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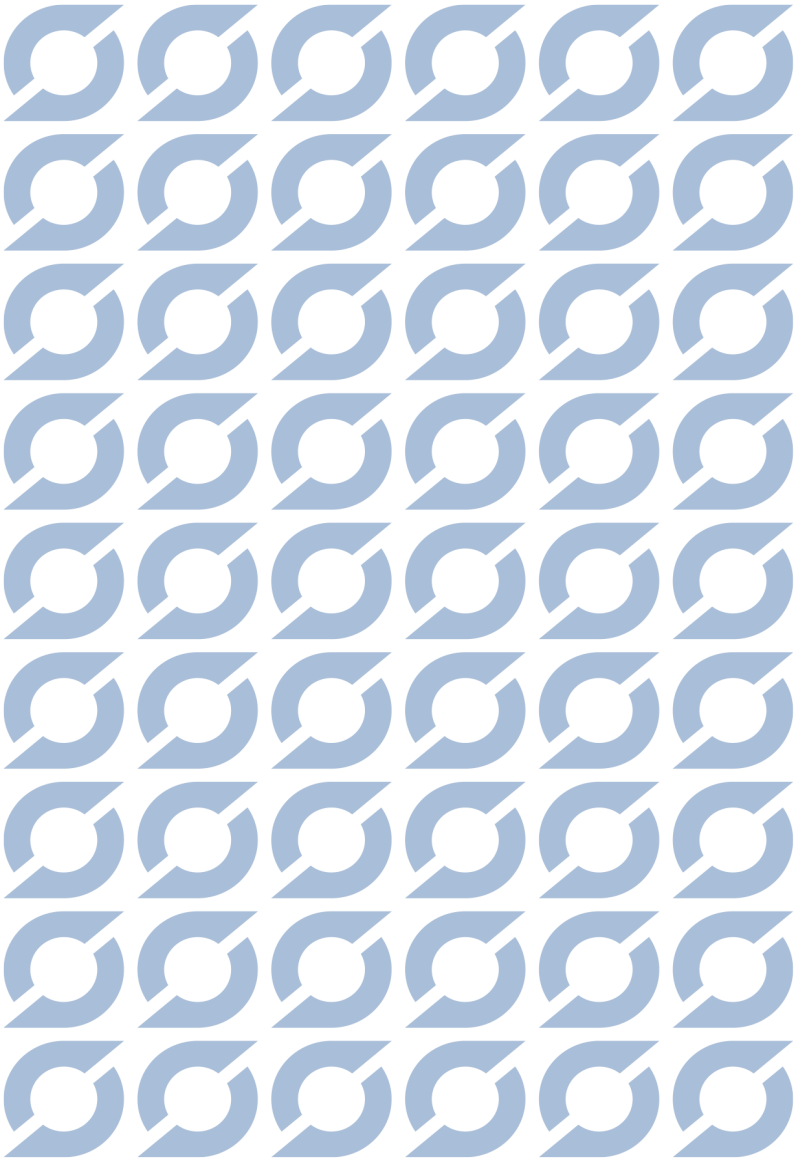
Consultation Paper

Draft guidelines on Business-wide risk assessment under Article 10 (4) – Regulation (EU) 2024/1624 of the Parliament and of the Council of 31 May 2024



AMLA
Anti-Money Laundering Authority

Frankfurt, 16/04/2026

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1 Responding to this consultation

The Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) invites comments on all proposals set out in this Consultation Paper and in particular on the specific questions summarised in Section 5.2.

Comments are most helpful if they:

- respond to the question stated;
- indicate the specific point to which a comment relates;
- contain a clear rationale;
- provide evidence to support the views expressed/ rationale proposed; and
- describe any alternative regulatory choices AMLA should consider.

1.1 Submission of responses

To submit your comments, click on the 'respond' button on the consultation page by 15/07/2026 . Please note that comments submitted after this deadline, or submitted via other means may not be processed.

1.2 Publication of responses

Contributions will always be published. The name of organisations submitting their contribution will also always be published. The name of the natural person providing a contribution will be published unless they object to said publication.

1.3 Data protection

The protection of individuals with regard to the processing of personal data by AMLA is based on Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018. Further information on data protection can be found under the Legal Notice section of the AMLA website.

1.4 Who should read this Consultation Paper?

All interested stakeholders are invited to respond to this Consultation Paper. In particular, AMLA encourages obliged entities from the financial and the non-financial sectors to participate.

2 Executive Summary

In order to strengthen the Union's framework for anti-money laundering and countering the financing of terrorism (AML/CFT), Regulation (EU) 2024/1624 (AMLR) aims to harmonise the preventive measures to be put in place at Union level.

Article 10(1) of the AMLR requires Obliged Entities (OEs) to take appropriate measures, proportionate to the nature of their business, including its risks and complexity, and their size, to identify and assess the risks of money laundering (ML) and terrorist financing (TF) to which they are exposed, as well as the risks of non-implementation and evasion of targeted financial sanctions (TFS). To this end, Article 10(4) of the AMLR requires AMLA to issue guidelines specifying:

a) the **minimum requirements for the content** of the Business-Wide Risk Assessment (BWRA) drawn up by the OE pursuant to Article 10(1); and
b) **additional sources of information** to be taken into account when carrying out the BWRA.

The BWRA is a central element of the risk-based approach from an OE's perspective. It enables OEs to understand the risks arising from their business model, customers, products, services and transactions, delivery channels and geographical exposure. The mandate in Article 10(4) aims to provide a set of minimum requirements that are necessary for the conduct of an adequate BWRA. To this end, the draft guidelines propose four minimum requirements that can be applied across all types of OEs when conducting their BWRA. In adhering to these minimum requirements, the draft guidelines stress the OEs' responsibility to take ownership of their BWRA and ensure that it is proportionate to their individual specificities and complexity. The draft guidelines furthermore provide a list of additional sources of information to be taken into account in addition to those already listed in Article 10(1) of the AMLR.

In preparing this consultation paper, AMLA sought and considered input from national supervisors across financial and non-financial sectors. The draft guidelines are designed to ensure consistency with the broader AML Single Rulebook and other AMLA instruments currently under development.

AMLA invites stakeholders to provide feedback on the proposed approach to ensure that the final guidelines support a clear, practical and proportionate implementation of Article 10 of the AMLR across all sectors. To support further OEs, AMLA will consider the development of tailored communication materials to accompany the guidelines (in the form of factsheets, explainers, sectorial illustrations).

2.1 Next steps

This Consultation Paper is published for a three-month period. AMLA will consider the feedback to this consultation when preparing the final guidelines, that will be issued in Q4 2026.

