



**BANK OF PAPUA NEW GUINEA**



**FINANCIAL ANALYSIS  
AND  
SUPERVISION UNIT**

**2023 ANNUAL REPORT**  
PAPUA NEW GUINEA'S FINANCIAL  
INTELLIGENCE UNIT (FIU)

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**BANK OF PAPUA NEW GUINEA**

**2023 Annual Report**  
**Financial Analysis and Supervision Unit (FASU)**

**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 exceed international standards and practises.  
To enhance and strengthen co-operation and co-ordination between domestic and international partner agencies in combating money laundering, terrorist financing and proliferation financing activities and other related financially motivated crimes.

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

7 August 2024

**The Board of the Bank of Papua New Guinea**

**Dear Chair, Board and 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 2023.

Yours sincerely,

**Mr Wilson Onea**  
Acting 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
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
BIP 151 ME	Business Improvement Project 151 Mutual Evaluation
CDD	Customer Due Diligence
CMCV	Cross Boarder Movements of Currency and Valuables Reports
DHA	Department of Home Affairs, Australia
DJAG	Department of Justice and Attorney General
DLPP	Department of Lands and Physical Planning
DNFBP	Designated Non-Financial Businesses or Professions
ECDD	Enhanced Customer Due Diligence
FASU	Financial Analysis and Supervision Unit (Papua New Guinea's FIU)
FATF	Financial Action Task Force
FI	Financial Institutions
FIU	Financial Intelligence Unit
IEFTR	International Electronic Funds Transfer Report
IMD	Intelligence Management Division of FASU
INTERPOL	International Criminal Police Organization
IR/IP	Intelligence Reports and Intelligence Products
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
NCC	National Coordinating Committee on AML/CTF
NPO	Non-Profit Organizations
PDCD	Policy Development and Coordination Division of FASU
RPNGC	Royal Papua New Guinea Constabulary or Police
SCD	Supervision and Compliance Division of FASU
SMR	Suspicious Matter Report
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



**Ms. Elizabeth Genia, AAICD**  
Acting Governor  
Bank of PNG & Co-Chair of the  
National Coordinating Committee on  
AML/CTF

The agencies of the National Coordinating Committee (NCC) on AML/CTF are Papua New Guinea's last line of defence against a range of contemporary issues confronting our nation. These include the increase in drug trafficking, the weaponization of corruption, and the ever increasing threat of organised crime. Tax evasion, illegal logging, mining and fishing also remain yet a challenge for PNG.

Not only are our NCC agencies being tasked to address traditional profit-drive crimes such as corruption, fraud against the government and illegal logging and fishing, but now we must contend with these issues in an increasingly unpredictable and contested international space where PNG is considered the transit point for organized drug cartels and groups.

Our AML/CTF systems have been developed around the international standards set by the Financial Action Taskforce (FATF). Those standards are designed to address profit-driven crime such as money laundering, terrorism financing and proliferation financing of weapons of mass destruction. The challenge for the NCC is to ensure that they are used to address the new challenges that face us.

In 2023, the NCC and the agencies of which it is comprised have achieved a lot. But there is much more to be done. PNG has commenced its Mutual Evaluation review in March 2023 with a pre-onsite visit by APG and Assessment Team in August followed by the two weeks onsite visit in October 2024. This activity will continue through to September of 2024 when the APG Plenary will meet and adopt PNGs Mutual Evaluation Report.

I am grateful that the NCC has endorsed FASU to lead the Mutual Evaluation for PNG and I will continue to provide the support required to ensure we deliver for PNG.

We know that we are all doing our outmost best in our respective areas to respond to the Assessment Team so let us continue to support FASU in delivering PNGs Mutual Evaluation.

I commend the agencies on the efforts during this year, and I look forward to an even more successful year ahead when the APG Plenary will adopt the PNG MER in September 2024.

The road ahead is not going to be easy and we will work together at the NCC to ensure that PNG will deliver on its international obligations as it is essential to the integrity of our financial system and prosperity of our people.

I look forward to working with you all in 2024 and beyond.

God Bless.

## DIRECTOR'S MESSAGE



**Mr. Wilson Onea**  
Acting Director  
Financial Analysis & Supervision Unit

I am honoured to present the FASU 2023 Annual Report. I take this opportunity to thank the Acting Governor and the Board Chairman and the Board of Bank of Papua New Guinea for the support given to ensuring FASU is operationally functional.

As Papua New Guinea's Financial Intelligence Unit, and AML/CTF regulator, FASU occupies a key position within PNG's AML/CTF regime. This position comes with immense responsibilities that it contributes to encouraging investor confidence in PNG's financial systems integrity and its stability.

As the Acting Director of FASU I am acutely aware that FASU must be active and rigorous in enforcing the AML/CTF Act as well supporting well the other components of PNG's AML/CTF framework. That is to ensure FASU is visible with its capabilities as the central agency for all information and intelligence as well as ensuring that risk based approach to onsite and off-site supervision are conducted for all reporting entities. More so, the proactive financial intelligence analysis and dissemination is taking place.

This year has seen FASU continue to expand its reach and influence through the dissemination of financial intelligence products, to domestic competent authorities and internationally to its foreign counterparts, and through the regulation of financial institutions.

That expanded reach, and the work that has been done by the entities FASU regulate, has resulted in a measurable impact on financial crime in Papua New Guinea. This impact has given us all a baseline from which to work towards even greater disruption and prevention of profit-driven crime in the coming years.

The challenges that FASU faces in the coming years are present in many forms. Not only are we operating in an increasingly fractured international space but we are preparing for the Mutual Evaluation of PNG's AML/CTF regime against the international standards set by the Financial Action Task Force (FATF).

The Mutual Evaluation process has commenced in March 2023 and is no doubt an ongoing exercise for all countries to detect and disrupt financially motivated crime including corruption and organised crime.

I am proud of the work that my colleagues in FASU have achieved this year and I look forward to an even more successful 2024.

I look forward to your continued cooperation and collaboration to ensure PNG uses all opportunities and capabilities at our collective disposal to prevent harm to Papua New Guinea.

Tanikiu bada herea!

## 1. GOVERNANCE STRUCTURE

FASU is accountable to the people of PNG through the fulfilment of its mandate under the *Anti-Money Laundering and Counter Terrorist Financing Act 2015* (herein referred to as “the Act”). FASU’s establishment gives rise to national and international obligations to detect, deter, disrupt and prevent financially-motivated crimes, terrorism, proliferating financing thereby boosting investor confidence in the economy, reducing lawlessness and maintaining the integrity of PNG’s financial system.

### 1.1 Director of FASU

Section 62 of the Act specifies that the Director of FASU is an officer of the Bank of PNG in accordance with the *Central Banking Act 2000*. Section 68 of the Act stipulated that the functions and powers of FASU are vested in the Director.

Section 63 of the Act specifies that the appointment of the Director by the Governor of the Bank of PNG and maybe so in consultation with the Commissioner of Police and Department of Justice and Attorney General (DJAG).

The Director may only be dismissed from official duties by the Governor of the Bank of PNG, in limited circumstances and in consultation with the Commissioner of Police and the Secretary for DJAG. The circumstances under which the Director may be dismissed are articulated in Section 65 of the Act.

### 1.2 Independence of FASU

Section 61 of the Act establishes FASU as an operationally independent unit within the Bank of PNG. FASU can institute proceedings on behalf of the Bank of PNG for the purpose of the Act.

FASU is comprised of the Director and Officers. Pursuant to Sections 62 and 67 of the Act, both the Director and Officers of FASU are officers of the Bank of PNG in accordance with the *Central Banking Act 2000*.

The Director is responsible for exercising the functions and powers of FASU to deliver FASU’s mandate. Section 69(2) of the Act provides operational independence in the exercise of these functions and powers. Officers of FASU are at all times solely under the operational direction of the Director in performing their duties.

FASU is protected from civil or criminal liability, action, claim or demand for anything done or omitted to be done in good faith in performance of the functions, duties and powers under Section 71 of this Act.

### 1.3 Accountability to the Governor

FASU is administratively accountable to the Governor of the Bank of PNG. Section 75 of the Act requires FASU to product and submit annual reports to the Board of the Bank of PNG by 30 March every year. The Director also provides operational reports annually and board papers quarterly, to the Governor and the Board of the Bank of PNG for administrative purposes.

The Bank of PNG provides resourcing and budgeting for the operations of FASU. The Governor of the Bank of PNG approves for recruitment, training and travels for FASU Director and Officers through the Banks internal processes.

### 1.4 National Coordinating Committee on AML/CTF

The National Coordinating Committee (NCC) on AML/CTF was established by the National Executive Council (NEC) (Decision *No: NG 150/2012*) on 13 December 2012 with fifteen (15) initial member agencies. The number of NCC members increased to 21 agencies given their role within PNGs AML/CTF regime.

The Governor of the Bank of PNG and the Secretary of DJAG are Co-chairs to the NCC on AML/CTF with FASU and DJAG officers as Secretariat to the committee.

