

Manx State of the Nation 2025 – IOMFSA Q&A

Bettina Roth, Chief Executive Officer, **Ashley Whyte**, Head of AML/CFT Supervision, and **Matt Touzel**, Head of Enforcement, [delivered a presentation on behalf of the Isle of Man Financial Services Authority](#) at the **Manx State of the Nation conference** on 7 February 2025. The presentation was followed by a Q&A session, with members of the audience submitting questions via Slido. As there was insufficient time to respond to all the questions, this document answers some of the **main themes and topics** arising on the day. If you have any further questions or feedback, please email info@iomfsa.im

MONEYVAL preparation and country training

- The standards for compliance in the sixth-round MONEYVAL evaluation will be higher than before and require the Island to provide substantial evidence of the effectiveness of its AML/CFT/CPF regime, including how supervision and enforcement measures are applied in practice.
- Preparations are already well advanced across multiple Government agencies, while industry involvement is currently being stepped up ahead of the onsite evaluation in October 2026.
- The objective is to demonstrate that the Isle of Man complies with international standards and remains well placed to attract quality new business and investment. The outcome of the MONEYVAL mutual evaluation report will be crucial to the Island's continued economic success and its reputation as a well-regulated international finance centre.
- The Authority has [published online FAQs](#) to explain the MONEYVAL process and highlight key milestones for the Island. This is a living document and will be regularly updated.
- Country Training taking place in November 2025 will see members of the MONEYVAL secretariat host a training session on the sixth-round evaluation rules of procedure, developments in FATF standards, and the evaluation methodology. Isle of Man representatives will deliver an overview on some of the Immediate Outcomes on ML/TF/PF risk understanding and mitigation in order to receive some high-level feedback from the MONEYVAL secretariat. Industry will be invited to attend these sessions, while other training will be targeted specifically at government agencies.

- Evidencing co-operation between the public and private sectors is paramount to a successful evaluation. While attendance at a MONEYVAL interview is voluntary rather than compulsory, it is expected that firms will take the opportunity to support efforts to demonstrate the effectiveness of the Island's AML/CTF/CPF regime. Non-attendance will be viewed as detrimental to the Island's assessment.
- The Authority and other agencies will continue to work with Island firms to help them prepare, including hosting briefing sessions to strengthen understanding of what to expect during an interview, and the requirements before and during the evaluation.

AML Annual Statistical Returns deadline

- To enhance our risk-based approach to supervision, it is essential for the Authority to work with the most accurate and up-to-date information possible. This data informs our supervisory engagement.
- With this in mind, we asked firms to [complete their AML/CFT Statistical Returns via the STRIX system by 31 March](#). While this change shortened the window for submissions, it will greatly assist our supervisory engagement planning, which takes place in April each year.
- We also took the opportunity to implement changes to the Return form, with the aim of streamlining and improving the process.
- In response to feedback from industry, several questions were rephrased and simplified where appropriate, while others were removed and new questions added. We also strengthened the accompanying guidance to enhance the overall user experience.
- We recognise that bringing forward the deadline for submissions may give rise to some concerns, but have sought to work closely with firms to help make the process as efficient and effective as possible.
- Anyone who requires additional assistance is encouraged to contact the AML/CFT Supervision Division's dedicated support line on 686889 or email amlreturns@iomfsa.im

Inspections process

- Inspections are an essential part of the Authority's approach to supervision and also provide an opportunity for firms to demonstrate their compliance with the relevant legislation.
- Our [online guidance](#) provides an insight into how firms are selected for an inspection and what they can expect during the different stages of the process. The guidance is intended to promote transparency by providing typical timelines and by outlining the expectations placed on firms and the Authority.

- Our guidance also sets out the requirement for firms to produce a remediation plan, where appropriate, to explain how and when they will address any observations and conclusions arising from an inspection.
- We undertake two broad types of inspection. **Firm-specific inspections** are conducted in response to a known or perceived risk within a firm, or to help test compliance with regulatory requirements.
- **Thematic reviews** are conducted in response to a known or perceived risk at industry or sector level and may be carried out by way of questionnaire or on-site inspection, or a combination of both. We also conduct thematic work to help us better understand specific risk areas as part of firm risk assessments.
- For AML/CFT supervision, we target more of our thematic review and inspection work based on areas of high and medium high risk within firms and sectors.
- We publish the findings of all our data requests to provide a snapshot of sector compliance and share examples of good practice and areas for improvement. Firms are encouraged to read the Authority's reports and consider any action necessary to ensure their own compliance regimes are effective, up-to-date and properly documented.

