THE AFC RADAR

Your quarterly update on Anti Money Laundering, Counter-Terrorism Financing and Sanctions.

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BANK MALTI GĦALL-IŻVILUPP
MALTA DEVELOPMENT BANK

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Sanctions Developments



26th August 2026:

The **Sanctions Monitoring Board** (SMB) published a **guidance document on the implementation of Article 32 of the National Interest (Enabling Powers) Act**, which sets out the Board's expectations regarding sanctions governance, risk assessment, screening measures, escalation procedures, record keeping and reporting obligations.

The publication aims to support operators in understanding what effective sanctions compliance looks like in practice and in assessing whether their existing frameworks are capable of identifying, managing and mitigating sanctions risks. Effective compliance is not about controls in place for the sake of compliance, but about ensuring that these controls are risk-based, proportionate, documented and effective.

Implementing Article 32: Sanctions Compliance Requirements (SMB)



FIAU

Guidance & Publications



29th July 2026:

Following the Money: Uncovering Exploitation Through Financial Intelligence

As the FIAU joined the Blue Heart Campaign, a global initiative led by the United Nations Office on Drugs and Crime (UNODC) to raise awareness of human trafficking, support victims, and inspire action against exploitation, it highlights the importance of following the money to combat the criminal networks that profit from these crimes.

A sanitised case study shows how deceptive employment practices can be used to exploit workers for financial gain. It also highlights how financial intelligence can uncover red flags, identify suspicious transactions, and support efforts to detect and disrupt criminal activity linked to human trafficking. Main red flags were:

• Minimal financial activity observed with local bank accounts, raising concerns on how and where income was received;

• Report subjects linked to other individuals who have previously been linked to human trafficking, sexual exploitation and forced labour;

• Employees of report subjects observed to be employed by other individuals linked to the same offences, raising further concerns that networks of massage parlours appeared to be utilising the same individuals;

• The identified massage parlours were noted to be charging below market prices for their services, indicative of potentially illicit activities.

Following the Money: Uncovering Exploitation Through Financial Intelligence

31st August 2026:

The FIAU publishes its AML/CFT Supervisory Plan for 2026-2027

The plan outlines the supervisory priorities and interventions that will guide the Unit's compliance monitoring activities during the third year of its five-year compliance monitoring framework. The plan reflects the FIAU's commitment to a risk-based, proportionate and effective supervisory approach, directing its resources towards the areas of highest money laundering and terrorist financing risk.

AML/CFT Supervisory Plan for 2026-2027

01st September 2026:

The FIAU attended the official launch of scamalert.mt, reaffirming its commitment to raising awareness on financial crime risks and promoting consumer protection.

The platform is a collaboration between the MFSA, the Malta Police Force and the Officer of the Arbiter for Financial Services. As scams continue to evolve in sophistication and frequency, the FIAU welcomes initiatives that empower individuals and businesses to identify warning signs and take appropriate action.

10th September 2026:

In remembrance of the 25th anniversary of the 11 September 2001 attacks, the FIAU published an article which refers to its guidance document that highlights how subject persons play a key role in identifying and disrupting the flow of funds or other assets connected with terrorism and their importance in preventing and countering terrorist activity. Identifying and reporting suspicious financial behaviour can play a crucial role in safeguarding national and international security.

FIAU's Guidance Document on the Funding of Terrorism

29th September 2026:

From Enforcement to Compliance: How Settlement Agreements Support Better AML/CFT Outcomes

In April 2026, the FIAU introduced its Settlement Agreement Policy.

Since then, three settlement agreements have been concluded.

"From an enforcement perspective, the value of settlement lies in linking accountability to corrective action. It gives an eligible subject person a clear route to address the weaknesses identified, while allowing the FIAU to focus on the outcome that matters most: effective and lasting compliance".

FIAU Article





EUROPOL Publications

16th July 2026:

EUROPOL has published its European Union Terrorism Situation and Trend Report 2026 (EU TE-SAT) for 2026. The report offers a comprehensive assessment of the security threats faced by the EU. It identifies and examines various forms of terrorism motivated by different ideologies, including jihadist, right-wing, left-wing and anarchist, ethno-nationalist, and separatist terrorism. Furthermore, it features key trends and statistical data on terrorist attacks, and terrorism-related arrests, convictions and penalties in Member States.

FATF Publications



04th September 2026:

The FATF published a report entitled 'Investigating Professional Money Laundering, Underground Banking, and the use of Hawala and Other Similar Service Providers'.

The report reflects on the increasing role of underground banking, hawala and other similar service providers in facilitating illicit financial activity. These service providers may operate legitimately to fulfil remittance and value-transfer purposes. However, along with underground banking, they may still be used by criminals and professional money launderers.

The report shows that underground banking is no longer exclusively associated with traditional cash-intensive crimes such as drug trafficking or smuggling but increasingly serves as a ML infrastructure for a broader spectrum of crimes, including fraud, cyber-enabled crime, corruption, tax evasion, terrorism financing and illegal gaming.

The report finds significant developments in the digital transformation of underground banking activity. From customers initiating transfers through mobile wallets, operators using virtual assets, and dedicated hawala applications being developed.

The report concludes with a number of good practices aimed at assisting jurisdictions and private sector entities in detecting and disrupting professional money launderers networks that utilise these channels. The main ones being:

• establishing a clear legal and regulatory environment;

• adopting a system-wide and holistic approach to disrupting professional money laundering chains, rather than purely a case-by-case approach;

• creating dedicated domestic co-ordination mechanisms across competent authorities and, where relevant, private-sector partners;

• focus on the intersection between the underground banking and the formal financial system; and

• leveraging advanced supervisory and investigative techniques and technologies.



AMLA Updates

13th July 2026:

AMLA launched a consultation on the draft rules that will determine how supervisors in every Member State will assess ML/TF risks of businesses and professionals in the non-financial sector.

As different entities face a different level of ML/TF risks, supervisors need to understand the level of risk that each different business face and allocate their resources accordingly. To limit reporting costs, smaller entities – such as small legal firms, will have fewer data points than their more complex counterparts – such as football clubs.

Press Release: AMLA consults on harmonised risk assessments in the non-financial sector

15th July 2026:

AMLA published its 2025 Consolidated Annual Activity Report, providing an overview of its institutional development, contribution to the EU Single Rulebook, efforts to strengthen AML/CFT supervision, and initiatives aimed at promoting cooperation among Financial Intelligence Units (FIUs).

AMLA Annual Report 2025

