

Second National Risk Assessment Exercise



Outline of the Presentation

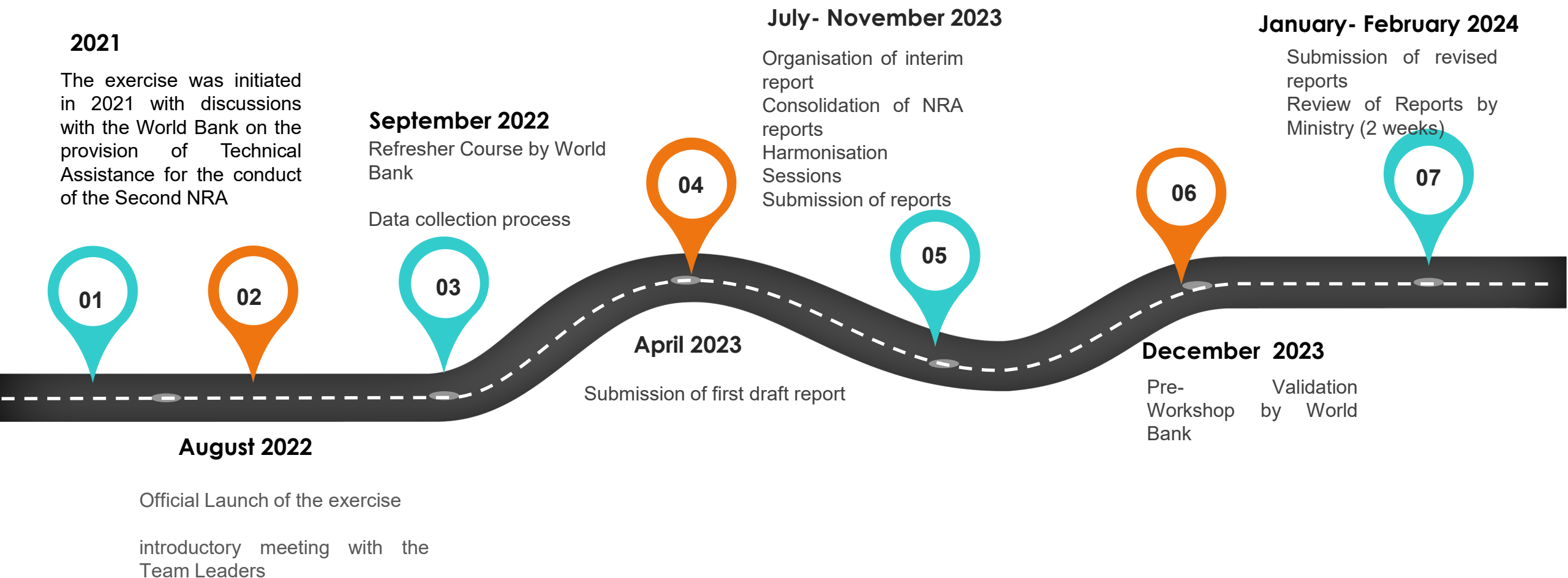
- ❑ Background
- ❑ NRA Committee: Mandate and Progress Achieved
- ❑ Assessed Factors and Sectors
- ❑ National ML Risks: Ratings and Key Findings
- ❑ National TF Risks: Ratings and Key Findings
- ❑ Comparison of Ratings with 2019 Risk Assessment
- ❑ Key Observations
- ❑ Main Recommendations
- ❑ Way Forward

