NATIONAL ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM (AML/CFT) RISK ASSESSMENT OF GHANA
Forward enquiries, comments and recommendations to info@fic.gov.gh
# CONTENT

INTRODUCTION xii
OBJECTIVES xii
METHODOLOGY xii
LIMITATIONS xiii
EXECUTIVE SUMMARY xiv
CONCLUSION xvi

## CHAPTER 1
**MONEY LAUNDERING (ML) RISK ASSESSMENT** 1

- THREAT ASSESSMENT 1
- METHODOLOGY 1
- LIMITATIONS 1
- THREAT ASSESSMENT ANALYSIS 1
- FRAUD 1
- STEALING (THEFT) 2
- BRIBERY AND CORRUPTION 2
- COCOA SECTOR 4
- HOTEL SECTOR 5
- EXTRACTIVE SECTOR 5
- ROBBERY 6
- DRUG TRAFFICKING 6
- HUMAN TRAFFICKING 6
- MIGRANT SMUGGLING 7
- TAX EVASION 7
- THREAT ASSESSMENT CONCLUSION 8

## CHAPTER 2
**NATIONAL VULNERABILITY ASSESSMENT** 9

- METHODOLOGY 9
- LIMITATIONS 9
- VULNERABILITY ASSESSMENT ANALYSIS 9
- POLICY IMPLEMENTATION 11
- CRIMINALISATION OF MONEY LAUNDERING 12
- STR DATA, RECEIPT, ANALYSIS AND DISSEMINATION 13
- INDEPENDENCE AND INTEGRITY OF FINANCIAL CRIME INVESTIGATORS 14
- INDEPENDENCE AND INTEGRITY OF PROSECUTORS 14
- INDEPENDENCE AND INTEGRITY OF THE JUDICIARY 15
- CAPACITY OF FINANCIAL INVESTIGATORS 16
- CAPACITY OF FINANCIAL CRIME PROSECUTORS 16
- CAPACITY OF THE JUDICIARY 17
- ASSET FORFEITURE LAWS 17
- CAPACITY OF ASSET FORFEITURE INVESTIGATORS 18
- INDEPENDENCE AND INTEGRITY OF ASSET FORFEITURE INVESTIGATORS 18
- ASSET FORFEITURE ORDERS 18
- INTERNATIONAL COOPERATION IN ASSET FORFEITURE 19
- DOMESTIC COOPERATION 19
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTERNATIONAL COOPERATION IN CRIMINAL MATTERS</td>
<td>20</td>
</tr>
<tr>
<td>CRIMINAL PENALTIES</td>
<td>20</td>
</tr>
<tr>
<td>AUDITING AND ACCOUNTING STANDARDS AND PRACTICES</td>
<td>21</td>
</tr>
<tr>
<td>IDENTIFICATION INFRASTRUCTURE</td>
<td>22</td>
</tr>
<tr>
<td>AVAILABILITY OF INDEPENDENT INFORMATION SOURCES</td>
<td>23</td>
</tr>
<tr>
<td>CORPORATE AND TRUST TRANSPARENCY</td>
<td>23</td>
</tr>
<tr>
<td>TAX DISCLOSURE</td>
<td>24</td>
</tr>
<tr>
<td>FINANCIAL INTEGRITY</td>
<td>24</td>
</tr>
<tr>
<td>INFORMAL ECONOMY</td>
<td>25</td>
</tr>
<tr>
<td>OVERALL SECTOR VULNERABILITY</td>
<td>25</td>
</tr>
<tr>
<td>PRIORITY AREAS</td>
<td>29</td>
</tr>
<tr>
<td>CONCLUSION</td>
<td>30</td>
</tr>
<tr>
<td>RECOMMENDATIONS</td>
<td>30</td>
</tr>
<tr>
<td>CHAPTER 3</td>
<td>31</td>
</tr>
<tr>
<td>BANKING SECTOR</td>
<td></td>
</tr>
<tr>
<td>INTRODUCTION</td>
<td>31</td>
</tr>
<tr>
<td>GENERAL INPUT VARIABLES</td>
<td>31</td>
</tr>
<tr>
<td>AML/CFT LAWS AND REGULATIONS (PREVENTIVE MEASURES)</td>
<td>31</td>
</tr>
<tr>
<td>THE QUALITY OF SUPERVISION REGARDING THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING</td>
<td>32</td>
</tr>
<tr>
<td>COMMITMENT TO GOOD CORPORATE GOVERNANCE</td>
<td>33</td>
</tr>
<tr>
<td>PENALTIES</td>
<td>33</td>
</tr>
<tr>
<td>ENFORCEMENT OF AML/CFT OBLIGATIONS</td>
<td>33</td>
</tr>
<tr>
<td>BANK STAFF INTEGRITY</td>
<td>33</td>
</tr>
<tr>
<td>BANK STAFF KNOWLEDGE</td>
<td>34</td>
</tr>
<tr>
<td>COMPLIANCE FUNCTION</td>
<td>34</td>
</tr>
<tr>
<td>BANKS’ MONITORING, DATA COLLECTION &amp; RECORD KEEPING SYSTEMS</td>
<td>34</td>
</tr>
<tr>
<td>CORPORATE AND TRUST TRANSPARENCY</td>
<td>35</td>
</tr>
<tr>
<td>IDENTIFICATION INFRASTRUCTURE</td>
<td>35</td>
</tr>
<tr>
<td>AVAILABLE INDEPENDENT SOURCES</td>
<td>35</td>
</tr>
<tr>
<td>INPUT VARIABLES FOR SELECTED PRODUCTS AND SERVICES</td>
<td>36</td>
</tr>
<tr>
<td>ASSUMPTIONS FOR PRODUCTS INPUT VARIABLES ASSESSMENT</td>
<td>36</td>
</tr>
<tr>
<td>PRODUCT VOLUME</td>
<td>36</td>
</tr>
<tr>
<td>AVERAGE TRANSACTION SIZE OF PRODUCT</td>
<td>37</td>
</tr>
<tr>
<td>PRODUCT CLIENT PROFILE</td>
<td>37</td>
</tr>
<tr>
<td>AVAILABILITY OF INVESTMENT/DEPOSIT FEATURE</td>
<td>37</td>
</tr>
<tr>
<td>LEVEL OF CASH ACTIVITY</td>
<td>38</td>
</tr>
<tr>
<td>INTERNATIONAL MONEY TRANSFER FEATURE AND FREQUENCY OF INTERNATIONAL TRANSFER</td>
<td>38</td>
</tr>
<tr>
<td>OTHER VULNERABLE FACTORS – (TAX HAVENS, PEP STATUS, OFFSHORE CENTERS, HIGH RISK JURISDICTIONS, ANONYMOUS TRANSACTIONS, NON-FACE-TO-FACE)</td>
<td>39</td>
</tr>
<tr>
<td>EXISTENCE OF SPECIFIC AML/CFT CONTROLS FOR PRODUCT/SERVICE</td>
<td>39</td>
</tr>
<tr>
<td>PRODUCT VULNERABILITY SCORE</td>
<td>39</td>
</tr>
<tr>
<td>PRESENTATION OF ANALYSIS AND FINDINGS OF SELECTED PRODUCTS/SERVICES</td>
<td>40</td>
</tr>
<tr>
<td>INTERNET BANKING</td>
<td>41</td>
</tr>
<tr>
<td>INTERNATIONAL MONEY TRANSFER</td>
<td>41</td>
</tr>
<tr>
<td>DOMESTIC MONEY TRANSFER</td>
<td>42</td>
</tr>
<tr>
<td>ELECTRONIC BANKING</td>
<td>42</td>
</tr>
<tr>
<td>CURRENT ACCOUNTS</td>
<td>42</td>
</tr>
<tr>
<td>SAVINGS ACCOUNTS</td>
<td>42</td>
</tr>
<tr>
<td>FIXED DEPOSITS</td>
<td>42</td>
</tr>
<tr>
<td>CASH COLLECTION SERVICES</td>
<td>43</td>
</tr>
</tbody>
</table>
FOREIGN EXCHANGE ACCOUNTS 43
FOREIGN CURRENCY ACCOUNTS 43
MOBILE MONEY SERVICES 43
WEALTH MANAGEMENT/PRIVATE BANKING 43
MORTGAGE LOANS 44
TREASURY INSTRUMENTS 44
INVESTMENT ACCOUNTS 44
TRADE FINANCE SERVICES 44
LOANS AND ADVANCES 44
NBFI CLEARING SERVICES 44
GEOGRAPHIC RISK ASSESSMENT 45
BANKS SANCTIONS COMPLIANCE PROGRAMMES 46
CONCLUSION AND RECOMMENDATIONS 46

CHAPTER 4
SECURITIES SECTOR VULNERABILITY 47

INTRODUCTION 47
AML/CFT QUALITY CONTROLS 48
AML/CFT LEGAL FRAMEWORK 48
SEC LICENSING FRAMEWORK 48
AML/CFT INSPECTIONS 48
AML/CFT RESPONSIBILITIES OF SEC 49
MANAGEMENT OVERSIGHT AND ACCOUNTABILITY, POLICIES AND PROCEDURES, RECORD KEEPING AND RETENTION, DETECTION AND REPORTING OF STRS, KYC/CDD, DESIGNATION OF AMLROS, MONITORING PROCEDURES, AML TRAINING AND EDUCATION, MANAGEMENT INFORMATION AND REPORTING AND AML/CFT RISK ASSESSMENT 49
SUBMISSION OF STATUTORY REPORTS 49
REGULATORS FORUM 49
OFF-SITE INSPECTION FRAMEWORK 49
GENERAL INPUT VARIABLES 49
COMPREHENSIVENESS OF AML LEGAL FRAMEWORK 50
EFFECTIVENESS OF SUPERVISION PROCEDURES AND PRACTICES 50
AVAILABILITY AND ENFORCEMENT OF ADMINISTRATIVE SANCTIONS 50
AVAILABILITY AND ENFORCEMENT OF CRIMINAL SANCTIONS 50
INTEGRITY OF STAFF IN SECURITIES FIRMS 50
AML KNOWLEDGE OF STAFF IN SECURITIES FIRMS 50
EFFECTIVENESS OF COMPLIANCE FUNCTION (ORGANIZATION) 51
EFFECTIVENESS OF SUSPICIOUS ACTIVITY MONITORING AND REPORTING 51
LEVEL OF MARKET PRESSURE 51
AVAILABILITY AND ACCESS OF BENEFICIAL OWNERSHIP INFORMATION 51
AVAILABILITY OF RELIABLE IDENTIFICATION INFRASTRUCTURE 51
AVAILABILITY OF INDEPENDENT INFORMATION SOURCES 51
PRESENTATION OF ANALYSIS USING THE WORLD BANK EXCEL TEMPLATE 51
INHERENT VULNERABILITY VARIABLES 52
TOTAL VALUE /SIZE OF THE INSTITUTION TYPE 52
COMPLEXITY AND DIVERSITY OF THE PORTFOLIO OF THE INSTITUTION TYPE 52
CLIENT BASE PROFILE OF THE INSTITUTION TYPE 52
EXISTENCE OF INVESTMENT/DEPOSIT FEATURE 52
LIQUIDITY OF THE PORTFOLIO 52
FREQUENCY OF INTERNATIONAL TRANSACTIONS 52
OTHER VULNERABLE FACTORS 53
PRESENTATION OF FINDINGS 53
GENERAL FINDINGS FROM THE SURVEY 53
CAPACITY BUILDING 53
PROCEDURE(S) FOR TACKLING SUSPICIOUS TRANSACTION REPORT 53
REVIEW OF AML/CFT POLICIES AND PROCEDURES 53
GOVERNANCE AND BOARD’S RESPONSIBILITY 54
ML/TF RISK ASSESSMENT 54
KNOW YOUR CUSTOMER POLICY, FREQUENCY OF CLIENT IDENTITY AND VERIFICATION 54
MONITORING CLIENTS’ TRANSACTIONS 55
MONITORING TRANSACTIONS OF POLITICALLY EXPOSED PERSONS 55
INDEPENDENT TESTING OF AML/CFT COMPLIANCE PROGRAM 55
SUBMITTING SUSPICIOUS TRANSACTION REPORT TO FIC 55
CONCLUSION 55
RECOMMENDATIONS 56

CHAPTER 5
INSURANCE SECTOR 58

INTRODUCTION 58
NON-LIFE COMPANIES 58
LIFE COMPANIES 58
AGENTS 58
INSURANCE BROKERS 59
REINSURANCE BROKERS 59
LOSS ADJUSTER 59
REINSURERS 59
INDUSTRY PERFORMANCE 59
AML MONITORING CONTROLS 60
SUBMISSION OF STATUTORY REPORTS AND DOCUMENTS 60
LEVEL OF STAFF KNOWLEDGE OF AML/CFT 60
STAFF INTEGRITY 60
POLITICALLY EXPOSED PERSONS (PEPS) AND OTHER RISKY CUSTOMERS AND TRANSACTIONS 60
CUSTOMER PROFILING AND MONITORING SYSTEMS 60
SUPERVISORY AUTHORITY 60
QUALITY OF AML CONTROLS 60
PENALTIES 62
ENFORCEMENT OF AML OBLIGATIONS 62
STAFF INTEGRITY 62
STAFF KNOWLEDGE 63
COMPLIANCE FUNCTION 63
AML MONITORING SYSTEMS 63
CORPORATE AND TRUST TRANSPARENCY 63
IDENTIFICATION INFRASTRUCTURE 63
AVAILABILITY OF INDEPENDENT INFORMATION SOURCES 63
PRESENTATION OF ANALYSIS AND FINDINGS OF SELECTED PRODUCTS/SERVICES 64
PRODUCTS OF INSURANCE COMPANIES 64
PRODUCT INPUT VARIABLE ASSESSMENT 64
PRODUCT VOLUME 64
AVERAGE TRANSACTION SIZE 64
CLIENT PROFILE 65
AML/CFT SPECIFIC CONTROLS 65
LIFE PRODUCTS 65
FUNERAL 65
MORTGAGE PROTECTION POLICY 65
GROUP POLICIES 65
CHAPTER 6
OTHER FINANCIAL INSTITUTIONS VULNERABILITY.

INTRODUCTION
INDUSTRY PERFORMANCE
QUALITY OF AML CONTROLS
BUREAU DE CHANGE
COMPREHENSIVENESS OF AML LEGAL FRAMEWORK
EFFECTIVENESS OF SUPERVISION/OVERSIGHT ACTIVITIES
AVAILABILITY AND ENFORCEMENT OF ADMINISTRATIVE SANCTIONS
AVAILABILITY AND ENFORCEMENT OF CRIMINAL SANCTIONS
MARKET ENTRY
INTEGRITY OF BUSINESS/INSTITUTION STAFF
AML KNOWLEDGE OF BUSINESS/INSTITUTION STAFF
EFFECTIVENESS OF COMPLIANCE FUNCTION
EFFECTIVENESS OF SUSPICIOUS ACTIVITY MONITORING AND REPORTING
AVAILABILITY AND ACCESS TO BENEFICIAL OWNERSHIP INFORMATION
AVAILABILITY OF RELIABLE IDENTIFICATION INFRASTRUCTURE
AVAILABILITY OF INDEPENDENT INFORMATION SOURCES
ELECTRONIC MONEY ISSUERS & AGENTS
COMPREHENSIVENESS OF AML LEGAL FRAMEWORK
EFFECTIVENESS OF SUPERVISION/OVERSIGHT ACTIVITIES
AVAILABILITY AND ENFORCEMENT OF ADMINISTRATIVE SANCTIONS
AVAILABILITY AND ENFORCEMENT OF CRIMINAL SANCTIONS
MARKET ENTRY
INTEGRITY OF BUSINESS/INSTITUTION STAFF
AML KNOWLEDGE OF BUSINESS/INSTITUTION STAFF
EFFECTIVENESS OF COMPLIANCE FUNCTION
EFFECTIVENESS OF SUSPICIOUS ACTIVITY MONITORING AND REPORTING
AVAILABILITY AND ACCESS TO BENEFICIAL OWNERSHIP INFORMATION
AVAILABILITY OF RELIABLE IDENTIFICATION INFRASTRUCTURE
AVAILABILITY OF INDEPENDENT INFORMATION SOURCES
FINANCE HOUSE
COMPREHENSIVENESS OF AML LEGAL FRAMEWORK
EFFECTIVENESS OF SUPERVISION/OVERSIGHT ACTIVITIES
AVAILABILITY AND ENFORCEMENT OF ADMINISTRATIVE SANCTIONS
AVAILABILITY AND ENFORCEMENT OF CRIMINAL SANCTIONS
MARKET ENTRY
INTEGRITY OF BUSINESS/INSTITUTION STAFF
# CHAPTER 7
## DESIGNATED NON-FINANCIAL BUSINESSES AND PROFESSIONS (DNFPBs)

