

# **IBAU**

## **Anti-Money Laundering (AML) and Counter-Financing of Terrorism**

**Presented By  
Saldys Jusu-Sheriff**

**Founder, Managing Partner, armc Partners**

**27<sup>th</sup> April 2023**



# AGENDA



INTRODUCTIONS



GLOBAL FINANCIAL CRIMES AND MONEY LAUNDERING



INTERNATIONAL PERSPECTIVE



AFRICAN PERSPECTIVE



UGANDAN INSURANCE PERSPECTIVE



WHY THIS IS IMPORTANT

# Saldys Jusu-Sheriff

## Founder, Managing Partner, Africa Risk Management and Compliance Partners (ARMC)

Saldys Jusu-Sheriff is a seasoned risk executive with over 22 years' Risk management, Regulatory compliance, Financial crime, Information security and Internal controls experience gained working for major global financial institutions such as Barclays Bank Plc (UK); Barclays Africa Group (South Africa); Credit Suisse; BNY Mellon; JP Morgan; and Deutsche Bank in the UK, Europe and Africa.

Saldys has held senior executive positions in several continents including as COO, Group Compliance & Financial Crime, Barclays Africa Group in South Africa; and Director, Business Risk Management and Internal Controls, Barclays Corporate, Global International Sales in the United Kingdom.

Saldys is the Founder and Managing Partner of Africa Risk Management and Compliance Partners, a pan-African risk management, Regulatory compliance and Cybersecurity solutions company focused on serving needs of Africa's financial services sector.

Saldys was the Founder and inaugural Chairman of the Barclays Africa Forum, a platform developed to showcase Africa's incredible businesses, innovators and award-winning entrepreneurs to the UK and global banking audience.

Saldys Jusu-Sheriff is Sierra Leonean based in Africa and the UK.



# David Mayeku

## Managing Partner - Uganda Africa Risk Management and Compliance Partners (ARMC)

Banker, now Non-Financial Risk, Compliance and Corporate Governance Advisor with ARMC as Managing Partner in Uganda. Previously, worked with Barclays Bank as Head of Compliance. Started the Compliance Function at Barclays Bank of Uganda, now Absa Uganda nearly 20 years ago. With colleagues, started Uganda Compliance Association co-opted into the current Compliance Committee of Uganda Bankers Association.

Participated in establishing regulatory framework of Anti-Money Laundering in Uganda under the direction of Bank of Uganda and later with the Financial Intelligence Authority which culminated in the Anti Money Laundering Act, 2013 with subsequent amendments. Prior, Company and Board Secretary for Barclays Bank of Uganda Limited.

Vast experience in: Corporate Governance and Ethics, Code of Conduct, Fraud and Forensic Investigation management, Change management, Enterprise Risk Management (ERM), Operational risk, Crisis management, recovery and resolution, core banking system integrations, Bank mergers and acquisitions, Know Your Customer (KYC) implementation, Customer Remediation frameworks and Suspicious Transactions management



# About ARMC

## Why Work with ARMC (1/2)

### Highly Experienced Team



**Our Consultants** have over 150 years (combined) experience gained with international regulators and global banks including JP Morgan, Barclays, Absa, Credit Suisse, HSBC, Deutsche Bank, Standard Bank (South Africa), KPMG and Control Risk

**Hands-on** Cybersecurity and Data Protection Experience

### Strong Knowledge of Uganda and Africa



**Consultant Partners** have on the ground experience working with banking and insurance organisations across Africa; and can demonstrate cultural knowledge and empathy

### Blend of Both



**Uniquely**, we can draw on a strong combination of African and global financial services experience to serve our clients; and so can a service that aligns local risk & compliance requirements to global best practice



# About ARMC

## Why Work with ARMC (2/2)

### Our Passion



**Our uncompromising** ambition is to develop Africa's next generation of Risk Management and Regulatory Compliance professionals

### Pan-African Capability



**Our network** of local partners are selected primarily from complimentary professional services based in Africa

### Internationally Accredited Training Provider



**Accredited Training Provider** of Chartered Institute of Securities and Investment UK (CISI)



# ARMC Senior Leadership

**Solomon Samba:**  
Chairman,  
ARMC



**Saldys Jusu-Sheriff:**  
Managing Partner,  
ARMC



**Dr Edward Odundo:**  
Partner,  
ARMC Kenya



**David Mayeku:**  
Partner,  
ARMC Uganda



# GLOBAL FINANCIAL CRIMES AND MONEY LAUNDERING

## FINANCIAL CRIMES





## MONEY LAUNDERING

- **Money Laundering** is the process by which criminal proceeds are sanitised to disguise their illicit origins.

