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EACB Response to FATF Consultation Guidance on Implementation of Recommendation 16

August 2026

The **European Association of Co-operative Banks** ([EACB](#)) is the voice of the cooperative banks in Europe. It represents, promotes and defends the common interests of its 27 member institutions and of cooperative banks in general. Cooperative banks form decentralised networks which are subject to banking as well as cooperative legislation. Democracy, transparency and proximity are the three key characteristics of the cooperative banks' business model. With 2,500 locally operating banks and 40,000 outlets cooperative banks are widely represented throughout the enlarged European Union, playing a major role in the financial and economic system. They have a long tradition in serving 227 million customers, mainly consumers, retailers and communities. The cooperative banks in Europe represent 90 million members and 737,000 employees and have a total average market share of about 20%.

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Introduction

The EACB welcomes this consultation on the draft Guidance relating to Recommendation 16 and appreciate the opportunity to contribute to its development. While we consider that the **draft Guidance provides much-needed clarity on several important aspects** of the Recommendation, we believe that a number of issues warrant further consideration.

Before providing our views on the specific questions set out in the questionnaire, we would like to highlight a **general consideration regarding the timeline for the implementation of Recommendation 16**. We understand from paragraph 2 of the draft Guidance that implementation of Recommendation 16 is expected by the end of 2030. However, we believe that its implementation will require significant further development, particularly in relation to the necessary IT infrastructure and systems. Against this background, **we consider that a gradual implementation approach from 2030 onwards would help ensure a smooth, effective and proportionate transition**.

Consultation questions

1) Are the scope of R.16 and the terminology used clear enough to implement R.16? (Chapter 3).

We believe that further clarification would be beneficial on certain aspects relating to the scope of R.16 and the terminology used in the draft Guidance.

Paragraph 33 appears to focus on the activity performed in order to determine the applicability of R.16. However, the discussion seems to primarily focus on the emergence of new actors. We would welcome further **clarification as to whether countries are also expected to assess emerging payment methods and arrangements from a functional perspective**, irrespective of the type of entity involved.

Paragraphs 34 and 43 refer to hybrid payment chains; however, the draft **Guidance does not appear to provide a clear definition of what FATF considers to be a hybrid payment chain**. Based on the INR.16, we understand that this may at least include payment chains involving both fiat currency and crypto-asset transfers. Further clarification would be welcome on how the practical implementation of requirements applicable to hybrid payment chains is envisaged, particularly considering that the draft Guidance provides for certain differentiated approaches for crypto-asset transfers compared to fiat currency transfers.

For example, the draft Guidance provides that **not all required information** must necessarily be **embedded directly in crypto-asset transfers** (paragraph 43), that all crypto-asset transfers are to be treated as cross-border transfers, and that crypto-assets are subject to a lower de minimis threshold (paragraph 44). **Clarification on how these different approaches should operate in practice** within hybrid payment chains would help ensure a consistent and effective implementation of R.16.

Finally, paragraph 32 defines a **cross-border payment or value transfer as a transfer where the ordering FI and the beneficiary FI are located in different countries**.

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We would appreciate **further clarification on how the location of an FI should be determined** for the purposes of this definition. In particular, it would be useful to clarify whether the relevant location refers to the location of the FI's legal entity/head office, the branch providing the payment service, or the office servicing the customer's account.

2) Are the principles of payment chain definition and their application clear? Is there any additional guidance that would support PMIs in enabling FIs compliance with the revised R.16? (Chapter 4).

The payment chain concept is one of the strongest aspects of the draft Guidance and provides much-needed clarity. However, we believe that **additional examples** would be beneficial, in particular **for common PSP and payment facilitator models**.

In practice, many transactions involve a bank customer making a payment to a merchant through a PSP, with the transaction being split into separate settlement legs. This common scenario is not sufficiently reflected in the current examples, which may result in uncertainty regarding the application of R.16 responsibilities.