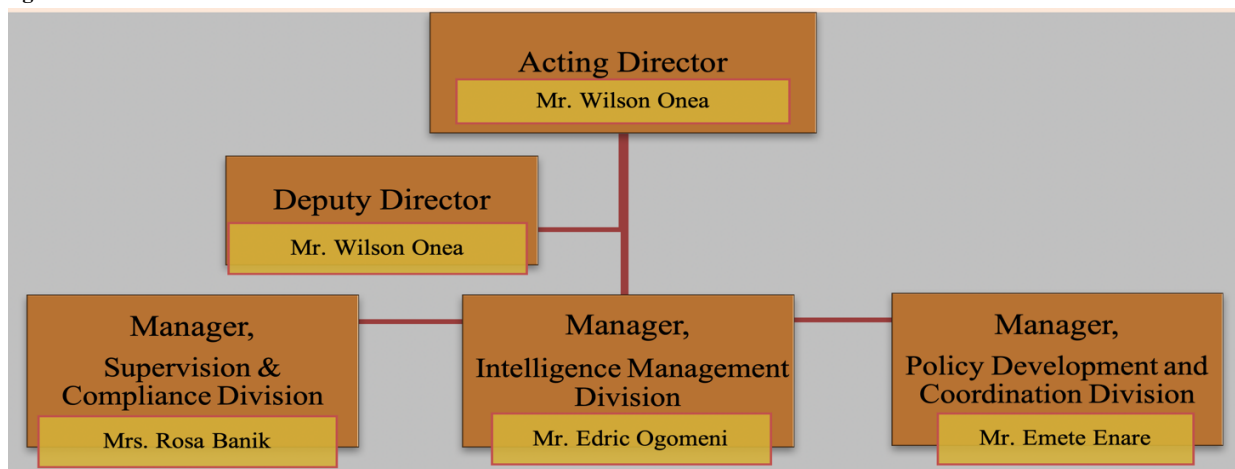
The NCC on AML/CTF maintains a Technical Working Group (TWG) consisting of technical officers from the NCC member agencies. The TWG is responsible for the implementation of NCC endorsed initiatives. The NCC and TWG members meets quarterly every year and as and when required by the co-chairs on special circumstances.

## 2. FASU’s ROLES AND RESPONSIBILITIES

FASU’s primary role is to protect the people of PNG from the harm caused by financially-motivated crimes such as corruption, tax evasion, illegal logging and fishing, and importation and distribution of illicit drugs which are identified as high-risk predicate offences to money laundering. FASU fulfils this role by pro-actively detecting, disrupting, deterring and preventing the money laundering associated with such offences.

FASU fulfils these roles by monitoring and enforcing compliance with the AML/CTF Act - an Act “which enables the Government of Papua New Guinea to detect and deter money laundering and terrorist financing”.<sup>1</sup>FASU’s functions are divided into three (3) divisions, as indicated in structure below.

Figure 1: FASU Structure



Source: Financial Analysis and Supervision Unit

<sup>1</sup> Preamble to the AML/CTF Act 2015

FASU currently has 38 staff which comprise of: Executives (2); Middle management (3); Operational 23 and Admin and Support (10).

The ongoing development of FASU's human resources capacity exemplifies how the FASU continues to intensify its efforts to focus on supervision, research and policy development, transaction monitoring and analysis, and information exchange in order to combat money laundering, terrorist financing, and proliferation financing, and other financial crimes both domestically and internationally.

## **2.1 Intelligence Management Division**

The Intelligence Management Division (IMD) of FASU collects, analyses and disseminates a range of information and intelligence concerning potential financial crime related to money laundering, terrorist financing and proliferation financing pursuant to sections 72(1)(a)(c) and 72(2)(a) of the Act.

The information received from the banks and other reporting entities includes Suspicious Matter Reports (SMR); Threshold Transaction Reports (TTR); and International Electronic Funds Transfer Reports (IEFTR). These reports are processed with other open-source information to develop intelligence products (IP) or Intelligence Reports (IR) which are disseminated to counterpart agencies. These disseminations are made through the various information exchange arrangements FASU has established both domestically and internationally.

The IMD is FASU's point of contact for information exchange related to intelligence receipt and dissemination. The division is also responsible for developing risk assessments; strategic analysis reports; and typology reports in relation to money laundering and terrorist financing and proliferation financing risks.

The division collaborates with other divisions within FASU and the Bank of PNG to raise awareness on money laundering, terrorist financing and proliferation financing.

## **2.2 Supervision and Compliance Division**

The Supervision and Compliance Division's (SCD) primary role is to monitor and enforce compliance pursuant to sections 72(1)(b) and 72(2)(d)(e) of the Act.

The SCD applies a risk-based approach to undertake supervision activities based on the 2017 NRA findings. The usage of the Reporting Entities Risk Rating Tool also assist in implementing the risk based approach to supervision as well as intelligence led supervision provided by the IMD through internal dissemination to identify and target its off-site and onsite activities pursuant to section 85 of the Act.

The division collaborates with other divisions within FASU and the Bank of PNG to raise awareness on money laundering, terrorist financing and proliferation financing. The division also conducts onsite and offsite supervision as well as assist in developing risk assessments.

## **2.3 Policy Development and Coordination Division**

The Policy Development and Coordination Division's (PDCD) primary role is to give effect to the AML/CTF Act through the development and publication of Regulations; Compliance Rules and

Guidance Notes. The division is also responsible for the production of annual reports, operational reports, board reports, risk assessments and other reports required by management from time to time.

The division is also responsible for domestic and international cooperation through memorandum of understanding (MOU) development and assisting other partner agencies in developing their policies and procedures, coordinating the NCC and TWG meetings and agenda, coordinating with donors and partners' events and meetings to ensure the events are well managed successfully.

The implementation of the NSP is also critical for the NCC/TWG that is coordinated by the division. This year is PNGs Mutual Evaluation review and the division is heavily involved in coordinating all the activities related to the ME.

The division is also responsible for awareness to reporting entities, schools and public and collaborate with other divisions and NCC/TWG members to implement the national AML/CTF framework and strategy.

### 3. FUNCTIONS AND POWERS OF FASU

#### 3.1 Function of FASU that are set out in the Act

Section 72 of the Act provides for FASU's functions. 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 Act; and
- 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; and
- 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 the 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 the Act; and
- supervise financial institutions and DNFBPs and enforce compliance for the purpose of the Act; and
- co-ordinate with other regulatory authorities for the purpose of supervising financial institutions and DNFBPs in enforcing compliance with the obligations under the Act; and
- produce AML/CTF compliance rules to assist financial institutions and DNFBPs to comply with their obligations under the Act.

#### 3.2 Enforcement Powers of FASU

FASU has a range of enforcement powers that allow it to execute its duties. These include:

- The power to receive reports and request information from reporting entities under sections 79 and 81 (either as a one-off request or as a continuing obligation to keep FASU informed);
- The power to request information from other bodies under section 80;
- The power to conduct on-site inspections under sections 85 & 86;

- The power to conducted on-site inspections pursuant to a search warrant under section 87;
- The power to compel the production of documents and answers to questions during a warrant under section 93;
- The power to apply criminal penalties for a wide range of offences under the Act.

FASU may also do one or more of the following, where it has reasonable grounds to believe that a financial institution or DNFBP has failed to comply with an obligation under the Act:

- issue a formal warning under section 100;
- issue an infringement notice under section 101;
- accept an enforceable undertaking under section 102;
- seek a performance or restraining injunction under sections 104 and 105 respectively; and
- publish notices of non-compliance under section 106.

FASU does not conduct criminal investigations. Its role is to focus on the financial aspect of criminal conduct and report the matter to competent authorities to investigate. However, it does provide investigative support to competent authorities as and when required.

### 3.3 Offences and Penalties

Where there are reasonable grounds to believe that a financial institution or DNFBP has failed to comply with the Act, FASU has a range of civil and criminal enforcement options including criminal penalties for such offences.

**Table 1: Sectional references for offences and penalties relating to any compliance breach of the Act.**

Section	Offence	Penalty
14	Failure to comply with risk assessment, AML/CTF program and appointment of external auditor obligations	A fine not exceeding - (a) K500,000 or imprisonment for a term not exceeding five years or both for a natural person; or (b) K1,000,000 for a body corporate.
36	Failure to comply with due diligence requirements	A fine not exceeding - (a) K500,000 or imprisonment for a term not exceeding five years or both for a natural person; or (b) K1,000,000 for a body corporate.
37	Opening or operating anonymous accounts and accounts in false names	A fine not exceeding - (a) K500,000 or imprisonment for a term not exceeding five years or both for a natural person; or (b) K1,000,000 for a body corporate.
38	Establishing or continuing a business relationship involving a shell bank	A fine not exceeding - (a) K500,000 or imprisonment for a term not exceeding five years or both for a natural person; or (b) K1,000,000 for a body corporate.
39	Intentionally fail to make a threshold transaction report	A fine not exceeding - (a) K500,000 or imprisonment for a term not exceeding five years or both for a natural person; or (b) K1,000,000 for a body corporate.

