

## Section II: Fund's engagement on AML/CFT issues

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The Fund's engagement on AML/CFT issues including across different workstreams (i.e., surveillance, financing programs, financial sector assessment programs, assessments, capacity development) is appropriate in addressing the financial integrity risks and provides tailored advice to members in all relevant workstreams.

**\*4. The work of the IMF on AML/CFT is guided by the [Review of the Fund's Strategy on AML/CFT](#) adopted in November 2018 and the [Press Release of February 2019](#).(\*Required)**

	Choice
<input type="radio"/>	Strongly agree
<input checked="" type="radio"/>	Agree
<input type="radio"/>	Neither agree nor disagree
<input type="radio"/>	Disagree
<input type="radio"/>	Strongly disagree
<input type="radio"/>	Do not know

**\*5. The Fund's direction in addressing financial integrity issues in Article IV consultations and Fund-supported programs is suitable and evenhanded (i.e., affording similar treatment to members in)(\*Required)**

	Choice
<input type="radio"/>	Strongly agree
<input checked="" type="radio"/>	Agree
<input type="radio"/>	Neither agree nor disagree
<input type="radio"/>	Disagree
<input type="radio"/>	Strongly disagree
<input type="radio"/>	Do not know

**6. Please add any comments you deem relevant on the questions above.**

The IMF regularly covers AML/CFT as part of its surveillance policy advice, FSAP recommendations, and to a lesser extent through coverage in lending conditionality. Going forward, it should sustain and deepen the coverage of these issues in Article IVs and FSAPs especially for international financial centers. It is welcoming to see Art. IV and FSAP reports focusing on more transparency and stronger AML measures in major financial centres such as the US and the UK. That coverage should be sustained and deepened. Reviews and follow-up should be openly maintained annually until they attain acceptable transparency levels, given that substantial amounts of illegal proceeds continue to be laundered in those jurisdictions, and corporations and gatekeepers continue to be extensively misused (including because of weak or lacking beneficial ownership transparency).

The IMF should also do more to communicate its work and impact of AML reform on the health of the financial sector and broader economy. Similar to the governance review or the ratings published as open data by the FATF, the IMF should build a database - accessible to civil society organisations - where surveillance policy advice and FSAP recommendations could easily be analysed to monitor compliance by countries.

Beyond Art. IV, FSAPs or programs, an important factor that made the IMF relevant for AML were the commitment letters to public beneficial ownership for procurement related to Covid-19 financing and other contracts, and beneficial ownership in real estate. This is a good example where the IMF went beyond the existing FATF standard, leading to its amendment. A similar approach should be followed in other areas such as the analysis of financial flows (including vulnerability to illicit financial flows), publication of beneficial owners of trusts as well as in high-risk sectors, and AML/CFT risk-based supervision of financial institutions and gatekeepers.

**\*7. The Fund positively contributes to the global AML/CFT agenda by participating in the Financial Action Task Force (FATF) work on international standards and by assessing countries (i.e., as part of(\*Required)**

	<b>Choice</b>
<input type="radio"/>	Strongly agree
<input type="radio"/>	Agree
<input type="radio"/>	Neither agree nor disagree
<input type="radio"/>	Disagree
<input type="radio"/>	Strongly disagree
<input type="radio"/>	Do not know

The Fund’s AML/CFT capacity development program focuses on long-term engagements with countries (currently around 40 members with engagements related to legislative reviews, national risk assessments and national strategies, risk-based supervision of financial and non-financial sectors, and financial intelligence units) and multi-countries’ thematic projects (e.g., beneficial ownership including in the procurement sector, virtual asset service providers, illicit financial flows).

