



FINANCIAL INTELLIGENCE ANALYSIS UNIT

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The FIAU remains fully committed to its role to deter money laundering and funding of terrorism.

- 90% of the Moneyval Recommendations aimed at bolstering AML/CFT Supervision and Enforcement were fully implemented by the FIAU by March 2019 as part of the EBA Action Plan;
- The Moneyval Report calls on the FIAU to enhance its analytical processes, while attesting that FIAU officers have always performed their functions freely and objectively without undue influence;
- The FIAU's quality and timeliness of international cooperation was commended by the MONEYVAL evaluators;
- The report acknowledges the increase in the provision of AML/CFT guidance by the FIAU and the FIAU's openness and cooperation with the private sector;
- A detailed action plan by the FIAU to address the entire MONEYVAL Recommendations is already in place.

MONEYVAL published the 5th Round Mutual Evaluation Report on Malta, which examines the level of compliance with the Financial Action Task Force 40 Recommendations and the level of effectiveness of Malta's AML/CFT system. The Report also sets out a number of recommendations to strengthen Malta's AML/CFT regime. The FIAU welcomes these recommendations as they reflect its own priorities and efforts.

In close liaison with the European Commission and the European Banking Authority, the FIAU has managed to implement, by March 2019, a detailed action plan designed at strengthening its AML/CFT supervisory function. The progress achieved was acknowledged by both the

MONEYVAL Report and the EU Commission in its Country Specific Recommendations issued in June 2019. This action plan included:

- the launch of sector-specific Risk Evaluation Questionnaires to enhance the FIAU's understanding of ML/FT risks posed by different sectors and individual subject persons. This has been complemented by the deployment of the CASPAR system which automates various processes;
- the adoption of a new risk-based supervisory approach to ensure that the FIAU conducts a level of supervision commensurate with the size, complexity and risk profiles of Maltese subject persons;
- the strengthening of the FIAU's enforcement and governance framework, by enhancing the procedures of the Compliance Monitoring Committee to foster more transparency and accountability in decision making;
- the provision of additional sanctioning tools to enforce the domestic AML/CFT framework in a more effective manner, including the implementation of remedial actions to ensure adherence with compliance obligations by the private sector;
- the setting up of a strategy, policy and quality assurance function.

The FIAU remains committed to address recommendations made by international bodies such as MONEYVAL. To this effect it has already developed a detailed action plan to address all pending recommendations, especially with regards to its analytical function, to make it more efficient and streamlined. It is however worth crediting the FIAU's analysis section for its effective and timely cooperation with international counterparts, which was highly regarded by the MONEYVAL assessors and counterpart FIUs.

This action plan also seeks to ensure that the FIAU maintains its momentum with regards to the provision of guidance and outreach to ensure better awareness and understanding by regulated sectors.



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These efforts are complemented by a restructuring plan agreed with the Government of Malta in 2018 which will see the FIAU grow exponentially in staff compliment to a 138 strong unit, coupled with the introduction of various IT tools which will automate and render more effective current work flows.

FIAU Director Kenneth Farrugia stated: *“The FIAU values this independent and technical MONEYVAL assessment. FIAU staff has pro-actively engaged and supported the evaluators throughout the entire process. We appreciate the positive outcomes of this Report and take heed of all recommended actions. Once again we vouch our commitment to ensure a timely implementation of any outstanding MONEYVAL Recommendations, as we did in relation to the EBA and EU Commission Recommendations. All these efforts are ultimately aimed at making the FIAU more effective in combating money laundering and funding of terrorism.”*