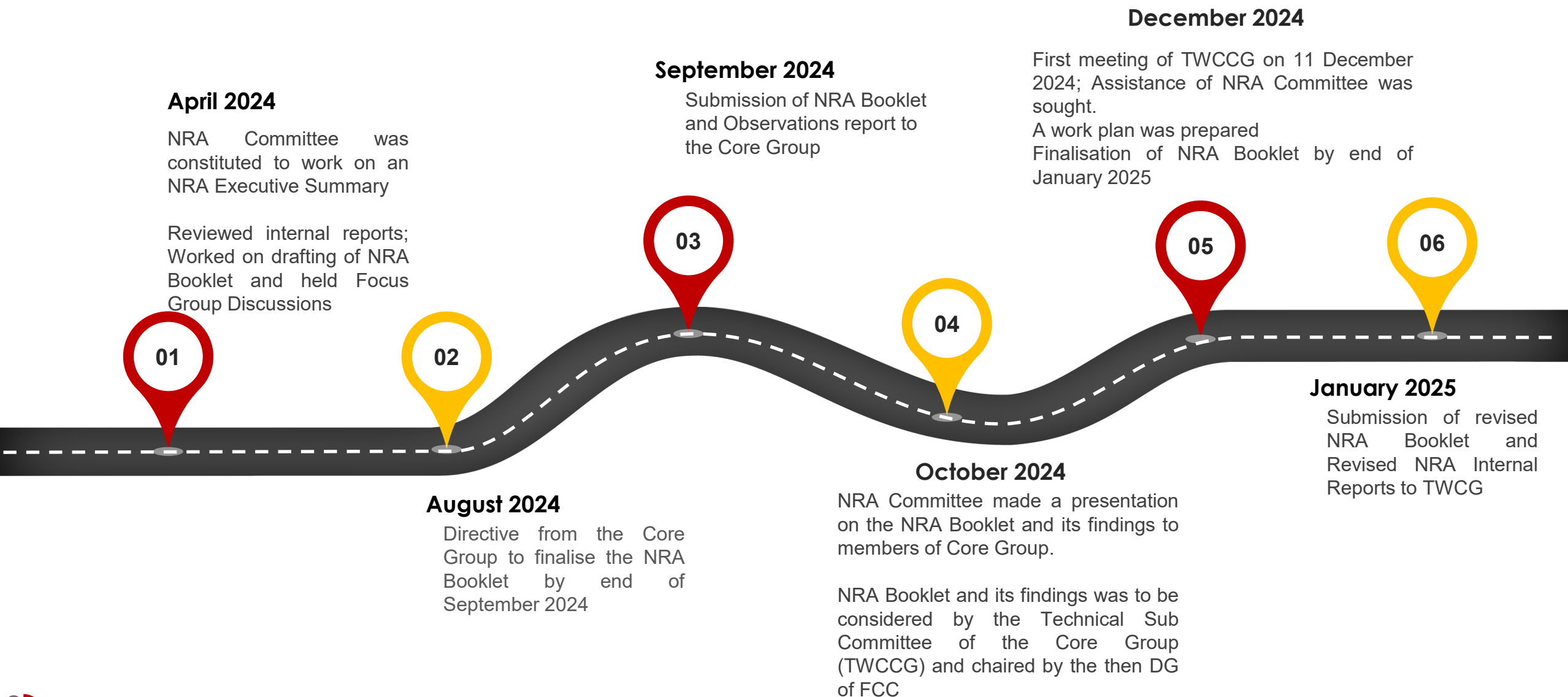
Background

- ❑ A systematic process to identify, assess, and understand the risks of Money Laundering (ML) and Terrorism Financing (TF) in a country.
- ❑ FATF Rec 1:
 - Countries should identify, assess, and understand the money laundering and terrorist financing risks for the country, and should take action, including designating an authority or mechanism to coordinate actions to assess risks, and apply resources, aimed at ensuring the risks are mitigated effectively.
 - Based on that assessment, countries should apply a risk-based approach (RBA) to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks identified.
- ❑ FIAMLA 19 D
 - The Ministry shall coordinate and undertake measures to identify, assess and understand the national money laundering, terrorism financing and proliferation financing risks and review such risk assessments at least every 3 years.



NRA Process





NRA Reports

01

the findings, interpretations, and conclusions expressed reflect the views of the NRA Working Group

02

The Ministry cannot guarantee the accuracy completeness and analysis of the data

Main Challenges

1) Nomination of New officers

While competent authorities were strongly recommended to nominate the same officers who participated in the first exercise for the conduct of the second risk assessment, this was not unanimously implemented

2) Revised World Bank Methodology

The conduct of a comprehensive TF risk assessment including sectoral TF Risk assessments

3) Non- Submission of Information/ Incomplete Submission of Information

FIU, CTU, ARID

4) Inconsistencies in Write up Submitted

With open-source information, ratings not well substantiated, transition from last NRA

General Observations applicable across the NRA Reports following Initial Review

1) Updated Data set

- Findings presently for the period 2018-June 2022

2) Information required for the NRA

- Lack of FIU data analysis, trends and typologies - Crucial to identify threats and vulnerabilities and prioritise risk measures

