



Cambodia Financial Intelligence Unit (CAFIU)

**Applied intelligence in the fight against money
laundering and the financing of terrorism**

NATIONAL BANK OF CAMBODIA

Riel. Stability. Development.



© December 2019 CAFIU

No reproduction or translation of this publication may be made without prior written permission.

Applications for permission to reproduce all or part of this publication should be made to:

Cambodia Financial Intelligence Unit

Email: cafiu_info@nbc.org.kh

Tel: +855 23 427 933

Website: <https://www.nbc.org.kh/cafiu/index.html>

OVERVIEW OF THE CAFIU

The Cambodia Financial Intelligence Unit (CAFIU) was established in early 2008 as an independent decision-making body under the National Bank of Cambodia as a result of the Law on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT), promulgated in 2007, in order to better comply with international standards. The main legal functions assigned to the CAFIU include the receipt of suspicious and cash transaction reports, collection of information related to money laundering and the financing of terrorism, analysis of received reports and dissemination of analysis to law enforcement authorities when there is reason to believe that money laundering, related offense or terrorist financing has been committed.

PRIMARY OBJECTIVE

The primary objective of the CAFIU is to protect the integrity of Cambodia's financial system by preventing its use by those who launder funds and properties as a result of illegal activity, as well as by those who make use of it to conduct and / or to support terrorist activities. Thus, the CAFIU plays a central role in Cambodia's efforts to combat money laundering and the financing of terrorism, domestically and internationally. The CAFIU relies on the work of dedicated personnel who adhere to the highest professional and ethical standards.



ROLE OF THE CAFIU

The CAFIU receives reports of transactions that may be related to money laundering and / or the financing of terrorism. It collects information from public and private sources. If there are reasonable grounds to believe that an offense has been committed and that proceeds generated have been laundered and /or used to finance terrorist activities, the matter is referred to law enforcement authorities. The CAFIU also has the duty to ensure that all reporting entities comply with regulations related to money laundering and the financing of terrorism. As well, the CAFIU educates the general public about the impacts of money laundering and the financing of terrorism and promotes awareness of the need to combat and eliminate these practices. The CAFIU compiles statistics on its activities and ensures that personal information is protected from unauthorized disclosure. As a central body, the CAFIU coordinates with other relevant agencies, both domestic and international, to ensure the effective implementation of procedures and programs to combat money laundering and the financing of terrorism.

ORGANIZATIONAL STRUCTURE OF THE CAFIU

NATIONAL COORDINATION
COMMITTEE

BOARD OF DIRECTORS

SECRETARY GENERAL

DEPUTY SECRETARY GENERAL

DEPARTMENT

DEPARTMENT

Legal, Administration
and IT Division

Analysis Division

Cooperation Division

Compliance Division

Legal

Receiving and
Analysis

Domestic
Cooperation

Compliance
Section

Administration

Feedback and
Dissemination

International
Cooperation

Training
and Awareness
Raising

IT



His Excellency Dr. Chea Chanto, Governor of the National Bank of Cambodia and Chairman of the National Coordination Committee on AML/CFT (NCC)

CHAIRMAN OF THE NATIONAL COORDINATION COMMITTEE ANTI-MONEY LAUNDERING / COMBATING THE FINANCING OF TERRORISM

The National Coordination Committee on Anti-Money Laundering / Combating the Financing of Terrorism (NCC) oversees the commitment of the Government of the Kingdom of Cambodia to ensure that its financial system and the broader economy of the nation are protected from the threats of money laundering and the financing of terrorism, thereby strengthening the integrity of the financial sector and contributing to the safety and the security of citizens. The committee adheres to a national AML/CFT policy that is consistent with international standards. It provides legal and administrative recommendations for the proper coordination and implementation of enforcement and mitigation measures.



