

FASUANNUAL REPORT



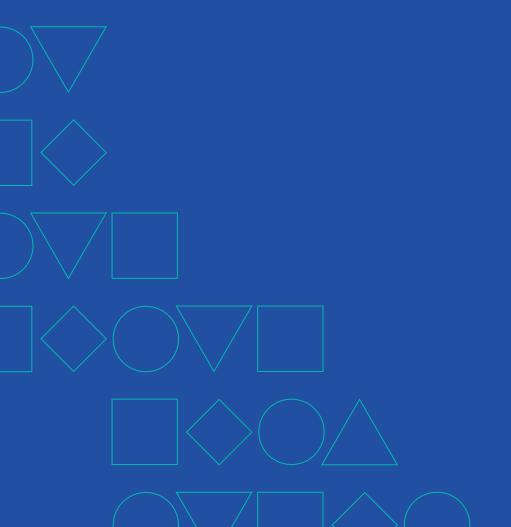


Fighting Financial Crime: A National and Global Priority

Money laundering, terrorist financing, and proliferation financing are not just financial crimes. They are threats to national security, good governance, and sustainable development. These crimes enable drug and human trafficking, illegal logging and fishing, environmental destruction, and tax evasion. Their impact stretches across borders, undermining peace, stability, and the integrity of financial systems.

Papua New Guinea is not immune. Like many nations, we face vulnerabilities. Criminals seek out jurisdictions with weak enforcement and exploit regulatory gaps. In response, Papua New Guinea has strengthened its commitment to international standards and is working to build a robust, effective AML/CTF regime.

Through the Financial Analysis and Supervision Unit (FASU), PNG is actively detecting, deterring, and disrupting illicit financial activity. We stand with the global community to defend the financial system, uphold the rule of law, and protect the wellbeing of all Papua New Guineans.



CURRENT MONEY LAUNDERING AND TERRORIST FINANCING TRENDS

The Anti-Money Laundering and Counter Terrorist Financing Act 2015 requires FASU to provide an analysis of current money laundering and terrorist financing (ML/TF) trends in its annual report.

This analysis is intended to help domestic stakeholders recognise and understand emerging trends in financial crime.

Given the public nature of the Annual Report, care has been taken to avoid disclosing sensitive techniques or intelligence that could be misused by those involved in financial crime.

The following trends are general in nature. They reflect patterns observed through FASU's intelligence and compliance work but do not capture all known or ongoing methods under investigation.

Domestic Money Laundering Trends

The principal sources of illicit proceeds in Papua New Guinea continue to be corruption, bribery, fraud, and tax evasion. Intelligence reporting in recent years has noted an increased misuse of government-issued cheques as a method of extracting funds from public agencies.

The laundering of illicit funds often involves the use of company bank accounts controlled by the perpetrators, or, in some cases, law firms' trust accounts. These transfers are typically conducted through domestic electronic funds transfers or cheque payments.

The Bank of Papua New Guinea, acting on the advice of the National Payments Council, terminated the use of private sector cheques in June 2024. This reform was aimed at improving payment efficiency and addressing the misuse of cheques, which had become a common method for committing fraud and other financial crimes.

Indicators in 2024 point to a continued increase in illicit activity linked to money laundering. Drug importation and distribution have expanded, with growing involvement of transnational crime syndicates. These groups are also active in illegal logging and fishing, two sectors that remain high-risk channels for laundering criminal proceeds.

Corruption

Corruption remains the most serious financial crime in Papua New Guinea, generating hundreds of millions of Kina in illicit proceeds each year.

The risk is systemic and deeply entrenched, especially where politics, public administration, and business intersect.

It often involves bypassing Government financial controls through collusion between authorised individuals. The stolen funds are typically redirected into accounts held by complicit companies or intermediaries.

Terrorist Financing Trends

To date, there have been no recorded terrorist financing investigations, prosecutions, or convictions in Papua New Guinea. This remains consistent with PNG's low domestic risk profile in relation to terrorism and terrorist financing.

FASU remains the primary authority with the capability to detect and assess terrorist financing risks. If such activity were to occur, it would most likely involve the financial system, particularly through commercial banks, using international electronic funds transfers or the misuse of debit and credit cards. The export of goods to conflict-affected regions may also present a potential method for terrorist financing.

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TRANSMISSION LETTER FROM THE DIRECTOR OF THE FINANCIAL ANALYSIS AND SUPERVISION UNIT

31 July 2025

The Board of the Bank of Papua New Guinea

Dear Chair, Board and Governor,

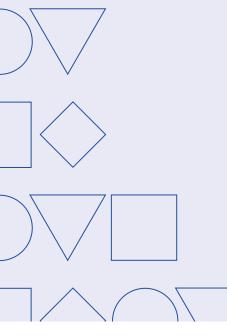
I am pleased to present the Annual Report on the operations of the Financial Analysis and Supervision Unit (FASU) for the year ended 31 December 2024, pursuant to Section 75 of the Anti-Money Laundering and Counter Terrorist Financing Act 2015.

Yours sincerely,

Wilson Onea

Director

Financial Analysis and Supervision Unit



FOREWORD



Ms Elizabeth Genia AAICD

Co-Chair, National Coordinating Committee on Anti-Money Laundering and Counter Terrorist Financing Governor, Bank of Papua New Guinea

The National Coordinating Committee (NCC) on Anti-Money Laundering and Counter Terrorist Financing (AML/CTF) continues to play a central role in strengthening Papua New Guinea's national AML/CTF regime.

2024 marked a significant milestone. From March 2023 to September 2024, PNG underwent its second Mutual Evaluation (ME), culminating in the formal adoption of the PNG Mutual Evaluation Report (MER) at the Asia/Pacific Group (APG) Plenary in Abu Dhabi in September 2024. The MER was subsequently published on the APG website in November 2024.

Based on the MER findings, PNG has entered the Financial Action Task Force's (FATF) International Cooperation Review Group (ICRG) Observation Period, which began in October 2024 and runs until October 2025.

We know from experience that the consequences of FATF grey listing are significant. When PNG was listed in 2014–2015, the country's correspondent banking relationships suffered, and the cost of borrowing and doing business rose sharply. If we do not act together with urgency and determination during this Observation Period, we risk facing those impacts again. Exiting the grey list a second time will demand an unambiguous, whole-of-government response.

