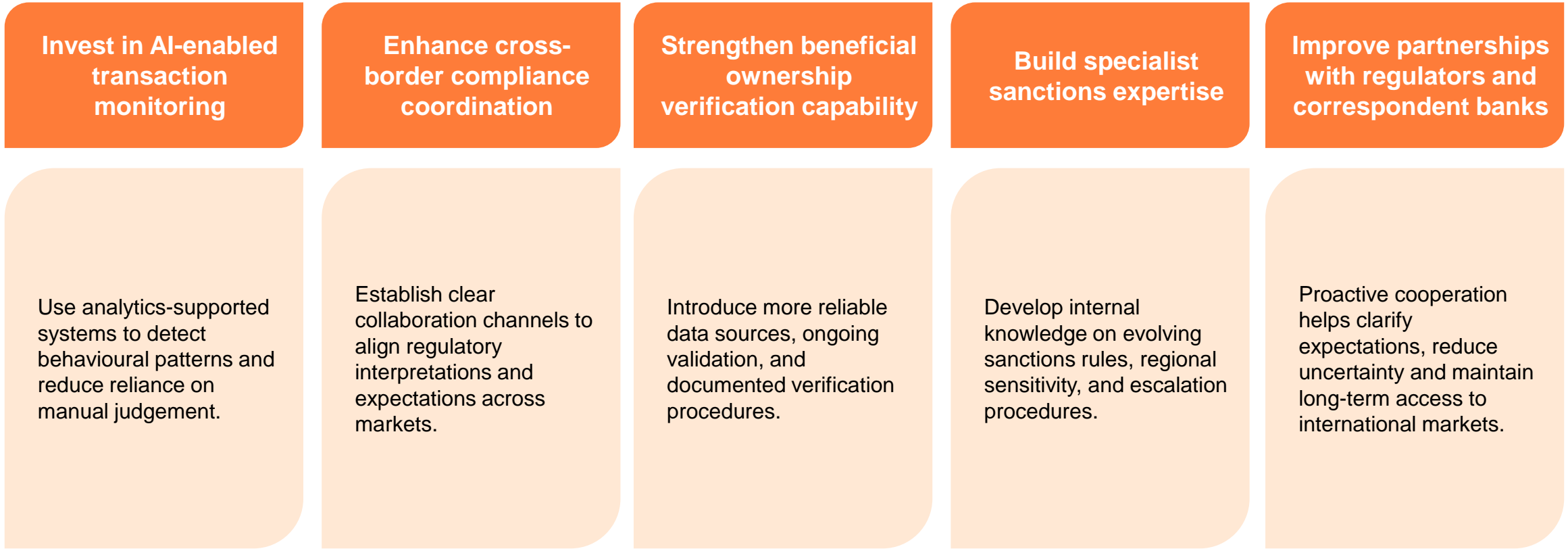
Growth in cross-border data-sharing initiatives

Information exchange between countries and agencies is expanding to close jurisdictional gaps and speed up investigations.

Impact on Arab Banks | Arab banks are facing higher requirements to modernise compliance, manage data effectively, and demonstrate proven results



Strategic Response for Arab Banks | Banks in the region need to adopt forward-looking, technology-enabled compliance strategies to maintain trust and global access



