



STANDING COMMITTEE ON ECONOMIC AFFAIRS

Consolidated Review Report of Fiji Financial Intelligence Unit 2019 and 2020 Annual Reports



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Chairperson's Foreword

The Standing Committee on Economic Affairs is pleased to submit to Parliament, the Consolidated Review Report of the Fiji Financial Intelligence Unit 2019 and 2020 Annual Reports.

The FIU is one of the leading agencies in Fiji that is responsible for preventing and detecting money laundering and terrorist financing activities. The Committee commends the team of FIU for continuing its work despite the challenges presented by COVID 19 pandemic since 2020.

The Committee noted the substantial increase in Financial Transaction Reports from 1,741,473 in 2016 to 2,487,186 in 2020. Furthermore, it was also noted that the Electronic Funds Reports of 1,866,000 was the highest ever recorded and a 23% increase from 2019 attributed mainly to the mobile phone sector remittances. Due to the impact of COVID 19 on travel, Border Control Reports reduced by 77% in 2020 from 2019.

During its deliberation, it was noted that FIU launched its first Case Management System, an online central database for all suspicious transaction reports and analysis in 2019.

The Committee was pleased to note that FIU continued to strengthen its engagement with the designated non-financial businesses and professions as well as other industry stakeholders and enforcement authorities. Further to this, the Committee was made aware that FIU was currently in the process of designing tailor-made guidelines for the various stakeholders they work with.

The Committee believes that FIU must explore further options to forge a stronger commitment with law enforcement agencies in terms of receiving regular feedbacks on cases referred by FIU as regular feedbacks would enable FIU to continuously enhance its service delivery

Furthermore, the Committee commended the FIU for finalizing its 2020-2024 Strategic Plan which focuses on Financial Intelligence, Preventative Measures, Technology Driven Processes, Partnerships and People as this strengthens its commitment towards SDG 16 and 17.

Given the challenges presented by COVID-19, the Committee in its report, recommended for FIU to engage in vigorous awareness through online platforms such as hosting webinars and virtual talk shows to educate and inform the general public on the various threats, possible fraudulent activities and scams.

I would like to take this opportunity to extend our appreciation to Director of FIU and his team members for being prompt in answering the various queries and questions raised by the Committee.

Finally, I would like to thank our Committee Members who were part of the team that produced this report: - Deputy Chairperson Hon. Veena Bhatnagar, Hon. George Vegnathan, Hon. Inosi Kuridrani and Hon. Ro Filipe Tuisawau. I also take this opportunity to acknowledge and thank the Parliamentary Staff who have given us invaluable support.

On behalf of the Standing Committee on Economic Affairs, I commend the Review of the Fiji Financial Intelligence Unit 2019 and 2020 Annual Reports to Parliament.



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Chairperson – Hon. Vijay Nath

Acronyms

FIU	Fiji Financial Intelligence Unit
AML	Anti-Money Laundering
CFT	Combatting the Finance of Terrorism
FURs	Follow Up Reports
FATF	Financial Action Task Force on Money Laundering

1.0 Introduction

1.1 Background

The Fiji Financial Intelligence Unit (FIU) plays a crucial role in preventing and detecting Money Laundering and terrorist financial activities. The FIU is also Fiji's AML/CFT regulator and the lead agency on AML/CFT policy formulation, compliance and enforcement. The FTR Act and Regulations specify a range of measures that financial institutions in Fiji must implement in order to prevent the use of Fiji's financial system from money laundering, terrorist financing and other serious criminal activities.

The FIU also conducts periodic strategic analysis and its outcomes are used by FIU partners including the private sector, financial institutions and designated non-financial businesses and professions (DNFBP).

The core work of the FIU is to collate financial intelligence and provide these to law enforcement agencies for the investigation and prosecution of financial crimes and the tracing and forfeiture of proceeds of these crimes.¹

In 2019 and 2020, the FIU disseminated a total of 354 intelligence reports to law enforcement agencies. These intelligence reports were developed from reports of suspicious transactions received from financial institutions for the period under review.

Committee Remit and Composition

The Committee is made up of five (5) Members of Parliament, three (3) of which are Government members and two Opposition members. According to Section 109(2) (a) the Standing Committee is responsible to look into matters related to economic development, finance, banking and taxation.

