



Leaseurope Feedback on the Action Plan on Anti-Money Laundering

Leaseurope, the European federation representing the leasing and automotive rental industries, supports the Commission's aim of tackling money laundering within the EU, and to improve the implementation of the EU anti-money laundering framework.

In response to the Commission's recent roadmap "Towards a new comprehensive approach to preventing and combatting money laundering and terrorist financing", we would like to highlight the low risk profile of the leasing and automotive rental industries in this context, as well as the steps these industries are already undertaking to minimise the potential for their services to be used to facilitate money laundering or finance terrorism.

In many respects, the very nature of the leasing and automotive rental industries works to make the industry inherently low risk from a money laundering perspective, and this view is shared by the banking industry, supervisory authorities, and law enforcement officials. For example, in a leasing contract no funds are generally transferred to the lessee (the customer), but the customer instead is given the right to use an asset (e.g. a piece of equipment or a vehicle). In this way, the way leasing contracts are set up clearly do not lend themselves to be used in money laundering or terrorist financing, since funds are almost always paid directly into a supplier's bank account.

In addition to the nature of the relationship between the lessor, lessee and supplier, the duration of leasing contracts, as well as the methods of payment used by lessees to make repayments also works to make leasing very low risk from a money laundering perspective. Leasing contracts are generally long term, and usually last for at least one year or more, with an average contract duration between 3 and 4 years. In addition, in the vast majority of cases, repayments to lessors are made via direct debit or standing order from the lessee's bank account, meaning that the necessary customer due diligence checks will have been carried out by the customer's financial institution, before undergoing additional checks by the leasing company, as outlined below.

As well as the factors that work to make the leasing and automotive rental industries inherently low risk, the industries have adopted numerous practices to ensure the risk of money laundering and terrorist financing remains low. For example, lessors will register a lessor's title on an asset to avoid an asset being disposed of without authorisation. Additionally, leasing companies research suppliers extensively and visit them to avoid potential issues on the side of the supplier.

Whilst we are in full support of the Commission's aim of tackling money laundering and terrorist financing in the EU, we would like to stress the need to focus on implementing existing EU legislation -which has only been fully in force since January this year- before considering the adoption of any further legislation. This would allow supervisory authorities, and others responsible for implementing the provisions set out in AMLD 5, the opportunity to do so. It would also enable them to evaluate whether additional amendments to the regulatory framework would be required and, if so, what form these should take.