3) Reliance on international reports/ typologies/ Open-Source information

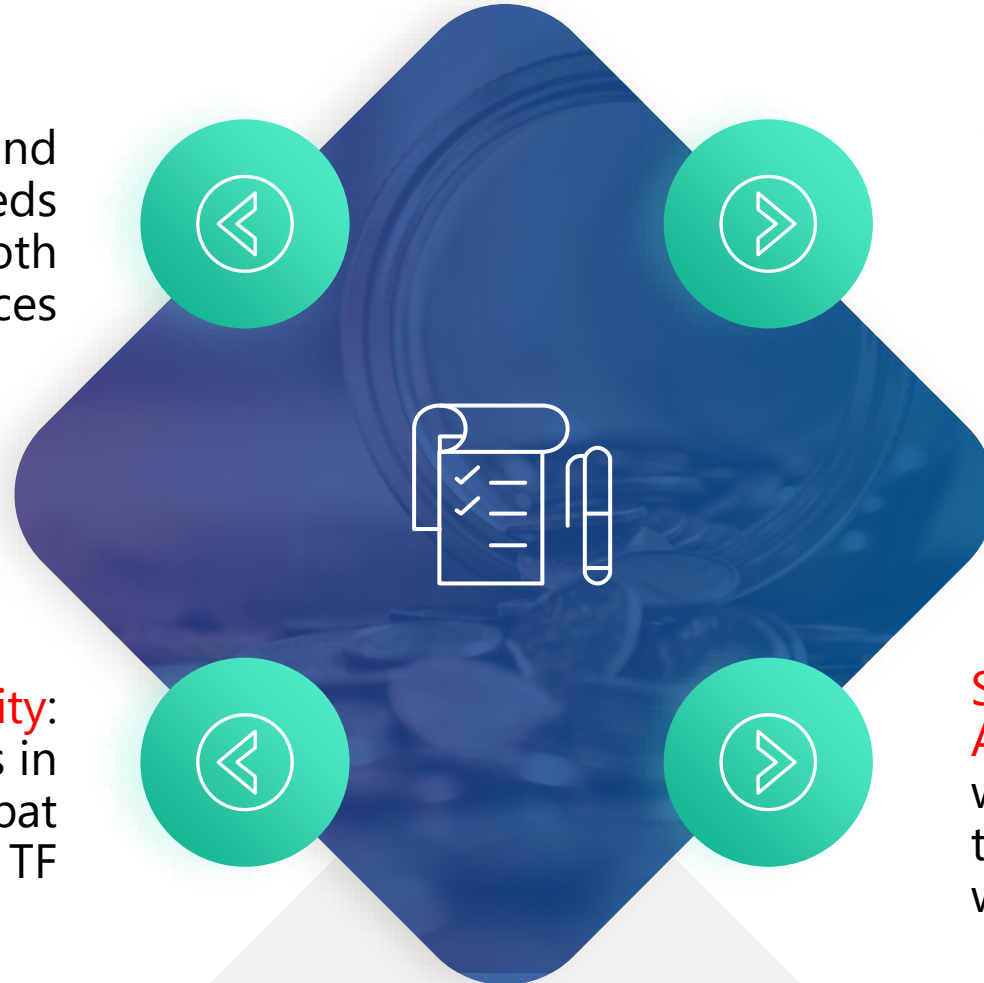
- Need to contextualise and approach with nuance
- Proper assessment of the prevalence of the typologies and their scale in Mauritius was recommended

Factors assessed when conducting the assessment

ML Threat: The scale and characteristics of the proceeds of criminal activities from both internal and external sources

Consequence

National ML/TF Vulnerability:
The weaknesses or gaps in Mauritius' ability to combat ML and TF

