

Mutual Evaluation Report, ICRG and Risks

Date: 29 March 2022

Naypyitaw

Mutual Evaluation Report & Follow Up Report (Myanmar)

Recommendations	Rating			
	2018	2019	2020	2021
1 - Assessing risks & applying a risk-based approach	PC	↑LC		
2 - National cooperation and coordination	LC			
3 - Money laundering offence	C			
4 - Confiscation and provisional measures	LC			
5- Terrorist financing offence	LC			
6- Targeted financial sanctions related to terrorism and terrorist financing	LC			
7- Targeted financial sanctions related to proliferation	NC			
8- Non-profit organizations	PC			

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Mutual Evaluation Report & Follow Up Report (Myanmar)

Recommendations	Rating			
	2018	2019	2020	2021
9 – Financial institution secrecy laws	C			
10 – Customer due diligence	PC		↑ LC	
11 – Record keeping	C			
12– Politically exposed persons	PC		↑ LC	
13– Correspondent banking	PC		↑ LC	
14– Money or value transfer services	NC		↑ PC	
15– New technologies	LC		↓ PC	
16– Wire transfers	LC			
17– Reliance on third parties	C			

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Mutual Evaluation Report & Follow Up Report (Myanmar)

Recommendations	Rating			
	2018	2019	2020	2021
18 –Internal controls and foreign branches and subsidiaries	C	↓LC		
19 – Higher-risk countries	NC	↑PC	PC	↑C
20 – Reporting of suspicious transactions	C			
21– Tipping-off and confidentiality	LC			
22– DNFBPs: Customer due diligence	PC			↑LC
23– DNFBPs: Other measures	PC			↑LC
24– Transparency and beneficial ownership of legal persons	NC		↑PC	
25– Transparency and beneficial ownership of legal arrangements	NC			

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Mutual Evaluation Report & Follow Up Report (Myanmar)

Recommendations	Rating			
	2018	2019	2020	2021
26 –Regulation and supervision of financial institutions	PC			
27 – Powers of supervisors	C			
28 – Regulation and supervision of DNFBPs	NC			
29– Financial intelligence units	PC			
30– Responsibilities of law enforcement and investigative authorities	LC			
31– Powers of law enforcement and investigative authorities	LC			
32– Cash couriers	PC			
33– Statistics	PC			

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Mutual Evaluation Report & Follow Up Report (Myanmar)

Recommendations	Rating			
	2018	2019	2020	2021
34 –Guidance and feedback	PC			
35 – Sanctions	PC			
36 – International instruments	PC			
37– Mutual legal assistance	PC			
38– Mutual legal assistance: freezing and confiscation	PC			
39– Extradition	PC			
40– Other forms of international cooperation	LC			

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Mutual Evaluation Report & Follow Up Report (Myanmar)

Rating				Year	Sector	Rating			
C	LC	PC	NC			C	LC	PC	NC
7	10	17	6	2018	All	-	3	3	-
6	12	17	5	2019	Legal	1	3	5	2
6	14	17	3	2020	Financial	5	7	4	1
7	16	14	3	2021	FIU/LEAs	1	3	2	-

Criteria –Enhanced Follow-Up: it has eight or more NC/PC ratings for technical compliance, or it is rated NC/PC on any one or more of R.3, 5, 10, 11 and 20, or it has a low or moderate level of effectiveness for seven or more of the 11 effectiveness outcomes (IOs), or it has a low level of effectiveness for four or more of the 11 effectiveness outcomes.

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Mutual Evaluation Report & Follow Up Report (Myanmar)

Immediate Outcome	Rating
IO. 1 Risk, policy and coordination	Low
IO. 2 International Cooperation	Low
I.O 3 Supervision	Low
I.O 4 Preventive measures	Low
I.O 5 Legal persons and arrangements	Low
I.O 6 Financial intelligence	Moderate
I.O 7 ML investigation & prosecution	Low
I.O 8 Confiscation	Low

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Mutual Evaluation Report & Follow Up Report (Myanmar)

Immediate Outcome	Rating
IO. 9 TF investigation & prosecution	Low
IO. 10 TF preventive measures & financial sanctions	Low
I.O 11 PF financial sanctions	Low

Criteria –International Cooperation Review Group– ICRG: The MER has 20 or more NC/PC ratings for technical compliance; or The MER has NC/PC on 3 or more for technical compliance of the following Recommendations: R.3, 5, 6, 10, 11, and 20; or MER has a low or moderate effectiveness ratings for 9 or more of the 11 Immediate Outcomes (a minimum of two low level ratings); or The MER has a low level of effectiveness for 6 or more of the 11 Immediate Outcomes.

