STANDING COMMITTEE ON ECONOMIC AFFAIRS

REVIEW REPORT OF THE FIJI FINANCIAL INTELLIGENCE UNIT 2024 ANNUAL REPORT

Appendices

ANNEX 1

WRITTEN SUBMISSIONS

- **Fiji Financial Intelligence Unit;**
- **Reserve Bank of Fiji;**
- **Fiji Independent Commission Against Corruption**

FFIU QUESTIONS

1. Governance, Independence and Accountability

How does FFIU ensure and demonstrate its operational independence from the Reserve Bank of Fiji, particularly when matters involve RBF-licensed institutions, and what governance, accountability, and performance measures are used to assess the success of its strategic plans and AML/CFT objectives?

Legal: While the FIU is dependent on the RBF for funding, the FIU is fully independent when it comes to the delivery of its functions under the law. The law, through the Financial Transactions Reporting Act, ensures the operational independence of the FIU.

The FTR Act provides for the powers and the duties and functions of the FIU. The FTR Act further assigns these duties and functions to the Director of the FIU. Therefore, no other official or office holder can legally take on these powers and duties assign ed to the Director of the FIU.

Autonomous Decision Making on Technical Matters: The Director FIU has full autonomy to make decisions on operational or technical matters. The Director makes autonomous decisions on all FIU core technical matters to analyse, request or disseminate information. The Governor is not privy to any FIU cases nor is he consulted on any of these cases.

The Director FIU does not discuss cases with the Governor no is prior approval sought from the Governor on any technical matters. On regulatory matters, the Director FIU engages directly with financial institutions and other covered business on any policy and compliance matters, without prior consultation or approval from the Governor.

To support this technical independence, the FIU implements clear standard operating policies and procedures that guides its technical work on a daily basis. These policies and procedures clearly outline the how this independence of technical functions is applied on a daily basis and the role of the Director FIU in carrying out the duties and functions of the FIU.

Ability to Exchange Information with Partner Agencies: The FIU , through the Director FIU, engages directly and independently with domestic and international agencies to exchange information or intelligence related to potential or ongoing investigations. There is no need to seek prior approval from the Governor for this engagement with external partners nor can the Governor block any exchange of information.

Separation from RBF Functions: While the FIU is administered by the RBF, its core functions are separate from the functions of the RBF. FIU staff are not and cannot be engaged in or assigned to other RBF functions or activities. The FIU supervision staff may participate in RBF supervision or awareness activities for RBF licensed institutions upon the prior approval of the Director FIU.

Physical: The FIU has physical controls in place to restrict RBF staff access to the FIU office, premises, databases and information. Only FIU approved staff and authorised officers from law enforcement agencies can access the Intelligence Section of the FIU premises. All RBF staff including the Governor are restricted from accessing the FIU's Intelligence section office. A limited number of RBF staff have been authorised by the Director FIU to access the general administration section of the FIU office.

Access to the FIU Office, by any other party, such as visits or contractors, needs prior approval of the Director FIU and are monitored by the RBF security team. Access to the FIU office after office hours strictly restricted and only authorised by the Director in exceptional circumstances such as when staff need to.

The physical access to the FIU premises are monitored by the Director FIU through regular reports provided by the security team.

Information and IT Access: Only FIU staff and authorised officers from partner agencies can access the FIU's database. There are IT controls in place to restrict access and to monitor any unauthorised access to FIU databases. The FIU has two IT officers who are responsible for managing and maintaining the FIU's database and systems. All RBF staff, including the Governor, do not have access to, nor can they view, FIU data or any information maintained within the FIU database. The FIU has clear standard operating policies and procedures outlining the access provisions and restrictions that apply to FIU data and its databases and systems.

RBF Licenced Institutions: Where matters involve RBF-licensed institutions, the actions undertaken by the FIU will depend on the nature of the issue. If these issues are criminal in nature, the Director FIU has the authority to refer these matters to the Fiji Police Force for further investigation and prosecution.

If the issue relates to a breach of the FTR Act or Regulations, the FIU has powers under the FTR Act to deal with the non-compliance matter and to address the issue directly with the financial institution. The FIU has dealt with non-compliance issues relating to RBF licensed financial institutions directly without prior consultation or approval from the Governor RBF. The FIU will inform the RBF of enforcement actions taken on financial institutions after these have been applied, as any serious non-compliance may affect their licence condition.

These governance arrangements within the FIU are consistent with international standards, as outlined in the Financial Action Taskforce Recommendation 29, which requires FIUs to have operational autonomy and independence in carrying out their functions. It also aligns with best practices set by the Egmont Group of FIUs, an international network of global FIUs.

Governance, accountability, and performance measures: the FIU uses a combination of quantitative and qualitative indicators to measure its performance against its Strategic Plan. For example, a key function of the FIU is to receive and analyse suspicious transaction reports from financial institutions. To measure its performance against this, the FIU collects and maintains statistic on number of suspicious transactions received by reporting entity, by sector and the number of suspicious transactions reports analysed by FIU Intell Staff in a year. A qualitative measure of this key function is to identify those transaction reports that do not meet reporting standards as outlined in FIU guidelines for reporting. Measuring the effectiveness of certain aspect of our function is a challenge as this requires data and information that can only be provided by other stakeholders and which the FIU does not consistently receive.

The Annual Report reports on these performance indicators according to the key strategies in the Strategic Plan.

2. National AML/CFT Framework and FATF Readiness

What are the key money laundering and terrorism financing risks identified through Fiji's National Risk Assessment, how have these risks evolved in recent years, and which FATF

FFIU QUESTIONS

Recommendations or Immediate Outcomes require the greatest attention ahead of future evaluations?

The overall terrorist financing risk in Fiji is low. This is due to the low terrorist financing threat environment that Fiji is exposed to. There are some vulnerabilities in the financial sector to terrorist financing, but this is considered medium.

Fiji's money laundering risk is assessed as high. This is based on an assessment of threats arising in Fiji's criminal landscape, vulnerabilities in the AML/CFT system and sectors operating in Fiji, and the likelihood and consequences of money laundering.

Money Laundering Threats: The highest threats for money laundering in Fiji are derived from narcotics-related crimes, participation in organised criminal groups, taxation and customs crimes, including smuggling, environmental crimes and bribery and corruption **(Table 1):**

i. ***Narcotics related crime***. Narcotics-related crime poses a high and increasing ML threat in Fiji. Fiji serves as a transhipment point for drugs primarily involving methamphetamine and cocaine, sourced from the Americas**,** destined for the Australian and New Zealand markets. This has led to a "spillover" into the domestic market, resulting in the growth of local organised crime groups. While foreign actors primarily handle the shipment of narcotics, local criminal gangs, including outlaw motorcycle gangs (OMCGs), have begun to dominate the supply of narcotics in the domestic market. Fiji also has a growing locally produced marijuana market, resulting in an increasing number of cases related to marijuana cultivation and possession.

The estimated annual proceeds from narcotics-related offences exceed FJ$40 million. This reflects Fiji's role as a transhipment hub for narcotics trafficking between the Americas (South America and the United States) and the Australian and New Zealand markets for methamphetamine and cocaine. This estimate also reflects Fiji's role as an ML hub supported by its relatively advanced banking and remittance sectors. In 2024, a 4.15 tonne methamphetamine seizure in Nadi was valued at two billion Fijian dollars, making it the largest drug bust in Fiji's history. This seizure indicates the extent and value of transnational drug trafficking operations involving Fiji as a transit, storage, and, to a lesser extent, a destination country.

Bulk payments for trans-Pacific drug consignments move directly between source countries in the Americas and destination markets in Australia and New Zealand. Most financial flows from these drug transhipments avoid Fiji's financial system, transferring directly between source and destination countries.

The profits from Fiji's illegal marijuana trade are substantial. Farmers and traffickers can make thousands of dollars per month selling cannabis on the black market. The reported price of marijuana is significantly less than methamphetamine or cocaine, which is reported to have a street value of around FJ$10 for medium or low quality, and up to FJ$15 for high quality per gram.

Proceeds from the sale of "spill-over" cocaine and methamphetamine, as well as from locally grown marijuana laundered in the domestic economy, are high, targeting the banking sector, PSPs, remittance sector, legal practitioners and real estate agents.

Typologies for laundering of proceeds of illicit narcotic activities **(Table 3)** range from:

a. Self-consumption of illicit proceeds through the purchase of luxury goods, motor vehicles or other high-value purchases
b. Small scale or sole trader businesses to co-mingle illegal and legal funds
c. Use of shell or legitimate companies to layer and conceal illicit proceeds

d. False invoicing to facilitate payments to overseas suppliers and disguise payment for narcotics
e. Complex schemes such as the use of extensive multinational networks to launder proceeds of illicit narcotics in multiple jurisdictions

ii. ***Participation in organised criminal groups***: Organised crime is a high and increasing ML threat in Fiji. Organised crime in Fiji spans high and medium-threat activities, including narcotics trafficking, illegal fishing, cybercrime, fraud, and human trafficking involving forced labour and sexual servitude. These criminal enterprises have increased in recent years, establishing a foothold in the local narcotics markets and facilitating the trafficking and importation of narcotics, often using Fiji as a transhipment point.

Transnational organised crime groups, particularly OMCGs, have been notably active in these sectors. These groups have increasingly coordinated their operations, aided by deportees from countries like the USA, Australia, and New Zealand. These individuals have helped local chapters strengthen their international connections, particularly in the transit of narcotics through Fiji. Australian OMCGs, in particular, are actively operating in Fiji, seeking to control segments of the narcotics market, representing a significant strategic threat to regional security.

Local crime gangs have escalated their involvement beyond distribution to include small-scale methamphetamine production. Reports indicate the establishment of clandestine laboratories, where meth is cooked and adulterated with cheaper chemicals for the Pacific market.

Human trafficking and sexual servitude involve both domestic and foreign actors. Asian criminal groups suspected of operating brothels are the primary foreign actors engaged in smuggling individuals for sexual exploitation. The illegal proceeds from these activities are generally accrued in the countries where the victims are trafficked, indicating a transnational financial flow associated with this crime. These activities often intersect with other forms of crime, such as ML and corruption.

Transnational Organised Crime (TOC) in Fiji is being driven by mutually reinforcing partnerships rather than stand-alone syndicates. Latin-American cartels, primarily Mexican and Colombian, now use Fiji's marinas and maritime corridors to stage multi-tonne cocaine and methamphetamine shipments bound for Australia and New Zealand. They work in partnership with Australian and New Zealand OMCGs, which control wholesale distribution downstream, and with Asian crime groups' support. This supply-chain approach means the groups cooperate for mutual profit instead of fighting territorial battles, significantly increasing Fiji's exposure to high-value narcotic transit, corruption, and associated ML risks.

Organised crime's involvement in Fiji's resources sector threatens the nation's sustainable development and economic stability, extending beyond law enforcement. Transnational groups are likely using Fiji's financial sector and DNFBPs to launder the proceeds of crime. However, for narcotics trafficking and illegal fishing, a significant portion of the criminal proceeds may be transacted offshore without touching Fiji's financial system.

In response, Fiji has taken proactive measures, such as refusing entry to individuals associated with OMCGs, to mitigate the threats posed by these groups. However, despite these actions, activities like narcotics seizures, illegal fishing, people smuggling, and cybercrime continue to be significant, suggesting a persistent challenge in curbing organised crime.

TOCs or OMCGs establish extensive, multinational networks to launder large sums of money tied to narcotics, large-scale fraud, or other transnational crimes, such as human trafficking. These networks often involve multiple jurisdictions, with minimal financial footprints in Fiji relative to the value of the illicit proceeds. They involve local organised crime groups working with their international counterparts. **(Table 3)**

TOCs establish complex front operations, such as large-scale commercial businesses, to co-mingle illegal and legal funds. These operations often involve multiple layers of transactions and jurisdictions. **(Table 3)**

iii. ***Taxation and customs related crimes, including smuggling***; Taxation and customs-related crimes, including smuggling, remain a significant ML threat in Fiji. This ML threat is derived from serious and deliberate proceeds-generating conduct, including evasion of direct and indirect taxes, fraudulent non-declaration or under-declaration of income or sales, VAT fraud, false customs declarations, trade mispricing and smuggling. These crimes pose a high and increasing ML threat.

Non-declaration or under-declaration of invoiced sales is a widespread method of tax evasion in Fiji, significantly impacting both VAT and income tax collections. This scheme involves businesses deliberately failing to record all sales or reporting lower sales figures than transacted, thereby reducing their tax liability. The FRCS has identified this as a significant compliance issue, with investigations revealing that both VAT-registered and non-registered entities are engaged in these practices.
On customs duties, common customs fraud can take several forms. One prevalent method is mis-description and incorrect classification of goods, where importers declare items, such as garments, as something else, like fabrics, to benefit from lower duties. Another tactic is under-valuation, where traders produce fictitious invoices with reduced values to evade proper duties, often utilising graphic designers for this purpose. Additionally, overvaluation occurs when traders inflate the prices of zero-rated goods or those with lower duty rates, aiming to shift profits abroad and pay lower taxes. This practice is often associated with trade-based money laundering.

Goods smuggling, involving illegal drugs, undeclared currencies and other prohibited goods, is also a challenge. These confiscations and apprehensions on smuggling were from internationally registered visiting fishing vessels, yachts, travellers, and parcel post.
Illicit proceeds from taxation and customs-related crimes are significant, estimated to generate over FJ$40 million annually, and are largely laundered through the domestic financial sector. Typologies for laundering of proceeds of tax and customs-related crimes **(Table 3)** range from:

a. Self-consumption of illicit proceeds through the purchase of luxury goods, motor vehicles or other high-value purchases
b. Use of shell or legitimate companies and businesses to layer and conceal under-declared or undeclared income
c. Under-invoicing and false invoicing to reduce tax liabilities

iv. ***Environmental crimes***: Environmental crimes, including illegal logging, illegal, unreported, and unregulated (IUU) fishing and wildlife trafficking, present a high but stable ML threat for Fiji.

Wildlife smuggling in Fiji poses a significant and ongoing threat, particularly to rare and endangered species such as the Fijian banded iguana and the crested iguana, which are highly sought after in the international exotic pet trade. Fiji's role as both a source and a transit point for illicit wildlife trade is exacerbated by its extensive maritime borders and limited law enforcement resources, making detection and prevention challenging.

Illegal logging, although primarily for local use, generates criminal proceeds. These cases often involve the unauthorised harvesting, transportation, or sale of timber in violation of national laws, including logging in protected areas, removing undersized trees, and falsifying documentation such as truck passes or export papers.

There is currently no confirmed evidence of *illegal mining* occurring in Fiji.

IUU fishing is a significant challenge for Fiji. The country's geography, with around 300 islands, makes surveillance difficult. IUU losses would primarily result from unreported or underreported catch and income from Fiji-licensed fishing vessels or unlicensed vessels operating in Fiji waters.

While IUU fishing accounts for the majority of the country's lost revenue, other crimes, such as illegal logging and wildlife trafficking, further contribute to the nation's financial losses. Combined, they generate well over FJ$40 million annually.

Illicit proceeds laundered domestically in Fiji (such as from local illegal logging) are considered medium.

A significant portion of IUU proceeds is laundered offshore, with payments occurring directly between foreign buyers and sellers, such as fishing vessels or traders, bypassing Fiji's financial system. Although the criminal offences occur in Fiji, the proceeds are transacted entirely or primarily overseas, limiting domestic authorities' ability to trace or recover the funds. While not directly threatening local financial institutions, it contributes to transnational crime and ML in other jurisdictions. **(Table 3)**

Another significant issue is that foreign vessels flying the Fiji flag and Fiji-licensed vessels undervalue and under-invoice the sale of their catch to offshore buyers. It is suspected that any income lost from the undervalued invoices is compensated for offshore. As a result, this represents a substantial loss of tax revenue for Fiji.

v. ***Bribery and corruption***: Bribery and corruption are considered a high but stable ML threat in Fiji. While there are no significant cases of grand corruption, individual acts of bribery, forgery, embezzlement, and fraud remain a concern.

Most corruption cases involving abuse of office involve government procurement, typically through collusion with suppliers or through false invoicing. These are genuine suppliers of goods and services, and not shell companies.

Previously, officials would arrange for government payments to be made to suppliers' bank accounts for contractual services. The suppliers would then withdraw the funds and deliver them to the officials, either in cash or by depositing them into the officials' bank accounts. More recently, officials have established shell or operating companies to facilitate ML. In these cases, suppliers deposit funds into business bank accounts controlled by the officials. Funds are then used for personal consumption, such as motor vehicles, real estate, or consumables. **(Table 3)**

Most corruption-related ML in these cases is self-laundering, as officials control the funds throughout the process. Illicit funds are laundered domestically with minimal cross-border flows.

Narcotics Related Crimes and Organised Crime Provide the Greatest ML Threat

The above five high ML threats are categorised into two tiers. The top two offences are narcotics-related offences and organised crime. These two categories meet all the criteria for being classified as high ML threats. This includes the involvement of organised crime groups, the movement of funds across borders, the scale, nature and extent of money laundering and the estimated proceeds involved exceed FJ$40 million annually.

The remaining three offences (namely taxation and customs crimes, environmental crimes, bribery and corruption) meet some, but not all, of these criteria. While they also have estimated proceeds exceeding FJ$40 million annually, they exhibit more limited involvement from organised crime and/or **fewer** international connections, and the extent of the ML threat from these criminal offences is more constrained.

Table 1: Money Laundering Threats

ML Threat Level	Criminal Offence	Trend
High	Narcotics Related Offences	Increasing
High	Participation in Organised Criminal Groups	Increasing
High	Taxation and Customs Crimes, Including Smuggling	Increasing
High	Environmental Crimes	Stable
High	Bribery and Corruption	Stable
Medium	Scams/Fraud/Cybercrime	Increasing
Medium	Sexual Exploitation	Increasing
Medium	Trafficking in Human Beings/Smuggling	Increasing
Medium	Robbery or Theft	Increasing
Medium	Forgery	Stable
Low	Counterfeiting Currency	Stable
Low	Counterfeiting and Piracy of Products	Stable
Low	Kidnapping/ Restraint/Hostage-taking	Stable
Low	Illicit Trafficking in Stolen and Other Goods	Stable
Low	Illicit Arms Trafficking	Stable
Low	Insider Trading and Market Manipulation	Stable
Low	Extortion	Stable
Low	Murder/Grievous Bodily Injury	Stable
Low	Piracy	Stable
Low	Terrorism (including Terrorist Financing)	Stable

FFIU QUESTIONS

Sector ML Vulnerability and Risk: The NRA assessed 25 sectors in Fiji to identify inherent money-laundering vulnerabilities by examining sector size and structure, transactions, customers, products and services, and known money-laundering typologies. It also reviewed the effectiveness of each sector's internal controls, enabling an assessment of residual (net) money laundering vulnerabilities and risks. Overall, Fiji's residual money laundering vulnerability and risk at the sector level are assessed as **medium**. **(Table 2)**

Five sectors—commercial banks, foreign exchange dealers and money changers, payment service providers, real estate agents, and legal practitioners—exhibit higher residual money laundering vulnerabilities and risks. This is largely due to high transaction volumes, diverse customer profiles, cross-border and non-face-to-face relationships, and multiple products or delivery channels.

While other sectors may also be targeted for money laundering, their residual money laundering vulnerabilities and overall ML risk are assessed as medium to low. The table below summarises the distribution of ML risk across the 25 sectors assessed in the 2025 NRA.

Table 2: Sector Money Laundering Vulnerabilities and Net ML Risk

Distribution of 25 Sectoral Ratings				
Sector	**ML Risks (Likelihood x Consequence) (Inherent and Residual)**	**Inherent Vulnerability**	**AML/CFT Sector Controls**	**Residual Vulnerability**
1) Commercial Banks	High	High	Medium	High
2) Foreign Exchange Dealers & Money Changers	High	High	Medium	High
3) Payment Service Providers	High	High	Medium	High
4) Legal Practitioners	High	High	Medium	High
5) Real Estate Agents	High	High	Medium	High
6) Insurance Companies and Brokers	Medium	Medium	Medium	Medium
7) Capital Markets	Medium	Medium	Medium	Medium
8) Credit Institutions	Medium	Medium	Medium	Medium
9) Accountants	Medium	Medium	Medium	Medium
10) Dealers in Precious Metals & Stones	Medium	Medium	Low	Medium
11) Dealers in Motor Vehicles	Medium	Medium	Low	Medium
12) Pawnbrokers	Medium	Medium	Low	Medium
13) Dealers in Marine Vessels	Medium	Medium	Low	Medium
14) Superannuation	Low	Low	Medium	Low
15) Development Bank	Low	Low	Medium	Low
16) Virtual Assets & Virtual Asset Service Providers	Low	Low	Medium	Low
17) Company & Trust Service Providers (other than lawyers and accountants)	Low	Low	Low	Low

FFIU QUESTIONS

Distribution of 25 Sectoral Ratings				
Sector	ML Risks (Likelihood x Consequence) (Inherent and Residual)	Inherent Vulnerability	AML/CFT Sector Controls	Residual Vulnerability
18) Cooperatives and Credit Unions	Low	Low	Low	Low
19) Casino Sector (none in existence)	Low	Low	Low	Low
20) Gaming Providers (other than casinos)	Low	Low	Low	Low
21) Dealers in Aircraft	Low	Low	Low	Low
22) Moneylenders	Low	Low	Low	Low
23) Dealers in Art, Antiques & Jewellery (other than DPMS)	Low	Low	Low	Low
24) Travel Agents	Low	Low	Low	Low
25) Unregulated and Informal Providers	Not rated due to insufficient data and information on this sector			

Correlation Between the High ML Threats and High Risk Sectors: There is a significant correlation between the criminal activities that pose high ML threats in Fiji and those sectors assessed as high-ML (net) risk. **(Table 3)**

Narcotics related crimes, organised crime and racketeering, tax and customs-related crimes and bribery and corruption present high ML threats to commercial banks, foreign exchange dealers and money changers, payment service providers, real estate agents and legal practitioners. Among those sectors, commercial banks face the most significant threat, as evidenced by available statistics such as STRs and ML investigations, and expert judgements.

