

FATF



# Anti-money laundering and counter-terrorist financing measures

## Finland

Follow-up Report &  
Technical Compliance Re-Rating

October 2023

Follow-up report





The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CTF) standard.

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**The FATF Plenary adopted this report by written process in October 2023.**

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## *Finland's 4th Enhanced Follow-up Report*

### Introduction

The FATF Plenary adopted the mutual evaluation report (MER) of Finland in February 2019<sup>1</sup>. Based on the MER results, Finland was placed in enhanced follow-up. Finland's 2nd enhanced Follow-up Report (FUR) with technical compliance re-ratings was adopted by written process in October 2021<sup>2</sup> and the 3<sup>rd</sup> enhanced FUR by written process in October 2022<sup>3</sup>. This 4th enhanced FUR analyses Finland's progress in addressing some of the technical compliance deficiencies identified in its MER. Re-ratings are given where progress has been made.

Overall, the expectation is that countries will have addressed most, if not all, technical compliance deficiencies by the end of the third year from the adoption of their MER. This report does not address what progress Finland has made to improve its effectiveness.

**Ms. Catherine Balfe** supported by Ms. Diana Firth, Policy analyst from the FATF Secretariat, assessed Finland's request for technical compliance re-ratings.

The second part of this report summarises Finland's progress in improving technical compliance, while the third sets out the conclusion and includes a table showing Finland's MER ratings and updated ratings based on this and previous FURs.

### Progress to improve Technical Compliance

This section summarises Finland's progress to improve its technical compliance by addressing some of the technical compliance deficiencies identified in the MER or any previous FUR (R.13, R.19, R.27, R.28 and R.35).

### Progress to address technical compliance deficiencies identified in the MER

Finland has made progress to address the technical compliance deficiencies identified in the MER in relation to R.13, R.19, R.27 and R.35. Because of this progress, Finland has been re-rated on these Recommendations.

The FATF welcomes the progress achieved by Finland to improve its technical compliance with R.28. However, insufficient progress has been made to justify an upgrade of this Recommendation's rating.

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<sup>1</sup> [www.fatf-gafi.org/content/fatf-gafi/en/publications/Mutualevaluations/Mer-finland-2019.html](http://www.fatf-gafi.org/content/fatf-gafi/en/publications/Mutualevaluations/Mer-finland-2019.html)

<sup>2</sup> [www.fatf-gafi.org/content/fatf-gafi/en/publications/Mutualevaluations/Fur-finland-2021.html](http://www.fatf-gafi.org/content/fatf-gafi/en/publications/Mutualevaluations/Fur-finland-2021.html)

<sup>3</sup> [www.fatf-gafi.org/content/fatf-gafi/en/publications/Mutualevaluations/Fur-finland-2022.html](http://www.fatf-gafi.org/content/fatf-gafi/en/publications/Mutualevaluations/Fur-finland-2022.html)

**Recommendation 13**

	Year	Rating
MER	2019	PC
FUR2	2021	PC (not re-assessed)
FUR3	2022	PC (not re-assessed)
FUR4	2023	↑ LC

- a) **Criterion 13.1 (a) – (d) (Mostly Met)** As in 2019, Finland meets all the elements of this criterion (See 2019 MER, c.13.1) but these don't apply to EEA correspondent banking relationships. Finland revised its AML Act in 2023 “to bring provisions further in line with R.13” (as explained in the regulatory justifications of the amendments) and requires financial institutions (FIs) apply enhanced due diligence measures (EDD) to “cases” where they identify a higher risk (AML/CFT Act, chapter 3, s. 10, ss.1). The term “cases” is sufficiently broad to cover relationships with EU respondent institutions and is broader than the term that Finland used at the time of the MER of “customer or individual relationship”. This is not entirely in line with criterion 13.1, which sets specific measures to address risks arising from correspondent banking relationships and does not limit its application to identifying high risk of ML/TF (as further explained below), but the amendments adding an additional mandatory layer of due diligence for EEA correspondent banking relationships that are determined to be high risk, allows for the criterion to be re-rated to “Mostly Met”.
- b) The mandatory layer of due diligence includes that the Finish Financial Supervisory Authority Regulations and Guidelines (FIN-FSA Regulations 2/2023) require FIs to prepare risk-based approaches to be followed in EEA correspondent banking relationships, obtain adequate information, including procedures to comply with the enhanced due diligence obligation and indicate that FIs are recommended to, following a risk-based approach: obtain adequate information on the counterparty to understand what its business consists of and to ensure that the counterparty has effective procedures to ensure compliance with AML/CFT regulations; assess the reputation of the counterparty based on publicly available information; assess the quality of supervision targeted at the supervised entity in the country where it is domiciled, and carefully identify the beneficial owners and owners of the counterparty, and assess the risks pertaining to its ownership structure. This is mostly in line with R.13, c. 13.1 requirements (except for obtaining senior approval before establishing new correspondent banking relationships and understanding the AML/CFT responsibilities of each institution).
- c) FIN-FSA Regulations are mandatory. If an FI acts in violation of a FIN-FSA interpretation of a legal provision, FIN-FSA would act regarding it a breach of law. FIN-FSA Regulations include a specific subchapter in relation to EEA correspondent banking relationships and provides examples of situations considered high risk, which expressly consider those countries which FATF particularly calls attention to: “if a counterparty is located in an EEA member state which is placed on a list maintained by the FATF of countries with strategic deficiencies in their regimes to counter and investigate money laundering and terrorist financing and which have prepared an action plan with the FATF to eliminate these deficiencies”.

