Consultation Fact Sheet

Guidance on Implementation of FATF Recommendation 16

Body Financial Action Task Force	
Published 2026-06-24	Consultation deadline 2026-08-21
Scope of application Countries and financial institutions globally, covering domestic and cross-border payments or value transfers, including MVTS, VASPs, cards, instant payments, digital wallets and mobile money	Impacted / targeted stakeholders Financial institutions, payment service providers and payment market infrastructures; supervisors, FIUs and law enforcement authorities

Synthesis

The FATF is consulting on non-binding implementation guidance for the strengthened Recommendation 16 payment-transparency standard adopted in June 2025. The draft Guidance explains how countries and financial institutions should apply the revised “travel rule” across domestic and cross-border payments or value transfers, including MVTS, VASPs, card transactions, cross-border cash withdrawals, instant payments, digital wallets and mobile money. It clarifies the payment chain, information requirements, structured data expectations, virtual-account and origin-of-funds issues, data protection and privacy safeguards, as well as three options for alignment checks to detect misdirected payments.

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Purpose & rationale

Payments and value transfers support commerce, remittances and access to financial services, but fragmented payment chains and new payment actors can obscure who is sending and receiving funds. FATF updated R.16 to keep pace with non-bank payment services, instant and wallet-based payments, card-funded transfers and virtual asset interfaces, while addressing fraud as a major proceeds generating crime. The draft Guidance seeks to help stakeholders implement the revised Standard consistently, without creating unnecessary payment friction or financial exclusion.

Specific policy objectives:

- Increase payment-chain transparency so originator and beneficiary information is available to financial institutions, FIUs and law enforcement authorities.
- Clarify functional scope and responsibilities for ordering, intermediary and beneficiary financial institutions, including MVTS and VASPs.
- Improve data quality and straight-through processing through structured information, de minimis thresholds and consistent fallback options.
- Mitigate fraud, error and misdirected payments through alignment checks and targeted requirements for card and cross-border cash-withdrawal transactions.
- Support proportionate implementation that preserves financial inclusion and complies with data protection and privacy frameworks.

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Key proposals

FATF's draft Guidance translates the June 2025 revisions to Recommendation 16 into a practical implementation framework for payment transparency. It follows the payment lifecycle rather than product categories: define the scope; identify the payment chain; ensure the right information travels with the payment; address transparency gaps and specific instruments; apply the same rules to newer payment methods; and embed proportionality, data protection, fraud-prevention and transition measures.

- Establish the scope and policy perimeter
  - Apply R.16 on an activity basis to domestic and cross-border payments or value transfers
  - Treat e-money wallets and similar payment accounts as accounts
  - Determine cross-border status by the location of the ordering and beneficiary Fis
  - Clarify interaction with CDD, MVTS, virtual assets/VASPs, targeted financial sanctions, ISO 20022 and financial inclusion objectives

- Define the payment chain and allocate FI responsibilities
  - Identify the payment chain as starting with the FI that receives the originator's instruction and ending with the FI servicing the beneficiary account or providing cash.
  - Allocate responsibilities across ordering, intermediary and beneficiary FIs.
  - Preserve required information across the full payment chain.
  - Clarify treatment of pull payments, net settlement, batch transfers, cover payments, MVTS networks and payment market infrastructures.

- Strengthen payment information and data quality
  - Require relevant originator and beneficiary information to accompany cross-border transfers.
  - Require verification of originator information above the de minimis threshold.
  - Preserve simplified domestic-transfer treatment where full originator information can be made available within three business days.
  - Promote structured data, ISO 20022-compatible formats, clear identifiers, traceability and record keeping.

- Close specific transparency gaps in virtual accounts and origin-of-funds cases
  - Prevent virtual account numbers or similar identifiers from obscuring the FI servicing the account and its country.
  - Encourage issuing FIs to maintain transparency over virtual-account users and master accounts.
  - Require additional source-of-funds information where an ordering FI executes a cross-border transfer for a customer without a stored-value relationship using funds drawn from another FI or a payment card.

- Clarify treatment of card payments and cross-border cash withdrawals
  - Preserve simplified treatment for card purchases of goods or services.
  - Apply full R.16 requirements to card-funded person-to-person transfers and stored-value wallet top-ups.
  - Require card numbers, including tokenised equivalents, to accompany card transactions.