Additional examples covering such payment models would help provide further clarity on the practical application of the payment chain principles.

3) In the development of the Guidance emerging practices could be considered where some PMIs offer data storage services that allow participating financial institutions (FIs) to retain required originator and beneficiary information at the PMI. In such models, the PMI holds the required information, and the payment message would only carry a reference to this stored payment data (i.e., token). How could such emerging practices allow FIs to meet their AML/CFT/CPF requirements in particular with regards to accompanying required R.16 information, TFS screening, transaction monitoring, alignment checks, and suspicious transaction reporting? (Chapter 4).

It could be considered whether a **PMI could play a role within a "partnership for information sharing"** as foreseen in Article 75 of the AMLR. Under such a framework, the PMI could support participating FIs by providing the necessary information to enable them to comply with both payment transparency requirements and AML/CFT/CPF obligations, including where necessary the updating of customer files.

Such a model could also allow the PMI to perform TFS screening and support the related follow-up actions, where appropriate (e.g. by requesting additional information). The participating FIs and relevant competent authorities would need to establish an appropriate framework defining the respective roles and responsibilities of the parties involved.

Any such partnership should also include appropriate safeguards to ensure compliance with applicable data protection and system security requirements.

In any event, we believe that further consideration may be warranted regarding the possibility for PMIs to provide data storage services. One aspect that may warrant further

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consideration is **whether such a model could**, depending on its implementation, **add complexity to the practical application of AML/CFT/CPF controls**.

In particular, consideration could be given to the potential implications for the timely execution of payments, especially in the context of real-time or near-real-time payments and sanctions screening. If relevant payment information were to be held across multiple separate data storage services, FIs may need to establish secure technical connections to different storage providers and retrieve the relevant information for each transaction before completing the applicable AML/CFT/CPF controls. This could potentially introduce additional operational complexity and costs for FIs.

Practical implementation would also require **addressing issues such as which entities should have access to the relevant data storages, how differences in data formats or technical standards could be managed, and how availability and resilience requirements could be ensured on a 24/7/365 basis**. It may also be useful to clarify how FIs should proceed where information retrieved from different data storages is inconsistent or conflicting, particularly in the context of urgent or real-time payment chains.

Finally, another important aspect would be to **ensure that processes enable FIs to determine efficiently when additional payment information should be retrieved from a data storage**, while avoiding unnecessary steps where such information is not required. Clear and proportionate guidance in this area could help ensure that any such model does not inadvertently create undue operational burdens or affect the efficiency of payment processing.

Against this background, we would also like to put forward an **alternative proposal for consideration in relation to card payments**.

Meeting the relevant data requirements for the inclusion of payment information in card payments will require cooperation with the relevant card schemes, in particular Visa and Mastercard. To facilitate compliance with these requirements, it would be important to **ensure that the data accompanying card transactions is sufficiently comprehensive to meet the applicable requirements** and, where appropriate, that the **necessary information is attached to the card** transaction at the time the payment is initiated, thereby becoming part of the payment chain data.

This approach could help ensure that European FIs are able to meet the relevant requirements in an efficient and consistent manner. Conversely, if the necessary information is not made available at the appropriate stage of the payment chain, FIs may face practical limitations in fulfilling the requirements, potentially resulting in additional operational complexity, inefficiencies and costs. In this regard, further consideration may be warranted as to how the necessary changes would be implemented within the relevant card payment infrastructure, and in particular how Visa and Mastercard could be expected to facilitate or support the availability of the required information to FIs.

One final point that we believe would benefit from **clarification** is the **allocation of controls among intermediary banks**, including correspondent banks and direct participants in clearing systems. In particular, **a clear delineation of responsibilities would be needed** to determine whether such controls are expected to be performed in

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addition to those carried out by the ordering FI for outgoing payments or by the beneficiary FI for incoming payments, or whether intermediary FIs may, where appropriate, simply forward payment orders without duplicating controls already performed by other FIs in the payment chain.

