



# Dialogue with the Private Sector

## **Chairman's Summary of Outcomes from the FATF Private Sector Consultative Forum, Vienna, 20-22 March 2017**

*Vienna, 22 March 2017* – The Financial Action Task Force (FATF) held its annual Private Sector Consultative Forum on 20-22 March 2017 in Vienna, Austria, hosted by the United Nations Office on Drugs and Crime (UNODC).

The meeting was chaired by the President of the FATF, Mr. Juan Manuel Vega-Serrano (Spain). Over 250 representatives from the financial sector and other businesses and professions subject to AML/CFT obligations, civil society, and FATF members and observers participated in this year's Private Sector Consultative Forum.

The Forum is an opportunity for the FATF and its members to engage directly with the private sector on anti-money laundering and counter terrorist financing (AML/CFT) issues. It provides a regular platform for the FATF to learn more about the private sector's views and concerns of AML/CFT-related issues. Over the three days of the Forum, participants held constructive discussions over the following issues:

### **Information Sharing**

Effective information sharing is a cornerstone of a well-functioning AML/CFT framework. The FATF sought feedback from the private sector representatives on barriers to information sharing, their practical impact and measures to address them, information elements needed for an effective group-wide AML/CFT program, the interplay between data protection and privacy (DPP) and AML/CFT frameworks, and practical examples of information sharing between financial institutions which are not part of the same group. The input provided will be taken into account in the draft guidance currently under development by the FATF.

### **Correspondent Banking**

Participants welcomed the 2016 FATF Guidance on Correspondent banking services which they consider has clarified regulatory and supervisory expectations associated to correspondent banking, and in particular the absence of FATF requirements for correspondent institutions to conduct CDD on each individual customer of their respondent institutions. National supervisors and regulators were encouraged to follow-up on the Guidance at domestic level and clarify how it will be reflected in the national framework and requirements. Some participants called on FATF to conduct further work on the definition of correspondent banking, and consider restricting its scope.

### **Financial Inclusion**

This session focused on the new private sector, technology-driven innovation which is opening new ways of reaching financially excluded and underserved customers, verifying their identities,

profiling them, and managing new tailor-made products. Participants heard from financial inclusion initiatives in different countries, including in India. They discussed publicly-sponsored central databases of basic information on people's identity, authenticated through biometrics or fingerprints. These tools can help financial institutions conduct the basic CDD steps to establish relationships with undocumented people, and play a key role for financial inclusion. Discussions also highlighted products and services, including e-wallets and mobile payments, serving specific needs of unbanked people. Experiences of outreach to unserved groups of populations, remote from bank facilities and branches, were also shared.

### **Remittances and De-risking**

In light of continuing concerns about the impact of de-risking on the remittance sector, the FATF and FSB, with the support of the GPF and the German G20 Presidency, chaired a special session on remittances and de-risking with experts from the remittances and banking sectors. The discussion aimed to understand how the money and value transfer services sector is affected by loss of correspondent banking services, and the variety of reasons why this can occur. It also reviewed the responses which have been used to address the causes, and maintain access to banking services and remittance services; and sought to identify any remaining gaps or co-ordination needs, at national or international levels that are not already covered by existing initiatives.

### **Terrorist Financing**

The FATF sought feedback on the how the dissemination of the *Detecting Terrorist Financing: Relevant Risk Indicators* report was made to banks, MSBs and other relevant private sector representatives. Feedback was also sought on the usefulness of the indicators, any tangible results achieved, and how similar projects could be improved in the future. The private sector participants welcomed the information contained in the report, and requested that it be kept up-to-date and specific risk indicators be developed for individual sectors.

### **Beneficial Ownership**

Recognising the need for further guidance on how to identify other legal arrangements which are similar to express trusts within the context of Recommendation 25, the session discussed the uses of trusts and other legal arrangements in a few jurisdictions. Participants then briefly talked about how trustees are required to collect and maintain certain information in order to fulfil their common law obligations. The participants noted that the risks of legal arrangements may vary, depending on the context of the jurisdiction and who the users of the legal arrangements are.

### **Engaging Non-Profit Organisations**

Participants from governments and NPOs shared their experiences with the mutual evaluation process and assessments of Recommendation 8 and Immediate Outcome 10. Participants discussed the importance of involving NPOs in the mutual evaluation process at an early stage to ensure that they understand the purpose, expectations and scope of the process, and are well-prepared for the onsite visit which focuses primarily on effectiveness. The session also discussed the different processes through which several jurisdictions have assessed the risks of their NPO sector. The participants also highlighted the importance of governments and NPOs continuing to engage and collaborate.

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