



**BANK OF PAPUA NEW GUINEA**

## **Media Statement**

### **PNG RECOGNISED INTERNATIONALLY FOR PROGRESS IN ANTI-MONEY LAUNDERING AND COUNTER-TERRORIST FINANCING**

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 National Coordinating Committee. This statement announces the successful removal of Papua New Guinea from the FATF 'Greylist' and outlines the ongoing commitment of the PNG Government and the relevant state agencies to maintaining momentum on combating money laundering and terrorist financing in PNG.

#### **Background**

In 2014, PNG was placed on the international monitoring list of the Financial Action Task Force (FATF). 'FATF' is a multidisciplinary body made up of 37 member countries globally and operates as a peer review mechanism holding Governments to account for their commitment to fighting international crime and improving financial stability. Colloquially known as being 'greylisted,' PNG was criticised for our failure to establish and implement adequate measures to combat money laundering and terrorist financing. Our failure to implement the international FATF Recommendations received widespread condemnation from the private sector domestically and abroad, international agencies, peer Governments, FATF and the Asia-Pacific Group on Money Laundering.

Money laundering and terrorist financing are highly lucrative crimes that flourish in the face of weak law and weak enforcement. Both involve the use of a country's financial system and undermine the stability and sovereignty of a nation. Failure to take action following the greylisting would have meant PNG was in jeopardy of facing sanctions and undermining confidence in our economy. Yet implementing the FATF Recommendations in accordance with expectations applied to well-established nations in places like Europe and the USA is a substantial challenge for jurisdictions in parts of the Asia-Pacific.

#### **Rapid reform**

PNG was on the front foot in establishing its anti-money laundering and counter terrorist financing regime from day one. Prior to the announcement of greylisting, the Prime Minister Hon. Peter O'Neill, CMG, MP wrote to FATF making a high level commitment to this reform process. Since then, State agencies cooperating through the National Coordinating Committee for Anti-Money Laundering and Counter Terrorist Financing came together to

drive the arduous tasks required to be removed from the greylist. These tasks involved institutional reforms, the passage of two brand new pieces of legislation, the revision of three other laws, close engagement with regulated entities including banks, lawyers, accountants, finance and insurance companies who are all impacted.

The period and success of the reform was characterised by the following three approaches:

1. Commitment – this reform would not have been possible without the commitment at the highest levels of politics, agencies and industry coming together behind a common goal. Nor would it have been possible without the tireless commitment of the officers and technocrats involved in supporting these reforms.
2. Strategic Coordination – it was imperative to have strong leaders driving this complex reform and crucial that our efforts were concentrated on the highest priority matters if PNG was going to meet the strict FATF deadlines. The establishment and growth of the National Coordinating Committee was crucial to this outcome.
3. Partnership – PNG worked in partnership with peers in the region. We learned from the experiences of our brother and sister jurisdictions in the Pacific and we reached out to those who were prepared to think with us, not for us, and invited them in as strategic partners who invested their time supporting our leaders to produce PNG solutions suitable for PNG. These partnerships will place us in good stead as we face the next phase of implementation and are a good model for high priority PNG driven reform that can be supported by additional cost effective donor assistance.

### **June 2016 – PNG removed from the FATF Greylist**

We are most pleased to announce that on 21 June 2016 in Busan, South Korea, the FATF Plenary voted on a motion put forward by New Zealand, seconded by Australia and welcomed by the Asia Pacific Group on Money Laundering to remove PNG from the FATF Greylist. This follows rigorous rounds of monitoring, assessment and negotiation over the last two years, including two high level visits made by the Asia Pacific Group on Money Laundering and the Financial Action Task Force to PNG to check on progress. In comments made by the FATF Regional Review Group, it was indicated that PNG has shown, ‘unprecedented reform and commitment of the highest standard to strengthening its AML/CTF systems and ensuring action is taken to prevent money laundering and terrorist financing in PNG.

Additionally, it was acknowledged by the FATF/ICRG in its final assessment prior to delisting, the considerable resources PNG devoted to the preparation of national and supporting implementation plans and procedures in anticipation of the new AML/CTF legislation coming in to force and, ensuing implementation activities. This was to ensure that not only were its AML/CTF systems strengthened but that there is comprehensive understanding across all sectors, of the reforms resulting in the effective operation of the system.

### **Next steps**

Whilst being removed from the Greylist is a significant accomplishment for Papua New Guinea, we remain under close scrutiny from our international and domestic peers to ensure

that the foundations of our AML/CTF system now in place, continues its rapid implementation. We would like to take this opportunity to urge all involved in AML/CTF, including those who have partnered with us to date, to continue their tireless work to strengthen the integrity of PNG's economy from profit driven crime and terrorism. We would also like to extend particular thanks to the following supporters of this reform:

- Asia Pacific Group (APG) on Money Laundering
- Australian Attorney-General's Department Anti-Money Laundering Assistance Team
- Australian Transaction Reporting and Analysis Centre (AUSTRAC)
- Former Strongim Gavman Program (SGP) advisors invited to partner with us on all aspects of this national reform priority
- United Nations Development Programme (UNDP) who provided experts to assist in linking the reform to national, regional and international standards
- Asian Development Bank (ADB)

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