¹ Fiji Financial Intelligence Unit 2019 and 2020 Annual Reports

2.0 Findings and Recommendations

1. The Committee noted that FIU launched its first Case Management System, an online central database for all suspicious transaction reports and analysis in 2019 and commended its continuous efforts in preventing and detecting Money Laundering and terrorist funding activities.
2. The Committee noted that FIU continued to strengthen its engagement with the designated non-financial businesses and professions as well as other industry stakeholders and enforcement authorities; this was evident through an increase in trainings provided to financial institutions from 79 in 2019 to 104 in 2020. The Committee also noted that FIU had fully engaged in the training of 42 law firm employees in response to the concerns of the Fiji Law Society. The Committee recommends that these organizations continue to work in close collaboration with FIU to ensure the FTR Act and regulations are effectively implemented.
3. The Committee noted a substantial increase in Case Dissemination Reports (from 84 in 2019 to 270 in 2020) and recommends for FIU to explore further options to forge a stronger commitment with law enforcement agencies in terms of receiving regular feedbacks on cases referred by FIU. Regular feedbacks would enable FIU to enhance its service delivery.
4. Fiji's Mutual Evaluation Report (MER) was tabled at the 2016 Asia/ Pacific Group on Money laundering (APG) Annual Meeting and identified key gaps and deficiencies for Fiji to address. Since submissions of the four FURs (2017 - 2020), the APG has upgraded Fiji's compliance ratings for 17 FATF Recommendations to a "largely compliant" or "compliant". The Committee commended the positive progress noting that Fiji is in the process of addressing the remaining deficiencies in the FATF Recommendations.
5. The Committee commends the FIU for finalizing its 2020-2024 Strategic Plan which focuses on Financial Intelligence, Preventative Measures, Technology Driven Processes, Partnerships and People as this strengthens its commitment towards SDG 16 and 17.
6. The Committee recommends for FIU to engage in enhanced awareness through online platforms such as hosting webinars and virtual talk shows to educate and inform the general public on the various threats, possible fraudulent activities and scams.

3.0 Sustainable Development Goals

The FIU contributes to the Sustainable Development Goal 16: Peace, Justice and Strong Institutions. In Particular, target 16.4 which aims to significantly reduce illicit financial and arms flow, strengthen the recovery and return of stolen assets and combat all forms of organized crime by 2030.

In the short to medium term, their contribution to national AML/CFT goals by 2024 would include:

- Providing proactive and supportive role in the investigation and prosecution of money laundering, fraud, corruption, tax evasion and other complex financial crimes, asset recovery and unexplained wealth cases;
- Ensuring that Fiji’s “financial system” remains protected and provide foreign investors, local businesses and ordinary Fijians a secure and safe environment to conduct their trade and financial transactions;
- Ensuring that financial institutions are fully implementing preventive customer due diligence and other measures and are reporting quality suspicious transactions and their clients to the FIU;
- Ensuring that Fiji is fully compliant with the international AML/CFT requirements;
- Providing a strong platform for national and international networking and information exchange.

4.0 Conclusion

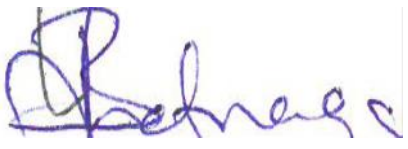
The Committee commends the overall performance of the Fiji Financial Intelligence Unit as well as the detailed information and analysis included in the Annual Reports.

The Committee recognizes the critical role played by FIU in protecting the integrity of the national financial frameworks and systems from money laundering and related crimes and applauds FIU for the various proactive measures put in place during the period under review to enhance their service delivery.

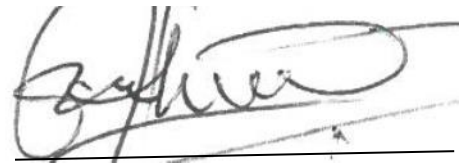
Members Signature



Hon. Vijay Nath (Chairperson)



Hon. Veena Bhatnagar (Deputy Chairperson)



Hon. George Vegnathan (Member)



**Hon. Inosi Kuridrani (Member)
(Member)**



Hon. Ro Filipe Tuisawau