3 Background and rationale

3.1 General provisions

Article 10(1) of the AMLR requires OEs to take appropriate measures, proportionate to the nature of their business, including its risks and complexity, and their size, to identify and assess the risks of ML and TF to which they are exposed, as well as the risks of non-implementation and evasion of TFS. This requirement aligns with international standards, including those of the Financial Action Task Force (FATF).

The obligation for OEs to draw up a BWRA pursuant to Article 10 of the AMLR constitutes the foundation of the OE's risk-based approach, as the effective application of that approach depends on an OE's proper awareness of the risks it is exposed to. The BWRA ensures that OEs obtain a comprehensive and up-to-date understanding of the ML and TF risks to which they are exposed through their activities, as well as the risks of non-implementation and evasion of TFS. This understanding should drive the implementation of controls and mitigating measures to address the entity-specific ML/TF risks, including adequate resource allocation.

The requirement to carry out a BWRA is not a new EU requirement. Article 10 of the AMLR builds on the existing Article 8 of the Directive (EU) 2015/849, while extending the scope of the assessment to (i) the risks of non-implementation and evasion of TFS and (ii) the OEs newly included in the scope of the AML/CFT framework.

In order to support a harmonised application of Article 10 (1), Article 10 (4) of the AMLR mandates AMLA to develop guidelines specifying:

- the **minimum requirements for the content** of the BWRA drawn up by the OEs pursuant to Article 10 (1); and
- **the additional sources of information to be taken into account** when carrying out the BWRA.

3.2 Proportionality and simplification

The proposed guidelines strongly focus on the principle of proportionality. They clarify that the level of detail and elaboration of the BWRA should be aligned with the complexity of the OE's structure , with the view to reducing the burden for less complex OEs. The guidelines therefore offer several options, such as applying a less elaborate BWRA methodology or recourse to sectoral BWRA developed by their supervisor.

AMLA also sought to promote legal clarity and simplification by avoiding unnecessary duplication of provisions already set out in the AMLR. The draft guidelines therefore focus on clarifying

expectations where the AMLR leaves room for interpretation, and addressing areas where additional guidance is necessary to support consistent implementation. This approach ensures simplification of the overall framework by providing targeted clarifications without increasing regulatory complexity.

3.3 Interactions between BWRA and individual risk assessments

While interconnected, the BWRA and individual risk assessments conducted pursuant to Article 20(2) of the AMLR are distinct in nature, however they should inform each other. Individual risk assessments at customer level should inform the BWRA, but are no substitute for it. Conversely, the BWRA should be considered as an input for performing the individual risk assessments. OEs should therefore use the BWRA to inform the level of customer due diligence that they will apply in specific situations, and to particular types of customers, products, services and delivery channels.

3.4 Interactions with other mandates

By nature, these guidelines have direct interconnections with other mandates forming part of the AML/CFT framework. For these guidelines to be fully integrated and articulated within the AML Single Rulebook, references are therefore included to other instruments currently being developed by AMLA. Interactions relate more specifically to:

- RTS on Article 40(2) of the AMLD: the BWRA concerns the OE's self-assessment whereas Article 40(2) relates to the supervisory assessment. While the objectives are different, both mandates refer to common concepts related to the performance of a risk assessment.
- GLs on Article 9(4) of the AMLR on Policies, Procedures and Controls that cover how the BWRA is to be regularly reviewed and kept up-to-date and ensure that any action points identified through the BWRA trigger an update to the policies, procedures and controls.
- GLs on Risk variables and Risk factors under Art 20(3) of the AMLR.

In parallel, when it was meaningful for all sectors, the text of these draft guidelines was aligned with the content of existing EBA guidelines, particularly EBA/GL/2021/02 on risk factors[1] and

[1] EBA's Guidelines on customer due diligence and the factors credit and financial institutions should consider when assessing the ML/TF risk associated with individual business relationships and occasional transactions ('The ML/TF Risk Factors Guidelines') under Articles 17 and 18(4) of Directive (EU) 2015/849 (EBA/GL/2021/02).

EBA/GL/2024/14[2] on restrictive measures, while ensuring adjustment to OEs from the NFS, which are not covered by these guidelines.

3.5 Structure of the guidelines

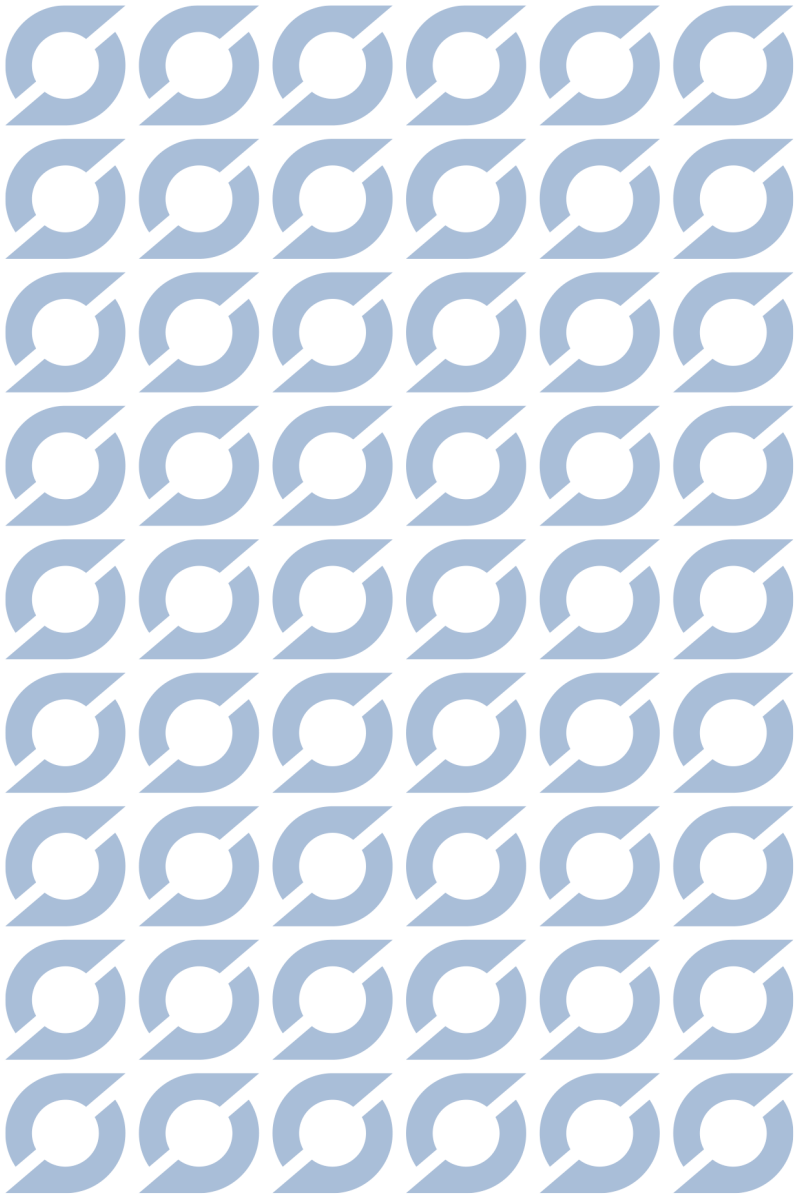
The guidelines are structured around four principal sections:

