



Macau Announces Full Compliance With FATF Technical Standards

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Macau's Financial Intelligence Office (GIF) has announced that Macau is fully compliant with Financial Action Task Force (FATF) technical recommendations, saying it is the first to achieve this "among all globally evaluated members".

The GIF said on Friday that Macau "successfully upgraded" three out of 40 FATF Recommendations from partial or non-compliance to "largely compliant" during last week's annual meeting of the Asia/Pacific Group on Money Laundering (APG) in Canberra.

"This new outcome has escalated the AML/CFT [anti-money laundering/counter-terrorism financing] regime to a higher level, which clearly demonstrates the high commitment of [Macau] towards AML/CFT work, and also the determination of [Macau] to combat related crimes," the GIF said in a statement.

Macau "will continue to promote the implementation of AML/CFT laws and regulations, and will strive to maintain the financial and public security" of Macau, it said.

The results, which are still to be checked and confirmed by APG and FATF members, represent an upgrade to [Macau's 2017 mutual evaluation report](#), which included one non-compliant rating for cash courier scrutiny and two partially compliant ratings for "customer due diligence" and a catch-all category for suspicious transaction reporting.

But the provisional result is also symbolically potent and something of a triumph for the Macau government, which has spent years attempting to [improve global financial respectability](#) through crackdowns on the junket sector and casino operator accountability in particular.

The 100 percent compliance record also provides some relief in the face of critical reports from the US Department of State and Congress on enduring money laundering risks in Macau.

José Leitão, a Macau-based lawyer who heads the compliance practice at law firm MdME, told GamblingCompliance that the upgrades are a "noteworthy milestone".

They show that "Macau has been taking international recommendations seriously and is more and more seeking to establish itself as an international-standard jurisdiction to conduct business", he said today.

"With the new gaming concessions poised for launching soon, a new bond market being introduced and with [mainland China's] express statement of Macau as having a pivotal role in both the Greater Bay Area and in China's relationship with

Portuguese-speaking countries, the results of these and other local legislative and regulatory improvements will go a long way in helping the region assume a more prominent role in the global market,” he said.

“We can expect that Macau will continue to consolidate its reputation as a jurisdiction which is both friendly to business and hostile to financial crime.”

No fewer than nine of the casino hub’s government agencies with financial oversight powers took part in the Canberra meeting, including the police, customs, prosecutors and gambling regulator the Gaming Inspection and Coordination Bureau (DICJ), reflecting the importance that the government placed on the follow-up process for the mutual evaluation report.

Theoretically independent from Beijing influence under the Basic Law for Macau, financial officials had to press for legislative and guideline changes to sway the APG scrutineers.

However, the GIF statement did not refer to any upgrades of Macau’s two “low” ratings out of 11 categories for effectiveness in implementing policies and procedures.

Those ratings referred to problems with legal confiscation of cash or assets, as well as investigation and prosecution of AML cases, reflecting Macau’s notorious and chronic near-zero prosecution rate of cases stemming from suspicious financial transaction reports.

The improvement of Macau’s AML profile to fully compliant potentially boosts the AML profiles of its casino concessionaires, particularly in the emerging market of Japan, as well as for suitability reviews for individual companies with Macau interests.

One of the most prominent suitability reviews to be announced in recent months is a [New South Wales government review](#) into Macau operator Melco Resorts & Entertainment’s purchase of 19.99 percent of shares of fellow casino company Crown Resorts.

Triggered by unflattering media coverage of Crown’s actions in China and its Asian junket associates, that review may focus on the associates of Melco boss Lawrence Ho, including any substantial financial relationship with his ailing father Stanley.

Australia’s last APG mutual evaluation report in 2015 included 16 partial or non-compliant ratings out of 40, far more than Macau two years later.

Newpage Consulting principal David Green, a former long-time advisor to the DICJ, argued that the upgrades were unlikely to impress much of the Western media because they maintain an “active bias” against Macau, particularly outlets in the United States and Australia.

Still, he told GamblingCompliance: “I applaud Macau’s efforts. It is clearly the only technically compliant jurisdiction in the APG and outstrips Australia, Singapore, Japan and the US in that regard.

“Of course, technical compliance isn’t the only measure of the effectiveness of an AML regime and hasn’t been since the FATF went to a risk-based model in 2012,” Green said.

“Enforcement will be an ongoing issue in Macau. Technical compliance ensures it has the tools, but not that it knows how to use them, or will be inclined to learn.”