



8 May 2026

Anti-Money Laundering Authority
Messe Turm
Friedrich-Ebert-Anlage 49
60308 Frankfurt am Main
Germany

Delivered Via Website Form:

<https://ec.europa.eu/eusurvey/runner/ConsultationDraftRTSonCDD>

Re: Consultation Paper Draft RTS under Article 28(1) of Regulation (EU) 2024/1624

Dear Sir or Madam:

World Council of Credit Unions (WOCCU) appreciates the opportunity to comment on the Anti-Money Laundering Authority's (AMLA) Consultation Paper on Draft Regulatory Technical Standards under Article 28(1) of Regulation (EU) 2024/1624.¹ WOCCU is the leading trade association and development organization for the international credit union movement. The European Network of Credit Unions, part of WOCCU, facilitates collaboration and the exchange of regulatory best practices among credit cooperatives throughout Europe and with their global counterparts. Across Europe, credit unions serve over 8 million members. Worldwide, there are over 67,000 credit unions in over 100 countries with USD 3.8 trillion in total assets serving over 412 million physical person members.²

Credit unions and financial cooperatives are committed to protecting their communities from financial crimes and ensuring financial inclusion. They fill a critical gap in the financial services market. Credit unions are not driven by profit, are formed through a common bond, are member-owned, and elect their board of directors from their membership. They service members in their local communities, including those excluded by other financial institutions, while maintaining compliance with Anti-Money Laundering and countering the financing of terrorism (AML/CFT) requirements.

¹ See, Consultation Paper on Draft Regulatory Technical Standards under Article 28(1) of Regulation (EU) 2024/1624, available at: https://www.aml.europa.eu/policy/public-consultations/consultation-draft-rt-s-customer-due-diligence_en

² World Council of Credit Unions, 2024 Statistical Report (2025), available at https://www.woccu.org/documents/2024_Statistical_Report_EN



Due to the unique structure of credit unions and their mission to serve the community, the risk-based approach of Customer Due Diligence (CDD) and the flexibility to use broader means to verify the identity of an individual is of particular importance. The compliance burden also has a significant impact on credit unions. Therefore, we've focused our comments on questions three and five of AMLA's consultation. WOCCU welcomes further opportunities to discuss CDD and broader AML/CFT requirements.

Question 3: Do you agree that the proposals set out in these draft RTS allow for the effective application of a risk-based approach towards compliance with AML/CFT requirements? If you do not agree, please: (i) specify the provisions concerned; and (ii) provide concrete drafting proposals and explain why the specific measures you propose would be more appropriate.

WOCCU appreciates the focus on proportionate, risk-based CDD measures and believes it is critical to effectively prevent financial crimes. We support AMLA's efforts to place proportionality and a principle-based approach at the heart of this work. However, we anticipate challenges to an effective application of the risk-based approach. To minimize some of those challenges, WOCCU requests that AMLA more clearly include financial inclusion as part of the guiding principles stated in the document. Similar to international guidelines such as those from the Financial Action Task Force (FATF), it is important these standards specifically state financial inclusion is a key principle and consideration.

Interpretations of CDD standards can differ among supervisory staff. There is often a disconnect between a risk-based requirement that allows for thorough but flexible procedures to meet the CDD objectives, and the way it is applied by examiners onsite at a local financial institution. This disconnect can be caused by less experienced or an overly strict examiner who will only accept the most common, mainstream forms of identification or require over compliance regardless of the risk level. It can also be due to a lack of updated information or understanding of risks in a particular area or situation. A supervisory disconnect often disproportionality impacts efforts towards financial inclusion, especially when individuals have unique situations. These situations include vulnerable groups such as migrant workers, refugees, the elderly and individuals experiencing homelessness. It also increases the compliance burden and redirects resources that could otherwise be focused on high-risk areas.

The unintended consequence of AML/CFT practices that do not allow for sufficient flexibility and proper risk assessments results in financial exclusion. It provides further opportunities for financial criminals to take advantage of vulnerable



populations forced to use unregulated bad actors for basic financial services. It is critical that the standards encourage supervisors to recognize that financial institutions may need to utilize flexibility differently based on their own service offerings, location, and client base to achieve the same outcome of proper CDD.

