

## **Amando M Tetangco, Jr: Strengthening our fight against money laundering & terrorist financing**

Speech by Mr Amando M Tetangco, Jr, Governor of the Central Bank of the Philippines (Bangko Sentral ng Pilipinas), at the closing ceremonies of the EU-RP Anti-Money Laundering Project-Philippines, Central Bank of the Philippines, Manila, 12 September 2008.

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Ambassador Alistair MacDonald; Congressman Jaime Lopez; Anti-Money Laundering Council Members – SEC Chairman Fe Barin and Insurance Commissioner Eduardo Malinis; Honorable Members of the Monetary Board and the Judiciary, Honorable Members of the European Commission, Members of the Diplomatic Corps, Representatives from our multilateral partners including the IMF/ World Bank and the ADB, Dr. Ferdinando Buffoni, fellow workers in government, special guests, good morning.

Today, we celebrate a significant milestone: the successful completion of the joint program of the Philippine Government and the European Commission in strengthening our capacity to fight money laundering.

Two years, ten months and six days ago, we launched the “Training the Trainers Program.” I am pleased to announce that the evaluation indicated that this program accomplished its objectives of strengthening the institutional capacity of agencies and institutions involved in the implementation of AML/CFT strategies and of raising the awareness of the Philippine civil society on AML/CFT issues.

My understanding is that the participants took full advantage of this training program and lived up to its challenges. Altogether, we have 20 successful trainers from the Bangko Sentral ng Pilipinas, the Securities and Exchange Commission, the Insurance Commission, the Anti-Money Laundering Council Secretariat, the Philippine National Police, the Court of Appeals and the Regional Trial Court.

May I request all the participants to the “Training the Trainers Program” to stand up and be recognized. Ladies and gentlemen, let us give them a well-deserved round of applause!

Congratulations program participants! You have completed the first step. The next challenge is to use the training skills you have acquired in sharing the knowledge you have gained with the stakeholders tasked to implement AML/CFT measures. The objective is to empower them to fully respond to evolving challenges in our fight against money laundering and terrorist financing.

I am also impressed by the stronger cooperation that has taken root among the agencies of government represented in the program: from the supervisory authorities to the judicial and law enforcement agencies.

For us at the Anti-Money Laundering Council, training and educational programs are important initiatives under the Philippines’ AML/CFT regime. The Anti-Money Laundering Act of 2001, as amended, mandates the AMLC to develop educational programs on the harmful effects of money laundering, the methods and techniques used in money laundering, the viable means of preventing money laundering and the effective ways of prosecuting and punishing offenders.

Ladies and gentlemen. The Philippines has been making big strides in having a robust legal AML/CFT framework. Following the enactment by our legislators of the Anti Money Laundering Act, we have:

- criminalized money laundering

- created the Anti-Money Laundering Council as the Philippines' Financial Intelligence Unit
- established the mandatory obligations for covered institutions relative to the requirements on customer due diligence, record keeping, and the reporting of covered and suspicious transactions
- enforced mutual legal assistance and cooperation; and finally,
- instituted a civil forfeiture system

In addition, the Supervising Authorities have issued circulars and guidelines to covered institutions regarding correspondent banking, politically exposed persons, wire transfers, alternative remittance systems, as well as cross border transportation of currency, and UN Security Council resolutions on designated terrorist individuals and organizations.

As of today, we have one successful money laundering conviction and 37 money laundering cases pending before the Regional Trial Courts, the Ombudsman, and the Department of Justice. And there are other charges we are preparing to file in our courts.

However, we do face new challenges from globalization and the internationalization of money laundering and terrorist financing techniques.

In addition, new and evolving technologies and financial systems are being used by money launderers to weave a complex trail that is difficult to find and unravel.

As money launderers continue to refine their techniques and find new avenues for their illicit operations, so must we work together to fortify our defenses to prevent or stop them. Otherwise, we risk having a threat to the reputation and viability of our financial system.

It is in this context that we have been proactive in the Philippines. The Anti Money Laundering Council, which I chair, has taken important initiatives to broaden the Philippines' AML/CFT strategy, to intensify its position as a partner of the global community in the fight against money laundering and terrorist financing, and to align our AML/CFT regime with the international standards of the FATF.

On the other hand, as the international watchdog on AML/CFT issues, the Financial Action Task Force, has issued the FATF 40 + 9 Recommendations and continuously monitors AML/CFT compliance by its member countries through peer reviews and assessments.

Accordingly, the Anti Money Laundering Council submitted for consideration of the Congressional Oversight Committee – which Representative Jaime Lopez co-chairs – proposed amendments to the AMLA in line with the Revised FATF 40 recommendations and 9 Special Recommendations on Terrorist Financing. These amendments, intended to give more teeth to the Anti Money Laundering legislation, are as follows:

- the addition of more predicate crimes such as trafficking in persons, bribery, counterfeiting, frauds and other illegal exactions, malversation, forgery, environmental crimes and terrorism and its financing;
- the inclusion of an appropriate regime for designated non-financial businesses and professionals, such as casinos, real estate agents, dealers in precious metals and stones, lawyers, and accountants;
- provision for a system of incentives and rewards; and
- retention by the AMLC of a percentage of civilly forfeited funds.

I am pleased to report that our House of Representatives is similarly proactive in terms of strengthening our fight against money laundering. There are now two pending bills on proposed AMLA amendments:

- House Bill 3053 sponsored by Representative Rufus Rodriguez; and

- House Bill 4784 sponsored by Speaker Prospero Nograles and Representative Jaime Lopez, who is the Chairman of the Committee on Banks and Financial intermediaries and the Co-Chairman of the Congressional oversight Committee on anti-money laundering.

Ladies and gentlemen. Another important event in our fight against money laundering is going to take place in a few days. From September 22 to October 6, 2008, the Philippines' AML/CFT regime will be assessed by the World Bank and the Asia Pacific Group on Money Laundering (APG). When the assessment is finalized, we will know how we rate in terms of implementing our AML/CFT regime.

In preparation for this, the AMLC has been conducting meetings and consultations with relevant government agencies and financial institutions to ensure that the Assessment Team is provided with necessary information for its on-site mission.

The completion of our program on "Training the Trainors" therefore comes at a most opportune time. Implemented with technical assistance provided by the European Commission, this program underscores the trust and confidence of our European allies in our country as a capable, reliable, and enduring partner in the increasingly challenging war against crimes and its financing.

Of course, declaring war against money laundering and terrorist financing is only the beginning. To win this war, we must be united, committed, focused, and vigilant.

We are fighting for security, peace, and stability of our nations, the safety of our people, and the future of our children. The stakes are simply too high; losing is definitely not an option. This is the one big fight we should invest in to win.

On behalf of my colleagues at the Anti Money Laundering Council therefore, I thank the European Commission represented by Ambassador MacDonald (let us give them a big hand) for their valuable support.

And once again, let us congratulate all the participants to the "Training for Trainors Program" for their commitment to broaden the network of people fighting money laundering and terrorist financing in our country.

Together, let us continue to broaden support and fortify our position in the fight against money laundering and terrorist financing.

Thank you all and good day.

Maraming salamat and Mabuhay!