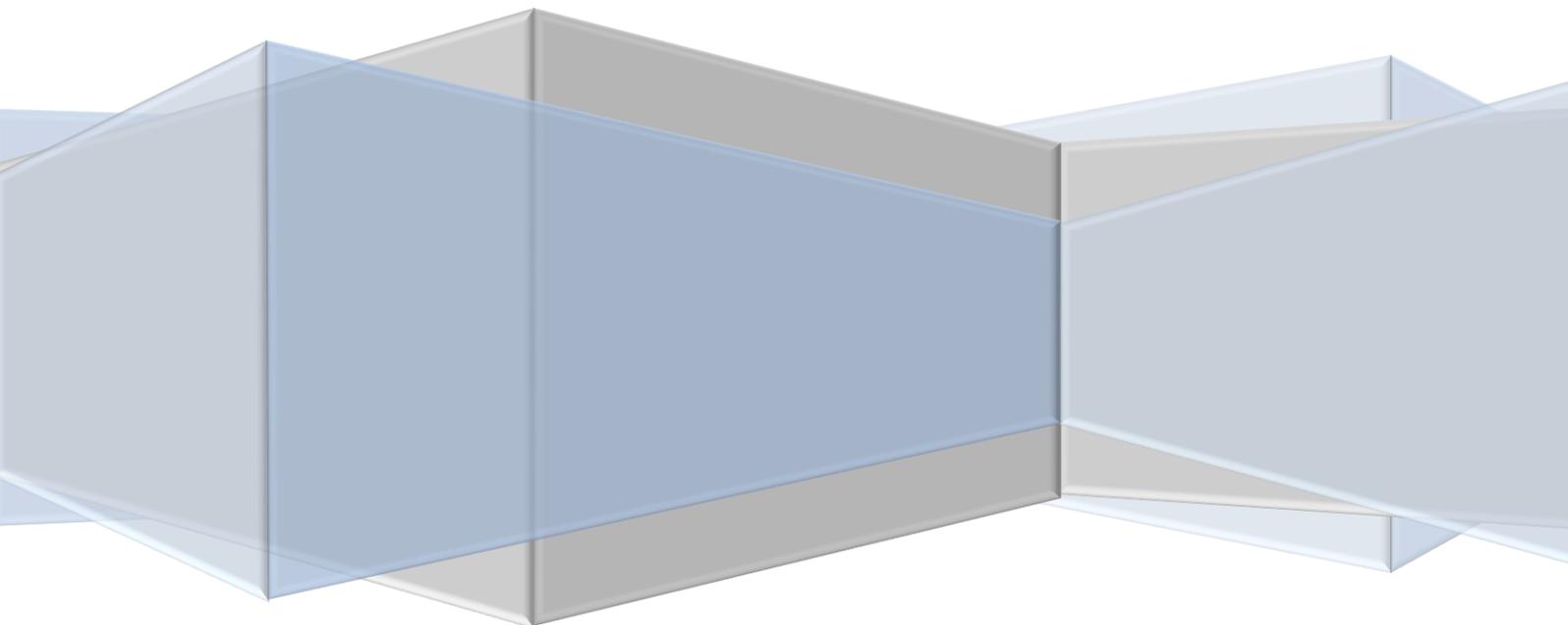


**Myanmar National Risk Assessment
Executive Summary Report on
Money Laundering and Financing of Terrorism**

2018



Restricted

**The Republic of the Union of Myanmar
The Central Body on Anti-Money Laundering**

The National Risk Assessment Committee on Money Laundering & Financing of Terrorism

**Myanmar National Risk Assessment
Executive Summary Report on
Money Laundering and Financing of Terrorism**

Restricted

Contents

Part 1..... 1

 Preface..... 1

 Objectives 1

 Formation of the National Risk Assessment Committee on Money Laundering and Financing of Terrorism 2

 Determination on the scope of an ML/TF risk assessment 2

Part 2..... 3

 National Risk Assessment process 3

 Technical Assistance and Methodology 3

 The IMF fund staff's assessment methodology 3

 The framework and methodology used to conduct this NRA uses a lexicon of pre-defined terms to describe the level ML/FT risk..... 3

