Improving Global AML/CFT Compliance: On-going Process, 18 October 2013

Paris, 18 October 2013 - As part of its on-going review of compliance with the AML/CFT standards, the FATF has to date identified the following jurisdictions which have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF. While the situations differ among each jurisdiction, each jurisdiction has provided a written high-level political commitment to address the identified deficiencies. The FATF welcomes these commitments.

A large number of jurisdictions have not yet been reviewed by the FATF. The FATF continues to identify additional jurisdictions, on an on-going basis, that pose a risk to the international financial system.

The FATF and the FATF-style regional bodies (FSRBs) will continue to work with the jurisdictions noted below and to report on the progress made in addressing the identified deficiencies. The FATF calls on these jurisdictions to complete the implementation of action plans expeditiously and within the proposed timeframes. The FATF will closely monitor the implementation of these action plans and encourages its members to consider the information presented below.

Afghanistan
Albania
Angola
Antigua and Barbuda
Argentina
Bangladesh
Cambodia
Cuba
Iraq
Kuwait
Kyrgyzstan
Lao DPR
Namibia
Nepal
Nicaragua
Sudan
Tajikistan
Vietnam
Zimbabwe

Jurisdictions not making sufficient progress

Mongolia

Jurisdictions no longer subject to the FATF's on-going global AML/CFT compliance process

Morocco
Nigeria

Afghanistan

In June 2012, Afghanistan made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Afghanistan should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets; (3) implementing an adequate AML/CFT supervisory and oversight programme for all financial sectors; (4) establishing and implementing adequate procedures for the confiscation of assets related to money laundering; (5) establishing a fully operational and effectively functioning Financial Intelligence Unit; and (6) establishing and implementing effective controls for cross-border cash transactions. The FATF encourages Afghanistan to address its deficiencies and continue the process of implementing its action plan.

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Kenya
Myanmar
Pakistan
Syria
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Sudan
Tajikistan
Vietnam
Zimbabwe

Jurisdictions not making sufficient progress

Mongolia

Albania

In June 2012, Albania made a high-level political commitment to work with the FATF and MONEYVAL to address its strategic AML/CFT deficiencies. Since then, Albania has taken steps towards improving its AML/CFT regime, including by parliamentary approval of new legislation aimed at addressing deficiencies in the regime for freezing terrorist assets. However, the FATF has yet to review the new legislation and certain strategic AML/CFT deficiencies remain. Albania should continue to work on implementing its action plan to address these deficiencies, including by: (1) ensuring that the new legislation establishes and implements an adequate legal framework for identifying, tracing and freezing terrorist assets; and (2) enhancing the framework for international co-operation related to terrorist financing. The FATF encourages Albania to address its remaining deficiencies and continue the process of implementing its action plan.

Angola

In June 2010 and again in February 2013 in view of its revised action plan, Angola made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Angola should continue to work on addressing these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing an adequate legal framework for the confiscation of funds related to money laundering and the identification and freezing of terrorist assets without delay; (3) ensuring an effectively functioning Financial Intelligence Unit; and (4) ensuring that appropriate laws and procedures are in place to provide mutual legal assistance. The FATF encourages Angola to address its remaining deficiencies and continue the process of implementing its action plan.

Antigua and Barbuda

Since February 2010, when Antigua and Barbuda made a high-level political commitment to work with the FATF and to address its strategic AML/CFT deficiencies, Antigua and Barbuda has made significant progress to improve its AML/CFT regime. Antigua and Barbuda has substantially addressed its action plan, including by: implementing procedures to identify and freeze terrorist assets; addressing secrecy provisions; and improving the overall supervisory framework for AML/CFT. The FATF will conduct an on-site visit to confirm that the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF.

Argentina

In June 2011, Argentina made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since June 2013, Argentina has taken steps towards improving its AML/CFT regime, including by issuing new regulations strengthening fit and proper tests for insurance and securities entities, and the Central Bank's issuance of a regulation related to sanctions which the FATF will review. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Argentina should continue to work on implementing its action plan to address these deficiencies, including by: (1) addressing the remaining deficiencies with regard to the criminalisation of money laundering and freezing terrorist-related assets; (2) addressing the remaining issues for the Financial Intelligence Unit and suspicious transaction reporting requirements; and (3) further enhancing the AML/CFT supervisory programme for all financial sectors. The FATF encourages Argentina to address its remaining deficiencies and continue the process of implementing its action plan.