To support PNG's efforts, the APG Secretariat led a Strategic Implementation Plan (SIP) workshop in November 2024 with NCC members and partners. The SIP sets out 75 Recommended Actions (RAs) to address deficiencies identified in the MER. The NCC formally endorsed this plan on 21 November 2024 and has committed to its full implementation.

The Bank of Papua New Guinea, through the Financial Analysis and Supervision Unit (FASU), served as the lead agency for the Mutual Evaluation process. FASU's coordination and adherence to tight deadlines were recognised during the assessment. While the Immediate Outcomes for FASU were rated 'Moderate Effectiveness', there is still substantial work to be done, work that will require commitment and cooperation from every NCC agency.

This year we welcomed the Auditor-General's Office as the 23rd member of the NCC. We are pleased to have them join our shared mission.

As Co-Chair, I reaffirm my full commitment to ensuring that all agencies deliver on their respective obligations under the FATF framework. I look forward to working closely with you all during this critical 12-month period to ensure PNG remains off the grey list, and continues progressing toward a more secure and resilient financial system.

Elizabeth Genia AAICD

2024 IN REVIEW



Mr Wilson OneaDirector, Financial Analysis and Supervision Unit

I am pleased to present the 2024 Annual Report of the Financial Analysis and Supervision Unit (FASU).

I begin by sincerely thanking the Governor, Co-Chair of the National Coordinating Committee on Anti-Money Laundering and Counter Terrorist Financing (NCC), and the Board of the Bank of Papua New Guinea for their continued support of FASU's mandate. I also express my deep appreciation to the Governor, in consultation with the Police Commissioner and the NCC Co-Chair, the Secretary for the Department of Justice and Attorney General, for the confidence shown in confirming my appointment as Director of FASU in June 2024.

This position carries significant responsibility. As the head of PNG's Financial Intelligence Unit and AML/CTF regulator, I am committed to ensuring that FASU continues to fulfil its mandate with independence, integrity and diligence.

PNG's successful completion of its second Mutual Evaluation (ME) from 2023 to 2024, assessed against the Financial Action Task Force (FATF) international standards, reflects our enduring commitment to building a robust AML/CTF system. While the fight against financial crime remains complex, 2024 has brought important progress as well as a clear roadmap for the work ahead.

Following the ME, the NCC and Technical Working Group (TWG), with support from the APG Secretariat and donor partners, developed PNG's Strategic Implementation Plan (SIP) for 2024–2025. This plan contains 75 Recommended Actions (RAs). Their implementation commenced in October 2024. The level of PNG's progress towards achieving the RAs will determine PNG's FATF grey list status by February 2026.

The path forward will require continued cooperation across Government and industry. Our 23 NCC member agencies and private-sector reporting entities must all contribute actively. To demonstrate effectiveness, we must turn commitments into measurable results over the coming 12 months.

FASU itself expanded capacity in 2024 through the formal transfer of the upgraded TAIPAN database system from AUSTRAC and the recruitment of nine new analysts dedicated to achieving our MER-related targets. We also continued to invest in staff capability through ongoing virtual and in-person training, ensuring our team remains equipped to protect PNG's financial system from criminal abuse.

I also want to take this opportunity to recognise the tireless efforts of the TWG members who supported the ME process over the past two years. The APG has publicly commended PNG for meeting every reporting deadline during the assessment period. I am equally grateful to all NCC heads for your leadership and support, particularly during the ME onsite mission.

As we enter a critical implementation year in 2025, I look forward to your continued commitment and collaboration. Together, we must harness our collective resources and determination to strengthen the integrity of Papua New Guinea's financial system and protect our country from harm.

Wilson Onea

FASU YEAR IN REVIEW

RECEIVED AND ANALYSED

4,668

SUSPICIOUS MATTER REPORTS

300,188

INTERNATIONAL ELECTRONIC FUNDS TRANSFER REPORTS

4,530,496

THRESHOLD TRANSACTION REPORTS







PUBLISHED 1 AML/CTF COMPLIANCE RULE AND ITS NOTE



PNG ENTERED ICRG'S ONE YEAR – OBSERVATION PERIOD



RECEIVED THE UPGRADED VERSION OF THE TAIPAN DATABASE



PNG MER



SIP DOCUMENT ENDORSED BY NCC



AUDITOR GENERAL'S
OFFICE BECAME AN
AGENCY MEMBER OF THE
NCC ON AML/CTF



SUCCESSFUL RECRUITMENT OF 9 ANALYSTS AND ONGOING STAFF TRAINING

CAPACITY DEVELOPMENT



L-R: NCC Co-Chairs, Dr Eric Kwa, Secretary for DJAG and Ms Elizabeth Genia, Governor of the Bank of Papua New Guinea and Mr Wilson Onea, Director, FASU attended the APG annual meeting in Abu Dhabi in September 2024 on behalf of Papua New Guinea. Over 400 delegates, representing the 42 APG member jurisdictions, attended the meeting.



Traditional dancers from Manus Province welcomed AUSTRAC executives L-R Mr Rob Buchan, Director International Programs | Intelligence Capabilities & International Engagement, Ms Stacey Cornford, Program and Country Manager and Mr Brendan Thomas AUSTRAC CEO in December.

On the second day of their December visit the AUSTRAC VIPs received a traditional greeting from dancers from Central Province.



In December 2024 AUSTRAC provided FASU with the upgraded version of the TAIPAN database. Photo on left: Mr Brendan Thomas, CEO of AUSTRAC, presented Mr Wilson Onea, Director of FASU, a commemorative plaque to mark the official presentation, with Dr Joanne Loundes, Deputy Head of Mission, Australian High Commission and Governor Elizabeth Genia, Co-Chair of NCC.

AWARENESS BUILDING



Students of Busu Secondary School in Lae, Morobe Province, attended an awareness session presented by FASU in March.



FASU also presented an awareness building session to Lae Secondary School in March.



Presenting information and updates is a key activity conducted by FASU. In March, FASU officers presented to representatives from 10 Fls and 5 DNFBPs in Lae.

In November FASU conducted an awareness session for the PNG Law Society in Port Moresby, NCD Province.