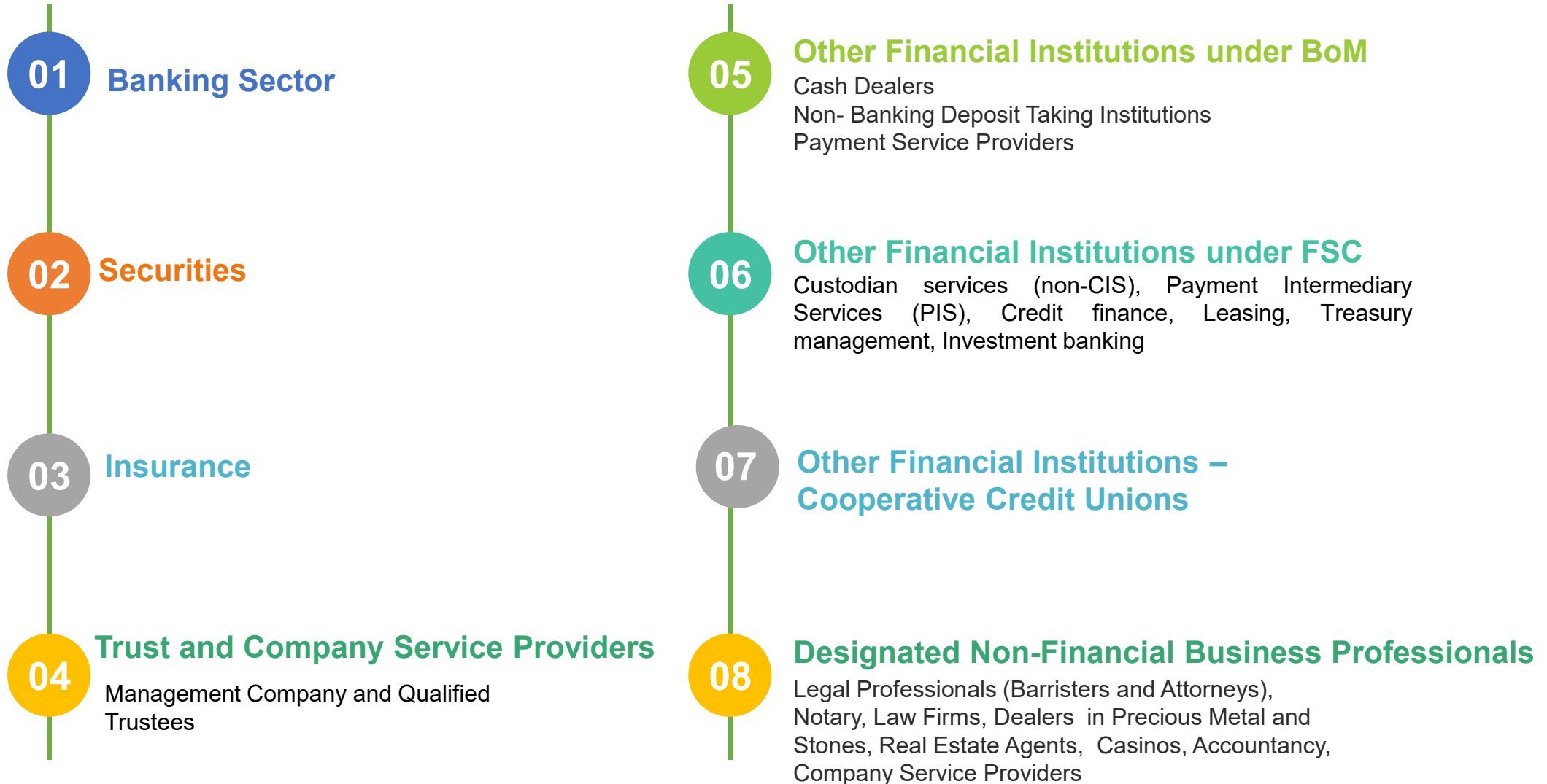


TF Threat: The scale and characteristics of terrorism financing in Mauritius

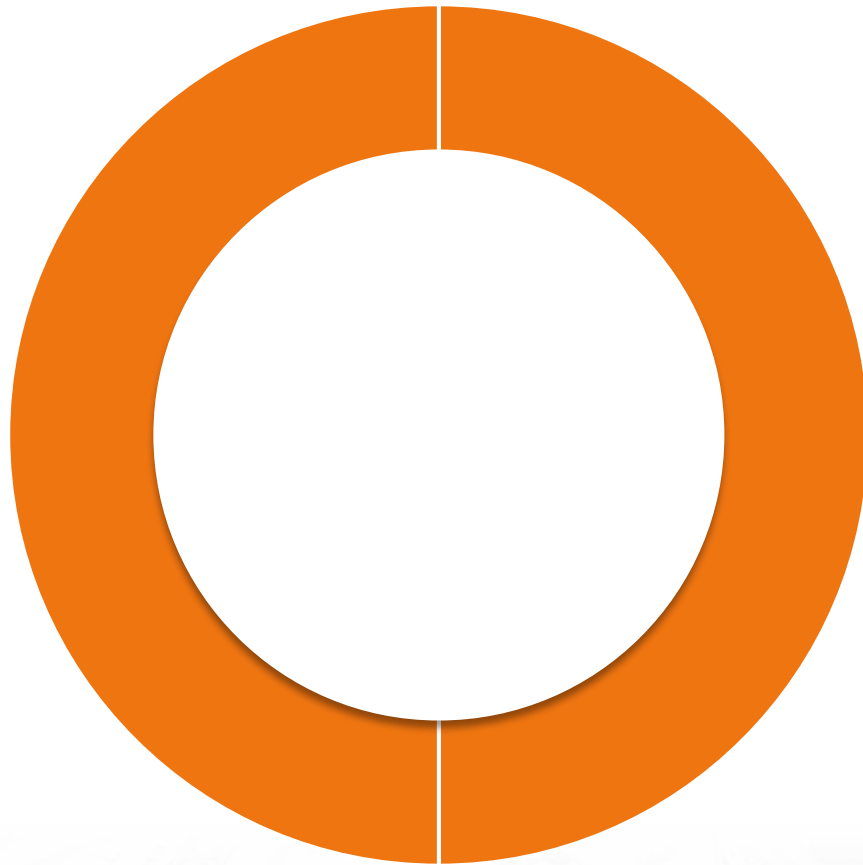
Consequence

Sectoral Vulnerability Assessment: The ML/TF weakness or gaps arising from the financial services sector as well DNFBPs in the country

