Anti Money Laundering and (Online) Gaming: How to Implement Broad and Indistinct AML Notions - Regulatory Experiences from Europe

The abstract

Target audience:
Gaming regulators, gaming companies (notably compliance officers), scholars.

Research questions:
This UNLV supported research project has combined valuable inputs from international AML experts, gaming regulators with significant online and AML experience and AML literature alike. It has notably addressed the following questions:

• How are broad and indistinct AML notions - referring to higher money laundering risk constellations - to be interpreted in the (online) gaming sector specifically?
• How can regulators implement these AML notions proportionately (effectiveness without unnecessary regulatory over-kill)?
• What solutions are available to mitigate the AML risks?

Research background:
Both gaming regulators and gaming companies are facing the challenge of implementing increasingly strict AML requirements that are driven by laws of international organisations (FATF, EU, MONEYVAL).

These AML laws refer to circumstances of “higher” money laundering risks, in which obliged entities are required to apply enhanced customer due diligence. However, one of the challenges consists in the fact that these AML laws have
general applicability (they are not gaming sector-specific) and their key notions are often broad and indistinct. Accordingly, gaming regulators and gaming companies alike may struggle in how to interpret and implement them in the gaming sector.

For instance, enhanced customer due diligence is required when “the business relationship is conducted in unusual circumstances” (4th EU AML Directive). Yet, what is “unusual” supposed to mean in the gaming sector specifically?

Gaming regulators may further wonder, how they can specify effective AML requirements without unnecessarily burdening their gaming industry. At the same time, regulated land-based and online operators have a vital interest in fully being compliant with AML rules. The detrimental consequences for non-compliance can reach from very high fines, significant reputation risk, freezing of customer accounts, withdrawal of the operator’s license to administrative and criminal prosecution of AML officers subject to minimum sentencing rules.

• A list of keywords (10 maximum)

Gaming, online, AML, compliance, enhanced customer due diligence, higher risk, EU, FATF, MONEYVAL, FinCen