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FINANCIAL ACTION TASK FORCE ON MONEY LAUNDERING 1992-93 REPORT

{Mr. Tom Sherman, FATF Chairman, will comment on the report}
{at a press briefing to be held at the OECD (Room 4),}
{on Tuesday 29th June at 3 p.m.}

The Financial Action Task Force on money laundering (FATF), the independent group of major financial centre countries and regions set up to combat money laundering, published its fourth report on 29th June 1993. The report summarises the activities of the FATF during the past twelve months under the chairmanship of Australia.

A key element of the FATF's work remains the monitoring of the implementation by members of the forty FATF Recommendations adopted in 1990 for combating money laundering. The 1992-93 self-assessment exercise, in which members complete a questionnaire on their state of implementation of the Recommendations, showed that they were making significant progress in this area. In particular, nearly all members have now made drug money laundering a criminal offence or are in the process of doing so.

The number of mutual evaluations of FATF members doubled in 1992-93 and nearly half of the FATF member governments have now been evaluated. Summaries of the 8 evaluations carried out in FATF-IV (Denmark, the United States, Belgium, Canada, Italy, Austria, Luxembourg and Switzerland) are contained in the report. The remaining evaluations are expected to be completed by the end of 1994.

The FATF also carried out a further assessment of recent developments in money laundering techniques. This confirmed the trend towards greater use of non-bank financial institutions for money laundering purposes. It also showed that businesses outside the financial sector were being used to an increasing extent.

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As regards development of countermeasures, no new Recommendations were drawn up during the year. However, further interpretative notes were agreed for use with particular existing Recommendations. The FATF also continued its work on two initiatives begun in earlier rounds: preventive measures in the non-bank financial sector; and on improving the audit trail for fund transfers on electronic payment and message systems, where FATF has established good co-operation with SWIFT, the leading international funds transfers messages system, and achieved substantial progress.

Two further policy initiatives were launched during the round. A major study was carried out on the use of shell corporations for money laundering and active consideration is being given to ways of clarifying the measures to be taken by financial institutions in obtaining information in respect of such clients. Work has also begun on measures to counteract money laundering through non-financial businesses. Both these initiatives will be pursued in FATF-V.

Externally, the FATF has intensified its efforts to encourage non-member countries to take effective action against money laundering. The programmes undertaken in 1992-93 have involved contacts with countries from every area of the world, with a particular emphasis on the Caribbean, Central and Eastern Europe, and Asia.

FATF members participated in the work of the Caribbean Financial Action Task Force which, in November 1992, endorsed the FATF Recommendations and agreed to establish its own process to monitor their implementation by its members. In Central and Eastern Europe, the FATF held seminars in Budapest (attended by a number of states from the region) and Warsaw. A seminar for Asian and Pacific states was held during the FATF's September 1992 meeting in Sydney, Australia, and was followed by a major money laundering symposium for Asian countries in Singapore in April this year, organised jointly with the Commonwealth Secretariat. These efforts to promote the widest possible international action against money laundering will continue in various parts of the world in 1993-94.

In carrying out its external relations mission, the FATF works closely with other international bodies involved in the fight against money laundering, such as the Council of Europe, the United Nations International Drug Control Programme, the Customs Co-operation Council and INTERPOL.

Commenting on the report, the President of the FATF for the past year, Mr Tom Sherman, Chairman of the Australian National Crime Authority, said

"The FATF has continued to make a substantial contribution to the fight against money laundering. Implementation of the 40 Recommendations is gathering pace and the monitoring mechanisms devised in the last round ensure that there is a searching scrutiny of FATF members' performance. The FATF has been very active in encouraging non-member countries to take measures against money laundering. It has also undertaken useful work in refining and developing anti-money laundering counter-measures.

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But there can be no cause for complacency. There is still some way to go before all the Recommendations are implemented and FATF members must press on without delay. We also need to be constantly on guard against new money laundering techniques and be ready to remedy any weaknesses which emerge. And we must maintain the momentum of our efforts to persuade all financial centres to join the fight against money laundering. The more widespread the action taken by the international community, the more effective it will be."

During its 1993-94 Round, to be chaired by the United Kingdom, the FATF will carry out the review of its statute and future work which was agreed when its mandate was renewed by Ministers in June 1991.

Copies of the report will be available from the OECD Press Division, 2 rue André Pascal, 75775 Paris cedex 16 (tél. 45 24 80 88 ou 80 89 - fax. 45 24 80 03).