FijiFIU
Fiji Financial Intelligence Unit

Guideline 5

Financial Transactions Reporting Act

This Guideline is an enforceable instrument issued pursuant to the powers of the Financial Intelligence Unit under the Financial Transactions Reporting Act No.22 of 2004 [Section 25.1.j FTR Act; Sections 3.1; 35 and 37 FTR Regulations].

Risk Assessment of New Products, New Business Practices and Technologies

1 INTRODUCTION

1.1 Financial institutions are required to implement their obligations under the Financial Transactions Reporting (FTR) Act and Regulations on a "risk-based" approach. This means that the type and extent of measures undertaken for each of the requirement of the FTR Act and Regulations should depend on the materiality of risk of money laundering (ML) and terrorist financing (TF) associated with customers and transactions.

1.2 A key component of the risk-based approach is for financial institutions to identify and assess the magnitude of risk of ML and TF associated with its products or services and to mitigate and manage this risk.

1.3 The objective of this Guideline is to outline requirements related to the development of new products and new business practices, including new delivery mechanisms and technologies for new or pre-existing products.

2 RISK ASSESSMENT OF NEW PRODUCTS, BUSINESS PRACTICES, DELIVERY MECHANISMS AND TECHNOLOGIES

2.1 Financial institutions must identify and assess the ML and TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products.

2.2 Financial institutions must:

(a) undertake the risk assessments prior to the launch or use of such products, practices and technologies;

(b) have appropriate systems in place to mitigate risks prior to the launch or use of such products, practices and technologies

(c) take appropriate measures to manage and mitigate the risks.

3 INTERNAL CONTROLS AND SYSTEMS

3.1 Financial institutions must adopt and implement effective internal controls and systems to detect, deter and prevent ML and TF taking into account the risk of ML and TF associated with the products and services it provides, including new products, new business practices and technology and new delivery mechanisms.

3.2 For the purposes of section 32 of the FTR Regulations, financial institution's compliance and audit function must include the requirements of this Guideline.

3.3 For the purposes of section 29.2 and 32.1.b of the FTR Regulations, the products and services offered by the financial institutions include new products, new business practices and technology and new delivery mechanisms.

4 OVERSIGHT AND IMPLEMENTATION

4.1 The FIU and/or the relevant supervisory authority, in the course of its supervision, may assess the compliance of financial institutions with the requirements of this Guideline.

4.2 Non-compliance may result in sanctions as specified in section 43(2) of the FTR Act and section 42(2) and 42(3) of the FTR Regulations.

4.3 This Guideline is effective from 31 January 2018.

Financial Intelligence Unit
18 January 2018