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
<td>88</td>
</tr>
<tr>
<td>SUPERVISORY BODY FOR THE DNFBP SECTOR</td>
<td>89</td>
</tr>
<tr>
<td>LEGAL FRAMEWORK</td>
<td>89</td>
</tr>
<tr>
<td>FUNCTIONS AND RESPONSIBILITIES OF GRA AML/CFT UNIT</td>
<td>89</td>
</tr>
<tr>
<td>OPERATIONAL GUIDELINE</td>
<td>90</td>
</tr>
<tr>
<td>ACCOUNTANTS</td>
<td>90</td>
</tr>
<tr>
<td>LAWYERS</td>
<td>92</td>
</tr>
<tr>
<td>NOTARIES</td>
<td>92</td>
</tr>
<tr>
<td>NPOs and NGOs</td>
<td>93</td>
</tr>
<tr>
<td>DEALERS IN PRECIOUS METALS</td>
<td>94</td>
</tr>
<tr>
<td>REAL ESTATE</td>
<td>95</td>
</tr>
<tr>
<td>MANDATE AND MEMBERSHIP</td>
<td>95</td>
</tr>
<tr>
<td>LEGAL AND REGULATORY FRAMEWORK - ANTI-MONEY LAUNDERING PROVISIONS</td>
<td>95</td>
</tr>
<tr>
<td>THE REAL ESTATE AGENCY BILL</td>
<td>95</td>
</tr>
<tr>
<td>AML/CFT EFFORTS BY GREDA</td>
<td>96</td>
</tr>
<tr>
<td>RISK AREAS WITHIN THE REAL ESTATE SECTOR</td>
<td>96</td>
</tr>
<tr>
<td>CAR DEALERS</td>
<td>97</td>
</tr>
<tr>
<td>NEW VEHICLE DEALERS - GHANA AUTOMOBILE DEALERS ASSOCIATION (GADA)</td>
<td>97</td>
</tr>
<tr>
<td>SECOND HAND VEHICLE DEALERS</td>
<td>97</td>
</tr>
<tr>
<td>EMERGING ML/TF TRENDS WITHIN THE CAR DEALERS INDUSTRY</td>
<td>98</td>
</tr>
<tr>
<td>ML/TF VULNERABILITIES WITHIN THE INDUSTRY</td>
<td>98</td>
</tr>
<tr>
<td>OPERATORS OF GAME OF CHANCE</td>
<td>98</td>
</tr>
<tr>
<td>CONCLUSION - DNFPBS</td>
<td>100</td>
</tr>
<tr>
<td>DNFPBS RECOMMENDATIONS</td>
<td>101</td>
</tr>
<tr>
<td>REAL ESTATE</td>
<td>101</td>
</tr>
<tr>
<td>OPERATORS OF GAME OF CHANCE</td>
<td>101</td>
</tr>
<tr>
<td>DEALERS IN PRECIOUS METALS</td>
<td>101</td>
</tr>
<tr>
<td>ACCOUNTANTS</td>
<td>101</td>
</tr>
<tr>
<td>LAWYERS</td>
<td>102</td>
</tr>
<tr>
<td>CAR DEALERS</td>
<td>102</td>
</tr>
<tr>
<td>NON-PROFIT ORGANISATIONS (NPOs)</td>
<td>102</td>
</tr>
</tbody>
</table>

# CHAPTER 8
## FINANCIAL INCLUSION ASSESSMENT

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT STATE OF FINANCIAL INCLUSION IN GHANA</td>
<td>103</td>
</tr>
<tr>
<td>LEGAL FRAMEWORK / OTHER ENFORCEABLE REGULATIONS</td>
<td>106</td>
</tr>
<tr>
<td>MANDATE OF ACT 774</td>
<td>106</td>
</tr>
<tr>
<td>MFIS FINANCIAL SERVICE PROVIDERS</td>
<td>107</td>
</tr>
<tr>
<td>PRESENTATION OF FINDINGS</td>
<td>107</td>
</tr>
<tr>
<td>OPERATIONS OF MICROFINANCE INSTITUTIONS</td>
<td>107</td>
</tr>
<tr>
<td>GAPS WITHIN THE REGULATORY AND SUPERVISORY REGIMES (MEDIUM)</td>
<td>107</td>
</tr>
<tr>
<td>ATTRACTING INVESTMENTS AND DEPOSITS BY MFIS (MEDIUM)</td>
<td>108</td>
</tr>
<tr>
<td>WEAK CORPORATE GOVERNANCE AMONG MFIS (MEDIUM)</td>
<td>108</td>
</tr>
<tr>
<td>CONCLUSION - FINANCIAL INCLUSION ASSESSMENT</td>
<td>108</td>
</tr>
<tr>
<td>RECOMMENDATIONS - FINANCIAL INCLUSION ASSESSMENT</td>
<td>108</td>
</tr>
</tbody>
</table>
GIABA - INTER-GOVERNMENTAL ACTION GROUP AGAINST MONEY LAUNDERING IN WEST AFRICA
GNP - GROSS NATIONAL PRODUCT
GRA - GHANA REVENUE AUTHORITY
GREDA - GHANA REAL ESTATE DEVELOPERS ASSOCIATION
GSE - GHANA STOCK EXCHANGE
IBA - INTERNATIONAL BAR ASSOCIATION
ICAG - INSTITUTE OF CHARTERED ACCOUNTANTS GHANA
ID - IDENTIFICATION
IMF - INTERNATIONAL MONETARY FUND
KYC - KNOW YOUR CUSTOMER
L I - LEGISLATIVE INSTRUMENT
LEAs - LAW ENFORCEMENT AGENCIES
MFCs - MICROFINANCE COMPANIES
MFIs - MICROFINANCE INSTITUTIONS
ML - MONEY LAUNDERING
ML/TF - MONEY LAUNDERING/ TERRORIST FINANCING
MLs - MONEY LENDERS
MOF - MINISTRY OF FINANCE
MVTS - MONEY VALUE TRANSFER SERVICES
NBFI - NON BANK FINANCIAL INSTITUTION
NGOs - NON GOVERNMENTAL ORGANISATIONS
NIC - NATIONAL INSURANCE COMMISSION
NLA - NATIONAL LOTTERY AUTHORITY
NPOs - NON PROFIT ORGANISATIONS
NRA - NATIONAL RISK ASSESSMENT
OECD - ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT
OFAC - OFFICE OF FOREIGN ASSETS CONTROL
OFIs - OTHER FINANCIAL INSTITUTIONS
PEPs - POLITICALLY EXPOSED PERSONS
PMMC - PRECIOUS MINERALS MARKETING COMPANY
PNDCL - PROVISIONAL NATIONAL DEFENCE COUNCIL LAW
RCBs - RURAL AND COMMUNITY BANKS
RGD - REGISTRAR GENERAL'S DEPARTMENT
RSPs - REMITTANCE SERVICE PROVIDERS
S&Ls - SAVINGS AND LOANS COMPANIES
SC&Es - COLLECTORS AND ENTERPRISES
SDD - SIMPLIFIED DUE DILIGENCE
SEC - SECURITIES AND EXCHANGE COMMISSION
SMEs - SMALL AND MEDIUM SCALE ENTERPRISES
SRO - SELF REGULATORY ORGANISATION
STR - SUSPICIOUS TRANSACTION REPORT
TF - TERRORIST FINANCING
WB - WORLD BANK
INTRODUCTION

In recent years the twin menace of Money Laundering and Terrorist Financing (ML/TF) have assumed alarming proportions putting at risk the global Financial Systems. Criminals over the years have concealed their illicit proceeds by investing in legitimate businesses through a number of schemes using the Bank, Non-Bank Financial Institutions (NBFi) and the Designated Non-Financial Businesses and Professions (DNFBPs). It is estimated by the International Monetary Fund (IMF) that the magnitude of money laundered in the world is about 3-5% of the world’s Gross Domestic Product (GDP) (source: IMF Report, 2008). According to the United Nations Office on Drug and Crime (UNODC) one – fifth of this comes from illicit drug trade.

The Financial Action Task Force (FATF) 40 Recommendations set out a comprehensive and consistent framework of measures which countries should implement in order to combat ML/TF as well as the financing of proliferation of weapons of mass destruction. Countries have diverse legal, administrative and operational framework and different financial systems and so cannot implement the same measures to counter these threats. The FATF Recommendations, therefore, set an international standard, which countries should implement through measures adapted to their peculiar circumstances (Revised FATF Recommendations 2012).

Recommendation 1 of the Revised FATF Recommendations (2012) and paragraphs 3-7 of its Interpretative Note (INR 1), in particular, outline general principles that may serve as a useful framework in assessing ML/TF risks at the national level.

Consequently, the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) directed all member States at its plenary in Niamey, Niger in May 2014, to undertake and complete their respective National Risk Assessments (NRAs) before the second round of Mutual Evaluation commenced in September 2016.

The National Risk Assessment (NRAs) is, therefore, intended to provide guidance on the conduct of identifying and assessing threats and vulnerabilities of a country at national level, and it relates especially to key requirements set out in Recommendation 1. This Recommendation outlines general principles that may serve as a useful framework in assessing ML/TF risks at the national level.

The NRA report was published in April 2016 and has become necessary for review after two years of publication. ML/TF risks have evolved over time and emerging areas have also become necessary to be assessed. Mitigation measures had also been put in areas which were assessed as high risk in the previous report necessitating the need to reconsider the ratings and review the impact of ML/TF in some emerging areas.

The review of the national risk assessment of Ghana was to cater for sectors which were not discussed but critical in the overall assessment of the country. These sectors include the cocoa, hotels, mining and the extractive sectors in general.

OBJECTIVES

The objectives of the NRA review were to;

a. Determine the new level of vulnerability after the inclusion of the new threats, actions taken after the initial NRA and the, the measures put in place to address the economic and financial sectors to ML/ TF.

b. Appreciate the best way to allocate resources for the prevention, investigation and prosecution of ML and TF.

METHODOLGY


The composition of Working Groups included members of the Private Sector as their involvement added value to the process.
The NRA process involved Collection of Data, Analysis of the data, Drafting of the Report and Recommendations to the Report.

The National Security Council Secretariat was the Head of the Planning Committee for the NRA; this led to the creation of eight (8) Working Groups, made up of about 80 members. The eight Working Groups included the following:

- National Threats Assessment
- National Vulnerability Assessment
- Banking Vulnerability Assessment
- Securities Vulnerability Assessment
- Insurance Assessment
- Other Financial Institutions Vulnerability Assessment
- Designated Non-Financial Businesses and Professions Vulnerability Assessment
- Financial Inclusion Risk Assessment

A survey method was adopted for the study. In all, eight Working Groups were formed and each of the Groups used the World Bank tool. Groups, 1 and 2, focused on the National Threats and National Vulnerability while the other six Groups focused on Sector Vulnerabilities. Both quantitative and qualitative methods were applied. The survey also made use of primary and secondary sources of data. Inputs from the primary data were analysed using the World Bank excel template. Questionnaires developed by some of the Working Groups, were based on the variables developed by the World Bank excel template. The questionnaires contained both closed and open-ended questions, specially designed to elicit the views of the sampled respondents. Interviews were also employed in the study to confirm some of the responses given in the questionnaire earlier administered, and to elicit clarification or explanation on the operations in some sectors. Secondary sources were obtained from the Mutual Evaluation Report (MER) on Ghana in 2009, the findings and recommendations of the Mutual Evaluation Report (MER) on Ghana in 2016, FATF 40 Recommendations (2012), Financial Intelligence Centre (FIC) Annual Reports from 2012 to 2016, among others. Data covering 2010 to 2016 was collected from a wide range of institutions whose members were largely represented in each of the eight Working Groups. This was done to ensure that data was obtained with some ease.

LIMITATIONS

Access to data was limited; some respondents did not have information or a statistical Unit, and therefore, did not see the need to make the information readily available.

A number of institutions did not provide the required information as requested by the Working Groups. It was very difficult getting them to supply the remaining data. However, those that provided information/data did not do so within the stipulated time.

Some of the data/information provided needed to be validated to ensure their accuracy and integrity. Again, it was difficult getting some institutions to validate their data/information.

There was also a lack of clear understanding of issues the questionnaires sought to receive from some of the sampled respondents.

In most instances, there were no data available and in other cases, institutions were not forthcoming with the information particularly in the DNFBPs sector. They held back information for fear of repercussions for divulging information related to their businesses. Some openly expressed the fear that providing the information would open them up for tax audit, as well as providing their business secrets and strategies to other competitors.

The lack of knowledge on ML and TF issues within some sectors also affected the responses provided by some of the industry players.

Most institutions did not have adequate Management Information System (MIS) to generate the required data requested for by the Working Group members.
Ghana agreed to review its National Risk Assessment (NRA) after the Mutual Evaluation Report (MER) identified strategic deficiencies which needed to be addressed. The NRA is to understand ML/TF risks by identifying and evaluating threats, vulnerabilities and their impact on the country.

The reviewed NRA process tested the robustness of Ghana's current AML/CFT regime. The objective is to identify, assess and mitigate ML/TF risks, through adjustments and amendments in the legal and regulatory frameworks.

The desired outcomes of the NRA process are to develop a National AML/CFT Policy document and Action Plan that will assist in the allocation of AML/CFT resources, as well as, assist in revising or developing guidance for “Accountable Institutions” so as to ensure compliance with the AML/CFT regime. This objective has been achieved.

The NRA process should support the Government of Ghana’s declared fight against money laundering, illicit financial flows and transnational organised crimes.

As far as the review process is concerned, Ghana continued to rely on the World Bank conceptual framework in the form of a National Risk Assessment Tool (including excel templates). The World Bank also gave technical assistance and guided the working groups in the effective use of the tool. All the findings, interpretations, and judgments of the exercise, are solely the work of the working groups in Ghana and they do not reflect the views of the World Bank. The NRA review process in Ghana involved two phases, namely the re-composition of the working groups and validation of the working group reports.

The Mutual Evaluation conducted on Ghana in the year 2016, revealed a number of challenges in the country’s compliance with the AML/CFT measures. For instance, the extractive and petroleum, cocoa and the hotel sectors were not included in the earlier assessment. The sector specific AML/CFT guidelines had not been revised to be consistent with the FATF revised 40 Recommendations. There was also no Administrative sanctions regime in place; these have since been published.

Most of the sectors captured in this NRA have acknowledged the tremendous growth of Ghana’s cash-based economy. As a result many microfinance institutions, mobile money services and investment companies have emerged, and are operating, thus boosting the internal transfer of money. This has made the financial system vulnerable to ML/TF risks.

With regard to the threat analysis, our assessment concluded that crimes such as fraud, stealing, robbery, drug trafficking, corruption, and tax evasion, are the most rampant. The extractive, petroleum and hotel sectors have exposed the threat of this sector. Cybercrime is a particularly big issue in Ghana. The overall threat was rated as medium-high.

Our assessment of the national vulnerability focused on 24 areas with varying levels of capacity to deal with threats. The overall picture depicts the existence of a strong legislative and regulatory framework, but a low enforcement regime. With the national vulnerability rated as medium and a relatively low capacity to deal with the threats, it is concluded that the overall sectoral vulnerability was rated as medium.

Weighing the threats and vulnerabilities, the overall ML risks for Ghana was still rated as medium. This is however an improvement on the earlier national risk assessment.

In terms of TF risk, the potential threat level is low, as there are only a few reported cases of TF in Ghana to date, although vigilance is necessary as a precaution given developments in the region.

On the positive side, the NRA has revealed that there are many sectors in which Ghana is working diligently, and achieving satisfactory results, particularly in the banking sector and to some extent the insurance sector. Much effort has been made in the area of compliance as a result of diligent work undertaken by the regulators. Nonetheless, these sectors showed that poor location addresses provided by customers hampered the effective implementation of know-your-customer (KYC) and customer due diligence (CDD) measures.
However, the survey indicated that ML/TF risk remains evident in many sectors of the business environment. Reasons cited include: a general lack of knowledge of AML/CFT issues on the part of some supervisors and accountable institutions; ineffective enforcement of laws by the regulators and supervisors. Vigorous training and sensitization of personnel need to be carried out by experts and the Financial Intelligence Centre (FIC). Critically, we noted a lack of an effective sanction regime.

Turning to specific sectors, the Insurance and Securities sectors are fledgling industries that contribute only 2% and 9% respectively to Ghana’s GDP. Therefore, the risk of ML/TF is comparatively low.

It was observed that Other Financial Institutions, such as MFIs and Bureau de Changes, were susceptible to ML/TF risks. These sectors have benefitted from a robust licensing regime and a strong regulatory framework. However, supervision has been erratic especially in the savings and loans units of the banks. Monitoring by the regulator has not been effective. Overall, the sector’s rating in terms of its vulnerability was medium.

DNFBPs sectors were given a high rating for vulnerability to ML/TF risks. Casinos Operators and Betting Agents (operators of games of chance), Dealers in Precious Minerals and Real Estate Companies and Agents provided minimal response to questionnaires. The weakness in the regulatory framework makes this sector attractive to money laundering schemes.

NPOs and NGOs have presented a fertile ground for ML/TF risks because of a lack of AML/CFT measures, supervision and awareness. It is one of the few areas where legislation has not been enacted to effectively monitor their activities.

With regard to Financial Inclusion, we noted that, in Ghana, low incomes are prevalent and large segments of the population do not have bank accounts. Institutions that offer financially inclusive products were assessed. This sector’s vulnerability was rated as medium.

New Payments Products and Services (NPPS) in use in Ghana, including mobile payments, prepaid cards and internet based payment services carry the potential for ML/TF risks. The nature of these instruments coupled with the non-existence of KYC/CDD regime makes mobile money platforms risky and quite easy for mobile numbers to be ported by criminals.

Weak legal and institutional frameworks observed during the survey include: inadequate Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) safeguards, relaxed oversight by competent domestic authorities, weak procedures to inspect goods and register legal entities, inadequate record-keeping and information technology systems and lack of adequate coordination and cooperation among relevant agencies.

The following recommendations were made amongst others:

- Creation of a specific training programme for LEAs in the various specialised areas of financial crime investigations.
- Capacity building of financial crime investigators, prosecutors and indeed LEAs, must be enhanced.
- The Government should allocate adequate funding to support the fight against ML/TF.
- Inter-agency collaboration should be encouraged and enhanced.
- There should be effective implementation of Asset Forfeiture laws and regulations.
- Create a single infrastructure platform to capture the true biometrics of all persons resident in Ghana.
- Amend laws in respect of the Financial Institutions (FIs) sectors to compel them comply with AML/CFT regime/measures.
- Establish an Asset Management Office (AMO) to manage property seized and confiscated in order to obtain the economic benefits from it.
- Provide for sanctions regime to be effective proportionate and dissuasive to deter criminals.
- Enhance tax auditing, monitoring, investigation and administration to punish tax defaulters.
- Supervisors and Regulatory Bodies should pay particular attention to the products/services with the highest vulnerabilities.