Bangladesh

Jurisdictions no longer subject to monitoring

Morocco
Nigeria

> full statement

More information

About the International Co-operation Review Group (ICRG)

Since October 2010, when Bangladesh made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Bangladesh has made significant progress to improve its AML/CFT regime. Bangladesh has largely addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing and implementing adequate procedures to identify and freeze terrorist assets; implementing adequate procedures for the confiscation of funds related to money laundering; ensuring a fully operational and effectively functioning Financial Intelligence Unit; improving suspicious transaction reporting requirements; and improving international cooperation. The FATF will conduct an on-site visit to confirm that the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF.

Cambodia

In June 2011, Cambodia made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since June 2013, Cambodia has taken steps towards improving its AML/CFT regime, including by strengthening operational functions of its Financial Intelligence Unit. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Cambodia should continue to work on implementing its action plan to address these deficiencies, including by: (1) establishing and implementing adequate procedures to identify and freeze terrorist assets; (2) ensuring an effectively functioning Financial Intelligence Unit; and (3) establishing and implementing effective controls for cross-border cash transactions. The FATF encourages Cambodia to address its remaining deficiencies and continue the process of implementing its action plan.

Cuba

In February 2013, Cuba made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies. Since June 2013, Cuba has taken steps towards improving its AML/CFT regime, including by issuing regulations which improve provisions for customer due diligence and suspicious transaction reporting. Cuba has recently issued instruction 31/2013, aimed at further detailing the procedures for freezing of terrorist assets. Due to the recent nature of this instruction, the FATF is currently reviewing it. Cuba has also constructively engaged with GAFISUD. However, the FATF has determined that certain AML/CFT deficiencies remain. Cuba should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) ensuring comprehensive customer due diligence measures and suspicious transaction reporting requirements; (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (5) ensuring that appropriate laws and procedures are in place with regard to international cooperation and mutual legal assistance. The FATF encourages Cuba to address its remaining deficiencies and continue the process of implementing its action plan.

Iraq

In October 2013, Iraq made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Iraq will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets; (3) establishing effective customer due diligence measures; (4) establishing a fully operational and effectively functioning Financial Intelligence Unit; (5) establishing suspicious transaction reporting requirements; and (6) establishing and implementing an adequate AML/CFT supervisory and oversight programme for all financial sectors. The FATF

encourages Iraq to address its AML/CFT deficiencies by implementing its action plan.

Kuwait

In June 2012, Kuwait made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Since June 2013, Kuwait has taken steps towards improving its AML/CFT regime, including by issuing implementing regulations to the new AML/CFT law, and CDD Instructions by the Central Bank. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Kuwait should continue to work on implementing its action plan to address these deficiencies, including by: (1) establishing and implementing adequate procedures to identify and freeze terrorist assets; (2) ensuring a fully operational and effectively functioning Financial Intelligence Unit (FIU), in particular addressing the operational autonomy of the FIU; and (3) ensuring an effective regime where the financial institutions file suspicious transaction reports to the FIU. The FATF encourages Kuwait to address its remaining deficiencies and continue the process of implementing its action plan.

Kyrgyzstan

In October 2011, Kyrgyzstan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies. Since then, Kyrgyzstan has taken steps towards improving its AML/CFT regime. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Kyrgyzstan should continue to work on implementing its action plan to address these deficiencies, including by addressing the remaining issues in: (1) the criminalisation of money laundering; (2) the framework for freezing terrorist assets; and (3) the AML/CFT supervisory programme. The FATF encourages Kyrgyzstan to address its remaining deficiencies and continue the process of implementing its action plan.

Lao PDR

In June 2013, the Lao PDR made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. The Lao PDR should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing adequate procedures for the confiscation of assets related to money laundering; (3) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets; (4) establishing a fully operational and effectively functioning Financial Intelligence Unit; (5) establishing suspicious transaction reporting requirements; (6) implementing an adequate AML/CFT supervisory and oversight programme for all financial sectors; and (7) establishing and implementing effective controls for cross-border currency transactions. The FATF encourages the Lao PDR to address its AML/CFT deficiencies continue the process of implementing its action plan.

Namibia

In June 2011, Namibia made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. However, the FATF has determined that strategic AML/CFT deficiencies remain. Namibia should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing; and (2) establishing and implementing adequate procedures to identify and freeze terrorist assets. The FATF encourages Namibia to address its remaining deficiencies and continue the process of implementing its action plan.

Nepal

Since February 2010, when Nepal made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Nepal has made significant progress to improve its AML/CFT regime. Nepal has largely addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing and implementing adequate procedures to identify and freeze terrorist assets; implementing adequate procedures for the confiscation of funds related to money laundering; enacting and implementing appropriate mutual legal assistance legislation; ensuring a fully operational and effectively functioning Financial Intelligence Unit; and establishing adequate suspicious transaction reporting obligations for money laundering and terrorist financing. The FATF will conduct an on-site visit to confirm that the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF.

