

Thailand Mutual Evaluation Preparation Workshop

25 September 2015

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**Lessons learned - Immediate
Outcomes 1-11**



Asia/Pacific Group
on Money Laundering

FATF Recommendations – the standards

- FATF 40 Recommendations (revised in 2012)
- Seven themes:
 1. **AML/CFT Policies** and Coordination (**Risk Based Approach**)
 2. **ML** and **Confiscation**
 3. TF and **Financing of Proliferation**
 4. Preventative measures (CDD, **wire transfers**, **PEPs**, **MVTS**, **High Risk Countries** etc.)
 5. Legal Persons & Arrangements: **Transparency & Beneficial Ownership**
 6. Powers & **Responsibilities of Competent Authorities** (Regulation & Supervision; FIUs & LEAs, Statistics, Sanctions etc.)
 7. **International Cooperation**

Mutual Evaluations

The Framework

- Recommendations

EFFECTIVENESS ANALYSIS – THE METHODOLOGY

To what extent is the outcome achieved?

1. Characteristics of an effective system
2. Core Issues
3. Examples of information to support Core Issues
4. Examples of specific factors to support Core Issues

What can be done to improve effectiveness?

Mutual Evaluations

The Framework

- Methodology & Effectiveness

High-Level Objective:

Financial systems and the broader economy are protected from the threats of money laundering and the financing of terrorism and proliferation, thereby strengthening financial sector integrity and contributing to safety and security.

Intermediate Outcomes:

Policy, coordination and cooperation mitigate the money laundering and financing of terrorism risks.

Proceeds of crime and funds in support of terrorism are prevented from entering the financial and other sectors or are detected and reported by these sectors.

Money laundering threats are detected and disrupted, and criminals are sanctioned and deprived of illicit proceeds. Terrorist financing threats are detected and disrupted, terrorists are deprived of resources, and those who finance terrorism are sanctioned, thereby contributing to the prevention of terrorist acts.

Immediate Outcomes:

- 1 Money laundering and terrorist financing risks are understood and, where appropriate, actions coordinated domestically to combat money laundering and the financing of terrorism and proliferation.
- 2 International cooperation delivers appropriate information, financial intelligence, and evidence, and facilitates action against criminals and their assets.
- 3 Supervisors appropriately supervise, monitor and regulate financial institutions and DNFBPs for compliance with AML/CFT requirements commensurate with their risks.
- 4 Financial institutions and DNFBPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.
- 5 Legal persons and arrangements are prevented from misuse for money laundering or terrorist financing, and information on their beneficial ownership is available to competent authorities without impediments.
- 6 Financial intelligence and all other relevant information are appropriately used by competent authorities for money laundering and terrorist financing investigations.
- 7 Money laundering offences and activities are investigated and offenders are prosecuted and subject to effective, proportionate and dissuasive sanctions.
- 8 Proceeds and instrumentalities of crime are confiscated.
- 9 Terrorist financing offences and activities are investigated and persons who finance terrorism are prosecuted and subject to effective, proportionate and dissuasive sanctions.
- 10 Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the NPO sector.
- 11 Persons and entities involved in the proliferation of weapons of mass destruction are prevented from raising, moving and using funds, consistent with the relevant UNSCRs.

11 Immediate Outcomes assessing EFFECTIVENESS

Rated:

- High
- Substantial
- Moderate
- Low

Mutual Evaluations

The Framework

- Methodology & Effectiveness



Asia/Pacific Group
on Money Laundering

Effectiveness Rated

- High
- Substantial
- Moderate
- Low

Mutual
Evaluations

Effectiveness

	IO 1	IO 2	IO 3	IO 4	IO 5	IO 6	IO 7	IO 8	IO 9	IO 10	IO 11
Spain (FATF)	S	S	S	M	S	H	S	S	S	M	M
Norway (FATF)	M	S	M	M	M	M	M	M	S	M	M
Belgium (FATF)	S	S	M	M	M	S	M	M	S	M	M
Australia (FATF/APG)	S	H	M	M	M	S	M	M	S	M	S
Malaysia (FATF/APG)	S	M	S	M	M	S	M	M	M	S	M
Samoa (APG)	M	S	L	M	M	L	L	M	M	M	L
Vanuatu (APG)	L	L	L	L	L	L	L	L	L	L	L
Sri Lanka (APG)	M	L	L	L	L	L	L	L	S	L	L

Mutual Evaluations

IMMEDIATE OUTCOME 1

High-Level Objective:

Financial systems and the broader economy are protected from the threats of money laundering and the financing of terrorism and proliferation, thereby strengthening financial sector integrity and contributing to safety and security.

