



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

MEMORANDUM NO. M-2014-033

To : All BSP-Supervised Financial Institutions

Subject : National Risk Assessment (NRA) Project Data/Information Collection Requirement

The Office of the President issued Memorandum Circular No. 64 dated 20 June 2014 entitled "Enjoining All Concerned Agencies to Fully Support and Actively Participate in the Conduct of the Money Laundering/Terrorism Financing (ML/TF) National Risk Assessment (NRA) Through Involvement in the ML/TF NRA Working Group".

The NRA, which is among the Financial Action Task Force Recommendations, is an organized, systematic and inter-agency effort that seeks to identify and evaluate the sources and methods of ML/TF, the weaknesses in the Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT) systems and other vulnerabilities that have an impact, either direct or indirect, on the country conducting the assessment. The results of the NRA process will assist authorities in the prioritization and efficient allocation of resources in combating high ML/TF risk areas.

The Bangko Sentral ng Pilipinas (BSP) is part of the NRA Working Group, headed by the Anti-Money Laundering Council (AMLC). As such, the BSP is required to gather necessary data and information from its supervised institutions, which is an important element in identifying, assessing and understanding the money laundering and terrorism financing risks of the country. Respective sub-working groups were formed to handle specific areas of the NRA.

In this regard, all financial institutions under BSP supervision are required to furnish the data and information, as listed in Annex "A", or as required by the relevant NRA sub-working groups, namely, Group 1 – Threat Assessment; Group 2 – National Vulnerability; Group 3 – Banking Sector Vulnerability; Group 6 – Other Financial Institutions' Vulnerability; and Group 8 – Financial Inclusion Products Risk Assessment.


AMANDO M. TETANGCO, JR.
Governor

18 August 2014

INFORMATION/DATA REQUIREMENTS

INFORMATION FOR
THREAT ANALYSIS

- Identify the sources of proceeds of crime/most common predicate offense
 - *(e.g. various forms of tax evasion, bribery, embezzlement, various forms of fraud, environmental crimes and so forth)*
- Number of cases investigated/prosecuted/convicted (ML Cases),
- Number of cases investigated/prosecuted/convicted (For all the crimes that constitute a predicate offence for ML),
- Amounts of proceeds of crime identified in ML/TF cases and amounts seized, frozen, and confiscated
 - *(Breakdown according to underlying offence, what are the channels used e.g. bank, informal, securities, real estate, casinos, lawyers and so forth)*
- Proceeds of crime seized, frozen, and confiscated, based on other laws/provisions
 - *(e.g. related to drug trafficking, corruption, customs and so forth)*
- Number of STRs referred to LEAs on predicate offenses;
- Detailed information on each ML/TF case, such as origination country, destination country, services/products involved, sectors and institutions involved, ML/TF methods, detected amount of illicit proceeds, average transaction size, number of the people involved etc. (This needs to be done for the convicted and prosecuted ML/TF cases, if possible this can be extended to investigated cases as well.)
- Information on ML/TF typologies in the country. What are the general patterns and trends?
- Breakdown of financial inflows to the country
 - *(According to origination country, e.g. major trading partners of [Name of Country], IMF or WB information and so forth.)*
- Statistics on the mutual legal assistance requests (in regards with, ML, TF, and other financial crimes-statistics of both incoming requests and outgoing requests).
- Information on the Central Authority (CA) on MLAR in [Name of Country]. Information on the quality of the working relationship between CA and investigative agencies/LEA? Rating on the level of inter-agency cooperation.
- Monthly and annual customs statistics on the visitors to the country (With the breakdown of nationalities, purpose, months etc.)
 - *(from the Immigration department, customs department, airport authorities, Ministry of Tourism, Tourism Board, and so forth)*
- Customs statistics on in and out cash carrying, or cash smuggling.
- Data/statistics on entry of cash into the financial system; cross-border flows of cash; Transfers within and from the financial system.

**INFORMATION FOR
NATIONAL
COMBATTING
ABILITY ANALYSIS**

- Detailed statistics on STRs reported to FIU, and disseminated by FIU to Law Enforcement.
- Information on quality of STRs and STR reporting system;
- Perception indices and surveys on level of corruption/integrity of the law enforcement/prosecution/judicial system and in the country in general
 - o (e.g. corruption surveys by [Name of Country] anti-corruption agency, NGO, transparency international, academics and so forth)
- Statistics on integrity breaches by ML investigators /law enforcement/prosecutors/judges
 - o (Judicial Service Commission, tribunal, law society, police commission and so forth)
- Number of staff involved in ML investigations/prosecutions, adequacy of the resources allocated to them
 - o (e.g. from the Police, the Attorney General/Public Prosecutor office and so forth)
- Information on the capacity of the ML/TF investigators, prosecutors, judges. AML/CFT trainings received by them
 - o (e.g. from the Police, Attorney General/Public Prosecutor office, Registrar of the Judiciary, Ministry of Home Affairs and so forth)
- Information on inter-agency capacity building workshops on ML/TF? Level of cooperation/networking leading to results (i.e. increase in prosecution rate)
- Statistics on criminal penalties given in ML convictions
 - o (from the Judiciary, the Attorney General/Public Prosecutor office, Ministry of Justice, School of Law, and so forth)
- Information on national identification system and availability of independent, reliable sources to determine transaction patterns of clients
 - o (Immigration department, National Registration Office and so forth)

