

Anti-Money Laundering Research Project

Introduction

The CCAB commissioned a third-party agency Populus (now Yonder) to conduct research into their members' views on the client due diligence checks they are required to perform as part of their Anti-Money Laundering responsibilities.

Between May 2020 and September 2020 Populus conducted an online survey available to members of the accountancy bodies ACCA, ICAEW, CIPFA, ICAS, and Chartered Accountants Ireland (CAI). The survey focused on the “Know Your Client” checks and expanded on an initial stage of telephone qualitative interviews.

The objectives of the research were:

- To understand and quantify the costs that CCAB members incur in complying with their obligations under the 2017 Money Laundering Regulations to verify the identity of their clients, commonly known as “Know Your Client” checks
- To explore the perceived existing and potential benefits of undertaking “Know Your Client” checks, including perceptions of current activity within the accountancy industry. To include qualitative benefits for example, protection from reputational damage due to association with criminal or unethical clients
- To inform CCAB publications and communications about the role of professional accountants in preventing and detecting money laundering and wider economic crime

Key findings

The survey made a number of key findings which are summarised in an infographic for ease of reference.

Awareness and understanding

- Levels of awareness about the recent changes to anti-money laundering regulations are high. However, a small minority of accountants are not aware of any changes in the past two years.
- Accountants are broadly confident that they understand the current anti-money laundering regulations

The role of accountants in fighting economic crime

- The majority of accountants think the “know your client” checks are important to them and their practice
- 81% of accountants think the "know your client checks" are important or very important
- The majority agree that accountants have an important role to play in preventing economic crime and that the “Know Your Client” checks are essential to their practice

Risk Based Approach

- More than half disagree that "Know Your Client" checks are proportionate to the level of risk their clients possess

Suspicious Activity Reporting

- Almost half of the accountants surveyed have personally filed a SAR (Suspicious Activity Report)

Next steps

The results of the research are encouraging in terms of the knowledge CCAB members have about their AML responsibilities. It is also welcome to see that the majority of members are alive to the role that accountants can have in preventing and detecting economic crime.

The proportionality of the work required on client due diligence is an area where members expressed concern. This brings into focus the need for the CCAB professional bodies to promote the importance of taking a risk-based approach to client due diligence work. While the money laundering regulations do require a certain amount of due diligence on any type of client, the extent of the work needed should generally be proportionate to the perceived risk that a client may pose in terms of money laundering or terrorist financing.

The CCAB Economic Crime Panel will be considering how best to provide additional support and guidance to members about taking a risk based approach to client due diligence work.

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