Table 3: Correlation Between High ML Threats and High-Risk Sectors, Laundering Methods

High ML Threat Predicate Offence	Domestic Proceeds Laundered in Fiji	High Risk Sectors Targeted	Method Used to Launder Proceeds of Crime
Narcotics Related Crimes	**High**	▪ Commercial Banks ▪ Payment Service Providers ▪ Foreign Exchange Dealers & Money Changers ▪ Legal Practitioners ▪ Real Estate Agents	▪ Consumption of criminal proceeds: o Motor vehicle purchases o Home renovations ▪ Use of Shell companies and legitimate trading companies to layer and conceal illicit proceeds. ▪ Use of registered, cash-intensive businesses to facilitate payment to overseas suppliers
Organised Crime & Racketeering	**High**	▪ Commercial Banks ▪ Payment Service Providers ▪ Foreign Exchange Dealers & Money Changers ▪ Legal Practitioners	▪ Use of Shell companies and legitimate trading companies to layer and conceal illicit proceeds.

FFIU QUESTIONS

		▪ Real Estate Agents	
Tax & Customs Related Crimes	**High**	▪ Commercial Banks ▪ Payment Service Providers ▪ Foreign Exchange Dealers & Money Changers ▪ Legal Practitioners ▪ Real Estate Agents	▪ Consumption of criminal proceeds: ○ Motor vehicle purchases ○ Home renovations
Environmental Crimes	**Medium**	A significant portion of criminal proceeds is believed to be laundered offshore, with payments occurring directly between foreign buyers and sellers, such as fishing vessels or traders, bypassing Fiji's financial system.	
Bribery and Corruption	**High**	▪ Commercial Banks ▪ Payment Service Providers ▪ Foreign Exchange Dealers & Money Changers ▪ Legal Practitioners ▪ Real Estate Agents	▪ Consumption of criminal proceeds: ○ Motor vehicle purchases ○ Home renovations ▪ Use of registered, cash-intensive businesses to facilitate payment to overseas suppliers.

FFIU QUESTIONS

Fiji is currently undergoing a *mutual evaluation*, where our compliance with the international anti-money laundering standards, namely the FATF Recommendations, are being assessed by a team of international assessors. Several areas are expected to warrant particular focus based on Fiji's NRA findings, the evolving FATF standards and the effectiveness requirements assessed during Mutual Evaluations.

Immediate Outcome 1 – Risk, Policy and Coordination
A key priority is demonstrating that Fiji's National Risk Assessment findings are fully understood and actively used by all key agencies and financial institutions to inform policy, supervision and operational decisions. Implementation of NRA outcomes will be closely scrutinized.

Immediate Outcome 2 – International Co-operation
The international standards recognize that international co-operation is key to combating the transnational nature of money laundering. Given Fiji's main threats of narcotics trafficking and organized crime, it is imperative that Fiji produces enough evidence such as statistics to show international co-operation across various agencies.

Immediate Outcome 3 – Supervision of Financial Institutions and VASPs
Given that several high-risk financial institutions were identified in the NRA, Fiji will need to demonstrate that supervisory activities are risk-based, proportionate and effective, particularly in relation to banks, payment service providers, and remittance service providers.

Immediate Outcome 4 – Supervision of DNFBPs
Two high risk DNFBPs, lawyers and real estate agents were identified in Fiji's NRA as facing higher vulnerabilities to money laundering. Fiji will need to demonstrate that supervisory activities are risk-based, proportionate and effective.

Immediate Outcome 6 – Financial Intelligence

Fiji will need to demonstrate that financial intelligence is being effectively used by law enforcement agencies and is leading to investigations, asset tracing and operational outcomes. The increasing use of FIU intelligence products and database reporting by law enforcement agencies is a positive development.

Immediate Outcomes 7 and 8 – Money Laundering Investigations and Asset Recovery
The FATF places significant emphasis on whether countries are successfully investigating money laundering and depriving criminals of illicit proceeds. Demonstrating strong confiscation outcomes and use of proceeds-of-crime legislation will therefore remain important. Recent asset recovery outcomes supported by FIU intelligence will assist in demonstrating effectiveness.

FFIU QUESTIONS

3. National AML Council Effectiveness

How effective has the National AML Council been since its establishment, including the frequency of meetings, key outcomes achieved, and its contribution to strengthening Fiji's AML/CFT framework?

The National AML Council is Fiji's national coordination body on matters relating to preventing and detecting money laundering and terrorist financing. Its functions include advising Government and the FIU, assisting policy development and promoting coordination among relevant agencies. The Council meets two to three times a year. Where there is a need for urgent consultations and decisions, the Council may call for additional meetings. The Council met three times in 2024 and twice in 2025.

Key outcomes and achievements of the Council include:

- The Council coordinated the development of Fiji's first national policy on combating money laundering and terrorist financing and its review in 2025. This was tabled in Cabinet.
- Provided oversight of Fiji's two National Risk Assessment (2015 and 2025), which is a requirement under international standards.
- Coordination of preparations for Fiji's APG Mutual Evaluation scheduled for 2026/2027. Though the Council a Working Group has been established to coordinated Fiji's preparation and participation in the mutual evaluation which is now underway. The Chair of the Council is providing direct oversight over this process.
- Development and oversight of national AML/CFT policies and strategies.
- Support for Fiji's participation in APG governance activities and mutual evaluation programmes.
- Strengthening inter-agency coordination among FIU, Police, FRCS, ODPP, RBF and other stakeholders.
- Briefings and policy advice to Cabinet on key national anti-money laundering initiatives such as Fiji's national anti-money laundering policy, the Mutual Evaluation and Fiji's preparation efforts.

Through its membership of senior officials from key institutions, the Council remains the principal mechanism for ensuring a coordinated national response to money laundering, terrorist financing and related serious crimes.

4. Financial Intelligence Outcomes

Of the intelligence reports disseminated by FFIU, how many have resulted in investigations, prosecutions, asset recoveries, or convictions, and what challenges exist in converting financial intelligence into successful enforcement outcomes?

While the FIU regularly disseminates financial intelligence to relevant law enforcement agencies, it does not currently receive comprehensive and consistent outcome-based feedback from partner agencies, including the Fiji Police Force, FICAC, and FRCS. As a result, the FIU is not yet in a position to systematically track the number of disseminations that lead to investigations, prosecutions, asset recoveries, or convictions.

FFIU QUESTIONS

The responsibility for investigations, prosecutions, and asset recovery actions lies with the respective law enforcement agencies and the ODPP.

The FIU may, on a case-by-case basis, receive feedback from a law enforcement agency on outcomes on a particular intelligence report that is being investigated. However, these forms of feedback are very rare. The FIU may also identify from public sources (media) cases reaching the courts for which the FIU had earlier provided financial intelligence to a law enforcement agency.

Based on our knowledge of cases progressing within law enforcement agencies, we can state that in 2024, 30% of all intelligence reports disseminated by the FIU supported active investigations by law enforcement agencies, with 15% of these cases progressing to court proceedings.

The FIU is not able to determine the outcomes of the remaining 70% of intelligence reports disseminated in 2024 due to the lack of feedback from our law enforcement partners on these cases.

In terms of asset recovery, the FIU provided financial intelligence to a law enforcement agency which enabled it to trace and secure suspected proceeds of crime held in four bank accounts, with most cases still before the courts. One matter was successfully concluded, resulting in a non-conviction based forfeiture order of FJ$18,030.10 being granted to the State.

Between 2024 till date the FIU has significantly contributed to investigative efforts in tracing and the successful recovery of proceeds of crime cases amounting to $10 million.

To strengthen the effectiveness of the AML/CFT framework, the FIU continues to work closely with domestic partners to enhance information sharing, improve feedback mechanisms, build investigative capacity, and promote the operational use of financial intelligence in support of successful enforcement outcomes.

5. Emerging Threats and Financial Crime Risks

What emerging money laundering typologies, criminal methodologies, and high-risk activities are of greatest concern to FFIU, particularly in relation to transnational organised crime, narcotics-related money laundering, cybercrime, scams, digital payment fraud, and other evolving threats?

Money laundering schemes in Fiji range from simple self-laundering schemes to highly sophisticated schemes involving multinational networks using multiple layers of transactions and jurisdictions. In basic self-laundering typologies observed, offenders use illicit gains from drug trafficking, theft, minor corruption, or tax evasion to purchase goods and services in Fiji. This includes spending on expensive items such as motor vehicles, home renovations, or other high-value purchases. Spouses or family members may sometimes be involved in these transactions. **(Table 3)**

FFIU QUESTIONS

Table 3: Correlation Between High ML Threats and High-Risk Sectors, Laundering Methods

High ML Threat Predicate Offence	Domestic Proceeds Laundered in Fiji	High Risk Sectors Targeted	Method Used to Launder Proceeds of Crime
Narcotics Related Crimes	**High**	▪ Commercial Banks ▪ Payment Service Providers ▪ Foreign Exchange Dealers & Money Changers ▪ Legal Practitioners ▪ Real Estate Agents	▪ Consumption of criminal proceeds: ○ Motor vehicle purchases ○ Home renovations ▪ Use of Shell companies and legitimate trading companies to layer and conceal illicit proceeds. ▪ Use of registered, cash-intensive businesses to facilitate payment to overseas suppliers
Organised Crime & Racketeering	**High**	▪ Commercial Banks ▪ Payment Service Providers ▪ Foreign Exchange Dealers & Money Changers ▪ Legal Practitioners ▪ Real Estate Agents	▪ Use of Shell companies and legitimate trading companies to layer and conceal illicit proceeds.
Tax & Customs Related Crimes	**High**	▪ Commercial Banks ▪ Payment Service Providers ▪ Foreign Exchange Dealers & Money Changers ▪ Legal Practitioners ▪ Real Estate Agents	▪ Consumption of criminal proceeds: ○ Motor vehicle purchases ○ Home renovations
Environmental Crimes	**Medium**	A significant portion of criminal proceeds is believed to be laundered offshore, with payments occurring directly between foreign buyers and sellers, such as fishing vessels or traders, bypassing Fiji's financial system.	
Bribery and Corruption	**High**	▪ Commercial Banks ▪ Payment Service Providers ▪ Foreign Exchange Dealers & Money Changers ▪ Legal Practitioners ▪ Real Estate Agents	▪ Consumption of criminal proceeds: ○ Motor vehicle purchases ○ Home renovations ▪ Use of registered, cash-intensive businesses to facilitate payment to overseas suppliers.

Illegal narcotics importers use registered, cash-intensive businesses to facilitate payments to overseas suppliers. The importer pays cash to the retail/importing business, which then facilitates payment to the supplier overseas. The payments are mixed with legitimate transactions, making it difficult to trace the illicit funds. The use of shell companies and legitimate trading companies to layer and conceal illicit proceeds has also been observed, particularly for illicit narcotics trafficking and organised crime groups.

To evade tax obligations, perpetrators use under-invoicing or false invoicing to disguise illegal activities and reduce tax or customs liabilities.

FFIU QUESTIONS

Transnational organised crime groups or OMCGs establish extensive, multinational networks to launder large sums of money tied to narcotics, large-scale fraud, or other transnational crimes. These networks often involve multiple jurisdictions, with minimal financial footprints in Fiji relative to the value of the illicit proceeds. They involve local organised crime groups working with their international counterparts.

Cross-border Flows of Criminal Proceeds: Fiji faces a complex, multi-layered cross-border money laundering threat environment, characterised by its roles as a transit point, a source of illicit funds, a recipient of illicit funds, and a nation impacted by criminal activities whose proceeds do not directly enter its financial system.

- *Domestic Criminal Proceeds Laundering in Fiji (High Threat):* The threat of domestic criminal proceeds laundered in Fiji is high. Proceeds from tax evasion and corruption are largely laundered in Fiji posing a high threat to FIs and DNFBPs. Other crimes, such as trafficking of "spill-over" cocaine and methamphetamine and marijuana, cyber scams also contribute to domestic laundering of proceeds.

- *Domestic Criminal Proceeds from Fiji Moved Offshore (Medium Threat):* Criminal proceeds generated domestically do not all remain within national borders. The threat of domestic proceeds of crime remitted or moved offshore for laundering is medium. Funds from narcotics, fraud, online scams, and corruption are transferred or physically moved offshore through channels that closely resemble legitimate outward remittance flows.

- *External/Foreign Criminal Proceeds Entering Fiji (Low Threat):* Fiji is not a significant destination for receiving laundered proceeds of crime from other countries. There is large legitimate remittance flows from Australia, the United States and New Zealand to Fiji. There is a low threat that some of these inflows maybe linked to proceeds of crime given the link to narcotics transhipment and organised crime.

- *Domestic Criminal Proceeds Laundered Entirely or Partly Offshore (High Threat):* Some significant criminal proceeds, such as those related to IUU fishing and transhipment of illicit narcotics destined for Australia/New Zealand, are laundered entirely or mainly offshore and do not involve Fiji's financial system or have a minimal financial footprint. Transhipment of illicit narcotics may involve facilitation payments, given Fiji's role as a facilitator and logistical waypoint for narcotics trafficking, rather than a financial conduit. Revenues from IUU fishing are settled when catches are offloaded and sold in markets offshore.

- **Use of Legal Persons:** Fiji's NRA identified legal persons as a relevant ML vulnerability because companies and other corporate vehicles can be misused to conceal ownership or control, hold assets, move funds, or give the appearance of legitimate ownership to criminal proceeds. The risk is particularly relevant where legal persons are connected to higher ML threat areas identified in the NRA, including narcotics-related offending, organized crime, fraud, corruption, tax and customs-related crimes, and trade-based activity.

- The inherent vulnerability arises from the potential use of companies, shell companies, nominee or proxy arrangements, opaque ownership structures, and related-party transactions to disguise the true beneficial owner or source of funds. These vulnerabilities are relevant to both domestic companies and foreign-owned or foreign-controlled companies operating in Fiji, particularly where the company is used to acquire assets, conduct high-value transactions, facilitate trade, or access the financial system.

- Fiji has taken further steps to deepen its understanding of these risks. Through the Ministry of Justice, Fiji commenced a dedicated ML/TF risk assessment of legal persons in early 2026, which is scheduled for completion by July 2026. This assessment is intended to build on the NRA findings by examining the types of legal persons most exposed to misuse, the sectors and activities in which misuse is more likely and the effectiveness of available beneficial ownership, registration, supervisory and investigative controls.

- The FIU identified **Citizenship-by-Investment (CBI) programmes** in 2025, as an emerging money laundering risk after detecting cases involving individuals seeking entry to Fiji through such schemes. The FIU issued a strategic analysis paper to help banks identify and manage these risks through enhanced due diligence and risk-based controls.
- **Scams** remain the underlying threat reported to the FIU and in 2025 the FIU issued a risk guide to inform and assist financial institutions on strategies on scam prevention in Fiji. Despite the warnings and awareness on scams undertaken by various government agencies, people continue to allow themselves to be deceived into quick rick schemes promoted on unreliable platforms such as social media platforms.

6. AML/CFT Supervision and Compliance

How effective has FFIU's risk-based supervision framework been in identifying and addressing high-risk institutions and activities, and what are the most common compliance deficiencies identified among financial institutions and designated non-financial businesses and professions (DNFBPs)?

The risk-based approach has been effective in identifying high-risk institutions and activities by helping FIU staff to focus its resources on the areas that pose the greatest risks and vulnerability for money laundering.

Recent onsite examinations of DNFBPs such as real estate agents and legal practitioners indicate compliance deficiencies relating to inadequate internal policies and procedures, lack of staff awareness and understanding of anti-money laundering requirements, inadequate controls on monitoring of clients and their transactions and on identification of suspicious transactions. There is an uneven understanding of money laundering risks and how their businesses can be targeted by criminals across the sectors.

The RBF supervises its licensed financial institutions (banks, money remitters and payment service providers) on its compliance with the FTR Act and Regulations.

FFIU QUESTIONS

7. Compliance Examination and Enforcement Strategy

Given the large number of regulated entities and the relatively low number of compliance examinations and enforcement actions undertaken, how does FFIU determine supervisory priorities, select entities for examination, and address any resource or operational constraints affecting its oversight activities?

Supervision of regulated entities is shared between the Reserve Bank of Fiji and the FIU. The RBF supervises all its licensed financial institutions such as the banks, foreign exchange dealers and money changers, and payment service providers.

FIU has a risk-based supervisory framework in place that prioritizes examinations and supervisory activities over its regulated entities. The FIU priorities high risk entities for in-depth and enhanced supervision. To maximize supervisory coverage, FIU utilizes a combination of onsite examinations, offsite monitoring, and ongoing engagement. Enforcement actions for financial institutions that failed to meet AML/CFT obligations focused on requiring corrective action plans and strengthening implementation measures. Implementation of these action plans were monitored through follow-up reviews, and engagement.

8. Reporting Quality and Industry Engagement

How does FFIU assess the quality and usefulness of Suspicious Transaction Reports and customer due diligence measures submitted by reporting entities, and what improvements would FFIU like to see from regulated sectors to strengthen reporting and compliance outcomes?

Upon receipt of a suspicious transaction report (STR), the FIU reviews and analyzes the report to determine whether it contains sufficient information and intelligence value to support further analysis, dissemination or investigation. The FIU assesses STRs based on a number of criteria as outlined below:

- *Clear grounds for suspicion*- the report clearly explains why the activity/transaction is unusual or suspicious.
- *Completeness and accuracy*- customer details, transaction information, accounts involved and relevant documentation are provided.
- *Quality of narrative*- the STR describes who was involved, what occurred when and where it happened and why it is considered.
- *Supporting information*- relevant records, identification documents, transaction history and due diligence findings are included.
- *Timeliness*- the STR is submitted promptly after the suspicion is identified.

A high quality STR is accurate, complete, timely, supported by evidence and contains a clear rationale for suspicion, enabling the FIU to generate actionable intelligence and support investigations. Therefore, a poor STR is vague, incomplete, unsupported by evidence or fails to clearly explain the basis for suspicion limiting its intelligence value.

A large number of STRs reported by financial institutions after analysis by FIU staff are determined as not meeting the threshold for referral to a law enforcement agency. This is largely due to the STR not meeting the criteria outlined above or there are insufficient grounds to conclude that a potential criminal activity is involved to the report.

The FIU would like improvements in the quality of STRs reported from all entities based on clear and evidence based reasonable grounds for suspicion. The FIU continues to work with financial institutions to strengthen awareness of how to better detect suspicious transactions.

The level of STR reporting from some sectors such as the real estate agents, legal practitioners and accountants are in our view low given the nature and size of these sectors. The FIU would like to increased levels of STR reporting from these sectors.

9. Use of Regulatory Powers

What enforcement powers are available to FFIU under the Financial Transactions Reporting Act, including monetary penalties, and to what extent have these powers been used or considered to improve compliance across regulated sectors?

Under the FTR Act, FIU has a range of supervisory and enforcement powers available to address AML/CFT non-compliance. These powers include conducting compliance examinations, requiring the production of information and records, issuing directives and remedial requirements, and pursuing sanctions for breaches of the Act and Regulations. The legislative framework also provides for offences and monetary penalties for certain failures, including non-compliance with reporting, customer due diligence, record-keeping, and other AML/CFT obligations. FIU's enforcement framework provides that supervisory actions may escalate from guidance and corrective measures to more formal enforcement responses depending on the nature, severity, and persistence of non-compliance.

The FIU has used its enforcement powers to a large extent since its establishment. Breaches of the FTR Act by financial institutions have been subject to FIU enforcement action over the years. These have also been reported in the FIU’s Annual Reports.

Enforcement action has consisted of FIU directives to financial institutions to adopt corrective action plans, remedial measures, and ongoing supervisory engagement to address identified deficiencies and improve compliance across the regulated sectors. Financial institutions who have been subject to FIU enforcement action have taken serious and urgent action to address any compliance breaches.

10. Technology, Data Analytics and Artificial Intelligence

How is FFIU leveraging its growing transaction database, the Taipan intelligence platform, advanced analytics, and artificial intelligence tools to detect complex financial crime, measure intelligence effectiveness, and address emerging risks such as AI-generated fraudulent documentation?

The FFIU leverages data to generate actionable financial intelligence by identifying suspicious trends, transaction patterns and anomalies linked to money laundering, terrorist financing, fraud, corruption, tax evasion and other serious financial crimes.

FFIU QUESTIONS

The large volume of transaction data allows FFIU to undertake more comprehensive financial profiling, identify previously undetected relationships between persons and entities, and establish financial trails that support intelligence development and investigations.