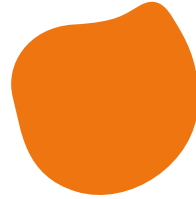
List of Sectors under Assessment



Key Findings- National ML Risk



ML Threat- Medium High



ML Vulnerability- Medium High



ML Risk- Medium High

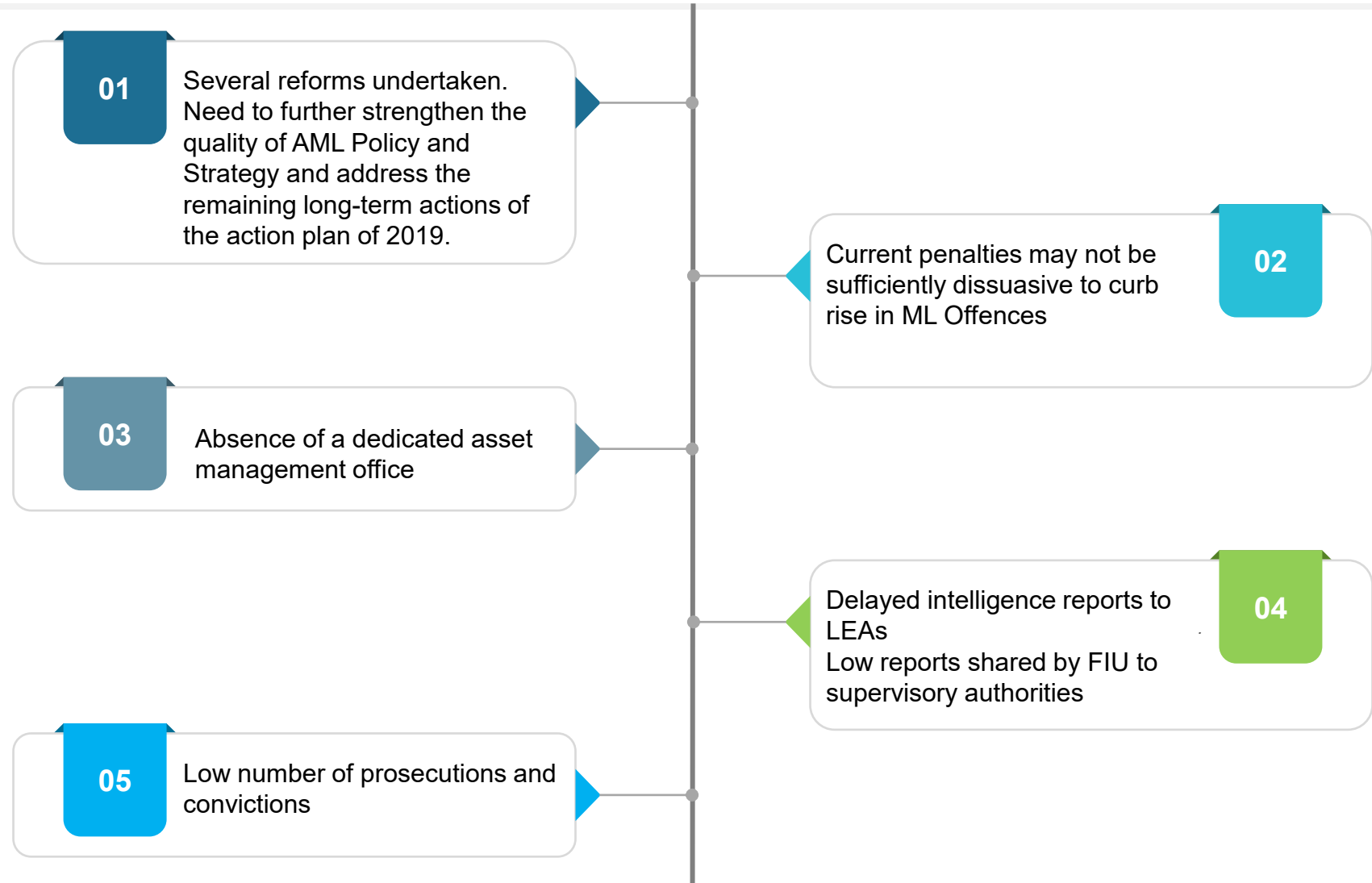
National ML Threats



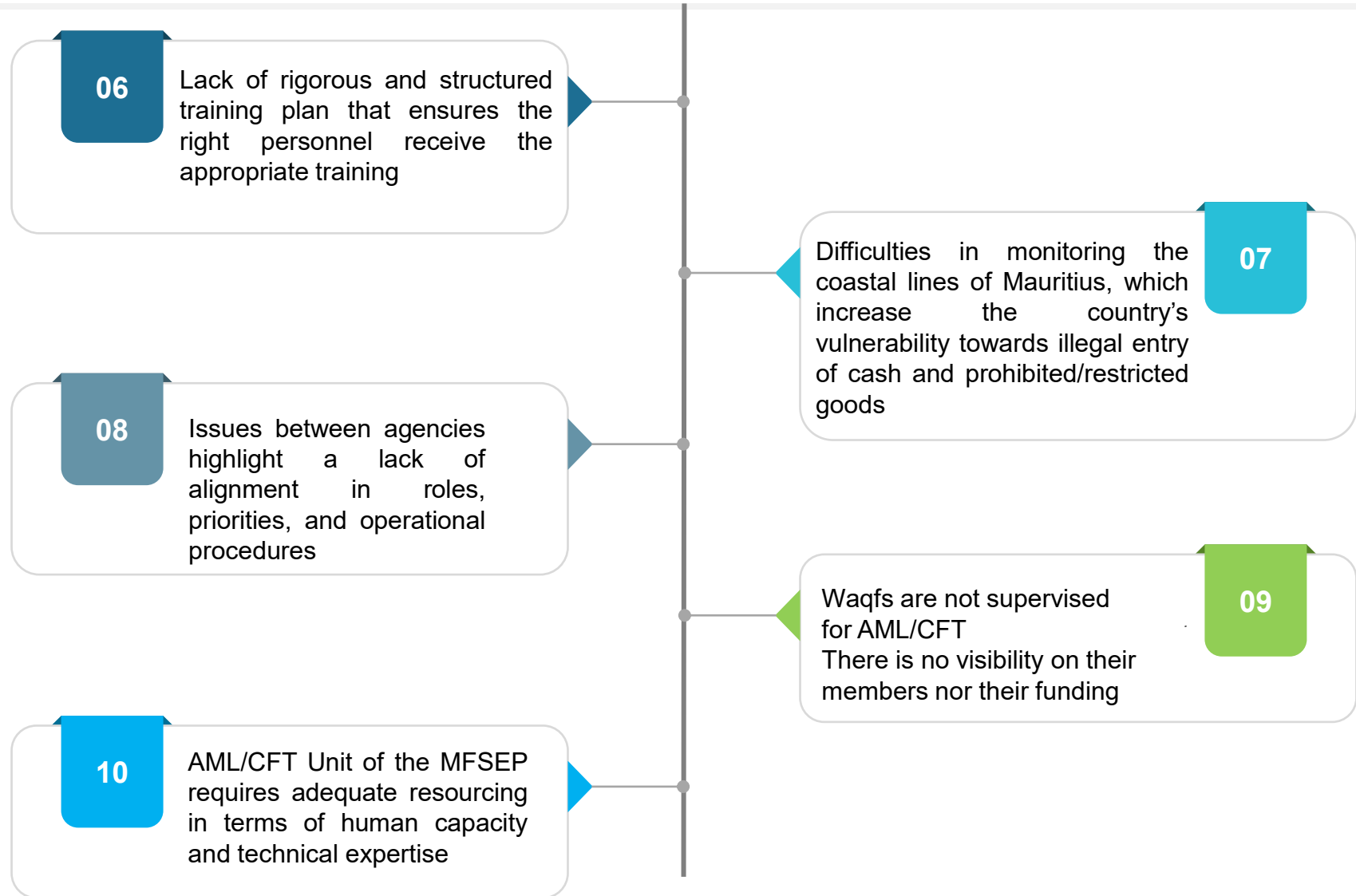
National ML Vulnerability



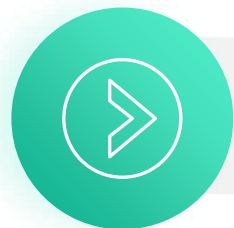
Key Findings- National ML Vulnerability



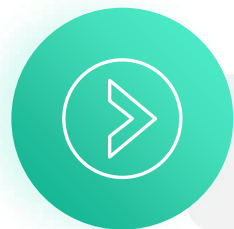
Key Findings –National ML Vulnerability



Components Requiring Prioritisation to combat ML



Capacity and Resources for Financial Crime Investigations



Integrity and Independence of Financial Crime Investigators

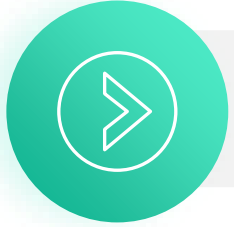


Effectiveness of Domestic Cooperation

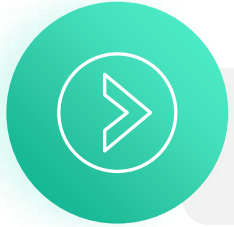


Quality of FIU Intelligence Gathering and Processing

Components Requiring Prioritisation to combat ML



Effectiveness of Customs Controls on Cash and Similar Instruments



Quality of Border Controls

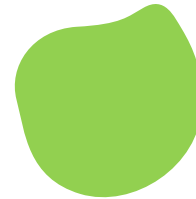


Availability of Independent Information Sources

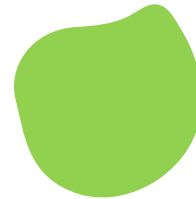
Key Findings- National TF Risk



TF Threat- Medium Low



TF Vulnerability- Medium Low



TF Risk- Medium Low

National TF Threats

MEDIUM LOW

01

No known/reported terrorist attacks or cases of TF

02

Few suspected cases currently under investigation, involving both local and foreign individuals and entities with potential links to TF

03

Isolated instances of individuals expressing support radical ideologies

04

Identified methods used for raising funds: donations and crowdfunding
Channels used for transferring funds: wire transfers and Money Value Transfer Services