**\*8. Do you agree with the appropriateness of the Fund CD engagements on AML/CFT?(\*Required)**

	Choice
<input type="radio"/>	Strongly agree
<input type="radio"/>	<b>Agree</b>
<input type="radio"/>	Neither agree nor disagree
<input type="radio"/>	Disagree
<input type="radio"/>	Strongly disagree
<input type="radio"/>	Do not know

**9. What IMF publications that cover AML/CFT issues are you aware of and find most useful?**

	Choice
<input type="checkbox"/>	<b>Policy papers</b>
<input type="checkbox"/>	<b>Staff Reports on surveillance (Art. IV) and Fund-supported programs (lending)</b>
<input type="checkbox"/>	<b>Financial Sector Stability Assessments and associated Technical Notes</b>
<input type="checkbox"/>	<b>Detailed Assessment Reports</b>
<input type="checkbox"/>	<b>Research papers and other publications (e.g., Fintech Notes, Book on Beneficial Ownership, blogs)</b>

**10. Do you have suggestions on the Fund’s AML/CFT CD priorities to maximize its impact on helping members strengthen the effectiveness of their AML/CFT frameworks?**

The IMF focus should be – through surveillance and FSAPs - on destabilising money laundering activities that have a negative impact on financial stability and on the broader economy, particularly in international financial centers. That could be achieved through systematic coverage of financial flows analysis; with a better understanding by international financial centers of risks related to illicit financial

flows; and AML/CFT risk-based supervision of the financial sector and gatekeepers. An illicit financial flow vulnerability analysis should inform all country advice given.

Secondly, the IMF should go beyond the FATF standard and promote frameworks that can actually deliver the expected results to tackle AML. For instance, the Tax Justice Network regularly publishes [financial secrecy scores](#), risk markers and systemic vulnerability analyses of illicit financial flows. Furthermore, the Tax Justice Network's Roadmap to Effective Beneficial Ownership [Transparency](#) details many proposals on the scope, definition, verification, etc. required to make beneficial ownership transparency effective.

The main areas where the IMF could help is to keep pushing for public access to beneficial ownership information for all sectors (beyond Covid-19 and procurement and for the real estate sector, as it has done in some cases). More comprehensive beneficial ownership definitions are required (eg no thresholds); the scope of entities subject to beneficial ownership registration needs to be expanded to cover macro-critical types of entities such as trusts, investment funds, companies listed on the stock exchange and state-owned enterprises; and more advanced verification mechanisms are required.

Thirdly, the IMF should also work more towards tax and AML cooperation and on tax as a predicate offense to money laundering. The IMF should consider including elements of AML detection and cooperation in its practical capacity development assignments, surveillance and FSAPs with tax administrations, particularly those that focus on compliance risk management; advising countries on best practices in conducting unexplained wealth audits and criminal investigations; and consider developing a practical guide for tax administrations on identifying and responding to AML.

**11. How can the Fund better contribute to global AML/CFT efforts to safeguard the integrity of the financial sector and the broader economy? What areas, priority activities, risks or issues should the Fund put more focus on in the next five years?**

In addition to the issues mentioned above, especially public access to beneficial ownership information, the IMF should put more pressure – through surveillance and FSAPs on the main financial centres which export their secrecy and create spillovers into other countries. For instance, some financial centres still lack any beneficial ownership registration framework (eg Switzerland, Hong Kong and China) while others have approved frameworks that suffer from many loopholes (eg the US, where the corporate transparency act has more than 20 types of entities exempted from beneficial ownership registration). Furthermore, international financial centers should focus on spillovers from illicit financial flows transiting or integrated into their economies.

For this reason, rather than spending resources on mutual evaluation assessments that follow and endorse the weak FATF standard and their biased listing, the IMF should work more on Art. IV reports and FSAPs that focus on big financial centres

and analyse flows that have little commercial sense but could reveal acceptance of illicit financial flows (eg using SWIFT data, on which the Tax Justice Network has done a paper). The Tax Justice Networks' Illicit Financial Flows Vulnerability Tracker could form the basis of such country level analyses especially under Art. IV.

**12. Do you have any other views or suggestions on the Fund's work on AML/CFT and broader financial issues that you would like to share?**

To have a truly effective AML system and to tackle other illicit financial flows, including the evasion of sanctions, transparency of legal persons and trusts should eventually evolve towards complete beneficial ownership transparency of assets such as real estate, yachts, private jets, art, crypto, etc. This will have an impact on prevention of AML and asset recovery (eg through unexplained wealth orders), as well as on sanction enforcement.

