



Ongoing preparations for the fourth round of mutual evaluations against the 2012 FATF standards

Prakash Mungra - Executive director CBA

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Introductory remarks



- Aruba is scheduled for 2020
- Evaluation by CFATF (previously FATF)
- Methodology for the fourth round evaluation:
 - (i) Technical Compliance: desk-based review
 - (ii) Effectiveness: Statistics are key!





Procedures 3rd Mutual Evaluation

- Mutual Evaluation starts with the submission of the filled out Mutual Evaluation Questionnaire (MEQ), accompanied by supporting documents (including the relevant laws and regulations)
- MEQ contains a detailed description of the AML/CFT-system





Procedures 3rd Mutual Evaluation

- FATF Secretariat puts together a team
- The members of the assesment team are from different FATF-member states
- In the case of Aruba: 4 assessors and two members of the FATF Secretariat





Procedures 3rd Mutual Evaluation

- Duration on-site visit: two weeks
- Data verification and collection of additional information through interviews with representatives of public and private sector
- Onsite Aruba: first half of December 2008
- Evaluation was mostly geared towards evaluating technical compliance





Procedures 3rd Mutual Evaluation Round

- After the on-site visit, the FATF Secretariat compiled a first draft of the MER based on the findings of the assessment team
- For each Recommendation one of the following ratings was given : C (Compliant), LC (Largely Compliant), PC (Partially Compliant) or NC (Non Compliant)
- “Core” and “Key” Recommendations decide whether a country is placed in regular, enhanced or expedited follow up.





Procedures 3rd Mutual Evaluation

- Draft-MER is sent to the country and thereafter discussed in a face-to-face meeting between the assessment team and representatives of the country
- Hereafter the MER is adopted (with or without amendments) in the FATF Plenary
- Then publication on website www.fatf-gafi.org





Results 3rd Mutual Evaluation

MER Aruba of October 2009:

- Ratings Aruba: 2 C, 7 LC, 13 PC and 25 NC (also 2 not-applicable)
- Of the 16 “Core” en “Key” Recommendations: 0 C, 3 LC, 7 PC and 6 NC
- Consequence: Aruba was placed in Enhanced and Expedited Follow Up





Main deficiencies:

1. No independent criminalization of terrorist financing
2. Inadequate CDD-regime
3. Inadequate AML/CFT legislation
4. Inadequate supervisory regime
5. DNFBP's poorly regulated





Policy Response

- Establishment of an AML/CFT steering Committee under the Chair of the Prime Minister
- Transfer of all AML/CFT oversight to CBA
- Complete overhaul of the AML/CFT laws and regulations
- Broadening and strengthening of the supervisory laws and regulations
- Strengthening and broadening of the existing supervisory laws with the aim to broaden the scope to unregulated entities and also to enhance the possibilities for information exchange, to strengthen the fit and proper testing and the supervisory toolbox in the area of enforcement, including the level of the penalties
- Introduction of new supervisory laws to close the supervisory gaps





Exit FATF follow up process

On February 12, 2014, the FATF plenary acknowledged that Aruba had made significant progress in addressing the deficiencies identified in the 2009 MER

It concluded that Aruba is now largely compliant with the FATF core and Key Recommendations and therefore could exit the follow up process



Lessons learned



1. The undertaking of a thorough self-assessment by the key agencies is of critical importance to identify gaps in the laws, regulations and practices

1. The scope and importance of the Mutual Evaluation was underestimated by all parties involved
 - (i) “passionate” assessment team
 - (ii) insufficient awareness of the scope and depth of the evaluation



Lessons learned



3. Start on time with amendments of laws and regulations and with building awareness among all parties involved
4. Submit all requested information in a complete and timely manner: STATISTICS, STATISTICS, STATISTICS!



Lessons learned



6. Do not underestimate depth and scope (i)
engage timely all service providers
involved
- (ii) proper coordination between all
government agencies involved is key



6. Challenges ahead



4th Mutual Evaluation of Aruba

- New Methodology:
 - (i) Technical Compliance: desk-based review
 - (ii) Effectiveness: Statistics are key!

The evaluation of the effectiveness of the system will be based to a large extent on the number of successful prosecutions and convictions, the number of AML/CFT examinations at the financial institutions and DNFBPs and the enforcement actions based upon the outcome of these examinations, seizure and confiscation of assets, number of suspicious transaction reports, the number of investigations by the police authorities and so on.

A central registry containing key statistical data in the areas mentioned above will assist greatly in demonstrating effectiveness



7. Conclusions



- Detailed Gap-analysis must be conducted by the key authorities (CBA, OM, MOT and DWJZ). CBA already conducted a detailed self-assessment last year vis-à-vis the FATF standards that fall under the scope of its mandate
- Intention is to prepare this year legislative proposals to close the legislative and regulatory gaps and to also move closer to a RBA approach.



5. Gaps in the AML/CFT framework



Overview of some of the most important gaps identified vis-à-vis the 2012 FATF standards

- Sanction legislation must be broadened to include proliferation financing, while some of the existing provisions need to be strengthened
- Further harmonization and strengthening of the supervisory laws
- Company registry must maintain adequate and up to date UBO information of legal persons
- Installation of a gaming board regulating casino's
- Aruba must become party to the UN Convention against corruption
- Regulation of NPO's (foundations)



7. Conclusions



Much work has already been undertaken to strengthen Aruba's AML/CFT framework, but further steps have to be taken to close the gaps vis-à-vis the 2012 revised FATF standards!

A new NRA is also planned for 2018/2019!



Closing



Thank you for your attention!

