



**Closing Remarks by Ms Caroline Abel**

**Governor of the Central Bank of Seychelles**

**Official Launching of 4<sup>th</sup> ESAAMLG AML/CFT Public-Private Sector  
Dialogue**

**Friday 7 September 2018**

**Venue: Savoy Resort and Spa**

**Vice President Vincent Meriton,**

**Minister for Finance, Trade, Investment & Economic Planning, Mr.  
Maurice Loustau-Lalanne,**

**Visiting Ministers and Members of the ESAAMLG Council of  
Ministers,**

**Permanent Secretaries,**

**Chairman & members of the Task Force of Senior Officials,**

**Executive Secretary of the ESAAMLG,**

**Private Sector Participants,**

**Invited Guests,**

**Ladies and Gentlemen,**

**Good afternoon**

Firstly, I would like to reiterate the warm welcome already extended by the Minister for Finance, Trade, Investment & Economic Planning, to all delegates and guests, from the region and beyond, who have crossed the ocean to be here in the Seychelles islands.

The Central Bank of Seychelles is indeed honoured to have been given this opportunity, to organise the 4<sup>th</sup> ESAAMLG Public-Private Sector Dialogue, on Anti-Money Laundering and Combating the Financing of Terrorism.

I would like to thank all of you present, for accepting the invitation to take part in this gathering, which is expected to lead to meaningful and productive deliberations, on a range of issues that are critical to developing AML/CFT regimes in our region. Our four keynote speakers this afternoon, have done an excellent job at setting the stage for tomorrow's deliberations on the three chosen topics. Their in-depth presentations have surely given us a broad overview of the challenges that exist, not only in their respective countries, but which is shared by each and every single one of our member countries – although to different extent.

Now that the groundwork has been done, it is up to us as government officials, policy makers and private sector representatives gathered here today, to come together to address our specific situations, learn from each other's experiences, exchange ideas on best practices, and propose possible solutions, as we seek to develop more robust and effective AML/CFT regimes in our individual countries, and as a region. Seychelles, though small in size, will continue to do its part with greater vigour in that endeavour.

## **Ladies and Gentlemen,**

I cannot overemphasize the importance of the chosen topics for this Public-Private Sector Dialogue. When we talk about de-risking, which is having adverse effects on many of our member countries, it is only fitting that the existence, causes and impact of this complex phenomenon within the ESAAMLG region, is among topics to be discussed at length. Given its threat to financial stability and financial inclusion, discussing on possible solutions to overcome this risk is critical, especially for those of us who are very dependent on the international payment system to effect trade.

Seychelles has not been spared, as some of our banks have experienced this phenomenon and one of them will be sharing its experience on the issue tomorrow. Despite this reality, we have been proactive. In line with its mandate to ensure financial soundness and financial stability, the Bank has been engaging in several initiatives, as part of efforts to mitigate the threat and impact on the economy.

One of the initiatives was a roadshow conducted during the last quarter of 2017, when a team from the Central Bank and Financial Services Authority visited several Financial centres in Europe and the United States - particularly in London, Frankfurt, Zurich, Madrid, Paris and New York. While the main aim was to better understand the de-risking issue, and inform the international community about efforts being undertaken to strengthen the effectiveness of the AML/CFT regimes in the jurisdiction, the visits also provided the opportunity for us to better appreciate the concerns that correspondent banks and regulators have regarding the jurisdiction.

As we uncovered the challenges, ranging from issues specific to the offshore sector, as well as jurisdictional issues, it became clearer that the country has to overcome several issues to reduce the risk of losing correspondent banking relationships. Since then, we have embarked on an action plan to step up efforts to address a series of recommendations, some of which had already been identified. This includes the enhancement of our AML/CFT legal framework, reforming the offshore sector, closer engagement with correspondent banks showing greater interest in dealing with the jurisdiction, and the need to embark on a comprehensive, co-ordinated and sustained communications campaign to restore the reputation of the jurisdiction.

While we continue to highlight the issue of de-risking as a threat, we are conscious that we have to play our part to beef up our AML/CFT regime, and ensure that we are in compliance, as non-compliance is not an option. It is for this very reason that Seychelles sought the assistance of the World Bank to conduct its first National Risk Assessment. The Mutual Evaluation came in timely such that all recommendations can be consolidated and acted upon. Work is already underway as we endeavour to close the gaps that have been identified, with the aim of strengthening Seychelles' reputation and adherence to international best practices. With this dialogue, we look forward to enhancing our repertoire of sustainable solutions.

### **Ladies and Gentlemen,**

Thinking of the continent, we cannot run away from the fact that illegal wildlife trade is one of today's most lucrative forms of organised crime that has not spared the ESAAMLG region.

