



BANK OF PAPUA NEW GUINEA



**FINANCIAL ANALYSIS
AND
SUPERVISION UNIT**

2021 ANNUAL REPORT
PAPUA NEW GUINEA'S FINANCIAL
INTELLIGENCE UNIT (FIU)

CONTACT INFORMATION

Financial Analysis and Supervision Unit (FASU)

Bank of Papua New Guinea

PO Box 121

PORT MORESBY

National Capital District

Telephone: +675 322 7147

Facsimile: +675 322 7239

Email: fasu@bankpng.gov.pg

Website: www.bankpng.gov.pg/about-us/amlcft-anti-money-laundering



2021 Annual Report
Financial Analysis and Supervision Unit (FASU)
BANK OF PAPUA NEW GUINEA

Papua New Guinea's
Financial Intelligence Unit (FIU)

VISION, MISSION AND OBJECTIVE

VISION

Creating an enabling environment for investment, trade, business development and economic stability, free from the influence of money laundering, proliferation and terrorist financing in PNG.

MISSION

To actively detect, deter and disrupt domestic and international money laundering and terrorist financing activities, thus protecting the integrity of PNG's financial system from being misused or abused for improper personal or professional gain.

OBJECTIVE

To strengthen the AML/CTF regime in PNG to meet international standards and practises.
To enhance and strengthen co-operation and co-ordination between domestic and international partner agencies to combating ML/TF activities.

**TRANSMISSION LETTER FROM THE DIRECTOR
FINANCIAL ANALYSIS AND SUPERVISION UNIT**

31 March 2022

The Board of the Bank of Papua New Guinea

Dear Governor,

Pursuant to Section 75 of the *Anti-Money Laundering and Counter Terrorist Financing Act 2015*, I am pleased to submit the annual report on the operations of the Financial Analysis and Supervision Unit (FASU) for the year ended 31 December 2021.

Yours sincerely,

Benny B M Popoitai, MBE

Director
Financial Analysis and Supervision Unit

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List of Acronyms

AML/CTF	Anti-Money Laundering and Counter-Terrorism Financing
AML/CTF Act	Anti-Money Laundering and Counter Terrorist Financing Act 2015
AMLAT	Anti-Money Laundering Assistance Team
APG	Asia/Pacific Group on Money Laundering
AUSTRAC	Australian Transaction Reports and Analysis Centre (Australia's FIU)
BPNG	Bank of Papua New Guinea, PNG's Central Bank or Bank of PNG
BSP	Bank of South Pacific Limited or BSP Financial Group Limited
CDD	Customer Due Diligence
DHA	Australian Department of Home Affairs
DJAG	Department of Justice and Attorney General
DLPP	Department of Lands and Physical Planning
DNFBP	Designated Non-Financial Businesses or Professions
FASU	Financial Analysis and Supervision Unit (Papua New Guinea's FIU)
FATF	Financial Action Task Force
FI	Financial Institution
FIU	Financial Intelligence Unit
ICTD	Information and Communication Technology Department of BPNG
IEFTR	International Electronic Funds Transfer Report
IMD	Intelligence Management Division
INTERPOL	International Criminal Police Organization
IR	Intelligence Reports
KYC	Know Your Customer
LEA	Law Enforcement Agencies
ME	Mutual Evaluation
ML/TF/PF	Money Laundering/Terrorism Financing/Proliferation Financing
MOU	Memorandum of Understanding
NACPA	National Anti-Corruption Plan of Action
NACSTF	National Anti-Corruption Strategic Task Force
NBC	National Broadcasting Corporation
NCC	National Coordinating Committee on AML/CTF
NPO	Non-Profit Organizations
OECD	Organization for Economic Co-operation and Development
RPNGC	Royal Papua New Guinea Constabulary
SCD	Supervision and Compliance Division
SMR	Suspicious Matter Report
SOP	Standard Operating Procedure
TA	Technical Assistance
TA&T	Technical Assistance and Training
TTR	Threshold Transaction Report
UNODC	United Nations Office on Drugs and Crime

NATIONAL CO-ORDINATING COMMITTEE CO-CHAIR'S MESSAGE



Loi M Bakani, CMG
Governor, Bank of Papua
New Guinea
Co-chair of the National
Coordinating Committee on
AML/CTF

Financially motivated crime is a global phenomenon and its evolution, continues to pose a significant threat to the well-being of our society.

As a cash-based economy, the majority of our people prefer cash as the medium to transact. This makes PNG more susceptible to corruption, bribery, extortion, illegal logging and tax evasion, all of which are eating into the fabric of our society.

PNG's National Risk Assessment (NRA) of September 2017 affirmed this vulnerability and identified bribery and corruption among the top five threats in the country. Our reporting entities remain highly vulnerable to these threats.

Work on AML/CTF progressed steadily in 2021 as the Covid-19 pandemic tremendously impacted our progress, thus, compelling us to make adjustments to the pace of work on implementing the action items under the 2017-2022 National AML/CTF Strategic plan (NSP). The National Co-ordination Committee (NCC) on AML/CTL, comprises of 21 state agencies is responsible for implementing the NSP.

PNG had been scheduled to undergo Mutual Evaluation (ME) in 2020. However, due to the pandemic, the ME was deferred to 2022 and then deferred again as it would have clashed with the National General Elections (NGE) which are to be conducted in July 2022. As such, PNG's ME will start in March 2023 and finish in 2024.

Despite the challenges posed by Covid-19, and other contributing external factors, PNG continues to improve its AML/CTF framework and develop its capacities to address money laundering and mitigate the risks of terrorist financing and proliferation financing. We are doing this by working toward strengthening our legal and regulatory framework, our systems, software, supervisory and analytical capacities, with the intention that they not only meet international standards and best practices, but exceed them.

In late December 2021 the Parliament passed a raft of legislation that will assist in the use of AML systems to disrupt serious and organised crime and corruption. Among these Acts are the Controlled Substances Act; the Central Bank Amendment and the Public Finance Management Amendment Acts.

FASU as the NCC Secretariat Team, continued to work with Department of Justice and Attorney General's (DJAG) Legal Policy and Governance (LPG) Branch on matters relating to the NCC to coordinate the AML/CTF work of the 21 state agencies. A vital aspect of the co-ordination is the quarterly meetings of the NCC and the Technical Working Group (TWG) which drive domestic and international cooperation.. The TWG has also spearheaded improvements in the exchange of information and vital intelligence through various channels such as the Egmont Group, Mutual Legal Assistance (MLA), LEAs and other MOUs.

FASU, as the lead agency in combatting money laundering and related financial crimes in PNG, has significantly delivered on the following:

- The first ever enforcement action against a reporting entity - BSP;
- continued support to LEAs with intelligence to enhance and support investigations;
- ensuring effective coordination mechanism both domestically and internationally; and

- continuing awareness and education forums and one-on-one sessions

These are success stories that we can build on and expand to demonstrate PNG's effectiveness in having a robust AML/CTF regime that is based on international standards and tailored to be effective in PNG's unique circumstances.

PNG's second round of ME review in 2023 will make this a very busy year. PNG was first assessed in 2010 and referred to the FATF "Grey List" in 2014. This occurred due to significant deficiencies identified in the AML/CTF system. Subsequent to being grey-listed, PNG was given 18 months to address the core deficiencies. Whilst PNG achieved compliance and was delisted in 2016, it was not an easy task and definitely not a process to be repeated.

In preparation for the upcoming ME, it is imperative that all the 21 state agencies that are members of the NCC continue to provide support to our Secretariat Team and ensure we work through to the ME review in 2023 and into the future.

At this juncture, I want to thank my Co-chair, the Secretary for DJAG for your continued support in ensuring FASU is provided proper policy directions and guidance including effective co-ordination of responsible state agencies to continue its fight in combating ML/TF/PF within our jurisdiction in compliance with international standards and best practice.

I also take this opportunity to thank FASU for their tireless work in protecting the people of PNG from financially-motivated crime and preserving the integrity of PNG's financial system.

On that note, I wish you all every success in your endeavours as we all work together in the pursuit of those who would do us harm - and those who facilitate or turn a blind eye to their crimes.

DIRECTOR'S MESSAGE



Benny B M Popoitai, MBE
 Director
 Financial Analysis and
 Supervision Unit

The year 2021 has been another difficult year. The challenges posed by Covid-19 pandemic have led to an increase in economic disruption across the country, and the world, with organisations down-sizing or forced to implement shift-work to remain operational and afloat.

FASU was not immune to these challenges. However, I believe we have continued delivering on our mandate pursuant to the AML/CTF Act and I am proud to present the 2021 Annual Report for FASU.

In July 2021, FASU took the first ever enforcement action under the AML/CTF Act in PNG. This action shows a strengthening of the regulatory environment to level the playing field, provide certainty to international and domestic investors, and improve confidence in the PNG financial system.

This action, while focussed on BSP, has driven a structural shift in compliance among other reporting entities by signalling FASU's appetite and capabilities to pro-actively detect and address non-compliance.

As with previous years, FASU has appreciated the collaboration and support of international partners that have provided assistance and support remotely, as well as face-to-face during this time. This assistance, as always, has helped FASU immensely in delivering on its various mandates.

Notable among those who have provided assistance are: the Australian Government through AUSTRAC, DHA, INTERPOL and the UNODC. FASU's connection to the INTERPOL database system is a milestone achievement for a FIU that sits outside of the police force to have access.

As at 31 December 2021, 171 reporting entities were registered with FASU. I welcome those new entities registered this year and look forward to an expanded level of engagement with each and every one of them. FASU will continue to assist them as they play their role in making PNG's AML/CTF system more robust.

I would like to take this opportunity to thank the officers of FASU, the NCC Secretariat Team, the TWG and NCC members and agencies for the important work that they have continued to progress during this challenging year. I thank the BPNG Board and Executive Management for the continued support to FASU in ensuring that it performs its functions independently.

I want to especially thank the NCC members who have provided the support during FASU's challenging times when the first enforcement action was taken against BSP.

The year 2022 will be critical for us all to ensure we continue to work together in the lead-up to the ME. The APG has graciously accepted our proposal to defer the ME for PNG to March 2023 due to the upcoming NGE. FASU will focus on ensuring that the NCC agencies, reporting entities and civil societies are prepared well for the ME in 2022.

I look forward to your continued cooperation and collaboration to ensure PNG uses all opportunities and capabilities at our collective disposal to address financially-motivated crime, ML/TF/PF.

God Bless!

1.0 GOVERNANCE STRUCTURE

FASU is accountable to the People of Papua New Guinea through the demonstration of the effective fulfilment of its mandate under the *Anti-Money Laundering and Counter Terrorist Financing Act 2015* (AML/CTF Act). FASU's establishment gives rise to national and international obligations to detect, deter, disrupt and prevent financially-motivated crime, terrorism, proliferation financing, and ensure a safer, more stable and lawful economy.

1.1 Director of FASU

The AML/CTF Act specifies in Section 62 that the Director is an officer of the Bank of Papua New Guinea and Section 67(1) states that all officers of FASU are employees of the Bank of Papua New Guinea in accordance with the *Central Banking Act 2000*. Pursuant to Section 63 of the AML/CTF Act, the Director is appointed by the Governor of the Bank of Papua New Guinea (BPNG) in consultation with the Commissioner of Police and Secretary for DJAG.

The functions and powers stipulated in the AML/CTF Act are vested in the Director who is responsible for implementing the Act.