- d) Supervised entities are also strongly called to consider [European Banking Authority \(EBA\) Risk Factors Guidelines](#), as Regulation (EU) No. 1093/2010 establishing the EBA requires that competent authorities and financial institutions make every effort to comply with the EBA's guidelines and recommendations (art. 16), even when these are not mandatory, and hence cannot be considered to fully meet the specific requirement of R.13.1 (d). These guidelines—state in para. 84 (Guideline 8: Sectoral guideline for correspondent relationships) that correspondents must establish and document the nature and purpose of the service provided, as well as the responsibilities of each institution. This may include setting out, in writing, the scope of the relationship, which products and services will be supplied, and how and by whom the correspondent banking facility can be used (e.g., if it can be used by other banks through their relationship with the respondent).
- e) **Criterion 13.2 (a) (b) (Mostly Met)** As in 2019, Finland meets all the elements of this criterion regarding “payable-through accounts” (See 2019 MER, c.13.2) but these don't apply to EEA countries. As explained in criterion 13.1 above, Finland extended application of EDD to EU respondent institutions by referring to situations where FIs identify a higher risk(AML/CFT Act, chapter 3, s.10, ss.1 and FIN-FSA Regulations, s.6.7.3, paras.205–209)) and although this is not entirely in line with the specific requirements of criterion 13.2, that FIs satisfy themselves that the respondent bank (a) has performed CDD obligations on its customers that have direct access to the accounts of the correspondent bank; and (b) is able to provide relevant CDD information upon request to the correspondent bank, the extension of the application of EDD make the criterion “Mostly Met” because different to the time of the MER, where no measures applied to EU respondent institutions, now EDD applies in cases of high risk and Finland's regulation provides clear, mandatory guidance as to which these cases could be.
- f) In addition, supervised entities are called to strongly consider EBA Guidelines (See explanation above on EBA guidelines), para. 8.4–8.9 of EBA Risk Factors Guidelines, when evaluating factors that increase or decrease risk, and according to the EBA Risk Factors Guidelines para. 8.4 c, one of the factors which may contribute to increasing risk is a situation where the service includes the opening of a payable-through account, which allows the respondent's customers to carry out transactions directly on the account of the respondent (FIN-FINSA Regulations, s.6.7.2).
- g) **Criterion 13.3 (Met)** FIs were and continue to be prohibited from entering relationships with shell banks(See 2019 MER, c.13.3).
- h) **Weighting and conclusion:** Finland meets the requirements for correspondent banking relationships and payable-through accounts, but their application for EEA country relationships is limited to when FIs identify a higher risk. Nevertheless, Finland has clear and mandatory requirements for FIs to conduct a risk-based approach, based on information that would allow for EDD, and prescribes FIs to consider correspondent banking relationships with EU countries which FATF has identified strategic deficiencies for, as high risk. Minor shortcomings remain in relation to EEA correspondent banking and payable through accounts meeting the specific requirements of R.13 (e.g., obtaining senior management approval before establishing new correspondent banking relationships and understanding the AML/CFT

responsibilities of each institution, as well as the specific requirements of R.13.2 a & b). Approximately 40% of Finland’s correspondent banking relationships are with institutions located in EEA countries, which is not negligible. However, measures in place to tackle risks when FIs identify higher risks in EEA correspondent relationships, have improved the situation.

**Recommendation 13 is re-rated as Largely Compliant.**

### Recommendation 19

	Year	Rating
MER	2019	PC
FUR2	2021	PC (not re-assessed)
FUR3	2022	PC (not re-assessed)
FUR4	2023	↑ LC

- a) **Criterion 19.1 (Met)** In 2019, FIs in Finland were required to apply EDD if a customer or a transaction was linked to a State for which EDD was called for by the European Commission (EC) and this fell short of the standard (See 2019 MER, c.19.1). Finland revised its AML/CFT Act in 2023 to provide that EDD should be applied in cases where the obliged entity identifies a higher risk, and FIN-FSA Regulations provide a mandatory interpretation that confirms that this includes an obligation to consider EDD for countries for which this is called for by the FATF(AML/CFT Act, chapter 3, s.10, ss.1 and FIN-FSA Regulations, s.6.7.3, para.205–209)).
- b) **Criterion 19.2 (a) (b) (Partly Met)** In 2019, Finland could not apply countermeasures when called for by the FATF to do so, or independently (though could do so if a customer or transaction was linked to a State for which countermeasures called for by the EC; see 2019 MER, c.19.2). Finland updated its legislation in 2023 for EDD, as a form of countermeasure, albeit limited, to apply in cases where the obliged entity identifies a higher risk. FIN-FINSA regulations confirm this includes countries called for by FATF(AML/CFT Act, chapter 3, s.10, ss.1 and FIN-FSA Regulations, s.6.7.3, paras.205–209)). However, Finland remains unable to apply countermeasures independently (e.g., when not called for by FATF or by the EC).
- c) **Criterion 19.3 (Met)** As in 2019, all supervisory authorities in Finland (FIN-FSA, Regional State Administrative Agency, RSAA) have mechanisms in place to inform supervised entities of countries included in the FATF public statements (See 2019 MER, c.19.3).
- d) **Weighting and conclusion:** Finland updated its legislation for EDD measures on high-risk third countries, to apply to both EEA and non-EEA countries. Finland can now apply countermeasures, albeit limited, when called for by the FATF but cannot apply them independently. **Recommendation 19 is re-rated as Largely Compliant.**

