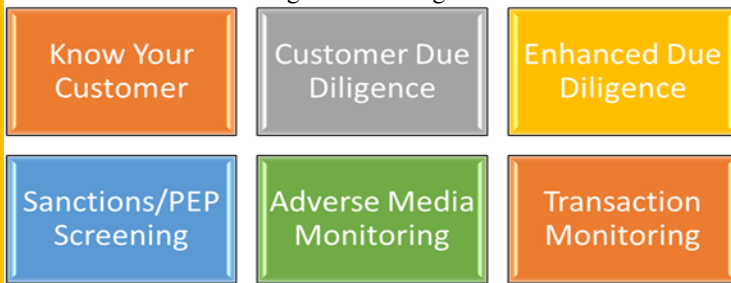


AML/CFT/CPF Checks Trends for 2026

Anti-Money Laundering/Countering the Financing of Terrorism/Countering Proliferation Financing (AML/CFT/CPF) checks are mandatory procedures used by regulated Financial Institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBPs) to verify customers' identities and ensure that they are not moving illicit funds. These checks are the first line of defense against financial crimes including fraud and organized crime.

Core Components of AML/CFT/CPF Checks

Effective AML/CFT/CPF Programs should rely on the following mechanisms for monitoring and screening:



Know Your Customer (KYC): The initial process of collecting and verifying a customer's identity using government issued documents like a passport and proof of address verification (e.g., utility bills), date of birth and place of birth.

Customer Due Diligence (CDD): Assessing the risk associated with a customer by understanding the nature of his/her business and source of funds.

Enhanced Due Diligence (EDD): Stricter scrutiny for high-risk customers, such as those in jurisdictions with weak regulations or complex corporate structures.

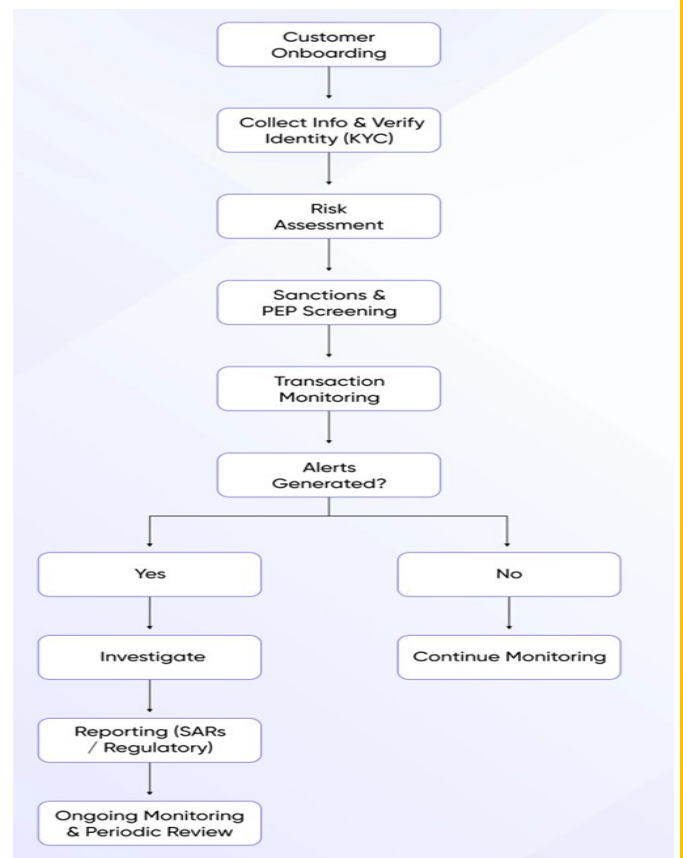
Sanctions and PEP Screening: Cross-referencing names against global sanctions lists (e.g., UN or OFAC) and identifying **Politically Exposed Persons (PEPs)**—individuals in prominent public roles who may be considered of higher risk for corruption.

Adverse Media Checks: Scanning public news and social media for negative information linking a customer to criminal activity.

