



# Asia AML/CFT 3rd Annual Summit 2021

**Fintelekt<sup>®</sup>**

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**Developments in Virtual Assets**

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# Developments in Virtual Assets: Roadmap

- Financial Action Task Force
- Virtual Assets & AML/CFT Risks
- Stablecoins
- NFTs
- Travel Rule
- Summary



# Financial Action Task Force (FATF)

- “The global money laundering and terrorist financing watchdog.”
- Policy-making body
- International standards
- FATF Recommendations
- More than 200 jurisdictions committed to implementing
- Public Consultation on FATF Draft Guidance - Risk Based Approach to VA & VASPs



# Virtual Assets & AML/CFT Risks

- Technological features that increase anonymity
- Geographical risks (exploiting countries with low national measures)
- Need to monitor:
  - Transaction patterns
  - Transaction size
  - Sender or recipient profiles
  - Source of funds or wealth





# Stablecoins

- FATF: “Emerging assets such as so-called “Stablecoins” ... could potentially cause a shift in the virtual asset ecosystem and have implications for money laundering and terrorist financing risks”.
  - # Anonymity
  - # Global reach
  - # Layering
  - # Potential for mass adoption
- Proposal: “Stablecoins” and their service providers would be subject to FATF standards.

High	12,256	(+22.3)	32,256.36
Low	11,200	(+7.2)	6,586.87
STOCK INDEX	12,256		

# Non-fungible Tokens

- No two NFTs are the same
- Increase in publicity
- Art Trade
- FATF – subtle change of terminology
- Regulatory responses



# Travel Rule

- Purpose: Increase transparency of value transfers
- Recommendation 16
- Borrowed from the traditional financial sector
- Only a few countries have implemented Travel Rule
- Technical Solutions



# Summary

- FATF International Standards
- AML/CFT Risks
- Stablecoins
- NFTs
- Travel Rule
- Updated FATF Guidance (October)





**THANK YOU**

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