AML/CFT: recent developments in BES

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Summary

- Multiple jurisdictions = increased risks
- BES legislation = Dutch, unless...
- FATF = rigid, exceptions possible
- Policy choices = dependent on private sector
The Dutch approach to money laundering

- Money Laundering = priority
- Open economy = vulnerable
- Law enforcement = follow the money
- Supervision = risk management
- Fight Money Laundering = co-operation
Constitutional reforms

More jurisdictions = increased risks:
- multiple jurisdictions
- differences between jurisdictions

Remedy:
- co-operation
- co-ordination of legislation and policies
Transition phase

- Conversion without policy changes
- Exception: AML/CFT
- Level playingfield with Curaçao / Sint Maarten
- New: FIU and supervisors
- Next step: new legislation in 2012
  - “Money Laundering and Terrorist Financing Prevention Act”
End model

• Principle: Dutch law

➤ Charter: take into account differences
  - Size and nature of financial markets
  - Degree of interdependence with Curaçao en Sint Maarten
  - Geography
  - Cash based economy
International standards / tailor made

➢ Principle: comply with international standards

➢ FATF allows exceptions:
  - Introduced business
  - Timing of CDD

➢ Policy choices:
  - Risk Based Approach
  - Subjective indicators
Risk Based Approach (I)

- FATF allows RBA
- RBA = determine measures on risk sensitive basis
- RBA = possible reduction administrative burdens
- RBA = commitment and investment
Risk Based Approach (II)

- No checklist, make your own assessment

- Conditions:
  - Service providers invest in employees and operational management
  - Supervision is focused on risk assessment
  - Co-ordination with Curaçao and Sint Maarten
Subjective indicators?

- Objective indicators: black or white?

- Subjective indicators: how grey?

- Conditions comparable to RBA:
  - service providers invest in employees and operational management
  - supervision is focused on risk assessment
Concluding remarks

- Policy choices:
  - Risk Based Approach?
  - subjective indicators?

- Combat money laundering = join forces