- Introduction – outlining the overall scope and purpose;
- General guidelines presenting the core principles to be applied, including considerations for group-wide implementation, entities operating multiple business lines, the conduct of the non-implementation and evasion of TFS risk assessment and an emphasis on proportionality;
- Methodology and sources of information, including additional sources of information to be taken into account;
- Minimum requirements (MR) for the BWRA – comprising four key components:
    - MR1-Business and Operational Overview;
    - MR2-Identification, Assessment and Classification of the OE's inherent risks;
    - MR3-Assessment of the quality of AML/CFT/non-implementation and evasion of TFS controls;
    - MR4-Assessment and Classification of the residual risks.

[2]EBA's Guidelines on internal policies, procedures and controls to ensure the implementation of Union and national restrictive measures (EBA/GL/2024/14)

4 Draft guidelines

Draft Guidelines on the Business-wide risk assessment pursuant to article 10 (4) of Regulation (EU) 2024/1624



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1 Subject matter, scope and definitions

1.1 Scope and Addressees of the guidelines

1. These guidelines establish a common framework for conducting a business-wide risk assessment (BWRA) by all obliged entities in accordance with Article 10(4) of the AMLR.

1.2 Legislative references, Abbreviations and Definitions

LEGISLATIVE REFERENCES

AMLD	Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive (EU) 2019/1937, and amending and repealing Directive (EU) 2015/849 (Text with EEA relevance)[3]
AMLR	Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (Text with EEA relevance)[4]

ABBREVIATIONS

AML/CFT	Anti-money laundering and countering the financing of terrorism
AMLA	Authority for Anti-Money Laundering and Countering the Financing of Terrorism
BWRA	Business-wide risk assessment
FIU	Financial Intelligence Unit
ML	Money laundering
OE	Obliged entity
RTS	Regulatory Technical Standards

[3] OJ L, 2024/1640, 19.6.2024, ELI: http://data.europa.eu/eli/dir/2024/1640/oj

[4] OJ L, 2024/1624, 19.6.2024, ELI: http://data.europa.eu/eli/reg/2024/1624/oj

SRB	Self-regulatory body
TF	Terrorist financing
TFS	Targeted Financial Sanctions

DEFINITIONS

2. Unless otherwise specified, terms used and defined in the AMLR and AMLD have the same meaning in these guidelines. In addition, for the purposes of these guidelines, the following definitions apply:

a) 'Inherent risk' means the risk of ML/TF/non-implementation and evasion of TFS to which an obliged entity is exposed, because of the products, services and type of transactions it offers, the customers it serves, the jurisdictions in which it operates and the delivery channels it uses to serve its customers, before any mitigating measures have been applied by that obliged entity.

b) 'Residual risk' means the risk of ML/TF/ non-implementation and evasion of TFS to which an obliged entity remains exposed, after it has put in place policies, procedures, systems and controls to mitigate inherent risk.

c) 'Risk factors' means variables that, either on their own or in combination, may increase or decrease the ML/TF/ non-implementation and evasion of TFS risk posed by an individual business relationship or occasional transaction.

2 DRAFT GUIDELINES

2.1 GENERAL GUIDELINES

KEY PRINCIPLES

3. Pursuant to Article 10 of the AMLR, OEs should carry out a BWRA, proportionate to the nature of their business, including its risks and complexity, and their size, to identify and assess the risks of ML and TF to which they are exposed, as well as the risk of non-implementation and evasion of TFS.

4. The content of the BWRA should at least include:
    a) A business and operational overview of the OE (Minimum Requirement 1);

b) The identification and assessment of the OE's exposure to ML/TF/non-implementation and evasion of TFS risks supported by a clear and documented methodology that follows a three-phase process comprising:
    1. The identification, assessment and classification of the OE's inherent risks (Minimum Requirement 2);
    2. The assessment of the quality of AML/CFT/non-implementation and evasion of TFS controls (Minimum Requirement 3); and
    3. The assessment and classification of the residual risks (Minimum Requirement 4).

5. OEs should:

    a) Put in place policies, procedures and controls to ensure that the BWRA is documented, kept up-to-date and reviewed regularly so that it remains accurate and aligned with the OE's risk exposure;

    b) Use the results of BWRA to drive improvements in the OE's risk management framework and support the design and implementation of effective and appropriate risk-based mitigation measures to remedy identified potential weaknesses;

    c) Ensure that the BWRA is drawn up by the Compliance Officer, approved by the management body in its management function in accordance with Article 10 (2) of the AMLR and, where such body exists, communicated to the management body in its supervisory function;

    d) Take steps, including ongoing training, to ensure that their employees or persons in comparable positions whose function so requires, including agents and distributors, are aware of and understand the BWRA and how it affects their daily work in line with Article 12 of the AMLR;
    e) Make their BWRA available to supervisors upon request in line with Article 10(2) of the AMLR.

PROPORTIONALITY

6. OEs should carry out their BWRA in line with the risk-based approach and not as a mere formalistic exercise. Accordingly, each OE should adapt and calibrate its BWRA to ensure that it is proportionate to its own characteristics, including its risks, complexity and size.

7. In line with Article 10(3) of the AMLR, OEs operating in sectors exempted by their supervisor are not required to document an individual BWRA.

8. In all other cases, OEs should adopt a BWRA proportionate to the nature of their business, including their risks and complexity, and size. For this purpose, they can apply the following options:

    a) OEs that are non-complex may apply a less elaborate BWRA and opt for a more qualitative and descriptive assessment. Non-complex OEs are those that cumulatively meet the criteria in terms of size and activity for reduced frequency of the supervisory risk assessment under RTS on article 40(2) of the AMLD.
    b) OEs operating in sectors where the supervisor has developed a sectoral BWRA may, where appropriate, use it as a starting point for the development of their own BWRA. In such circumstances, OEs should remain mindful that they retain full responsibility for ensuring that their BWRA is appropriate, up-to-date and aligned with their specific risk profile.