Intermediate Outcomes:

Policy, coordination and cooperation mitigate the money laundering and financing of terrorism risks.

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- 2 International cooperation delivers appropriate information, financial

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Immediate Outcome 1

Characteristics of an effective system

Properly identifies, assesses and understands ML/TF risks, and Coordinates domestically to put in place actions to mitigate risks.

- Over time, this results in **substantial mitigation of ML/TF risks**.
- Relates primarily to **Recommendations on risk based approach (1), coordination (2), statistics (33) & guidance (34)**.
- Also relates to coordination of policies and activities for AML/CFT and combating proliferation financing

Mutual Evaluations

Effectiveness

- **Characteristics of an effective system**
- **Core Issues**
- **Supporting Information**
- **Specific Factors**



Immediate Outcome 1

CORE ISSUES for Assessors to answer

- How well does the country understand its risks?
- How well are the risks addressed?
- Is there a good basis for exemptions, simplified / enhanced measures?
- Do competent authorities' objectives reflect risks?
- How well do authorities cooperate and coordinate?
- How aware of the risks are FIs and DNFBPs?

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- **Core Issues**
- Supporting Information
- Specific Factors

Immediate Outcome 1

INTERPRETATION ISSUE/LESSONS LEARNT

How well does the country understand its ML/TF risk

- Continual development of ML/TF risk assessments.
- **Australia and Malaysia** - started with a single NRA and as required updated their understanding of risks including conducting sector specific assessments.

How well are ML/TF risks addressed by national policies & activities?

- Demonstrate that AML/CFT policy is being guided risks
- **Malaysia MER** - identified significant risks in its MVTs sector, cancelled all licences, changed the licencing requirements and increased supervision resources.

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- Core Issues
- **Supporting Information**
- **Specific Factors**



Mutual Evaluations

IMMEDIATE OUTCOME 2

High-Level Objective:

Financial systems and the broader economy are protected from the threats of money laundering and the financing of terrorism and proliferation, thereby strengthening financial sector integrity and contributing to safety and security.

Intermediate Outcomes:

Policy, coordination and cooperation mitigate the money laundering and financing of terrorism risks.

Immediate Outcomes:

- 1 Money laundering and terrorist financing risks are understood and, where appropriate, actions coordinated domestically to combat money laundering and the financing of terrorism and proliferation.
- 2 International cooperation delivers appropriate information, financial intelligence, and evidence, and facilitates action against criminals and their assets.
- 3 Supervisors appropriately supervise, monitor and regulate financial institutions and DNFBPs for compliance with AML/CFT requirements.

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Money laundering threats are detected and disrupted, and criminals are sanctioned and deprived of illicit proceeds. Terrorist financing threats are detected and disrupted, terrorists are deprived of resources, and those who finance terrorism are sanctioned, thereby contributing to the prevention of terrorist acts.

Impediments:

- 1 Financial intelligence and all other relevant information are appropriately used by competent authorities for money laundering and terrorist financing investigations.
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- 3 Proceeds and instrumentalities of crime are confiscated.
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Immediate Outcome 2

Characteristics of an effective system

Constructive and timely information & assistance when requested by other countries.

Competent authorities assist with requests to:

- locate and extradite criminals; and
- identify, freeze, seize, confiscate and share assets and
- provide information related to ML/TF.

Competent authorities also seek international co-operation to pursue criminals and their assets.