## Recommendation 27

	Year	Rating
MER	2019	PC
FUR2	2021	PC (not re-assessed)
FUR3	2022	PC (not re-assessed)
FUR4	2023	↑ LC

- a) **Criterion 27.1 (Met)** In 2019, the FIN-FSA and the RSAA had some powers to supervise and ensure compliance by FIs of AML/CFT requirements but did not have statutory powers to supervise the implementation of targeted financial sanctions (TFS) obligations (See 2019 MER, c. 27.1). In 2023, Finland revised its AML/CFT Act to provide that, as part of the customer due diligence measures, obliged entities shall have effective policies, procedures and internal controls to ensure that they comply with sanctions regulations (AML/CFT Act, chapter 3, s.16), providing authorities with the ability to supervise implementation of targeted financial sanctions. Supervisory authorities may impose an administrative fine or a penalty payment on obliged entities, if they fail to comply or violate those obligations (AML/CFT Act, chapter 8, s.1, ss. 9c).
- b) **Criterion 27.2 (Mostly Met)** In 2019, in cases where FIs used residential premises for the conduct of business activities, the powers of the supervisors to conduct inspections was limited to instances where there was justified cause to suspect that the obliged entity had, wilfully or negligently, seriously, repeatedly, or systematically neglected or violated the AML/CFT Act (See 2019 MER, c.27.2). In 2023, Finland updated its AML/CFT Act to provide the supervisor with the explicit right to carry out an inspection (of residential premises) through virtual connection or in another location designated by the supervisor (AML/CFT Act, chapter 7, s.3). Amendments did not provide for direct physical access unless, as in 2019, there is justified cause to suspect that the obliged entity has, wilfully or negligently, seriously, repeatedly or systematically neglected or violated AML/CFT Act, so this deficiency remains.
- c) **Criterion 27.3 (Met)** As in 2019, Finland’s supervisors have the power to compel the production of any information relevant to monitoring compliance with AML/CFT requirements. FIs are obliged without undue delay and free of charge to supply the supervisors with all information and reports requested by them (AML/CFT Act, chapter 7, s.2). Also, FIN-FSA has the right to obtain information from auditors, and “persons ... who, with justifiable cause, may be presumed to have information necessary for carrying out such supervisory measures”, from the register of fines and the criminal record, from criminal investigation and prosecuting authorities, and other Finnish undertakings, belonging to the same conglomerate as a supervised entity (FIN-FSA Act, chapter 3, s.18, 19, 20, 23) (See 2019 MER, c.27.3).
- d) **Criterion 27.4 (Met)** In 2019, supervisors were authorised to impose sanctions for breaches of the AML/CFT Act but did not have statutory powers to supervise implementation and impose sanctions regarding TFS obligations. Finland revised its AML/CFT Act to correct this as explained in 27.1 above.

- e) **Weighting and conclusion:** Supervisors have the powers to supervise and ensure compliance by FIs with AML/CFT requirements, including the implementation of TFS, as well as to impose sanctions. Whenever FIs use residential premises for the conduct of business activities, supervisors can conduct inspections virtually or in a third/another location designated by the supervisor but remain unable to have direct physical access, except for the justified cases noted in Finland's 2019 MER. **Recommendation 27 is re-rated as Largely Compliant.**

### Recommendation 28

	Year	Rating
MER	2019	PC
FUR2	2021	PC (not re-assessed)
FUR3	2022	PC (not re-rated)
FUR4	2023	PC (not re-rated)

- a) **Criterion 28.1 (Partly Met)**
- a) (*Met*) As in 2019, casinos are either required to be authorised by law or licensed in Finland (See 2019 MER, c.28.1 (a)).
- b) (*Partly met*) As in the 2019 MER and 2022 FUR, there are some measures to prevent criminals and their associates from holding a management function or being the operator of a casino, but these remain not enough to meet the criterion (See 2019 MER, c.28.1 (b)). Regarding the operation of Veikkaus Oy, Finland has applied vetting procedures around the appointment of directors and management of casino operators. However, such measures are not underpinned by legislative provisions to prevent criminal or their associates being persons in charge of the operational management of a casino. Chapter 6, section 10 of the LLCA (624/2006), provides that a legal person, minors, persons under guardianship, persons with restricted legal competency, and bankrupts cannot be Members of the Board of Directors. However, these legislative provisions fall short of the requirement to prevent criminals and their associates from holding a management function or being an operator of a casino i.e., there are no specific provisions applicable to the people in charge of the operational management of the casino. Section 3 subsection (1) 2) of the Act on Business Prohibitions provides that a business prohibition may be imposed on a person... 2) if that person is guilty of criminal conduct in the course of business activities, and that conduct is not considered to be of a minor nature, and the conduct of that person is considered, as a whole, to be harmful for claimants, business partners, public finances or fair and sound economic competition. Section 2, subsection 3 of the Act on Business Prohibitions defines the scope of business prohibitions to include 3) a person who is a board member or executive director or is in a comparable position, as well as a person who is de facto responsible for the management of a company or foundation or of a foreign branch office, or is responsible for its administration. Chapter 7, section 5 of the AML/CFT Act provides that the Gambling Administration of the National Police Board (NPB/GA) can prevent misfit persons from being the board

members of casino operators or persons in charge of the operational management through temporary restriction of activities of the obliged entity's management. Notwithstanding this, the provisions of the Act on Business Prohibitions and the AML/CFT Act are responsive, passive measures that may be applied on a discretionary basis, and do not constitute an absolute prohibition in legislation from the outset. Regarding the operation of Paf, there are no specific legislative measures prevent criminal or their associates from being the board members and there are no provisions applicable to the people in charge of the operational management of the gambling operators.

