



Financial Inclusion Training for AML Specialists: Training Course for National Regulators

Training Syllabus

Mode of Offering:	On-line course consisting of 3 modules, comprising written material, video presentations and supported by a variety of source reference documents.
Target Audience	<ul style="list-style-type: none"> • Government policy makers who are responsible for making, administering, or enforcing AML/CFT laws and regulations that implement the requirements of the FATF Standards • Public service management responsible for the national relationship with the FATF/FSRB. • AML/CFT supervisors including the Financial Intelligence Unit (FIU) who are responsible for enforcing AML/CFT laws. • Financial Sector supervisors in the banking, investment, financial intermediary, insurance, payment systems, money remitting sectors. • Designated Non-Financial Businesses and Professions (DNFBP) sector supervisors (public and self-regulatory organization (SRO)) in the gaming, real estate agent, precious metals & stones, legal professionals, trust and company service provider sectors. Virtual Asset Service Provider (VASP) sector supervisors in the virtual asset service sectors. • Telecom service providers (TSP) and their supervisors for their role in provision of digital financial products and services. Note, the FATF standards do not apply to the telecom sector <i>per se</i>, unless the TSP is a Virtual Asset Service Provider (VASP¹) as defined by the FATF.
Prerequisite	<ul style="list-style-type: none"> • Participants should have at least 3 years with the Target Audience
Estimated time commitment and effort	Overall, the participants should expect to spend about 3 hours going through written content, watching course videos and completing quizzes. There will be some prescribed and optional reading i.e resources for each module which may require additional 2-4 hours of study time.
General learning outcomes	Participants who take this course will obtain:

¹ VASP means any natural or legal person who is not covered elsewhere under the Recommendations, and as a business conducts one or more of the following activities or operations for or on behalf of another natural or legal person:

- i. exchange between virtual assets and fiat currencies;
- ii. exchange between one or more forms of virtual assets;
- iii. transfer of virtual assets;
- iv. safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets; and
- v. participation in and provision of financial services related to an issuer's offer and/or sale of a virtual asset.

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| | <ul style="list-style-type: none">• Understanding what financial inclusion is and why it is important, especially for disadvantaged groups.• A broad understanding of how financial inclusion can be achieved through proper implementation of the risk- based approach, and what the AML regulatory community can do to ensure that women, financially disadvantaged, or displaced persons have access to basic financial services that fit their needs.• Understanding how to support and engage the private sector in the adoption of inclusive anti-financial crime compliance practices.• Understanding how to prepare for and engage with the FATF or FSRB/IMF/WB assessors in the mutual evaluation process on combining effective AML/CFT measures with financial measures addressing the financial excluded. |
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Module 1: Introduction to the FATF Standards and Financial Inclusion		
<p>This Module will focus on the fundamental expectations of the FATF, the definitions of key elements of the FATF standards and how they impact financial inclusion. It will also set out what is meant by Financial Inclusion, including a general overview of various groups in society who need, but are often denied, access to formal and regulated financial services. These will include minorities, disadvantaged groups, women, and refugees (forcibly displaced persons).</p>		
Chapters	Key Points	Prescribed Readings
Key Topic 1: Defining Financial Inclusion and De-risking	<ul style="list-style-type: none"> Defining Financial Inclusion What are financial excluded groups or underserved groups? Salient characteristics of financial excluded groups across different regions and economies. Why is it important that there is access to regulated financial services? Role of mobile financial services in contributing to global financial inclusion initiatives in developing economies Barriers to Financial Inclusion FATF Position on Financial Inclusion 	<ul style="list-style-type: none"> FATF Guidance on AML/CFT and Financial Inclusion 2017 FATF Stock take Report 2021 Alliance for Financial Inclusion Toolkit for Inclusive Financial Integrity 2020
Key Topic 2: How the FATF defines Financial Institutions and Non-Financial Institutions	<ul style="list-style-type: none"> How the FATF defines Financial Institutions and Non-Financial Institutions “Financial services” and “Designated non- financial businesses and professions” as defined in the FATF Glossary FATF applies the definitions to activities, not business sectors. 	
Key Topic 3: The FATF Standards as a Deterrent	<ul style="list-style-type: none"> The unintended consequences of the FATF Standards as a Deterrent Risk Balance between deterring criminal elements from using the financial system, and allowing the financially excluded to have reasonable access. Fostering the supervisory objectives of financial integrity and stability 	<ul style="list-style-type: none"> FATF Stock-take Report 2021 Alliance for Financial Inclusion toolkit for inclusive financial integrity

