



## External Relations Department

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### **Governor State Bank inaugurates conference on AML/CFT & trade-based money laundering**

While inaugurating the conference on Anti-Money Laundering (AML)/ Combating Financing of Terrorism (CFT) and Trade-Based Money Laundering (TBML), Dr. Reza Baqir, Governor State Bank stated that significant progress has been made between May and September 2019 to meet the action plan items set by Financial Action Task Force (FATF) in different areas to demonstrate effectiveness of AML / CFT regime of Pakistan. "There was a major rethink of the approach being taken by the authorities in early to mid 2019. Consequently, a number of steps were taken to significantly strengthen our approach to making progress on these issues," the Governor said. He however, stressed for the need of putting more effort to make progress on remaining areas to ensure that Pakistan is out of grey list in the next meeting of FATF.

He was speaking to the conference conducted by SBP and Asian Development Bank today at SBP, Karachi in a collaborative effort to mitigate the risks of money laundering and financing of terrorism.

Speaking at the conference, the Governor informed the audience that since the grey-listing, State Bank has arranged many AML/CFT outreach and awareness programs for its regulated entities and stakeholders and that the conference is a useful platform to understand the AML/CFT challenges being faced globally and the best practices followed in mitigating such challenges.

In the context of implementing AML/CFT requirements, the Governor urged the financial sector to make efficient use of technologies for assessment of risks, controls and ongoing monitoring of financial transactions and enhance capacity by continuous training of their employees.

Dr. Baqir emphasized that trade based money laundering poses complex and sophisticated challenges and that SBP inspection teams conducted thematic inspections of banks with respect to export and import of specific goods. He also referred to State Bank's framework for managing risks of trade based money laundering and terrorist financing which has been issued to encourage authorized dealers (banks) to effectively manage the trade based money laundering and terrorist financing risks.

Ms. Xiohang Yang, Country Director ADB, and Mr. Mohsin Ali Nathani, President & CEO HABIBMETRO Bank also spoke on the occasion. Ms. Yang stated that 'AML/CFT is a critical issue for trade finance, which is why ADB's Trade Finance Program is playing an increasing role in this space. She stated that ADB has a strong commitment to work with Pakistan's banking sector and the SBP on this issue.

Ms. Yang further stated that the FATF has identified enhanced capacity building/training in AML/CFT as an immediate priority requirement and they are pleased to partner with the SBP and thankful to HABIBMETRO Bank for organizing the same.

Mr. Mohsin Ali Nathani, President & CEO HABIBMETRO Bank while addressing the conference added, 'Enhancement of AML & CFT efforts through increased awareness and strengthened systems, controls and processes is imperative for our country and the banking sector. HABIBMETRO Bank is pleased to organize this conference and bring together relevant stakeholders from the region, regulator and banking sector to re-affirm our collective commitment to mitigating the risks of Money Laundering and Terrorism Financing.'

During the conference several prominent speakers and panelists discussed the requisites and obligations with regard to AML and CFT, including Terrorism Financing Risk Assessments, Transnational Risks in Trade Based Money Laundering (TBML), risks posed by DNFBPs & NPOs and Ultimate Beneficial



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Ownership. The conference also included a detailed discussion on the impact of Trade Based Money Laundering and the repercussions of the same for the banking sector especially in the context of grey listing.

The conference was organized by HABIBMETRO Bank and attended by the Deputy Governor State Bank of Pakistan, Country Head Asian Development Bank and international experts in the field of AML/ CFT and trade from the United States, Australia and UAE. Participants included CEOs and senior management of Banks, DFIs, Microfinance Banks and Exchange Companies and representatives from the SBP, Financial Monitoring Unit (FMU) and Securities & Exchange Commission of Pakistan (SECP).

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