

BHC to Cyprus speaks on combatting illicit finance

Ladies and Gentlemen,

I would like to welcome you all to this workshop on Illicit Finance, The UK experience. It's a pleasure to see so many of you here. I believe that reflects not only the high level of interest in the issue of illicit finance, but also the strong links between the UK and Cyprus financial sectors. The fact that today's conference is being organised in cooperation with the Institute of Certified Public Accountants of Cyprus is itself testament to our close partnership in this area.

Illicit Finance is a global phenomenon. It does not respect borders. It undermines our collective prosperity, security and the rules based international system. The IMF estimates that money laundering globally represents between 2 and 5% of GDP. It allows criminals to hide the proceeds of illegal activities and undermines the integrity and stability of our financial markets and institutions. We know that there is a marked overlap between money laundering and terrorist financing, which is precisely why FATF seeks to tackle the two in parallel.

And the challenge is not getting any easier to address. New technologies for example, while having the ability to unlock untapped wealth and potential, also introduce new ways of facilitating illicit financing.

Against this background, it's essential that our efforts to ensure the reduction of illicit financial flows are pro-active and have global reach. To be effective in tackling serious and complex tax fraud, transnational organised crime and money laundering, international cooperation is necessary.

The UK is at the forefront of these international efforts. We have to be. The UK has one of the world's largest and most open economies, and London is one of the world's most attractive destinations for overseas investors. These factors make the UK attractive for legitimate business, but also expose the UK to money laundering risk.

The UK approach is a multi-agency one, bringing together law enforcement, intelligence, policy and regulatory bodies, working wherever possible with the private sector. Because of course, tackling financial crime cannot only be a matter for governments and regulators. Financial service providers must also be responsible for the challenge of ensuring a robust financial system, because they are the people on the frontline in the fight against illegal activity in the financial sector.

During today's conference you will hear about various measures that the UK has taken: the Criminal Finances Act 2017, our Joint Money Laundering Intelligence Taskforce (JIMLIT), or the National Economic Crime Centre, to name just some. The point is that we have a wealth of best practice, which we

can share with Cyprus in the spirit of partnership and shared endeavour against a shared challenge.

And I emphasise this point of partnership. Because, as one of the world's most open and international financial centres the UK is well placed to understand the challenges that you in Cyprus face. You like us have an open economy, with a business-friendly approach to regulation, and you offer significant incentives for foreign investors. That means that you like us face threats from illicit finance, money laundering and international financial crime. You have the same need to protect the public and safeguard the prosperity and your reputation as a financial centre.

As High Commissioner, I meet often with leaders in Cyprus's financial sector. I know that faced by these threats, Cyprus is not standing still. Substantial efforts are being made to tackle illicit financial flows and improve international cooperation on tax, money laundering and global organised financial crime.

As you in Cyprus, whether as regulators or practitioners, look to step up your efforts in this area, the UK is well placed to assist. With our strong bonds with Cyprus in the professional education sector, through our shared legal infrastructure of the common law system, and through the numerous links between professional bodies in the accounting and legal sectors, the UK can be an important partner for Cyprus in ensuring that you reach and maintain international standards in combating fraudulent activity. I look forward to further joint activities with the different stakeholders in this area.

By way of conclusion, I would like to thank our co-organisers ICPAC for working with our team in the British High Commission to make this event a success, and to our visiting speakers from HMT and HMRC. I would also like to thank the Ministry of Finance for supporting our increased collaboration in issues of illicit finance, and the Cyprus Integrity Forum, The International Compliance Association and Globaltraining and ICEAW for supporting this initiative.

Finally, to all of you in the audience, thank you for joining us this afternoon. I hope you will find the discussions thought-provoking, and a catalyst for even greater UK-Cyprus collaboration in tackling financial crime.