EGMONT GROUP
OF FINANCIAL INTELLIGENCE UNITS

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INFORMATION EXCHANGE
WORKING GROUP

EFFECTIVE PUBLIC-PRIVATE PARTNERSHIPS (PPPS)

Practical Guidance for Design, Governance and Operationalisation in the Fast-Changing ML/FT Context

Brochure

INTRODUCTION

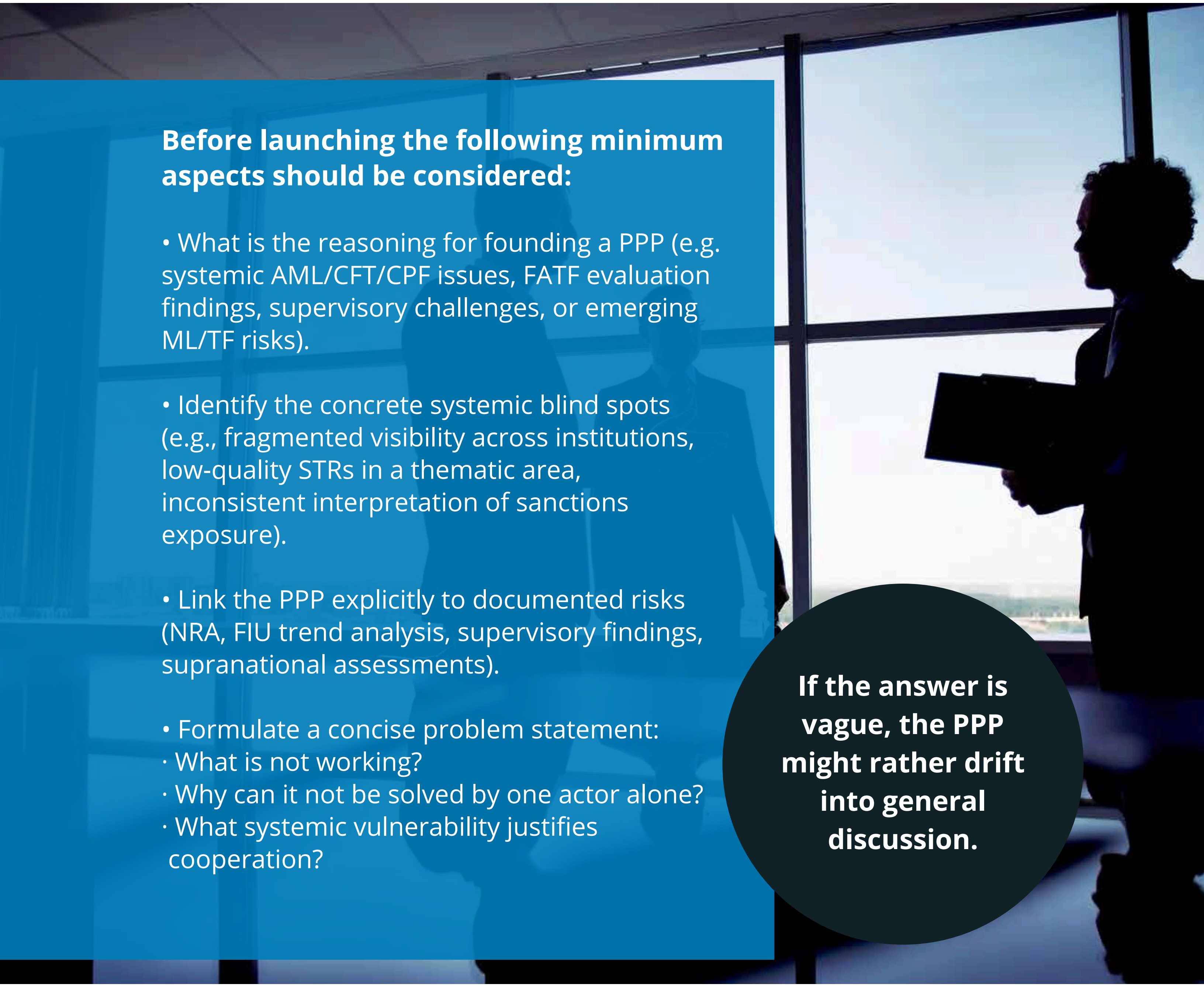
Public-Private Partnerships (PPPs) have emerged as an important mechanism for strengthening the effectiveness of anti-money laundering and counter-terrorist financing (AML/CFT) frameworks. By bringing together public authorities and private sector institutions, PPPs enable the exchange of knowledge, experience, data, risk insights and financial intelligence that individual actors may not be able to identify alone. When properly designed and governed, PPPs can improve risk detection, enhance the quality of suspicious transaction reporting, and support more coordinated disruption of money laundering, terrorist financing (ML/TF) and other predicate crimes.

