

# FOUR FAST FACTS

## ON: THE AML/CFT REGIME EVALUATION

JUNE 2021

### FATF report released

1

The Financial Action Task Force (FATF) has released its Mutual Evaluation report on the effectiveness of New Zealand's anti-money laundering and countering financing of terrorism regime. The FATF found our systems to be "effective in many respects" with particular strengths in confiscating proceeds of crime, and investigating and prosecuting money laundering. However, the compliance of reporting entities attracted a "mixed" assessment.

### Key risks

2

The FATF has categorised New Zealand as a "high integrity jurisdiction", but noted that threats remain, including:

- money laundering from criminal proceeds generated domestically and transnational organised crime, and
- the ease and low cost of creating legal structures, which makes New Zealand an attractive place to move illegitimate funds.

Accordingly, New Zealand's banking, money transfer, real estate and professional services sectors remain vulnerable.

### Priority actions

3

The FATF identified that there is room for improvement in areas such as corporate transparency, supervision, and financial sanctions. It has recommended that New Zealand:

- consider a beneficial ownership register,
- give supervisors a greater range of pecuniary penalties, and the ability to impose administrative penalties, and
- empower one or more agencies to supervise sanctions compliance.

### Next steps

4

We expect the New Zealand Police, the three AML supervisors and the Government to take careful note of the FATF's recommendations, which have arrived just in time for the statutory review of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 occurring during 2021.