

Information for private sector about the Mutual Evaluation process

An overview of the Sixth Round

The 5th and 6th rounds of MONEYVAL mutual evaluations share the same overarching purpose but the two rounds differ in scope, methodology, and expectations. Understanding these differences is important for industry, as the 6th round introduces some procedural and evidential changes that will shape how firms contribute to national preparations and how their compliance frameworks may be assessed.

The 6th round introduces a more targeted and risk focused methodology than the 5th round, to reduce administrative burden and allow both MONEYVAL and the jurisdiction to concentrate attention and resources on areas of higher risk, recent legislative reform, or where international standards have evolved. For industry, this means that engagement and evidence submission may be more intensive in targeted areas, particularly those connected to higher risk activities or sectors.

The 6th round also places greater emphasis on structured, data driven evidence. This represents a shift away from broader narrative submissions towards more precise, measurable inputs. As seen in the last 12 months, industry have been asked to provide more data to support the submissions.

The 6th round will follow the updated FATF Methodology, including revisions introduced since 2022 (when first published). These updates place stronger emphasis on understanding materiality, demonstrating that supervisory and private sector controls are proportionate to risk, and evidencing the practical effectiveness of AML/CFT systems. As a result, the assessment framework focuses more explicitly on outcomes.

In summary, this shift underscores the importance of high-quality data, well documented risk assessments, and the ability to articulate how controls respond to the specific threats and vulnerabilities relevant to each sector.

Changes to the Methodology

The transition from the FATF's 4th round to the 5th round Methodology reinforces the clear shift from assessing whether AML/CFT frameworks exist to assessing whether they are working effectively in practice. The 6th round raises the bar by requiring countries to more fully demonstrate that risk understanding meaningfully drives policy choices, supervisory

priorities and operational activity. This is particularly evident in Recommendation 1 and Immediate Outcome 1, where assessors now look more closely at how risk assessments influence real-world decisions, rather than treating them as standalone documents.

For industry, the most noticeable changes to the Methodology will be:

- the changes to Immediate Outcomes 3 and 4 to test financial institutions and VASPs/ DNFBPs (respectively) and supervisors as a single effectiveness chain.
- the fuller integration of proliferation financing;
- the increased interest on the application of simplified CDD
- FATF adopted amendments to Recommendation 24 and its interpretive note, which subsequently impacted legislative and supervisory changes.¹

Rules of Procedure

From an industry perspective, there is very little difference in the Rules of Procedure when it comes to engagement with MONEYVAL.

Following the extensive submissions from the Government to the MONEYVAL Secretariat, the assessment team will visit the Isle of Man to undertake the on-site component of the evaluation. This is the critical point for industry to contribute to the assessment and represent their sector to the team. This procedure is similar to the previous evaluations, but the questions will likely be even more focused on the impact of national, sectoral and institutional risk assessments on business-as-usual activities. For a good level of effectiveness to be demonstrated, it would be expected that industry would be able to show a good understanding of risk, both jurisdictional and in the context of their own business, and what they are doing to mitigate or control these risks and apply simplified measures where appropriate.

It should be noted that, following the on-site period in early October, there will be little comment from the Government in relation to the process until the final report is published after the May plenary meeting 2027 and subsequent global review process. During this 7-8 month period drafts of the MONEYVAL report are exchanged back and forth, giving the Isle of Man an opportunity to address mis-understandings, expand on answers and potentially make arguments into the levels of effectiveness of the AML/CFT/PF systems.

If further data is required to address the concerns noted above post on-site Industry could expect to receive proportionate and directed data requests, but the decision to make these requests will not be taken lightly or without consultation.

¹ [Public Statement on revisions to R.24](#)

Recap of 5th Round outcomes

Isle of Man

The Isle of Man's Fifth Round Mutual Evaluation Report (MER), adopted in December 2016, found that while the jurisdiction had a broadly strong legal and institutional AML/CFT framework and good national coordination, there were significant weaknesses in effectiveness and a number of technical compliance deficiencies. In particular, concerns were identified around the investigation and prosecution of money laundering linked to foreign predicate offences, the limited use of financial intelligence, low levels of confiscation, and shortcomings in transparency and preventive measures for legal persons and legal arrangements and supervision of certain DNFBP sectors. As a result, the IoM was placed into MONEYVAL's enhanced follow-up process and FATF International Cooperation Review Group (ICRG) process.

International Cooperation Review Group (ICRG)

This is a process whereby jurisdictions with strategic deficiencies in their AML/CFT regimes are identified, provided with an action plan to remedy shortcomings and monitored for progress. Jurisdiction that fail to address deficiencies are placed on increased monitoring and publicly identified on the FATF 'Grey List'. The Isle of Man was successful at avoiding 'grey listing' and the ICRG agreed that a small number of remaining shortcomings should be addressed through MONEYVAL's enhanced follow up process.