His Excellency Dr. Sum Sannisith, Deputy Governor of the National Bank of Cambodia and Chairman of the Board of Directors of Cambodia Financial Intelligence Unit (CAFIU)

CHAIRMAN OF THE BOARD OF DIRECTORS OF THE CAFIU

The Board of Directors of the CAFIU consists of senior representatives from the Office of the Council of Ministers, the Ministry of Justice, the Ministry of Interior, the Ministry of Economy and Finance and the National Bank of Cambodia. The Board ensures that the CAFIU is properly resourced to duly carry out its functions. The Board makes policy decisions and gives direction that governs the operation and cooperative activities of the CAFIU.



Her Excellency Mrs. Say Sam Ath, Secretary General of Cambodia Financial Intelligence Unit (CAFIU)

SECRETARY GENERAL

The role of Secretary General is to support the Board and ensure the proper day-to-day functioning of the CAFIU according to applicable laws and regulations. Aside from processing intelligence reports concerning ML/TF activities, the CAFIU team ensures that reporting entities comply with laws and regulations, it compiles statistics and promotes understanding of AML/CFT among the general population.



៥៥៨៤១

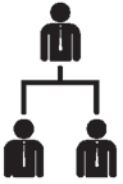
រដ្ឋធានីភ្នំពេញ

1000

500

KEY DEFINITIONS

Financial Intelligence Unit:



According to the Egmont definition, “A financial intelligence unit” (FIU) is a central, national agency that is responsible for receiving (and as permitted, requesting), analyzing and disseminating to the competent authorities, disclosures of financial information: (i) concerning suspected proceeds of crime and potential financing of terrorism, or (ii) required by national legislation or regulation, in order to combat money laundering and terrorism financing.

Cambodia Financial Intelligence Unit:



“Financial Intelligence Unit” of Cambodia, namely Cambodia Financial Intelligence Unit (CAFIU) shall mean a central body responsible for receiving, analyzing and disseminating reports on suspicious transactions, cash transactions and other information regarding money laundering or financing of terrorism, according to Cambodia’s law on anti-money laundering and combating the financing of terrorism.

Money laundering:



The acquisition, concealment, transfer, conversion of property for the purpose of concealing and / or disguising an illicit origin and / or helping and / or forcing any person in the commission of the offence to evade the legal consequences of his or her action.

Financing of terrorism:



The willful provision or collection of financial or other services with the intention that such services be used or in the knowledge that they are or may be used, in whole or in part, for the purpose of supporting terrorism, terrorist acts, or terrorist organizations.

Predicate offense:



Any offense, even if committed abroad, as a result of which proceeds have been generated that may become the subject of money laundering. A predicate offense committed abroad must have the nature of offense in the country where it was committed and under the laws of Cambodia, unless there is special agreement stated otherwise.

KEY DEFINITIONS

Reporting Entities subject to the AML/CFT law:



Banks (including branches of foreign banks), brokerage firms, insurance companies, microfinance institutions, credit cooperatives, leasing companies, investment and pension funds, investment companies, investment fund management companies, exchange offices, remittance services, real estate agents, building and land agents, dealers in precious metals, stones and gems, post offices that operate payment services, lawyers, notaries, accountants, auditors, investment advisors, asset managers, casinos and other gambling institutions, non-governmental organizations and foundations that engage in business activities and fund raising. (The CAFIU has the right to designate any institution or profession not found on this list to be subject to the law).

STAGES OF MONEY LAUNDERING



PREDICATE CRIMES

Fraud/Scam, corruption and bribery, drug trafficking, goods and cash smuggling, environmental crime, etc.



PLACEMENT

Introduction of proceeds into commerce stream (loans, gambling, currency smuggling).

Most vulnerable / traceable stage of money laundering process.



