

**The National Committee for  
Anti-Money Laundering and Counter-Financing of Terrorism**



**Report on National Money Laundering  
and Terrorist Financing Risk Assessment  
of the Lao PDR**

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## **I. Overview**

The crime situation, which was a major offense of money laundering and terrorist financing, has occurred throughout the region and throughout the world in each period. The crime is a threat causing serious damages to properties and human life. The relevant international organizations have set the benchmark measures so that countries create mechanisms and principles and implement them in accordance with the criteria for the fight against such crimes. The Lao PDR is a party to international treaties related to fighting and suppressing transnational crimes, the Government has focused on creating and improving laws and mechanisms to ensure the implementation of international treaties, and to combat and suppress all forms of crime under international treaties.

For the work against money laundering and terrorist financing (Anti-Money Laundering and Counter-Financing of Terrorist “AML/CFT”), the government of Lao PDR has established National Committee for Anti-Money Laundering (AML) and the Counter-Financing of Terrorism (CFT) or (National Committee for AML/CFT) and Anti-Money Laundering Intelligence Office (AMLIO) as focal point to coordinate with relevant sectors in implementing the work, to ensure that the work on AML/CFT has been developed in certain level and to meet international standard at one level and to continue to follow the guidelines 1 “Risk Assessment and Risk Management Process” of the 40 recommendations of the Financial Action Task Force “FATF” to meet international standards and by receiving technical assistance from the World Bank.. Lao PDR has implemented National Money Laundering and Terrorist Financing Risk Assessment “NRA” for the first time between 2017-2018.

A Task Force to assess National Money Laundering and Terrorist Financing Risk Assessment “NRA” of Lao PDR has been set up, included government officials with the World Bank providing technical assistance, which organized many training opportunities and advice to help ensure the most effective implementation. The provision of statistics and information used for NRA risk assessments, including assessments, ratings, and considerations under the NRA Risk Assessment Framework, is carried out by a state assessor or official of Lao PDR and a committee responsible for implementation.

### **1. Objectives**

The National Money Laundering and Terrorist Financing Risk Assessment “NRA” is to identify and understand the risk of money laundering and funding for terrorism, which is an important element in the implementation and development of anti-money laundering systems and funding for terrorism, including laws, regulations, law enforcement and other measures to reduce risk of money laundering and funding for terrorism that will help to effectively allocate information sources to the relevant authorities. The results of the NRA assessment can also be used as data to evaluate risk of reporting units (financial institutions and non-financial institutions).

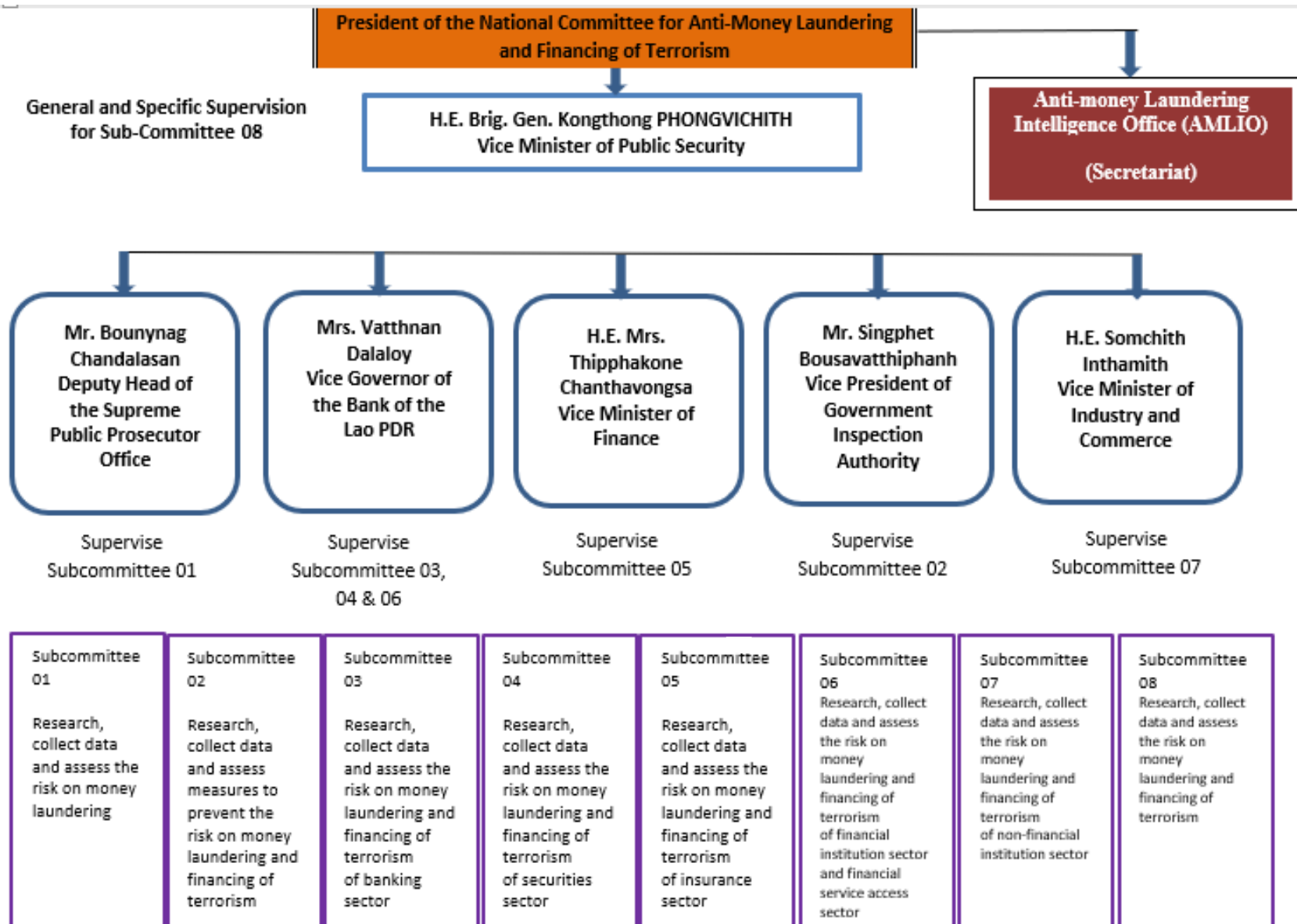
### **2. Risk Assessment Implementation**

The National Money Laundering and Terrorist Financing Risk Assessment “NRA” was the first implementation, the recognition of anti-money laundering and terrorist financing of all relevant sectors, which were not yet extensive and deep, making the process of preparing as data collection and research in detail, which was divided into the following stages:

## 2.1 Preparation Phase

- Research and find partners in technical assistance: Lao PDR has sought international partners on National Money Laundering and Terrorist Financing Risk Assessment “NRA”, particularly the World Bank, which has experience in assisting such work with many countries. Of which, there are countries around that have a similar environment to the Lao PDR, with the majority of the World Bank supported. Therefore, Lao PDR has requested technical cooperation and assistance from the World Bank, which has been well received, regularly consulted, prepared, monitored and trained in the course of the assessment so that technical work has been resolved and could be carried out efficiently and according to the timetable laid down;
- Found out about the surrounding countries that were preparing and conducting the National Money Laundering and Terrorist Financing Risk Assessment, such as: Vietnam, Cambodia and Thailand. This makes Lao PDR understand the preparation and evaluation of each country to plan their work by limiting the weaknesses that may occur and effectively implementing the Money Laundering and Terrorist Financing Risk Assessment.
- To report and propose the higher authority (government) to approve in principle the implementation work on Money Laundering and Terrorist Financing Risk Assessment.
- To organize a high level ad-hoc committee, to divide responsibilities to deepen and supervise each work, assign technical staff related to all sectors to participate in practice both at central and local levels.

## Structure of Ad hoc Committee for the National Anti-money Laundering and Terrorist Financing Risk Assessment of the Lao PDR



## **2.2 Assessment Phase**

To make understand to all assessors from relevant sectors by organizing seminars from World Bank Experts on 22-24 January 2017 and continued conducting internal seminars on each of the sub-committees in understanding the assessment procedures, assessment content and assessment tools to identify and formulate a work plan for assessment with a timetable for implementation and completion. In particular, it focused on some of the issues that need to be understood:

- Identified Input Variables ( Input Variables) Which were separated into AML Control Variables and Inherent Vulnerability Variables; There are also Intermediate Variables;
- Targeted both the government agencies and the private sector across the country to see that there is the risk of money laundering and terrorist financing to undertake an assessment;
- Made up questionnaires to gather the required information to include in the NRA ;
- Sent the questionnaires to both government agencies and the private sector to collect data and work on these goals at both central and local levels;
- Compiled the data into the Excel Template assessment tool based on the actual data collection at the central and local levels to make a NRA assessment report.

In addition, summarized open sources of information on media, articles, relevant reports and others that are included in the assessment.

## **2.3 Analysis phase and draft report**

- Sub-committees subsequently summarized all information, through the forms received, data from the open source, and so forth to research and understand the information received, and analyzed data logically to determine the correctness and certainty of the information;
- Tested data into NRA tools to see results, compared to reality;
- Conduct a special seminar with experts on the preliminary assessment findings to discuss how to analyze and compare standard variables and the variables from the actual assessment;
- Summarized all data into NRA tools to provide the results as a basis for writing a report on the results of the assessment.

### **Good Points and Restrictions in the Assessment**

#### **Good Points**

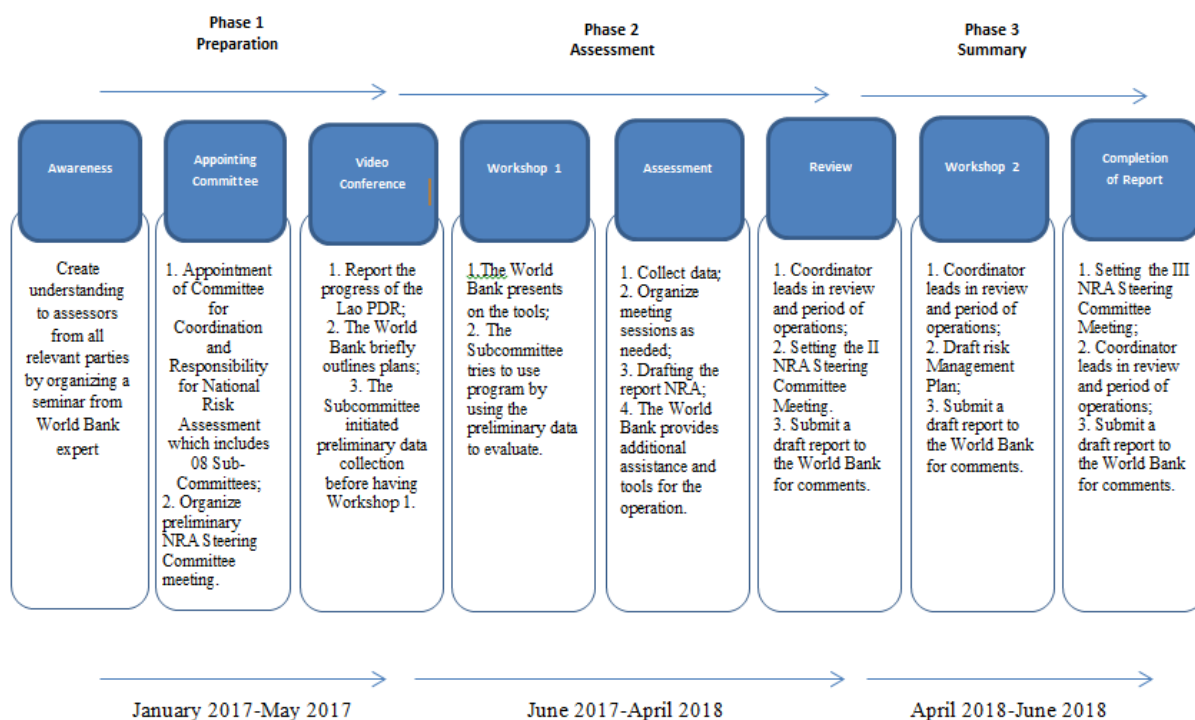
- The government attached the importance and paid attention to the National Money Laundering and Terrorist Financing Risk Assessment by appointing a steering committee to deepen and supervise each of the sub-committees according to the work responsibilities closely and regularly;
- The central and local Bank of Lao PDR has facilitated the budget, as well as other facilities such as: travel and necessary equipment for the Sub-Committee on time to conduct the assessment;
- Relevant sections of ministries and agencies at central and local levels to cooperate with Sub-committee to make data collection well;
- Sub-committees paid attention, sacrificed their valuable time to participate in research and contributed to the NRA risk assessment process.

## Restrictions

- An understanding of the AML / CFT work of sub-committees, managers, reporting units, and targets identified in the risk assessment were still limited;
- The coordination of relevant parties was not initiative to implement their own responsibilities;
- Participation of members in some sub-committees was not fully done or regulary absent;
- The attention to the data responding by relevant stakeholders was not high, and was not on time;
- The data collected has not yet met the international standards, such as: the timeline and some indications are unavailable or the stakeholders feel that the vulnerability can not be met.

## 2.4 Assessment Procedures:

### Determining assessment procedure into 3 stages



## II. Threat assessment and the risk of money laundering that may arise

### 2.1 An overview of the threat risk of money laundering that may arise in Lao PDR:

The Lao PDR is a landlocked country and located in Southeast Asia with a population of about 6.8 million. The total area of the country is 236,800 km<sup>2</sup> in 17 provinces, with two-thirds of the forest and mountainous areas, of which Laos shares borders with five countries: North to China, south to Cambodia, east to Vietnam, west to Thailand and northwest to Myanmar. Most of the people are farmers and they mainly do the agriculture. The economy is steadily growing, with the majority of foreign direct investment, with economic growth in 2016 at 7.02%<sup>1</sup>. Social conditions were relatively stable on some levels, but this cannot be done without the problem of

<sup>1</sup> ບົດລາຍງານເສດຖະກິດປະຈຳປີ 2016 ໂດຍທະນາຄານແຫ່ງ ສປປ ລາວ ([www.bol.gov.la/together\\_use/Annual%20Report%202016\\_LAO.pdf](http://www.bol.gov.la/together_use/Annual%20Report%202016_LAO.pdf)).

periodic crime according to the development of the economy, the competitive situation as well as the openness to the outside world.

The threat assessment on money laundering is the risk analysis of the original offending behavior at the risk of money laundering, which has a direct impact on the economic stability and investment of Lao PDR. The threat assessment on money laundering that may arise in the Lao PDR was implemented in conjunction with other risk assessments so as to be able to ascertain the level or extent of the danger of crime (statistics on offenses and the amount of money or property received by the offense), and the major factors contributing to the crime of domestic and international offenses resulting in money laundering.

Based on the actual situation, the conditions and actual data on the threat indicators from original offenses, money laundering and factors considered as a threat of sector have set a data period for 2013-2016 backward. Determining 19 items from 29 original offenses according to the Law on Anti-Money Laundering and Counter-Financing of Terrorism. Based on the assessment has found that only 14 predicate offences have been involved in the further investigating, prosecution and arbitration.

In addition to centralized data collection, there were also local data collection from 17 provinces across the country. It also collected data on 11 provinces, with a focus on provinces where crime was committed as an original offense, with criminal proceedings statistics and for the six provinces was collected in the form of questionnaires. The results of the threat assessment on domestic money laundering were at the level **low-medium**. Under this type of threat assessment, based on the methods and NRA tools, pointed out that the risk of the country's money laundering is at the level **medium-high**.

## **2.2 Original offenses as Priority (including 07 original offenses)**

There is no money laundering case in Lao PDR during the assessment. However, when distinguishing among criminal offense activity (original offense) that is threatening the country to gain an understanding of the risk level of threat of money laundering from each offense through the analysis of data as an indicator of the amount of money or property derived from the offenses which affect the economic development of the country, for the detailed assessment is summarized as follows:

- 1) Drug production and trading:** The offense activity was in the form of a network and landed in the Lao PDR as a way of smuggling, producing and trading. In 2013-2016, there were 1,775 cases (accounting for 83% of the original offense) and the value of property confiscated in US \$ 1,942,267, accounting for 84.7% of the assets resulting from the initial offense, the threat of drug production and drug sales at the level **medium-high**.