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Module 1: Introduction to the FATF Standards and Financial Inclusion		
Chapters	Key Points	Prescribed Readings
Key Topic 4: Risk and Preventative Measures as used by the FATF	<ul style="list-style-type: none"> • The concept of the Risk Based Approach (RBA) as defined by the FATF. • Using the RBA to implement CDD measures • Understanding Exemptions from CDD, Simplified CDD measures and Enhanced CDD measures. • Understanding Risk by Supervisors: types of FI that offer covered activity: <ul style="list-style-type: none"> ○ Deposit-taking FIs ○ Lenders ○ Financial Leasing ○ Money value transfer • Understanding risk: by financial institutions, DNFBPs and VASPs • Each entity must be capable of analysing ML/TF risk in order to apply effective mitigation. • Examples of simplified CDD from Mutual Evaluation Reports • Examples of AML/CFT Policies with Simplified Due Diligence for Refugees 	<ul style="list-style-type: none"> • FATF Recommendation 1 and 10 • FATF Guidance on the Risk based Approach – various sectors • Alliance for Financial Inclusion Toolkit for Inclusive Financial Integrity 2020 <p>Basel Committee on Banking Supervision (BCBS) Guidance on the application of BCPs to regulation and supervision of institutions relevant to financial inclusion (2016)</p>
Key Topic 5: De Risking - Blocking Access to financial services	<ul style="list-style-type: none"> • Blocking Access to financial services - De Risking versus de-banking • Reconciling this requirement to financial inclusion needs • Application to blocks of customers, or services • Balancing risk of customer and strength of mitigation measures. 	<ul style="list-style-type: none"> • FATF Recommendation 1 • FATF Recommendation 10 • FATF Guidance on the Risk based Approach

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Module 2: Financial Inclusion in National Risk Assessments (NRA), Supervisory Regulation and Practices		
<p>This module will set out the key requirements of the FATF with respect to the RBA as it applies to the NRA and the AML/CFT supervisory program. It will explore the FATF requirements as set out in R1 related to risk assessments, and the expectations placed on AML supervisors in understanding ML/TF risk in the sectors they supervise. It will also address how AML supervisors can leverage the assistance of sector and financial inclusion regulators both in terms of resource and knowledge to collectively raise the level of understanding of ML/TF risk.</p>		
Chapters	Key Points	Prescribed Readings
<p>Key Topic 1: NRA: FATF expectations of the NRA including Institutional Arrangements</p>	<ul style="list-style-type: none"> • Detailed requirements for the NRA process and FATF expectations • Does NRA get updated regularly? Who coordinates? Does the NRA update process address financial inclusion? • Does NRA process include identification of domestic groups who may be excluded from the financial sector? • Risk Methodology for the NRA – Identification of threats, vulnerabilities and consequences of risk 	<ul style="list-style-type: none"> • FATF Recommendation 1 • FATF Guidance on Risk based Approach • FATF Guidance on National ML/TF Risk Assessment 2013 • World Bank. AML/CFT Risk Assessment Support • IMF Guidance on Risk Assessment • FATF methods and trends
<p>Key Topic 2: AML Supervision</p>	<ul style="list-style-type: none"> • AML Supervision as a key element in the AML/CFT regime • FATF requirements for AML/CFT supervision • AML supervision models • The role of Sector Supervisors – Prudential, Conduct and AML Supervisors • The role of BCBS, the IAIS, IOSS etc 	<ul style="list-style-type: none"> • FATF Recommendation 26 and Interpretative Note • FATF Recommendation 1 • FATF Guidance on Risk based Approach • FATF Guidance on National ML/TF Risk Assessment 2013
<p>Key Topic 3: AML/CFT Risk based Supervision and Proportionality</p>	<ul style="list-style-type: none"> • Supervisory obligations of AML Supervisors with respect to financial inclusion and understanding ML/TF risk in each sector where the AML/CFT obligations apply. • Objectives of supervision of AML/CFT obligations • Supervisory Tools 	<ul style="list-style-type: none"> • FATF Recommendation 1 • FATF Guidance on Risk based Approach

