



Official Remarks by

K. Peter Turnquest, MP
Deputy Prime Minister
and
Minister of Finance

at the

**Financial Intelligence Unit (FIU)
Public-Public Partners Forum**

Wednesday, 28 August 2019

Training Room
Poinciana House
East Bay Street
Nassau, The Bahamas

[SALUTATIONS]

Heads of the various government agencies

Regulators

Staff of the Financial Intelligence Unit

Ms. Bess Michael, from the counterpart FIU in the United States

Ladies and Gentlemen

Good Morning.

I wish to begin by commending the Director of the FIU, and his team, for organising this timely and most useful public-public partnership forum this morning. I am advised that this is the first gathering of its kind, at least in recent times, where all the key stakeholders of the AML/CFT regime have gathered in one place to discuss issues of critical importance, but more importantly to strategize the way forward for the industry in terms of regulation and monitoring.

I also commend the Director for inviting Ms. Bess Michael, Senior Policy Advisor for International Relations, Office of the Director, at their counterpart organisation, FIINCEN, in the United States. Ms. Michael has an impressive resume which

outlines her vast experience in addressing legal, policy and operational issues involving antimoney laundering, and combating the financing of terrorism. Her presence here this morning will no doubt add value to the discussions, and help us as we seek to further strength our partnerships.

Ms. Michael, on behalf of the Government of The Bahamas, I welcome you to our beautiful islands. If this is your first visit, I hope it will not be your last. We look forward to building on this trans-national partnership that it is being further strengthened by your participation here this morning.

As we prepare to better face the challenges of the future, we can all appreciate that the financial services industry has changed dramatically over the past 20 years. In this environment of ever-evolving global standards, the Government has enacted a significant number of new pieces of legislation, or amended existing legislation, to ensure The Bahamas remained globally competitive. In some instances, these have totally transformed the way business is transacted in this country.

As you are no doubt aware, the Financial Action Task Force (FATF) has been one of the major drivers of change towards the adoption of more stringent rules and compliance standards. In 1989 they became one of the primary international bodies exercising oversight of the global financial sector, with a primary objective to lead antimoney laundering efforts, along with countering the financing of terrorism, and countering the financing of the proliferation of weapons of mass destruction. Today, the Bahamas' financial sector is not only being assessed by the FATF, but the FATF's standards are being used by other agencies, such as the European Union, the International Monetary Fund (IMF), the World Bank, the United Nations, and others, who all assess our performance as a key player in the global financial system.

The FATF Mutual Evaluation of The Bahamas was conducted in late November and early December 2015 and the report itself, the Mutual Evaluation Report (M.E.R.), was released in July 2017. The M.E.R. involved a comprehensive review of our financial industry. We were assessed based on our compliance with the 40 FATF recommendations, and our effectiveness with

implementing these recommendations as mandated by the six (6) immediate outcomes.

As a result of the M.E.R. released in July 2017, The Bahamas is now in the review process by FATF's International Cooperation Review Group (ICRG). During this ICRG phase we are being closely monitored by FATF assessors to determine the country's compliance with the 40 recommendations and six (6) immediate outcomes.

Since the release of the M.E.R, and our being placed in the ICRG process, The Bahamas has successfully had our compliance rating upgraded for a number of the recommendations and immediate outcomes. But there is still more work to be done. We are optimistic that in the short order we will meet the requirements of those few remaining areas where we did not achieve the requisite standards. Our aim is to, at the earliest opportunity, be released from the ICRG process.

The Bahamas has made significant strides in improving its legislation and systems, particularly in the last three (3) years,

but it appears that as soon as we get closer to meeting the standards, the requirements change. As I alluded to earlier, the perception is that the goal posts are often moving. However, the Bahamas is staying engaged at a high level with our international partners to keep pace with the changes and to shape the future direction that we collectively move towards.

Overall, the Government of The Bahamas supports the adherence to global standards that are applicable to all financial sectors around the world. The entire global system is better protected and safeguarded when we all maintain a firm commitment to high AML/CFT standards.

Our local stakeholders can feel confident that the Government will remain relentless in our commitment to protect the interests of the local financial services sector and the broader Bahamian economy. A critical part of our work, therefore, is to meet and exceed the expectations of FATF and other international organisations, and become a pacesetter in how the industry is monitored, regulated and policed.

Today's forum is aimed at bringing greater awareness of the need for mutual cooperation between the industry regulators, law enforcement agencies and other government agencies who play a critical role in the overall AML/CFT fight.

Destroying the silos, is a fitting theme, for I believe, too many of us have developed the "silo" mentality – where we are good at what we do, but no one outside our organisation is aware of what we do, or how good we are doing what we do, and no one else is benefiting from our good work.

Each and every one of us here this morning plays a critical role in this AML/CFT regime. Each of us holds a key piece of the puzzle that ties everything together. So, for the remainder of the morning, you will hear from persons who will demonstrate how critical it is to share whatever information you have, with the FIU and other agencies, as the information you have may be that missing component that is critical to the disruption of a terrorist threat, and the successful prosecution of the criminals involved.

It is imperative that we all, as heads of the various agencies work collaboratively to achieve the country's objectives. We must remember that while each of us has a statutory role to play, and the information that we gather is to achieve that objective, this information can also protect the integrity of the financial system and ultimately the people of The Bahamas. The information you have could be that critical piece of the puzzle that aids in an investigation, and ultimately results in the dismantling of a criminal enterprise that has the potential to put the entire country, region and global economy at risk. We are duty bound to share that information.

Our local Financial Intelligence Unit (FIU) is at the nexus of the investigative system. It is part of the Egmont Group of Financial Intelligence Units internationally. Its membership means that The Bahamas is plugged into a global network of 160+ member FIUs designed to facilitate the smooth exchange of information. FIU Bahamas must adhere to the Egmont guidelines, failing which its membership can be withdrawn, or suspended. Needless to say, the Government relies on you, all of the key

stakeholders and partners in the industry, to make the entire system work.

Today, our focus is strengthening the mechanisms of exchanging information between the industry partners that are here this morning.

I applaud each of you for accepting the invitation, along with your senior staff, as it shows that you no doubt recognise the value of the contribution that your organisation plays in this AML/CFT system.

It is hoped that by the end of this forum, each of you will have a greater appreciation for the role you play, and for the value that the information you can provide has in the amassing of intelligence for an ongoing investigation.

I wish you a successful forum, and trust that this will become an annual event. It is important that as heads of these vital agencies, you meet at least annually to review what has transpired the year before, to agree to make adjustments, where necessary, and

strategize about how we can individually, but more importantly, collectively contribute to improving the system.

I wish you a successful forum and look forward to The Bahamas continuing to be a leader in the global financial services sector.

Thank you.