



FINANCIAL
ACTION
TASK
FORCE

June 2026

Public Consultation

GUIDANCE ON IMPLEMENTATION
OF FATF RECOMMENDATION 16

Explanatory memorandum for the Recommendation 16 guidance paper's public consultation

Background

1. In June 2025, the Financial Action Task Force (FATF) adopted amendments to Recommendation 16 (R.16) and its Interpretive Note (INR.16) to adapt the FATF Standards to changes in the payments landscape, including the diversity of payment products and services, market participants, business models, technologies, and messaging standards, as well as evolving risks and vulnerabilities (please see the June 2025 FATF publication for background).¹ Since June 2025, the FATF has developed the draft implementation Guidance for R.16.
2. FATF invites views and comments on the draft Guidance from stakeholders. The publication of this Guidance does not aim to change the obligations set out in the FATF Standards under the revised R.16. The Guidance aims to assist public and private sector stakeholders to effectively implement the requirements set out in R.16 through detailed explanations complemented by practical examples. Therefore, the draft Guidance should be read in conjunction with R.16/INR.16 as updated in June 2025².

Overview

3. Revised R.16 sets out a comprehensive framework for payment transparency which countries and financial institutions should implement in order to combat money laundering, the financing of terrorism and proliferation of weapons of mass destruction, and predicate crimes, in particular fraud. This Guidance covers the following topics.
4. **Chapters 1 to 3** explain the scope of R.16 and provide guidance on key terminology as well as on the interactions between R.16 and other relevant standards. In particular, the Guidance highlights the interaction of R.16 with financial inclusion objectives and incorporates related considerations across a range of areas such as simplified information requirements and verification measures, de minimis thresholds and fallback options to ensure a proportionate and risk-based approach in implementation.
5. **Chapter 4** covers the responsibilities of ordering, intermediary, and beneficiary financial institutions, the principles of the payment chain definition, and sets out practical steps PMIs are encouraged to take to enable financial institutions' compliance with the revised requirements. This Chapter should be read alongside the illustrative payment scenarios and diagrams in the Appendix.
6. **Chapter 5** provides guidance on what originator and/or beneficiary information must accompany a payment or value transfer and when. It does so by illustrating the core information requirements for cross-border payments or value transfers above the de minimis threshold. The Chapter also addresses (1) the risks that virtual account numbers could be misused to obscure the true origin or destination of a payment or value transfer (Section 5.5, Virtual account numbers) and (2) cases

¹ For further background, please see the explanatory memorandums that accompanied the February [2025](#) and [2024](#) public consultations.

² [FATF updates Standards on Recommendation 16 on Payment Transparency](#)

where an ordering financial institution handles cross-border transfers from originators who are not onboarded customers (Section 5.6, Footnote of origin of funds).

7. **Chapter 6** covers R.16 requirements for card transactions, including transactions for purchases of goods or services and card-funded person-to-person transfers (e.g., top-ups of stored value accounts). A simplified R.16 framework applies to the card transactions for purchases of goods or services while full R.16 requirements apply to other card-funded transactions (e.g., a payment card is used to make person-to-person transfers and top-ups of stored value accounts or wallets). The Chapter also clarifies the roles and responsibilities of the entities involved in a card payment chain.
8. **Chapter 7** covers cash-withdrawals effected through a payment card, including the roles of the relevant entities and data protection and privacy considerations around cardholder information.
9. **Chapter 8** clarifies how R.16 should be consistently applied to diverse sets of payment methods through examples of instant payments, digital wallets, and mobile money. It also addresses how several features of these payment methods should be understood in an R.16 context, including by clarifying how certain identifiers could be understood as analogous to those in traditional payment models to meet R.16 information requirements.
10. **Chapter 9** covers data protection and privacy in the context of implementation of R.16. Amongst other things, it explains how AML/CFT and data protection and privacy objectives are mutually reinforcing, and provides actionable guidance to stakeholders in establishing relevant legal and operational frameworks.
11. **Chapter 10** covers alignment check obligations for beneficiary financial institutions. It sets out the three options available to meet the R.16 requirement, clarifies the notion of 'alignment', and explains what actions FIs should take when misalignment is identified.
12. The FATF would particularly welcome views on the following questions:
 - 1) Are the scope of R.16 and the terminology used clear enough to implement R.16? (**Chapter 3**).
 - 2) Are the principles of payment chain definition and their application clear? Is there any additional guidance that would support PMIs in enabling FIs compliance with the revised R.16? (**Chapter 4**).
 - 3) In the development of the Guidance emerging practices could be considered where some PMIs offer data storage services that allow participating financial institutions (FIs) to retain required originator and beneficiary information at the PMI. In such models, the PMI holds the required information, and the payment message would only carry a reference to this stored payment data (i.e., token). How could such emerging practices allow FIs to meet their AML/CFT/CPF requirements in particular with regards to accompanying required R.16 information, TFS screening, transaction monitoring, alignment checks, and suspicious transaction reporting? (**Chapter 4**).
 - 4) Is the guidance clear on:

- information requirements regarding cross-border payments or value transfers; and
 - origin of funds, including when the origin of funds requirements apply and what information needs to be shared when it does? **(Chapter 5)**.
- 5) For cross-border payments or value transfers above de minimis threshold, R.16 requires ordering financial institutions to verify originator's information for accuracy. How feasible is it to verify the originator's address using reliable and independent sources? By what means do you verify the originator's address for accuracy? **(Chapter 5)**
 - 6) Does the Guidance provide sufficient examples to support implementation in lower-capacity contexts? **(Chapter 5)**.
 - 7) Regarding virtual account numbers, the Guidance presents a non-exhaustive list of measures to ensure compliance with the requirement set out in INR.16, paragraph 7, particularly that FIs should ensure that account numbers should not be used to disguise the identification of the country where the FI that services the account resides. To what extent are these measures sufficiently clear and actionable? What other measures have you identified to meet this requirement? **(Chapter 5)**.
 - 8) Are the explanations of the roles of key participants, including card issuers, acquirers, payment facilitators, sponsored issuers, and card networks appropriate in light of the technical nature of card payments? **(Chapter 6)**.
 - 9) In distinguishing between card transactions for the purchase of goods or services and other card-funded payments (e.g., a person-to-person transfer, including card top-ups), are the conditions set out in paragraph 190 clear to identify person-to-person transfers? **(Chapter 6)**.
 - 10) Chapter 7 (Section 7.3 Information requirements for cash withdrawals) explains what types of transactions fall within the scope of 'cash withdrawals'. It covers all types of transactions in which a cardholder accesses cash using a payment card, including cash withdrawals via ATM and cash-back transactions at a merchant. Are there any specific considerations that should be given when the requirements for cash withdrawals apply to cash withdrawals via ATM and cash-back transactions at a merchant? **(Chapter 7)**.
 - 11) Does Chapter 8 provide sufficient clarity on how R.16 applies to different payment methods? **(Chapter 8)**.
 - 12) Is there any additional guidance that would address potential challenges in implementing R.16 with respect to data protection and privacy? **(Chapter 9)**.
 - 13) Are the three options for alignment check measures explained clearly enough for implementation? Are there any good practices that could be included in the Guidance as practical examples? Does the Guidance provide sufficient support for the proportionate implementation of alignment checks in jurisdictions where these may still be developing? **(Chapter 10)**.

Submission of responses

13. Please provide your response by **Friday, 21 August 2026** to FATF.Publicconsultation@fatf-gafi.org with the subject line "Comments of [author] on the draft R.16 Guidance."
14. When submitting your response, please indicate the name of your organisation, the nature of your business, and your contact details. Responses can be submitted in any format. You may insert specific drafting proposals directly in the attached draft text using tracked changes. Please structure your response by reference to the question numbers in this document. We will use your contact information only for the purpose of this consultation and for further engagement on this topic. Your comments will be shared with FATF delegations in the course of this work unless you indicate otherwise. The FATF will not share this information with third parties without your consent.
15. We thank you in advance for your input.