This brochure provides a concise, practical overview of key steps that jurisdictions may consider when establishing or strengthening a PPP.

STEP 1

DEFINE THE STRATEGIC NEED AND ENSURE LEGAL FEASIBILITY

Many PPPs would fail because they are created as generic “cooperation platforms” rather than problem-solving mechanisms.



Before launching the following minimum aspects should be considered:

• What is the reasoning for founding a PPP (e.g. systemic AML/CFT/CPF issues, FATF evaluation findings, supervisory challenges, or emerging ML/TF risks).

• Identify the concrete systemic blind spots (e.g., fragmented visibility across institutions, low-quality STRs in a thematic area, inconsistent interpretation of sanctions exposure).

• Link the PPP explicitly to documented risks (NRA, FIU trend analysis, supervisory findings, supranational assessments).

• Formulate a concise problem statement:
· What is not working?
· Why can it not be solved by one actor alone?
· What systemic vulnerability justifies cooperation?

If the answer is vague, the PPP might rather drift into general discussion.

PRACTICAL INSIGHT

Define success in terms of risk reduction, achievement of specific KPIs, not "improved dialogue."

Before beginning with a PPP, it may also be useful to evaluate existing PPP models in other jurisdictions, examining their structure, strengths and potential limitations.

Legal uncertainty is the single biggest inhibitor of meaningful participation.

Participants must be clear about:

- What categories of information are permitted.
- What type of PPP should be established (strategic, operational or hybrid).
- What constitutes lawful processing of information.
- What liability protections apply to participants acting in good faith.

Legal certainty can be layered:

1. Legislative clarity (where necessary).
2. Supervisory or FIU interpretative guidance.
3. MOUs specifying procedures and safeguards.
4. Safe harbour confirmation for good-faith cooperation.
5. Explicit alignment with data protection requirements.

If operational exchange is envisaged, safeguards should be defined at this stage rather than introduced later.

Important contextual consideration:

Even where the law permits sharing, institutions may interpret the framework conservatively due to reputational risk. Perceived legal safety matters as much as legal text.

STEP 2
BUILD INSTITUTIONAL SUPPORT AND STRATEGIC ALIGNMENT

To operationalise this anchoring:

- Extract 3-5 priority risks from national documents and assessments.
- Translate each into an actionable theme.
- Assign thematic leads among participating institutions.
- Define expected outputs for each theme (e.g., typology paper, red flag refinement, monitoring adjustment guidance).
- Adopt a structured (in most cases 12-month) workplan to guide activities.

Contextual risk:

Without formal workplans, PPPs tend to follow headline events rather than documented priorities.

Strategic anchoring ensures that the partnership remains focused on the most significant ML/TF risks rather than reacting to isolated developments.

STEP 3

DEFINE THE PARTNERSHIP ARCHITECTURE AND DESIGN THE ROLES

Before roles can be defined, the **basic architecture of the PPP must be clarified**. This includes identifying the participants, determining the size of the partnership, and deciding how its outputs will be shared.

Identify the Core Actors

On the private-sector side, a key choice is whether the PPP should focus on a single sector (for example the banking sector) or include a broader cross-industry group.

Sector-specific partnerships may be easier to launch and coordinate, while cross-industry models may better reflect how ML/TF increasingly moves across sectors.

On the public-sector side, the PPP usually involves the FIU, given its central role in analysing financial intelligence. Depending on the national context, supervisory authorities and law enforcement bodies may also participate to ensure that insights translate into supervisory and investigative action.

Determine the Size and Structure

The size of the partnership influences its effectiveness. Smaller PPPs are often more agile and conducive to trust-building, while larger partnerships may provide broader systemic coverage but require stronger governance to avoid bureaucratic complexity.

Some jurisdictions address this by combining a smaller operational core group with a wider community of participants receiving strategic outputs.

Define the Target Audience for PPP Outputs

Another strategic choice concerns dissemination.
Some PPPs operate as closed partnerships, where outputs remain within the participating institutions. Others adopt a more open approach, sharing typologies, red flags, or strategic insights with the wider financial sector.

Many mature partnerships adopt a hybrid model, where sensitive operational discussions remain restricted while strategic insights are shared more broadly to maximise preventive impact.