The Government to take concrete and effective steps to improve the identity, address system in Ghana to make it easy for Banks and other institutions to verify residential and business locations of their clients so as to enhance the conduct of effective KYC/CDD.
CONCLUSION

Ghana is gradually realising the impact of ML/TF risks, on the economic growth of the country and also realising its role as an increasingly relevant player in the global fight against ML/TF.

There is a potential threat of terrorist financing in Ghana.

A recent report of recruitment of Ghanaians into the fold of ISIS is a matter of concern. Reports of seven suspects arrested with weapons and rounds of ammunition, indicates a necessity for LEAs to thoroughly investigate, not only the crime, but the source of funding associated with the commission of the crime.

Education on ML/TF should be a priority of the country. All stakeholders must be encouraged to take part in awareness creation and capacity building. This should follow a two-pronged approach; a renewed policy focus that would result in both effective administrative and criminal sanctions regime.
CHAPTER 1
MONEY LAUNDERING (ML) RISK ASSESSMENT

THREAT ASSESSMENT
The threat analysis involved carrying out a detailed examination of the most occurring predicate offences committed in relation with money laundering (ML). This assessment considered the threats emanating within and outside Ghana. It also looked at emerging areas within sectors such as the extractive, hospitality and cocoa sectors which may be prone to ML activities.

METHODOLOGY
Primary data was collected from Control, Regulatory, Enforcement and Judicial Agencies as well as, carrying out a qualitative review of official legal and socio-economic documents, local literature and international articles.

The request forms solicited for information for the period commencing 2010 to the present. The data collection forms were sent to the following State institutions: Ghana Revenue Authority, Attorney-General’s Department, Economic and Organised Crime Office, Ghana Police Service, Narcotics Control Board, Immigration Service and the Financial Intelligence Centre.

Officials of other State institutions such as Food and Drugs Authority were interviewed. The intention and emphasis of the assessment was both an information gathering exercise and an evaluative analysis which was informed by a combination of documentary sources and primary data from key Stakeholder institutions.

Secondary Sources- Information was collected from the GIABA website, FATF website and other open sources.

LIMITATIONS
• Lack of statistics from institutions relating to predicate offences.
• Respondents did not offer sufficient information on types of crimes

These challenges were well managed and the findings and recommendations are an accurate reflection of the assessment.

THREAT ASSESSMENT -ANALYSIS
Fraud, stealing, robbery and tax evasion are the most likely forms of predicate offences in Ghana. The financial crimes scope also includes drug trafficking, bribery, corruption and smuggling.

The overall ML threat is medium.

FRAUD
Fraud in its various forms is an offence frequently committed in Ghana. The criminal offences Act 1960 (Act 29) defines fraud as forgery, falsification or any other unlawful act used or done with the intent to defraud, an intent to defraud means an intent to cause, by means of forgery, falsification, or other unlawful act, again capable of being measured in money, or the possibility of that gain to person at the expense or to loss of any other person.

Financial intelligence Centre statistics shows that over 95% of suspicious transactions reports received from 2010 to date were reports on fraud. Cybercrime in the form of romance fraud, advanced fee fraud, gold scams are the most commonly committed offences in Ghana.

Romance fraud is committed by persons claiming to live or work in Ghana and establishing a relationship with someone aboard over the internet. Once that relationship has been established, the fraudster will ask for money for living expenses, travel expenses or visa cost. Sometimes a hospital or a doctor’s telephone number is provided to say that the friend has suffered an accident and therefore needs immediate financial assistance to cover medical bills. Perpetrators misrepresent themselves by providing false identities to victims. The goal of this is to obtain as much money as possible from the victims.

Advanced fee fraud are scams usually conducted using the internet (email, social media etc.) and involves the pre-payment for non-existent service to be rendered to the victim in future. These unknown individuals promise a business scheme or deal that would yield bigger and immediate financial returns. The purpose of the scam is simply to extort money from the victim. This scheme is common among resident and non-resident persons.
Another fraud scheme is gold scams. Ghana has a reputation for its gold production, which dates as far back as the 15th century.

Small-scale mining was illegal in the country. Until 1986 when the Provisional National Defence Council (PNDC) government paved the way for people in mining communities to mine gold to aid rural development and address unemployment.

However, this decision rather resulted to an increase in illegal mining activities. All manner of persons and activities including exploitation of businessmen by chiefs/traditional authorities, non-diligent work by the District Assemblies, collusion between some Government Officials and fraudsters, proliferation of small arms to protect gold concessions, gullibility of foreigners, non-enforcement of the relevant laws, greed of foreigners were at play.

As a result of the above, a number of schemes and scams were used to defraud unsuspecting victims especially foreigners through internet scam, fake documentation, use of names of high level individuals in the country, use of fake websites and advance fee fraud.

Gold scam cases have become a common type of fraud reported to law enforcement agencies resulting in loss of millions of dollars to the state and victims.

Illegal mining also referred to as “galamsey” has resulted in wanton destruction of the environment. Government in the bid to fight illegal mining, launched a programme called ‘operation vanguard’ to bring sanity into their activities. This programme has chalked modest success so far.

A number of measures have been put in place to monitor and address the gaps. These include the strengthening of institutional cooperation and collaboration, re-afforestation, “Stop the pollution of river bodies” campaigns and application of stiffer sanctions to perpetrators.

**ML threat rated Medium High**

**STEALING (THEFT)**

Stealing is defined by section 125 of the Criminal and other offences Act, 1960, (Act 29) as “a person steals if he dishonestly appropriates a thing of which that person is not the owner”.

It is ranked the highest amongst the most reported and investigated predicate offences in the period of this assessment. Cases of stealing involve huge sums of money belonging to private persons, organization and the state.

State officials in connivance with suppliers, contractors and bank officials create elaborate schemes to steal monies designated for government contracts and projects.

Another conduit through which state’s funds are stolen is the insertion of non-existent public sector employees on the government payroll. Padding of salaries, or what is generally known as “ghost names” on the public payroll cost the country Thirty billion Ghana Cedis (GH¢30,000,000,000.00) (US$ 8,000,000,000.00Equiv) annually. Currently some employees of the National Service Scheme and a former director of the Scheme are being prosecuted for allegedly stealing sums of monies amounting to Eighty-six million, nine hundred thousand Ghana Cedis (GH¢86,900,000.00) (US$ 2,633,000 Equiv) through padding of the wages bill.

**ML threat rated Medium**

**BRIBERY AND CORRUPTION**

Bribery and Corruption are both predicate offences under the Criminal and Other Offences Act, 1960, (Act 29). There are variations of bribery and corruption under the Act.

With regards to corruption, there is the charge of corruption by a public officer and juror, under section 239 of the Act, and another charge of corrupt agreement for unlawful consideration under section 243.

For bribery, the acceptance of bribe by a public officer after an act is done, is captured under section 244 of the Act.

There is little empirical data to support the detection of these crimes but public perception about corruption in public and private sectors is high.

Major findings of perceived corruption within the public and private sectors were as follows:

Majority (78%-92%) of Ghanaians perceive that some public and private sector officials are corrupt but the perception is worse for officials in the public sector.

However, the establishment of the Office of the Special Prosecutor and the Supreme Court ruling on the surcharging mandate of the Auditor General has increased public confidence in government efforts to combat corruption.
The Auditor General’s report submitted to the Public Accounts Committee of Parliament over the last few years, suggests massive misapplication of public funds by public officials.

Causes of corruption include institutional weaknesses, poor ethical standards, low level of integrity, non-enforcement or partial enforcement of laws, disregard or circumvention of procedures and institutional bureaucracy.

Primary data on corruption obtained from law enforcement and judicial sources portray relatively low prevalence of corruption. However, perception of its prevalence especially in the public sector, suggests it is endemic and institutionalised.

Corruption is manifested through the following dominant techniques:

1. Embezzlement, misappropriation or other diversion of public property/funds by public officials
2. Bribery of top government officials
3. Inflation of contracts and over-invoicing
4. Abuse/misuse of public office for personal gains
5. Trading in influence to get things done or not done
6. Illegal transfer or taking of money abroad.

From collation of Country reports of survey conducted in GIABA member States, responses from Ghana were rated as follows:

<table>
<thead>
<tr>
<th>CORRUPTION TECHNIQUE</th>
<th>GHANA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bribery of government official</td>
<td>56.7%</td>
</tr>
<tr>
<td>Bribery of foreign officials</td>
<td>6.7%</td>
</tr>
<tr>
<td>Embezzlement, misappropriation or other diversion of property by government officials</td>
<td>56.7%</td>
</tr>
<tr>
<td>Asset/ Misuse of office for personal gains</td>
<td>46.7%</td>
</tr>
<tr>
<td>Trading in influence to get things done or not done</td>
<td>50%</td>
</tr>
<tr>
<td>Illegal transfer or taking of money abroad</td>
<td>13.3%</td>
</tr>
<tr>
<td>Bribery or embezzlement in private sector</td>
<td>10%</td>
</tr>
<tr>
<td>Inflation of contract figures</td>
<td>56%</td>
</tr>
</tbody>
</table>

In view of the public perception, and most probably the devastating effect of corrupt practices on the country’s development, successive governments since the advent of constitutional rule in Ghana, in 1992, have enacted a raft of legislation to combat corruption.

- Establishment of Commission of Human Rights and Administrative Justice (CHRAJ) under The Commission of Human Rights and Administrative Justice Act, 1993 (Act 456) and vesting it with the powers to investigate all instances of alleged or suspected corruption and misappropriation of public funds by officials.
- Establishment of the Serious Fraud Office Act, 1993 (Act 466)
- Enactment of the Political Office Holders (Declaration and Disqualification ) Act, 1998 (Act 500)
- Audit Service Act, 2000 (Act 584)
- Political Parties Act, (Act 574)
- Internal Audit Agency Act, 2003 (Act 658)
- Public Procurement Act, 2003 (Act 663)
- Whistle Blowers Act, 2006 (Act 720)
- Economic and Organised Crime Office Act, 2010 (Act 804)
- The Mutual Legal Assistance Act, 2010 (Act 807)
- Companies (Amendment) Act, 2016 (Act 920)
- Public Financial Management Act, 2016 (Act 921)
- Office of the Special Prosecutor Act, 2017 (Act 959)

At the international level, Ghana ratified the United Nations Convention against Corruption (UNCAC), Merida Convention and the African Union Convention against Corruption in December 2005 as additional instruments to the Economic Community of West African States (ECOWAS) PROTOCOL on the fight against corruption.
Other recent interventions include the following:

- Code of conduct for public officers of Ghana.
- Anti-Corruption Manual (2009) by the Ministry of Justice and Attorney General’s Department
- The CHRAJ (Investigative Procedure Regulation was Passed (C.I.67)
- The National Anti-Corruption Action Plan (NACAP), 2014
- Issuance of guidelines by CHRAJ to assist public officials to identify and manage conflict of interest
- Declaration of zero tolerance for corruption.

As an illustration of government determination to fight corruption, a former executive director of the National Youth Employment Program now Ghana Youth Employment and Entrepreneurial Development Agency (GYEEDA) and a consultant to a project under the programme have been prosecuted for stealing huge state funds through sham contracts.

Another corruption case currently in court involve a former CEO of Ghana Cocoa Board (COCOBOD) who has been charged with 27 counts of willfully causing financial loss to the State to the tune of Two Hundred and Seventeen Million Ghana Cedis (GHS 217,000,000) in three separate contracts for the supply of fertilizers from Germany.

The respective contracts were awarded through sole-sourcing but the procedure for sole-sourcing was not followed. Moreover, the 2014 contract was awarded without any price quotation, effectively giving the supplier a “blank cheque”.

The former CEO of COCOBOD was also alleged to have accepted a Twenty-Five Thousand Ghana Cedis (GHS25,000) bribe from the supplier in October 2014 in furtherance of the three contracts.

Another corruption case was alleged to involve the CEO of National Lotteries Authority (NLA); he was alleged to have approved 11 contracts worth more than half a million Ghana Cedis to her sister-in-law to supply end-of-year packages to staff of the Authority. All contracts were dated November 29, 2017, and awarded to the sister-in-law who is the sole proprietor of a company to buy bags of rice in excess of 1,000, canned drinks, corned beef and tin tomatoes.

However, the supplier insisted she won the contracts on merit and not based on her family ties with the CEO. The CEO of NLA also defended the award of the contracts to his sister-in-law and suggested that the law does not forbid a relative of a public office holder from doing business.

The crux of the matter was that the NLA boss is not allowed by the Public Procurement Act to approve contracts worth more than One Hundred Thousand Ghana Cedis (GHS100,000.00). That notwithstanding, he approved 11 different contracts of One Hundred Thousand Ghana Cedis (GHS100,000.00) each to the in-law.

Sources reveal that the company seized operating immediately after executing the NLA contracts.

ML threat rated Medium high

COCOA SECTOR

Ghana is the second world largest producer of cocoa beans (UN Food and Agriculture Organisation, 2017). Cocoa contribution to Ghana’s economy cannot be over emphasized. It contributes an average of 25% to the GDP of the economy. It directly and indirectly employs about 2 million people. Cocoa contributes about 60% of Ghana’s foreign exchange earnings. The revenue from cocoa sales helps in the stabilization of the Ghanaian currency. It also reduces poverty through incomes accrued to farmers, their dependents and creates an overall indirect employment to its citizenry.
Cocoa has been a strategic equation in socio-economic and political wellbeing of Ghana.

However, the cocoa industry has been bedeviled with negative activities including smuggling which has led to loss of revenue. Cocoa farmers around the Eastern and Western borders in Ghana smuggle their cocoa beans to neighbouring countries to get better value for their cocoa. Over the past decade it has mainly involved Ghanaian cocoa beans being smuggled to La Cote D'ivoire.

In the year 2014, cocoa smuggled from Ghana to Cote D'ivoire was estimated to be 200,000 tons leading to loss of revenue to the government of Ghana.

Government is very much aware of the contribution of the cocoa sector to the development of the country and has therefore put in measures which include provision of fertilizers to cocoa farmers, payment of higher market value prices to farmers and resourcing border officials to ensure that cocoa is not smuggled out of the country. This is done with the view to maximize foreign exchange earnings for the country.

**ML threat rated Medium**

**HOTEL SECTOR**

The hotel sector was also identified as one of the emerging sectors opened to abuse by money launderers and terrorist financiers. The sector employs a sizeable number of Ghanaians. The hotel sector is part of the tourism industry which accounts for one-third of the foreign exchange earners for the country and contributes revenue in the form of taxes to the government.

Some of the red flags or schemes operated by criminals in this sector include payment for goods and services which never took place, overpayment for hospitality services and reversal of payment for requested hospitality services. Others include bookings for hotel services which are paid in advance to give legitimacy to the transaction but are later cancelled.

It was identified that effective KYC/CDD measures are not conducted by some operators within the sector. Also, the source of funds for the establishment and operations of these hotels are usually not verified. Due diligence on beneficial owners, directors and management of these facilities are not conducted. Again, the provision of other ancillary services including casino operations, artifacts and jewelry shops do not also go through KYC/CDD processes.

Data and statistics on all those who patronize these hotels and their facilities (especially non Ghanaians) and how long they stay in those facilities are now being captured and reports filed to the National Security.

It is recommended that the hotel sector should be designated as an accountable institution and operators should file AML/CFT returns to the FIC and an identified regulator/supervisor.

**ML threat rated Medium**

**EXTRACTIVE SECTOR**

The extractive sector consists of the oil, gas and mining sectors. It has historically, and continues to be a significant contributor to Ghana's socio-economic development. Specifically, oil and gas employs about 7000 people while about 192,000 people are employed in the mining sector. These two sectors account for over 10% of GDP and more than 50% of Ghana's exports. Small scale mining also contributed 15% of merchandise exports in 2014.

However, in recent times the country has experienced an upsurge in activities within the industry thereby exposing the sector to ML/TF risks which is likely to affect Ghana's development, peace and security. The sector has been bedeviled with crimes such as bribery, corruption, fraud, smuggling, tax evasion, theft and robbery among others.

The threats have evolved as a result of weak law enforcement regime, low capacity of regulatory institutions in AML/CFT measures, overlaps in institutional mandates, policy incoherence, inadequate transparency and accountability, lack of coordination between relevant agencies, state bureaucracy, inadequate resources and structural challenges faced by relevant regulatory institutions.

The specific ML/TF risks have been categorized below:

**a. Licensing, contracting and operation**

i. Weak licensing regime of Small scale mining

ii. Lack of beneficial ownership information on extractive companies

iii. Fragmented and bureaucratic licensing processes in the extractive sector (particularly mining), creating room for bribery of state officials to allow prospective applicants to circumvent the processes
iv. Illegal participation of foreigners in small scale mining

v. Tax evasion, particularly with regards to capital gains tax

vi. Fragmentation of oversight responsibilities

vii. Legally acquired licensees operating illegally outside of their allocated concessions.

b. Marketing and Export of Extractive Products

i. Conflicting regulatory mandates

ii. Lack of effective due diligence on marketing or licensed buying agents

iii. Transfer pricing and trade mis-invoicing

iv. Poor coordination and absence of automatic information exchange among the regulatory agencies

v. Data inconsistencies and management – export data.

The recent clamp down on illegal mining in the country has led to the formation of a high powered Inter Ministerial Committee “Operation Vanguard” to fight this crime is a testimony for all stakeholders to get on board to fight this canker. It is hoped that the reorganization of the sector would strengthen and deepen the regulatory and monitoring activities of the sector.

ML threat rated Medium High

DRUG TRAFFICKING

A number of drug trafficking cases occurred in the assessment period. Narcotic drug related arrests involved cocaine, heroin and marijuana. There was no information on the usage of narcotic drugs within the country.

