

Derick Latibaudiere: Workshop for mutual evaluation examiners on the 2004 IMF/World Bank AML/CFT Assessment Methodology

Remarks by Mr Derick Latibaudiere, Governor of the Bank of Jamaica, at the opening of the week-long workshop for examiners, held at the Bank's Training Institute, Kingston, 14-18 February 2005.

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Let me extend to you all a warm Jamaican welcome to the Bank of Jamaica and to this workshop. Special welcome to the representatives from the Caribbean Financial Action Task Force (CFATF), International Monetary Fund (IMF), World Bank, and our visitors from Central America and the Caribbean.

News reports show record low temperatures in North America this winter, so I therefore trust that our visitors from that region will particularly enjoy our tropical climate this week.

I recall that it was not too long ago that we hosted a similar training programme on what was then a new methodology for evaluating anti-money laundering frameworks. It seems to me that the speed with which the assessment methodologies have been evolving is true testimony to the dynamic nature of money laundering and terrorism financing.

Recent trends indicate that although currency is still the primary form of illegal proceeds and although financial institutions remain the most common avenue for money laundering, new AML/CFT challenges are emerging from electronic money, internet banking, internet casinos and other state-of-the-art forms of money transfer. This makes it very difficult to apply the standard AML/CFT techniques, including "Know Your Customer" and requires that regulators and supervisors impose even more stringent methods of detection, prevention and sanctions. These developments also call for a dynamic response from national authorities to ensure that their economies and societies are protected from the scourge of money laundering.

Consequently, we welcome this workshop from which we hope to gain fresh insights into the new methodology that has been developed by the IMF and assistance in adopting more proactive mechanisms for countering the twin threats of money laundering and terrorism financing in our respective jurisdictions.

The reports from various regional CFATF meetings have indicated that the entire Caribbean region remains committed to the fight against money laundering and terrorist financing activities. Our countries are at various stages of endorsing the international standards and recommendations for best practice, but more importantly, our respective jurisdictions are all actively involved in the initiatives to give practical effect to these standards.

Furthermore, the seriousness with which the Caribbean as a region treats with anti-money laundering and terrorist financing measures, is reflected in the fact that several individual jurisdictions have already subjected themselves to mutual evaluation examinations.

For Jamaica, this workshop is extremely timely. We will, within the next few months, undergo the full range of evaluations related to this subject area. The advantages that we expect to gain from this week's training are therefore of significance to Jamaica.

However, our interests are not purely selfish, for Jamaica is not only committed to the promotion of sound anti-money laundering measures within our borders, but we are also dedicated to ensuring that these measures are entrenched in the wider region. Indeed, we have participating from within the public sector, six senior officers who are being trained as evaluators to take part in the peer assessment exercises of our Caribbean neighbours. The support of CFATF members as indicated by the large representation of jurisdictions registered here today, further underlines the region's commitment to adopting and applying new international standards and methodologies.

With regard to Jamaica, the Government has made significant strides in amending and enacting appropriate legislation to prevent and detect money laundering and financial terrorism. From as far back as 1994, the Drug Offences (Forfeiture of Proceeds) Act was passed. In 1996, we had the passage of the Money Laundering Act (MLA) and in 1997, the Money Laundering Regulations. The MLA was subsequently amended in 2002 to widen its scope to include money transfer and remittance agencies.

Further strengthening of the legislative framework continues. In December 2004, the Senate approved amendments to the financial legislation, geared towards increasing the powers of disclosure of information to the Financial Investigations Division of the Ministry of Finance, and to the sharing of information with overseas regulatory authorities. Further amendments to the Money Laundering Act and the Financial Investigations Act are currently before a Joint Select Committee of Parliament. These amendments are aimed at fully aligning the country's money laundering legislation with existing international guidelines.

The developments in the legislative framework are being complemented by operational initiatives in various public sector organizations that are involved in different aspects of the measures to counter money laundering activities.

As supervisor for the deposit-taking financial sector, the Bank of Jamaica first issued money laundering guidelines to its supervisees in 1988. Since then, these guidelines have undergone substantial updates, the most recent being in 2004 when they were upgraded to take account of the 'Eight Special Recommendations' on Terrorist Financing which were issued by the Financial Action Task Force (FATF) during 2003. These guidelines also give recognition to the Best Practice Standards for Customer Due Diligence Procedures issued by the Basel Committee on Banking Supervision. The Financial Services Commission, which has responsibility for non-deposit-taking financial institutions such as insurance companies, securities dealers, unit trusts and mutual funds, has also recently issued similar guidelines.

The Bank of Jamaica actively participates in national efforts to ensure that Jamaican financial intermediaries are not being used as conduits for the funding of terrorist groups. The Central Bank chairs a Financial Crimes Task Force that has been charged with the responsibility of making proposals for relevant amendments and/or enactment of legislation covering all facets of financial crime, inclusive of money laundering, terrorism financing, and related issues. These efforts have culminated in the legislative amendments that were referred to earlier.

In closing, let me stress the importance of the collaborative efforts of the relevant authorities within jurisdictions, regionally and internationally, in ensuring the effectiveness and success of the AML/CFT measures. The effectiveness and success of these measures depend critically on this collaboration. I therefore trust that the combined efforts of all our Caribbean colleagues will restrict those who seek to exploit our financial systems and corrupt our economies and societies for their own selfish gains.

I believe that over the next five days the sessions will serve to strengthen the capacity of our examiners and facilitate the application of the new 2004 IMF/World Bank Assessment Methodology as the basis for future Anti-Money Laundering/Combating of Financing Terrorism (AML/CFT) assessment exercises.

In the meantime, I wish to thank the Caribbean Financial Action Task Force, the International Monetary Fund and the World Bank, for the timely scheduling of this workshop. I hope that you will all have a very productive week, as you learn how to implement the IMF 2004 Assessment Methodology and draw on the wealth of knowledge of the presenters and the experience of your fellow participants. To all our overseas visitors, I hope that you will find some time to make it Jamaica again in the near future, when you can relax and explore our beautiful island.

Thank you.