4) Is the guidance clear on: | 3 o information requirements regarding cross-border payments or value transfers; and o origin of funds, including when the origin of funds requirements apply and what information needs to be shared when it does? (Chapter 5).

With regard to the information requirements applicable to cross-border payments or value transfers, the **overall requirements are clearer** than in previous versions of the Guidance.

At the same time, we would welcome further **clarification regarding the use of alternatives to the required data**, as this may give rise to practical challenges in the context of sanctions screening. Paragraphs 142 and 143 provide that, where the town name is not available, the nearest available alternative may be used. However, such alternative data elements generally do not correspond to the information contained in sanctions lists, which may complicate the resolution of screening alerts.

With regard to the **"origin of funds" provisions**, we believe that the Guidance would benefit from **additional practical examples**. In particular, further clarification on how FIs should interpret and implement these requirements in practice would be helpful, especially in the context of PSPs, wallets and other modern payment models.

In addition, some references to footnotes appear to be unclear and could be reviewed to improve the overall clarity of the Guidance.

As a broader observation, we note that the **draft Guidance strongly encourages countries to introduce de minimis thresholds**. In particular, paragraph 176 explains that, following the 2025 revision of R.16, the option for countries to require originator and beneficiary information for transfers below the de minimis threshold was removed with the aim of avoiding over-compliance and promoting financial inclusion.

While we appreciate that this aspect reflects the outcome of the revision of R.16 rather than the scope of the draft Guidance itself, **we would nevertheless like to highlight a practical implementation concern**. Sanctions screening relies on the information contained in payment messages. Where the **de minimis threshold is applied strictly** and the required information is therefore not available for transfers below that threshold, **FIs may be unable to effectively screen such transactions against applicable sanctions lists**. This could increase the risk of sanctioned persons not being identified and funds being made available in breach of applicable asset-freeze measures. Additionally, this could increase the risk of failing to identify payments linked to terrorist financing (TF). TF transactions are often relatively small and may therefore fall below the threshold. If FIs are to effectively detect and combat terrorist financing, **it is therefore essential that they have access to sufficient data on smaller payments as well**.

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5) For cross-border payments or value transfers above de minimis threshold, R.16 requires ordering financial institutions to verify originator's information for accuracy. How feasible is it to verify the originator's address using reliable and independent sources? By what means do you verify the originator's address for accuracy? (Chapter 5)

Verification of address information is generally feasible for existing customers, as it forms part of AML/CFT onboarding requirements and ongoing CDD processes. At the same time, **further clarification of the role of the PSP in the payment chain** would be beneficial, as this directly impacts the feasibility of carrying out address verification.

7) Regarding virtual account numbers, the Guidance presents a non exhaustive list of measures to ensure compliance with the requirement set out in INR.16, paragraph 7, particularly that FIs should ensure that account numbers should not be used to disguise the identification of the country where the FI that services the account resides. To what extent are these measures sufficiently clear and actionable? What other measures have you identified to meet this requirement? (Chapter 5).

The objective of enhancing payment transparency is understood. However, several of the proposed measures relating to virtual account numbers appear difficult to implement in practice.

Ordering FIs generally receive beneficiary information from the payer and are not required to verify its accuracy. In most cases, they are therefore not in a position to determine whether a virtual account number is being used. Against this background, we believe that **the Guidance should place greater emphasis on controls implemented by the FI issuing the virtual account**, rather than on obligations for FIs elsewhere in the payment chain.

In addition, existing mechanisms, such as registries or look-up services, may represent more practical solutions to support compliance with the requirements of INR.16.

8) Are the explanations of the roles of key participants, including card issuers, acquirers, payment facilitators, sponsored issuers, and card networks appropriate in light of the technical nature of card payments? (Chapter 6).

We note that the draft Guidance could provide **further clarity regarding the role of certain participants, such as payment service providers other than acquiring banks** (e.g. Adyen, Lyra and Monext) or marketplaces, despite their key role in payment transactions. We would welcome further clarification regarding the role of such actors and how they are expected to be considered under the Guidance.