The growing data also supports the FFIU's risk-based approach to intelligence analysis by helping to identify high-risk sectors, geographic areas, products, and customer activities. It provides a strong evidence base for strategic assessments, national risk assessments, and the identification of emerging threats and typologies.

In addition, the extensive historical transaction records enable the FFIU to conduct retrospective analysis, compare current activities against historical patterns, and detect significant changes in financial behavior that may warrant further examination. This has enhanced the quality, accuracy and timeliness of financial intelligence disseminated to law enforcement agencies, regulatory authorities, and international counterparts.

The FFIU utilizes advanced data analytics capabilities within Taipan, to identify high-volume, complex and potentially suspicious transaction patterns associated with money laundering, terrorist financing and other financial crimes. The Taipan system has significantly enhanced the FFIU analytical capabilities by providing a modern, integrated environment for the collection, analysis and dissemination of financial intelligence.

The platform enables the FFIU to efficiently consolidate and examine information from several sources, allowing for a more comprehensive understanding of persons, entities and financial activities of intelligence interest. This has improved the FFIU's ability to identify linkages, establish financial relationships and detect patterns that may indicate money laundering, terrorist financing and other serious financial crimes.

At present, the FFIU does not deploy artificial intelligence (AI) or machine learning models for the automated detection of suspicious transactions. Instead, the FFIU relies on established intelligence and analytical methodologies supported by advanced data analytics tools. However, the FFIU continues to monitor developments in emerging technologies and advanced analytics and will assess the potential adoption of such capabilities where they can further enhance the effectiveness of Fiji's anti-money laundering and counter-terrorist financing framework.

The FFIU recognizes that advances in artificial intelligence and generative AI technologies may increase the risk of fraudulent and fabricated documents being used to facilitate money laundering, fraud, identity-related offences, sanctions evasion and other financial crimes. These technologies have the potential to be misused to create convincing false identification documents, proof-of-income statements, business records, invoices, contracts and other documentation that may be used to conceal the source, ownership or movement of illicit funds.

To mitigate these risks, the FFIU works closely with reporting entities and competent authorities to strengthen customer due diligence and document verification processes.

Overall, the growing volume of transaction reports has strengthened the FFIU's ability to produce actionable intelligence, support investigations and contribute to the detection, deterrence and disruption of illicit financial activities in Fiji.

WRITTEN SUBMISSION TO THE STANDING COMMITTEE ON ECONOMIC AFFAIRS ON THE FIJI FINANCIAL INTELLIGENCE UNIT ANNUAL REPORT 2023–2024

A. INTRODUCTION

The Reserve Bank of Fiji (RBF) welcomes the opportunity to provide comments on the Fiji Financial Intelligence Unit (FIU) Annual Report for FY2023–2024.The Bank's comments are provided from a macroeconomic and regulator of the financial system perspective.

FIUs are the national hub for receiving and analyzing suspicious transaction reports, ensuring compliance with Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) standards. FIUs are critical in safeguarding the integrity of the financial system by detecting, analyzing, and preventing money laundering, terrorist financing, and other illicit financial flows. Fiji FIU work supports the credibility of Fiji's financial sector and aligns with global Financial Action Task Force (FATF) recommendations. The FIU also assists in managing risks of systemic vulnerabilities, reputational damage, and weakened economic stability by identifying illicit flows, preventing criminals from exploiting the financial system. In addition, the FIU serves as a link between financial institutions, regulators, law enforcement, and international partners, ensuring coordinated responses to money laundering and other financial crimes.

The Fiji FIU plays dual role:
- Intelligence Function: Collects transaction reports from banks and other institutions, develops financial intelligence, and refers it to law enforcement agencies for investigation and prosecution.
- Regulatory Function: Regulates and supervises financial institutions for compliance with the Financial Transactions Reporting (FTR) Act, enforcing preventive measures against money laundering and terrorist financing.

For supervision of financial institutions, RBF & FIU share this responsibility.

B. BACKGROUND

The FTR Act established a Fiji FIU as Fiji's an autonomous body on 1st January 2006, responsible for carrying out wide ranging functions, duties under the Act. Prior to this, Fiji FIU had been operating on an interim arrangement since 2003 under a Memorandum of Agreement between the Reserve Bank of Fiji, the Ministry of Justice, Office of the Director of Public Prosecutions and the Fiji Police Force.

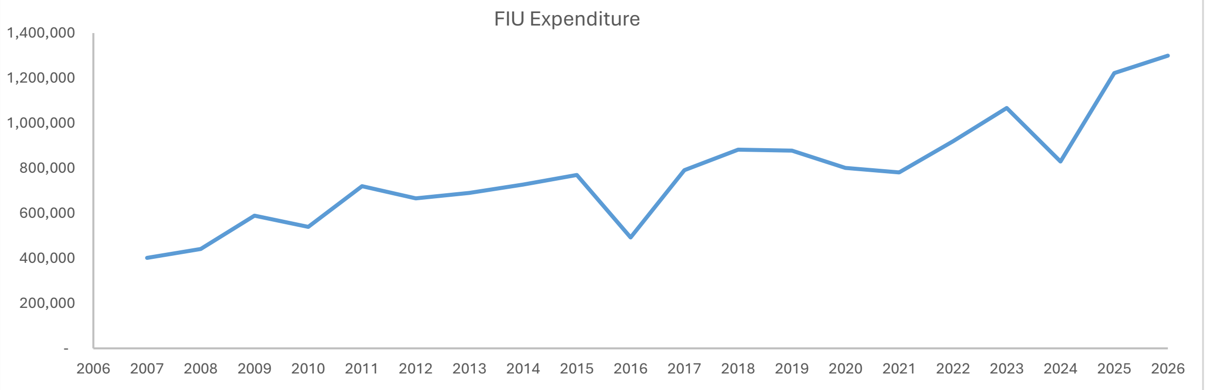
The Attorney General is the minister responsible for the FTR Act and in 2005, delegated his ministerial powers under the FTR Act to the Governor of the RBF. The Director of the FIU reports to the RBF Governor on the performance of the Unit. The Director FIU is responsible for exercising the powers, duties and functions of the FIU as specified in the FTR Act. The Director is also the advisor to the Minister and the Governor on matters relating to combating money laundering, terrorist financing and related offences in Fiji.

It was the decision of the Government for the FIU to be housed within the RBF, acknowledging that the work of the FIU complemented the functions of the Bank. The FIU focuses on safeguarding the integrity of the financial system through AML/CFT measures, while the RBF ensures overall financial stability and soundness. By housing the FIU within the RBF, Fiji benefits from a coordinated framework where both institutions work together to maintain trust, resilience, and credibility in the financial system.

C. FUNDING

The RBF continued to provide the entire budgetary funding for the FIU over the years as well as other administrative support services in the areas of human resource management, accounting, information technology services, security services and other general administrative services.

The amounts allocated for funding has increased steadily over the years i.e. approximately $1.3m in 2026 from less than half million in 2006. When factoring in costs for office space, utilities, IT services, human resources, accounts, and related support functions, additional 30 percent in budget allocation may need to be added to the overall costs.



NB: 2016 figures is lower due to change in RBF financial year
Higher capital Exp recorded in 2022,2023 & DFIU vacancy in 2024

The Bank provided the necessary administrative support for the filling of FIU positions by transferring staff from RBF in 2006 and the remaining vacant positions within the FIU organisation structure was filled progressively over the next four to five years. It commenced operations with 5 staff and secondment of 1 officer from Fiji Police. FIU now has 10 staff and two officers seconded from Fiji Revenue & Customs Service (FRCS) and Fiji Police Force.

Furthermore, indirect assistance is provided by FRCS and the Fiji Police Force through the secondment of their staff. The salaries of seconded officers are funded by their respective agencies. The FIU is also invited to participate in training courses which are fully funded by regional donors and international organisations.

D. WORKING ARRANGEMENTS BETWEEN RBF AND FIU

The RBF provides funding for the operations of the FIU, however, it retains full operational independence in executing its statutory responsibilities, including the analysis of suspicious transactions and the supervision of financial institutions and designated non-financial businesses and professions (DNFBPs). This arrangement ensures that the FIU is adequately resourced to fulfill its mandate, while preserving its autonomy in decision-making and compliance oversight in line with the international standards.

1. **Budgeting and Financial Processes**
   At the beginning of each financial year, the RBF allocates a dedicated budget to the FIU for its operations. The FIU follows the same financial year cycle as the RBF and utilisation of the budget must comply with RBF's established financial procedures, including procurement, training, and accounting requirements. All expenditures are processed through RBF's accounting systems to ensure transparency and accountability.

2. **Human Resources (HR)**
   RBF approves the organisation structure of the FIU. FIU adheres to RBF's HR policies for recruitment, training, performance management, and resignation. Staff appointments and separations are managed in line with RBF's governance framework. Training and professional development opportunities are provided under RBF's HR programs.

3. **Office Space, Information Technology (IT) and Support Services**
   RBF provides office space and related facilities for the FIU. This arrangement ensures FIU staff have access to secure, professional workspaces and the necessary infrastructure to carry out their mandate. RBF provides IT infrastructure, technical support, and system maintenance for FIU operations as well as backup services. FIU follows RBF's standard IT policies and procedures, including cybersecurity and data protection protocols. FIU databases and data are independently managed by FIU's IT staff. FIU also aligns with RBF's Business Continuity Plan and is included in the Bank's quarterly Business Resumption Strategy Tests.

4. **Operational Independence**
   While FIU is administratively housed within RBF and follows its processes for budget, HR, and IT, it retains operational independence in executing its statutory responsibilities. FIU independently carries out its mandate under the FTR Act, including analysis of suspicious transactions, supervision of financial institutions and DNFBPs as well as dissemination of intelligence to law enforcement agencies.

5. **Accountability and Reporting**
   As a matter of good governance, FIU prepares annual reports on its activities, ensuring transparency in the delivery of its functions and the use of RBF provided funding. The FIU annual report is presented to Parliament, although it is not a requirement under the FTR Act. The FIU provides regular operational updates to the Governor of the RBF as part of the governance framework.

   Due to the nature of its establishment, the FIU does not prepare and publish a separate set of financial statements on its operations. The expenditure of the FIU is incorporated into the financial statements of the RBF and is audited as part of the Reserve Bank's annual external audit. The FIU is also subject to the Bank's internal audit.

This arrangement ensures that the FIU is adequately resourced and supported by RBF's governance structures, while maintaining the independence necessary to fulfill its AML/CFT mandate in line with international standards.

E. SUPERVISION COLLABORATION

The FIU and RBF are required under the FTR Act to supervise and ensure that financial institutions are compliant with the FTR Act and Regulations. Supervision collaboration between the RBF and FIU ensures comprehensive oversight of the financial system. RBF supervises licensed entities under its jurisdiction, this includes commercial banks, credit institutions, payment system providers, insurance companies, superannuation fund, capital markets intermediaries, and other financial institutions licensed under RBF administered legislation e.g. Restricted Foreign Exchange Dealers (RFEDs). FIU supervises financial institutions that are not supervised by the RBF and DNFBPs which include lawyers, real estate agents, accountants, dealers in precious metals and stones, and other non-bank entities that can be vulnerable to money laundering and terrorist financing.

The collaboration involves information sharing, coordinating on-site inspections for institutions, policy development, and capacity building, which strengthens Fiji's adherence to international standards. By working together, RBF and FIU can enhance detection and prevention of systemic risks linked to money laundering and financial crime. The RBF ensures financial stability while the FIU safeguards financial integrity, creating a resilient and credible supervisory framework for Fiji.

F. FIU MODELS & EFFECTIVENESS

All FIUs around the world are structured under different models, ranging from central bank hosted units to independent agencies, and their funding and governance arrangements vary. The model influences how effectively FIUs can balance operational independence with administrative efficiency. Some FIUs are established as autonomous bodies outside any pre-existing government structure, while others are established as departments of existing ministries or agencies.

There are four primary institutional and organisational models recognised globally by the Egmont Group[1].

a. Administrative model is set up as an independent, centralized administrative body, separate from law enforcement and the judiciary. It acts as a buffer between the financial sector and law enforcement, receiving suspicious transaction reports (STRs), analysing them, and disseminating intelligence and encourages reporting entities to share data freely due to privacy safeguards, avoiding direct police oversight.

b. Law Enforcement model is integrated within police force or existing law enforcement agencies. It combines financial intelligence collection with immediate investigative and prosecutorial powers.

c. Judicial model is established under the authority of the judicial branch or investigative magistrates and operates closely with courts, using judicial powers to freeze accounts and demand records during analysis.

1 The Egmont Group is a global network of FIUs, currently comprising 182 members, that provides a secure platform for exchanging financial intelligence to combat money laundering, terrorist financing, and related crimes.

d. Hybrid model combines elements of administrative and law enforcement frameworks into a multi-tiered setup which uses an administrative unit for intake and analysis while embedding law enforcement liaison teams under one roof.

The Egmont Group, in its 2024 - 2025 Annual Report, published the survey results of its member FIUs. The survey revealed that out of the 139 FIUs responding, majority i.e. 102 FIUs were administrative, 18 law enforcement, 17 hybrid, and only two based on judicial model. The administrative model dominated as there is preference for independent FIUs focused on analysis rather than direct enforcement actions. As such, Fiji's administrative model is consistent with most jurisdictions.

Fiji also underwent the APG[2] Mutual Evaluation exercise in 2016, whereby the assessment team reviewed Fiji's AML/CFT framework against the FATF requirements. Compliance was measured against the FATF 40 Core Recommendations and 9 Special Recommendations, with Recommendation 29 specifically relating to FIUs. Fiji was rated "Compliant" under this Recommendation. The FIU, established under the FTR Act, was recognized as having clear legal authority to receive, analyse and disseminate suspicious transaction reports (STRs). Its integration with RBF provided administrative efficiency and the evaluation noted Fiji FIU's active participation in international cooperation through its membership in the Egmont Group.

G. UPCOMING MUTUAL EVALUATION

In 2026, Fiji will be subject to APG Mutual Evaluation. Fiji is currently undergoing a compliance assessment of how well we are complying with the international AML & CFT standards. Agencies and Ministries across government, including the FIU, RBF, Fiji Police Force, FRCS and Ministry of Justice will be evaluated on how well we as a country are meeting our international obligations. The FIU's independence, resourcing, powers and effectiveness will also be part of this assessment and may result in recommendations to amend legislation to strengthen FIU powers in line with the international standards.

Reserve Bank of Fiji

07 August 2026

2 APG Mutual Evaluation is a comprehensive peer-review process carried out by the Asia/Pacific Group on Money Laundering, one of the FATF regional bodies. Its purpose is to assess how well a member country's AML/CFT framework complies with the FATF Recommendations

FICAC

Fiji Independent Commission Against Corruption

A Fiji where institutions are corruption-free, justice is swift, and citizens trust that public money is used for the public good

SUBMISSION TO THE PARLIAMENTARY STANDING COMMITTEE ON ECONOMIC AFFAIRS

Prepared By:

Acting Commissioner, Lavi Rokoika

Tuesday, 18 August 2026

FIJI INDEPENDENT COMMISSION AGAINST CORRUPTION
RESPONSE TO QUESTIONS FROM THE STANDING COMMITTEE

Reporting period: 1 July 2025 to 30 June 2026
18 August 2026

FICAC thanks the Standing Committee for the opportunity to provide this information.
The responses below are confined to the reporting period unless otherwise stated. As some matters remain live, FICAC has limited its response to verified information necessary to answer the Committee, without identifying complainants or subjects, disclosing internal legal advice, or commenting on the evidence or merits of ongoing matters.

Question 1: Tax Crime Complaints and Investigations

FICAC's complaints records identify five complaints received during the reporting period falling within the broad categories identified by the Committee:

a. 2 FRCS referrals**:** one concerning unexplained wealth and one concerning potentially fraudulent VAT-related activity and alleged fictitious sales; both were directed for investigation;

b. 1 complaint concerning alleged tax evasion and customs-related misconduct: the complainant was advised to report the matter to FRCS as the appropriate primary agency, and it did not proceed as a separate FICAC investigation; and

c. 2 complaints concerning alleged false declarations and asset-disclosure issues: one was directed for formal investigation, and the other was consolidated with an existing related matter.

3 complaints are therefore expressly recorded as having progressed to formal investigation as separate FICAC matters. The 4th was consolidated into an existing related matter and is not counted as a separate investigation; the 5th was directed to FRCS.

No criminal prosecution or conviction arising from these 5 complaints is recorded in the material supplied for the reporting period.

Question 2: Referrals from FRCS

FICAC received 2 referrals from FRCS during the reporting period. 1 concerned unexplained wealth and the other concerned potentially fraudulent VAT-related activity and alleged fictitious sales. Both were directed for investigation.

As at 18 August 2026**,** one remains under active investigation, and the other has progressed to civil proceedings under the Proceeds of Crime Act 1997 in the High Court.
In the civil matter, FICAC obtained restraining orders over property and approximately $1.3 million in funds arising from the sale of property. Those assets and funds remain subject to the Court's determination and are therefore restrained, not recovered or finally forfeited**.**

No criminal prosecution or conviction has resulted from these 2 referrals as at the date of this response.

FICAC received 3 additional FRCS referrals in May 2025. As they pre-date the reporting period, they are not included in the total above.

Question 3: Inter-Agency Collaboration on Tax Crime

FICAC participates in a formal inter-agency framework to strengthen the detection, referral and investigation of financial and revenue-related offending. The framework developed from an inter-agency taskforce established in December 2024 and was strengthened by a Memorandum of Understanding signed in November 2025**.**

The framework brings together FICAC, FRCS, the Fiji Financial Intelligence Unit, the Fiji Police Force, Immigration, the Ministry of Justice, the Land Transport Authority and relevant prosecutorial and government legal agencies. Subject to each agency's statutory powers and confidentiality obligations, it facilitates information and intelligence sharing, referrals and coordinated investigative and enforcement activity.

During the reporting period, the framework facilitated the identification and referral of relevant matters, intelligence exchange and coordinated investigative activity. The 2 FRCS referrals identified in Question 2 were received and investigated during the period.

Question 4: Corruption Risks within Revenue Administration

Based on the information collated for this response, FICAC has not identified a matter within the reporting period specifically alleging bribery, abuse of office, corruption, unexplained wealth or other misconduct by an officer employed in tax administration, customs operations, border management or revenue collection.

The March 2026 FRCS unexplained-wealth referral concerned a person outside FRCS and is therefore not treated, for this question, as an allegation of misconduct by an FRCS officer.

The material supplied does not identify a separate formal integrity recommendation made to a revenue agency during the reporting period. The principal systemic measure was the inter-agency framework described in Question 3, including the November 2025 Memorandum of Understanding, which strengthened referral pathways, information sharing and coordination.

Where an investigation or corruption-prevention assessment identifies weaknesses in internal controls or integrity systems, FICAC makes targeted recommendations to the agency concerned pursuant to FICAC’s statutory mandate.

Lavi Lotu Rokoika (Ms)
Acting Commissioner

ANNEX 2

RESERACH BRIEF

Information Brief for Standing Committee

Standing Committee on Economic Affairs

Information Brief on Fiji Financial Intelligence Unit Annual Report 2024

1.0. Overview

This brief is provided to the Standing Committee on Economic Affairs ***("SC-EA" or "Committee")*** as requested through its secretariat. This Information Brief is a summary of some of the key highlights in the Fiji Financial Intelligence Unit ***("FFIU")*** Annual Report ***("AR")*** for financial year ***2024***[1]. The summary is designed to assist Honourable Members of Committee undertake their comparisons and related analysis of the organisation's performance as discussed in the ARs. The narrative provided here is only intended to assist the Committee with its appraisal of the reports and does not aim to provide in-depth oversight on the FFIU.

2.0. Introduction

The Fiji Financial Intelligence Unit (FFIU) is a government agency established in 2006 to protect Fiji's financial system from money laundering, terrorism financing, and other serious crimes. It performs two main roles: developing financial intelligence from transaction reports and sharing it with law enforcement agencies for investigations and regulating financial institutions to ensure they have effective systems to prevent financial crime. Although administratively housed and funded by the Reserve Bank of Fiji, the Fiji FIU operates independently under the leadership of its director. Its work is guided by five strategic pillars: financial intelligence, preventive measures, technology-driven processes, partnerships, and people development, all of which contribute to strengthening national security and maintaining a safe and trusted financial system in Fiji.

3.0. Vision

Protecting Fiji from Money Laundering

4.0. Strategic Pillars:

5.0. Key Strategies:

1. Develop and disseminate quality intelligence products for our stakeholders.
2. Improve the quality and use of our intelligence products.
3. Promote the understanding of money laundering risks and methods in Fiji.
4. Promote a risk-based implementation of the preventive measures under the FTR Act.
5. Enhance financial institutions and businesses understanding of their obligations under the FTR Act.
6. Effectively supervise financial institutions and businesses for compliance with the FTR Act and take appropriate enforcement action in case of non-compliance.

[1] Fiji Financial Intelligence Unit 2025, ***2024 Annual Report***, Parliamentary Paper No. 05 of 2025, Fiji Financial Intelligence Unit, Suva.

7. Effective data reporting.
8. Develop innovative data management systems and analytic tools.
9. Improve data quality and information security.
10. Enhance our network for information sharing.
11. Strengthen relationships with domestic and international partners.
12. Provide support to international partners on AML/CFT initiatives and engagements.
13. Cultivate a skilled, motivated and high performing team.
14. Ensure corporate governance through strong internal controls and performance reporting.

