



ISLE OF MAN
FINANCIAL SERVICES AUTHORITY

Lught-Reill Shirveishyn Argidoil Ellan Vannin

MARCH 2025

AML/CFT SUPERVISION DIVISION

2025-2027 SUPERVISORY PRIORITIES

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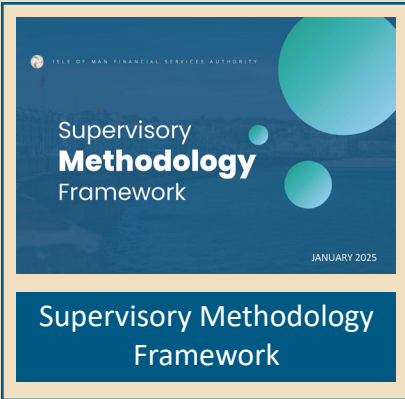
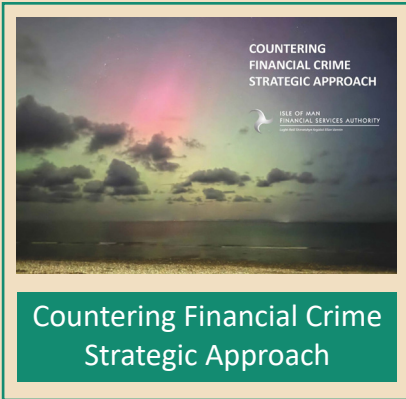
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AML/CFT Supervision Division: 2025-27 supervisory priorities

The Isle of Man Financial Services Authority (“FSA” or “Authority”) wishes to communicate its priorities in relation to AML/CFT/CFP¹ supervision for the next two fiscal planning years² of the FSA, such period aligning to the [Strategic Plan 2024-2027](#).

For AML/CFT/CFP, the Authority’s [Supervisory Methodology Framework](#) is designed so the firms and sectors that pose a higher level of money laundering or

terrorist financing (or proliferation financing) risk receive commensurate supervision under the engagement model, whilst for lower risk firms there will be a greater emphasis on thematic work and outreach.

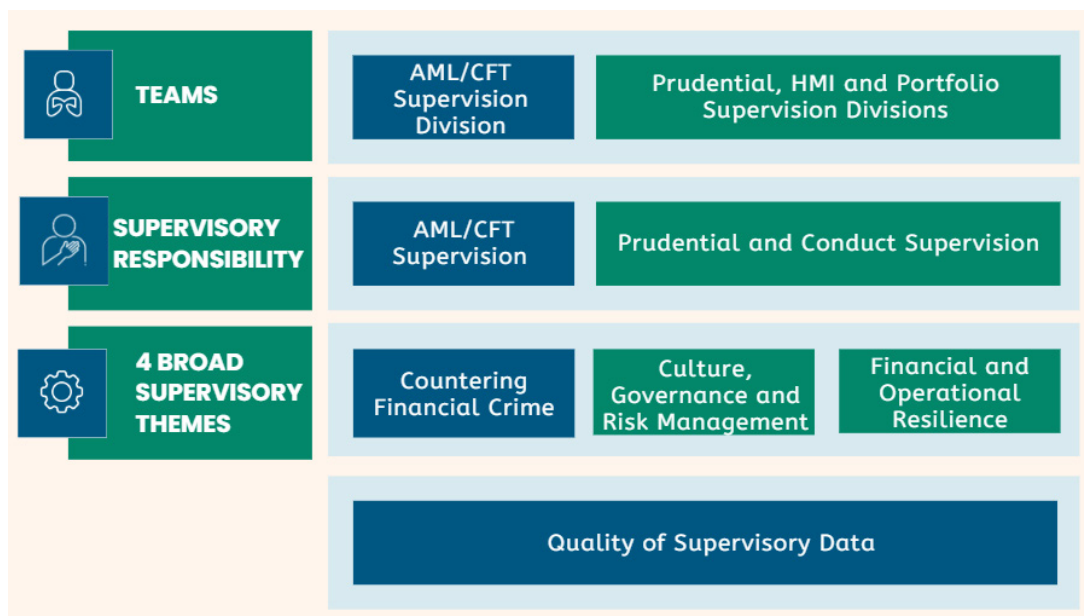
A key part of our approach to assessing risk at firm and sector level is through data collection and automation, as well as intelligence and other information, including on-site and desk-based fieldwork.