 Conducting the NRA meeting and Workshops 4

Part 3..... 5

Money Laundering Risk Assessment 5

 Money Laundering Threat Findings 5

 Domestic Proceeds of Crime -DPOC..... 5

 Foreign Proceeds of Crime..... 5

ML Vulnerability Findings..... 5

 Law Enforcement Agencies 6

 Supervisory Agencies 6

 Financial Intelligence Unit 6

 Border Security Agencies 7

 Criminal Justice System (Prosecution, Judiciary, Conviction)..... 7

 Sanctions 7

 Firms and sectors 8

 Beneficial Ownership Transparency..... 8

ML Consequences Findings 9

Overall Money Laundering Findings..... 9

 Sectors overall 9

 Firms Overall 9

Part 4..... 10

 Financing of Terrorism Threat Findings 10

 Foreign FT Funds Entering the Jurisdiction: Inbound 10

 FT Funds Leaving the Jurisdiction: Outbound..... 10

 Financing of Terrorism Vulnerability Findings..... 10

 Abuse of Jurisdiction’s Products, Services, Assets or Other Circumstances for FT Events 10

 Law Enforcement Agencies-LEAs 11

 Prosecution, Judiciary & Sanction..... 11

 Financing of Terrorism Consequences..... 11

 Overall Terrorist Financing Findings..... 12

 Sectors..... 12

 Firms 12

Part 5..... 13

Miscellaneous 13

 Conclusion 13

Abbreviation 15

Restricted

Part 1

Background History

Preface

1. Myanmar national risk assessment process was started with the technical assistance of IMF since December 2015 and 8 phases were implemented. The assessment of the risks related to Money Laundering and Financing of Terrorism, with the technical assistance of IMF, was based on three main factors such as threats, vulnerabilities and consequences. In that process, when initially assessing the part of threats, it was assessed by the volume of domestic and foreign proceeds of crime – POC and the actions for Financing of Terrorism. In the next step, the main target was to identify the main Vulnerabilities related to domestic Money Laundering and Financing of Terrorism. As the last step analysis of the Consequences of Money Laundering and Financing of Terrorism was performed and then based on mentioned three levels the Risks related to Money Laundering and Financing of Terrorism were identified.

2. On 9 March 2006, Myanmar became a member of Asia-Pacific Group on Money Laundering (APG). The APG is the FATF-style regional body for the Asia/Pacific region. And, Myanmar is an APG member country, it should follow (40) recommendations included in the International Standard on Combating Money Laundering and Financing of Terrorism & Proliferation.

3. In first recommendation of FATF, it was described that Countries should identify, assess, and understand the money laundering and terrorist financing risks for the country, and should take action, including designating an authority or mechanism to coordinate actions to assess risks, and apply resources, aimed at ensuring the risks are mitigated effectively.

4. Anti-Money Laundering Law of Myanmar, 2014, Chapter 4, Section 7(c), It was described that "conducting the national risk assessment of money laundering and financing of terrorism and forming and assigning the committees in order to implement the whole system of anti-money laundering and countering the financing of terrorism effectively by using risk-based approach methods in cooperation with the relevant government departments and organizations and reporting organizations".

5. Besides that, as an APG member country, Myanmar was, in accordance with Mutual Evaluation – ME procedure, assessed for the first time in 2008 and it had already been assessed for the second time in 2017. By implementing the FATF's recommendation 1, Myanmar can show its efforts and actions to implement the Anti-Money Laundering and Countering the Financing of Terrorism - AML/CFT.

Objectives

6. The main objective is to strengthen Myanmar's AML/CFT regime.

7. In order to complete the objective, it needs to implement by assessing and understanding the ML/FT risk it faces, evaluating the effectiveness of its risk mitigation strategies, prioritizing its risk mitigation activities, and making and justifying decisions about limiting AML/CFT coverage for low risk sectors and products.

Formation of the National Risk Assessment Committee on Money Laundering and Financing of Terrorism

8. To perform the task of National Risk Assessment related to Money Laundering and Financing of Terrorism, in June 2013 the President's Office assigned the Ministry of Home Affairs as the Focal Ministry.

