

MONEYVAL - what Guernsey businesses need to know

Update prepared by Sally Rochester (Guernsey) and Jon Stevens and Mike Jones (Jersey)

On 5 March, Mourant hosted a breakfast seminar for senior financial services professionals on the island to discuss what the recent positive MONEYVAL results mean for Guernsey and the actions that may be taken to meet the recommendations set out within the report. The seminar also offered insights into Guernsey's strengths in combating financial crime while, as is often the case with such assessments, highlighting areas for improvement.

The Council of Europe, a Financial Action Task Force (FATF) style regional body, sent assessors to Guernsey in 2024 for an onsite assessment of the Bailiwick's financial crime framework. This assessment of Bailiwick's compliance with the FATF international standards was part of MONEYVAL's fifth round of mutual evaluation considering both technical compliance and effectiveness.

Mourant held the event at The Duke of Richmond Hotel, with presentations from Sally Rochester, Director of Mourant Consulting in Guernsey, Jon Stevens, Deputy Managing Director of Mourant Consulting and Mike Jones, Managing Director of Mourant Consulting. All speakers have significant experience in the Channel Islands' regulatory sector, including many years advising and working for local regulatory bodies.

Below, we have outlined the top five takeaways from each of the speakers from this insightful morning.

Sally Rochester

1. Broad participation matters

The collective effort across agencies and industry was critical in achieving the recent impressive MONEYVAL results.

2. Strong regulatory foundations

Robust legal and regulatory frameworks are crucial in combating financial crime effectively, and it is important to maintain these.

3. Actionable findings

There are some areas with lower ratings, but these findings are actionable and provide clear pathways for improvement.

4. Continuous improvement

It's important to continue to evolve alongside international standards to ensure Guernsey's ongoing success in future evaluations.

5. Framework comparison

Overall, Guernsey compared favourably against other jurisdictions, being ranked in the top ten for both technical compliance and effectiveness within the fifth round of mutual evaluation. This cements the island's position as a leading international financial centre.

Jon Stevens

1. Proactive engagement

By addressing the recommendations head-on, Guernsey will be in a strong position to maintain its leading position and set an example for other jurisdictions.

2. Technical compliance

Minor deficiencies aside, Guernsey achieved "largely compliant" or "compliant" ratings across all FATF recommendations, demonstrating its strong regulatory framework.

3. Improved outcomes required

MONEYVAL called for more robust investigations and prosecutions in money laundering cases, as jurisdictions are increasingly judged on their ability to deliver effective results, but don't panic – this is business as usual not a shift in approach.

4. Risk understanding

There is a need to better understand risk assessments within certain sectors, such as investment services and trusts, to ensure vulnerabilities are better managed – businesses should do this within their own firms, in particular within their BRAs.

5. Suspicious Activity Reporting

The Mutual Evaluation makes note of actions for agencies in respect of SAR and also indicates that Industry can work to enhance reporting. As an all-Bailiwick matter, businesses might want to make sure they are confident in their procedures and training ahead of updates from agencies in the near future.

Mike Jones

1. Review and enhance

There is an opportunity to ensure processes align with international best practices. Now is a good time to revisit risk management frameworks.

2. Tax and terrorist financing awareness

MONEYVAL evaluators identified gaps in awareness and action regarding tax evasion and terrorist financing risk, but with increased training, updated risk assessments and better documentation, this can be solved.

3. Collaboration across sectors

It's important to collaborate. The collective efforts from regulators, law enforcement and the private sector will be imperative to address MONEYVAL's recommendations.

4. Process of MONEYVAL

MONEYVAL assessments can be painful, they take a huge effort across the board and there are high stakes, especially for small jurisdictions. However, it's important to remember that every jurisdiction experiences the same challenges.

5. Preparing for the sixth round

Looking ahead, Guernsey needs to invest in systems that demonstrate effective outcomes, as future assessments will prioritise results over technical compliance. Regulators will be expected to do more. MONEYVAL is not a one-off process, so continuous improvement is essential.

How we can help

Mourant offers unrivalled insight, combined with genuine consulting expertise and a strategic perspective to enable senior teams to navigate the complex and changing regulatory expectations and to prevent and detect any regulatory issues before they escalate.

Our experience of serving clients in the public and private sector means we are well placed to support governments, regulators and the financial services industry in responding to the recommendations arising from this MONEYVAL assessment and broader financial crime issues.

Visit our [website](#) or get in touch today to find out how we can support your business with its regulatory and compliance requirements.

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