6.0. Functions

The Fiji Financial Intelligence Unit (FFIU) is mandated by the Financial Transactions Reporting (FTR) Act to fulfill **two core functions** aimed at protecting the national financial system from abuse.

6.1. Intelligence Function

As a financial intelligence agency, the FFIU's primary role is to develop actionable intelligence to combat financial crime.

- **Data Collection and Analysis:** It collects and analyzes various reports, including Suspicious Transaction Reports (STRs), Cash Transaction Reports (CTRs), Threshold Transaction Reports (TTRs), and Electronic Funds Transfer Reports (EFTRs).
- **Referrals to Law Enforcement:** Analyzed intelligence is referred to partner agencies—primarily the **Fiji Police Force (FPF)**, **Fiji Revenue and Customs Service (FRCS)**, and the **Fiji Independent Commission Against Corruption (FICAC)**—for the investigation and prosecution of money laundering, terrorism financing, and other serious crimes.
- **Asset Tracing:** The unit provides intelligence support to help law enforcement agencies trace, restrain, and confiscate the proceeds of crime.

6.2. Regulatory Function

The FFIU serves as a regulator for all entities and businesses identified as "financial institutions" under the FTR Act, which includes banks, insurance companies, real estate agents, and legal practitioners.

- **Compliance Supervision:** It ensures these institutions have robust internal systems and controls to mitigate financial crime risks. This is achieved through **on-site examinations** and **off-site monitoring** of their compliance with anti-money laundering (AML) requirements.
- **Guidance and Training:** The unit promotes awareness by issuing **enforceable guidelines**, policy advisories, and conducting training sessions to help businesses understand their legal obligations.
- **Enforcement:** It has the authority to take enforcement actions, such as administrative monetary penalties or remedial measures, when institutions fail to comply with the FTR Act.

6.3. Other Key Roles

Beyond its core mandates, the FFIU performs several supportive functions:

- **Partnerships and Information Exchange:** It enters into Memorandums of Agreement (MOAs) with domestic and international agencies to facilitate the exchange of information.
- **Policy Advisory:** The Director of the FIU acts as an advisor to the Minister (Attorney General) and the Governor of the Reserve Bank of Fiji on matters related to money laundering and terrorist financing.
- **International Representation:** The unit represents Fiji on international platforms and contributes to global policy formulation for AML and combating the financing of terrorism (CFT) initiatives.
- **Credibility Checks:** Upon written request from government departments, the FIU conducts vetting and background checks on individuals and entities for board appointments or investment proposals.

Pursuant to Part 4, Section 25 of the Financial Transaction Reporting Act 2004, the following are the function of the unit[2]:

(1) Unit:

a) must receive reports made under sections 7, 13, 14, 15, 16 and 33(2) and information provided to the Unit by any agency of another country, information provided to the Unit by a law enforcement agency or a government institution or agency, and any other information voluntarily provided to the Unit about suspicions of a serious offence, a money laundering offence or the offence of the financing of terrorism;

b) may collect information that the Unit considers relevant to serious offences, money laundering activities or the financing of terrorism whether or not publicly available, including commercially available databases, or information that is collected or maintained, including information that is stored in databases maintained by the government;

c) may obtain information on parties or transactions referred to in reports made under sections 7, 13, 14, 15, 16 and 33(2);

d) may request information from any government agency, law enforcement agency and supervisory agency without charge for purposes of this Act;

e) must analyse and assess all reports and information received;

f) may refer any matter or any information derived from any report or any other information it receives to the appropriate law enforcement and supervisory authorities, both domestic and foreign, if, having considered the report or information, the Unit has reasonable grounds to suspect that the transaction or information is relevant to the investigation or prosecution of a money laundering offence, a terrorist financing offence or a serious offence;

g) must destroy a suspicious transaction report received or collected on the expiry of 7 years after the date of receipt of the report if there has been no further activity or information relating to the report or the person named in the report or 7 years from the date of the last activity relating to the person or report;

h) may instruct any financial institution to take such steps as may be appropriate in relation to any information or report received by the Unit, including requesting further information in relation to any reports made, to enforce compliance with this Act or to facilitate any investigation anticipated by the Unit or a law enforcement agency;

i) must compile statistics and records, disseminate information within Fiji or any other country and, make recommendations arising out of any information received;

j) in consultation with the relevant supervisory authority, must issue guidelines to financial institutions in relation to customer identification, record keeping and reporting obligations and the identification of suspicious transactions;

k) must periodically provide feedback to financial institutions and other relevant agencies regarding outcomes to the reports or information given under this Act;

l) may provide training programs for financial institutions in relation to customer identification, record keeping and reporting obligations and the identification of suspicious transactions;

m) may undertake due diligence checks and other inquiries as may be requested in writing by a government department or authority;

n) may conduct research into trends and developments in the area of money laundering and the financing of terrorism and improved ways of detecting, preventing and deterring money laundering and the financing of terrorist activities;

o) may educate the public and create awareness on matters relating to money laundering and the financing of terrorism;

[2] Republic of Fiji, 2004. *Financial Transactions Reporting Act 2004*. Part 4, s. 25. Available at: https://www.laws.gov.fj/#/acts/DisplayAct/3168 [Accessed 23 July 2026]

p) may disclose any report or information received from a report or any other information received, to an institution or agency of a foreign state or of an international organisation established by the governments of foreign states that has powers and duties similar to those of the Unit under sections 26 and 27, if on the basis of its analysis and assessment, the Unit has reasonable grounds to suspect that report or information would be relevant to investigation or prosecution of a money laundering offence, terrorist financing offence or a serious offence; and

q) (q) may enter into agreements or arrangements with a government institution or department for the exchange of information.

(2) If the Unit has reasonable grounds to suspect that a transaction or attempted transaction may—

a. involve the proceeds of a serious offence, a money laundering offence or an offence of the financing of terrorism; or

b. be preparatory to the offence of the financing of terrorism,

b) to allow the Unit time to make inquiries or to consult or advise relevant law enforcement agencies, the Attorney-General may apply ex parte to a judge of the High Court for an order, and if the judge is satisfied that there are reasonable grounds to suspect that a transaction or attempted transaction may involve the proceeds of such offence or may be preparatory to the offence of the financing of terrorism, the judge may grant an order that the financial institution refrain for a specified period from carrying out the transaction or attempted transaction or any other transaction in respect of the funds affected by that transaction.

7.0. At Glance 2024

Source: FFIU AR 2024, p5 (pdf.p.7)

8.0. Strategic Framework (The Five Pillars)

The Strategic Pillars is vital for understanding the organization's focus areas:

8.1. FFIU Intelligence Production and Dissemination

- **High-quality financial intelligence is a core strategic priority** of the Fiji Financial Intelligence Unit (FFIU), supporting law enforcement agencies in investigating serious crimes, money laundering, and terrorist financing.
- **FFIU produces a range of intelligence products**, including:
    - Case Dissemination Reports (CDRs) based on Suspicious Transaction Reports (STRs).
    - Law Enforcement Information Reports provided on request.
    - Credibility Check Reports to support government vetting processes.
    - Financial Data Reports for authorized law enforcement agencies.
- **In 2024**, FFIU:
    - Issued **125 Case Dissemination Reports**, primarily to the Fiji Police Force (57%) and the Fiji Revenue and Customs Service (25%).
    - Facilitated the extraction of **1,334 Financial Data Reports** by authorized law enforcement officers.
- **Intelligence analysis is supported by a database of approximately 37 million transaction reports**, including:
    - Suspicious Transaction Reports (STRs).
    - Cash Transaction Reports (CTRs).
    - Threshold Transaction Reports (TTRs).
    - Electronic Funds Transfer Reports (EFTRs).
    - Border Currency Declaration Reports (BCRs).
- **Tactical analysis and information gathering** strengthen intelligence quality:
    - **304 STRs** were fully analyzed in 2024.
    - **697 enquiries** were made to financial institutions and government agencies to obtain additional information.
- **Technology plays a key role in intelligence production**, supported by:
    - **Taipan System** for advanced profiling and analysis of persons and entities of interest.
    - **Alert and Monitoring System (AMS)** for automated detection of suspicious activities.
    - **Case Management System (CMS)** for centralized case storage, link analysis, and standardized reporting.
- **Stakeholder feedback demonstrates strong intelligence value**:
    - **86% of law enforcement partners** rated FFIU intelligence products as "very useful."
    - Intelligence products helped agencies:
        - Open new investigative lines of inquiry.
        - Better understand financial crime methodologies.
        - Identify new persons of interest and likely offences.
- **Key crime trends identified in 2024**:
    - **Scams** accounted for **38%** of disseminated intelligence reports.
    - **Tax crimes** represented **86%** of the total transaction value associated with disseminated cases.
- **Overall**, FFIU combines extensive data analysis, advanced technology, and strong inter-agency collaboration to deliver high-quality, actionable financial intelligence that supports national efforts to combat financial crime.

8.2. FFIU's Preventive Measures Strategic Pillar

- **Preventive Measures is the FFIU's second strategic pillar**, focused on promoting a safe and sound financial system that prevents and detects money laundering and terrorist financing by ensuring compliance with the Financial Transactions Reporting (FTR) Act.

- **The FFIU promotes a risk-based approach to AML/CFT compliance** by:
    - Providing clear regulatory guidance through **10 Enforceable Guidelines** and **19 Policy Advisories**.
    - Issuing **26 ad hoc policy advisories** in 2024 to clarify requirements such as Customer Due Diligence (CDD) and transaction reporting.
    - Delivering targeted training initiatives, including **2024 Talanoa Sessions** for **58 real estate agents**.
- **Enhancing stakeholder understanding and compliance capability** is a key focus:
    - Supporting Fiji's **192 registered AML Compliance Officers** through training and engagement.
    - Conducting induction programs for **12 new AML Compliance Officers** in 2024.
    - Hosting regular meetings, webinars, and industry forums on emerging money laundering risks and regulatory developments.
    - Organizing specialized banking sector forums to raise awareness of **Transnational Organized Crime (TNOC)** risks in the Pacific region.
- **Risk-based supervision and monitoring** are undertaken through both on-site and off-site programs:
    - Conducted on-site examinations of **one legal practitioner** and **four real estate agents** in 2024.
    - Collaborated with the Reserve Bank of Fiji to examine **two commercial banks** and **three foreign exchange dealers**.
    - Utilized the **Alert and Monitoring System (AMS)** to monitor reporting obligations and identify compliance breaches.
- **Data quality and reporting compliance are actively monitored**:
    - AMS identified **six breaches** of the mandatory five-day transaction reporting requirement in 2024.
    - The FFIU detected and addressed **11 data quality issues**, including incomplete transaction reporting information.
- **Enforcement actions are applied where non-compliance is identified**:
    - Compliance issues, such as failures to maintain updated customer due diligence information, are addressed through formal non-compliance notices, administrative penalties, and other remedial measures.
    - In 2024, the FFIU identified **two cases** involving failures to update customer due diligence requirements.
- **Overall**, the Preventive Measures pillar combines guidance, training, supervision, monitoring, and enforcement to strengthen AML/CFT compliance across Fiji's financial and non-financial sectors and reduce the risks of money laundering and terrorist financing.

8.3. FFIU's Technology Driven Processes Strategic Pillar

- **Technology Driven Processes is the FFIU's third strategic pillar**, focused on leveraging innovative data management systems and analytical tools to strengthen intelligence production, regulatory oversight, and operational efficiency.
- **Effective data reporting is supported through the Online Data Delivery System (ODDS)**:
    - ODDS enables secure electronic submission of reports by **172 reporting entities**, including banks, law firms, and real estate agencies.
    - In 2024, the FFIU received **over 6.1 million reports**, averaging more than **511,000 reports per month**.
    - Approximately **75% of Suspicious Transaction Reports (STRs)** and **99.73% of Electronic Funds Transfer Reports (EFTRs)** were submitted electronically through the system.

- **Advanced analytical tools enhance intelligence capabilities**:
    - The **Taipan System**, introduced in July 2024 with assistance from AUSTRAC, provides advanced profiling, open-source query language searches, and sophisticated filtering capabilities for analyzing persons and entities of interest.
    - The **Alert and Monitoring System (AMS)** automatically applies suspicious indicator rules to transaction data and generates alerts for analysts when potentially suspicious activities are identified.
    - The **Case Management System (CMS)** centralizes intelligence records and reports, while automatically producing link analysis charts and standardized report templates to improve consistency and quality.
- **Data quality, accessibility, and information security are key priorities**:
    - The FFIU maintains a database containing **more than 37 million transaction reports**.
    - The unit has direct access to government databases, including those of the **Department of Immigration**, **Land Transport Authority**, and **Fiji Revenue and Customs Service (FRCS)**, to support intelligence analysis and verification.
    - Weekly cybersecurity scans are conducted to protect information systems from unauthorized access and cyber threats.
    - The FIU also benefits from the information security framework and technology safeguards of the **Reserve Bank of Fiji**.
- **Continuous infrastructure improvements support operational resilience**:
    - In 2024, all FIU servers were upgraded with the latest operating systems and security patches to strengthen system reliability and security.
    - Ongoing technology enhancements ensure that the unit's information management systems remain robust, secure, and responsive to emerging risks.
- **Direct Database Access (DDA) strengthens inter-agency collaboration**:
    - Through the **Transaction Query System (TRAQ)**, the FFIU provides direct database access to **86 authorized officers** from partner law enforcement agencies.
    - This capability enables investigators to efficiently obtain financial intelligence and support ongoing investigations.
- **Overall**, the Technology Driven Processes pillar enables the FFIU to manage large volumes of financial data, produce higher-quality intelligence, strengthen information security, and improve collaboration with law enforcement agencies through advanced technology and data-driven solutions.

8.4. FFIU's Partnerships Strategic Pillar

- **Partnerships is the FFIU's fourth strategic pillar**, recognizing that strong domestic and international collaboration is essential for combating money laundering, terrorist financing, and other financial crimes.
- **The FFIU enhances information sharing through formal partnerships and data exchange mechanisms**:
    - Maintains **Memorandums of Agreement (MOAs) with 14 domestic partner agencies**, including the Fiji Police Force, Fiji Revenue and Customs Service (FRCS), and the Ministry of Justice.
    - Uses these agreements to facilitate access to databases, bulk data, and other information required for intelligence analysis and investigations.
    - Provides **Direct Database Access (DDA)** through the TRAQ system to **86 authorized officers** from partner agencies, enabling them to directly obtain financial intelligence for investigations.
    - Strengthens cooperation through staff secondments, with one officer each from the Fiji Police Force and FRCS working within the FFIU in 2024.

- **The FFIU actively strengthens domestic and international relationships**:
  - Participates in multi-agency operational taskforces, including the **FRCS Tax Crimes Taskforce**.
  - Delivered specialized training on asset confiscation to **36 investigators and prosecutors** in 2024.
  - Leads and coordinates Fiji's **National Risk Assessment (NRA)** process to improve understanding of money laundering and terrorist financing risks.
  - Maintains active membership in key international AML/CFT organizations, including:
    - Asia Pacific Group on Money Laundering (APG).
    - Egmont Group of Financial Intelligence Units.
    - Pacific AML/CFT Supervisors Forum.
  - Has established **32 Memorandums of Agreement with foreign FIUs** to facilitate international information sharing and cooperation.
- **The FFIU contributes to regional and international AML/CFT initiatives**:
  - Serves as a founding member of the **Pacific Financial Intelligence Community (PFIC)**.
  - Hosted the second stage of a regional multilateral intelligence project in 2024 with counterparts from Australia, Samoa, and Tonga.
  - Was appointed as the next rotating **PFIC co-chair** during 2024.
  - Collaborates closely with **AUSTRAC** through the Taipan project to enhance analytical capabilities, data management, and technological infrastructure.
  - Processes international intelligence requests through the **Egmont Secure Web (ESW)**, supporting global efforts to combat financial crime.
- **Global information exchange remains an important component of FFIU operations**:
  - In 2024, the unit processed **three information requests from foreign FIUs** through established international cooperation mechanisms.
  - These exchanges support cross-border investigations and reinforce Fiji's role as a trusted partner in international AML/CFT efforts.
- **Overall**, the Partnerships pillar strengthens information sharing, inter-agency cooperation, regional collaboration, and international engagement, enabling the FFIU to effectively address increasingly complex and transnational financial crime threats.

8.5. FFIU's Our People Strategic Pillar

- **Our People is the FFIU's fifth strategic pillar**, focused on developing a skilled workforce and maintaining strong governance practices.
- **Building a high-performing team** through:
  - Ongoing staff recruitment and professional development.
  - Maintaining a workforce of **nine permanent staff and two seconded officers** in 2024.
  - Providing training through international partners such as **APG, AUSTRAC, and UNODC**.
  - Receiving administrative, IT, and security support from the **Reserve Bank of Fiji (RBF)**.
- **Promoting strong corporate governance** by:
  - Providing regular operational and performance reports to the RBF and National AML Council.
  - Engaging with Parliament and key stakeholders on AML/CFT matters.
  - Following international best practices through compliance with **Egmont Group** standards.
  - Using the website and media to communicate regulatory requirements and AML/CFT initiatives.
- **Maintaining sound financial oversight and strategic direction**:
  - Fully funded by the **Reserve Bank of Fiji**, with expenditure of approximately **$830,000 in 2024**.
  - Subject to internal and external audit processes.

  - Developed the **Strategic Plan 2025-2029** through consultations with public and private sector stakeholders.
- **Overall**, this pillar ensures that the FFIU has capable staff, strong governance, effective oversight, and a clear long-term strategy to support its AML/CFT objectives.

9.0. Financials

The **Fiji Financial Intelligence Unit (FFIU)** operates under a unique financial model where it is fully funded and administratively supported by the **Reserve Bank of Fiji (RBF)**, rather than receiving direct funding from the Fijian Government.

9.1. Funding and Expenditure

The FFIU's operations are entirely financed by the RBF, with its annual budget requiring approval from the RBF Board.

- **2024 Total Expenditure:** The unit spent **$830,000** in 2024, a **decrease from $1,066,883** in 2023.
- **Operating vs. Capital:** The vast majority of the 2024 budget was dedicated to **Operating Expenditure (828,000)**, with a small portion allocated to Capital Expenditure **(2,000)**.
- **Administrative Support:** Beyond direct funding, the RBF provides essential indirect support services, including **accounting**, human resource management, information technology, and security services.

9.2. Indirect Financial Support

The unit's operational capacity is bolstered by "indirect funding" through staff secondment arrangements.

- **Partner Agencies:** In 2024, the **Fiji Police Force (FPF)** and the **Fiji Revenue and Customs Service (FRCS)** each provided one full-time officer to the FFIU.
- **Salary Coverage:** The salaries for these seconded officers are fully covered by their respective home agencies, reducing the direct personnel costs for the FFIU.
- **Training Assistance:** The unit also receives support from international organizations (such as the APG and UNODC) to fund staff attendance at technical AML/CFT training and global meetings.

9.3. Governance and Accountability

Strict protocols ensure the transparent use of funds despite the unit's operational independence.

- **Accountability:** The Director of the FFIU is directly accountable to the **Governor and the Board of the RBF** for the use of all allocated funds.
- **Audit and Reporting:** The FFIU does not publish independent financial statements. Instead, its expenditures are incorporated into the **RBF's financial statements**, which are subject to both internal and external audits.
- **Budget Preparation:** The Director is responsible for the preparation and implementation of the annual budget as part of the unit's broader strategic and work plans.

Financial Summary (2022–2024)

Category	2022	2023	2024
Operating Expenditure	$910,000	$1,057,000	**$828,000**
Capital Expenditure	$9,883	$9,883	**$2,000**
Total Expenditure	**$919,883**	**$1,066,883**	**$830,000**

(Source: Reserve Bank of Fiji/Fiji FIU)

10.0. Sustainable Development Goals (SDGs) Analysis on FFIU

SDG 8: Decent Work and Economic Growth

- Supports a stable and trustworthy financial system by ensuring financial institutions and businesses comply with AML/CFT requirements.
- Provides training, guidance, and supervision to strengthen the capacity of financial institutions and reporting entities.
- Helps identify tax crimes and illicit financial activities, supporting government revenue collection and sustainable economic growth.

SDG 9: Industry, Innovation, and Infrastructure

- Employs advanced technology and data management systems to enhance financial intelligence and regulatory functions.
- Utilizes innovative platforms such as **ODDS**, **Taipan**, **AMS**, and **CMS** to improve reporting, analysis, and case management.
- Maintains strong cybersecurity measures and secure digital infrastructure to protect more than **37 million transaction records** and ensure reliable financial intelligence operations.

SDG 16: Peace, Justice and Strong Institutions

- Contributes directly to combating money laundering, terrorist financing, corruption, and other serious crimes.
- Produces and disseminates financial intelligence to support law enforcement investigations and prosecutions.
- Supports transparency, accountability, and good governance through adherence to international AML/CFT standards.
- Strengthens national institutions by leading Fiji's National Risk Assessment and supporting international evaluation processes.

SDG 17: Partnerships for the Goals

- Maintains strong cooperation with domestic and international partners through information-sharing agreements.
- Has established partnerships with **14 domestic agencies** and **32 foreign Financial Intelligence Units (FIUs).**
- Actively participates in regional and international networks, including the **Pacific Financial Intelligence Community (PFIC)**.
- Benefits from technical assistance and capacity-building support from organizations such as **AUSTRAC** and **UNODC**.