9. On 14th March 2014, the Anti-Money Laundering Law was promulgated, in accordance with its section 7, subsection (c), which specifies the task and authorities of the Anti-Money Laundering Central Board, it promulgates that Central Board should carry on its National Risk Assessment on Money Laundering and Terrorist Financing by forming and assigning appropriate committees.

10. In order to implement the National Risk Assessment, Anti-Money Laundering Central Board on 30th December 2015, organized and assigned the National Risk Assessment Committee on Money Laundering and Financing of Terrorism, consisting of 29 members, with the Member of Anti-Money Laundering Central Board and Deputy Minister from the Home Ministry acting as the Chairman. With the aim to perform National Assessment on a broader base, this Committee was reorganized on June 18, 2016, with 37 members from 12 relevant government departments and 6 private organizations.

Determination on the scope of an ML/TF risk assessment

11. In Myanmar, National Risk Assessment on Money Laundering and Terrorist Financing was performed for the first time, and the Assessment was done based on the information collected for the years between 2011 and 2015. It was decided to perform the National Risk Assessment for both Money Laundering and Terrorist Financing on a country-wide scale.

Part 2
Implementation of National Risk Assessment

National Risk Assessment process

12. The National Risk Assessment Committee on Money Laundering and Terrorist Financing, with the Technical Assistance of the IMF, beginning from December 2015, laid down following 8 phases and implemented the National Assessment:

- (a) **Phase 1:** Preparation.
- (b) **Phase 2:** Threat Data Collection.
- (c) **Phase 3:** Threat Data Analysis.
- (d) **Phase 4:** Vulnerability Data Collection.
- (e) **Phase 5:** Vulnerability Data Analysis.
- (f) **Phase 6:** Consequence Data Collection.
- (g) **Phase 7:** Consequence Data Analysis.
- (h) **Phase 8** Drafting and Review.

Technical Assistance and Methodology

13. The IMF, with the financial support from the Japanese Government, applied IMF Fund Staff's Methodology.

The IMF fund staff's assessment methodology

14. In accordance with IMF Methodology, the Assessment and Identification of the Risk Level, Threats and Vulnerabilities are analyzed and summarized to calculate the Likelihood Level. An assessment of likelihood in conjunction with consequence is used to determine the level of risk.

15. While implementing the National Risk Assessment process, the Committee used Web-based perception surveys of IMF and Statistics Surveys, and subjective and objective collections were carried out to perform that assessment.

The framework and methodology used to conduct this NRA uses a lexicon of pre-defined terms to describe the level ML/FT risk

16. In implementing the NRA, the level of risks for ML/FT were described by seven levels in accordance with the following terminology:

- (a) **Level 1:** Very much lower
- (b) **Level 2:** Much lower
- (c) **Level 3:** Lower
- (d) **Level 4:** Medium
- (e) **Level 5:** Higher
- (f) **Level 6:** Much higher
- (g) **Level 7:** Extremely higher

17. ML/TF Risks Assessment was assessed by the Anti-Money Laundering and Terrorist Financing process, and it was identified by 3 High Level Risk Events and 8 Contribution Risk Events for mentioned events:-

(a) **High Level Risk Events**

- (1) ML or TF is attempted.
- (2) The perpetrator of the ML or FT is not caught.
- (3) The perpetrator of the ML or FT is not sanctioned.

(b) **Contribution Risk Events**

(1) **ML or TF is attempted**

- (aa) Due to a co-existence of substantial amounts of proceeds of crime or of terrorist funds that need processing.
- (bb) Due to the existence of products, services, assets, or other circumstances that the launderer or terrorist financier perceives can be abused to meet their needs.

(2) **The perpetrator of the ML or FT is not caught**

- (aa) If it is attempted, ML or FT will not be detected by the authorities.
- (bb) If it is detected, ML or FT will not be investigated by the authorities.
- (cc) If investigated, the perpetrator will not be prosecuted.
- (dd) If prosecuted, the perpetrator will not be convicted.

(3) **The perpetrator of the ML or FT is not sanctioned**

- (aa) If convicted, the perpetrator will not be punished adequately.
- (bb) If punished, the perpetrator will not be deprived of their assets.