- c) Mainland casinos and gambling operators in Åland are subject to AML/CFT supervision by the Åland Lotteriinspektion (AML/CFT Act, Chap. 7, s. 1, ss. 1, item 2). This was also the case at the time of the 2019 MER, but supervision had not been transferred/started.
- b) **Criterion 28.2 (Met)** As in 2019, Finland has the following competent authorities and self-regulatory body to monitor and ensure DNFBP's compliance with AML/CFT requirements: the RSAA for real estate agents in mainland Finland, dealers in goods paid in cash above EUR 10 000 which includes **dealers** of precious metals and stones (through the concept of dealers of "goods"), legal professionals other than advocates, trust and company service *providers*, as well as external accountants; the Finnish Bar Association (FBA), which is responsible for monitoring and ensuring compliance of advocates; the Åland Government, which supervised compliance of real estate agents, until 2018, when supervision was delegated from the regional state administrative agency to the Government of Åland (Decree of the President of the Republic on the Performance of Certain Duties under the Act on Preventing Money Laundering and Terrorist Financing in Åland, s.1, ss.2).
- c) **Criterion 28.3 (Met)** As noted in Finland's 2019 MER, supplemented by the 2022 FUR, all categories of DNFBPs are *subject* to monitoring and supervision systems by relevant authorities or SRBs.
- d) **Criterion 28.4 (Mostly Met)**
  - a) (*Mostly Met*) As noted in 2019, (a) all supervisors or self-regulatory bodies have adequate powers (except for the limitation noted below) to perform their functions and monitor compliance, which includes general powers to supervise, obtain information, carry out inspections, restrict activities of management, prohibit executions of decisions, and (c) impose sanctions (See 2019 MER, c.28.4). However, the power to carry out routine on-site inspections was limited when the premises where the supervised business was conducted were used for permanent residential purposes, as inspections were only permitted when "there is justified cause to suspect that the obliged entity has ... seriously, repeatedly or systematically neglected or violated the AML/CFT Act". In 2023, Finland updated its AML/CFT Act to provide the supervisor with the explicit right to carry out an inspection of these residential premises through virtual connection or in another location designated by the supervisor (AML/CFT Act, chapter 7, s.3). Amendments still did not provide for direct physical access unless, as in 2019, there is justified cause to suspect that the obliged entity has, wilfully or negligently, seriously, repeatedly or systematically neglected or violated AML/CFT Act. This deficiency remains.

- b) (*Partly Met*) As in 2019, there are no specific legislative measures in place to permanently prevent criminals or their associates from being professionally accredited, or holding (or being the beneficial owner of) a significant or controlling interest, or holding a management function in other DNFBPs (except for real estate agencies, see 2019 MER, c.28.4 (b)). This shortcoming remains. There are no specific legislative measures in place to permanently prevent criminals or their associates from being professionally accredited, or holding (or being the beneficial owner of) a significant or controlling interest, or holding a management function in other DNFBPs (except for real estate agencies as noted in Finland's 2019 MER). Chapter 5 of the AML/CFT Act sets out the provisions of the money laundering supervision register and the requirements. Chapter 5, section 4 sets out the information that must be provided to register which includes any administrative sanctions or prohibitions enforced against the applicant. There are no provisions in section 4 regarding the RSAA's right to refuse an obliged entities registration based on such prohibitions or sanctions albeit Chapter 5 Section 6 subsection 2 provides that the RSAA shall remove an obliged entity from the money laundering supervision register if the obliged entity has materially violated the AML/CFT Act or the regulations issued by the RSAA thereunder. Chapter 5, section 5 provides that obliged entities engaging in currency exchange and company service providers are subject to the reliability provisions set out in section 5. However, there is no reliability provisions set out in section 5 in respect of other obliged entities as set out in chapter 1 section 2 subsection 1 paragraphs 13-18, 20 and 22-26 which are also subject to the registration obligations. Chapter 7 Section 5 of the AML/CFT Act provides for a prohibition on acting as a board member, managing director deputy managing director or member of the senior management team, however this is a temporary prohibition for a period not exceeding 5 years. The Deficiency identified in the 2019 MER that there are no entry requirements or similar measures supervised by any competent authority with respect to lawyers, who are not members of the Bar Association remains the same.
- e) **Criterion 28.5** (a) (b)(*Met*) As in 2019, for mainland Finland, when determining the scope and frequency of supervision, AML/CFT supervisors (the RSAA, National Police Board (NPB)) and the FBA should have regard to (i) ML/TF risks concerning the supervised sector, supervised entities and their customers, products and services; (ii) the ML/TF risk assessments prepared by them (which in turn should be based on national and European wide assessments), and (iii) exemptions applicable to the activities of supervised entities (See 2019 MER, c.28.5(a), (b)). Since 2022, in Åland, the Åland Lotteriinspektion is the AML/CFT supervisor of the gambling operators and of traders and organisations that supply participation tickets and fees related to gambling provided by the operators referred to above. Therefore, the requirements to consider risk noted above, from the AML/CFT Act, apply to the Åland Lotteriinspektion (See 2022 FUR, c.28.5).
- f) **Weighting and conclusion:** Supervisors have statutory powers to supervise the implementation of and ensure compliance by DNFBPs of AML/CFT requirements, including TFS obligations, as well as to apply sanctions. However, other deficiencies remain, such as insufficient measures in place to prevent criminals or their associates from being professionally accredited, or holding (or being the beneficial owner of) a significant or controlling interest, or holding a management function in most DNFBPs. There are also no specific

fit-and-proper provisions applicable to the people in charge of the operational management of the casino or gambling operators. **Recommendation 28 remains Partially Compliant.**