40	Intentionally fail to make a report on assets of a designated person or entity -	A fine not exceeding - (a) K500,000 or imprisonment for a term not exceeding five years or both for a natural person; or (b) K1,000,000 for a body corporate.
41	Intentionally fail to make a suspicious matter report	A fine not exceeding - (a) K500,000 or imprisonment for a term not exceeding five years or both for a natural person; or (b) K1,000,000 for a body corporate.
41	Recklessly fail to make a suspicious matter report	A fine not exceeding - (a) K250,000 or imprisonment for a term not exceeding three years or both for a natural person; or (b) K500,000 for a body corporate.
42	Providing false or misleading report or information with respect to Division 2 obligations - furnish information which the person knows to be false or misleading	A fine not exceeding - (a) K500,000 or imprisonment for a term not exceeding five years or both for a natural person; or (b) K1,000,000 for a body corporate.
46	Structuring offence - conducts two or more transactions by whatever means that are equivalent to K20,000.00 or more; and conducts the transactions for the dominant purpose of ensuring, or attempting to ensure, that no report in relation to the transactions would need to be made under Section 39	A fine not exceeding - (a) K500,000 or imprisonment for a term not exceeding five years or both for a natural person; or (b) K1,000,000 for a body corporate.
51	Failure to comply with record keeping requirements - intentionally engage in conduct that contravenes a requirement of Division 4 of Part II of the Act	A fine not exceeding - (a) K500,000 or imprisonment for a term not exceeding five years or both for a natural person; or (b) K1,000,000 for a body corporate.
55	Failure to comply with requirements relating to foreign branches and majority-owned foreign subsidiaries	A fine not exceeding - (a) K500,000 or imprisonment for a term not exceeding five years or both for a natural person; or (b) K1,000,000 for a body corporate.
58	Failure to register with FASU	A person who fails to register with FASU under s.57 of the Act is guilty of a crime. A fine not exceeding K25,000 for a natural person or a fine not exceeding K50,000 for a body corporate.
59	Obligations on financial institutions and DNFBPS to disclose beneficial ownership information	A fine not exceeding - (a) K500,000 or imprisonment for a term not exceeding five years or both for a natural person; or (b) K1,000,000 for a body corporate.



84	Failure to comply with a request for documents or information	A fine not exceeding -(a) K250,000 or imprisonment for a term not exceeding three years or both for a natural person; or (b) K500,000 for a body corporate.
92	Offence of obstructing the execution of a warrant and tampering with or destroying records	A fine not exceeding - (a) K250,000 or imprisonment for a term not exceeding three years or both for a natural person; or (b) K500,000 for a body corporate.
93	Refusal to answer questions or produce records during the execution of a search warrant	A fine not exceeding - (a) K250,000 or imprisonment for a term not exceeding three years or both for a natural person; or (b) K500,000 for a body corporate.

Source: Anti-Money Laundering and Counter Terrorist Financing Act 2015

FASU continues to conduct awareness, training and education programs about the cost of non-compliance to assist and inform the financial institutions and DNFBPs to comply with their obligations under the Act.

## 4. AML/CTF INTELLIGENCE MANAGEMENT

FASU's role as an intelligence agency enables its capabilities to have access to a range of different tools and information to assist with gathering and processing of information. Financial intelligence is critical to FASU's role in the detection, disruption, and deterrence to assist in the prevention of money laundering (ML), terrorist financing (TF) and the evolving threat of proliferation financing (PF) of weapons of mass destruction (WMD). FASU continues to provide valuable financial intelligence to support the operations of domestic and international law enforcement agencies and competent authorities to assist with their investigations, prosecutions, and asset recovery efforts related to money laundering and other financially motivated crimes.

### 4.1 Collection and Gathering of Financial Intelligence

A core mandate of FASU pursuant Division 3, Sections 39 to 41 of the Act, is to receive financial transactional reports such as the SMR; TTR and IEFTR from reporting entities. This is consistent with the requirements of FATF Recommendations 20 and 29 relating to suspicious transactions and FIU respectively.

FASU also receives Cross Border Movements of Currency and Valuables (CMCV) Reports from PNG Customs Services, pursuant to section 14 of the *Proceeds of Crime (Amendment) Act 2015*.

FASU utilises these reports as well as consulting other open and close sources to gather information and compile intelligence to disseminate to LEAs and competent authorities. The intelligence generated internally are also used to share with the SCD to inform decision making process to commence onsite supervision activities or used to develop typologies that can be shared both internally and externally.

During the period 2021 to 2023, FASU received a total of 7,676 SMR reports from the reporting entities. Most of these reports were from the commercial banks. FASU received 486,627 IEFTRs, 5,852,998 TTRs and 4 CMCV reports. FASU's strategic analysis reports from 2022 to 2023 shows that there were significant flow of funds primarily through Agriculture, Forestry, Mining and Petroleum sectors while SMR reported largely around suspected crime type of 'misuse of public funds'. This is consistent with the top ML threats identified in PNG's ML/TF National Risk Assessment of 2017.

**Table 2 - Total number of Regulatory Reports received from 2021 to 2023**

Types of Reports				
	2021	2022	2023	Total
Suspicious Matter Report (SMR)	1,850	3,657	2,169	<b>7,676</b>
International Electronic Funds Transaction Report (IEFTR)	16,3001	165,598	158,028	<b>486,628</b>
Threshold Transaction Report (TTR)	1,724,334	1,904,681	2,223,983	<b>5,852,998</b>
Cross Border Movement of Currency & Valuables Report (CMCV)	-	-	4	<b>4</b>

FASU continues to work closely with reporting entities through awareness and information sessions to encourage quality SMR reporting and address general reporting related issues. This is evident in gradual improvements in reporting in the recent years.

Commercial banks consistently report the majority of the SMRs. However, due to more awareness and information sessions conducted by FASU to the reporting entities, DNFBPs are also reporting SMRs in recent years. FASU will continue to conduct more awareness and education sessions to the reporting entities focused on quality reporting.

FASU also receives other information, including 'human intelligence', which it assesses and where required, this information forms part of an intelligence product that is disseminates to LEA domestically and counterpart FIUs internationally where necessary. Whilst processing the information, FASU exercises its powers under sections 80 and 81 of the Act to request information from other bodies and reporting entities to gather additional information and process for dissemination.

## 4.2 International Exchange of Information and Intelligence

During the years 2021 to 2023, FASU disseminated a total of 16 spontaneous reports to foreign counterpart FIUs and received only 12 spontaneous dissemination from foreign counterpart FIU. FASU sent a total of 7 RFIs to foreign counterpart FIUs and received 16 RFIs from foreign counterpart FIUs during the 3 years period.

**Table 3: International information exchange with Counterpart FIU in 2023**

	2021	2022	2023	Total
<b>Intelligence Report sent to Counterparts FIUs</b>				
Spontaneous Dissemination to other FIUs	4	8	4	<b>16</b>
Spontaneous Dissemination received by FASU	6	5	1	<b>12</b>
<b>Request for Information</b>	-	-	-	<b>0</b>
Requests made by FASU to other FIUs	5	1	1	<b>7</b>
Requests received by FASU	8	3	5	<b>16</b>

*Source: Financial Analysis and Supervision Unit*

These receipts, and requests, were made through existing MOU arrangements and through the Egmont Secure Website (ESW). All requests to and from were attended to promptly. Despite challenges faced, FASU will continue to evolve and improve on facilitating and processing information requests

### 4.3 Domestic Exchange of Information and Intelligence

During the period 2021 to 2023, FASU disseminated 45 Intelligence Reports to law enforcement agencies. There were no reciprocated disseminations from the law enforcement agencies. FASU did not disseminate any raw bulk SMR<sup>2</sup> disseminations to law enforcement agencies during the year, however; continue to support law enforcement agencies with their investigations.

**Table 4: Domestic dissemination of Intelligence Report to LEAs from 2021 to 2023**

	2021	2022	2023	Total
<b>FASU Disseminations of Intelligence Reports sent to LEAs :</b>				
Royal Papua New Guinea Constabulary	3	8	9	<b>20</b>
Internal Revenue Commission	2	8	5	<b>15</b>
Ombudsman Commission - PNG	3	4	3	<b>10</b>

*Source: Financial Analysis and Supervision Unit*

During the last 3 years, FASU has made 87 RFIs to reporting entities, LEAs and other bodies pursuant to sections 80 and 81 of the Act. FASU made 82 requests to financial institutions, 3 requests to LEAs and to 2 requests to other state agencies. There were 35 RFIs received from law enforcement agencies during the last 3 years to assist with their investigations as shown below.

<sup>2</sup> The Bulk SMR dissemination refers to SMRs identified through the monthly Triaging process as those with good quality. These SMRs are bulked into one dissemination report and are expected to generate interest from LEA to further investigate as they contain sufficient evidence of the commission of an offence/crime.

Table 5: Request for information from Commercial Banks Law Enforcement Agencies from 2021 to 2023

Request for Information (RFI)	2021	2022	2023	Total
<b>Outward RFI:</b>				
Reporting entities	39	9	34	<b>82</b>
Law Enforcement Agencies	-	-	3	<b>3</b>
Other Bodies <sup>3</sup>	-	-	2	<b>2</b>
<b>Inward RFI</b>				
Law Enforcement Agencies and domestic partner agencies	9	7	19	<b>35</b>

Source: Financial Analysis and Supervision Unit

The information received were also used to devise FASU's regulatory approaches and intelligence sharing with LEA and foreign FIUs. The number of requests received by FASU from other domestic agencies demonstrates the value in which other agencies acknowledge FASU's contributions or input in assisting them carry out their investigations or other mandated functions.