Conducting the NRA meeting and Workshops

18. When performing National Risk Assessment, in cooperation with the IMF, nine Committee job coordination meeting, three awareness workshop, three information analyse workshop, four completing template workshop and cooperation to submit the NRA report workshop were conducted.

Part 3

Money Laundering Risk Assessment

Money Laundering Threat Findings

Domestic Proceeds of Crime -DPOC

19. Domestic predicate crimes committed in Myanmar are estimated to generate approximately \$15 billion (MMK 18 Trillion) equivalent to about 24% of GDP. It is estimated that tax & excise evasion, environmental crime, and corruption and bribery each account for 21% of this amount to generate a total of 63% of domestic POC. Other crimes generate the remaining 37%.

20. 84% of proceeds are perceived to be associated with organized crime groups. Of the proceeds generating activities carried out by organized crime groups, approximately 49% were considered attributable to transnational crime groups and 35% were attributable to domestic crime groups. It is estimated that the remaining 16% of total domestic proceeds are generated by individuals acting alone. The main crimes where organized criminal groups are involved are tax & excise evasion, environmental crime, and corruption and bribery.

Foreign Proceeds of Crime

21. Foreign proceeds entering Myanmar are considered be much less than proceeds generated in Myanmar. Most POC inflows are perceived to originate from two of Myanmar's neighbors, China and Thailand. Other important source countries for inflows of POC into Myanmar include Singapore, Bangladesh, and India.

22. It is estimated that approximately 30% to 40% of gross domestic POC flows out of Myanmar each year. These flows are perceived to come primarily from the following 5 crime types committed in Myanmar, all of which are among the top 6 crime types that generate domestic POC:

- (a) Illicit trafficking in narcotic drugs,
- (b) Tax & excise evasion,
- (c) Environmental crime,
- (d) Corruption and bribery and
- (e) Other Proceeds Generating Crimes.

23. It is believed that China, and Thailand are the main destinations for outflows due to Myanmar's borders with the countries and their involvement in the drug trade. Other countries which are believed to be destination countries for these outflows are India, USA, and some countries in Europe.

ML Vulnerability Findings

24. There are several factors that affect Myanmar's vulnerability to money laundering. At a general level these include:

- (a) Long land borders with jurisdictions that have weak AML/CFT controls, and which are source countries for drug production or distribution and corruption & bribery.

The porous borders also make it easy to smuggle goods and cash in and out of the country.

- (b) Very large POC in its main trade partners.
- (c) Large cash-based economy.
- (d) High economic growth rates.
- (e) Large population.
- (f) Poor alignment of policies with identified risks due to absence, to date, of a ML/FT risk assessment.

Law Enforcement Agencies

25. Law enforcement agencies are not very effective at conducting POC and ML investigations. It is perceived that there are a low number of investigations relative to the size of the economy and the financial sector. LEAs do not currently undertake parallel financial investigations. There is inadequate use of provisional measures such as restraining assets and a very low level of confiscations.

26. Factors that contribute to the relatively poor performance of LEAs in this regard include:

- (a) Small number of LE staff compared to the country's geography and population leading to a general inadequacy of human resources.
- (b) Insufficient training of staff, particularly regarding financial investigations, transnational and organized crime and AML/CFT in general.
- (c) A perception that law enforcement officers can be bribed.
- (d) A lack of physical resource including IT.

Supervisory Agencies

27. The Central Bank of Myanmar and the Ministry of Finance and Planning conduct AML/CFT supervision of the financial institutions they supervise. However supervisory arrangements in relation to ML outside the banking, securities, insurance, sectors and money service businesses is poor, and there are poor powers for AML/CFT supervisors and poor resources. AML/CFT supervision has not been conducted in DNFBPs and some types of NPOs are not subject to AML/CFT obligations.

Financial Intelligence Unit

28. The FIU received a total of 443,852 transaction reports in the latest year for which data are available. There was a 67.45 percent increase compared to the previous year. These included 44 suspicious transaction reports, 412,036 cash transaction reports, 29,122 international fund transfer reports and 456 border cash reports. It has not provided good guidance to reporting firms to assist them in identifying suspicious transactions and was also assessed as poor in relation to issuing feedback to reporting firms about STRs it receives from them.

