

Anti-money laundering supervisory review: consultation

Response from NAEA Propertymark

August 2017

Background

1. NAEA Propertymark (National Association of Estate Agents) is the UK's leading professional body for estate agency personnel; representing more than 10,000 offices from across the UK property sector. These include residential and commercial sales and lettings, property management, business transfer, auctioneering and land.
2. NAEA Propertymark is dedicated to the goal of professionalism and by appointing an NAEA Propertymark agent to represent them consumers will receive in return the highest level of integrity and service for all property matters. NAEA Propertymark agents are bound by a vigorously enforced Code of Practice and adhere to professional Rules of Conduct. Failure to do so can result in heavy financial penalties and possible expulsion from the organisation.

Questions

Section 1 – the following questions are applicable to all respondents

Question 1: Do the draft regulations deliver the government's intention that OPBAS help, and ensure, PBSs comply with their obligations in the MLRs? In particular, are further legislative amendments required to ensure legal PBSs can raise funding for the OPBAS fee?

3. Yes, we believe that the draft regulations deliver the government's intention that OPBAS help, and ensure, PBSs comply with their obligations in the MLRs.
4. The extra costs resulting from the creation of OPBAS are likely to be passed on to the membership of the professional bodies. Therefore we don't envisage that further legislative amendments are required to ensure legal PBSs can raise funding for the OPBAS fee.

Section 2 – the following questions are applicable to regulated businesses only

Question 2: On average, how many hours do staff in your business currently spend interpreting and applying different pieces of AML guidance per year? Please round your answer to the closest 10 hours.

5. Estate agents must ensure all staff are aware of the risks of money laundering, the relevant legislation and their obligations. Staff training is essential, particularly when taking on new staff, and this could take a few days or up to a week each month to ensure they fully understand the Money Laundering Regulations. The regulations also advise staff training at least every two years.

6. In addition, members of NAEA Propertymark are required to log twelve hours of Continued Professional Development (CPD) each year. Members identify their own development needs and at least four hours of CPD is expected to be recorded through the attendance of an event or training course. It is integral to NAEA Propertymark membership and ensures that our members are constantly keeping up-to-date with changes to legislation and the industry.¹

Question 3: Considering your answer to question 2 above, what proportion of the time your staff currently spend interpreting and applying AML guidance could be saved if the guidance were easier to understand? Please provide your answer as an estimated percentage of the total.

7. We are unable to quantify the estimated time savings due to the use of easier to understand guidance because this will depend on the size of the estate agency.
8. However, the new rules will increase the workload of estate agent due to the required volume of administration. As a consequence company costs will increase. Existing staff will require training and in some cases more staff will have to be recruited in order to assist with the extra administration requirements.

Question 4: Putting the cost of staff aside, does your business incur additional costs to help your staff understand AML guidance, for example expenditure on consultants? If so, how much does this cost a year on average? Please round your answer to the closest £100.

9. NAEA Propertymark provides a four hour Financial Crime training course for members and non-members. The course costs £85 plus VAT for members and £125 plus VAT for non-members. In house training is also available for groups of between five and 20 people. These cost £750 plus VAT for half a day and £1,500 plus VAT for a full day course.²

Question 5: Do you expect your collaboration with other businesses to increase once AML supervisors' expectations are aligned? If so, how much might this save your business a year, on average? Please round your answer to the closest £100.

10. Yes, we expect collaboration with other businesses to increase once AML supervisors' expectations are aligned. For instance, under the Fourth Money Laundering Directive customer due diligence must now be carried out on both the purchaser and vendor. In addition, lenders and estate agents also need to check whether purchasers and vendors are politically exposed persons both in the UK and abroad.

¹ <http://www.naea.co.uk/join/continuing-professional-development-cpd.aspx>

² <http://www.naea.co.uk/training-qualifications/residential-estate-agency/financial-crime-update/>

11. We do not have information relating to how much this would save estate agents on average each year.

Section 3 – the following questions are applicable to PBSs only

Question 6: Do you expect to increase or decrease resources in your supervisory team to support engagement with OPBAS going forward? If so, please provide estimated average annual costs or savings. Please round your answer to the closest £100.

12. NAEA Propertymark has applied to become a supervisor and subject to acceptance there would be a significant ramping up of resources to deal with our obligations under the legislation. However, it is difficult to judge exactly how that would be in the absence of any information relation to expectations from OPBAS.

Question 7: Do you expect to invest more, less or the same in your supervisory teams to align your approach with OPBAS's guidance going forward? If more or less, please provide the estimated annual additional cost or saving. Please round your answer to the closest £100.

13. We expect to invest more time in training staff in our Regulation Team to align our approach with OPBAS's guidance going forward.

Question 8: In addition to the areas identified above, are there any other costs or benefits associated with complying with OPBAS or simplified AML guidance for businesses you would like the government to take into account? If yes, please outline these and provide estimated costs or savings. Please round your answer to the closets £100.

14. Estate agents need clear guidance from the Government that is simple, quick and easy to apply. Information such as fact sheets, flow charts, best practice guidance, dedicated areas on websites and webinars will benefit estate agents and help reduce the time it takes agents to put in place, controls and procedures in order to anticipate and prevent money laundering or terrorist financing.