

FMA warns NZ companies they need to do more to comply with AML/CFT regulations

The Financial Markets Authority of New Zealand issued a stark warning for regulated entities in its recently published Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) 2018 Monitoring Report. Given the Act has been in place for more than five years, the FMA stated that they had expected to see more mature processes and policies in place. Future monitoring activity will involve more on-site visits and an increased focus on reviewing independent audit reports.

While most regulated entities have a risk assessment process and program in place, the FMA found that a large number are inadequate for the size and nature of the business. Many are also failing to update their risk assessment as they bring on new products and clients, or as country risk ratings changes.

The FMA gave examples of good practice, which include updating the risk assessment and programme at least annually, or whenever something changes in the regulated entity's business; and ensuring that the risk assessment and program are appropriate for the size and nature of the business.

Imelda Newton, Head of Business Development at Arctic Intelligence says "Our advice to regulated entities is that they need to make sure the solution they use for risk assessment and their risk programme is fit for purpose. Ideally it should be dynamic in nature, providing updates and alerts as the risk profile changes due to updated regulations or changes in their business and operating environment. We have an increasing number of New Zealand clients using our cloud-based AML Accelerate solution to conduct their risk assessment and create an AML program that meets the regulatory requirements of the FMA."

The full report is available [here](#).

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