- Over time, this makes **the country an unattractive location for criminals.**
- This outcome relates primarily to **Recommendations on International Cooperation (36 – 40).**

Mutual Evaluations

Effectiveness

- **Characteristics of an effective system**
- **Core Issues**
- **Supporting Information**
- **Specific Factors**



Immediate Outcome 2

CORE ISSUES for Assessors to answer

- How well has the country provided MLA?
- How well has the country sought MLA?
- How well has the country sought other cooperation?
- How well has the country provided other cooperation?
- How well has the country provided beneficial ownership information?

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- **Core Issues**
- Supporting Information
- Specific Factors

Immediate Outcome 2

INTERPRETATION ISSUE/LESSONS LEARNT

Both quantitative & qualitative data

- Number of MLA requests / responses
- Qualitative data showing the value-chain of MLA is critical.
- **Australia MER**
 - Case management & prioritisation framework based on risk assessment for incoming and outgoing requests.
 - Provided details of MLA refused, timeliness of responses and number of foreign ML restraint or forfeiture actioned and total amount funds restrained.

Assessment team focus on risks – **do Thailand's patterns of cooperation match its risk profile ?**

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- Core Issues
- **Supporting Information**
- **Specific Factors**



Mutual Evaluations

IMMEDIATE OUTCOME 6

High-Level Objective:

Financial systems and the broader economy are protected from the threats of money laundering and the financing of terrorism and proliferation, thereby strengthening financial sector integrity and contributing to safety and security.

Intermediate Outcomes:

Policy, coordination and cooperation mitigate the money laundering and financing of terrorism risks.

Immediate Outcomes:

- 1 Money laundering and terrorist financing risks are understood and, where appropriate, actions coordinated domestically to combat money laundering and the financing of terrorism and proliferation.
- 2 International cooperation delivers appropriate information, financial intelligence, and evidence, and facilitates action against criminals and their assets.

6 Financial intelligence and all other relevant information are appropriately used by competent authorities for money laundering and terrorist financing investigations.

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Impediments.

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103 - SUPERVISION

Supervisors appropriately supervise, monitor and regulate financial institutions and DNFBPs for compliance with AML/CFT requirements commensurate with their risks.

- How well does the country prevent criminals and their associates from owning or controlling FIs or DNFBPs?
- How well do the supervisors understand the risks ?
- How well do supervisors supervise whether FIs and DNFBPs are complying with their AML/CFT requirements?
- To what extent are remedial actions and/or sanctions applied?
- Can supervisors demonstrate that their actions affect compliance?
- Do supervisors promote FIs and DNFBPs understanding of risks?

Immediate Outcome 3

INTERPRETATION ISSUE/LESSONS LEARNT

Core Issue 3.1 focuses on market entry controls to prevent criminals owning or controlling FIs and DNFBPs

Core issues 3.2- 3.6 – risk based supervision, remedial actions and sanctioning have an effect on compliance, in particular to mitigate the risks

- **Malaysia MER** – in keeping with the risk profile, the outputs of supervision in the banking sector showed particular strengths.

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- Core Issues
- Supporting Information
- Specific Factors



104 - PREVENTIVE MEASURES

Financial institutions and DNFBPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.

- How well do FIs and DNFBPs understand their risks and obligations?
- How well do they apply mitigating measures?
- How well do they apply CDD and record-keeping? Is business refused?
- How well are specific measures applied? (e.g. PEPs, correspondent banking, wire transfers rules, financial sanctions)
- How well do they meet their reporting obligations?
- How well do they apply internal controls?

Immediate Outcome 4

INTERPRETATION ISSUE/LESSONS LEARNT

Core Issue 4.1 – how well do FIs and DNFBPs understand their risks and obligations?

Core issues 4.2- 4.6 – how well do FIs and DNFBPs implement the various preventive measures to mitigate the risks

- **Malaysia MER** – despite high levels of technical compliance, transitioning from rules based to risk-based implementation has not been successfully supported.

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- Core Issues
- Supporting Information
- Specific Factors



105 - BENEFICIAL OWNERSHIP

Legal persons and arrangements are prevented from misuse for ML or TF, and information on their beneficial ownership is available to competent authorities without impediments.

- Is information on types of legal persons and arrangements available?
- How well do authorities understand the potential misuse of legal persons ?
- How well does the country prevent misuse?
- Can authorities obtain information on legal persons?
- Can authorities obtain information on legal arrangements?
- How well are sanctions applied for failure to comply?

