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FINANCIAL ACTION TASK FORCE ON MONEY LAUNDERING 1991/1992 REPORT

The Financial Action Task Force on money laundering (FATF), the independent group of major financial centre countries set up to combat money laundering, approved its third report which was published on 25th June 1992. The report summarises the activities of the FATF during the past twelve months under the chairmanship of Switzerland.

A key achievement of the FATF in this period has been to set up an effective monitoring mechanism to assess progress in implementing anti-money laundering measures by FATF members. The monitoring process is modelled on an OECD-style mutual evaluation procedure: an on-site examination is conducted by a small team of experts drawn from other FATF members and their findings are then reviewed by the specialised FATF working groups. Four of these in-depth examinations have so far taken place (Australia, France, Sweden, United Kingdom). The FATF report includes summaries of these evaluations. All member governments of the FATF will undergo a similar evaluation procedure.

FATF members are also required to complete an annual questionnaire on their progress in implementing the 40 anti-money laundering recommendations drawn up by the FATF in 1990. The latest exercise indicated that FATF members were making good progress in this area.

The FATF also reviewed the 40 recommendations in the light of recent experience and developments in money laundering techniques. It was decided not to introduce additional recommendations at this time but a number of interpretative notes were drawn up for use in conjunction with the existing recommendations. The FATF also began a study of ways of preventing the use of wire transfers of funds for money laundering.

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Externally, the FATF continued to encourage worldwide action against money laundering and drew up a detailed action programme for this work. During the year, FATF members took part in a number of regional meetings to discuss money laundering, including the Caribbean Financial Action Task Force in Kingston, Jamaica and the South East Asia Central Bank Board of Governors in Jakarta. Discussions also took place with various Central and Eastern European countries. Links with international organisations, such as the UN International Drugs Control Programme and the Council of Europe, are being developed.

Commenting on the report in Lugano at the final meeting of this round of the Task Force, the President of the FATF for the past year, Mr. Alexis Lautenberg, Head of the Financial and Economic Division of the Swiss Federal Department of Foreign Affairs, said:

- " The FATF has made good progress over the past year. The establishment of an agreed mutual evaluation procedure to monitor implementation of anti-money laundering measures by FATF members is a particularly important development. But there is still a very full agenda for the future: expanding the mutual evaluation programme with a large number of country examinations taking place over the next 12 months; following up the work we have begun on ways to counter more sophisticated money laundering techniques; and implementing the action plan to promote a worldwide mobilisation against money laundering. Good international cooperation in anti-money laundering efforts has now been established and there are signs that, thanks in part to the measures taken by FATF members, money laundering is becoming more difficult. But it is essential that there should be no let up in the efforts of the FATF until its programme has been fully implemented."

•Mr. Tom Sherman, Chairman of the Australian National Crime Authority, will be taking over the presidency of the FATF from 1st August.

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1. Copies of the report may be obtained from the OECD Press Division, 2 rue André Pascal, 75775 Paris Cedex 16 (telephone (33-1) 45.24.80.88 or 80.89). Further information can be obtained from:

- FATF Secretariat
- OECD
- 37 bis boulevard Suchet
- 75775 Paris Cedex 16
- Tel: (33-1) 45.24.79.45
- Fax: (33-1) 45.24.17.60

2. The FATF was set up by the G7 Summit in Paris in 1989 under French Presidency to examine measures to combat money laundering. In April 1990, the FATF issued a report with a comprehensive programme of 40 recommendations in this area. All FATF members have endorsed and are committed to implementing these recommendations. The following are FATF members: Austria, Australia, Belgium, Canada, the Commission of the European Communities, Denmark, Finland, France, Germany, Greece, the Gulf Cooperation Council, Hong Kong, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States of America. A small secretariat has been established within the OECD.