

Abdulrahman A Al-Hamidy: Compliance and anti-money laundering

Speech by His Excellency Dr Abdulrahman A Al-Hamidy, Vice Governor of the Saudi Arabian Monetary Agency (SAMA), to the Fifth Annual Gathering on “Compliance and anti-money laundering”, Saudi Arabian Monetary Agency, Institute of Banking, Riyadh, 26–27 March 2013.

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Dear Audience,

It gives me pleasure to welcome you all, and I would like to thank those who have participated in the preparation for this gathering. I also would like to extend my thanks to the colleagues at the Institute of Banking and the speakers to this gathering.

Dear Audience,

The continued holding of this gathering for the fifth year confirms the firm conviction held by all of us of the risks that the crime of money laundering poses to the global economy. It also reflects the Kingdom’s commitment to combat money laundering, and its support of the measures taken against it, and the implementation of the best international practices in this field. The discussion of this gathering derives its importance from the increasing trend towards globalization, easing restrictions on international cross-border movement of commodities and services and the revolution of communication and information technology.

Dear Audience,

Money laundering operations have witnessed a quantum leap at the global level over the last years. This was reflected in the various and diversified methods used in their implementation, expanding the volume of this type of crime. Developed and developing countries suffer from this crime. However, such crimes are more common in countries that have weak security, or suffer from weak economy and weak judicial and supervisory systems.

Among the most prominent negative effects of this phenomenon is the flight of money abroad, with production losing its most important element, namely, capital, hindering production of goods and services, raising unemployment and reducing savings. As a result, investors lose confidence in the economic system and the legislation governing it, creating an anti-investment environment. All this will be reflected on economic growth and the standard of living of society. Money laundering may also result in the availability of liquidity in quantities not commensurate with the increase in production of goods and services, thus increasing inflation and decreasing the purchasing power of the currency. Money laundering affects the country’s position and its reputation among international bodies, and may give misleading economic indicators. From the social point of view, it is significantly dangerous as it leads to non-productive classes acquiring illegal proceeds at the expense of productive classes, increasing the gap between social classes. Moreover, it increases the opportunities of spreading corruption and bribery.

Dear Audience,

I would like to commend the fruitful coordination and cooperation between the appropriate entities of ministries, security and judicial authorities, and financial and non-financial institutions for combating money laundering. I would like to present a briefing on accomplishments achieved during the last year, the most important of which were:

The Kingdom achieved tangible progress in its AML procedures, in the framework of the follow-up process that followed the Mutual Assessment Process. The Kingdom submitted the First Follow-up Report to the MENAFATF in February 2012. The report includes the new and updated legislations issued and the actions taken to cope with the implementation of all international standards and practices issued recently.

The Kingdom amended the Anti-Money Laundering Law issued by Royal Decree No. (M/31) dated 11/5/1433H to cover many domestic and international requirements and developments. Its Implementing Regulation was updated as well. Here, I would like to highlight that the national AML legislation was finalized in line with international developments and standards.

The Kingdom hosted a number of conferences, symposiums and training courses on combating money laundering. The most important of which was the Fifteenth MENA-FATF General Meeting held in April 2012 in Jeddah. In September 2012, the Investigation and Public Prosecution Authority, in cooperation with MENA-FATF, also hosted a symposium on “the Role and Responsibility of Public Prosecution Agencies and Judicial Organs in Combating Money Laundering and Terrorism Financing”. In September 2012, SAMA, in collaboration with the Secretariat General of the Cooperation Council for the Arab States of the Gulf, organized a workshop on Updating FATF Recommendations to Combat Money Laundering, Terrorism Financing and Weapons Proliferation.

All supervisory authorities in the Kingdom, including SAMA, continued their efforts in performing periodical inspections in the area of anti-money laundering over entities under their supervision in accordance with the concept of the risk ratio standard to increase efficiency of control and supervision operations and benefit from the capabilities available in various fields to ensure the application of instructions and regulations.

Dear Audience,

Bearing in mind the risks posed to our economy by Money Laundering and emphasizing its supervisory and control role, SAMA issues continuous instructions and updates regulations and guidelines to cope with domestic, regional and international developments. We stress here the necessity of compliance with regulations, standards and instructions related to Anti-Money Laundering; the implementation of policies to monitor operations; and reporting Money Laundering activities to thwart any attempts aimed at abusing banks and money-changers operating in the Kingdom as channels to pass illegal transactions.

Dear Audience,

The positive results achieved by the Kingdom are an incentive and impetus to all of us to keep on executing development plans and work continuously to combat Money Laundering crimes, safeguarding the soundness of our national economy with all its financial and non-financial sectors against adverse impacts. The Kingdom will not hesitate to undertake all measures and means to attain the highest levels of quality and to meet International Anti-Money Laundering standards. I would like reiterate the importance of cooperation among relevant domestic, regional and international entities, intensifying efforts and exchanging technical information and expertise to detect, monitor and pinpoint Money Laundering operations.

In conclusion, I would like to reaffirm the importance of continued training and development of human resources working in this field to insure that they have necessary skills and to keep them acquainted with developments.

Thank you for your attention and I welcome you all once again, wishing you a successful gathering.