  - Make issuer and acquirer information available upon request.
  - Require cardholder names for cross-border cash withdrawals to be provided to the acquiring FI within three business days of request.

- Apply R.16 consistently to newer payment methods
  - Treat instant payments, digital wallets and mobile money as applications of the same R.16 framework, not as separate regimes.
  - Require proxy identifiers, aliases, phone numbers and wallet identifiers to resolve to traceable account and customer information.
  - Assess wallet arrangements by function and payment-chain role.
  - Support mobile-money implementation through simplified measures, fallback options and supervisory guidance in lower-capacity contexts.

- Embed proportionality, financial inclusion and data protection safeguards
  - Preserve de minimis thresholds, fallback options for address and date-of-birth data, and alternative verification methods.
  - Avoid overcompliance, blanket rejection and unnecessary exclusion from regulated payment services.
  - Require AML/CFT and data-protection frameworks to provide a lawful basis for collecting, transmitting and storing R.16 information.
  - Apply data minimisation, proportionality, accuracy, transparency, security, retention and cross-border transfer safeguards across the payment chain.

- Introduce alignment checks to detect misdirected payments and fraud
  - Require beneficiary FIs, for cross-border transfers above the de minimis threshold, to mitigate the risk of payment to an unintended beneficiary.
  - Allow three implementation options: transaction-level name/account alignment checks; holistic ongoing monitoring; or pre-validation mechanisms such as Confirmation or Verification of Payee.
  - Treat alignment as a risk-sensitive consistency check, not a full re-verification of beneficiary identity.
  - Require material misalignment to trigger proportionate follow-up, including hold, clarification, escalation, rejection, recall or STR consideration where appropriate.

- Support transition through PMI upgrades, rulebooks and phased implementation
  - Use the transition period to end-2030 to upgrade payment systems, messaging standards, PMI rulebooks, scheme rules, directory services and supervisory expectations.
  - Conduct mapping and gap analysis across initiation, intermediary and last-mile legs.
  - Allow temporary translation or interim messaging where systems cannot yet carry all data.
  - Prioritise higher-risk corridors, products and payment types while preserving access to legitimate payments.

Appendix

Key concepts and definitions

Term	Definition
Recommendation 16 (R.16)	The FATF Standard on payment transparency, requiring basic originator and beneficiary information to accompany payments or value transfers and be available to FIs and competent authorities.
Payment or value transfer	A transaction carried out on behalf of an originator through an ordering FI by electronic means to make funds available to a beneficiary at a beneficiary FI, including cash withdrawals.
Ordering FI	The financial institution that receives the payment instruction from the originator and is the starting point of the R.16 payment chain.
Intermediary FI	A financial institution that receives and transmits a payment or value transfer on behalf of the ordering FI, beneficiary FI or another intermediary FI.
Beneficiary FI	The financial institution that services the beneficiary account or remits cash to the beneficiary, and is the end point of the R.16 payment chain.
MVTS	Money or value transfer services, including providers that accept funds or stored value and pay a corresponding sum to a beneficiary through communication, messaging, transfer or clearing networks.
Payment Market Infrastructure (PMI)	The technical and procedural infrastructure for payment messaging, clearing or settlement; not an obliged entity under R.16 but an important enabler of FI compliance.
De minimis threshold	A threshold of no more than USD/EUR 1,000 below which simplified information requirements may apply, unless ML/TF suspicion requires verification.
Structured data	Payment information recorded in dedicated fields, rather than free text, to improve data quality, traceability, screening, monitoring and automated processing.
Virtual account number	An account identifier, such as a vIBAN, that operates as an alias linked to a master account and must not obscure the servicing FI or its country.
Alignment check	A beneficiary-FI control to assess whether the beneficiary name and account identifier in the payment message are reasonably consistent with information held by the beneficiary FI.
CoP / VoP	Confirmation or Verification of Payee: pre-validation mechanisms allowing name/account alignment to be checked before a payment is authorised.
Holistic ongoing monitoring	A risk-based monitoring framework that analyses beneficiary accounts, transactions and behaviour to identify anomalous activity, including material beneficiary-information misalignment.