



BEST PRACTICES ON IMPLEMENTING ROLE-BASED AML/CFT/CPF TRAINING

28 August 2025





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Purpose and Applicability of the Best Practice

Purpose

- This Best Practice does **NOT** constitute new regulation and does **NOT** introduce new legal obligations.
- It is designed to help CBUAE's LFIs understand the purpose and context of their existing legal obligations, as well as the CBUAE's expectations for how those obligations will be fulfilled.
- LFIs are expected to demonstrate compliance with requirements of the Best Practice within one month from its coming into effect.

Applicability

This document applies to **all natural or legal persons that are licensed and/or supervised by the CBUAE** in the following categories:

- National banks, branches of foreign banks, exchange houses, finance companies, investment companies, payment service providers, virtual asset service providers ("VASPs"), payment token service providers, registered hawala providers;; and
- Insurance companies, agencies and brokers.



Legal Basis

- **Federal Decree Law No. 20 of 2018** on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organizations as amended (“AML-CFT Law”).
- **Cabinet Decision No. (10) of 2019** concerning the Implementing Regulation of Federal Decree Law No. 20 of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organizations, as amended by Cabinet Decision 24 of 2022 (“AML-CFT Decision”) and its amendments.
- **Cabinet Decision No. (74) of 2020** Regarding Terrorism Lists Regulation and Implementation of United Nations Security Council (UNSC) Resolutions on the Suppression and Combating of Terrorism, Terrorist Financing, Countering the Proliferation of Weapons of Mass Destruction and its Financing and Relevant Resolution (“Cabinet Decision 74”), and its amendments.
- **Cabinet Resolution No. (50) of 2020** concerning the control list annexed to Federal Law No. 13 for 2007 relating to commodities subject to import and export control.
- **Federal Decree Law No. (43) of 2021** on the commodities subject to non-proliferation.
- Notice No.: **CBUAE/BIS/2023/5960**, which mandates all LFIs to take steps to identify, assess, understand, and mitigate PF risks on an institutional level.



Scope of the Role-Based Training



UAE Regulatory Requirements, Supervisory Guidance, and Global Standards

UAE AML/CFT/CPF Framework

- The UAE laws and regulations stipulate that training provided by LFIs must ensure that staff are aware, and have an appropriate understanding, of their legal and regulatory responsibilities and obligations, and the consequences of non-compliance.
- Trainings should be developed in the context of the UAE's National ML/TF/PF Risk Assessments and the CBUAE's Sectoral Risk ML/TF/PF Assessments.

FCC Global Standards

- Global standards for FCC encompass a collection of standards that originate from intergovernmental organizations and industry groups. These global standards-setting bodies.
- Over the years, global standard setting bodies –i.e. the Financial Action Task Force (FATF), the Basel Committee on Banking Supervision (BCBS), and the Wolfsberg Group, have issued recommendations and guidance for jurisdictions and LFIs to adopt and effectively implement as part of their AML/CFT/CPF regimes.
- These requirements include AML/CFT/CPF training.



Internal Policies, Procedures, and Processes

1. **LFIs should provide ongoing training to employees** on the LFI's AML/CFT/CPF policies and procedures. Trainings should address how employees are expected to comply with the policies and procedures, consequences for non-compliance, and where to locate relevant documents.
2. **The training material should also cover the specific systems and controls being utilized by the LFI.** An employee should understand how to perform their roles and responsibilities through the use of the LFI's systems and controls, for example the system to onboard customers or to update a customer's risk rating.
3. **Training should include real-life and role-specific scenarios** which employees may encounter while performing their day-to-day functions.
4. **LFIs should also offer refresher training** which helps promote a culture of compliance and ensure employees are knowledgeable of any changes to the LFI's ML/TF/PF risks, policies, and procedures, and the commensurate AML/CFT/CPF controls put in place.
5. **LFIs should have a structured process for distributing and tracking updates of AML/CFT/CPF policies and procedures.** LFIs should create and implement mechanisms to verify that employee understand such updates and, in general, their AML/CFT/CPF roles and responsibilities.