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Module 2: Financial Inclusion in National Risk Assessments (NRA), Supervisory Regulation and Practices		
Chapters	Key Points	Prescribed Readings
Key Topic 4: Financial Inclusion Supervision	<ul style="list-style-type: none"> Supervisory approaches for the purposes of financial inclusion National Financial Inclusion Strategies Supervision of Financial inclusion requirements in the national policy/strategy 	<ul style="list-style-type: none"> FATF Guidance on Risk based Approach Alliance for Financial Inclusion - National Financial Inclusion Strategies Report 2018 Alliance for Financial Inclusion Toolkit for Inclusive Financial Integrity 2020
Key Topic 5: Regulation for Financial Inclusion and Risk based Supervision of Financial services	<ul style="list-style-type: none"> Regulatory measures to address availability, access to and use of financial services – Simplified Due Diligence Policymakers’ intentions when developing AML policy and how it impacts excluded groups. Regulators’ guidance on expected outcomes of FIs’ and DNFBPs’ treatment of financial excluded or disadvantaged groups. 	<ul style="list-style-type: none"> FATF Guidance on Risk based Approach Alliance for Financial Inclusion Toolkit for Inclusive Financial Integrity 2020
Key Topic 6: AML/CFT Compliance Programmes and Financial Inclusion	<ul style="list-style-type: none"> Guidance on Risk-based AML Compliance Programmes with simplified and enhanced due diligence AML/CFT Risk Assessment by Institutions Examples of Simplified Due Diligence, Biometric Registration and Digital Financial Services 	<ul style="list-style-type: none"> FATF Recommendation 1 FATF Guidance on Risk based Approach
Key Topic 7: Supervisory Co-operation	<ul style="list-style-type: none"> Importance of co-operation between financial and AML supervisors Co-operation between AML and sector (financial/non financial/VASP) regulators Leveraging on supervisory co-operation for financial inclusion 	<ul style="list-style-type: none"> FATF Guidance on Risk based Approach
Key Topic 8: Best Practices for Stakeholder Engagement	<ul style="list-style-type: none"> Importance of domestic cooperation and collaboration between AML, Sector and Inclusion Regulators/supervisors on financial inclusion initiatives Driving stakeholder participation across all sectors 	<ul style="list-style-type: none"> FATF Recommendation 34 FATF Guidance on Risk based Approach

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Module 2: Financial Inclusion in National Risk Assessments (NRA), Supervisory Regulation and Practices		
Chapters	Key Points	Prescribed Readings
Key Topic 9: Access to financial services to everyone: National policy or FATF approach	<ul style="list-style-type: none"> • Position under the FATF Standards about universal access to financial services • Requirements under National financial inclusion strategies policy, and/or regulation • Key aspects of De-risking and De-banking 	<ul style="list-style-type: none"> • FATF Recommendation 10 • FATF Guidance on Risk based Approach • FATF Guidance on National ML/TF Risk Assessment 2013

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Module 3: The Mutual Evaluation (ME) process: regulatory considerations

This module will set out the FATF/FSRB process for conducting the ME and assessment of FATF recommendations in context of financial inclusion. The key document for study will be the FATF Methodology, although it will not be necessary to read this entire document. Instead, the course will focus on certain key elements which will be identified in the detailed course material. The process will address an all-government approach to cooperation as well as a national coordinating body or committee whose job is to prepare all departments and agencies for the ME.

ME is one event in 7-8 years for each jurisdiction. It should foster continuous improvement and offer a useful opportunity to ensure AML/CFT activities are aligned to policy areas.

Chapters	Key Points	Prescribed Reading
Key Topic 1: The ME Process, National Coordination and Preparation for ME	<ul style="list-style-type: none"> • Responsibility for the implementation of the FATF standards at national level. • FATF Methodology • Preparation for the ME process and completion of the ME Questionnaire • Stakeholder Involvement - relevant public/private agencies or institutions. • Allocation of responsibilities • Provision of Information – Both Qualitative (text description) and Quantitative (data) to enable an accurate assessment of the AML/CFT regime. • The MER process and Financial Inclusion and the Risk based Approach – FATF Position • Outcome: a completed Questionnaire Response setting out the prescribed elements of the AML/CFT regime. 	<ul style="list-style-type: none"> • FATF Consolidated Processes and Procedures for Mutual Evaluations and Follow-Up (Universal Procedures) • FATF Methodology for assessing compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems
Key Topic 2: The ME Assessment Process	<ul style="list-style-type: none"> • Composition of Assessment team ME Assessment of Questionnaire Response using the FATF Methodology. • Dealing with Assessors and provision of information • Sample questions (and possible answers) to assess financial inclusion 	<ul style="list-style-type: none"> • Above readings

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Module 3: The Mutual Evaluation (ME) process: regulatory considerations		
Chapters	Key Points	Prescribed Reading
Key Topic 3: Assessing Financial Inclusion	<ul style="list-style-type: none">• Information on Financial Inclusion – national financial inclusion strategies, financial inclusion statistics, identification of financially excluded people, application of risk based approach in regulatory frameworks etc .• Examples from MERs on financial inclusion best practices• Finalization of the ME document	<ul style="list-style-type: none">• Above readings• FATF Mutual Evaluation Reports – Selected Countries