



## **Covid-19 update - Anti-money laundering and risk awareness**

At this time that we are all facing the impact of the Covid-19 epidemic, it is unfortunately a fact that criminal groups will now look to exploit any opportunity that they may spot. They will realise that any work at this time will be attractive to firms.

The targeting may range from the fraudulent email advising that your TV licence has not been renewed, to an attempt to launder money through a law firm by offering a number of property transactions, all paid for in cash.

Similarly, when we get through this current turmoil, and work starts to return back to previous levels, we know that criminals will look to exploit any perceived relaxation.

So, at this time we would ask you to continue to remain alert to risk, make good choices and comply with your obligations under the Money Laundering Regulations.

However, we would also encourage you to make use of the flexibility in the regulations and guidance, and to be pragmatic in your application of the regulations.

In light of the disruption your customers are facing, firms will want to consider alternatives to face-to-face identification or verification of customer identity. In particular, the 2019 Amendment to the Money Laundering Regulations specifies that information obtained through some electronic identification processes may be regarded as obtained from a reliable source which is independent of the person whose identity is verified. Where customers cannot produce a document required for CDD purposes due to the epidemic, firms should consider whether there are any other ways of being reasonably satisfied as to the customer's identity.

An example of this may be asking a client to send you a scanned copy or photograph of their identification documents together with a photograph of them holding the document, so you can check the likeness. Or another example would be using free video conferencing apps to enable you to carry out remote verification.

Clearly you would still need to apply a risk-based assessment of whether it is safe to proceed and make a note in your files. However, this would be a proportionate approach to a low risk situation.

The Legal Sector Affinity Group is working on producing some interim guidance to firms which will help give a consistent approach across all the sector. We will look to get this to you as soon as possible.

The Entity Authorisation and Supervision Team