29. The FIU is not considered to be very effective regarding processing information and making disseminations. The level of disseminations relative to GDP and the size of the financial

sector is considered to be very poor. STRs are not subject to full analysis and the FIU does not prepare strategic analysis reports. Factors affecting the FIU's performance include

- (a) Inadequate resources, including IT.
- (b) Inadequate training of staff including in relation to developing intelligence, making disseminations and undertaking strategic analysis.

Border Security Agencies

30. There is a higher likelihood of substantial foreign proceeds entering the jurisdiction because of poor cross-border security measures and scrutiny (e.g., related to flows of currency, financial transactions, physical assets, and people). The primary factors contributing to the increased likelihood are:

- (a) Very poor effectiveness of agencies to scrutinize inwards/outwards movement of people, goods, cargo & cash for those parts of the border without official crossing points (especially in areas controlled by insurgent groups).
- (b) Perception of higher likelihood that Border Security can be bribed.
- (c) Very poor resources, powers, and competence on AML/CFT matters for Border Security agency.
- (d) Very poor legal framework for applying enhanced due diligence for higher risk countries.

Criminal Justice System (Prosecution, Judiciary, Conviction)

31. Deficiencies in the prosecution and judiciary functions in Myanmar impact negatively on the AML/CFT system. There have not been any ML convictions and there is a very low level of prosecutions relative to investigations. Factors that reduce the effectiveness of the prosecution and judiciary include;

- (a) Poor senior management knowledge and commitment to combating ML for judiciary public prosecutors / defenders and attorney general.
- (b) Very large workload for prosecutors.
- (c) Very poor level of AML/CFT resources including IT for judiciary public prosecutors/ defenders and attorney general.
- (d) Very poor level of staff training and competence on AML/CFT matters for judiciary public prosecutors/ defenders and attorney general.
- (e) Perception that judiciary, public prosecutors/defenders can be bribed and are unable to conduct their role free from undue influence or interference.

Sanctions

32. Deficiencies regarding the application of sanctions for ML relate to inadequate confiscation orders being made and inadequate recovery of assets. Underlying factors that affect these outcomes include:

- (a) The level of AML/CFT powers for authorities that seize/freeze and confiscate criminal assets.
- (b) Authorities that seize/freeze and confiscate criminal assets can be bribed/can't conduct their role free from undue influence or interference.

- (c) The level of senior management knowledge and commitment to combating ML for Authorities that seize/freeze and confiscate criminal assets.
- (d) The level of AML/CFT resources (including IT) to support the AML/CFT work and output.
- (e) Very poor perception about level of staff training and competence on AML/CFT matters for Authorities that seize/freeze and confiscate criminal assets.

33 Myanmar has had a very poor record in recovering funds from foreign jurisdictions. The main reasons for this are;

- (a) Very poor perception about authorities' efforts to freeze, seize, or confiscate when assets are located in other jurisdictions
- (b) Very poor level of resources for AML/CFT (including IT) for agencies that engage in international asset recovery.

Firms and sectors

34 There is a higher likelihood ML events will not be detected because of inadequate customer identification, profiling and due diligence AML controls in regulated firms. This outcome is influenced by the following factors:

- (a) Customer identification/CDD controls are assessed as very poor for the banking sector, and as abysmal or non-existent for all other reporting firms.
- (b) Perception of low level of effectiveness regarding Financial institutions and DNFBPs adequately applying AML/CFT preventive measures commensurate with their risks, and reporting suspicious transactions.
- (c) Very poor legal framework about transparency and beneficial ownership legal persons and arrangements
- (d) Extremely higher threshold for reporting and CDD obligations regarding occasional and wire transactions compared to average income.
- (e) Very poor perception of firms effectively applying enhanced or specific measures for domestic wire transfers rule.

Beneficial Ownership Transparency

35. Several aspects of Myanmar's AML/CFT system are negatively impacted by the difficulties related to a lack of transparency of beneficial ownership. More specifically concerns relate to:

- (a) Lack of effective legal framework for beneficial ownership of legal persons and arrangements
- (b) Perception of very poor effectiveness of authorities at gaining timely access to accurate information about the beneficial ownership and control of companies and other legal persons.
- (c) Perception that authorities have abysmal experience of trying to obtain beneficial ownership in a timely manner.