1.2 Accountability to the Governor

FASU is independent in performing and discharging its core functions as required under the AML/CTF Act. However, administratively, FASU and its officers are subject to BPNG's administrative processes and procedures; corporate strategy, planning, budgeting, human resources, trainings and other policy matters that concern the Bank. All administrative approvals are subject to the Governor's approval and internal Bank wide policies.

Apart from producing an annual report and presenting it to the Governor and the Board of the BPNG, pursuant to Section 75 of the AML/CTF Act 2015, the Director provides operational reports annually and board papers quarterly to the Governor and the Board of BPNG of its activities and performances.

1.3 Independence of FASU

The Director of FASU is responsible for implementing the core functions and powers of FASU under the AML/CTF Act. In exercising the functions and powers under this Act, the Director is operationally independent in accordance with Section 69(2) of the AML/CTF Act.

Section 61 of the AML/CTF Act establishes FASU's existence as an operationally independent function within the Bank of Papua New Guinea.

1.4 National Coordinating Committee on AML/CTF

The National Coordinating Committee (NCC) on AML/CTF, established by the National Executive Council (NEC) Decision *No: NG 150/2012* on 13 December 2012.

The Governor of BPNG and the Secretary of DJAG are Co-chairs to the NCC on AML/CTF. Inherently, officers from BPNG-FASU and DJAG-LPG assume the secretariat role to the NCC.

Operationally, the NCC has a technical working group (TWG) consisting of technical officers from the NCC member agencies. The TWG is responsible for the implementation of the NCC proposed and sanctioned initiatives in-line with the NSP 2017-2022. NCC and TWG meets quarterly every year.

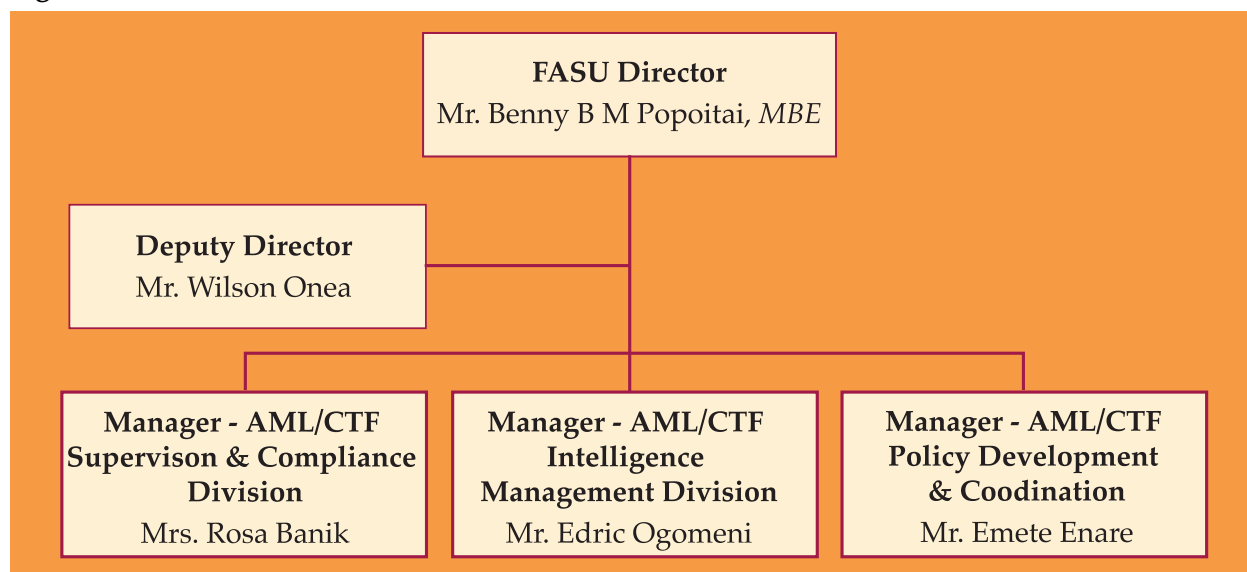
2.0 FASU’s ROLES AND RESPONSIBILITIES

FASU’s primary role is to protect PNG from money laundering and terrorist financing and by that, protect the people of PNG from the harm caused by financially-motivated crime. Its objective is to ensure that PNG’s financial and non-financial sectors are not being used or abused by individuals or groups to profit from crime. FASU is responsible for ensuring the integrity of PNG’s economy and financial system, and in doing so, promote confidence for genuine investors and consumers.

The performance of its core functions are divided into three (3) divisions, as indicated in the current structure (figure 1) below.

2.1 FASU Structure

Figure 1: FASU Structure



Source: Financial Analysis and Supervision Unit

FASU currently has 27 staff which comprised of Executives (2), Middle management (3), Operational (16) and Admin and Support (6).

2.1.1 Intelligence Management Division

The Intelligence Management Division (IMD) receives a range of information concerning suspected ML/TF/PF and related predicate offences. The information received includes reports from financial institutions such as SMRs, TTRs, and IEFTRs. IMD analyses these along with other open and closed-source information and disseminates the results to relevant counterpart agencies - both domestically and internationally - as intelligence. These disseminations are made through the various information exchange arrangements FASU has established over the years.

Requests for information from domestic LEA and international counterparts are received, processed by IMD and responded to within reasonable time. IMD is also responsible for developing risk assessments, strategic analysis reports and typology reports in relation to ML/TF/PF risks. IMD also contributes to awareness-raising activities in collaboration with the other divisions of FASU.

2.1.2 Supervision and Compliance Division

The Supervision and Compliance Division (SCD) performs the role as the Supervisor for AML/CTF purposes across all registered financial institutions (FIs) and designated non-financial business professionals (DNFBPs).

The SCD monitors, supervises and enforces compliance with the various obligations prescribed under the AML/CTF Act. It also coordinates with other regulatory authorities such as AUSTRAC, Reserve Bank of New Zealand and with other AML/CTF supervisors within the Pacific for the purposes of supervising FIs and DNFBPs within the region.

The SCD also participates in awareness-raising and education programs in collaboration with the other divisions of FASU.

2.1.3 Policy Development and Coordination Division

The Policy Development and Coordination Division's (PDCD) role is to ensure that policies for supervision and compliance for FIs and DNFBPs are in line with the AML/CTF Act.

PDCD is responsible for the development of FASU's internal SOPs. It also performs the coordinating role for both domestic and international engagements such as the NCC Secretariat duties including awareness-raising sessions to reporting entities and international donor and technical assistance to NCC agencies respectively.

Further, PDCD is also responsible for enforcing the continued registration of reporting entities pursuant to Section 57 of the AML/CTF Act.

3.0 FUNCTIONS AND POWERS

Section 72 of the AML/CTF Act mandates FASU's functions and powers. These functions are to:

- carry out financial intelligence and analysis concerning suspected money laundering and associated predicate offences, terrorist financing and proceeds of crime; and
- monitor and enforce compliance with the AML/CTF Act;
- receive, request, collect, analyse and disseminate reports or other relevant information concerning suspected money laundering and associated predicate offences, terrorist financing and proceeds of crime;
- develop risk assessments and typology reports in relation to, and raise awareness of, money laundering and terrorist financing and obligations on financial institutions and DNFBPs under this Act; and
- co-operate with domestic agencies and regulatory authorities and foreign counterpart agencies to monitor and assess the risk of money laundering and terrorist financing; and
- ensure the effective implementation of this Act; and
- supervise financial institutions and DNFBPs for the purpose of this Act, including enforcing compliance with this Act;
- co-ordinate with other regulatory authorities for the purpose of supervising financial institutions and DNFBPs in enforcing compliance with the obligations under this Act; and
- produce AML/CTF compliance rules to assist financial institutions and DNFBPs to comply with their obligations under this Act.

FASU has a range of powers that allows it to carry out these functions. These include:

- The power to request information and records under Sections 81 and 82 - either as a one-off request or as a continuing obligation to keep FASU informed as circumstances change.
- The power to conduct on-site inspections under Section 86 and the power to compel the production of documents and answer questions pursuant to a warrant, under Section 93 of the AML/CTF Act.
- Criminal penalties are attached to offences under Sections 81, 82, 86 and 93 for individuals and corporate bodies.

3.1 Enforcement Powers

Where there are reasonable grounds to believe that a FI or DNFBP has failed to comply with the AML/CTF Act, FASU has a range of options including;

- ❖ issuing a formal warning under Section 100;
- ❖ issuing infringement notices under Section 101;
- ❖ enforceable undertakings under Section 102;
- ❖ performance and restraining injunctions under Sections 104 and 105 respectively; and
- ❖ publish notices of non-compliance under Section 106.

FASU continues to conduct awareness and education programs to assist FIs and DNFBPs to comply with their obligations under the AML/CTF Act.

4.0 INTELLIGENCE MANAGEMENT

4.1 Dissemination of Financial Intelligence

As a core mandate of an FIU, FASU receives intelligence reports, SMRs, TTRs and IEFTRs from reporting entities. It also collects other information, including from 'tip-offs', which it processes and disseminates to LEAs and counter-parts domestically and internationally. It also makes requests using powers under Sections 80 and 81 of the AML/CTF Act for the purposes of information collection, analysis and intelligence development.

FASU disseminates two primary types of products: Intelligence Reports (IR), and bulk SMRs. However, due to the Covid-19 pandemic, in 2021 there were no bulk SMR disseminations made to the domestic LEAs.

4.1.1 International Exchange

During the reporting period (January 01 to December 31, 2021), FASU disseminated a total of 4 IRs to foreign counterpart FIUs and received 6 IRs from foreign counterpart FIUs.

FASU also received 8 requests for information from foreign counterpart FIUs and made 5 requests for information to foreign counterpart FIUs. The number of spontaneous disseminations and request for information from the foreign counterpart FIUs declined during 2021. However, the requests made and received to other foreign counterpart FIUs increased during the year.

4.1.2 Domestic Exchange

During the year, FASU disseminated a total of 10 IRs to LEAs. FASU did not make any requests to domestic agencies for information. However, FASU received 8 requests for information from LEAs and to which FASU processed and facilitated the production of information that were requested. The number of requests made and received, along with IRs disseminated declined compared to previous years due to the impact of Covid-19 restrictions.

FASU made 39 information requests to reporting during the year. The number of such requests declined compared to previous years due to Covid-19. Despite the reduction in the number of requests, reporting entities continued to provide information needed for analysis and intelligence development in response to Section 81 requests.

Table 1 below shows the domestic agencies that received FASU’s IRs and SMRs.

Table 1: Domestic Dissemination of Intelligence Report and Raw Bulk ¹SMRs 2017 - 2021

Agency	Intelligence Reports					Bulk SMRs				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Royal PNG Constabulary (RPNGC)	0	14	14	33	3	0	1	9	19	0
Internal Revenue Commission (IRC)	0	10	9	30	2	0	1	7	22	0
PNG Customs Services	0	6	1	0	1	0	0	0	0	0
Ombudsman Commission	0	2	1	13	3	0	1	9	10	0
Others	0	0	6	1	1	0	0	0	0	0
Total	0	32	31	77	10	0	3	25	51	0

Source: Financial Analysis and Supervision Unit

During the year, 10 intelligence reports were processed and disseminated to LEA for investigation and nil bulk SMRs disseminated domestically.

Table 2: Spontaneous Information Dissemination with other FIUs from 2017 - 2021

	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021
Dissemination to Other FIUs	0	12	3	5	4
Dissemination received by FASU	0	13	1	7	6

Source: Financial Analysis and Supervision Unit

During the year, FASU disseminated 4 IRs to other FIUs and received 6 IRs from counter-part FIUs. All requests received were processed and responses provided to the requesting entity, whilst all requests sent were responded to accordingly.

