



IMF Thematic Trust Fund Anti-Money Laundering / Combating the Financing of Terrorism (AML/CFT)

Fighting against money laundering and the financing of terrorism for better integration of developing countries into the global financial system

Switzerland, through SECO, is supporting the global fight against money laundering and financing of terrorism (AML/CFT) by contributing to a multi-donor initiative to finance technical assistance, implemented by the International Monetary Fund (IMF).

Rationale

Money laundering and financing of terrorism hinders economic development. They pose risks to the soundness and stability of financial institutions and financial systems, increase the volatility of international capital flows and dampen the effect on foreign direct investment. The Financial Action Task Force (FATF) has developed the FATF Recommendations that are the internationally endorsed global standards against money laundering and terrorist financing (AML/CFT). They increase transparency and enable countries to successfully take action against illicit use of their financial system. Around 188 jurisdictions worldwide have committed themselves to the FATF Recommendations. To effectively combat AML/CFT, compliance with the FATF standard must be enhanced. Switzerland is actively seeking international cooperation to strengthen the international AML/CFT architecture through the relevant international bodies. SECO has taken a proactive stance to assist partner countries to comply with international standards on AML/CFT through capacity building measures and technical assistance programs such as with the IMF Topical Trust Fund (TTF) AML/CFT.

Objectives and activities

The objective of the AML/CFT Trust Fund is twofold. On the global level, it aims at protecting the integrity and stability of the international financial system. On the individual country level, it aims at enhancing national financial sector integrity and stability and facilitating the integration of national financial systems into the global financial system, thereby contributing to transparent economic and financial sector governance as well as facilitating increased access to finance at the national level.

Country/region

Global

Executing agency

International
Monetary Fund (IMF)

Partners

Canada, Germany,
France, Japan,
Luxembourg, the
Netherlands, Qatar,
Saudi Arabia

Duration

2014 - 2020 (Phase II)

2020 - 2024 (Phase III)

Total budget

USD 27 million per
Phase

SECO contribution

CHF 11 million



Technical assistance under the AML/CFT Trust Fund consists of four modules: (1) national strategies and coordination module, (2) risk assessment module, (3) legislation module, (4) structures and tools module. The modules can be delivered separately or together as a part of a customized approach the TTF develops in concert with recipient countries. In addition, Phase III is dedicating a specific crosscutting focus to the issue of correspondent banking relationships (CBR), thereby contributing to a conducive environment for international banks to maintain or establish CBRs in the beneficiary countries.

Governance Structure

The IMF TTF on AML/CFT, launched in 2009, is a multi-donor initiative to finance technical assistance in AML/CFT. Canada, France, Germany, Japan, Luxembourg, the Netherlands, Qatar, Saudi Arabia, and Switzerland are contributing USD 27.9 million for the third phase of the TTF covering 2020 to 2024. The main decision body of the TTF is the Steering Committee composed of donor representatives and IMF staff. Its main role is to provide strategic guidance and contribute to the setting of policies and priorities, and to endorse the annual work program and the financial plan. The secretariat of the Steering Committee is entrusted to the IMF.

Results so far

Since its inception in 2009, the Thematic Trust Fund has delivered technical assistance projects in more than fifty countries. These have been complemented by research projects, regional workshops, and the placement of regional resident advisors. The projects have favorably resulted in the development of a more robust and effective AML/CFT regime both in recipient countries and on the global level through the strengthening of AML/CFT framework. Two independent program evaluations of the AML/CFT were conducted on activities undertaken from 2009 to 2012, and from 2014 to 2018. The results of the independent evaluations were very good. Technical assistance provided by the TTF at a portfolio level was rated as extremely positive and the modular approach focusing on four different modules as highly satisfactory.

How to get involved

The AML/CFT Trust Fund follows a demand-driven approach. It is global in its outreach. Eligible countries need to satisfy a set of criteria. The criteria include (i) risk exposure to money laundering and financing of terrorism, (ii) systemic importance of a country, (iii) demonstrated and credible commitment from country authorities to bring about significant improvements in AML/CFT frameworks consistent with international standards. The list of eligible countries seeking support is to be approved by the Steering Committee on a rolling basis.

Further information and contact details

Website: www.imf.org/external/np/leg/amlcft/eng/

AML/CFT Coordinator at SECO:

Tel.: +41 58 464 07 94

Email: wemu.sekretariat@seco.admin.ch

WEMU / August 2021