**INFORMATION FOR
SPECIFIC SECTORS**

- Guidance Notes/Recommendations on the prevention of ML in the specific sectors (Banking & FIs, Securities, DNFBPs, Insurance, FIs) to oversee the issue of guidelines to facilitate the implementation of laws, rules, regulations and directives of the Central Bank of [Name of Country]?
- Information on the size, depth and characteristics of the sector. Importance/share of the sector in Country's economy (GDP). Comparison of the size of the sector with region countries, peer countries, advanced economies etc.
 - o (Central Bank of [Name of Country], Ministry of Finance and Chamber of Commerce and so forth)
- Information on AML monitoring system, data collection systems in banking/securities/ insurance sector/other sectors
 - o (Central Bank, Bankers, Insurance and Securities Associations, academics, sample of individual institutions and so forth)
- Information on AML software used by LEA, FIU (i2, goAML and so forth). Do reporting entities provide all information the FIU online? Rate the quality of information provided. Does such information assist in the detection of

	<p>Suspicious Transactions and creation an effective "audit trail" in the event of an investigation?</p> <ul style="list-style-type: none"> <input type="checkbox"/> Staff knowledge in banks, insurance companies, others (statistics on AML trainings given to staff, statistics on trainings by authorities to banks, Insurance companies, others) <ul style="list-style-type: none"> o <i>(Central Bank, Bank, Insurance, Securities associations and so forth)</i> <input type="checkbox"/> Staff Integrity in sectors (statistics on integrity breaches, findings of on-site/off-site examinations) <ul style="list-style-type: none"> o <i>(Central Bank, Insurance Regulator, Securities Regulator)</i> <input type="checkbox"/> Information on AML/CFT supervision (framework for on-site off-site supervision, adequacy of the supervision, supervision procedures, statistics on the number of staff taking part in on-site/off-site examinations, no of institutions examined, statistics and information on main findings of on-site/off-site examinations, statistics on corrective actions taken in case of breaches) <ul style="list-style-type: none"> o <i>(Central Bank, Insurance Regulator, Securities Regulator)</i> <input type="checkbox"/> Has the Central Bank as part of its supervisory process, carried out an assessment of the adequacy of procedures (i.e. internal controls, policies and procedures) adopted to counter money laundering and the degree of compliance with such procedures?
<p>INFORMATION FOR PRODUCT ANALYSIS</p>	<p><u>For Banking, Securities and Insurance sector (information to be provided by Individual institutions):</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Prepare a list of all the products/services offered by banking, securities and insurance sector; <input type="checkbox"/> For securities and insurance sector, in addition to product/service breakdown, please identify the categories/types of service providers. <input type="checkbox"/> Data on total assets/liabilities/total turnover/total premium income associated with different products/services; <input type="checkbox"/> Data on total volume and average transaction size for each product/service/channel. The amount of associated assets, liabilities or turnover can serve as an indicator of the volume. Average transaction size doesn't need to be precise and can be estimated based on sampling/interviews with sector. <input type="checkbox"/> Statistics on PEPs and other risky customers, international transactions, transactions with off shore centers/tax heavens, high risk regions and so forth, for each of the products. <input type="checkbox"/> Information on client risk profiling and monitoring systems of the financial institutions. <p><u>Other Financial Institutions/DNFBPs (Casinos, Real Estate, Lawyers, Dealers in Precious Metals and Other Stones, Remittance agents, accountants and others):</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Prepare a list of regulated and unregulated other FIs/DNFBPs in the country (the types/categories of institutions/market players, not a list of institutions); <input type="checkbox"/> Data on number of reporting entities/persons, their asset size/volume /turnover (for each type FIs and DNFBPs)

	<ul style="list-style-type: none"> ○ <u>(Check with Gambling Board and self-regulatory organizations such as law society, accountants association, real estate association and so forth)</u> <input type="checkbox"/> Quantitative/qualitative information on the share/impact of each FI or DNFBP category on country's economy. <input type="checkbox"/> Statistics/data on availability of cash intensive products, frequency or % of international transactions, (%) of customer who pose higher risk for each type of other FIs and DNFBPs; <input type="checkbox"/> Data on number of ML cases, number of STRs, statistics on on-site and off-site inspections, AML regulations/supervision / monitoring systems for each type of other FIs and DNFBPs <input type="checkbox"/> Is any specific template available? <input type="checkbox"/> Any reports/information available on ML links between banks/FIs and/or currency exchange houses, stock brokerage houses, gold dealers, real estate dealers, insurance companies, trading companies and others selling high value commodities and luxury goods?
<p>INFORMATION FOR FINANCIAL INCLUSION PRODUCTS/SERVICES</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Information on current regulatory framework. Please discuss whether the regulatory framework recognizes simplification in low risk situations. If yes, under what conditions, what kind of simplification? Is the current framework adequately accommodates financial inclusion? If no, what are the problems? <input type="checkbox"/> Information on the policies/procedures for the launch of any financial inclusion products/services (with simplified CDD etc.). Is there any pre-authorization process? How is the involvement of the regulatory authority. <input type="checkbox"/> Information on the Financial Inclusion Product/Services already being offered by the financial or non-financial sectors. <input type="checkbox"/> Information on the Financial Inclusion Product/Services being planned by the financial or non-financial sectors. <input type="checkbox"/> Information on the simplification/ exemptions associated with the existing financial inclusion product/services.
<p>OTHER INFORMATION</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Information from most recent Mutual Evaluation report: Any information on the ML/TF risks, weaknesses, gaps, deficiencies, problems in the country need to be extracted from most recent ME report. <input type="checkbox"/> Information from other sources on potential ML activities related to sectors (public information, academic reports, studies, intelligence etc.)