Available information indicates that Ghana is a transit point in the drug trade with inflows of cocaine from Latin America en route to Europe. According to the National Integrated Report (2012-2016), Ghana was a major hub for cocaine coming from Benin through Togo and Nigeria with the second route passing through Guinea.

Heroin, like cocaine comes to Ghana from Latin America and it is then taken to Europe and America by couriers.

Marijuana cultivation is rife throughout the country especially along the forest belt. Current economic conditions have encouraged some farmers to go into marijuana cultivation. Most reported cases emanated from the Volta and Brong Ahafo Regions of Ghana. Cases involving marijuana were also found to be higher than cases in relation to other narcotic drugs.

ML threat rated Medium

HUMAN TRAFFICKING

This is the transfer, habouring or receipt of persons by means of threat or use of force or other forms of coercion, abduction or fraud, deception, the abuse of power or of position of vulnerability or of the giving or receiving of payment or benefit to achieve the consent of a person having the control over another person for the purpose of exploitation.

Ghana does not have a comprehensive statistics on its anti-trafficking law enforcement efforts. The Anti-Human Trafficking Unit (AHTU) of the Ghana Police Service (GPS) conducted 238 investigations in 2015 including labour trafficking and sex trafficking. The Ministry of Employment and Labour Relations investigated three licensed recruitment agencies for

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No of reported cases</td>
<td>1260</td>
<td>1235</td>
<td>1126</td>
<td>1235</td>
<td>1116</td>
<td>1411</td>
<td>1397</td>
</tr>
</tbody>
</table>
suspected human trafficking and referred two cases to the AHTU for further investigation. The Ghana Immigration Service also reported investigating twenty (20) cases of suspected cross border trafficking in 2016 compared to ten (10) cases in 2015. Eighteen (18) of the reported cases involved suspected labour trafficking and three involved alleged sex trafficking.

The Attorney General’s Department was said to have reviewed 217 open investigations of the Greater Accra AHTU and determined many cases were inadequately investigated and recommended only five (5) cases for prosecution by state attorneys (United States Department of State 2017 Trafficking in Persons Report- Ghana).

Transnational cases consisted of outward and inward flow of victims. The outward cases were mostly the procurement of victims from Ghana to Turkey, Saudi Arabia, United Arab Emirates and other Arabian countries as domestic helps, artisans for construction and for oil exploration activities.

With respect to the inward flows, nationals from foreign jurisdictions such as China, Bangladesh, Thailand and the West African sub region, were procured into the country by human traffickers.

Domestic cases of human trafficking were reported to be rife. Most of the victims were children recruited to work on farms and for fishing activities and for illegal mining (galamsey) activities.

**ML threat rated Medium Low**

**MIGRANT SMUGGLING**

Migrant smuggling is the procurement of illegal entry of a person who is neither a national nor a permanent resident, into a country.

In 2012, the Ghana Immigration Service Act was amended to criminalise migrant smuggling in Ghana. The passage of the legislation followed the ratification of the United Nations Convention against Transnational Organized Crime in February in 2012.

Smugglers facilitate the crime by procuring forged documents as well as arranging spurious marriages.

Interviews conducted on the occurrence confirmed that the incidence is high and on the ascendancy. Most interviewees cited sports tournament and entertainers who go on international tours among others as most prevalent modus for migrant smuggling.

There were no statistics from law enforcement on this crime. Law enforcement agents are sensitized to enable them distinguish migrant smuggling from human tracking.

**ML threat rated Medium Low**

**TAX EVASION**

Public perception of this predicate offence was higher than the figures obtained for the assessment. Information obtained from EOCO indicated that between 2013 -2014, twenty–one (21) cases were reported.

Figures obtained from the GRA also showed that from 2013 to 2015 an amount of GHS666, 153,532.83 (US$175,303.561.00 Equv) was evaded in tax by medium tax payers nationwide. This figure excludes Small and Large tax payers.

**TAX EVASION TABLE FOR MEDIUM TAX OFFICE -GRA**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NUMBER OF CASES</th>
<th>AMOUNT EVASİED</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>995</td>
<td>184,401,273.24 (US$54,235,668.60 Equv)</td>
</tr>
<tr>
<td>2014</td>
<td>1136</td>
<td>222,372,612.22 (US$58,319,158.47 Equv)</td>
</tr>
<tr>
<td>2015</td>
<td>1382</td>
<td>259,379,647.83 (US$68,257,802.06 Equv)</td>
</tr>
</tbody>
</table>

Further information provided by GRA indicates that though the number of tax evasion cases recorded among the Large Tax Payers were lower than the Medium Tax Payers, the yearly amount of tax evaded by large tax payers in 2013, 2014 and 2015 is approximated at GHS5,995,381,795.47 (US$1,577,732,051.43).

There has been a recent development in Ghana’s effort to tackle the predicate offence of tax evasion. On 6th December 2015 Ghana became the 50th member of the Organization of Economic Cooperation and Development (OECD) and signed a multilateral agreement on mutual administrative assistance meaning Ghana will adopt an information sharing mechanism aimed at reducing tax evasion. Ghana is the second African country to sign this convention developed by the Council of Europe and OECD.
**ML threat rated Medium**

**RANKING OF THREAT ASSESSMENT IN A PECKING ORDER**

<table>
<thead>
<tr>
<th>S/N</th>
<th>Predicate offence</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fraud</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Stealing</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Bribery and Corruption</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Robbery</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Tax evasion</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Drug trafficking</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Smuggling</td>
<td>7</td>
</tr>
</tbody>
</table>

**THREAT ASSESSMENT CONCLUSION**

Cyber-crime in Ghana focuses mainly on advanced fee and romance fraud and are on the ascendency. Stealing, bribery and corruption are also ranked high and are the most reported cases investigated in the period of assessment. In the case of bribery and corruption, statistics are hard to come by.

Robbery, drug trafficking and migrant smuggling are high. There is a lot of effort by Law Enforcement Agencies to bring these crimes under control.

Human trafficking, tax evasion and illegal mining are offences that have been around for some time now. Government has put in place tangible efforts to reduce these crimes.

The hotel, extractive and cocoa sectors are other activities that have been addressed in the review as potential threats. The country is studying these sectors critically and would put in place measures to curb or minimize the crime associated with them.

Other minor possible money laundering threats specific to Ghana include illegal fishing, illegal wide life activities and illicit trade in hazardous waste. These threats may be considered in future National Risk Assessment.

On the whole the Money Laundering threat is rated Medium.
CHAPTER 2
NATIONAL VULNERABILTY ASSESSMENT

METHODOLOGY
National vulnerability assesses the strength and weakness identified in the laws and regulatory mechanisms for combating money laundering in the country. Data spanning the period 2010 to 2016 was collected and analysed by the National Vulnerability Working Group. Information types were largely qualitative. Data collection tools included interviews and questionnaires. Data was collected from relevant institutions and other secondary sources including FATF and GIABA publications, Ghana’s First and Second Round of Mutual Evaluation Reports and FIC Annual Reports 2012 to 2016.

LIMITATIONS
• Access to data was limited; some respondents did not have information or a statistical unit and, therefore did not have information readily available.
• Some institutions were reluctant to provide information and a number of sectors held back information for fear of divulging information related to their businesses.
• Non cooperative attitude by some key stakeholder institutions.

VULNERABILITY ASSESSMENT ANALYSIS
The analysis of the national vulnerability sector focused on legal and institutional framework of Ghana. This assessment also involved a comprehensive look at legislative vulnerabilities, such as the absence of primary and secondary sources of laws, regulations and directives.

Under the NRA review, the objective of the model was to assess the National Vulnerability (weakness) to Money Laundering and Terrorist Financing (ML/TF) in Ghana. A high vulnerability score is an indication of the existence of opportunities to perpetuate money laundering. When the overall sector vulnerability score is low and the country’s ability to combat is high, the National Vulnerability can be said to be effectively managed. In the case of Ghana the overall national vulnerability is rated medium with a score of 0.55. This figure is influenced by the national combating ability rating of (0.53) which is medium high; thus indicating Ghana’s ability to combat ML/TF as relatively adequate.

A total of 24 input variables were analysed to ascertain Ghana’s ability to combat money laundering. The ratings of the variables are depicted in the table below.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax disclosures</td>
<td>Low</td>
</tr>
<tr>
<td>Capacity of asset forfeiture investigators</td>
<td>Medium low</td>
</tr>
<tr>
<td>Integrity of asset forfeiture investigators</td>
<td>Medium low</td>
</tr>
<tr>
<td>Informal economy</td>
<td>Medium low</td>
</tr>
<tr>
<td>Financial integrity</td>
<td>Medium low</td>
</tr>
<tr>
<td>Asset forfeiture laws</td>
<td>Medium</td>
</tr>
<tr>
<td>Capacity of financial crime investigators</td>
<td>Medium</td>
</tr>
<tr>
<td>Capacity of financial crime prosecutors</td>
<td>Medium</td>
</tr>
<tr>
<td>Integrity of financial crime investigators</td>
<td>Medium</td>
</tr>
<tr>
<td>Capacity of presiding officers</td>
<td>Medium</td>
</tr>
<tr>
<td>Criminal penalties</td>
<td>Medium</td>
</tr>
<tr>
<td>Identification infrastructure</td>
<td>Medium</td>
</tr>
<tr>
<td>Availability of independent information sources</td>
<td>Medium</td>
</tr>
<tr>
<td>Domestic cooperation</td>
<td>Medium</td>
</tr>
<tr>
<td>Integrity of financial crime prosecutors</td>
<td>Medium</td>
</tr>
<tr>
<td>Auditing and accounting standards and practice</td>
<td>Medium</td>
</tr>
<tr>
<td>Corporate and trust transparency</td>
<td>Medium</td>
</tr>
<tr>
<td>STR, Data receipt and analysis and dissemination</td>
<td>Medium</td>
</tr>
<tr>
<td>Asset forfeiture orders</td>
<td>Medium</td>
</tr>
<tr>
<td>Policy and implementation</td>
<td>Medium high</td>
</tr>
<tr>
<td>Criminalization of ML</td>
<td>High</td>
</tr>
<tr>
<td>International cooperation in criminal matters</td>
<td>Medium high</td>
</tr>
<tr>
<td>Integrity of presiding officers</td>
<td>Medium high</td>
</tr>
</tbody>
</table>

Figure 2: 24 National Combating Ability Inputs
The charts below summarize The National Vulnerability (Chart 1) to ML which is affected by the National Combating Ability (Chart 2) and the Overall Sector Vulnerability (Chart 3). The Vulnerability Map (Chart 4) shows the interrelationship between the input variables affecting National Vulnerability.

**Chart 1**

**VULNERABILITY TO MONEY LAUNDERING AT NATIONAL LEVEL**

Note: the lower the better

**Chart 2**

**NATIONAL MONEY LAUNDERING COMBATING ABILITY**

Note: the higher the better

**Chart 3**

**OVERALL SECTOR MONEY LAUNDERING VULNERABILITY**

Note: the lower the better
Between 2010 and 2016, Ghana enacted a number of legislations and amended some existing ones in respect of ML/TF. During the NRA review, it was noted that Ghana’s justice system and financial crime investigations had improved. The findings revealed that law enforcement demonstrated adequate knowledge of their role in the fight against ML/TF and this has been evidenced by the number of cases being prosecuted. Although legislations are in place, convictions and confiscations have been modest.

The analyses of the input variables in the national vulnerability sector are as follows:

**POLICY IMPLEMENTATION**

A number of laws have been introduced since the passage of the Anti-Money Laundering Act 2008 (Act 749). In all, a total of fourteen (14) legislations were passed or amended to improve the AML/CFT regime.

- **Anti-Terrorism Act, 2008 (Act 762)**
- **Mutual Legal Assistance Act, 2010 (Act 807)**
- **Economic and Organised Crime Office Act, 2010 (Act 804)**
- **Anti-Money Laundering Regulations, 2011 (L.I. 1987)**
- **Anti-Terrorism Regulations, 2012 (L.I. 2181)**
- **Economic and Organised Crime Office (Operations) Regulations, 2012 (L.I. 2183)**
- **Anti-Terrorism (Amendment) Act, 2012 (Act 842)**
- **Anti-Terrorism (Amendment) Act, 2014 (Act 875)**
In March 2013, under Executive Instrument (E.I) 2, the Government constituted a seven member AML/CFT Inter-Ministerial Committee (IMC) chaired by the Minister of Finance. This committee was tasked with the responsibility to coordinate all matters relating to ML/TF and other transnational organised crimes.

This instrument also established the Law Enforcement Coordinating Bureau (LECOB) which serves as the implementing arm of the IMC. LECOB is chaired by the National Security Coordinator. Over the past few years there has been the political will to ensure that the fight against ML/TF is sustained at all levels.


In  addition, the Anti-Terrorism Act, 2008 (Act 762) and the Anti-Money Laundering Act, 2008 (Act 749) were amended to criminalise terrorist financing, allowing courts to freeze property of suspected terrorist financiers, and ensuring compliance with international best practices.

In spite of the passage of these laws, their effective implementation remains a challenge due to lack of adequate knowledge among competent authorities. As a result, there has been domestic and international collaboration to enhance the capacity of competent authorities.

ML combating ability was rated 0.7 Medium high

CRIMINALISATION OF MONEY LAUNDERING

Ghana’s principal anti-money laundering legislation is the Anti-Money Laundering Act, 2008 (Act 749) as amended. Section 1 defines the act of money laundering to include the conversion, concealment, disguise or transfer of property which is or forms part of the proceeds of crime; the concealment and disguise of the unlawful origin of the property; the acquisition, use or possession of the property. Unlawful activity as defined by the Act includes all serious offences for which the maximum penalty is death or imprisonment for a period of not less than twelve months. Under the Criminal Offences Act, serious offences include offences ranging from misdemeanours to felonies. All the FATF predicate offences have been criminalised by Ghana.

The Anti-Money Laundering (Amendment) Act, 2014 (Act 874) amended Section 1 of Act 749 by incorporating concealing or disguising the disposition, movement or ownership right with respect to property as an element of the money laundering offence, in accordance with the Palermo and Vienna Conventions.

The Amendment Act also defines proceeds of crime to include property or economic advantage derived directly or indirectly from unlawful activity in line with the relevant Conventions. Consequently, Ghana has adequately complied with Recommendation 3 of the revised FATF Recommendations (2012).

Five (5) cases involving money laundering as listed below, were successfully prosecuted. Some of these cases resulted in the confiscation of the proceeds of crime to the State.

- The Republic vrs Maurice Asola Fadola - 2014
- The Republic vrs John Cobbinah & Eugene Amoako Mensah -2014
- The Republic vrs Christopher Animako-2015
- The Republic vrs Riera Cascante Victor Hugo -2015
After the National Risk Assessment, eight (8) additional convictions were recorded and a number of cases at various stages of prosecution before the Superior Courts.

The convictions include:

- The Republic vrs Ebenezer Quaye Narh - 2015
- The Republic vrs Nana Johnson – 2015
- The Republic vrs Mandy Afari Gyan – 2015
- The Republic vrs Mathias Appiah Bill – 2016
- The Republic vrs Libabatu Mohammed – 2016
- The Republic vrs Charles Mensah – 2016
- The Republic vrs Njoku & 8 others - 2017
- The Republic vrs Mustapha Adamu & 2 others – 2017

The Economic and Organised Crime Act, 2010 (Act 804) established the Economic and Organised Crime Office as a specialised Office to investigate ML/TF and other transnational organised crimes and prosecute on the authority of the Attorney General. It adequately provides for the application of pre-emptive measures to proceeds of crime. These measures include seizures, freezing, confiscation and pecuniary penalty orders. The rights of third parties are adequately catered for. After the freezing order is made, any arrangement or dealing in respect of the tainted property is of no effect.

In sections 23 and 69 of the Economic and Organised Crime Act, provision is made for non-conviction based confiscation. However, these provisions are somewhat problematic because under the same Act a suspect is required to be charged. Another hurdle regarding the resort to non-conviction based conviction are the provisions under Article 19(2)(c) of the 1992 Constitution of the Republic of Ghana.

This notwithstanding, prosecution of ML crimes has seen steady increase over the period. It was observed that though there were quite a number of reported predicate offences, limited charges of money laundering were brought against such suspects by investigators and prosecutors.

The challenge was due largely to the lack of capacity in terms of skill and experience on the part of financial crime investigators and prosecutors. In response to the identified challenge, series of training programmes on the investigation of money laundering has been organised for key stakeholders over the years. The target audience for these training have largely been the judiciary and law enforcement.

The momentum is set to continue since effective financial crime investigations and prosecutions are key to increasing the convictions.

**ML combating ability was rated 0.7 high**

**STR DATA, RECEIPT, ANALYSIS AND DISSEMINATION**

The Financial Intelligence Centre is the sole recipient of STRs filed by Accountable Institutions in Ghana. Currently, STRs originate from the Banking Sector. However, STRs are also generated from CTRs received by the FIC. These STRs so generated relate to the DNFBP sector.

When STRs are received, they are analysed to ascertain if a prima facie case could be established. The case is then forwarded to the appropriate Law Enforcement Agency if there is merit to prosecute. For instance a case involving economic crime may be disseminated to the Economic and Organised Crime Office. On the other hand, where no prima facie case is established, the information is kept in the FIC database and/or Accountable Institution may be advised to monitor the account and report on any unusual transactions that may take place subsequently.

A breakdown of STRs received and disseminated from 2009 to 2017 is shown below.

