

CENTRAL BANKING
TRAINING COURSE/
SEMINAR SERIES

SPRING 2004

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forum for central bankers
and financial supervisors

4-day intensive
residential programme

18-22 April 2004

HOW TO COMBAT MONEY LAUNDERING, FINANCIAL CRIME AND THE ABUSE OF ELECTRONIC PAYMENTS

Course director:

Richard Pratt

Regulatory consultant and
former director general, Jersey Financial
Services Commission

Central Banking Publications Ltd
6 Langley Street, London WC2H 9JA, UK

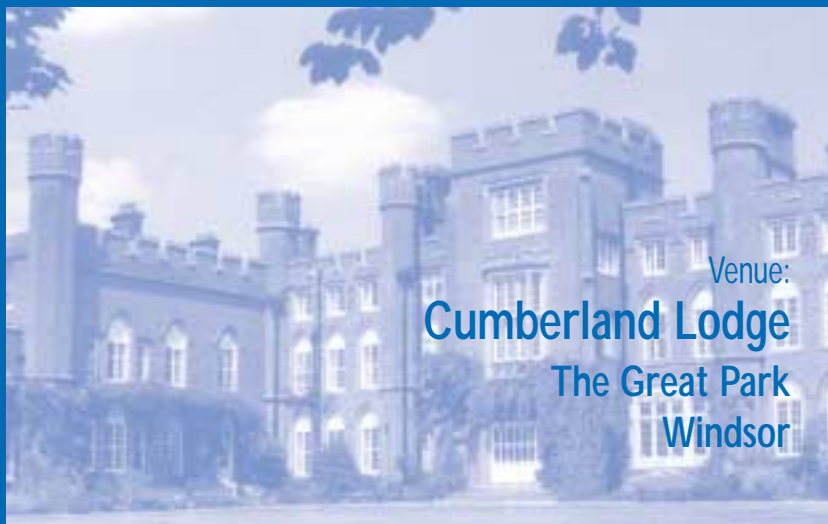
Tel: 44 20 7836 3607

Fax: 44 20 7836 3608

Email: conference@centralbanking.co.uk

Website: www.centralbanking.co.uk

Online service: www.CentralBankNet.com



Venue:

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6 Langley Street, London WC2H 9JA • Tel (44) 20 7836 3607 • Fax (44) 20 7836 3608

E-mail info@centralbanking.co.uk • Website www.centralbanking.co.uk

HOW TO COMBAT MONEY LAUNDERING, FINANCIAL CRIME AND THE ABUSE OF ELECTRONIC PAYMENTS

a practical guide for official policy-makers

Dear Delegate,

Pressures on policymakers and financial supervisors to protect their financial and payment systems from abuse have increased enormously in the past 12-18 months. Now, public officials also have to be able to demonstrate that they are both well-informed about the policies required by international organisations and complying with them. Clearly there is the natural desire to erect defences against financial criminals, but it is also essential to demonstrate the effectiveness of those defences to external evaluators.

With the Financial Action Task Force issuing new guidelines last year that greatly extend the scope and application of their recommendations, international standards are continually being raised. All the competent authorities and institutions realise the need to upgrade skills and techniques in this area. They also need to share and disseminate knowledge and best practice.

To help officials keep in touch with this rapidly-moving regulatory environment, this Central Banking Training Course/Seminar pinpoints what financial policymakers (as financial supervisors, and as overseers of national payment systems) can do to prevent the misuse of their banking/financial/payments system for money laundering or other criminal purposes (in particular the financing of terrorism) and to address the international pressure to demonstrate compliance with standards. It is a pragmatic course, intended to provide practical solutions.

The seminar meets in roundtable format to allow an international group of delegates maximum opportunities to learn from each other. The elite panel of speakers comprises leading regulators, academics and practitioners. The seminar will be chaired by Richard Pratt, former director general of the Jersey Financial Services Commission. All discussions are held in small groups to encourage lively and informal debate. The discussions are completely private, and only public policy officials are able to attend.