OUR VISION

Create an enabling environment for investment, trade, business development and economic and social stability, free from the influence of financially motivated crime, money laundering, proliferation and terrorist financing in PNG.



OUR MISSION

To actively detect, deter, disrupt and prevent domestic and international money laundering and terrorist financing activities, thus protecting the integrity of PNG's financial system and preventing the misuse or abuse of the financial system and broader economy for improper personal or professional gain.



OUR OBJECTIVES

To strengthen the AML/CTF regime in PNG to exceed international standards and practices. To enhance and strengthen co-operation and co-ordination between domestic and international partner agencies in combating money laundering and terrorist financing activities.

GOVERNANCE STRUCTURE

NATIONAL COORDINATION COMMITTEE

The National Coordinating Committee on Anti Money Laundering and Counter Terrorism Financing (NCC) is the central body responsible for overseeing PNG's national response to anti-money laundering, counterterrorist financing, and counter-proliferation financing (AML/CTF) obligations.

Co-chaired by the Governor of the Bank of Papua New Guinea and the Secretary of the Department of Justice and Attorney General, the NCC comprises senior representatives from 23 key government agencies, law enforcement bodies, financial sector regulators, and policy ministries. In November the Auditor General's Office (AGO) was endorsed as a member of the NCC.

National Coordinating Committee Members December 2024

Auditor General's Office

Bank of Papua New Guinea

Department of Finance

Department of Foreign Affairs

Department of Justice & Attorney General

Department of Prime Minister & NEC

Department of Treasury

Independent Commission Against Corruption

Internal Revenue Commission

Investment Promotion Authority

National Fisheries Authority

National Gaming & Control Board

National Intelligence Organisation

National Maritime Safety Authority

Office of the Insurance Commissioner

Office of the Public Prosecutor

PNG Customs Service

PNG Forest Authority

PNG Immigration and Citizenship Service Authority

PNG National Narcotics Bureau

PNG Securities Commission

Royal PNG Constabulary

The Ombudsman Commission of Papua New Guinea

The NCC's role is to lead and achieve the AML/ CTF action items in the country by providing policy directions and law enforcement initiatives consistent with national anti-corruption policies. It coordinates the PNG AML/CTF Strategic Implementation Plan, ensuring alignment with the standards set by the Financial Action Task Force (FATF) and the Asia/Pacific Group on Money Laundering (APG).

The implementation of the NCC-endorsed initiatives is conducted by a Technical Working Group (TWG), consisting of technical officers from the 23 NCC member agencies. The NCC and TWG members meet quarterly every year.

In 2024 the NCC held three quarterly meetings and four special meetings - five in Port Moresby, one in Kavieng and one in Lae. In 2024 the NCC's main priority for action items, meeting agendas, work plans, and programs was related to delivering the PNG Mutual Evaluation Report (MER).

FINANCIAL ANALYSIS AND SUPERVISION UNIT (FASU)

The technical and operational arm of the NCC is the Financial Analysis and Supervision Unit (FASU). FASU is Papua New Guinea's Financial Intelligence Unit (FIU) and is the designated regulator and supervisor for AML/CTF, in line with the terms of the Anti-Money Laundering and Counter Terrorist Financing Act 2015 ('the AML/CTF Act').

FASU is an operationally independent unit with the Bank of Papua New Guinea, supported by the Bank's administrative framework. The Bank provides annual resourcing and budgeting for FASU's operations. The Bank's Board approves the operational budget for FASU.

FASU'S ROLE AND ACTIVITIES

FASU's primary role is to protect PNG's financial system from harm caused by financially motivated crimes such as money laundering, corruption, bribery, tax fraud, drug trafficking, and environmental crimes.

FASU performs this role by working to identify emerging money laundering (ML), terrorist financing (TF), and proliferation financing (PF) threats and risks, and by developing an understanding of the vulnerabilities associated with these threats and risks.

Activities include detecting, disrupting, deterring, and preventing money laundering and terrorist financing, and ensuring that Reporting Entities (REs) – organisations that are registered under the AML/CTF Act – are equipped with effective AML/CTF prevention and monitoring strategies.

In this context, FASU supports REs in recognising and managing ML/TF/PF risks while building their capacity to protect PNG's financial system. Its functions include:

- Identifying new and emerging risks
- Disseminating Strategic Analysis Reports (SARs)
- Collecting and analysing data to assess sectoral risk exposure
- Evaluating industry vulnerabilities and threats
- Publishing updated compliance rules and guidelines
- Promoting improved risk identification and management practices
- Educating entities on compliance requirements and risk awareness
- Conducting supervisory activities to implement the Act
- Enforcing compliance where entities fail to meet their obligations

OVERSIGHT OF REGULATED ENTITIES

Financial Institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBPs) are licensed by the regulatory authorities of their respective sectors, (see diagram below). Where they undertake the prescribed activities outlined in Section 5(1) of the Act, they are classified as REs and are covered by FASU's regulatory oversight.



FASU collaborates with the National Coordinating Committee (NCC), regulatory agencies, and self-styled authorities that license and supervise DNFBPs, to ensure that all REs are properly registered for AML/CTF/CPF compliance.

The Act defines DNFBPs as casinos, real estate agents, dealers in precious stones and metals, lawyers and notaries public, accountants, trust company service providers, and motor vehicle dealers.

REPORTING ENTITIES REGISTERED WITH FASU

Financial Institutions Categories	Dec 2024
Commercial Banks	4
Established by National Development Bank Act 2007	1
Licensed Financial Institutions	12
Finance Companies (non-public deposit takers, not licensed by BPNG)	5
Savings & Loan Societies	11
Life Insurance Sector	8
Superannuation Sector	10
Money Changers	6
Authorised Mobile Network Operator	1
Authorised Money Remitter	2
General Insurance Sector	23
Capital Market Sector	7
TOTAL	90

Designated Non-Financial Businesses and Professions Categories	
Accounting Firms	29
Dealers in Precious Stones and Metals	5
Motor Vehicle Dealers	4
Law Firms	89
Real Estate Agents	27
TOTAL	154

ENSURING COMPLIANCE

SECTORAL, RISK-BASED APPROACH TO COMPLIANCE

Given the large number of REs in Papua New Guinea, FASU uses a custom-developed risk rating tool to assess and classify them from low to extremely high risk. This risk-based method ensures resources are directed where the risks are greatest and where support is most needed.

