



CENTRAL BANK of SOLOMON ISLANDS
P.O. BOX 634, Honiara, Solomon Islands

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FOR IMMEDIATE RELEASE

On June 27, 2019, the Central Bank of Solomon Islands board (CBSI) approved the release of four (4) prudential guidelines (PG) specifically for Anti-Money Laundering (AML) Combating the Financing of Terrorism (CFT) and Proliferation Financing (PF) which is applicable to Financial Institutions licensed and deemed licensed by the CBSI. These financial institutions are commercial banks, credit institutions, insurance underwriting companies, insurance brokers and agents, and the National Provident Fund.

CBSI released these prudential standards as part of a bundle of measures designed to strengthen the licensed financial institutions (LFIs) risk management framework that is critical to protecting the safety and soundness of the LFIs and the integrity of the financial system. In general, the sets of guidelines introduced a number of mandatory requirements, including setting minimum requirements for Money Laundering (ML) Finance Terrorism (FT) and Proliferating Financing (PF) risk management framework to minimize risks associated with ML, FT and PF activities; including providing required feedbacks to CBSI; and CBSI will take appropriate actions on major concern deemed material risk to financial system stability.

The four (4) new prudential guidelines particularly for AML/CFT requirements for Solomon Islands financial sector are:

- 1. PG on AML/CFT requirements for Money Laundering (ML), Financing of Terrorism (FT), and Proliferating Financing (PF) Risk Management:** this PG provides a minimum requirement to promote sound ML, FT and PF risk management practices for LFIs; and ensure LFIs develop and have in place sound and effective ML, FT and PF risk management framework.
- 2. PG on AML/CFT requirements for Politically Exposed Persons (PEPs):** this PG provides minimum requirements on having a risk management system capable of determining whether a customer is a Politically Exposed Persons (PEPs) when establishing a business relationship with individuals holding important public positions as well as persons or companies clearly related to them, particularly families and close associates, which expose an LFI to particularly significant reputation or legal risks.
- 3. PG on AML/CFT requirements for Dealing with higher Risk Countries:** this PG provides minimum requirements to deal with higher risk countries by having in place appropriate safeguard measures in terms of dealing with high risk countries for FIs; so that the Solomon Islands financial sectors are protected from Money Laundering, Terrorist Financing and Proliferation Financing risks emanating from these countries.
- 4. PG on AML/CFT requirements for Risk Assessment of New Products, New Business Practices and Technology:** this PG provides minimum requirements to apply AML/CFT risk assessment

of new products and new business practices including technologies and delivery mechanisms for new and pre-existing products of LFIs.

That release of the prudential guidelines is one example of joint efforts between the CBSI and Solomon Islands Financial Intelligence Unit to ensure LFIs have in place effective risk management system to minimizing risks associated with money laundering, terrorism financing, and proliferation financing activities. Moreover, the release of the prudential guidelines will compel financial institutions to comply with AML/CFT preventive measures, which are essential to maintain a stable financial system in Solomon Islands.

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For more information, please contact: **Central Bank of Solomon Islands | P.O. BOX 634 | Honiara | Ph.: (677) 21791 | Email: info@cbsi.com.sb | Website: www.cbsi.com.sb**