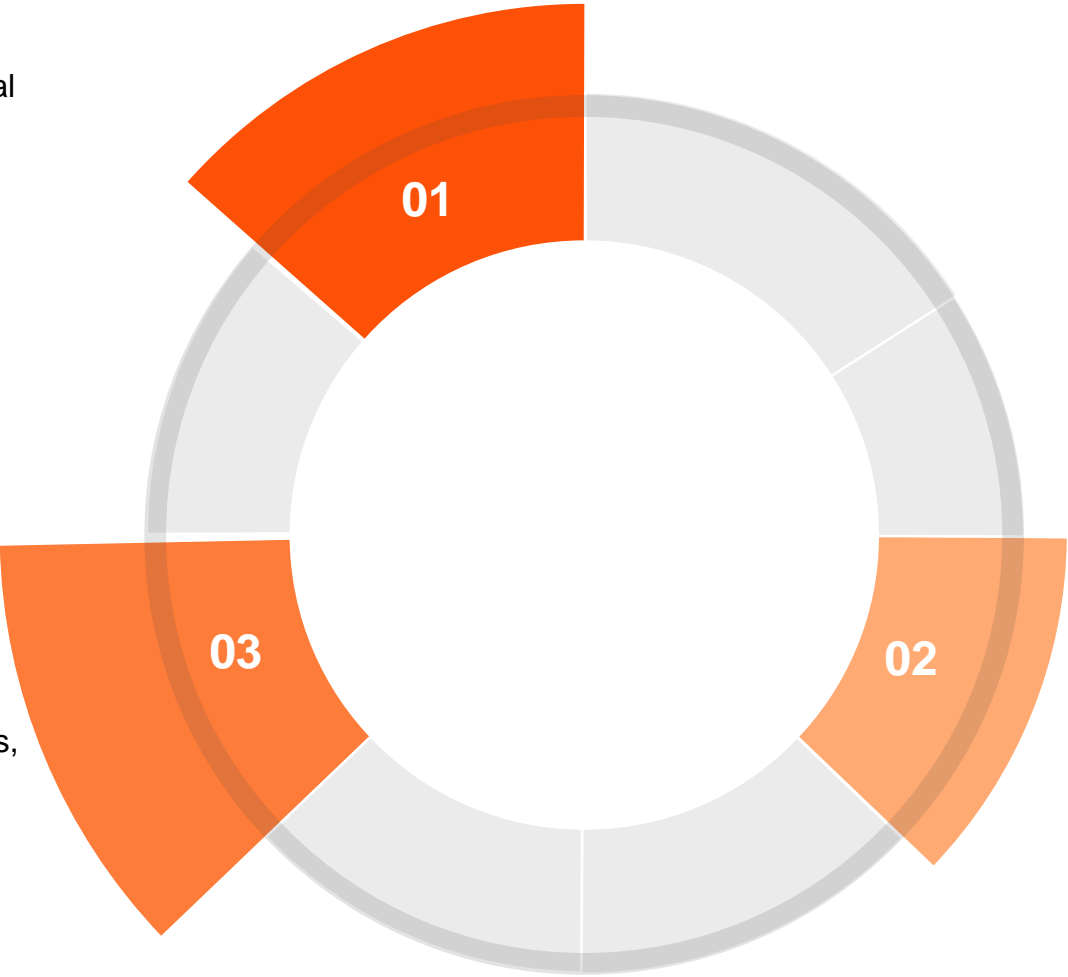
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Updated FATF Mutual Evaluation Methodology

Understanding the Updated FATF Mutual Evaluation Methodology | The updated methodology examines both control design and how well those controls deliver real results