9. OEs may rely on third parties to assist them with drawing up their BWRA, provided that the proposal and approval of the BWRA are carried out within the OE in accordance with Article 10(2) of the AMLR. The OE should understand and be able to explain the BWRA content, including the methodology used and results obtained.

IMPLEMENTATION

10. OEs should assess whether their activity lines exhibit common characteristics or alternatively, whether distinct business areas require separate assessments. In the latter case, OEs should ultimately aggregate them into a single entity-level BWRA.

11. Where the OE acts as the parent undertaking of a group, it should ensure that all branches and subsidiaries of the group conduct their own BWRAs using a coordinated approach and a common methodology while still reflecting the specific risks and characteristics of their individual operations. In line with Article 16(1) of the AMLR, the parent undertaking should also carry out a group-wide risk assessment, drawing on and consolidating the BWRAs completed by each branch and subsidiary. This group-wide risk assessment should provide a holistic view of the group's ML/TF/ non-implementation and evasion of TFS risk exposure and support consistent, risk-based decision making across all entities.

IDENTIFYING AND ASSESSING THE RISKS ASSOCIATED WITH NON-IMPLEMENTATION AND EVASION OF TFS

12. OEs should also have a clear understanding of their exposure to non-implementation and evasion of TFS risks given the nature and complexities of their activities. This does not remove the rule-based obligations related to TFS.

13. Based on their exposure to non-implementation and evasion of TFS risks, OEs should consider whether to extend their ML/TF risk assessment to also include the assessment of this risk, or alternatively whether they should conduct a separate risk assessment for non-implementation and evasion of TFS that complements the one on ML/TF risk.

2.2 METHODOLOGY AND SOURCES OF INFORMATION

METHODOLOGY

14. OEs should have a clear and documented methodology that is understood within the OE.

15. When assessing ML/TF/non-implementation and evasion of TFS risks, OEs should apply a risk-based weighting of relevant risk factors, assigning more weight to those factors that have greater impact on their overall risk exposure. OEs should document the rationale behind any weighting decisions in their methodology, ensuring it is clear how each factor's significance was determined. For this purpose, OEs should make informed, evidence-based judgements about the relevance of each risk factor in the context of their business model.

16. OEs should design a BWRA methodology that produces clear, accurate, and reliable outcomes. Such a methodology should include risk rating levels appropriate for the OE's size, nature, and ML/TF/non-implementation and evasion of TFS risk exposure, ensuring no single risk factor disproportionately drives the overall outcome. Where an OE's risk rating levels diverge from those expected in the Annexes II and III of the AMLR or in EU or Member State risk assessments conducted under Articles 7 and 8 of the AMLD, the rationale for these ratings should be clear.

SOURCES OF INFORMATION

17. To identify ML/TF/non-implementation and evasion of TFS risks, OEs should refer to information from a variety of sources and take into account at least those listed in Article 10(1) of the AMLR. To gather this information, OEs may use public or private databases, or commercially available tools. OEs should appropriately document the sources consulted in the conduct of their BWRA and the manner in which such sources were used. OEs should also ensure that all sources relied upon are kept up-to-date.

USE OF ADDITIONAL SOURCES OF INFORMATION

18. OEs should refer to any other relevant and credible sources that apply to their activity, sector and jurisdiction. In all cases, OEs should determine the type and number of sources of information considered, taking into account the nature and complexity of their business.

19. In this regard, the following non-exhaustive list of additional sources of information is to be taken into account when preparing their BWRA:
    - Information from public authorities and official authorities such as fraud observatories, central banks, statistical organisations and academia.
    - Information from sanctions and watchlists maintained by competent authorities to identify persons, entities, jurisdictions or patterns relevant to ML/TF and TFS evasion risks.
    - Publications and assessments from international standard setters in the field of AML/CFT such as mutual evaluation reports, detailed assessment reports or published follow-up reports.
    - Industry-level and professional sources of information shared by relevant industry bodies, professional associations or SRBs, including public-private partnerships and inter-agency cooperation forums.
    - Credible external sources such as risk and intelligence reports and reliable open-source materials on typologies, emerging risks and criminal activity such as objective press reports and independent investigative journalism.
    - Information from civil society, such as corruption indices and country reports.
    - Information from credible and reliable commercial organisations, such as risk and intelligence reports.

20. When conducting their BWRA, OEs should also make use of:
    - their own knowledge and professional expertise derived from Suspicious Transaction Reports or Suspicious Activity Reports submitted to the FIU, as well as requests for information or feedback received from FIUs, law enforcement or judicial authorities.
    - internal insights, including findings from compliance and internal audit reviews and lessons learned from supervisory actions.

2.3 MINIMUM REQUIREMENT 1 – BUSINESS AND OPERATIONAL OVERVIEW

21. OEs should start their BWRA with a concise and descriptive overview of their business and operations, outlining key elements such as their legal and operational setup, group structure (if applicable), customer base, products and services within scope of the AMLR, delivery channels, geographical exposure, AML/CFT function organisation, outsourcing arrangements and any use of new or emerging technologies.

22. OEs should use this overview as a basis to decide how complex and elaborate the BWRA needs to be, ensuring the assessment approach is effective and proportionate to the OE's size, nature, and overall business complexity.

2.4 MINIMUM REQUIREMENT 2 – IDENTIFICATION, ASSESSMENT AND CLASSIFICATION OF THE OE's INHERENT RISKS

23. OEs should begin their inherent risk identification and assessment by analysing how ML/TF/non-implementation and evasion of TFS risks could materialise within their business, including any emerging risks, by taking a holistic view of all relevant risk factors related to customer, product/service/transaction, delivery channels and geographical exposure. For this purpose, OEs should at least refer to the data points listed in the RTS on Article 40(2) of the AMLD, supplemented by any additional relevant quantitative and qualitative indicators such as strategic plan modifications, mergers or regulatory changes.

24. When classifying inherent risks that are relevant to their business, OEs should assess their exposure to the identified risk factors using the most suitable method. The assessment should enable a meaningful, proportionate understanding of inherent risks, reflecting the OE's business model and operational realities.

2.5 MINIMUM REQUIREMENT 3 – ASSESSMENT OF THE QUALITY OF AML/CFT/NON-IMPLEMENTATION AND EVASION OF TFS CONTROLS

25. Once inherent risks are identified, OEs should assess how effectively their AML/CFT/ non-implementation and evasion of TFS policies, procedures and controls mitigate those risks by clearly linking them together and explaining how the control mitigates the risk in practice.