### **Recommendation 35**

	Year	Rating
MER	2019	PC
FUR2	2021	PC (not re-assessed)
FUR3	2022	PC (not re-assessed)
FUR4	2023	↑ LC

- a) **Criterion 35.1 (Mostly Met)** As in 2019, Finland’s supervisory authorities have a range of sanctions to deal with failures to comply with the AML/CFT requirements of R. 9 to 23 (See 2019 MER, c.35.1). However, there were many deficiencies at the time of the MER, some of which have not been addressed: Finland had a 5-year time limitation concerning the right to impose administrative fines and public warnings sanctions, considered problematic because of the length of the supervisory cycle (See 2019 MER, c.35.1); there was no information available on sanctions for NPO’s failure to comply with their registration obligations and there were only sanctions for the violation of TFS obligations under UNSCR 1373, and not for failure to freeze funds. The first deficiency of the 5-year limitation remains while the second was addressed in Finland’s 3rd FUR in 2022, where it was clarified the Business Information Act applies to NPO’s failure to comply with registration obligations, and the third deficiency, is being addressed now, as explained in R.27 and R.28 above.
- b) **Criterion 35.2 (Mostly Met)** As in 2019, administrative fines and penalty payments applicable in case of breaches of AML/CFT obligations are applicable to natural persons, sanctions can be imposed on executives of a legal person and penalty payments are explicitly applicable to members of management. In addition, supervisors can impose restrictions of activities of an obliged entity’s senior management and directors for up to 5 years if he/she has demonstrated obvious incompetence or carelessness (See 2019 MER, c.35.2). The deficiency that lawyer’s sanctions were only applicable to natural persons and not to law firms remains. However, this gap is minor as both law firms and attorneys at law offices may be sentenced to a corporate fine within the meaning of chapter 9 of the Criminal Code, if the person in charge has been involved in the offence, or authorised the commission of a crime, or if the necessary care has not been followed in its activities and caution to prevent crime.
- c) **Weighting and conclusion:** Finland’s supervisory authorities have a range of sanctions to deal with failures to comply with the AML/CFT requirements of R.6 and 8 to 23. However, the 5-year time limitation concerning the right for supervisors to impose administrative fines and public warnings deficiency remains (albeit increase in supervisory resources and annual supervisory engagement since the 2019 MER), along with the need for lawyer’s sanctions to be applicable to natural persons and not just law firms. **R.35 is re-rated as Largely Compliant.**

## Conclusion

Overall, Finland has made progress in addressing most of the technical compliance deficiencies identified in its MER and has been upgraded to LC on R.13, R.19, R.27 and R.35. R.28 is maintained at PC.

The table below shows Finland's MER ratings and reflects the progress it has made, and any re-ratings based on this and previous FURs:

**Table 1. Technical compliance ratings, October 2023**

<b>R.1</b>	<b>R.2</b>	<b>R.3</b>	<b>R.4</b>	<b>R.5</b>
LC	LC (FUR 2021) PC	LC	LC	LC
<b>R.6</b>	<b>R.7</b>	<b>R.8</b>	<b>R.9</b>	<b>R.10</b>
LC	LC	PC	C	LC
<b>R.11</b>	<b>R.12</b>	<b>R.13</b>	<b>R.14</b>	<b>R.15</b>
C	LC	LC (FUR 2023) PC	C	PC (FUR 2021) LC
<b>R.16</b>	<b>R.17</b>	<b>R.18</b>	<b>R.19</b>	<b>R.20</b>
C	LC	LC	LC (FUR 2023) PC	C
<b>R.21</b>	<b>R.22</b>	<b>R.23</b>	<b>R.24</b>	<b>R.25</b>
C	LC	LC	LC (FUR 2022) PC	LC
<b>R.26</b>	<b>R.27</b>	<b>R.28</b>	<b>R.29</b>	<b>R.30</b>
LC	LC (FUR 2023) PC	PC	C	C
<b>R.31</b>	<b>R.32</b>	<b>R.33</b>	<b>R.34</b>	<b>R.35</b>
LC	LC	LC	C	LC (FUR 2023) PC
<b>R.36</b>	<b>R.37</b>	<b>R.38</b>	<b>R.39</b>	<b>R.40</b>
LC	LC	LC	LC	LC

Note: There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

Finland has three Recommendations rated PC and none rated NC. Finland will report back to the FATF on progress achieved in improving the implementation of its AML/CFT measures in its 5<sup>th</sup> round mutual evaluation.