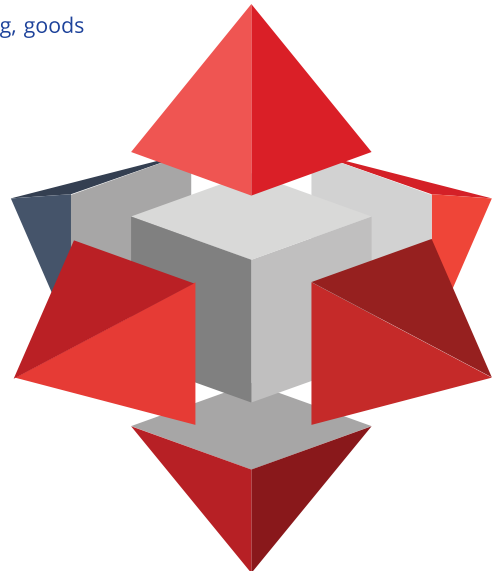
LAYERING

Distance from criminal source extended (multiple accounts, foreign accounts).
More difficult to detect.



INTEGRATION

Laundered proceeds return to criminal source.
Appearance of legitimate wealth / earnings.



MONEY LAUNDERING AND THE FINANCING OF TERRORISM HARM US ALL

Countries cannot afford to have their reputations and revenues affected by money laundering / terrorist financing activities, especially in today's global economy. Confidence in markets and in the signaling role of profits is eroded by money laundering. The negative reputation that results from these activities diminishes legitimate global opportunities and sustainable growth while it attracts international criminal organizations with undesirable reputations and short-term goals. This results in diminished development and stunted economic growth, and also threatens the efforts of many countries to introduce reforms into their economies. Criminal organizations have the financial capacity to outbid legitimate purchasers for large projects or establishments. Furthermore, while new projector establishment initiatives are often economically beneficial, they can also serve as a vehicle to launder funds. Criminals have been able to own legitimate businesses to hide their illicit proceeds and further their criminal activities.

Terrorists require money to perpetrate their crimes. They must purchase weapons, equipment, supplies and services. Sources of terrorist funds are licit and illicit. Funding often takes the form of many small donations, rather than one large sum. Terrorist groups may be directly or indirectly linked to organized criminal groups and may engage in criminal activities including the trafficking of drugs or arms, extortion and kidnapping for ransom. Like money laundering, terrorism financing is a global phenomenon that undermines economic development and financial market stability.

COOPERATION AND COORDINATION

Framework for AML / CFT Cooperation in Cambodia

Cambodia's institutional framework is in place to provide the basis for the development of national policies and coordination on AML/CFT issues at a policy and operational level. The NCC was established by sub-decree in April 2012 and chaired by Standing Deputy Prime Minister Keat Chhon. Following his retirement in August of 2016, the chairmanship was taken on by His Excellency Chea Chanto, Governor of the National Bank of Cambodia. The NCC is the permanent highest level policy-making coordination mechanism for preventing and controlling ML/TF. Its roles and functions include the development of a national policy to combat ML/TF, coordination of policy implementation among relevant ministries and agencies, ensuring effective implementation of AML/CFT laws and regulations and ensuring that Cambodia complies with international standards.

The Inter-ministerial Technical Working Group (MEWG) was established by the NCC in October 2017. It consists of representatives from 22 ministries and agencies. The MEWG is chaired by the CAFIU. The MEWG is an operational level coordination mechanism which implements the AML/CFT framework and executes policy and measures as decided by the NCC. It consists of three sub-working groups: legal, supervisory and law enforcement. The main legal functions assigned to the MEWG include setting up action plans in response to Mutual Evaluation Reports (MER) and National Risk Assessments (NRA) and implementing the action plans.

Asia / Pacific Group on Money Laundering (APG)

Cambodia became a member of the Asia / Pacific Group on Money Laundering (APG) in June 2004.

The APG is the FATF (Financial Action Task Force) style regional body for the Asia-Pacific region. It consists of 41 member jurisdictions and a number of observer jurisdictions and international/regional observer organisations. It is the largest regional body of its type in the world. Eleven members of the APG are also members of the FATF: Australia, Canada, India, Hong Kong, China, Japan, Korea, Malaysia, New Zealand, Singapore and the United States.

Cambodia underwent its first APG/WB Mutual Evaluation in 2007 and second APG Mutual Evaluation in July of 2017. Since the adoption of the last Mutual Evaluation Report (MER), Cambodia has made significant improvements on technical compliance with FATF standards.