26. OEs should be able to demonstrate a clear, evidence-based view of how effectively current policies, procedures and controls mitigate inherent risks and where gaps or weaknesses remain.

27. OEs should assess the quality of control measures both from a design and implementation point of view. The design assessment should determine whether

adequate controls exist to mitigate the risk, while the implementation assessment should verify that controls effectively mitigate the risk.

28. For this purpose, OEs should refer to relevant control-quality indicators, such as findings from compliance testing, internal/external audits, and supervisory actions.

2.6 MINIMUM REQUIREMENT 4 – ASSESSMENT AND CLASSIFICATION OF THE RESIDUAL RISKS

29. Considering the inherent risk level in light of the quality of the controls, OEs should determine the residual risks that they remain exposed to. OEs' methodology should recognise that inherently high-risk factors by their nature cannot be completely mitigated by control measures.

30. Apart from assessing the residual risks associated with each inherent risk, OEs should consider the remaining residual risks to determine their overall residual risk exposure.

31. When performing the group-wide risk assessment pursuant to Article 16(1) of the AMLR, a parent undertaking should take into account the overall residual risk scores resulting from the BWRAs performed by its branches and subsidiaries.

32. Upon completion of the BWRA, OEs should determine the priority areas for action and ensure timely implementation of necessary remediation measures, namely updates to the OE's policies, procedures, systems and controls to ensure effective mitigation of identified residual risks.

5 Accompanying documents

5.1 Impact assessment with cost-benefit analysis

Introduction

As per Article 54 (2) of Regulation (EU) 2024/1620, AMLA may issue guidelines and shall, where appropriate, conduct open public consultations and analyse the related potential costs and benefits arising from such guidelines.

This analysis presents the Impact assessment with cost-benefit analysis (IA/CBA) of the main policy options included in the Consultation Paper (CP) on the draft guidelines under Article 10 (4) of Regulation (EU) 2024/1624 (draft guidelines).

This IA/CBA is qualitative in nature and the policy choices have been taken primarily in accordance with qualitative considerations, taking into account the experience and professional judgment of competent authorities from the financial and the non-financial sector, the European Commission, and AMLA. Moreover, quantitative figures in relation to this mandate are currently unavailable and performing a targeted collection would impose a disproportionate burden on obliged entities. Where quantitative evidence is lacking, the analysis is supported by structured qualitative reasoning and professional judgement informed by supervisory experience and wider stakeholders' input.

A. Problem identification

In line with the risk-based approach, obliged entities shall identify the risks of money laundering and terrorist financing (ML/TF) as well as the risks of non-implementation and evasion of targeted financial sanctions (TFS) that they face in relation to their business, in order to mitigate them effectively and to ensure that their policies, procedures and internal controls are appropriate to address those inherent risks. Therefore, Article 10 of Regulation (EU) 2024/1624 requires obliged entities to conduct a business-wide risk assessment (BWRA), which shall also be documented, kept up to date, and regularly reviewed.

The obligation for obliged entities to conduct a BWRA has applied since the entry into force of the Fourth AML Directive (Directive (EU) 2015/849). Article 10 of Regulation (EU) 2024/1624 extends the scope of this obligation by requiring obliged entities to assess not only the ML/TF risks to which they are exposed, but also the risks related to the non-implementation and evasion of TFS. Furthermore, the Regulation provides greater specificity by setting out sources of information that obliged entities should take into account when conducting their BWRA.

To date, guidance on how to conduct a ML/TF BWRA has been provided by the EBA's guidelines on customer due diligence and the factors credit and financial institutions should consider when

assessing the ML/TF risk associated with individual business relationships and occasional transactions ('The ML/TF Risk Factors guidelines') under Articles 17 and 18 (4) of Directive (EU) 2015/849 (EBA/GL/2021/02)[5]. In accordance with EBA's mandate, these guidelines apply only to the financial sector and do not extend to obliged entities in the non-financial sector.

In addition, the EBA has issued guidelines on internal policies, procedures and controls to ensure the implementation of Union and national restrictive measures (EBA/GL/2024/14)[6], addressed to all institutions within the EBA's supervisory remit. However, the EBA's mandate for EBA/GL/2024/14 relates to restrictive measures, which are broader than just TFS. As a result, the BWRA conducted solely under the draft guidelines on the BWRA pursuant to Article 10 (4) of the Regulation (EU) 2024/1624 may not, in itself, capture all risks related to restrictive measures. While EBA/GL/2024/14 adopt a broader approach in this respect, it is worth noting that, in line with the EBA's mandate, they do not apply to the obliged entities in the non-financial sector.

With the entry into force of Regulation (EU) 2024/1624, it is therefore necessary to provide obliged entities with guidelines on the content and scope of the BWRA and the additional sources of information to be taken into account in its preparation. Such guidelines should ensure full alignment with the regulatory requirements stemming from the AML/CFT Single Rulebook, while also addressing new and emerging risks and trends in the fast-evolving AML/CFT landscape, including the risk of non-implementation and evasion of TFS.

B. Policy objectives

Overall, these draft guidelines aim to ensure that obliged entities in the financial and non-financial sector adopt a consistent and comprehensive approach to identifying ML/TF risks, as well as the risks of non-implementation and evasion of TFS, to which they are exposed. To achieve this objective, the draft guidelines establish minimum requirements for the content of the BWRA to be drawn up by all obliged entities pursuant to Article 10 (1) of Regulation (EU) 2024/1624, while respecting the principle of proportionality and ensuring effective application of the risk-based approach. A robust and well-documented risk identification framework enables obliged entities to design and implement policies, procedures and controls that are appropriate and proportionate to the inherent risks to which they are exposed.

Furthermore, the draft guidelines specify the additional sources of information that obliged entities should consider when performing their BWRA, thereby complementing the minimum information sources set out by Article 10 (1) of Regulation (EU) 2024/1624.

C. Baseline scenario

[5] EBA/GL/2021/02.

[6] EBA/GL/2024/14.

Under the baseline scenario, obliged entities would be required to draw up the BWRA to identify and assess the risks of ML/TF to which they are exposed, as well as the risks of non-implementation and evasion of TFS, solely in line with the requirement of Article 10 (1) of Regulation (EU) 2024/1624.

However, Article 10 (1) of Regulation (EU) 2024/1624 provides limited provisions on the substantive content of the BWRA and sets out only a minimum set of sources that obliged entities should consider when drafting BWRA. Moreover, while the Regulation requires obliged entities to implement measures that are appropriate and proportionate to the inherent risks identified, it does not provide details on how the risk-based approach should be interpreted by obliged entities in practice, nor on how proportionality should be applied.

