



MONEY LAUNDERING GLOBAL MEASURES

CH – 3 KYC/AML PART A

Global Efforts Against Money Laundering & Terrorism Financing

✓ Money laundering & terrorism financing are global financial threats  

✓ International bodies establish regulations & ensure compliance



✓ Banks play a vital role in detecting & reporting suspicious transactions  

 Example: The Council of Europe (1980) emphasized the role of banks in fighting financial crimes.


3.2 United Nations (UN) Initiatives

3.2.1 The Vienna Convention (1988)

✓ First major UN convention criminalizing drug-related money laundering  

✓ Encouraged cross-border legal cooperation to seize illicit funds



 Example: Countries can freeze assets linked to drug cartels under this treaty.

3.2.2 Political Declaration (1998)

✓ Expanded money laundering definitions beyond drug crimes



✓ Strengthened financial monitoring requirements worldwide



📌 Impact:

- Brought all serious crimes under money laundering laws
- Led to global financial regulation improvements

🔍 3.2.3 The Palermo Convention (2000)

✓ Targeted organized crime & money laundering 🏴‍☠️ 💰

✓ Mandated customer verification (KYC) & suspicious transaction reporting 📄 🔍

📌 Example: Many nations strengthened AML (Anti-Money Laundering) laws following this treaty.

📌 3.3 International Monetary Fund (IMF) & AML Efforts

✓ IMF plays a key role in monitoring AML/CFT regulations 🌍 🏛️

✓ Assesses compliance & provides technical assistance

📌 Key IMF Actions:

- Conducts Offshore Financial Centre (OFC) evaluations 📄 🏛️
- Integrates AML/CFT assessments into financial stability programs

 **Example: IMF helps nations build robust AML frameworks to safeguard their economies.**

3.4 Financial Intelligence Units (FIUs)

 **FIUs act as financial intelligence agencies tracking illicit funds**



 **They collect, analyze & report suspicious financial transactions**








Why Were FIUs Established?

- **Law enforcement needed financial intelligence access**
- **Banks required a central agency for reporting suspicious activities**
- **FIUs bridge banks & regulators to prevent money laundering**

 **Egmont Group Definition (1996):**

"A national agency responsible for receiving, analyzing, and disseminating financial information on suspected money laundering & financial crimes."




3.4.1 Four FIU Models

 Model	 Description	 Key Feature
Judicial Model 	Operates under the judicial system	Reports suspicious activity to courts
Law Enforcement Model 	Linked to police/law enforcement	Multiple agencies investigate financial crimes

Administrative Model 🏛️	Independent financial watchdog	Ensures compliance while protecting privacy
Hybrid Model ↻	Combination of other models	Acts as a bridge between judiciary & enforcement

📌 **Example: India's FIU-IND follows an Administrative Model, ensuring transparency in financial crime investigations.**

🏛️ Final Summary Table 📝

 International Organization	 Key Contribution	 Impact
United Nations (UN)	Established global AML treaties (Vienna, Palermo)	Strengthened international cooperation on financial crimes
International Monetary Fund (IMF)	Integrated AML/CFT assessments into global finance	Helped nations improve banking regulations
Financial Intelligence Units (FIUs)	Centralized financial intelligence gathering	Improved detection & reporting of suspicious transactions
Egmont Group	Set global FIU standards & cooperation guidelines	Enhanced cross-border data sharing for AML/CFT

Explanation of Difficult Terms

 Term	 Explanation
AML (Anti-Money Laundering)	Laws & regulations designed to prevent the conversion of illegal money into legal assets.
CFT (Counter Financing of Terrorism)	Financial monitoring techniques to prevent terrorist organizations from receiving funding.
KYC (Know Your Customer)	A banking process where institutions verify customer identities to prevent fraud & money laundering.
OFC (Offshore Financial Centre)	A foreign banking jurisdiction with fewer regulations, often used for tax avoidance & money laundering.
Egmont Group	A global network of Financial Intelligence Units (FIUs) coordinating AML efforts internationally.
Predicate Offence	A serious crime (e.g., drug trafficking, corruption) that generates illicit funds, which then require laundering.
Suspicious Transaction Report (STR)	A report filed by financial institutions when they detect unusual or potentially illegal transactions.

3.5 The Egmont Group: A Global FIU Network

 The Egmont Group is an international network of Financial Intelligence Units (FIUs).  

 Established to promote global cooperation in anti-money laundering (AML) & counter-terrorist financing (CFT).  




✔ Membership is mandatory under the FATF 2012 Standards.











📌 Current Status (March 2022):

- 167 FIUs are members 🤝
- Provides operational guidance, training & expertise sharing

📌 3.5.1 Structure of The Egmont Group









 Component	 Description	 Function
Heads of Financial Intelligence Units (HoFIU)	Main governing body	Meets annually to set Egmont policies
Egmont Committee (EC)	Coordination mechanism for HoFIU & WGs	Manages day-to-day operations of the Group
Working Groups (WG)	Focused on specific AML/CFT topics	Develops best practices & training programs
Regional Groups (RG)	Divisions based on geographic regions	Ensures effective AML implementation globally
Egmont Group Secretariat (EGS)	Based in Canada	Provides administrative & strategic support
Egmont Centre of FIU Excellence and Leadership (ECOFEL)	Established in 2018	Assists FIUs in enhancing operational excellence


3.5.2 Four Working Groups of Egmont

 Working Group	 Purpose
Information Exchange Working Group (IEWG)	Facilitates data sharing between FIUs globally  
Membership, Support, & Compliance Working Group (MSCWG)	Ensures new & existing FIUs comply with standards 
Policy & Procedures Working Group (PPWG)	Develops policies for effective FIU operations  
Technical Assistance & Training Working Group (IATWG)	Provides training & capacity-building for FIUs 




 **Example:** The IEWG helps India's FIU exchange financial crime data with the US FIU to track money laundering networks.

3.5.3 Role of The Egmont Group in AML & CFT



-  Promotes safe & effective financial intelligence exchange  
-  Helps FIUs combat organized financial crimes (money laundering, tax evasion, terrorism financing)  
-  Develops best practices & operational guidance for FIUs worldwide  
-  Supports compliance with FATF & UN AML/CFT guidelines  

 **Example:** If a criminal syndicate launders money in multiple countries, **FIUs in different nations can use Egmont's network to share intelligence & freeze assets.**

Final Summary Table

 Egmont Group Component	 Function	 Impact
HoFIU (Heads of FIUs)	Governing body	Oversees global FIU policies
Egmont Committee (EC)	Operational coordination	Ensures smooth functioning of the group
Working Groups (WG)	Focus on AML/CFT improvements	Enhances intelligence-sharing & compliance
Regional Groups (RG)	Geographic-based FIU divisions	Adapts AML policies regionally
Egmont Secretariat (EGS)	Administrative support	Manages Egmont's daily operations
ECOFEL	Training & excellence center	Helps FIUs build expertise & leadership

Explanation of Difficult Terms

 Term	 Explanation
FIU (Financial Intelligence Unit)	A national agency that collects & analyzes suspicious financial transactions.

Egmont Group	A global network of FIUs facilitating AML/CFT cooperation.
AML (Anti-Money Laundering)	Laws & policies preventing the legalization of illicit funds.
CFT (Counter Financing of Terrorism)	Measures to prevent terrorist groups from acquiring funds.
FATF (Financial Action Task Force)	International body setting global AML/CFT standards.
ECOFEL (Egmont Centre of FIU Excellence & Leadership)	A unit helping FIUs improve efficiency & compliance.