

**ANTI-MONEY LAUNDERING/COUNTER FINANCING OF TERRORISM /COUNTER
PROLIFERATION FINANCING IN FOCUS**

Part Eighteen:

**An In-depth Look at the Financial Action Task Force (FATF) Forty Recommendations-
Recommendation 16: Wire Transfers**

By: The Attorney General's Chambers
and the National Anti-Money Laundering Oversight Committee (NAMLOC)

Wire transfers are a very quick and convenient means for individuals and firms to transfer monies within and between jurisdictions. However, this medium has been found to be misused by terrorists and other criminals to transfer illegal funds seamlessly via the financial system. The Financial Action Task Force (FATF) instituted Recommendation 16 on Wire Transfers, which specifies the need for financial institutions to provide accurate information not just about the originator of a payment, but also the beneficiary. Under this Recommendation, banks also have an obligation to monitor the quality of data in the transactions they receive and that the information remains with the wire transfer or related message throughout the payment chain. Recommendation 16 also mandates that countries should ensure that financial institutions monitor wire transfers for the purpose of detecting those which lack required originator and/or beneficiary information, and take appropriate measures.

Consistent with Recommendation 6, which deals with *Targeted Financial Sanctions Related to Preventing and Suppressing Terrorism and Terrorism Financing*, Recommendation 16 advises countries to ensure that, in processing wire transfers, financial institutions take freezing action and prohibit conducting transactions with designated persons and entities, per the obligations set out in the relevant United Nations Security Council resolutions.

The aims of Recommendation 16 is to ensure that basic information on the originator and beneficiary of wire transfers is immediately available to financial intelligence units – for analyzing suspicious or unusual activity and disseminating such intelligence as required; to appropriate law enforcement and prosecutorial authorities - to support detecting, investigating, and prosecuting terrorists or other criminals, and tracing their assets; to ordering, intermediary and beneficiary financial institutions - to facilitate the identification and reporting of suspicious transactions, and to implement the requirements to take freezing action and comply with prohibitions from conducting transactions with designated persons and entities.

The Money Laundering (Prevention) Act (MLPA), Cap.12.20 of the Revised Laws of Saint Lucia has provisions implementing Recommendation 16. The Act commands that financial institutions undertake customer due diligence measures, when there is doubt about the veracity or adequacy of previously obtained customer identification data including identifying and verifying the identity of customers, in the circumstances that include: carrying out occasional transactions above \$25,000 or that are wire transfers; on funds transfers and related messages that are sent; when transferred funds do not contain complete originator information and where there is a suspicion of money laundering or terrorist financing. Section 16 (1) (c), as amended by Act 20 of 2016, mandates that financial institutions are required to report to the Financial Intelligence Authority transactions where the identity of a person involved in the transaction or the circumstances relating

to the transaction gives an employee of the financial institution reasonable grounds to suspect that the transaction involves the proceeds of criminal conduct.

In keeping with the FATF Recommendations, the MLPA undergoes occasional amendments in order to continue to safeguard Saint Lucia's financial system from abuse. In September 2019, the CFATF, utilizing a peer review system, will examine the policies, strategies, and laws that Saint Lucia has implemented consistent with the FATF Standards.