In meeting their obligations under the Act, REs are required to identify, mitigate, and manage ML/TF/ PF risks, and report suspicious activities to FASU. REs provide a range of financial information to FASU, including International Electronic Funds Transfer Reports (IEFTRs), Suspicious Matter Reports (SMRs), Threshold Transaction Reports (TTRs), and Crossborder Movement of Currency and Valuables Reports (CMCVs). FASU uses analytical tools to interrogate this information.

COMPLIANCE THROUGH SUPERVISION AND ENFORCEMENT

As the AML/CTF Regulator, FASU promotes compliance through supervision and enforcement.

FASU's enforcement powers

- Receiving reports and requesting information from reporting entities, either as one-off requests or ongoing obligations
- Requesting information from other agencies or bodies
- Conducting on-site inspections
- Conducting inspections with a search warrant
- Compelling production of documents and answers to questions during warranted searches
- Applying criminal penalties for relevant offences

Where FASU has reasonable grounds to believe a financial institution or DNFBP is non-compliant, it may:

- Issue a formal warning
- Issue an infringement notice
- Accept an enforceable undertaking
- Seek a performance or restraining injunction
- Publish notices of non-compliance

FASU does not conduct criminal investigations but provides intelligence support and assistance to competent domestic and international authorities when required. Its primary role is to focus on the financial aspects of criminal activity and refer matters to the appropriate authorities for investigation.

Outreach activities

These included conducting education and awareness workshops for schools and reporting entities, liaison with government and private sector organisations, off-site and on-site visits, regular one-on-one meetings between the Director and CEOs of FIs and DNFBPs, and fit-and-proper checks in collaboration with other regulators.

FASU STRUCTURE 2024

Director

Intelligence Management Division

Intelligence Management Activities

Collects and analyses:

- Suspicious Matter Reports (SMR)
- Threshold Transaction Reports (TTR)
- International Electronic Funds Transfer Reports (IEFTR)
- Cross-border Movement of Currency & Valuables Reports (CMCV)
- Adverse media reports
- Other open-source information

Produces:

- Intelligence Products (IP)
- Intelligence Reports (IR)
- Risk Assessments
- Strategic Analysis Reports
- Typology Reports

Disseminates information to, and collaborates with, law enforcement and counterpart agencies, both domestic and international

Issues and receives Requests For Information (RFIs) from REs, LEAs and FIUs to enhance production of IP, SAR and Typologies

Supervision & Compliance Division

Supervision & Compliance Activities

Supervises REs

Assesses licence applications

Checks beneficial ownership

Conducts fit & proper assessments

Registers FIs and DNFBPs

Monitors REs (including onsite and offsite inspections)

Enforces compliance with the Act

Conducts awareness raising

Produces Risk Assessments

Conducts joint on-site inspections with peer regulators

Conducts joint on-site inspections with counterpart FIUs

Policy Development & Coordination Division

Policy Development & Coordination

Operates as NCC Secretariat (coordinates support for NCC partner agencies)

Publishes regulations, compliance rules, directives, and guidance notes

Produces management, operational & organisational briefs and reports, risk assessments, awareness materials

Develops Standard Operating Procedures (SOPs)

Coordinates briefings, functions and events

Facilitates implementation of national strategies and mutual evaluation activities and reports

ACTIONS AND ACHIEVEMENTS IN 2024

In 2024 FASU received over 300,000 International Electronic Funds Transfer Reports and over 4.5 million Threshold Transaction Reports from reporting entities. While these volumes are significant, they do not directly correlate to the 4,668 Suspicious Matter Reports filed during the year. This difference reflects the role of IEFTRs and TTRs as foundational data sources rather than standalone indicators of suspicion.

All financial intelligence reports, whether threshold-based, transaction-based, or suspicion-driven, are assessed collectively using risk-based criteria. Their value lies not in volume alone, but in their contribution to identifying patterns of concern, detecting predicate offences, and informing proactive analysis.

These reports supported several key intelligence and regulatory outcomes in 2024:

- Two typology reports were developed based on insights derived from the reports.
- Reports formed the basis for spontaneous disseminations and Requests for Information (RFIs) to counterpart foreign FIUs.

- Reporting trends and red flag indicators were used to scope and prioritise 10 onsite and 40 offsite inspections of reporting entities.
- Financial intelligence contributed directly to the assessment of fit and proper person tests and licensing applications for regulated entities.

In addition, FASU disseminated 20 bulk SMRs, comprising a total of 1,106 SMRs:

- 467 SMRs related to fraud, corruption, and bribery were referred to the Royal Papua New Guinea Constabulary (RPNGC), the Independent Commission Against Corruption (ICAC), and the Ombudsman Commission (OC).
- 639 SMRs related to tax and revenue fraud were referred to the Internal Revenue Commission (IRC).

This reflects FASU's strategic focus on high-risk areas and demonstrates how financial intelligence is used to support enforcement and regulatory outcomes. The quality, risk relevance, and downstream impact of the reports are more meaningful than the raw totals alone.

INTELLIGENCE MANAGEMENT

COLLECTED

4,668

SMRs

300,188

IEFTRs

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4,530,496

TTRs

A TOTAL OF

4,835,352

REPORTS

REGULATORY REPORTS

	2024					
	Q1	Q2	Q3	Q4	Total	
Suspicious Matter Report (SMRs)	932	1,089	962	1,685	4,668	
International Electronic Funds Transaction Report (IEFTRs)	51, 249	60,075	99, 433	89,431	300,188	
Threshold Transaction Report (TTRs)	1,317,953	748,181	917,041	1,547,321	4,530,496	
Cross Border Movement of Currency & Valuables Report (CMCV)	2	1	4	0	7	

ANNUAL COMPARISON

	2024	2023	2022
SMRs	4,668	2,169	3,657
IEFTRs	300,188	158,028	165,598
TTRs	4,530,496	2,223,983	1,904,681
Total	4,835,352	2,384,180	2,073,936

As the table above indicates, FASU recorded significant increases across all key reporting categories in 2024, primarily due to improved compliance by reporting entities. This was driven by FASU's sustained efforts to raise awareness of reporting obligations through education and outreach, as well as the cumulative impact of targeted onsite inspections conducted under the AML/CTF Act.

