

Christophe Edmond: Risk-based supervision for digital financial services, money value transfer services, money remittances and bureau de change sectors

Closing remarks by Mr Christophe Edmond, First Deputy Governor of the Central Bank of Seychelles, at the Regional Workshop on “Risk-Based Supervision for Digital Financial Services, Money Value Transfer Services, Money Remittances and Bureau de Change Sectors”, Mahe, 30 May 2019.

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Governor

Representatives of the ESAAMLG Secretariat,

Distinguished speakers and participants,

Ladies and Gentlemen,

Good Afternoon.

I address you at the end of what has been four days of insightful and knowledge-fuelled interactions on risk-based supervision, particularly for the Digital Financial Services, Money Value Transfer Services, Money Remittances and Bureau de Change Sectors.

We leave here with no doubt that the risk-based approach to supervision is central to the implementation of the Financial Action Task Force’s International Standards on Combating Money Laundering, and the Financing of Terrorism and Proliferation.

The discussions and sharing of experiences that have taken place over the past few days have helped us ascertain the level that has been reached by the different regulatory and supervisory authorities in the region, as well as the global trends and expectations. We now have a broader perspective of the effectiveness of such an approach to supervision, as well as the challenges it brings.

Some of the key takeaways include the need to have well-designed and effective AML/CFT policies and supervisory frameworks, to help foster greater financial inclusion, and the importance of having a continuous risk assessment process.

Limitations of the different regulatory and supervisory entities, in particular the cost, the availability and the allocation of resources, were also highlighted, with a specific focus on the need for such challenges to be understood both at the institutional and national levels.

Increased awareness, collaboration, and cooperation between the different entities and the buy-in of government, are all essential factors that will contribute towards sound policy formulation and assist jurisdictions in understanding the cost of AML/CFT compliance.

While the supervisory challenges posed by the specific sectors of the financial system may vary, devoting more time to sectors and activities perceived to be of highest risk should be prioritised. Risk-based supervision provides a rigorous framework for assessing and addressing risks and efficient allocation of resources, which can improve the efficiency and effectiveness of all supervision.

Although there are several important principles and approaches to risk-based supervision, it is essential to be mindful that there can be no fixed template. There is a need for supervisory bodies to design and understand structures and approaches that are best suited to their needs.

It is my sincere hope that all of you, participants, will use the experiences gathered here to assist your respective institutions and countries with the implementation of forward-looking and smart risk-based supervision policies and frameworks.

At this juncture, I take the opportunity to express our sincere appreciation to the ESAAMLG for the opportunity provided to the Central Bank of Seychelles to host this workshop, on a subject of utmost importance.

I would also like to give a special mention to our facilitators who have done a wonderful job of setting the scene and steering the discussions, allowing for a stimulating environment for rich exchanges.

Last, but certainly not least, I would like to thank all the participants for your active participation; the learning experiences and innovative ideas shared by all has contributed to the success of our deliberations over the past four days.

This workshop has undoubtedly given more impetus to work already being done locally, as we move towards adopting a more forward-looking approach to supervision.

I would recommend that such workshops be replicated in our respective jurisdictions, thus providing more opportunities for professionals at the institutional and sectoral level to be exposed to such learning experiences.

On this note, I would like to thank you for your attention and active participation. To our visiting participants, I wish you all a safe trip back home.

Thank you.