11.0. Suggested questions

- As Fiji prepares for its **2026 Mutual Evaluation**, what key weaknesses or challenges has the **FFIU** identified in Fiji's current **Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) framework**, and what actions are being taken to address these gaps before the assessment? (**Page 4**)
- In 2024, the **FFIU received 559 Suspicious Transaction Reports (STRs)** but **fully analysed only 304 STRs**. What is the current status of the **remaining 255 STRs**, and does this difference indicate a growing backlog that could potentially delay the detection and investigation of **money laundering, terrorist financing, or other serious financial crimes**? (**Pages 5 & 19**)
- The **FFIU's total expenditure decreased from $1,066,883 in 2023 to $830,000 in 2024**, representing a reduction of approximately **22%**. What impact, if any, has this decrease in funding had on the unit's ability to effectively manage and monitor a database containing **more than 37 million transaction reports**? (**Pages 5 & 18**)
- Given that **tax crimes accounted for 86% of the total transaction value** in disseminated cases during 2024, is the current level of coordination between the **FFIU and the Fiji Revenue and**

Customs Service (FRCS) sufficient to ensure that these potentially illicit funds are effectively investigated, recovered, and returned to the national treasury? (**Page 10**)

- In 2024, **scams accounted for 38% of disseminated cases**. What emerging scam trends has the FFIU identified, and how is it working with agencies such as the **Fiji Police Force, Online Safety Commission, and financial institutions** to prevent financial losses to the public? (**Page 10**)
- With **74 legal practitioners** and **33 real estate agents** registered as reporting entities, the FFIU conducted onsite examinations of only **one legal practitioner** and **four real estate agents** during 2024. How does the FFIU assess the effectiveness of its supervision of these **higher-risk sectors** given the limited number of onsite inspections? (**Pages 16 & 18**)
- In 2024, the FFIU identified **11 data quality issues** and **6 breaches of the mandatory five-day transaction reporting requirement**. Why were only **3 formal non-compliance letters** issued during the year, and what factors determine whether a breach results in formal enforcement action? (**Page 17**)
- The FFIU provides **direct database access through the TRAQ system to 86 authorised officers** from partner agencies. What safeguards and audit mechanisms are in place to ensure that this sensitive financial intelligence is accessed only for legitimate investigative purposes and is protected from misuse? (**Page 25**)
- The FFIU has signed **Memorandums of Agreement (MOAs) with 14 domestic agencies and 32 foreign Financial Intelligence Units (FIUs)**. How does the FFIU evaluate the effectiveness of these partnerships, and can it provide examples where information sharing directly led to successful investigations, prosecutions, or asset recovery outcomes? (**Page 25**)
- How frequently does the FFIU share intelligence, make referrals, or conduct joint operations with key partner agencies such as the **Fiji Police Force, Fiji Revenue and Customs Service (FRCS), Reserve Bank of Fiji (RBF), Fiji Independent Commission Against Corruption (FICAC), Online Safety Commission, Department of Immigration**, and other relevant institutions? Could the FFIU provide statistics for 2024 on:
  - Intelligence disseminations to partner agencies;
  - Referrals for investigation;
  - Joint operations or taskforces;
  - Requests for information received and responded to; and
  - The measurable outcomes achieved through these collaborative activities?
- The FFIU operates with only **nine permanent staff members**, yet received an average of **more than 511,000 reports per month** in 2024. What risks has management identified regarding **staff workload, staff burnout, workforce capacity, and the possibility of critical intelligence being overlooked**, and what measures are being taken to address these risks? (**Page 28**)

23/07/26

ANNEX 3

VERBATIM REPORT

[VERBATIM REPORT]

STANDING COMMITTEE ON ECONOMIC AFFAIRS

ANNUAL REPORT

FIJI FINANCIAL INTELLIGENCE UNIT ANNUAL REPORT 2024

SUBMITTEES:	**(1) Fiji Police Force** **(2) Fiji Financial Intelligence Unit**
VENUE:	**Big Committee Room, Parliament**
DATE:	**Tuesday, 11th August, 2026**

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS HELD AT THE BIG COMMITTEE ROOM, GOVERNMENT BUILDINGS ON TUESDAY, 11TH AUGUST, 2026 AT 10.49 A.M.

Present:

Hon. S. Tubuna	Chairman
Hon. P.D. Kumar	Deputy Chairperson
Hon. S.T. Koroilavesau	Member
Hon. J.R. Vocea	Alternate Member

Interviewee/Submittee: **Fiji Police Force**

In Attendance:

(1) Mr. Kasiano Vusonilawe	Acting Deputy Commissioner of Police(Operations)
(2) Ms. Loraini Seru	Assistant Commissioner Police (Crime)
(3) Ms. Amelia Rokotuivuna	Superintendent Police/Director Legal

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MR. CHAIRMAN.- Honourable Members, the members of the media and the public, secretariat, ladies and gentlemen, a very good morning to you all and it is a pleasure to welcome everyone to this public hearing session.

At the outset, for information purposes, pursuant to Standing Order 111 of the Standing Orders of Parliament, all Committee meetings are to be open to the public. Therefore, this submission meeting is open to the public and the media and will be aired live on the Parliament's channel through the *Walesi* platform and live-streamed through the Parliament's *Facebook* page.

For any sensitive information concerning this submission that cannot be disclosed in public, this can be provided to the Committee either in private or in writing, but please do note that this will be only allowed in a few specific circumstances, which include:

1. National security matters;
2. Third-party confidential information;
3. Personnel or human resources matters; and
4. Meetings whereby the Committee deliberates on all issues before it and develops its recommendations and reports.

I wish to remind honourable Members and our invited submittees that all comments and questions to be asked through the Chairman. Also, be mindful that only invited submittees are allowed to ask any questions or give comments to the Committee.

This is a parliamentary meeting and all information gathered here is covered under the Parliamentary Powers and Privileges Act and the Standing Orders of Parliament. Please note that the Committee does not condone libel or slander or any allegations against any individual that is not present here today to defend themselves.

In terms of other protocols of this Committee, please be advised that whilst the meeting is in progress, movement within the meeting room will be restricted. There should be minimal usage of mobile phones.

(*Introduction of Committee Members*)

MR. CHAIRMAN.- With us this morning are our submittees, representatives of the Fiji Police Force which the Committee has invited to provide their submission and views on the Fiji Financial Intelligence Unit Annual Report 2024.

Inviting the Fiji Police Force to present on the Fiji Financial Intelligence Unit Annual Report will provide the Committee with an opportunity to gain a deeper understanding of the FIU's operations, functions, and key activities — particularly its role in detecting and combating money laundering, terrorist financing, and other financial crimes. The presentation will also enhance the Committee's understanding of FIU's mandate, inter-agency collaboration efforts, and the challenges and achievements in safeguarding Fiji's financial system. With this brief introduction, I now take this time to invite our submission guests to introduce themselves before we proceed with the submission.

Please note, if there are any questions by Members of the Committee, they may interject or wait until the end of the presentation to ask any questions. I wish to remind Members and our invited submittees to please turn on the mic before speaking.

(*Introduction of representatives from Fiji Police Force*)

MR. CHAIRMAN.- Perhaps maybe you can start off with your submission.

MR. K. VUSONILAWE.- Mr. Chairman, please be advised that our submission today will be provided in an overview where we will be covering our strategic obligations. Also, we will be sharing with you some of our operational responsibilities before we share with you a few challenges that we have been through during the reporting period, before I round up with a conclusion. We will welcome questions after that. Please allow us so that we can set the stage in presenting what we have prepared to be presented to your goodself and the honourable Members.

The Fiji Police, being a law enforcement agency is a member of the National Anti-Money Laundering Council (NAMLC). They work alongside the Fiji Financial Intelligence Unit through an intelligence to investigation partnership. The framework that operates at both strategic and also at operational level. Sharing operational strategic level before I move into operations.

Section 35 of the Financial Transnational Reporting Act 2004, it established NAMLC and appoints its members consisting of the Commissioner of Police and other heads of government, including the Permanent Secretary for Justice as chairperson, Director of Fiji Financial Intelligence Unit, Director of Public Prosecutions, Governor of Reserve Bank and CEO of Fiji Revenue & Customs Service.

Through the NAMLC, the Commissioner of Police with the members within the Fiji Intelligence, Fiji National AML and CFT, the Governor's framework provides strategic advice. We coordinate national priorities and oversee the country's response to money laundering, terrorist financing and related financial crime risk.

At this level, the FFIU and the Fiji Police Force (FPF) contributes complementary intelligence whereby the FFIU identifies suspicious financial activity and emerging financial threats. While the FPF provides intelligence on criminal networks, investigations and crime trends, this two-way exchange supports national threat assessment, policy development, inter-agencies coordination, and strategic targeting of serious and organised crime.

At the operational level, the FFIU provides financial intelligence to the Fiji Police Force, primarily through the Office of the Director Special Branch, to the Director CID or the Crime Investigation Department, and the Director Serious Organised Crime and Intelligence to support investigation into money laundering, proceeds of crime and predicate offenses such as fraud, drug trafficking, cyber-crime, human trafficking and corruption, to name are few.

The Anti-Money Laundering Proceeds of Crime Unit based at our CID headquarters. It serves the principal operational bridge between financial intelligence and the criminal investigation. The Unit executes and examines suspicious transactions reported and law enforcement information that are requested to receive from FIU, conducts financial profiling, analysis transactions, traces money flows and identifies beneficial ownership and the suspected criminal assets and supports restraints, confiscation and recovering of proceedings.

The FIU/FPF partnership is most effective when financial intelligence and criminal investigation are integrated. While the NAMLC provides national strategical oversight, the Commissioner of Police provides strategic police representation to the FIU and gathers and develop financial intelligence, CID investigation and criminality and AMLPOC follows the financial trails and traces proceeds of crime. The overall objective is not only to prosecute offenders, but also to disrupt the criminal network, to identify restraining and recovering the financial benefits that are derived from criminal activity.

Let me share with your goodself, Mr. Chairman and honorable Members some of the challenges that we have faced during the reporting period. The Fiji Police acknowledges that with the level of engagement and collaboration, we are not immune to the challenges, particularly at operational level. The absence of a focal point for referral from reports from FIU to the Fiji Police, this makes it difficult to trace and monitor reports somewhere sent directly to heads of our specialised units, as I have highlighted earlier on – the units and the individual investigation officers at the respective police station level. So, there was no focal point, the reports were disseminated all across.

The second one were the standard of reports. Within the limited information provided, it takes a while to determine our next course of action. Resources are exhausted in the conduct of preliminary investigation before a decision can be made to either pursue a full investigation for close, and the case due to insufficient investigations. More in-depth analysis on reports to extend further to likely complicates or accomplice network syndicates operates in and out of Fiji. Timely reporting is also one of the challenges. The delay on the responses feedback from our FIU.

To conclude, FIU's 2024 Annual Report sets up a more collaborative platform between the two institutions, and we are happy about that. The report enabled us to meet often and discuss the way forward in improving our processes and, importantly, the quality of information and intelligence shared.

This was an important year for us as it was the first time the Fiji Police and other partner agencies, through the Memorandum of Agreement that we have already signed, were given the access to the FIU TRAQ database, enabling our officers to walk in and conduct live searches and extractions online. The Fiji Police Force is adamant that with a strong partnership, we should be able to understand our work better and strengthen our collaborations for quality information intelligence that would greatly assist in successful investigation and prosecution.

Mr. Chairman, that is the submission we have prepared for your goodself and the honourable Members, and we are ready for any questions

MR. CHAIRMAN.- Honourable Members, are there any questions that you would like to ask our colleagues from the Fiji Police Force?

You mentioned that 2024 was the first time you had access to the database held by FIU. What was done before that? You do not have any information so that you could access the information that they had?

MS. L. SERU.- Mr. Chairman, we have a point of contact with FIU. She acts as the Liaison Officer that is static at FIU. She is from our Special Branch at the moment and also in 2024. However, that does not give the autonomy to our forensic accountants and investigators the access level to the TREG system that is operated with FIU.

So 2024 was the first year that we were given specific passwords and access for our forensic accountants.

HON. S.T. KOROILAVESAU.- Mr. Chairman through you, thank you Deputy Commissioner and team for the brief that you have presented to us this morning. I understand the difficulties in trying to collate information, and I refer mainly to referrals that have been made to the Fiji Police. I also note that you stated there is no focal point within the Police to receive all the information that is available or given to you.

I understand when there is no central focal point for collection of information, there could be other alternative activities carried out without your head office's understanding while the activities have been carried on or investigated. Your point is quite correct. If you have a focal point that will be able to distribute the responsibilities within the Police Force, it is much easier to control, and also the relevant information feedback will be much more controlled. Is there any effort now to establish a focal point within the Fiji Police Force so that that focal point then distributes the responsibilities within the Divisions or various sectors and agencies within the Fiji Police?

MR. K. VUSONILAWE.- Mr. Chairman, we currently have a focal point now. However, within the period of 2024 Annual Report that we appear to submit upon, we were having that as a challenge. But we currently have, because the dissemination of the report that I have presented was directly to our respective Division instead of directly to a focal point.

We were finding challenges in terms of monitoring the information that we were receiving to ensure that there is proper accountability on what actions that we have undertaken, and also a feedback to the FIU in regards to the information that we have shared. I invite our ACP Crime if she has any other further information in regards to that.

MS. L. SERU.- Mr. Chairman, building on from there, to be specific in our response, it is for now that we have the Directors to be taking ownership of the STRs and the intelligence reports that are disseminated from Fiji's Financial Intelligence Unit.

Prior to that, as mentioned in 2024, any specific investigating officer from the police station level, upon request directly to FIU, the reports are disseminated directly to the relevant investigating officer. But now with the coordination and proper collaboration, we are more organised from our end and also from FIU in terms of having the Anti-Money Laundering and Proceeds of Crime Unit to be the focal point together with the Directors.

So, any requests from the stations, it is channel through the Anti-Money Laundering Proceeds of Crime Unit, they take responsibility through to FIU. For example, if there are any requests whereby they know they can just access the system and provide a feedback directly to our investigating officer, that is where they come in handy and not necessary that it goes directly to FIU for them to raise their STRs.

HON. P.D. KUMAR.- Mr. Chairman, what I understood from the past scrutiny of the FIU report, there has been a conduit between FIU and Fiji Police Force, FIU with FRCS because two personnel were always seconded to FIU. The purpose of the secondment is to build the bridges between the two institutions. So, it has always been there and I do understand that when it comes to the information, it can be two ways. One is from Fiji Police, where you simply need some information, not necessarily attached to the intelligence report, but because you are doing investigation, you need additional information where you can go directly and get that.

But the other one is where FIU is analysing all the data that comes into the database, and then they create these intelligence reports and post it to Fiji Police Force and FRCS. This is where the Committee is trying to understand the effectiveness of FIU in their performance and the feedback that we need from Fiji Police Force is purely on that.

The key role of FIU is to create these intelligence reports and then forward it to the various institutions. The problem we have is that we cannot assess the performance of FIU because there is no feedback from the Fiji Police Force on the intelligence reports that was submitted by FIU to Fiji Police Force. There is no feedback and similarly, there is no feedback even from FRCS back to FIU.

And as a Committee, when we sit here, we see that, almost 237 intelligence reports were disseminated. Now, what happened to these 237 intelligence reports? There is nothing mentioned in the annual report, and that becomes a concern for the Committee, because we cannot gauge. It can be an institution that is creating intelligence report which is not of good quality or it is of no value to the institutions. We want to find out from the users like Fiji Police Force and FRCS, you use the intelligence report, how do you see the quality of the intelligence report? Is that of high value? Do you feel that something needs to change there, and if anything, please share it with us.

MS. L. SERU.- Mr. Chairman, thank you for that very strong question. Way back in 22nd August, 2024, we made a submission through the Commissioner of Police to the National AML Council. That was where we highlighted the 97 intelligence reports that were referred to us. In that submission we highlighted the status of the individual reports that were referred and what we had done about them. Out of the 97 reports, we mentioned about the dire need for us to explore further the reports that were referred because to some extent, they were not in-depth reports that would allow us to act directly and make decisions on, in terms of whether we could pursue further with our investigation. Most of these reports required further tasking and resources from our end in relation to making a decision. We made a submission, and most of our status were still at preliminary investigation. That was the classification that we provided to the National AML Council then, because we had not even registered them as cases to investigate. They were still at preliminary level of investigation.

MR. CHAIRMAN.- You are saying the capacity within the organisation does not allow you to undertake more investigations or thorough analysis of those annual reports? You had asked for more resources to be provided, or for greater capacity – can you clarify with us what the issue is?

MS. L. SERU.- Mr. Chairman, the issue was mainly on the resources, the capacity. Within the Fiji Police Force, we have a very small Anti-Money Laundering and Proceeds of Crime Unit. We have a total manpower strength of nine officers. Ever since, sourcing from within, we have tried to build the capacity of our police officers for the decentralisation of this capability to the Divisions. We had identified officers from the Divisions to be on-the-job training within the Anti-Money Laundering and Proceeds of Crime Unit. That is what we have done now and these officers are sent back to the Divisions to be the point of contacts as well for us in combating.

HON. P.D. KUMAR.- I see the importance of ensuring that the quality reports goes to the institutions. It is not like, "okay, you have bundled up all this information and give it to them." No, it should not be like that.

In fact, FIU needs to go further because they are the ones who are creating these intelligence reports. So the quality of the reports needs to be good so that a lot of resources are not wasted, as we have heard from Madam, that it needs further investigation, it takes a lot of time and then it is still under preliminary stage. By that time, the money launderers have already taken the money and done whatever they wanted. What are we doing?

The whole exercise is in futile, is it not? The money is gone. I think we need to have further discussions with FIU to really understand why they are not able to produce quality reports for the various agencies.

MR. CHAIRMAN.- That was an issue that I asked yesterday to the Governor in terms of competency and capacity of FIU. They are getting graduate trainees from USP and training them, but I think we need people who are also involved on the front line, such as experienced police officers. They will know what is expected and what will be done in terms of investigation, et cetera, so that we can have an effective outcome. That is an issue that we will perhaps try to raise directly with FIU. When you said that there were only nine, what is the capacity that you think will be able to sustain the Department in terms of the number of people that you would like to have?

MS. L. SERU.- Mr. Chairman, we have seen how the criminal landscape has evolved over the years and we are not talking about a single predicate offence. As mentioned by the Deputy Commissioner, the predicate offense arises from fraud, corruption, and now we can see the increase in drug cases whereby parallel financial crime investigation is warranted. So, nine for the whole of Fiji within the Anti-Money Laundering and Proceeds of Crime Unit is just insufficient to cater for the number of cases, taking into account the five policing divisions that we have. That is the only established unit within the organisation that is looking into money laundering and proceeds of crime.

MR. CHAIRMAN.- Any other questions, honourable Members?

HON. P.D. KUMAR.- I just wanted to go back to what the Assistant Commissioner had said as part of the challenges, and that is pretty relevant to the work that we are doing right now. He talked about absence of focal point, standard of report and more in-depth report is needed (which is what we have just spoken about), delay and feedback from FIU.

Now, that is definitely an issue because if there is a delay in providing the relevant information in a timely manner, then obviously the whole process is delayed. And surely the interest shifts because when you get the report, everyone is interested in going deeper, but then due to so many delays, the interest goes off the plate. I think that is an area we have to discuss with FIU on how the feedback can be in a timely manner and with less delays.

And also what we have just talked about is the quality of information and intelligence shared. Yesterday, I recall we had discussed the quality of information and reports that are sent out to the various agencies. We were not able to call NAMLC for a discussion, but perhaps one of the recommendations we need to make is along those lines where they need to address the quality of information and the quality of reporting. Otherwise, we are wasting our resources here and we are also wasting our resources here. So, it is double spending of resources with no good outcome. I suggest that that would be an area for us to discuss further with FIU.

HON. S.T. KOROILAVESAU.- Mr. Chairman, I just wanted to summarise what we had discussed this morning. Deputy Commissioner, it seems there is a link or lack of link in between the information that you have received. I can see that FIU is basically collecting all the intelligence and dumping it to you. There is a saying that goes, rubbish in, rubbish out. There is no agency within that will be able to vet the information you have received. I think that vetting issue is leading to lack of prosecution. If you have good information and intelligence that is given to you, at least being vetted at FIU, “this is good - let us dish this out first so that they can concentrate on the vetted and more important cases that you can work on immediately.”

With the missing link on this vetting of intelligence, it will be very difficult for the Fiji Police to actually just take half, dump and half you concentrate on. But if you say, “okay, these are high likely that will lead to prosecution and we can get something out of it”, and that also Mr. Chairman, seems to indicate if we have a closer or even members of the FIU that consist of Senior Police Officers who are very much aware and well-informed of these cases, so that they can just say, "Oh, let us forget this, let us concentrate on this, give it to the Fiji Police to concentrate on it, and let us get the prosecution process." I just wanted to ask, Deputy Commissioner, your comments on my thinking.

MR. K. VUSONILAWE.- Mr. Chairman, the thinking and observation is correct. If I can just take us back, when I presented, I round up the presentation in saying, year 2024 was the year that we began having a better working relationship with FIU. It was also the first year that we were allowed to access the database.

Moving forward, I believe these issues that we have highlighted as challenges during the reporting period of 2024 will certainly improve with more interactions that we will be having with FIU, where we will be ironing out all these issues. We highlighted them because they were challenges within the 2024 reporting period.