National TF Vulnerability

- Rated Medium Low (Medium High in 2019)
- Indicating improvement in Ability to Combat TF

Legislative
Amendments

NPO Risk
Assessment

Risk based
monitoring
framework for
NPOs

National TF Vulnerability

➤ **Rated Medium Low (Medium High in 2019)**

➤ **Indicating improvement in Ability to Combat TF:**

- ☐ Legislative Amendments
- ☐ NPO Risk Assessment
- ☐ Risk Based Monitoring Framework for NPOs

➤ **Limitations**

- ☐ Policy and Strategy: No dedicated policy and strategy for TF
- ☐ Legislation: Laws implemented to combat TF are yet to be tested
- ☐ Intelligence Capabilities: Inability to conduct a proper assessment of the Counter-Terrorism Unit's (CTU) intelligence capabilities due to unavailability of information
- ☐ Typology Reports: No typology reports on trends for TF have been developed
- ☐ Specialized Unit: No dedicated unit for TF investigations and no specialized TF investigators

Sectoral ML Risks

MEDIUM HIGH

Banking
TCSPs
Leasing
Notary
Gambling
Real Estates
DPMS

MEDIUM

Insurance
Securities
Cash Dealers
Legal Professions
Accountancy
Payment Intermediary Services

MEDIUM LOW

Credit Finance
Investment Banking
Treasury Management
Cooperative Credit Unions
CSPs
NBDTIs

LOW

Payment Service Providers

Sectoral TF Risks

MEDIUM
Banking

MEDIUM LOW

Payment Intermediary Services, Credit Finance, Investment Banking, Treasury Management, Custodian (Non-CIS), Insurance, Cash Dealers, TCSPs, Real Estate, Gambling, Notary, DPMS

LOW

Payment Service Providers
CCUs
NBDTIs
Securities
Legal Profession
CSPs
Accountancy

Overall Comparison of Ratings

	2019			2022		
	Threat	Vulnerability	Risk	Threat	Vulnerability	Risk
