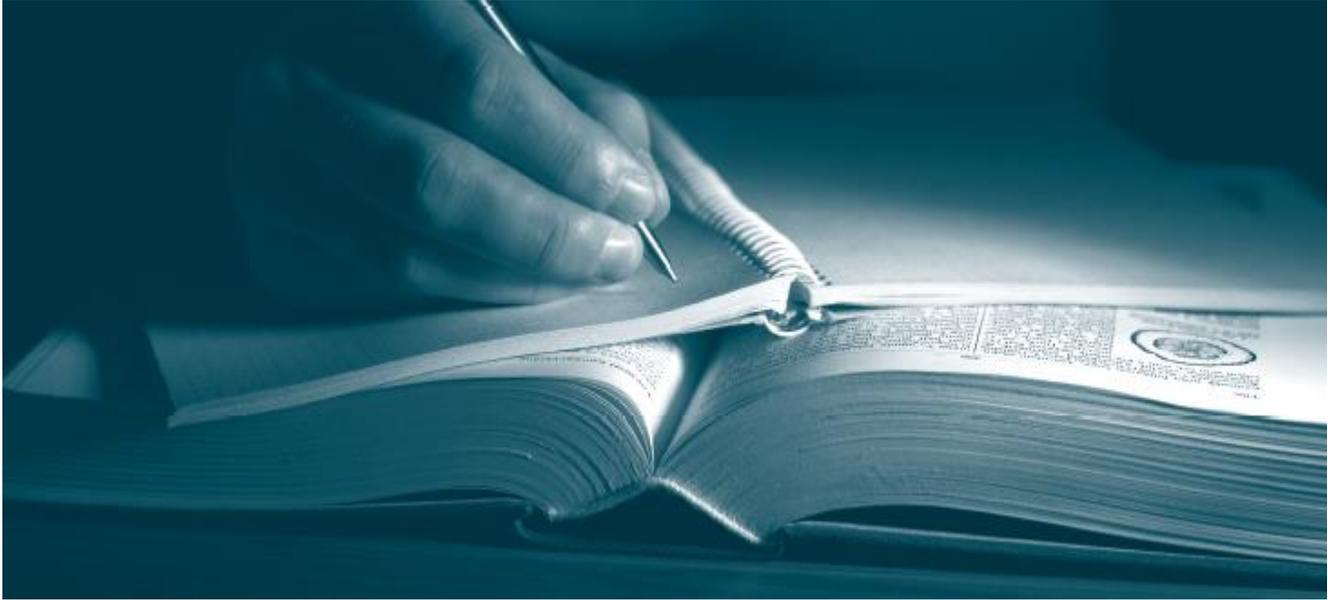


The Compliance Officer University Degree

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In 2017, ACAMS participated in the first promotion of the compliance officer university degree, delivered by the University of Versailles,¹ in France. The program was supervised by the dean of the law and political science department of the university and designed by the co-chair of the ACAMS France Chapter board. This accreditation has a national orientation that enhances the CAMS certification, which plays at an international level. The syllabus of the course, developed around a strong practical axis, covered a large scope: Financial Action Task Force (FATF) methodology to assess countries, compliance program testing by regulators and techniques to implement efficient policies. The course was attended by professionals and students who either wished to specialize in compliance or enhance their existing knowledge of the field.

FATF

The course began with a presentation of FATF by a former country risk assessor who participated in the last FATF evaluation of France.

FATF was created in 1989, by the G7² at the Arche Summit in Paris. It is an inter-governmental body located within the precinct of the Organisation for Economic Co-operation and Development in a beautiful district of the French capital. Initially thought as a “temporary” structure, today it plays a major role in the fight against financial crime and constantly adapts to the new challenges of our moving world. In its role as a real “policymaker,” FATF is considered as an entity generating political will to bring about national legislative and regulatory reforms.

The organization aims to set norms to fight money laundering, terrorist financing and proliferation. Thus, FATF developed a set of 40 recommendations, which must be implemented by all of its affiliated member states. Crucial events impacting the world have led to the release of new sets of recommendations or to the enhancement of existing ones. For example, the first recommendations were published in 1990, shortly after FATF was created. In October 2001, in the aftermath of the terrorist attacks on the World Trade Center, another set of recommendations was issued adding eight recommendations targeting terrorist financing.

European Directives and National Law

After the release of the FATF Recommendations, the next step for many countries in the world was to write or modify their laws, so that these recommendations would get integrated into their national framework.

This mechanism is somewhat more complicated for Europeans, since they have to go through the EU. The EU makes use of its own legal weapons, known as directives, to issue its legislation. Directives must be implemented locally by each member state within two years after their date of issuance. Each member state is free to use any means it deems appropriate to conduct this joint effort.