Given that the working relationship has now improved, we will certainly be improving on all aspects. These are operational issues, as I have highlighted — operational challenges that we can certainly be ironing out, given the improved working relationship that we have in our regular meetings. We will certainly be having a better 2025 Annual Report when it is submitted to Parliament.

MR. CHAIRMAN.- I think one of the issues that we will also need to raise with FIU is the number of cases that were prosecuted. When you look at 237 that was referred to them and to other agencies, the outcome in terms of prosecutions and where have they ended up. We need to follow up that supply chain. That is quite important as well. Perhaps that is one of the areas we need to improve on.

If there are no other questions, our colleagues from the Fiji Police Force, we are indeed very grateful for your availability and presentation this morning. We thank you very much, and of course, if we have any other questions, we will be contacting you. *Vinaka vakalevu.*

The Committee adjourned at 11.23 a.m.

The Committee resumed at 11.49 a.m.

Interviewee/Submittee: Fiji Financial Intelligence Unit (FIU)

In Attendance:

(1)	Mrs. Caroline Pickering	Director
(2)	Ms. Ana Gavidi	Manager, Policy and Compliance
(3)	Ms. Esther Sue	Manager, Intelligence Management
(4)	Ms. Ana Naulu	Senior Analyst

MR. CHAIRMAN.- Good morning honourable Members, members of the media and the public, secretariat, ladies and gentlemen. A very good morning to you all and it is a pleasure to welcome everyone to this public hearing session.

At the outset for information purposes pursuant to Standing Order 111 of the Standing Order of Parliament, all Committee meetings are to be open to the public therefore this submission meeting is open to the public and the media and will be aired live on the Parliamentary Channel through the *Walesi* platform and livestreamed through the Parliament's *Facebook* page.

For any sensitive information concerning this submission that cannot be disclosed in public, this can be provided to the Committee either in private or in writing. But please do not that this will only be allowed in few specific circumstances which include:

(a) National security matters;
(b) Third party confidential information;
(c) Personnel or human resource matters; and
(d) Meetings whereby the Committee deliberates on all issues before it and develops its recommendations and reports.

I wish to remind honourable Members and our invited submittees that all comments and questions to be asked are to be addressed through the Chairperson. Also be mindful that only the invited submittees will be allowed to ask any questions or give comments to the Committee.

This is a Parliamentary meeting and all the information gathered here is covered for under the Parliamentary Powers and Privileges Act and the Standing Orders of Parliament. But please note that the Committee does not condone libel or slander or any allegations against any individual that is not present here today to defend themselves.

In terms of other protocols of this Committee, please be advised that whilst the meeting is in progress, movement within the meeting room will be restricted. There should be minimal usage of mobile phones.

(*Introduction of Committee Members*)

MR. CHAIRMAN.- With us this morning, our submittees, the representatives from the Fiji Financial Intelligence Unit (FIU), which the Committee has invited to provide a submission on the Fiji Financial Intelligence Unit Annual Report for 2024. Inviting the Fiji Financial Intelligence Unit to present on the FIU Annual Report is quite essential so that the Committee can understand the critical role played by FIU in protecting Fiji's financial system from money laundering, terrorism financing, fraud, tax evasion, corruption, transnational organised crime and other serious financial crimes.

As Fiji's national financial intelligence agencies and anti-money laundering and counter-financing of tourism, AML CFT regulator, the FIU continues to be an important institution in supporting good governance, financial integrity, national security, and public confidence in the country's financial system. With this brief introduction, I now take this time to invite our submission guests to introduce themselves before we proceed with the submission.

And please note that if there are any questions by the Members of the Committee, they may interject or will ask till at the end of your presentation.

MRS. C. PICKERING.- Thank you, Mr. Chairman. Good morning honourable Members of the Economic Affairs Standing Committee, thank you for the opportunity to attend this morning's meeting and to assist you in your deliberations of the FIU's 2024 Annual Report.

(*Introduction of representatives from the Fiji Financial Intelligence Unit*)

The Annual Report outlines the FIU's performance and achievements in 2024, measured against the objectives set out in our strategic plan and in our annual work plan. We have also provided written responses to the questions previously submitted by the Committee and we hope that those responses will help you in your deliberation.

Mr. Chairman, with your permission, I would like to take this opportunity to offer a few brief remarks on our Annual Report. The Annual Report outlines the governance and administrative arrangements of the FIU. Operational independence is fundamental to FIU's credibility and it is also often subject to much scrutiny.

The operational independence of the FIU is explicitly provided in law. Under the Financial Transactions Reporting Act, the Director of the FIU is fully responsible for all the functions and duties of the Unit. The Director has full authority to make decisions on all operational and technical matters. The Director is not required to consult or seek prior approval from the Governor or any other official on these operational matters or decisions.

The work of the FIU is based on risk; risk for money laundering and terrorist financing. While Fiji faces a low risk of terrorist financing, our money laundering risk remains high. The key criminal activities contributing to this high risk are illicit narcotic offences, organised crime, tax and customs related crimes, environmental crime, particularly illegal fishing, bribery and corruption. Fiji's financial sectors are generally well licensed and regulated. Certain sectors remain highly vulnerable and are at high risk to exploitation by criminals. These include the banking sector, the payment services sector such as Digicel and Vodafone, the remittance sector, legal practitioners and real estate agents.

So when setting annual work plan targets, the Unit focusses its resources and efforts on addressing these key criminal threats and in safeguarding these high-risk sectors. As an intelligence agency, the FIU's mandate is to gather, analyse and disseminate financial intelligence to law enforcement agencies.

The Unit does not have powers to investigate or prosecute cases. This responsibility lies with the respective law enforcement agencies. In 2024, the FIU developed and disseminated 237 financial intelligence reports and products to various law enforcement agencies. Details of this is provided in our Annual Report. Once a report is disseminated, decisions on how to action the intelligence rests with the receiving agency. The FIU has no further role in this process.

The Unit does not currently receive comprehensive and consistent feedback from this agency on the outcomes of these reports or how effectively they have contributed to their operations. However, we continue to work with our law enforcement partners to solicit this feedback as it will also help us in improving our intelligence role. In 2024, majority of our intelligence reports were referred to Fiji Police Force, Fiji Independent Commission Against Corruption and Fiji Revenue & Customs Service (FRCS).

The Police and FICAC primarily use our intelligence reports to initiate new investigations or to support ongoing criminal investigation. The FRCS uses FIU intelligence to conduct taxpayer audits, identify undeclared income and to recover unpaid taxes. Where warranted, this intelligence may also support FRCS investigations into serious tax offences.

Other agencies that receive FIU intelligence reports, such as Immigration, they use these reports to make informed decisions on various things such as visa applications, licence applications, investment proposals, tenders and other government related issues. Furthermore, FIU intelligence supported law enforcement agencies efforts in 2024 to trace and confiscate illicit funds held in local bank accounts. In its regulatory role, the FIU applies a risk-based approach to supervising financial sectors and businesses.

We focus our supervision efforts on the high risk sectors, namely the real estate sector and legal practitioners. Supervision is undertaken through off-site and on-site monitoring. The Reserve Bank of Fiji supervises and regulates other high risk sectors, including the banks.

Our risk-based supervision policy methodology processes is based on international standards and best practices. We welcome the Committee's examination of the FIU's Annual Report and its operations. Although the Unit is not legally required to publish an annual report, it does so in the interest of transparency, accountability, and to maintain public trust in our mandate.

The FIU's operations and compliance with international standards are currently being assessed as part of Fiji's mutual evaluation and we also will use this opportunity to assess how well we are carrying out our mandate and to make any necessary improvements in our operations. Mr. Chairman and honourable Members, thank you for your attention. We will be pleased to respond to any further questions that you may have regarding the Annual Report or our work.

MR. CHAIRMAN.- Thank you for the presentation. Now, is the time for the honourable Members to ask any questions. Just to start it off, you mentioned 237 cases. Do you have any figures on how many of these cases have been prosecuted by the Fiji Police or has anyone undertaken any further investigations on those? How many of those are being prosecuted?

MRS. C. PICKERING.- Mr. Chairman, as mentioned, in order to be able to assess outcomes of our intelligence reports, we need feedback from our law enforcement partners. We currently do not receive comprehensive and systematic feedback on an ongoing basis to give us a picture of how many of our cases have ended up in prosecutions.

However, the reason for that too is due to many factors. There are often challenges in how financial intelligence is converted into evidence. So, there are challenges within how law enforcement uses our intelligence to then commence an investigation, and then there are also challenges in how to complete the investigation and get the necessary evidence to then proceed to court.

So, there may be times where based on the intelligence, a law enforcement agency may decide that there is not enough grounds or leads to commence an investigation. There are many challenges on them giving us feedback. We do not receive that feedback, so therefore we are not able to give you a definite figure of how many of those resulted in prosecution.

MR. CHAIRMAN.- I think from one of the discussions, we have identified that as one of the weaknesses of the system. You are providing intelligence report, you expect it to be investigated further and perhaps taken to court and information is not coming back. I think that is one of the weaknesses in the system that we have and it needs to be urgently addressed.

HON. P.D. KUMAR.- Mr. Chairman, we just had the Fiji Police Force making their presentation a while ago and they have very clearly stated a couple of challenges and I would like to read it out to you because it is related to your performance.

One is the absence of focal points and they have said that it has further improved in 2024, but I will be talking to you about the role of secondments in your organisation a little later. The other one is the standard of reports, the quality, and they are of the view that more in-depth reports are needed and delay and feedback from FIU on certain matters. The quality of information and intelligence shared needs to be further improved. So, these are the feedback that we got, and they have also stated that they provide the feedback to NAMLC. They provide that feedback on the number of cases referred to them and where are they with those casesm, and I understand you are part of that committee.

So, if you are part of that committee and they have made that presentation, then why is it not reflected in your report because that kind of information is important. Otherwise, just to put it simply, there is nothing to assess. We cannot scrutinize your report. Although you are saying that you want to be transparent, you want the feedback, et cetera, but looking at the quality of the report and the way the report is presented to the Committee, our job is scrutiny. We are not able to scrutinize your report because the targets are not given either. There is no target. You are saying that you visited four real estates and one lawyer - fine. We are not questioning that, but what was your target? That should be clearly stated in your report, that for 2024, our target is to visit one legal person and four real estates or zero. That needs to be clearly stated in the report, which is not the case at this stage.

What do you say about the feedback that we received from the Fiji Police Force on the 2024 Annual Report because it is extremely important. It is not like, what I call it, a post office where you populate all this information and you post it out and that is it. Because maybe all these exercises are in futile. If it is not resulting in any prosecution or enforcement, then what are we doing with all this information? You can have 6 million data or you can have 5 million, but it is of no value if we are not able to get that outcome. Please share your thoughts on this.

MRS. C. PICKERING.- Mr. Chairman, I think that is a very important point in terms of feedback. We have worked, we have met with Fiji Police Force on a couple of occasions to seek feedback. Generally, the type of feedback we give is very general. The quality of the intelligence is not good, but in order for us to be able to improve our reports, in order for us to improve our processes, we need quality feedback on what exactly the investigators need that is lacking in the report. That type of specific feedback is the type of feedback that we are talking about.

As you rightly said, we have met with Fiji Police and they have mentioned that, in terms of some of the reports we give, the quality is not up to standard. But for us to lift our standard, we need to know exactly what it is that they need that is not in the report, then we can work on. But given that, we continuously look at our internal processes. We know there are areas that we can improve. We know there are certain things we can prioritise, certain cases relating to drugs, relating to organised crimes, maybe those are the things we focus our efforts on and we make sure we provide a quality report. But in the absence of very specific quality feedback, we are not able to address what are the issues within the intelligence that is lacking. That is the kind of feedback that I am talking about.

Yes, there have been a meeting in the Council where the Fiji Police gave statistics on action taken, but those are one-off reporting to the Council. It is not a systematic reporting to the FIU on what has happened to all the cases you have disseminated in a year. That is the type of feedback that we need and that you will need as a Parliament Committee; that is not happening. What we get is very ad hoc, general feedback, which is good, which we will work on, but for us to improve, we need something better than that. That is something we continue to work with the Police. We have good partners in the Police Force and this is something we continue to discuss. How can we have those processes in Police to facilitate the feedback on each case that we disseminate?

I would just like to talk about targets. You raised a very important point. The annual report only talks about performance and achievements for the year. In terms of work targets, that is outlined in our work plan. We have a work planning process that we follow under the Reserve Bank of Fiji's planning process and cycle. Those targets are outlined in the work plan.

HON. P.D. KUMAR.- Mr. Chairman, I get it, but for any institution, if you are saying this is our performance and achievement, how do we gauge your performance if you are not giving your targets? The targets are all in separate documents. Even if you have a very huge document stating that these are the targets for the next five years, but every year, you will have targets so that you achieve all these targets in the next five years.

MRS. C. PICKERING.- Mr. Chairman, that is a good suggestion you have made. There are certain aspects of our role where we set targets, like the number of on-site inspections that we do. I have taken on board your point, the need to reflect targets in the Annual Report for balanced reporting and that is something we will take on board.

HON. P.D. KUMAR.- I do agree that in certain areas you cannot have targets - I take that. For example, you cannot foresee how many suspicious transaction cases will come or similarly, how much data you are going to collect in a year - I get that. But considering that this organisation has been established for the last 20 years, it is a long time for any institution to step up, refine and perfect yourself.

Another point that sort of, does not go well with me, and I will be honest with you, is when you have questioned, you do not know what Fiji Police Force needs in terms of quality reports. What exactly do they need? I think these are some of the things that you can work with other international organisations to understand how they create their reports. What kind of information is all put together as an intelligence report for someone else to use. Maybe that would be an area that you need to look at. Otherwise, we have just talked about it, it becomes meaningless. The whole exercise becomes meaningless.

MRS. C. PICKERING.- Yes, we have policies and processes that guides our work on how we look at suspicious transactions, on what are the minimum details that need to go into a dissemination report. So, we abide by our internal policies and processes.

In terms of, if a report is lacking to police, what are the other things within those reports that is needed? That is where feedback is important. So, in our intelligence report, we provide a whole range of information, financial intelligence on persons, entities, details of transactions and bank accounts. It is quite a comprehensive report in some of the cases. But if there are gaps, what is needed is, feedback on what other things that is needed to carry forward that intelligence report.

The other aspect about intelligence is the work we do. Like I said, we are just an intelligence agency. There are certain things that we cannot do. There are certain information that we cannot access. So, it is for the financial investigators to then pick up an intelligence piece and then make the decision on what else is lacking that they need to then acquire as an investigation officer, using their powers under their Act. There are some information that they may need, we really cannot give, and so that type of feedback is what I am talking about.

HON. P.D. KUMAR.- You have just explained that you have your own internal policies and processes. Again, your internal policies and processes need to match with your clients. What your clients need needs to feedback, it needs to come into your policies and processes. Your policies and processes cannot be in isolation because you have your clients. Who are your clients - FRCS, FICAC and Fiji Police Force. You only have three major clients. So, again, as an institution, you need to work according to your client's needs. And as I said, you all are part of the Anti-Money Laundering Committee, it should not be that difficult to sort it out and change your policies so that FIU becomes more effective in terms of the outputs that you are giving to the various organisations.

I thought we should share these views. It is extremely important that we do, because as you have said clearly, we are not the investigation agency, neither do you prosecute, but you provide a very valuable piece to initiate investigation and prosecution. So, whatever you provide becomes extremely important for these organisations.

MR. CHAIRMAN.- I just want to add to that, if there is a mismatch between the demands and what is not being supplied, why not have one of the police officers based there so that when you are preparing the report, they will put in the elements that will be required at that level? When you are saying, the reports are not good enough, not up to that quality, but at the same time you are saying they do not identify what are the features of the report, maybe that is one of the ways that we can improve the alteration and exchange of information between the two agencies. Why not have someone be based there who can train new people? This is what is required, so we do know the report in this way, et cetera. Can you just explain?

MS. E. SUE.- Mr. Chairman, we currently have seconded officers. We have one seconded officer from the Fiji Police Force and then we have one seconded officer from FRCS. So that is the reason why we have them in place as well. I understand that honourable Premila Kumar has some questions or comments around the seconded arrangement after the meeting with Fiji Police as well, but we do have that in place and it is been in place for quite a while.

MRS. C. PICKERING.- Mr. Chairman, just to answer that question. We have actually tried a few different strategies over the years. We have initiated meetings with investigating officers to come in, sit down on cases that we know that they currently look at, where there are some intelligence gaps. We have that one-on-one collaboration at a very operational level. But in terms of consistent systemic feedback on an ongoing basis, that is the type of feedback that we currently do not have.

At an operational level, if an Investigating Officer has requests relating to a report that he wants additional information, he or she calls us, or calls our intelligence team, and is able to ask for additional information - financial institution records, further intelligence that we may have or we can access. That type of collaboration happens on an ongoing basis. What we are talking about is the ongoing systemic feedback on an ongoing basis that helps us look at it every week, every month, every year on an ongoing basis. That is the process that we would like to build-in and we continue and to then help us improve our processes.

On the issue of feedback, honourable Member, that is a good point. Effectiveness is so important in the work that we do. We can talk about numbers, we can talk about number of reports, but if there is no outcome, we have not achieved our mandate. But keep in mind, Fiji Police Force is just one of the agencies that we disseminate to. It is important when you are talking about feedback, feedback not only from Police but across agencies.

There are some intelligence reports that we give, like to Department of Immigration, that helps with the visa application. So feedback from them too is what we need on how our intelligence helps them to assess a visa application from a foreigner. It is not a very simple concept in terms of feedback. It is something that we have to consider the type of intelligence that we are giving. We cover a whole range of agencies for different needs.

MR. CHAIRMAN.- However, that is the information that we want, even if it is coming from Immigration, we want that in the report.

MRS. C. PICKERING.- Mr. Chairman, that is not something like I said, we systematically receive on a regular basis.

HON. P.D. KUMAR.- Mr. Chairman is right. I mean, put yourself in our shoes. This is our work, scrutiny. How do we scrutinise your report – tell me. If the report does not have important information, and therefore we seek views from other stakeholders, like FRCS, we met, we spoke to them, we spoke to RBF, we spoke to Fiji Police Force, and we were supposed to meet FICAC, but we have decided that we will send questions to them.

We are trying, from our end, to get some feedback from these agencies, so we will get the feedback. If your real motive is to be transparent and provide all the information, not only for us but for the public as well, then your report needs to be complete. That is all we are saying. You have got to have your performance targets, you have got to have your feedback, you have got to make some suggestions in your report — that this is not working, and this is what we intend to do. All that kind of information should be here.

Like, you met with the Fiji Police Force, you had a workshop with them, you discussed all these things, so that we know that you are making an effort from your end. But then, other things you can do is, you can change the legislation based on best practices that exist abroad. Your legislation is 20 years old. Do you see any need in changing any aspect of your legislation? That is my next question.

MRS. C. PICKERING.- Mr. Chairman, so our legislation is based on international standards on anti-money laundering. Currently there are no requirements under international standards that require countries to have agencies reporting back. It is not an international requirement, however, it is a best practice. We know that is a best practice to measure performance.

In terms of legislation, I think it is not something really that needs to be fixed in the legislation. I think what we need is just collaboration, and like I said, we continue to work with Police on how best. So some of the things, like you said, what are some of the things we have done – we have had several rounds of meetings. We have invited them on monthly meetings. Those are some of the strategies. We even have, as part of our reports that goes out, we have a survey, a page that is attached which they can then fill and say how have they used this particular report. We have tried different things to solicit feedback. We are not giving up. We understand the need for this information in the annual report. We continue to work on it.

MS. E. SUE.- If I may add, we have reached out to our international counterparts as well, particularly the Australian FIU (AUSTRAC), and one of the things we noted is, they also have challenges with getting feedback from their law enforcement partners.

One of the things they have used is surveys. So, you will see in the 2024 Report, that is what we attempted to use and it is more qualitative. It is like - was it useful, did you start a new investigation, did it identify new leads? So, this was actually with the assistance from them of what they sent out to their law enforcement agencies to even try and gauge because they also said statistics are difficult. We have been trying to reach out as well to them to see what are some ways where we can get that.

In addition, if there are particular cases where we are looking at and it is high priority and we know it is urgent, we will call a meeting with the respective agency. And so if it is the Fiji Police Force, it will be the AMLPOC unit, it will be the Serious Organised Crime Intelligence Division, we will call them all together and we will also give it to them and walk them through the particular case, and also keep the door and avenue open. If they have any other further questions, for them to also reach out to us. With those particular cases, sometimes we will continuously follow up, but that is a lot of effort on our part. We would like it to be more forthcoming from them. We would like them to be able to, at the end of a particular matter, once it is closed, to provide specific feedback on the cases.

Ass our Director has mentioned, specific feedback in the sense that we looked at this report, we started an investigation and this is why the investigation could not go through - was it as a result that the intelligence was lacking, was the intelligence incorrect? This also affects how we look at our source and our reliability as well. So, that is also key and important for us as well, for us to improve our work.

HON. P.D. KUMAR.- What is the role of the secondment, if you can explain? Because I thought if you second a police officer or FRCS officer to FIU, the working relationship should be perfect because they can take the information from here….

MRS. C. PICKERING.- The Police secondment officer is appointed under the FTR Act legally and is working within the Unit as an FIU intelligence analyst. He or she gets assigned work or task similar to any other intelligence analyst in FIU. We deal with a whole range of units within police. So we do not just go through the secondment officer. Our approach goes directly to the Police Force or FICAC or FRCS for that matter.