ML	Medium High	Medium High	Medium High	Medium High	Medium High	Medium High
TF Risk	Medium Low	Medium High	Medium	Medium Low	Medium Low	Medium Low
Banking	High	Medium	Medium High	High	Medium	Medium High
Insurance	Medium Low	Medium	Medium			Medium*
Securities	Medium High	Medium High	Medium High	Medium	Medium	Medium
TCSPs	High	Medium High	High	High	Medium	Medium High
Credit Unions	Medium Low	Medium Low	Medium Low	Medium Low	Low	Medium Low
Accountants	Medium	Medium	Medium	Medium	Medium Low	Medium Low
Gambling	High	High	High	High	Medium	Medium High
Real Estate	Medium	High	Medium High	Medium	High	Medium High
DPMS	Medium	High	Medium High	Medium High	Medium High	Medium High

* Separate assessment were done for each product

Main Recommendations

ML Threat Assessment

01

To establish an AML/CFT national data collection system

02

To regulate the Motor Vehicles Dealer's sector

03

Initiate a specific risk assessment for tax evasion

04

Enhance ability to detect Trade Based Money Laundering

TF Threat Assessment

01

To introduce National Terrorism Alert System

02

To reinforce the TF intelligence infrastructure

03

To provide Training and outreach programmes to LEAs and Intelligence Officers

04

To introduce a digital identification system at border control

Main Recommendations

Sectoral Risk Assessment

01

To make available the register of beneficial ownership information to Financial Institutions

02

To enhance collaboration between law enforcement agencies and supervisory authorities

03

To carve out securities exchanges, clearing and settlement facilities, and securities trading systems from the definition of Financial Institutions under the FIAMLA.