¹For Raw Bulk Disseminations – it is important to note that this includes SMRs that FASU has identified to contain sufficient evidence of an offence been committed and may be of interest to law enforcement to initiate an investigation. The SMRs that are sent to IRC and Ombudsman Commission are also sent to Police for further investigations for purposes of money laundering and terrorist financing and other predicate offences.

During the last five years, FASU has disseminated 24 IRs to counter-part FIUs and received 27 IRs from counter-part FIUs. These receipts, and requests, were made through existing MOU arrangements and the Egmont Secure Website (ESW).

Table 3: Information Exchange with Other FIUs 2018 – 2020

Foreign	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021
Number of requests made by FASU	0	17	3	3	5
Number of requests received by FASU	0	4	3	5	8

Source: Financial Analysis and Supervision Unit

The number of requests - both made and received - continues to increase year-on-year. This is as a result of FASU's expanded efforts in international cooperation and outreach.

Over the last five years, FASU has made a total of 28 requests and received 20 requests from foreign FIUs. All requests were attended to promptly. FASU will continue to improve on facilitating and processing information requests..

Table 4: Request for Information made by FASU from 2017 – 2021

	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021
Request made by FASU to Reporting Entities	19	54	74	135	39
Request made by FASU to Other Bodies	0	2	1	6	0
	19	56	75	141	39

Source: Financial Analysis and Supervision Unit

During the year, the number of requests made by FASU to reporting entities declined significantly. This decline was due to 'shift work' schedules imposed on FASU staff as a result of the national Covid-19 restrictions. There were no requests made to other bodies in this reporting period.

Over the last five years, FASU has made 321 Section 81 requests to reporting entities and 9 requests for information were made to other domestic entities. The information received was used to devise FASU's regulatory approaches and intelligence sharing with LEAs and foreign FIUs.

Table 5: Request for Information received by FASU from 2017 – 2021

	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021
Request for information received by FASU from LEA and domestic partner agencies	0	23	26	24	8

Source: Financial Analysis and Supervision Unit

The number of requests received by FASU from other domestic agencies declined during the year. FASU received 8 requests from domestic LEAs in this reporting period. This decline occurred despite concerted efforts by FASU to expand cooperation and coordination. Over the last five years, FASU received 81 requests from LEAs and other domestic partners.

Most of the requests for information received by FASU related to investigations being conducted by domestic LEAs. FASU is slowly gaining recognition within PNG and it is becoming increasingly understood among domestic agencies as the central agency for financial intelligence. FASU anticipates an increased reliance on its resources to assist with investigative and regulatory actions against financial crimes in the next reporting period.

Generally, compared to prior years, 2021 saw a dramatic fall in the number of disseminations and requests for information. This can mainly be attributed to the continued impact of Covid-19. Despite internal impediments, FASU was able to process all of the requests received during the period.

5.0 REPORTING OBLIGATIONS

Pursuant to Sections 39 and 41 of the AML/CTF Act, FASU is mandated to receive reports from reporting entities. Those reports include SMRs, TTRs and IEFTRs. This is consistent with the requirements of FATF Recommendation 29 relating to FIUs and Recommendation 20 relating to reporting of suspicious transactions.

In 2021, the volume of SMRs received by FASU fell by 3 per cent. This decline in SMRs was contrasted by the 30 percent increase in TTRs and 4 per cent increase in IEFTRs received by FASU. Below is a chart showing the total number of reports over the past years.

Chart- 1 - Total number of Regulatory Reports received from 2017 - 2021



Source: Financial Analysis and Supervision Unit

The number of IEFTRs and TTRs have reportedly increased in the current reporting year compared to the previous year. SMRs have declined and is attributed to the increase in quality report which is a result of reporting awareness, feedback and information sessions. It is encouraging to note that amongst the SMRs received, mainly from the financial institutions, the DNFBP sectors have started to report SMRs. These SMRs have proven to be very useful to FASU.

6.0 SUPERVISION AND COMPLIANCE

The Supervision and Compliance Division (SCD) supervises all FIs and DNFBPs² under the AML/CTF Act.

The SCD is responsible for overseeing, monitoring, and enforcing compliance on reporting entities to ensure they implement adequate measures to enable them to deter, detect, and report ML/TF activities.

6.1 AML/CTF Supervision and Compliance

For the purposes of supervising the FIs and DNFBPs, and to reinforce cooperation and collaboration, domestically and internationally, the SCD works with other regulatory authorities.

The SCD conducts on-site inspections on registered reporting entities using the powers provided under Part VI of the AML/CTF Act. Over a period of five (5) years, 2017 to 2021, FASU has conducted 20 on-site inspections on reporting entities - both FIs and DNFBPs. Out of the 20 on-site inspections conducted, only one was conducted in 2021 due to Covid-19 restrictions.

Despite these challenges, the SCD takes an intelligence-led, risk-based approach when planning and conducting on-site inspections. .

The SCD also continued its offsite supervision efforts during the year. These are conducted primarily through desktop reviews and examination of the information collected during the on-site inspections.

Further information is outlined below in relation to the on-site inspection conducted this year.

Table 6: On-site inspection conducted in 2021

On-site Inspection	Reporting Entity	Date
Targeted On-site on ECDD and Sanctions Screening	Kina Bank Limited	17 – 19 and 23 – 25 November 2021

Source: Financial Analysis and Supervision Unit

Enforcement and compliance actions by FASU

FASU imposed three (3) regulatory and enforcement actions on BSP in July 2021. This was the first of such regulatory action undertaken by FASU under the AML/CTF Act and was in response to the findings of the intelligence-led, risk-based on-site inspection conducted in late 2019.

- 1) A Formal Warning was issued pursuant to Section 100 of the AML/CTF Act, and a condensed version of the Formal Warning was published in the media pursuant to Section 100 (3) of the AML/CTF Act;
- 2) A written notice under Section 10 of the AML/CTF Act to BSP to appoint an external auditor; and
- 3) An Enforceable Undertaking under Section 102 of the AML/CTF Act was sought from BSP.

Remedial actions taken by Reporting Entities

In accordance with Section 10 of the AML/CTF Act issued to BSP for the appointment of an External Auditor to examine BSP’s AML/CTF program. The activity is expected to be concluded by the second quarter of 2022.

²The legislative definition of DNFBPs covers casinos, real estate agents, dealers in precious stones and metals, lawyers and notary public, accountants, trust company service providers, and motor vehicle dealers.

During 2021, FASU received 3 self-reports of non-compliance with the AML/CTF Act by various reporting entities. FASU has assessed these reports and will work with the reporting entities involved to ensure the issues are resolved in a timely manner. FASU expects that there will be no repetitive behaviour of self-reporting of the same non-compliance in nature from those reporting entities.

The reporting entities that are captured by FASU's supervisory mandate for the purposes of the AML/CTF Act include FIs and DNFBPs. FASU's approach to the supervision of these entities is in compliance with FATF Recommendations 26 and 28, which cover the supervision of FIs and DNFBPs.

Table 7 gives a summary of the types of reporting entities captured in the AML/CTF Act.

Table 7: Reporting Entities covered by the AML/CTF Act

Financial Institutions		DNFBPs	
i.	Banks	i.	Real Estate Agents
ii	Micro banks & Microfinance Institutions	ii	Motor Vehicle Dealers
iii	Savings and Loans Societies	iii	Trust or Company Service Providers
iv	Foreign Subsidiaries of Banks	iv	A Lawyer
v	Credit Institutions	v	Notary Public or Other Independent Legal Profession
vi	Insurance Companies, Brokers & Underwriters	vi	An Accountant
vii	Investment Banks and Firms	vii	Precious Stones/Metals Dealers
viii	Mortgage Companies	viii	Casino
ix	Superannuation Funds		
x	FX Bureau or Money Changers		

Source: Financial Analysis and Supervision Unit

7.0 POLICY DEVELOPMENT AND COORDINATION

7.1 Policy Development and Coordination

The primary role of the PDCD is the development of policies and rules that are necessary for implementing the AML/CTF Act. Other activities undertaken by the PDCD include the registration of reporting entities, coordinating NCC on AML/CTF meetings, developing compliance rules and guidance and coordinating domestic and international engagements.

Critical to the roles performed during the year was the preparation of PNG's ME review which is an essential component of ensuring effective implementation of FATF international standards in the country.

7.1.1 Development of Compliance Rules, Directives and Guidance

Compliance rules, directives and guidance are essential to 'fill in the gaps' in the AML/CTF Act and other relevant acts and to operationalise the functions of FASU. The pre-ME review conducted for PNG in 2019 identified some deficiencies that may be addressed through issuance of compliance rules and guidance to the reporting entities.

The expansion of FASU's regulatory action has also identified a number of areas that need to be addressed through legislative amendment or the issuance of compliance rules or guidance.

These include;

- Customer Due Diligence or Enhanced Customer Due Diligence
- Fit and Proper
- Definitions of DNFBPs
- Tax Havens
- Unregistered FIs and DNFBPs
- Employee Vetting
- Money Value Transfer Services
- Wire Transfers
- Record Keeping
- Information Sharing
- Tipping Off

These are being progressed and will be translated to Compliance Rules or Guidance Notes to be issued to the reporting entities.

This initiative is driven by FASU's requirement to comply with FATF Recommendation 34 on guidance and feedback. DJAG and FASU have been progressing the drafting of compliance rules and guidance under the SPEAR³ programme.

This body of work was slowed during the lockdowns in the last 2 years but is expected to pick up momentum as the pandemic restrictions ease.

7.1.2 Proposed Amendment to the AML/CTF Act 2015

The pre-ME identified areas of the AML/CTF Act that need to be amended through the legislative process. The key areas of focus include removing of threshold for IEFTR in Section 39, reducing SMR reporting period to 3 days instead of 5 in Section 41, correcting typographical errors and inserting a new section on supervision of Virtual Assets (VA) and Virtual Asset Service Providers (VASP).

The required amendments were submitted to the Office of the First Legislative Council (OFLC), however a policy paper has been requested, along with a further round of consultation prior to the legislation being tabled in parliament, especially relating to VA and VASP.

FASU and DJAG will deliver the policy paper and facilitate a consultative review before the amendments are returned to the OFLC in the second half of 2022.

³SPEAR is short for Supporting PNG's Effective Anti-Money Laundering/Counter-Terrorism Financing Reform Program which is the technical assistance and capacity building initiatives provided by AUSTRAC and DHA, Australia.

7.1.3 Registration of Reporting Entities

Registration of reporting entities⁴ required under Section 57 of the AML/CTF Act is ongoing. Certificates were issued to those reporting entities that meet the definition of FI or DNFBP under the AML/CTF Act.

As at 31 December 2021, the number of registered entities of FIs and DNFBPs is 174 comprising of 72 FIs and 102 DNFBPs. These registered entities are required to meet all the obligations imposed on FIs and DNFBPs by the AML/CTF Act.

Table 8: Number of FIs and DNFBPs registered with FASU as at 31 December 2021

Financial Institutions	Tally	DNFBPs	Tally
Banks & Microbanks	8	Accounting Firms	28
Finance Companies	9	Dealers in Precious Stones/Metals	4
Savings & Loan Societies	11	Motor Vehicle Dealers	4
Superannuation Sector	9	Law firms	50
Securities Sector	2	Real Estate	16
Money Changers	5		
Life Insurance Sector	3		
General Insurance Sector	26		
TOTAL	72	TOTAL	102

Source: Financial Analysis and Supervision Unit

During the year, more than 30 additional reporting entities registered with FASU. This is attributed to the publication of the names of registered entities in the daily papers by FASU in 2021.