The lack of clarity might lead obliged entities to adopt divergent approaches to the identification of ML/TF risks as well as risks of non-implementation and evasion of TFS, and to apply inconsistent risk mitigation measures. This could result in uneven and potentially inadequate protection against financial crime risks within the internal market. These gaps may give rise to different supervisory approaches and expectations, thereby perpetuating regulatory burden for obliged entities operating on a cross-border basis. Where rules are not sufficiently clear, there is an increased risk that obliged entities apply different standards and their supervisors have different supervisory expectations, ultimately undermining a level playing field across the Union.

In the absence of these draft guidelines, obliged entities may face challenges in assessing the relevance and credibility of information sources beyond the non-exhaustive list set out in Article 10 (1) of Regulation (EU) 2024/1624. This may, in some cases, limit their full understanding of inherent risks, with potential implications for the alignment of their control environments.

D. Options considered, cost-benefit analysis, and preferred option

Section D presents the main policy options discussed and the decisions taken by AMLA during the development of the draft guidelines. It begins by outlining the overarching principles that guided the policy choices. It then presents the policy options considered for the main policy issues identified during the preparation of the draft guidelines, followed by a qualitative assessment of the potential costs and benefits associated with each option. The section concludes by identifying the preferred option resulting from this analysis.

Overarching principles

In developing the draft guidelines, AMLA was guided by a set of overarching principles in line with the objectives and requirements of Regulation (EU) 2024/1624, with the aim of ensuring effective, proportionate, and consistent implementation of the BWRA framework across the Union.

At the core of these principles lies the risk-based approach, which underpins the EU AML/CFT regulatory framework. The draft guidelines are intended to support obliged entities in identifying,

understanding, and managing their exposure to ML/TF risks and to the risks of non-implementation and evasion of TFS in a manner that reflects their actual risk profile. AMLA therefore sought to promote outcomes that are effective and risk-sensitive, rather than encouraging formalistic or purely procedural compliance.

Closely linked to this is the principle of proportionality. AMLA aimed to ensure that the requirements set out in the draft guidelines are appropriate and necessary to achieve their objectives and do not impose unnecessary or excessive compliance costs, particularly on obliged entities with lower risk exposure or less complex business models. This principle is reflected in the emphasis on scalable approaches to the BWRA, including the recognition that the depth of analysis and the use of qualitative or quantitative tools should be commensurate with the nature, scale, and complexity of the obliged entity's activities.

At the same time, AMLA pursued a high degree of regulatory consistency and harmonisation across Member States and sectors. The draft guidelines establish common minimum requirements, core steps, and expectations for the BWRA, thereby supporting supervisory convergence and a level-playing field across the Union, while avoiding unnecessary divergence in national or sectoral approaches.

In doing so, AMLA deliberately balanced regulatory harmonisation with methodological flexibility. Recognising the diversity of obliged entities across all sectors, the draft guidelines focus on specifying the minimum requirements to be met and the outcomes to be achieved through the BWRA, rather than prescribing a single methodology. This approach allows obliged entities to select methodologies that are best suited to their specific risk exposure, provided that their choices are adequately reasoned and documented.

AMLA also sought to promote legal clarity and simplification by avoiding unnecessary duplication of provisions already set out in Regulation (EU) 2024/1624. The draft guidelines therefore focus on clarifying expectations where the Regulation (EU) 2024/1624 leaves room for interpretation, identifying good practices, and addressing areas where additional guidance is necessary to support consistent implementation, without introducing additional layers of regulation.

Furthermore, AMLA adopted a comprehensive and inclusive approach, taking into account the impact of the draft guidelines on all obliged entities within scope, including those in the non-financial sector and obliged entities newly subject to AML/CFT obligations. Equal consideration was given to different sectors and business models, ensuring that the draft guidelines may be applied across the full range of obliged entities.

Finally, AMLA sought to ensure continuity and coherence within the EU AML/CFT framework by building on existing guidelines developed by the EBA, where appropriate, while adapting it to AMLA's mandate and the scope of Regulation (EU) 2024/1624. Amendments to existing approaches were therefore limited to cases where they were necessary to address new legal

requirements or ensure consistent application across both the financial and non-financial sectors.

Policy issue 1: Whether to address the risks of non-implementation and evasion of TFS within the existing BWRA or through a separate assessment

Article 10 (1) of Regulation (EU) 2024/1624 requires obliged entities to identify and assess not only their exposure to ML/TF risks, but also the risks related to the non-implementation and evasion of TFS. In developing the draft guidelines, AMLA therefore considered how best to integrate the risks of non-implementation and evasion of TFS into the BWRA requirement, while ensuring effectiveness, proportionality, and consistency across the Union.

In this context, AMLA considered the following options:

A. Adopting a **flexible approach**, allowing obliged entities to determine, based on their individual risk profiles, whether to address the risks of non-implementation and evasion of TFS within the existing BWRA or through a separate assessment.
B. Requesting **two separate BWRAs for all obliged entities,** one for assessing the risks of ML/TF and the other addressing the risks of non-implementation and evasion of TFS.

Option A

Under Option A, obliged entities are allowed to determine, based on their individual risk exposure, whether risks of non-implementation and evasion of TFS should be assessed as part of the existing ML/TF BWRA or through a separate but complementary risk assessment. This option recognises that, while all obliged entities are subject to uniform, rule-based obligations to implement TFS, their exposure to risks of non-implementation and evasion of TFS varies significantly depending on factors such as the nature of their activities, customer base and geographical exposure.

Where synergies exist between ML/TF risks and risks of non-implementation and evasion of TFS, and where risks of non-implementation and evasion of TFS can be adequately identified and assessed within the broader ML/TF BWRA, obliged entities may leverage on existing assessment accordingly. This reduces unnecessary duplication of effort, limits administrative costs and allows resources to be focused on actual risks rather than procedural compliance.

Where, however, the nature or complexity of an obliged entity's activities result in distinct or elevated exposure to risks of non-implementation and evasion of TFS, such as in the case of obliged entities with significant cross-border operations, exposure to higher-risk jurisdictions or sectors, or complex transaction operations, a separate non-implementation and evasion of TFS risk assessment may be more appropriate.

This approach also reflects that ML/TF risks and risks of non-implementation and evasion of TFS, while related, differ in nature and should not be mechanically merged into a single assessment

without due consideration. ML/TF risk assessments are inherently risk-based, whereas risks of non-implementation and evasion of TFS arise from rule-based obligations that apply uniformly across the Union.