*Acquisitive criminals will attempt to distance themselves from their crimes by finding safe havens for their profits where they can avoid confiscation orders, and where those proceeds can be made to appear legitimate*

- **Predicate Offences** Are any criminal offence as a result of which proceeds were generated that may become the subject of a money laundering offence

# GLOBAL FINANCIAL CRIMES AND MONEY LAUNDERING

## EXAMPLES OF PREDICATE OFFENCES

Consider Uganda's Neighbours and their challenges



# GLOBAL FINANCIAL CRIMES AND MONEY LAUNDERING

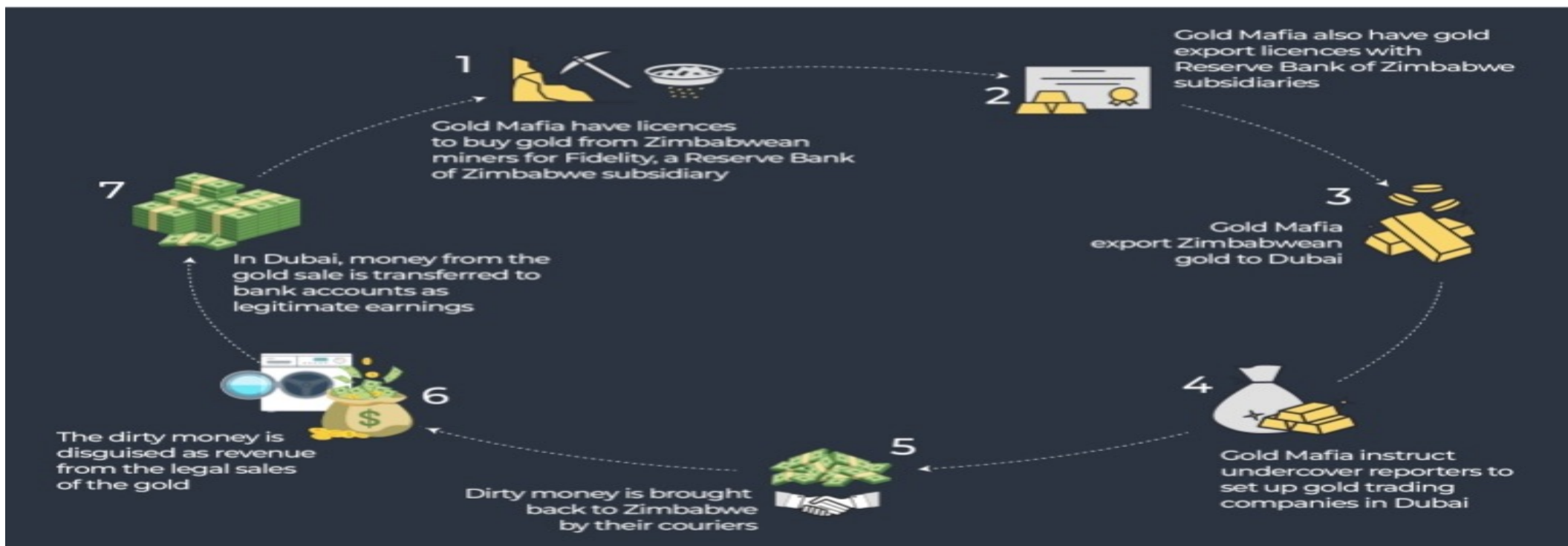
## EXAMPLES OF PREDICATE OFFENCES

Consider Uganda's Neighbours and their challenges

AL JAZEERA INVESTIGATION UNIT

### The Golden Laundromat

Some of Southern Africa's biggest smugglers are using gold to launder billions of dollars of dirty money. Here's how.





