



Xiangmin Liu's End of Presidency Statement

China has been proud to hold the FATF Presidency 2019-2020, during which the FATF responded quickly to support its members and private sector stakeholders in an unprecedented period impacted by the COVID-19 pandemic. In what remains an extremely difficult time for millions of people around the world, the FATF has continued its work to help authorities detect and deter money laundering, terrorist financing and proliferation financing, including by highlighting new threats and vulnerabilities emerging during the crisis. As the world continues to battle the Covid-19 virus, my thoughts are with the families of the victims, the medical professionals risking their own health on a daily basis, and key workers in a variety of industries doing their utmost to help others in the most challenging of circumstances.

Under the Chinese Presidency, the FATF has embarked on an ambitious programme of objectives to tackle emerging money laundering and terrorist financing risks in a number of areas. For many years, the FATF has acted to identify and mitigate the risks of technological developments impacting the financial world. In the past year, the FATF established a methodology to assess countries against new standards on virtual assets to oversee the fast expanding cryptocurrency industry, and began conducting assessments to ensure members effectively complied with the [standards](#). The FATF issued [guidance](#) to help virtual asset service providers and regularly updated the G20 on the progress being made, including conducting a 12-month review into the implementation of the standards.

At the request of the G20, the FATF examined potential money laundering and terrorist financing issues linked to so-called stablecoins. These have the potential to spur financial innovation, but they also present new risks – particularly if they are mass-adopted. The recent FATF Plenary approved a report for the G20 that confirms that FATF standards clearly apply to so-called stablecoins and calls on all jurisdictions to implement the revised FATF standards on virtual assets and virtual asset service providers as a matter of priority, in order to mitigate the risks. The report will be released publicly next month.

Recognising the need to harness new technologies, the FATF issued a landmark [paper](#) on the use of digital ID. This was one of the first guidance papers to promote the global use of effective digital ID and outlined how it could help banks mitigate risk, improve effective risk-based supervision, and promote financial inclusion among the world's poorest who lack access to financial services.

In addition, the FATF reached a milestone in its work on conducting a Strategic Review, agreeing on the future direction and framework for FATF mutual evaluations and follow-up [processes](#), to make them more timely, targeted and risk-based. The review aims to strengthen the efficiency and effectiveness of the FATF and will conclude next year.

One of the ways to strengthen the fight against large scale money laundering is to improve the supervision of financial institutions and ensure that national supervisors and regulated entities focus on outcomes rather than processes. In the past year, the FATF convened a series of events to identify the challenges of supervision and how to take a more sophisticated risk-based approach. These meetings brought together several hundred regulators from more than 50 countries to share best practice, improve effective international cooperation, and explore solutions to common supervisory problems. The FATF expects to complete a new guidance paper on risk-based supervision next year.

Complementing this initiative, the FATF has developed a new e-learning platform for the Global Network membership, and launched its first ever interactive virtual training courses. These have helped strengthen the

FATF Global Network's understanding of FATF Standards, which will allow officials to more effectively implement them in their jurisdiction, and assist [FATF-style regional bodies](#) in conducting mutual evaluations.

The FATF published a much-anticipated [report on the illegal wildlife trade](#), a major transnational organised crime that generates billions of dollars of criminal proceeds each year. The [report](#) provides guidance to national authorities and law enforcement agencies on how to coordinate responses to trace the illicit proceeds generated by poachers and traffickers involved in the killing and trade of animals at risk of extinction. Working closely with the Duke of Cambridge's United for Wildlife organisation and other non-profit and private sector partners, the FATF will help jurisdictions focus on financial aspects of this crime, to take the profits out of a criminal trade that has links to modern slavery, narcotics and arms trafficking.

Under the Chinese Presidency, the FATF continued to deliver on its core mission of identifying risks, setting standards, and evaluating and holding countries to account to take effective action against financial crime. Crucial work included closely monitoring and reporting on the financing of ISIL, Al Qaida and other terrorist groups; improving engagement and dialogue with the private sector and civil society; the release of a best practices paper to improve the transparency of beneficial ownership; and the mutual evaluation country reports of Russia, Turkey, United Arab Emirates and Korea.

I would like to end by returning to the subject of Covid-19. While the pandemic impacted some of the FATF's work, resulting in a temporary postponement of mutual evaluation and follow-up deadlines and its June Plenary having to take place as a virtual event, the FATF took decisive action against criminals seeking to exploit the crisis. Earlier this year, the FATF Secretariat published a [paper](#) to help authorities deal with new money laundering and terrorist financing threats and vulnerabilities arising from the pandemic. The secretariat received much praise for this paper, which examined the challenges, good practices and policy responses that national governments and law enforcement agencies should consider. I again want to pay tribute to everyone involved in fighting this awful disease.

Finally, I would also like to extend a warm thanks to the members of the FATF Global Network and the [FATF Secretariat](#) for their collaboration and help during my tenure as President of the FATF. I greatly appreciate your support and professionalism, your expertise and good will. The challenge many countries face today is not the absence of comprehensive global standards, but the effective implementation of those standards. I know that the FATF and everyone at the Secretariat will continue to lead the global response to new money laundering and terrorist financing threats, and I am certain that the FATF will go from strength to strength under the incoming Germany Presidency.

Xiangmin Liu

FATF President (2019-2020)