

AML/CFT Forum – Q&A DNFBP Event 30 April 2025

Stacey Kneen, Manager AML/CFT Supervision Division and **Lucy Hendy**, Senior Manager AML/CFT Supervision Division, [delivered a presentation](#) on behalf of the Isle of Man Financial Services Authority at the **DNFBP event** held at the Manx Museum on 30 April 2025. The presentation was followed by a panel session, with members of the audience submitting questions via Slido and a roving microphone. Panel members consisted of **Lucy Hendy**, Senior Manager AML/CFT Supervision Division, **Andrew Kniveton**, Head of Policy & Risk, **Sarah Kennedy**, Head of Portfolio Supervision, and **Matthew Touzel**, Head of Enforcement.

As there was insufficient time to answer all 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 amlevents@iomfsa.im

E-gaming / Gambling Supervision Commission (“GSC”)

- Could the e-gaming sector impact the overall MONEYVAL Evaluation, especially with recent negative media about Isle of Man firms, due to the AML focus?
- Would the MONEYVAL mutual evaluation be affected by the recent enforcement actions in the 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/CFP 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, the Island has recently published its [National Risk Appetite Statement on eGaming and Financial Crime](#); this forms part of the overall National Risk Assessment and underscores the Isle of Man's commitment to maintaining a secure and robust economic environment and adhering to international standards. The accompanying [FAQ document](#) provides further information and assistance to supervised firms.

- The GSC has seen a fall in licenceholders, has the FSA? What are your thoughts on the cause of this, could it be due to overregulation?

The Authority has seen a reduction in licence applications and DNFBP registrations; we attribute this to the current global situation and the geo-political issues being felt across the world.

We are continuing to explore options for updating regulatory frameworks and working in partnership with other agencies to take advantage of new opportunities.

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.

MONEYVAL preparation

- How will supervised entities be selected to speak to MONEYVAL?

Per the MONEYVAL rules of procedure – *“Meetings with the private sector or other non-government representatives are an important part of the visit. Generally, assessors should be given the opportunity to meet with such bodies or persons in private, and without a government official present, if there is concern that the presence of officials may inhibit the openness of the discussion.”*¹

MONEYVAL will send a questionnaire to the jurisdiction ahead of the on-site assessment, and request details of supervised entities. They will likely ask for entities to be highlighted, such as the largest and smallest entity in each sector, those with the highest or lowest turnover, those with the most or fewest customers, etc. The assessors will then select which entities they wish to meet with, and request meetings with representatives of those entities. It is very much up to the entity whether they wish to speak to the assessors. We would expect entities to want to meet with the assessors to have the opportunity to participate in, and contribute towards, the evaluation. It may be that the assessors may select entities from news articles in the public domain and ask the supervisor to put them in contact.

When the assessors are on Island, they are also able to select more/additional entities on a day-by-day basis. We will be working with entities, if selected, to provide some briefing sessions in order to give you an idea of what to expect.

¹ [Rules of Procedure](#)

- Are you in contact with Channel Islands and able to share information or help each other with MONEYVAL process, and is this helpful?

We are in continuous communications with Jersey and Guernsey to gain insight on their recent evaluations, and to take learnings from their experiences. Whilst we are competitors, we are all Crown Dependencies, and it is beneficial for both Jersey and Guernsey that we also do well in our evaluation; we are all working to the same international standards.

It is important to note that Jersey and Guernsey were evaluated under the 5th round, and the Isle of Man's evaluation will be under the 6th round, so we cannot make direct comparisons. We want to excel in our evaluation, and much progress has been made since our 5th round evaluation in 2016.

- Will the outcome of the MONEYVAL assessment help towards opening banking and payment providers being able to operate over here?

A positive outcome of the mutual evaluation would hopefully make the Island an even more attractive jurisdiction in which to conduct professional business, which may influence firms to apply for licences on the Island.

Fees

- How are DNFBP fees calculated and is this different to financial services entities?

Work to put in place the predominantly industry-funded model started in 2020 following a decision by Treasury to reduce the level of financial support the Authority receives from the Isle of Man Government.

Our aim has been to establish a more sustainable funding model, with a fee structure that is proportionate, consistent, competitive and fair. The revised approach aligns with international best practice, while being mindful of the Island's competitive position.

Extensive engagement has taken place in the form of discussion papers, public consultations and meetings with industry bodies. In addition, all designated businesses were invited to attend one of two Q&A sessions hosted by the Authority specifically to deal with enquiries from those businesses.

While engagement in the consultation process by designated businesses was very low, the Authority listened carefully to what some of the smaller entities were telling us. In direct response to that feedback, we introduced a lower fee banding for designated businesses with two employees. This specific change reduced the proposed fees for such businesses by 35%.

Throughout the process, we have been conscious that the impact of the revised fees will be felt differently by each entity depending on factors such as their business model, size, and customer base. Consequently, it was decided to phase in the changes over three years to allow businesses time to plan for the future.

The Authority is keeping this matter under constant review and will reflect on all feedback when beginning the process to calculate the fees to be applied from 2026/27.

If any Island entities feel they may find it challenging to pay their annual fee or submit their annual return on time, they are encouraged to speak to the Authority at the earliest opportunity to discuss matters.