The key factors that are the basis of this risk are as follows:

- The basic condition of the mountainous region (geography) of the Lao PDR is a large area of mountainous and forested areas, and there is a twisting route that makes the relevant authorities inaccessible and timely catching, which makes it difficult for the actual work of the responsible authorities;
  - The economic majority of Lao PDR's use of cash without the banking system is one of the main factors that facilitates the certain groups of people to gain access to the drug trade through the black market and increasing the amount of money that financial work can not be monitored.
- 2) Cheque forging, using counterfeit banknote or illegal counterfeit banknotes:** Such offenses will have a direct impact on trade - real investment in the Lao PDR, in 2013-



2016, there were 56 cases (accounting for 0.55% of the original offense) and the value of assets raked in US \$ 111,889, accounting for 4.88% of the assets confiscated by the original offenses, the threat of **cheque forging, the use of counterfeit banknote or illegal counterfeit banknotes** at the level **low-medium**.

The key factors that are the basis of this risk are as follows:

- Failure to comply with the principle of using the cheque as laid down or set forth by the Business Banks;
- The understanding of the relevant stakeholders in the use of cheques is still limited. For cases that have arisen in the past, the people's prosecutor bodies divided types of cases to be executed or failing to comply with the conditions and elements of the offense;
- The intention or purpose of the offender, the issuer of the cheque or the account holder who wants to lie to a person whom he wants to write the cheque to at the time of purchasing-selling property together;
- Monitoring and inspection mechanisms are still limited to the situation and movement of the bad group of people, which is a gap and opens up opportunities for such groups Especially the offenders who come from abroad.

**3) Environmental crime:** uch offenses were in the form of a transnational network by using the Lao PDR land to transmit to neighboring countries. In 2013-2016, there were 91 cases (accounting for 0.8% of the original offense) and the value of assets confiscated in US \$ 101,526, accounting for 4.43% of the assets that resulted from the original offenses, and the threat of environmental crime was at the **low** level.

The key factors that are the basis of this risk, which are assessed by the Board of Directors:

- Most violations of the rules are aimed at human consumption in specific areas, not purchasing-selling characteristics;
- Intention to steal a property as national resource for commercial and sales benefits by those who are in demand with high purchasing from abroad;
- By using Lao people or the Lao people's name who were transported or transited in Lao PDR to neighboring countries (China and Vietnam);
- Foreign currency holdings, especially trading (US Dollars and Thai Baht) imported from neighboring countries which have not passed the banking system;
- Most offenders who are Lao (actual offenders) are often used as tool or used by foreigners to travel, trade and transport to neighboring countries with a high amount of remuneration.

**4) Theft of citizenship property:** Such offenses in 2013-2016 included 651 cases (accounting for 7.5% of the original offense) and the value of assets confiscated in US \$ 63,702, which accounted for 2.78% of the assets that resulted from the original offenses, and the threat of citizenship property was at **low** level.

The key factors that are the basis of these risks were assessed by the Board of Directors as follows:

- Most offenses were not high property value, but have a frequency of offense due to the economic situation as a key element, not a transnational or international nature;
- The offender used a gap of the rules for stealing and selling to a third party. Most of the offenses were administratively resolved.

**5) Making fake money or using counterfeiting money:** Such offenses in 2013-2016 included 75 cases (accounting for 0.69% of the original offense) and the value of assets confiscated in US \$ 42,000, accounting for 1.83% of the assets resulting from the original offense. After considering the indicators in each of the assessments that have

proven to be at the level of the threat of money laundering or the use of counterfeit money at the level **low-medium**.

The key factors that are the basis of these risks were assessed by the Board of Directors as follows:

- Most of the local economies were still using cash in trading together;
- Part of the offense was the international nature that the offender came and made movement in the Lao PDR. Since the Lao PDR used foreign currency (cash) which did not go through the banking system at high cost;
- Monitoring and inspection mechanisms were still limited to the situation and movement of bad group of people, which was a gap and opens up opportunities for such groups, especially the offenders who come from abroad.

**6) Forging documents or Using a forged document:** Such offenses in 2013-2016 included 69 cases (accounting for 0.63% of the original offense) and the value of assets raked in US \$ 113.82, accounting for 0.49% of the assets resulting from the original offense, the threat of forging documents or the use of forged documents at the level **low-medium**.

The key factors that are the basis of these risks were assessed by the Board of Directors as follows:

- The behavior of most offenders used a gap on the principles of production management or the creation of a seal of private shop that has not yet been fully regulated;
- Most offenders were intended to increase the number of import and export figures, project value figures, government invitation and others for the benefit of the offender, which was largely valued.

**7) Fraud of citizen property:** Such offenses in 2013-2016 included 196 cases (accounting for 1.8% of the original offenses) and the value of assets confiscated in US \$ 3,265, accounting for 0.14% of the assets caused by the original offenses, and the threat of fraud of citizen property was at the **medium** level.

The key factors that are the basis of these risks were assessed by the Board of Directors as follow:

The behavior of citizen property fraud in the actual practice of investigation (Criminal prosecution) regarding the fraud was very high. But investigations and prosecutions were considered in a few cases, since such offenses were both criminal and civil (administrative). Part of it was settled as civil case with a joint contract. Also, the amount of assets or the damage to a certain level which was a legal loophole that leads to misconduct.

### **2.3 Other types of original offense (including 07 original offenses)**

**1) Receiving Bribery and Giving Bribery:** such offenses in 2013-2016 included 75 cases (accounting for 0.69% of the original offense), and the value of assets confiscated in US \$ 2,987, accounting for 0.13% of the assets resulting from original offenses, the threat of receiving bribery and giving bribery at **low** levels.

The key factors that are the basis of these risks were assessed by the Board of Directors as follows:

Most of the offenses were regulatory violations of the relevant authorities, including the frequency of offenses, which was not high, where annual statistics were declining.

**2) Corruption:** Such offenses in 2013-2016 included 12 cases (accounting for 0.11% of the original offense) and the value of assets confiscated in by US \$ 2,583, accounting for

0.11% of the assets caused by the original offenses, and the threat of corruption at the level **low-medium**.

The key factors that are the basis of these risks were assessed by the Board of Directors as follows:

The behavior that relates to the gap (involvement) of officials involved in exercising their rights and duties for personal gain. The majority of prosecutions compared to 2013-2016 figures were continuous (no increase or decrease).

**3) Illegal property trading:** Such offenses in 2013-2016 included 59 cases (accounting for 0.54% of the original offense) and the value of assets confiscated in at US \$ 2,280, accounting for 0.09% of the assets resulting from the original offense, and the threat of illegal property trading was at the level **low-medium**.

The key factors that are the basis of these risks were assessed by the Board of Directors as follows:

- The behavior was mainly related to theft of property from other countries and imported into the Lao PDR, where most of the proceedings were administrative rectification, for example : fines and giving back to the owner;
- The offense arose from the gap of principles which was not streamlined for the illegal trading of a property. Most of the solutions was the administrative rectification where penalties are limited. However, the behavior was at risk because part of the asset was high value and was increasing compared to the next annual statistics.

**4) Prostitution trading:** Such offenses in 2013-2016 included a total of 25 cases (accounting for 0.23% of the original offenses) and the value of assets confiscated in US \$ 2,276, accounting for 0.09% of the assets caused by the original offenses, and the threat of prostitution trading was at the level **low-medium**.

The key factors that are the basis of these risks were assessed by the Board of Directors as follows:

Such behaviors were based on a lack of education, local understanding and basic economics, as well as a group of bad people that actively campaigned in remote areas to join their prostitution cycle, especially from Lao PDR to neighboring countries. However, the solving of the case was characterized by educational attainment and administrative remediation, most of the case process was mainly related to individuals or groups of people who campaigned. These behaviors were also related to high running assets, with the economic situation of neighboring countries having an increase in characteristics compared to the following year.

**5) Human trafficking:** Such offenses in 2013-2016 included 76 cases (accounting for 0.7% of the original offenses) and the value of assets confiscated in by US \$ 2,218, accounting for 0.09% of the assets resulting from the original offenses and the threat of human trafficking at the level **low-medium**.

The key factors that are the basis of these risks were assessed by the Board of Directors as follow:

Most of the behaviors were lured to work and sell labour to neighboring countries, such as: fisheries, gardens, restaurants and remote areas. These behaviors were related to medium running assets. With economic situation of neighboring countries having an increase in characteristics compared to year to year.

**6) Trading of illegal weapons or explosives:** Such offense in 2013-2016 included 60 cases (accounting for 0.06% of the original offense) and the value of assets confiscated in US \$

1,444, accounting for 0.06% of the assets resulting from the original offense, the threat of trading of weapons or explosives was at the **low** level.

The key factors that are the basis of these risks were assessed by the Board of Directors as follows:

The behavior was governed by a strictly related authority. For a person who is able to occupy a weapon, he or she must be authorized by an official. Most of these trading were highly valued, with a small number and a change in the use of weapons when compared to the statistics, it was decreasing in characteristics.

- 7) **Robbing citizens:** Such offenses in 2013-2016 included a total of 160 cases (accounting for 1.4% of the original offense) and the value of assets confiscated in by US \$ 1,390, accounting for 0.06% of the assets that resulted from the original offense. The threat of robbing citizens was at the **low** level.

The key factors that are the basis of these risks were assessed by the Board of Directors as follows: These behaviors occurred in the form of robbing property which was not in high value, which happened largely in remote area.

#### **2.4 An analysis of the level of threat to the relevant business sector**

At the same time, the risk of money laundering on the sector (business banks, microfinance institutions, stock (securities) companies, insurance companies and institutions that are not in the financial sector) are at a **low** level.

However, to the threat analysis, there was still a lack of data available to analyze the indicator of the actual behavior of the abovementioned original offenses, which database had been collected at the time of assessment, the parties involved in criminal cases in the Lao PDR (both local and central levels) focused on the prosecution to the offender.

Therefore, the assessment of this section lacked the information to be analyzed on the degree of money laundering threat to the relevant sector. The board conducted the risk assessments in each sector and was able to identify the level of risk of each sector according to the indicator stated in the NRA tool, the risks as identified will have specific operational plans to implement measures and mechanisms to reduce the risk of such sectors.

#### **2.5 Threat analysis from abroad**

Laos has borders with 5 countries, of which 2 countries have border linked each other, while growing the economy with some gaps that group of foreign criminals use the land as transit road to enter the neighbour countries. From the data analysis received on foreign offenses in the Lao PDR, 0.7% of offenses were related to the original offense. Most of the offenses covered offenders from China, Thailand and Vietnam. The Board assessed this sector and considered the existing data against the threat which was at the level **medium-high**.

The key factors that are the basis of these risks were assessed by the Board of Directors as follow:

- Inspection of persons entering the Lao PDR to operate a business was not as strict as it should be;
- Setting Regulations and enforcement of legislation on foreigner management was not as tightened as it should;
- Monitoring and managing the implementation of funds in - out was not tightened as possible;
- The operation of Business, trade and investment in Lao PDR can be used in cash, Kip, US Dollars and Thai Baht;
- Tools and equipment for inspection and managing the movement of objects, goods and

cash on the cross border were not suitable for the actual situation along the border.

The results against the threat of domestic money laundering were at the level **low-medium**. Under the threat assessment according to the NRA's method and tools suggest that the country's money laundering risk is at the level **medium-high**.

### **III. Assessment of measures to prevent risk of money laundering that may occur**

#### **3.1 Overview**

Civil Law is a legal system in a form of writing that is influenced by the Roman law, which is a legal code, or called a written law, in which the countries that use this system are: France, Laos, Italy.

Lao PDR uses the Written Law (Civil Law). The use of laws and legislation consists of two (02) types: Legislation of General Application and Legislation of Specific Application. (1) Legislation of General Application (Constitution, Laws, the Resolution of the National Assembly, the resolutions of the Standing Committee of the National Assembly, the Presidential Ordinance, the Decree of the Government) and (2) Legislation of Specific Application (the Presidential Decree for Law to be promulgated, the Presidential Decree, the Decree or the agreement on admiration or appointment of a person to a position or concerning a particular task, and notice) is a legislation laid down to serve specific administrative management tasks to an organization or individual. Currently, the Lao PDR has issued 126 laws and legislation under the laws, with 647 issues, of which laws related to the AML / CFT have 23 and additional 01 issue is criminal code.

The implementation of AML/ CFT operations in Lao PDR is based on the Law on Anti-Money Laundering and Counter-Financing of Terrorism and other relevant laws. Although there are many legal frameworks and legislation under the laws, it is not sufficient, not complete to the international standards, including actual implementation and FATF 40+9 Recommendations as well as the implementation of those laws and legislation. Therefore, the assessment of measures to prevent money laundering risk (ML) that may occur in Lao PDR as well as the assessment of the loophole or vulnerability to combat ML of the country in various areas, for example: legal areas, including assessment of mechanisms, analytical capabilities, investigations, reporting transactions and expertise in each case prosecution by relevant sectors in the country.

#### **3.2 Objectives**

The Assessment of measures is to prevent the risk of money laundering and terrorist financing to identify the country's most common vulnerability related to money laundering, weak points, gaps in the country's ability to combat money laundering, set priorities for improvement to improve the country's ability to combat money laundering by strengthening the work of inspection and National Anti-Money Laundering.

#### **3.3 Results of measure assessment to prevent the risk of money laundering that may occur:**

The assessment is based on 22 variables as defined in the NRA manual and input into the evaluation of the following Excel software:

**1) Quality of policies and anti-money laundering strategies:** The Lao PDR has developed policies to combat money laundering and counter-financing of terrorism (AML / CFT) by creating several legislations such as: the AML / CFT Law, the Agreement on Suspicious Transaction Report (STR), Agreement on Cash Transactions with overvalued Report (CTR), the Client Determination Agreement, the Ordinance on detention, confiscation or sequestration of funds related to initial criminal offenses caused by money laundering and

others; there is an establishment of action plan, cooperation and coordination with relevant stakeholders, set up a panel to ensure effective AML / CFT work. For example: The National Committee for Anti-Money Laundering and Counter-Financing of Terrorist (AML/CFT) consists of 15 members (ministerial level) from related ministries (Ministry of Public Security, Ministry of National Defense, Ministry of Finance, Bank of the Lao PDR, People's Supreme Court, People's Supreme Prosecutor and Government Inspection Organization) and Deputy Prime Minister as Chairman; The AML Working Group consists of 35 members (departmental level); The AML / CFT Focal Point is comprised of 12 members (division level). However, the AML / CFT works are national tasks and are responsible for all sectors. Therefore, it is imperative that each stakeholder concerned to ensure that the legislation is amended to accommodate such a problem, additionally the understanding was not thorough and complete and the AML / CFT policies and plans were not properly implemented . The assessment results indicate that the policy quality and anti-money laundering strategies were at the medium level.

**2) Effectiveness of definition of money laundering Offense:** The definition of money laundering offense according to the laws of the Lao PDR defined clearly and acceptably by international standards, including determining punishment in many aspects according to the case to the individuals and legal entities that are offensive or including attempted offenses, conspiracy and authorities such as: education, discipline, fine, suspension or removal of management position, removing business license or enterprise license and criminal penalties. However, using the legislation has not been good because the awareness and understanding of the authorities concerned were not comprehensive, including factors and elements to consider cases of original offense. This could lead to money laundering that has never been confirmed, no lawsuit was decided on money laundering in the past or having less, the assessment about the definition of money laundering offense was at the level: low-medium.

**3) The Comprehensiveness of the Law on the Property Confiscation:** The process of seizure, sequestration and property confiscation was based on the Law on Criminal Prosedure, Penal Law, and Law on Judgement Enforcement. Criminal proceedings in the seizure or sequestration, objects have been carefully considered, where the evidence that the property and its objects have been legally obtained must be returned to the owner. Seizure or property sequestration which is useful for investigation as a preventive measure to ensure that the case-related property is not handed over, transferred and disposed. After court judgement, the judicial bodies will act regarding the property confiscation. However, the actual implementation will be carried out at certain level, but the effectiveness of the action was limited, for example: there is no law on specific property confiscation, the execution of property confiscation is not possible without a court decision, and no organization or party that has been designated as a specifically judicial enforcement agency.

Implementation of judgments of foreign courts was carried out in accordance with agreement and international treaties and conventions that Lao PDR is a party. In the case where the Lao PDR has not yet signed or failed to participate in a party to the international treaty related to criminal proceedings, this shall be subject to the principles of mutual cooperation but not contradicted with the Constitution and laws of the Lao PDR The Supreme Court has now signed a memorandum of understanding (MoU) with five countries: China, Thailand, Cuba, and South Korea. However, the actual implementation could not be executed properly, delayed coordination and so on. The results of the law enforcement action on the property were at the medium level.