Cambodia actively participates in APG events, including the annual meeting, typology meetings and training events to stay abreast of global and regional trends in money laundering and the financing of terrorism.

Egmont Group of Financial Intelligence Units

The Egmont Group is a united body of 164 Financial Intelligence Units (FIUs) as of August 2019. The group provides a platform for the secure exchange of expertise and financial intelligence to combat ML/TF. This is especially relevant as FIUs are uniquely positioned to cooperate and support national and international efforts to counter money laundering and terrorist financing and are the trusted gateway for sharing financial information internationally.

Cambodia is among seven ASEAN countries (including Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand) which are members of APG and Egmont Group. Cambodia became an Egmont Group Member in June 2015. Since then, the CAFIU has actively participated in Egmont annual plenary and working groups meetings to discuss and advance principles related to information exchange among FIUs. The CAFIU is committed to comply with requirements of the charter and principles for information exchange among financial intelligence units and to respond to surveys released by the Egmont secretariat.

HIGHLIGHTS OF CAMBODIA'S INFRASTRUCTURE AND POLICIES

- Cambodia's nascent governance infrastructure and resource challenges are key factors when considering its AML/CFT system. Cambodia is commended on the work it has done to improve its legal systems and economy over the past two decades. This has included the promulgation of the civil code, civil procedure code, criminal code, criminal procedure code, and AML/CFT laws and regulations, which provide a stronger basis for implementation of Cambodia's AML/CFT system. Since 1993, Cambodia has built its bureaucracy and institutions (including those responsible for AML/CFT) from a state of complete destruction. The loss of skills and expertise is slowly being replaced across the government.
- The CAFIU has delivered more than 100 awareness raising workshops concerning AML/CFT since its establishment. CAFIU has signed MOUs with 14 domestic counterparts and 27 international counterparts.
- The vast majority of legal persons in Cambodia are registered in an online business register. Basic information held in the register is publicly available.
- Cambodia has a reasonable legal framework to deprive terrorists, terrorist organizations and terrorist financiers of assets and instrumentalities related to the financing of activities. The standing court order issued in 2014 (under the 2014 Sub-decree on the Freezing of Property of Designated Terrorists and Organizations) allows Cambodia to freeze the assets of individuals and entities on the Al Qaida, Taliban, ISIL (Da'esh) UN lists without delay. Furthermore, Cambodia can, via its domestic designation mechanism, designate individuals and entities as terrorists under UNSCR 1373 if the need arises. Cambodia's terrorism financing risk profile is deemed to be medium to low.



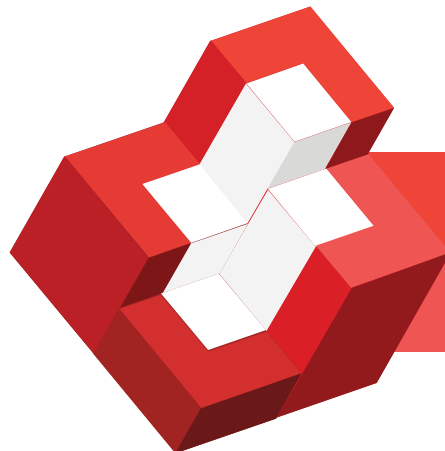
HIGHLIGHTS OF CAMBODIA'S INFRASTRUCTURE AND POLICIES



- Cambodia is responsive to incoming requests for formal international cooperation and has provided MLA and extradition to a range of jurisdictions, even in instances where there is no relevant treaty or law in place, on the basis of ratified international conventions and the principle of reciprocity.
- In relation to informal cooperation, Cambodian authorities, including the CAFIU, the General Commissariat of National Police (GCNP), the Anti-Corruption Unit (ACU), the General Department of Customs and Excise (GDCE), the Secretariat to the National Counter Terrorism Committee (SNCTC), the National Bank of Cambodia and the Securities and Exchange Commission of Cambodia, are responsive to requests for international cooperation received from foreign counterparts and provide timely assistance.
- Cambodia has performed a National Risk Assessment which outlines a series of recommended actions to address money laundering and terrorism financing risks and deficiencies. Authorities have been open and self-critical in their approach. This will benefit Cambodia.
- Cambodia adopts National Strategies on Anti-Money Laundering and Combating the Financing of Terrorism 2019-2023 as a long-term guide for the effective implementation of Cambodia's AML/CFT regime.
- Cambodia places a strong emphasis on preventing terrorist and terrorism financing activity, including via its policy of harmonization and efforts to prevent radicalization. Cambodia also makes use of international cooperation to disrupt terrorist and terrorism financing activity.

