

Address by
Hon'ble Dr. Yuba Raj Khatiwada, Finance Minister of the Government of Nepal
at the 21st APG Annual Meeting on AML/CFT during 21-27 July, 2018
Kathmandu, Nepal

Distinguished APG Co-Chairs, Executive Secretary and Officials, FATF Senior Officials and Distinguished Delegates, Governor of Nepal Rastra Bank, Secretaries of Government of Nepal, Members of Organizing Committee, Media representatives, Ladies and Gentlemen

A very good morning!

I am honored and privileged to speak this morning at the august gathering of senior delegates and experts traveling from different parts of the world to participate in the 21st Asia and Pacific Group (APG) Plenary Meetings being held in Kathmandu. I learned that participation in this Plenary is the largest ever. I would like to thank APG and you all for choosing Kathmandu as the venue for this meeting and wish you all a pleasant stay and successful sojourn. I expect this Plenary Meeting to provide us an opportunity to apply our wisdom, express our commitment and collectively resolve the global threat of money laundering and financing of terrorism.

We know that money laundering not only raises the threat of criminal activities, but also destabilizes investment climate and destroys business environment. It undercuts government revenues and diverts resources away from basic development to illegal and unsocial activities resulting in added cost for security, good governance and inclusive development. This might also pose an impediment in our efforts to achieve the '2030 Agenda' briefly known as the SDGs.

Distinguished delegates,

New industrial revolution with the massive application of digital technologies in finance, also known as fintech, have further raised the risk of money laundering. Digital money transfers, virtual mode of payments - also driven by crypto currencies and evolution of non-banking financing vendors have complicated the tracking of financial transactions. Real-time money transfers driven by new technology and

multi service institutions have made money laundering and potential use of such fund for criminal and illegal activities much easier than before. As this change of business calls for further intelligent and high tech approach of the regulatory institutions and the governments, meetings like this would help us to strategize our policies and actions to cope with such emerging challenges. Equally important would be capacity development of informers or reporters, investigators, prosecutors, judges, and enforcement agencies to reduce the risks related to AML/CFT. This is also because criminals engage in financial crimes utilizing complex and multi-layered activities, such as concealing, converting, disguising, evading or siphoning proceeds of crimes, to evade legal actions. These crimes bring about many ramifications over credibility and stability of both national and international financial systems.

Distinguished delegates and participants,

We are all aware that crimes of money laundering and financing of terrorism do not confine within the borders of one or two jurisdictions. In view of their trans-border flows, pervasive nature and use of advanced technology, prevention and control of these crimes call for robust global, regional, and national regimes with adequate legal and institutional mechanisms in place.

At global and regional levels, we find that mutual evaluations have increased while augmented trend of enhanced follow up and proper governance call for the APG's more effective role in the days to come. I am confident that this APG plenary will be able to chart out required solutions and their effective implementation through global and regional cooperation mechanism.

I understand that APG has been making significant efforts for the implementation of AML/CFT standards in the region. I recall my own involvement, during 2010-2015 as Governor of Nepal Rastra Bank, in the process of getting Nepal out of international monitoring on AML/CFT. I still have some fresh memories about how we were able to make a road-map for compliance and receive supports from APG as well as IMF and some friendly jurisdictions in this regard. On behalf of the government of Nepal, I thank all of them for their support which were of strategic and crucial value; and I hope to getting such support continuously in coming times as well.

Nepal has been pro-active in taking substantial efforts towards implementing the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) regime. The Government of Nepal has undertaken necessary legal, administrative and institutional measures for financial stability, economic transparency and protection of economy to maintain financial disciplines and control financial crimes. We have internalized AML/CFT regime as an integral part of our business operations, sustainable development and good governance. I am glad to mention that we have made comprehensive efforts for developing a functional AML/CFT regime in a relatively short period of time. A number of laws and regulations have been enacted; AML/CFT National Strategy and Action Plan has been implemented; structural and institutional setup has been built; and AML/CFT regulatory & supervisory regimes have been operationalized.

We have completed our 1st AML/CFT Self-Assessment. The outcomes of the assessment are being used for drafting 2nd national strategy. Our areas of work now focus on enhancing enforcement and effectiveness. In the second phase of reforms, we will complete revisions of all related laws, review and re-setup as well as strengthening of institutional arrangements with fully focused on implementation.

I call upon the international community to extend support to jurisdictions like ours in enhancing national institutional capacity for implementation of our common and national commitments. On behalf of the Government of Nepal, I take this opportunity to express my appreciation to all of you for your kind support to create enabling laws and to build national capacity to implement our commitments for complying with the global AML/CFT regime. We look forward to working together with international community in this regard.

Finally, I wish great success of the Plenary's deliberations. I also wish all the international participants a pleasant stay in Kathmandu and do hope that it will be memorable too.

I thank you for your kind attention!