Immediate Outcome 5

INTERPRETATION ISSUE/LESSONS LEARNT

Assessing risk/vulnerabilities posed by legal persons / legal arrangements

How well can beneficial ownership information be accessed on a timely manner?

- **Malaysia MER** – challenges for LEAs and others to obtain beneficial ownership information as the model relies on Fis and DNFBPs collecting beneficial ownership information during their CDD process.

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- Core Issues
- Supporting Information
- Specific Factors



Immediate Outcome 6

Characteristics of an effective system

Financial intelligence and other relevant information is collected and used by competent authorities to investigate ML/TF. This delivers reliable, accurate, and up-to-date information.

Competent authorities have the resources and skills to use this information to conduct their analysis and financial investigations, to identify and trace assets, and to develop operational analysis.

- This outcome relates primarily to **Recommendations on FIUs, powers and responsibilities of LEAs and cash couriers (29 – 32)**

Mutual Evaluations

Effectiveness

- **Characteristics of an effective system**
- **Core Issues**
- **Supporting Information**
- **Specific Factors**



Immediate Outcome 6

CORE ISSUES for Assessors to answer

- To what extent is financial intelligence used in investigations?
- How helpful are reports to law enforcement?
- To what extent is FIU analysis supporting operational needs?
- To what extent do the FIU and other competent authorities co-operate?



Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- **Core Issues**
- Supporting Information
- Specific Factors



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Immediate Outcome 6

INTERPRETATION ISSUE/LESSONS LEARNT

Core Issues 6.1 to 6.3 focus on development and use of financial intelligence

- **Malaysia MER** - Malaysia has a well-structured, well-functioning FIU that produces high quality financial intelligence, however, the limited use of this financial intelligence by some LEAs reduced the overall effectiveness on IO.6.

Also, the methodology does not restrict the development of financial intelligence to FIUs. The assessment team will evaluate **how well Thailand's law enforcement agencies develop and use financial intelligence.**

Mutual Evaluations

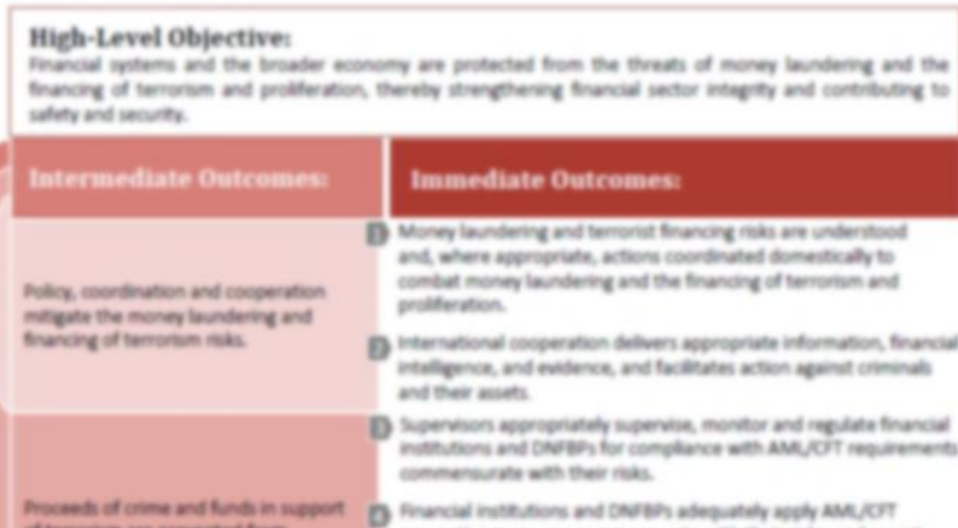
Effectiveness

- Characteristics of an effective system
- Core Issues
- **Supporting Information**
- **Specific Factors**

