



BANCO DE MOÇAMBIQUE

THE CHALLENGE OF NEW TECHNOLOGIES IN ANTI-MONEY LAUNDERING, COUNTERING THE FINANCING OF TERRORISM AND PROLIFERATION OF WEAPONS OF MASS DESTRUCTION (AML/CFTP)

MAPUTO CITY, MAY 15, 2024



STRUCTURE

- 1. ML/FTP BASICS**
- 2. LEGISLATION**
- 3. REGIME SCOPE**
- 4. DUTIES OF STAKEHOLDERS UNDER THE REGIME**
- 5. RISK MANAGEMENT IN THE USE OF NEW TECHNOLOGIES**
- 6. ADVANTAGES IN USING NEW TECHNOLOGIES FOR AML/CFTP**
- 7. TECHNOLOGIES USED FOR AML/CFTP**
- 8. MOST COMMON OFFENCES**
- 9. SANCTIONS REGIME**



1. BASICS

- **Money laundering (ML)** Set of financial operations to introduce into the financial and non-financial system of each country, resources, goods and amounts of illicit origin;
- **Financing of terrorism (FT)** Collecting or providing funds or any other resources, by any means, directly or indirectly, with intent to use them, or knowledge that they will be used, in whole or in part, to commit acts of terrorism;
- **Financing of proliferation (FP)** Provision of funds and goods, or financial services that are used, in whole or in part, for the manufacture, procurement, possession, development, export, transshipment, brokering, transportation, transfer, storage or use of nuclear energy, chemical or biological weapons and their means of delivery and related materials, in violation of national and international laws.



2. LEGISLATION

- **Law No. 15/2023, of August 28** – Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Act, as amended **by Law No. 3/2024, of March 22**;
- **Law No. 14/2023 of August 28** – Anti-Money Laundering, Counter-Terrorism and Proliferation Financing Act, as amended by **Law No. 3/2024 of 22 March**;
- **Law No. 27/2022, of December 29** – Legal Regime for Bank Accounts;
- **Law No. 20/2020 of December 31** – Credit institutions and Financial Companies Act (LICSF);
- **Decree No. 54/2023, of August 31** - Approves the Regulation of **Law No. 15/2023, of August 28**;
- **Decree No. 53/2023, of August 31** - Approves the Regulation of **Law No. 14/2023, of August 28**;
- **Notice No. 4/GBM/2023 of September 14**– Procedures for the Registration of Virtual Asset Service Providers;
- **Notice No. 5/GBM/2022, of July 7** – Adopts the Anti-Money Laundering and Counter-Terrorism Financing Guidelines.



3. REGIME SCOPE

■ Financial Institutions:

- Credit institutions, financial companies and microfinance operators;
- Virtual asset service providers;
- Insurers and reinsurers, pension fund management companies, insurance intermediaries and related entities;
- Issuers, operators and other participants in the securities market;

■ Non-financial entities.



4. DUTIES OF STAKEHOLDERS UNDER THE REGIME

- **Management of the risk assessment in the use of new technologies**
- Identification (PEP and beneficial owners), verification and due diligence;
- Customer due diligence
- Refusal;
- Abstention;
- Safekeeping of documents;
- Reporting suspicious transactions.



4. DUTIES OF STAKEHOLDERS (...). Cont.:

- Examination;
- Collaboration;
- Training;
- Control;
- Implementation of restrictive measures.



5. RISK MANAGEMENT IN THE USE OF NEW TECHNOLOGIES

Financial institutions and non-financial entities shall identify and assess the ML/FTP risks that may arise from, inter alia:

- Offer of products and services or operations likely to favor anonymity;
- Development of new products, services, distribution mechanisms, payment methods and new business practices;
- Use of new technologies or technologies undergoing development, both for new products and services and for existing products and services.



5. RISK MANAGEMENT IN THE USE OF NEW TECHNOLOGIES Cont.:

Financial institutions and non-financial institutions should:

- Assess risk prior to the launch or use of such products and services, practices and technologies;
- Taking appropriate measures to manage and mitigate ML/FTP risks;
- Implementing policies or measures that are necessary to prevent the misuse of new technologies in ML/FTP schemes.



6. ADVANTAGES IN USING NEW TECHNOLOGIES FOR AML/CFTP

- Compliance programs must be developed on a risk basis and the complexity of risk determination usually makes human and financial resources insufficient for a thorough analysis of operational risks when the entire process is considered, so a risk-based approach must be used, and emerging technologies can provide this improvement to financial institutions.



6. ADVANTAGES IN USING NEW TECHNOLOGIES FOR AML/CFTP Cont.:

- Therefore, new technologies are able to support AML/CFTP efforts by ensuring greater efficiency, momentum and cost-effectiveness, while supporting institutions in achieving better implementation of standards and thus higher rates of financial inclusion.
- The main advantages of the improved technologies are the streamlining of processes such as data collection and analysis, better monitoring and detection of risks related to AML/CFTP in a relatively shorter timeframe.
- As the speed, accuracy and efficiency of transaction monitoring, identification and data sharing between institutions increase with the help of these new technologies, the fight against financial crime is also strengthened.
- In addition to reducing false positives, this technology is expected to improve customer experience, as well as lessen repetitive work.



7. TECHNOLOGIES USED IN AML/CFTP

- Artificial intelligence (AI), which also includes ML (machine learning) tools - and NLP (natural language processing), application programming interfaces (APIs), and specific tools designed for customer due diligence (CDD) are highly promising technologies to support and enhance AML/CFTP efficiency.

8. MOST COMMON OFFENCES



- Violation of the risk assessment requirement;
- Violation of the identification and verification requirement;
- Violation of the transaction monitoring requirement;
- Violation of the document safekeeping requirement;
- Violation of the requirement of reporting suspicious transactions to the GIFiM.

9. SANCTIONS REGIME - MISDEMEANORS

Nature	Determination	Fine	Ancillary Sanction
Misdemeanor (financial institutions)	Particularly Severe <ul style="list-style-type: none"> • Violation of the risk assessment requirement; • Non-compliance with procedures for customer identification and verification, their representatives and beneficial owners; • opening anonymous and numbered accounts; 	MZN 2 000 000 – 15 000 000.00 – Legal persons	<ul style="list-style-type: none"> • Revocation or suspension of authorization for 3 years; • Prohibition spanning from 1 to 10 years from taking on management positions of legal persons or representing natural persons; • Prohibition to undertake business activities directly or indirectly, from 6 months to 3 years; • placement under enhanced supervision • closure of activities that served for the commission of the crime between 1 to 10 years; • placement under dissolution; • publication of the conviction; • expulsion from the country after serving the sentence.
		MZN 600 000 – 9 000 000. 00 – Natural persons	
	All other misdemeanors	MZN 2 000 000 – 10 000 000.00 – Legal persons	
		Fine of 600 000 – MZN 6 000 000.00 MT – Natural persons	



THANK YOU