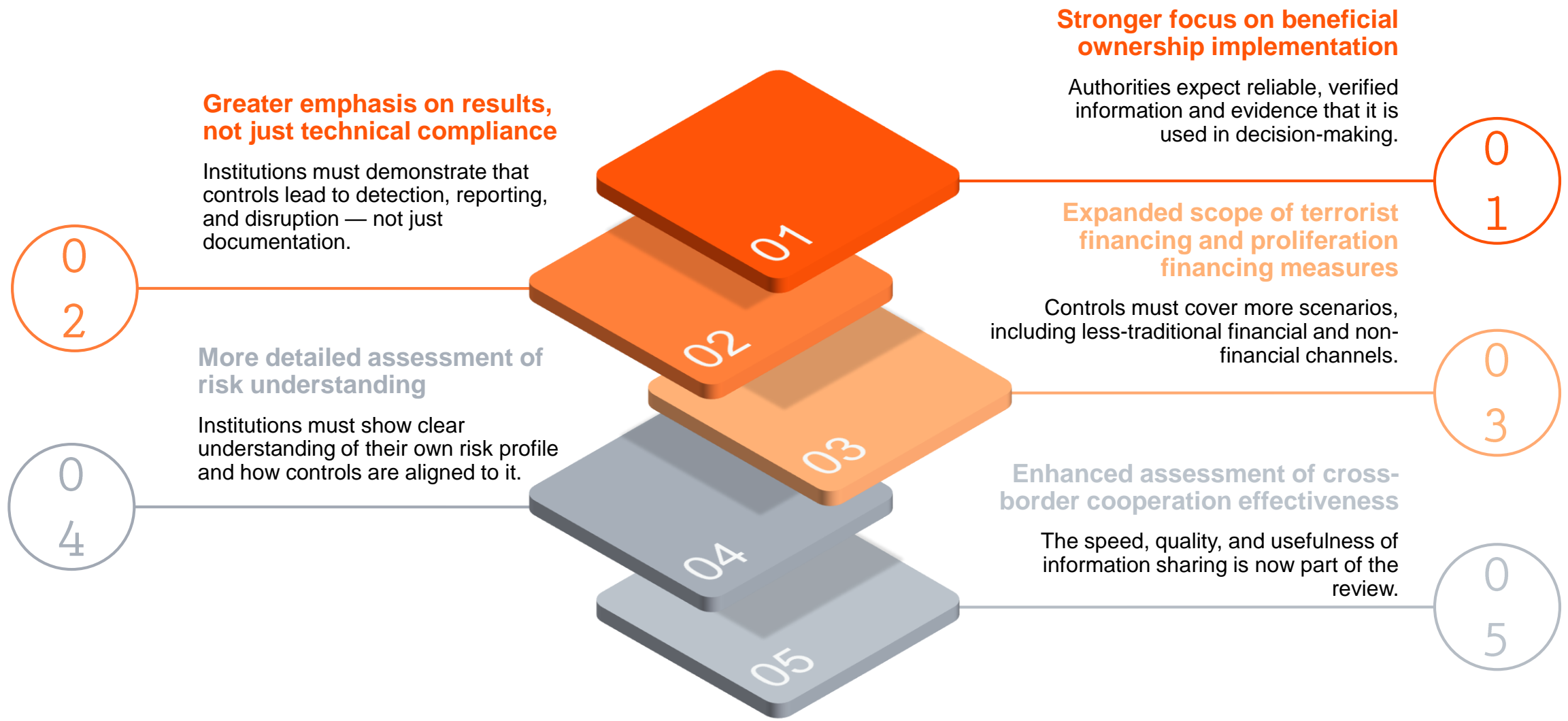
Purpose of mutual evaluations
Assess whether national systems are capable of addressing identified ML/TF risks through strong controls and practical results.

Importance for national regulators and financial institutions
Findings may influence strategic relations, reputation, market confidence, and regulatory positioning.



Shift toward effectiveness-focused assessments
Evaluations now place weight on outcomes, not just presence of policies and procedures.

Key Changes in the Updated Methodology | FATF now focuses on deeper risk understanding and practical application across institutions



What Regulators Are Now Looking For | Supervisors are focused on practical evidence showing that risks are being managed effectively

Evaluation criteria now require clear examples, measurable results, and verified documentation.



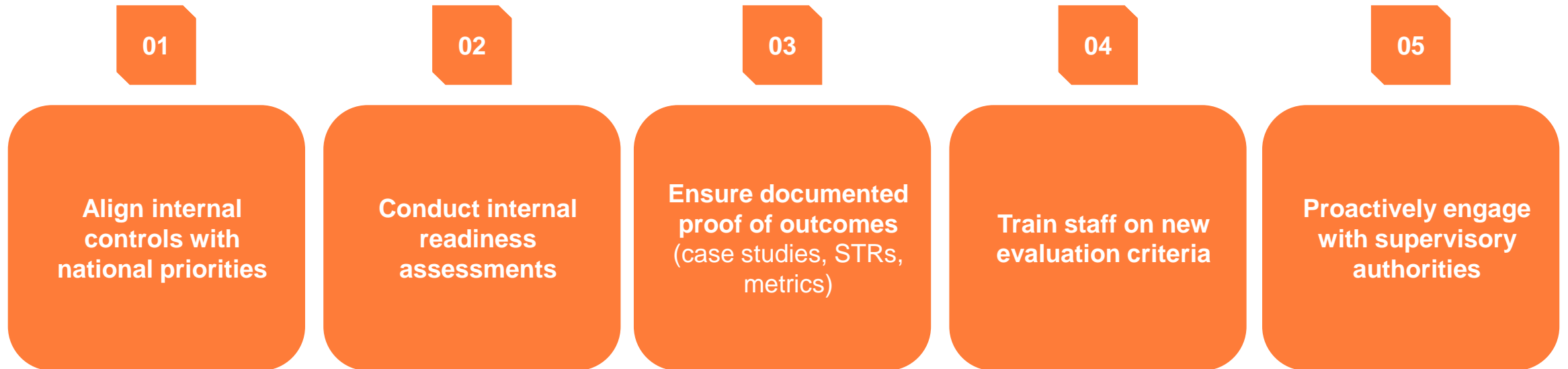
Compliance Requirements for Banks | Banks must ensure that AML/CFT processes are reliable, traceable, and evidence-based

Requirements now focus on data quality, documented decisions, and demonstrable operational capability.