A total of 4,668 SMRs were received in 2024, more than doubling the 2,169 received in 2023. This sharp increase was largely due to a higher level of reporting by commercial banks, with one institution alone accounting for nearly half of all SMRs submitted in 2024.

IEFTRs rose by 90.0%, from 158,028 in 2023 to 300,188 in 2024. TTRs saw a 104.0% increase, reaching 4,530,496 in 2024 compared to 2,223,983 in the previous year. These increases were attributed to improved reporting from both commercial banks and non-bank financial institutions. Notably, in 2023 data was based solely on commercial bank submissions, whereas by 2024, non-bank financial institutions had also begun reporting.

The issuance of licences to three new commercial banks in 2024 also contributed to the overall rise in report volumes.

ACTIONS AND ACHIEVEMENTS IN 2024

DISSEMINATED

26 INTELLIGENCE REPORTS

20

BULK SMR



TO DOMESTIC LAW ENFORCEMENT AGENCIES

DOMESTIC LAW ENFORCEMENT AGENCIES: DISSEMINATION OF INTELLIGENCE PRODUCT AND RAW BULK SUSPICIOUS MATTER REPORTS

	2024				
	Q1	Q2	Q3	Q4	Total
Disseminations Sent:					
Intelligence Products	0	6	3	17	26
ICAC	0	2	1	4	7
RPNGC	0	2	1	5	8
IRC	0	2	1	6	9
OC PNG	0	0	0	2	2
Bulk SMR (refer page 16)	5	0	10	5	20
Disseminations Received:	0	0	0	0	0

ISSUED

61

RFIs TO REPORTING ENTITIES

RECEIVED

19

RFIs FROM DOMESTIC LAW ENFORCEMENT AGENCIES AND REGULATORS

Requests for Information (RFIs) sent to Reporting Entities	Q1	Q2	Q3	Q4	TOTAL
Commercial banks	8	20	16	15	59
Licensed financial institutions	-	1	-	-	1
DNFBPs	-	1	-	-	1
TOTAL	8	22	16	15	61
RFIs sent to law enforcement agencies	-	-	-	-	NIL
RFIs received by FASU					
RPNGC	-	2	1	4	7
Ombudsman Commission	1	1	-	-	2
PNG ICAC	2	-	1	1	4
IRC	-	1	-	-	1
BPNG	1	1	-	3	5
TOTAL	4	5	2	7	19

RELEASED

2

TYPOLOGY REPORTS TO THE COMMERCIAL BANKS DURING 2024

- Crowdfunding, in July
- The Use of Lawyers' Trust Accounts for Fraud and Money Laundering, in October

ISSUED

4

SPONTANEOUS
DISSEMINATIONS

3

RFIs TO FOREIGN FIUS

The number of spontaneous disseminations and international information exchange requests with counterpart FIUs declined in 2024, as FASU redirected resources toward PNG's Mutual Evaluation preparations in its role as lead agency. Requests were received via MoUs and the Egmont Secure Website (ESW) and were actioned promptly.

INTERNATIONAL INFORMATION EXCHANGE

	2024				
	Q1	Q2	Q3	Q4	Total
Spontaneous Disseminations from FASU to Foreign Counterpart FIUs:	-		-		
AUSTRAC	-	1	-	1	2
FINCEN	-	-	-	1	1
TOTAL	-	1	-	2	3
Spontaneous Disseminations received by FASU	-	-	-	-	NIL
Requests for Information from FASU to:					
AUSTRAC	-	-	-	1	1
Hong Kong FIU	-	-	-	2	2
TOTAL	-	-	-	3	3
Requests for Information received by FASU	-	-	-	-	NIL
Total Spontaneous Disseminations and RFIs					6

ACTIONS AND ACHIEVEMENTS IN 2024

SUPERVISION AND COMPLIANCE

CONDUCTED

10

ON-SITE INSPECTIONS

In 2024 FASU conducted its first on-site inspections in the capital market sector, carrying out full-scope inspections of six licensed capital market companies. The exercise was led by FASU with joint supervisory support from the Securities Commission of PNG. FASU also conducted full-scope inspections of four real estate firms during the year.

FASU also continued to actively engage with four reporting entities that had previously failed to address compliance issues identified during on-site inspections.

CONDUCTED

40

OFF-SITE INSPECTIONS ON LAW FIRMS – BASED ON RISK LEVELS

In September FASU commenced 40 off-site inspections of selected law firms, based on risk assessments using the risk-rating tool. The objective was to better understand the sector and to collect documents and information on each firm's compliance with the Act, including their risk assessments and AML/CTF programs.

Findings from this exercise will inform the development of a Sectoral Risk Assessment on Lawyers and Law Firms, as recommended under Immediate Outcomes 3 (Supervision) and 4 (Preventive Measures) of PNG's 2024 Mutual Evaluation Report.

LAW FIRM OFF-SITE INSPECTION SUMMARY

Risk Rating	Law Firms	Status
Extreme	3	1 firm granted an extension. 2 firms - follow up forthcoming.
High	7	2 firms submitted incomplete information. 5 firms - follow up forthcoming.
Medium	16	7 firms completed submissions. 2 firms submitted incomplete information. 7 firms – follow up forthcoming.
Low	14	5 firms completed submissions. 1 firm granted an extension. 8 firms - follow up forthcoming.
TOTAL	40	

ISSUED

2

FORMAL WARNINGS

FASU issued Final Determination notices to two REs for failing to comply with various provisions of the Act. Both entities received Formal Warnings under Section 100, which FASU chose not to publish. Each accepted the determinations and both are now working with FASU to address the identified compliance issues.

CONDUCTED FIT-AND-PROPER ASSESSMENTS

Under Section 13 of the *Banks and Financial Institutions Act 2000*, the Bank of Papua New Guinea is responsible for conducting fit-and-proper assessments for directors, chief executives, and managers of Authorised Institutions.

In 2024, the Bank requested FASU to carry out AML/CTF-related fit-and-proper assessments on directors of two reporting entities. Both assessments were completed and returned to the Bank for further action.