## Annex to the FUR

### Summary of Technical Compliance – Deficiencies underlying the ratings

Recommendations	Rating	Factor(s) underlying the rating <sup>4</sup>
1. Assessing risks & applying a risk-based approach	LC	<ul style="list-style-type: none"> <li>• All Finnish authorities have not comprehensively identified and assessed their ML/TF risks.</li> <li>• The NRA is outdated, which limits the authorities' ability to allocate resources based on risks and implement appropriate AML/CFT measures.</li> <li>• There is no exemption from SDD measures when there is a suspicion of ML/TF.</li> </ul>
2. National cooperation and coordination	PC (MER) LC (FUR 2021)	<ul style="list-style-type: none"> <li>• Åland authorities do not participate in any of the mechanisms to groups cooperate and share information for AML/CFT purposes.</li> </ul>
3. Money laundering offence	LC (MER)	<ul style="list-style-type: none"> <li>• The definition of ML requires an intentional intent which is not fully consistent with the Vienna and Palermo Conventions.</li> <li>• The criminalisation of self-laundering which is limited to aggravated ML. Conspiracy is also limited to aggravated ML.</li> </ul>
4. Confiscation and provisional measures	LC (MER)	<ul style="list-style-type: none"> <li>• The absence of confiscation of corresponding value of property laundered for ML, aggravated ML, and negligent ML is a deficiency that has a specific impact in Finland as a significant part of proceeds of crime leave the country. This hinders the capacity of authorities to recover the assets.</li> </ul>
5. Terrorist financing offence	LC (MER)	<ul style="list-style-type: none"> <li>• The TF offence for an individual terrorist still requires a link to be made with the use of funds to finance a specific terrorist offence.</li> <li>• Sanctions for TF are not fully proportionate nor dissuasive</li> </ul>
6. Targeted financial sanctions related to terrorism & TF	LC (MER)	<ul style="list-style-type: none"> <li>• A clear national legal framework is lacking in relation to UNSCR 1267/1989 and 1988, and there is not an identified competent authority as having responsibility for designation. Targeted financial sanctions are not implemented without delay.</li> </ul>

<sup>4</sup> Deficiencies listed are those identified in the MER unless marked as having been identified in a subsequent FUR.

7.Targeted financial sanctions related to proliferation	LC (MER)	<ul style="list-style-type: none"> <li>There are still some delays in transposing the UN designations into EU law, which raises the question of whether the freezing action takes place without prior notice to the designated person/entity.</li> </ul>
8.Non-profit organisations	PC (MER)	<p>The following deficiencies were updated in the 2021 FUR:</p> <ul style="list-style-type: none"> <li>The National Risk Assessment 2021 (NRA 2021) includes a specific assessment of the ML/TF threats and vulnerabilities faced by the Finnish NPO sector. However, moderate shortcomings remain. In particular that there remains no specific legislative provisions or other measures that require a risk-based supervision or monitoring of NPOs at risk of terrorist financing abuse and NPO specific information sharing between authorities at the National AML/CFT co-ordination group is only held on an ad hoc basis.</li> <li>The overall risk level facing NPOs is estimated in the NRA at three (significant). The inability of NPOs to understand money laundering and terrorist financing risks and to evaluate them in a critical manner was specifically highlighted in the NRA 2021. However, there is no specific publication/communication to the wider NPO sector (outside Fingo members) of identified best practices to address terrorist financing risk and vulnerabilities.</li> </ul>
9.Financial institution secrecy laws	C (MER)	<ul style="list-style-type: none"> <li>The Recommendation is fully observed.</li> </ul>
10.Customer due diligence	LC (MER)	<ul style="list-style-type: none"> <li>There is no direct prohibition from keeping anonymous/fictitious names accounts (or similar business relationships) for financial institutions other than credit institutions as well as payment institutions.</li> <li>The requirement to identify beneficial owner does not extend to customers which are natural persons.</li> <li>There is no explicit requirement to verify legal person's identity through the address of the registered office or a principal place of business.</li> <li>There is no exemption from simplified due diligence measures when there is a suspicion of ML/TF.</li> </ul>
11.Record keeping	C (MER)	<ul style="list-style-type: none"> <li>The Recommendation is fully observed.</li> </ul>
12.Politically exposed persons	LC (MER)	<ul style="list-style-type: none"> <li>There is no requirement to determine whether a beneficial owner of a customer is a PEP.</li> </ul>

13. Corresponding banking	PC (MER) LC (FUR 2023)	<p>The following deficiency remains after the 2023 FUR:</p> <ul style="list-style-type: none"> <li>Finland meets the requirements for correspondent banking relationships and payable-through accounts, but their application for EEA country relationships is limited to when FIs identify a higher risk. Also, minor shortcomings remain in relation to EEA correspondent banking and payable through accounts, regarding meeting the specific requirements of R.13 (e.g., obtaining senior management approval before establishing new correspondent banking relationships and understanding the AML/CFT responsibilities of each institution, as well as the specific requirements of R.13.2 a &amp; b).</li> </ul>
14. Money or value transfer services	C (MER)	<ul style="list-style-type: none"> <li>The Recommendation is fully observed.</li> </ul>
15. New technologies	LC (MER) PC (FUR 2021)	<p>The following deficiencies were identified in the 2021 FUR:</p> <ul style="list-style-type: none"> <li>The definition of virtual currency provider under the Act on Virtual Currency Providers is mostly aligned with the FATF definition of a VASP however it diverges with respect to VASP service v. "participation in and provision of financial services related to an issuer's offer and/or sale of a virtual asset" in that this only applies to such virtual assets are considered securities. This affects several requirements in R.15 particularly on monitoring, mitigation measures, registration requirements and application of sanctions and narrows the scope of the NRA 2021 and the FIN-FSA risk assessments of virtual currency providers.</li> <li>Legislation also does not expressly require registration for VASPs created or located in Finland which do not engage in VASP activities in Finland.</li> <li>The FIN-FSA Risk (2020) does not address TF risk and does not indicate the residual risk of virtual currency providers or how the FIN-FSA are applying a risk-based approach to the supervision of virtual currency providers.</li> <li>FIN-FSA guidelines issued for VASPs do not specifically reference measures to be undertaken by virtual currency providers with respect to detecting and reporting of STRs.</li> <li>Although virtual currency providers are required to comply with customer identification and verification requirements, the regulation relating to fund transfers does not cover virtual currencies.</li> <li>The monetary value of penalties is limited to 10% of the legal person's turnover which may result in negligible monetary amounts which may not be considered dissuasive in certain circumstances.</li> <li>Finland has not provided an update regarding the monitoring of virtual currency providers compliance with the obligations of Recommendation 7 as required in Recommendation 7, c.7.3.</li> </ul>
16. Wire transfers	C (MER)	<ul style="list-style-type: none"> <li>The Recommendation is fully observed.</li> </ul>
17. Reliance on third parties	LC (MER)	<ul style="list-style-type: none"> <li>The 3rd party reliance requirements with regard to parties established in non- EEA members do not cover CDD and record keeping.</li> <li>The level of country risk is only considered if the country is not an EEA-Member.</li> </ul>