Most of the requests for information received by FASU relates to investigations conducted by domestic LEA. FASU has gained recognition within PNG and the state agencies and the public are slowly becoming aware of its roles and functions as the central agency for financial intelligence.

#### 4.4 Strategic Analysis Reporting

FASU first published quarterly SARs in 2022. The SAR for the fourth quarter of 2022 (October-December 2022) and first quarter of 2023 (January - March 2023) was published concurrently in September 2023, whilst the SAR for the second quarter of 2023 (April - June 2023) has been published in December 2023.

The SAR is an analysis of all the data received from reporting entities to predict the possible trend of financial crimes occurring through the banking system in PNG. The SAR is a quarterly analysis of reports that will be disseminated to the law enforcement agencies and the Banks for the reporting period.

Although, FASU faces system challenges that impacts on the quality and timeliness of its reporting, it is undertaking necessary steps to improve its systems to be more effective in delivering its SAR, typology reports and Intelligence Products.

<sup>3</sup> Refer to any other government department, agency or authority of Papua New Guinea other than a regulatory authority or law enforcement agency.

## 5. AML/CTF SUPERVISION AND COMPLIANCE

The SCD supervises all financial institutions and DNFBPs<sup>4</sup> under the 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 money laundering terrorist financing and proliferation financing activities.

### 5.1 AML/CTF Supervision and Compliance Activities

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

The SCD conducts on-site inspections on FASU registered Reporting Entities using the powers provided under Part VI of the Act. SCD undertakes intelligence-led, risk-based supervision when planning and conducting on-site and offsite supervision activities. During the year, five onsite inspections were conducted on three (3) FIs and two (2) DNFBPs.

**Table 6: AML/CTF on-site supervision activities for 2023**

No.	DATE (MONTHS)	REPORTING ENTITY	ON-SITE INSPECTION TYPE
1	February 2023	ANZ Banking Group (PNG) Limited (ANZ PNG)	Intelligence-led, Targeted inspection on ECDD
2	August 2023	Golden Valley Enterprise (GVB)	Full scope onsite
3	August 2023	Mi-Do Gold Buyers Exporters Limited	Full scope onsite
4	September 2023	Digicel (PNG) Financial Services Limited (DFSL)'s Cell-Moni	Full scope onsite
5	September 2023	Post PNG Limited (Post PNG)'s Western Union	Full scope onsite

*Source: Financial Analysis and Supervision Unit*

The SCD continued with its off-site supervision activities during the year. These off-sites are conducted primarily through desktop reviews based on a range of information received during on-site inspections, open-source intelligence and requests for information under the Act. Some of these off-site activities includes responses between FASU and reporting entities after actual on-site inspections.

The offsite work on the review of AML/CTF programs and Risk Assessments (RAs) of selected reporting entities (REs) in 2022 that comprised of five (5) FIs and four (4) DNFBPs was completed in August 2023. Only one (1) DNFBP did not respond to FASU's assessment.

<sup>4</sup> The 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

## 5.2 Enforcement and compliance actions by FASU

In 2023, FASU issued “show cause” notices to two (2) reporting entities. FASU will determine the appropriate enforcement action as and when required under the Act after going through the responses from the two (2) reporting entities.

For the other registered REs, FASU continues to monitor the recommended actions that were detailed in onsite reports issued in the previous and current year.

## 5.3 Remedial actions taken by a reporting entities

In 2023, FASU continues to monitor the remedial actions undertaken by a reporting entity that has seen majority of the action items resolved since FASU took enforcement and regulatory action in 2021.

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

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

*Source: Financial Analysis and Supervision Unit*

## 5.4 Fit-and-Proper Assessments

The SCD supported the Bank of PNG’s Financial Systems Stability Group (FSSG) in conducting fit and proper assessments on candidates occupying AML/CTF roles or senior management positions pursuant to Section 60 of the Act.

FASU receive two (2) requests from FSSG to conduct fit and proper assessments during the year 2023.

## 6. POLICY DEVELOPMENT AND COORDINATION

### 6.1 Policy Development and Coordination

The primary role of the PDCD is the development of policies and rules that are necessary for implementing the Act. Other activities undertaken by the PDCD include the registration of reporting entities, coordinating National Coordinating Committee 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 Mutual Evaluation which is an essential component of ensuring effective implementation of FATF international standards in the country.

### 6.2 Development of Compliance Rules, Directives and Guidance

Compliance rules, directives and guidance are essential to 'fill in the gaps' in the Act and other relevant acts and to operationalise the functions of FASU. The pre-Mutual Evaluation review conducted in 2019 identified some deficiencies that may be addressed through the issuance of Compliance Rules or Guidance Notes.

The expansion of FASU's regulatory action has also identified a number of deficiencies that could be addressed through Compliance Rules or Guidance Notes. FASU did not issue new compliance rules or guidance during the year 2023.

### 6.3 Registration of Reporting Entities

**Table 8: Number of Financial Institutions and DNFBPs registered with FASU at 31 December 2023**

No.	Financial Institutions Categories	Tally	No.	DNFBP Categories	Tally
1.	Banks and Micro Banks	8	1.	Accounting Firms	28
2.	Finance Companies	14	2.	Dealers in Precious Stones/Metals	5
3.	Savings & Loan Societies	11	3.	Motor Vehicle Dealers	4
4.	Superannuation Sector	9	4.	Law firms*	75
5.	Securities Sector	7	5.	Real Estate*	26
6.	Money Changers	5			
7.	Life Insurance Sector	3			
8.	General Insurance Sector	26			
<b>TOTAL</b>		<b>83</b>	<b>TOTAL</b>		<b>138</b>

*Source: Financial Analysis and Supervision Unit*

Registration of reporting entities<sup>5</sup> under Section 57 of the Act is an ongoing process. Certificates were issued to those reporting entities that meet the definition of financial institution or DNFBP under the Act. As at 31 December 2023, 221 reporting entities were registered with FASU. These comprise of 83 Financial Institutions and 138 DNFBPs.

During the year, 19 additional reporting entities registered with FASU. This is attributed to the publication by FASU of the names of registered entities in the daily papers. There were three reprints requested due to change of business names during the year.

In addition to this, a number of entities were referred to FASU by other financial institutions to register pursuant to section 57 of the Act. Registering with FASU is by no means an indication that registered reporting entities are AML/CTF compliant. Registering with FASU is a recognition that a reporting entity is subject to, and required to comply with the AML/CTF obligations.

## 7. NATIONAL RISK ASSESSMENT ON AML/CTF

### 7.1 Risk Assessments

FATF Recommendation 1 requires countries to identify, assess and understand the money laundering and terrorist financing risks that the country faces, and take action to ensure those risks are addressed.

Understanding and assessing risks related to the proceeds of crime, money laundering (ML), terrorist financing (TF) and proliferation financing (PF) and developing risk-based and effective measures to mitigate those risks are important for creating a stable and safe environment that enables economic development and shared prosperity.

Understanding risks also enables countries or institutions to allocate the limited resources to areas that needed more focus to ensure the resources are well utilised to minimised the impact of ML/TF/PF related crimes within the country.

Since its inception, FASU has completed and published its first *National Risk Assessment* in 2017; and a sector risk assessment on *Terrorist Financing through Non-Profit Organisations PNG* in 2022. There are other sector risk assessments which are currently being developed by or in consultation with FASU and their status are outlined in the table below.

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<sup>5</sup> Reporting entities refers to FI and DNFBP that are defined in Section 5 of the AML/CTF Act



**Table 9: Types of Risk Assessments developed and published in 2023**

Risk Assessment	Scope	Status
VA/VASP Sector	Sector Risk Assessment on Money Laundering and Terrorist Financing Through VA/VASP in 2023	Published in August 2023
Forestry Sector	Money laundering associated with illegal logging	Pending review from PNG authorities
High-Risk Jurisdictions	Identification of high-risk jurisdictions as required by S26(1)(a) of the Act	In progress
Trade-based Money Laundering	Identification of methods of TBML that may be occurring within and through PNG	In progress

*Source: Financial Analysis and Supervision Unit*

## 7.2 Virtual Asset and Virtual Asset Service Providers Risk Assessment

FASU developed and published the sectoral risk assessment on virtual asset (VA) and virtual asset service providers (VASPs) in PNG in August 2023. The risk assessment has been published online and can be access using the link<sup>6</sup> provided which considers VA to be at medium risk in the absence of legal and regulatory framework covering VA and VASP.

## 8. NATIONAL COORDINATING COMMITTEE

### 8.1 National Coordinating Committee on AML/CTF

The establishment of the NCC is in line with FATF Recommendation 2 relating to national cooperation and coordination. In 2023, the NCC met on 6 occasions, which included the deferred TWG & NCC Meetings No.4/2022 and a special meeting to respond to PNG MER first draft.