There are certain cases where we will use the secondment officer. Maybe it is because of the nature of the case, but generally we open up the communication line with all key officers within the relevant agency. That is the same approach that we use with FRCS as well. We have a Customs officer and a Tax officer that is seconded to FIU, but that does not limit to just going through this secondment officer. We deal with a whole range of officers at the other side of that.

MR. CHAIRMAN.- A point of clarification. So, the secondment officer is part of your intelligence?

MRS. C. PICKERING.- Part of the FIU staff.

MR. CHAIRMAN.- So, it is part of them, but not exactly responsible in getting the information across to them. They are to be the conduit from FIU to the Police and not to be part of your normal organisation. That is what I assume. When he is seconded there, then you are using him as your Investigating Officer.

MRS. C. PICKERING.- That is correct, Mr. Chairman. As our Intelligence Analyst.

MR. CHAIRMAN.- You increase his salary too as part of your....

MRS. C. PICKERING.- They are paid by their agency. They are not paid by FIU.

HON. P.D. KUMAR.- The problem can be easily solved. I mean, I can see the importance of the seconded officers because they would know exactly what kind of information or quality of reporting is required, provided the calibre of the officer who is seconded is of higher level rather than a junior staff or someone who is still learning the ropes. It is a good idea that you can provide a level of training to the Fiji Police Force and FRCS, but

I think it is the other way around, where the officers who sit there, they can vet the final intelligence report because they work in that organisation and that will solve the problem.

MS. E. SUE.- That is a good point, honourable Member. I just wanted to also add that, so while we have seconded officers, we also have focal points within specific departments. So with the Criminal Investigations Department (CID), it is the Manager AMLPOC. All of the requests from Police come through her. For the Serious Organised Crime Division, that is another individual. FICAC also has one particular agency. So these agencies also have focal points.

The reason why we do that as well is because for agencies, particularly for Police, not all of them have official addresses, and there is also issues as well in terms of ensuring that it is actually a Police Officer that is emailing us. So that is why we have those specific focal points. Normally when we receive requests as well, Police has asked that it be vetted internally before it is sent to us. If it is not coming through the AMLPOC Unit and we know that they were with CID, we will advise them, "Please double-check with this particular officer." It has to come through them. So we do have particular focal points as well. They are the ones sending us requests. When we disseminate it, we disseminate it to them as well and their respective directors.

HON. P.D. KUMAR.- Whatever system you have currently is not working. That is all I want to say in a very bold way. Looking at your report, it is not working. You need to disrupt the system, find new ways, and make sure that it works. It might not happen overnight. It will take some time, but we need to work in that direction.

MRS. C. PICKERING- Mr. Chairman, I would just like to respond to that. I respect the views that you have made. I think measuring effectiveness is a challenging aspect of any organisation, not just the FIU. How do you measure effectiveness? For that, you need credible and reliable effectiveness measures on efficiency, effectiveness and costs. Those are things, as an FIU we struggle with on a daily basis. We hope that we get data to be able to then say, "This is how effective, this is how efficient we are." But to make a statement that we are not effective in the absence of this data, that is quite difficult, it is a conclusion that does not hold basis.

First is the process. We need to get the right data....

MR. CHAIRMAN.-. What we are saying, you are not producing the data so that we can effectively assess your effectiveness or your performance. As a public institution, the taxpayers of this country expect the return. They want to see effective organisations.

MRS. C. PICKERING.- We take your point.

MR. CHAIRMAN.- That is what we are all calling for. All of us are taxpayers. Of course, the taxpayers are looking and expecting institutions to be delivering and becoming effective. That is why we are here.

MRS. C. PICKERING.- Point taken, Mr. Chairman. The need to have measures. Like I said, we currently do not have that data to be able to then measure and that is something we continue to have. But to conclude that you are not effective because you do not have the data, that is a big and a bold statement, as you have correctly said.

HON. P.D. KUMAR.- Unfortunately, that would be our conclusion. Why? Because your targets are not here. How do we measure your performance? I started off with that. We are getting the feedback from other agencies as well. We will be using their feedback plus your data here to draw our conclusion and that is the direction we are taking because in past reports, we used to see at least some case studies listed at the back. You have taken even that off. How do we assess you? That is the point we are making. If you even included some of the cases, say, for example, it might not have been 2024, but 2023 cases because it cannot happen the same year. It is delayed.

If you had listed some of those successful cases of prosecution or whatever it is, enforcement, et cetera, then we can say, your intelligence report is giving some results, good results. It is helping the institution and the institutions are gaining from FIU - that kind of reporting. I think the problem here is, you have all the information but you have not put it out in the report. There is a disconnect between you knowing everything, amongst us who are reading the report to gauge your performance. But if you had listed are few things here, we would be able to get a better feel of the organisation.

MRS. C. PICKERING.- Thank you honourable Member. Like I said, for certain things we have targets and we take on board your recommendation to maybe include those targets in the annual report. But there are certain aspects where we do not have data, like feedback data, and for that we cannot include in the annual report. But we take on board your recommendation where with things we can set targets to reflect it better in the annual report.

HON. P.D. KUMAR.- Again, I will still put the challenge across to FIU. If you are not getting the feedback, it does not mean it ends there. It is a challenge that needs to be worked out by at least the Anti-Money Laundering Committee or whatever overseeing body that exists where all stakeholders are there.

At least from the Committee's perspective we are raising our concern and that concern must be heard. And once it is heard, it means your reporting system will improve as well because other stakeholders will come in. Normally, for any organisation, you always operate according to your customer, your clientele, because they are the ones why you exist. You do not exist for yourselves. You exist for your client. So, if the clients are saying that, we do not get this, this, this, so obviously some tweaking is required at both ends, if there is some kind of lack of understanding in terms of what their needs are and what FIU is giving at the moment. Some work has to be undertaken in that area - that is all we are saying.

MRS. C. PICKERING.- Like I said, we continue to work with our law enforcement partners to get this feedback. We have not given up. We know this feedback is important. We are not giving up. We are still finding out strategies on how we can get regular systemic feedback, not the general feedback which we get on an *ad hoc* basis. We have not given up and we take the challenge that you have put before us. We will find ways to get the feedback that is needed to show accountability and transparency.

HON. P.D. KUMAR.- Fantastic.

MR. CHAIRMAN.- Thank you very much, Director. On behalf of the Committee, I would like to sincerely thank you. Please take note of the suggestions that we have made in terms of trying to improve your next report with data. Data and evidence is very important; we need evidence. As I have said, all the organisations that come here, we scrutinize their report to ensure that they deliver what is expected of them when they are performing their roles. This report will be going to Parliament and the Minister responsible will be making corrective actions in terms of the recommendations that we have made to ensure that we improve most of the things that we see, which is not working at the moment.

The Committee adjourned at 12.35 p.m.

[VERBATIM REPORT]

STANDING COMMITTEE ON ECONOMIC AFFAIRS

ANNUAL REPORT

Fiji Financial Intelligence Unit Report 2024

SUBMITTEE: **Reserve Bank of Fiji**

VENUE: **Big Committee Room, Parliament**

DATE: **Monday, 10th August, 2026**

<u>VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS HELD AT THE BIG COMMITTEE ROOM, GOVERNMENT BUILDINGS, ON MONDAY, 10TH AUGUST, 2026 AT 11.34 A.M.</u>

<u>Present:</u>

Hon. Sakiusa Tubuna	-	Chairman
Hon. Premila Kumar	-	Deputy Chairperson
Hon. Semi Koroilaveau	-	Member
Hon. Jovesa Vocea	-	Alternate Member

<u>Interviewee/Submittee</u>: Reserve Bank of Fiji

(1) Mr. Ariff Ali	-	Governor
(2) Mr. Esala Masitabua	-	Deputy Governor
(3) Ms. Vilimaina Dakai	-	Chief Manager People and Culture
(4) Ms. Savaira Manoa	-	Acting Chief Manager Financial Institution
(5) Ms. Ragni Singh	-	Chief Manager Risk
(6) Mr. Melvin Singh	-	Communications Team

....

MR. CHAIRMAN.- Honourable Members, members of the media and the public, the secretariat, ladies and gentlemen, a very good morning to you all and it is a pleasure to welcome everyone to this public hearing session.

At the outset, for information purposes pursuant to Standing Order 111 of the Standing Orders of Parliament, all Committee meetings are to be open to the public. Therefore, this submission meeting is open to the public and the media and will be aired live on Parliament's channel through the *Walesi* platform and live streamed through the Parliament's *Facebook* page.

For any sensitive information concerning this submission that cannot be disclosed in public, this can be provided to the Committee either in private or in writing. But do note, this only will be allowed in are few specific circumstances, which include:

(a) National security matters;
(b) Third party confidential information;
(c) Personnel or human resource matters; and
(d) Meetings whereby the Committee deliberates on all issues before it develops its recommendations and reports.

I wish to remind the honourable Members and invited submittees that all comments and questions to be asked, are to be addressed through the Chairperson. Also be mindful that only the invited submittees will be allowed to ask any questions or give their comments to the Committee.

This is a Parliamentary meeting and all the information gathered here is covered for under the Parliamentary Powers and Privileges Act and the Standing Orders of Parliament. But please note that the Committee does not condone libel or slander or any allegations against any individual who is not present today to defend themselves.

In terms of other protocols of this Committee, be advised that once the meeting is in progress, movement within the meeting room will be restricted, and there should be minimal usage of mobile phones.

(Introduction of Members of the Committee)

MR. CHAIRMAN.- With us this morning are the representatives from the Reserve Bank of Fiji, which the Committee has invited to provide us their submission on the Fiji Financial Intelligence Unit Report 2024.

Inviting the Reserve Bank of Fiji to present on the Fiji FIU Annual Report is quite important so that the Committee could gain a clear understanding of the Unit's work, key findings and its role in safeguarding Fiji's financial system. This engagement provides an opportunity for the Committee to examine issues relating to anti-money laundering, countering the financing of terrorism, and emerging risks identified in the report as part of its oversight and accountability functions.

With this brief introduction and I will take this time to invite our submittees and the Governor to introduce themselves and the team before we proceed with the submission. I would ask the Governor to provide a brief oversight of the working relationship with Fiji FIU and following that there will be a question-and-answer session.

(Introduction of representatives from Reserve Bank of Fiji)

MR. A. ALI.- Mr. Chairman, let me first thank the Committee because this is the first time the Committee has asked us to come and present to the Standing Committee. Normally the FIU just comes and some of the other key stakeholders. This is the first time that we are fronting up, and we thank you for this opportunity to come and present on this.

Let me start with some background on the FIU. It started a long time ago with some of the work that was being done in the bank. There was a unit that was set up and the initial governance structure was that everything would go through the Governor's office. However, I think it was under the SVT Government, if I remember Mr. Qoriniasi Bale was the Attorney-General and it was around that time, when they had the National Anti-Money Laundering (AML) Council said that it is the right time that Fiji needs to setup a special unit with the right legislation and governance framework. This is what we saw was the Financial Transactions Reporting (FTR) Act 2006 was approved by the then Parliament. So this setup the FIU in the Reserve Bank.

A lot of people would say, why still in the Reserve Bank? If you look at the Asia/Pacific Group on Money Laundering (APG) Annual Report, there are somewhere just below 140 countries that have FIUs and almost 80 percent of the bulk of it has an administrative thing that is similar to how we operate in Fiji. That means they have administrative independence, but they are normally funded by this.

Advanced FIUs are then given a separate thing and government then allocates a budget. This discussion has been over time, periodically there has been discussions whether they should be all independent and if they have to be independent, then the government will have to make budget allocation for them.

In the meantime, the Reserve Bank has been providing them with the funding. We have given you a written submission, but I will go over some of the key highlights that, and I understand that you are also meeting the Director FIU and her team tomorrow. So, the first thing is this:

(1) What is the importance of FIU?
(2) What do they really do?
(3) Why is it in most instances so much aligned to the thing?

This is to protect the integrity and the robust of the financial system. The Reserve Bank is responsible to ensure that the financial system is strong and robust by making sure that the banks have the right lending policy, the right credit risk management, make sure they are lending to the right people and have the right prudential policies. The FIU comes in making sure that they are protecting the financial system from abuse by criminals. That is basically in very simple terms, making sure that criminals are not using the financial system, putting money and then, launder money and make it clean after all. So, that is their role. And in a lot of instances, their role is intelligence.

There are a lot of times they do work behind the scenes. So, the key responsibility is intelligence and regulation. Intelligence is getting all the necessary information from the banks, from the key stakeholders, from the other agencies, analyse them and then give it to agencies that would prosecute, either the Director of Public Prosecutions or the Police to handle that.

The second is the regulation, making sure that the banks and other entities that come under them, like the accountants, lawyers, real estate agents, et cetera, they comply with the law.

One thing that they also do is they do a lot of background checks. There have been a lot of instances, investors will come, they will go to government, they will go to politicians, they will go to some other people and more recently, they go to a lot of resource owners and they say they want to bring in billions of dollars. In Fiji, it is no longer million, it is billions of dollars and they send it to us. We work with FIU to do the background check, and FIU has this database whereby they can easily identify whether those investors are *bona fide* or not. Unfortunately, something that I am not happy with, in most instances, in the case of Fiji, a lot of these investors are not *bona fide*, there are a lot of red flags. Our advise always to those agencies who bring them in or those people that bring in is to be just careful.

The problem with us, we trust a lot when people come from overseas. The FIU also does a lot of collaboration with Reserve Bank, collaboration with the banks and with other agencies. And it does not have a board *per se*, but it is what we call the "AML Council."

The AML Council:

(a) Permanent Secretary for Justice – Chairman
(b) Solicitor-General's Office
(c) Office of the Director of Public Prosecution
(d) Police;
(d) Fiji Revenue & Customs Office; and

(e) Reserve Bank of Fiji

This Council meets regularly, similar to a board to discuss and approve things.

I talked about the governance structure. So the FTR Act, the Minister delegates, and here when we talk about the Minister, it is the Attorney-General, gives the power delegated to the Governor, the Governor then delegates the power to the Director FIU. This is how it is done. This is like most other things you do. There are powers that are given to the Governor. The Governor then delegates it to bring about operational efficiency to the Deputy Governor or to the other staff. For us, the way we see things, the AML Council has been working very well. The Director has been discharging his or her responsibility well over the last years.

The RBF and FIU, so the FIU is not involved in any policy or discussion with the Reserve Bank. So, when we have our own monetary policy discussion, we have a policy payment system, supervision or any discussion that we have in the board, the FIU is not involved. Likewise, we are not involved in any decision or discussion with things. However, when it comes for budget, when it comes for training, we are involved because the administrative will provide the funding. The FIU started with five staff, and one seconded officer, today the number of staff is 10, so we have continued over the years, continued to provide more budget and they have got two seconded officers.

If you look at the budget you will see that we provide them about $1.3 million in the last budget and that amount has been growing, but this $1.3 million is only for staff cost. They still use our IT, our premises in terms of rental so there is no rent, they still use our HR, accounting, et cetera.

So, if they have to outsource or to do it themselves, I would think the minimum cost to be 30 percent or as much as 50 percent if they have to hire people, for example, to manage their IT, accounts, HR, et cetera and including them. This is something that we continue to provide, and I am glad to say that the board does not see that FIU as something that is not good for the economy, not good for the country, not good for the Reserve Bank balance sheet. We think the important part in making sure that we have a sound financial system and therefore it is a small price to pay for them to be around.

I think the most important thing right now that FIU is working, and of course, the RBF is what we call the ”mutual evaluation”. The APG is the organisation that comes and does a mutual or basically make an assessment on how you are performing against the best practice or best standards. They have what they call 40 recommendations and these 40 recommendations, so they do it, once in every 10 years. The last time they came was 10 years ago and they said, “these are the areas that you are good, these are areas that you are doing well, but these are areas that you need to do more improvement on.” This is something that we will have in the next two months or so. But work has started at least over the last 12 months or so, even prior to that, whereby we say, “let us be ready for this.”

We are fortunate enough, and I am sure Mrs. Caroline Pickering, the Director FIU, will elaborate later on, we have had technical assistance from ADB, and also a few other agencies that have continued to provide and did an assessment and said, “these are things you are doing good, but these are areas that you need to improve on.”

In line with those improvements, we have been able to do some improvements. One example is, in the last budget, we took an amendment to the Reserve Bank to say cryptocurrencies are not allowed. We do not think we have got the expertise, the experience, so that best thing to say is, it is not allowed, it is illegal.

There are very few countries in the world that have allowed, but they have expertise and they have gone there, so, those are the changes. We have made a recent change to our Exchange Control Act in the last budget, whereby we only had criminal offenses. So, it does not give us teeth. In the current budget we have allowed administrative penalties. So, if there is a breach by a bank, we can penalize them and fine them now, rather than wait for 5years to 10 years for the law to take place.

So, there are a number of areas that we have been working on to improve on, those that we feel that are in our jurisdiction, we have been working very closely with the banks or the financial system, the FIU has been working on what is with them, and of course, the DPP's office and the Ministry of Justice has been working on some of the other areas because the last thing you want is to be grey listed or blacklisted.

In the region, Papua New Guinea has been grey listed. So, when you are grey listed, it means that your financial system is not strong. There are worries that there could be AML activities, so this discourages a lot of investors coming to the country because they do not feel safe. Of course, sometimes this can be sanctioned by larger countries like the European Union and US because AML ultimately are worried about how it can impact their system. Therefore, they could sanction us. This is why this is so important. In a nutshell, we feel that the work that the FIU is doing is complementing the work that we are doing in the bank rather than competing with us. Maybe I will end there and ask the Deputy Governor, Ms. Savaira or anyone else who would like to add anything. We are open for any questions.

MR. CHAIRMAN.- Thank you very much, Mr. Ali. Honourable Members, if you have any questions, now is the time to ask pertaining to the FIU report that we are currently scrutinizing.

MR. A. ALI.- Mr. Chairman**,** just one final point, all the staff of FIU are under the same terms and conditions in terms of employment as the RBF staff, because we really do not want to see them as a thing, including the benefits, et cetera. We are given the same benefits.

MR. CHAIRMAN.- You talked about staff and given the type of work they do - intelligence, money laundering, et cetera – do you have the right staff with those competencies that is required at that level?

MR. A. ALI.- At the graduate trainee level that we recruit people, most people would not have that training, but we recruit the best, we pay one of the best salaries in Fiji with the best conditions, and then we train them. So, if you look at our staff that are three years or more, a lot of them, we train them, we send them for a lot of overseas training because these things cannot be trained here.

As you rightly said, you cannot get someone coming out from university with those skills. But it is on-the-job training and secondments or training abroad that helps them. A number of them have gone and been part of setting up similar things in the region. So, they take Fiji's expertise in terms of how we have done in terms of setting up FIU, some of the intelligence thing, and then they go and share it with, say, countries in the region.

HON. P.D. KUMAR.- Mr. Chairman, considering the FTR Act is like 20 years old and there has been some developments in the financial crime, the way it is happening. Do you think the FTR Act, the way it is, is sufficient to deal with the modern types of crimes that we see in the financial sector?

MR. A. ALI.- It is a difficult question. I must confess that I am not really an expertise in that area. But the way I would answer that question is yes and no. Yes, in the sense that I think, the overall law is there to help things.

I think the key is, one, whether we get the right intelligence, and secondly, have we got the right people in the Police and DPP's office because those are critical things.

You can say, with all these evidence, you can have it, but ultimately those are prosecuting agencies. To me that is one of the things that we need to invest on is the Police and DPP's office as well; it is important. I am glad to say that they have been attending the annual APG meetings, et cetera which is good. I think one of the things that I have learned in leadership is, when you do not know, you ask for help. You can say, "can we get Australia or New Zealand or someone to help us."

Maybe Director FIU would be in a better position to handle whether we really need to. I still feel that no law is cast in stone. We need to continuously review and see whether it remains appropriate or tweak it as we have done with some of the other laws.

MR. CHAIRMAN.- Just relating to that, Governor, given the increasing seriousness of the cases, in terms of, also when we look at the review that was done by Edmond Group, where we looked at administrative, and also, law enforcement. Given the weak link between FIU and other agencies and in terms of enforcement, do you think that there is a need to give more power to FIU to go directly and charge those people who break the law.

MR. A. ALI.- If it has got to do with agencies not following the law and their powers, they have sanctioned, they have done that, they have fined them, as I said, they are intelligence agencies, so you do not see them publicizing too much of that.

I think the real issue is the way cyber-crimes are being done, is making sure that with the right people ultimately to prosecute them. You may get those things, the DPP's office, whether they are able to prosecute those things. When you look at these drug cases in Fiji, and I am pleased to say that the most recent one was a good one whereby it demonstrated that we have teeth, whereby a number of people were sent for life sentence. This is the one in Nadi, that is the type of thing. But how long did it happen, when the event happened, when they were charged - it takes a very long time.

One of the things that the AML looks at or the mutual evaluation, the assessors look at this:

(1) Do you really have teeth?
(2) When did the event happen?
(3) When did you charge?

You also know that there are a lot of cases that are dragged on and sometimes the witness does not turn up, the police does not turn up, someone does not turn up and the case is cold. To me those are really important things. Ultimately, in most instances, you have to be careful with how the laws are. It is the court that is going to make the ruling. It is going to say someone is guilty or not. Administrative penalties are easy with agencies that you supervise, but when it comes to charging and all those things, this is in the domain of DPP and the Police in my view.

