



Financial Services Commission
Mauritius

***Speech of Ms. Clairette Ah-Hen, Chief Executive of the Financial Services Commission
at the presentation by Mr Stephen Platt on***

***The Criminal Vulnerabilities of International Financial Centres
21st November 2013***

Mr Marc Hein, Chairperson of FSC

Mr Dev Bikoo, Director FIU

Mr Stephen Platt and Mr Thomas Devlin of Stephen Platt Associates

Ladies and Gentleman,

Good afternoon.

Welcome to FSC House and thank you for accepting our invitation to this Presentation on the Criminal Vulnerabilities of IFCs by Mr Stephen Platt of Stephen Platt Associates.

The Mauritius Jurisdiction is not unknown to Stephen Platt and many of you have met Mr Stephen Platt ages ago or in the last few days.

We all support initiatives intended to combat money laundering and terrorist financing. The International FATF principles and our Code on the prevention of Money Laundering & Terrorist financing are valuable instruments to fight against these global crimes that have become a threat to sustainable economic growth. Since last year, we have renewed emphasis on the surveillance mechanisms for the GB sector. Our methodological approach for assessing compliance is made up of several parts (communicated to all during the off-site inspection of MCs) – having in place the procedures (technical compliance), the effectiveness assessment (producing expected results and outcomes) and AML/CFT risk management as an integral part.

The application of this specific AML/CFT-oriented approach, based on a risk matrix, requires the Commission to seek evidence of sound risk management and adequate control systems within the service provider itself.

It is to be expected that to respond to changes in the business and economic environment, this AML/CFT approach is periodically reviewed by the regulator and by each service provider.

Amendments to the Code, following new enactments and an Information Booklet for MC will be published before the end of the year.

Although the FATF standards are important, no less important is the value of the judgement by those responsible for AML/CFT. Thus, the risk-based approach requires special expertise on the nature of the business, regulatory and market issues as well as on elements such as corporate governance, relations with the community, and the economic, historical and cultural context. In addition, once you have detected transactions or customers showing high levels of risk, the necessary internal control measures must be taken without delay. At the Commission, where we find gaps in our capabilities or methodology, we are prepared to call on the services of experts.

While the AML policies and procedures must be based on local regulations and global best practices, the challenge is always the same:- *to ensure that those actions designed to combat and prevent crimes, in addition to being well designed, are also effective.* Regulation, control or the gathering of information - which is applied without understanding - is counterproductive. The Commission does not want its licensees to see the current AML requirements as an acceptable burden, but wants the licensees to work with all regulators and law enforcement to make the AML CFT system in Mauritius work more effectively.

For the Commission, an effective policy is one which can thoroughly be tested over the course of time, such that it become endogenous to the financial services community as a result of collective decisions and participation. Such a collective decision-making process and policies designed and implemented by “conviction” rather than by “obligation” or “necessity” significantly improve their odds for success.

To sum up, only with a responsible and realistic contribution of regulators and operators in the financial services sector, will we succeed in sustaining the reputation of Mauritius as a sound and well regulated Jurisdiction.

AML CFT is not a fad, not just a code, not just compliance. It is our safeguard, the backbone of the reputation risk management of our jurisdiction.

I wish you a successful session and thank you all for your attention and for being here with us.

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