Clarify Roles and Responsibilities

Once the architecture is defined, roles should be clarified.
Public authorities typically provide strategic direction, intelligence context, and feedback, while private institutions contribute operational insights and adjust detection frameworks where appropriate.

Because partners often enter the PPP with different incentives, expectations should be discussed openly at the outset and reflected in shared objectives.

Manage Capacity Asymmetry

Capacity asymmetry is inevitable. Without proper management, it may lead to:

- Dominance by large institutions.
- Guidance that smaller participants cannot realistically implement.
- Reduced participation from less-resourced actors.

Practical mitigation measures include:

- Tiered participation models.
- Scalable guidance (basic and advanced approaches).
- Capacity-building sessions.
- Accessible technical tools.
- Resource pooling where appropriate.

Proportionality preserves legitimacy.

STEP 4

BUILD TRUST AND ESTABLISH SECURE INFORMATION EXCHANGE

Trust does not emerge automatically from meetings. It must be deliberately built through:

- Clear confidentiality rules.
- Strict third-party restrictions.
- Equal treatment of participants.
- Transparent agenda-setting.
- Early visible outputs demonstrating value.

High-risk moment: the first sensitive information exchange.

If mishandled, trust erosion can occur rapidly and may be difficult to reverse. Therefore:

- Start with strategic or anonymized exchanges.
- Gradually escalate to more sensitive cooperation as trust develops.

Security must operate at four levels:

1. Technical (encryption, access control, audit logs).
2. Organisational (designated representatives and internal procedures).
3. Legal (purpose limitation and retention rules).
4. Behavioural (training and a culture of responsible information handling).

Technology enhances trust, but governance sustains it.

STEP 5

LAUNCH OPERATIONAL COLLABORATION

Typology work is often the safest and most productive early operational function.

To avoid superficial analysis:

• Base typologies on multi-source inputs from public and private participants.

• Distinguish behavioural indicators from structural characteristics.

• Identify detection gaps in current monitoring frameworks.

• Validate feasibility before publishing outputs.

Contextual insight:

Typologies should lead to improved detection logic, not only descriptive reporting.

Develop Red Flags Carefully (Avoid Defensive Compliance)

Red flags should improve calibration rather than inflate alert volumes. When designing red flags:

• Anchor them in typology analysis.
• Distinguish primary indicators from contextual indicators.
• Test operational feasibility.
• Assess proportionality.
• Provide explanatory rationale.

Risk to avoid:

Overly broad red flags that generate excessive false positives and encourage defensive reporting or de-risking.

Red flag development should therefore remain collaborative and iterative.

Introduce Operational Intelligence Gradually

Operational intelligence sharing can significantly increase impact but also raises governance and legal considerations.

Before introducing such exchanges, confirm:
• Clear legal basis.
• Mature trust between participants.
• Defined access controls.
• Audit trail capability.
• Explicit prohibition of automatic adverse action.

Operational models may include:
• Pattern-based alerts.
• Partial identifier matching.
• Structured voluntary feedback mechanisms.

Critical safeguard:

the PPP must not create informal blacklists or bypass judicial processes.

STEP 6

ENSURE ADAPTABILITY AND MEASURE EFFECTIVENESS

PPPs must adapt faster than legislation, but always within clear governance boundaries.

Mechanisms supporting adaptability include:

• Annual strategic recalibration.
• Crisis-response procedures for emerging threats.
• Temporary task groups addressing specific risks.
• Documented adaptation decisions.

Measure What Matters

Effectiveness should be assessed across several dimensions:

1. Operational impact (reporting quality, disruption linkage).
2. Strategic integration (NRA updates, supervisory calibration).
3. System improvement (reduced noise, better targeting).
4. Partnership health (engagement, reciprocity, trust).

Measurement should guide refinement, not rank participants.

Nimbleness without documentation can create unpredictability.

STEP 7
THE ROLE OF FIUS IN THE PRACTICAL MODEL

FIUs are structurally central because they:

• Integrate cross-sector intelligence.

• Provide system-wide visibility.

• Anchor risk prioritisation.

• Serve as trusted intermediaries.

• Provide structured feedback loops.

However, FIUs and other partners often operate under significant resource constraints.

