

Communiqué

Jersey Financial Crime Strategy Group: 2017 – 2019 Priorities Statement

25 May 2017

Introduction

1. The Jersey Financial Crime Strategy Group (the Group) has agreed its priorities for 2017 – 2019 which includes consideration of major policy and legislative changes for fighting financial crime in Jersey.
 - 1.1.1 The Group is responsible for co-ordinating the actions of the island to mitigate the risk of financial crime and comprises the Island's public sector organisations responsible for this workⁱ. The Group fulfils this responsibility through co-ordination of risk assessments, ongoing review and development of financial crime policies and legislation, and appropriate risk-based application of resources.

Implementation of International Standards

2. Jersey remains committed to implementing International Standards with respect to the global fight against money laundering and the financing of terrorism – the Financial Action Task Force (FATF) Recommendations.

Major Priorities

3. The priority areas focus on implementation of the 2012 Financial Action Task Force Recommendations and the 2015 Jersey MONEYVAL Mutual Evaluation Report of the Council Europe (the MONEYVAL Report) – published May 2016.
4. In furtherance of its responsibilities the Group now has determined the priority matters for 2017 - 2019. Four major priorities have been agreed as follows:
 - (i) Focus on the effectiveness of the island's operational and resourcing framework to combat financial crime
 - (ii) Pursuance of policy and legislative amendments which aim to update the Island's financial crime framework especially in line with the most recent FATF Recommendations (the 2012 FATF Recommendations)
 - (iii) Completion of a National Risk Assessment (NRA)
 - (iv) Continuation of outreach events.
5. These priorities are considered below in further detail:

Effectiveness

6. Immediate action has been taken in response to one of the recommendations in the MONEYVAL Report. The MONEYVAL Report recommended that the authorities consider resource levels with a view to increasing the number of money laundering investigations and prosecutions in Jersey. Jersey has had some very significant successful prosecutions of money laundering cases in recent years but the authorities recognise that it is important to regularly review the Island's effectiveness in playing its part in the global fight against financial crime.
7. As a result, during 2016, the Group undertook an in-depth review of resources for law enforcement and prosecution authorities. The outcome of the review is that the Council of Ministers have approved budget increases for 2017 through to 2019 by £870,000 per annum from Central Contingencies. This will provide additional staff for the Joint Financial Crime Unit of the States of Jersey Police and Customs, plus a new Economic Crime and Confiscation Unit providing specialist complex case investigative capability within the Attorney-General's Department and under his direct control as the Island's prosecution authority. These roles will specifically focus on significant financial crime risks to Jersey and there will be regular review by a dedicated Government led steering group of the effectiveness of the overall financial crime enforcement process in Jersey.
8. Extracted from the Ministerial Decision, Funding from Contingency for Financial Crime Enforcement: "A non-recurring allocation of up to £870,744 per year from Central Contingencies in each of the years 2017, 2018 and 2019 to the Constitutional and Community Affairs Department (CCA) and Law Officers' Department (LOD) revenue heads of expenditure for Financial Crime enforcement, plus an increase in staffing levels in those departments for the years 2017 to 2019. The Minister further approved an increase in staffing levels of 7.0 FTEs in the Constitutional and Community Affairs Department (CCA) and 5.0 FTEs in the Law Officers' Department (LOD) for the years 2017 to 2019."

Policy and legislative changes

9. The major policy and legislative changes facing Jersey between 2017 and 2019 arise from the:
 - a. Implementation of the 2012 FATF Recommendations,
 - b. Addressing of the recommendations in the MONEYVAL Report,
 - c. The consideration of the 4th Money Laundering Directive of the EU (and any amendments to that Directive), and
 - d. Action plan emanating from the inaugural NRA.
10. The Group has formed a Policy and Legislative Sub Group to develop proposals for amendments. Consultation on detailed policy and legislative changes will be undertaken by the Group in early 2018.

National Risk Assessment (NRA)

11. As announced in 2016, Jersey, in line with all major financial jurisdictions, will conduct an NRA with the aim of identifying and better understanding the money laundering and terrorist financing risks in the Island. The NRA will also consider the controls in place to mitigate the risks. The results of this work will inform the overall approach to AML/CFT, application of resources, and policy development - for example, the application of enhanced and simplified measures in Customer Due Diligence (CDD).

12. The Jersey NRA will be conducted using the World Bank Methodology and Tool, specifically developed to assist jurisdictions in progressing an NRA. Further information, including details of the data requirements will be published in Quarter 3 2017, with a view to collecting data from relevant parties in Quarter 1 2018.

Outreach

13. Following the success of the February 2017 event on Terrorist Financing: Risk Mitigation and Awareness the Group is keen to maintain its outreach programme. Whilst the Group has aligned its outreach priorities with those of the FATF namely terrorist financing and beneficial ownership, it also intends to conduct outreach in relation to bribery and corruption and international sanctions.

i The members of the Jersey Financial Crime Strategy Group are:

- › Chief Minister's Department
- › Ministry of External Relations
- › Comptroller of Income Tax
- › Community and Constitutional Affairs Department
- › Law Officers' Department
- › Jersey Financial Services Commission
- › States of Jersey Police
- › States of Jersey Customs and Immigration Service
- › Joint Financial Crimes Unit
- › Jersey Gambling Commission
- › Law Draftsman's Office