Policy Development & Coordination

- Compliance Rule on MVTS approved by Governor of the Bank of Papua New Guinea in September.
- Led the coordination of the PNG Mutual Evaluation Report 2024, adopted by APG in September.
- Strategic Implementation Plan 2024-2025 developed and endorsed by NCC in November.

MUTUAL EVALUATION – FINDINGS AND IMPLICATIONS

EVALUATION PROCESS

Papua New Guinea completed the second ME of its AML/CTF regime between February 2023 and September 2024.

The Bank of Papua New Guinea, through FASU, served as the lead coordinating agency for the evaluation, working in close consultation with the Department of Justice and Attorney General (DJAG) and 22 other agencies under the National Coordinating Committee (NCC).

The Mutual Evaluation Report (MER) was adopted by the Asia/Pacific Group on Money Laundering (APG) during its Plenary Meeting in Abu Dhabi, United Arab Emirates, in September 2024. The MER was published on the APG website in November 2024.

PNG'S EFFECTIVENESS & TECHNICAL COMPLIANCE RATINGS 2024

Effectiveness Ratings

IO.1 - Risk, policy and coordination	IO.2 - International cooperation	IO.3 - Supervision	IO.4 - Preventive measures	IO.5 - Legal persons and arrangements	IO.6 - Financial intelligence
Moderate	Moderate	Moderate	Moderate	Low	Moderate
IO.7 - ML investigation & prosecution	IO.8 - Confiscation	IO.9 - TF investigation & prosecution	IO.10 - TF preventive measures & financial sanctions	IO.11 - PF financial sanctions	
Low	Low	Low	Moderate	Low	

Technical Compliance Ratings (C – compliant, LC – largely compliant, PC – partially compliant, NC – non compliant)

R.1 - Assessing risk & applying risk- based approach	R.2 - National cooperation and coordination	R.3 - Money laundering offence	R.4 - Confiscation & provisional measures	R.5 - Terrorist financing offence	R.6 - Targeted financial sanctions – terrorism & terrorist financing
PC	LC	PC	LC	PC	LC
R.7 - Targeted financial sanctions – proliferation	R.8 - Non-profit organizations	R.9 - Financial institution secrecy laws	R.10 - Customer due diligence	R.11 - Record keeping	R.12 - Politically exposed persons
PC	PC	С	LC	С	PC
R.13 - Correspondent banking	R.14 - Money or value transfer services	R.15 - New technologies	R.16 - Wire transfers	R.17 - Reliance on third parties	R.18 - Internal controls and foreign branches and subsidiaries
LC	PC	NC	PC	LC	LC
R.19 - Higher-risk	R.20 - Reporting	R.21 - Tipping-off	R.22 - DNFBPs:	R.23 - DNFBPs:	R.24 -
countries	of suspicious transactions	and confidentiality	Customer due diligence	Other measures	Transparency & BO of legal
					persons
NC	PC	С	PC	PC	PC
NC R.25 - Transparency & BO of legal arrangements	R.26 - Regulation and supervision of financial institutions	R.27 - Powers of supervision	R.28 - Regulation and supervision of DNFBPs	PC R.29 - Financial intelligence units	
R.25 - Transparency & BO of legal	R.26 - Regulation and supervision of financial	R.27 - Powers of	R.28 - Regulation and supervision of	R.29 - Financial	R.30 - Responsibilities of law enforcement and investigative
R.25 - Transparency & BO of legal arrangements	R.26 - Regulation and supervision of financial institutions	R.27 - Powers of supervision	R.28 - Regulation and supervision of DNFBPs	R.29 - Financial intelligence units	R.30 - Responsibilities of law enforcement and investigative authorities
R.25 - Transparency & BO of legal arrangements PC R.31 - Powers of law enforcement and investigative	R.26 - Regulation and supervision of financial institutions LC R.32 - Cash	R.27 - Powers of supervision	R.28 - Regulation and supervision of DNFBPs PC R.34 - Guidance	R.29 - Financial intelligence units	R.30 - Responsibilities of law enforcement and investigative authorities PC R.36 - International
R.25 - Transparency & BO of legal arrangements PC R.31 - Powers of law enforcement and investigative authorities	R.26 - Regulation and supervision of financial institutions LC R.32 - Cash couriers	R.27 - Powers of supervision LC R.33 - Statistics	R.28 - Regulation and supervision of DNFBPs PC R.34 - Guidance and feedback	R.29 - Financial intelligence units C R.35 - Sanctions	R.30 - Responsibilities of law enforcement and investigative authorities PC R.36 - International instruments
R.25 - Transparency & BO of legal arrangements PC R.31 - Powers of law enforcement and investigative authorities PC R.37 - Mutual legal	R.26 - Regulation and supervision of financial institutions LC R.32 - Cash couriers PC R.38 - Mutual legal assistance: freezing and	R.27 - Powers of supervision LC R.33 - Statistics	R.28 - Regulation and supervision of DNFBPs PC R.34 - Guidance and feedback LC R.40 - Other forms of international	R.29 - Financial intelligence units C R.35 - Sanctions	R.30 - Responsibilities of law enforcement and investigative authorities PC R.36 - International instruments

MUTUAL EVALUATION – FINDINGS AND IMPLICATIONS

SUMMARY OF FINDINGS

Assessment Area	Rating Type	Number of Ratings
Effectiveness Ratings	Moderate Effectiveness	6
	Low Effectiveness	5
Total Immediate Outcomes		11
Technical Compliance	Compliant (C)	4
	Largely Compliant (LC)	13
	Partially Compliant (PC)	21
	Non-Compliant (NC)	2
Total		40

Outcome

The Financial Action Task Force (FATF) subsequently placed PNG under a 12-month observation period under the International Cooperation Review Group (ICRG) process, commencing in October 2024.

The observation period provides a final opportunity for the country to demonstrate substantial progress and avoid being placed on the FATF's grey list. The Bank, through FASU and its leadership role in the NCC, continues to prioritise this work as critical to maintaining confidence in PNG's financial system and supporting long-term economic stability.

Strategic Implementation Plan

To avoid grey-listing in early 2026, PNG must demonstrate significant and timely progress in addressing deficiencies identified in the MER. These include achieving 'Compliant' or 'Largely Compliant' ratings in most of the 40 FATF Recommendations and attaining at least 9 'Substantial' effectiveness ratings out of the 11 Immediate Outcomes by the end of the observation period in October 2025.