Enforcement civil penalties

- The Authority has structured its approach to supervisory sanctions to align with the revised FATF standards, emphasising effectiveness, proportionality and deterrence. This strategy is vital as the Isle of Man prepares for its 2026 MONEYVAL evaluation under FATF's updated methodology, which places greater focus on sanctions as a measure of supervisory effectiveness and ultimately serving as a deterrent.
- Income from discretionary civil penalties is offset against the Authority's enforcement costs, for the financial year in which the penalty was received, including the cost of any external legal fees. Any remaining balance is passed to the Isle of Man Treasury and forms part of the general revenue.
- The level of civil penalty imposed by the Authority is calculated as a percentage of the firm's relevant (annual) income at the time of the contraventions. Consequently, the penalties imposed on larger regulated entities may differ significantly from those imposed on smaller firms.
- Public notices highlight relevant learning points for industry to encourage good practice and compliance.

Potential introduction of civil penalties for individuals

- The Authority is undertaking a review of its civil penalty framework. As part of this, the Authority is exploring the possibility of introducing civil penalties for certain key

individuals such as controllers and directors of regulated businesses. This will provide the Authority with an additional enforcement tool that is already available in some other jurisdictions.

- There may be situations where, for example, the Authority deems it appropriate to impose a civil penalty on a controller or director of a regulated business where a prohibition is deemed to be too severe.
- The introduction of a civil penalty regime is subject to the Financial Services (Miscellaneous Provisions) Bill, as changes are required to update and harmonise the Authority's civil penalty powers across its legislation.
- The Authority plans to seek feedback on proposals in 2025, once the consultation on the Financial Services (Miscellaneous Provisions) Bill has been issued.

Engagement with firms

- The Authority supervises or oversees more than 650 regulated and registered businesses in the Island, so must structure its engagement in a proportionate and appropriate manner.
- We pursue a risk-based approach to supervision to ensure that our resources are focused on the biggest threats to our regulatory objectives. Engagement is aligned to a firm's size, the type of activities it conducts and its potential to disrupt the Island's financial system.
- While we have taken steps to enable operational efficiencies, such as the use of group email inboxes and the online publication of webinars and guidance, officers aim to be as accessible as possible in line with our published engagement models.
- Although it is not practical to provide a full relationship manager model for a cohort of 650 firms, our larger, higher-impact entities have a dedicated point of contact at the Authority.

Collaboration and outreach

- The Authority seeks to be approachable and collaborative and to work positively with industry bodies and associations across all sectors of the economy, providing a forum for individuals and firms to raise any issues via their representatives.
- Officers at all ranks of the organisation are expected to demonstrate the Authority's values of integrity, respect and excellence during the execution of their duties.
- We encourage firms to proactively engage with us at the earliest opportunity to highlight any ideas, views or matters of concern.
- We aim to provide numerous opportunities for people to engage with the Authority. This includes in-person events and forums that enable firms to chat informally to the

CEO and senior executives. This is helpful for those who prefer not to raise matters in a more public setting.

- We also continue to deliver a comprehensive programme of outreach and engagement to keep stakeholders informed of important updates and to respond to common themes raised by industry. This includes issuing news releases, bulletins, newsletters, website updates, webinars and social media campaigns.
- We regularly commission independent surveys that allow firms to submit confidential feedback. We published an [Action Plan Update](#) following the most recent survey to set out how we are addressing industry comments and concerns.
- In particular, we have listened to feedback about the inspections process, including the style and format of inspections reports. We are considering further improvements following an internal review.
- The Authority always welcomes honest and constructive feedback and continually reviews its operations with a view to enhancing processes and strengthening its relationship with Island stakeholders.

Appointment of compliance officers

- People working in controlled function roles – such as a Head of Compliance or a Money Laundering Reporting Officer – have a lot of responsibility. Their performance can impact on the reputation of the business and the Island as a whole.
- The Authority seeks to ensure that these important roles are filled by suitably qualified and experienced individuals in line with our published guidance – this also helps to protect the individual.
- We deal with each request on its merits. We look at all the appropriate options and try to be as flexible and pragmatic as possible. This approach has attracted positive feedback in the past and goes well beyond the position adopted by other regulators.
- For example, where there is evidence to suggest the business will support an individual's development through an appropriate training plan, we are prepared to consider a candidate who may not, on the face of it, meet the guidance.
- In practice, this allows an individual to take up a position as Head of Compliance or MLRO at a business with a strong Board and a healthy compliance culture, or to be able to take up a position after an agreed period and successful completion of a training plan or similar.
- We continue to work with industry bodies to explain how much we may be prepared to flex the requirements if certain conditions are met.