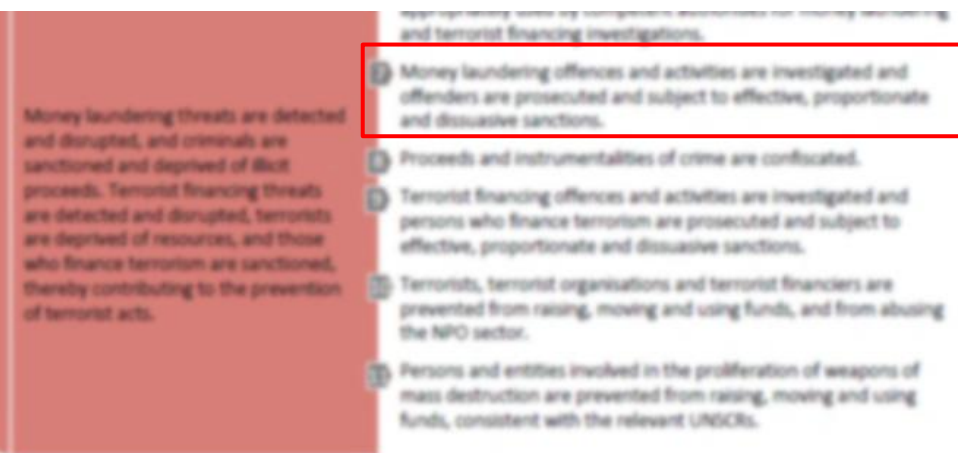


Mutual Evaluations

IMMEDIATE OUTCOME 7



7 Money laundering offences and activities are investigated and offenders are prosecuted and subject to effective, proportionate and dissuasive sanctions.



Immediate Outcome 7

Characteristics of an effective system

ML activities, and major proceeds-generating offences, are investigated; offenders are prosecuted; and the courts apply effective, proportionate and dissuasive sanctions.

This includes pursuing parallel financial investigations where predicate offences occur outside the country, and investigating and prosecuting stand-alone ML offences.

The component parts of the systems (investigation, prosecution, conviction, and sanctions) are functioning coherently to mitigate the ML risks.

- Ultimately, the prospect of detection, conviction, and punishment dissuades potential criminals from carrying out proceeds generating crimes and ML.
- This outcome relates primarily to Recommendations on ML offence (3) and powers and responsibilities of LEAs (30 & 31).

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- Core Issues
- Supporting Information
- Specific Factors



Immediate Outcome 7

CORE ISSUES for Assessors to answer

- How well are potential cases of ML identified and investigated?
- Are the types of activity investigated consistent with the country's risk profile?
- To what extent are different types of ML cases prosecuted and offenders convicted?
- Are effective, proportionate and dissuasive sanctions applied?
- Do countries apply other criminal justice measures where it is not possible to secure a ML conviction?



Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- **Core Issues**
- Supporting Information
- Specific Factors



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Immediate Outcome 7

INTERPRETATION ISSUES/LESSONS LEARNT

Core Issue 7.5 (extent countries apply other criminal justice measures in cases where a ML investigation has been pursued but is not possible, for justifiable reasons, to secure a ML conviction) **has a very narrow scope.**

- To use 7.5, a ML investigation must occur and a conviction must not be possible for a very strong legal reason (e.g. against the constitution).
- To date 7.5 has not been successfully applied .

ML investigations, prosecutions and convictions must be inline with the ML risk profile.

- **Malaysia MER** - assessment team placed heavy weight on the absence of ML prosecutions in two high risk areas (drugs and tax) and that high level offending was not effectively targeted.

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- Core Issues
- **Supporting Information**
- **Specific Factors**



Mutual Evaluations

IMMEDIATE OUTCOME 8

High-Level Objective:

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Intermediate Outcomes:

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Immediate Outcomes:

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- 3 Supervisors appropriately supervise, monitor and regulate financial institutions and DNFBPs for compliance with AML/CFT requirements commensurate with their risks.
- 4 Financial institutions and DNFBPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.
- 5 Legal persons and arrangements are prevented from misuse for money laundering or terrorist financing, and information on their beneficial ownership is available to competent authorities without impediments.

8 Proceeds and instrumentalities of crime are confiscated.

Money laundering threats are detected and disrupted, and criminals are sanctioned and deprived of illicit proceeds. Terrorist financing threats are detected and disrupted, terrorists are deprived of resources, and those who finance terrorism are sanctioned, thereby contributing to the prevention of terrorist acts.