Customers, Products, Services, Geography

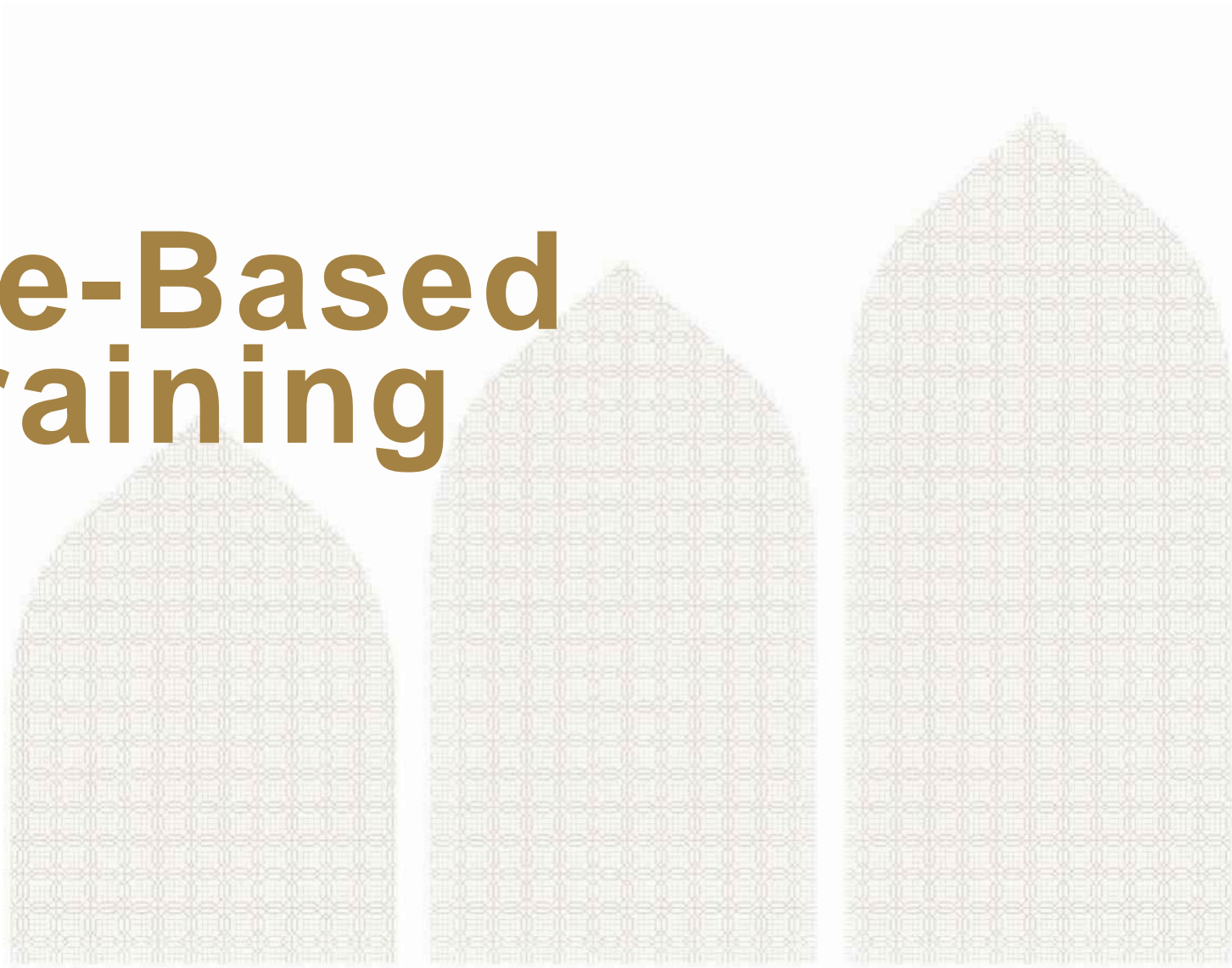
The Risk-Based Approach (“RBA”)

Employees should be trained to have deep understanding of how their institution’s (i.e. LFI) risk-based approach (RBA) framework is developed and effectively applied, in the context of their roles and responsibilities.

- **The risk-based approach:** institutions that face higher ML/TF/PF risks are expected to develop enhanced measures to mitigate such risks. Conversely, institutions that face lower ML/TF/PF risks may choose to implement simplified measures, provided that these measures are consistent with minimum legal and regulatory obligations.



Role-Based Training





Role-Based Training

Role-based training should be determined based on factors identified as part of the LFI's annual training needs assessment, focusing on areas of high ML/TF/PF risk exposure.

- Training needs assessment identifies areas within an LFI that are vulnerable to ML/TF/PF, which require enhanced and focused training.
- The assessment helps identify areas that require enhanced role-based training and ensure that training programs are updated accordingly.
- Generally, employees with increased exposure to ML/TF/PF risk should receive specific role-based training.

At minimum, a comprehensive training program should ensure that role-based training is provided to the following groups:

- ✓ *Board of Directors, owners/partners/shareholder, and senior management.*
- ✓ *First line of defense employees with heightened exposure to ML/TF/PF risk (i.e., bank tellers, relationship managers, executives).*
- ✓ *Second line of defense employees (i.e., employees in the LFI's compliance department).*
- ✓ *Third line of defense employees (i.e., independent testing function).*
- ✓ *Staff responsible for testing, tuning and validation of the LFIs financial crime compliance framework including systems and model.*



Board of Directors/Owners and Senior Management

Overview.

