

Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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Our ref: Consultations HMT

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Dear Sirs

Consultation Paper: Implementing the Third Money Laundering Directive – Draft Money Laundering Regulations 2007

This is the Financial Services Consumer Panel's response to HMT's consultation on Implementing the Third Money Laundering Directive: Draft Money Laundering Regulations 2007.

The Money Laundering Regulations 2007 will, when brought into force, replace the existing regulations and implement the Third Money Laundering Directive. We of course recognise the importance of tackling financial crime and fully support the introduction of effective measures that prevent people enjoying the proceeds of their crimes, or using the proceeds to finance terrorist activities. We welcome the introduction of a risk-based approach to tackling money laundering that provides for a proportionate and flexible approach to the problem. In particular we support the principle of simplified due diligence that will minimise the adverse effects of the anti-money laundering procedures (including low value savings accounts, pensions and protection policies). We are concerned that these customers are not discouraged from obtaining access to these products and services.

The formalisation of simplified due diligence in the draft Regulations we hope will provide additional impetus for the financial services sector to ensure that firms not only adopt a flexible and proportionate approach, but are capable of implementing it in their dealings with customers. In this respect, good practice needs to be enshrined in the Banking Code and we recommend that a review based on shadow mystery shopping is undertaken shortly after introduction of the new regime. This will help to ensure that it is working fairly and reasonably in the retail banking sector.

Yours faithfully



Chairman, Financial Services Consumer Panel