The NCC continues to effectively coordinate PNG's AML/CTF activities at both the national and technical level. The NCC Secretariat comprising of officers from the BPNG and DJAG continues to provide secretariat support to the NCC and the TWG. This support encapsulates among other things, the following:

- a) *Managing the AML/CTF NCC and TWG meetings, trainings, workshops etc. calendar;*
- b) *Coordinating and providing trainings (internal and external) to the NCC members on aspects of AML/CTF;*

<sup>6</sup> <https://www.bankpng.gov.pg/wp-content/uploads/2023/09/PNG-Sector-Risk-Assessment-Money-Laundering-and-Terrorist-Financing-Through-Virtual-Assets-and-Virtual-Asset-Service-Providers-2023.pdf>

- c) Providing the necessary legal reform assistance to agencies on aspects of AML/CTF and other related issues;
- d) Carrying out legal reform pertaining to AML/CTF as and where necessary;
- e) Implementing the resolutions adopted at the TWG and NCC meetings tasked to the NCC Secretariat to perform;
- f) Overall co-ordination of NCC and TWG implementation of the FATF 40 Recommendations and 11 Immediate Outcomes

**Table 10: National Coordinating Committee Meetings in 2023**

	Date	Meeting	Venue	Sponsor(s)
1	2-3 February 2023	TWG & NCC Meetings No.4/2022	Loloata Island Resort, Central Province	BPNG/DJAG
2	9-10 March 2023	TWG & NCC Meetings No.1/2023	Adeeves Lodge, Buka, Autonomous Region of Bougainville	IPA and ISCA
3	8-9 June 2023	TWG & NCC Meetings No.2/2023	Highlander Hotel, Mt. Hagen	PNGCS and OIC
4	30 August - 1 September 2023	TWG & NCC Meetings No.3/2023	Loloata Island Resort, Central Province	NMSA
5	26 Sept 2023	Special NCC Breakfast Meeting	Lamana Hotel, Port Moresby	BPNG/DJAG
6	23-24 Nov 2023	TWG & NCC Meetings No.4/2023	APEC Haus, Port Moresby	BPNG/DJAG

*Source: NCC Secretariat*

**The 21 state agencies that form the National Coordinating Committee on AML/CTF are;**

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

The National AML/CTF Strategic Plan (NSP), a living document that is revised and updated every 5 years, guides the NCC agencies. The NSP 2017 – 2022 was reviewed and a revised NSP 2023 – 2027 was developed to guide the operations of the NCC and TWG into the next five years.

The revised NSP 2023 – 2027 was endorsed by the co-chairs and launched on 26 September 2023. All NCC and TWG members witnessed the launching event during a Special NCC Meeting at Lamana Hotel, Port Moresby.

The NSP 2023 – 2027 was presented to the Mutual Evaluation Assessment Team during the Mutual Evaluation Onsite from 02 – 13 October 2023.

## 9. INTERNATIONAL OBLIGATIONS

### 9.1 Mutual Evaluation Review

PNG is a member to the APG since 2008 and a prerequisite to its membership is the requirement for PNG to undergo Mutual Evaluation review. PNG's second round of Mutual Evaluation review begins on March 2023 and will conclude in September 2024 when the APG Plenary adopts the Mutual Evaluation Report.

PNG was first assessed in 2010 under the old FATF methodology based on technical compliance to FATF 40 + 9 Recommendations. This round of Mutual Evaluation review is under the new FATF methodology where PNG was assessed against FATF 40 Recommendation and 11 Immediate Outcome (IO) on effectiveness criteria.

FASU, Bank of Papua New Guinea was nominated by NCC to be the Mutual Evaluation Lead agency with the support of DJAG and all NCC agencies. FASU led the Mutual Evaluation initiatives and activities in 2023 and will continue in 2024 until the Mutual Evaluation Report is adopted in September 2024.

#### *Key Dates and Milestones in 2023*

PNG provided Technical Compliance update	11 April 2023
PNG provided response on effectiveness methodology	26 May 2023
First draft Technical Compliance annex sent to PNG	7 July 2023
Pre on-site visit (1 week)	7 - 11 August 2023
Second draft TC annex sent to PNG	30 August 2023
Mutual Evaluation On-site visit (2 weeks)	2 - 13 October 2023
First draft of MER sent to PNG	11 December 2023

FASU continued to engage with the NCC and TWG members in preparing all the agencies for the pre-onsite and onsite visits by the Assessment Team and the APG Secretariat Team. All the meetings were held at the APEC House, Port Moresby.

Heads of NCC Agencies and their TWG members attended the opening and closing meetings for the two visits. Chief Secretary, Ambassador Ivan Pomaleu attended the meetings with co-chairs to give the governments undertaking and commitment to the Mutual Evaluation process. The Assessment Team and the APG Secretariat accompanied by the NCC co-chairs also visited the Parliament and meet with the Prime Minister; Hon. James Marape and Treasurer, Hon. Ian Ling-Stuckey including other Members of Parliament during the pre-onsite visit.

## **9.2 Asia Pacific Group Reporting**

March 2023 to September 2024 has been earmarked for PNGs Mutual Evaluation review. APG Secretariat has been working closely with PNG through FASU as the ME Lead to progress PNGs ME in 2023.

PNG delegates attended the APG Plenary Meeting in Vancouver, Canada in July 2023 while preparing for its MER to be adopted in 2024. PNG delegates also attended the APG Assessors trainings in Tokyo, Japan and Ottawa, Canada in March and November 2023 respectively.

In order to maintain its membership status, PNG continues to pay its membership subscription fees and participate in the initiatives led by APG/FATF and other international bodies.

## **10. CO-OPERATION – DOMESTIC AND INTERNATIONAL**

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.

### **10.1 Domestic Co-operation**

FASU continued to participate in domestic engagements during 2023. Below are some of the domestic engagements, which also includes some of the international partners organising workshops domestically.

Table 11: 2023 Domestic Engagements in Training/Workshops/Conferences

Dates/Venues	Trainings/Workshops/Conferences
<b>16 - 18 Jan 2023</b>	Two (2) FASU officers attended the “Financial Network Analytics” training organized by the Payments Systems Oversight and Compliance Department of BPNG at Crown Residence, in Port Moresby
<b>27 Feb - 2 Mar 2023</b>	Two (2) FASU officers attended the “Foundation of Countering Proliferation Financing” training organized by the Department of Prime Minister & National Executive Council (NEC) on behalf of the UNODC. The training was held in Rapopo Plantation Resort, Kokopo, East New Britain Province.
<b>14 - 16 April 2023</b>	One (1) FASU Management Staff attended the “Leadership and Team Building Program” organised by the Banks Human Resource Department and facilitated by Concept PNG at Driftwood Hotel, Alotau. Other mid-level management of the Bank of PNG also attended the leadership program.
<b>25 - 27 April 2023.</b>	Two (2) FASU officers attended the “Indicator Framework Assessment on Wildlife Crimes” jointly organized by the UNODC and the Conservation and Environmental Protection Authority (CEPA). The training was held at the Airways Hotel, Port Moresby.
<b>26 - 27 April 2023</b>	Two (2) FASU officers attended the e-KYC Workshop organised by the Financial Systems Stability Group (FSSG), co-hosted by Reserve Bank of Australia (RBA), and did a presentation on “KYC/CDD relating to FATF standards and PNGs legislative framework and requirements” at the APEC House, Port Moresby.
<b>9 - 11 May 2023</b>	Two (2) FASU officers attended the Anti-Corruption Training workshop organised by UNODC held at 17 Mile Dixie’s Bungalows, Central Province. This training was a follow-on from the first phase conducted by UNODC in Lae, Morobe Province in August 2022.
<b>28 July 2023</b>	Thirteen (13) FASU officers attended the “Conscious Leadership” Workshop and Seminar organised by the Banks Human Resource Department at Hilton Hotel, Port Moresby.
<b>10 - 11 May 2023</b>	One (1) FASU officer attended the short business course on “Business Writing”, at the Institute of Banking & Business Management (IBBM), Port Moresby.
<b>10 - 11 June 2023</b>	One (1) FASU officer attended the workshop on “Corporate Governance, Financial Analysis for Directors Decision Making” organised by PNG Institute of Directors (PNGID) in Port Moresby.
<b>8 - 11 August 2023</b>	Four (4) FASU officers attended the Anti-Money Laundering training for the Judiciary organized by UNODC in cooperation with PNG Centre for Judicial Excellence. The training was held at Airways Hotel, Port Moresby.
<b>04 - 08 September 2023</b>	One (1) FASU officer attended the “Advanced Training on Whistle-blower” organised by UNODC held at Gateway Hotel, Port Moresby.
<b>11 - 13 September 2023</b>	Ten (10) FASU officers and Ten (10) FSSG/F&PG officers’ attended the ME Preparatory Workshop at Lamana Hotel, Port Moresby. The workshop was facilitated by two consultants funded by UNODC to prepare the NCC/TWG officers before the ME onsite.
<b>28 October - 13 November 2021</b>	FASU engaged an expert advisor on AML/CTF through UNODC to assist in mentoring seven (7) intelligence analysts to use the IBM i-base analytical tool in Port Moresby.

Source: Financial Analysis and Supervision Unit

FASU continues to meet with the NCC member agencies relating to the MOU on information sharing purposes to assist with proper dissemination of information. FASU met with the Department of Finance, Department of Treasury and the Department of Foreign Affairs during the months of March and April 2023 to progress discussions on signing MOUs. Due to the PNG ME, all MOUs were put on hold to focus on the ME.