The leadership of LFIs require ongoing training to enhance their knowledge and understanding of the LFI's ML/TF/PF risk profile and applicable regulatory requirements.

Ongoing training empowers the Board of Directors/Owners and Senior Management to;

- effectively direct the AML/CFT/CPF strategy,
- make informed decisions about the LFI's risk appetite,
- oversee the AML/CFT/CPF compliance program, and
- foster a culture of compliance within the LFI.

Key topics to cover.

- Responsibilities in overseeing the AML/CFT/CPF program.
- Findings from the LFI's enterprise-wide AML/CFT/CPF risk assessment and the application of the risk-based approach when implementing AML/CFT/CPF controls;
- Emerging ML/TF/PF trends.
- Roles and responsibilities in monitoring and ensuring that recommendations from internal AML/CFT/CPF audits are effectively and timeously implemented.
- Any new developments with respect to global standards, any UAE AML/CFT/CPF regulatory updates, and supervisory expectations for AML/CFT/CPF compliance.
- How to foster the culture of compliance.



First Line of Defense

Overview.

First line of defense employees include: customer-facing staff, tellers, relationship managers, and business executives.

- LFIs must provide adequate training to first line of defense employees on ML/TF/PF red flags and their responsibility to prevent, identify, and report potential suspicious transactions or activities.

Key topics to cover.

- How to implement know your customer and customer due diligence processes – identification and verification of customers and assessment of customer risk profiles.
- How, where, what, who, and when to identify suspicious transactions or activities, and report to the UAE Financial Intelligence Unit.
- Examples of ML/TF/PF activities that enable employees to identify red flags associated with customers, products, services, delivery channels, and geographies.
- Best practices in investigating and dispositioning name screening, transaction screening and transaction monitoring alerts.
- Identification of red flags.
- Procedures to escalate suspicious activity to management and Compliance Officer/MLRO.



Second Line of Defense

Overview.

- Second line of defense - for example, MLRO and Compliance personnel, are responsible for implementing and ensuring the effective implementation of the LFI's AML/CFT/CPF compliance program, and providing advisory support to the lines of business.
- MLRO should be aware of the AML/CFT/CPF regulatory requirements and ongoing developments, LFIs' risk exposure, reporting requirements, escalation procedures, and sufficient knowledge of the UAE's AML/CFT/CPF framework.

Key topics to cover.

- UAE AML/CFT/CPF regulatory requirements, supervisory expectations for AML/CFT/CPF compliance, and information from relevant law enforcement advisories.
- Investigating and adjudicating sanctions screening and transaction monitoring alerts; authoring strong suspicious activity and transaction reports; potential interaction with law enforcement; information sharing efforts; and identifying red flags and other issues or inconsistencies in a customer's CDD/KYC file.
- Role and responsibility in the conduct of ML/TF/PF business risk assessment.
- Developments in the national and global AML/CFT/CPF standards and emerging ML/TF/PF risks, trends, and typologies.
- Information sharing and obligations between the LFI, its peers, and law enforcement technologies.



Third Line of Defense

Overview.

- The independent testing or internal audit function is responsible for evaluating the design and operational effectiveness of an LFI's AML/CFT/CPF compliance program in order to identify gaps and weaknesses in the controls, and recommend commensurate remedial measures.
- LFIs should provide ongoing professional development and continuing education opportunities to the third line of defense, such as advanced courses and workshops in financial crime compliance.

Key topics to cover.

- Procedures and processes for assessing the adequacy and effectiveness of the LFI's AML/CFT/CPF framework – i.e., policies, procedures, internal controls and systems, and effectiveness in implementing the controls.
- How to come up with remediation actions that will enable the LFI to address the deficiencies noted during the AML/CFT/CPF audit.
- Improvements and current developments in internal audit standards, procedures, and techniques, in response to emerging ML/TF/PF risks.
- Developing or enhancing the LFI's Internal Audit Charter, Manual, Methodology, and Plan.
- UAE AML/CFT/CPF regulatory requirements and supervisory expectations for AML/CFT/CPF compliance.
- Cross-functional training covering all aspects of the AML/CFT/CPF program.



