

**Keynote Address, by Mr. Constantinos Petrides, Minister of Finance**  
**ACAMS Anti-Financial Crime Symposium, The Landmark Nicosia, 6**  
**February, 2020**

Dear ladies and gentlemen,  
Distinguished guests,

It is an honour and a pleasure to be addressing this ACAMS Anti-Financial Crime Symposium, here in Nicosia.

The prevention and tackling of financial crime, is not only an issue of justice and a feature of a law abiding and equitable society, but also a matter of financial stability and sustainable growth.

The recent AML/CFT failures of big financial institutions in Europe, have alerted the European and international community to the fact, that no country or financial institution, is immune to financial crime and that efforts and measures to tackle the phenomenon, must be continuous and sustained.

The European Union, has shown resolve through its Institutions, by spearheading changes and measures to enhance transparency, AML/CFT implementation across the Union and collaboration between member states. We welcome these policies which are forward looking and help to set a high standard in the field internationally.

The implementation of effective measures against financial crime, is doubly important to countries such as Cyprus, which aspire to become financial centres. Sustainable development in the administrative services sector, in the wealth management and financial services sector, can only be achieved through robust regulation and supervision.

As a jurisdiction, Cyprus has taken important steps, especially in the past five years, in fostering its capacity in the preventive measures of the financial sector. All regulators of the financial sector, have built specialised and dedicated AML/CFT Units and have developed off-site and on-site tools for supervision. The banks have seen their compliance personnel increase by more than 50% between 2014 and 2018.

Cyprus is also fully committed to tax transparency, and has been favourably assessed by the Global Forum on Transparency and Exchange of Information for Tax Purposes of the OECD. Another evaluation of the Global Forum, is currently underway.

The Republic has also been a member of the Automatic Exchange of Information Group, under the Global Forum mandate, implementing the Common Reporting Standard - CRS on automatic exchange of financial information for tax matters from 2017. In parallel, the Cypriot authorities signed the FATCA bilateral agreement with the US authorities, for the automatic exchange of financial information.

Very recently in December 2019, Cyprus has completed its 5<sup>th</sup> Round Assessment of by MONEYVAL, the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism of the Council of Europe, with the adoption of the Report through the MONEYVAL Plenary. We hope that when the Report is finalised and becomes public, it will show the improvements of the framework and its implementation by our country. I take this opportunity to thank the FIU, the supervisory authorities, the Government Departments as well as the private sector for all their efforts and hard work that was put into this evaluation. It has been a challenging but also a useful 18 month long exercise.

The evaluation will also include recommendations. This is not unexpected but on the contrary a welcomed outcome that would give the opportunity to the country to demonstrate its results but also its commitment in implementing measures emanating from a robust international evaluation.

As a jurisdiction we have conducted a National Risk Assessment on AML/CFT using the World Bank methodology during 2015 to 2017 and have looked into the vulnerabilities and threats to our system. A Strategy and an action plan endorsed by the Council of Ministers is already being implemented from 2018 onwards with a view to further shield the system from these threats.

Some of the relevant actions include the further strengthening of supervisory processes in the financial sector, the upgrade in the training and capacity of investigators and prosecutors with respect to prosecuting money laundering and terrorist financing offences and confiscating the illegal proceeds, counter terrorist

financing measures. These plans will be complemented with any additional relevant recommendations by MONEYVAL, which the Ministry of Finance, the Government and all stakeholders will expediently implement.

We thus expect 2020 to also be a busy year in the AML/CFT field, which would include the completion of the transposition of the 5<sup>th</sup> EU AML Directive and the implementation of the electronic registers of beneficial owners of legal entities and arrangements.

The risk assessment and relevant mitigating actions, is not a static but a dynamic process. Risks change as the financial landscape evolves. The virtual assets technology, which is to be discussed during the symposium poses added risks to money laundering and terrorist financing, which have to be risk-assessed by the country and mitigated. At the same time technology can offer new solutions for the industry and the country's citizens. Know your customers procedures even though necessary, can become quite costly and burdensome, to the extent that sometimes financial institutions carve out complete categories of customers by what is generally known as de-risking. This is an unwelcome by-product of compliance costs and procedures, that can affect financial inclusion, growth and economic activity. We believe that some of these de-risking outcomes can be minimised with the use of new technologies for customer identification and economic behaviour.

Training also, is of paramount importance in instilling a compliance culture in a country and its economic agents but also in assisting the authorities in doing a good

job. ACAMS as a leading provider of education and training to the AML/CFT community, serves an important function in this regard with its specialised accreditation but also through the organisation of symposiums such as these.

Dear ladies and gentlemen

Without further ado, I welcome you to the very interesting workings of this ACAMS Anti-Financial Crime Symposium.