



Opening Remarks

**JBA President, Mrs. Maureen Hayden Cater
3rd ANNUAL**

ANTI-MONEY LAUNDERING/COUNTER-FINANCING OF TERRORISM CONFERENCE

“Financial Integrity - The Pulse of Economic Prosperity”

Monday 8th December, 2014 – Wednesday 10th December, 2014

Salutations

Earlier this year, an official at the Vatican Bank in Rome was charged with laundering millions through the bank, amidst money laundering allegations that have followed the institution for decades. Over in Asia, the Bank of China was accused in July of blatantly offering money laundering services

Meanwhile the rapid rise of terrorist group ISIS in Syria and Iraq, has placed sharp focus on the reality of terrorism financing, with the group allegedly receiving funding from both individual donors and countries in the Middle East.

These examples indicate clearly that money laundering and terrorism financing continue to remain at the forefront of the major issues affecting the banking industry. And with the global village getting smaller, and financial transactions easier to make across borders thousands of miles apart, these examples are a clear and present danger to our own system.

The JBA recognises this and through the hosting of this annual conference, which is now in its third year, we intend to continue doing as much as we can to educate our local institutions on the growing trends in these areas.

What has become apparent in recent years is that the internet has quickly become the preferred channel for persons to engage in money laundering and terrorism financing. Criminals need to be able to launder their illicit proceeds, in order to make it seem legitimate, and do so often on a global level in a way that is quick, discrete and secure; the internet satisfies all these conditions. It is an extremely swift, relatively secure, almost anonymous and truly global instrument. With mechanisms such as fake online auctions, online sales, online gambling websites, online games, and virtual worlds, the sheer volume of transactions that utilize the internet makes scrutiny a huge challenge for the financial industry and regulators.

The movement of funds over the internet is made particularly easy by the growing use of peer-to-peer transactions, i.e. funds are directly transferred online from one individual to another, without the interaction of a third party, such as a financial institution, thus avoiding financial oversight and potential detection.

Compounding these challenges is the fact that it can be difficult to determine which country's banking laws have jurisdiction over cross border transactions, moreso because the internet has helped to create a world without borders.

Efforts to combat both money laundering and terrorism financing should therefore place emphasis on strengthening institutions' monitoring of what takes place via the internet, and a method that is being touted overseas is the "4-I" approach which says:

We need better IT knowledge, to keep pace with criminals across the world. This includes increased training and, if needed, the hiring of former hackers.

We need better ID checks online. Criminals and terrorists can often operate largely anonymously due to lax enforcement of due diligence, in particular in areas outside the financial industry. We therefore have to introduce better ID checks with new financial instruments, especially those that are outside the financial sector. This could help reduce the use of anonymous payments.

We need better IP tracking. Cyber-savvy users can fairly easily avoid the tracking of their online identity by using proxy servers and anonymisation software. Although a certain degree of online anonymity is acceptable, financial operations should never be conducted anonymously. We therefore need better IP tracking to prevent criminals from hiding their online identities.

- **We need better international cooperation.** Criminals can easily exploit the lack of international cooperation by moving from country to country. We therefore need much better international collaboration and co-ordination to prevent and combat money laundering and terrorist financing. We have to strengthen national and international efforts and instruments aimed at combating online money laundering and terrorist financing, for example by allowing for faster exchange of information and speeding up requests for mutual legal assistance.

The internet is just one of the many different facets that underpin money laundering and terrorism financing, and they all have the distinct ability to seriously damage our financial integrity. One thing that is clear is that financial institutions must be ahead of the tactics of the criminals and must invest in the technology, processes, and people needed to ensure that this does not affect us, as the consequences associated with any contamination is highly damaging.

This year's conference will allow us to examine these issues in detail and the measures we can take to minimize these risks.

The JBA is grateful to the members of the JBA Compliance Committee under the leadership of the Co-Chairs, Ms. Fiona Briscoe and Ms. Judith Romeo as well as the Jamaica Institute of Financial Services for organising this training seminar and congratulates you on your 3rd staging. We expect that this will be another successful staging - beneficial to all. I would also like to add my words of welcome to the speakers and presenters, and to thank you all for your participation.