**4) Quality of data collection and analysis of the FIU :** The Anti-Money Laundering Intelligence Office (AMLIO) is an organization with a role equivalent to a department, technical movements are under the direct supervision of the National Committee for Anti-Money Laundering and Counter-Financing of Terrorism (AML)/(CFT), the budget and personnel

section is under the Bank of Lao PDR, and has a role to act as the Secretariat to assist the Anti-Money Laundering Intelligence Office (AMLIO) to implement the management and monitor anti-money laundering and terrorist financing. AMLIO consists of 43 staff, consisting of 4 divisions: Administrative Division, Division of Intelligence Analysis, Monitoring and Inspection Division, and Information Division. The Intelligence Analysis comprises 09 members who have performed their duties and rights to collect, analyze or combine files about the transactions on suspicion of money laundering or terrorist financing to be sent to the relevant investigation agency. Actual work is based on the Law on Anti-Money Laundering and Counter-Financing of Terrorism and some legal instruments, electronic access to information systems, through secure websites, quick and documents from reporting units, creating an essential database of information to be included in the analysis. There is a network of local and international partnerships (law enforcement agencies, reporting units and foreign intelligence agencies) in the form of signing memorandum and others.

Table 3.1: FIU Foreign Request Statistics from 2016-2018

Countries that request information / Providing information	2016	2017	2018
Thailand	3		4
Canbodia		1	1
China		1	1
Total			11

Source: Anti-Money Laundering Intelligence Office, Year 2018

Through the implementation of the above-mentioned legislation and mechanisms for (2015-2017), we could summarize suspicious transaction statistics for money laundering or terrorist financing (STR), Cash transactions with overvalued report (CTR), cash notification, valuable assets and financial instruments at time of entry-exit (CBR) from the Lao PDR:

**Table 3.2: Statistics STR, CTR, CBR from 2015-07/2018**

Transaction Type	2015	2016	2017	7/2018	໑໐໓
STR	138	238	191	166	733
CTR	176,473	424,044	443,182	208,634	1,252,333
CBR	3	0	10	0	13

Source: Anti-Money Laundering Intelligence Office, year 2018

Table 3.3: Submit financial intelligence reporting (FIR) to investigative agencies from 2015-2018

Statistics FIR in the past 04 years				
Year	2015	2016	2017	2018
Number	7	8	2	2

Source: Anti-Money Laundering Intelligence Office, Year 2018

Financial intelligence reporting was used as information in the investigation, and decision-making process with 01 case of money laundering in 2018. Overall, it is implemented at one level, however, the quality of financial intelligence reporting has not been proven or as

effective as compared with actual investigations which was still low. Because the analytical knowledge of the analysts as well as received information was limited, the coordinates of the information were supported by mechanism, but there were many delays, not much information and so on. The assessment results of the quality of data collection and analysis of the FIU was at the medium level.

**5) Capabilities and Resources for Investigation on Financial Crimes (including Property Confiscation):** Case prosecution procedures of police officers for investigation Currently, there is an anti-money laundering division, which is in the Police Investigation Department - the Ministry of Public Security, that investigates the financial crimes when initial criminal offenses are committed. The department would continue to track down the traces of money or assets that have been generated from wrongdoing in the fight against money laundering litigation that had supportive legislation, mechanisms of implementation and coordination with Anti-Money Laundering Intelligence Office and relevant stakeholders as a system, overall assessment was well done. However, the actual practice had long been delayed, illegal in criminal lawsuits. This expressed some cases, the claimant may request an investigator. The happened problem was that the investigator was still lacking in research, and learn about investigative work - financial crime investigations, neglected of the search for evidence to combibe with record, the investigative work was not in line with the technical principles of investigations and promptly confiscating the real estate of the perpetrator ontime, the results was at the low-medium level.

**6) The integrity and independence of the investigator for financial crimes (including property confiscation):** Based on data collection and based on legislation, conclusion of the specialiazation movements, books about ethics and etiquette of security forces in the case prosecution of police officers for investigations that could be carried out well and correctly according to the laws and regulations. However, the actual practice showed that some investigators was still lacking in the pursuit of education, an absorption and a strong integration of law, and specialization principles were not profound. Settling the criminal and civil cases was not immediately clear, resulting in a slowdown.

The work of property confiscation was carried out only after a court decision and it was implemented absolutely by the judicial enforcement agency. Actual implementation was not yet in time due to the seizure of assets after judicial proceedings, the judicial bodies had not clearly identified the responsible entities, which resulted in the actual implementation with ineffectiveness. Through the assessment, it was found that: the integrity and independence of investigators for financial crimes (including property confiscation) was at the level medium-high

**7) Capacity and resources for filling a financial offense (including property confiscation):** The prosecutor organization has a complete system of organization, a budget that can be supported, trained personnel, knowledge, skills and ability to proceed with prosecution and statement of financial offenses (including money laundering and bribery), overall implementation of the work was effective. By assessing the capacity and resources for filing a fianacial crime prosecution (including property confiscation), it was at the level low-medium.

**8) The integrity and independence of the Public Prosecutor on the financial Offense (including property confiscation):** Head of the Public Prosecutor Organization , the Public Prosecutor and the Assistant to Prosecutor, prosecuted and announced a case of financial offense according to the laws without influence from the agency or parties, other individuals by having the independence and self-reliance in performing the work sufficiently in accordance with the



Constitution and the laws as defined only. Through the assessment, it showed that the integrity and independence of the public prosecutor on financial crime prosecution (including property confiscation) was at the level **medium-high**.

**9) The ability and resources for considering cases in courts (including property confiscation):** through data collection, the movements of tasks to consider cases in courts showed that this task followed the rights and roles, but there were also some problems considered as pending issues such as: the organizational apparatus of people's court system, especially the people's court at local level where personnel numbers were limited, the specialization training course on anti-money laundering and terrorist financing, financial crime, technical specialization and resources were inadequate and basic technical material, budgets and others. Based on the assessment data, it was found that the capacity to consider cases in courts (including property confiscation) was at the level: **low-medium**.

**10) The integrity and the independence of the judge (including property confiscation):** The President of the People's Court, the judge and Assistant to the judge made decisions on financial offense and property confiscation according to the laws without influence from the agency or parties, other individuals by having the independence and self-reliance in performing the work sufficiently in accordance with the Constitution and the laws as defined only. This showed a high-level professional standards and honest performances and actions. The past practice has been well done at some level, but there were some unconfirmed incidents, but it was a complaint to the society, through the assessment of the integrity and the independence of the judge (including property confiscation), it was at the level: **medium-high**.

**11) Border inspection quality:** Through research, collection of legislation, summary of cases, interviews and responses of questionnaires with Border Management Division has found that the patrol movement along border of the border troops was well-done, but it was not possible to control all areas of the border due to natural geographical limitations, because the border is remote from roads and urban areas, this was a loophole for the smuggling of goods, human trafficking, drugs, weapons and cash flows in and out of the country. The shortcomings and difficulties caused by the coordination mechanism system still were not centralized. The border troops at central level were under the Boundary Department and border troops at local level were under the province, the specialization forces were still limited, the departments has centralized in remote areas making a lot of difficulties to access. Currently, only 83 companies (infantry companies) and covered only some areas, technical equipment and vehicles were limited. Through these difficult assessments, the quality of border inspection was at the level: **low-medium**.

**12) The comprehensiveness of tax system with cash and financial instruments:** in the Lao PDR there are tightened rules for managing money transport and precious objects and the procedures were updated periodically in implementing in conformity with the conditions of each period, with guidelines to manage and inspect checkpoints and create basic sources of information to be able to recognize information and monitor each situation, including the use of modern instruments in the search and form to notify cash - precious objects before entry-exit from the country. There is a measure of penalties against violators of law, in detection if they find cash, precious metals and precious stones (gems) that are not legal can be retained according to the laws and regulations. However, the actual implementation can be difficult to inspect the border crossing, and in some cases it may not be found due to the lack of modern technology to assist in the inspection. The comprehensive assessment of the tax system with cash and similar tools was at the level: **medium-high**.

**13) Efficiency of inspections on cash and financial instruments:** through the implementation of the laws and regulations on customs work on anti-money laundering and

counter-financing of terrorism, in actual implementation could search and arrest and conduct cases against smuggling cash and precious objects across the border but it could not be investigated and this leads to money laundering case, having cooperation and signing a bilateral memo with the neighboring countries to provide information each other, having procedures to perform inspection, using materials and equipment and various technical tools in the search. In addition, there were also trained officials who have been trained in specific fields of work and staff who have been improved with the ability and trained personnel at the international level for the time being, such as training in investigative techniques; Drug smuggling control techniques under the CADS program; Inspection of checkpoints and other areas, providing staff with skills and training of personnel to international level. There were signs of notification and regulations for people and passengers traveling in and out of the country to recognize the extent to which they bring cash in and out of the country at the border checkpoints, implementing strict rules and measures against those who violate the rules and laws. However, the assessment found that there was a lack of actual implementation mechanism, and the result of the assessment found that **efficiency of inspections on cash and financial instruments** was at the level: **medium-high**.

**14) The effectiveness of cooperation in the country:** the work of the AML / CFT of Anti-Money Laundering Intelligence Office has been created mechanisms for cooperation with many stakeholders in a variety of forms such as: till August 2018, AMLIO had a signing under a memorandum MOU, there are 14 parties to exchange information, such as Investigation Agency, a ministry that has access to the information of its holders, to coordinate the exchange of information between them, to coordinate directly based the role of the Anti-Money Laundering Intelligence Office (AMLIO) and created a focal point and technical units against money laundering and financing of terrorism as a base to facilitate while operating or sharing information. In addition, training is provided to the reporting units, especially banks and financial institutions on how to analyze and submit STR, CTR with 02 ways: through system and documentation. For CTR, AMLIO clearly identified on the timeline of each month so as to send the CTR report prior to the 5<sup>th</sup> of every month, although there was a support mechanism, however, there were many limitations in the implementation, such as: the responsible ownership of relevant sectors or supply of information as requested was not high, understanding of the work on anti-money laundering was limited. Result of the assessment of the cooperation in the country was at the level: **medium-high**.

**15) The effectiveness of international cooperation:** Lao PDR became a member of Asia Pacific Group on Money Laundering "APG" in 2007 and in 2018 AMLIO had a cooperation with the international organizations both multilateral and bilateral cooperation by signing a memorandum of understanding (MOU) with foreign FIU 12 countries: Vietnam, Cambodia, South Korea, Thailand, Indonesia, China, Japan, Russia, Myanmar, Bangladesh, Brunei and Philippines. Coordinated and cooperated as well as exchanged directly with countries and international organizations based on proposal and demand in each period. Meanwhile, Lao PDR is also a party of international convention against Drug Trade and Psychotropic Substances (Vienna Convention) and Convention against Transnational Organized Crime (Palermo Convention). On the basis of the mechanism as mentioned and the actual assessment it is shown that even having MOU, legislation as supported law but could not properly implement the cooperation and exchange of information with each other in a timely manner. The result of the assessment of the effectiveness of international cooperation was at the level: **medium-high**.

**16) Independent Auditng:** The Lao PDR has a total of 37 auditing companies under the management of the Ministry of Finance, however, based on the situation of economic development and management systems of companies in Lao PDR, it is found that there is a growing trend, among which there are 5 international companies that are internationally recognized. From the actual assessment, the management system and audits of some companies

in Lao PDR are not acceptable to international standards. At the same time, many auditing companies were not standardized (mostly local companies), high hiring costs and so on. Lao Chamber of professional accountants and auditors was reforming itself into a strong professional and ethical organization, as profession to support internal and external inspection work for effective business units, but it was a challenge, especially personnel were limited in terms of quantity and specialization skills. Through the assessment of the information received on the independent auditing, it was at the level: **low**.

**17) Level of financial integrity:** The level of integrity of personnel, organizations, individuals, legal entity, producers, enterprises and companies, were seen to be honest and ethical in terms of tasks, especially tax compliance with the state, was transparent and could reviewed to one level. Actual implementation has procedures and systematic support mechanisms according to the prescribed tax rules. If there was a violation of the tax laws and regulations, they would be subject to disciplinary measures, fines, compensation or penalties according to the case. However, even though there were rules, there was a mechanism to support them, but the actual implementation could not be taxed according to the plan or set plan. Based on the assessment it was found that the level of financial integrity was at the level: **medium-high**.

**18) Effectiveness of Tax Implementation:** The tax sector is organized under the Ministry of Finance working as a secretariat to the Ministry of Finance for the macroeconomic management, inspection, implementation, calculation, monitoring and promotion of tax revenue into the national budget in a uniform manner across the country according to laws and regulations. There are strategies, policies, laws, regulations, development plans and tax administration management mechanisms in line with the actual situation in each period. In addition, it has also been coordinated with the local authorities involved in formulating personnel development plans, managing, placing, and implementing policies to staff. In the event of a violation of tax laws and regulations, there will be measures to re-education, fines, discipline in stead of civil punishment or criminal punishment in each case, such as refusal to provide information, cooperate in concealing and promoting offenses related to the paying obligation of business operators, if there is a violation of the law causing the state budget to be damaged. They must pay taxes again to complete and shall be fined according to each of the cases set out in the law strictly. Although there were strict regulations and enforcement mechanisms, the actual implementation could not be achieved the tax collection as set plan because some personnel were still lacking the ability to use modern technology to help with tax collection. By assessing the effectiveness of tax implementation, it was found that it was at the level: **high**.

**19) Economic systematic level:** The Lao PDR is a developing country with continuous economic growth with a GDP growth rate of 8% per year. Economic growth reflects political stability as well as economic system, with development plans, law and legislation under various laws governing business entrepreneurs, companies, stores and others, registered the enterprise license with the Ministry of Industry and Commerce, but the actual implementation of the rules and laws was still not as good as it should be, neglected in light of the registration of enterprises, leading to the emergence of many informal businesses, real economic activity also consumes most of the cash and lacks of electronic system using as well as modern instruments to be utilized in the accounting records. For this reason it is difficult to collect national income tax, A significant challenge is that government agencies in implementing regulatory laws and finding it difficult to identify the source of the recipient's income or actual ownership. The assessment of economic systematic level was at **low-medium**.

**20) Reliable Identification Inspecting Infrastructure:** Census and alian management were coordinated with Provincial and Vientiane Capital Headquarters throughout the country to guide

movement and changes of population regularly and steadily: Totally there were 145 districts, 8,656 villages, 1,168,853 families, 1,055,126 households, 6,524,222 people, 3,234,449 female, 15 years old up to 3,716,846 people, female 1,903,322. Registered family record books were 1,221,901 families with 5,981,778 people, 3,155,756 female, 15 years old with 3,651,947 people, 1,850,503 female, equal to 90%, population that were not registered in the family record books were 53,048 families with 542,444 people, 78,693 female, 15 years old up to 64,899, 52,719 people equal to 10%. Although it was possible to collect basic information, census management was still difficult, especially for lack of facilities such as: vehicle to access to remote areas, inadequate equipment and technical specifications of staff in the use of equipment was not accurate and matched. In addition, affiliated with reporting agencies as well as financial institutions that is in the financial sector and not in the financial sector and with an obligation and a duty to verify the identity of customers as well as people to Know Your Customers "KYC" and to increase Customer Due Diligence, "CDD". The results of the reliable authentic inspecting infrastructure were at the level: **low-medium**

**21) Independent Information Source:** Law Enforcement Agencies, Investigation Organizations and Anti-Money Intelligence Office (AMLIO) summarized their own systematic information and shared information based on the proposal and requests from partners or on specific proposals. At the same time, they also compiled and used open source media both in the country and abroad. In the past, although the data collection of the sections was well-performed, the data were not as good as they should be, data was not comprehensive and complete, coordination to get data from partner has gone through many phases and steps and delays. Through the assessment of the independent information sources, it was at the level: **medium**.

**22) Availability and Access to Information on Beneficial Rights:** There is no clear definition of this issue in Lao PDR. However, access to such sources is based on the actual beneficiary's request for information from the Bank of the Lao PDR or a governmental entity that manages the property in each case, such as checking the beneficiary's deposit, ownership of the land owner, ownership of a vehicle, and others. Through the assessment there was a good level of performance and an assessment of access to information on beneficial rights was at the level: **low-medium**.

