Guideline 6

Financial Transactions Reporting Act

This Guideline is an enforceable instrument issued pursuant to the powers of the Financial Intelligence Unit under the Financial Transactions Reporting Act No.22 of 2004 [Section 25.1.j FTR Act; Section 3.1; 20.8; 35 and 37 FTR Regulations].

Dealing with Higher Risk Countries

1 INTRODUCTION

1.1 Financial institutions are required under section 10.1.c of the Financial Transactions Reporting (FTR) Act and under section 20 of the FTR Regulations to monitor business relations and transactions with natural persons, legal entities and arrangements in higher risk countries and countries that do not have adequate systems in place to prevent or deter money laundering (ML), terrorist financing (TF) and weapons of mass destruction proliferation financing (PF).

1.2 The objective of this Guideline is to provide further requirements related to dealing with higher risk countries so that the Fijian financial sectors are protected from ML, TF and PF risks emanating from these countries.

2 ENHANCED DUE DILIGENCE WHEN DEALING WITH HIGHER RISK COUNTRIES

2.1 Financial institutions must give special attention to and apply enhanced due diligence[1], proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions and non-face to face customers), and those acting on their behalf, from countries for which this is called for by the Financial Action Task Force (FATF) or other higher risk countries as identified by the Financial Intelligence Unit (FIU).

2.2 Enhanced due diligence consists of enhanced customer due diligence (CDD) as outlined in section 20 of the FTR Regulations. This includes enhanced:

(i) scrutiny of a customer's identity (including of the beneficial owner and controller);

(ii) scrutiny of the source and legitimacy of funds;

(iii) transaction monitoring; and

(iv) customer profiling.

[1] Enhanced due diligence must be applied to any high risk customer, business relationship or transaction at each stage of customer identification and verification process.

2.3 The FIU will inform financial institutions from time-to-time of countries that have been identified by FATF as having inadequate systems for preventing and deterring ML, TF and PF.

2.4 Financial institutions must apply countermeasures[2] as and when directed by the FIU when dealing with:

(i) higher risk countries or countries identified by FATF or the United Nations Security Council Resolutions;

(ii) higher risk counties or a country, certain persons or activities, certain products, service or payment delivery mechanisms identified by the FIU; and

(iii) persons, entities and countries identified pursuant to the Public Order Act.

2.5 Financial institutions should report any suspicious transactions or attempted suspicious transactions arising from the above measures to the FIU.

3 INTERNAL CONTROLS AND SYSTEMS

3.1 Financial institutions must adopt and implement effective internal controls and systems to deter and prevent ML, TF and PF taking into account the risk of ML, TF and PF associated with doing business with or conducting transactions with natural and legal persons (including beneficial owner and controller) and financial institutions in higher risk countries or countries identified by FATF, UNSCR and the FIU.

3.2 For the purposes of section 32 of the FTR Regulations, financial institution's compliance and audit function must include the requirements of this Guideline.

4 OVERSIGHT AND IMPLEMENTATION

4.1 The FIU and/or the relevant supervisory authority, in the course of its supervision, may assess the compliance of financial institutions with the requirements of this Guideline.

4.2 Non-compliance with this Guideline may result in sanctions as specified in section 43(2) of the FTR Act and section 42(2) and 42(3) of the FTR Regulations.

4.3 This Guideline is effective from 31 January 2018.

Financial Intelligence Unit
18 January 2018

[2] Countermeasures may include but is not limited to (a) targeted financial sanctions and asset freezing; (b) not proceed further with a transaction; (c) placing transaction restrictions (number, value, purpose of transaction); (d) escalating approval requirements.