

## **Tom Alweendo: Announcement of the commencement date of the Financial Intelligence Act 2007**

Speech by Mr Tom Alweendo, Governor of Bank of Namibia, at launching the awareness campaign on provisions of the Financial Intelligence Act 2007, Windhoek, 29 April 2009.

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Distinguished Invited Guests;  
Members of the media;  
Ladies and Gentlemen;

I would like to welcome all of you to the Bank of Namibia this morning. The occasion today is to officially launch the commencement of the Financial Intelligence Act and to also launch our public awareness campaign.

As you are all by now aware, the Financial Intelligence Act was enacted in 2007. The Act empowers the Bank of Namibia, amongst others to receive suspicious transaction reports from reporting entities, to analyze such reports, and to disseminate the intelligence gathered to law enforcement agencies for further investigation and possible prosecution. The Bank is further required to conduct compliance audits with all reporting entities to ensure effective adherence to this Act. The key in combating money laundering through the reporting entities is to know who their customers are. If they know their customers well, they will be able to detect attempts at money laundering.

In fulfilling this mandate, since 2007 we have been preparing ourselves to be ready with the implementation of the Act. In this respect, I am happy to say that we have managed to build the necessary capacity and that we are more than ready to implement the Act.

Due to some legislative delays, the Bank was not able to commence with the implementation of the Act as early as we would have wished. However, I am happy to report that the commencement date for the Act is now set to be the 1st May 2009. In order to educate the public on money laundering, we are also starting with a comprehensive awareness campaign. This is necessary because we are only likely to successfully combat money laundering when the public in general understand as to what is at stake.

Financial crime, of which money laundering is part, is increasingly becoming a global phenomenon. This is despite the enactment of laws designed to curb financial crime. This is not only a threat to the global financial sector, but if allowed to flourish money laundering has the potential to become a threat to society. It can lead to the accumulation of economic power to organized crime. This development has the potential of eroding our political and social systems based on elected representation as we know them today. In other words, the social consequences for allowing money launderers to operate unchecked could spell disaster for stability and the rule of law.

Law enforcement agencies are overwhelmed by the sheer size and sophistication that criminals are now employing to perpetrate their illegal deeds. The efforts on crime prevention are now compounded by globalization that has created what one may say is a global economy in which organized crime groups and individuals can and do generate huge sums of money. Money laundering is therefore a global problem which requires a concerted global response. In order to protect our respective financial systems from the destabilizing effects of crime and money laundering, it is imperative that we act and respond to this scourge with unmatched resolve and commitment to combating it. Everybody has, therefore, a responsibility to combat money laundering, because its negative impact has a unique way of creating far ranging negative consequences.

The financial sector, in particular the banking sector, more than any sectors, needs to operate in a crime and money laundering free environments. We all know that banks deal

with other people's money and therefore rely heavily on reputation for integrity. Without the public confidence from the law abiding citizenry it would be difficult for financial institutions to conduct business in the form they do now. It is also conceivable that money laundering, if perpetrated on a high scale, would complicate the ability of financial institutions to manage their operations and risks.

Another consequence of money laundering on a grand scale is that it may erode the effectiveness and management of monetary policy, because of its potential of changing the demand for cash in the economy. Money laundering is also bad for the economy and development in that it undermines legitimate business, competition and reduces the tax revenue to national authorities as launderers would be operating underground outside the tax net.

The combating of money laundering presupposes the existence of capacity and resources at national level. In many of developing countries, this is a real challenge in that there are competing demands with regards to the utilization of scarce resources. The scarcity of resources is more critical in the law enforcement spheres, since most national jurisdictions have less than efficient law enforcement agencies which are in most cases overwhelmed by the demands to enforce other national laws.

In conclusion, I would like to urge members of the public to look out for information on combating money laundering, starting next week. I look forward to everyone's participation in effectively combating money laundering.

I thank you for your attention.