ML Consequences Findings

36. Most important manifestations of social consequences are;
- (a) Increased corruption and bribery.
 - (b) Increased crime.
 - (c) Physical harm to members of society.
37. Most important manifestations of economic consequences are;
- (a) Illegal business contaminating legal business activity.
 - (b) Risks for financial sector solvency & liquidity.
 - (c) Difficulty for banks or other institutions to operate internationally.
38. Most important manifestations of political consequences were assessed as;
- (a) ML-related sanctions imposed.
 - (b) Lower public sector revenues.
 - (c) Stakeholder concerns.

Overall Money Laundering Findings

39. In accordance with the National Risk Assessment, Money Laundering Risk Findings of Myanmar is at Higher Level. It is so because High-Level Risk Events such as the Level of “Perpetrators of ML are not sanctioned adequately” is "Much Higher", the Level of “Perpetrators of ML are not caught” is "Higher" and the Level of “ML being attempted” is "Higher".

40. The assessment shows that the main reasons pushing Risk Level higher are the fact that efforts of Law Enforcement Agencies to investigate Money Laundering events, prevention measures and prosecution and conviction of the perpetrators were not sufficient.

Sectors overall

41. Concerning with sectors, the banking sector is assessed as having the highest level of net ML risk followed by legal persons, DNFBPs and money service businesses. Insurance and non-profit organizations–NPOs sectors are assessed to be at the Lowest Level of Money Laundering Risk.

Firms Overall

42. In case of firms, banks, companies and dealers in precious metals and stones-DPMS are assessed as businesses with ML Net Risks at the Highest Level. On the contrary, Net and Inherent Risks of NPOs, Associations and Accountants are specified as Low Level and they should be determined as businesses which are to be monitored commonly or applied simple Anti-Money Laundering restrictions or should be treated as exceptions.

43. For businesses which are controlled and supervised, though the overall administration control is assessed as "Poor" Level, it is found that in banks, microfinance, life insurance company and remitters control is effective, in casinos, real estate and DPMS it requires to be developed.

Part 4

Financing of Terrorism Risk Assessment

Financing of Terrorism Threat Findings

44. Myanmar's FT threat level from annual domestic fund raising is assessed as "very small". The amount of terrorist funds raised domestically is assessed to be approximately \$100,000 to \$1million. The different sources of funds, in order of importance are believed to be:

- (a) Willing donors and
- (b) Criminal activity of terrorists, terrorist organizations or their associates.

Foreign FT Funds Entering the Jurisdiction: Inbound

45. It is not possible to estimate with any confidence the magnitude and nature of international FT inflows. However foreign funds entering Myanmar to finance terrorism are very small and the vast majority of these FT funds are believed to remain in Myanmar. The balance is sent out for use by terrorists or terrorist organizations in other countries. The main countries from which funds flow directly into Myanmar to finance terrorism include Iran – (source country), Malaysia (transit country), and China (source and transit country). The main ultimate source countries, including those which send funds through transit countries are believed to be Bangladesh, Malaysia, and Iran. It is believed that most of the FT funds flowing into the country are associated with Al-Qaida, and RSO.

FT Funds Leaving the Jurisdiction: Outbound

46. In general, the prevailing view is that a modest amount of the FT funds raised in Myanmar and a modest amount of the FT funds sent into Myanmar are believed to be sent out of Myanmar. FT funds leaving Myanmar are most likely destined for Bangladesh, Saudi Arabia, Malaysia via Southern Thailand and Turkey, with a modest amount believed to transit through Bangladesh, and Southern Thailand. Most terrorist funds leaving Myanmar are likely destined for use by two terrorist organizations: Al-Qaida and RSO.