- Should the fees be set at a full-time equivalent (“FTE”) number, rather than a head count?

The Authority is keeping this matter under constant review and will reflect on all feedback when beginning the process to calculate the fees to be applied from 2026/27; we encourage DNFBPs to feed back on the consultation on 2026/27 fees due later this year.

Data requests

- Why have data requests increased? Should we expect more?

Data requests have increased over the past few years, as data is needed to enable us to assess the risks posed by supervised entities and sectors. To enhance our data-driven approach to supervision, it is essential for the Authority to work with the most accurate and up-to-date information possible.

We only ask for information that we consider is necessary for our supervision, and we try to approach professional bodies at the earliest opportunity in advance of any requests where possible. The data that entities provide is crucial in terms of informing not only our risk-based approach and sector-specific risk assessments, but also the Island’s National Risk Assessment and preparations for MONEYVAL.

Our [At A Glance calendar](#) includes everything we foresee at present in relation to planned data requests, and we try to keep data requests with a short response time to a minimum.

- Will additional data required for topical risk assessments become an annual reporting requirement, or is this solely for reparation of the NRA only?

The recent data request to TCSPs relating to the Legal Persons and Arrangements risk assessment was for the purpose of the NRA; we really do appreciate all entities’ cooperation and assistance with this. We have not yet determined whether or not this will be an annual request, but it is not envisaged that it will be collected next year. It is, however, very likely that when the NRA, including topical and sectoral risk assessments, is refreshed, that we will require this data again.

- Is data to be submitted on a best endeavours or exact basis? For smaller firms, much of the information is not held in an easily retrievable manner.

The Annual AML/CFT Statistical Return was introduced a number of years ago, and was initially on a best endeavours basis; however, it is now expected that the information is submitted on an exact basis. There may be an ad-hoc questionnaire issued where we stipulate

that a best endeavours basis would be acceptable, but unless advised, entities should assume data is to be submitted on an exact basis.

- To what extent will you be using Artificial Intelligence (“AI”) when processing firm data? If you are using (or planning to use) AI, where can firms obtain information on the Authority’s AI policy?

We are currently looking at what is available at present, and testing some AI tools. However, AI is not currently being utilised to analyse entities’ data. From an Island point of view, we are in a similar space as many supervised entities will be at present - assessing the AI environment with caution.

Regarding regulating firms for AI, this is something we are keeping a watching brief on at present. Our Rule Books and legislation cover the current position and processes from a regulatory point of view; as long as the process is still compliant with requirements and is within the relevant frameworks, whether entities use AI is up to the entity to decide.

We are not looking to put an AI policy in place at present, but it is being monitored.

The Authority, Code, and Handbook remain technology neutral. Entities should ensure that they risk assess any technology in accordance with the Code prior to their introduction.

- Can you provide more advance notice of changes to questions that will be asked in your questionnaires (allowing systems to be better structured for collation)?

The Authority endeavours to give as much notice of changes as possible. We do not foresee any significant changes for next year’s AML/CFT Statistical Return.

For instance, the upcoming Virtual Asset Questionnaire is being prepared and written in cooperation with firms to endeavour to get the most accurate, useful data with out causing undue stress on firm’s resources.

Risk assessments

- Could you provide some examples of how entities can evidence how the business risk assessment (“BRA”) considers the outcomes of the customer risk assessments (“CRAs”)?

This is covered in our [BRA thematic report](#) published on our website, where we give some suggestions in terms of best practice. Typically, we would expect to see a breakdown of the entity’s customer base within the BRA, including for example, the proportion of the customer base each risk rating represents, and how many PEP connections there may be, etc. It helps to identify trends and look at the customer base on a holistic basis, in order to feed this into the BRA.

Enforcement

- Can DNFBPs be subject to enforcement action, and what happens to the money from civil penalties?

Any supervised entity, including DNFBPs, may be subject to enforcement action when it is appropriate, proportionate and reasonable to do so. All processes are aligned to the publicly available EDMP (Enforcement Decision Making Process).²

Income received as a result of civil penalties is offset against the enforcement costs, with the remainder going to Treasury.

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.

Code

- Why does the code use EUR values for thresholds etc rather than GBP?

International standards are followed, and so where thresholds are detailed in EUR, this is replicated in our legislation. Transposing such thresholds to GBP would not be practical, as legislation would require continuous monitoring and updating in order to remain up-to-date with exchange rates.

- If a DNFBP is in the same group as a TCSP, could the DNFBP rely on CDD undertaken by the TCSP?

The term 'Group' is defined in the Code. There are some provisions within the Code around being allowed to rely on a third party's CDD, one example is the eligible introducer concession, which may be available should the conditions set out in the Code be met. If entities are in the same Group, they may be able to rely on each other for the purpose of verifying the identity of a customer. In terms of reliance, if an entity did want to rely on another entity having verified a customer's identity, and they were two separate legal entities within the same Group and all other conditions of paragraph 19 of the Code were met, the eligible introducer concession would be most appropriate.

² [EDMP – November 2019](#)

DNFBP Portal

- Are there any planned improvements to the DNFBP portal?

Yes, there are updates planned for the portal, but we are not in a position to give any definitive timeline at present. We are happy to receive feedback and suggestions of how we can improve the portal.