# GLOBAL FINANCIAL CRIMES AND MONEY LAUNDERING

## EXAMPLES OF PREDICATE OFFENCES

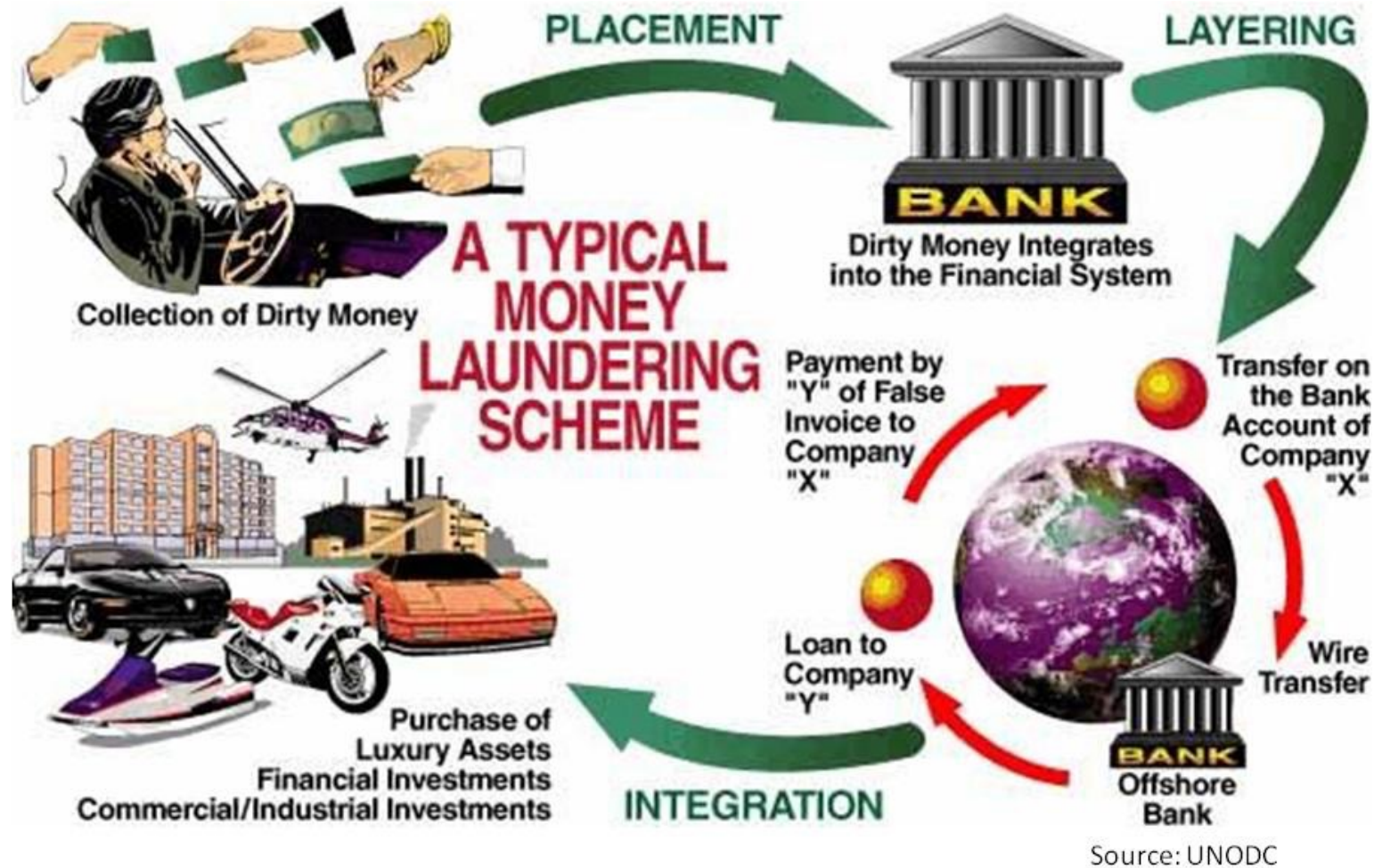
Consider Uganda's Neighbours and their challenges