Sectoral Risk Assessment

04

To prescribe administrative penalties provided in the FIAMLA to enable DNFBPs AML/CFT supervisory authorities to impose monetary penalties

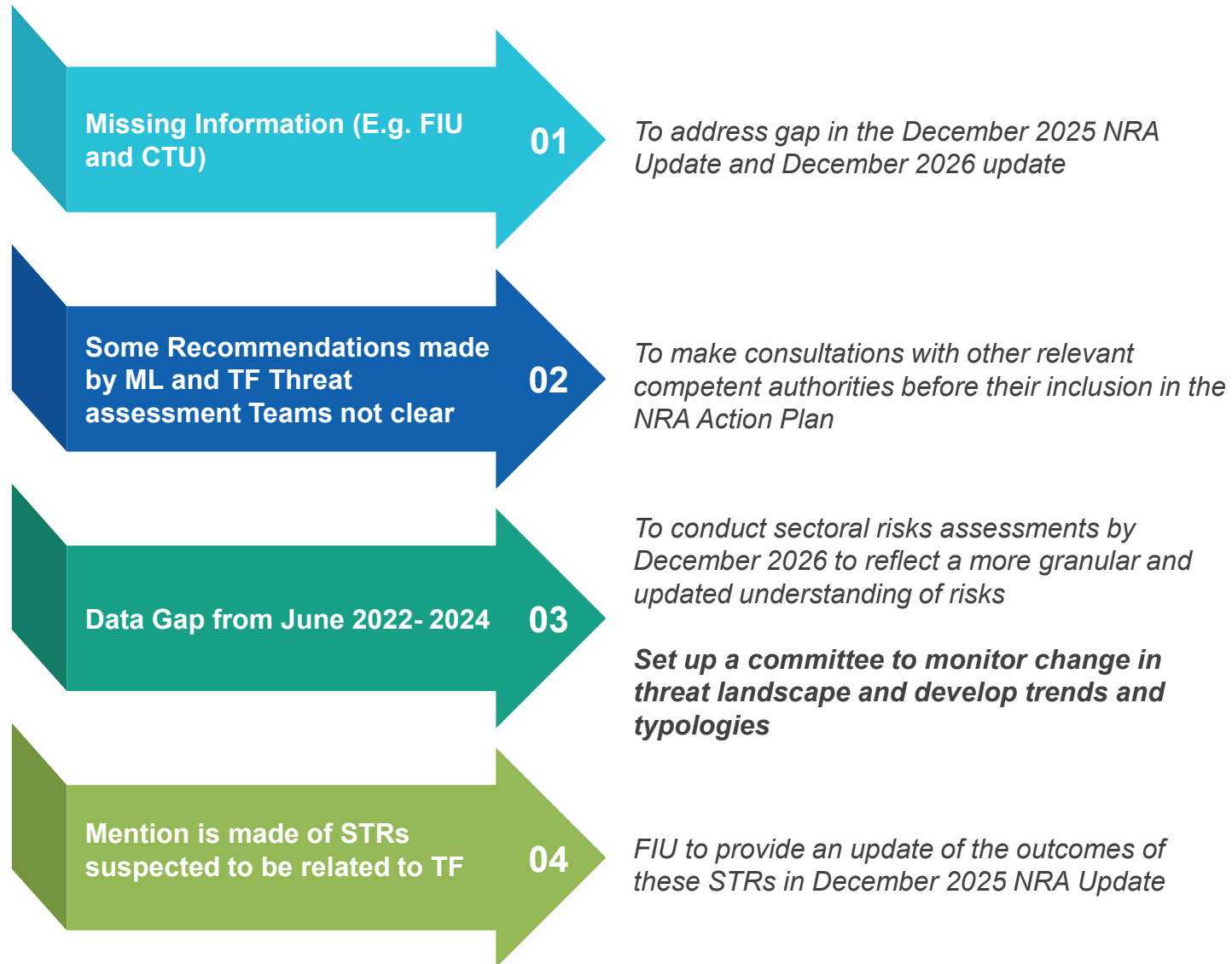
05

To develop a risk-based AML/CFT supervisory framework for supervision of credit unions.

Looking Ahead



Observations and Recommendations on the way forward



“Thank You”