<table>
<thead>
<tr>
<th>Year</th>
<th>STR RECEIVED</th>
<th>CTR RECEIVED</th>
<th>STR DISSEMINATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>2010</td>
<td>71</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>2011</td>
<td>137</td>
<td></td>
<td>57</td>
</tr>
<tr>
<td>2012</td>
<td>375</td>
<td></td>
<td>254</td>
</tr>
<tr>
<td>2013</td>
<td>356</td>
<td>1,256,054</td>
<td>225</td>
</tr>
<tr>
<td>2014</td>
<td>310</td>
<td>2,110,166</td>
<td>86</td>
</tr>
<tr>
<td>2015</td>
<td>410</td>
<td>2,670,201</td>
<td>78</td>
</tr>
<tr>
<td>2016</td>
<td>420</td>
<td>1,113,955</td>
<td>87</td>
</tr>
<tr>
<td>2017</td>
<td>596</td>
<td>1,498,806</td>
<td>168</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2676</td>
<td></td>
<td>981</td>
</tr>
</tbody>
</table>

Out of a total of 2676 STRs received from 2009-2017, 981 were generated, analysed and disseminated as Intelligence Reports. Over 95% of the STRs received emanated from the Banking sector. In addition to the STRs filed by Accountable Institutions, CTRs and Electronic Currency Transactions Reports (ECTRs) were also filed from 2013 to complement the analysis of STRs. It is worth noting that within the past nine years, the FIC has generated actionable intelligence reports and disseminated to LEAs for further investigations. These reports are at various levels of investigation and prosecution.
The STRs analysed were mostly cyber-crime related. It was further observed that most of the perpetrators were young, uneducated or semi-educated Ghanaian males engaged in small businesses. The types of schemes operated by perpetrators included romance fraud, inheritance fraud, impersonation and gold scams.

Challenges reported were as follows:
- **Some STRs reported by a few NBFIs were of low quality**
- **Support documents requested from relevant institutions were not readily available from some institutions**

Within the last few years, inter-agency cooperation has been deepened among the FIC, Regulators and Law Enforcement Agencies which has led to an improvement in the filing of quality STRs. The FIC has collaborated with Regulators and Supervisors to build capacity of Accountable Institutions.

There is also a systematic plan in place to train players in the DNFBP sector in AML/CFT matters. Ghana has created mechanisms for cooperation and collaboration with all key competent authorities.

**ML combating ability was rated 0.7 high**

**INDEPENDENCE AND INTEGRITY OF FINANCIAL CRIME INVESTIGATORS**

The 1992 Constitution of Ghana states that executive power is vested in the President of the Republic. Therefore all heads of public institutions in Ghana are appointed by the President. As dictated by the Constitution, most of the public institutions have Board of Directors who provide policies for effective functioning and discharge of their mandates.

Equally, public institutions including law enforcement agencies are accountable to Parliament by way of submission of annual reports and also appear before Parliament to justify their appropriation for the year. Even though there is a public perception that politicians influence investigations involving high profile persons or members of the ruling party, there exists no empirical evidence to support this perception. There is also no reported case of financial crime investigators being sacked or relieved of their post for refusal to drop investigations in respect of corrupt public officials.

Transparency and accountability of investigators have been improved by the introduction of electronic registration and assignment of cases. Furthermore, investigators are made accountable for all cases referred to them as part of their annual performance appraisals including providing reasons for delays. Supervision has been enhanced and officers are made to take integrity tests periodically. Effective due diligence and background checks have been put in place to check the integrity of financial crime investigators during recruitment.

The Ghana Police Service has set up the Police Intelligence and Professional Service (PIPS) to respond to allegations of unprofessional conduct of officers in the discharge of their duties. Officers found culpable are sanctioned in accordance with their Code of Conduct. Sanctions generally range from warnings, interdictions to dismissals.

In the recruitment and onboarding process of investigators, background checks are conducted. During such trainings, integrity of personnel are discussed and emphasized. Within the police service, selection to the detective training school was based on a number of factors including assessment of personnel in good ethical conduct and integrity. Over the period, a number of in-service training are organized to remind personnel on their roles, responsibilities and obligations of their conduct.

Other institutions have codes of discipline that proscribe certain conduct that may impair the integrity of their officers. The Constitution and the Code of Conduct for Public Officers also provide another layer of check in the exercise of discretionary powers.

In spite of the above, job security and training for financial crime investigators is still high. Integrity is a prized attribute and financial investigators are encouraged to guard theirs jealously whilst modalities are put in place to train objective, fair and open-minded investigators.

**ML vulnerability was rated at a Medium**

**INDEPENDENCE AND INTEGRITY OF PROSECUTORS**

The 1992 Constitution states that the Attorney-General is responsible for the initiation and prosecution of all criminal cases in Ghana. The Attorney-General is also the Minister for Justice. The appointment of the Attorney-General and Minister of Justice is by the President of the Republic. The
Prosecutions Division is headed by the Director of Public Prosecutions (DPP) who is assisted by about 200 professionally trained attorneys nationwide. Cases are referred to the Attorney-General’s Office from GPS, EOCO, NACOB and other State investigative bodies.

The Attorney-General does not deal directly with attorneys who have been assigned cases but acts on the advice of the DPP.

The Attorney-General’s Office has prosecuted several high profile cases involving political figures, high ranking public officials, judges and prominent members of the Ghanaian public. These cases are conducted without any interference at either the investigation or prosecution stage.

Police prosecutors are granted a “fiat” to conduct prosecutions on behalf of the Attorney-General in the Lower Courts. Largely, the police prosecutors discharge their duties creditably. Currently, there are a number of police prosecutors who have been called to the bar and their knowledge would undoubtedly increase their competence.

Police prosecutors operate in areas where there may not be any state attorneys and in spite of their limited knowledge in law sometime have to deal with complex cases wholly or partially. This category of prosecutors may to some extent be considered to be a contributory factor to the current level of unsuccessful prosecutions. It is worth noting that ML/TF cases outside the administrative capital are not always reported to the Attorney General’s Office for the necessary assistance and advice. It was discovered that regular specialised financial crime training for prosecutors is essential to achieving convictions. With the support of development partners like STAAC, a number of capacity building workshops were organised for prosecutors from the Attorney General’s Department, EOCO, GPS and representatives of other institutions who have been given authority to prosecute on behalf of the Attorney General.

Ultimately, the prosecutor is empowered to deal with cases referred to them dispassionately, without bias and in accord with good conscience.

Just as recruitment is done into the detective school, by undertaking background checks, the same methodology is applied to the selection of prosecutors. There have not been much reported cases on the integrity of prosecutors. Rather there have been issues relating to their capacity. Prosecutors are further made aware of the vital role they play in the administration of justice. The role is also echoed at various training workshops. Very few evidence have been adduced to prosecute erring prosecutors.

In the Ghana Police Service, the PIPs is one avenue by which complaints against police officers are settled and punishments meted out to culprits. Within the Attorney General’s Office, complaints on unethical behavior and issues on integrity are taken seriously. These could lead to dismissal, demotions and prosecution of prosecutors as the case may be.

INDEPENDENCE AND INTEGRITY OF THE JUDICIARY

The independence of the Judiciary is guaranteed under the 1992 Constitution of the Republic of Ghana. Articles 125(1) and (3) and 127 (1)(2)(3) insulate members of the Judiciary from political interference and other pressures from political leaders or State agencies. Indeed all organs and agencies of State are mandated to accord the Courts such assistance as the Courts may reasonably require protecting the independence, dignity and effectiveness of the Courts.

On the whole judges in Ghana have high integrity and are encouraged to dispense justice in accordance with law and good conscience. It is permissible for judges to err however their errors are subject to appeal in accordance with the rules of court. There are over 368 Courts in Ghana ranging from the lowest (Magistrate) to the Highest (Supreme Court). The Judiciary employs about 5102 persons with 387 being judges.

There have been media reports of government intervention in high profile or political cases but this has remained a perception.

The integrity of the judiciary was questioned in the past. In response to this, coupled with the notion of government intervention in high profile cases, the whole process of case assignment has been computerized at the courts. In addition, the process of empanelling judges been computerized. An office has been created to receive complaints against members of the judiciary including judicial staff.

In spite of these efforts, a large section of the judiciary have recently been a target of an under cover sting by a journalist called Anas Aremeyaw Anas. This has led to the dismissal of twenty-three (23) magistrate
and Circuit Court judges, twelve (12) high court judges were also cited for corruption in the same underground investigations which has brought the judiciary into considerable dispute.

Promotion within the judicial service is well coordinated and only hard working and deserving judges are considered for promotion. The Judicial Council and the Bar Association have the opportunity to raise matters on discipline and the promotion of judges. A great amount of time and resources are spent on the training of new judges. Nevertheless, the majority of judges remains resolute and carries out their roles with integrity.

**ML vulnerability was rated 0.80 Medium High**

**CAPACITY OF FINANCIAL INVESTIGATORS**
The capacities of financial investigators are continuously enhanced to equip them with knowledge and skills in the fight against ML/TF.

Law Enforcement Agencies and the revenue agency mandated to investigate financial crimes include:

- *Economic and Organised Crime Office (EOCO)*
- *Ghana Police Service (GPS)*
- *Narcotic Control Board (NACOB)*
- *Bureau of National Investigation (BNI)*
- *Ghana Revenue Authority (GRA)*
- *Office of Special Prosecutor (OSP)*

EOCO is the body mandated under the Economic and Organised Crime Act, 2010 (Act 804) to handle organised crime cases.

EOCO in the last few years recruited a number of staff to enhance its manpower needs. Personnel of EOCC have undergone series of training organised and facilitated by experts in financial crime investigations locally and internationally. The Office of Technical Assistance (OTA) of the U.S Treasury, the Federal Bureau of Investigation (FBI), Internal Revenue Service (IRS) and Strengthening Action against Corruption (STAAC) of DFID have run various training sessions for Law Enforcement Agencies. The FIC in collaboration with other partners also organised financial crime investigation capacity building workshops for various Law Enforcement Agencies including NACOB, AG, BNI and Police.

The Criminal Investigation Department of the Ghana Police Service have created specialised Units with the sole aim of investigating specific crimes. Notable among these Units are the Financial Forensic Unit (FFU), Documentation and Visa Fraud Unit (DVFU), Commercial Crime Unit (CCU) and Cyber Crime Unit. The FFU since its inception have handled major landmark cases involving high profile personalities.

Investigators with the requisite knowledge and capacity have been assigned to these specialised Units with the objective to fight financial crimes.

The Ghana Revenue Authority have revamped their Prosecution Unit to focus on tax crime investigations.

Due to the continuous capacity building strategies adopted over the years, Ghana recorded thirteen (13) convictions between 2014 and 2017.

In spite of the moderate successes chalked by the LEAs, there exist some challenges; record keeping, high staff turnover and poor case management.

**ML combating ability is rated 0.50 medium**

**CAPACITY OF FINANCIAL CRIME PROSECUTORS**
Financial crime cases are prosecuted by attorneys at the Attorney-General’s Department and police prosecutors.

The Attorney General’s Office in conjunction with the UNDP and the Office of Technical Assistance (Department of Treasury) USA have organised a number of specialized training for attorneys and police prosecutors in prosecuting financial crimes. The trainings focused on financial investigation techniques and asset tracing and recovery.

It is worth noting that Ghana does not have enough state attorneys, therefore the heavy reliance on police prosecutors.

Police prosecutors try cases on behalf of the Attorney-General in the District and Circuit Courts. The offence of money laundering can be tried in both the Circuit and the High Court, this means that the police prosecutors can handle ML cases in the Circuit Court. In addition, a financial crimes court, Financial and Economic Crime Division of the High Court, has been established to handle all financial crimes including ML/TF offences.

The Ghana Police Service has strengthened the Legal and Prosecution Unit nationwide by recruiting and posting qualified lawyers to head the Unit to ensure professionalism.

The FIC has facilitated a series of training sessions with the Ghana Police Service at its Command and Staff College, Winneba, in the Central region.
CAPACITY OF THE JUDICIARY
The Financial and Economic Crimes Court (FECC) was established on 30th October 2008 as a division of the High Court. It is a specialised court created to handle high profile money laundering and corruption cases. There are 3 FECC courts; two are located in Accra and one in Kumasi.

The Court System is well structured and the Judges who preside at the Financial Division of the High Court have received specialized training to adjudicate money laundering cases. Some selected judges have also received specialized training at the Judicial Training Institute in Accra.

The Judges in the Appellate and Supreme courts need continuous capacity building on current ML/TF trends to enable them deliver judgments that are consistent with international best practice. Through the intervention of the FIC, GIABA supported two (2) Supreme Court and two (2) Appeal Court judges to undergo AML training in the USA. Indeed, GIABA periodically uses some of the judges as resource persons in their workshops.

ML vulnerability was rated at 0.60 Medium high

ASSET FORFEITURE LAWS
Asset forfeiture consists of several schemes:

POWERS TO SEIZE
These powers to seize property can be found under the following laws:

- *EOCO Act*, 2010 (Act 804),
- *Narcotic Drugs (Control, Enforcement and Sanctions) Law*, 1990 PNDCL (236)
- *Criminal and Other Offences Procedure Code 1960 (Act 30).*
- *Foreign Exchange Act*, 2006 (Act 723) in sections (3) and (29),
- *Economic and Organised Crime Office Act*, 2010 (Act 804) in section (23),
- *Customs, Excise and Preventive Service (Management) Act*, PNDCL 330 Sections 269 251(1) (c),

POWERS TO FREEZE
The powers to freeze can be found in the EOCO Act, 2010 (Act 804) and the Anti-Money Laundering Act, 2008 (Act 749) as amended.

Section 33 of the EOCO Act provides for the power to freeze property and section 69 of the EOCO Act also provides for civil forfeiture which allows for a non-custodial sentence.

Section 47 of the AML Act, 2008 (Act 749), as amended, empowers the FIC to freeze property to prevent ML/TF.

Sections 8 and 9 of E.I. 2 provides for the freezing of terrorist funds based on Domestic List, United Nations Consolidated List and third party requests.

POWERS TO CONFISCATE
These powers can be found in The EOCO Act, 2010 (Act 804).

Section 46 of the EOCO Act provides that the Executive Director shall apply for a confiscation order against tainted property or a pecuniary penalty order against a person in respect of benefit derived by that person from the serious offence.

The Narcotics (Control, Enforcement and Sanctions) Act, PNDCL (236) also provides for confiscation orders in respect of accused persons who have been convicted of narcotic offences. Several convictions and confiscations have been made under this Act.

Effective collaboration between EOCO and the Narcotics Control Board resulted in the successful confiscation of four (4) properties between September 2016 and November 2017 to the State.

FORFEITURE OF ILLEGAL PROPERTY
Section 46 of Act 804 provides that where a person is on trial for a serious offence, the Executive Director shall apply to the Court for either or both of the following orders:

(a) a confiscation order against property that is deemed to be tainted property, or

(b) a pecuniary penalty order against the person in respect of benefit derived by that person from the serious offence.

In addition, where a person is convicted of a serious offence, the Executive Director shall apply to the Court within one month after the conviction, for any of the orders specified under section 46 (1). The
A further application for a confiscation order or a pecuniary penalty order shall not be made where an initial application is determined unless, the Court is satisfied that;

a. the property or benefit to which the new application relates was identified after the previous application was determined,

b. the necessary evidence became available after the previous application was determined, or

c. it is in the interest of justice that a new application be made.

**ML vulnerability was rated at 0.65 Medium high**

**CAPACITY OF ASSET FORFEITURE INVESTIGATORS**

Over the last couple of years it has become apparent that the best approach to deal with persons involved in financial and organised crime is to “follow the money”. “Follow the money” investigations require a great deal of skill in the analysis of financial and other relevant documents from various sources including the banks, the tax authority and the registrar of companies.

The enforcement of beneficial ownership disclosures will go a long way to help in the tracing of assets and instrumentalities which may be liable for forfeiture. There is also the lack of understanding of the concept of asset tracing among financial crime investigators.

LEAs had difficulties identifying and tracing assets due to poor asset declaration regime, inefficient addressing system, lack of property registration mechanism among others. There is also no credible platform where information on property acquisition and sale can be verified.

EOCO have laid down asset forfeiture procedures provided in their operational manual (L.I. 2183). The Police with the assistance of STACC have developed a Standard Operating Procedure (SOP) in conducting asset identification and forfeiture.

In October 2017 the President of the Republic re-launched the National Identification Card (Ghana Card). A complementary digital addressing system has also been launched to provide every household with a unique post code. When fully implemented this tool together with the biometric Ghana Card would go a long way to help in the tracing of persons and properties.

The challenge is that Ghana is yet to establish an Asset Management Office, allocate more resources for training of investigators and prosecutors and develop a uniform SOP to be used by all LEAs for the tracing, identification, seizure and confiscation of assets established to be proceeds of crime.

**ML combating ability is rated at 0.50 Medium**

**INDEPENDENCE AND INTEGRITY OF ASSET FORFEITURE INVESTIGATORS**

A lot remains to be done in the area of asset forfeiture. Ghana has had very limited experience in this field. This is basically due to the fact that the skills of investigators have not been honed in this area of work. Though similar to investigation where there is a lot of expertise, asset forfeiture leans more towards document analysis rather than the physical structures, asset forfeiture draws connection between the suspected wrongdoer and a particular property.

Apart from EOCO Act and the Ghana Police Service, there is no laid down procedure to identify, trace, seize and manage assets when other LEAs confiscate tainted property. This is largely due to the absence of a central Asset Management Office.

The creation of the Economic and Organised Crime Office has begun a process to manage assets that have come under its control by virtue of a freezing or seizure order. The process currently is a stocktaking management of assets. The maintenance of vehicles, houses and other assets is arduous due to inadequate injection of resources to ensure effective management..

There may have been situations where assets confiscated have been mishandle by investigators. Regarding the integrity of asset forfeiture investigators we can safely conclude that there is the absence of a sound monitoring mechanism to assess the independence and integrity of investigators.

**ML combating ability is rated at 0.50 Medium**

**ASSET FORFEITURE ORDERS**

The Economic and Organised Crime Act, 2010 (Act 804), provides for forfeiture orders against accused persons in economic crime cases including Money Laundering, Terrorist Financing and all serious offences.