Following the adoption of the MER, the APG Secretariat facilitated a Strategic Implementation Plan (SIP) workshop from 19–21 November 2024, with participation from all NCC agencies and key development partners, including Asian Development Bank (ADB), Australian Department of Foreign Affairs and Trade (DFAT), United Nations Office on Drugs and Crime (UNODC), Australian Federal Police (AFP), New Zealand High Commission and the United States Department of the Treasury.

The resulting SIP was endorsed by the NCC and submitted to the National Executive Council for formal endorsement. Its implementation is overseen at the highest levels to ensure accountability, with the goal of achieving measurable progress before the ICRG review concludes.

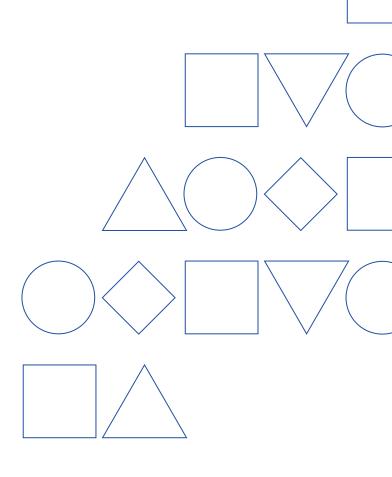
Recommended Actions

The SIP sets out 73 Recommended Actions (RAs) to guide short-, medium- and long-term reforms across the AML/CTF framework to address the weaknesses identified in PNG's technical and effectiveness ratings. The goal is to complete all 75 action items by October 2025.

However some measures, especially those related to investigations and prosecution, are inherently time-consuming. If PNG is grey-listed, it must still demonstrate tangible progress within a reasonable timeframe to minimise reputational and financial risks.

To this end FASU began targeted supervision of DNFBPs in late 2024. This included 40 off-site inspections of law firms based on a risk-rating tool. The information gathered will inform the development of a Sectoral Risk Assessment on Lawyers and Law Firms, an initiative directly recommended under Immediate Outcomes 3 (Supervision) and 4 (Preventive Measures) of the MER.

Amendments to the AML/CTF Act are also planned, particularly addressing those areas rated as non-compliant under FATF Recommendation 15 (new technologies) and Recommendation 19 (high-risk countries).



INFORMATION SHARING

MEMORANDA OF UNDERSTANDING

FASU is authorised to enter into arrangements with both domestic Government agencies and international counterparts to facilitate information sharing. Under the AML/CTF Act, FASU is empowered to establish agreements with regulatory authorities, law enforcement agencies, and other Government bodies in PNG for the purpose of sharing and using information. The Act also allows FASU to share confidential information with foreign counterparts under appropriate agreements.

As at the end of 2024, FASU had formalised a total of 29 Memoranda of Understanding (MoUs), comprising 15 domestic and 14 international agreements. Discussions were also underway with several domestic agencies, including the Department of Foreign Affairs (DFA), the Sanctions Secretariat within the Department of Prime Minister and National Executive Council (PMNEC), the Department of Finance (DOF), the Department of Treasury (DOT), and the Independent Commission Against Corruption (ICAC), with a view to expanding the network of cooperation. Progress on these additional MoUs was temporarily deferred due to FASU's lead role in coordinating PNG's Mutual Evaluation process.

The MoUs provide a framework for the secure sharing of confidential information, either spontaneously or on request. Given PNG's high-risk context for corruption, FASU places a strong emphasis on safeguarding the confidentiality of shared financial intelligence. This includes the use of password protections for electronic transmissions, encrypted storage devices (CDs or USBs), and, where necessary, direct hand delivery with signed receipts to ensure secure transmission.

PEER ENGAGEMENT

FASU maintains active engagement with key regional and international partners to support intelligence sharing, enhance capability, and collaborate on responses to financial crime and predicate offences. These peer relationships complement formal information sharing arrangements and contribute to PNG's broader AML/CTF ecosystem.

Pacific Financial Intelligence Community (PFIC)

Established in 2021 by founding members AUSTRAC (Australia), FASU (PNG), Fiji FIU, and the New Zealand FIU, the PFIC now includes financial intelligence units from 13 Pacific nations. The PFIC provides a dedicated platform for regional cooperation, enabling members to pursue multilateral and bilateral responses to financial crime.

PFIC members meet quarterly via virtual forums and hold annual in-person workshops. FASU attended the 2024 Annual Meeting, hosted by AUSTRAC in Brisbane Australia, focused on emerging threats such as the illicit use of cryptocurrency, abuse of new payment platforms, and gambling-related risks in the Pacific.

The PFIC's collective efforts are advanced through joint operations, intelligence sharing, regional technology upgrades, and coordinated capacity-building programs. A notable outcome in 2024 was the official handover of the upgraded TAIPAN database to FASU by the AUSTRAC Chief Executive Officer on 10 December in Port Moresby, as part of Australia's continuing support for regional technology enhancement.

Asia/Pacific Group on Money Laundering (APGML)

Throughout 2024, the APGML continued to provide capacity-building support to FASU. One of the key initiatives was a Strategic Implementation Plan (SIP) Workshop held from 19–21 November, organised in partnership with FASU and DJAG. The workshop brought together 23 NCC member agencies to prioritise actions and allocate responsibilities arising from PNG's Mutual Evaluation Report.

United Nations Office on Drugs and Crime (UNODC)

The UNODC continued its technical assistance to PNG through training and support for agencies including FASU, the National Fraud and Anti-Corruption Directorate (NFACD) of the RPNGC, and others. In 2024, UNODC programs focused on tackling environmental crime, such as illegal logging and wildlife trafficking, and their links to money laundering.

FASU also contributed to UNODC's work on implementing the United Nations Convention against Corruption (UNCAC), particularly Chapters II (Preventive Measures) and V (Asset Recovery), using this platform to raise practical challenges faced in engaging domestic enforcement agencies.