Yes, we can increase, look at whether the FIU can be given more powers, but I think the final powers ultimately rests with the court because someone can say, I disagree with this, I am going to go to court and file an appeal, but you do not have the powers to charge.

MR. CHAIRMAN.- At the same time you have other agencies such as FICAC, et cetera which also can undertake all those responsibilities in terms of expediting cases which we think are quite serious, it can also be charged under FICAC.

MR. A. ALI.- So, one of the things that a lot of countries have done is they have set up special courts, but whether it is drug related or money laundering, et cetera, so this is fast tracking these things. Otherwise, if they have to go through the same court system, given that there is always a lag, then it takes long. So, you have a special court that hears this type of cases so that it is fast-tracked, and they do not hear all sorts of cases. It means strengthening our judiciary and giving more resources to that.

MR. CHAIRMAN.- Why it is quite serious, last Monday, there was a presentation by the Ministry of Health on AIDS on how it is coming into the country. Some of these are coming through this network, laundering money or people are coming through an illegal process, and they are impacting on the national problem that we are having. That is why I was just thinking, how can we curb these sorts of problems?

It goes down to how money is coming, people are being traded - AIDS is quite a big issue now. People are talking about climate change, climate change is a big issue. But now with AIDS, 4,000 people are now affected every year. By 2029, we expect another 25,000. The parliamentarians were briefed the other day, Fiji is the highest in the world. It is not an issue which is related to the subject, but I think there are also connections here. How can we work together and try to address this national issue?

MR. A. ALI.- If I can quickly respond to that. I think you have touched a very important point. There is a relationship between crime, drugs, money laundering and AIDS. In some sectors, it is much stronger. I just recently presented to some *iTaukei* leaders in terms of this. I have shown them the statistics on AIDS, HIV and I think it is very worrying because it is the most productive people who have this HIV virus.

We had COVID-19 and we know that our medical system was stressed. A very long time ago we all have heard stories about how one leprosy hit Fiji and how we had to put them in an island in Fiji. I am worried about the fiscal cost on the government, on the country, but also the cost on the people, on society, when more and more people will be affected. I feel we need to see HIV as an issue that is related. It is not just a health issue, but an issue that we all should be talking about. I think that it could potentially impact not just the economy, but it could become such a thing, given that we are a tourist destination.

Now, if a tourist comes and says, "I am not really sure who is serving me at the hotel, and I am not really sure because it can be spread" - there is a lot of fallacy or people not understanding how it is spread, people might say, "I would rather not go there." That is the last we want. I think it is a topic that we all should discuss, particularly leaders, and how we should resolve this issue. There is no doubt that there is a connection with drugs, because once you use drugs, you share syringes and then you pass from one to another. There is a link and if we are able to tackle this, and not just tackling the money part but making sure that we have conviction because that is the key.

MR. CHAIRMAN.- Honourable Members?

HON. S.T. KOROILAVESAU.- Thank you, Mr. Chairman. Governor, I just wanted to better understand the APG mutual evaluation. I wanted to understand those valuers who come and do this inspection. Is it an international or regional body that is responsible for this, or this is established internally to carry out the evaluation?

MR. A. ALI.- No, it is an international body, they have what you call the best practices, whether it is accounting, et cetera. It is best practices in terms of AML issues. The assessors come from different parts of the world. They are expertise in this area. They will come and assess. There are 40 recommendations, and it covers a wide range of things. They interview the Reserve Bank; they interview the banks.

In fact, we have got technical assistance to help people how to answer those questions. Why? Because we must ensure that we give them the full information that helps us. We do not want people to go and put people in front who are really not aware of all the work that we are doing in this space of AML. So, we are actually doing that.

There are a number of low-hanging fruits as I said, we have changed some of these laws, amendments, the things that we were doing with FIU and the banks in particular to do. It is an international body that goes around all over the world and does an evaluation of different countries every year. There will be about maybe 10 to 15 countries this year, another 10 to 15 countries every year, these reports then get tabled at the APG annual meeting and there is discussion on that.

Of course, we get an opportunity to disagree with them, provide our comments, they may consider it, they may not consider it. Some of these evaluators, as I said, they are very experienced, then they come with countries that are up here. So, they expect us to be here as well. But there are some who understand the context of Fiji and understand that we are small. For example, for Fiji, one of the things we feel very strongly is that we do not have terrorist financing. We are not in the Middle East, or we are not in a part of South Asia or parts of Africa. We know that most of our remittance that goes out whether it is in the Middle East to families, support someone there, it is more for donation in small amount. It is not really for AML. These are things that we continue to stress.

With regards to money, now we have got a lot of funds that go through M-PAiSA and MyCash. Again, how do we handle that? So what we have is, we have a cap. The maximum you can have in your wallet is $10,000. Of course, we have got a lot of mining going in the background in terms of who is getting money quite often. If someone is getting money quite often, the Vodafone or Digicel is supposed to send a suspicious transaction report to the Reserve Bank. For example, if someone is just a farmer in the West, I am not especially mentioning Kadavu, but I am saying in the West, and you see money in the M-PAiSA is deposited quite often. It is the job of Vodafone to inform FIU.

Similar, that is what they do for the banks. For example, if someone goes and takes a life insurance policy. So, now we have life insurance policy, which are an endowment policy. You can pay a million dollars and do not pay any premium on an annual basis and they get it anyway. A farmer suddenly goes and takes half a million-dollar life policy, they are supposed to report to us, where did they get the money from. So, this is all done to protect Fiji. We really do not want a few bad apples or oranges spoil the reputation of the country.

In a nutshell, it is an international body that have setup standards, that have continued to refine and they see best practices all over the world and see whether we can come up and the people who come are assessors from overseas.

HON. J.R. VOCEA.- In terms of staff retention, we agree with you that you do not get a degree from the university to be specialized in all those fields that you are talking about. It is through some trainings, experience and exposure. We have had some discussions with some of the entities over the last few days like Post Fiji, Office of the Auditor-General regarding staff turnover and a lot of them are leaving for greener pastures. What is the strategy with the Reserve Bank to retain your experienced staff?

MR. A. ALI.- A very good question and a very practical one. Every institution loses staff and sometimes people leave because, they have most of their families overseas, so they migrate. Some people get married to their partner who is overseas, they like to go. We train people who leave the Reserve Bank to join other financial institutions in Fiji. I must say, when I see our people leaving and joining some other institutions, we have trained them, we do not complain because they are ultimately still part of the ecosystem.

We have people who we trained who have joined Bank of England, joined Reserve Bank of Australia, joined Reserve Bank of New Zealand and Australian Prudential Regulation Authority (APRA). To me, it is very satisfying when our people who we have trained are able to go and do this. We do recognize that there are people that will go and we will not be able to stop them. That is a fact of life, there is a certain percentage.

But what we have done deliberately, particularly post-COVID when we saw these things, it is that we only implemented a number of things in the bank to retain staff. One, we peg ourselves to the market and we used to pay the market median. What we have done over the last couple of years is slowly move up to lower upper quarter. And that is something that people look at and say, without the staff or the union asking, we continue to do that. So, that is something that we see.

We have enhanced the training policies, given more budget for training. Of course, when you train people, we make sure that they are bonded. It is important because when you invest in people, particularly when they go overseas, we do not want them to come and resign. When I joined the bank 35 years ago, people used to go for overseas training comeback and resign the next week. We now make sure that when we send people for training, they have a bond.

We continue to look at our policy on performance and performance management in terms of how we reward them. We have created additional structures in the bank because we know that we have got a very young leadership team. So, we have created positions whereby staff can continue to progress with additional grades, so it is a part of staff retention.

Again, it is the working conditions in the bank. For example, government is to reduce the FNPF contribution from say 10 percent to 8 percent. We have already got approval from the board to say, "we can afford to pay 10 percent, let us pay 10 percent."

Looking at some of these types of things is important so that staff continue to stay. Overall, we have seen a marked reduction in staff leaving the bank as well as the FIU over the last 24 months. Of course, this is a factor of a lot of things – it is a factor of the market environment, labour market here, the labour market also in Australia and New Zealand, but we feel that our staff retention policies are making some difference, at least on a margin.

HON. P.D. KUMAR.- Mr. Chairman, I would like to speak on the effectiveness of FIU, understanding their role, which is intelligence gathering, and then from the intelligence gathering, they prepare the intelligence reports, and then forward it to the various enforcement agencies. From the effectiveness point of view, we do have an issue because we do not know what happens to those reports, whether the quality of intelligence report was good enough for further assessment or it was not? So, if we create an institution for that particular work, we would like to see the end results. We do also understand that there are two staff who are seconded. So, they are the conduit between the enforcement and the administrative aspect. What is your suggestion, how can we make it better so that the Parliament can scrutinize the effectiveness of this institution?

MR. A. ALI.- It is a difficult question that you have asked, but a right question, I will say, because ultimately you want taxpayers money, even though RBF is funding, we are funded by the taxpayers. So, you want to see those things.

Similar to the discussion we had with Investment Fiji, there are reports that are given to the prosecuting agencies and we know how much they are given every month or year.

I think what is really important is maybe, take it one step further in terms:

(1) Has there been any feedback on a quarterly or annual basis in terms of how much has been actioned?
(2) What stage?
(3) What is it?
(4) How much has been filed away simply because based on their legal assessment.

I think that is how it should be done. Of course, it has to be a rolling thing, just not one year because you cannot give 100 reports in December and expect it to be done in the financial year. I think that could be an enhancement whereby they liaise with those agencies and get some feedback in terms of, what stage is there? Is it prosecution stage? Is it still in discussion stage? Has it been filed? Has it not been looked at because of some other issues?

To me, I think it is important to know what is happening. The report covers quite a large number of things that they have been given. The question is, are they given just for the sake of given or is there some merit? To me, that is something that can be discussed with FIU and that is something I can discuss when I have my monthly meeting with the Director FIU in terms of the work that they do, and how they can enhance the work.

MR. CHAIRMAN.- I think it is very important that you have some sort of control on this, because I think there is quite a lot of evidence going on. When you see that someone is buying cars, there are a lot of illegal activities being undertaken, and I am sure that is from other sources and perhaps RBF and other agencies need to have control on this.

MR. A. ALI.- They also provide some reports on exchange control to us and then we take action and I hope they can have a report by agencies and the feedback which includes the RBF. Thank you for that suggestion.

HON. S.T. KOROILAVESAU.- Mr. Chairman, just wanted to have a follow-up question from honourable Kumar on the Act. The APG evaluation exercise was carried out 10 years ago. So, to be able to identify gaps within the present Act, I think recent scenarios have created some doubts in the minds of the public, especially the huge drug haul in Nadi. One of the leading person had established businesses within Nadi. So, I just wanted to see if the Act is reviewed, or evaluations carried out to be able to identify the source of funds that has been able to use as transaction and secure those businesses. What is your point of view in that respect?

MR. A. ALI.- I think your observation is quite spot on. There are a lot of times in hindsight we say, “Oh, we should have looked at these things.” So that is one point. The other important thing is, I need to clarify this issue for everyone and those who are listening on live is that, when the stock of $2 billion of drugs came to Fiji, there was no money that went out from Fiji. If $2 billion goes out of Fiji, our foreign reserves will fall from $3.9 billion to $1.9 billion and we will immediately know. One of the things is important, these are trans-shipments that come. The drugs comes here and then from here it is trans-shipped to here, whether it is to the yachts, through the planes, I have no idea, but it is transshipment.

Those who are part of moving it around, they get a small cut, small share, they get paid in drugs or paid in cash. The reason, it has been circulating, they could be paid partly in drugs, so you sell it and get money. So, the bulk of the money does not go out.

The other important thing is this, like in most cases all over the world, these businesses would then operate a genuine business, so they could have a shop, a restaurant, and make business. The word that we all like is washing or lottery. What does it mean? It means that some of us did not look at the signal, we should have asked the right question so that it does not happen. And really, sometimes we just turn a blind eye to some of these things. We feel it is, but someone says, "Oh, do not worry, it is not that."   It has got to do with a framework in terms of our systems, our people and all these things, whether we see the red flag and we act on it or we turn a blind eye. But definitely, the law needs to be continuously reviewed and refined in terms of that and the good thing is, when it comes to laws that protects Fijians from drugs, it is good to see that during your time and another government that both sides of the House supported this and to me that is great.

HON. P.D. KUMAR.- Mr. Chairman, it is to do with intelligence gathering, of course, FIU does that through the various transactions that happen. But who does the intelligence gathering outside the formal financial system? Like for example, when the public knows that so and so owns just one shop, but has recently bought a big house and beautiful car or the family is making trips abroad, et cetera, how do we capture that kind of information? And who looks at it?

MR. A. ALI.- A very interesting question. This is where I just feel that this is just not the role of FIU, but it is also the role of FRCS, and I do not mean in a bad way.   It is very easy to know if someone is earning $30,000, $40, 000, $50,000 and then has three cars and two houses or is travelling abroad. One of the good things is, I know for a fact that there are a number of times when these things are reported to FIU by a whistleblower. Sir, FIU is able to do a few quick checks, for example, if Person A goes overseas three times a year, and every time, the ticket has not been bought by him or someone else has bought the ticket for them because there is no bank or that person has gone abroad two or three times and have taken his/her family but has not done any foreign exchange transaction of converting money from Fiji to Australian or US dollars or has not used a credit card; that rings a bell. It is very easy now with the digital technological age to know other things. If I have gone abroad and stayed in a hotel for five days, I have not used my credit card, noting, who gave me the money? How did I use foreign exchange?

The FIU has a number of things. They are the ones who get the information. Again, they give it to the prosecuting agency. So, these types of things, the whistleblowers will tell FRCS and FIU and these are the ones who investigate. Again, I am not really sure the total numbers that they receive on this day, but I just feel that the agency that really needs to have their antenna on top is the FRCS because someone is not lodging the right amount of tax, someone is getting income. This could be legitimate income, but again, they are not paying tax for it. You and I know that sometimes when we look at people, we know they are on salary, but suddenly they have two or three cars, you wonder how he can because we are all struggling to buy one car.

The other important thing is this, it is the responsibility of the financial institution to know that if someone, for example, a farmer running a small shop, how can he or she suddenly be depositing a lot of money or buying a property? It is their job to inform FIU, likewise it is also the job of the lawyers and the accountants who are handling that to report it. Unfortunately, from the feedback, we do not get so many numbers from the accountants and lawyers. You can guess the reason for that, right?

HON. P.D. KUMAR.- And that brings me to that question, as soon as you have said accountants and lawyers, because FIU report says that they conducted on-site compliance assessment of just one legal practitioner and four real estate agents in the whole year. And that kind of data or statistics given to us becomes a bit concerning considering right now what is happening in our financial market with money laundering and drug related finances. We picked it up and we do express our concern on this. But at the same time, we are also saying that FIU do not have targets in their whole presentation. I cannot see their target for 2024 where they are saying that we will be visiting, say four real estate agents and therefore they visited four or they said, that we will visiting one legal practitioner and therefore they visited one – nothing.

It is more of an activity reporting as things happen, you report. So, I think there needs to be a lot of thought processes at the beginning of the year in terms of what they would like to achieve. I am not questioning about the financial transaction because that is dependent on the transactions that happens. But we have also noted that the financial transactions have increased to about $6 million from $5 million or whatever. There has been a huge increase in the financial transaction. I am not talking about that because that is beyond your control, but other things which is in your control, it needs to be clearly stated.

MR. A. ALI.- So, honourable member, FIU, similar to the Reserve Bank has an annual work plan that gets presented and approved before the beginning of the financial year and that plan very clearly states out all these targets for them. It is important and we will talk to them again and you can highlight that to them when you meet tomorrow, is making sure that it is important that some of this is covered in the annual report. It is there in the document which the public does not see, I am aware, the whole of Fiji is not aware. So it is important that they put it and then they say this is what they have done. We can always verify that this was what was in their plan, and it is not to show that all their KPIs were met because that is something they share with me or the Governor's office at the beginning or before the financial year starts. It is something that we will share with them. Again, a very good point in terms of, some of the targets.

MR. CHAIRMAN.- Any other questions?

HON. S.T. KOROILAVESAU.- Mr. Chairman, I just wanted to understand, money laundering to me is sort of the accumulation of dirty money, you are involved in a legitimate business and then when the money comes out of that legitimate business, it is clean money. I just wanted to understand the context, there has been investment in fast food where they building fast food outlets everywhere in Fiji. I just wanted to understand because the revenue that is generated does not seem to indicate the amount of investment because of the clients that they attract.

I just wanted to understand if this is under observation, because the way I look at it, as someone on the street, is that they may be collecting dirty money, put a front as a business and then the transactions that is carried out comes out clean and then they can declare that that is good money. That is the way I understand. Can you make a comment on that?

MR. A. ALI.- Again, I am not really sure which company it is. I am trying to second guess here and not name the company. A few things, one is, we look at the economy from a very different way and I can tell you one thing, the food business in Fiji does very well, particularly where the size of the quantity is more important than the quality of the food. Because we go over quantity over quality a lot of times. We also do not look at the health of these things. If these are fast food, then there is a lot of oil. So that is from our side.

To me, I know that FIU and they will confirm tomorrow is that they look at all these transactions, particularly cash transactions. They look at cash transactions because cash is mandatory above us, all the cash deposits are mandatory for them to report. We are very clear on exchange control. I have been criticized a number of times for saying that, but I feel that our Exchange Control Act gives us a lot of information, a lot of power, but also a lot of safeguard.

If anyone is to take money out other than import payments, they have to come and see us. We need financials and we need auditors. I think we need to dig deeper into this. If you can share to FIU on the side or share with us, we can ask them to look into this. As I said, if we know exactly which company or which institution, maybe we can dig deeper into them and see, because to me it is important.

As salary earners we pay the right amount of tax, not one cent more, not one cent less. I just feel that if everyone in Fiji pays the right legitimate amount of tax, there will be less headache for all of us. There is less need to increase taxes and ultimately these funds can then go into protecting or giving more service to Fijians.

I, for one, do not tolerate anyone who does not pay the tax or try to avoid tax or things like that. You may be partly correct. You may be correct. As I said, I mean, if I can get more information on the company, we can do a thorough investigation with all the key stakeholders, including FIU, to really pinpoint whether there is and if there is, then people need to be taken to task. People need to pay the right amount of tax and to me, that is really important.

HON. P.D. KUMAR.- We are talking about tax. We were looking at FRCS report and FIU report because these are the two reports that will go to Parliament in the next sitting. What we found was that 86 percent cases are actually on tax crime and 34 percent was on scams. But the way the perception is in the country, it is more to do with these scams rather than tax crime. And somehow or the other, there has to be a lot more conversation around tax crime because already for scams, there is a committee established and a lot more work is happening in that area. And I do acknowledge that when it comes to scams, large sum of money can be siphoned off; I do understand that. But how can we, sort of, not have tax crime conversation as one of our key issues in the country. Somehow or the other, we are not having that conversation. I do not know why. Do you know why?

MR. A. ALI.- I think it is also the way we record tax revenue. I always tell people, particularly the Ministry of Finance, let us not target this tax revenue. Let us target and make sure that everyone pays, whether it is this, this or this.

Once we start targeting revenue, then we are not focusing on compliance, we are just focusing on a dollar amount. What we should target is making sure that everyone is compliant and there is no tax fraud. If I have to pay "x" amount of tax, I should pay "x", it is not a target which is above or below that. People need to pay the right amount.

To me, it is the negative amount about targeting an "x" dollar or revenue amount. To me, it has to be about tax compliance. The other important thing is, the data that you said about these things, that data needs to be available because there are few bad scammers around, but really the other thing is, if there are more people who are not paying tax or avoiding tax or not paying the right amount; that is the right

Then if that is so, it is easy to say, who are the people who are assisting them? How many of these tax issues or tax people are not paying? Is it individual or is it through an accountant or accounting firm? Therefore, we need to work with those in that sector or industry to say, "please, we have seen this, otherwise we will come hard on you if you are aiding and abetting these people."

MR. CHAIRMAN.- Just on that issue that was raised by honourable Koroilavesau, which agency is supposed to be looking after those - tracking if someone is establishing that new food business. Where did they get their money from? Did they take a loan from some financial institution? How was it established? The cost of establishing a shop, someone should be responsible for that sort of intelligence gathering.

MR. A. ALI.- So, there are number of agencies, unfortunately it is just not one agency. It is FRCS, FIU, Investment Fiji, banks are involved – the commercial banks are supposed to do your KYC, making sure you know your customer well, making sure that the money is from a right source and if they are not happy, then they should inform us and inform FIU. In my view, these are the three key agencies that are involved in this.

MR. CHAIRMAN.- I wish to thank the Governor, Mr. Ariff Ali and his team for their attendance this morning and we thank you for the presentation and of course all the comments that you have made. We thank you for your time and if there are any other questions, the Committee will be contacting you for any further queries. We are targeting this report to be tabled in Parliament next week, and we hope to have this finalized by today. So, thank you very much for your attendance.

MR. A. ALI.- Mr. Chairman and honourable Members, again, we thank you from our end. This is the first time we are fronting up and thanks for the invite. But I think more importantly, we had some good discussions and some good suggestions. So, we will take that on board and work with FIU on those that we think we can work on.

The Committee adjourned at 12.31 p.m.