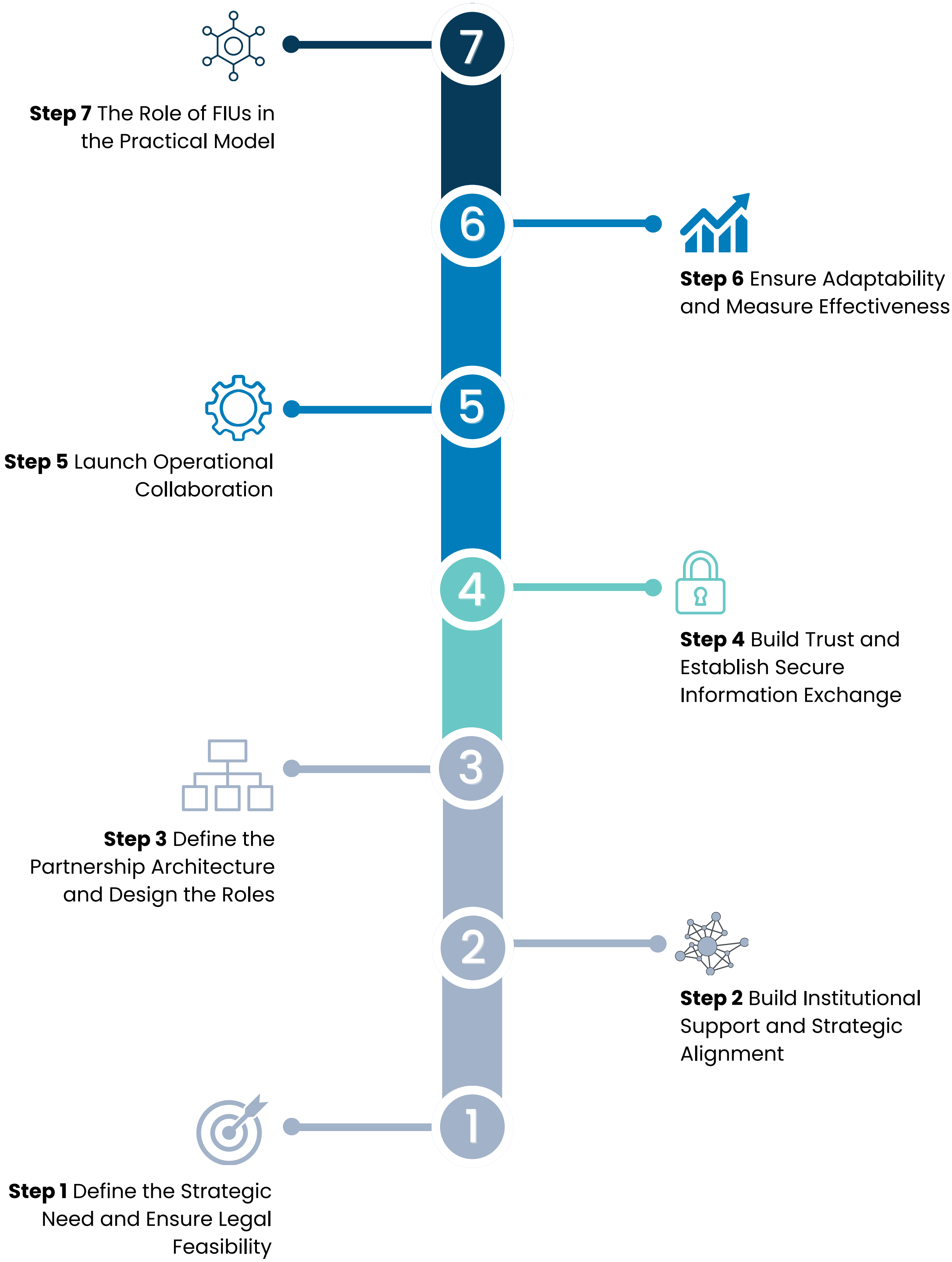
Therefore, they should:

• Focus on high-value contributions.
• Avoid administrative overburden.
• Prioritise strategic and intelligence-driven engagement.
• Maintain proportionate operational involvement.

In a mature PPP ecosystem, FIUs function as primus inter pares, coordinating and integrating without dominating the partnership.

Their effectiveness ultimately depends on selectivity, clarity of mandate, and disciplined prioritisation.

STEPS TO ENSURING SUCCESFFUL PPPS



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About the IEWG

Considering the mandates and activities of other working groups, the IEWG aims to increase the quality and quantity of timely information exchanges between FIUs based on operational and strategic analysis. Improving information exchanges will facilitate and enhance FIUs' adherence to international standards. In addition, the IEWG benefits from the expertise of its members, which contributes significantly to the working group's objectives.