Financing of Terrorism Vulnerability Findings

Abuse of Jurisdiction's Products, Services, Assets or Other Circumstances for FT Events

47. There is a "medium" likelihood that Myanmar's products, services, assets and other circumstances will be used for FT. This is influenced by:

- (a) Large level of cash use informality.
- (b) Slowness in implementing international AML/CFT treaties and conventions.
- (c) Much lower level of AML/CFT powers for National security and anti-terrorism agencies.
- (d) Very poor perception of the degree to which the jurisdiction's investigative authorities, national security and anti-terrorism agencies can conduct their role free from undue influence or interference.
- (e) Very poor level of resources, power, training and competence for National security and anti-terrorism agencies; and
- (d) Very poor perception of staff integrity, ethnics and corruption within national security and anti-terrorism agencies.

Law Enforcement Agencies-LEAs

48. Law enforcement agencies investigating terrorism incident do not prioritize the investigation of the financial aspects of terrorism. Relevant observations in this regard are:

- (a) LEAs fail to detect FT directly during investigations into predicate crimes.
- (b) LEAs do not receive quality information on suspect FT events from the FIU due to an ineffective STR system.

49. LEA efforts to suppress FT are also affected by:

- (a) Their inability to obtain leads and evidence due to inadequate record-keeping and secrecy and
- (b) Inadequate cross-border cooperation for obtaining people and evidence.

Prosecution, Judiciary & Sanction

50. **There is an extremely higher likelihood perpetrators of FT will not be prosecuted.**
The main factor for this are:

- (a) A perceived low level of effectiveness regarding the investigation and prosecution of terrorist financing and
- (b) Abysmal or very poor level of resources, staff training and competence on AML/CFT matters for judiciary public prosecutors/ defenders and attorney general.
- (c) There have been no FT sanctions in Myanmar because no cases of FT have ever been discovered.

Financing of Terrorism Consequences

51. Most important manifestations of social consequences are;

- (a) Increased terrorism.
- (b) Physical harm to members of society.
- (c) Negative impact on national security.

52. Most important manifestations of economic consequences are;

- (a) Difficulty for banks or other institutions to operate internationally.
- (b) Risks for financial sector solvency & liquidity .
- (c) Profits for the financial sector.

53. Most important manifestations of political consequences are;

- (a) Lower jurisdiction reputation.
- (b) Power and influence amassed by organized criminal groups.
- (c) Stakeholder concerns.

Overall Terrorist Financing Findings

54. Regarding financing of terrorism (FT) risk, the NRA concluded that overall Myanmar is assessed as having a higher level of FT risk due to a higher level of risk of FT being attempted, a much higher level of risk that perpetrators of FT are not caught, and a much higher level of risk that perpetrators of FT are not sanctioned adequately.

Sectors

55. In relation to sectors regulated for CFT the banking sectors is assessed as presenting the highest level of FT risk (medium), followed by the money service businesses, and then the DNFBPs (lower).

56. Inherent Risk of Sectors means the risk which is in its sectors before AML/CFT Control. Net Risk means the risks which remain after AML/CFT Control. As it was identified that the levels in Inherent Risk and Net Risk of Sectors are the same, it has been assessed that AML/CFT Controls which reduces Inherent Risk in all sectors are "Very Poor".

Firms

57. At the firm level, banks, money remitters and DPMS have the highest levels of FT risk. Note however that the overall assessment was that most FT risk was likely to occur outside of the formal financial sector.

Part 5
Miscellaneous

58. According to the result of the National Risk Assessment, Myanmar's Risk Level related to Money Laundering and Financing of Terrorism on the part of Money Laundering is a High Level with a specified score of 4.4 and Financing of Terrorism is on a High Level with a score of 4.7.

59. Nevertheless, the Risks related to Money Laundering and Financing of Terrorism were assessed based on an exclusive condition, it should not be assumed that Financing of Terrorism risk score is 'Higher'. The assessment result is measured by seven score levels and, in accordance with the assessment of the risk; Risk Level of Myanmar resulted in an average score of 5, which indicates that the Risk Level is higher than the medium level. It is need to notice that a high/low measurement result means high/low abuses related to relevant sectors of Money Laundering and Financing of Terrorism.