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- 4 Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the NPO sector.
- 5 Persons and entities involved in the proliferation of weapons of mass destruction are prevented from raising, moving and using funds, consistent with the relevant UNSCRs.



Immediate Outcome 8

Characteristics of an effective system

Criminals are deprived of the proceeds and instrumentalities of their crimes or of property of an equivalent value.

Confiscation includes proceeds recovered through criminal, civil or administrative processes; confiscation arising from false cross-border disclosures or declarations; and restitution to victims.

The country manages seized or confiscated assets, and repatriates or shares confiscated assets with other countries.

- Ultimately, this makes crime unprofitable and reduces both predicate crimes and money laundering.
- This outcome relates primarily to Recommendations on risk based approach (1), confiscation and provisional measures (4) & cash couriers (32).

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- Core Issues
- Supporting Information
- Specific Factors

Immediate Outcome 8

CORE ISSUES for Assessors to answer

- Is confiscation of criminal proceeds pursued as a policy objective?
- How well are the competent authorities confiscating proceeds of crime, (including domestic and foreign offences and proceeds which have been moved to other countries)?
- To what extent is confiscation applied for false declarations?
- How well do the results reflect the ML/TF risks ?



Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- **Core Issues**
- Supporting Information
- Specific Factors



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Immediate Outcome 8

INTERPRETATION ISSUE/LESSONS LEARNT

Core Issue 8.4 - are confiscations, including foreign confiscations, in line with the jurisdiction's ML/TF risk profile.

- Assessor will place more weight on confiscations in line with Thailand's ML/TF risk profile.
- **Malaysia MER** - assessors placed significant weight against effectiveness for low values of confiscations relating to Malaysia key risks (drugs, corruption and fraud).

Existence of statistics is particularly important in assessment of IO.8.

- Thailand should pay particular attention to the examples of information – FATF methodology.
- For example, statistics showing the total value of confiscation orders and the dollar amount realised provides insight into how well a confiscation regime is functioning.

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- Core Issues
- **Supporting Information**
- **Specific Factors**



Mutual Evaluations

IMMEDIATE OUTCOME 9

High-Level Objective:

Financial systems and the broader economy are protected from the threats of money laundering and the financing of terrorism and proliferation, thereby strengthening financial sector integrity and contributing to safety and security.

Intermediate Outcomes:

Policy, coordination and cooperation mitigate the money laundering and financing of terrorism risks.

Proceeds of crime and funds in support of terrorism are prevented from entering the financial and other sectors or are detected and reported by these sectors.

Immediate Outcomes:

- 1 Money laundering and terrorist financing risks are understood and, where appropriate, actions coordinated domestically to combat money laundering and the financing of terrorism and proliferation.
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- 4 Financial institutions and DNFBPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.
- 5 Legal persons and arrangements are prevented from misuse for money laundering or terrorist financing, and information on their beneficial ownership is available to competent authorities without

9 Terrorist financing offences and activities are investigated and persons who finance terrorism are prosecuted and subject to effective, proportionate and dissuasive sanctions.

sanctioned and deprived of illicit proceeds. Terrorist financing threats are detected and disrupted, terrorists are deprived of resources, and those who finance terrorism are sanctioned, thereby contributing to the prevention of terrorist acts.

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Immediate Outcome 9

Characteristics of an effective system

Terrorist financing activities are investigated; offenders prosecuted; and proportionate and dissuasive sanctions are applied.

When appropriate, terrorist financing is pursued as a distinct criminal activity and financial investigations are conducted to support counter terrorism investigations.

The components of the system are functioning coherently to mitigate the terrorist financing risks.

- Ultimately, the prospect of detection, conviction and punishment deters terrorist financing activities.
- This outcome relates primarily to Recommendations on TF offence (5), responsibilities of LEAs (30), powers of LEAs (31) & extradition (39).

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- Core Issues
- Supporting Information
- Specific Factors



Immediate Outcome 9

CORE ISSUES for Assessors to answer

- To what extent are the different types of TF activity prosecuted? - Is this consistent with the TF risk profile?
- How well are cases of TF identified, and investigated?
- Is the investigation of TF integrated with national counter-terrorism strategies and investigations?
- Are effective, proportionate and dissuasive sanctions applied?
- Where it is not practicable to secure a TF conviction, are other measures used to disrupt TF activities?

