

9th Conference – 4th April 2019

Financial Crime Division

Fiona Crocker, Director

Good afternoon everyone.

There are many familiar faces in the audience today from the presentations and workshops we have been running since November about the revised Handbook on Countering Financial Crime and Terrorist Financing.

So if this is your third or even fourth helping of the Handbook you are probably wondering what more can she say about it in this update?

Well - I did hold back a few things for today.

If you missed these presentations there will be an overview of some of the key revisions to the Handbook a little later.

What I want to concentrate on is the transitional period for firms to revise their business risk assessments and policies, procedures and controls, and to bring existing books of business up to the standards in the revised Handbook.

How well measures in the Handbook are being implemented by industry - for example the changes to the requirements around B.R.A.s, or managing and mitigating risks posed by politically exposed persons are now key elements of a MONEYVAL evaluation.

Slide: MONEYVAL Countdown

However there is relatively little time before our next evaluation. All I know in terms of timing is that it will not be before 2021. However when MONEYVAL does come back, as well as looking at the Commission's role, its assessors will also be looking at how well industry is applying the measures in the Handbook. That means during its two weeks here onsite it will be reviewing your policies and procedures and meeting you to assess how well you understand and mitigate your money laundering and terrorist financing risks.

If this evaluation commences in 2022 it will be extremely tight for showing that the changes in the Handbook have not only been implemented but implemented effectively. Firms have 10 months from now to revise their policies and procedures - so by end of January 2020, and until

the end of 2021 to have reviewed and updated where necessary due diligence on their existing customers.

It is therefore extremely important that these transitional timeframes in the Handbook are met and that the Bailiwick gets it right first time - we will get no allowances from MONEYVAL or the wider international community if we get this wrong or are too slow or too lax on implementation.

This is because we are in the later wave of countries yet to be assessed against the Financial Action Task Force's revised standards and the evaluation team will be expecting to see **well** embedded, the revised measures in the Handbook.

I appreciate that your compliance teams now have a busy time ahead. It's not unusual for us to see compliance pick up non-financial compliance projects such as implementing important new tax and data legislation such as CRS. But with no back filling in resources we have seen this contribute, in the worst cases, to compliance work being suspended for far too long.

Firms cannot afford to do that - the compliance function must continue monitoring and testing controls. So I very much hope that during this busy time compliance teams are given the support they need by their firms to work on revisions to policies and procedures alongside their existing work ensuring that your controls guarding you against money laundering and terrorist financing are effective.

I have one further plea - nothing sends a clearer message that compliance is important to a firm than its board of directors supporting and being seen to support the compliance team. Please stand with your money laundering compliance officer and support him or her when they are rolling out revised policies and procedures to your staff early next year.

All firms have to invest in compliance so let's make it effective as neither you nor the Bailiwick can afford firms to be going through expensive remediation projects when MONEYVAL is here because they did not get it right the first time.

We are four days into the revised regime as Schedule 3 to the Proceeds of Crime law and rules and guidance in the Handbook took effect last Sunday.

It's a bit too soon even for the Financial Crime Division to give you feedback on how well or badly it's being implemented but I am able to show you how one firm has been dealing with the changes over the last few months.

Slide: Salarie Financial Services – Season 3

I have for you today episode 3 of Salarie Financial Services.

There are a couple of caveats accompanying this episode. Salarie Financial Services is a fictitious firm we use to convey supervisory messages and the Financial Crime team who script, act and direct it, love and I mean really love, getting into character.

So let's take a look at how Salarie Financial Services is grappling with the revised Handbook.

[Video clip]

The team will be delighted to hear how much you enjoyed it.

But before this session closes I would like to assure you that we do not bug your offices to find the firms we should be inspecting.

More's the pity perhaps as the race will be on for us to get to firms like Salarie Financial Services first or risk MONEYVAL expressing an interest in meeting Nick and Andy to discuss Salarie's approach to compliance.

Clearly there's plenty of material for another episode but that it for Financial Crime's update today

Thank you.