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International Cooperation Review Group–ICRG Process

- ✓ Post Observation Period
 - ❖ If a jurisdiction meets the referral and prioritization criteria, a 12 month observation period commences from the date of the FATF plenary that follows APG adoption of the report (typically October)
- ✓ The 12 months provide an opportunity to remedy shortcomings identified in the MER
 - ❖ Progress on technical compliance equivalent to LC and demonstrated progress towards effectiveness (tangible and positive impacts)

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Joint Group–JG

- ✓ The actual work of the reviews is done by regional groups now known as Joint Groups (JG).
- ✓ As with the previous RRGs, there are four joint groups globally
- ✓ The Asia/Pacific Joint Group (AP–JG) covers the APG region
- ✓ The JG’s work at the end of the Observation Period is governed by the ICRG Procedures and the ICRG JG Guidelines (adopted in June 2017)
- ✓ The JG prepares a Post–Observation Period Report (POPR) which considers progress since the MER was adopted and covers TC and effectiveness
- ✓ Technical Compliance – the JG considers:
 - ❖ ME follow up results (plenary endorsed) + JG’s own TC review

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Joint Group–JG

- ✓ Effectiveness (for each IO rated low or moderate) – the JG considers:
 - ❖ Whether the country has demonstrated ‘progress towards effectiveness’
 - the key recommended actions for all IOs rated low/moderate;
 - whether recommended actions have or have not been addressed;
 - Other indicators that reforms or efforts initiated in the observation period have had a ‘tangible and positive effect on effectiveness’
- ✓ Post Observation Period Report including TC Report (Nov,2019)
- ✓ Face to Face Meeting (Asia Pacific Joint Group) Jan 2020

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Jurisdictions under Increased Monitoring – 21 February 2020

Myanmar

- ✓ In February 2020, Myanmar made a high-level political commitment to work with the FATF and APG to strengthen the effectiveness of its AML/CFT regime.
- ✓ Since the completion of its MER in September 2018, Myanmar has proactively made progress on a number of its MER recommended actions to improve technical compliance and effectiveness, including by introducing various legislative measures and establishing a regulatory framework for the registration of hundi operators.
- ✓ Myanmar will work to implement its action plan, including by:
 - ❖ (1) demonstrating an improved understanding of ML risks in key areas;
 - ❖ (2) ~~ensuring the supervisory body for DNFbps is sufficiently resourced,~~ onsite/offsite inspections are risk-based, and hundi operators are registered and supervised;

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Jurisdictions under Increased Monitoring – 21 February 2020

- ✓ Myanmar will work to implement its action plan, including by:
 - ❖ (3) demonstrating enhances in the use of financial intelligence in LEA investigations, and increasing operational analysis and disseminations by the FIU;
 - ❖ (4) ensuring that ML is investigated/prosecuted in line with risks;
 - ❖ (5) demonstrating investigation of transnational ML cases with international cooperation
 - ❖ (6) demonstrating an increase in the freezing/seizing and confiscation of criminal proceeds, instrumentalities, and/or property of equivalent value;
 - ❖ (7) managing seized assets to preserve the value of seized goods until confiscation; and
 - ❖ (8) demonstrating implementation of TFS related to PF, ~~including training on PF sanctions evasion.~~

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Action Plan: Myanmar (2020 February)

		DEADLINE
IO 1	Demonstrate an improved understanding of ML risks, based on evidence, related to: <ul style="list-style-type: none"> - Drug trafficking - Corruption (including PEPs) - Cross-border smuggling and the vulnerability of the porous border regions - Legal persons 	January 2021
IO 3	Ensure the supervisory body for DNFBS is sufficiently resourced	January 2021
	Prioritise onsite and offsite inspections to gem, gold dealers and real estate sectors on a risk basis.	May 2021