18. Internal controls and foreign branches and subsidiaries	LC (MER)	<ul style="list-style-type: none"> <li>There is no requirement to apply appropriate additional measures to manage ML/TF risks, when the legislation of the relevant State does not permit compliance with the home country CDD procedures.</li> </ul>
19. Higher risk countries	PC (MER) LC (FUR 2023)	<p>The following deficiency was updated in the 2023 FUR:</p> <ul style="list-style-type: none"> <li>Finland cannot apply countermeasures independently.</li> </ul>
20. Reporting of suspicious transactions	C (MER)	<ul style="list-style-type: none"> <li>This Recommendation is fully observed.</li> </ul>
21. Tipping-off and confidentiality	C (MER)	<ul style="list-style-type: none"> <li>This Recommendation is fully observed.</li> </ul>
22. Designated Non-Financial Businesses and Professions (DNFBPs): Customer Due Diligence	LC (MER)	<ul style="list-style-type: none"> <li>Same deficiencies as identified under Recommendation 10 (see above) apply also to DNFBPs.</li> <li>The requirement to carry out an ML/TF risk assessment does not extend to situations when a DNFBP is considering the development of the new product or service before the offering to customers.</li> <li>Finland has not assessed all of the risks it identified.</li> <li>Same deficiencies as identified under Recommendation 17 (see above) apply also to DNFBPs.</li> </ul>
23. DNFBPs: Other Measures	LC (MER)	<ul style="list-style-type: none"> <li>There are no requirements with regard to screening procedures to ensure high standards when hiring employees.</li> <li>These requirements only apply to the branches and subsidiaries located in non-EEA Member States, and it does not include the requirement to apply appropriate additional measures to manage ML/TF risks.</li> <li>Same deficiency as identified under Recommendation 19 (see above) applies also to DNFBPs.</li> <li>There are no specific mechanisms in place to inform the supervised entities of countries included in the FATF public statements in Åland islands.</li> </ul>
24. Transparency and beneficial ownership of legal persons	PC (MER) LC (FUR 2022)	<p>The following deficiencies were updated in the 2022 FUR:</p> <ul style="list-style-type: none"> <li>Criterion in 24.4 requires that the information be maintained within the country at a location notified to the company registry. The Acts do not contain specific requirements with regard to the location where this information should be maintained.</li> <li>There is a requirement that at least one of the members of the board of directors/partners shall be resident within the European Economic Area, unless the registration authority grants an exemption to the company (Limited Liability Companies Act, Chapter 6, Section 10; Freedom of Enterprise Act, Section 1, Paragraph 2; Co-operatives Act, Chapter 6, Section 10, Foundations Act, Chapter 3, Sections 10, 17 and 22, Associations Act, Section 35). Should an exemption be granted, the company shall have a separate representative resident in Finland (Act on the right to carry on a trade, Section 6, subsection 3). This falls short of the requirement for the person to be resident in the country, moreover there is a possibility of an exemption.</li> <li>Police and other LEAs can also request and obtain basic and beneficial information. However, there is no specific legislative requirement regarding the time frame that governs this access.</li> <li>There is no direct prohibition on nominee directors and shareholders.</li> <li>The sanctions available are not always proportionate and dissuasive.</li> <li>Chapter 5 Paragraph 3 of the Act on Financial Intelligence</li> </ul>

