

# Blog: Finland's 5th Mutual Evaluation of FATF is coming up

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## Writer

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## Finland's 5th Mutual Evaluation of FATF is coming up

*In her blog, Sania writes how Finland is preparing for the on-site visit for the 5th Mutual Evaluation of FATF in December 2027.*

Money laundering is a global issue of significant concern, and the statistics surrounding it are nothing short of astonishing. The statistics are published on an anti-money-laundering website by Leitner & Associates\*, which provides a comprehensive range of anti-money laundering solutions. Each year, an estimated €715 billion–€1.87 trillion of global domestic product (GDP) is tainted by money laundering activities, which amounts to 2%–5% of GDP. Furthermore, in the EU 70% of criminal networks use some form of money laundering to fund their operations and obscure the origin of their assets. Even more alarming is that 80% of these criminal networks misuse legal business structures for their illicit activities. The abuse of legitimate entities highlights the challenge of awareness and real-time detection. Within the EU's financial system, suspicious transactions amount to €117–210 billion, which underlines not only the financial risk but also the degree to which the EU's financial sector is compromised\*.

The Financial Action Task Force (FATF), an intergovernmental organisation established in 1989, has as its main objective the setting of global standards and the promotion of effective implementation of legal, regulatory and operational measures to combat money laundering (ML), terrorist financing (TF), proliferation financing (PF) and other related threats. With over 200 jurisdictions around the world having committed to the FATF, it operates through a strong global network of nine FATF-Style Regional Bodies, in addition to its own 40 members.

One of the core activities of the FATF is the Mutual Evaluation (ME) of countries. The FATF MEs are in-depth peer reviews conducted into a country's implementation of measures to combat ML, TF and PF and their effectiveness. These evaluations are conducted in a cooperative and constructive manner, promoting dialogue and collaboration between the assessed country and the assessment team.

MEs have two main components: technical compliance (TC) and effectiveness.

- Technical compliance (TC) focusses on laws, regulations, frameworks and guidelines as well as amendments made to evolving risk-based assessments.
- Effectiveness focusses on demonstrating how a country's framework and measures are actually delivering the desired outcome.

A complete ME process takes approximately 18 months and includes the following stages for the assessed country:

- *Selection of assessors:* The composition of the team is based on the required expertise for an assessment, including language and legal background.
- *TC:* The assessor's analysis of laws and regulations takes approximately four months. Assessors produce a draft report, with technical compliance ratings for all 40 Recommendations.
- *Scoping:* For the effectiveness assessment and on-site visit, assessors undertake a preliminary scoping exercise (including the type of threats, vulnerabilities and risks, the type of economy, the size of the financial and other sectors, political stability and commitment, the rule of law, and the level of maturity of the country's system)

- *On-site visit:* The assessors travel to the country to verify and assess whether the systems in place are effective or not.
- *Draft Report:* The assessors finalise the ME report. The assessed country has an opportunity to comment on the draft report and have a face-to-face meeting with the assessors. The report is also reviewed by independent reviewers.
- *Plenary discussion:* The assessors present the draft report to the FATF Plenary. Consensus among members (except for the assessed country, which has no vote) is required to overrule any of the draft findings and ratings by the assessors.
- *Final report:* All countries within the FATF Global Network review the report for technical quality and consistency before it is published on the website, which is usually two months after Plenary approval.
- *Follow-up:* After adoption, the countries are required to address the shortcomings and are subject to post-assessment monitoring.

Finland joined the FATF in 1991 and had its first ME in 2019. Subsequent progress and improvements undertaken by country led to FATF follow-up reports in 2022 and 2023. Now, the country is set to undergo its onsite visit for the 5th ME in December 2027. Though the timeline may seem far off, needless to say there is abundant preparatory work to be done, including collation of information and the required collaboration. A cooperative and collective approach between entities and authorities is vital in combating financial crime. The united effort of fostering collaboration, trust and transparency creates not only a safer and more resilient financial ecosystem, but also boosts public confidence and plays a key role in maintaining the stability of the global economy. The good news is that, at the FIN-FSA, we have already initiated the strategies and are geared up for an engaging, interesting and demanding phase to demonstrate the efforts of our country in combating money laundering, terrorist financing and proliferation financing. We are looking forward to the support of everyone on our successful journey to the 5th Mutual Evaluation.

\* [Leitner & Associates, Anti-Money-Laundering](#)