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- **Core Issues**
- Supporting Information
- Specific Factors



Immediate Outcome 9

INTERPRETATION ISSUE/LESSONS LEARNT

Core Issue 9.5 (extent the objective of IO.9 is achieved by employing other criminal justice, regulatory or other measures to disrupt TF activities where it is not practicable to secure a TF conviction) **has a very board scope.**

- The scope of 9.5 is much boarder than the scope of “other measures” for ML (Core Issue 7.5)
- 9.5 has been applied by both Malaysia and Sri Lanka
- **Sri Lanka MER** – uses a non-conviction based confiscation, of assets and property used or intended to be used for the LTTE, to disrupt terrorist activity.
- TF convictions are required to demonstrate effectiveness.

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- Core Issues
- **Supporting Information**
- **Specific Factors**



Mutual Evaluations

IMMEDIATE OUTCOME 10

High-Level Objective:

Financial systems and the broader economy are protected from the threats of money laundering and the financing of terrorism and proliferation, thereby strengthening financial sector integrity and contributing to safety and security.

Intermediate Outcomes:

Policy, coordination and cooperation mitigate the money laundering and financing of terrorism risks.

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Immediate Outcomes:

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- 2 International cooperation delivers appropriate information, financial intelligence, and evidence, and facilitates action against criminals and their assets.
- 3 Supervisors appropriately supervise, monitor and regulate financial institutions and DNFBPs for compliance with AML/CFT requirements commensurate with their risks.
- 4 Financial institutions and DNFBPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.
- 5 Legal persons and arrangements are prevented from misuse for money laundering or terrorist financing, and information on their beneficial ownership is available to competent authorities without impediments.
- 6 Financial intelligence and all other relevant information are appropriately used by competent authorities for money laundering

10 Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the NPO sector.

are deprived of resources, and those who finance terrorism are sanctioned, thereby contributing to the prevention of terrorist acts.

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10 Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the NPO sector.

11 Persons and entities involved in the proliferation of weapons of mass destruction are prevented from raising, moving and using funds, consistent with the relevant UNSCRs.



Immediate Outcome 10

Characteristics of an effective system

Terrorists and terrorist organisations are identified and deprived of resources to support their activities.

Targeted financial sanctions against persons and entities designated by the United Nations Security Council and under applicable national or regional sanctions regimes are implemented.

The country has a good understanding of its TF risks and takes actions to mitigate these risks, including measures that prevent the raising and moving of funds through high risk entities.

- Ultimately, this reduces terrorist financing flows, which would prevent terrorist acts.
- This outcome relates primarily to Recommendations on risk based approach (1), confiscation (4), targeted financial sanctions (6) & NPOs (8).

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- Core Issues
- Supporting Information
- Specific Factors



Immediate Outcome 10

CORE ISSUES for Assessors to answer

- How well is the country implementing targeted financial sanctions?
- How well has the country dealt with NPOs at risk of TF abuse?
- To what extent are terrorists, terrorist organisations and terrorist financiers deprived of assets?
- Is this consistent with the overall TF risk profile?

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- **Core Issues**
- Supporting Information
- Specific Factors

Immediate Outcome 10

INTERPRETATION ISSUE/LESSONS LEARNT

Weak CDD measures undermine effectiveness on this Immediate Outcome.

- **Sri Lanka MER** – the assessment team acknowledged banks had implemented screening against UNSCR 1267 and 1373 lists. However, the lack of CDD beneficial ownership implementation and significant gaps in implementation of preventive measures (IO.3 & 4) fundamentally undermine the implementation of targeted financial sanctions.

Core Issue 10.3 requires TF related outreach to NPOs

- TF related outreach to NPOs is low among APG members – See MERs for Sri Lanka, Australia and Vanuatu.
- **Norway MER** – is a good example of effective outreach.

