

## **Workshop “Effective Supervision as a Mechanism for Ensuring the Non-Financial Businesses and Professions’ Involvement in AML/CFT System”**

The EAG/ITMCFM 4th international workshop “Effective Supervision as a Mechanism for Ensuring the Non-Financial Businesses and Professions’ Involvement in AML/CFT System” was held in St. Petersburg on 13-14 September 2018.

The workshop was organized by the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) and the International Training and Methodology Center for Financial Monitoring.

A list of the workshop participants included delegations from the EAG member and observer countries (Armenia, Belarus, Kazakhstan, China, Kyrgyzstan, Russia, Tajikistan, Turkmenistan and Uzbekistan) and representatives of the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL).

The workshop was opened with welcoming remarks from EAG Chairperson and Deputy Director General of the AML Bureau of People's Bank of China Ms. Hao Jinghua (China) and EAG Deputy Chairman and Rosfinmonitoring Director Yury Chikhanchin.

### **Hao Jinghua:**

*"The effectiveness of any supervisory and anti-money laundering framework depends on the timely and efficient dissemination of information on transactions and financial behavior allegedly linked to crime and terrorism by both the private and public sectors, including non-financial businesses and professions.*

*Traditionally, technical and capacity-building assistance was primarily provided to financial institutions, with vulnerabilities of the DNFBP sector being until recently largely outside the focus area, which explains the higher risk of its abuse for money laundering, terrorist financing and financing of other illegal activities.*

*According to the mutual evaluation statistics, the FATF recommendations and immediate outcomes related to the DNFBP sector and its supervision tend to pose challenges for the assessed country. The stability of any system depends on the stability of its weakest link, a fact whose importance increases further as we embark on the 4th round of mutual evaluations. "*

### **Yury Chikhanchin:**

*"I would particularly like to thank international experts who, through their visit, underscored the relevance for the entire international community of the issues to be*

*discussed at this workshop. Ms. Hao's participation in this event highlights the Eurasian Group's focus on these issues, while the decision to hold the workshop shows that we are actively preparing for the evaluation procedures.*

*As was quite rightly pointed out by Ms. Hao, this meeting provides participants with the opportunity to exchange opinions, express their views, discuss with international experts our approaches and, possibly, correct those reporting materials that we have already prepared for submission to the international community."*

The first day's keynote speaker, MONEYVAL Deputy Executive Secretary Michael Stellini, briefed participants in detail on the general trends in the countries' preparations for mutual evaluations.

**Michael Stellini:**

*"We have already reviewed 50 reports adopted so far around the world. And we tried to conduct a comparative analysis aimed at isolating some common points that may depend on the region, the status of the supervisory authority, the type of DNFBP and other variables. However, we are not dealing with exact science here. Therefore, what I'm going to talk about cannot be taken as a kind of prediction of what will happen in your country with a certain regulatory framework."*

According to Mr. Stellini, getting a high score in the assessment should not be the sole aspiration for countries. Instead, the focus should remain on building an effective AML/CFT system.

On the first day of the workshop, participants in the section on the key challenges to effective supervision of the non-financial businesses and professions sector discussed ways to increase the preventive role of non-financial businesses and professions. Another section was devoted to the interactive simulation exercise entitled "ML/TF Risks in the Non-financial Businesses and Professions Sector. Risk Management Mechanisms: Supervision and Preventive Measures".

The second day was devoted to consultations with the private sector on risk management in the non-financial businesses and professions sector, with participants in the first section focusing on the risks facing the sector, their identification and management; in the second discussing the experience of using information and analytical technologies for AML/CFT purposes; and in the third turning their attention to the issues of trainings in the context of new technologies, accessibility and revision of knowledge.

After consultations with the private sector, which took place during the workshop, participants issued recommendations for the EAG member-states.