



Financial Analysis and Supervision Unit

Note to the Anti-Money Laundering and Counter Terrorist Financing Compliance (Money or Value Transfer Services) Rule (No. 1 of 2024)

Developed under the *Anti-Money Laundering and Counter Terrorist Financing Act 2015*

Issued by the Financial Analysis and Supervision Unit on 23rd September 2024

Purpose of this Compliance Rule

This Compliance Rule is designed to help Reporting Entities¹ comply with their obligations under the *Anti-Money Laundering and Counter Terrorist Financing Act 2015* (herein referred to as “the Act”). The Compliance Rule applies a financial institution in Papua New Guinea (PNG) that conducts money or value transfer services or an agent of a financial institution that provides those services.

In particular, this Compliance Rule will assist the financial institution comply with its obligation:

- (a) to develop and implement an AML/CTF program under section 7 of the Act; and
- (b) to register with FASU under section 57 of the Act.

Interpreting this Compliance Rule

The terms used in this Compliance Rule have the same meaning as those in the Act. Key terms which are defined in Section 5 of the Act include:

- AML/CTF compliance rule;
- AML/CTF program;
- DNFBP;
- financial institution.

Key terms found in section 3 of *AML/CTF Compliance (Money or Value Transfer Services) Rule* (No. 1 of 2024) are:

- agent;
- money or value transfer service;
- money or value transfer service provider (or MVTS provider).

Requirement to register with FASU – Section 57(1)

The financial institution or its agent must register with the Financial Analysis and Supervision Unit (FASU) if the business activities relates to conducting the transfer of currency or value for or on behalf of its customer.

Registering with FASU will enable the MVTS to satisfy its obligations pursuant to Section 57 of the Act.

¹ Reporting entities refers to financial institutions (FIs) and designated non-financial businesses or professions (DNFBPs) that are defined in Section 5 of the *Anti-Money Laundering and Counter Terrorist Financing Act 2015*

The Compliance Rule requires financial institutions that conduct money or value transfer services, and their agents to register with FASU.

Note that this registration should not be considered as an issuance of licensing under the *Banks and Finance Companies Act 2000*, which is administered by the Financial Systems Stability Group (FSSG) of the Bank of Papua New Guinea (the Bank).

AML/CTF program (establish, implement, and maintain an AML/CTF program – Section 7(1))

As the financial institution is registered with FASU, the responsibility of compliance with the financial institution to ensure that agent(s) understand their obligations and are able to implement the AML/CTF program. This will ensure consistency and uniformity in the implementation of the AML/CTF program.

The responsibility of implementing the AML/CTF program rests with the financial institution to satisfy the obligations pursuant to Section 7(1) of the Act.

Note that the *AML/CTF Compliance (AML/CTF Program) Rule (No. 1 of 2019)*² and the *Note to the AML/CTF Compliance (AML/CTF Program) Rule (No. 1 of 2019)*³ expand on other requirements of AML/CTF Program pursuant to Section 7 of the Act.

Legal effect of this Compliance Rule

It is the responsibility of the financial institution to comply with this Compliance Rule to satisfy the obligations in the Act to which the Rule relates. The financial institution will have demonstrated full compliance with the Act when complying with this Compliance Rule.

Reporting entities have a critical role in preventing the illicit flow of funds into the financial system, hence maintaining and upholding the integrity of the PNG financial system, meeting international standards of combating ML/TF set by the Financial Action Task Force (FATF). This will give confidence to the investors to invest in the country and contribute to socio-economic development and growth.

² <https://www.bankpng.gov.pg/wp-content/uploads/2019/06/AMLCTF-Compliance-AMLCTF-Program-Rule-No.-1-of-2019.pdf>

³ <https://www.bankpng.gov.pg/wp-content/uploads/2019/06/5.-Note-to-the-AMLCTF-Compliance-AMLCTF-Program-Rule-No.-1-of-2019.pdf>

Application and Commencement of this Compliance Rule

This Compliance Rule applies to a financial institution that conducts a money or value transfer service in PNG ('MVTs provider') or its agent(s).

A money or value transfer service is an activity described in paragraph (d) of the definition of a "financial institution" pursuant to Subsection 5(1) of the Act.

This Compliance Rule commenced on **23rd September 2024**, the date the Governor of Bank of Papua New Guinea approved the Compliance Rule pursuant to Section 73 (6) of the Act.