

**Closing Remarks by Dr. Chiranjibi Nepal, Governor, Nepal Rastra Bank,
at the 21st APG Plenary Meeting 27th July 2018, Kathmandu**

*Distinguished APG Co-Chairs,
Executive Secretary and Officials of APG
FATF Senior Officials,
Distinguished Delegates,
NCC members and Secretaries
Nepalese officials
Media representatives,
Ladies and Gentlemen,*

Very good afternoon!

1. I am privileged to speak at conclusion of this 21st APG Plenary Meetings running for a week. I am indeed honored to be with you at this august gathering with a brief closing remarks.
2. It is an immense pleasure for Nepal to host this Meeting and Plenary. I am very much delighted with the APG and its members, FATF, the observers, and international institutions for the opportunity extended to us to host this occasion in Kathmandu.
3. I have been informed that the meetings discussed mutual evaluation reports of Indonesia, Myanmar, Palau, and Cook Islands. Number of follow up reports and status reports were also considered in the course of meetings. Intense discussions were made on Mutual Evaluation Procedures, governance issues, technical as well as other seminars under International Cooperation Review Group have been eyesight for members and observers.
4. The TA & T forum was another great opportunity for members and DAP groups to sit together and find solutions for development of sound AML/CFT systems and make effective global implementation.
5. Managing de-risking, identification of beneficial ownership and recovery of assets are the common threats facing by countries globally. I hope the conclusion from the seminar and discussion on these topics will certainly guide us to reorient our AML/CFT related strategy toward addressing such problems.

Ladies and Gentleman,

6. Financial crime can inflict on the smooth functioning of the financial markets, payment systems and ultimately the financial sector stability goal of central banks. Fin-Tech and

virtual currencies are also posturing challenges to the central banks in dealing with AML issues.

7. The shift of FATF standards toward risk-based approach, will support our financial system in the direction of inclusive growth and access to better financial services by discouraging the de-risking.
8. The BASEL 2017 AML Index report shows, during the period from 2012–2017, the Index did not reflected significant change, indicating slow progress, high rates of perceived corruption, lack of judicial strength, lack of resources, and deficiency of financial transparency in the developing world. In addition to this, a large-scale of tax evasion is being a major challenge while fighting against money laundering.
9. In the present context, countries need to increasingly harness the power of financial technology. While FinTech can be misused, however, be a powerful tool to strengthen our defenses against terrorist financing. Machine Learning and Artificial Intelligence tools could help us in detecting patterns of suspicious financial flows as well as Distributed Ledger Technology which can protect our financial systems against cyber-terrorism.
10. I believe this meeting had produced many benefits to ensure integrity, safety, security and stability of our financial system. It will be helpful in identifying several AML and CFT related crime emerging in the region and for initiating coordinating measures among several jurisdictions. In this regard, we are delighted to express our continued commitments towards effective enforcement of AML/CFT measure and further improving the regime with highest level of national & international cooperation.

Ladies and Gentleman,

11. Compliance with AML/CFT law and regulations require high level of commitment where non-compliances will be seriously dealt with. For example, in 2017, financial regulators around the world imposed more than US Dollar 2 billion in fines related to AML compliance failures.
12. At the international level, we have witnessed banks been penalized to the tune of billions of dollars for failure to comply with AML/CFT laws and regulations. There has been a high degree of concern that global banks might cut their correspondent-banking business indiscriminately to minimize the risk of breaching AML/CFT rules. This is also one of the biggest challenges to the banking system of developing economies, for example the Caribbean countries are facing this especially after 2012.

Ladies and Gentleman,

13. The regulatory authorities of Nepal have revised their AML/CFT regulations as per the amended AML laws and seeking other elements to be included as developed in international AML/CFT regime. They have commenced AML/CFT supervision and are making efforts to make it more risk based. We note that the foundation of AML/CFT rest with regulator /supervisors and their pro-activeness promotes functional capacity of FIU, law enforcement agencies and nation in totality.
14. We have a common view and commitment that FIUs must retain sufficient independence to accomplish the key role on AML/CFT. NRB is cognizant of the importance of FIU to make the AML/CFT regime more effective and efficient with focus on risk based approach. The automation of reporting by implementing the goAML, developed by UNODC is now at the final stage of go-live in FIU-Nepal.
15. Proper coordination and exchange of information among domestic and international authorities is critical for the implementation of AML/CFT regime. We can note down the results of timely exchange of information in the recovery of substantial amount of money hacked from a commercial bank of Nepal through the active use of Egmont Secured Web (ESW) by FIU-Nepal in October 2017.
16. Nepal does not leave any stone unturned to go together with international communities for combating ML/TF. Hence, Nepal is concentrating on implementation and effectiveness so that we can take maximum benefit from the system.

Ladies and Gentleman,

17. APG has been playing a very important role and have done excellent work over the years to foster implementation of the FATF standards in the Asia/Pacific region. Nepal has been benefited a lot from APG's support and among others in association with Donors and Providers (DAP) groups on AML/CFT area.
18. Let me conclude here by thanking the organizer for giving me this opportunity to share some of thoughts at this august gathering. Above all, I would like to thank you all for making this **2018 APG Plenary** a grand success through your valuable contributions and active participation.

Thank you so much and I wish you a sweet memory of this event!