



The ML/FT National Risk Assessment - MALTA

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Background

1. The international standards are unequivocal

All the jurisdictions are required, “to identify, assess, and understand the ML/TF risks for the country, and take action, including designating an authority or mechanism to coordinate actions to assess risks, and apply resources, aimed at ensuring the risks are mitigated effectively.”

(FATF Recommendation 1)

Money laundering and terrorist financing risks are understood and, where appropriate, actions co-ordinated domestically to combat money laundering and the financing of terrorism and proliferation

(FATF Methodology – Effectiveness Assessment – Immediate Outcome 1)

2. MONEYVAL’s 4th Round Mutual Evaluation Report on Malta



National Risk Assessment

The ML/TF National Risk Assessment (NRA) is a process of **identifying and evaluating the money laundering and terrorist financing risks** in a particular jurisdiction and analysing the main sources and drivers of the risks in order to **develop effective and risk-based policies and actions**, and allocate the available resources in the most efficient way to eliminate, control and mitigate the identified risks – (World Bank)



Malta

The absence of a National Risk Assessment in the area of AML/CFT had long been felt. No such study had ever been commissioned previously.

Factors making it possible:

- Political commitment
- A committed Working Group
- Leadership
- Methodology, tool and technical assistance
- Availability of data



Cardinal points

- A credible methodology
- A sophisticated yet user-friendly tool
- An effort to ensure inter-agency co-operation
- Not a one-time exercise
- This is a country report
- Results must lead to action

The final outcome will be the collection of empirical conclusions to be presented to decision-makers
(not a good-news document)



Objectives

International standards and expectations of FATF/FSRB must be met

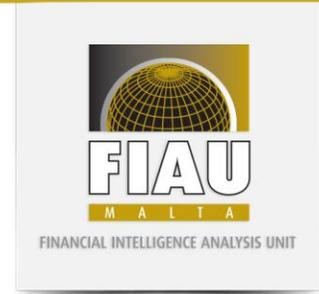
The identification of vulnerabilities, threats and risks will allow **Governments** to be in a position to mitigate those risks through legislation, administrative measures and other reparatory action

A tool for **policy makers** in developing national policy and strategies, and in determining how financial and human resources should be allocated

Law enforcement agencies will have a clearer idea of the areas of concern

A tool for **reporting entities** required to adopt a risk-based approach under revised international standards. Resources can then be allocated more efficiently and more effectively

A clearer idea for **regulators/supervisors** of the scale of risk and the sectors where risk is higher. Risk-based supervision will be facilitated



Country-specific factors

Identification of the inherent characteristics of the country that will need to be taken into consideration

Does our **geographical position** pose a ML/FT threat in itself?

Are the threats faced mainly **internal or external**?

Are the **regulatory structures** for the prevention of ML/FT through the financial and DNFBP sectors sufficiently robust? Even when one considers the size of these sectors and their proportion to our GDP?

Do the statistics available on the type of **prosecutions** and **convictions**, and figures for **confiscations** convince us that the systems are working effectively in practice?

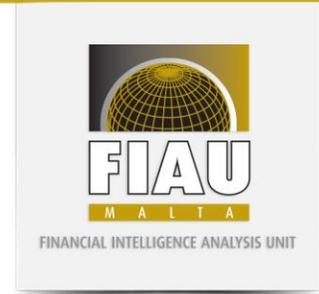


The Working Group

The FIAU's partners in the process –

- Office of the Attorney General
- Police - Legal Office, Economic Crimes Unit, Criminal Investigations Department, Drug Squad, Counter-Terrorism Unit
- Customs Department
- Registry of the Courts of Criminal Judicature
- Inferior and Superior Court Judges
- Regulatory authorities – MFSA and LGA
- Central Bank of Malta
- Department of Criminology, University of Malta (academic point of view)
- Ministry of Finance, Ministry for the Economy, Investment and Small Business, Ministry for Home Affairs and National Security
- Inland Revenue Department and V.A.T. Department

Cont.



The Working Group (cont.)

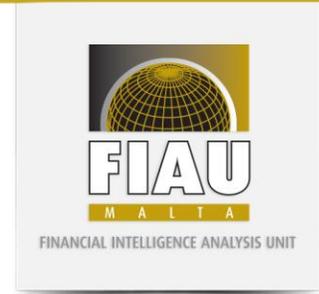
Private sector (important role as providers of data and end users)

- Casinos Representative
- Chamber of Advocates
- College of Notaries
- College of Stock Brokers
- Federation of Real Estate Agents
- Institute of Financial Services Practitioners
- Malta Bankers' Association
- Malta Funds Industry Association
- Malta Institute of Accountants
- Malta Insurance Association
- Malta Insurance Managers Association
- Malta Remote Gaming Council
- Malta Stock Exchange plc
- Money Transfer Businesses Representatives
- Society of Trust and Estate Practitioners
- A number of credit and financial institutions



Sub-groups

- Group 1 - Threat Analysis
- Group 2 - National Vulnerability
- Group 3 - Banking Sector Vulnerability
- Group 4 - Securities Sector Vulnerability
- Group 5 - Insurance Sector Vulnerability
- Group 6 - Other Financial Institutions' Vulnerability
- Group 7 - DNFBPs Vulnerability



Phase I: Initial Workshop

20th – 22nd November 2013

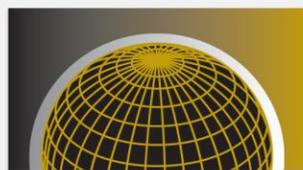
Phase II: Further Data Collection and Review

December 2013 – mid-April 2014

Phase III: Second Workshop

July 2014

August 2014 – September 2015:
Completion of report and action plan



FIAU

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