# GLOBAL FINANCIAL CRIMES AND MONEY LAUNDERING

## What Is Money Laundering?



## Who Are FATF and What Do They Do?



### The Global Money Laundering and Terrorist Financing Watchdog

A 39 Member Organisation of which **Only One (1)** member is African – South Africa

#### Its Purpose

- Sets international standards to combat money laundering and terrorist financing
- Assesses and monitors compliance with the FATF standards
- Conducts typologies studies of money laundering and terrorist financing methods, trends and techniques
- Responds to new and emerging threats, such as proliferation financing
- Have issued (40) Recommendations on AML / CFT Safety - **That All Must Follow**

## Who Are FATF and What Do They Do?



### The GREY LIST

- It announces to the world that your country has strategic AML / CFT risk management deficiencies
- You are now under “Increased Monitoring by FATF
- Doing business in or with a Country on the Grey List means increased exposure to involvement in Money Laundering and Terrorist Financing
- Enhanced Due Diligence is Often the **Default** even **if Not Required**
- Uganda is on the FATF Grey List – **Has Been on for 10 Years**

**Which Two Major African economic powers were recently added to the FATF Grey List?**

# THE AFRICAN PERSPECTIVE

## Which Two Countries Were Added To FATF Grey List?



South Africa



Nigeria



## Some Reasons Why - FATF

- Improve AML/CFT **risk-based supervision** of FIs and DNFBPs (Designated Non-Financial Businesses and Professions) and enhancing implementation of preventive measures for high-risk sectors
- Ensuring that competent authorities have timely access to accurate and up-to-date BO information on legal persons and applying sanctions for breaches of BO obligations
- Ensuring the effective implementation of targeted financial sanctions and demonstrating an effective mechanism to identify individuals and entities that meet the criteria for domestic designation
- demonstrating a sustained increase in ML investigations and prosecutions in line with ML risks

## Some Consequences of Uganda Being On The Grey List

- Leads to additional unhelpful conditionalities on the receipt of Loans and Grants from international finance partners such as IMF and World Bank
- The Financial Services sector is deemed to be a high-risk counterparty by international banks and investors leading to declining inward investments
- De-Risking by international Correspondent banks; leading to a higher cost of trade financing
- Leads to Sovereign/Country Ratings Down-Grade; directly excluding it from permissible investment list financial institutions

## How Does AML / CFT Apply To Insurance?

- Money Laundering risk is highest in Life Insurance sector
- Life Insurance companies deal with high volumes of transactions In/Out of policies and investment products; that launderers can leverage

### Money Laundering using Life Insurance Products

- **Cooling - Off Periods** – Request refund of premiums during the cooling-off period
- **Surrender Policy** – Early surrender of substantial policies at a loss or despite significant penalties
- **Policy as Collateral** – Use life insurance policy as collateral for large bank loan / mortgage
- **Sell Policy** – Some policies can be sold on Secondary Life Market
- **Short Life Span** – Purchase insurance for people with short expected life span
- All the expected Money Laundering controls apply to insurance companies such as i) **KYC (Customer Due Diligence)**; ii) **Monitoring Transactions**; iii) **Suspicious Activity Reporting**; iv) **Training and Staff Awareness**
- Don't ignore the role of intermediaries (Brokers / Agents) – They can increase your ML risk exposure

## SHOULD NON-LIFE INSURANCE BE EXCLUDED FROM AML/CFT REGULATIONS?

### Understanding The Regulator's (FIA) Position

- FATF puts AML / CFT Regulators under enormous pressure due to enhanced monitoring and scrutiny
- FATF decides via its Official Glossary which Businesses must be Reporting Entities
- Therefore it is extremely unlikely that FIA will consider removing Non-Life Insurance businesses from the scope of the AML / CFT Regulations
- Demonstrating through detailed analysis that the Non-Life Products in Uganda Insurance are Low-Risk and That Risks Mitigants have been Put in Place will lead to Much Reduced Regulatory Attention
- Results of AML / CFT Audits completed highlighted significant discussion points for the FIA



