



Status: December 2016

Position Paper on preventing money laundering and terrorist financing in the gambling sector

Since its foundation in the early 1990s, the European Casino Association (ECA) has been committed to combating money laundering and the financing of terrorism in the most effective and efficient way. The ECA's members are determined to take strong action to efficiently tackle the threat posed by terrorism and money laundering and ensure compliance with the highest international standards for transparency and the applicable legislation. The ECA emphasises that it supports a transparent gambling industry that makes concerted efforts to tackle such criminal activity.

In light of the rapid changes in the European gambling market in recent years and due to the proliferation of new media and technologies, but also as a result of the entry of new players into the market, the ECA once again urges that the 4th Money Laundering Directive is consistently applied to all gambling service providers in the EU. This is also in line with the recommendations of the Financial Action Task Force (FATF¹) on combating money laundering and the financing of terrorism in the gambling sector.

The ECA welcomes the 4th Anti-Money Laundering Directive, which strengthens the regime to effectively combating money-laundering; a regime that the land-based casino sector has been subject to since the introduction of the 1st Anti-Money Laundering Directive. Following the approval of the Directive by the EU institutions, the opportunities and challenges now faced by national governments concern the implementation and interpretation of rules into national law, as well as the ongoing risk assessment of the different sectors subject to the Directive by the European Commission.

Recommendations and manual of procedures of the FATF

The primary objective of the FATF is to develop and promote principles and standards for combating money laundering and the financing of terrorism. To this end, the FATF has issued minimum standards for combating money laundering in the form of forty recommendations² (adopted on 16 February 2012, and updated in February 2013, October 2015, June 2016 and October 2016), as well as nine special recommendations for combating the financing of terrorism³. The recommendations, together with their interpretative notes, provide the international standards for combating money laundering and terrorist financing. A manual of procedures for

¹ The FATF was established as an independent organisation by the G-7 Summit that was held in Paris in 1989 for the purpose of combating money laundering. It is now made up of 36 members, including from the key financial centres of Europe, the Americas and Asia. See also <http://www.fatf-gafi.org/>

² <https://goo.gl/erVJd>

³ <https://goo.gl/y9naAi>

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casinos drawn up by the FATF aims to support the development of a common understanding of what a risk-based approach (RBA) involves for casinos⁴.

The legal framework in Europe

The measures defined at European level for combating money laundering and the financing of terrorism were set out in the 4th Money Laundering Directive⁵. Member States were originally required to transpose this into national law by 26 May 2017. EU Member States have committed to implement the package more swiftly than initially planned, at the latest at the end of 2016. The forty FATF recommendations were also incorporated into the 3rd and 4th Money Laundering Directive. Legislation of some non-EU countries in Europe⁶ is also based on the standards of the EU Anti-Money Laundering Directives.

Prevention of money laundering and the financing of terrorism

With regard to the prevention of money laundering and any other type of illegal activity in the gambling sector, the ECA calls for all gambling operators to satisfy the following requirements:

- **All operators should have national licenses from the Member States in which they provide their services:** All legitimate gambling operators should be required to hold a national licence. This licence should ensure that gambling operators satisfy the legal requirements for preventing money laundering and the financing of terrorism. Licensed gambling operators are subject to regular checks by the national gambling and law enforcement authorities, which makes it possible to guarantee effective control.
- **Compliance with national and EU legislation:** All gambling operators have to comply with requirements and obligations set at national level. The ECA regards regulation and control of the gambling market at national level as a necessity, not least in the context of consumer protection and implementing measures for responsible gaming.
- **Risk-based approach:** A properly applied risk-based approach may lead to a more cost-effective achievement of the objectives. The 'RBA Guidance for Casinos' drawn up by the FATF may be helpful in this respect. A risk-based approach also ensures that money laundering risks are handled according to their relevance.

Why should the 4th Money Laundering Directive of the EU apply to all gambling service providers?

The rules set out in the 4th Money Laundering Directive apply to all providers of gambling services. Even though individual national regulations have in the past prescribed measures to prevent money laundering for online gambling services, only land-based casinos were covered by

⁴ <https://goo.gl/CKQ7qu>

⁵ <https://goo.gl/EoUis4>

⁶ Iceland, Liechtenstein and Norway



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previous Directives at EU level. The formulation of a European standard for online gambling services now seems expedient and necessary.