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Action Plan: Myanmar (2020 February)

		DEADLINE
IO 3	Ensure that CBM supervision includes high-risk thematic areas (including CDD, PEPs, high-risk geographic areas, STRs, etc.), particularly for medium-sized banks.	January 2021
	Demonstrate the implementation of the regulations related to hundi/hawala providers, including outreach, registration and supervision.	May 2021
IO 6	Demonstrate improved international cooperation and information sharing with international counterparts by MFIU, in line with the high-risk crimes.	May 2021
	Demonstrate enhanced integration of financial intelligence into the investigations conducted by LEAs.	October 2021

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Action Plan: Myanmar (2020 February)

		DEADLINE
IO 6	Demonstrate increased operational analysis and proactive disseminations by the MFIU, in line with risks.	October 2021
IO 7	Ensure that ML is being investigated and prosecuted in parallel with predicate offences, and in line with risk.	October 2021
	Support investigation of transnational ML cases with both formal and informal international cooperation	October 2021
IO 8	In line with risks, demonstrate an increase in the freezing/ seizing and confiscation of criminal proceeds, instrumentalities, and/or property of equivalent value, as appropriate.	October 2021
	Develop a comprehensive mechanism and dedicate resources to manage seized assets to preserve the value of seized goods until confiscation.	May 2021

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Action Plan: Myanmar (2020 February)

		DEADLINE
IO 10/ 11	Demonstrate that implementation of TFS is occurring [in line with Myanmar's risk profile] including by:	January 2021
	Ensuring that reporting entities are notified of updates to TF/PF sanctions lists	
	Providing training to competent authorities on implementing PF TFS and sanctions evasion	May 2021
	Conducting awareness raising campaigns to inform reporting entities of their obligations related to PF TFS, and supervising them for compliance with PF TFS obligations.	May 2021

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Jurisdictions under Increased Monitoring – March 2022

Jurisdictions with strategic deficiencies	Jurisdiction no longer subject to increased monitoring
Albania	Zimbabwe
Barbados	
Burkina Faso	
Cambodia	
Cayman Islands	
Haiti	
Jamaica	
Jordan	
Mali	
Malta	
Morocco	
Myanmar	
Nicaragua	
Pakistan	
Panama	
Philippines	
Senegal	
South Sudan	
Syria	
Turkey	
Uganda	
United Arab Emirates	
Yemen	

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Jurisdictions under Increased Monitoring – March 2022

Myanmar

- ✓ In February 2020, Myanmar made a high-level political commitment to work with the FATF and APG to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies.
- ✓ Myanmar has taken some steps toward improving its AML/CFT regime, specifically training on proliferation financing targeted financial sanctions, but the progress has been limited.
- ✓ Myanmar should continue to work on implementing its action plan to address its strategic deficiencies, including by:
 - ❖ (1) demonstrating an improved understanding of ML risks in key areas;
 - ❖ (2) demonstrating that onsite/offsite inspections are risk-based, and hundi operators are registered and supervised;

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Jurisdictions under Increased Monitoring – March 2022

Myanmar

- ❖ (3) demonstrating enhanced use of financial intelligence in LEA investigations, and increasing operational analysis and disseminations by the FIU;
- ❖ (4) ensuring that ML is investigated/prosecuted in line with risks;
- ❖ (5) demonstrating investigation of transnational ML cases with international cooperation;
- ❖ (6) demonstrating an increase in the freezing/seizing and confiscation of criminal proceeds, instrumentalities, and/or property of equivalent value;
- ❖ (7) managing seized assets to preserve the value of seized goods until confiscation; and
- ❖ (8) demonstrating implementation of targeted financial sanctions related to PF.