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- Core Issues
- **Supporting Information**
- **Specific Factors**



High-Level Objective:

Financial systems and the broader economy are protected from the threats of money laundering and the financing of terrorism and proliferation, thereby strengthening financial sector integrity and contributing to safety and security.

Intermediate Outcomes:

Policy, coordination and cooperation mitigate the money laundering and financing of terrorism risks.

Proceeds of crime and funds in support of terrorism are prevented from entering the financial and other sectors or are detected and reported by these sectors.

Immediate Outcomes:

- 1 Money laundering and terrorist financing risks are understood and, where appropriate, actions coordinated domestically to combat money laundering and the financing of terrorism and proliferation.
- 2 International cooperation delivers appropriate information, financial intelligence, and evidence, and facilitates action against criminals and their assets.
- 3 Supervisors appropriately supervise, monitor and regulate financial institutions and DNFBPs for compliance with AML/CFT requirements commensurate with their risks.
- 4 Financial institutions and DNFBPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.
- 5 Legal persons and arrangements are prevented from misuse for money laundering or terrorist financing, and information on their beneficial ownership is available to competent authorities without impediments.
- 6 Financial intelligence and all other relevant information are appropriately used by competent authorities for money laundering and terrorist financing investigations.

11 Persons and entities involved in the proliferation of weapons of mass destruction are prevented from raising, moving and using funds, consistent with the relevant UNSCRs.

the NPO sector.

- 11 Persons and entities involved in the proliferation of weapons of mass destruction are prevented from raising, moving and using funds, consistent with the relevant UNSCRs.

Immediate Outcome 11

Characteristics of an effective system

Persons and entities designated by the United Nations Security Council Resolutions (UNSCRs) on proliferation of weapons of mass destruction (WMD) are identified, deprived of resources, and prevented from raising, moving, and using funds for the financing of proliferation.

Targeted financial sanctions are implemented without delay; monitored for compliance and there is adequate co-operation and co-ordination between authorities to prevent sanctions from being evaded, and to develop and implement policies to combat the financing of proliferation of WMD.

- This outcome relates primarily to **Recommendations on sanctions related to proliferation (7)**

Mutual Evaluations

Effectiveness

- **Characteristics of an effective system**
- **Core Issues**
- **Supporting Information**
- **Specific Factors**

Immediate Outcome 11

CORE ISSUES for Assessors to answer

- How well is the country implementing targeted financial sanctions concerning proliferation?
- To what extent are funds identified and designated persons prevented from executing transactions?
- How well do FIs and DNFBPs understand and comply with their obligations?
- How well are authorities monitoring compliance?



Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- **Core Issues**
- Supporting Information
- Specific Factors



Immediate Outcome 11

INTERPRETATION ISSUE/LESSONS LEARNT

Technical compliance is particularly important for this Immediate Outcome.

- Generally among APG members evaluated to date, low levels of effectiveness on this IO are a results of technical deficiency in Recommendation 7.

Thailand should understand its exposure to proliferation financing.

- Proliferation financing is outside the scope of the national risk assessment of Recommendation 1, however, jurisdictions should understand their exposure to proliferation financing.

Mutual Evaluations

Effectiveness

- Characteristics of an effective system
- Core Issues
- Supporting Information
- Specific Factors



- **Well-resourced, multi-disciplinary team**
 - Personnel from across government
 - Engaged and alert private sector
- **Clear allocation of responsibilities**
 - Immediate Outcome specific teams
 - Experts in Recs or IOs
- **Results, Numbers, Statistics, Outcomes!**
 - Use your head-start – you'll need it
 - Results take time to build up
- **Familiarity with the ME process**
 - Nominate staff to be assessors / reviewers
 - Stay up-to-date on MEs
- **Risk, Risk, Risk, Risk!**
 - Know your risk
 - Demonstrate a risk-based-approach

Mutual Evaluations

A successful ME Lessons Learnt

Discussion Points

Identify areas of operational and strategic focus necessary for your agency to achieve effectiveness?

Which agencies would you seek more collaboration with in properly identifying risk and coordinating effectively?

Where should your agency needs to focus to demonstrate results, statistics, outcomes for a persuasive ?



**Mutual
Evaluations**

Effectiveness

Thank you.

Questions?



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