



# GovRisk

The International Governance & Risk Institute

Possible Repercussions of the FATF Grey Listing  
and EU Blacklisting on International Financial  
Transacting

British Chamber of Commerce, Myanmar  
Discussion Forum – 27<sup>th</sup> August 2020



FINANCIAL SECTOR AND  
INTELLECTUAL PROPERTY  
PROGRAMME



## Outline of Presentation

- Challenges: International Pressure
- Implications
- FATF Jurisdictions under Increased Monitoring
- Myanmar's Progress & Reporting Timelines
- Consequences
- Discussion: Q & A



Anti-money laundering  
and counter-terrorist  
financing measures

## Myanmar

Mutual Evaluation Report

September 2018



# CHALLENGES



FATF

Search...



MENU



yet been reviewed by the FATF and

## Jurisdictions with strategic deficiencies

- Albania
- The Bahamas
- Barbados
- Botswana
- Cambodia
- Ghana
- Iceland
- Jamaica
- Mauritius
- Mongolia
- Myanmar
- Nicaragua
- Pakistan
- Panama
- Syria
- Uganda
- Yemen
- Zimbabwe

## Jurisdictions no longer subject to monitoring

- Trinidad and Tobago

**EU  
BLACKLIST**

# IMPLICATIONS

- ❖ To answer international concerns and be removed from these lists, a country must address technical gaps in its laws and regulations, to narrow the opportunities for the legitimate economy to be open to abuse.
- ❖ A country must prove that it can demonstrate “Effectiveness” in implementing these measures, against international standards, particularly by understanding and responding to risks in a “Risk-Based Approach (RBA)”.



# FATF Jurisdictions Under Increased Monitoring

When the FATF places a “jurisdiction under increased monitoring”, it means the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes and is subject to increased monitoring.

- This list is often externally referred to as the ‘grey list’
- Previously called "Improving Global AML/CFT Compliance: On-going Process").
- Now referred to as “**Jurisdictions under increased monitoring**”

# FATF Jurisdictions Under Increased Monitoring: What do Jurisdictions Need to Do?

- Actively working with the FATF to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing
- The FATF and FATF-style regional bodies (FSRBs) continue to work with these jurisdictions to report on the progress made in addressing the identified strategic deficiencies.
- The FATF calls on these jurisdictions to complete their agreed action plans expeditiously and within the proposed timeframes.
- The FATF welcomes their commitment and will closely monitor their progress.
- The FATF does not call for the application of enhanced due diligence to be applied to these jurisdictions, but encourages its members to take into account the information presented below in their risk analysis.
- The FATF continues to identify additional jurisdictions, on an on-going basis, that have strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. A number of jurisdictions have not yet been reviewed by the FATF and FSRBs.

fatf-gafi.org

FATF Search... MENU

yet been reviewed by the FATF and

Jurisdictions with strategic deficiencies	Jurisdictions no longer subject to monitoring
Albania	Trinidad and Tobago
The Bahamas	
Barbados	
Botswana	
Cambodia	
Ghana	
Iceland	
Jamaica	
Mauritius	
Mongolia	
Myanmar	
Nicaragua	
Pakistan	
Panama	
Syria	
Uganda	
Yemen	
Zimbabwe	

# FATF Jurisdictions Under Increased Monitoring: Strategic Deficiencies



# FATF Jurisdictions Under Increased Monitoring: Myanmar

- In February 2020, Myanmar made a high-level political commitment to work with the FATF and APG to strengthen the effectiveness of its AML/CFT regime.
- Since the completion of its MER in September 2018, Myanmar has proactively made progress on a number of its MER recommended actions to improve technical compliance and effectiveness, including by introducing various legislative measures and establishing a regulatory framework for the registration of hundi operators.
- Myanmar is currently in process of implementing various components of the action plan

# ICRG Action Plan for Myanmar

- 1) demonstrating an improved understanding of ML risks in key areas;
- 2) ensuring the supervisory body for DNFBPs is sufficiently resourced, onsite/offsite inspections are risk-based, and hundi operators are registered and supervised;
- 3) demonstrating enhances in the use of financial intelligence in LEA investigations, and increasing operational analysis and disseminations by the FIU;
- 4) ensuring that ML is investigated/prosecuted in line with risks;
- 5) demonstrating investigation of transnational ML cases with international cooperation
- 6) demonstrating an increase in the freezing/seizing and confiscation of criminal proceeds, instrumentalities, and/or property of equivalent value;
- 7) managing seized assets to preserve the value of seized goods until confiscation; and
- 8) demonstrating implementation of TFS related to PF, including training on PF sanctions evasion.

# FATF Jurisdictions Under Increased Monitoring: Myanmar

- On 28 April 2020, the FATF decided on a general pause in the review process for the list of jurisdictions under increased monitoring due to the COVID-19 situation
- The FATF granted jurisdictions an additional four months for deadlines, with the exception of Mongolia and Iceland who requested to continue on their original schedule.
- As a result, the FATF reviewed and virtually met with only these jurisdictions.
- Myanmar is exempted to report to the Joint Group (JG) of the ICRG in this cycle

# CONSEQUENCES

## FORMAL CONSEQUENCES:

- Review every four months.
- Passage to the public statement (black list) for non-compliance with the action plan.

# CONSEQUENCES

## MATERIAL CONSEQUENCES:

### a) For the financial sector:

Foreign financial institutions could limit transactions with their peers of countries incorporated in FATF listings, or make them more expensive by subjecting them to greater scrutiny, including ending correspondent relationships or closing credit lines.

# GREY LIST: CONSEQUENCES

## b) For the wider economy:

Legitimate companies that operate in a country with a bad international reputation can see their access to international markets reduced, or at a higher cost, because they are subjected to greater scrutiny in relation to their **owners**, their **company structure** and the **control systems implemented**, to avoid being used by criminals.



# GREY LIST: CONSEQUENCES

## **c) For the public sector:**

Public entities in a country with a bad international reputation may have limited access to international cooperation.

# FSIP Support: Myanmar

- FSIP has been supporting the authorities in Myanmar to modernise a range of measures against these standards, and to put in place a long term plan to implement them effectively.
- Since late 2019, this has involved a flurry of newly-drafted directives, addressing the legal and regulatory gaps in the regime, and working closely with government agencies to improve the understanding of money laundering risk in a wide range of sectors.
- Before carrying on business activity, regulated firms in Myanmar must now consider the risks associated with Politically Exposed Persons (PEPs), high risk jurisdictions and other factors, in line with international standards.



## Discussion Forum: Q&A



# Contact us:

**Nicolas Le Moignan (Director, Bespoke Training & Consultancy): [nicolas.lemoignan@govrisk.org](mailto:nicolas.lemoignan@govrisk.org)**

**Avaneesh Raman (In-Country Lead, FSIP AML Workstream): [avaneesh.raman@govrisk.org](mailto:avaneesh.raman@govrisk.org)**

**Ei Phyu Tunn (In-Country Facilitator, FSIP AML Workstream) [eiphyu.tunn@govrisk.org](mailto:eiphyu.tunn@govrisk.org)**