Confiscation orders may be made against tainted property of the convicted accused person or may be made during the trial of an accused person for any
serious offence. Pecuniary penalty orders may also be granted by a court in respect of tainted property. Even where the accused person dies or absconds, a confiscation order would still be effective against the identified tainted property of the accused person.

The Narcotics (Control, Enforcement and Sanctions) Act, PNDCL 236 also provides for confiscation orders in respect of accused persons who have been convicted of narcotic offences. Several convictions and confiscations have been made under this Act. A number of these confiscations has been set aside on appeal.

There have been sixteen (16) money laundering convictions between 2014 and 2017.

The challenge is that investigators are often unable to present evidence of the assets of the accused persons to the courts in good time. In some cases, evidence of assets are not presented. Tracing of the assets procured with proceeds of crime can be very cumbersome owing to poor addressing system among others.

Notwithstanding the challenges stated above LEAs continue to cooperate and collaborate in the tracing and tracking of tainted property. LEAs complement each other in the utilization of limited resources to undertake parallel investigations in their bid to deny criminals the benefit of the proceeds from crime.

With the introduction of the digital addressing system and other digital data storage systems in the offing, LEAs will improve significantly in the tracing of ill-gotten properties of criminals.

**ML vulnerability was rated at 0.75 Medium High**

**INTERNATIONAL COOPERATION IN ASSET FORFEITURE**

Under its Mutual Legal Assistance Act, 2008 (Act 801), Ghana can render assistance to requesting countries and also makes requests in respect of asset forfeiture orders. Where forfeiture orders are made against proceeds of crime located in Ghana, this can be enforced through the applicable laid down legal processes.

The MLA Act adequately provides the legal framework for international cooperation in asset forfeiture. Ghana has received requests from other countries for tracing of properties, identification of bank accounts, seizure of assets and enforcement of confiscation orders.

With the admission of Ghana into the Egmont Group, the number of requests to and from Ghana has been impressive. However, these requests are for intelligence gathering and are presently not for asset forfeiture purposes.

Ghana should consider asset sharing agreements with international partners when the country engages in asset tracing seizures and confiscations. There is the need for an Asset Management system, which should be independent in nature and empowered to deal with seized and forfeited assets and properties.

In 2013, EOCO assisted the Crown Prosecution Service of the UK by seizing, confiscating properties in Ghana and subsequently forwarded funds frozen in the accounts of the accused person to the British authorities. EOCO is currently assisting the US Department of Justice to trace the properties of Ghanaians convicted for financial crimes in the US.

Ghana collaborates effectively with international partners in the tracing and tracking of assets. There is a steady flow of requests from foreign LEAs to trace suspects, conspirators as well as their assets in Ghana to support forfeiture proceedings in those jurisdictions. These requests are given timely response. Through the Interpol corridor, similar cooperation is on-going with international partners.

**ML vulnerability was rated at 0.80 High**

**DOMESTIC COOPERATION**

The Law Enforcement Coordinating Bureau (LECOB) serves as the implementing arm of the Inter-Ministerial Committee (IMC) against Money Laundering and Terrorist Financing. This committee is chaired by the National Security Coordinator. Membership of this committee is made up of 15 institutions including the FIC, LEAs, Security Institutions and various Regulatory and Supervisory Bodies.

The FIC has so far signed MoUs with eight (8) institutions, including the Ghana Immigration Service, Narcotic Control Board, SEC, BoG, EOCO and others. Nine (9) MoUs are awaiting signature. These MoUs have facilitated the sharing of information and exchange of documents among parties within reasonable time.
Another committee of Law Enforcement Agencies, called the Joint Security Task Force, meet every Tuesday to deliberate on security matters that sometimes include money laundering matters.

On the whole inter-agency cooperation and collaboration has been enhanced to achieve the desired results. Liaison officers have been appointed in respect of money laundering issues in each institution. This collaboration is effective due to the team spirit established among the leaders of the institutions.

Over the years a number of task forces have been put in place as special purpose vehicles to investigate high profile cases which needed urgent attention.

It should be noted that efforts at inter-agency cooperation has been largely successful.

**ML combating ability is rated at 0.75 Medium High**

**INTERNATIONAL COOPERATION IN CRIMINAL MATTERS**

Ghana has a robust Mutual Legal Assistance Act, 2010 (Act 807), which provides for a wide range of mutual legal assistance in relation to money laundering/terrorist financing.

The Attorney-General’s Office which is the Central Authority has set up the International Cooperation Unit which is under the Prosecutions Division to handle all international criminal law issues. The unit is manned by five trained attorneys and is headed by a Chief State Attorney. Ghana has received hundreds of international legal assistance requests from other jurisdictions. Ghana also sends out mutual legal assistance (MLA) and extradition requests to several other countries.

The Economic and Organised Crime Office (EOCO) which spearheads investigations in money laundering cases sends MLA requests on a regular basis to the relevant country through the International Cooperation Unit. Similarly, requests sent to Ghana from requesting States are often sent to either EOCO, Economic Crime Unit of the Criminal Investigations Department (CID), or the Narcotics Control Board (NACOB) for investigations.

Although mutual legal assistance is based on an Arrangement or Agreement between Ghana and the requesting or requested State, the Act applies to the one hundred and forty-four Member States of the United Nations Convention against Corruption.

The Police have been involved in international cooperation with its international counterpart, Interpol, over the years in the sharing of information with other sister institutions in combating international crimes.

The FIC has since 2012 signed a number of MoUs with foreign partners. The FIC’s admission into the Egmont Group of FIUs in 2014 facilitated the exchange of information between the FIC and other member States. The FIC has also made and received a number of spontaneous disclosures to/from its foreign counterparts.

Between September 2016 and November 2017, EOCO received and responded to Requests for Assistance from the Czech Republic, Zimbabwe, Germany, United States of America, Australia and Austria.

This variable is given a score of 0.75, Medium High.

**ML combating ability is rated at 0.75 at Medium High**

**CRIMINAL PENALTIES**

The Anti-Money Laundering Act, 2008, Act 749 as amended, provides penalties and sanctions for the offence of money laundering. Section 3 of the Act states that, “A person who contravenes section 1 or 2 commits an offence and is liable on summary conviction to a fine of not more than five thousand penalty units or to a term of imprisonment of not less than twelve months and not more than ten years or to both.”

Section 18 of the Anti-Money Laundering (Amendment) Act, 2014 (Act 874) amended section 39 of the Anti-Money Laundering Act, 2008 to include a suite of penalties for money laundering offences.

These provisions conform to article 19 (11) of the 1992 Constitution of the Republic of Ghana.

The sentence places the offence of ML in the category of a second degree felony, which is regarded as a serious offence. A judge may impose an appropriate sentence in addition to making forfeiture orders. In the Asola Fadola Case, the accused person was sentenced to a term of five years imprisonment together with the confiscation of a luxury building owned by the accused person. In the case of *Republic v John Cobbina*, the accused person was sentenced to a term of ten years imprisonment which is the maximum sentence, and a fine of GH¢100,000.00 (US$26,315.79 Equiv). In addition, all properties of the first accused person, including
his building, were forfeited to the state. In the case of Riera Cascante and Hugo Victor, the accused person pleaded guilty, and upon his own plea, an amount of GH¢ 2,470,000 (US$650,000.00 Equiv) was forfeited to the state. All other convictions were custodial in nature with a possible confiscation of tainted property.

Sentencing guidelines for judges have recently been launched in Ghana. These guidelines seek to ensure uniformity in the sentences handed out by judges for similar offences.

The three financial regulators have updated their AML/CFT guidelines to be consistent with the revised FATF recommendations (2012).

An AML/CFT sanctions document for the three regulators (BoG, NIC and SEC) in the financial sector has been drafted and ready to be rolled.

**ML combating ability was rated at 0.60 Medium**

### AUDITING AND ACCOUNTING STANDARDS AND PRACTICES

The Institute of Chartered Accountants, Ghana (ICAG) is a professional body established under the Institute of Chartered Accountants Act 1963, (Act 170). As at September 2017, there were about 5,400 registered professional accountants, who are members of the ICAG. There are 292 firms, which have been given license to practice accountancy and auditing as well as other related services, as at September 2017.

The functions of the Institute as provided in Act 170 include supervising and regulating the engagement and training of accountants, sanctioning unprofessional conduct of members, encouraging research in accountancy and the provision and maintenance of a library of books related to accountancy. A person cannot operate an accounting or auditing firm/service unless the person is a qualified and certified member of the ICAG and has been licensed to practice.

There are, however, no specific AML/CFT provisions in the Institute of Chartered Accountants Act specifying responsibilities for supervision, compliance monitoring and enforcement of AML/CFT obligations, neither are there any AML/CFT-specific guidelines to regulate the operations of professional accountants.

However, professional accountants are required to comply with the International Standards on Quality Control (ISQC1) and the International Ethics Standard Board for Accountants (IESBA) Code of Ethics for Professional Accountants issued by the International Federation of Accountants (IFAC) in the cause of their audit. Specifically the IESBA in 2016 issued a standard on Non-Compliance with Laws and Regulations (NOCLAR), which became effective July 2017. The NOCLAR has been adopted by the International Auditing and Assurance Standards Board (IAASB) and has incorporated it in the International Standards on Auditing (ISAs).

NOCLAR is defined as any act of omission or commission, intentional or unintentional, committed by a client or employer, including by management or by others working for or under the direction of the client or employer, which is contrary to prevailing laws or regulations. The laws and regulations cover violations which directly affect the client's or the employing organization's financial statements or its business in a material or fundamental way. Examples of the range of laws and regulations covered include those that address: Fraud, Corruption, Terrorist Financing, Financial Products, Proceeds of Crime, Financial Services, Securities Markets, Data Protection, Environmental Protection, Securities Trading, Tax and Pension Liabilities, Public Health and Safety, Bribery, Money Laundering among others.

Responding to non-compliance with laws and regulations is an international ethics standard requirement for auditors and other Professional Accountants (PAs). It sets out a first-of-its-kind framework to guide PAs in what actions to take in the public interest when they become aware of a potential illegal act committed by a client or employer. This standard enjoins auditors to report instances of non-compliance with laws and regulations including fraud to appropriate bodies. The standard will stimulate greater accountability among organizations, help protect stakeholders and the general public from substantial harm resulting from violation of laws and regulations, and will also strengthen the reputation of the profession. This is the first time accountants have been permitted to set aside the duty of confidentiality under the Code in order to disclose NOCLAR to appropriate public authorities in certain circumstances. The standard positions the accountancy profession to play a greater role in the global fight against NOCLAR, such as financial fraud, money laundering, and corruption.

The Institute of Chartered Accountants (Ghana) has established a department – Quality Assurance Monitoring (QAM) Unit – whose functions among others are to ensure that practicing firms comply with...
the requirements of the ISAs and ISQC1. The Unit also ensures that the firms provide quality service to their clients, by assessing the documentations, processes, procedures, reports and conclusions arrived at. With the coming into effect of NOCLAR, the Unit would require that all issues that come under NOCLAR are properly addressed and disclosed or reported as required by law.

The Institute is carrying out a number of training programmes to educate practitioners on the requirements of AML/CFT, and processes to go through when they identify or suspect any instances of breach of law or regulations. This has been in the form of Continuous Professional Development (CPDs) and training workshops. The Institute is doing this in collaboration with the Financial Intelligence Centre (FIC) to provide training on the requirements of AML/CFT.

Thus, the supervisory activities of the ICAG concerning enforcement of compliance with AML/CFT measures in line with FATF Recommendations has been enhanced by the adoption of NOCLAR, and the establishment of the Quality Assurance Monitoring (QAM) Unit. The training of the practitioners, mostly the Small and Medium Practitioners (SMPs), has enhanced their capacity to deal with issues of ML/TF. Over 180 practitioners have been taken through a training session in the concept and understanding of AML/CFT and their obligations under the AML Act.

The large accountancy firms in the country by virtue of their international affiliations, largely comply with international best practice as far as AML/CFT is concerned. This makes the sector less vulnerable to ML/TF.

**ML combating ability was rated at 0.65 Medium High**

**IDENTIFICATION INFRASTRUCTURE**

There are six national biometric identification issuing institutions in Ghana. These are:

- The National Identification Authority
- Social Security and National Insurance Trust
- Electoral Commission
- Driver and Vehicle Licensing Authority
- Passport Office
- National Health Insurance Authority

Information on each of them is adequate and easily verifiable with the issuing authority. A number of financial institutions in Ghana use the GVIVE which has on its platform the voter’s ID, the biometric passport information and the National Health Insurance Card. The GVIVE data software is able to identify counterfeit IDs whenever they are presented.

Currently the government is in the process of issuing out the national identification card which shall be used for all transactions including financial transactions. All other biometric cards would be secondary and would be used for the special purpose for which they were created. An instance is that the SSNIT ID Card would be used to capture and monitor all public servants on the government payroll. Under the new directive, profiling of subjects by the LEAs for investigation purposes could be easily and effectively done.

In 2011, government directed Communication Companies to register all SIM cards. At the moment all SIM cards used for mobile money transfers are registered and due diligence conducted on them.

Ghana launched the National Digital Property Addressing System in 2017 to make it easier in the identification of locations and to boost emergency service delivery. The system dubbed “the Ghana Post GPS” is a global addressing system which divides Ghana into grids of 5m x 5m squares and assigns each one with a unique address, known as a digital address. With this system, every land and property gets a permanent address.

To locate a given address, one would have to key in the digital address and a full detailed address will be generated.

It can also be used to render emergency services by the Ghana Police Service, Ghana National Fire Service, Ambulance Service and the National Disaster Management Office (NADMO).

The benefit is that Utility Companies, State Agencies, Land Commission among others would be able to track, identify property and harmonize such system into the national planning and economic development.

In addition, all individuals and business entities would be identified by a Tax Identification Number (TIN) issued by GRA. This would help identify all individuals and businesses to fulfil their tax obligations.
AVAILABILITY OF INDEPENDENT INFORMATION SOURCES

Assessing information from financial institutions and the regulated sectors in Ghana is easy due to effective record keeping. Institutions like the Banks, Insurance Companies, Credit Reference Bureaus, Social Security and National Insurance Trust have adequate data on their clients and are ready to offer independent information. Information from Driver and Vehicle Licensing Authority, Passport Office and the Electoral Commission are easy to obtain upon the payment of a small fee. However, the scenario is different in the private unregulated sector.

Access to information on legal entities and arrangements from the Registrar General’s Department used to be difficult due to the manual nature of their operations. Law Enforcement Agencies could not obtain timely access to information thereby delaying verification of documents and hindering customer due diligence checks by relevant stakeholders. These challenges are being addressed with the RGD’s current electronic database and data capturing system facilitating the timely access to information to competent authorities and making basic information publicly available.

As mentioned earlier, there are six (6) institutions which undertake biometric registration in Ghana. Each of these six institutions operates its own individual database. There is no form of synchronization among these databases.

There is also the Credit Reference Bureau (CRB) to check the credit worthiness and profile of prospective loan applicants. However, this facility is barely used by Financial Institutions because the CRBs are unable to update their databases on a real time basis and this makes loan acquisition a risky and expensive venture.

Information from Metropolitan, Municipal and District Assemblies (MMDAs), Ministries, Departments and Agencies (MDAs) and LEAs is largely kept manually making access difficult. The effect is that comprehensive information may not be made available to investigators for successful prosecution and conviction.

CORPORATE AND TRUST TRANSPARENCY

The Companies Act, 1963 (Act 179) as amended is the legal document mandating all businesses to register in Ghana. Companies, Partnerships or Sole Proprietorship and other entities are to be registered at the Registrar General’s Department. Reforms initiated in the mid-2000 by the public sector reform project, put in measures at the Registrar General’s Department to ensure that all new business registration should be done electronically. Until the passage of the Companies (Amendment) Act, 2016 (Act 920), there were no requirements to name ultimate beneficial owners of companies.

For an entity to be registered it should provide basic information of the proposed business, including detailed information of the officers and members of the business. In addition, companies must file Regulations. This information includes Business Name, official Address, Shares, Stated Capital, Names of Directors, Issued and Paid up Capital sharing of profit etc. This information is kept by the Registrar General’s Department and copies made available to the entity concerned.

The Companies Act has been amended over the years creating a plethora of pieces of legislation that requires consolidation. However, there were no amendments to cater for the registration of trusts and Beneficial Ownership. The most recent amendment addressed the issue of Beneficial Ownership but still did not make express provisions for the registration of trusts. Businesses are registered with basic background checks being conducted during the Taxpayer Identification Number (TIN) registration process by the Ghana Revenue Authority (GRA). The TIN is a prerequisite to the registration of businesses and the electronic databases of RGD and GRA are synchronized to share the basic information of applicants. Most trusts are privately owned and do not make disclosures to banks and other financial institutions on beneficial ownership before bank accounts are opened and tax identification numbers issued.

In order to resolve these problems, a new Companies Bill is currently with cabinet and is awaiting inputs from stakeholders before it is forwarded to Parliament. It is not too difficult to access information from the Registrar General’s Department. The Registrar General Department is in the process of updating (re-registering) all companies previously registered.
under the manual system. Failure by companies to update records promptly attracts penalties.

In April 2014, the AML Act 2008 (Act 749) was amended to make Trust Companies “Accountable Institutions” thereby making them conform to the AML Compliance regime.

**ML combating ability is rated at 0.60 Medium**

**TAX DISCLOSURE**

The tax regime currently being administered in Ghana is based on self-assessment by individuals and corporate bodies. This is in line with the new global trend where taxpayers are encouraged to honour their tax obligations through voluntary compliance.

The biggest challenge in Ghana, however, is with individual taxpayers, since they form the majority of defaulting taxpayers. Indeed, very few citizens of Ghana comply with voluntary tax disclosures. Majority of taxpayers in Ghana are companies and business organisations. The situation is exacerbated by the lack of effective implementation of the Tax Identification Numbers (TIN) for citizens to identify them and monitor their economic activities for tax compliance.