Key sessions examine:

- the changing international standards for best practice in this area;
- the key steps involved in upgrading and reforming national anti-money-laundering systems;
- Meeting the expectations of international evaluators;
- the practical and technical difficulties involved in preventing the misuse of electronic payments; and
- The most effective models for international cooperation between regulators and judicial and investigative authorities around the world.

Each topic allows participating supervisors and central bankers an opportunity to “benchmark” their work against best practice internationally and to exchange views with their peers in an informal setting.

For financial regulators - whose failures hit the headlines, but whose successes can go unrecognised - this process is invaluable. Participants learn from “tried and tested” solutions developed in other jurisdictions. Of course, policy solutions have to be adapted to specific circumstances and financial/banking systems as well as the cultural environment of individual countries. There is no room for “one size fits all” solutions. But equally, there is no excuse for delay or inaction.

Since 1999, over 550 supervisors and central bankers have attended roundtable seminars hosted by *Central Banking Publications Ltd*, publishers of *The Financial Regulator* journal.

For more information about the programme, please take a few moments to look at the detailed course contents presented on the pages which follow.

I look forward to welcoming you to Windsor.

Yours sincerely,



William Clarke, PhD, OBE

Chairman, Central Banking Publications

MONDAY 19th APRIL

NEW INTERNATIONAL BENCHMARKS

Chairman: Richard Pratt, *regulatory consultant and former director general of the Jersey Financial Services Commission*

Revised FATF rules

FATF representative (to be confirmed)

In June 2003, the Financial Action Task Force on money laundering (FATF) released a wholesale revision of its anti-money-laundering blueprint. Coupled with the eight special recommendations on combating terrorist financing these changes represent the most significant extension of the FATF rules since their introduction in 1990. Financial market authorities must be aware of all the new responsibilities imposed on them by these revised standards. In addition, supervisors must understand how, in practical terms, FATF standards can be adapted by them to prevailing legal and national circumstances. This session examines the implications for central bankers and supervisors of the FATF's evolving agenda.

Due diligence standards for banking supervision

Colin Powell OBE, *chairman of the Jersey Financial Services Commission and of the Offshore Group of Banking Supervisors*

For banking supervisors, the key anti-money-laundering (AML) standards are the detailed rules on Customer due diligence for banks recently prepared by a working group of the Basel Committee on Banking Supervision and Offshore Group of Banking Supervisors (OGBS). This report defines the detailed international benchmarks for banks regarding: customer acceptance and identification practices; ongoing transactions monitoring; risk management practices; effective customer due diligence and information sharing practices. This session examines this set of rules in detail and how they relate to the parallel FATF standards.

The IMF's role in assessing national systems **Anti-money-laundering expert**, *International Monetary Fund*

Within the last two years, the International Monetary Fund has taken over the lead role in assessing whether national authorities have effective defences in place to combat money laundering and the financing of terrorism. This session considers how the Fund approaches its assessments of member countries' anti-money-laundering systems, and what metrics it uses to judge whether they are working successfully. The speaker will also examine common problems uncovered in the Fund's assessments so far, and consider the resources, including technical assistance, which are available to help remedy them.

US extraterritorial requirements

Dr Kern Alexander, *Judge Institute, Cambridge University*

Following the terrorist attacks on America, the US administration has placed efforts to deny funds to terrorists, and prevent money laundering at the top of its agenda. The US Financial Services and Modernization Act 2000 and the recent PATRIOT Act provide US authorities with substantial new powers to regulate the global activities of multinational banks. Given the significance of the US dollar in the world's financial system, US legislation has a profound effect on any institution with an international presence. This session examines the implications of this legislation for non-US supervisors.