The FSA’s broad supervisory themes

The FSA supervises a large and diverse population of firms and undertakes supervision and oversight of these firms through four dedicated supervisory divisions that work closely together. As part of our planning across the FSA, we have grouped our supervisory priorities into the four broad themes of: Countering Financial Crime; Culture, Governance & Risk Management; Financial & Operational Resilience; and Quality of Supervisory Data. The high-level divisional responsibility in relation to the four broad themes is set out below.

These themes, and the related priorities for the AML/CFT Supervision Division, are designed to complement the ongoing supervisory engagement at firm and sector level, using both the impact and risk-based supervisory methodology. Some of the priorities we set out in this communication are an evolution of areas and topics we have previously highlighted to you, or a continuation of work that we have already commenced. We will continue to deliver these priorities through our suite of supervisory activities and use of supervisory tools³.

Figure 1: Divisional responsibilities for the four supervisory themes



¹ Anti-Money Laundering/Countering the Financing of Terrorism and Countering the Financing of Proliferation. Where AML/CFT is stated this should be read to also include CFP.

² 1 April 2025 to 31 March 2026, and 1 April 2026 to 31 March 2027.

³ Includes inspections, meetings, requests for information, and other stakeholder engagement.

Countering Financial Crime

Towards the end of 2024 the Authority published its [Strategic Approach to Countering Financial Crime](#) which supports the Authority’s overarching [Strategic Plan for 2024-2027](#) setting out the commitment to fulfilling our regulatory objectives. The strategic approach to Countering Financial Crime sets out the areas in which we will focus on in order to strengthen the Authority’s long-term effectiveness in relation to AML/CFT/CFP a key part of which is undertaking risk-based supervision of firms.

The AML/CFT supervisory engagement model is separate and distinct from the supervisory impact led engagement model; rather than being driven by impact, engagement is driven by a firm’s financial crime risk rating. This is because the reduction of financial crime is a primary regulatory objective of the Authority⁴; therefore, we will focus AML/CFT/CFP Supervision resources on firms assessed as high and medium-high financial crime risk.

The Authority’s proportionate and risk-based approach to supervision means that the higher intensity supervisory

engagement is used to monitor firms that are higher risk, or present higher risk factors, which would include more in-depth inspections⁵ and AML/CFT/CFP themed meetings. Other less intensive supervisory measures such as AML/CFT/CFP thematic questionnaires and related inspections, as well as outreach activities designed to improve compliance (e.g. presentations, guidance and seminars), are also used as part of the AML/CFT supervisory programme across the whole cohort of firms.

The planned AML/CFT supervisory programme is covered in further detail in this document.

We will focus AML/CFT/CFP supervision resources on firms assessed as high and medium-high financial crime risk

1 Risk-based supervision

The Supervisory Methodology Framework explains how the Authority assesses a firm’s inherent and residual risk to establish a financial crime risk rating that in turn informs the level of our supervisory engagement.

The Authority’s AML/CFT/CFP engagement model includes a range of supervisory activities, together with the use of the supervisory toolkit, and is separate and distinct from the impact-led engagement model delivered by the Authority’s other supervisory divisions.

The Authority carries out its engagement on a risk-based approach. Firms rated as higher risk or presenting higher risk factors can expect more frequent supervisory engagement than other lower risk rated firms. Additional supervisory measures include risk-driven inspections, AML/CFT thematic questionnaires and related inspections, as well as outreach activities (for example, presentations and seminars), are also used as part of the AML/CFT supervisory programme across the whole cohort of firms.

A high-level overview of inspections is illustrated in the accompanying table (right).

Action	Reason	Outcome
Event Driven Inspection	Immediate Perceived Risk	Investigate, Corroborate and Respond
Higher Frequency Inspection	Higher Risk Firm Management	De-Risk and Manage
Onsite Risk Driven Inspection	Regulatory Oversight	Assurance and Testing of Compliance
Thematic Inspection	Targeted, Knowledge Building and Sharing	Coverage, Learnings and Development
Compliance Meeting	Check-In, Open or Triggered Discussions	Knowledge Informative, Investigatory
Questionnaire	Targeted Coverage of a Topic or Sector	Data, Compliance and Testing

⁴ Further details relating to the regulatory objectives can be found on the Authority’s website – [About Us](#) section

⁵ Further detail regarding inspections can be found in the Authority’s [Inspections Guidance](#).