Nicaragua

In June 2011, Nicaragua made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Since then, Nicaragua has taken steps towards improving its AML/CFT regime, including by issuing Decree 21-2013 regarding the freezing of terrorist assets and beginning issuing regulations for reporting parties to the FIU. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Nicaragua should work with the FATF and CFATF on implementing its action plan to address these deficiencies, including by: (1) ensuring effective customer due diligence measures and record-keeping requirements, in particular entities not currently regulated by the supervisory authority; (2) establishing adequate suspicious transaction reporting obligations for money laundering and terrorist financing; (3) implementing an adequate AML/CFT supervisory programme for all financial sectors; (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (5) ensuring adequate procedures for identifying and freezing terrorist assets. The FATF encourages Nicaragua to address its remaining deficiencies and continue the process of implementing its action plan.

Sudan

In February 2010 and again in June 2013 in view of its revised action plan, Sudan made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Sudan should continue to work on addressing these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) implementing adequate procedures for identifying and freezing terrorist assets; (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit; (4) ensuring an effective supervisory programme for AML/CFT compliance; (5) improving customer due diligence measures; (6) ensuring that financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to money laundering and terrorist financing; and (7) ensuring that appropriate laws and procedures are in place with regard to international cooperation and mutual legal assistance. The FATF encourages Sudan to address its remaining deficiencies and continue the process of implementing its action plan.

Tajikistan

In June 2011, Tajikistan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies. Since June 2013, Tajikistan has taken steps towards improving its AML/CFT regime, including by issuing a new regulation on the freezing of terrorist assets. Due to the recent nature of this regulation, the FATF has not yet reviewed it, and certain strategic

AML/CFT deficiencies remain. Tajikistan should continue to work with the FATF and EAG on implementing its action plan to address these deficiencies, including by: (1) ensuring adequate procedures for freezing terrorist assets; (2) implementing adequate procedures for the confiscation of funds related to the full range of money laundering predicate offences; and (3) addressing the remaining issues relating to customer due diligence measures. The FATF encourages Tajikistan to address its remaining deficiencies and continue the process of implementing its action plan.

Vietnam

Since October 2010, when Vietnam made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Vietnam has made significant progress to improve its AML/CFT regime. Vietnam has largely addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing and implementing adequate procedures to identify and freeze terrorist assets; improving the overall supervisory framework; improving and broadening customer due diligence measures and reporting requirements; and strengthening international co-operation. The FATF will conduct an on-site visit to confirm that the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF.

Zimbabwe

In June 2011, Zimbabwe made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. Since June 2013, Zimbabwe has taken steps towards improving its AML/CFT regime, including by issuing new regulations aiming to implement obligations under UNCSRs 1267 and 1373. The FATF has not yet finalised the review of these regulations. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Zimbabwe should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit; (4) ensuring that financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to money laundering and the financing of terrorism; and (5) enacting and implementing appropriate mutual legal assistance legislation. The FATF encourages Zimbabwe to address its remaining deficiencies and continue the process of implementing its action plan.

Jurisdictions not making sufficient progress

The FATF is not yet satisfied that the following jurisdiction has made sufficient progress on its action plan agreed upon with the FATF. The most significant action plan items and/or the majority of the action plan items have not been addressed. If this jurisdiction does not take sufficient action to implement significant components of its action plan by February 2014, then the FATF will identify this jurisdiction as being out of compliance with its agreed action plan and will take the additional step of calling upon its members to consider the risks arising from the deficiencies associated with the jurisdiction.

Mongolia

The FATF takes note that Mongolia has taken steps towards improving its AML/CFT regime, including by issuing regulations to establish and implement adequate procedures to identify and freeze terrorist assets. Despite Mongolia's

high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Mongolia has made sufficient progress in improving its AML/CFT regime, and certain strategic AML/CFT deficiencies remain. Mongolia should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing adequate procedures for the confiscation of funds related to money laundering; and (3) demonstrating effective regulation of money service providers. The FATF encourages Mongolia to address its remaining deficiencies and continue the process of implementing its action plan.

Jurisdictions no longer subject to the FATF's on-going global AML/CFT compliance process

Morocco

The FATF welcomes Morocco's significant progress in improving its AML/CFT regime and notes that Morocco has established the legal and regulatory framework to meet its commitments in its Action Plan regarding the strategic deficiencies that the FATF had identified in February 2010. Morocco is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Morocco will work with MENAFATF as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report.

Nigeria

The FATF welcomes Nigeria's significant progress in improving its AML/CFT regime and notes that Nigeria has established the legal and regulatory framework to meet its commitments in its Action Plan regarding the strategic deficiencies that the FATF had identified in February 2010. Nigeria is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Nigeria will work with GIABA as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report.