Documenting the Training Program



Documenting the Training Program (1/2)

The Training Plan

- ✓ LFIs should develop and document an annual plan for their AML/CFT/CPF training program. An LFI's training plan should cover how the LFI intends to deliver AML/CFT/CPF training to employees, including employees in departments like IT and other support functions.
- ✓ The training plan should be approved annually by the LFI's Board of Directors, owners/partners/shareholders, or senior management, and tracked through a designated training coordinator or platform, to ensure timely completion by all required training participants.
- ✓ Specifically, the training plan should contain the following information:
 - Training participants (i.e., individuals required to complete the training, along with their respective departments or business functions);
 - Training topics and any relevant materials;
 - Role-based trainings programme;
 - Methods for training delivery;
 - Objectives for each training;
 - Minimum training standards (for example, timing and material covered) by department and role;
 - Frequency and dates for delivering training; and
 - Training assessment criterion.



Documenting the Training Program (2/2)

Training Program Updates

In order to determine the training participants, topics, and training delivery methods, the annual training plan should be informed by the LFI's training needs assessment, that should be performed by staff responsible for the LFI's AML/CFT/CPF training program. An LFI should regularly review its AML/CFT/CPF training program to ensure employees remain up to date with:

- Changes to the LFI's ML/TF/PF risk profile and business model (including when a new product, service or technology is introduced);
- Findings from the LFI's enterprise-wide AML/CFT/CPF risk assessment;
- Information on emerging ML/TF/PF risks, trends, and typologies;
- Regulatory developments and updates to financial crimes compliance (FCC) global standards and CBUAE supervisory guidance;
- Regulatory examination or independent audit findings concerning training-related gaps; and
- Changes to the LFI's internal policies, procedures, processes, systems, and controls.

In addition to the above scenarios which trigger review and updating of the AML/CFT/CPF training program, the following events may also trigger an employee's training requirements:

- An employee moves between jobs or responsibilities within an LFI;
- New ML/TF and PF risk indicators relevant to a particular business line emerge, including information about ML/TF and PF risks in the sector;
- An employee fails to comply with requirements and expectations specific to the LFI's AML/CFT/CPF program (such as repeated failure to report suspicious activity or tipping off a customer); and
- CBUAE issues guidance on ML/TF and PF risks in the sector.



Methods for Training Delivery



Instructor-led Training

❑ Instructors can be employees of the LFI or an external third-party service provider who provides role-based training to employees either in person or virtually. If an LFI chooses to engage a third-party service for instructor led training, the LFI should perform due diligence and quality assurance procedures before and during the provision of the training sessions. LFIs should:

- ✓ Ensure sufficient experience and expertise delivering AML/CFT/CPF training;
- ✓ Provide attendance tracking
- ✓ Deliver post-training assessment; and
- ✓ Vet the proposed training material to ensure adherence to UAE laws and regulations.



Self-directed learning

❑ Self-directed learning provides training where employees register for on-line courses or use other materials to guide them through the training. Self-directed learning could take place on e-learning platforms that add simulations and gamification. Such platforms can also leverage data analytics to monitor and evaluate how effective training modules are, how many times employees take the modules, and how long it takes, on average, to complete the module.



Training Records, Documentation, and Assessment

Records: LFIs should maintain records of the trainings delivered (i.e., the date the training took place; list of participants who received the training; topics covered; training materials used; training assessment reports). Training records should be available for independent audit or regulatory examinations.

Documentation: LFIs should retain training-related documents including records, training needs assessments, and any other relevant materials, for the duration specified by UAE recordkeeping requirements. The integration of digital tools may be considered for enhancing the efficiency of tracking and retaining training records and documentation. LFIs should demonstrate compliance with this Best Practices document by providing evidence of their role-based training programs, including training materials, attendance records, and assessment results.

Assessment: The effectiveness of the training conducted should be assessed through various methods, such as feedback surveys, post-training assessments, and performance evaluations. These assessments should measure employees' understanding of key concepts and their ability to apply knowledge in practice. The results of these assessments should be used to determine future specific training needs for individual employees or used to refine training content and delivery methods, to better address identified gaps and improve overall training outcomes.



Next steps: Gap Analysis & Implementation.



Gap Analysis

- ❑ Licensed financial institutions (LFIs) are required to conduct gap analysis as part of their regulatory compliance obligations to ensure their internal policies, procedures, and systems align with current laws, regulations, and standards set by the Central Bank of the UAE (CBUAE).
- ❑ Gap analysis helps LFIs identify discrepancies between their current practices and the regulatory requirements, and allow them to address any shortcomings and strengthen their AML/CFT/CPF framework.



Implementation

- ❑ LFIs are expected to demonstrate they have taken concrete efforts to come into compliance with the Best Practice requirements within one month from its coming into effect
- ❑ Minimum expectations (additional to existing provisions):
 - 1) development of policies, procedures, and role-based training materials, and
 - 2) conduct of role-based training.



Conclusion and Questions

Thank You

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