Importantly, this approach does not dilute the obligation for obliged entities to assess the risks of non-implementation and evasion of TFS. On the contrary, the draft guidelines make clear that all obliged entities must assess their exposure to risks of non-implementation and evasion of TFS and must have a clear understanding of the likelihood that such risks may materialise, taking into account the nature and complexity of their activities, while leaving flexibility in the form of the assessment.

From a supervisory perspective, this flexible approach strikes an appropriate balance between harmonisation and adaptability. By clarifying the expectation that the risks of non-implementation and evasion of TFS must be appropriately considered and assessed within the BWRA framework, the draft guidelines foster a common understanding of expectations and minimum standards, while preserving sufficient discretion for obliged entities to address these risks in a proportionate manner. This approach also supports supervisory convergence by enabling supervisors to assess whether the chosen method, integrated or separate, is justified by the obliged entity's risk profile and adequately documented.

Option B

Under Option B, obliged entities would be required to conduct two separate BWRAs, one covering ML/TF risks and another dedicated exclusively to the risks of non-implementation and evasion of TFS.

This option would ensure a clear conceptual separation between ML/TF risks and the risks of non-implementation and evasion of TFS, reflecting their different nature and legal basis. By mandating a standalone BWRA related to risks of non-implementation and evasion of TFS for all obliged entities, Option B would guarantee that the risks of non-implementation and evasion of TFS are explicitly addressed and documented, irrespective of an obliged entity's size or business model. This may enhance comparability of assessments and facilitate supervisory review, particularly in cases where risks of non-implementation and evasion of TFS are material.

However, these benefits come at a cost in terms of proportionality and operational burden. For many obliged entities, particularly smaller entities or those with limited cross-border or sectoral exposure, the risks of non-implementation or evasion of TFS may be relatively low and closely linked to their broader ML/TF risk profile. Requiring such entities to conduct a standalone BWRA addressing the risks of non-implementation and evasion of TFS would entail additional administrative and operational costs without necessarily leading to more effective risk identification or mitigation.

Preferred option

Based on the considerations outlined above, Option A has been chosen as preferred option. It provides a proportionate, risk-sensitive, and practical solution to the assessment of the risks of non-implementation and evasion of TFS at business-wide level. Option A ensures that all obliged entities appropriately assess their exposure to risks of non-implementation or evasion of TFS, avoids unnecessary burden for obliged entities with limited exposure, respects the conceptual distinction between ML/TF and risks of non-implementation and evasion of TFS.

While Option B would ensure that risks of non-implementation and evasion of TFS are explicitly addressed and documented through a standalone assessment, this benefit is effectively safeguarded under Option A by the clear requirement in the draft guidelines that all obliged entities must assess their exposure to non-implementation and evasion of TFS risks and develop a sound understanding of the likelihood that such risks may materialise, irrespective of whether the assessment is conducted within the ML/TF BWRA or separately.

At the same time, the draft guidelines provide supervisors with a clear framework to assess whether the approach chosen by an obliged entity, integrated or separate, is justified by its risk profile and adequately documented, thereby supporting consistent supervisory expectations across the Union.

Under both approaches, some obliged entities, particularly those in the non-financial sector, may incur initial compliance costs in implementing these draft guidelines, since they are not subject to the existing EBA guidelines. Additional costs may also arise for entities newly designated as obliged entities under Regulation (EU) 2024/1624. However, many of these costs arise directly from the application of Regulation (EU) 2024/1624 itself, independently of these draft guidelines. In this respect, the flexible approach under Option A helps mitigate additional compliance costs by not mandating a standalone BWRA for the risks of non-implementation and evasion of TFS where such risks can be appropriately addressed within the ML/TF BWRA.

Policy issue 2: Whether to impose a standardised methodology for the BWRA or to allow methodological flexibility for obliged entities

The BWRA required under Article 10 of Regulation (EU) 2024/1624 is set out as a self BWRA conducted by obliged entities, reflecting their specific business models, including its risks and complexity, and their size. While the draft guidelines establish minimum requirements and core steps that must be followed when identifying and assessing ML/TF risk and the risks of non-implementation and evasion of TFS, they deliberately allow obliged entities a degree of flexibility in selecting the methodology that best suits their individual risk profiles. This reflects the inherently diverse nature of obliged entities across sectors, sizes, and levels of complexity.

During the development of the draft guidelines, AMLA considered the following options:

A. Defining minimum steps and expectations for the BWRA while allowing obliged entities methodological flexibility.

B. **Imposing a standardised and prescriptive methodology** for conducting the BWRA across all obliged entities.

Option A

Option A allows obliged entities to select a methodology that best reflects their specific risk profile, business model and operational complexity, while remaining fully accountable for meeting the minimum requirements and outcomes set out in the draft guidelines. As main benefit, this approach provides a more accurate and meaningful identification of risks, as it allows to tailor their BWRA to the nature of their activities rather than adapting their analysis to fit a predefined model from the guidelines.

The primary objective of the BWRA is not to enable direct comparison between obliged entities, but to ensure that each entity has a sound and documented understanding of its risk exposure and uses this understanding to inform its internal policies, procedures, and controls. Comparability between obliged entities is instead addressed through supervisory risk assessments carried out under Article 40(2) of Directive (EU) 2024/1640, which rely on a separate and harmonised supervisory methodology. Option A is therefore better aligned with the purpose of the BWRA as a self-assessment tool designed to enable obliged entities to understand and manage their own ML/TF risks and risks of non-implementation and evasion of TFS.

Option A also reduces compliance and implementation costs, particularly for smaller and non-complex obliged entities from the non-financial sector. Paragraph 8a of the draft guidelines explicitly recognises that non-complex obliged entities, as identified by cumulatively meeting the size and activity criteria for reduced supervisory assessment frequency under the RTS under Article 40(2) of Directive (EU) 2024/1640, may apply a less elaborate or data-intensive BWRA methodologies. Such obliged entities may lack the resources, data availability or technical capacity to implement sophisticated scoring or matrix-based methodologies without disproportionate effort. In these circumstances, allowing obliged entities to rely more heavily on qualitative and descriptive BWRA, rather than quantitative techniques, enables them to comply with their obligations in a proportionate manner. This clarification provides legal certainty to smaller and lower-risk entities while preserving the integrity of the risk-based approach.

In addition, methodological flexibility also allows for the use of sectoral BWRAs methodologies developed by supervisors or self-regulatory bodies. This is particularly relevant for obliged entities operating in sectors with homogeneous business models or with limited resources. A prescriptive approach would prevent obliged entities from relying on such methodologies, thereby undermining principle of proportionality. These benefits are appropriately balanced by the clear requirement in the draft guidelines that reliance on sectoral or external assessments does not shift responsibility away from the obliged entity. Each obliged entity remains fully responsible for ensuring that any sectoral assessment is appropriately adapted, documented, and reflective of its own specific circumstances.