- 01 Strengthening enterprise-wide risk assessments**
Risk assessments must be regularly updated and linked to business activity, products, and customer types.
- 02 Demonstrating end-to-end control effectiveness**
Institutions must prove that detection, escalation, and reporting steps function as intended.
- 03 Documenting decision-making and rationale**
Banks must be able to show how and why a decision was made, including when no escalation occurred.
- 04 Improving data quality, monitoring, and analytics**
All relevant systems must contain consistent, complete and usable information for effective monitoring.
- 05 Ensuring high-quality CDD/KYC and beneficial ownership processes**
Customer information must remain accurate throughout the relationship, not only at onboarding.

Preparing for a Mutual Evaluation | Effective preparation requires early planning, internal alignment, and clear evidence management



3

Transparency of Cross-Border Payments

Why Transparency Matters in Cross-Border Payments | Clear and complete information supports trust, reduces misuse, and strengthens access to international networks

1 • **Transparency is increasingly required due to faster payments, higher risks, and growing regulatory focus.**

2 • **Global push for faster, safer, and more transparent payments**
Authorities aim to balance speed and convenience with stronger safeguards.

3 • **FATF's role in ensuring traceability to prevent ML/TF**
Updated standards seek to ensure that identity and transaction details remain visible throughout the payment chain.

4 • **Growing risks in correspondent banking networks**
Weak transparency can lead to higher compliance costs and possible international relationship challenges.

Key FATF Updates on Cross-Border Payment Transparency | Updated standards clarify what information must accompany transactions and how it should be maintained

01

Enhanced originator and beneficiary information requirements

Accurate identity and account details must be collected, verified, and retained.

02

Real-time transmission of data across payment chains

Information must remain attached throughout the transaction journey.

These standards apply across all institutions and intermediaries involved in a payment flow.

03

Strengthened Travel Rule expectations (including VASPs)

Virtual asset service providers must follow similar information requirements as banks.

04

Renewed focus on intermediaries ensuring data completeness

All entities involved are responsible for preserving full information, not just the sending bank.

What Financial Institutions Must Comply With | Institutions must verify that information is complete, accurate, and screened before releasing funds

1

Retaining full and accurate sender/receiver information

Data must not be truncated, altered, or removed at any point.

2

Screening and validating data before execution

Sanctions and name checks must occur prior to sending funds.

3

Rejecting or returning incomplete messages

Transactions with missing information should be escalated or corrected before processing.