International banks and self regulation

Kevin Ford/Lisa Osofsky, *Goldman Sachs; the Wolfsberg Group*

Alongside efforts by regulators and policymakers, financial institutions have themselves moved to set new self-regulatory standards for combating money laundering. In particular the Wolfsberg Group (an association of 12 global banks) has issued a series of Anti-Money Laundering Principles for Private Banking. This session investigates how these complex financial institutions have subsequently reacted to the challenge of new international standards. In addition, the speaker will examine how regulators and financial firms can best cooperate to achieve an effective industry-wide compliance culture.

TUESDAY 20th APRIL

BUILDING AN EFFECTIVE NATIONAL AML REGIME

Commercial banking perspective – implementing know-your-customer rules

Sally Scutt, *deputy chief executive, British Bankers Association*

The first line of defence against money laundering or the financing of terrorism must be the individual financial institutions that are in direct contact with customers. Many large financial institutions are undertaking root-and-branch reform of their procedures, especially with regard to certain firms and transactions – including private banking, correspondent banking relationships and shell banks – perceived as high risk. This session considers the new safeguards which financial institutions have put in place, how this affects their foreign branches and subsidiaries, and how much of this experience is more widely applicable.

Applying AML regimes to stock market operations

Dr Dayanath Jayasuria,

former director-general of the Sri Lanka SEC and the Sri Lanka Insurance Board

In the evolution of anti-money-laundering regimes, attention has focused mostly on banks and related financial institutions and, more recently, on insurance companies. In this context securities market regulators and market intermediaries have not accorded adequate attention to the vulnerability of securities markets to the efforts of money launderers. Control systems that are devised at the national level will involve the securities market regulator, the stock exchange(s) and market intermediaries such as stockbrokers, stock dealers and investment managers. This session examines how this complex interaction of national authorities can be made to function effectively.

Making suspicious transaction reporting systems effective

Jeremy Outen, *partner, KPMG*

The obligation to report suspicious transactions is at the heart of national anti-money-laundering regimes. However, making the most effective use of the intelligence received has often proven difficult. Even in countries with long-established STR regimes there are still serious concerns as to how they can best be made to work. Using the UK as a case study, this session examines how national authorities can be most effective. The presenter is the leader of KPMG's recent review of the UK's regime for handling suspicious activity reports on behalf of the UK Home Office.

Developing a compliance culture

Syndicate group discussion

Proactive vigilance by the industry is the best defence against economic and financial crime. Delegates will split into a number of syndicate groups to discuss how different jurisdictions have approached this task.

WEDNESDAY 21st APRIL

INTERNATIONAL LINKAGES

Combating the financing of terrorism

Lucy Makinson, *Head of Payment Systems and Crime Division, UK Treasury (to be confirmed)*

Along with the difficulties associated with interdicting conventional money laundering, combating the financing of terrorism raises a host of technological, legal and practical problems. Not least of which is the difficulty of identifying suspect funds before any predicate offence has been committed. This session examines how in practical terms these issues can be tackled, and the kinds of systems which are being introduced to deal with them.

Managing intelligence on individuals and firms

David Leppan, *CEO, World-Check*

Combating money laundering and the financing of terrorism requires above all that regulatory authorities compile and keep up-to-date lists of suspicious persons and organisations. New FATF rules require supervisors to pay particular attention to "politically exposed persons" (ie high-risk individuals who may be conduits for looted funds). Each of these responsibilities requires new skills and intelligence handling capabilities by banks and their supervisors. This session draws on the experience of World-Check, a private-sector provider of intelligence to the financial industry, to examine how these new duties can be discharged.

International cooperation – case study on IOSCO MOU

Richard Pratt, *former director general,
Jersey Financial Services Commission*

Although regulators have often set up bilateral agreements on information-sharing, the IOSCO multilateral memorandum of understanding is the first agreement of its kind whereby a group of securities regulators have agreed to share information relating to enforcement investigations, on an equal basis, with all other signatories. As such it provides an excellent case study for how regulators can cooperate efficiently regarding international information-sharing protocols. This session examines lessons learned from the exercise.