This is why you can find the flair of the FATF Recommendations in the French commercial code, in the guidelines of the French regulator to financial institutions or in the reports and typologies published by the French financial intelligence unit (FIU).

The French FIU₃

Among the main FATF Recommendations stands the obligation for its affiliated countries to establish an FIU. The FIU is actually at the crossroads of the entire AML process, since it fulfills three main missions: reception of suspicious activity reports, analysis of the suspicions and communication of the information collected to the relevant state departments for further investigation, if necessary.

The 2017 promotion of the university degree was lucky to welcome the head of the French unit. He commented on the evolution of FATF's 40 Recommendations, year after year, and their strong direct and indirect influence on national legislation. By enlarging the scope of reporting entities, FATF has caused the French FIU to receive a growing number of suspicious activity reports. This growing number of information received has caused, in turn, the obligation for the national legal framework to adapt. It soon appeared that the legal system was not always fit to handle all the situations detected and reported by financial institutions to the authorities. For example, once it became clear that a money laundering case could not be criminalized exclusively on the basis of the laundering of drug proceeds, the need to create a "general crime" encapsulating all kinds of money laundering situations, appeared essential. How could you criminalize money laundering without criminalizing the laundering of the proceeds of prostitution, of the proceeds of weapons trafficking or the laundering linked to corruption?

The head of the French FIU also emphasized that the reporting structure that was initially conceived to combat organized crime and the laundering of drug proceeds, thanks to a network of information, happened to be an efficient preventive tool. Soon it appeared that the same framework could be harnessed to not only fight money laundering but also terrorist financing (since 2001) and tax evasion (since 2010).

The French Regulator of the Banking and Insurance Sectors

The whole process would not be complete without a policeman. The European Central Bank, based in Frankfurt, Germany, takes care of the biggest French entities. However, the French regulator (ACPR) is still very active and provides the financial industry with valuable guidelines. ACPR,⁴ which is affiliated with the Bank of France, has the authority to supervise the banking and insurance sectors and to apply sanctions if regulations are violated. Last but not least, even though the entity is not a prescriptive body, it can deprive a financial institution from its right to operate. An expert from the ACPR explained to students how they can have the best relationship with their regulator and shared practical advice on the do's and don'ts within the framework of an investigation. To know how the regulator works from the inside and what its expectations are is definitely a major asset for a good compliance officer to have.

Make the Whole Compliance Function an Asset!

Once the FATF process is explained, the European directives on AML are made clear, the national laws are presented and the regulator has disclosed some practical tips, is there still something to learn?

Well, the role of the compliance officer still needs to be defined and the following questions need to be addressed:

- How must compliance officers behave on a day-to-day basis to protect both the institution they work for and themselves?
- How can they design a compliance program based on a reliable risk map?
- How can the compliance department work hand-in-hand with the management of the institution?
- How can a well-thought-out risk map be used as an engineering tool capable to convince any regulator and how far can the function become a marketing tool for the company?
- Even better, how could the compliance function, seen by many as a burden and expensive object, be glamourized and presented as a real competitive asset?

All these questions, and many more, were addressed within the framework of a risk workshop conducted by a compliance expert and an interactive talk animated by the co-chair of the ACAMS France Chapter. The expert explained how to design a risk map covering the activities of the institution and how to present this ever-evolving risk map to the

regulator in order to keep financial and administrative sanctions at the lowest possible level. In addition, the co-chair of the ACAMS France Chapter board outlined the responsibilities of compliance officers and the growing financial and criminal civil penalties at stake for them.

No compliance decision is a bad decision in itself, provided if it can be thoroughly explained and if compliance officers can defend their arguments.

The final exam included a presentation of an anti-money laundering and counter-terrorist financing (AML/CTF) risk map of a fake company applying for a license to operate in France. Some students went for a FinTech company and others for a pharmaceutical enterprise. A crowdfunding structure, a digital bank and an online business in the gaming industry were presented as well, every time with a strong focus on the AML/CTF policy structure. The candidates benefited from the professional feedback from subject-matter experts that populated the jury: staff members of the French regulator of the banking and insurance sectors, the head of the French FIU, law professors and compliance managers of some of the most respected institutions.

At the end of the course, participants were ready to recognize what the compliance environment is made of and how to best protect their firms and themselves.

In order to do so, an all-around education is a must and this is what this university degree aims to achieve. Since the program was a success, the next one is already booked for 2018.

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1. Université de Versailles-Saint-Quentin-en-Yvelines. The university program is available online at <http://www.uvsq.fr/du-compliance-officer-specialite-lutte-anti-blanchiment-375904.kjsp>
 2. Members of the G7: Canada, France, Italy, Japan, U.K., U.S. and West Germany.
 3. TracFin, the French FIU, was created in 1990: <https://www.economie.gouv.fr/tracfin/accueil-tracfin>
 4. Autorité de Contrôle Prudentiel et de Résolution.
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