### **3.4 Overall Evaluation and Assessment Results**

Through the assessment, information, interviews and the information exchange of the Subcommittee within the Board showed vulnerability of Lao PDR to work on anti-money laundering, based on the 22 variables identified in the manual and input into the Excel Program assessment, included 12 sectors that are vulnerable to money laundering, the assessment could be summarized as follows:

**Table 3.4: Results of the Lao PDR's vulnerability to the money laundering**

<b>Assessment Results</b>	<b>Scores of Risky Levels</b>
National vulnerability to the money laundering	Medium
Overall vulnerability in the sectoral level to the money laundering	Medium
National Anti-Money Laundering capability	Medium - High
Quality of criminal investigation	Medium - High
Quality of criminal proceedings	Medium - High

Quality of proof of evidence	Medium - High
Quality of property seizure	Medium - High
Quality of tax control for cash and financial tools	Medium - High
Ability to access information and reliable evidence	Medium - High
Reliability of financial / accounting information	Medium - High
Quality of increasing Customer Due Diligence (CDD)	Medium - High

Source: From Actual assessment, year 2018

Financial institutions and non-financial institutions were at risk of being exploited by criminals using their sectoral products for money laundering.

Based on the assessment results of each subcommittee, there are 03 units: **the banking sector, the casino sector and the sector for purchasing precious objects and antique things**

#### **IV. Risky Sector**

Lao PDR conducts Money Laundering Risk Assessment in 18 sectors, which can be identified by 8 sectors that are vulnerable to money laundering as follows:

##### **4.1 Banking Sector:**

The banking sector in Lao PDR consists of 42 banks, including 42 business banks and one specialized bank. Business banks are a fully integrated financial services sector, established with a variety form of ownership, such as state-owned commercial banks, joint ventures, private banks and foreign banks, under the management of the Bank of Lao PDR (BOL), and BOL managed business Bank, by the principles of CAMELS, Basel I, along with the management transformation to utilize Basel II. Business banking networks across the country by the end of 2016 included 96 branches, 494 service units, 37 exchange units and 1,095 ATMs. In 2016, the commercial bank had total assets of 113,156.92 billion kip, deposits of 60,993.30 billion kip and credit loans 59,745,40 billion kip.

**4.1.1 Threat in terms of Anti-Money Laundering (AML) to the banking sector in the Lao PDR:** In late 2016 banking business had total assets accounted for 87.52% of GDP, sector banks had the working capital in many economic system, currently banking business has improved and developed services system to many products and turned into modernization more directly to facilitate access to the service in financial sector. Increasing the use of services in the banking sector every year, this puts the banking sector at risk of being used for money laundering. In the past, in 2018, Lao PDR was convicted of a crime of money laundering in 01 case where a group of criminals abused by unauthorized chain mobilization, with the way of luring innocent people to deposit with them by sending money to the business bank to give credibility to the people. Additionally, there was a group of criminals who abused the way to mobilize through a lot of banking systems, many cases led to investigations and judgments.

##### **4.1.2 How to research and assess**

**How to collect data:** Collected in 2 methods

**Mechanism and Principles Data:** was the data to assess quality and effectiveness on the implementation against money laundering of banking sector: in legislation frame, management and banking, including 13 variables to see the level of vulnerability of the implementation for the work on anti-money laundering of the banking sector and find solutions. Of which, the assessment of variables were based on 03 information sources: 1) information from Bank

(Information of rules and regulations and statistics), 2) Interviews (Management and the sector in charge of Anti-Money Laundering), and 3) Response questionnaires of the relevant staff: Officers at Anti-Money Laundering Division, teller, money transfer staff, currency exchange staff and credit officers.

**Product Data:** was the data used to assess the risk level of each product that may be a gap in the money laundering process, with the selection of 12 products giving services in the banking sector from 03 product groups: Deposit products, credit products and products for settlement. The assessment was carried out by the NRA Guidelines on Product Analysis in 07 areas: Total Value, Average Value, Customer Risk Type, Cash Contact Level, Level of Foreign payment, Level of Relationship to other Products, and other Indicators using statistical data, business banking perspective from questionnaires distribution, interviews, and associated data announced through channels.

**Other factors that support scoring:** In addition to the above-mentioned data collection, the Subcommittee had also collected additional information from subcommittee for the National Risk Assessment on money laundering threat (Module 1) and sharing lessons with subcommittees with similar indications such as: the subcommittee for National Money Laundering Risk Assessment in the securities sector, Insurance Sector, Financial institutions and non-financial sectors.

#### **4.1.3 Assessment Results**

##### **A. In terms of Mechanism and Principles low-medium**

From the results of mechanisms and principles assessment of the banking sector, as well as the assessment of the legal framework, the quality of regulations and the efficiency of legal compliance of business banks. It was classified at the level: **low-medium**. The following reasons were as follows:

- 1) **The integrity of the anti-money laundering law framework:** The rules were quite complete and streamlined because in the past the Anti-Money Laundering Intelligence Office (AMLIO) issued the rules according to international conditions, but there needed to be some further improvement in order to comply with more international principles, especially some of the Basal Core Principles (BCP):
  - Providing third parties to conduct Customer Due Diligence “CDD”;
  - AMLIO was determined to have technical support and management in accordance with principle 09 of BCP (Risk Management Principle);
  - The Bank was set to have the policies and procedures on ethical promotion and professionalism in preventing the Bank from being abusive in criminal activity (BCP 29 EC 2). Through the law assessment, it was found that this problem was identified in general;
  - The Bank was determined to report any fraudulent activity that affects the security, stability or reputation of the Bank to the Secure Management Unit (Business Bank Management) (BCP 29 EC 3);
  - Requested the Bank to have external inspection for the work of anti-money laundering (BCP 29 EC 9);
  - The Bank's reporting mechanisms on the movement of illegal financial services in a timely manner to the executives were not clearly defined in the AMLIO regulations (BCP 29 EC 10)

However, these deficiencies were just some of the points that could be added to existing legislation. Therefore, it was seen as easy-to-solve shortcomings, resulting in a comprehensive assessment of the effectiveness of the anti-money laundering law framework, it was at the level: **high**.

**2) Efficiency of procedures and implementation of management tasks:** the role implementation AMLIO as defined in the law was not yet complete, for example: there was no administrative punishment for banks that violated the rules, and the AML audit was still a publishing platform, which encouraged the bank to understand more than inspections to find problems and solutions. Also, AMLIO was still not implement the management on anti-money laundering based on Risk-based approach because of lacking several factors: the staff was insufficient in quantity and quality, appropriate tools, database systems, results of analysis of intelligence and results of appropriate bank inspections to enable the use of such database to manage according to the risk and to lay out policies. The results of the work were at **medium** level.

**3) Availability and Enforcement of Administrative Penalty Measures:** Those who were in charge of management had not imposed administrative penalties on violated banks, such as: offenses in the absence of internal inspections, ignorance to the suspected transaction and no implementation for customer identification. However, nowadays, AMLIO is preparing a plan to implement measures against perpetrators, therefore this resulted in the assessment of effectiveness of these variables at the level: **low-vey low**.

**4) Availability and Enforcement of Criminal Penalty Measures: Effectiveness of Criminal Punishment Procedures:** Staff in the banking sector were neglected and some employees in some banks did not even know they were guilty in criminal case of a breach or failure to comply. **But in the last three (03) years**, there were punishment of four (04) staff who were financially offensive and officials had been recorded, resulting in the efficiency of the variables at the level: **medium**.

**5) Efficiency of Controlling the Business Operation Activities:** there were complete rules because in the past, the Department of business bank management issued the agreement on the establishment of business bank and branches of business bank No. 42 / BOL, dated 15/01/2016 which defined inspection of history who would establish banks to prevent from criminals or persons related to criminals in receiving a license to establish a bank. However, the parties responsible for examining the issuance of licenses to establish a bank must continue to raise the knowledge of the employees in the work of inspection (screen), selection (Vet) and approval of the establishment of a bank, resulting in the efficiency of these variables to be at the level: **very high**.

**6) The integrity of business bank officials:** Some banks have seen the importance of such a task, which showed: ethical rules and proper training of ethics for employees, but the collection of data had also been reported to the dishonest employees who abused their own duty to violate the rules of the bank. In addition, most major banks had not been able to regulate and mechanism to protect employees from the negative effects of reporting suspected transactions, which are defined in the Law on Anti-Money Laundering and Counter-Financing for Terrorism. Most business banks did not understand the importance of protecting employees so that the efficiency of the variables was at the level: **medium**.

- 7) **Knowledge of Bank Anti-Money Laundering of Bank Staff.** Banks that are branches of foreign banks mainly focus on providing training to staff on anti-money laundering which was organized as an annual plan, requiring training to be under annual assessment conditions and assessment of staff knowledge after training. However, some banks, especially local banks, were not initiative to conduct training courses, or if training was organized, the context of the training was incomplete and there was no assessment of staff knowledge, the training was justified in order to see that they had fulfilled their obligations. Most bankers did not have a lot of profound knowledge about (1) rules of laws such as: not understanding the legal consequences of breaching anti-money laundering rules, (2) knowledge with situation about the form of money laundering, including the abuse of banking services and products, resulting in the efficiency of these variables to be at the level: **medium**.
- 8) **Effectiveness of Performance of Bank's anti-money laundering:** Some banks had an AML inspection system such as: a blacklisting system and a suspicious transaction detecting system. Some parts were used with overseas banks and some did not have systems. 40 banks had appointed executive officers responsible for anti-money laundering. Internal audit had only 06 banks. Every bank had no external audit against money laundering, resulting in the efficiency of the variables to be at the level: **medium**.
- 9) **Efficiency of Monitoring and Reporting Suspicious Transactions:** Most banks did not have an IT system that helped to classify risk, separate transactions, and detect suspicious transactions. Mostly, only checked on black accounts. Thus, the effectiveness of suspected transactional detection was still not as qualitative as the transaction statistics since 2007, so far there were 725 issues, which could be used to provide information to investigators - only 39 issues, but only 01 issue could be used to investigate and proceed to court proceedings considered as money laundering. The reason for suspicious transaction reporting of business bank because the majority of reports were initial data, lacking customer identity and transaction data, lack of transaction analysis before delivery, resulting in inadequate data reporting to the relevant authorities - resulting in the efficiency of these variables to be at the level: **low-medium**.
- 10) **Market pressure levels to meet anti-money laundering standards:** Most banks were not affiliated with foreign banks because most of the services were in the region, so they used a representative bank in neighboring countries, resulting in the efficiency of the variables to be at the level: **medium**.
- 11) **Availability of credible identification infrastructure** was at **low-medium** (details see 3.3).
- 12) **Availability of Independent sources** was at the level **medium** (details see 3.3).
- 13) **Availability and Access to the Real Beneficiary Information** was at the level **low-medium** (details see 3.3).

## **B. In terms of Products**

### ➤ **Product groups classified at the risk low-medium:**

- 1) **Special customer deposits:** Special customer deposits products were a risky customer group due to a high asset group, privileged access to multiple services and high transaction costs. However, in the case of the Lao PDR, the provision of specialized customer deposits



was limited (only four (04) banks that provided services), and the total deposits of these customers comprised 18.88% of total deposits. Most customers were mostly domestic large enterprise group, which the bank would thoroughly investigate this group of customers in detail and would not allow customers to open an unknown account to trade transactions. However, the risk of such products remained at a level because of a product that could serve as a bridge for using many products, which may be a channel for money laundering. As a result, the risk was at the level: **low-medium**.

**2) Credit for Individual Customers:** through the summary of statistic figures, it was found that the business bank had granted credit customers individually accounted for 25.24% of total loans and found that the cost of credit release in average per contract were high, which may caused by owners of Small and Medium-sized Enterprises “SMEs”, some carried out loans in the name of personal interest, and the value of movements to get – the credit payments with cash covered the most part. However, it was also seen that a business bank had to thoroughly examine customer information on each credit loan release, and checked it to confirm its identity and to classify the risk of this group of customers at the low level. Results of the credit risk assessment for individual customer were at the level: **low-medium**.

**3) Credit loan for Small and Medium-sized Enterprises (SMEs) Customers:** Enterprise SMEs Development were one of the strategic targets of Lao PDR, but according to the summarized data, SMEs accounted for 27.27% of total loans and loan value per contract were at the level: high-medium. However, the business bank had to thoroughly examine customer information on each credit loan release, and checked it to confirm its identity and to classify the risk of this group of customers at the low level. Therefore, credit products of this group of customers were at the level: **low-medium**.

**4) Financial Services Tools:** Financial services tools were one of the payment instruments that business banks provided their services, such as: cheque and Bank Draft. Throughout the data collection, the use of these tools was mostly enterprise customers and accounts for 16.36% of the total transfer cost. Those who could use the financial services tools must be the bank's deposit customers, which must go through the process of identifying customers. At the same time, it also showed that the use of the tool was linked to the cash use at the low-moderate level and the use of internation payment was at the low level. As a result, the risk level of financial services tools were at the level: **low-medium**.

**5) Trade Services Tools:** Most business banks offered services of trade services, most of which were a Letter of Credit and a Bank Guarantee. Throughout the data collection, the value of financial services accounted for 14.56% of total foreign money transfers value, this product was similar to the transfer service and other payment instruments, which could be used as a bank deposits customer and must seek out customer information. In addition, as a transaction related to foreign payments and credit loan characteristics, the bank had to thoroughly examine the information before providing a thorough service, including the risk protection associated with money laundering. As a result, the risk of trad service tools was at the level: **low-medium**.

**6) Electronic Services:** Electronic services were financial activation via electronic card and internet programmes (through mobile and computer applications), which had been developed and had grown rapidly over the years, making payment services faster and reducing cash use. Through the data collection of electronic transactions, the value was only 3.15% of the total transfer value. The use of electronic tools for foreign payments was at the low-medium level and related to the cash at the low levels (handing cash for credit payments via credit cards). Although the use of electronic tools would not look like a service as face to face, the customer needed to open a deposit account and provided customer information to the bank

before it could use the service and the average transaction value was at the low level, as the bank limited the amount of money that it activated to see that electronic products were at risk at the level: **low-medium**, to be used for money laundering.

➤ **Product groups that were classified at a medium level risk**

**1) Personal deposits account:** customer deposit was one of source of business bank that value was accounted for 53.09% of total deposits that banks were risk of individuals customers at low levels, but according to the actual situation some enterprises activated through individual account (enterprises owner) making average deposit in high level and the activation was linked to other products considerably. Even though in the past years, electronic services had been well developed, this group of customers had also been actively using cash at high levels through cash deposits and cash withdrawals, through data collection and interviewing. Most banks were highly aware of customer information when opening deposit accounts, checked the sanction lists, there was no permission to open unknown accounts, reporting cash transactions with a surplus of one hundred million kip and low international payment level. As a result, the risk of this group's deposits was at **medium** level.

**2) Agent Bank Account:** Agent bank account is a settlement account for bank customers and financial institutions. Data collection showed that this service was not very diverse in the banking sector, with only three (03) banks providing services. Meanwhile, the customers were active settlement in Lao PDR, mostly expressed through a number of foreign payments which was low and were active cash at low levels which may result from customer majority were abroad, this group of customers had a total transaction value and an average transaction value at a high level. The Agent bank account product had the risk at the **medium** level.

**3) Credits for Large Enterprise Customers:** According to data collection from bank, credit for large enterprise customers accounted for 60% of total credit loans and credit value per contract was high, the loan was linked to moderate foreign payments and cash payments were low medium levels. Business banks classified the risk of this group of customer at the medium level and thoroughly investigate customer information, including information about shareholders of the company, making a credit rating for enterprise customers was at the **medium** level.

**4) Money Transfer:** Money transferring was one of the main products of the banking sector in Lao PDR, which was worth nearly four (04) times of GDP of year 2016, had a high transaction value and had a lot of relation with other products. Through the interviews and collection of data that banks paid close attention to checking transfer transactions, evaluated almost the all banks, had checking systems about Sanction Lists, most customers to transfer money must be bank customer first and through the process to identify customers and banks to assess potential money laundering typologies (ML Typologies) of transfer services in the products which had the risk at the medium level used as a tool for money laundering and to monitor specially. For this reason, the assessment of the risk of money transfer products was at the **medium** level.

➤ **Product groups that were classified at high-medium risk level:**

**1) Current Accounts:** Throughout the data collection, most customers who used current accounts were business customers, the value of current deposits accounted for 33.25% of the total deposits. Through this collection, customers of this group of deposits had been highly active foreign payments transactions and using high-level cash as well, which may be due to the majority of customers in current accounts were a group of trading companies or associated with import/export of goods. Business banks manage the risk of this group of

customers at a moderate level because most customers were business units, which the bank had carefully collected customer information, not allowed to open unknown accounts and reporting Money Transfer Transaction with Exceed Value (one hundred million kip). Therefore, the risk of this type of current account deposit was at the level: **medium-high**.

