

To: Ashish Kumar
Policy Analyst, AML/CFT
Anti-Money Laundering/Counter-Financing of Terrorism
Financial Action Task Force

Date: August 14, 2017

Subject: GFIA comments on Draft Guidance for Private Sector Information Sharing

Dear Mr Kumar,

GFIA greatly appreciates the opportunity to comment on the Draft Guidance for Private Sector Information Sharing (the guidance). GFIA members agree with the opening statement in the guidance that “effective information-sharing is one of the cornerstones of a well-functioning AML/CTF framework. Constructive and timely exchange of information is a key requirement of the FATF standards”. Insurers are keen to leverage group-wide information to detect and deter money laundering and terrorist financing, and to assist in the investigation and prosecution of ML/TF offences.

The guidance presents a clear outline of the challenges faced by financial institutions in balancing their customers’ right to privacy with the need to share personal information on clients for AML/CTF purposes. In particular, paragraph 11 notes the complexity of different privacy regimes and associated penalties along with risk avoidance as reasons why an institution may not be comfortable sharing customer information with affiliates in other jurisdictions. GFIA agrees that institutions are reluctant to share information where there is a lack of clarity. Dialogue between the authorities responsible for privacy and those responsible for AML/CTF should be encouraged in order to find the right balance between the requirements in these two areas. For instance, the guidance notes that some countries have a public interest derogation from the proscription on sharing information. Similarly, some have a carve-out from privacy requirements “where required by law”. Without such a dialogue, guidance could be issued that is in conflict with the law and that lacks the information necessary for meaningful compliance by financial institutions, such as insurance companies. Clarity from authorities, in a manner appropriate to the local jurisdiction, would be helpful. In some countries, such clarity may take the form of a prescriptive statement set out in law.

The guidance also highlights the importance of sharing information between government authorities and financial institutions. This currently occurs inconsistently and to a varying degree in different jurisdictions. However, it is important that institutions are aware of specific ML/TF threats so they know that they may be dealing with individuals or companies who are under investigation, for example. The system is far more robust where there is a feedback loop between financial institutions and regulators, instead of a one-way flow of information.

GFIA also supports the assessment of the need, viability and cost-effectiveness of a central repository that could assist in determining beneficial ownership and PEP status (and perhaps other aspects of customer identification).

As a final point, GFIA encourages the FATF to move from a bank-centred approach (“bank” and “banking” are mentioned 94 times in the paper) towards an orientation that refers more generally to financial services (“financial services” and “insurance” are only mentioned 4 times).

In summary, insurers support the objective of enhanced information sharing across business groups and national boundaries. In order to achieve this objective, GFIA urges national authorities to remove the existing uncertainty surrounding the risks of information sharing. GFIA also calls for greater consultation between law enforcement authorities and financial intelligence units with the institutions they oversee.

Thank you again for providing the opportunity to comment.

Kind regards,

“Ethan Kohn”

GFIA contact

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About the GFIA

Through its 41 member associations, the Global Federation of Insurance Associations (GFIA) represents the interests of insurers and reinsurers in 60 countries. These companies account for around 87% of total insurance premiums worldwide. The GFIA is incorporated in Switzerland and its secretariat is based in Brussels.