In addition to this, a number of entities were referred to FASU by other financial institutions. Registering with FASU is by no means an implication that registered reporting entities are AML/CTF compliant. Registering with FASU is a recognition that a reporting entity is subjected to and required to comply with the AML/CFT obligations at all times.

8.0 NATIONAL RISK ASSESSMENT ON AML/CTF

8.1 Risk Assessments

The FATF Recommendation 1 requires countries to identify, assess and understand the ML/TF risks in the country and take action to ensure those risks are mitigated effectively.

FASU has draft risk assessments on Forestry, VA & VASPs and TF through NPOs. The challenges posed by Covid-19 pandemic restrictions, have delayed the release of these risk assessments, however they will be finalised and published in 2022.

⁴Reporting entities refers to FI and DNFBP that are defined in Section 5 of the AML/CTF Act.

Below are further details on the status of those risk assessments:

Risk Assessment	Scope	Status
Forestry	Sector Risk Assessment supported by UNODC	Completed and pending PNG Forestry Authority approval before publishing.
VASP	Financial Institutions whether they are also regarded as VASPs conducted by FASU	Assessment completed and report in progress
NPO	Non-Profit Sector risk assessment supported though AUS-AID	Report has been drafted and under review

Source: Financial Analysis and Supervision Unit

9.0 NATIONAL COORDINATING COMMITTEE

9.1 National Coordinating Committee on AML/CTF

FASU of BPNG and the LPG Branch of DJAG are the Secretariat to PNG's NCC on AML/CTF that coordinates most of the meetings and TWG meetings.

The NCC comprises of 21 state agencies that include the BPNG and DJAG, as Co-chairs, and three (3) observer agencies consisting of the National Narcotics Bureau (NNB), the Ombudsman Commission (OC) and the National Maritime Safety Authority (NMSA). The establishment of the NCC is in line with FATF Recommendation 2 relating to national cooperation and coordination.

The challenges of Covid-19 have been an impediment to many of the activities planned in 2021. The NCC met on seven (7) occasions during the year, including two (2) special meetings between NCC LEAs to address issues that required immediate actions and directions.

Table 9: NCC Meetings in 2021

	Date	Meeting	Venue
1	28 th January 2021	NCC Meeting No. 3/2020	Sir Buri Kidu Haus
2	29 th April 2021	NCC Meeting No.1/2021	APEC Haus
3	9 th July 2021	NCC Special Meeting No.1/2021	Grand Papua Hotel
4	19 th July 2021	NCC Special Meeting No. 2/2021	Hilton Hotel
5	5 th August 2021	NCC Meeting No. 2/2021	Ela Beach Hotel
6	8 th October 2021	NCC Meeting No.3/2021	Rapopo Plantation Resort
7	10 th December 2021	NCC Meeting No.4/2021	Madang Resort Hotel

Source: NCC Secretariat

The 21 state agencies that form the NCC on AML/CTF are;

1. Bank of Papua New Guinea
2. Investment Promotion Authority
3. Department of Prime Minister & NEC
4. Department of Treasury
5. Royal PNG Constabulary
5. PNG Customs Service
7. National Gaming & Control Board
8. PNG Immigration and Citizenship Authority
9. National Fisheries Authority
10. The Ombudsman Commission
11. PNG National Narcotics Bureau
12. Department of Justice & Attorney General
13. PNG Securities Commission
14. Department of Finance
15. Office of the Public Prosecutor
16. Internal Revenue Commission
17. Department of Foreign Affairs & Trade
18. Office of the Insurance Commissioner
19. National Intelligence Organisation
20. PNG Forest Authority
21. National Maritime Safety Authority

9.2 Initiatives undertaken

The TWG members had their first meeting on 3rd August 2021. At this meeting the Action Items listed in the AML/CTF National Strategic Plan 2017-2022 (NSP) were discussed. The TWG members also participated in two (2) strategic workshops on the 7th October 2021 and 9th December 2021 respectively before the NCC meetings.

The strategic workshops were aimed at providing a graphical representation of the progress on the NSP action items using a Traffic Light Tool (TLT). The TLT shows each NCC members' progress and highlights the outstanding action items, in the NSP. Also shown using the TLT are the results from the Pre-ME workshop which aims to assist with completion of action items prior to the actual ME in 2023.

The Secretariat Team met with four NCC agencies between November and December of 2021 to assist in progressing action items specified in the NSP and the pre-ME report.

Table 10: One-on-One Meetings in 2021

	Date	Meeting	Venue
1	12 th November 2021	National Gaming & Control Board	NGC Board Conference Room
2	7 th December 2021	PNG Customs Services	FASU Conference Room
3	15 th December 2021	Investment Promotion Authority	FASU Conference Room
4	15 th December 2021	National Maritime and Safety Authority	FASU Conference Room

Source: Financial Analysis and Supervision Unit

10.0 INTERNATIONAL OBLIGATIONS

10.1 Mutual Evaluation

As part of PNG’s obligations as a member of the APG, PNG is required to undergo its second round of ME. During the ME review, PNG will be assessed on its technical compliance with the FATF’s 40 Recommendations and also achievement of the 11 Immediate Outcomes (IOs).

During the virtual Mutual Evaluation Committee (MEC) APG Plenary Meeting in July 2021, PNG’s second ME was rescheduled from November 2021 to March 2023. The deferral is due to PNG’s NGE in 2022.

The Secretariat Team continued to engage with the NCC agencies during the year to progress their action items. Most of the efforts were hindered by Covid-19 pandemic lockdowns, however; with some of the restrictions eased, the Secretariat continues to use opportunities to prepare agencies for the ME.

11.0 CO-OPERATION – DOMESTIC AND INTERNATIONAL

11.1 Domestic and International Co-operation

MOUs are an important part of enhancing FASU’s capabilities by strengthening international and domestic cooperation through information sharing. Due to the Covid-19 restriction, no MOUs were signed in 2021. To date, FASU has signed 29 MOUs, 14 international and 15 domestic.

Despite the Covid-19 pandemic challenges, FASU continues to share information with domestic agencies, and internationally via the ESW.

FASU’s information sharing efforts are consistent with the application of FATF Recommendations 2 and 40, in strengthening national and international coordination and cooperation and other forms of cooperation. Discussions continue with other domestic state agencies and international counter-parts on matters of mutual interest.

11.1.1 Domestic Co-operation

FASU continued to participate in domestic engagements during 2021. Below are some of the workshops and meetings held with domestic partner agencies, as well as awareness and education sessions held with schools, the general public and reporting entities.

Table 11: Domestic Engagements in Training/Workshops/Conferences in 2021

Dates/Venues	Trainings/Workshops/Conferences
10 th February 2021: Conference FASU, Port Moresby	FASU conducted an awareness to ensure the DLPP DLPP understand FASU’s roles and functions before entering entering into a MOU for the purpose of information sharing.
15 th April 2021: APEC Haus, Port Moresby	FASU participated in the first National Anti-Corruption APEC Haus, Port Moresby Strategic Task Force (NACSTF) as a member to provide strategic direction and guidance on the implementation to the National Anti-Corruption Plan of Action (NACPA) 2020 – 2025

Dates/Venues	Trainings/Workshops/Conferences
13th-14th May 2021: APEC Haus, Port Moresby	FASU participated in the inaugural National Integrity Summit hosted by Transparency International PNG (TIPNG) in collaboration with European Union (EU). Director FASU participated as a panel member discussing “Following the money” which was also viewed by online participants.
15th-17th June 2021: APEC Haus, Port Moresby	FASU participated in the second NACSTF as a member on NACPA 2020 – 2025 Planning Workshop.
22nd July 2021: Stanley Hotel & Suites, Port Moresby	FASU was invited by the Federation of Savings & Loans and Society (FESALOS) to do a presentation during the Savings Loan Societies (SLS) Annual Industry Consultative Meeting.
27th July 2021: BSP Waigani Head office,	FASU attended a presentation conducted by BSP as part of its ongoing training for AML officers within BSP. This presentation was Port Moresby focused on Sections 508B and 508C of the Criminal Code (Money Laundering and Terrorist Financing) (Amendment) Act 2015.
11th August 2021: National Maritime & Safety Office, Authority Port Moresby	FASU met with Safety NMSA and visited its Vessel Monitoring System (VMS). The visit was also to appreciate role NMSA play in proliferation financing in monitoring ships and beneficial owners of ships relating to sanctions.
19th-20th August 2021: International Hotel, Lae	FASU attended the Certified Public Accountants (CPA) Lae conference, with the theme of “The Impact of Global Economic turbulence: How do we respond as a profession”.
2nd September 2021: APEC Haus, Port Moresby	FASU participated in the third NACSTF meeting as a member to provide strategic direction and guidance on the implementation of the NACPA 2020 – 2025.
23rd September 2021: APEC Haus, Port Moresby	FASU attended the Department of PM & NEC “One Day Workshop to Finalize the Work Plan of the National NACPA 2020 – 2025”.
25th September 2021: Dream Inn, Port Moresby	FASU was invited by the Finance and Private Sector Savings & Loans Society (FPSSLS) Limited to do a presentation during their “Strategy & Policy Workshop” on reporting obligations and compliance requirements.
6th October 2021: BSP Waigani Head Office, Port Moresby	FASU was invited by BSP to do a presentation for its’ new AML Analysts during their induction program. The presentation was based on FASU’s roles, responsibilities, and trends in ML and TF in Papua New Guinea.
28th October -13th November 2021: FASU Office, Port Moresby	UNODC expert on AML/CTF assist in mentoring FASU intelligence analysts who participated on the usage of the IBM ibase tool in-house.
6th-10th December 2021: Madang Resort, Madang	FASU conducted awareness and education forum to the FIs and DNFBPs, radio talk back show on NBC Madang to present on the role of FASU, the reporting obligations of FIs & DNFBP’s, and registration requirements.

Source: Financial Analysis and Supervision Unit

11.1.2 International Co-operation

Most of the training and international engagements in 2021 were undertaken virtually. Despite these challenges posed by the Covid-19 pandemic, workshops, trainings and conferences (through existing TA and international partners) continued. The mode of delivery shifted to allow FASU to keep abreast of evolving changes within the AML/CTF/CPF space during these more difficult times.

Below are some initiatives FASU has undertaken with international partners and counterparts during the year.

