

News story: Chancellor leads global crackdown on dirty money

Chancellor Philip Hammond will use the G7 and IMF meetings in Washington this week to call on the international community to tighten the screws on dirty money that is used to fund rogue regimes and illicit activity, through more effective sanctions on North Korea and greater IMF scrutiny.

International sanctions are an effective defence against illegal behaviour, but criminals and regimes can adapt. The international community must now refine its approach to tackling corruption, which costs the global economy \$2.6 trillion.

The Chancellor is today (20 April 2018) announcing three steps at the IMF Spring Meetings. These measures include securing G7 agreement on denying North Korean access to finance, a call on the IMF to target global corruption and an increase in funding for the Treasury's sanctions team.

The Chancellor of the Exchequer, Philip Hammond said:

We must tighten the financial screws on rogue regimes and corruption.

My priority is to secure international agreement on how to tackle dirty money. We must shine a light into the darkest corners of global finance, crack down on corrupt cash and ensure that as terrorists and criminals become ever more sophisticated, the international community stays one step ahead.

UK secures G7 agreement on North Korean sanctions

The UK provided strong support this week for a G7 finance ministers agreement that calls for:

- a crack down on North Korean illicit finance which aims to stop access to the international financial system via a back door of bogus companies and artificial ownership structures. Failure to spot and stop this means money for weapons of mass destruction
- all countries must now push their banks and insurance companies to do more to prevent this dangerous fraud by ensuring that they are alert to new and more advanced methods of deception
- the UK is already a world leader in this area, engaging with firms about new risks through the Office of Financial Sanctions Implementation and

the Joint Money Laundering Intelligence Taskforce

The G7 agreement is set out [here](#). Examples of the above type of fraud are in Section 5 of [this](#) UN report.

Chancellor calls on the IMF to target international corruption

The Chancellor has called on the IMF to harness their global expertise and use their Article IV assessment to target corruption. The IMF Article IV assessment process is an invaluable tool that speeds up economic reform. Since 2016 the UK has been calling for the IMF to harness its power and insight to tackle corruption. Recent international events have reinforced this message and underlined that the global community needs to use all available avenues to stamp out corruption for both criminal and economic reasons. The Chancellor today announced that the UK would be one of the first to volunteer for this new level of scrutiny.

Increasing the Treasury's sanctions team

We are increasing the size of the [Treasury's sanctions unit](#) by almost 20% to nearly 40 people. [The Office for Financial Sanctions Implementation \(OFSI\)](#) detects and investigates breaches of sanctions, bringing financial crime and law enforcement experts into the heart of the Treasury.

Advice from OFSI for businesses about how to manage risk over North Korean sanctions can be found [here](#).