		<p>Unit (FIU Act) was amended in May 2021 to that the Financial Intelligence Unit (FIU) shall give feedback to an authority of another country of the impact and quality of the exchange of information which is based on the FIU Act. This also covers the exchange of beneficial owner information.</p> <ul style="list-style-type: none"> <li>• However, the above amendments to the FIU Act only apply to the FIU not the broader Finnish LEI and Supervisory Authorities.</li> </ul>
25. Transparency and beneficial ownership of legal arrangements	LC (MER)	<ul style="list-style-type: none"> <li>• There are no specific provisions requiring trustees to disclose their status as trustees of a foreign express trust or any trust to FIs and DNFBPs.</li> </ul>
26. Regulation and supervision of financial institutions	LC (MER)	<ul style="list-style-type: none"> <li>• Companies providing certain financial services (e.g., non-consumer loans, financial leasing) are not subject to registration or licensing.</li> <li>• There is no requirement with respect to banks to have meaningful mind and management located within Finland.</li> <li>• There are no specific fit-and-proper requirements for the managers and owners of insurance companies, local mutual insurance associations, a central securities depository and a central counterparty, as well as companies providing certain financial services (e.g., non-consumer loans, financial leasing).</li> </ul>
27. Powers of supervisors	PC (MER) LC (FUR 2023)	<p>The following deficiency was updated in the 2023 FUR:</p> <ul style="list-style-type: none"> <li>• When FIs use residential premises for the conduct of business activities, supervisors can conduct inspections virtually or in a third/another location designated by the supervisor but remain unable to have direct physical access except for the justified cases noted in Finland's 2019 MER.</li> </ul>
28. Regulation and Supervision of DNFBPs	PC (MER)	<ul style="list-style-type: none"> <li>• There are no requirements to prevent criminal or their associates from being the board members of casino operators or persons in charge of the operational management.</li> <li>• There are no measures in place to prevent criminals or their associates from being professionally accredited, or holding (or being the beneficial owner of) a significant or controlling interest, or holding a management function in DNFBPs other than mainland real estate agents.</li> <li>• When DNFBPs use residential premises for the conduct of business activities, supervisors can conduct inspections virtually or in a third/another location designated by the supervisor but remain unable to have direct physical access except for the justified cases noted in Finland's 2019 MER.</li> </ul>
29. Financial intelligence units	C (MER)	<ul style="list-style-type: none"> <li>• The Recommendation is fully observed.</li> </ul>
30. Responsibilities of law enforcement and investigative authorities	C (MER)	<ul style="list-style-type: none"> <li>• The Recommendation is fully observed.</li> </ul>
31. Powers of law enforcement and investigative authorities	LC (MER)	<ul style="list-style-type: none"> <li>• The range of investigative techniques that competent authorities can use for ML, associated predicate offences and TF does not cover any types of ML offence or predicate offence, and some of them are not available to all the competent authorities.</li> </ul>
32. Cash Couriers	LC (MER)	<ul style="list-style-type: none"> <li>• There are a number of general measures, but no specific provisions that enable Customs to request and obtain further information on controls conducted, in order to determine whether import/export requirements are met.</li> <li>• Sanctions and fines applicable for cash declaration violation are not fully dissuasive, as the minimum sanctions – based on the day fine system – could be very low for persons who do not have an official taxable income.</li> <li>• The declaration system allows for international cooperation and assistance, but limitations apply.</li> </ul>
33. Statistics	LC (MER)	<ul style="list-style-type: none"> <li>• No comprehensive and reliable sets of statistics are available on property frozen, seized and confiscated in ML/TF related</li> </ul>

		cases, and there is no information available regarding MLA and other international requests related to ML/TF cases, to/from judicial authorities.
34.Guidance and feedback	C (MER) C (FUR 2021)	<ul style="list-style-type: none"> <li>The Recommendation is fully observed.</li> </ul>
35.Sanctions	PC (MER) LC (FUR 2023)	<p>The following deficiencies were updated in the 2023 FUR:</p> <ul style="list-style-type: none"> <li>There is a 5-year time limitation concerning the right for supervisors to impose administrative fines and public warnings, which is a deficiency given the supervisory cycle.</li> <li>Lawyers' sanctions are only applicable to natural persons, and not to law firms.</li> </ul>
36.International instruments	LC (MER)	<ul style="list-style-type: none"> <li>Finland has ratified the conventions but there are some deficiencies regarding the implementation of some of their provisions. Some specific provisions of the Vienna Convention (Art. 3), Palermo Convention (Art.6), Merida Convention (Art. 23) and the TF Convention (Art. 2) have not been fully implemented.</li> </ul>
37.Mutual legal assistance	LC (MER)	<ul style="list-style-type: none"> <li>The limited scope of the ML offence and the request for dual criminality remain MLA limitations.</li> <li>Finland does not have a clear process for the timely prioritisation and execution of MLA requests</li> </ul>
38.Mutual legal assistance: freezing and confiscation	LC (MER)	<ul style="list-style-type: none"> <li>There are no clear provisions that ensure that authorities can confiscate in response to requests by foreign countries the required elements in 38.1.</li> </ul>
39.Extradition	LC (MER)	<ul style="list-style-type: none"> <li>There are limited processes for the timely execution of extradition requests including prioritisation where appropriate</li> </ul>
40.Other forms of international cooperation	LC (MER)	<ul style="list-style-type: none"> <li>There is no specific legal provision for the international cooperation of some supervisory bodies of DNFBPs and of one financial supervisor. However, given the characteristics of the supervised entities which mainly conduct domestic activities, the impact of these deficiencies is limited.</li> <li>There is no specific applicable provision, or no information available regarding the international cooperation powers of some authorities, in particular with regard to the use of secure gateways and mechanisms to share information with counterparts, the provision of feedback on request, the existence of controls and safeguards to ensure that the exchanged information is used appropriately, the conduct of inquiries on behalf of foreign counterparts, the exchange of information with non-counterparts. However, this applies to authorities who seldom have to cooperate with foreign counterparts or authorities, see above.</li> <li>FIN-FSA, one of the financial supervisors, may refuse to cooperate for specific reasons, including if the request concerns a person and a case for which legal proceedings or an administrative process is pending in Finland.</li> <li>The FIU does not have a legal requirement to provide feedback to foreign counterparts.</li> </ul>



The FATF logo is located in the top right corner. It consists of the letters "FATF" in a white, sans-serif font, positioned above a stylized white graphic of three overlapping, curved shapes that resemble leaves or petals. The entire logo is set against a red, rounded rectangular background.

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The background of the lower half of the page is an aerial photograph of a Finnish landscape. It shows a large, winding lake with several small, forested islands. The surrounding land is covered in dense green forests. The sky is blue with some light clouds. The overall scene is peaceful and scenic.

## Anti-money laundering and counter-terrorist financing measures in Finland

### Follow-up Report & Technical Compliance Re-Rating

As a result of Finland's progress in strengthening its measures to fight money laundering and terrorist financing since the assessment of the country's framework, the FATF has re-rated the country on four Recommendations.

Follow-up report