

# NVB Risk Based Industry Baselines

Principles for the risk-based implementation of Wwft customer due diligence by Dutch banks



## What are the NVB Baselines?

The NVB Baselines are a Dutch Banking Association (NVB) publication. The baselines set out clear principles for the risk-based application of the open standards in the Money Laundering and Terrorist Financing (Prevention) Act (Wwft) in customer due diligence by banks. The NVB Baselines include Risk-based Baselines and Sector Baselines.

### NVB Risk-based Baselines

Starting in May 2023, the NVB will deliver a set of NVB Risk-based Baselines ('Risk-based Industry Baselines') in phases. These provide banks with starting points for the targeted and proportionate implementation of their Wwft obligations. Or more specifically: for risk-based customer due diligence. The NVB Baselines were designed in consultation with the regulatory Dutch Central Bank (DNB) and the Ministry of Finance.

### NVB Sector Baselines

A number of specific NVB Sector Baselines are being prepared. They include baselines for not-for-profit organisations, sex workers, crypto service providers and the automotive sector. Those Baselines deal with customer due diligence and the risks in those specific sectors. They describe risk-enhancing and risk-mitigating factors, favouring targeted and

proportional customer due diligence. These Sector Baselines are based on discussions with representatives of various industry associations, DNB and – for some sectors – the Ministry of Finance.

## Why the NVB Baselines?

The baselines set out clear starting points for the risk-based application of the open standards in the Wwft in customer due diligence by banks. The aim is to improve consistency and risk relevance in customer due diligence. Banks want to be effective and efficient gatekeepers. This is based on customer due diligence that minimises the impact on bona fide customers but makes it difficult for criminals to abuse the financial system for purposes including money laundering.

## Who are the NVB Baselines for?

Banks can use them as a starting point for their policies and processes when conducting their Wwft customer due diligence. The baselines answer the question: what constitutes adequate implementation of the statutory customer due diligence? What should banks know and record about customers and risks? The baselines are designed for banks, but they also give other parties clarity. Those parties include consumers (organisations) and employees in certain

sectors. The baselines also give other gatekeepers a better understanding of what information banks need for their statutory surveys of customers and transactions.

### Which baselines are being published?

About 17 Baselines are currently being prepared and will be published in stages.

The first five NVB Risk-based Baselines were published in May 2023:

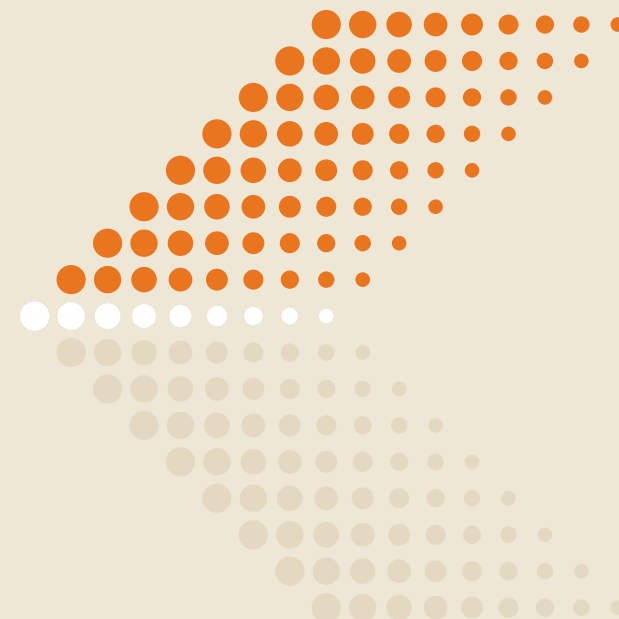
- EDD EC HRTC (Enhanced Due Diligence measures for European Commission High Risk Third Countries);
- UBO identification and verification (ID&V);
- Pseudo-UBO;
- Expected Transaction Profile (ETP);
- Data update (part of Ongoing Due Diligence (ODD)).

NVB Risk-based Baselines are being designed for the following subjects:

- Politically Exposed Persons (PEPs);
- Source of funds;
- Methods for alert handling;
- Models for generating alerts and alert handling;
- Ongoing Due Diligence.

### What is the status of NVB Baselines?

The NVB Baselines describe clear principles. The examples from the Baselines are illustrative and not exhaustive. Banks decide for themselves whether and how to use the NVB Baselines. Each bank individually determines its own policy and risk appetite. Each bank also decides whether and which additional questions to ask its customer. Using the Baselines is not a statutory requirement: they provide guidance on how to adequately implement the risk-based approach, described for and by banks and in consultation with DNB. The NVB publication: AML, CTF & Sanctions Guidance II (April 2020) will be replaced in stages by the new NVB Baselines.



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