2 Sanctions thematic

Work continues in relation to the sanctions thematic which commenced in 2024. The primary objective of the sanctions thematic is to review each firm's approach in relation to the identification and mitigation of sanctions risk. Following the successful completion of the on-site inspections conducted as part of phase 2 of the thematic, a further phase of the thematic will commence in 2025.

The selection of firms will be cross-sector and driven by risk utilising the data outputs from Strix, including data from the 2023 AML/CFT statistical return and the sanctions thematic questionnaire.



3 Sectoral thematic work:

Estate Agents, Moneylenders, VASPs and Non-Life



The Estate Agent and Moneylenders thematic projects commenced in 2024 and are scheduled to conclude in early 2025. The estate agents thematic produced a [phase 1 report](#), published in August 2024, commenting on the questionnaire data received is available online.

The moneylenders thematic followed a similar timeline, with a [phase 1 report](#) being published in September 2024, commenting on the data and responses received from the questionnaire. On-site inspection fieldwork is

Engagement is continuing with the VASP sector regarding the application and practicalities of the Travel Rule Code 2024

being concluded across these sectoral thematics, with two further reports on the inspection findings for each thematic to follow in due course.

In 2025/26 the Authority continues its engagement with the VASP sector considering the application and practicalities of the Isle of Man Travel Rule (Transfer of Virtual Assets) Code 2024 which ensures greater alignment with international standards and the definitions and terminology set by the FATF and compliance with the AML/CFT Code.

As part of this ongoing engagement the Authority will undertake a new thematic project with VASPs. The project aims to assist the Authority in understanding the current products and services offered by VASPs which in turn informs the relevant sector specific guidance. The questionnaire will provide the opportunity for VASPs to submit an initial data collection exercise in relation to the 'Travel Rule' which will then inform the risk assessment process for this sector. This will be discussed further with the sector in due course.

Being informed by a number of inspections carried out in 2024/25, the Authority acknowledges that more engagement is needed to further assess and understand the level of compliance with the AML/CFT Code in the non-life sector. A desk-based thematic is being scoped to inform collaboration with this sector and consider its AML/CFT Code framework. This work is important to ensure that any risks are considered and appropriately mitigated in this sector as well as informing whether additional guidance is required.

4 Topical thematic work: TF & PF

Proliferation Financing (“PF”) and financing of terrorism (“FT”) is a key area of focus for the Authority in 2025/26 and beyond. We are seeking to collaborate with industry on their approaches and frameworks in these risk areas.

The PF and TF thematics will be cross-sector and risk-driven utilising Strix data. The PF thematic will also consider the PF questionnaire which was issued in early 2024. The TF thematic will be informed by a new questionnaire being issued in August 2025 across all firms. Inspections will assess selected firms’ frameworks

and compliance with the AML/CFT Code.

An additional outcome of these thematics is to ensure that the AML/CFT Handbook and associated guidance is up to date and useful, as well as informing industry on the key observations and risks identified as part of this engagement.

Reports and other outreach is planned to communicate the key learnings to assist industry in maintaining strong frameworks to limit and disrupt financial crime.

5 Business Risk Assessment thematic

Following the completion of the Business Risk Assessment (“BRA”) thematic in 2023/2024, which focused on the Trust and Corporate Service Provider (“TCSP”) sector, a re-run of this thematic will take place in 2025. This iteration of the thematic will be cross-sectoral and will be informed by Strix and a BRA questionnaire to be issued in May 2025.

It is intended that this thematic will be conducted as a desk-based exercise. The aim of this thematic is to build on the observations and best practices published in the thematic phase 2 report in January 2024, and to strengthen our understanding of firms’ BRA frameworks across the sectors. This exercise will also consider to what extent relevant persons have implemented the key learnings from the BRA phase 2 thematic report to demonstrate compliance with the AML/CFT Code.



6 Reporting, Registers & Records

The Authority will begin planning a thematic exercise to assess compliance with reporting, registers and records requirements in accordance with the AML/CFT Code. These areas underpin the importance of data quality,

appropriate escalation, and reporting. It is intended that this project will be a desk-based exercise, and we look forward to working with industry in 2026-2027 on this planned engagement.

It is important to note that the Authority remains agile in its approach to engagement; it is therefore possible that where necessary, additional thematics may be introduced, brought forward or adjusted in the timeline



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