**2) Individual customers' deposits:** individual customers' deposits accounted for 49.14% of total deposits, with many products transactions, including foreign payments which were at moderate high level, and the group's customers had high levels of cash usage as well as individual customers. Due to the fact that the business banks classified this group's risk at moderate level, this group customer information had been collected in detailed, list of shareholders' names, sanction lists, not allowed to open unknown accounts and reporting Money Transfer Transaction with Exceed Value (one hundred million kip). As a result, the risk of Individual customers' deposits was at the **medium- high** level.

**Through data collection and research, assessment, the vulneribility of money laundering of the banking sector in Lao PDR was classified as the level: medium-high.**

Overall, the limplementation of the banking sector was still not effective resulting in the vulneribility in the banking sector. At the same time, there had been no action taken on the management, so the Bank had not paid much attention to the work. As a result, many products had not been adequately regulated for AML.

#### **4.2 Securities Sector:**

The stock market was established on 10 October 2010, with a joint venture between the Korean stock market with 49% and the Bank of Lao PDR holding 51%. The Management Board of the Securities was the Management and Inspection Agency, there is a Board of Directors composed of several stakeholders with 13 members under the chairmanship of the Deputy Prime Minister. The Lao Securities Exchange (LSE) acts as a service to state and private enterprises that need to mobilize funds to expand their operations to register in the Lao Securities Exchange, sell securities, settle and hold securities transactions and deposits. Currently, 04 securities companies were licensed to carry out securities activities from the Securities Management Committee, of which, 03 securities companies fully operated and 01 company operated as financial advisors and 07 companies were registered.

##### **4.2.1 Methodology and Procedures of the Assessment**

Methodology and procedures for assessing risk in the securities sector against anti-money laundering are based on the NRA guidelines for finding vulnerability and overall risk of the securities sector in terms of money laundering and the threat of money laundering in the sector, including the impact of national risk. In the assessment, there were assessment of 13 original variables and assessment of 07 risk variables linked to the type of the securities companies, with the design of questionnaires to collect data and the presentation of such questionnaires to the goals that need to be collected such as securities management offices, stock markets, stock companies and registered companies.

##### **4.2.2 Assessment Results**

###### **A. Assessment based 13 variables in mechanism and principles**

**1) Completeness of the Anti-Money Laundering Legislation Framework:** Currently, Lao PDR has a Law on Anti-Money Laundering and Counter-Financing of Terrorism, Securities Law, Accounting Law and some legislation under Laws, as a tool to manage the work on anti-money laundering. However, the actual implementation of the system was still lacking, and the mechanism of action by itself lacked some guidance that the work on anti-money laundering

obligations was not effective. The results of anti-money laundering legislation were at the level: **medium**.

2) **Effectiveness of Procedures and Implementation of Management Tasks:** The Securities Management Committee was responsible for overseeing the stakeholders in the securities sector, whether the documentary or inspection as defined in the Securities Law to ensure that the securities sector was in compliance with the laws and regulations laid out in which inspections were focused on the Securities Work. The inspection related to the implementation of anti-money laundering had not been implemented due to the lack of specific personnel on anti-money laundering and financing of terrorism in the securities sector. The results of the assessment and implementation of the monitoring work were at the level: **low-medium**.

3) **Availability and Enforcement of Administrative Penalty Measures:** The Law on Securities and the Law on Anti-Money Laundering and Financing for Terrorism had clearly identified administrative measures to those who had been violated which was expressed in the past, and was used effectively and had taken administrative measures against individuals and legal entities that had violated some of the Laws. In 2011-2012, the Securities and Exchange Commission implemented measures against individuals, legal entities violating the market rules: re-education measures, warning, disciplinary measures, fines. The results of the Availability and Enforcement of Administrative Penalty Measures was at the level: **medium-high**.

4) **Availability and Enforcement of Criminal Penalties:** Availability and enforcement of criminal sanctions had been set forth in criminal penalties clearly defined in the Law on Securities and the Law on Anti-Money Laundering and Counter-Financing for Terrorism. However, through the actual implementation in the past, there had been no criminal offenses in the securities sector. The assessment of the readiness and enforcement of criminal sanctions was at the level: **medium-high**.

5) **Efficiency of Controlling Business Operation Activities:** The application for business licenses in the securities sector must be approved by the Securities Management Committee, with consideration based on relevant laws, regulations, manuals and document inspection, for those who have the purpose of obtaining securities licenses must meet the requirements of Article 51 and to file documents as defined in Article 52 of the Law on Securities and in addition, there are additional requirements as set out in Article 3 and registered capital as specified in Article 4 of the regulations on the establishment and movement of securities companies, No. 002/LSC, dated 27 July 2013, to be as a reference for consideration of the issuance of a license each time. At the same time, market access regulations and real sources of capital and beneficiaries are being met in accordance with the international standards, those intending to obtain licenses for operating securities must provide documents relating to the sources of capital registration, shareholder documents, documents relating to a shareholder with the power of control, real beneficial owner, a criminal record, a letter of commitment and detailed information about being or having taken administrative measures managed by the domestic and foreign securities regulatory authorities as defined in Article 4 of the Regulations on providing additional information on the sources of capital registration, the structure of shareholders and real beneficiary of securities company, No. 004/ LSC, dated 18/02/2014. The results of the assessment of the Efficiency of Controlling the Entry of Business Activities were at the level **high**.

6) **The integrity of employees in a securities company:** Employees in a securities company had not been subjected to disciplinary action in violation of the Anti-Money

Laundrying Monitoring Policy. The results of the honesty of employees in the securities companies were at the **high** level.

7) **Knowledge of employees in Securities company on anti-money laundering:** employees in the securities company did not understand about the work on money laundering because the securities companies and relevant staff were not given the training, work against money laundering was relatively new in the field of securities. In addition, accessing to information and documents needed to study research was still not much. The results of the employee's knowledge assessment of the securities company against the money laundering were at the level: **low**.

8) **Effectiveness of duty implementation of Securities Companies:** Securities companies were not appointed with officials to monitor and report on anti-money laundering, and at the same time, there was no internal and external audit work. The results of effectiveness assessment of the effectiveness of duty implementation of Securities Companies were at the level: **very low**.

9) **Effectiveness of monitoring and reporting of suspicious transactions:** The securities company did not have a system of recording, retaining modern information, monitoring and suspicious transactions reporting (STR) still was not in the sector. This was because the sector did not have an understanding of the scope of transaction reporting, including transactions that are determined or not specified in the anti-money laundering law. The results of effective assessment of monitoring and reporting transactions were at the level: **low**.

10) **The level of market pressure to comply with anti-money laundering standards:** The manager had knowledge and understood the consequences of his risk, reputation and image associated with anti-money laundering, as there were no affiliates to foreign branch agent, so there was no market pressure to comply with money laundering measures. The results of assessing the level of market pressure to comply with anti-money laundering were at the level: **high**.

11) **Infrastructure of Reliable Identification was at the low-medium level** (Details see 3.3)

12) **Independent Sources of Information** was at **medium** level. (Details see 3.3).

13) **Availability and Access to Real Beneficiary Information** was at level: **low-medium** (Details see 3.3).

## **B. Assessment of Risks Associated with Securities Company Types according to 07 variables related to the vulnerability of the Securities Company Types**

1) **Value/Size of the company:** the regulations on the establishment and activities of securities company No. 002 / SMC, dated 24 July 2013 as defined in Article 4, clause 3 on registered capital according to types of securities business that could conduct securities business fully included: financial consultant, securities trading broker and guarantees in issuing securities including 03 securities company valued or the size of the company 300 billion kip. Of which, the total revenue of 03 securities companies was 24.71 billion kip, accounting for 7.4% of the total registered capital of 03 companies. The practice was in conformity with the regulations. Result of the assessment of the aggregate value / size of the company was at the level: **medium-high**.

2) **Complexity and diversification of the investment of the securities companies:** The investment of securities companies were invested in ordinary shares and deposits in commercial banks largely resulting in no complexity and diversification of investments of the securities companies. The results of the assessment of the complexity and diversification of the investment of the securities companies were at the **low** level.

3) **Basic History of Customers:** In a securities company, a customer history collection system that opened a securities account that supports securities trading by a securities company was based on the form of opening an account as a customer search database, as well as comparing a list of individuals in the blacklist in database on the Anti-Money Laundering Intelligence Office. The customer account was mainly based on customer information collection system of the bank. There are 13,188 accounts of domestic and foreign investors, with 116 institutional types and 13,072 individual accounts by domestic investors' accounts, both types of institutions and individuals covered 80% of all accounts. Basically, it was possible to comply with the regulations. The results of the basic history of customers were at the **low** level.

4) **Type of Investment / Deposit of the Securities Company:** Currently, Lao PDR has not allowed the securities company to invest in the Fund's deposit investment in the financial system. The results of the investment types/ deposit types of the securities companies were **very low**.

5) **Liquidity of the Securities Company:** The liquidity of the securities company was low because of having 01 trading product, the ordinary shares still had low trading volume and no liquidity. The results of the liquidity assessment of the securities companies were at **low** level.

6) **Frequency of international transactions related to the type of company:** The securities company did not make international transactions directly with foreign companies. Most of the company would provide services to foreign institutional investors and individuals in stock trading. The results of assessment show that the frequency of international transactions associated with the company type was at the level: **low-medium**.

7) **Other risk factors of the securities companies:** The securities company had opened an securities omnibus account in the Lao PDR for stock trading, which caused the risk of money laundering because the account issued a representative institution representing many foreign investors in order to buy-sell securities at the stock market, making it difficult to identify the investor's identity. Investors could buy and sell securities in multiple channels. Of which, non-retail securities transactions, such as sending an order via the internet and phone, which was difficult to identify the true identity of the person who owns the account.

Based on the above indications, the risk of money laundering and financing of terrorist that may occur in the securities sector was at the level **low-medium** as the securities sector was new sector, service was not so diverse, and work on anti-money laundering had not yet been deeply and widely integrated and securities regulators need to focus on disseminating and training with securities sector stakeholders on anti-money laundering. In addition, the implementation of laws and regulations will also monitored with market stakeholders related to anti-money laundering work, especially securities companies to be more stringent.

#### **4.3 Insurance Sector**

Insurance in the Lao PDR started with the promulgation of the first insurance law in 1990, which was the primary base of insurance management and the establishment of the Lao Insurance Company (AGL) as the only insurance company in Lao PDR at that time. By 2007, foreign insurance companies had begun to set up more businesses in the Lao PDR, which required improvements to the insurance laws in 2011 in order to comply with the conditions of coverage for that period. From 1990 to 2015, the management and monitoring of business operations, as well as the development of insurance, was not in concrete manner as it was because there was no close monitoring agency for the Central Protection Agency. As of October 2015, the Ministry of Finance had established the Insurance Management Division in the Department of State-Owned Enterprise Management and Insurance, as the Secretariat for the Department for Insurance Management, making the insurance work increasingly focused step by step.

By 2016, the number of insurance companies had increased from 11 companies to 24 companies (23 companies were headquartered in Vientiane Capital and 01 company in Champasak Province, which comprised 04 life insurance companies, 10 general insurance companies and 10 combined insurance companies). Of which, there were state-owned companies with 02 companies and insurance companies that ran business totaling 16 companies. By 2016, the total cost of insurance was \$ 76.32 million and a \$ 21.08 million rebate.

Most popular social insurance products in the past were usually general insurance: car insurance, property insurance and other insurance related to foreign investment. For life insurance and health insurance was not as popular as Lao society, especially those with low incomes and lack of understanding of the importance of insurance. However, the necessary regulatory requirements for inspections of insurance business were insufficient and not tightened. In addition, the Department of Insurance Management also lacked the personnel and expertise in managing such work, the Ministry of Finance had proposed to the Government to suspend the establishment of a new insurance company pursuant to notice No. 1199 / PM OFF. Secretariat, dated 17 August, 2016 to review and assess the current management of the insurance business.

#### **4.3.1 Insurance Sector Risk Assessment**

The insurance company was one of the reporting units responsible for implementing the AML / CFT work, as well as organizing internal regulations on AML / CFT work and reporting suspected transactions to the Anti-Money Laundering Intelligence Office. However, due to the AML / CFT knowledge and understanding of insurance company staff was not as deep as it was due to the spread and monitoring of the units that were not fully covered by the insurance sector. Some insurance companies did not have internal AML / CFT regulations, only executives with an understanding of anti-money laundering and financing of terrorism. Training on the AML / CFT work for staff within the company did not include in the company's internal operations plan. However, within the insurance company, there were rules for tracking, finding qualified customers, especially foreign branch company. Through the data collection and interviewing of insurance companies, it was possible to assess the risk of insurance sector at the level **low-medium**.

##### **A. Quality of Anti-money laundering Management was at low-medium**

1) **Effectiveness of Procedures and Management Performances:** The Anti-Money Laundering Intelligence Office conducted the management and check Anti-Money Laundering Reporting Unit, as well as the insurance company, to carry out its obligations under the Law on Anti-Money Laundering and Counter-Financing of Terrorism. However, actual implementation did not seem to be properly good as the personnel in the inspection work of AMLIO was also limited in terms of quantities and specifications, making the AML / CFT work towards the insurance company not yet fully over, the effectiveness of the monitoring and implementing procedures was at the level: **low-medium**.

2) **Availability and Enforcement of Administrative Penalties:** There are relevant laws and legislation that specified on administrative measures for individuals, legal entities, including reporting entity, the insurance company, which seems to be most well-organized by insurance companies, However, the monitoring and disseminating of AML / CFT work for reporting units is not yet complete, making some insurance companies did not understand the work on AML / CFT. As a result, Availability and Enforcement of Administrative Penalties was at the **medium** level.

**B. The rule compliance of of the employees of Insurance Company at the low-medium level**

1) **Availability and Enforcement of Criminal Penalties:** Legislation on the enforcement of criminal penalties has been defined in the Law on Anti-Money Laundering and Counter-Financing for terrorism and penal code. However, actual practice of AMLIO was still in the process of spreading to a reporting unit as well as the insurance company to have knowledge and understanding of its rights and obligations against anti-money laundering that was not fully reachable. Thus, the actual practice of criminal penalties enforcement was at the level: low-medium.

2) **Integrity of Employees of Insurance Companies:** Legislation on the integrity of the staff of the reporting units was set out in the Law on Anti-Money Laundering and the Financing of Terrorism. However, the actual implementation of the insurance company required a specific internal law to be executed, which was largely unprocessed, resulting in the integrity of the employees of the insurance company at the level: low-medium.

3) **The knowledge of the AML / CFT of insurance companies staff:** Because work on anti-money laundering still was new in the insurance sector, some companies which were affiliated companies of foreign companies that had rules on anti-money laundering and financing for terrorism. Currently, the Anti-Money Laundering Intelligence Office had begun to encourage insurance companies to have a clear understanding of their rights and obligations, the importance of anti-money laundering, but the recent visit to the insurance sector was aimed only at executives or directors and responsible officials, which were not always reachable. The assessment of knowledge of anti-money laundering was at low level.

4) **The Effectiveness of the Insurance Company Performance:** The Anti-Money Laundering Intelligence Office encouraged reporting units as well as the insurance company to have a clear understanding of the rights and obligations of the reporting units that needed to be implemented, but not yet reachable. It was based on a large number of reporting units compared to existing monitoring staff of AMLIO. The quality assessment results of monitoring the anti-money laundering were at the level: low-medium.

**C. Commitment and Leadership of the Insurance Company executives at the medium level**

1) **Availability and Enforcement of Criminal Penalties Measures:** Legislation on enforcement of criminal penalties is defined in the Low on Anti-Money Laundering and Counter-Financing of Terrorism and penal code. However, actual implementation of AMLIO was still in the process of spreading to the reporting unit, as well as the insurance company to have a clear understanding of its rights and obligations against anti-money laundering which was not reachable. Thus, the actual practice of criminal enforcement was at the level: low-medium.

2) **Efficiency of Controlling Business Operation Activities:** The manager of the insurance company was very important in controlling business operation activities, which was expressed in the internal rules, policies and principles of the management and inspection of anti-money laundering and financing of terrorism. The results of the assessment of the capacity and effectiveness of internal management were at the level: medium-high.

3) **Market Pressure Levels to follow Anti-Money Laundering Standards:** Insurance companies were keen to comply with the regulations and market pressure of the managers (AMLIO and the Department of State-Owned Enterprise Investment Management and Insurance), including shareholders and foreign companies, to bring the rules and operating system into use within their companies in accordance with international standards. The results of assessing the Market Pressure levels to follow Anti-Money Laundering Standards were medium-high.



