AGENDA ITEM 4.5

PAPER 4.5-A

Consideration of Possible Work on Remittance Systems, Anti-Money Laundering and Combating the Finance of Terrorism

ABAC Australia Secretariat
CONSIDERATION OF POSSIBLE WORK ON REMITTANCE SYSTEMS,
ANTI-MONEY LAUNDERING AND COMBATING THE FINANCE OF
TERRORISM

Introduction

As noted in the briefing for Agenda Item 2, the Advisory Group at its Montreal meeting
last year reviewed the issues of remittances, and measures to counter money
laundering and terrorist funding. In the event, the Advisory Group did not
undertake substantive work on these matters during 2006.

The three items are included in the Hanoi Medium Term Strategy adopted by Finance
Ministers in 2006 as elements of strategic goals that APEC might develop as part of a
consistent, focused and longer-term planning framework. They were included under a
priority described as financial sector and capital market development. In agreeing the
Hanoi plan, Ministers noted that host economies may propose policy themes to
complement the plan.

As the host economy for 2007 Australia has not proposed the inclusion of work on these
subjects during 2007 – either in the major themes or policy initiatives for the FM
processes. Proposals to include them in FM work in 2007 were not made at the first
meeting of SFOM.

- Background on earlier consideration of these issues

a) remittances

In 2005, APEC FM received the final of a series of reports - starting in 2002 - on the
issue of remittances. In that year, ABAC, represented by Dr. Twatchai Yongkittikul,
participated in a dialogue in Bangkok on the subject, sponsored by APEC and the World
Bank. In its letter to APEC Finance Ministers in 2006, ABAC recommended that
Ministers endorse a concept proposed by the Asian Development Bank of an Asian
Automated Clearing House.

b) measures to counter money laundering and terrorist funding

In 2002, ABAC recommended to APEC Leaders that they ratify the OECD’s Financial
Action Task Force (FATF) measures aimed at curtailing terrorist financing and anti-
money laundering and cooperate with the private sector as the sector seeks to implement
the spirit and the principles reflected in the Wolfsberg Statement on the Suppression of
the Financing of Terrorism. In 2003 proposed greater cooperation between public
agencies and financial institutions, particularly in the identification of terrorist suspects.
Many jurisdictions have endorsed the FAFT 40 standards and 9 additional standards, and
many are now enacting laws and regulations to put them into effect. Within Asia and
the Pacific economies, the Asia Pacific Group (APG), established in Sydney, is part of a
global network responsible for supporting the implementation of these standards and for training regulators.

In 2005, ABAC discussed with APG the possibility of jointly promoting training (for financial regulators and private sector interests) in these areas of supervisory activity. We also raised with SEACEN whether they wished to include a segment on this subject in the public/private dialogue in KL in 2006. SEACEN declined on that occasion but left the matter open for further consideration.

**Recommendations**

- Because both the issues of *remittances, and anti-money laundering and counter terrorist funding* have important implications (not least in costly compliance) for the private sector, there are solid reasons why developments on these matters should be monitored by the Advisory Group – through discussions with relevant international agencies and training groups and the private sector - to consider the value of developing with those agencies appropriate capacity building initiatives for APEC consideration. For these purposes discussions should be held with the OECD, the IMF, World Bank, ADB, ABA, SEACEN and APG and industry associations in APEC economies, and the APEC FM processes regularly informed of developments.

*ABAC Australia Secretariat*  
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