

Inia Naiyaga: Detecting money laundering

Closing address by Mr Inia Naiyaga, Deputy Governor of the Reserve Bank of Fiji, at the 4th National Anti-Money Laundering Conference, Suva, 20 November 2013.

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The Key Note Speaker and Chief Guest, Director Public Prosecutions, Mr Christopher Pryde
Members of the National Anti-Money Laundering Council

Members of the Judiciary

The Director of FIU, Mr Razim Buksh

Madam Nazhat Shameem

Distinguished Conference Speakers and Panellists

Delegates

Ladies and Gentlemen

Bula Vinaka and a good afternoon to you all.

We have come to the end of this 4th National Anti-Money Laundering Conference. This has become an important event that all of us look forward to attending for many reasons.

To me, the Conference is focussed, it is for a day only and therefore is very intensive and the conference programme is centred on a theme.

An important aspect of the Conference is that it has provided an excellent platform for networking bringing together the relevant stakeholders who are involved in the fight against money laundering in Fiji.

I hope that all of you have greatly benefitted from this Conference. I have noted that most of the speakers and panellists are anti-money laundering practitioners. Today they have discussed a number of important issues relating to the conference theme “**Detecting Money Laundering**”.

Where to from here

Role of financial institutions and other professions

So ladies and gentleman, where to from here? It would be good at this stage to reflect on the next plan of action after we leave from here.

We had extensive discussions on the very important role of financial institutions and professionals, such as, lawyers and accountants, in detecting money laundering. Money laundering is no longer just an issue for the law enforcement authorities.

Criminals and their associates launder their criminal proceeds using legitimate financial services and products offered by financial institutions. Furthermore, professionals such as lawyers and accountants can be used by criminals to gain access to the financial system. Therefore, the providers of financial services are best placed to quickly detect possible money laundering crimes as and when they happen.

We know that the obligations under our Financial Transaction Reporting Act to prevent and detect money laundering are costly and challenging for the financial institutions and professionals. However, financial institutions and professionals can no longer choose to ignore the abuse of their products and services for criminal gains. A business that values its reputation will ensure that its services and products are not targeted for criminal use.

I hope that today's discussions have provided you with more insight and appreciation on the very critical role you play in detecting money laundering in Fiji. I hope that you now have added zeal to more effectively play your respective role.

Regulators

The Reserve Bank of Fiji, as the regulator of Fiji's financial system, also has an important role in combating money laundering.

With the introduction of new financial products and services to the market and with the rapid advancement in technology come new risks. As regulators, we need to be on top of these new risks. We need to understand these new financial products and services, and how they can be abused for criminal use.

As regulators, we must enforce the FTR Act. That is our role. On the global scene, financial regulators have come down hard on banks that have failed to comply with anti-money laundering requirements.

For example in 2012, the HSBC was fined US\$1.9 billion by US authorities for failing to comply with anti-money laundering requirements. HSBC Mexico was fined US\$27.5m by the Mexican regulator, the National Banking and Securities Commission, for "non-compliance with anti-money laundering systems and controls" in their branch in Mexico. Expectations of the global community will be on all countries including Fiji; to take firm action on similar cases should it arise.

The Financial Intelligence Unit is also the anti-money laundering regulator for those financial institutions that are not licensed by the Reserve Bank of Fiji. The FIU also has a direct role under the FTR Act to issue anti-money laundering policies and enforce compliance by all the financial institutions.

But as regulators we need to make sure that our regulatory requirements are appropriate to our local environment and that it does not stifle access to financial services for our people. That is the challenge that we as regulators must address going forward.

International obligation

The Financial Transactions Reporting Act, which is our key anti-money laundering law, has been in place for 8 years since its implementation in 2006. The private sector and the Fijian Government have made much progress in implementing its provisions.

However, as we have heard from an earlier presentation today, that the international standards on anti-money laundering have just been revised.

What does this mean for us?

The private sector, financial institutions, the Reserve Bank of Fiji as the regulator, the FIU, the National Anti-Money Laundering Council, and other government agencies need to work together to develop a national strategy to address these revisions.

Pressure is being put on all countries to comply with the new international standards on anti-money laundering issued by the Financial Action Task Force (the FATF).

This pressure will be filtered down to individual financial institutions, businesses, and government agencies to implement measures to meet the revised international standards.

Next year will be critical for Fiji in this area.

The Reserve Bank, the FIU together with the National Anti-Money Laundering Council will look at how we can adopt the revised requirements of the international standards. We will be relying on the private sector to assist us. The private sector's contribution in conducting a national risk assessment will be critical.

International scrutiny 2015

Ladies and gentlemen, with international obligations, comes international scrutiny.

An assessment of Fiji's anti-money laundering framework is scheduled for 2015. A review team of various experts will be visiting us, and to assess how effective we are with our efforts to comply with the international standards on anti-money laundering.

This will be quite a comprehensive review. Each of us, the private sector, regulatory authorities, law enforcement authorities, and many other departments and agencies of the Fijian Government will need to show that Fiji remains a committed global partner in the fight against money laundering. We need to send a clear message that Fiji's financial system remains safe and we are taking all necessary measures to make life difficult for criminals to launder their proceeds of crime.

Last year in 2012, we had five successful money laundering cases. Capacity building and training for our law enforcement officials remains a priority. Fiji's national coordinating body, the National Anti-Money Laundering Council, has embarked on a review of our existing AML measures that is expected to identify gaps in all the key areas, such as, customer due diligence and suspicious transaction reporting requirements, investigation and prosecution of money laundering offences, tracing proceeds of crime and gaps in networking and information exchange.

A strong compliance by Fiji would mean that our financial system is well regulated and is safe and sound. This will lead to more investor confidence and strengthen the reputation of Fiji's financial system.

It will also mean that we are ready to investigate sophisticated financial crimes, such as, fraud and corruption. Forfeiture of criminal and unexplained wealth would take us closer to a crime-free and corruption-free Fiji.

Therefore, compliance with the international anti-money laundering standards is not optional. It is vital for the economic welfare of Fiji.

Collaboration

This Conference also discussed the need for collaboration and networking and how it has contributed towards building an effective anti-money laundering environment in Fiji.

Collaboration with our international and domestic partners is vital in combating money laundering. It is through collaboration we can find many opportunities for sharing knowledge and expertise.

Collaboration between the private sector and law enforcement authorities is vital for the purpose of investigating money laundering.

Inter-government agency collaboration is also needed to prevent overlapping and contradicting regulatory requirements. Collaboration with foreign counterparts and partners enables synergy in roles and functions.

Conclusion

In concluding, let me say that the Reserve Bank of Fiji is pleased to have been able to support and sponsor the national anti-money laundering conference in the last 4 years. Together, we will continue to fight money laundering, fraud, corruption and other crimes in Fiji.

I take this opportunity to express our sincere appreciation to our Chief Guest, the Director of Public Prosecutions, and Mr Christopher Pryde. Our gratitude also goes to Madam Nazhat Shameem for her support and contribution to this Conference and past conferences.

Also, to our other distinguished speakers and panellists for sharing their insights and knowledge on this very important topic of “Detecting Money-Laundering”.

I thank FIU Director Buksh and his team for putting together this event.

Finally, I thank each and every one of you for making this Conference a success through your attendance, valuable contribution and active participation.

I now have the pleasure of declaring the 2013 National Anti-Money Laundering Conference officially closed.

Vinaka Vakalevu