**4) Quality of management work on Anti-Money Laundering:** The Anti-Money Laundering Intelligence Office encouraged the reporting entity as well as at the insurance company to have a clear understanding of the rights and obligations of the reporting units that must be implemented, but not yet reachable. It was based on a large number of reporting units compared to existing monitoring staff of AMLIO. The quality assessment results of monitoring the anti-money laundering were at the level: low-medium.

**D. The quality of operation of the insurance company was at the low-medium level**

**1) The effectiveness of monitoring and reporting of suspicious transactions:** The insurance company had a system of collecting and following up customer history, most of which was a handwriting system with only a (few) companies with modern systems. Foreign branch insurance companies would use a modern system that had international standards to help in managing and tracking customers. At present suspicious transactions reporting of the insurance company was only a Cash Transaction Report (CTR), the insurance company would report a CTR every month within the 05<sup>th</sup> day of the month to the Anti-Money Laundering Intelligence Office, including the Department of State-Owned Investment Management and Insurance of the Ministry of Finance. For Suspicious Transaction Report (STR) that was money laundering or financing for terrorism was still no reporting by the company, because the channel and understanding of reporting was not limited. The results of effective assessment of monitoring and reporting of suspicious transactions were at the low level.

**2) The quality of the customer identification structure:** for this work there as a related legislation which was enough, however, the dissemination on the AML / CFT on KYC and CDD were not reachable to all insurance companies in both deep and wide manner, causing some companies regulated their own internal CDD to implement and some companies used Sanction List Screening to examine the determined customer as a prohibited person, prohibited entities to the international level (UN, EU, OFAC). Other companies had not yet got the proper quality support. The quality assessment results of the customer identification structure was at the medium level.

**3) Commitment and leadership of the board of directors of the insurance company:** The management staff was mostly experienced and had good insurance knowledge, graduated, had been working and trained to manage the company well. Through the data collection and interviews, the responsibility for the role and leadership of the company was well-functioning, with sufficient AML knowledge. However, most insurance companies did not have internal AML regulations and no training of AML / CFT training was provided to staff, making the effectiveness assessment in this area was at the level: medium.

**4) Rules Compliance of the Insurance Company employees:** According to questionnaires and interviews in the insurance companies found that most employees did not have an understanding of the AML / CFT work, with only 02 companies from 24 companies with internal AML / CFT regulations, and had been trained to provide staff with a sense of understanding in each period. However, every company had internal rules that ensure the integrity of employees, as well as a clear definition of penalties for employees with offenses committed against insurance companies. The assessment results in rules compliance of the employees of the insurance company were at the level: low-medium.

**E. The quality of AML's internal policies and procedures in the medium level**

**1) The completeness of the AML legal structure:** The Lao PDR has a Law on Anti-Money Laundering and Counter-Financing for Terrorism, as well as legislation under relevant laws totally 24 issues. At the same time, the legislation of the insurance sector was complete, which was the basis to support implementation. Therefore, the insurance sector itself was regulated in the AML / CFT law. However, the expansion of the sector had continued to

develop, some laws had not been implemented yet, need to be adjusted to suit the realities of the real situation in each period. The results in the completeness of the AML legal structure was at the medium level.

**2) The effectiveness of the performance of employees:** The effectiveness of the performance of employees: Within the insurance company, there was no monitoring of the compliance with the rights and obligations of the reporting units in the law on Anti-Money Laundering and Counter-Financing of Terrorism (AML / CFT) as defined with effectiveness, and there were no regulated internal risk assessments in the company to support the AML / CFT work. At the same time, rules and customer risk management monitoring systems, such as tracking updates about base history of customer, assessment of product offerings and others were not implemented within the company. Some insurance companies had not implemented legal rules and legislation related to AML / CFT work in their internal regulations, and some had plans to implement. The results of assessment found that the effectiveness of the employee performances was at the level: low.

**3) Commitment and leadership of the Board of Executives of Insurance Company:** the Board understood well the obligations to implement the work on anti-money laundering because this task was a new task for the sector, dissemination of such works were not profoundly accessible the sector making the insurance company often had not internal regulations on anti-money laundering and not implemented with this task within the company. The result of the assessment of the commitment and leadership of the Board of Executives of the insurance company was at the medium level.

**F. The quality of controlling of anti-money laundering was at the low-medium level.**

**1) Quality of Policies and Procedures on the work of Anti-Money Laundering (AML):** The Law on Anti-Money Laundering and Counter-Financing for Terrorism, including Legislation under laws, was defined for reporting unit to have internal rules on anti-money laundering within its companies. But the actual practice of the insurance sector showed that few companies were doing well, partly because they were trying to find out to carry out. The results of quality assessment of the policies and procedures on the work of Anti-Money Laundering (AML) were at the level: medium.

**2) The quality of the performance of the insurance company:** Most insurance companies employees did not have an understanding of the AML / CFT work, could not implement this task well, as well as the lack of internal rules of AML / CFT, there were just some of the regulatory foreign branch insurance companies and implemented this work of AML/CFT within the company. The training plan for AML / CFT within the company and the dissemination of knowledge to local staff had yet to be implemented. However, insurance companies were trying to find out how to act. The results in the assessment found that the quality of the performance of the insurance company was at the level: low-medium.

#### **4.3.2 Risks of product services**

Insurance companies that had been licensed to operate insurance business in Lao PDR had both joint venture companies, 100% foreign-invested companies and 100% domestic-invested companies.. Therefore, business risk prevention was unique, but this domestic-invested company 100% was at high risk of management, especially general insurance products and life insurance due to market competition skills, long term financial management knowledge was not high enough, it was expressed to set up a risk reserve according to the laws and regulations was still not well done. Insurance business was a very sophisticated financial business. Therefore, the risk assessment results in product services were at the level: low-medium.

## 1) Life Insurance

For high value life insurance products, customers would be able to get all of the rebates in the event that the customer died. Therefore, it was possible to evaluate whether the customer purchasing the product which was placed in low-risk to use the money laundering products. The risk assessment results found that life insurance products were at the level: low.

## 2) Life Insurance Coverage for Life

This product would have a high return, but low fees make it more attractive for low-middle income people. The company could raise a lot of money every month, but the repayment was in a small amount, the insurer would pay the insurance fee until he himself died, but if the payment was no longer than 02-03 months, the guarantor would no longer be covered by the company. So, this problem may be used to launder money from insurance company or bad group of people within the company. The results of risk assessment found that the life insurance coverage for life was at the level: medium.

## 4.4 Casino

Casino is a sector that is in the non-financial institutions established under the laws of the Lao PDR, through actual collection, casinos were at high risk to be used as a source of money laundering, which in this assessment had identified a significant gap in employee perceptions, the implementation according to the laws and regulations were not effective.

Currently, the total casinos in Lao PDR have 03 places with registered capital about 830,000,000,000 billion kip, compared to GDP of the country equivalent to 0.87% in 2014, 0.70% in 2015 and 0.64% in 2016. Two casinos were owned by foreign investors (China, Malaysia Through various procedures for obtaining business licenses from the government) and one place was government share with 20%. Most of the customers who used the casino service were foreigners, accounting for about 95% of all customers.

Casinos were not managed as effective as they should be in the implementation of anti-money laundering and financing for terrorist. At the same time, understanding of the implementation of the laws of personnel in the casino with the risk of money laundering was not as deep as it should be. **Challenges to be taken are included:**

- 1) Casino is a cash-operative business, open 24 hours and has many cash transactions.
- 2) The movement of money related to gaming and capital movements of casino did not have a clear number or figure.
- 3) The casino personnel lacked insight into monitoring and checking transactions that might have occurred due to the lack of regular training for staff.

Casinos are a part of the business with a lot of cash, but movement activities were a form of gambling. Foreign currency exchange in most casinos is exchanged via a banking unit or imported foreign currencies into directly. The location of the casino is in the border area that can be easily crossed. However, the movements of customers entering the casino service had not yet collected any customer information, such as customer history, the amount of money to be paid, the sources of money and the customer's winning and lost statistics. These problems would create gaps that criminals would use for money laundering.

### **The results of risk assessment shows that:**

The casino's assessment in Lao PDR, which was owned by foreign private company and operated joint venture between government and foreign investors owned and was under the management of the Government of Lao PDR, according to the Law on Investment Promotion No. 02 / NA dated 08 July 2009. It was licensed to invest in contract No. 022-14 dated 5 May 2014, in the areas of Phoukhaokhouay mountain - Nam Ngum catchment areas, Vientiane Province, Lao PDR, under contract No. 040-16 dated 19 August 2016 in the special economic zone of Savanh-Seno, Kaysone Phomvihane District, Savannakhet Province, and contract No. 911/ກຄຂພສ, dated 02 October 2015 in the special economic zone, Golden Triangle, Thonpheung District, Bokeo Province, Lao PDR.

Gross revenue of the government from the casino sector was estimated at US \$ 17,000,000 a year from 2014-2016 (tax with one-time paid), 0.14% compared to GDP / 2014, 0.11% compared to GDP / 2015 and 0.10% of GDP / 2016.

Through the risk assessment of casinos about the work on Anti-Money Laundering and Financing of Terrorist, it was at a **high** risk level. Because of the quality of policies, the quality of the work movements and the operational steps of the work on anti-money laundering and financing of terrorist had the vulnerability and this was placed at a **high risk** level.

**A. The quality of the implementation of the casino** is relatively **low** as a result:

#### **1) compliance with the laws of employees or business owners**

Law implementation of employees and business operators was lacking in knowledge of anti-money laundering and financing for terrorism;

Criminal penalties on casinos cases related to the casino sector had not yet happened;

The implementation of the internal rules and the management of employees or business operators was still not tightened and sufficient that may cause vulnerability in the business and as a gap for abusive criminals;

There had been no specific internal regulations on anti-money laundering and financing for terrorism. Legislation and regulatory framework for managing casino business. As of now there is no clear manager, whose business is based on the implementation of the government operating license agreement and the implementation was carried out as it related to the relevant ministries and dissemination of knowledge about anti-money laundering and financing for casinos and the management were not reachable

### **Commitment and Leadership of the Executives**

Effectiveness of controlling business operation activities was based on the laws of Lao PDR and the concession registration certificate issued by the Ministry of Planning and Investment;

Quality of management about anti-money laundering and the financing of terrorism to the casino was **low** because: 1) has not managed clearly and the dissemination work on anti-money laundering and financing of terrorism to the sector had not deep enough, 2) capacity and enforcement of administrative measures which currently was based on existing regulations, if the offense really would be warned and fined according to rules if the offense even more serious this would be suspended or dissolved doing business and implemented according to the laws and regulations;

Criminal penalties for money laundering and financing of terrorism related to the casinos currently have not yet happened.

## **2) Effectiveness of monitoring the Suspicious Transactions Reporting**

Reporting transactions that suspected about money laundering and financing of terrorist of casinos currently were not reported to the Anti-Money Laundering Intelligence Office, which would have to encourage the sector to pay more attention to anti-money laundering work with concrete manner and quality.

**B. Quality of policies and procedures of anti-money laundering work** was at the low level, as a result:

### **1) Completeness of Legislation on Anti-Money Laundering**

Legislation on management and anti-money laundering of the casino currently, legislation used to implement the anti-money laundering and financing of terrorism was in a level, for example the law on anti-money laundering and financing of terrorism, legislations under laws and other legislations related considerably. However, the actual practice of managing casino did not have a clear definition of the manager and the implementation of anti-money laundering and financing of terrorist of the casino sector, which has not been implemented properly. Because the employee or business owner had no knowledge and understanding of anti-money laundering and financing of terrorist.

### **➤ Summary of Assessment Results**

Through the National Money Laundering risk assessment of the casino sector, the results of the assessment were at the high risk. Because the Law implementation of employees and business operators was lacking in knowledge of anti-money laundering and financing for terrorism, the implementation of the internal rules and the management of employees or business operators was still not tightened and sufficient that may cause vulnerability in the business and as a gap for abusive criminals, there had been no specific internal regulations on anti-money laundering and financing for terrorism, there is no clear manager, business permit requirements are based on the laws of the Lao PDR and the concession registration certificate issued by the Ministry of Planning and Investment, Criminal penalties for money laundering and financing of terrorist related to the casino currently have not yet happened and the Suspicious Transaction Reporting in the casino sector have not yet been reported to the Anti-Money Laundering Intelligent Office.

## **4.5 Real Estate Business**

The real estate business sector in the Lao PDR had many forms, which could be classified into categories such as general buying-selling, leasing, and trading brokers or renters. Real estate business was divided into 5 main groups: agriculture, housing, trade, industry and business for relaxing.

Currently, there are 565 registered real estate businesses in Laos (in terms of land developers account for 15% , There are also land buying-selling or leasing) with registered capital 22,000 billion Kip, equivalent to 22% of GDP in 2014, 18% in 2015 and 17% in 2016, which are considered to be substantial, mostly domestic investors account for about 70% and foreign investors at about 30%. Most of the customers who use real estate services are domestic people, accounting for about 95% of all customers and businesses, mostly small size businesses and to pay the obligations according to the rules and regulation issued by the government, by which the transaction is carried out through a 20% broker.

Income from real estate business from rental (is the existing real estate as home, land, buildings bring to service to others rentals), profit-making investments (investment or purchase buildings, homes under construction or completed to sell for making profit, sales for profits depend on where appropriate), Bidding (meaning buying real estate from the sale of assets that

decided by the court as belong to state property, of the person or entity in cheaper markets price, then restored back to rent or sell) and brokerage (the sale of real estate to persons or other entities that get returns % or from sales agreed).

Currently, there is no specific regulation or legislation governing the monitoring and supervision of the real estate sector in the Lao PDR. For Legislation on Anti-Money Laundering and Counter-Financing for Terrorism, there is already (No. 50 / NA, dated 21 July 2014), but the practice in this sector was not as tightened as it should be.

➤ **Results of Risk Assessment:**

**Results of Risk Assessment:** through the National Money Laundering risk assessment of real estate business was seen at the level: medium-high. Because the quality of implementation and the quality of policies and processes of anti-money laundering work were at the level: low-medium.

A. **Quality of implementation of real estate business:** was at the level: low-medium, had resulted in the following:

**1) Compliance with rules of real estate business personnel**

- Law enforcement of employees and real estate business operator was lacking the knowledge of anti-money laundering;
- Criminal penalties against money laundering cases associated with current real estate businesses had not yet happened. However, the legislation and regulations are set out in the AML / CFT;
- The implementation of the internal rules and management of employees or business operators was still not tightened and admissible, leading to defects in the business and as a gap for ill-treatment of criminals;
- There had been no specific internal regulations in the implementation of the AML / CFT work, legislation and regulations on managing real estate in the present. There was no specific provision for just implementing some of the ministry' regulations that were related to business affairs and the dissemination of knowledge about anti-money laundering of officials or managers was not yet reachable.

**2) Commitment and Leadership of Executives.**

Controlling the entry for real estate business operations was based on the Enterprise Law, No. 11/NA, dated 09 November 2005, issued in each business registration notice;

The quality of anti-money laundering management against real estate was still low because of the effects of 1). The effectiveness of the management and inspection operations of this real estate business had not yet been established by any state agency that was directly managing and overseeing this business, which had only recently started to be known locally in the period from 2 to 3 years, and was a small and medium-sized business, mainly for family business operations; 2 ). The ability and enforcement of administrative measures, which were currently based on the existing rules, if there was a serious offense, would be warned and fined according to the regulations, but serious violations would be suspended or terminated in business and implemented in accordance with the laws;

Criminal penalties on money laundering cases associated with current real estate businesses had not yet happened.

**3) Effectiveness of monitoring and oversight of suspicious transactions:**

Reporting the suspicious transaction related to the Money Laundering and Financing of Terrorist of the real estate business sector has not yet been currently reported to the Anti-Money Laundering Intelligence Office, which would need to intensify the promotion of the anti-money laundering work to be in a concrete manner.

**B. Quality of policies and procedures of anti-money laundering work** was at the **low-medium** level as a result:

1) **Completeness of legislation on Anti-Money Laundering:** in the current real estate business, legislation used to implement the anti-money laundering which was already available: Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50 / NA dated 21 July 2014 and some legislation under laws (currently there are number 07 issues for the reporting units). For legislation in the management of real estate business, there was no specific legislation for managing this type of business, just by executing some of the ministry' regulations that were linked to the business only. But the implementation of the anti-money laundering of the business sector was not taken into account because the employee or business owner had no knowledge of anti-money laundering and the management of the AML training was not yet reachable.