The IMF should also work more to foster cooperation between AML and tax administrations, especially at the local level (tax authorities often share more information with foreign counterparts than with local FIUs). Tax and AML cooperation could create synergies between beneficial ownership transparency, asset registries, automatic exchange of information, verification of information, etc. For that, the IMF should promote the use of the automatic exchange of information and other data also for AML purposes (beyond the current limitation of only for "tax purposes")

Finally, the IMF's expertise and access to information like flows and financial sector information should be used to promote the use of this information to detect AML trends, to train local authorities how to do it, and finally to push standards. This could include eg requiring SWIFT/ISO 20022 to collect beneficial ownership data as part of the messaging standard; requiring and analysing statistics published by countries on the automatic exchange of information; deposits and flows by country of residence, etc.

### Section III: Fund's Engagement

#### Section III: Fund's Engagement and cooperation with CSOs and multilateral organizations on AML/CFT

**\*13. The IMF has been effective in its cooperation with multilateral organizations (e.g., FATF network, UN, Egmont Group of Financial Intelligence Units) on AML/CFT issues. (\*Required)**

	Choice
<input type="radio"/>	Strongly agree
<input type="radio"/>	Agree
<input type="radio"/>	Neither agree nor disagree
<input type="radio"/>	Disagree
<input type="radio"/>	Strongly disagree
<input type="radio"/>	Do not know

**14. What is needed to strengthen synergies between the Fund's workstreams and the work of other multilateral organizations?**

While synergies are important and welcome, there is a risk that current standards eg on beneficial ownership transparency by the OECD and FATF are rather weak. For this reason, rather than promote and assist countries in complying with weak standards, and in a formal way (eg by approving a law), it is necessary that the IMF pushes for more ambitious standards. It should fund and assess the effectiveness of its implementation in line with its mandate to safeguard the integrity of the financial sector and broader economy (eg whether the economic activity of a country could justify importing or exporting as much financial flows, risks of illicit financial flows based on the origin or destination of the flows, etc.) The Tax Justice Network's free online Illicit Financial Flow Vulnerability Tracker measures and visualises each country's vulnerability to various forms of illicit financial flows over time, and provides an overview of the key indicators to be tracked Furthermore, the global governance of standard setting in AML/CFT should be reviewed with a view to enable the United Nations to take on a stronger role.

**15. What is needed to strengthen the coordination between the Fund's engagement on AML/CFT and the work of CSOs going forward?**

We welcome this consultation with CSOs at such an early stage of the review process. It is encouraging to read that the input provided by civil society as part of

this online consultation will be published (as per question 3), which is aligned with best practices and increases the transparency of the process.

We appreciate the fact that this exercise will not end in just one survey, but that a proper consultation process will take place, with follow-up meetings to present the inputs received, discuss the results and seek further insights from CSOs.

We look forward to the IMF replicating this model in future consultations with civil society and taking the inputs from civil society seriously.

Going forward, it would be good for the IMF to take seriously the work and proposals of CSOs, as some IMF publications have recently done (eg "[Leveraging anti-money laundering measures](#) to improve tax compliance and help mobilize domestic revenues"). In this regard, research by the Tax Justice Network such as the Financial Secrecy Index, the Corporate Tax Haven Index, the State of Tax Justice, the State of Play of Beneficial Ownership Registration, the IFF vulnerability Tracker, etc. would be useful additions to the IMF "Guidance Note for the Use of Third-Party Indicators in Fund Reports".

Support in exploring alternative, more legitimate governance arrangements for international standard setting in AML/CFT would be welcome, eg under the auspices of the United Nations.

Until fully inclusive and democratic standard setting arrangements have been implemented, the FATF and FSRB mutual evaluation procedures should require consultation of local and international civil society and media organisations.

**16. Please add any comments or suggestions you deem relevant (e.g., examples of appropriate Fund's actions on AML/CFT; ways to strengthen the Fund's engagement on AML/CFT).**

The IMF should involve local CSOs during assessments to understand and become aware of challenges and risks that authorities may not be able to identify or acknowledge.