

UK a 'world leader' in fight against financial crime

The UK has a well-developed and robust regime to effectively combat money laundering and terrorist financing. However, it needs to strengthen its supervision, and increase the resources of its financial intelligence unit.

That's the conclusion of a new report from the Financial Action Task Force (FATF) following its assessment of the United Kingdom's anti-money laundering and counter terrorist financing (AML/CFT) system. The assessment is a comprehensive review of the effectiveness of the UK's measures and their level of compliance with the FATF Recommendations.

The UK is the largest financial services provider in the world. As a result of the exceptionally large volume of funds that flows through its financial sector, the country also faces a significant risk that some of these funds have links to crime and terrorism. This is reflected in the country's strong understanding of these risks, as well as national AML/CFT policies, strategies and proactive initiatives to address them.

The UK aggressively pursues money laundering and terrorist financing investigations and prosecutions, achieving 1,400 convictions each year for money laundering. UK law enforcement authorities have powerful tools to obtain beneficial ownership and other information, including through effective public-private partnerships, and make good use of this information in their investigations. However, the UK financial intelligence unit needs a substantial increase in its resources and the suspicious activity reporting regime needs to be modernised and reformed.

The country is a global leader in promoting corporate transparency and it is using the results of its risk assessment to further strengthen the reporting and registration of corporate structures. Financial institutions as well as all designated non-financial businesses and professions such as lawyers, accountants and real estate agents are subject to comprehensive AML/CFT requirements. Strong features of the system include the outreach activities conducted by supervisors and the measures to prevent criminals or their associates from being professionally accredited or controlling a financial institution. However, the intensity of supervision is not consistent across all of these sectors and UK needs to ensure that supervision of all entities is fully in line with the significant risks the UK faces.

The UK has been highly effective in investigating, prosecuting and convicting a range of terrorist financing activity and has taken a leading role in designating terrorists at the UN and EU level. The UK is also promoting global implementation of proliferation-related targeted financial sanctions, as well as achieving a high level of effectiveness in implementing targeted financial sanctions domestically.

The UK's overall AML/CFT regime is effective in many respects. It needs to address certain areas of weakness, such as supervision and the reporting and investigation of suspicious transactions. However, the country has demonstrated a robust level of understanding of its risks, a range of proactive measures and initiatives to counter the significant risks identified and plays a leading role in promoting global effective implementation of AML/CFT measures.

" The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass

destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CTF) standard.

For more information go to: www.fatf-gafi.org.

National Crime Agency praised for key role in the UK getting an ‘excellent’ rating

The National Crime Agency (NCA) is pleased to have played a significant role in the UK being judged world-leading in the fight against illicit finance, according to its website.

FATF gave the highest rating for the UK's understanding of the threat, recognising the high quality of the money laundering and asset denial investigations delivered by the NCA and its partners. It praised the innovative approaches the NCA takes to maximise its use of financial intelligence including intelligence sharing with the private sector through the Joint Money Laundering Intelligence Taskforce.

The agency notes the report's findings in relation to the UK's Financial Unit (UKFIU) and will carefully consider FATF's recommendations, its website said.

The NCA has already increased the establishment of the UKFIU by 30% with further increases to take place in the following years. The UK's model for the use of financial intelligence, in particular the large-scale availability and use of Suspicious Activity Reports (SARs), is different to the approach taken in many countries.

The comprehensive reporting sector generates nearly 500,000 SARs that are made accessible to a significant network of end users leading to extensive use of financial intelligence across law enforcement. The agency is pleased the report acknowledges this approach results in significant operational benefits, but disappointed that it understates the critical central role of the UKFIU.

Donald Toon, Director of the National Economic Crime Centre, said: "This is a good report for the NCA and the UK. It shows law enforcement is aggressively pursuing the global fight against illicit finance and the NCA uses the fullest extent of powers to pursue and deny the illicit assets of those that pose the highest harm to the UK. We are not complacent and there is always more we can do.

"In our new National Economic Crime Centre we, and our law enforcement partners, are working with the regulatory and private sectors to deliver a better, whole system response to economic crime."

Ian Mynot, Head of the UK's Financial Intelligence Unit, said: "The UKFIU undertakes important analytical work, for example in respect of identifying terrorist financing, and fast time analysis where urgent law enforcement action is required.

"It does not seek to replicate analysis that can be done effectively by others. This is the right approach for the UK. The report recognises the extensive use of SARs across a wide range

of law enforcement activities, and the results against money laundering and terrorist financing that SARs contribute to.+