2) **Effectiveness of the Implementation of Real State Business:** The implementation of the anti-money laundering work of the real estate sector have been implemented because the employee or business owner had no knowledge of anti-money laundering and the AML training was not yet reachable, Internal inspections, policies, operating procedures and appointment of personnel to monitor the AML business of this business are yet to be implemented.

3) **Commitment and Leadership of Executives.**

Controlling the entry for real estate business operations was based on the Enterprise Law, No. 11/NA, dated 09 November 2005, regarding the issuance of an enterprise establishment licence and a license to operate business each time;

The quality of anti-money laundering management against real estate was still low because of the effects of 1). The effectiveness of the management and inspection operations of this real estate business had not yet been established by any state agency that was directly managing and overseeing this business, which had only recently started to be known locally in the period from 2 to 3 years, and was a small and medium-sized business, mainly for family business operations; 2). The ability and enforcement of administrative measures, which were currently based on the existing rules, if there was a serious offense, would be warned and fined according to the regulations, but serious violations would be suspended or terminated in business and implemented in accordance with the laws;

Criminal penalties on money laundering cases associated with current real estate businesses had not yet happened.

➤ **Summary of Assessment Results:**

Through the national money laundering risk assessment of real estate businesses was seen at the level **medium-high**. As there are no specific rules or regulations for managing and monitoring for the real estate sector.

Compliance with laws and regulations by employees and business operators of the real state is still lacking in knowledge about anti-money laundering.

- The implementation of the internal rules and management of employees or business operators was still not tightened and admissible, leading to defects in the business and as a gap for ill-treatment of criminals.

#### 4.6 Business for Trading Precious and Old Objects

The business of buying precious objects and old goods was a person authorized by the state to operate independently and to provide services for the purchase of precious objects and old goods, such as silver, gold, diamonds, jewels and old antique goods to the people living in the Lao PDR.

Now businesses to buy-sell precious objects and old goods in the Lao PDR had all 683 places with the registered capital of 153 billion, which compared the country's GDP was 0.16% in 2014, 0.13 in 2015 and 0.11 in 2016, mainly for family business operations (small-sized) the business is operated directly through the owners so no business is made through the agents and included domestic investors accounted for about 90% and the remaining investors 10% were foreign owned. Most customers used the service businesses to buy-sell precious objects and old antique goods was a person in the country, with 90% of the cash being used and the rest paid through the banking system.

##### ➤ Results of Risk Assessment

Through the national money laundering risk assessment of the business for trading valuable and old objects were at the **medium-high** level as the quality of implementation and the quality of anti-money laundering policies and procedures were at the level: **medium-low**.

- A. Quality of the implementation for trading valuable and old objects: quality of the implementation on Anti-Money Laundering work was at the low-medium as a result:

##### 1) Level of compliance with the rules of employees

- Law enforcement of employees and business operators **for trading valuable and old objects** was lacking in knowledge of anti-money laundering;
- Criminal penalties on money laundering related to the current trading of precious objects and old antique goods had not yet happened;
- The implementation of the internal rules and management of employees or business operators was still not tightened and admissible, leading to defects in the business and as a gap for ill-treatment of criminals;
- Not have to create specific regulations within the implementation of the work on AML / CFT, legislation and regulations to manage businesses to buy-sell precious objects and old antique goods was not available because the only practical rules of the ministry that was linked to the business only, and dissemination of knowledge to counter the money laundering of officials or managers were not yet reachable because there was no clear managers.

##### 2) Commitment and Leadership of Executives.

Controlling the entry for business operations for trading valuable and old objects was based on regulations and requirements of the Ministry of Industry and Commerce, the Enterprise Law, No. 11/NA, dated 09 November 2005, regarding the issuance of an enterprise establishment licence and a license to operate business each time;

Quality of management of anti-money laundering to businesses to buy-sell precious objects and old antique goods was still at the level: **low-medium**, because 1) there were no clear



managers and had not put action against money laundering work to the sector so that this business was small and medium-sized and in the Lao PDR the sector was also a family business in recognition of the Law was at the level: low, 2) Capacity and enforcement of administrative measure which currently based on available rule if there is a real offense, would be warned and fined based on the rule if the offense is more serious, will result in suspension or termination of business and to implement according to the laws and regulations;

Criminal penalties on money laundering related to the current trading of precious objects and old antique goods had not yet happened.

**3) The Effectiveness of Monitoring and Reporting Suspicious Transactions:** Suspicious Transactions Report of money laundering and financing of terrorism of the business sector in order to buy-sell precious objects and old antique goods is not yet reported to the Anti-Money Laundering Intelligence Office at this time, which in the future will encourage such business operations to pay attention to Anti-Money Laundering seriously.

**B. Quality of policies and procedures of anti-money laundering work:** was at the **low-medium** level, as a result:

**The Completeness of Legislation on Anti-Money Laundering:** At present, Legislation applied in the anti-money laundering process already existed: Law on Anti-Money Laundering and Financing for Terrorism No. 50 / NA, dated 21 July 2014 and some legislation under laws (currently there are 07 copies for reporting units). For legislation in the management of business for trading precious objects and old antique goods were not clearly managed and the implementation of the anti-money laundering of the sector was not taken into account, as staff or business owners had no knowledge of anti-money laundering and training on the AML's management knowledge was not reachable.

**1) The Effectiveness of the Implementation for the business sector in order to buy-sell precious objects and old antique goods:** The implementation of Anti-Money Laundering of the business sector in order to buy-sell precious objects and old antique goods was not put into as staff or business owners had no knowledge of anti-money laundering and training on the AML's management knowledge was not reachable, internal inspections, policies, procedures, and the appointment of monitoring staff regarding the sector's AML work are yet to be implemented.

**2) Commitment and Leadership of Executives.**

Controlling the entry for business operations in order to buy-sell precious objects and old antique goods was based on the Enterprise Law, No. 11/NA, dated 09 November 2005, regarding the issuance of an enterprise establishment licence and a license to operate business each time;

Quality of management of anti-money laundering to businesses to buy-sell precious objects and old antique goods was still at the level: **low-medium**, because 1) there were no clear managers and had not put action against money laundering work to the sector so that this business was small and medium-sized and in the Lao PDR, the sector was also a family business, the recognition of the Law was at the level: low, 2) Capacity and enforcement of administrative measure which currently based on available rule if there is a real offense, would be warned and fined based on the rule, if the offense is more serious, will result in suspension or termination of business and to implement according to the laws and regulations;

Criminal penalties on money laundering related to the current trading of precious objects and old antique goods had not yet happened.

➤ **Results of Risk Assessment:**

Through the National Money Laundering risk assessment that may occur of businesses to buy-sell precious objects and old antique goods was seen at the **medium-high** level. As the sector has no manager, only the registered enterprise can do business and monitored by the Ministry of Finance and Ministry of Industry and Commerce;

Not have to create specific regulations within the implementation of the work on AML / CFT, legislation and regulations to manage businesses to buy-sell precious objects and old antique goods was not available because the only practical rules of the ministry that was linked to the business only, and dissemination of knowledge to counter the money laundering of officials or managers were not yet reachable because there was no clear managers and most businesses are family owned and small-sized businesses.

#### **4.7 Express Money Transfer Agent:**

Businesses that provided money transfers were businesses that provided financial services for transfer transactions through both domestic and international transactions through a money transfer service provide.

In 2016, there were 5 places transactions with the Express Money Transfer Agent compared to 2010, it was found that it was reduced 01 place, value of transfer-out money was 23,30 billion Kip, number of transfer-out transactions 3,533 times, value of transfer-in money was 26,65 billion Kip, number of transfer-in transactions 12,909 times.

By distributing questionnaires about the national risk assessment of money laundering and financing for terrorism in express money transfer agent under the management of all five (05) Financial Institutions Management Departments across the country, could distribute all 03 places and collected questionnaires distributed all 03 places, which account for 100%. At the same time, there were actual collection and interviews from all of the entrepreneurs of money transfer agents 02 places.

**Based on the final vulnerability risk assessment of the Express Money Transfer Agent**, the assessment was at the **medium** level as a result of the following variables:

**A. The Implementation of rules by Employees of Express Money Transfer Agent** was the the level: **low-medium**, with the result of the following three (04) variables:

1) **The Integrity of Employees of Express Money Transfer Agent:** employees who provided services had been implemented and conscious to the laws and regulations, some express money transfer agent had been monitoring and inspecting within their own company periodically to avoid criminal offense to protect effects may be caused by the criminal acts or in dishonesty, but some express money transfer agents still could not be implemented especially to create specific rules for monitoring and inspecting within as a measure of transparency in conducting express money transfer business. The results of employee integrity were at the **medium** level.

2) **Availability and Enforcement of Criminal Measures** were punishable by offenders under Article 66 of the law on Anti-Money Laundering and financing for terrorism, but in practice, there had been no use of criminal penalties against express money transfer agent companies in the past and until now, and in cases related to money laundering and financing for

terrorist were no the cases where there was a criminal conviction from the relevant parties. The results of the availability enforcement of criminal measures were at the **medium** level.

**3) Awareness on the AML / CFT work by Employees of Express Money Transfer Agent:** in the past the AMLIO implemented the AML / CFT work for financial institutions, as well as the Express Money Transfer Agent in Vientiane Capital and some localities. It also promoted the AML / CFT work to raise awareness and understanding of the rights and obligations of reporting units, as well as the Express Money Transfer Agent to implement according to the laws and regulations on the AML / CFT as defined, however, AML / CFT knowledge was not reachable, some of Express Money Transfer Agent companies had yet to recognize, understand and experience about AML / CFT. The results of the AML / CFT knowledge were at the level: **low-medium**.

**4) Effectiveness of the implementation of Express Money Transfer Agent Company:** The AMLIO disseminated and encouraged the AML work in the sector of Express Money Transfer Agent Company to recognize the rights and obligations of the reporting units. In actual implementation, the Express Money Transfer Agent Company paid attention and could do it to some levels, especially to know customers. The results of the Effectiveness of the implementation of Express Money Transfer Agent Company were at the **low-medium** level.

**B. The quality of the implementation of the Express Money Transfer Agent** was at the level **low-medium**, resulting in the following four (04) variables:

**1) Effectiveness of Monitoring and Reporting Suspicious Transactions:** Most express money transfer agents had not yet used a modern system to assist in the recording, monitoring and inspection of suspicious transactions, although there were the reporting and monitoring of suspicious transactions according to the law on anti-money laundering and financing for terrorism and some legislations under laws. In fact, the Express Money Transfer Agent provided a low-cost money transfer services, making the report of suspicious transaction of money laundering by the Express Money Transfer Agent did not appear to have been reported to the AMLIO. The results of the effectiveness of monitoring and reporting the suspicious transaction were at the level: **low**.

**2) The Quality of Know Your Customer (KYC) Framework:** there was the implementation to find out the customer according to Article 21 of the Law on AML / CFT such as: copy documents as ID cards, family record book, passports and other documents, but mostly express money transfer agents did not create internal rules of KYC/CDD, at the same time, also not using checking system of Sanction List Screening to check a list of customers as prohibited person, prohibited entities to the international level (UN, EU, OFAC). The quality assessment results of the Know Your Customer Framework were at the level: **low-medium**.

**3) The Commitment and Leadership of Executives:** was an executive with the skills, knowledge and understanding of the situation in the area of doing business, also understood to implement the AML / CFT work to a level, attended training on the AML / CFT that the AMLIO disseminated about the AML / CFT work periodically, but in the creation of regulations on the rights and obligations of reporting units, it was found that Express Money Transfer Agent could not implement. The results of commitment and leadership of executives were at the level: **medium-high**.

**4) Rule Implementation:** Express Money Transfer Agent did not comply with the rights and obligations of the reporting units as specified in Article 18 of the AML / CFT Law, which is expressed to appoint responsible staff and to report on the AML/CFT work with internal inspection staff to monitor and monitor AML/CFT activities. There were no Cash Transactions

Reporting (CTRs) with Exceed Value to the AMLIO for reporting suspicious transactions (STRs) regarding the money laundering which was not apparent to the case. The quality assessment results of the rule implementation of the Express Money Transfer Agent were at the level: **low-medium**.

**C. The Quality of Anti-Money Laundering Control** was at the **low-medium** level with the following 02 variables:

**1) The Quality of Implementation of Express Money Transfer Agent Companies:** Some of the Express Money Transfer Agent Companies had not yet been fully aware of and understood the AML/CFT work, which has been shown to have no internal regulations, the appointment of officials responsible for collecting and reporting, and training for staff to develop knowledge and skills on the AML/CFT work was not as good as it should be. However, there were also some express money transfer companies that understood the rules, understood the rights and obligations of reporting units that needed to follow the rules. The assessment results found that the quality of the implementation of the AML/CFT work were at the **low-medium** level.

**2) The Quality of Anti-Money Laundering Policies and Procedures:** had been completed to create a law on Anti-Money Laundering and Counter-Financing for Terrorism, and had created relevant legislations under laws, which expressed that there were 08 legislation under laws that were related to express money transfer agent that was essential to support implementation. The assessment results found that the quality **Anti-Money Laundering** policies and procedures were at the level: **medium-high**.

➤ **Assessment Risk**

Overall, the Express Money Transfer Agent Companies had not yet been fully aware of and understood the AML/CFT work, which has been shown in implementing the rights and obligations of the reporting units so as to have created internal regulations, the training given to staff and appointed officials responsible for collecting and reporting on the AML/CFT work are not able to be implemented, but for Know Your Customer framework for services of the Express Money Transfer Agent was able to implement for gathering information that can confirm the identity of the customer in transfer-in and transfer-out within the country and between countries, at the same time, the Express Money Transfer Agent Companies also needed to have a monitoring and checking system of Sanction List Screening to check a list of customers as prohibited person, prohibited entities to the international level (UN, EU, OFAC). The results of risk assessment in the sector of the Express Money Transfer Agent Companies were vulnerable at the **medium** level.

➤ **Risk of Product Services**

Express Money Transfer Agent was a business service provider providing financial services for domestic and international money transfer transactions, including money transfer-in and transfer-out services by using Western Union and Money Gram. Most foreign money transfers were not highly worth about US \$ 200-300, most of them were ordinary people, from which inquiries were made for overseas relatives to pay for and in case of emergencies. For overseas money transfers, most of the customers were foreigners, especially Vietnamese and Chinese, who had jobs or businesses in the Lao PDR, and transferred money back to the home country where most of the transactions were cash. Foreign money transfers could be transferred up to a maximum of USD 10,000. However, in the transfer services, there was no system for tracking, finding out as much as possible, and there was no system of risk-sharing of customers,

and there was no checking of sources of money. The results of risk assessment of the credit service were at the level: **medium**.

#### **4.8 General Currency Exchange**

The General Currency Exchange was a business transaction on the currency trading of the common currency exchange shop allowed by the Bank of Lao PDR and could be purchased and sold foreign currency with masses or business banks in Lao PDR or the Bank of Lao PDR in accordance with the regulations set by the Bank of Lao PDR for a period of time. In 2016, there were 249 general currency exchange stores compared to 2010 increased 234 places, in 2016 there were purchased-sold value with 168.73 billion kip. Among them, most of the exchange services were in urban areas with high exchange to facilitate the masses and tourists.

By distributing questionnaires about the National Risk Assessment on money Laundering and Financing for Terrorism in the General Exchange Store under the management of Monetary Policy Department totally 249 places throughout the country, could distribute all 130 places and could collect questionnaires distributed 81 places, accounting for 62%. At the same time, there were actual collection and interviews from all currency exchange stores with 27 places.

**Based on the final vulnerability risk assessment of the general currency exchange stores, the results were at the level: medium, resulting from the following variables:**

**A. The implementation of AML / CFT work of currency exchange store was generally low, resulting in the following three (04) variables:**

**1) The integrity of employees:** Due to the business operation of the currency exchange, most of the family business activities with the use of personnel or service staff were only 01-02 persons. Among them, the business owner acted as a service provider to his own customers as shown to the integrity of the staff which did not appear to the case. The results of employee integrity were at the level: **medium**.

**2) Availibity and Enforcement of Criminal Penalties Measures:** were imposed by the offender in Article 66 of the law on Anti-Money Laundering and Financing for Terrorism, but in practice, there had been no criminal penalties imposed on the currency exchange stores in the past and until now, and in the case of money laundering and funding for terrorism, there were no cases where there was a criminal penalty from the relevant parties. The assessment results of the Availibity and Enforcement of Criminal Penalties Measures were at the level: **medium**.

