



Financial Intelligence Centre
Republic of Zambia

To : All Supervisory Authorities, Financial Institutions and
Designated Non-Financial Businesses and
Professions (DNFBPs)

From : The Financial Intelligence Centre

Date : 22nd September, 2017

Circular No : FIC/Circular 1

**SUBJECT : DISSEMINATION OF THE MONEY LAUNDERING AND TERRORIST
FINANCING NATIONAL RISK ASSESSMENT RESULTS TO ALL
SUPERVISORY AUTHORITIES, FINANCIAL INSTITUTIONS AND
DNFBPS**

AS YOU ARE AWARE, THE MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT (NRA) OF ZAMBIA WAS UNDERTAKEN IN 2016 IN COLLABORATION WITH ALL RELEVANT STAKEHOLDERS WHICH INCLUDED MINISTRIES, GOVERNMENT AGENCIES, LAW ENFORCEMENT AGENCIES, SUPERVISORY AUTHORITIES, REPORTING ENTITIES AND THE FINANCIAL INTELLIGENCE CENTRE.

THE FINANCIAL INTELLIGENCE CENTRE WAS DESIGNATED BY GOVERNMENT AS A LEAD AGENCY TO COORDINATE THE NATIONAL RISK ASSESSMENT PROCESS. THE MAIN OBJECTIVE OF THE ASSESSMENT WAS TO IDENTIFY AND UNDERSTAND THE MONEY LAUNDERING AND TERRORIST FINANCING RISKS IN THE COUNTRY AND FOLLOW RISK BASED APPROACH TO MITIGATE THE RISKS.

THE NATIONAL RISK ASSESSMENT REPORT WAS APPROVED BY CABINET ON 14TH AUGUST 2017 AND LAUNCHED BY THE SECRETARY TO THE CABINET, DR. ROLAND MSISKA ON 22ND SEPTEMBER, 2017.

THE REPORT PROVIDES COMPREHENSIVE DETAIL COVERING THE COUNTRY'S STATUS OF MONEY LAUNDERING AND TERRORIST FINANCING RISKS. IN ADDITION AN ASSESSMENT OF FINANCIAL INCLUSION PRODUCTS WAS UNDERTAKEN WITH A VIEW TO UNDERSTAND MONEY LAUNDERING AND TERRORIST FINANCING RISKS THAT MAY ARISE FROM BOTH EXISTING AND ANY EMERGING SERVICES AND PRODUCTS BEING OFFERED IN ZAMBIA.

THE NATIONAL RISK ASSESSMENT REVEALED THAT MONEY LAUNDERING RISK IN ZAMBIA IS **MEDIUM HIGH** WHILE TERRORIST FINANCING RISK IS **MEDIUM LOW**. THE ASSESSMENT OF FINANCIAL INCLUSION PRODUCTS UNDERTAKEN INDICATED THAT THERE WAS NO SIGNIFICANT USE OF THE PRODUCTS IN THE GENERATION OF PROCEEDS OF CRIME OR ANY SIGNIFICANT USE TO PERPETRATE TERRORIST

ACTIVITIES IN THE COUNTRY. TO THIS END, THE MONEY LAUNDERING/TERRORIST FINANCING RISK FOR THE FINANCIAL INCLUSION PRODUCTS **WAS RATED LOW.**

FURTHER, THE NATIONAL RISK ASSESSMENT NOTED THAT THE COUNTRY HAS GENERALLY DEVELOPED COMPREHENSIVE ANTI-MONEY LAUNDERING/COUNTERING THE FINANCING OF TERRORISM FRAMEWORK. HOWEVER, THERE WERE NOTABLE DEFICIENCIES THAT REQUIRED TO BE ADDRESSED BY VARIOUS STAKEHOLDERS.

BASED ON THE FINDINGS OF THE ASSESSMENT, AN ACTION PLAN WAS DEVELOPED TO ASSIST STAKEHOLDERS INCLUDING GOVERNMENT AND PRIVATE SECTORS TO PRIORITIZE THEIR ALLOCATIONS OF RESOURCES TO MITIGATE MONEY LAUNDERING AND TERRORIST FINANCING RISKS.

BASED ON THE FINDINGS OF NATIONAL RISK ASSESSMENT, IT IS NECESSARY TO ENHANCE RISK BASED APPROACH IN ANTI-MONEY LAUNDERING /COUNTERING THE FINANCING OF TERRORISM OBLIGATIONS. THEREFORE, THE PURPOSE OF THIS CIRCULAR IS TO URGE STAKEHOLDERS TO EFFECTIVELY ADDRESS THE DEFICIENCIES IDENTIFIED DURING THE NATIONAL RISK ASSESSMENT. IN PARTICULAR, I WISH TO URGE SUPERVISORY AUTHORITIES AND REPORTING ENTITIES TO USE THE NATIONAL RISK ASSESSMENT RESULTS TO DEVISE STRATEGISES TO ADDRESS IDENTIFIED DEFICIENCIES IN THE ANTI-MONEY LAUNDERING /COUNTERING THE FINANCING OF TERRORISM REGIME.

FURTHER, FINANCIAL INSTITUTIONS AND DESIGNATED NON-FINANCIAL BUSINESSES AND PROFESSIONS ARE REQUIRED TO USE THE NATIONAL RISK ASSESSMENT RESULTS AND TAKE APPROPRIATE STEPS TO IDENTIFY, ASSESS, AND UNDERSTAND THEIR MONEY LAUNDERING/ TERRORIST FINANCING RISKS (FOR CUSTOMERS, GEOGRAPHIC, PRODUCTS, SERVICES , TRANSACTIONS OR DELIVERY CHANNELS).

AS REPORTING ENTITIES YOU ARE REQUIRED TO KEEP YOUR MONEY LAUNDERING/TERRORIST FINANCING RISKS UP TO DATE. THE FINANCIAL INTELLIGENCE CENTRE WILL FROM TIME TO TIME FOLLOW UP ON THE IMPLEMENTATION OF THE NATIONAL RISK ASSESSMENT ACTION PLANS.

THE MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT CAN BE DOWNLOADED FROM THE FINANCIAL INTELLIGENCE CENTRE WEBSITE (WWW.FIC.GOV.ZM).



MARY C. TSHUMA
DIRECTOR GENERAL-FINANCIAL INTELLIGENCE CENTRE
NATIONAL RISK ASSESSMENT COORDINATOR