Finally, Option A mitigates the risk of superficial or box-ticking compliance. Highly prescriptive methodologies can lead obliged entities to focus on mechanical assessments or the formal completion of templates, rather than on developing a genuine and substantive understanding of their ML/TF and non-implementation and evasion of TFS risks.

Option B

Option B could enhance formal comparability of BWRAs across obliged entities and potentially facilitate certain aspects of supervisory review, as all entities would apply the same methodological framework. A single methodology could also reduce uncertainty for obliged entities as to supervisory expectations regarding the structure of the assessment. However, the practical value of these benefits is limited, as the primary purpose of the BWRA is not to enable comparison between obliged entities, but to ensure that each obliged entity identifies, understands and documents its own specific ML/TF risks and risks of non-implementation and evasion of TFS, in light of its particular business model and risk exposure.

At the same time, these limited benefits would entail substantial implementation and operational costs, particularly on smaller, less complex obliged entities and those in sectors with limited availability of quantitative data. For many such obliged entities, the costs of adapting systems, collecting data and training staff would be disproportionate to the risk profile of their activities.

Moreover, based on AMLA's consultations and analysis, it was concluded that there is no single methodology that would be suitable across all sectors and categories of obliged entities. Comments highlighted that the diversity of obliged entities, from small, non-complex entities with limited range of products and local exposure, to large, diversified obliged entities with international operations, makes it impractical to mandate a uniform methodological approach without introducing rigidity or disproportionate compliance costs, particularly in the non-financial sector.

Retaining a single methodology in the main body risks imposing an implicit one-size-fits-all approach. Some authorities also noted that prescriptive scoring or matrix-based methodologies could lead obliged entities to focus on formal compliance with methodological steps rather than on achieving a genuine and substantive understanding of their ML/TF risks and the risks of non-implementation and evasion of TFS. This was seen as contrary to the purpose of the BWRA as a self-assessment tool tailored to the obliged entity's actual risk exposure.

Preferred option

Taking into account the respective costs and benefits, Option A has been selected as the preferred policy option. It strikes an appropriate balance between harmonised minimum requirements and methodological flexibility. By being prescriptive on the minimum steps and expectations of the BWRA, while allowing discretion in the choice of methodology, the draft

guidelines ensure broad applicability across sectors, support meaningful self BWRA, and uphold the principles of proportionality and the risk-based approach.

Methodology

For both policy issues, the analysis drew primarily on targeted exchanges with national competent authorities responsible for supervising obliged entities in both the financial and non-financial sectors, as well as on comparative legal analysis.

For the assessment of the need for a separate BWRA for assessing risks of non-implementation and evasion of TFS the exchanges with national competent authorities focused on supervisory experience with the practical application of such risk assessment. Supervisory input indicated that the legal obligation to identify and assess the risks of non-implementation and evasion of TFS varies across Member States, particularly within the non-financial sector. The input gathered through these exchanges was used to assess the operational feasibility, proportionality, and expected compliance cost implications of the policy options, as well as their potential impact on supervisory convergence across the Union.

For the assessment of whether to impose a standardised methodology for the BWRA or to allow methodological flexibility for obliged entities the analysis addressed the practicality of applying prescriptive methodologies across diverse sectors and entity types, the risk of disproportionate costs for smaller and non-complex obliged entities, and the potential impact of standardisation on the effectiveness of the BWRA as a self-assessment tool. The analysis also took into account the interaction between the BWRA and supervisory risk assessments conducted under Article 40(2) of Directive (EU) 2024/1640, including the existence of a separate, harmonised supervisory methodology designed to support comparability at supervisory level.

Across both policy issues, the assessment focused on identifying the relative costs and benefits of the options, taking into account the heterogeneity of obliged entities. The analysis also considered consistency with existing EU-level guidance, in particular the EBA guidelines EBA/GL/2024/14, and the extent to which the options would support the effective, proportionate and risk-based implementation of Regulation (EU) 2024/1624.

Limitations

The analysis is primarily based on qualitative supervisory input and comparative legal assessment. While the exchanges with supervisors provided valuable insights into practical supervisory experience, they may not capture all sector-specific particularities, especially given the high degree of heterogeneity within the financial and non-financial sectors. In addition, supervisory practices and market structures continue to evolve, particularly in relation to newly designated obliged entities. These limitations are mitigated by the principle-based design of the draft guidelines, which allows for proportional application across sectors, and by the possibility to address emerging issues through interpretative tools, where necessary.

Further assessments

During the public consultation, respondents will have the opportunity to provide supporting data, evidence, or concrete examples to substantiate any proposals or suggested amendments to the draft guidelines. In particular, stakeholders will be invited to submit quantitative data and information illustrating sector-specific risks, operational constraints, compliance costs, or supervisory impacts, where relevant.

This evidence-based input will support AMLA in re-assessing, where justified, whether proposed changes are proportionate, justified, and consistent with the risk-based approach underpinning the draft guidelines, and in determining whether any further clarification or targeted adjustments are warranted.

5.2. Overview of questions for consultation

Question 1: Do you agree that the proposals set out in these draft GLs can be applied across all obliged entities and allow for an effective application of a risk-based and proportionate approach towards compliance with AML/CFT requirements?

> *If not, please:*
> *(i) specify the provision concerned with clear reference to the paragraph; and*
> *(ii) provide concrete drafting proposals and explain why the specific measures you propose would be more appropriate.*

Question 2: Do you agree with the proposed minimum requirements for the content of the BWRA set out in these draft GLs?

> *If you do not agree, please specify:*
> *(i) the provision(s) concerned, with clear reference to the paragraph; and*
> *(ii) the rationale for your position.*
> *Please provide concrete drafting proposals to resolving the issue and explain why the measure you propose would be more appropriate.*

Question 3: Do you agree with the proposals for additional sources of information to be taken into account when carrying out the BWRA set out in these draft GLs?

> *If you do not agree, please specify:*
> *(i) the sources you disagree with; and*
> *(ii) the rationale for your position;*
> *(ii) the sources that should be included.*

Question 4: Do you foresee any operational challenges in implementing these GLs?

If so, please specify:
(i) the provision(s) concerned with clear reference to the paragraph; and
(ii) the rationale for your position.

Question 5: Within the boundaries of the mandate as defined in Article 10(4) AMLR, do you identify any need to introduce additional provisions? If so, provide concrete drafting proposals.