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PRESS STATEMENT

**VANUATU NATIONAL RISK ASSESSMENT ON MONEY LAUNDERING
THROUGH THE OFFSHORE SECTOR AND TERRORIST FINANCING**

On Thursday 3rd August 2017 the Vanuatu Government's Council of Ministers ("COM") approved the Vanuatu National Risk Assessment ("NRA") as a living document focusing on money laundering through the offshore sector and terrorist financing. This NRA supplements the 2015 NRA.

The NRA was conducted by Mr. Richard Chalmers an international AML consultant who was assisted by Senior Sergeant Timothy Chao from New Zealand FIU. The Asia Development Bank (ADB) Mission in partnership with the New Zealand Government funded the Risk Assessment.

With the recently-approved NRA, Vanuatu was able to address deficiencies noted in the 2015 NRA which were risks of terrorist financing and money laundering through the offshore sector and in effect, supplement the 2015 NRA.

The NRA had identified that the Vanuatu offshore sector is very small by international comparison in terms of both scale and scope of activities being undertaken and most have been declining in the past several years except for a rapid increase of securities dealers who have not been subject to effective supervision.

Since 2016 Vanuatu has been improving its legal and regulatory frameworks in relation to money laundering and terrorism financing and the regulatory and supervisory authorities have recently been given enhanced statutory powers but due to human and financial resources constraints there are challenges in implementing an effective regime to ensure compliance with AML&CTF measures.

The scale of money laundering in the offshore sector is small and there is no evidence to suggest that it occurs in a substantive amount and similarly with terrorism financing which

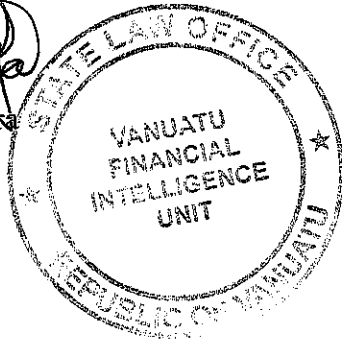
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needs further awareness and understanding by the authorities and its stakeholders to enable them to identify and detect it.

Therefore, the 2017 NRA has identified the securities dealers sector as high risk which would be included to the already existing 2015 NRA high risk sectors namely; banking sector, money exchange and remittance sector, Company and Trust Service Provider sector, Casino sector, Gaming (betting & online) sector, Real Estate sector, High value property (vehicle, precious stone & yacht) dealer sector, and Lawyers & Accountants.



Floyd Ray Meta
Director FIU



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