A NEW FOCUS IN COMBATING FINANCIAL CRIMES: ASSET RECOVERY KEY TAKEAWAYS FROM THE FATF GUIDANCE

Asset recovery, within the approach of the Financial Action Task Force ("**FATF**"), is no longer regarded as a singular action confined to the confiscation stage, but rather as a comprehensive process composed of interconnected and complementary phases. This approach is also expressly reflected in FATF's *Asset Recovery Guidance and Best Practices (2025)* (the "**Guidance**"). The process encompasses the identification and tracing of criminal property, its prompt securing, confiscation, management, and ultimately its return or use for public benefit. FATF positions asset recovery as a mechanism that operates continuously from the earliest stage of an investigation through to the final phase, emphasising that its effectiveness depends on the integrated and coordinated functioning of all stages of this process.

I. Asset Recovery as a Policy Priority

This prioritisation is not merely a normative preference under the FATF approach, but is treated as a core component of an effective AML/CFT system. In this context, countries are expected to establish policy and operational frameworks that prioritise asset recovery at both national and international levels, and to support this priority not only through policy statements but also through concrete measures such as resource allocation, institutional structuring, specialisation, and inter-agency coordination. The systematic prioritisation of asset recovery contributes to reducing the economic incentive for crime by removing illicit gains, weakening the financial capacity of organised criminal groups, and enabling compensation for victims. Accordingly, an effective asset recovery regime is supported by political will, a clear strategic direction, adequate technical and human resources, strong cooperation among public authorities, and information-sharing mechanisms with the private sector; taken together, these elements demonstrate that asset recovery can only yield effective results when prioritised through a comprehensive approach that is reflected in practice.

II. Early and Proactive Conduct of Financial Investigations

The FATF Guidance establishes, as a fundamental requirement for an effective asset recovery regime, that competent authorities initiate financial investigations at the earliest possible stage in cases involving potential criminal proceeds, and do so in a proactive manner. This approach not only facilitates the identification of illicit proceeds, but also directly impacts the effectiveness of subsequent seizure and confiscation measures by enabling the rapid tracing of assets, uncovering of transactions, and analysis of ownership structures. In this context, it is of critical importance to establish mechanisms that allow investigations to be initiated through multiple institutional channels, to ensure timely access to financial intelligence and relevant data, and to develop communication infrastructures that enable investigations to be commenced without delay.

The Guidance further emphasises that the effectiveness of financial investigations depends not only on their early initiation, but also on their being supported by adequate resources, technical capabilities, and expertise. Ensuring that competent authorities are trained to employ a range of basic and advanced investigative techniques required to address modern financial crimes, are equipped with appropriate technological tools, and have access to comprehensive data sources plays a critical role in the effective tracing of criminal proceeds and identification of assets. This, in turn, reduces the risk of dissipation or concealment of illicit assets and enables a more effective and outcome-oriented approach across all stages of the asset recovery process.

III. Swift Securing of Assets

The swift securing of assets is identified in the FATF Guidance as a critical component of an effective asset recovery framework, requiring competent authorities to act without delay to prevent criminal property from being dissipated, transferred, or concealed. In this context, provisional measures such as freezing, seizure, and the suspension of transactions should be deployed at an early stage to ensure that assets remain available for eventual confiscation, with authorities selecting the most appropriate measure or combination of measures based on the circumstances of the case. The FATF further highlights the importance of mechanisms that allow for the temporary suspension of suspicious transactions, emphasising that such measures should be rapid, time-limited, and targeted.

The effectiveness of these measures depends not only on their swift application, but also on their being supported by an appropriate legal framework, the principle of proportionality, and adequate procedural safeguards. In this regard, the ability to implement such measures, where necessary, without prior notice to affected persons is considered critical to prevent the dissipation of assets, while ensuring that timely judicial review mechanisms are available to protect the rights of those concerned. In addition, the establishment of effective interim asset management mechanisms to preserve the value of frozen or seized assets is a key factor in safeguarding the outcome of the asset recovery process in its subsequent stages.

IV. Comprehensive Range of Confiscation Measures

The FATF Guidance emphasises that an effective asset recovery regime should be based on a broad and flexible framework that enables different confiscation measures to be used in a complementary manner. In this context, it is important not to rely solely on conviction-based confiscation mechanisms, but also to incorporate tools that allow authorities to reach property connected to crime from a wider perspective. The Guidance highlights that criminal assets are often not held directly by the offender, but are concealed through third parties, legal persons, or complex ownership structures, and therefore confiscation measures should be designed to capture such arrangements. It also recognises the importance of mechanisms that allow action to be taken against criminal property even where prosecution is not possible or cannot be completed, particularly in complex and cross-border cases. Accordingly, the combined and flexible use of different confiscation measures, tailored to the circumstances of each case, is a key factor in ensuring that offenders are effectively deprived of illicit assets.

V. Effective and Dynamic Use of International Co-operation

In an environment where criminal proceeds increasingly move across borders, an effective asset recovery regime depends on international co-operation being carried out in a rapid, flexible, and outcome-oriented manner. The FATF Guidance emphasises that countries should not rely solely on formal mutual legal assistance mechanisms, but should also actively use informal co-operation channels based on information sharing and communication from the early stages of the process. In this context, the ability of competent authorities to share information without prior request, to identify assets linked to foreign investigations, and to engage quickly on the basis of preliminary information is critical to preventing the dissipation of assets.

The Guidance further indicates that the effectiveness of international co-operation is closely linked to streamlining processes to remove unnecessary bureaucratic obstacles, selecting the most appropriate tools depending on the circumstances, and strengthening coordination across jurisdictions.

It is particularly emphasized that informal contacts contribute to making formal requests more targeted and practicable; in this context, the Asset Recovery Inter-Agency Networks (ARIN), which facilitate swift information-sharing among law enforcement and judicial authorities in the identification, tracing, freezing, seizure, and confiscation of criminal proceeds, and the Egmont Group, which enables secure information and expertise-sharing among financial intelligence units, perform an important function. In parallel, the prompt and effective operation of formal cooperation mechanisms, the handling of requests by specialised units, and the maintenance of active communication throughout the process are among the key elements of successful asset recovery.

VI. Management, Return, and a Rights-Based Approach to Recovered Assets

The final stage of the asset recovery process is not limited to the disposal of confiscated property, but requires a comprehensive approach encompassing the effective management, appropriate use, and return of such assets to their rightful owners. The FATF Guidance requires countries to establish mechanisms to preserve the value of frozen, seized, and confiscated assets, and to ensure that decisions regarding their use are carried out in a transparent, accountable, and rules-based manner. In this context, compensating victims and returning assets, where possible, are identified as primary objectives, while the use of confiscated assets for public benefit serves as a complementary function. The ce further underscores that these processes must be implemented with appropriate safeguards, which is essential to maintaining the effectiveness and credibility of the asset recovery system. In this respect, asset recovery is framed not only as a tool to deprive criminals of illicit gains, but also as a multidimensional mechanism that ensures those assets are used in a fair, transparent, and purpose-driven manner.

The FATF Guidance sets out the key elements of asset recovery, ranging from its prioritisation as a policy objective and the early initiation of financial investigations, to the effective use of provisional measures, the combined application of various confiscation tools, and the strengthening of international co-operation, thereby providing a comprehensive roadmap for the end-to-end structuring of asset recovery; this roadmap will undoubtedly contribute to the establishment of a more effective, coordinated, and outcome-oriented approach in combating financial crimes.