

AML/CFT Update

RBNZ AML/CFT Supervision

July 2019



Welcome to the Reserve Bank of New Zealand's AML/CFT update.

This edition focuses on the following:

- Introducing Sigita Wilson and Nelize Goch
- Questions from the FIU Conference 2018
- Electronic Verification Solutions
- High risk countries list
- Annual report reminder
- ACAMS / Police FIU Conference 2019 and RBNZ Workshop
- 'Evolution in Enforcement' presentations
- Targeted Financial Sanctions survey

Introducing Sigita Wilson and Nelize Goch

Sigita joined the RBNZ's AML/CFT Supervision team as a Senior Analyst back in January. She previously worked for the Financial Intelligence Unit within the NZ Police as a Senior Advisor where her primary focus was on cross-government policy development, public-private partnerships and international project coordination on AML/CFT-related matters. Sigita brings a wealth of knowledge from the UK law enforcement and private sectors, specifically financial crime investigations. Apart from conducting RBNZ on-site inspections, Sigita also operates as our international liaison.

Nelize joined the team as a Senior Analyst in March and has travelled here from South Africa. Nelize previously worked in the regulatory environment in South Africa for 12 years. She also brings additional experience from the private sector both in banking and insurance which will be valuable to the team as we begin our on-site inspections of life insurers.

Questions from the FIU Conference 2018

Please clarify the definition of “government agency” in the IVCOP 3(e) & 3(f)?

The Amended Identity Verification Code of Practice 2013 (**IVCOP**) uses the term ‘government agency’ in line with section 5 of the AML/CFT Act, which defines ‘government agency’ as follows:

- a government department named in [Schedule 1](#) of the State Sector Act 1988; or
- a Crown entity under [section 7](#) of the Crown Entities Act 2004; or
- the Reserve Bank, the Parliamentary Counsel Office, and the New Zealand Police; or
- any overseas country’s counterpart of any of the entities in paragraphs (a) to (c).

Enhanced Customer Due Diligence Guideline: What documents can verify SoW or SoF?

AML/CFT Supervisors have published a revised Enhanced Customer Due Diligence Guideline (March 2019), which has an updated section about document verification in paragraph 106. The new wording promotes a risk-based approach and provides better clarity of what is acceptable for source of wealth (**SoW**) or source of funds (**SoF**) verification purposes. The current version of the Enhanced Customer Due Diligence Guideline is available [here](#).

Electronic Verification Solutions

RBNZ was made aware that certain electronic verification (**EV**) providers claim their EV solution “has been approved by the RBNZ” and use this for marketing purposes. RBNZ would like to highlight that RBNZ does not endorse any EV provider or solution on the market. As part of our supervisory programme, RBNZ makes a case by case assessment of the adequacy and effectiveness of a reporting entity’s EV policies, procedures, and controls. RBNZ’s assessment considers multiple factors including:

- internal documentation, solution design and integration into a reporting entity’s IT systems;
- the risk management frameworks in place to effectively manage risks; and
- any additional controls embedded into the process to ensure the robustness of the process.

RBNZ does not assess an EV solution alone, but within the context of the entity itself. Reporting entities cannot assume a certain solution is compliant simply because another entity uses it. RBNZ expects reporting entities to conduct a thorough assessment of the EV solution in terms of compliance with the IVCOP and Explanatory Note. RBNZ reminds reporting entities that they are responsible for compliance with AML/CFT obligations and not third party EV providers. If you have any questions regarding the implementation of an EV solution, please do not hesitate to contact a member of RBNZ’s AML/CFT Supervision team.

High Risk Countries List

The Financial Action Task Force publishes details of high risk countries / jurisdictions and the action taken in relation to them when strategic AML/CFT deficiencies are found. It provides detailed insights into jurisdictions which reporting entities should consider as high and extreme risk when conducting a risk assessment. Check this regularly.

The current list can be located at the link below:

<http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/fatf-compliance-june-2019.html>

Annual Report reminder

Reporting entities are reminded that the 2019 Annual AML/CFT Report must be submitted to RBNZ by 30 August 2019. All reporting entities should have received their unique reference number for submitting the report. If you have any questions regarding the report please do not hesitate to contact us at amlcft@rbnz.govt.nz

ACAMS / Police FIU Conference 2019 and RBNZ Workshop

Dates are now confirmed for this year's ACAMS / Police FIU Conference.

The conference builds education, networking and sharing of best practice to add value between the financial and law enforcement sectors. We invite you to put this major event in your calendar now.

Date: 8 – 9 October 2019

Theme: AML/CFT's First Decade in New Zealand – Embedding and Adding Value

Venue: Te Papa Tongarewa, Wellington.

RBNZ will also be hosting a half day workshop on 7 October 2019 from 1:00pm. If you have any particular questions or topics that you would like covered during the workshop, please email amlcft@rbnz.govt.nz

Note: RBNZ's Workshop is only for representatives from reporting entities that are supervised by RBNZ.

Any queries related to registration for the Conference and RBNZ's Workshop should be sent to fcg.seminar@police.govt.nz

'Evolution in Enforcement' presentations

RBNZ would like to thank everyone who attended the recent 'Evolution in Enforcement' presentations. RBNZ appreciated the level of engagement and interaction throughout all of the presentations. Please find below a link to the presentation slides. RBNZ encourages reporting entities to share the slides with senior management within your reporting entity.

<https://www.rbnz.govt.nz/regulation-and-supervision/anti-money-laundering/guidance-and-publications>

Targeted Financial Sanctions survey

RBNZ is currently developing a targeted financial sanctions survey. The purpose of this survey is to understand registered banks' policies, procedures and controls pertaining to compliance with targeted financial sanctions *e.g. compliance with relevant United Nations Security Council Resolutions*. RBNZ expects to issue the survey to registered banks by the end of July. RBNZ would appreciate surveys being completed and submitted back to RBNZ by 27 September 2019.

Contact us:

Email: amlcft@rbnz.govt.nz

Damian Henry, Adviser (04) 471 3960

Nelize Goch, Senior Analyst (04) 471 3949

Chris Dawson, Senior Analyst (04) 471 3867

Sigita Wilson, Senior Analyst (04) 471 3965