Table 12: International Engagements in Trainings/Workshops/Conferences

Dates/Location	Trainings/Workshops /Conferences	Facilitators	Mode of Delivery
2 th -4 th February 2021 Port Moresby, PNG	<i>"Users training"</i> on IBM Analytical Notebook specifically on input of data to generate reports using the analytical tool under the existing TA with UNODC.	UNODC	Virtual
	The training was attended by FASU and Information and Communications Technology Department (ICTD) officers, BPNG.		
2 nd -5 th February 2021 Port Moresby, PNG	APG Annual Typologies Workshop (Virtual Format) on <i>"Digital Know Your Customer or Customer Due Diligence"</i> (e-KYC/CDD) and <i>"Foreign Terrorist Fighters"</i> (FTF).	APG	Virtual
1 st -12 th & 16 th -24 th February 2021 Port Moresby, PNG	<i>"AUSTRAC Pacific Intelligence fundamentals Course"</i> and Online Pre-course based on <i>"Operational Analysis"</i> with the Basel Institute of Governance e-learning platform.	AUSTRAC	Online
2 nd -11 th March 2021 Port Moresby, PNG	<i>"OECD Asia-Pacific Academy for Tax and Financial Crime Investigation aimed at AML: Current Trends, Prosecutions, and the Challenges around Crypto Assets (Specialty)"</i>	OECD	Virtual
7 th -10 th March 2021 Port Moresby, PNG	FASU was invited by UNODC to be part of the 14 th United Nations Congress on Crime Prevention and Criminal Justice in Japan attended by FASU Deputy Director.	UNODC	Virtual
27 th -29 th April 2021 Port Moresby,	Virtual Training conducted by INTERPOL on PNG <i>"Financial investigations linked to Forestry Crime"</i> .	INTERPOL	Virtual
28 th April 2021 Port Moresby, PNG	Seminar hosted by APG on <i>"Designated Non-Financial Business Professions (DNFBP) Supervision Webinar"</i> .	APG	Virtual

Dates/Location	Trainings/Workshops /Conferences	Facilitators	Mode of Delivery
27 th -29 th July 2021 Port Moresby, PNG	Five FASU and three DJAG Officers attended the Virtual APG Annual Plenary Meeting from hosted by Bank Negara, Malaysia.	APG	Virtual
3 rd -4 th August 2021 Port Moresby, PNG	Virtual training on <i>"Understanding and Investigating Sanctions Related Risks"</i> .	SEACEN	Virtual
11 th August 2021 Port Moresby, PNG	UNODC E-Learning Platform on <i>"Understanding Transnational Organised Crime"</i> .	UNODC	Online
12 th August 2021 Port Moresby, PNG	Egmont Centre of FIU Excellence and Leadership (ECOFEL) E-Learning Platform on <i>"Introduction to Trade Based Money Laundering"</i> .	Egmont	Online
19 th August 2021 Port Moresby, PNG	Virtual APG Technical Assistance and Training (TA&T) Forum. Three FASU officers and two DJAG officers attended to negotiate technical assistance and training needs for PNG agencies.	APG	Virtual
29 th August 2021 Port Moresby, PNG	ECOFEL E-Learning Platform on <i>"Introduction to Strategic Analysis"</i> .	Egmont	Online
8 th September 2021 FASU Port Moresby, PNG	Two FASU Officers attended the quarterly Pacific AML/CTF Supervisors Forum to share supervision efforts and challenges and to learn from other Pacific colleagues.	Pacific Supervisors Forum	Virtual
14 th -17 th September 2021 Port Moresby,	PNG Webinar training conducted by Singapore Regional Training Institute on <i>"Virtual Assets (VAs) and Virtual Asset Service Providers (VASPs)"</i> .	STI	Virtual
11 th October 2021	Port Moresby, PNG Training on the <i>"IBM iBase data input training"</i> .	UNODC	Virtual
27 th October 2021 Port Moresby, PNG	APG Regional Webinar Series on <i>"Risk-Based Supervision of DNFBPs"</i>	APG	Virtual
26 th -29 th October 2021 Port Moresby, PNG	Seminar on <i>"Digital Payments and Central Bank Digital Currencies"</i> .	IMF	Virtual
25 th -29 th October 2021 Port Moresby, PNG	<i>"FATF/APG Virtual Standards Training Course"</i> conducted jointly by the FATF and APG.	FATF/APG	Virtual
2 th November 2021 Port Moresby, PNG	APG virtual training on <i>"Introduction to VA/VASPs and the relevant FATF Standards training (Session 1)"</i> .	APG	Virtual

Dates/Location	Trainings/Workshops /Conferences	Facilitators	Mode of Delivery
9 th November 2021 Port Moresby, PNG	Training on “ <i>Typologies for Money Laundering in the Forestry Sector</i> ”.	UNODC	Virtual
9 th -11 th November 2021 Port Moresby, PNG	Training conducted by APG on the “23 rd APG <i>Typologies Workshop</i> ” over zoom.	APG	Virtual
11 th November 2021 Port Moresby, PNG	In-house training by UNODC Consultant in country on “ <i>Practical Data Input Exercise on the IBM iBase Tool</i> ”	UNODC	In-House/ In-Person
18 th November 2021 Port Moresby, PNG	2021 APG Special Plenary Meeting to discuss and adopt the ME report for Vietnam via zoom.	APG	Virtual
25 th November-3 rd December 2021 Port Moresby, PNG	Introductory Level Training – AML/CFT Supervision which was conducted virtually by Amanda Woods.	AUSTRAC	Virtual

Source: Financial Analysis and Supervision Unit

11.2 Memorandum of Understanding (MOU)

Section 97 of the AML/CTF Act enables FASU to enter into agreements to share confidential information with foreign counterpart agencies. Section 80(2) of the AML/CTF Act also enables FASU to enter into agreements with domestic agencies for purposes of information sharing and usage.

FASU has been in discussions with a number of domestic and international agencies to sign MOUs. It is anticipated that those MOUs will be signed in the near future. Some of the domestic agencies FASU aims to sign MOUs with in the near future, include: the Auditor General’s Office (AGO), Department of Lands and Physical Planning (DLPP), Conservation and Environment Protection Authority (CEPA), Sanctions Secretariat, Prime Minister and National Executive Council (PMNEC) and Department of Foreign Affairs and International Trade (DFAIT).

11.2.1 Secondment Arrangement with Police

Under the existing MOU with RPNGC, the National Fraud and Anti-Corruption Directorate (NFACD) seconded an officer to FASU in July 2020 for 3 months. This secondment was later extended by a further 12 months, to end in July 2021. However, due to resource constraints within the NFACD, the officer did not complete the full term of engagement.

FASU encourages more secondment arrangements with domestic law enforcement agencies.

12.0 CAPACITY BUILDING INITIATIVES

12.1 Capacity building

The AUSTRAC, DHA, UNODC, INTERPOL, and APG continued to provide capacity building programs to FASU and other line agencies in PNG in 2021. Most of these programs were hosted and attended virtually due to the international travel restrictions as shown in *Table 11 above*.

12.2 Technical Assistance

Technical assistance and training providers for FASU and PNG are from Australia Aid-Technical Assistance (AUS-AID) - through the SPEAR Program, UNODC, APG and INTERPOL. Other providers of trainings includes IMF, SEACEN, OECD, STI and Egmont Group or ECOFEL.

12.2.1 AUS-AID SPEAR Program

TA&T from AUSTRAC in collaboration with DJAG and DHA is ongoing under Australia's Department of Foreign Affairs and Trade (DFAT) funded SPEAR program. The SPEAR Program is aimed at improving PNG's AML/CTF framework.

FASU commenced drafting additional Compliance Rules and amendments to the AML/CTF Act in December 2020 with assistance from DJAG, DHA and AUSTRAC. These amendments address some of the technical deficiencies identified in the pre-ME assessment report relating to VA and VASP.

Development of AML/CTF working tools for FASU continued under the AUS-Aid TA program.

12.2.2 United Nations Office of Drug and Crime

UNODC continued supporting PNG in fighting and preventing ML to reduce deforestation. In addition to providing visual analytical software, UNODC is continuing to work with FASU and the NFACD of the RPNGC, as well as other relevant government agencies, through its capacity building programs.

UNODC, through the Law Enforcement Assistance Programme (LEAP), funded by Norway, provided FASU with 2 new laptops to be used by its analysts for searches of open-source information. Access to open-source data is recognized as a best practice by the FATF for investigating ML offences.

UNODC completed the first in-country mission in PNG since the surge of the Covid-19 pandemic from 27th October to 13th November 2021. During this visit, FASU assisted UNODC to provide mentoring support to the NFACD investigators enrolled into a UNODC-LEAP mentoring programme aimed at increasing investigative capacities against ML.

In addition, FASU facilitated UNODC training provided to more than 50 employees of BSP on 9th November 2021. This training was aimed at increasing BSP's capabilities in addressing ML from forestry crime. The training was part of the ongoing UNODC activities focusing on dialogue with the private sector aimed at preventing and detecting ML to reduce deforestation from illegal logging.

12.2.3 INTERPOL

INTERPOL continued to provide TA&T to PNG in the areas of forestry and related financial crimes. Covid-19 has disrupted most of the activities, however, INTERPOL continue to provide TA&T remotely.

During the year, only one training event on “financial investigations linked to forestry crime” was conducted whilst other activities, such as mentoring of analysts were undertaken remotely. FASU and INTERPOL also progressed the INTERPOL i24/7⁵. The ICTD of BPNG provide assistance to allow FASU access to this database. This project, is part of INTERPOL’s commitment to provide technical and investigative support to PNG authorities on investigating financial crimes and illicit financial flows in the forestry sector.

Specific training on how to use the INTERPOL i24/7 database will be conducted by National Central Bureau (NCB) Konedobu and completed in 2022.

The i24/7 database provides FASU with the capacity to search INTERPOL’s data-holdings on international persons of interest (POI) and entities of interest (EOI). This is an important enhancement to FASU’s capabilities when conducting searches for names, passport details and records of international POIs and EOIs that INTERPOL may have placed on alerts.

12.2.4 Pacific Financial Intelligence Community

The Pacific Financial Intelligence Community (PFIC) is an initiative developed during the year. The inaugural PFIC meeting was conducted via video conference on 19th February 2021. The PFIC is an alliance of FIUs within the Pacific region with the purpose of identifying, developing and operationalising strategies to combat regional ML/TF/PF. The current PFIC founding members are PNG, Australia, Fiji and New Zealand with the aim of extending to other Pacific FIUs to join. The inaugural Co-Chairs are Mr. Chris Collett from AUSTRAC and Mr. Benny Popoitai from BPNG, FASU.

The second PFIC meeting was conducted again through video conference on 3rd June 2021. FASU provided a summary of the concept note for the Capacity Building, which FASU is leading whilst Fiji FIU leads the Operations, New Zealand FIU leads the Research and AUSTRAC leads the FIU Systems concept notes or working papers.

The third PFIC meeting was held through video conferencing on 29th September 2021. FASU provided a brief summary of the activities carried out since the last meeting, while all other member FIUs gave updates on activities undertaken. The meeting also reviewed June meeting minutes with a discussion on a paper entitled ‘Roadmap to Membership Expansion’, a proposed SOP for PFIC Spontaneous Disclosures.

12.2.5 AML/CTF Pacific Supervisors Forum

The AML/CTF Pacific Supervisors Forum is an informal forum led by Reserve Bank of New Zealand (RBNZ) and AUSTRAC to collaborate with the AML/CTF Supervisors across the Pacific to collaborate and share experiences to improve AML/CTF supervision.

The members of the group that attended meetings include Australia, New Zealand, Papua New Guinea, Fiji, Solomon Islands, Cook Islands, Palau, Samoa and Tonga. The group meet on a quarterly basis.

Dates

10th March 2021
 9th June 2021
 8th September 2021
 8th December 2021

Meetings

Meeting 1/2021
 Meeting 2/2021
 Meeting 3/2021
 Meeting 4/2021

⁵Interpol Database is a secure global police communication system that is accessed via I-24/7. This is the technical network that links law enforcement in all member countries and enables authorized users to share sensitive and urgent police information with their counterparts around the globe.

12.3 Business Improvement Process (BIP)

FASU's activities that are regarded as 'BIP' are for those that improve work processes. These are provided here, in brief, for the purpose of this report.