Although there are enough enforcement tools and procedures, as well as legal sanctions spelt out in the tax legislation administered by the Ghana Revenue Authority (GRA), little is seen of the enforcement of these sanctions such as prosecuting tax offenders. The few cases of prosecutions by the GRA have been to recover tax revenue and not for criminal prosecutions.

The Public Procurement Authority has made it a prequalification condition for contractors bidding for contracts to provide their Tax Clearance Certificate before tendering. There have also been numerous allegations of tax evasion by citizens and at times with the connivance of some tax authorities and not much has been reported as to how these issues are resolved.

Access to tax information by LEAs to undertake investigations are sometimes cumbersome. Data from the tax authorities are scattered at different units at the GRA.

Tax disclosures by companies in Ghana are low and GRA's administration of Sanctions is also weak. Financial integrity in Ghana is hampered by trade mis-invoicing at the ports, VAT fraud and a large informal sector.

Recently, however the GRA is making efforts to halt the tide. They have teamed up with the Registrar General's Department to issue out new Tax Identification Numbers (TIN) to individual and Companies at the point of registration. All tax payers are now being issued with Tax Identification Numbers which would lead to effective monitoring.

The GRA has also recently set up a Special Investigations Unit with the sole mandate of conducting investigations for criminal prosecutions in the law courts. A new Unit has also been set up by the GRA to register all firms in the DNFBP sector to monitor them for AML/CFT compliance.

GRA also signed a Mutual Administrative Agreement in 2015 with OECD with a view to sharing information with other countries on tax matters.

**ML combating ability is rated at 0.40 Medium Low**

**FINANCIAL INTEGRITY**

Financial integrity refers to the quality of business integrity, professional ethics and tax transparency in a country. The amendment to the companies Act 2016 (Act 920) made provision for business owners and shareholders to make declaration on beneficial ownership disclosures and also make information available to competent authorities and the general public. Accountable institutions are required to request for information on beneficial owners as part of the customer due diligence before on boarding new customers. Before this step is taken, institutions are to verify the information given by the customer at the Registrar General's Department.

The Register General's Department in the bid to show greater transparency have rolled out a paperless regime where registration of businesses is done online and executed in a timely manner. Small scale businesses in the unregulated sector do not clearly distinguish between family expenses and business expenses. Some businesses hide behind non-transparency to evade VAT thereby making them more competitive by selling goods at cheaper rates.

There have been a number of reports that goods are smuggled into Ghana through unapproved routes and at times with the connivance of customs officials in order to avoid tax payments. In other instances, goods imported are under invoiced thereby making
tax payable lower than expected. Some companies are also reported to be keeping double books of accounts. There are unregistered businesses operating in the “shadow economy”. All these activities are not captured in the tax net resulting in low tax revenue. The FIC and GRA continue to collaborate in such matters in the fight against tax crimes.

**ML combating ability is rated at 0.40 Medium Low**

**INFORMAL ECONOMY**

The Ghana Statistical Service estimates that employment in Ghana is predominantly informal. More than 80 percent of the employed are working in the informal sector. Over half of the employed (55.9%) are own-account workers (self-employed); 20.4 percent are employed in family enterprises and 17.6 percent are wage employees. The informal sector is widely seen as the engine of growth and the path to economic transformation. The share of the informal sectors contribution to GDP is 58% in Ghana.

Laws and regulations governing the informal economy are either persuasive in nature, voluntary or non-existent. Where laws and regulations are provided, their implementations are not effective.

Business operations in Ghana are predominantly conducted on cash basis and records keeping in most instances are inadequate especially among small scale private businesses leading to revenue leakages. This sector is predominantly self-employed and the source of capital is largely from personal savings.

In spite of efforts by SSNIT to get workers in the sector to register, only minimal results have been achieved. Most workers earn less than the minimum wage and are unable to contribute to their pension, or save for future investment. The sector is characterised by high dependency on daily subsistence business as well as small profit margins.

There are no effective tax incentives to attract businesses from the informal sector to the formal sector. The lack of regulations in the informal economy makes it difficult for policy makers to effect change. There is the need to develop, adopt and implement a strategy to regulate the informal sector.

The Registrar General’s Department and the Ghana Revenue Authority are collaborating to re-register all businesses in Ghana and ensure that they all belong to an identified association for tax compliance and policy formulation purposes.

**ML combating ability was rated at Medium**

**OVERALL SECTOR VULNERABILITY**

Another component considered in the assessment of national vulnerability was the overall sector vulnerability. This component put together the individual vulnerability scores from the five other modules of the working groups. They include Banking Vulnerability Sector, Securities Vulnerability Sector, Insurance Vulnerability Sector, Other Non-Bank Financial Institutions Vulnerability Sector and DNFBP Sector. Assessment of these vulnerability sectors are summarised in the table below.

**ML combating ability was rated at Medium**

**Banking Sector Vulnerability**

The Banking Sector is one of the most vulnerable sectors for Money Laundering and Terrorist Financing due to its role, size, and relatively large number of clients and legitimacy of transactions, both domestic and international.

The Banking Industry contributes about 54.4% to GDP and employed more than 23,192 people as at September 2016. It is the largest segment of the financial services sector with a total asset size of about GH¢82,000,000,000.00 (US$ 20,900,000,000.00 Equiv) as at 31st September 2017. The Sector is made up of 34 Universal Banks, 14 of which are indigenous banks, the rest are international Banks. The Ghanaian banking industry is well governed and regulated.

Fourteen (14) out of Thirty-four (34) Banks were selected for the NRA exercise. The selected Banks were institutions that had 3% or more of total industry assets as at September 2016. The reason for using sample of banks was that these 14 Banks significantly represent the entire Banking Sector.
since they contribute more than 80% of the total banking industry assets.

Eighteen (18) products and services were selected for this exercise. These products/services represented major activities undertaken by the Sector. The choice of the product/service was based on their vulnerability to ML/TF. Other areas vulnerable to ML/TF include regulations, supervision, bank staff integrity, enforcement actions, identification infrastructure, and compliance function.

Some of the most vulnerable products and services of the Banking Sector include; Current Account Products, Foreign Exchange Account Products, Savings Account Products, Trade Finance Services, Private Banking, Investment Accounts and International Money Transfers.

Geographically, the Greater Accra, Central, Ashanti and the Western Regions are considered to be the most vulnerable to money laundering, whereas the three Regions (Upper West, Upper East and Northern) in the North and the Greater Accra Region are considered the most susceptible to terrorist activities and financing.

However, there are adequate Anti-Money Laundering and Combating Terrorist Financing (AML/CFT) measures in the sector to mitigate the risks. There are requirements on Banks to identify high risk clients such as Politically Exposed Persons (PEPs), delivery channels and transactions from high risk jurisdictions which should go through enhanced due diligence. Banks are also required to carry out due diligence to identify Ultimate Beneficial Owners (UBO) of transactions and other relationships.

ML variable was rated at Medium

Insurance Sector Vulnerability

The phenomenon of ML/TF has become a matter of global concern. Ghana being part of the global village is therefore not an exception and the insurance sector which is a Non-Bank Financial entity, is susceptible to ML and TF risks.

The Insurance sector is relatively small, contributing less than 2% towards GDP. As at 31st December 2017, seven thousand and forty (7,040) persons were employed working in the Life, Non-life, Reinsurance and Brokerage companies. Total agents employed as at the same date totaled five thousand four hundred sixty (5,460).

The market recorded a total gross premium of GH¢2,439,189,432 (US$554,361,234.55 Equiv) as at 31st December 2017. Out of this amount, non-life insurance contributed GH¢1,357,106,120 (US$308,433,209.09 Equiv) while Life insurance contributed GH¢1,082,083,312 (US$245,928,025.45 Equiv). There was an increase of about GH¢287,049,069 (US$65,238,424.77 Equiv) in non-life premium between 2016 and 2017, whereas Life business increased by GH¢223,301,790 (US$50,750,406.81 Equiv) within the same period.

The average growth rate in the industry gross premium increased from 24.0% to 26.0% between 2016 and 2017, whereas the life insurance recorded a growth rate of almost 26%, non-life insurance grew by 27%. The total numbers of licensed entities as at March, 2018 were: Non - Life Insurance - 28, Life Insurance - 24, Insurance Brokers - 79, Reinsurance Brokers - 2, Loss Adjusters - 3, Reinsurers - 3, Reinsurance contact offices -2, totalling 141 companies.

Thirty-two (32) companies were selected for interview, but only thirty (30) were successfully interviewed. The thirty-two companies constituted 87% of the market share in 2015, and it comprised eleven (11) life companies, eleven (11) non-life companies and ten (10) broking firms.

One hundred and eleven (111) questionnaires were circulated to companies to elicit their responses. Seventy (70) companies responded representing 63% but constituted 99% of sector turnover for 2016.

The vulnerability of the sector to money laundering and terrorist financing arises from products and services offered in the life and bond sectors. The general absence of effective customer due diligence practices, relatively low quality of supervision, modest skills and capacity of regulators in AML/CFT issues, policies fund from third parties premiums paid into one policy from different sources, claims for overpayments and the presence of Oil and Gas industry in Ghana has elevated the insurance sector vulnerability in recent times. There is no evidence of ML/TF occurrence in this sector. However, the current Oil and Gas find, with its associated influx of foreign nationals and businesses into Ghana, is a possible recipe for ML/TF threats.

So far, there have not been any remarkable suspicious transaction reports from the industry since the inception of the FIC. This could be due to the genuine absence of activities to warrant reports or the ignorance of players to locate the transactions and red flags. Any of the two is a probability.
The National Insurance Commission has general powers under the Insurance Act 2006, Act (724) to issue administrative sanctions on violations, but no specific provision on AML/CFT issues. An Administrative sanctions document has been developed awaiting board approval. Following approval a stakeholder consultation will be organised to sensitize Accountable Institutions (AIs) before it is implemented.

Overall Assessment of the Insurance Sector vulnerability to Money Laundering and Terrorist Financing in Ghana is assessed to be

**ML Vulnerability rated at Medium.**

**Securities Sector Vulnerability**
The Securities Sector in Ghana is regulated by the Securities and Exchange Commission of Ghana. Under the Securities Industry Act (SIA) 2016, (Act 929), As at December 2017, SEC had licensed a total of two hundred and eighty-one (281) firms within the securities industry. This comprises of 154 Fund Managers, 3 Investment Advisers, 23 Broker-Dealers, 17 Custodians, 17 Primary Dealers, 4 Registrars, 6 Trustees, 19 Unit Trusts, 34 Mutual Funds, 2 Issuing Houses, 1 Central Securities Depository and 1 Securities Exchange. The size of the Securities Sector in terms of GDP as at December 2017 stood at 11.6%.

The vulnerability of this sector to money laundering and terrorist financing arises from products and services offered by the sector and other general combating factors such as weak regulations and, supervision, lack of enforcement actions, low capacity of skills and knowledge of Compliance Officers in AML/CFT issues, inadequate training for Board Members, Management and Staff of “Accountable Institutions”, non- existence of comprehensive internal rules and procedures and lack of record keeping.

Most firms undertake customer due diligence (CDD) or know your customer (KYC) by verifying their clients’ identity; however, the effectiveness of the CDD, especially that relating to the source of funds is a source of worry. Client transactions monitoring is performed both manually and electronically, but more needs to be done. Lack of effective identification and monitoring of Politically Exposed Persons (PEPs) and their associates must be enhanced.

Cash and cheques are the predominant ways of accepting deposits for investment in the Securities sector. Source of funds for investment, lack of a sanctions regime coupled with weak identity infrastructure and the non-existent beneficial ownership disclosures, make the sector vulnerable.

A modest number of Accountable Institutions have documented procedures their AMLROs should follow upon receipt of suspicious transaction reports, however quite a number of institutions do not comply. This is as a result of weak enforcement, supervision, monitoring and inadequately trained staff.

Ongoing on-site monitoring enquires about the existence of compliance policies, PEP list, inspection of client files, operations manual, training on AML/CFT, AML/CFT risk assessment reports including categorization of clients, appointment and independence of AMLROs are some of the activities undertaking during examination

Ineffective supervision is the major challenge coupled with the need for relevant capacity training. The Board must appoint requisite staff and develop appropriate AML compliance policies.

**ML Vulnerability rated at Medium**

**Other Financial Institutions Vulnerability Sector**
The Bank of Ghana is responsible for the adherence to the supervisory regime of AML/CFT within the Other Financial Institution (OFI) sector. The structure of the OFIs place an enormous burden on the BOG to perform effective supervision and also to ensure that there is application of proper AML/CFT controls. The AIs that make up the OFI are very significant in the financial sector.

OFIs are vulnerable to the threat of money laundering. The degree of vulnerability is influenced by both the regulated and unregulated sub-sectors of the OFI sector.

The formal sector is highly regulated thus has a relatively lower ML/TF vulnerability risk compared to the informal sector. The formal sector comprises Finance Companies, Bureaux de Change, Remittance Service Providers, Electronic Money Issuers and Agents, National Pensions Regulatory Authority and the Ghana Revenue Authority.

The informal sector is unregulated due to the nature of activities that takes place underground, thus making it highly vulnerable to ML/TF risk.

Statistics from Bank of Ghana (2017) suggest that the Non-Bank Financial Institutions ended the year
2016 with a total asset value of GH¢9,560.5 million (USD 2,276.20 million) up by 31.4% from a position of GH¢7,277.0 million (USD 1,732.54 million) in 2015. The growth was underpinned by 54.1% and 25.5% increase in investments and loans & advances respectively.

The vulnerability of this sector to money laundering and terrorist financing arises through products and services offered by the sector. Other vulnerabilities include weak supervision, lack of enforcement actions, lack of identification infrastructure, and lack of AML/CFT Compliance Officers at management level in most of the institutions. Most firms do not undertake effective Customer Due Diligence (CDD) or Know Your Customer (KYC), especially on the source of funds.

The National Pensions Act, 2008 (Act 766) established the 3-tier pensions scheme and the National Pensions Regulatory Authority (NPRA), to monitor and supervise the operation of the scheme and the service providers.

The transactions are mostly conducted with the use of cheques and bank transfer with very insignificant cash levels. Regulations and controls in the pension market are very high.

The Bank of Ghana is in the process of ensuring compliance by all Bureaux de Change to computerize their operations. However, the department faces a challenge of appropriate software to give electronic notification to Bureaux de Change upon submission and receipt of monthly prudential returns to the Bank of Ghana.

The Remittance Service Providers operate both local and international money transfer services and the transactions are cash intensive. Transaction monitoring is high. Customers who patronise this service undergo significant CDD and KYC prior to the receipt or transfer of funds.

EMIs and Agents operate within a legal framework and their activities are supervised by BOG. The Bank of Ghana guideline on the issuance of e-money, customer e-money accounts, has been categorized in three levels as part of a risk-based approach to KYC. Minimum KYC accounts is intended towards financial inclusion and are subject to very low transaction limits, while Medium KYC accounts have intermediate transaction limits and documentation requirements and Enhanced KYC accounts give access to high limits but come with bank grade account opening requirements.

The Black Market, an informal and unregulated illegal market where the exchange of money is done with no documentary audit trail is highly vulnerable. There are no statistics on the asset size as well as the volume of turnover of this market.

The Underground Remittance system operates outside the traditional banking and financial system which facilitate the process of remitting funds. This underground remittance system, also called Hawala relies heavily on trust and is very fast with no transaction limits. There are no statistics on the asset size in this market as well as the volume of turnover.

The Underground Remittance is highly vulnerable to ML because there are no regulations governing their activities.

**ML vulnerability was rated at Medium high**

**DNFBP Vulnerability Sector:**

DNFBPs have been described in the First Schedule (section 21) of the Anti-Money Laundering Act, 2008 (Act 749), as amended, as an “Accountable Institution” operating in the following sectors of Ghana:

Real Estate Agencies, Operators of Game of Chance (casinos), Dealers in Precious Metals, Accountants, Lawyers, Notaries, Car dealers, Non-Profit Organisations, Trust and Company Service Providers and Remittance of Exchange of Funds.

Data from the Statistical Service of Ghana indicate that DNFBPs contributes about 9.4% of the country’s Gross Domestic Product (GDP). In Ghana, the NPO sector is categorized under the DNFBP sector and also contributes about 5% of the country’s GDP. The sector contributes substantially to the tax revenue of the country.

The Real Estate sector is possibly the largest DNFBP in Ghana. The sector is governed by an Association called Ghana Real Estate Developers Association (GREDA) which is a voluntary association, backed by an Act but without powers to sanction members. The real estate sector is vulnerable due to lack of regulations in the industry, ineffective supervision and monitoring of industry players, ineffective due diligence performed on persons/entities and the non-disclosure of source of funds before transactions are concluded.

As at August 2017, twenty-four (24) Casinos were registered in Ghana. All twenty-four (24) registered casinos are foreign owned, mostly Chinese and Lebanese and are mainly patronized by foreign nationals.
The Precious Metals sector is regulated by the Minerals Commission which was established under Article 269 of the 1992 Constitution and the Minerals Commission Act, 1993 (Act 450). Its main role is to promote and regulate the minerals sector in Ghana.

In spite of the availability of the legal, institutional, regulatory and supervisory frameworks, the industry continues to remain vulnerable to ML/TF risks. Indeed, illegal mining by foreigners and Ghanaians in river bodies, forest reserves and farm lands have become rampant. A large number of reported cybercrime cases are related to gold scams through various schemes. A number of foreigners continue to succumb to gold scams and the scammers continue to employ new and sophisticated methods to defraud unsuspecting victims. Similarly, criminals and other corrupt officials see this sector as an avenue to channel their tainted funds.

