



**FijiFIU**

Fiji Financial Intelligence Unit



## ***PRESS RELEASE***

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### **FIJI COMPLETES NATIONAL RISK ASSESSMENT ON MONEY LAUNDERING AND TERRORIST FINANCING**

A national risk assessment was conducted by the National AML Council as part of Fiji's anti-money laundering (AML) and combating the financing of terrorism (CFT) program.

The Director of the Financial Intelligence Unit (FIU), Mr Razim Buksh said the outcomes of the NRA will assist the National AML Council and its members to better understand ML and FT risks and prioritise resources to mitigate these risks more effectively. Mr Buksh said that outcomes will be also used by the commercial banks and other financial institutions to develop their AML/CFT programs based on risks and vulnerabilities identified in the NRA report.

The NRA report noted that Fiji has the basis of a very good AML and CFT program. All necessary legislation has been introduced, AML/CFT supervisors are operational, cases have been investigated and a number of ML cases have been before the courts and penalties applied.

There has been a high level of political will to ensure that significant legislative reform has recently been carried out in Fiji and that ML/FT are addressed as a priority. Although the ML/FT related laws are generally adequate, some amendments are still required to strengthen the AML/CFT program.

Although a significant portion of the ML/FT risks are borne by the banking sector with regard to illicit cash and electronic funds, the NRA report noted that the Reserve Bank of Fiji as the highest capacity supervisor has taken key steps to mitigate the risk in the financial sector. National coordination amongst government agencies for AML/CFT purposes is generally good.

The NRA report identified the following areas as having high ML/FT risks and vulnerabilities:

1. Illicit drug related offences and fraud against the Government (including income tax evasion, VAT fraud and duty evasion) have been identified as the most significant generators of illicit funds in Fiji.
2. Illicit funds resulting from deception, misappropriation, cybercrime, bribery and corruption and the illicit cross border movement of currency are other potential ML/FT threats.
3. The movement of funds, both cash and electronic wire transfers that originate from offshore has also been identified as a concern and a potential enabler for ML/FT to occur in and through Fiji.

4. Fiji's relatively diverse financial sector creates a number of vulnerabilities which can lead to the escalation of ML/FT. The commercial banks are considered to be very highly vulnerable to ML/FT. Foreign exchange dealers, safe custody facilities, and the real estate sector in Fiji were found to be vulnerable to ML/FT.
5. Border controls use a range of physical and electronic surveillance resources and a number of persons failing to declare border currency movements have been identified and prosecuted. However, the system has limited effectiveness in detecting the movement of cash into and out of Fiji, particularly at the seaports.

Mr Buksh said that based on the NRA, Fiji is not considered to have a significant ML/FT risk. However, he said that the NRA report has identified key strategies for consideration to ensure that ML/FT does not escalate in the higher risk areas, that any new ML/FT risks are identified at an early stage and that mitigating strategies are implemented to minimise the level of that ML/FT risk. These strategies are in the following areas:

- a) Cash economy;
- b) Supervision of non-regulated "financial institutions";
- c) Technical resources; and
- d) Financing of Terrorism (due to high risk globally).

The NRA report noted that the risk of financing of terrorism in Fiji is assessed as low.

Mr Buksh said that the National AML Council is aware of some of the high risk areas, such as, drug trafficking and tax fraud, and said that relevant agencies, such as, the Fiji Police Force, FRCA and the FIU have already deployed significant resources and effort in mitigating these risks. Mr Buksh added that more needs to be done and called on all stakeholders to make a more concerted effort to combat complex crimes such as money laundering, drug trafficking, tax evasion, terrorist financing, corruption, deception, misappropriation, cybercrime, human trafficking and the illicit cross border movement of currency.

To download the Report [please click here](#).

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