



By Email

08 October 2024

To: Senior Executive Officers (SEO) of Money Services Providers

Re: Key Themes and Findings from the 2024 DFSA Thematic Review: Management of Operational Risk in Money Services Providers

In line with our regulatory objectives, and our 2024 supervisory priorities, the Dubai Financial Services Authority (DFSA) conducted a Thematic Review (**Review**) on Money Services Providers (**MSPs**).

The purpose of this letter is to share the key themes and findings from the Review in order to promote best practice and high standards of regulatory compliance amongst MSPs.

Background

From 2021 to date, there has been a significant growth of MSPs in the Dubai International Financial Centre (DIFC), resulting in increases in clients' services and transactions conducted in or from the DIFC. Therefore, the DFSA considers it appropriate to assess MSPs regulatory compliance and vulnerabilities to mitigate any potential integrity issues in the DIFC Money Services sector, including the possibility of fraudulent online transactions.

The Review focused on MSPs' management of Operational Risk, specifically, the level of regulatory compliance with Chapter 6 the Prudential – Investment, Insurance Intermediation and Banking Business (PIB) Module of the DFSA Rulebook. MSPs are required to implement systems and controls to identify and report fraudulent transaction attempts and must apply strong customer authentication to verify transactions initiated via web or application-based digital channels.

During March 2024, the DFSA contacted MSPs requesting information concerning their Operational Risk policies and procedures to assess their level of regulatory compliance.

The following areas were assessed via a desk-based review and subsequent interviews with key senior operations and compliance personnel:

1. relevant operational policies and procedures;
2. Strong Customer Authentication (SCA) and user security measures;
3. exceptions applied to SCA measures and implementation of technical standards;
4. systems and controls to detect fraud; and
5. reporting of information about transactions and rates of fraud.

The DFSA expects all MSPs in the DIFC to consider the key themes and findings in this Review in the context of their specific activities and obligations, and, where appropriate, consider further enhancements to their systems and controls.



We also remind MSPs of their continuing obligations to ensure that the DFSA is promptly informed of any significant events or anything else relating to the MSP of which we would reasonably expect to be notified.

Key Findings

Our key findings are detailed in [this report](#).

Next Steps

We will elaborate on the key themes and findings from the Review in an upcoming outreach session for MSPs and related third-party service providers. We encourage all firms to attend and participate.

The DFSA expects all MSPs in the DIFC to consider the key themes and findings in this Review in the context of their specific activities and obligations, and, where appropriate, consider further enhancements to their systems and controls.

We also remind MSPs of their continuing obligations to ensure that the DFSA is promptly informed of any significant events or anything else relating to the firm of which we would reasonably expect to be notified.

If you have any questions in relation to this letter, please contact us using the DFSA Supervised Firm Contact Form found on the [DFSA ePortal](#).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Justin Baldacchino', is written over a light blue horizontal line.

Justin Baldacchino
Managing Director, Supervision