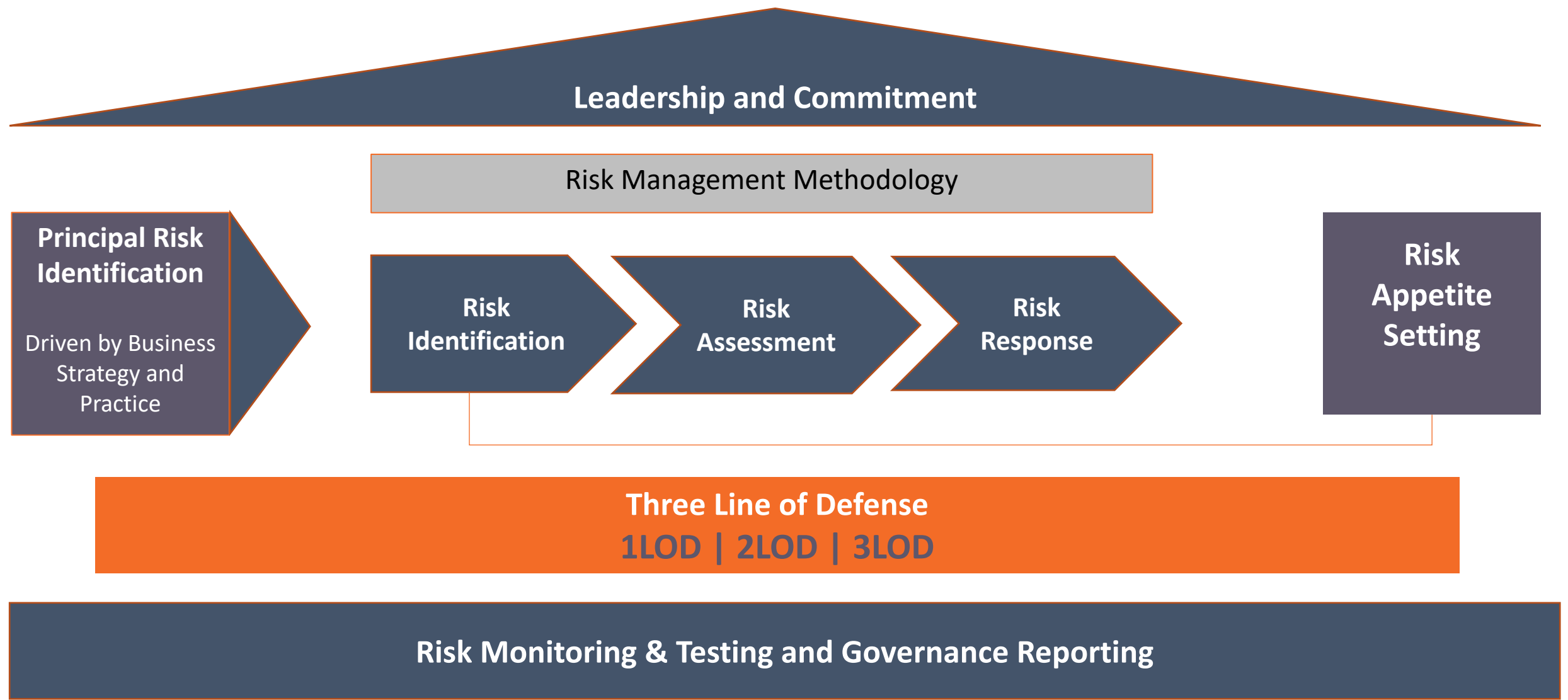
## CAN THE COST OF COMPLIANCE WITH AML/CFT BE TOO HIGH?