12.3.1 Viper/Taipan database

In conjunction with the Payment Systems Department (PSD) and the ICTD of BPNG, FASU's Viper / Taipan Database capabilities have been enhanced by the email file ingestion function through the Kina Automated Transaction System (KATS) link.

This will improve turnaround time for receipt of financial transactions reports, analysis and dissemination.

The external testing phase was hampered by Covid-19 and technical difficulties in 2021, however; one bank was able to complete its testing, while the other two are yet to complete their testing. It is anticipated that these two reporting entities will complete their testing by 2022.

Through the UNODC TA&T Program for PNG, FASU secured and installed the IBM Notebook Analytical Tool. A visual analytical software tool that improves the quality of financial intelligence analysis capabilities. FASU has completed the user training and setting up of the database. The users and user acceptance testing were completed in 2021 and FASU and the BPNG ICTD are currently in the process of meeting with the vendor to migrate the system to production in the 2nd quarter of 2022.

These initiatives have been progressed by FASU to comply with the obligations under Section 77 of the AML/CTF Act 2015.

12.3.2 Business Improvement Process (BIP) 151: Mutual Evaluation (ME)

BIP 151: Mutual Evaluation (ME) for FASU was approved by the BPNG Executive Committee (EXCO) in February 2020. BIP 151 is aimed at assisting PNG's preparations for the ME.

Priority deliverables under BIP 151 include, an increase in strategic analysis disseminations, financial crime typologies, increased supervision efforts on FIs and DNFBPs, specific sector risk assessments, use of financial intelligence by LEAs, to investigate and prosecute ML/TF offences.

BIP 151 requires additional staff to progress some of the work highlighted above as well as leading the NCC Secretariat initiatives to coordinate the activities of all of the NCC member agencies in preparation for the upcoming ME. The action items contained in the NSP 2017 – 2022 and the action items from the pre-ME assessments of 2019 have been collated and provided to each agency to progress as part of this process.

12.3.3 INTERPOL Database

FASU and INTERPOL NCB Konedobu, has progressed the installation of the INTERPOL database i24/7 with the assistance from BPNG's ICTD. The i24/7 links the LEAs and allows sharing of sensitive information.

The connection has been completed and FASU has access to the i24/7 INTERPOL database. NCB Konedobu will conduct user training for FASU officers having access to the INTERPOL database to use this database which will add to FASU's analytical capabilities.

Upon user training and usage of the database, FASU is one a few non LEA agency to have access to the INTERPOL database. User training is scheduled for second quarter of 2022.

12.3.4 Records Management and Filing System

The FASU rolled out an initiative on records management. Its Records Management Working Team (RMWT) through the Bank of PNG is tasked with the objective of standardizing and updating the FASU records both physical and electronic.

The RMWT continues to work through the Covid-19 challenges to deliver on standardising and updating physical paper records totalling 886 records. The RMWT also created a mirrored version of the physical records in electronic form and placed in the shared folder.

The RMWT have progressed scanning of documents that is over 90 percent complete and continue to rename the scanned PDF documents. The scanning and naming of the electronic documents will progress throughout 2022 for ease of file search and improve FASU's record keeping demarcating the general from intelligence files.

13.0 AWARENESS AND EDUCATION

13.1 AML/CTF Awareness

FASU's awareness and education programs restarted in September 2021. Despite the challenges posed by the Covid-19 pandemic, FASU continued to interact with BSP during the year.

Table 13: Sessions attended with BSP Financial Group Limited

Dates/Venues	Awareness Conducted
12 th May 2021: BSP Waigani Head Office	Ten (10) FASU officers attended a presentation on Kundu Pei and Internet Banking, enhanced CDD and KYC conducted by BSP as part of its AML/CTF Program.
19 th May 2021: BSP Waigani Head Office	Five (5) FASU officers attended a presentation again on penetration testing.
2 nd June 2021: BSP Waigani Head Office	Presentation was done specifically on the transaction BSP monitoring tool which has been considered as an outstanding issue highlighted in previous meetings and on-site inspection reports.

The awareness and education sessions undertaken from September to December 2021 are as follows;

Table 14: Awareness conducted in 2021

Dates/Venues	Awareness Conducted
6 th -10 th September 2021: Lae International Hotel, Lae	FASU conducted an awareness and education forum to the Lae Chamber of Commerce, FIs and DNFBPs, radio talk back show on NBC Morobe, visited National Polytechnic Institute of PNG and Bank of PNG – Lae Currency Distribution Centre (CDC) on the role of FASU, reporting obligations of FIs & DNFBP's, and registration requirements. Total of 44 participants attended. FASU also visited IRC booth at Lae Secondary School when they were doing their road show and used this opportunity

Dates/Venues	Awareness Conducted
	to do awareness on FASU’s roles and functions as well as the need for FIs and DNFBPs to register with FASU. More than 200 participated.
4th-8th October 2021: Kokopo Village Resort, Kokopo	FASU conducted another awareness and education forum to the FIs and DNFBPs, radio talk back show on NBC Kokopo, visited the Kokopo Secondary School, Kokopo Business College and Rabaul District Authority to present on the role of FASU, reporting obligations of FIs & DNFBP’s, and registration requirements. Total of 32 participants attended.
6th-10th December 2021: Madang Resort, Madang	FASU conducted another awareness and education forum to the FIs and DNFBPs, radio talk back show on NBC Madang to present on the role of FASU, the reporting obligations of FIs & DNFBP’s and registration requirements. Total of 35 participants attended.

Source: Financial Analysis and Supervision Unit

14.0 ANALYSIS OF CURRENT MONEY LAUNDERING AND TERRORIST FINANCING TRENDS

FASU is required under Section 75 (2) (c) of the AML/CTF Act, to include in the Annual Report, an analysis of current ML/TF trends.

While such an analysis is undoubtedly useful for domestic entities that are engaged in the fight against ML, FASU has no means of ensuring that the FASU Annual Report will not fall into the hands of money launderers.

The public availability of the annual reports generates the risk of teaching money launderers how to launder successfully, as well as teaching them about the capabilities, and vulnerabilities, of domestic and international AML/CTF authorities.

Consequently, the information contained in this FASU Annual Report is only of a general nature. It should not be assumed that all methods and trends known to FASU are detailed herein.

14.1 Domestic and International Trends in Money Laundering

Analysis of current money laundering and terrorist financing trends.

Money laundering Trends

In 2021, money laundering in PNG continues to evolve in response to regulatory and law enforcement action. The major sources of domestic proceeds continue to be corruption, fraud and tax evasion. In previous years, FASU observed significant volumes of illicit funds moving through the trust accounts of law firms and accounting firms as well as through travel agents – sometimes with false documents to hide the source of funds but often not.

Following the actions taken by agencies within the NCC, this method of laundering has declined and there are movements of illicit funds using foreign-issued debit/credit cards – particularly those linked to companies registered in tax/secretary havens.

FASU has also observed an increase in apparent trade-based money laundering in the form of the movement or delivery of high-value goods such as motor vehicles as part of the payment of bribes and use of illicit proceeds.

Risks Identified in the National Risk Assessment

Illegal logging

Illegal logging continues to generate proceeds offshore – where the logs are sold – rather than domestically.

Only a small fraction of the value of the illegally-obtained timber is ever returned to PNG. The vast majority of the illicit proceeds are generated offshore – when the timber/logs are sold. This means that the proceeds of the offences are outside of the jurisdiction of PNG and would involve the jurisdictions which the proceeds are being kept.

Indications are that entities engaged in illegal logging use the PNG financial system to move only small amounts of money – often routed through tax havens - to be used to pay only for those goods and services that cannot be easily smuggled into PNG on logging ships. Expenditure on costs, such as the salary and wages for workers are paid into accounts in the foreign employee's home country from accounts held by the logging companies offshore. It has been observed that fuel, food, machinery and other material are not purchased domestically but are smuggled into PNG on the logging ships.

Corruption

Intelligence available to FASU indicates that the proceeds of corrupt activities are laundered through multiple means. Bribes paid by foreign governments and entities are increasingly paid into foreign bank accounts, (held in the name of a tax-haven supplied company) with the funds then brought into PNG through debit cards issued by the foreign bank. The use of a company from a tax-haven disguises the name of the bribe-recipient from the bank account and the debit card.

Other methods of paying bribes include the 'gifting' of high-value assets such as real estate and motor vehicles.

Funds extracted from government departments and state-owned enterprises are a significant form of corruption. At present a key method of committing these offences is to pay the funds into the account of a company controlled by the offender. Typically, the offenders are people who have the ability to initiate payments from these entities, or their associates. Payments of this type are often made by electronic fund transfers.

Terrorist Financing Trends

As with previous years, TF remains a low domestic risk. International trends however continue to show the movement and delivery of goods such as oil and gas and other commodities in the process of generating and moving funds and assets to be used by terrorist groups.

PHOTO GALLERY



Photo 1: Benny Popoitai, Director FASU giving the opening remarks during the Savings and Loans Society Industry Consultative Meeting organized by FESALOS at Stanley Hotel and Suites in July 2021.



Photo 2: Benny Popoitai, Director FASU addressing the Lae Chamber of Commerce and Business Community on AML/CTF awareness and information session in September 2021.



Photo 3: Wilson Onea, Deputy Director and Benny Popoitai, Director, Financial Analysis and Supervision Unit with Sam Koim, Commissioner General, Internal Revenue Commission during a meeting with State Ministers and Commercial Banks CEOs in July 2021 at the APEC House, Port Moresby.



Photo 4: Benny Popoitai, Director FASU raising awareness on AML/CTF through National Broadcasting Commission (NBC), East New Britain (ENB) accompanied by DJAG and FASU Officers.



Photo 5: Benny Popoitai, Director FASU during an AML/CTF Awareness and Education Session at Kokopo Village Resort (KVR) in October 2021. Looking on is Levin Paiya, Principle Legal Officer from DJAG.



Photo 6: First National Coordinating Committee (NCC) on AML/CTF held outside of Port Moresby in Kokopo, East New Britain Province (ENBP) in October 2021.



Photo 7: Co-Chair Dr. Eric Kwa, Secretary for DJAG, Benny Popoitai, Director FASU during a photo session with Paul Unas, CEO for NMSA, David Towe, Chief Commissioner for PNG Customs Services and Stanis Hulahau, Chief Migration Officer for PNGICA with NMSA TWG Officers after the NCC Meeting at Kokopo, ENBP.



Photo 8: UNODC Advisor, Fabrizio Fioroni presenting laptops to FASU Director, Benny Popoitai witnessed by officers from ICTD of BPNG and FASU.



Photo 9: Final NCC on AML/CTF Meeting for 2021 held at Madang Resort Hotel, Madang in December 2021.



Photo 10: The FASU Director, Mr. Benny Popoitai receiving donation of Video Conferencing Equipment from AUSTRAC facilitated by Mr. Geoff King, a representative of the Australian High Commission in Port Moresby on August 2021.

APPENDIX A: Section 75 of the AML/CTF Act 2015

FASU to produce Annual Report

- (1) FASU must produce and submit an annual report by 30 March of each year to the Board of the Bank of Papua New Guinea.
- (2) An annual report must include:
 - (a) a summary of the activities of FASU;
 - (b) a summary of reports received by FASU; and
 - (c) an analysis of current money laundering and terrorist financing trends.
- (3) FASU must, as soon as is reasonably practicable after the Board of the Bank of Papua New Guinea has considered the annual report:
 - (a) provide a copy of the report to the Departmental Head of the department responsible for national justice administration; and
 - (b) make a copy of the report publicly available.
- (4) The publically available report under paragraph (3)(b) must not contain information that refers to or otherwise enables the identification of any particular person.

