



## Your new Anti-Money Laundering obligations Helping you get started

The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 requires all financial institutions and casinos to meet their Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT) obligations by 30 June 2013. Deloitte has the experience and expertise to ensure your business is fully compliant with the Act and protected from threats of money laundering.

### Who is affected?

If your organisation is a financial institution or a casino, it will be required (as first-tranche organisations) to take a 'risk-based' approach to possible money laundering and terrorism financing activities, and to comply with a range of other requirements, including reporting.

Under the Act, financial institutions includes the following organisations and activities:

- Registered Banks
- Non Bank Deposit Takers
- Life Insurers
- Trustee Corporations
- Futures Dealers
- Collective Investment Schemes
- Financial Advisors
- Brokers
- Issuers of Securities
- Money Remittance
- Trust and Company Service Providers
- Currency Exchange
- Safe Deposit Boxes
- Cash Transport
- Non-Bank Non-Deposit Taking Lenders
- Companies involved in Financial Leasing
- Non-Bank Credit Cards
- Factoring
- Debt Collection
- Payroll Remittance

If you're not sure whether you will be affected, please contact us to discuss your unique situation.

### What does this mean?

The Act imposes a set of reporting requirements for entities affected, using a risk-based approach to risk assessment, customer identification and transaction monitoring to detect possible money laundering and terrorism financing activity, and a regime for supervision, monitoring and enforcement of Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) obligations.

Compliance is to be supervised (depending on the organisation concerned) by either the Reserve Bank, Financial Markets Authority, or the Department of Internal Affairs.

Enforcement will begin two years after the Ministry of Justice gazetted the regulations (30 June 2011).

It is important that affected organisations turn their attention now to their planning for having an effective AML/CFT programme in place by 30 June 2013.

### How to comply

The Act imposes several obligations on reporting entities, which include:

- Assessment of the risk of money laundering and financing of terrorism that it may reasonably expect to face in the course of its business\* >>

- Establish, implement and maintain an AML/CFT compliance programme that includes internal procedures, policies and controls to detect, manage and mitigate money laundering and the financing of terrorism, and appoint a compliance officer to oversee that programme
- Carry out on-going customer due diligence and account monitoring, including customer identification and verification (i.e. know your customer)
- Continually report suspicious transactions
- Record keeping.

\* Reporting entities will (within the limits set by the Act and regulations) have some flexibility to determine the way in which they meet their obligations based on their risk assessment.

#### Where to start

The road to compliance does not need to be complicated or overly onerous. We recommend a simple, four-step approach:

1. Conduct an initial risk assessment – determine your organisation’s money laundering risk profile and the potential impacts on your business if it were subject to money laundering
2. Create risk-based controls – design an effective set of controls consistent with your organisation’s circumstances and risk appetite
3. Programme implementation – develop a schedule of work activity to support efficient and effective implementation of an AML/CFT compliance programme
4. Monitoring and compliance testing – develop and implement a monitoring programme that ensures the AML/CFT compliance processes and controls are operating as intended and that they continue to be effective.

#### How can Deloitte help?

- Using a Deloitte Risk Assessment (supported by a suite of practical tools including Drisk TM) is a practical first step to identify the potential AML/CFT risks your business is exposed to

- Following the initial risk assessment, we recommend undertaking a Business Impact Assessment based upon the identified risks, prioritising areas that require attention, and building a business case to effect the necessary changes across your organisation
- Our risk advisory team can support your transition to a risk-based approach through assistance with policies and procedure review, control design, implementation and ongoing monitoring.

#### What will it cost?

- The cost of the implementing your AML/CFT programme will be largely determined by the Business Impact Assessment. The initial risk assessment, and resulting business impact assessment, will help direct your resources to get the best results
- The cost of non-compliance will be significant, with fines able to be imposed by regulators and damage to your brand and reputation if your organisation is associated with money laundering or financing of terrorism.

#### Who to contact



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