Transaction Monitoring: Ongoing surveillance of account activity and customer behaviour to detect suspicious patterns, such as "structuring" (breaking large cash deposits into smaller amounts to avoid detection).

Why are AML/CFT/CPF Checks Required?

1. FIs and DNFBPs must perform these checks to remain compliant with national legislation and international standards such as the Financial Action Task Force (FATF) Standards.
2. Non-compliance can lead to massive fines and other penalties such as suspension or revocation of licences.
3. Failing to conduct the necessary checks can leave the entity vulnerable to reputational damage.



2026 AML/CFT/CPF Checks

To meet the growing demands of 2026's regulatory landscape, AML/CFT/CPF checks must be more comprehensive.

Weak or inadequate AML/CFT/CPF checks are no longer an option because the consequences can result in irreversible monetary, business, and reputational losses. These regulatory actions signal that manual and outdated AML/CFT/CPF processes fail to protect Regulated Entities (REs) from supervisory scrutiny, or customers from fraud.

By 2026, regulatory expectations may require REs to replace manual AML/CFT/CPF processes with automated, intelligence-driven systems that centralize data, ensure audit-ready transparency and give a view of the ownership structures with red flags.

Identity Verification & Risk Profiling

Automated AML/CFT/CPF checks must extend beyond basic identity verification.

REs need to assess customer risk based on financial behaviour, geography, product, and delivery channels, and historical data.

Artificial Intelligence (AI)-enhanced risk profiling should offer transparent, explainable risk scores, so REs, auditors and regulators can trace why a customer is rated high, medium, or low. Profiles should auto-recalculate in real time when any attribute changes, with periodic review and frequency tied to a dynamic score rather than fixed calendars.

Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD)

Enhanced due diligence (EDD) must include deeper scrutiny for high-risk customers, such as PEPs, adverse media with negative sentiment, higher-risk corridors, and complex corporate structures.

AML/CFT/CPF systems should be capable of providing a comprehensive risk review of an entity across areas like sanctions, PEPs, and adverse media to determine the right level of due diligence whether EDD or Simplified Due Diligence (SDD).

Decision tests include: categorizing PEPs by seniority and jurisdiction, grouping adverse media by category, language, sentiment, and recency to reduce noise and linking findings clearly for reviewers and regulators.

Beneficial Ownership Validation

With heightened requirements for Beneficial Ownership (BO) validation, AML/CFT/CPF systems must cross-check BOs against international registries and continually validate ownership structures beyond what is available in basic registry data.

Systems should display ownership networks, flag opacity, bearer shares, nominee roles, fast-flipping ownership and automatically alert when a BO becomes sanctioned or appears in high-risk media.

Real-Time Sanctions, PEP & Watchlist Screening

Screening against global sanctions lists, PEP databases and watchlists must run at onboarding and continuously thereafter, using a risk-based approach. Systems should use structured identifiers to raise match quality, maintain robust audit trails and reflect updates quickly when designations change.

AI-Assisted Monitoring & Continuous Screening

AI-assisted monitoring and continuous screening represent a shift from static, rule-based systems to dynamic, data-driven frameworks. This transformation enables FIs and DNFBPs to move from reactive detection to proactive, real-time prevention of financial crimes.



Core Technologies in AI Assisted AML/CFT/CPF

Machine Learning (ML): Can utilize historical data to recognize complex patterns and generalize them to new, evolving scenarios.

Anomaly Detection: Can be used to identify behaviours that deviate from a customer's established norms, such as sudden spikes in transaction volume or unusual cross-border activity.

Natural Language Processing (NLP): Can be used for adverse media screening and analyzing unstructured data from news and social media to identify reputational risks.

Generative AI (GenAI): Can assist compliance teams by summarizing large datasets, drafting narratives for Suspicious Activity Reports (SARs) and automating documentation.

Scan the QR Code below after reading to test yourself!



Source:

AML Watcher, What AML Checks are Necessary in 2026?
[AML Checks Trends for 2026](#)