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Jurisdictions under Increased Monitoring – March 2022

Myanmar

- ✓ The FATF expresses concern with Myanmar's limited progress with all deadlines having expired, and significant work remaining on the majority of its action plan including fundamental deficiencies that need to be addressed with respect to ML investigations and prosecutions and asset confiscation.
- ✓ The FATF again strongly urges Myanmar to swiftly complete its action plan by June 2022 or the FATF will decide the next steps for advising its members and jurisdictions on the AML/CFT concerns in Myanmar.

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Progress Report & Face to Face Meeting

✓ First Report	November 2020	15 Action Plan Items
❖ Face to Face	January 2021	
✓ Second Report	March 2021	13 Action Plan Items
❖ Face to Face	May 2021	
✓ Third Report	July 2021	13 Action Plan Items
❖ Face to Face	September 2021	
✓ Forth Report	November 2021	12 Action Plan Items
❖ Face to Face	January 2022	
✓ Fifth Report	4 April 2022	11 Action Plan Items
❖ Face to Face	3-6 May 2022	

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ML risk (New Findings)

- ✓ **Abuse of Legal Persons** (When the company was investigated by the investigators, the perpetrators used to operate their businesses by using the name of the companies or organizations other than individuals and the registered company address which was described on the DICA's webpage was not actually found on the ground.
- ✓ **Abuse of Mobile SIM cards** (The perpetrators communicate each other by using mobile phones and make transactions through mobile banking. However, the registered name of this SIM card and the perpetrators are different when the owner of the telephone number was scrutinized.

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ML risk (New Findings)

- ✓ Abuse of Motor Vehicles (The offenders use unregistered vehicles. The registration name and the current user are not the same although the offender used licensed vehicles. In the meantime, the same thing applies in the real estate sector as beneficial owner and the name described registration are also different.)
- ✓ Use of fake Identification Cards; Use of more than one ID card by a single person.
- ✓ Using Money Mule (The offenders organized the poor persons and opened the bank accounts by using their ID and access their accounts. Illegal remittance services are also easy to use. In border areas, it is easy to open bank accounts in neighbouring countries.

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ML risk (New Findings)

- ✓ Asset Management System (There is no sound Asset management system for seized evidences such as cattle, items that are not easy to move and difficult to maintain and item that could be depredated.)
- ✓ Limitation of Legal Provision (There is limitation in legal provision to submit again the information and evidence which were obtained after the prosecution.)
- ✓ Control delivery (There is limitation by the law and lack of resources to carry out control delivery to identify the links or chains.)
- ✓ Border (The offenders are easy to open bank accounts in neighbour countries.)
- ✓ Lack of knowledge (Financial investigation cannot be conducted in parallel while the predicate offences are investigating.)

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ML risk (New Findings)

- ✓ **Opening Foreign Account** (It is easy to transfer or keep money and properties obtained by illegal means including committing Corruption Offences due to lack of enforcement on legal provisions to declare the account information opened in abroad of public official, government official and their dependants.)
- ✓ **Disclosure foreign assets** (There is no responsibility to declare the information of real estate which owned by their dependents in abroad.)
- ✓ **Gift Procedure** (There are no restrictions on the cost of building real estate provide by someone for a civil servant.)
- ✓ **Cash-Based system** (As the gold and gems can be bought easily in cash, the criminals can store easily them which was obtained by proceed of crime.)

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ML risk (New Findings)

- ✓ **Lack of resources** (To carry out financial investigation and financial analysis.)
- ✓ **Information Exchange System** (There are limitations in information exchange and awareness as government departments and organizations have no secure webpages.)
- ✓ **Centralized Data based System** (Lack of integrated systems although there is Database system in government departments and organizations.)
- ✓ **Case Management System** (Requiring record keeping or computerized record keeping systematically in information exchange of domestic and foreign, intelligence, investigation, prosecution, sentencing, seizing and confiscation in government departments and organizations.)

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ML risk (New Findings)

- ✓ **Awareness raising** (With regard to high-risk criminal cases, publishing the reports of more complement typologies and need to give wider awareness to the public.)
- ✓ **International Cooperation** (Requiring the requests of information to the international counterparts with regards to the nature of transnational organized crimes.)

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Questions & Answers

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Our Vision



**Together we can combat ML and serious crime:
Taking the money out of crime and terrorism:
“Follow The Money”**