### ARMC'S THREE POINT SOLUTION

- ✓ In-Depth Understanding of AML / CFT Risk Management will lead to more effective audits; so hire AML /CFT experts such as **armc**
- ✓ Reduce the cost of AML/CFT audits through sector-wide audit pricing mechanisms e.g. **IBAU - ARMC Audits Pricing Agreement**
- ✓ Initiate an in-depth assessment of the Product AML / CFT Risk exposure for submission to FIA with the aim of **demonstrating the Inherent Low Risk nature**

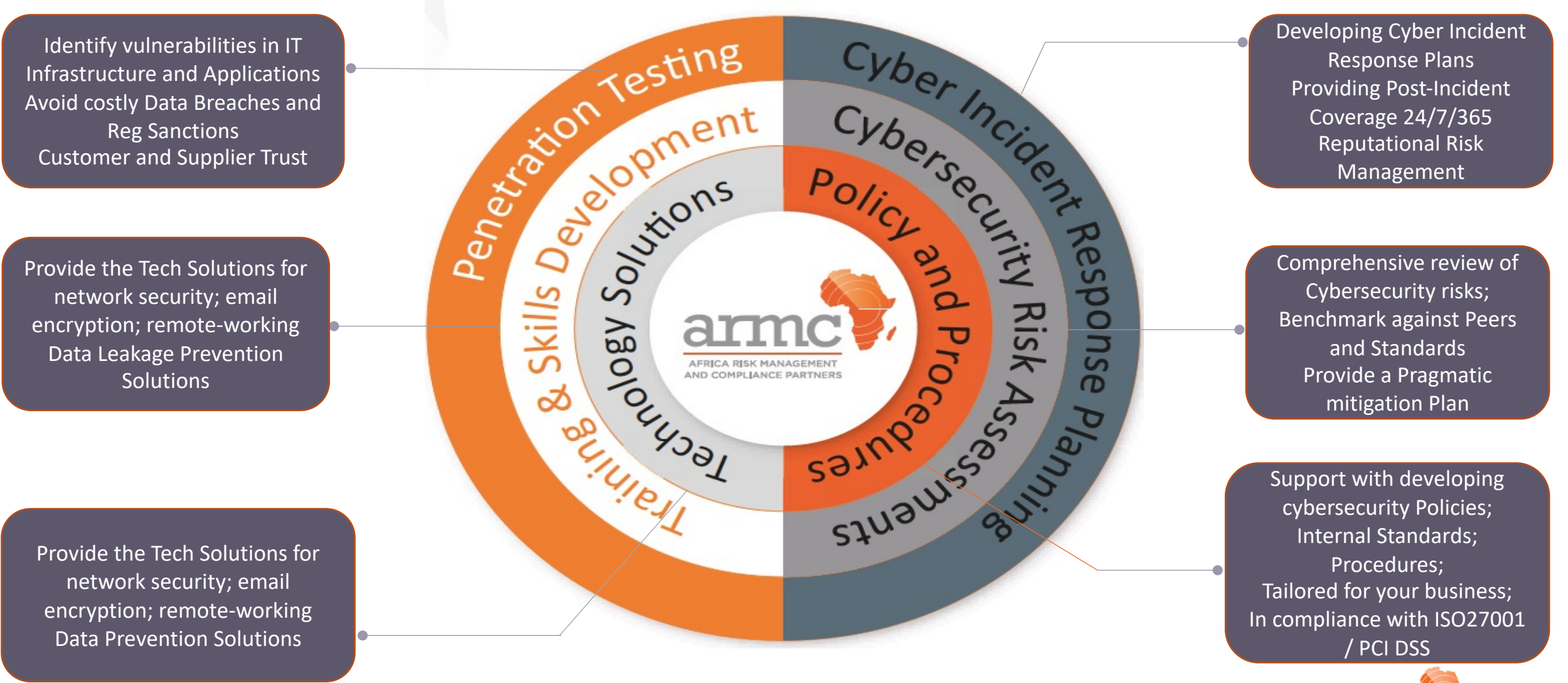
# DATA PROTECTION RISK MANAGEMENT AND CONTROLS

## THE ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK



# MANAGING CYBERSECURITY RISKS

## Building Your Risk Management Framework



# Ready To Serve



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