Appeals process in respect of applications

- The Authority's power to direct that a person is not appointed to a specific role is contained within section 10 of the Financial Services Act 2008, section 29 of the Insurance Act 2008 and section 11 of the Collective Investment Schemes Act 2008. All of these powers are appealable to the Financial Services Tribunal under the respective Acts.
- While the Authority continues to take a pragmatic approach to appointments, the holders of controlled function positions must still meet a minimum level of training and competence.
- As noted in our [Dear CEO letter of May 2024](#), early engagement with the Authority is encouraged to ensure that an appropriate way forward can be found as soon as possible.

Potential outsourcing of controlled function roles

- The role of Head of Compliance is expected to be undertaken by a person within the business who is under its governance framework and accountable to that entity.
- It is also crucial that the Head of Compliance has the time and resources needed to undertake that role properly.
- The Authority considers each case on its merits and will work with licenceholders to develop an appropriate way forward that works for both parties.

Proliferation Financing

- The proliferation of weapons of mass destruction is identified by the Financial Action Task Force (FATF) as an emerging threat in terms of financial crime. To maintain our reputation as a well-regulated international finance centre, it is important for the Island to be alert to PF risk and remain compliant with FATF Global Standards.
- While we believe the risk of PF in the Island is low, it will be one of the core areas to be assessed by the MONEYVAL evaluators. Consequently, the Island will be required to provide solid evidence of the procedures and controls put in place to counter criminal activity related to PF.
- The findings of the Authority's recent [PF questionnaire](#) are being used to inform the Island's updated National Risk Assessment, as well as raise awareness of evolving PF risks.
- A [PF factsheet](#) and series of videos have been published online to enhance understanding of PF risk and assist firms in meeting their obligations in relation to the AML/CFT Code 2019.

Reducing the regulatory burden

- A major element of the compliance burden placed on the Island's finance sector comes as a result of international standards, so is often beyond the Authority's direct control. However, we are continuing to look at ways to automate and streamline processes to create benefits for Island firms.
- While the Island is not immune to the impact of geopolitical events, the Authority seeks to maintain a stable and consistent regulatory environment where possible. Other jurisdictions are currently looking at rolling back regulatory requirements that may be perceived as more onerous than those in place in the Isle of Man.
- Our risk and impact-based approach to supervision means that engagement is proportionate to a firm's size and its potential to disrupt the Island's financial system. As such, lower risk firms have fewer touchpoints with the Authority.
- The Island actively monitors regulatory developments in other countries and aims to adopt a long-term and pragmatic approach. For example, we have not implemented the same level of granular requirements as regulators in other countries or adopted frameworks such as the FCA's Consumer Duty.
- Our investment in technology and data is generating efficiencies, as well as highlighting where we can potentially streamline reporting requirements or remove areas of duplication.
- While some firms are currently seeing an uptick in data requests through questionnaires, thematic reviews and annual returns, this information is essential in terms of informing the Island's picture of risk, as well as preparations for the NRA and MONEYVAL evaluation.
- The Authority always listens to feedback from industry regarding requirements they feel create a regulatory burden. We take these comments into account as part of the ongoing review of our regulatory frameworks.

Experience of Authority staff

- The Authority has in place a highly experienced senior leadership team with considerable knowledge across all relevant sectors of the economy, as well as a deep understanding of financial regulation and supervision.
- We expect our staff to have equivalent knowledge, experience and, as appropriate, professional qualifications in line with the staff of the regulated entities it deals with.
- With this in mind we invest significantly in the area of professional qualifications. The Authority supports staff to undertake relevant professional studies.
- We are committed to ensuring that our staff achieve continuous personal development. Learning and development opportunities are provided in many forms, such as structured on-the-job training, professional study, soft skills training,

participation on internal and external training sessions, secondments, mentoring, project work and attending relevant conferences and seminars.

- Our restructuring has provided opportunities for our people to grow into new roles and responsibilities, and to onboard a range of new talent. People development, including technical and soft skills training, coaching and mentoring, has become a key focus.

