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### **FATF CALLS FOR WORLD-WIDE ALLIANCE AGAINST MONEY LAUNDERING**

**Paris --** The Financial Action Task Force (FATF), the world's leading anti-money laundering authority, held a Ministerial meeting on 28 April 1998 at the Organisation for Economic Development and Co-operation in Paris. FATF Ministers and the European Commissioner for Financial Services confirmed their intention to build a strong global alliance to combat the laundering of money stemming from criminal activities.

Ministers stated that money laundering poses a serious threat to democracy and to the soundness of the financial systems of all countries. It is among the most important issues currently facing the financial world. The Ministers commended the FATF work to combat this phenomenon and noted that, although considerable progress has been made in the fight against money laundering since the inception of the FATF in 1989, there is still an obvious need for further mobilisation, based on the 40 FATF Recommendations, to deepen and widen anti-money laundering action at the international level.

The globalisation of financial markets - and financial crime - implies that the counter-measures necessary to combat money laundering must be universally applied. So the Ministers endorsed the report prepared by the FATF which defines a five-year plan - 1999 to 2004 - to spread the anti-money laundering message to all continents and regions of the globe. To this end, Ministers urged FATF to foster the establishment of a world-wide anti-money laundering network based on adequate expansion of the FATF membership, the development of FATF-style regional bodies such as the Caribbean FATF and the Asia/Pacific Group on Money Laundering, and close co-operation with all the relevant international organisations, in particular the international financial institutions. They also agreed that other important tasks of the FATF for the next five years should include improving the implementation of the forty Recommendations within its own membership and strengthening the review of money laundering trends and countermeasures.

The FATF, which is based at the OECD, includes 28 members: 26 countries and jurisdictions (Australia; Austria; Belgium; Canada; Denmark; Finland; France; Germany; Greece; Hong Kong, China; Iceland; Ireland; Italy; Japan; Luxembourg; the Netherlands; New Zealand; Norway; Portugal; Singapore; Spain; Sweden; Switzerland; Turkey; United Kingdom and the United States); and two international organisations (the European Commission and the Gulf Co-operation Council).

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**REPORT FROM THE FINANCIAL ACTION TASK FORCE ON MONEY LAUNDERING  
TO THE TASK FORCE'S MINISTERS**

1. The purpose of this report is to inform and seek the support of the Task Force's Ministers of the conclusions by the FATF of the review of its future work and mission.

**(i) The need for continued action against money laundering -- Major tasks to be accomplished**

2. Although considerable progress has been made in the fight against money laundering since the inception of the FATF in 1989, much remains to be done and there is an obvious need for continuing mobilisation at the international level to deepen and widen anti-money laundering action. The major tasks are as follows:

*(a) To establish a world-wide anti-money laundering network and to spread the FATF's message to all continents and regions of the globe*

3. The FATF has decided to foster the establishment of a world-wide anti-money laundering network based on :

- an adequate expansion of the FATF membership to countries strategically important which comply with some important criteria and are politically determined to take a full commitment towards the implementation of the forty Recommendations, and which could play a major role in their regions in the process of combating money laundering;

- the development of FATF-style regional bodies, especially in areas where FATF is not sufficiently represented and the strengthening of the work of bodies which already exist (the CFATF, the Asia/Pacific Group on Money Laundering, the Council of Europe, the OAS/CICAD and the OGBS); and

- close co-operation with relevant international organisations, in particular the International Financial Institutions.

*(b) Improve the implementation of the forty Recommendations in FATF members*

4. Improving the implementation of the forty Recommendations in FATF members is an important and challenging policy objective to be pursued. There is a need to ensure that all members have implemented the revised forty Recommendations in their entirety and in an effective manner.

5. It was therefore agreed to review the existing monitoring mechanisms so as to establish a renewed assessment process, focusing on compliance with the 1996 Recommendations, which could comprise the following elements:

- an enhanced self-assessment process; and

- a third round of simplified mutual evaluations for all FATF members starting in 2001 focusing exclusively on compliance with the revised part of the Recommendations and the areas of significant deficiencies identified in the second round and generally the effectiveness of the counter-measures.

(c) *Strengthen the review of money laundering trends and countermeasures*

6. Money laundering is an evolving activity, the trends of which should continue to be monitored. It is therefore crucial for FATF members to acquire the best possible experience and knowledge of money laundering trends and techniques and to assess the effectiveness of the FATF Recommendations. There is also a need to extend the geographical scope of the future typologies exercises.

7. The typologies exercises may raise the issue of the need for new countermeasures. If this occurs, the FATF must be at the forefront of the elaboration of new countermeasures. In order to achieve a set of Recommendations to counter the actual money laundering threats, the FATF could embark, if needed, on a further updating exercise in 2003/2004, covering new countermeasures as well as perhaps reviewing those Recommendations which currently ask members simply to consider and decide whether action should be mandatory or not, incorporating the input from FATF-style regional bodies. In any case, FATF must ensure that the forty Recommendations remain the most effective and widely-respected international standard in the anti-money laundering area.

**(ii) Future Direction, Duration and Objectives of the FATF**

8. Action to combat money laundering must rely on effective co-operation between experts from a wide range of disciplines: legal and judicial, financial and regulatory, law enforcement. The success of the FATF's work so far demonstrates that there is no alternative international organisation, body or group, which has the necessary expertise, i.e., of a multidisciplinary nature with the experience and ability to assume responsibility of the FATF in a flexible and efficient way.

9. The medium to long term objectives of the FATF are the development of credible and effective FATF-style regional bodies and a limited expansion of its membership to include strategically important new members. At the beginning of 2005, the FATF should ideally have achieved its objective of promoting the establishment of a world-wide anti-money laundering network. In any case, an assessment of the FATF's achievements and strategy between 1999 and 2004, and future should be carried out in 2003-2004.

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