## 10.2 International Co-operation

Training and international engagements in 2023 were attended virtually and in person. Below are some of the international engagements attended by FASU and sponsored or facilitated by international donor partners and regional counterparts during the year.

**Table 12: 2023 International Engagements in Trainings/Workshops/Conferences**

Dates/Location	Trainings/Workshops/Conferences	Facilitators	Mode of Delivery
<b>22 February 2023 FASU Conference Room</b>	Two (2) officers from FASU attended the Pacific Financial Intelligence Community (PFIC) quarterly update meeting.	PFIC	Virtual
<b>13 - 23 February 2023 Port Moresby</b>	Four (4) officers from the Solomon Island Financial Intelligence Unit (SIFIU) were seconded to FASU for the “Peer-to-Peer FIU Mentoring & Capacity Building” initiative. <i>(details in 10.3)</i>	UNDP	In Person
<b>9 - 10 May 2023 Singapore</b>	One (1) FASU officer attended the Law Enforcement Assistance Program (LEAP) “High Level Regional Meeting for the Asia Pacific Region”. The meeting was organized and sponsored by INTERPOL.	INTERPOL	In Person
<b>16 - 17 May 2023 Vienna, Austria</b>	Two (2) FASU officers attended the Workshop on “Anti-Money Laundering measures to reduce illegal deforestation for LEAP member countries” in Vienna. The workshop was organized by the UNODC who are co-sponsors with INTERPOL for the LEAP program.	UNODC/ INTERPOL	In Person
<b>30 May - 1 June 2023 Auckland, New Zealand</b>	Three (3) FASU officers attended the “AML/CTF Pacific Supervisors Forum” held from in Auckland, New Zealand. One (1) OIC officer also attended the workshop from the Insurance Sector.	APG / Pacific Islands Forum Secretariat	In Person
<b>27 - 29 June 2023 Suva, Fiji</b>	Two (2) FASU officers attended the “Counter-proliferation Finance Workshop for the Pacific Islands Region” conducted by the Pacific Northwest National Laboratory.	U.S. Department of State’s Bureau of International Security	In Person
<b>3 - 7 July 2023 Abu Dhabi, United Arab Emirates</b>	Three (3) FASU officers attended the Annual Egmont Plenary Meeting.	Egmont	In Person

<b>9 - 14 July 2023 Vancouver, Canada</b>	Three (3) FASU officers attended the APG Annual Plenary Meeting with Acting Governor.	APG	In Person
<b>05 - 08 September 2023 Nadi, Fiji</b>	Four (4) officers attended the “AML/CFT training on Financial Crime Investigations (Intermediate Course) within the framework of the Professional Development System” from. The training was organized and funded by UNODC under the existing TA program.	UNODC	In Person
<b>6 - 7 September 2023 Singapore</b>	One (1) FASU officer attended INTERPOL High level meeting on “Fight against corruption” with one representative each from ICAC and RPNGC.	INTERPOL	In Person
<b>14 - 16 November 2023 Singapore</b>	Two (2) FASU officers attended the INTERPOL Workshop on “Strengthening Cooperation between Law Enforcement and Financial Intelligence Units”.	INTERPOL	In Person
<b>15 - 17 November 2023 Rarotonga, Cook Islands</b>	Three (3) FASU officers attended the Second Annual Pacific Financial Intelligence Community (PFIC) Plenary Meeting.	AUSTRAC / PFIC	In Person
<b>27 November - 1 December 2023 New Delhi, India.</b>	Two (2) FASU officers and two Banking Department officers attended APG Annual Typologies and Capacity Building Workshop 2023; hosted by Department of Revenue, Ministry of Finance, and Government of India.	APG	In Person

*Source: Financial Analysis and Supervision Unit*

FASU continues to work with AUSTRAC and Australia’s DHA to work on improving the results from the pre-ME self-assessment exercise. FASU is also working closely with other donors and partners such as INTERPOL, UNODC and APG to progress the AML/CTF agenda during this reporting period.

### 10.3 Peer to Peer Mentoring and Capacity Building

Central Bank of Solomon Island (CBSI) reached out to BPNG’s FASU to provide mentoring and capacity building through peer-to-peer engagement to four of its officers within the Solomon Island Financial Intelligence Unit (SIFIU). The four officers were seconded to FASU from 13 – 23 February 2023 for the “Peer-to-Peer FIU Mentoring & Capacity Building” and scatters through the three divisions within FASU to work with the analysts and senior analysts for two weeks.

The program was sponsored by UNDP, which aims to promote regional cooperation, and for SIFIU to learn from FASU’s experience in areas of intelligence, supervision and compliance, and policy development and coordination. Two (2) officers were attached with the Intelligence Management Division (IMD), one officer with the Supervision and Compliance Division (SCD) and one was with Policy Development and Coordination Division (PDCD).

SIFIU is an independent function within the CBSI similar to FASU within the BPNG. The four officers were provided the necessary support and assistance required to improve their deliverables,

given that Solomon Islands has recently adopted their MER in 2019 and are required to improve some of the deficiencies in their report.

#### 10.4 Memorandum of Understanding (MOU)

Section 97 of the Act enables FASU to enter into agreements to share confidential information with foreign counterpart agencies. Section 80(2) of the Act also enables FASU to enter into agreements with a regulatory authority, law enforcement agency or any other government departments, agency or authority in Papua New Guinea with respect to information sharing and usage.

To strengthen international and domestic sharing of information arrangement with other international counter-part FIUs and the domestic state agencies, FASU has signed thirty (30) MOUs comprising of fifteen (15) international and fifteen (15) domestic. This work is in line with FATF Recommendation 2 in strengthening national and international coordination and cooperation. FASU is progressing three (3) domestic MOUs and one (1) international MOU in 2023. However, there were no domestic and international MOUs signed during the year since PNG was focused on delivering its Mutual Evaluation assessment.

FASU continues to share information through the Egmont Secure Web (ESW) given PNG's membership to the Egmont Group of FIU.

## 11. CAPACITY EXPANSION

FASU continued to engage with a range of stakeholders in relation to the expansion of FASU's operational capacity and capabilities. The AUSTRAC, DHA, UNODC, INTERPOL, US State Department, Egmont and APG continue to provide capacity-building programs to FASU and other line agencies in PNG in 2021. These capacity-building programs were hosted and attended virtually, in-person abroad or in-country.

### 11.1 Pacific Financial Intelligence Community

The Pacific Financial Intelligence Community (PFIC) initiative which was developed in 2020 by the founding members AUSTRAC, FASU, Fiji FIU and New Zealand FIU and attended virtual meetings quarterly continues to grow in membership.

BPNG/FASU successfully hosted the inaugural PFIC Plenary meeting at the APEC House, Port Moresby, Papua New Guinea from 16th – 17th November 2022. The second PFIC plenary was Co-chaired by Cook Islands FIU and AUSTRAC and hosted in Rarotonga, Cook Islands from 27 November to 1 December, 2023.

Some of the key takeaways from the PFIC Plenary Meeting in Rarotonga:

- Sharing of information and joint analysis proactively through multilateral intelligence projects with other PFIC members where it relates to money laundering as it is vital to combat money laundering in the region.
- The use of mobile money is increasing across the Pacific region and will likely continue to follow global trends and expand in terms of usage and value.



- Criminal use of mobile money services is likely to be predominantly domesticated and dominated by low-value-high-volume crimes.
- In the Pacific, financial intelligence are not effectively used by law enforcement agencies in money laundering investigations or to recover proceeds of crimes. Hence, encourage further information sharing between PFIC members by sharing lists of persons of interest, to the fullest extent possible under domestic laws and policy.

Heads of FIUs from other Pacific Island countries including Australia and New Zealand attended the meeting. FASU was represented by 3 officials during the meeting to enable more cooperation and collaboration with counterpart FIUs.

This meeting also provided the opportunity for PFIC members to share operational and strategic priorities, discuss opportunities and challenges, to build trust and strengthen operational collaboration, mutual support, capacity development and developing deeper understanding of evolving money laundering, terrorist financing and proliferation financing in the Pacific region.

The plenary agreed that AUSTRAC will be the permanent chair while the other co-chair will be rotating for other members to take turns in leading and hosting the PFIC. FASU was the first to host while Cook Islands FIU was nominated to host the second in Cook Islands. The third PFIC meeting will be Co-chaired again by Cook Islands and AUSTRAC and hosted in Brisbane, Australia in 2024.

## 11.2 Asia Pacific Group on Money Laundering

PNG Mutual Evaluation commenced in March 2023. During the year, APG Secretariat and the Assessment Team did two in-country visits. The first in-country visit was the pre-site visit for one week from 7 to 11 August 2023. The APG Secretariat and Assessment Team meet with the NCC and TWG members, reporting entities, civil societies and Government Officials including the Prime Minister and Treasury Minister.

The second in-country visit was the actual PNG Mutual Evaluation onsite visit by APG Secretariat and the Assessment Team from 02 – 13 October, 2023. FASU facilitated all the meetings with relevant stakeholders as required by the APG Secretariat and the Assessment Team for the two weeks.

Heads of NCC agencies and Co-chairs to NCC including all TWG officers attended the opening and closing of the two meetings with APG Secretariat and the Assessment Team.

PNGs Mutual Evaluation commence on March 2023 and the adoption of PNGs MER is expected in September 2024.

