

Mutual Evaluation of Macau,China

Macau,China was the fourth jurisdiction in the Asia/Pacific region to be evaluated jointly by the APG and the OGBS.

The evaluators visited Macau,China from 9 to 11 April 2001.

Conclusions

Macau's significant dependence on gambling activities and the free movement of cash across its borders mean that Macau needs to ensure that it adopts international best practice to address money laundering. The Macau authorities told the Evaluation Team that this is vital for ensuring Macau's future economic growth as well as to promote a reputation that it is not harbouring or becoming a transit for money laundering activities.

Macau has taken some important steps to combat money laundering. Macau's recently enacted anti-money laundering legislation conforms with international standards in relation to creating a money laundering offence and requiring the reporting of suspicious transactions, but it is too early to make definitive conclusions about the effectiveness of the legislation. It is however clear that there are too few suspicious transaction reports and therefore investigations into money laundering and that there is considerable scope to enhance the law enforcement regime.

The Evaluation Team has made a number of recommendations which, if adopted, would strengthen Macau's anti-money laundering system.

The Evaluation Team wishes to acknowledge the co-operative attitude of the Macau SAR authorities with whom it dealt in the course of this mutual evaluation and to thank them for the assistance they provided to the Evaluation Team throughout the evaluation process.

Recommendations

The Evaluation Team made a number of recommendations. The Macau, China authorities are already addressing several of these issues, and where this applies the recommendation is marked "work in progress" in recognition of the fact. Some of these recommendations include:

- the Monetary Authority of Macau (AMCM), the Department for Financial Services, the Department for Economic Services and the Macau Trade and Investment Promotion Institute should pursue a concerted and co-ordinated approach to raise awareness and provide training on the issue of money laundering;
- given Macau's unique dependence on gambling activities, the need to address money laundering issues should be facilitated by strong public education programs to facilitate greater "buy ins" and better co-operation from the public. [Work in Progress];
- the Department for Economic Services should provide guidelines on money laundering and anti-money laundering measures to the industries which it supervises and the AMCM should review its guidelines on money laundering to the banking sector with the objective of updating and enhancing their contents. [Work in Progress];

- in relation to confiscation, the various provisions that may be applied to confiscate the proceeds of crime should be clarified to make clear which rules govern money laundering cases, depending on the predicate offences;
- in order to facilitate the monitoring of cash movements and for the purpose of financial intelligence, the Macau Government could consider introducing a requirement to report cash carried in and out of Macau across its borders. Should such requirements be introduced, certain enforcement measures would also have to be carried out to penalise instances of non-declaration or false declaration;
- the proposed reform of the gambling industry should, inter alia, aim to improve the regulation and transparency of all entities involved, as well as the 'fit and proper' testing of all operators, managers and staff of casinos. [Work in Progress];
- all casino junket tour operators should be licensed and consideration should be given to ensuring that all participants on junket tours are identified;
- the functions, powers, staffing levels and supervisory capacity of the Gambling Inspection and Co-ordination Services need to be considered to determine whether they need to be enhanced or whether a separate statutory body should be created to oversee the law enforcement aspects of casino operations.
- the capacity of the supervisory agencies needs to be enhanced further to ensure that dedicated resources can be devoted to address suspicious transactions in the various sectors under their supervision.
- a more co-ordinated approach needs to be considered to ensure that the identification, reporting and prosecution of money laundering activities can be done more successfully and speedily. A central, multi-disciplinary agency (usually referred as a financial intelligence unit), responsible for receiving, analysing and disseminating to the competent authorities disclosures of financial information concerning suspected proceeds of crimes should be put in place.
- immediate efforts should be made to ensure improved co-operation in the areas of drafting/amending of anti-money laundering legislation, enforcement of the law and international co-operation;
- a mechanism (e.g. a working group) should be put in place as soon as possible to ensure co-ordination among all relevant government agencies that are involved in the fight against money laundering, in consultation with relevant associations, financial and non-financial institutions. One purpose of this mechanism would be to review money laundering trends and typologies and to develop a co-ordinated strategy to detect and attack money laundering in Macau. [Work in Progress]