





# AML/CFT Compliance –communication by STR to be supplemented

Communication by mandatory channel – reports of suspicion under Section 42 Criminal Justice (Money Laundering and Terrorist Financing) Act 2010;

Comply with the obligation or commit an offence.



# While FIU / STR is still vital – FATF now looking for wider collaboration





"Very pretty, Colonel, very pretty.

But can they fight?"

How do Irish stakeholders, public and private, actually develop and maintain an understanding of ML / TF risks to the jurisdiciton?



# What might an effective and risk-responsive AML/CFT regime look like?

#### **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

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:

- 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.
- International cooperation delivers appropriate information, financial intelligence, and evidence, and facilitates action against criminals
- Supervisors appropriately supervise, monitor and regulate financial institutions and DNFBPs for compliance with AML/CFT requirements commensurate with their risks.
- Financial institutions and DNFBPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.
- 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.
- Financial intelligence and all other relevant information are appropriately used by competent authorities for money laundering and terrorist financing investigations.
- Money laundering offences and activities are investigated and offenders are prosecuted and subject to effective, proportionate and dissuasive sanctions.
- Proceeds and instrumentalities of crime are confiscated.
- Terrorist financing offences and activities are investigated and persons who finance terrorism are prosecuted and subject to effective, proportionate and dissuasive sanctions.
- Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the NPO sector.
- 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.

Look at IO #1 - To 'coordinate domestically' - broader bandwidth for communications between public agencies and private sectors needed. Making suspicious transaction reports is just one element of a coherent AML/CFT system.

The methodology FATF will use to check compliance with international standards will look for many of the things the country aspires to achieving – i.e. joined up, transparent and efficient government.

The country needs to establish a 'mechanism' which will allow credit unions and other sectors regulated by the Bank to give wider-angle view.

### \*Link to methodology



# The country-level risk analysis required by FATF R.1/2 (and IO #1 below).....

Immediate Outcome 1

Money laundering and terrorist financing risks are understood and, where appropriate, actions co-ordinated domestically to combat money laundering and the financing of terrorism and proliferation.

### Characteristics of an effective system

A country properly identifies, assesses and understands its money laundering and terrorist financing risks, and co-ordinates domestically to put in place actions to mitigate these risks. This includes the involvement of competent authorities and other relevant authorities; using a wide range of reliable information sources; using the assessment(s) of risks as a basis for developing and prioritising AML/CFT policies and activities; and communicating and implementing those policies and activities in a co-ordinated way across appropriate channels. The relevant competent authorities also cooperate, and co-ordinate policies and activities to combat the financing of proliferation. Over time, this results in substantial mitigation of money laundering and terrorist financing risks.

This outcome relates primarily to Recommendations 1, 2, 33 and 34.



# Is 'converted by 4MLD into a 3-tier risk-analysis system;

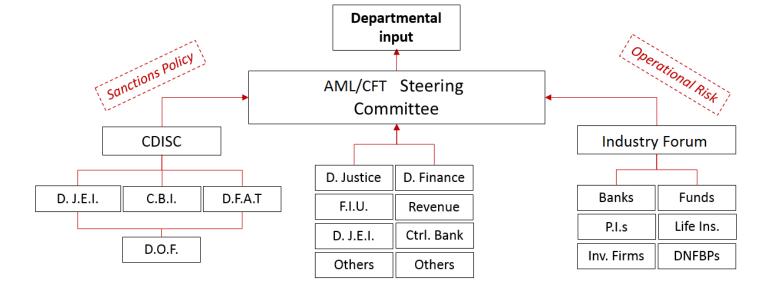
- 1. Article 6 in its entirety which empowers the Commission to conduct 'supranational' risk assessment work
- Articles 7 and 49 requiring each member state to identify, assess, understand and mitigate the risks of money laundering and terrorist financing affecting it....and to keep that risk assessment up to date, and 'show it' to Commission and other MS;
- 3. Article 8 which (again) provides for obliged entities' taking a risk based approach to preventing ML and TF;



# To comply with R2 – majority of FATF members use special committees

Working Through Committees - Domestic 'mechanism' which will assist in complying with FATF R.1, R.2 / R.34

### **NRA-FATF Project Governance**





# **Contributing to the National Risk Assessment**

The credit union representative bodies have been issued a questionnaire by the Department of Finance on AML / CFT vulnerabilities within the sector

Your credit union can contribute by completing the online questionnaire before 24th August.

Please refer to the correspondence from ILCU and CUMA for instructions and link to the survey.



### For more information please go to:

### http://www.finance.gov.ie

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