## 11.3 United Nations Office on Drug and Crime

The UNODC continues to provide technical assistance to PNG in combating money laundering through reduced deforestation and financial crime through illegal logging and wildlife crime. UNODC continues to work to provide technical assistance and capacity building programs under the LEAP program in partnership with INTERPOL. The technical assistance program is provided to PNG and coordinated through FASU and other law enforcement agencies within the country.

UNODC also provided the analytical notebook tool to FASU to assist improve the intelligence products for law enforcement agencies. In addition to the tool, UNODC also provided technical expert to train FASU officers to use the tool to improve their technical capabilities. FASU continue to benefit from the technical assistance and training provided by UNODC over the years.

UNODC also conducted training for Judges and Magistrates on AML/CTF from 8 – 11 August 2023 in Port Moresby, Papua New Guinea. A total of twenty-four (24) Magistrates and six (6) Judges of the Supreme and National Courts of PNG completed a four-day AML/CTF training which FASU also attends and did a presentation as the custodian of the AML/CTF Act. The training was organized by the PNG Centre for Judicial Excellence in collaboration with the United Nations Office on Drugs and Crime and supported by the Government of Norway through the Norway's International Climate and Forest Initiative (NICFI).

#### **11.4 INTERPOL**

International Criminal Police Organisation's (INTERPOL) continues to provide technical assistance and training to PNG relating to financial crimes in the forestry sector since 2017. FASU has full access to INTERPOL's information system (Database).

INTERPOL and UNODC officials under the LEAP program continue to provide mentoring to the FASU intelligence analysts on the usage of the IBM i2 iBase and Analyst Notebook and provides training and capacity building initiatives to strengthening cooperation between law enforcement agencies and FIUs within the region. The mentoring program is also extends to other domestic law enforcement agencies and competent authorities relating to financial flows in the forestry sector.

INTERPOL is also involved with other competent authorities the fight against corruption. These includes the ICAC and RPNGC. FASU also continues to be involved with INTERPOL and the partner agencies in combating corruption as well.

#### **11.5 Business Improvement Process (BIP) – Mutual Evaluation**

FASU initiates BIPs or activities to improve work processes. FASU's BIP 151 relates to Mutual Evaluation. FASU was endorsed by the NCC in its Meeting No.4/2022 at Loloata Island Resort dated 3 March 2023 to be the Lead Coordinating Agency for the Mutual Evaluation Review 2023/2024. As a Lead Coordinating Agency, FASU is leading and coordinating with 21 NCC Agencies, REs, Civil Societies, key Ministers including APG Secretariat and the Assessment Team to deliver PNG's ME until the Mutual Evaluation Report is tabled at the APG Plenary Meeting in September 2024. FASU efforts are targeted towards priority areas that will have consequential positive impact on the ratings of FATF 40 Recommendations and the 11 Immediate Outcomes.

Actions undertaken in preparation for the PNG's 2023 ME included:

- 24 – 26 March 2023, lockdown session with FASU and DJAG at Grand Papua Hotel, Port Moresby to collate responses for Technical Compliance to FATF 40 Recommendations;
- 11 April 2023, submission of Technical Compliance response to APG.
- 10 – 12 May 2023, conducted workshop of Immediate Outcomes to collate response to the FATF 11 Immediate
- Outcomes from the lockdown session at Holiday Inn Hotel, Port Moresby to continue collating responses to the IO from 12 – 14 May 2023

- ❑ Submission of the Immediate Outcome response to APG on 26 May 2023
- ❑ Pre-Onsite Visit from APG Secretariat and Assessors 7 - 11 August 2023
- ❑ Onsite visit from 2 - 13 October 2023

FASU staff ceiling is 45 with the approved increased in staff capacity under the approved BIP 151 on ME. FASU has advertised internally and recruited with 35 positions occupied. Additional 10 more positions will be advertised externally for the required skillset to complete the recruitment.

### 11.6 Viper/Taipan database

The automation of the file ingestion function of Taipan<sup>7</sup> database is complete now that the Payment Systems Department (PSD) has approved for FASU to use the Kina Automated Transaction System (KATS) test network link to test the file ingestion function. The acquisition and implementation of the Enterprise Version of the tools has been sought with AUSTRAC to be implemented in 2024.

These initiatives have been progressed by FASU to comply with the obligations under Section 77 of the Act, which requires FASU to maintain a database.

## 12. AWARENES AND EDUCATION PROGRAMS

### 12.1 AML/CTF Awareness and Education

FASU conducted an awareness and education on AML/CTF to the reporting entities, Provincial NCC members and the University of Papua New Guinea (UPNG) Buka Campus from 7 – 8 March 2023 prior to the TWG/NCC Meeting No.1/2023 in Buka, Autonomous Region of Bougainville (AROB). Awareness and education session to the public was done through the National Broadcasting Commission (NBC) Radio Talk Back program in Buka, AROB.

FASU conducted similar awareness and education sessions on AML/CTF to the REs, Provincial NCC members and the Mt Hagen Technical College from 7 – 8 June 2023 prior to the TWG/NCC Meeting in Mt Hagen, Western Highlands Province.

<sup>7</sup> Taipan and Viper are the names given to intelligence database developed and used by FASU analysts

## 13. HIGHLIGHTS IN BRIEF

### 13.1 Bank of Papua New Guinea Celebrating 50 Years Anniversary



*Caption: Acting Governor, Ms. Elizabeth Genia accepting the traditional Kina Shell from Sir Yano Belo during the 50<sup>th</sup> Anniversary Ceremony of the Bank of Papua New Guinea.*

The Bank of Papua New Guinea was established in 1973 before Papua New Guinea gained independence. Initially, the Reserve Bank of Australia was established to make key decisions on economic matters and our fledgling financial system before its establishment. It was a momentous occasion for the Bank as it steers its own course for the last 50 years. The Bank also launched its first long term strategy, BPNG Vision 2050, which is aligned with the Government’s overall Vision 2050, with the objective of “enabling a dynamic and competitive economy.”

FASU was established within the Bank for the 8 years and is operationally independent, however; administratively reports to the Governor and the Board. On this special occasion, FASU congratulates the Bank for this milestone achievement in reaching 50 years of service to the people of Papua New Guinea.

### 13.2 PNGs Mutual Evaluation Review Commencement and Onsites



*Caption: The APG Assessment Team taking a photo with the Treasurer, Hon. Ian Ling-Stuckey with two senior Ministers and the NCC Members after the meeting with the Prime Minister, Hon. James Marape at the Parliament House during the pre-onsite meeting.*

The Prime Minister of Papua New Guinea, Hon. James Marape met with the APG Assessment Team briefly during the Pre-Mutual Evaluation Onsite meeting at the Parliament House to confirm PNG Governments support to the Mutual Evaluation process.

The Treasurer also echoed the same support by the Government and shared his concerns regarding the unintended consequences of AML/CTF supervision and implementation that continues to affect the people of Papua New Guinea. The Ministers accompanied the Treasurer are Minister for Agriculture, Hon. Aiye Tambua and Vice Minister for Treasury, Hon. Solan Loifa.

The APG Assessment Team, Chief Secretary to Government, Ambassador Ivan Pomaleu, Co-chair (DJAG) and members of the NCC and TWG were also present during the meeting with the Prime Minister and Treasurer at the Parliament House.



*Caption: Chief Secretary Ambassador Ivan Pomaleu welcomes the APG Assessment Team on behalf of the Government of PNG flanked by the AML/CTF Co-chairs Ms. Elizabeth Genia (A/Governor, BPNG) and Dr. Eric Kwa (Secretary, DJAG) and Mr Wilson Onea (A/Director, FASU).*

The Chief Secretary to Government, Ambassador Ivan Pomaleu welcomes the APG Secretariat and the Assessment Team to Papua New Guinea on behalf of the Government of Papua New Guinea for the Mutual Evaluation Onsite. The Co-chairs for the NCC has also assured the Assessment Team of PNG's commitment and will continue to support the Assessment Team during the Mutual Evaluation period until the report is adopted in the Plenary in 2024.

Chief Secretary Pomaleu reiterated that the Government is serious about PNG's Mutual Evaluation review and his attendance to this occasion is to reaffirm the PNG Government's commitment to the APG's mutual evaluation process for PNG. PNG as a member country to APG and like all member countries take its international AML/CTF obligations seriously. As such, we look forward to receiving the final MER when it's adopted and will continue to ensure that PNG addresses any issues of concerns the report may highlight.

He also highlight that PNG is unique and diverse as you will appreciate during your evaluation and assessment. He strongly emphasis the need for the Assessment Team to consider PNG's risk and contexts as the report is developed before adoption and acknowledge the efforts of the co-chairs in leading the NCC and TWG member. He also acknowledge the NCC/TWG members who are committed through this process and wish everyone well through the discussions and engagements over the next 12 months.

### 13.3 Launching of the revised National AML/CTF Strategy 2023 - 2027



*Caption: Mr Wilson Onea, A/Director FASU (left) and NCC Co-chairs Ms. Elizabeth Genia (Center) and Dr. Eric Kwa (right) during the launching of the National AML/CTF Strategic Plan 2023 – 2027 at Lamana Hotel, Port Moresby.*

PNGs National AML/CTF Strategic Plan 2017 to 2022 ended 31 December 2022. The NCC endorsed the decision for a revised strategic plan for the next 5 years which was developed by the Secretariat in consultation with the NCC/TWG members.