While the role of **payment aggregators/facilitators** is referred to in the Guidance, we note that the concept **is not defined**, despite being mentioned several times (including in paragraphs 188 and 192 and footnotes 46 and 47). We would therefore welcome the inclusion of a specific definition of these types of actors.

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Regarding **sponsored issuers**, we would like to draw attention to the **operational challenges associated with their identification**. Depending on the card network (e.g. Visa, Discover or Mastercard), not all the information necessary to identify the sponsored entity is available. For instance, Visa provides the BIN but not the name of the sponsored entity, requiring additional research to identify the relevant entity. Moreover, the name of the sponsored entity may vary across card networks, as each network uses its own terminology. This lack of uniformity also complicates communication with sponsored entities.

Mastercard generally provides both the BIN and the name of the sponsored entity. However, we have observed changes in BIN allocations, whereby a BIN may be reassigned to another entity over time. These challenges could hinder the effective implementation of targeted financial sanctions, as the identification of the sponsored entity is often necessary to determine whether a transaction should be blocked.

We would therefore welcome greater harmonisation of the practices followed by the different card networks, in particular through the use of the BIC rather than the BIN as the relevant identifier.

9) In distinguishing between card transactions for the purchase of goods or services and other card-funded payments (e.g., a person-to-person transfer, including card top-ups), are the conditions set out in paragraph 190 clear to identify person-to-person transfers? (Chapter 6).

We would welcome **additional examples illustrating what should be considered as the purchase of goods or services**.

In particular, certain scenarios do not appear to be addressed in the draft Guidance and continue to raise operational questions. These include, for example, donations to charities and quasi-cash transactions, such as transactions resulting in a monetary equivalent (e.g. the purchase of casino chips, the purchase of crypto-assets or deposits to gambling websites).

Providing further examples covering these scenarios would help FIs determine the applicable regime more consistently and ensure that the appropriate information is collected and transmitted.

We would also appreciate a more precise definition of the concepts of goods and services, including a clearer explanation of what falls within their scope.

10) Chapter 7 (Section 7.3 Information requirements for cash withdrawals) explains what types of transactions fall within the scope of 'cash withdrawals'. It covers all types of transactions in which a cardholder accesses cash using a payment card, including cash withdrawals via ATM and cash-back transactions at a merchant. Are there any specific considerations that should be given when the requirements for cash withdrawals apply to cash withdrawals via ATM and cash-back transactions at a merchant? (Chapter 7).



The draft Guidance is generally clear with regard to cross-border cash withdrawals.

However, **additional clarification** would be helpful in relation to **ATM sponsorship models** and the **practical handling** of requests for **cardholder information within the three-business-day** timeframe.

11) Does Chapter 8 provide sufficient clarity on how R.16 applies to different payment methods? (Chapter 8).

Chapter 8 provides useful clarification on the application of R.16 to instant payments. **Additional guidance** would be beneficial in relation to **PSP-driven payment models**.

13) Are the three options for alignment check measures explained clearly enough for implementation? Are there any good practices that could be included in the Guidance as practical examples? Does the Guidance provide sufficient support for the proportionate implementation of alignment checks in jurisdictions where these may still be developing? (Chapter 10).

We would like to raise a **more general consideration regarding the checks that beneficiary FIs are required to carry** (paragraph 275(a)–(c)).

In light of the importance of competitiveness and the effective functioning of instant payments in Europe, we believe it would be worth considering whether these requirements should apply only where a third country/non-member state is involved in the transaction.

We note that domestic payments are already excluded under paragraph 274, which refers specifically to “cross-border payments”. However, we would question **whether requiring beneficiary FIs to carry out these checks** for all cross-border payments above the EUR/USD 1,000 de minimis threshold **is necessary and proportionate**, particularly where the payment remains within Europe.

Contact:

The EACB trusts that its comments will be taken into account.

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