



MONEYVAL FEEDBACK PRESENTATION

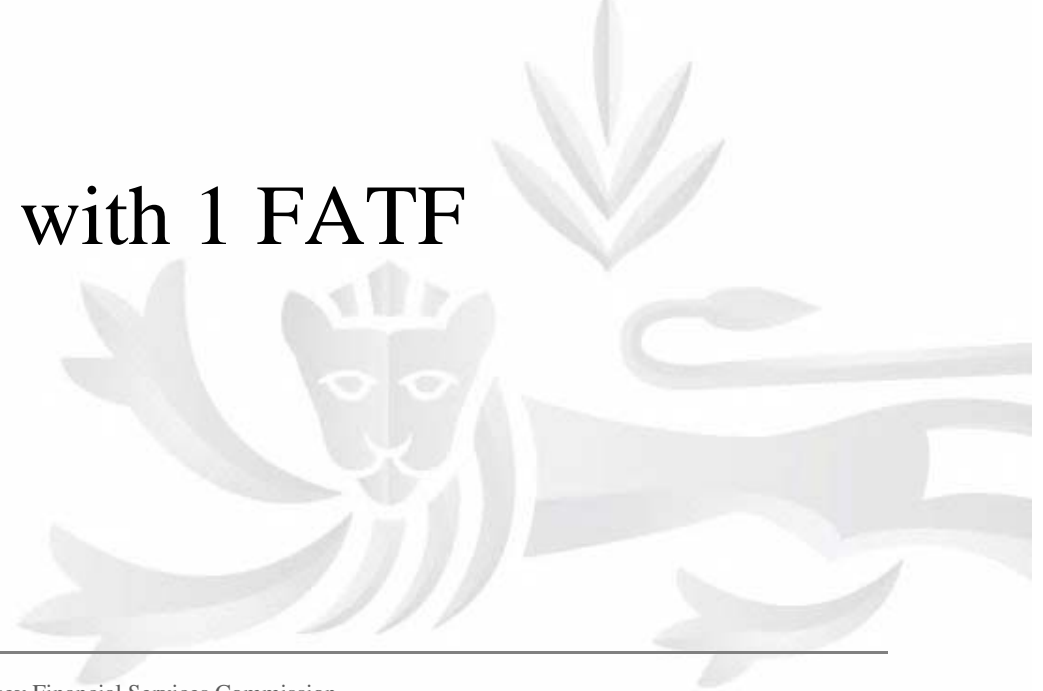
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Key Findings

- Compliant with 13 FATF recommendations
- Largely compliant 11 FATF recommendations
- Partially compliant with 1 FATF recommendation



Findings Relevant to the GFSC

- Compliant with Recommendations 23 and 29 on supervision and powers to ensure compliance with AML/CFT obligations
- Largely Compliant with Recommendations 5 and 12 on AML/CFT obligations upon firms and the effectiveness of their implementation
- Partially Compliant with Recommendation 17 on sanctions to deter money laundering and terrorist financing

Supervision

- The GFSC has adequate powers to fulfil its AML/CFT supervisory functions
- The maximum discretionary financial penalty available to the GFSC is not dissuasive or proportionate
- Cases of STR reporting are rarely sanctioned

The AML/CFT Handbooks – Findings on Recommendations 5 & 12

- Deficiencies identified in assessing risk for higher risk customers
- Gaps in the AML/CFT regime on the application of due diligence measures to certain types of customers

Assessment of Risk

- The list of high risk customers to which EDD must be applied omits some higher risk categories of customer
- Customer risk assessment do not sufficiently take into account the accumulation of risk
- CDD measures therefore not commensurate to risk
- Risk appetite high in some firms

Gaps in the application of CDD measures

- Certain low risk relationships where SCDD measures can be applied including:
 - Intermediary relationships
 - Subsidiaries of Appendix C Intermediaries
 - Listed companies
 - Licensed corporate trustees
- Up to 6 directorships exemption.

Main recommendations

- Maximum limit on discretionary financial penalties should be increased
- Cases of non-reporting of suspicions should be sanctioned
- CDD measures should be commensurate with the risk for higher risk categories of customer
- Gaps in the application of CDD measures to certain types of customer should be closed