APPENDIX B: Summary of FATF 40 Recommendations

SUMMARY OF FATF 40 RECOMMENDATIONS

<p>1. Assessing risks and applying a risk-based approach</p> <p>Identify, assess, and mitigate the ML & TF risks At national, supervisory and industry level.</p>	<p>2. National cooperation and coordination</p> <p>Enable domestic cooperation: policy, FIU, law enforcement and supervisors.</p>	<p>3. ML offence</p> <p>Apply to all serious offences and widest range of predicate offences. Core</p>	<p>4. Confiscations and provisional measures</p> <p>Adequate powers for LEA to confiscate proceeds of crime.</p> <p>Include property used, or intended to be used. Key</p>	<p>5. Terrorist financing offence</p> <p>Include terror acts, financing and organisations. Core</p>
<p>6. Targeted financial sanctions related to terrorism and terrorist financing (UN sanctions and autonomous sanctions)</p> <p>Provide guidance for FIs & DNFBPs. Key</p>	<p>7. Targeted financial sanctions related to proliferation</p> <p>Provide guidance for FIs & DNFBPs.</p>	<p>8. Non-profit organisations</p> <p>Monitor to prevent misuse by terrorist financing.</p>	<p>9. Financial institution secrecy laws</p> <p>Require to disclose relevant information to LEA. Key</p>	<p>10. Customer due diligence</p> <p>KYC on account opening, on large occasional transactions; suspect transactions or ID; Identify beneficial owner; on-going due diligence. Core</p>
<p>11. Record keeping</p> <p>Customer identification. Should enable reconstruction of transactions. Keep after account is closed. Core</p>	<p>12. Politically exposed persons</p> <p>System to ID PEPs; senior management approve new accounts; establish source of wealth and funds; on-going monitoring.</p>	<p>13. Correspondent banking</p> <p>Assess institution reputation, supervision and AML/CFT controls; senior management approval; CDD for 'payable through accounts'.</p>	<p>14. AML requirements for money/value transfer services</p> <p>Register or licence MVTs and regulate.</p>	<p>15. New technologies</p> <p>E.g. Technology that might favour anonymity – include CDD measures for non face-to-face business.</p>
<p>16. Wire transfers</p> <p>Originator name, address & account number; Beneficiaries name, address etc.</p>	<p>17. Reliance on third parties</p> <p>Must obtain copy of CDD info immediately. 3rd party must be supervised and regulated.</p>	<p>18. Internal controls and foreign branches and subsidiaries</p> <p>Implement AML/CFT programs & apply to foreign branches and subsidiaries.</p>	<p>19. Higher-risk countries</p> <p>Special attention to transactions from countries not applying FATF 40 Recommendations. Can apply FATF countermeasures.</p>	<p>20. Reporting of suspicious transactions</p> <p>Report if reasonable grounds to suspect funds are proceeds of crime. Core</p>

<p>21. Tipping-off and confidentiality</p> <p>Banks and staff protected from criminal and civil action if report in good faith. Don't tip off STR.</p>	<p>22. DNFBPs: CDD</p> <p>Casinos, real estate, precious metals, lawyers & accountants.</p> <p>Rules set out in guidelines and legislation.</p>	<p>23. DNFBPs: other measures</p> <p>Apply Recommendations 18-21. Report STR when managing assets for client. Professional privilege exempt.</p>	<p>24. Transparency and beneficial ownership of legal persons</p> <p>LEA and FI access to registry to check control of legal persons.</p>	<p>25. Transparency and beneficial ownership of Legal arrangements Key</p> <p>FI's and LEA able to check settler, trustee and beneficiary info on central registry.</p>
<p>26. Regulation, and supervision of financial institutions</p> <p>Prevent criminals from controlling FIs, and FIs to be licensed and regulated. Key</p>	<p>27. Powers of supervisors</p> <p>Supervisors to have power to monitor, ensure compliance and issue penalties to FIs.</p>	<p>28. Regulation and supervision of DNFBPs</p> <p>Casinos and licensed & prevent criminals controlling or management interest. Other DNFBP supervised by a competent authority.</p>	<p>29. Financial intelligence units</p> <p>Established, role to collect STRs, analyse and disseminate to LEA. Key</p>	<p>30. Responsibilities of law enforcement and investigative authorities</p> <p>Assign responsibility for AML/CFT & develop special investigation techniques (e.g. undercover).</p>
<p>31. Powers of law enforcement and investigative authorities</p> <p>Investigators to have power to obtain documents & search persons & premises.</p>	<p>32. Cash couriers</p> <p>Develop declaration system and power to restrain currency.</p>	<p>33. Statistics</p> <p>Collect and analyse statistics to measure AML/CFT efficiency and effectiveness.</p>	<p>34. Guidance and feedback</p> <p>Established guidelines and provide feedback to FIs for AML/CFT – especially STR reporting.</p>	<p>35. Sanctions</p> <p>Effective penalties required for natural and legal persons.</p>
<p>36. International instruments</p> <p>Implement the Vienna, Palermo conventions, UNCAC and UNCSFT. Key</p>	<p>37. Mutual legal assistance</p> <p>Widest range possible to other countries requests. Key</p>	<p>38. Mutual legal assistance: freezing and confiscation</p> <p>Procedures for coordination. Freeze without delay.</p>	<p>39. Extradition</p> <p>ML & TF to be extraditable offence.</p>	<p>40. Other forms of cooperation</p> <p>Widest range possible, including between AML/CTF supervisors and FIUs. Key</p>

APPENDIX C: 11 Immediate Outcomes

<p>1. Risk, Policy and Coordination</p> <p>Money laundering and terrorist financing risks are understood and, where appropriate, actions coordinated domestically to combat money laundering and the financing of terrorism and proliferation.</p>	<p>2. International cooperation</p> <p>International cooperation delivers appropriate information, financial intelligence, and evidence, and facilitates actions against criminals and their assets.</p>	<p>3. Supervision</p> <p>Supervisors appropriately supervise, monitor and regulate financial institutions and DNFBPs for compliance with AML/CTF requirements commensurate with their risks.</p>	<p>4. Preventative measures</p> <p>Financial Institutions and DNFBPs adequately apply AML/CTF preventative measures commensurate with their risks and report suspicious transactions.</p>
<p>5. Legal persons and arrangements</p> <p>Legal persons and arrangement are prevented from misuse for money laundering and terrorist financing, and information on their beneficial ownership is available to competent authorities without impediments.</p>	<p>6. Financial intelligence</p> <p>Financial intelligence and all other relevant information are appropriately used by competent authorities for money laundering and terrorist financing investigations.</p>	<p>7. Money laundering investigations & prosecutions</p> <p>Money laundering offences and activities are investigated and offenders are prosecuted and subject to effective, proportionate and dissuasive sanctions.</p>	<p>8. Confiscation</p> <p>Proceeds and instrumentalities of crimes are confiscated.</p>
<p>9. Terrorist financing investigations and prosecutions</p> <p>Terrorists financing offences and activities are investigated and persons who finance terrorism are prosecuted and subject to effective, proportionate and dissuasive sanctions.</p>	<p>10. Terrorist financing preventative measures & financial sanctions</p> <p>Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds and from abusing the NPO Sector.</p>	<p>11. Proliferation financing sanctions</p> <p>Persons and entities involved in the proliferation of weapons of mass destructions are prevented from raising, moving, and using funds, consistent with the relevant UNSCRs.</p>	

APPENDIX D: Summary of 2010 Mutual Evaluation Review results for PNG

MUTUAL EVALUATION RESULTS 2010 & 2019

2010 ME RESULT

❖ 2010 results had a great impact affecting PNG agencies through to the National Executive Council which led to a coalition of agencies working together to address these results.

❖ Results were against the FATF’s 40 + 9 Special Recommendations, which were based on Technical Compliance:

- ✓ Compliant - 2
- ✓ Largely Compliant - 6
- ✓ Partly Compliant (PC) - 19
- ✓ Non-Compliant - 22

2019 PRE-ME MOCK RESULTS

❖ PNG will assess against the TECHNOCAL COMPLIANCE (40 FATF Recommendation) and EFFECTIVENESS (11 FATF Immediately Outcomes) in 2023/2024.

❖ In 2019, a Pre-ME Worrkshop was conducted to produce a report indicated that PNG would referred to the “grey list” a actions are action are not taken to address the issues:

- Technical Compliance ✓ Compliant - 4
- ✓ Largely Compliant (LC) - 7
 - ✓ Partly Compliant (PC) - 25
 - ✓ Non-Compliant (NC) - 4

- Effectiveness Criteria ✓ High - 0
- ✓ Substantial - 0
 - ✓ Moderate - 0
 - ✓ Low - 11

APPENDIX E: Registration of Reporting Entities



BANK OF PAPUA NEW GUINEA

REGISTRATION WITH FINANCIAL ANALYSIS AND SUPERVISION UNIT

This public notice serves to inform the Financial Institutions (FIs), the Designated Non-Financial Businesses or Professions (DNFBPs) and the general public on the reporting entities (REs) registered with the Financial Analysis and Supervision Unit (FASU) of the Bank of Papua New Guinea, pursuant to Section 57 of the *Anti-Money Laundering and Counter Terrorist Financing Act 2015* ('the Act').

Financial Institutions (FIs) registered with FASU

A. COMMERCIAL BANKS

The following entities are authorized to conduct their activities specified under the Banks and Financial Institutions Act 2000

- 1 Australia & New Zealand Banking Group (PNG) Limited
- 2 BSP Finance Group Limited
- 3 Kina Securities Limited (trading as Kina Bank Limited)
- 4 Westpac Bank (PNG) Limited

B. ESTABLISHED BY THE NATIONAL DEVELOPMENT BANK ACT 2007

- 1 National Development Bank Limited

C. LICENSED FINANCIAL INSTITUTIONS

The following entities are authorized to conduct their activities specified under the Banks and Financial Institutions Act 2000

- 1 BSP Finance Limited
- 2 Credit Corporation Finance Limited
- 3 Finance Corporation Limited
- 4 First Investment Finance Limited (also authorized to deal in foreign exchange)
- 5 Heduru Moni Limited trading as Moni Plus Limited (also authorized to deal in foreign exchange)
- 6 Kada Poroman Microfinance
- 7 Nationwide Micro Bank Limited trading as MiBank
- 8 Papua Finance Limited
- 9 People's Micro Bank Limited
- 10 Resources and Investment Finance Limited
- 11 Tisa Community Finance Limited
- 12 Women's Micro Bank Limited

D. FINANCE COMPANY

The following companies are incorporated under the Companies Act 1997 (as amended) but not licensed by the Bank of PNG. They only lend their money and do not accept deposits from the public.

- 1 Alpha Finance Limited
- 2 Kay Cee Finance Limited
- 3 Mijoe Finance Limited
- 4 National Finance Limited

E. SAVINGS AND LOANS SOCIETIES

The following entities are authorized to conduct their activities specified under the Savings & Loans Society Act 2000. These societies are authorised to accept deposits and give out loans to their members only.