4

Ensuring interoperability across payment systems

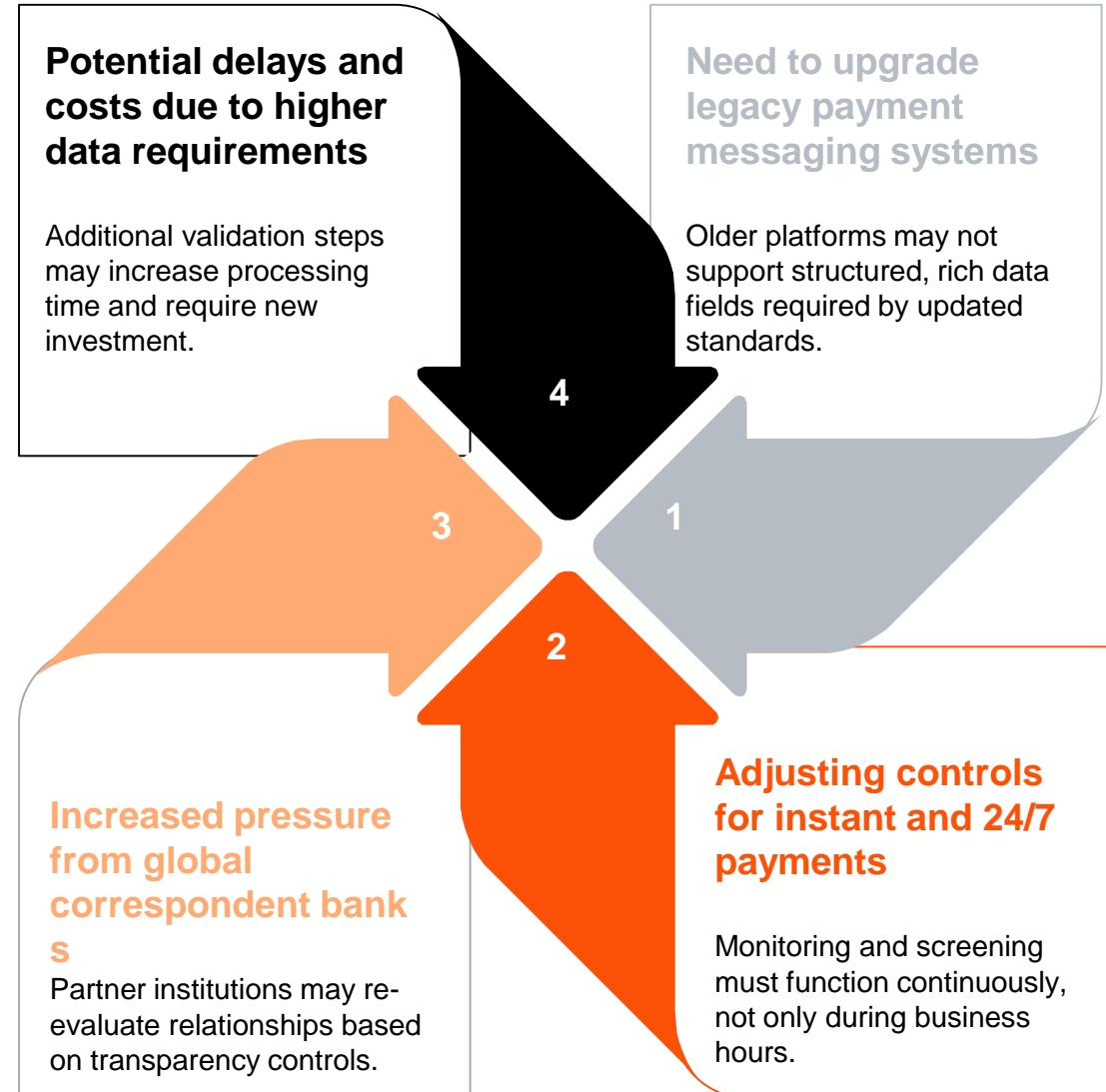
Systems must be able to exchange information consistently and reliably.

5

Strengthening sanctions compliance for instant payments

Real-time channels require automated screening and faster decision processes.

Impact on Arab Banks & Payment Providers | Regional institutions must strengthen technical capability, data quality, and operational readiness



Recommended Enhancements for Compliance | Long-term readiness depends on data standards, automation, and identity assurance

1

Implement ISO 20022 smart data standards

Standardized formats improve screening accuracy and reduce information loss.

2

Deploy automated data quality and sanctions screening tools

Automation helps reduce human error and manage real-time payment environments.

3

Strengthen cross-border KYC and beneficial ownership verification

Use trusted sources and shared databases to validate customer information more reliably.

4

Collaborate with regional regulators on unified approaches

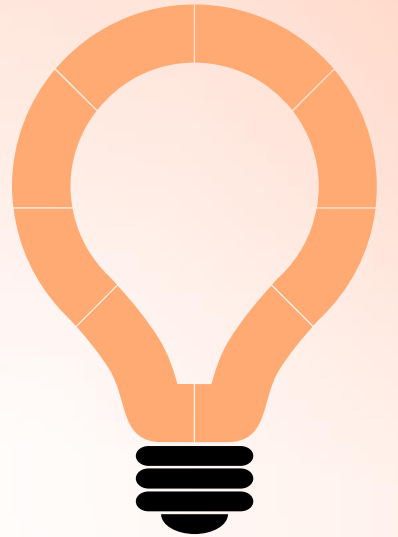
Joint interpretation and shared guidance reduce uncertainty and inconsistency.

5

Integrate digital identity solutions for real-time verification

Verified digital identities reduce reliance on manual documents and slow verification steps.

Q&A



Thank you.