60. In the process of implementing the National Risk Assessment on Money Laundering and Terrorist Financing following points were found:

- (a) National Risk Assessment is an effort of Myanmar to continue the Risk-Based Approach – RBA
- (b) The National Risk Assessment process can support Anti-Money Laundering and Countering the Financing of Terrorism policies to be implemented appropriately.
- (c) It can be applied for research and strategic reports as starting point.
- (d) For National Risk Assessment processes to be carried on in the future, the nature and volume of threats, vulnerabilities and consequences can be modified and used.

61. The National Risk Assessment process is also first step to strengthen Anti-Money Laundering and Countering the Financing of Terrorism - AML/CFT regime. Tasks to be performed as the second step will be, on the basis of the National Risk Assessment results, to develop National Strategy to mitigate the Risks of Money Laundering and Financing of Terrorism and to implement it, to lay down policies, adoption and issue of necessary Orders and Directives and to develop the skills and capacity of staffs of various AML/CFT agencies.

62. Recommendation 1 of the Financial Action Task Force- FATF recommends that, after countries have done their National Risk Assessment, the next step should be to apply the Risk Based Approach-RBA to reduce the ML/TF Risks.

63. The Risk Based Approach (RBA) means to enhance the resources necessary to mitigate the Risks, taking enhanced measures, such as preparation and announcement of Policies and Directives, for all relevant sectors and businesses for which the National Risk Assessment shows high Risks, and for Sectors with Risks Simplified Measures should be taken. To do so, a National Strategy should be developed and the Risk Based Approach (RBA) is to be applied.

Conclusion

64. The National Risk Assessment is one of the basic tasks to promote and enhance the Anti-Money Laundering System implemented by the Anti-Money Laundering Central Board.

65. The National Risk Assessment Committee put its effort to perform the National Risk Assessment with Technical Assistance of International Monetary Fund and cooperation of

government departments and private organizations. The NRA process on ML/TF is the first time in Myanmar and it was done based on the information from 2011 to 2015.

66. The NRA process is only identification of vulnerabilities and weakness, and not identifying the methods they can be healed. The results of NRA is only giving the awareness of the risks which is in sectors on AML/CFT and so, those sectors will make the necessary plans in order to mitigate the risks based on the information in the report.

67. The National Risk Assessment process will support a lot to build an improved AML/CFT system for the future.

National Risk Assessment Committee

Abbreviation

AML	Anti-Money Laundering
ATM	Automated Teller Machine
APG	Asia-Pacific Group on Money Laundering
AML/CFT Regime	Anti-Money Laundering & Countering the Financing of Terrorism Regime
ARSA	Arakan Rohingya Salvation Army
BCR	Border Cash Report
BO	Beneficial Owner
CTR	Cash Transaction Report
CJS	Criminal Justice System
CDD	Customer Due Diligence
CBM	Central Bank of Myanmar
CFT	Countering the Financing of Terrorism
Cos	Companies
DNFBPs	Designated Non-Financial Business and Professions
DPOC	Domestic Proceeds of Crime
DPMS	Dealers in Precious Metals and Stones
EDD	Enhance Due Diligence
FT	Financing of Terrorist
FATF	Financial Action Task Force
FSRB	FATF Style Regional Body
FX Dealers	Foreign Exchange Dealers
FIs	Financial Institutions
FTE	Financing of Terrorism Events
FTF	Foreign Terrorist Fighters
FIU	Financial Intelligence Unit
FRD	Financial Regulatory Department
GDP	Gross Domestic Product
IMF	International Monetary Fund
IFTR	International Fund Transfer Report
LA	Legal Arrangement
LEA	Law Enforcement Agency
LP	Legal Persons
LVTR	Large Value Transaction Report
ME	Mutual Evaluation
MOU	Memorandum of Understanding
ML	Money Laundering
MSBs	Money Service Business
MLRE	Money Laundering Risk Events
MLAT	Mutual Legal Assistance Treaty
MLA	Mutual Legal Assistance
NRA	National Risk Assessment
NPOs	Non-Profit Organizations
POC	Proceeds of Crime
RSO	Rohingya Solidarity Organization
RAM	Risk Assessment Module
STR	Suspicious Transaction Report
SECM	The Security and Exchange Commission of Myanmar
WB	World Bank
XPOC	Cross Border Proceeds of Crime