And similar to many countries in the region, Seychelles, which boasts a unique biodiversity ranging from the legendary coco-de-mer, the giant Aldabra tortoise, the sea turtles, a variety of insects, bird and fish species, among others, has also been witnessing an increase in poaching and crimes related to the illegal trade of endemic flora and fauna, including some of the endangered species.

The Seychelles' Ministry of Environment, Energy and Climate Change notes that as recently as 2017 and earlier this year, several reports of people smuggling giant land tortoises and even reptiles out of the country, have been recorded. This includes the Seychelles' giant bronze gecko, as rightly mentioned by the Minister in his opening address, which is believed to be sold for thousands of USD on the international market.

It is evident that if left unchecked, such practices pose the risk of establishing very perverse activities locally just to feed such markets. And although complex we need to combat illegal wildlife trade because besides generating significant losses in assets and revenues, illegal wildlife trade is also a threat to the livelihood of our communities, our ecosystems, and even food security.

As we speak the value of illegal funds being derived from illegal trade in wildlife in Seychelles is not specifically known, although we are well aware of existence of such trade. Nevertheless, the fact that this phenomenon has emerged and is affecting our jurisdiction and wider region, is reason enough for us to try and find mechanisms that will allow us to better understand the financial aspect of this illicit activity, and have a concrete understanding of the money flows linked to this lucrative trade.

I cannot end, without addressing what is a well-known fact - that we are experiencing a constantly evolving financial sector, among which is the

growing use of innovative financial products and services that have undoubtedly changed our financial landscape.

However, while the use of financial technology has helped to enhance efficiency, allowing access to finance for the broader community, this has also brought about its fair share of risks and challenges. Aside of the well-known cyber-security risks, we also have challenges relating to the implementation of AML/CFT requirements, relating to new technological innovations in payments and regulation.

Innovative financial services have given rise to an increasing number of financial players, easing cross-border transactions, as well as providing consumers greater flexibility and choice, causing the monitoring of transactions to be more complex for financial institutions and public authorities. There are also instances whereby regulatory authorities are bypassed due to a lack of capacity and resources to monitor these innovative payment channels.

It is therefore vital that work is undertaken to better understand the risks and vulnerabilities of innovative financial services and ensure that while we embrace innovation for economic growth, we also pursue responsible innovation, and manage the risks of money laundering and terrorist financing.

The local financial sector has not been left behind and has to some extent experienced the 'Fintech' phenomenon, ranging from increased use of electronic payment methods such as mobile and internet banking, as well as growing interest in cryptocurrencies. Given this growing interest in Fintech in Seychelles, by consumers, the business community, as well as financial institutions, the Central Bank is currently in the process of engaging with relevant stakeholders to draft a national strategy on the adoption of Fintech in the country. The strategy will be focussing on how

Fintech can effectively assist in the development of the financial sector, while taking the associated risks into consideration.

It is imperative that we have close collaboration between key stakeholders working to regulate the domestic financial sector, so that there is a comprehensive understanding of the opportunities and challenges of such developments, as such collaboration and synergies are crucial to addressing any concerns or challenges, as soon as they arise.

As we further our discussions on the issue, let us explore the opportunities that new financial and regulatory technologies may present for us to improve the effective implementation of AML/CFT measures, in our respective jurisdictions and in the region.

Seychelles is already embracing the potential of financial technologies, and we are delighted that Council of Ministers has accepted our nomination to host the ESAAMLG Workshop on Digital financial services, Bureau de Change and Money remittances, which will be held next year.

**Ladies and Gentlemen,**

The reason we are gathered here is to engage in serious discussions and come up with plausible solutions to the challenges we face in relation to all three topics. There are surely success stories that exist in this room which will go a long way in helping others to address their respective situations.

Concerns about the risks that AML/CFT present to the stability of our financial systems should be addressed collectively. Events like this are therefore of utmost importance as it helps to bring all stakeholders together under one roof, because as we are already aware the fight against money laundering and terrorist financing cannot be achieved in isolation.

Both the public and private sector need to become equal partners, as we endeavour to make better use of our resources and expertise related to this matter. This is not only true for our respective jurisdictions, but as a regional grouping, it is also imperative that public and private sector organisations throughout the ESAAMLG region work in partnership to develop strategies for the exchange of expertise, and intelligence, to really make an impact on addressing cross border money laundering and terrorist financing concerns.

As I conclude, it is my sincere hope that we will leave no stones unturned to achieve the objectives set at the inception of this very important event. Yes, it is a very imperative for us as a country, as Seychelles is committed to see the establishment of robust AML/CFT framework in our jurisdiction and beyond. The development of our financial sectors and our reputation depend on it.

I thank you for your undivided attention and look forward to the fruitful deliberations tomorrow.