



## The BVI Financial Services Commission and BVI Financial Investigation Agency announce Publication of the *Virgin Islands Money Laundering Risk Assessment 2022*

The 2022 Money Laundering (*ML*) Risk Assessment (the ‘Risk Assessment’) builds on the findings of previously conducted risk assessments (including the 2020 ML Risk Assessments) carried out by the BVI Financial Services Commission (the ‘Commission’) and the BVI Financial Investigation Agency (the ‘FIA’), and demonstrates the Virgin Islands’ continued commitment to identifying, assessing, and mitigating ML risk, in keeping with the Financial Action Task Force’s requirements.

The Risk Assessment focuses on identifying and analysing the Virgin Islands’ domestic and international ML threats and vulnerabilities at a national level, as well as those ML risks that exist within the financial services and Designated Non-Financial Businesses and Professions (*DNFBP*) sectors.

At the national level, the report identified the key domestic ML threats as:

- (a) Drug trafficking;
- (b) Migrant smuggling;
- (c) Murder; and
- (d) Corruption.

At the international level, the key ML threats were identified as:

- (a) Fraud;
- (b) Corruption; and
- (c) Tax Evasion.

At the sectoral level, the report identified the Trust and Company Service Providers ('TCSP'), investment business, legal, and Virtual Asset Service Provider ('VASP') sub-sectors as having a higher risk for ML in comparison to other financial services and DNFBP sectors. These findings were based on the:

- (a) nature and complexity of the sectors;
- (b) purpose of products offered;
- (c) nature of clientele serviced by the sectors;
- (d) geographic reach;
- (e) nature of the delivery channels within the sectors; and
- (f) sectors' susceptibility to abuse.

Identifying and understanding these national and sectoral risks is critical to the Territory's ongoing efforts to ensure that it can effectively promote and secure legitimate business activity while deterring persons from carrying out illicit activities for ML purposes in and from within the Virgin Islands.

The Virgin Islands must continue to demonstrate a clear understanding of its ML risks and take requisite actions to mitigate those risks accordingly. Periodic risk assessments like this one better equip supervisors, law enforcement agencies, the financial services and DNFBP industries, and the Territory as a whole to better mitigate the risks of the Territory, and particularly BVI businesses, being utilised to facilitate ML, and the laundering of other proceeds-generating crimes.

The Managing Director and Chief Executive Officer of the Commission, Mr. Kenneth Baker, commented: *"Welcoming new and innovative commerce and investment approaches is vital to our sustained position as a world-class financial services jurisdiction. We must nonetheless maintain both our flexibility and agility to respond to ML threats and vulnerabilities. To do this, the Commission, together with the FIA seek to stay out front in the monitoring of ML and other illicit financial activities with a view toward safeguarding the public against illegal and/or unauthorised activities which undermine the legitimacy and integrity of our financial services systems. As an international financial centre, we are also committed to ensuring that steps are taken to understand, assess and mitigate the risk of misuse of legal persons and arrangements; in this regard this Risk Assessment is instructive. We thank our partners at the FIA for collaborating with us on its execution, and production of the report. It is only through these types of collaborative efforts that we can ensure the BVI remains an inimical destination for illicit activities and continue to foster the development of a well-regulated and attractive environment for legitimate business and compliant market participants."*

The Director of the FIA, Mr. Errol George, commented: *"The FIA welcomed the opportunity to work closely with the Financial Services Commission to undertake such an important task. Ensuring the viability and continued success of the Territory as a premier international financial centre is key. Agencies such as the FIA and the Commission, which are tasked with helping to ensure the Territory complies with the Global Anti-money Laundering Standards that are continuously evolving, must conduct periodic assessments to identify money laundering risks posed by regulated and supervised entities and implement measures aimed at achieving desired levels of compliance. This is pivotal for the effective supervision of both FIs and DNFBPs operating in or from within the Virgin Islands from a risk-based perspective. This highlights the importance of the publication of this 2022 ML Risk Assessment Report as a guide and indicator of*

*inherent risks within the supervised sectors and the Territory. It is with great pleasure I express sincere gratitude to the Commission's team for their continued collaborative partnership on this report and the ongoing efforts to protect and solidify the Virgin Islands' reputation as an international financial centre, whilst safeguarding the global public interest."*

The Commission and FIA remain committed to enhancing their capabilities for fighting financial crime and will continue to take steps to address the issues identified within the Risk Assessment report.

Both agencies intend to present the Risk Assessment report's findings to relevant stakeholders through ongoing outreach efforts, ensuring each sector is aware of its specific risks. We encourage all supervised entities to use the information in the Risk Assessment report to inform and support their own risk assessments to effectively identify, understand and mitigate their ML risks.

The Risk Assessment report is available [here](#) on the FSC's website and [here](#) on the FIA's website.