

AMLA and the Emerging Economy MLRO

How EU Regulatory Developments Impact African Compliance

Executive Summary

The European Union's Anti-Money Laundering Authority (AMLA) becomes operational in 2025, headquartered in Frankfurt. While AMLA has no direct jurisdiction over African financial institutions, its harmonised supervision of European banks will create ripple effects that compliance leaders in emerging markets must understand and prepare for.

1. What is AMLA?

AMLA represents the EU's most significant AML/CFT institutional reform in decades. The authority will:

- Directly supervise the highest-risk financial institutions across the EU
- Coordinate national AML supervisors across member states
- Support Financial Intelligence Units with operational analysis
- Develop regulatory technical standards and guidelines

For the first time, the EU will have a centralised authority with direct supervisory powers over selected financial institutions, rather than relying solely on national supervisors.

2. Indirect Impact on African Institutions

Correspondent Banking Relationships

The most immediate impact will be through correspondent banking. European banks under AMLA supervision will face harmonised, stringent requirements for correspondent bank due diligence. This means:

- More detailed due diligence questionnaires
- Requests for evidence of AML/CFT programme effectiveness, not just policies
- Greater scrutiny of transaction monitoring capabilities
- Potential for more restrictive risk appetite toward emerging market correspondents

De-Risking Acceleration

While de-risking has been a concern for years, AMLA's harmonised standards may accelerate the trend. European banks facing consistent, rigorous supervision across the EU may adopt more conservative approaches to correspondent relationships with jurisdictions perceived as higher risk.

Strategic Response

African institutions should not wait for correspondent banks to request information. Proactively prepare compliance summary documentation, key risk indicator dashboards, and audit reports suitable for external sharing. Demonstrating programme maturity before being asked signals professionalism and reduces perceived risk.

3. Practical Implications for MLROs

Documentation Standards

MLROs should prepare for increased documentation requests from European correspondents. This includes:

- Programme summary documents suitable for external audiences
- Key risk indicator dashboards showing trends over time
- Audit and examination reports (or summaries) demonstrating supervisory engagement
- Training records and competency evidence for compliance staff
- STR filing statistics and quality metrics

Relationship Management

Proactive communication with correspondent banks is increasingly important. Rather than waiting for requests, MLROs should consider periodic updates to key correspondents on compliance programme developments, regulatory examination outcomes, and any significant changes to risk profile.

4. Longer-Term Considerations

Beyond immediate correspondent banking impacts, AMLA may influence global AML/CFT standards over time. The EU's approach to harmonised supervision, regulatory technical standards, and cross-border coordination may become reference points for other jurisdictions considering similar reforms.

MLROs in emerging markets should monitor AMLA developments not just for correspondent banking implications, but as potential signals of evolving global expectations.

Conclusion

AMLA represents a significant development in global AML/CFT architecture. While African institutions are not directly supervised by the authority, the indirect effects through correspondent banking, de-risking pressures, and evolving international standards will be felt. MLROs who understand these dynamics and prepare proactively will be better positioned to maintain essential banking relationships and demonstrate programme maturity to international partners.