MILESTONES

- 2007: Cambodia put into practice its Law on Anti-Money Laundering and Combating the Financing of Terrorism.
- 2008: National Bank of Cambodia issued a Prakas (a regulation issued by a Minister, or by the Governor of the National Bank of Cambodia concerning banking or financial issues) on Anti-Money Laundering and Combating the Financing of Terrorism.
- 2008: The Royal Government of Cambodia issued a Sub-decree for the establishment of the CAFIU.
- 2008: The Royal Government of Cambodia appointed His Excellency Phan Ho as a Secretary General of the CAFIU; the first Board of Directors is appointed and holds its first meeting.
- 2009: CAFIU hosted a Typology Workshop.
- 2010: National Bank of Cambodia issued a Prakas on Anti-Money Laundering and Combating the Financing of Terrorism for reporting entities not regulated by the National Bank of Cambodia.
- 2011: Cambodia included the International Cooperation Review Group by the Financial Action Task Force.
- 2012: Royal Government of Cambodia issued a sub-decree on the establishment of the National Coordination Committee (NCC) on Anti-Money Laundering and Combating the Financing of Terrorism, led by Standing Deputy Prime Minister Keat Chhon.
- 2013: The Royal Government of Cambodia adopted National Strategies on Anti-Money Laundering and Combating the Financing of Terrorism 2013-2017.
- 2013: The Royal Government of Cambodia appointed Her Excellency Say Sam Ath as Secretary General of the CAFIU (following the retirement of His Excellency Phan Ho).
- 2014: The Royal Government of Cambodia issued a sub-decree regarding the freezing of property of designated terrorists and organizations.



MILESTONES

- 2014: The CAFIU issued a Notification on Risk Assessment regarding money laundering and the financing of terrorism for the banking and financial sectors.
- 2015: Cambodia became a member of the Egmont Group on 11th June 2015.
- 2016: The Royal Government of Cambodia appointed His Excellency Chea Chanto, Governor of the National Bank of Cambodia, as the Chairman of the National Coordination Committee on Anti-Money Laundering and Combating the Financing of Terrorism (following the retirement of His Excellency Standing Deputy Prime Minister Keat Chhon).
- 2016: The National Coordination Committee on Anti-Money Laundering and Combating the Financing of Terrorism adopted National Risk Assessment on Money Laundering and Financing of Terrorism.
- 2016: Cambodia underwent an on-site evaluation on money laundering and the financing of terrorism, in cooperation with the Asia / Pacific Group on Money Laundering (APG) and adopted Mutual Evaluation Report on Anti-Money Laundering and Counter-Terrorist Financing Measures in July 2017 in Colombo, Sri Lanka.
- 2017: The National Coordination Committee on Anti-Money Laundering and Combating the Financing of Terrorism established an Inter-ministerial Technical Working Group on Anti-money Laundering and Combating Financing of Terrorism.
- 2017: The Royal Government of Cambodia appointed His Excellency Sum Sannisith, Deputy Governor of the National Bank of Cambodia, as the Chairman of the Board of Director of the CAFIU.
- 2018: The National Coordination Committee on Anti-Money Laundering and Combating the Financing of Terrorism approved a draft of National Strategies on Anti-Money Laundering and Combating the Financing of Terrorism 2019-2023 and officially launched on 14 March, 2019. .
- 2019: The FATF identified Cambodia as a country which has strategic AML/CFT deficiencies.
- 2019: Cambodia (has) made a high-level political commitment to work with the FATF and APG to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies.