Protecting the payment system from economic crime

Speaker to be confirmed

What can central banks and other responsible authorities do to prevent the payment system being used for criminal purposes? The speaker will consider how technological and supervisory imperatives relate with respect to payment system oversight.

THURSDAY 22nd APRIL

EVALUATING SUCCESS

How to manage on-site AML audits of financial institutions

Andrew Clark, *Partner and European Head of Anti Money Laundering,
PricewaterhouseCoopers*

Following the introduction of new legislation and regulation, the number of real practical difficulties for financial institutions seeking to fulfil their obligations is increasing. It is important for financial market authorities to be aware of some of the practical problem areas with the existing anti-money-laundering regime, which will be covered by this session. Rather than relying on auditors, financial institutions, central banks and supervisory agencies will, increasingly, have to be proactive in their oversight of financial institutions, and employ technological solutions to combat money laundering and the financing of terrorism. What will this involve?

Demonstrating success

Chris Malan, *Chief Director, National Treasury, South Africa (invited)*

It is not always enough to have effective systems in place, it is also essential to demonstrate that this is so to the various international evaluators. At the same time, an evaluation can, if conducted effectively, provide technical assistance in the form of specific recommendations for action. How can a jurisdiction get the most positive outcome from an evaluation? This session considers the experience of one evaluated jurisdiction and will be the base for sharing experiences by all delegates.

Course conclusion

In the final session, delegates reflect on lessons learnt and identify priorities for action at national and international levels.

Other training courses in **TRAINING COURSE / SEMINAR SERIES, Spring 2004**

LEADERSHIP AND MANAGEMENT OF ORGANISATIONAL CHANGE IN CENTRAL BANKS AND REGULATORY AGENCIES

Providing effective leadership to an institution in the midst of rapid organisational restructuring and change is one of the most difficult challenges facing central bankers and regulators today.

This ambitious but practical training course aims to equip leaders with many of the essential tools they can use in practice to meet these multiple challenges in their institutions.

INFORMATION TECHNOLOGY MANAGEMENT FOR CENTRAL BANKERS AND SUPERVISORS

Even more than private-sector financial institutions, central banks and financial regulatory agencies depend on reliable, secure and robust information technology. This seminar examines how central banks and supervisors can best use technology to deliver key outputs.

MAXIMISING THE VALUE OF ECONOMIC ANALYSIS FOR CENTRAL BANKS

Central bank economists face ever-increasing demands for their analysis – which forms the backbone of modern central bank policymaking – from the public and markets as well as policymakers. However, their focus, increasingly, is on supporting the central bank's core functions of assuring price stability and financial stability. This training course/seminar focuses on how central banks can structure the role, scope and functions of economic analysis, tailored to their particular requirements, to achieve their goals.

For more details, please visit <http://www.centralbanking.co.uk/conferences>

Previous attendees:

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TRAINING COURSE/SEMINAR SERIES, SPRING 2004

HOW TO COMBAT MONEY LAUNDERING, FINANCIAL CRIME AND THE ABUSE OF ELECTRONIC PAYMENTS

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4 day (4 nights) residential course (4pm 18th April – 1pm 22nd April 2004)*

* Accommodation outside these dates at Cumberland Lodge is not available.

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We accept delegates on a "first-come, first-served" basis. A full refund will be given for cancellations received (in writing) up to 30 days before the event, but a handling fee of £100 will be deducted from the refund. Cancellations received 30 days or less, a 50% refund will apply. Cancellations received less than one week prior to the event are liable to pay the full registration fee. Disclaimer: Central Banking Publications Ltd reserves the right to change or cancel any part of this programme due to unforeseen circumstances. Please note: in completing this registration form, you undertake to abide by our cancellation and payment terms. We recommend that you take out adequate insurance to cover the event of cancellation.

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