

News release

Report shows more AML action driving improvements

31 October 2024

Our latest annual report [<https://referral.sra.org.uk/sra/research-publications/aml-annual-report-2023-24/>] shows that we have increased regulatory action against firms in a bid to drive compliance and make sure the profession is tackling the risk of money laundering.

Our anti-money laundering (AML) report also shows an improvement in how firms are managing risk. The report details our work over the last 12 months to help firms comply with anti-money laundering regulations, as well as action taken against firms that failed to take their obligations seriously. Publishing the report is a requirement placed on all supervisors by the Office for Professional Body Anti-money laundering Supervision (OPBAS) and HM Treasury.

It shows that in 2023/24 we took regulatory action against firms in relation to anti-money laundering breaches in 78 cases - an increase on the previous year (47). In more than half of the cases, the most common breaches related to firms having inadequate risk assessments or AML controls. We issued 44 fines totalling £556,832.

We have increased our proactive supervision work in the last year, almost doubling the number of proactive firm engagements (inspections and reviews) we carried out (545), compared to the previous year (273). Through this work, we have helped 394 firms to improve their AML controls and we have seen marked improvements in the way firms assess risk. Only 12% of client and matter risk assessments were deemed to be ineffective, compared to 51% in the previous reporting year.

Paul Philip, SRA Chief Executive, said: 'We must work together to stop criminals using our profession to launder money. Last year we were concerned about how many firms were not effectively managing risk. There is still some way to go, but we are pleased to see marked improvements in this area.'

'It has been a year of change as additional regulatory requirements have increased the scrutiny on economic crime and our work to prevent it. Solicitors play a vital role in preventing money laundering however, we will take action against the minority who do not take this responsibility seriously.'

Alongside the annual report, we have also published a [thematic review](https://referral.sra.org.uk/sra/research-publications/thematic-review-aml-training/) [https://referral.sra.org.uk/sra/research-publications/thematic-review-aml-training/] looking at AML training within firms. We found that where money laundering compliance officers (MLCOs) had undertaken additional training, firms were almost 50 per cent more likely to be compliant, compared to those whose MLCOs had not.

We also found that training was too focused on how to comply, while not covering why it is important to have strong controls in place. It also raised the importance of on-going and additional training, over one-off sessions. Following the review we have published a training checklist to support firms to make improvements in this area.

As of 5 April 2024, 61% of regulated firms fall within the scope of the money laundering regulations.