- 1 Air Niugini Savings and Loans Society Limited
- 2 Central Bank Officers Savings and Loan Society Limited

- 3 East New Britain Savings and Loan Society Limited

- 4 Financial Private Sector Staff Savings & Loans Society Limited

- 5 Nambawan Savings and Loan Society Limited

- 6 NASFUND Contributors Savings and Loan Society Limited

- 7 PNG Ports Corporation Savings & Loan Society Limited

- 8 PNG Power Staff Savings and Loan Society Limited

- 9 Post, Telecom & Pangtel Savings and Loan Society Limited

- 10 Rural Development Bank Savings and Loan Society Limited

- 11 Teachers Savings & Loan Society Limited

F. LIFE INSURANCE BUSINESS

The following entities are authorized to conduct their activities specified under the Life Insurance Act 2000

i. Life Insurance Companies

- 1 BSP Life Insurance Limited
- 2 Capital Life Insurance Company Limited
- 3 Life Insurance Corporation (PNG) Limited
- 4 Pacific MMI Insurance Limited

ii. Life Insurance Brokers

- 1 AON Risk Services (PNG) Limited
- 2 Kanda International Insurance Brokers Limited
- 3 Marsh (PNG) Limited
- 4 Sunrise Assurance Brokers Limited

G. SUPERANNUATION FUNDS

The following entities are authorized to conduct their activities specified under the Superannuation (General Provisions) Act 2000

i. Authorized Superannuation Funds

- 1 Nambawan Super Limited
- 2 National Superannuation Fund Limited

ii. Licensed Trustees

- 1 AON Superannuation (PNG) Limited
- 2 Comrade Trustee Services Limited (under Statutory Management)

iii. Licensed Fund Administrators

- 1 AON Hewitt (PNG) Limited
- 2 Kina Investment and Superannuation Services Limited

iii. Licensed Investment Managers

- 1 BSP Capital Limited
- 2 Kina Funds Management Limited
- 3 Frontiers Equities Limited

- 4 Niugini Capital Limited

H. AUTHORIZED BUREAU OF CURRENCY EXCHANGE (MONEY CHANGERS)

These institutions are authorized to collect and change foreign currencies

- 1 Best Nation Investment Limited (recently delisted due to lack of business as a result of coronavirus)
- 2 Betta Rates Limited
- 3 JNI Limited trading as Moni Xpress
- 4 Marino Exchange Limited
- 5 RSC Forex Limited

I. AUTHORIZED MOBILE NETWORK OPERATOR

This institution is authorized to collect and transfer money through the use of mobile phones.

- 1 Digicel Financial Services Limited (also authorized money remitter-conduct international fund transfers for inward remittances only)

J. GENERAL INSURANCE SECTOR

The following entities are authorized to conduct their activities specified under the Insurance Act 1995

- 1 Alpha Insurance Limited
- 2 Anitua Financial Services Limited
- 3 Asigau Mortgage Limited
- 4 Bougainville Insurance Brokers Limited trading as Niugini Islands Insurance Brokers
- 5 Capital General Insurance Company Limited
- 6 Concise Insurance (PNG) Limited (formerly Century Insurance (PNG) Limited)
- 7 First National Insurance Brokers Limited
- 8 Kanda International Limited
- 9 Inspac (PNG) Limited
- 10 Insurance Partners (PNG) Limited
- 11 Liberty Assurance Limited
- 12 Motor Vehicle Insurance Limited
- 13 National Teachers Insurance Limited
- 14 Niugini Assurance Group Limited
- 15 Pacific Re Insurance Limited
- 16 PHA Health Assurance Company Limited
- 17 QBE Insurance (PNG) Limited
- 18 Southern Cross Assurance Limited
- 19 Tower Insurance (PNG) Limited
- 20 Trans Pacific Assurance Limited
- 21 Wreck Insurance Limited

K. CAPITAL MARKET SECTOR

The following entities are authorized to conduct their activities specified under the Capital Market Act 2015

- 1 Kina Securities Limited
- 2 Namani Capital Partners Limited



BANK OF PAPUA NEW GUINEA

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Designated Non-Financial Businesses or Professions (DNFBPs) registered with FASU

A. ACCOUNTING FIRMS		
1 Alua Investment trading as Teebee Accountants	3 as Kimbe Kar Sales	Mawa Lawyers
2 BDO	3 Toyota Tsusho (PNG) Limited trading	41 O'Briens Lawyers
3 Countrywide Accounting & Compliance	as Ela Motors	42 Pacific Legal Group
4 Creative Management Consultant Limited	4 PNG Associated Distributors Limited trading	43 Paiya Lawyers
5 CTO Consultants Limited	as Niu Ford & PNG Motors	44 Parina & Co Lawyers
6 Daan & Associates		45 Parkil Lawyers
7 Ernst & Young - PNG		46 Posman Kua Aisi Lawyers
8 John Boo & Co. Limited		47 Poya Legal Services
9 Kapi & Clarke Accountants		48 Rageau Manua & Kikira Lawyers
10 Keyrocco Consultancy Services Limited		49 Resolution Legal
11 KPMG Nominees (PNG) Limited		50 Robert Mai & Company Lawyers
12 Kuna Taberia Kiruwi (KTK) Accountants & Advisors		51 Sanol Malaga Lawyers
13 Lee Partners Limited		52 Stratserv Limited trading as Stratserv Legal
14 Mark Morton & Associates Limited		53 Suaikul Legal Services trading as Dirua Lawyers
15 Mayberry Administration Limited trading as DFK Mayberry		54 The Law Office of Kenneth Imako
16 Orak Limited trading as Raja & Associates		55 Tingnni Lawyers
17 PGS Niugini Accountants Auditors and Advisors		56 Twivey Lawyers
18 Philane Accountants		57 Unages Lawyers
19 Pini Accountants and Advisors		58 Warner Shand Lawyers – Lae
20 Pricewaterhousecoopers Services (PNG) Limited		59 Warner Shand Lawyers – Port Moresby
21 Professional Global Solutions Limited		60 Western Pacific Legal Services
22 Robert L. Wong Associates		61 Young & Williams Lawyers
23 Rutil Accountants & Business Advisors Limited trading as ABR CPAS & Advisors		62 Valorem Attorney & Consultants
24 Sam Kiak Tubangliu Certified Practising Accountants		63 Yariyari Lawyers
25 Shiam Kattapuram & Associates		
26 Sinton Spence Chartered Accountants		
27 Star Management Services Limited		
28 Uma & Co Limited		
D. LAW FIRMS		
1 Albatross Law	1 Albatross Law	
2 Allens Linklaters	2 Allens Linklaters	
3 Amicus Legal Limited trading as Makap Lawyers	3 Amicus Legal Limited trading as Makap Lawyers	
4 Amps Logohus Lawyers	4 Amps Logohus Lawyers	
5 Apo & Co Lawyers	5 Apo & Co Lawyers	
6 Asia-Pacific Group Limited	6 Asia-Pacific Group Limited	
7 Ashurst Lawyers	7 Ashurst Lawyers	
8 Awi Lawyers	8 Awi Lawyers	
9 Bradshaw Lawyers	9 Bradshaw Lawyers	
10 Cappo Legal Practice	10 Cappo Legal Practice	
11 Corrs Chambers Westgarth	11 Corrs Chambers Westgarth	
12 Dentons PNG	12 Dentons PNG	
13 Ellemi Lawyers	13 Ellemi Lawyers	
14 Fairfax Legal	14 Fairfax Legal	
15 Fiocco & Nutley	15 Fiocco & Nutley	
16 Henao Lawyers	16 Henao Lawyers	
17 Harvey Nii Lawyers	17 Harvey Nii Lawyers	
18 Jacob Sanga Lawyers	18 Jacob Sanga Lawyers	
19 Jema Lawyers	19 Jema Lawyers	
20 J.P.J Lawyers	20 J.P.J Lawyers	
21 Kari Bune Lawyers Limited	21 Kari Bune Lawyers Limited	
22 Kessadale Lawyers	22 Kessadale Lawyers	
23 Kimbu & Associates	23 Kimbu & Associates	
24 Kipoi Lawyers	24 Kipoi Lawyers	
25 Koisen Lawyers	25 Koisen Lawyers	
26 Kulu Legal	26 Kulu Legal	
27 Kwik Search & Process Servers Consultants Limited trading as M S Wagambie Lawyers	27 Kwik Search & Process Servers Consultants Limited trading as M S Wagambie Lawyers	
28 Leahy Lewin Lowing Sullivan Lawyers	28 Leahy Lewin Lowing Sullivan Lawyers	
29 Leahy PNG Law	29 Leahy PNG Law	
30 Lakakit & Associate Lawyers	30 Lakakit & Associate Lawyers	
31 Lawama Lawyers	31 Lawama Lawyers	
32 Makeu Legal Services	32 Makeu Legal Services	
33 Martha & Associates Lawyers	33 Martha & Associates Lawyers	
34 Mel & Henny Services Limited trading as Mel & Henny Lawyers	34 Mel & Henny Services Limited trading as Mel & Henny Lawyers	
35 Mukwesipu Lawyers	35 Mukwesipu Lawyers	
36 Muromu Lawyers	36 Muromu Lawyers	
37 Namani & Associates	37 Namani & Associates	
38 Nelson Lawyers	38 Nelson Lawyers	
39 Niuage Lawyers	39 Niuage Lawyers	
40 Niugini Legal Services Limited trading as	40 Niugini Legal Services Limited trading as	
E. REAL ESTATES		
1 Arthur Strachan Limited	1 Arthur Strachan Limited	
2 Ashton & Brunswick	2 Ashton & Brunswick	
3 Budget Real Estate Limited	3 Budget Real Estate Limited	
4 Ela Vista Management Limited	4 Ela Vista Management Limited	
5 Highlands Products Limited trading as AAA Properties	5 Highlands Products Limited trading as AAA Properties	
6 Landmark Valuers and Consultants	6 Landmark Valuers and Consultants	
7 Monian Limited trading as Ray White Papua New Guinea	7 Monian Limited trading as Ray White Papua New Guinea	
8 Monian Limited	8 Monian Limited	
9 Our Real Estate Limited	9 Our Real Estate Limited	
10 Platinum Investment Limited trading as DAC Real Estate	10 Platinum Investment Limited trading as DAC Real Estate	
11 Property Link Real Estate Limited	11 Property Link Real Estate Limited	
12 Sails Limited	12 Sails Limited	
13 SR Curio Investments Limited	13 SR Curio Investments Limited	
14 Stardom Limited	14 Stardom Limited	
15 Strickland Agencies Limited	15 Strickland Agencies Limited	
16 The Professionals Niugini Limited	16 The Professionals Niugini Limited	
17 Urban City Realty Limited	17 Urban City Realty Limited	
18 Vada No.10 Limited trading as Century 21 Siule Real Estate	18 Vada No.10 Limited trading as Century 21 Siule Real Estate	
19 Yumi Yet Real Estate Limited	19 Yumi Yet Real Estate Limited	

The Act was enacted in July 2015 and has been in operation for seven (7) years. During this period, awareness and information sessions has been conducted throughout the major towns and cities to ensure FIs and DNFBPs register with FASU pursuant to Section 57 of the Act.

Failure to register with FASU is a crime under Section 58 of the Act. The penalty is a fine not exceeding K25,000 for a natural person and K50,000 for a body corporate.

Any queries related to this public notice can be communicated to FASU on telephone 322 7147 or email fasuregister@bankpng.gov.pg.

Authorised by **Benny B M Popoitai, MBE**
Acting Governor

NOTES



BANK OF PAPUA NEW GUINEA

2021 ANNUAL REPORT
FINANCIAL ANALYSIS AND SUPERVISION UNIT
PAPUA NEW GUINEA'S FINANCIAL INTELLIGENCE UNIT (FIU)