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FATF Reports Lackluster Global Adoption of Cryptocurrency AML Requirements



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The Financial Action Task Force (“FATF”), which is focused on leading global initiatives to tackle money laundering and terrorist financing, issued a report regarding the implementation of its recommended standards addressing AML concerns in the cryptocurrency space over the last four years. The report finds that “75% of jurisdictions assessed against the revised standards are only partially or non-compliant with FATF’s requirements.” The report describes many barriers to adoption of the FATF standards, including a lack of understanding of the cryptocurrency markets generally by many jurisdictions and the private-sector development of compliance tools that are limited in scope and that are not sufficiently interoperable to meet the FATF standards.

Meanwhile, the report highlights various concerns globally that are exacerbated by the lack of adoption of FATF requirements:

- North Korea’s use of “sophisticated cyber techniques both to gain access to digital networks involved in cyber finance and to steal information of potential value” which is then used to steal funds and extort payments, in support of its weapons of mass destruction;
 - An increase in the use of cryptocurrencies for terrorist funding by Al Qaeda and ISIL; and
 - The growth of DeFi markets where “threat actors misuse DeFi services to engage in and profit from illicit activity, in particular ransomware attacks, theft, fraud and scams, drug trafficking, and proliferation finance.”
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