Emmanuel Tumusiime-Mutebile: Workshop discussing Uganda's Anti-Money Laundering Bill

Opening remarks by Mr Emmanuel Tumusiime-Mutebile, Governor of the Bank of Uganda, at a sensitisation workshop for the members of the Parliamentary Committee on Finance on the Anti-Money Laundering Bill No 13 of 2009, Entebbe, 3–4 December 2012.

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The Honourable Minister of Finance, Planning and Economic Development,

The Honourable Chairperson of the Parliamentary Committee on Finance,

Honourable Members of the Parliamentary Committee on Finance,

Mr. Stewart Yikona from the World Bank,

Mr. Fumbani Mhango from the Financial Intelligence Unit of Malawi,

Ladies and Gentlemen,

I would like to welcome you all to this workshop and thank you for finding the time in your very busy schedules to attend.

I would especially like to thank the Honourable Minister of Finance because, without her efforts, it would not have been possible to hold the workshop, and also the Honourable Members of Parliament on the Finance Committee for their support and cooperation.

The objective of the workshop is to discuss the Anti-Money Laundering Bill which is currently before Parliament. We want to seek the views of Hon. Members on the legislation and to provide an opportunity for them to enhance their own understanding of the issues involved. Unfortunately, the passage of the Bill through Parliament has been long delayed since it was first tabled by the Hon. Minister of Finance in 2005, and these delays could have costly consequences for our country, as I will explain in these remarks. I very much hope that this workshop will help to clear up any remaining concerns or even misperceptions which Hon. Members may have about the Bill, so that its passage into law can be completed without further delays.

Money laundering involves the process to which funds which have been acquired through illegal means, such as drug trafficking or corruption, are subjected in order to conceal their illicit origin. Because of the large sums of money involved, money laundering often involves transactions in the financial system, although this is not always the case.

For example, criminals may try to deposit illegally acquired money in bank accounts and then transfer it to other bank accounts, through a complex web of transactions.

Money laundering has potentially serious and damaging consequences for the economy. It can undermine the integrity of financial institutions and thus public confidence in these institutions. It can undermine financial stability and cause highly destabilising financial flows across borders. The money which is laundered can also be used to corrupt public officials and the staff of financial institutions. Hence the fight against money laundering is also the fight against corruption. Money laundering is also used to support terrorist activities, because these activities require money which must be moved about in a clandestine manner.

Organised crime often has transnational characteristics, and criminals have no qualms about moving funds across international borders to suit their own ends. Criminals seeking to launder money look for weak links in the global financial system. They find jurisdictions with weak or non-existent anti-money laundering legislation attractive, because such jurisdictions allow them to move money about and conceal their illegally acquired wealth without fear of detection. The failure to enact anti-money laundering legislation weakens our country's capacity to combat financial crime, corruption and terrorism.

The international community has made the fight against money laundering a priority. The Financial Action Task Force on Money Laundering (FATF) – an inter-governmental body – was established in 1989 to set standards and promote the implementation of legislative and other measures to combat money laundering. The FATF works closely with regional bodies, which include the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), of which Uganda is a member.

I regret to say that Uganda is now the only one of the 14 members of the Eastern and Southern Africa Anti-Money Laundering Group which has yet to pass anti-money laundering legislation. Unsurprisingly, this does not impress our friends and colleagues in the region, who perceive Uganda as a weak link in the fight against financial crime. If we continue to delay enacting anti-money laundering legislation, Uganda will also risk being added to the FATF's list of "High Risk and Non Cooperative Jurisdictions", which will undermine international confidence in the integrity of our financial system. This will be very damaging for our economy, as I'm sure that you will appreciate.

The Anti-Money Laundering Bill which is currently before Parliament was prepared by Uganda's Anti-Money Laundering Committee.

The legislation is based on the International Standards on Combating Money Laundering and the Financing of Terrorism which are issued by the FATF and are generally referred to as the FATF 40 Recommendations. As such the proposed legislation is in line with best practise in the rest of the world.

Given the transnational nature of money laundering, I don't think that Uganda should settle for anything less than the standards which are in force elsewhere in the world. We have provided you with a copy of the FATF 40 Recommendations, which we think you will find useful as you discuss the merits of the proposed legislation.

The Anti-Money Laundering Bill has provisions which: i) make it a criminal offence to launder the proceeds of crime; ii) set out money laundering prevention measures, offences and penalties; and iii) provide for the seizure, freezing and forfeiture of assets related to money laundering. The Bill also provides for the creation of a Financial Intelligence Unit whose function will be to receive and analyse reports of suspicious transactions from banks and other institutions, and to disseminate the results of the analysis to the relevant authorities. There are also provisions relating to international cooperation as well as national policies and a national coordination authority for such policies, a task which is currently performed by the Uganda Anti-Money Laundering Committee.

This workshop will provide Hon. Members with the opportunity to discuss all of the provisions in the Bill. To facilitate the discussion, we have invited several people with specialist expertise, including experts from Malawi and the World Bank, who will make presentations of different aspects of the legislation.

I now wish to request the Honourable Minister of Finance, Planning and Economic Development to make her remarks and officially open the workshop.

Thank you very much for listening to me.