**3) Awareness of the AML work of Employees in the Currency Exchange Stores:** in the past the AMLIO implemented the work on AML / CFT to the currency exchange stores in the areas of Vientiane Capital and some local areas and it was encouraging about the AML / CFT to create awareness and understanding of the rights and obligations of the reporting units as well as currency exchange stores that must be implemented by laws AML / CFT as defined, but also to create awareness of the AML / CFT was not available as they should be, making the currency exchange stores mostly still did not recognize, understand and experience on AML / CFT. The results of assessment of awareness of AML / CFT were at the level: **low**.

**4) Effectiveness of the Implmentation on Anti-Money Laundering of Currency Exchange Store:** Anti-Money Laundering Intelligence Office (AMLIO) disseminated and encouraged AML work in the sector of general currency exchange to recornize the rights and obligations of the reporting units. In actual implementation, the currency exchange sector is generally focused and able to perform to a certain level, especially to know customers. The results of the effectiveness assessment of the implmentation on Anti-Money Laundering of Currency Exchange Store were at the **low-medium** level.

**B. Quality of Implementation of AML / CF work of General Currency Exchange Store was low, resulting in the following four (04) Variables:**

1) **Effectiveness of Monitoring and Reporting Suspicious Transactions:** most of currency exchange store were not using modern system to record, track and monitor suspicious transactions. Although it was required to report and monitor suspicious transactions according to the law on money laundering and financing of terrorism and some legislations under laws, but the actual practice still lacked of attention and had not taken according to the law on AML / CFT, making the results of monitoring and reporting the suspicious transactions were at the level: low.

2) **Quality of customer search framework:** was the implementation to find out the customer based on Article 21 of the AML / CFT such as: copy documents as ID card, family record book, passports and other documents, but mostly currency exchange stores did not create internal rules on KYC / CDD also not using checking system of Sanction List Screening to examine the customers list determined as prohibited person, prohibited entity to the international level (UN, EU, OFAC). The quality assessment results of the Customer Search Framework were at the level: low-medium.

3) **The Commitment and Leadership of Executives:** was an executive with the skills, knowledge and understanding of the situation in the area of doing business, its also understood to implement tasks on AML / CFT to a level, attended training on the AML / CFT that the AMLIO disseminated on the AML / CFT periodically, but in the creation of regulations on the rights and obligations of the repoting units, it was found that the currency exchange stores could not implement. The results of the assessment of the Commitment and Leadership of Executives were at the level: medium-high.

4) **Compliance with Currency Exchange Store Staff Rules:** the compliance of staff of currency exchange stores had not yet been complied with the rights and obligations of reporting units as defined in the Article 18 of the Law on the AML / CFT which expressed in the appointment responsible officer for reporting on the AML / CFT work and internal inspection staff to monitor and monitor AML / CFT activities, and there were no cash transactions reporting (CTRs) exceeding to the AMLIO. For reporting suspicious transactions which were suspected to be money laundering (STRs) still did not appear. The results of assessment of quality of implementation of AML / CFT work were at the level: low.

**C. The quality of anti-money laundering controls was low, resulting in the following two (02) variables:**

1) **Quality of Implementation of Currency Exchange Store:** most of currency exchange stores had not yet been fully aware of and understood about the AML / CFT work, which was indicated that there was no internal regulations, appointment of officials responsible for collecting and reporting, and training for staff to develop AML / CFT skills. The quality assessment results of the implementation of the AML / CFT work were at the level: low.

2) **The quality of the AML implementation policies and procedures** had been completed to create a Law on Anti-Money Laundering and Financing for Terrorism, and had created relevant legislations under laws which 08 legislations under laws relating to the currency exchange stores which was fundamental to support the implementation. The quality assessment of the policies and procedures for the implementation of the AML work was at the level: medium-high.

➤ **Summary of Assessment Results**

In general, the Currency Exchange Store is not yet fully aware of and understanding of AML / CFT work, which indicated in the implementation of the rights and obligations of the

reporting units who are required to establish internal regulations, training of staff and appointment of staff responsible for collecting and reporting AML/CFT work is still not properly implemented and the customer identification framework for the Currency Exchange Store services has not been paying much attention and there was no system for monitoring and checking Sanction List Screening to examine the determined customer as a prohibited person, prohibited entities to the international level (UN, EU, OFAC). The risk assessment results in the general currency exchange sector are vulnerable at the level **medium**.

## **V. Terrorist Financing Risk Assessment that may occur:**

Risk assessment for terrorism financing was to: 1) identify terrorist threats, 2) identify threats of financing for terrorism, and 3) assess the vulnerability in addressing such problems, as detailed below:

- **Terrorist threats**: Target the level of threat of financing for terrorism based on the sources of terrorist threats, which were determined by law enforcement information, intelligence reports from agencies responsible for countering terrorism, and related financial information;
- **The threat of financing for terrorism**: Focusing on the path, source of funding for terrorism and the channels used to financing for terrorism, which could be determined by using law enforcement information and information types as indicators;
- **Vulnerability**: Focusing on the strength of controlling financing for terrorism within the country's conditions, such as: the gap and legislative channels to suppress such problems.

### **5.1 Assessment Principles**

The principle of realistic assessment of financing for terrorism was based on the procedures and mechanisms of the international Anti-Money Laundering Methodology by a thorough consideration and analysis of the Sub-Committee to the information collected from relevant stakeholders, such as: problems, cases or behaviors occurred that were actually taken into account in the capacity to suppress such issues as well as existing legislation. In addition, it was important to consider how trends and other possible future scenarios were less likely to be due to the considerations of national landscapes and resources, such as landscapes, populations, religions, domestic conflicts, and so on.

### **5.2 Results of Data Collection**

Through the actual data collected by the relevant parties was that 95%, which was still not complete, but was important and useful, for example: the actual number of cases that occurred, international cooperation in this area included information related to convenience, difficulties, and legislative channels to suppress such issues, including some of the existing associations and foundations in Lao PDR were able to consider the risks or trends of financing for terrorist that may occur, which could be summarized as follows:

#### **1) Terrorism-related Prosecution:**

**Table 5.1: Statistics of Terrorism-related Prosecution**

<b>No</b>	<b>Description</b>	<b>Number</b>
1	Number of Suspicious Transactions received and reported	0
2	Number of cases reported or investigated	0
3	Number of convictions	0
4	Number of individuals convicted	0
5	Number of foreign assistance requests received	0

6	Number of foreign assistance requests submitted	0
7	Property damage	0
8	Victims	0

Sources: From the Ministry of Home Affairs, Year 2017

## 2) Number of prosecution in connection with terrorist financing:

**Table 5.2: Prosecution statistics related to terrorist financing**

No	Description	Number
1	Number of Suspicious Transactions received and reported	0
2	Number of TF cases investigated	0
3	Number of TF cases filed	0
4	Number of convictions for TF cases	0
5	Number of individuals penalized for TF	0
6	Number of TF cases submitted to LEAs	0
7	Number of foreign assistance requests received	0
8	Number of foreign assistance requests submitted	0
9	Amount of TF Capital seized or sequestered	0
10	Amount of TF Capital confiscated	0

Sources: From the Ministry of Home Affairs, Year 2017

## 3) Management of Associations and Foundations:

In the past, there had been a number of associations and foundations activities in Lao PDR, both licensed and unauthorized (meaning, associations and foundations that operated before regulatory management), which could be summarized as follows:

**Table 5.3: Statistics of Associations and Foundations in the Lao PDR**

No	Description	Number	Remark
Associations and foundations <b>licensed</b> totally 120 places			
1	Associations	110 places	
2	Foundations	10 places	
Associations and foundations <b>that were not authorized</b> totally 147 places:			
1	Associations	141 places	
2	Foundations	06 places	For Vientiane Capital
Total:		267 places	

Sources: From the Ministry of Home Affairs, Year 2017

The above-mentioned associations and foundations operating in Lao PDR during the initial data collection of Lao PDR note that the sector has operated in the legal framework, has funding sources and is periodically inspected as follows:

**Association Activities:** Association was based on the Decree No. 238/GOV, dated 11 August 2017, when the Association has adopted the Rules and the Executive Board of a Licensed Authority (Article 22 of the Decree), it is required to register with the Ministry of



Home Affairs, by which the registration is valid for 01 year (Article 20 of the Decree) and **Foundation** whose activities are based on the Decree of Foundation, No. 149/PM, dated 19 May 2011, which is governed by the government, which is the Ministry of Home Affairs, Ministry of Finance, Provincial Administrative Authority and other concerned parties (following Article 38 of the Decree).

**Funding Sources:** Associations and foundations are funded by donations, assistance from individuals, legal entities, internal and international organizations (EU, MALG, OXFAM Belgium, FTW Vietnam and Fostenopfer Switzerland) and others.

**Inspection:** Associations and Foundations, before issuing a license, there will be a review of the history of the President of Foundation and its Committee, and then the Ministry of Public Security check and verify the history and, after the issuance of the license, there will be an annual report to check on movement and revenues-expenses. However, before licenses were issued, the associations and foundations did not examine the sources of funding that were put into operation.

### 5.3 Summerized the vulneribility:

Lao PDR has had a number of legislation regulating the issue of terrorism and financing for terrorism in accordance with international standards as follows:

1. Penal code, No. 26/NA, dated 17 May 2017;
2. Law on Anti-Money Laundering and Counter-Financing of Terrorism., No. 50 /NA, dated 21 July 2014;
3. Agreement on Know Your Customer and Customer Due Dilligence, No. 01 /NCC, dated 15 January 2016;
4. Decision on Money Transfer Transaction with Exceed Value No. 963/BoL, Date 27 November 2015;
5. Decision on Reporting Suspicious Transaction Related Money Laundering and Financing of Terrorism, No 13/NCC, Dated 19 October 2015;
6. Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism, No. 03/PM, dated 11 February 2016;
7. Instruction on AML/CFT implementation based on the Role of relevant sectors of the Ministry of Public Security, No. 2122/BOL, dated 23 December 2016;
8. Instruction on Application of Provisional Measures on Properties Relating to Money Laundering or Terrorist Financing, No. 08/NCC, dated 30 March 2016.

Through the actual data collection, it was found that the above-mentioned legislations, central and local stakeholders, and the relevant authorities, most of the legislation as mentioned above was clear, appropriate, and tightened and could be implemented effectively, specifically the Order on the detention, seizure and sequestration of capital related to terrorist or terrorism financing, No. 03 / PM, dated 11 February 2016, which defines mechanisms of receiving and submitting a list of all detention, seizure and sequestration of the capital associated with terrorist or terrorist fianancing from international level and the United Nations to report such lists to relevant parties within the Lao PDR in order to monitor and inspect regularly. However, along with the above-mentioned good points, there was a comment that criminal penalties for fines and deprivation of for those who participating or funding for terrorism were still inappropriate (still low) if compared to the international level, because such offenses were considered serious and harmful to society and the nation.

For the remaining data (5%), most of the information was related to the source of funds and channels: The associations and foundations that operated within the Lao PDR that may be abused and the way forward in financing for terrorism, which additional data were to be

collected: management, monitoring, inspection, movement, including money and capital sources used in the movement of units, both the units authorized by the Ministry of Home Affairs, and units that were not permitted (meaning the associations and foundations that operated before having the management regulations).

#### **5.4 Summerized the results of the assessment**

Through research based on information collected from relevant central and local authorities, as mentioned above, it is possible to say that Lao PDR is a peaceful country without terrorism and financing for terrorism. Although the country had occasionally been a source of aggression or unrest in some localities, it was only the aggression of a group of bad people, Lao people before migrated abroad trying to injure the Lao people in the country by harassing the unrest. Based on the leadership of the Party and state in the security protection, making such problems to be a bit of a problem and gradually settled down. In addition, based on the results of the threat assessment and the money laundering risk, it is found that the original offenses that may have been the source of abusive crimes in a small amount, for example **weapons trading or illegal explosive devices** at the low risk. As a result, it is clear that the basic factors in terrorism and financing for terrorism are still not there. **Therefore, terrorism financing risk assessment was at the low level. .**

## VI. Implementation

Based on the NRA's Outcome Lao PDR comes up with its action plan in order to mitigate the risk by focusing on the issues that need to be solved, responsibilities sector and timeframe of implementation during 2019-2021, to which AML/CFT risk implementation will be reviewed in periodically.

Source of risk	The main factor of action	Main responsible agency	Second responsible agency	Details of the plan of action	Implementation / Note	Initial budget	Duration Schedule					
							2018	2019	2020	2021	2022	2023
AML / CFT policy and strategy	Create and endorse action plans on AML / CFT work	NCC and AMLIO	Unit AML-WG and other sectors concerned			AMLIO						
	Encourage the implementation of the Action Plan to progress from time to time.	NCC and AMLIO	Unit AML-WG and other sectors concerned			AMLIO						
Legislation	Develop AML / CFT implementation manual for reporting units.	AMLIO	Managers of reporting units	In order to understand the process of implementing the full set of legislation issued.		AMLIO Coordinate international assistance						
	Draft Law on Anti-Money Laundering and Terrorism Fund Activities (Entrust)	AMLIO	Unit AML-WG	Establishing AML / CFT cooperation mechanism with all stakeholders as defined in Entrust by defining ministries'		AMLIO Coordinate international assistance						

				roles under ...								
	Draft Law on Mutual Legal Assistance (MLA)	AMLIO	Unit AML-WG	Establish the inter-agency legal assistance mechanism of the Investigation Agency and judiciary available to unify		AMLIO Coordinate international assistance						
	Draft Law on Counter Proliferation Financing	AMLIO	Unit AML-WG	Establish mechanisms for confiscation, seizure and sequestration of funds related to proliferation and penalties against persons and entities concerned.		AMLIO Coordinate international assistance						
	Draft Manual on Money Laundering Criminal Procedure	AMLIO	Unit AML-WG	To determine the procedure and be fundamental for the investigating officer, the prosecutor, the People's Court and relevant parties to prosecute money laundering and terrorist financing		AMLIO Coordinate international assistance						
	Review approved AML / CFT legislation	AMLIO	Unit AML-WG and reporting	To comply with the actual implementation of the officers, managers and		AMLIO						

			Units	reporting units								
Proceedings	Organize practical training, in particular investigations on money laundering and terrorist financing, for competent authorities at central and local level, as well as along the border between countries.	AMLIO	Investigation and judicial agencies	Disseminate the importance, impact of money laundering and financing of terrorism, and the mechanisms for prosecution in case there is a future prosecution.		AMLIO coordinates with international organization						
	Collaborate with the Investigative Agency, the Public Prosecutor, the People's Court and relevant parties about adding accusation during investigation, prosecution and conviction of money laundering and terrorist financing along with the initial offense.	AMLIO	Investigation and judicial agencies	Hold meetings together periodically		AMLIO						
	Enhance the authorities and relevant agencies tasked with prosecuting money laundering and terrorist financing,	AMLIO	Investigation and judicial agencies	Enough, in line with the work and prosecution of money laundering and terrorist financing, is in line with the initial		AMLIO						

	especially at the local level.			offense.								
	Build modern technology to assist in data analysis and exchange.	AMLIO	Investigation and judicial agencies, managers of reporting units	To provide, access to information, use information more comfortably and in a timely manner.		AMLIO in conjunction with sector concerned						
	Improve the identity verification infrastructure so that the reporting units have access to the source.	Ministry of Public Security	AMLIO	To serve as a reference point in verifying the identity of the reporting entities.		Ministry of Public Security						
<b>Effective monitoring, Know Your Customer (KYC) and access to reporting units' sources</b>	Provide training to AML/CFT reporting units throughout the sectors.	AMLIO	Managers of reporting units	In order for them to awaken, organize their rights and obligations.		AMLIO						
	Develop M&E plan and report on the implementation of its reporting units in implementing their obligations under the AML / CFT work.	AMLIO	Managers of reporting units	Evaluate the implementation of AML / CFT, Actual units of reporting units.		AMLIO						

	Establish a mechanism for law enforcement agencies to access the reporting unit's basic information.	AMLIO	Unit AML-WG, Managers of reporting units	To provide efficient and fast access to information and ensure the quality of AML / CFT work.		AMLIO						
<b>Domestic and international coordination</b>	Expand the framework of domestic and international cooperation, especially aimed at the bilateral exchange of information.	AMLIO	Unit AML-WG	MOU signing with internal stakeholders and foreign partners.		AMLIO						
	Prepare to enter the Egmont Group of Financial Intelligence.	AMLIO	Unit AML-WG	To share information (crime) related to AML / CFT work.		AMLIO coordinates with international sponsors						