International Criminal Police Organization (INTERPOL)

In 2024, INTERPOL launched a new technical assistance program to support FASU and PNG law enforcement agencies in ongoing intelligence gathering for Operation Arcadia – a targeted operation focused on financial crimes within the forestry sector. As part of this project, INTERPOL is providing training, investigative tools, and advisory support to build operational readiness and strengthen inter-agency coordination.

AWARENESS AND EDUCATION

As part of its outreach and compliance efforts, FASU delivers annual awareness and education programs on anti-money laundering and counter-terrorist financing (AML/CTF) to reporting entities, National Coordinating Committee (NCC) agencies, schools, and members of the public. These sessions aim to raise awareness of FASU's regulatory role, build understanding of its powers and responsibilities, and promote a shared commitment to protecting the integrity of Papua New Guinea's financial system.

2024 AWARENESS AND EDUCATION SESSIONS

Month	Location	Audience / Focus
March	Lae, Morobe	Sessions with Fls, DNFBPs, NCC, law enforcement, and schools on AML/CTF and BPNG's role.
August	Lae, Morobe	Sessions with 60 BSP staff, 9FIs, 5 DNFBPs on FASU's mandate, CDD and SMRs
September	Port Moresby	Session with over 200 BSP staff on FASU's mandate, CDD, and SMRs.
September	Port Moresby	Presentation to Legal Training Institute on AML/CTF reforms.
October	Port Moresby	Awareness session for Credit Bank PNG staff and management.
October	Port Moresby	Session with 5 newly registered DNFBPs
October	Port Moresby	Panel discussion on AML/CTF at Deloitte networking event.
November	Port Moresby	Education session for PNG Law Society members.

FASU STAFFING AND CAPACITY DEVELOPMENT

STAFFING

By the end of 2024 FASU had 45 staff, 1 executive level, 3 middle management, 31 operational staff, 10 administration and support staff.

Recruitment for 9 new analyst roles was completed in 2024, with the new staff commencing in October and November. This expansion reflected the increasing demands of the Mutual Evaluation Report (MER) recommendations and FASU's role as PNG's FIU and AML/CTF regulator.

CAPACITY EXPANSION, TRAINING AND DEVELOPMENT

FASU continued to prioritise capacity development across its functions - supervision, policy, research, intelligence analysis, and information exchange - through extensive training and strategic partnerships.

During 2024 FASU staff attended a range of local, regional and international training and professional development activities, in person and virtually. These activities included capacity building opportunities hosted by organisations including APG, PFIC, Egmont Group, and Solomons FIU.

TECHNOLOGY AND ANALYTICAL CAPABILITY

To strengthen its regulatory and intelligence functions, FASU has invested in advanced analytical software and digital platforms to manage the large volumes of financial data it receives through SMRs, TTRs, CMCVs, and IEFTIs. These tools support the secure collection, analysis, and dissemination of financial intelligence.

FASU also maintains access to critical international platforms, including the Egmont Secure Web, INTERPOL's global criminal intelligence database, and the iNotebook and iReport tools used for intelligence processing and case management.

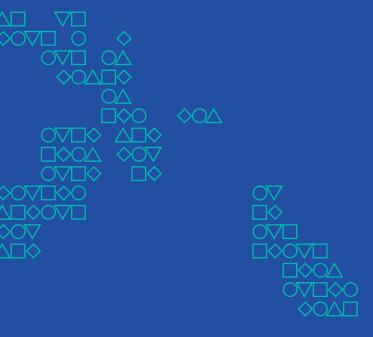
In December AUSTRAC delivered an upgraded version of the TAIPAN database to FASU, significantly enhancing its ability to securely store, manage, and analyse financial intelligence reports, particularly SMRs and IFTIs, in line with international standards and best practices.

ACRONYMS

AML/CTF	Anti-Money Laundering and Counter-Terrorist Financing
AML/CTF Act	Anti-Money Laundering and Counter Terrorist Financing Act 2015
AMLAT	Anti-Money Laundering Assistance Team
APG	Asia/Pacific Group on Money Laundering
AUSTRAC	Australian Transaction Reports and Analysis Centre (Australia's FIU)
BPNG	Bank of Papua New Guinea, PNG's Central Bank or Bank of PNG
BIP 151 ME	Business Improvement Project 151 Mutual Evaluation
BSP	BSP Financial Group Limited, formerly Bank of South Pacific Limited
CDD	Customer Due Diligence
DHA	Department of Home Affairs, Australia
DJAG	Department of Justice and Attorney General
DLPP	Department of Lands and Physical Planning
DNFBP	Designated Non-Financial Business or Profession
ECDD	Enhanced Customer Due Diligence
EA	Extradition Act 2005
FASU	Financial Analysis and Supervision Unit (Papua New Guinea's FIU)
FATF	Financial Action Task Force
FI	Financial Institutions
FIU	Financial Intelligence Unit
ICTD	Information and Communication Technology Department of BPNG
IEFTR	International Electronic Funds Transfer Report
IMD	Intelligence Management Division of FASU
INTERPOL	International Criminal Police Organization
IR/IP	Intelligence Reports and Intelligence Products

KYC	Know Your Customer
LEA	Law Enforcement Agencies
MACMA	Mutual Assistance in Criminal Matters Act 2005 and Mutual Assistance in Criminal Matters (Amendment) Act 2015
ME	Mutual Evaluation
ML/TF/PF	Money Laundering/Terrorism Financing/Proliferation Financing
MoU	Memorandum of Understanding
NACPA	National Anti-Corruption Plan of Action
NACSTF	National Anti-Corruption Strategic Task Force
NBC	National Broadcasting Corporation
NCC	National Coordinating Committee on AML/CTF
NPO	Non-Profit Organizations
OECDD	Ongoing Enhanced Customer Due Diligence
OECD	Organization for Economic Co-operation and Development
PDCD	Policy Development and Coordination Division of FASU
POCA	Proceeds of Crime Act 2005 and Proceeds of Crime (Amendment) Act 2015
QSAR	Quarterly Strategic Analysis Report
RPNGC	Royal Papua New Guinea Constabulary or Police
SCD	Supervision and Compliance Division of FASU
SMR	Suspicious Matter Report
SOP	Standard Operating Procedure
TA	Technical Assistance
TA&T	Technical Assistance and Training
TTR	Threshold Transaction Report
UNODC	United Nations Office on Drugs and Crime

NOTES



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