The Island's Response

During the observation period, the Isle of Man undertook a substantial and accelerated programme of reform, including:

- Establishment of new AML/CFT institutional structures (including the AML/CFT Policy Office and strengthened FIU, investigative and asset recovery functions),
- Additional resourcing for law enforcement and intelligence functions,
- Significant legislative reforms, and
- New and improved technologies, training and professional development, investment in policy development and coordination and the introduction of, or increase in, specialist roles such as data analysts.

Enhanced follow-Up

2018 Follow-Up Report

The first Enhanced Follow-up Report in 2018 recorded substantial early progress, with eight FATF Recommendations upgraded, reflecting legislative reforms in areas such as terrorist financing offences, wire transfers, beneficial ownership of legal persons, FIU powers, statistics, and sanctions. This demonstrated a strong commitment to addressing the technical deficiencies identified in the MER, although material gaps remained, particularly in relation to the application of internal controls to DNFBPs.

2019 Follow-Up Report

The second Enhanced Follow-up Report in 2019 confirmed continued momentum, driven largely by the introduction of the FSA AML/CFT Code 2019 and associated legislative changes. Four further FATF Recommendations were upgraded, including those relating to record keeping, politically exposed persons, reliance on third parties and transparency of legal arrangements. However, Recommendation 23 remained partially compliant, reflecting ongoing deficiencies in DNFBP requirements, notably the absence of independent audit functions and comprehensive group wide AML/CFT programmes.

2020 Follow-Up Report

In the third Enhanced Follow-up Report, adopted in 2020, MONEYVAL acknowledged further progress, including the correction of tipping off provisions and significant advances in the regulation of virtual asset service providers. Recommendation 21 was upgraded to compliant, while Recommendation 15 was re-rated to largely compliant following changes to international standards. Nonetheless, deficiencies under Recommendation 23 persisted, and the Isle of Man remained subject to enhanced follow-up.

2022 Follow-Up Report

The fourth and final Enhanced Follow-up Report, adopted in November 2022, concluded that the Isle of Man had addressed most of the technical compliance deficiencies identified in the 2016 evaluation within the expected timeframe. 39 of the 40 FATF Recommendations were by this stage rated compliant or largely compliant. However, Recommendation 23 remained partially compliant due to shortcomings in requirements for independent audit functions and group wide AML/CFT programmes for certain DNFBPs. This point remains to be addressed. Overall, MONEYVAL recognised sustained and substantial progress, while encouraging continued action to address the remaining targeted gaps.

Jersey and Guernsey

MONEYVAL's 2024 evaluations of Jersey and Guernsey conclude that both jurisdictions face primarily external ML threats driven by foreign fraud, corruption and tax evasion, while domestic crime and TF risk remain low.

Authorities show strong national risk understanding, consistently identifying banking and TCSPs as highest risk, and national assessments are well integrated into policymaking.

Technical compliance with FATF standards is high, with strengthened legal frameworks and strong international cooperation. The main challenge lies in operational effectiveness. FIU intelligence is good but not yet reflected in higher volumes of complex ML investigations, prosecutions or confiscations, particularly for foreign predicate offending. Supervision is active and risk-based, though timeliness and use of dissuasive sanctions could be strengthened, alongside improvements in oversight of complex structures, SAR quality, TF awareness and emerging risks such as virtual assets.

Overall, MONEYVAL judges both jurisdictions credible and well regulated, with future progress dependent on delivering stronger operational outcomes rather than further legislative reform.

Timeline and main deliverables

Date	Activity
March 2026	Remaining sectoral and national Risk Assessments completed and circulated Technical Compliance Questionnaire submitted to MONEYVAL
March and April 2026	Briefing sessions for industry
April 2026	Mock onsite interviews conducted by Monere
May / June 2026	Long-list of firms to be interviewed in onsite sent to MONEYVAL
June 2026	Effectiveness Questionnaire submitted to MONEYVAL
Summer 2026	Onsite programme finalised by MONEYVAL and selected firms are notified
October 2026	Onsite Mutual Evaluation
December 2026	First Draft Report received – CONFIDENTIAL at this stage
January 2027	First Draft Report returned to MONEYVAL with comments – CONFIDENTIAL at this stage
February 2027	Second Draft Report returned to MONEYVAL with comments – CONFIDENTIAL at this stage
March 2027	Face to Face meeting with MONEYVAL Assessment Team – Report CONFIDENTIAL at this stage
May 2027	MONEYVAL Plenary – Report is adopted – CONFIDENTIAL until publication
May 2027/ June 2027	Following the Plenary, unless there is further FATF Global Network quality and consistency review, Report is published – around 6 weeks after adoption

Who will be on the interview panel for the preparation?

The Mock Assessment Team comprises representatives from a number of FATF and MONEYVAL member countries, including Georgia, Austria, Liechtenstein, Guernsey and the USA.

They bring knowledge and experience in areas including supervision, prosecution, policy, targeted financial sanctions, the private sector, MONEYVAL and FATF assessment.

Relevant information

[FATF Methodology](#) – you may wish to read Immediate Outcome 3 and / or 4 prior to the briefing sessions

[Countering Financial Crime website](#) – all published risk assessments can be found here.