The revised National AML/CTF Strategic Plan 2023 to 2027 was launched in September 2023 during a special NCC Breakfast Meeting at Lamana Hotel, Port Moresby. The strategic plan was launched by the CC Co-chairs and witnessed by the NCC and TWG members.

The strategy will be implemented until the adoption of the MER. Based on the results of the MER, the NCC will decide if the strategy has to be reviewed to accommodate the recommendations contained in the report for PNG to implement.

### 13.4 Secondment of Solomon Islands Financial Intelligence Unit to FASU



*Caption: Ms. Florence Dafanisi-Hiru, Senior Policy Analyst, SIFIU – Central Bank of Solomon Islands (CBSI) participating during the dedication service with the BPNG staff at APEC House, Port Moresby.*

FASU assists the Solomon Islands Financial Intelligence Unit (SIFIU) through mentoring and capacity building initiatives for four of its officers. The regional and national anti-corruption projects of UNDP Pacific Office supported the two-week Peer to Peer FIU Mentoring & Capacity Building for SIFIU staff to be attached to FASU from 13 to 24 February 2023.

This attachment has supported the spirit of promoting regional cooperation and the specific request by SIFIU to benefit from the experience of FASU on the issues of financial analysis and supervision. The substance of the attachment was subject of comprehensive peer-to-peer discussions between SIFIU and FASU at the margins of the Pacific Financial Intelligence Community (PFIC) Plenary in Papua New Guinea from 15 to 17 November 2022. This was followed up with consultations and request to UNDP Pacific Office to facilitate and support the peer-to-peer FIU Mentoring & Capacity Building for SIFIU to FASU.

The two-weeks Peer to Peer FIU Mentoring & Capacity Building program has been designed based on specific needs of SIFIU on areas of Intelligence Management and AML/CFT Compliance, Policy and Supervision. The knowledge exchanges and practical hands-on activities should ultimately lead to enhanced process improvements, more mutual collaboration opportunities between both FIUs and heightened knowledge expertise of the staff to add value to their deliverables.

As a shared objective, four SIFIU officers seconded to FASU are Mr Hilton Koti (Senior Analyst, Supervision and Compliance), Ms. Florence Hiru (Senior Analyst, Policy & Coordination), Mr Jeffery Mane'eke (Senior Analyst, Intelligence Management) and Mr Timothy Temapi (Analyst seconded by Royal Solomon Islands Police Force).



The primary objective of this Peer to Peer FIU Mentoring & Capacity Building program is to strengthen the capacity of the Solomon Islands Financial Intelligence Unit (FIU) in relation to enhancing the existing intelligence products of the FIU as well as building capacity of newly recruited and existing staff personnel within the Intelligence, policy, and supervision divisions.

Furthermore, the mission will be an opportunity for fostering knowledge exchanges between bilateral FIUs on areas of similar risk and considering development of joint strategic intelligence products. Moreover, based on the knowledge exchanges, it is envisaged that there will be enhanced process improvements for SIFIU including better case analysis, case management and improved capacity and capability for conducting AML/CFT compliance examinations.

## **14. ANALYSIS OF CURRENT MONEY LAUNDERING AND TERRORIST FINANCING TRENDS**

FASU is required under Section 75 (2) (c) of the Act, to include in the Annual Report, an analysis of current money laundering and terrorist financing 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 FASU 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 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**

#### **14.1.1 Domestic Money Laundering Trends**

The major sources of domestic proceeds continue to be corruption (rural electrification, road construction and health being the top three). The main methods of domestic laundering are cheques, (particularly government cheques, for committing offences against government departments and programs) and Electronic Funds Transfers. Cash, while it is used, does not feature in the most significant offences but rather in the later stages of offending, when distributions are being made.

Foreign-issued debit/credit cards – particularly those linked to companies registered in tax/secretary havens continues to be a method of concern for FASU. FASU continues to work with international FIUs and the issuers of those cards to address this methodology.

Trade-based money laundering - in the form of the movement, purchase, sale, gifting and /or movement of high-value goods such as motor vehicles - continues to be seen as a method of laundering. This is particularly the case in extractive industries, where commodities are moved offshore before being converted into money.

In 2006 the FATF identified trade-based money laundering as potentially the most significant money laundering method in the world. This was believed to be a direct result of the FATF recommendations requiring countries to apply AML processes on financial institutions and DNFBPs.

FASU has reason to believe that the movement, bartering and swapping of physical goods is now a key method of money laundering. Currently the FATF recommendations do not cover trade-based money laundering, or debit and credit cards, and very few countries gather data related to either.

#### **14.1.2 Corruption**

Corruption, in a wide range of forms, remains the most significant crime-type, generating hundreds of millions of Kina in illicit funds each year, which when laundered generates billions in laundered funds. Intelligence available to FASU indicates that corruption offending, and laundering of the proceeds of corrupt activities continue to be conducted in multiple ways.

Funds extracted from government departments and state-owned enterprises are obtained through a wide array of methods that circumvent financial controls. This is typically achieved through collusion between people with the ability to raise payments and those to whom the payments are made. In the most significant form of offending seen in recent years, the offender appears to be capable of authorising payments from a State-owned Enterprise to a company that they control.

Most payments of this type are made by domestic electronic fund transfers or cheques, with the funds then being disbursed by electronic fund transfers – typically very quickly after receipt. Cash is rarely used in the current environment.

#### **14.1.3 Extractive Industries**

Illegal logging continues to generate proceeds in jurisdictions where logging companies are domicile – not in Papua New Guinea.

As in previous years, intelligence shows that only a small fraction of the value of the illegally-obtained timber is ever returned to PNG. The vast majority of the illicit proceeds generated are kept offshore. This means that the proceeds of the offences are effectively outside of the reach for authorities in PNG, as well as remaining untaxed, and avoiding the payment of royalties.

Despite the legal requirement to repatriate profits, entities engaged in illegal logging use the PNG financial system to move only small amounts of money - 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 continue to be paid into accounts in the foreign employee's home country, from accounts held by the logging companies offshore.

FASU has continues to work with foreign law enforcement to identify the physical shipments, the insurance and registration of ships; the banks and banking channels used and the proceeds of illegal logging.

As with previous years, terrorist financing remains a low domestic risk. International trends however continue to show the swapping and bartering of commodities such as oil and gas, gold and in the process of financing terrorism.

According to the 2023 Global Terrorism Index Last, terrorism resulted in 6,701 deaths, across 42 countries. This number of deaths was 38% lower than at the peak in 2015<sup>8</sup>.

In the West, the number of attacks continues to fall, with successive falls each year since 2017. Forty attacks were recorded in 2022, a decrease of 27% when compared to the 55 attacks in 2021. However, the number of deaths more than doubled, rising from a low base of nine (9) people killed in 2021 to 19 people killed in 2022.

Ten of the deaths were caused by one attack in the US when a gunman killed civilians at a supermarket in Buffalo, New York.

The hub of terrorism is rapidly changing and moving towards countries facing political instability, conflict, and ecological degradation, particularly in the Sahel. Deaths from terrorism in the Sahel<sup>9</sup> increased by 7% and are now higher than South Asia and the Middle East and North Africa (MENA) combined. The area is also the most impacted region in the world, representing 43% of deaths from terrorism globally.<sup>10</sup>

Such small numbers of deaths from terrorism, coupled with the very small amounts of money required for a terrorist incident, and the avoidance of the financial system by terrorist financiers, make the prevention of terrorism through the prevention of terrorist financing exceptionally difficult.

From a domestic perspective, terrorist financing (if it does occur) might involve the export of goods to conflict zones. FASU's analysis of transactions shows very few links between PNG and the conflict zones.

Recent intelligence and research indicates that it is less likely to involve the use of domestic banks to remit funds to conflict areas. FASU's risk assessment on NPOs shows that most countries of the world, that have conducted risk assessments on NPOs, found that NPOs were not a high risk and that NPOs are not currently a significant method of terrorist financing.

The requirement for FASU to conduct risk assessments on NPOs - and conduct outreach to NPOs regardless of the level of general TF risk, or specific risk related to NPOs - is an artifact of the FATF 'hard-coding' terrorist financing through NPOs into its recommendation. Such actives should not be interpreted as being related to the level of TF risk around NPOs operating in PNG.

<sup>8</sup> <https://www.visionofhumanity.org/global-terrorism-index-2023-key-findings-in-5-charts/>

<sup>9</sup> Sahel is made up of: Burkina Faso, Cameroon, Chad, Gambia, Guinea, Mali, Mauritania, Niger, Nigeria

<sup>10</sup> <https://www.visionofhumanity.org/global-terrorism-index-2023-key-findings-in-5-charts/>

## APPENDIX A: Section 75 of the Act

### 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 collected 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.

## NOTES



BANK OF PAPUA NEW GUINEA

**2023 ANNUAL REPORT**  
FINANCIAL ANALYSIS AND SUPERVISION UNIT  
PAPUA NEW GUINEA'S FINANCIAL INTELLIGENCE UNIT (FIU)