Recognising the challenges faced by industry

- Many members of the Authority's staff are recruited directly from within industry and bring with them considerable sector knowledge, skills and expertise.
- That first-hand experience of the challenges being faced by licensed and registered businesses helps to inform our internal processes and ensure that the needs of stakeholders are central to our plans.
- We are committed to building skills not just within our own workforce, but also through collaboration with other financial crime agencies and industry bodies and associations.
- Some of our officers are currently on secondment to other parts of the Isle of Man Government to enhance the depth and breadth of their experience and to share their skills and knowledge as regulators.

Support for economic growth

- The Authority is committed to supporting the long-term competitiveness and growth of the Isle of Man economy and embraces its responsibilities in relation to the Island Plan's vision to attract new investment and jobs.
- We are continuing to explore options for updating regulatory frameworks and working in partnership with other agencies to take advantage of new opportunities.
- The Authority makes a significant contribution to the Island's economic wellbeing by providing a fair, proportionate and responsive regulatory environment that upholds our reputation as a leading international finance centre.
- The integrity of the Island's regulatory system is a major selling point for firms competing in the global marketplace and supports efforts to attract new business, investment and jobs. Sound regulation supports economic growth.
- The Authority is seeking to enhance the attractiveness of the Island's captive insurance sector by introducing measures aimed at simplifying solvency capital requirement and introducing a fast-track authorisations process to improve the speed to market.
- In partnership with DfE, we are encouraging fintech start-ups to the Island by offering pathways for tech-based and artificial intelligence solutions. The Fintech Innovation

Hub provides a seamless entry point for new enquiries and an ecosystem that can support fintech products and services from initial concept to market launch.

- The Authority is playing a significant role in an initiative aimed at establishing the Isle of Man as an international leader for sustainable finance products and services. This represents a multi-trillion-pound industry and we are working to update the Island's policies and regulations to create the right environment to encourage growth.

Sustainable Finance

- The Authority is driving the delivery of a number of actions highlighted in the [Sustainable Finance Roadmap](#) launched by Finance IOM, an executive agency of the Department for Enterprise.
- Our involvement is not about introducing additional regulation, it is focused on creating the Enabling Environment to support Island businesses to launch sustainable finance products and services.
- Preparations are already underway to review and update the Island's policies and regulation, with a view to fostering the growth of sustainable finance. During 2025 and into 2026, work will take place to identify and implement any necessary changes to the existing legislation.
- We will seek to ensure that climate and biodiversity issues are fully integrated into the governance and risk-management systems of Island firms.
- Sector-specific guidance will be developed to assist businesses in considering the impact of climate related financial risks on their business strategies and risk profile.
- We will also protect consumers by continuing to pursue a robust and proactive supervisory approach to identify any instances of greenwashing or regulatory misconduct.
- Targeted actions include:
 - Identifying and implementing any necessary changes to the Island's existing legislation.
 - Encouraging Island firms to fully integrate climate and biodiversity issues into their governance and risk management systems.
 - Developing sector-specific guidance to assist firms in considering the impact of climate-related financial risks.
 - Protecting consumers by continuing to pursue a robust and proactive supervisory approach to address any instances of greenwashing or regulatory misconduct.
 - Exploring the possible development of a labelling framework for investment products marketed as sustainable.

Strengthening frameworks in e-gaming sector

- While it would not be appropriate to comment on any specific matters, as a jurisdiction the Isle of Man is committed to playing its part in preventing, detecting and disrupting organised transnational crime.
- Online gaming and gambling platforms are at the centre of an increasingly complex and sophisticated criminal landscape in East and Southeast Asia. Given our well-established e-gaming sector, it is recognised that the Island may be targeted for exploitation by transnational organised crime groups.
- Recent actions demonstrate that Government agencies respond swiftly and robustly when compliance issues are identified.
- Significant and wide-reaching action continues to be taken, with investment in law enforcement and investigation capability. This includes strengthening the Island's immigration systems and processes.
- The Authority works closely with the Gambling Supervision Commission (GSC) and is aware that the GSC has put in place a dedicated division to carry out AML/CFT/CPF inspections and pursue enforcement action where appropriate.
- The GSC is also reviewing and strengthening its framework and practices in relation to market licensing, supervision and enforcement. An enhanced programme of monitoring is in place and the GSC continues to share information with other agencies where concerns are identified.
- To further assist industry in the Island's shared efforts to remain vigilant to these threats, information will soon be published to highlight the types of risks and typologies being used.
- The [IOM Government recently issued a news release](#) to explain its actions to enhance inter-agency working to strengthen the Island's regime to counter organised crime of this nature.