Moreover, risk-based CDD approaches that allow for broader financial inclusion do not diminish the outcome of properly verifying the identity of the individual but rather highlight different approaches to a successful CDD process. The FATF Recommendation 1 and the corresponding guidance, updated in 2025, provides helpful language to encourage supervisors to consider financial inclusion when evaluating the sufficiency of their risk-based approach.³

In its CDD standards, we urge AMLA to recognize that a risk-based approach requires clear risk assessments and dialogue between the regulator and regulated. The challenge of consistent implementation and understanding the true risk are concepts that also extend to other areas of CDD such as Enhanced Due Diligence (EDD) methods.

Question 5 Considering AMLA’s legal mandate in Article 28(1) of Regulation (EU) 2024/1624, and taking into account your obliged entities’ products offered and service provided, what other simplified due diligence measures should be included in the draft RTS, for example because of the associated lower ML/TF risks of these products and services?

CDD requirements often place a disproportionate compliance burden on credit unions. Credit unions are typically smaller asset size financial institutions offering traditional deposit and loan services. WOCCU appreciates AMLA’s proposed simplified due diligence measures in lower ML/TF risk situations. However, a key component to effective simplified measures is a clear understanding of when they can be used. Additional information to ensure both a financial institution and regulator have the same understanding and assessment of low-risk situations would support greater use and ease the compliance burden. Additionally, we caution against overly prescriptive data requirements if other data points are readily available to supplement the verification process. Flexibility within even the simplified measures can be helpful. For example, the ability to use a combination of

³ Financial Action Task Force, Financial Inclusion and Anti-Money Laundering and Terrorist Financing Measures and Guidance on Financial Inclusion and Anti-Money Laundering and Terrorist Financing Measures, 2025, available at: <https://www.fatf-gafi.org/en/publications/Financialinclusionandnpoissues/guidance-financial-inclusion-aml-tf-measures.html>



foreign government issued identification cards (that may lack one element of mandatory data) and alternative measures such as utility bills and community attestations to fully meet the CDD objective within low-risk situations is valuable. WOCCU requests that AMLA carefully consider and minimize the breadth of firm requirements and establish acceptable alternatives for mandated data points. The type of information required must be comprehensive to verify identity but flexible enough to streamline administrative burden and allow for what is both most reliable and readily available.

This concept also extends to other measures that are difficult to anticipate what a regulator's interpretation will be, such as customer identification data updates in low-risk situations. WOCCU requests that AMLA include additional information and clarification to help individual institutions understand what constitutes a 'satisfied' understanding when determining whether the listed triggers are present. A credit union can deploy resources more effectively with further clarity.

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Credit unions across Europe are committed to preventing financial crimes. We urge AMLA to recognize, however, that the situations they encounter in their local community are often different than a large international bank or non-bank entity. Credit unions have a local perspective on the impact of AML/CFT compliance standards. While our comments in this letter focused on the risk-based approach and simplified measures for individuals, credit unions also serve small businesses. CDD related resources such as accessible and reliable sources to verify and document beneficial ownership are needed.

As AMLA considers further CDD requirements and guidance, WOCCU encourages more robust information around implementation, evaluating risk factors, and the impact of developing technology. Resources related to the risk-based approach provide support to smaller institutions and contribute to more consistent supervision.

WOCCU encourages ongoing evaluation and dialogue regarding the sufficiency of AML/CFT CDD requirements. The developments surrounding electronic identification methods, electronic money issuers, and the growing connections of cross-border transactions change the risk landscape quickly. Preventing financial crimes and fraud are critical aspects of protecting a community. WOCCU appreciates AMLA's difficult challenge to ensure CDD standards effectively prevent money laundering, terrorist financing and other forms of financial crimes.



World Council

We support further dialogue on standards, guidance and implementation. Thank you for your consideration of our comments. If you have questions about our comments, please contact me at erinohern@woccu.org.

Sincerely,

Erin O'Hern

Erin O'Hern

International Advocacy and Regulatory Counsel
World Council of Credit Unions