



**BANK OF PAPUA NEW GUINEA**

## **Media Statement**

### **NEW PAPUA NEW GUINEA ANTI-MONEY LAUNDERING AND COUNTER TERRORIST FINANCING REGIME**

This is a joint media statement by the Governor of the Bank of Papua New Guinea and the Secretary of the Department of Justice and Attorney General, co-chairs of Papua New Guinea's Anti-Money Laundering and Counter Terrorist Financing (AML/CTF) National Coordinating Committee (NCC).

The co-chairs are pleased to announce that new comprehensive laws to combat money laundering and terrorist financing have recently come into operation in PNG. This regime is a result of the Government's efforts to fight money laundering and terrorist financing activities, which are a global phenomenon. These are highly lucrative crimes that flourish in the face of weak law and weak enforcement. Both involve the illegitimate use of a country's financial system and undermine the stability and sovereignty of a nation. A strong AML/CTF regime contributes to the pillars of our national *Vision 2050*; institutional development and service delivery, security and international relations and strategic planning, integration and control.

**Background and Commitment by the National Government** PNG is a member of the Asia/Pacific Group on Money Laundering (APGML). The APGML is a regional body mandated to work with countries in the Asia and Pacific regions to strengthen their AML/CTF systems. By virtue of our membership to the APGML, we are subjected to and assessed against the Financial Action Task Force (FATF)'s worldwide standards to combat money laundering and terrorist financing. FATF is an intergovernmental organization founded in 1989 on the initiative of the G7 to develop policies to combat money laundering which later expanded its scope to terrorist financing in 2001.

During 2010-2011, the World Bank led an assessment of PNG's AML/CFT system through a mutual evaluation process. This review found significant deficiencies in PNG's AML/CFT system. The AML/CTF National Coordinating Committee (NCC) was established and endorsed by the National Executive Council decision *NG 18/2012* on 13 December 2012 to strengthen the AML/CTF system in PNG.

In October 2013, PNG was referred to FATF's International Cooperation Review Group (ICRG) for a targeted review of its deficiencies. In 2014, PNG was then placed on the FATF 'greylist' and was required to develop an action plan with the FATF to address the deficiencies identified.

Having assessed the recommendations and noting the consequential effects the greylist would have had on the nation, Prime Minister Hon. Peter O'Neill, CMG, MP, wrote to FATF in February 2014,

making a high level commitment to this reform process. The National Coordinating Committee led by its co-chairs were tasked to implement the action plan.

### **New AML/CTF Regime**

Central to the action plan was the need to have adequate AML/CFT laws that were at par with the FATF's international standards on AML/CFT. The PNG Parliament enacted a suite of AML/CTF laws in July 2015, which came into operation on 4 February 2016 once they were gazetted. These laws included:

1. Criminal Code (Money Laundering and Terrorist Financing) (Amendment) Act 2015;
2. United Nations Financial Sanctions Act 2015;
3. Anti-Money Laundering and Counter Terrorist Financing Act 2015 (AML/CTF Act);
4. Proceeds of Crime (Amendment) Act 2015; and
5. Mutual Assistance in Criminal Matters (Amendment) Act 2015.

### **Strengthened AML/CTF measures and the new Financial Analysis and Supervision Unit (FASU)**

The AML/CTF Act 2015 imposes obligations on the citizens and businesses in PNG. Many of these obligations already existed for businesses and professionals in PNG under the Proceeds of Crime Act 2005. The new regime enhances financial integrity of PNG's financial system by introducing comprehensive measures to detect and deter money laundering and terrorist financing. These include the requirement to conduct customer due diligence on all customers and clients, report cash and electronic threshold transactions, assets of a designated person and entity and suspicious matters to the Financial Analysis and Supervision Unit (FASU), and keep proper records of business dealings.

The AML/CTF Act establishes FASU in the Bank of PNG. FASU is PNG's financial intelligence unit. This independent Unit is responsible for supervising and monitoring compliance of all financial institutions, businesses and professionals with their AML/CTF obligations. It is also responsible for collecting, analysing and disseminating financial intelligence to enforcement agencies and other similar international bodies for law enforcement purposes. The Royal PNG Constabulary Financial Intelligent Unit will remain responsible for the investigation of money laundering and terrorist financing related offences.

### **New financial sanctions regime**

The United Nations Financial Sanctions Act establishes a legal framework for implementing financial sanctions against persons or entities involved in or connected with terrorist, terrorist financing and the proliferation of weapons of mass destruction. The new regime requires financial institutions to freeze assets of a designated terrorist individual and organization, and further to the AML/CTF Act, report these asset freezes to FASU. A Sanctions Secretariat is established within the Department of Prime Minister and National Executive Council to assist in the administration of the Act.

### **Stronger laws to recover proceeds of crime**

In addition, the Proceeds of Crime (Amendment) Act strengthen provisions concerning the cross border movement of currency and other items of value, and enhances the confiscation regime. This will assist PNG to recover the proceeds of crime, an important tool in the fight against serious crimes

including corruption, money laundering and terrorist financing. These changes are complemented by the amendments to the Criminal Code Act, which strengthen PNG's money laundering offence and introduce a new terrorist financing offence, in line with international conventions and obligations that PNG has agreed to meet.

### Looking Ahead

PNG is now working towards removal from the FATF greylist. PNG is regarded as one of the fastest reforming countries in the Asia-Pacific region in terms of improving its AML/CTF framework. We have been, and continue to achieve milestones in this reform. Therefore, we want to thank everyone who has been involved in making this reform a success thus far. Most importantly, we wish to thank the businesses, the financial sector, professionals and key government agencies who we are working in partnership with to harden PNG's financial system against the activities of money laundering and terrorist financing and safeguard the integrity of PNG more broadly.

We further would like to thank our donor agencies and in particular the Australian Government through the Strongim Gavman Program (SGP) and the various line agencies involved in providing technical assistance to the NCC member agencies. We will continue to work closely with our international counter-parts and partner agencies.

We look forward to maintaining our working relationships domestically and internationally to protect PNG from the activities of money laundering and terrorist financing and in doing so, promote a healthy and safe economy for the country. Looking ahead, the National Coordinating Committee and FASU will work closely with all Government and Non-Government stakeholders, business houses, and the financial sectors to raise awareness, and ensure robust implementation, of the new laws and policies in the coming months and years.

For more information about these reforms and to access these laws, please visit: [www.bankpng.gov.pg/about-us/amlcft-anti-money-laundering/](http://www.bankpng.gov.pg/about-us/amlcft-anti-money-laundering/)

Authorized by;

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Governor

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Secretary

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