The Institute of Chartered Accountants, Ghana (ICAG) is a professional accountancy body established by the Chartered Accountants Act 1963, (Act 170). As at September 2017, the institute had registered a membership of 5,400 professional accountants and 292 firms licensed to practice accountancy, auditing and other related services.

In 2017, there were about 2,600 lawyers in Ghana. The General Legal Council (GLC), under the Legal Profession Act 1960 (Act 32), sets standards for the regulation of professional conduct, and also organise legal education for all lawyers.

In both professions, there are no explicit provisions in their Acts to compel them comply with the AML/CFT measures. A number of transactions are conducted by these professionals without conducting effective due diligence.

There are two categories of car dealers in Ghana; authorized and exclusive dealers in international brands and second hand car dealers. Transactions in the second hand cars dealership are usually in cash making the sector highly susceptible to money laundering risks.

According to the Department of Social Welfare, there are 27,127 NPOs registered in Ghana. NPOs in Ghana include Civil Society Organizations (CSOs). CSOs qualify to access public funds either from external donors or the government and also benefit from tax exemptions. The sector is vulnerable due to the lack of legal and institution framework, no AML/CFT guidelines to control and monitor the sector, no sanctions regime and inadequate knowledge in AML/CFT among others.

ML vulnerability was rated 0.65 at Medium

PRIORITY AREAS

The main priority areas (in order of highest ranked in terms of vulnerability) which the state authorities and the stakeholders are required to improve are as listed below:

A) Sectors:
- DNFBPs
- Other financial institutions
- Financial inclusion
- Securities
- Insurance
- Banking

B) National Combating Abilities:
- Capacity of Financial Crime Investigators
- Capacity of Asset Forfeiture Investigators
- Capacity of Prosecutors
- Capacity of Presiding Officers
- Integrity of Financial Crime Investigators
- Integrity of Asset Forfeiture Investigators
- Identification Infrastructure
- Integrity of Prosecutors
- Independent Information Sources
- Criminal Penalties
- Corporate and Trust Transparency
- Domestic Cooperation
- Tax Disclosure
- Audit and Accounting Practices
- Financial Integrity
- STR Data Analysis
- Informal Economy
- Integrity of Presiding Officers
- Asset Forfeiture Orders
- Asset Forfeiture Laws
- International Cooperation in Asset Forfeiture
- Policy and Implementation
- International Cooperation in Criminal Investigation and Prosecution
- Criminalisation of ML
CONCLUSION
ML prosecutors and investigators have identified some areas that impede the progress of their work:

1. Slow response to Ghana’s MLA requests.
2. Inability of foreign counterparts to bring witnesses forward for video link interviews—especially where amount involved are small.
3. Fulfilling the dual criminality requirement is sometimes difficult in MLA matters even though the principle of reciprocity (as in extradition matters) should be applied regardless.
4. There is no provision for civil confiscation in our legal framework. This is an impediment to successful stand-alone confiscation orders. There is therefore the need to pass legislation to that effect.
5. Asset sharing agreements are required in MLA matters to incentivize both countries.
6. Lack of an Asset Management Office to manage seized and confiscated assets.
7. Ineffective application of sanctions for non-filing of tax.

RECOMMENDATIONS
It is clear that there is the need to coordinate efforts among all stakeholders both public and private to combat the risks of money laundering/terrorist financing.

The following has been recommended for action.

1. Creation of a specific training programme for LEAs in the various specialised areas of financial crime investigations.
2. Capacity of financial crime investigators, prosecutors and indeed all LEAs must be enhanced.
3. Adequate resources should be provided to the FIC and competent authorities to support the fight against ML/TF.
4. Inter-agency collaboration should be deepened.
5. There should be effective implementation of Asset Forfeiture laws and regulations.
6. Create a single infrastructure platform to capture the biometrics of all persons resident in Ghana.
7. Establish an Asset Management Office to manage property seized and confiscated in order to obtain the economic benefits from it.
8. Remunerations should be competitive to attract qualified persons into the arena of financial crime investigations and prosecutions.
9. Implement the sanctions regime in an effective, proportionate and dissuasive manner.
10. Enhance tax auditing, monitoring, investigation and administration to sanction tax defaulters.
INTRODUCTION

The Financial Services Sector is one of the key sectors of the Ghanaian economy. The Sector is exposed to huge cash transactions which is characteristic of the Ghanaian economy. By September 2017, Banks had filed over 1.1 million Cash Transactions Reports with the Financial Intelligence Centre, running into trillions of Ghana Cedis. The customer base of the banking industry as at 30th September, 2017, was over 4.86 million. The large number of customers and transaction flows make the sector very susceptible to ML/TF. Almost all international transactions pass through the sector.

The Banking Industry’s total assets as a percentage of GDP (2016 revised figure) was estimated at 54.4% and employed about 23,192 people as at 30th September 2017. It is the largest segment of the financial services sector with a total asset size of about GHS 91 billion (USD 20.7 billion) as at September 2017. Currently, the sector is made up of 34 Universal Banks. The Ghanaian banking industry is well governed and regulated.

The sector is the most advanced in terms of the fight against ML/TF. However, there is the need for a more stringent and effective implementation of the Anti-Money Laundering Act, 2008 (Act 749), as amended, the Anti-Terrorism Act, 2008 (Act 762) as amended, Bank of Ghana’s revised AML/CFT Guideline and the Sanctions framework which will serve as an enforcement tool for an effective AML/CFT regime in Ghana.

Overall assessment of the banking sector’s vulnerability to ML/TF risks in Ghana is rated as Medium, with a score of 0.47.

Some of the most vulnerable products and services of the banking sector include; Current Accounts, Savings Accounts, International Money Transfers, Foreign Exchange Accounts, and Treasury Instruments. Banks in Ghana mainly apply general AML controls for most of these products.

Geographically, out of the ten (10) regions, the Greater Accra, Ashanti and the Western Regions are considered to be the most vulnerable to Money Laundering, whereas the Upper East, Upper West, Northern and the Greater Accra Regions are considered the most susceptible to terrorist activities and financing.

The major threats to the banking sector are the huge cash transactions that pass through the various products and services of the banks and improper address system which weakens Banks’ client due diligence measures. Banks therefore need to enhance their CDD processes for conducting these huge cash transactions.

There is strong regulatory and supervisory framework for the banking sector. However, areas that need to be strengthened include; enforcement of AML/CFT obligations by appropriate state institutions through administrative sanctions, market pressure to meet AML standards, AML monitoring systems, and corporate and trust transparency.

GENERAL INPUT VARIABLES

These are variables that have general impact on the vulnerability levels of the entire banking sector. The assessment of these variables was based on supervisory experience and responses to questionnaires administered to the industry.

AML/CFT LAWS AND REGULATIONS (PREVENTIVE MEASURES)

The AML/CFT laws and regulations as a general input variable are used to assess whether Ghana has adequately designed laws and regulations concerning money laundering prevention measures and supervision, with the aim of significantly reducing ML/TF risks.
In making the assessment, the adequacy of laws and regulations relating to the prevention of money laundering/terrorist financing were taken into accounts as well as their compliance with relevant International Recommendations and Standards (FATF 40 Recommendations, Basel Core Principles for Effective Banking Supervision and Basel Customer Due Diligence Paper).

The degree to which the AML laws are compliant with international standards is rated 0.82 which indicates a high level of compliance.

Ghana has enacted relevant and adequate laws and regulations against ML/TF. The prevention of ML/TF in the banking sector in Ghana is governed by following:

- Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930)
- The Anti-Money Laundering Act, 2008 (Act 749)
- Anti-Money Laundering (Amendment) Act, 2014 (Act 874)
- BoG /FIC revised AML/CFT Guideline
- Administrative Sanctions Framework
- Anti-Terrorism Act, 2008 (Act 762), as amended
- Anti-Terrorism Regulations, (L.I. 2181)
- Economic and Organised Crime Office Act, 2010 (Act 804)
- Economic and Organised Crime Office (Operations) Act, 2012 (L.I. 2183)

THE QUALITY OF SUPERVISION REGARDING THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

This variable was used to assess whether Ghana has a comprehensive supervision regime regarding the prevention of ML/TF that is supported by appropriate powers, personnel and other resources available to the supervisory authority.

The quality of supervision regarding the prevention of money laundering and terrorist financing is rated 0.7 indicating high level of quality of supervision. The rating is justified with the following reasons:

AML/CFT supervision in Ghana is conducted by the Financial Integrity Office (FIO) within the Financial Stability Department, a dedicated Office of the Bank Ghana for ensuring that Banks and Non-Bank Financial Institutions (NBFI) in the country are compliant with the requirements of the AML/CFT regime. The FIO employs a risk-based supervision methodology, consistent with FATF Recommendation 1, which comprises on-going off-site surveillance of licensed entities and on-site examinations. This is a periodic review of Banks’ annual compliance/training plans, compliance activity reports, self-risk assessment, ML/TF internal risk assessment etc. to ensure Banks’ compliance with applicable AML/CFT legislations.

The FIO also organizes periodic workshops and seminars to sensitize staff of banks and NBFI on emerging AML/CFT issues. The supervisory office has adequate annual budgetary appropriations to ensure high level of compliance with the provisions on the prevention of money laundering in the banking sector.

MARKET PRESSURE TOWARDS ADHERENCE TO THE AML/CFT STANDARDS

This variable is used to assess whether market factors exert pressure on bank management structures to adhere to the standards regarding the prevention of money laundering. It is used to consider the pressures existing outside the national legal and supervisory regime, e.g. the pressures originating from commercial partners, such as correspondent banks.

The market pressure towards adherence to AML/CFT standards is scored 0.5 indicating a medium rating.

Financial institutions in Ghana operate ‘Nostro’ accounts with international financial institutions to facilitate transactions outside Ghana. Pursuant to the FATF Recommendations, international financial institutions are required, prior to establishing correspondent banking relations, to take enhanced due diligence or ‘know-your-correspondent’ measures by requiring banks in Ghana to provide prescribed data, information and documents for review and clearance. In this regard, banks are expected to complete the Wolfsberg Questionnaire and indicate evidence of compliance with the US PATRIOT Act, and other relevant sanctions systems such as the SWIFT Sanctions Screening System.
The relevant information required to be submitted to support the due diligence process include operating license, description of procedures relating to the prevention of money laundering and terrorism financing, declaration that the banks do not conduct businesses with shell banks, supervision statements and any other relevant information.

With respect to Money and Value Transfer Services (MVTS), relevant FATF Recommendation requires any natural or legal persons working as agents to be licensed or registered by a competent authority. MVTS providers are also required to make their lists of agents accessible to competent authorities in the countries in which the MVTS provider and its agents operate. In Ghana, MVTS providers who use agents are required to include them in their AML/CFT programmes and monitor their compliance.

**COMMITMENT TO GOOD CORPORATE GOVERNANCE**

Commitment to good corporate governance assesses whether banks’ management are committed to high level of corporate governance in their banks. An effective corporate governance practice promotes a high level of compliance with international standards, as well as national laws and regulations and is necessary to achieve and maintain public confidence in the financial sector.

Commitment to good corporate governance is scored 0.7 indicating a high level of corporate governance in the banking sector.

Banks in Ghana are held to high corporate governance standards. To this end all Board members and key management personnel must pass Bank of Ghana fit-and-proper tests. Board members must generally be qualified for their positions, and have clear understanding of their role in corporate governance and ability to exercise sound judgement over the affairs of the bank. The AML/CFT regime requires all banks to have in place approved AML/CFT policies and internal rules and appoint Anti-Money Laundering Reporting Officers (AMLROs) at Management level. The AMLROs are also required to implement AML/CFT compliance programmes and report to the Board. The regime also requires banks to conduct independent testing or audit of AML/CFT programmes to provide assurance on the adequacy of the compliance function.

Additionally, Bank of Ghana through its prudential supervision process ensures that banks adhere to sound corporate governance principles.

**PENALTIES**

Penalties as a general input variable is used to assess whether the country has appropriate sanctions in the case of non-compliance with the provisions of the AML/CFT regime as a preventive measure that is effective, proportionate and dissuasive.

The score for Penalties variable is 0.8 indicating the availability of judicial and administrative sanctions against persons and banks who fail to comply with AML/CFT obligations. The Banks and Specialised Deposit-Taking Act, 2016 (Act 930), empowers the Bank of Ghana to impose Administrative Sanctions/Penalties on licenced institutions for breaches of AML/CFT regulatory requirements. Act 749, as amended, provides for criminal sanctions against banks for breaches of AML/CFT and offending persons and institutions are liable to summary convictions, fines as well as administrative sanctions by the supervisory authority. Staff of banks are generally aware of the consequences of non-compliance with the AML/CFT regime, internal AML/CFT rules and procedures, as well as findings and recommendations of AML/CFT examinations.

**ENFORCEMENT OF AML/CFT OBLIGATIONS**

This variable is used to assess whether Ghana takes criminal enforcement actions against banks or individuals or representatives of bank management in the case of non-compliance with their obligations under the AML/CFT regime.

The score of enforcement of the provisions of the AML/CFT regime arising from the anti-money laundering regulations is 0.2 which indicates low level of enforcement of the regulations.

Generally, management and staff of banks in Ghana are aware of the legal liability for non-compliance or breaches of the AML/CFT regime. Presently there are no records of actions taken against bank staff and management with regards to infractions of the AML/CFT regime.

**BANK STAFF INTEGRITY**

This variable is used to assess whether bank officers act with integrity. When bank officers are in collusion with criminals or are under the influence of corruption, they undermine the effectiveness of measures regarding the prevention of money laundering, so banks become vulnerable to money laundering.

The integrity of banks staff is rated 0.7 indicating staff integrity of banks in Ghana is high with respect to
detection of money laundering attempts. Experience from on-site supervision indicates that background checks are thorough including a no objection clearance from Bank of Ghana before senior level staff are employed. This has contributed to the high level of integrity of staff in the banking sector. Fraud reports available to the Bank of Ghana indicates that the number of bank staff involved in fraud is low.

**BANK STAFF KNOWLEDGE**

This variable assesses whether officers of banks have adequate understanding of their obligations and duties regarding the prevention of ML/TF.

When assessing the knowledge of the bank officers, consideration was given to the quality of training material, frequency of training and target audience among others.

Bank staff knowledge regarding the prevention of ML/TF is scored 0.6 and indicates a medium level of knowledge regarding the understanding of their obligations of the AML/CFT regime. Supervisory experience generally indicates that bank staff are exposed to relevant AML/CFT courses. Review of training materials of banks indicates that content of training materials are relevant and adequate and include identification of threats and vulnerabilities, money laundering ‘red flags’, suspicious transactions, trade based money laundering typologies, AML regulations and offences, record keeping and retention, Customer Due Diligence procedures, money laundering typologies and other emerging risks related to money laundering. Supervisory experience also indicates that training is provided for all categories of staff from front desk officers to back-office staff and Board Members.

**COMPLIANCE FUNCTION**

This variable assesses whether the banks have an effective function of compliance with the anti-money laundering regulations that enable a high level of compliance with the standards in the whole banking sector. It was also considered whether the function of compliance with the AML/CFT regime is consistent with the relevant international standards and Recommendations.

The score of the extent to which the banks have effective functions of compliance with the AML/CFT regime is 0.7 indicating a high level of compliance. Banks in Ghana have appointed Compliance Officers at Management level to ensure compliance with respect to AML/CFT.

Ghana’s AML/CFT regime requires, and is consistent with the relevant FATF Recommendations, that banks develop programmes to prevent ML/TF. Such programmes include:

- The appointment of Anti-Money Laundering Reporting Officers (AMLROs).
- The development of internal policies, procedures and controls, including appropriate compliance management arrangements, and adequate screening procedures to ensure high standards when hiring employees.
- On-going employee training programmes.
- An audit function to test the system.

The regulations require that banks’ compliance programmes are submitted to Bank of Ghana and Financial Intelligence Centre not later than 31st December of every financial year. It was observed that all Universal Banks have developed adequate internal rules, policies, procedures and controls for AML/CFT. The AMLROs of banks have also been appointed at Management level consistent with regulatory requirements.

**BANKS’ MONITORING, DATA COLLECTION & RECORD KEEPING SYSTEMS**

This variable is used to assess whether banks have appropriate information systems to support their anti-money laundering policies and procedures.

The extent to which banks in Ghana have adequate information systems for record keeping and monitoring regarding the prevention of money laundering is scored 0.7 which indicates a high level of information systems for record keeping and monitoring. Supervisory experience indicates that over 85% of Universal Banks in Ghana have automated AML tools that allow real-time monitoring and reporting of large and unusual transactions based on specified indicators for the identification of suspicious transactions. These tools support an effective screening of potential customers at on-boarding stage in order to identify designated individuals and entities on sanctioned lists. It has been observed from examination experience with respect to record keeping that a few banks have difficulty with the prompt retrieval of information on demand by supervisory authority.
CORPORATE AND TRUST TRANSPARENCY

This variable is used to assess whether it is easy for criminals to hide their shares and ownership rights in legal entities, trusts and similar businesses.

Corporate and trust transparency is scored 0.5 indicating a medium-high level of corporate and trust transparency in Ghana. Operating trust accounts and businesses in Ghana is not illegal. However, the rules and regulations in Ghana require the identification of beneficial ownership of trust accounts and businesses. The AML/CFT regime and the relevant FATF Recommendations require financial institutions to ensure that there is adequate, accurate and timely information on the beneficial ownership and control of legal persons that can be obtained or accessed in a timely fashion by competent authorities. On-site inspections indicate that banks are largely compliant with establishing the ownership and control structures and determine the natural persons who ultimately own and control legal entities. Independent public sources including the Registrar General’s Department (RGD) and the Credit Reference Bureaus of identifying and verifying individuals and entities are available.

AVAILABLE INDEPENDENT SOURCES

This variable is used to assess the availability of independent and reliable information sources in identifying customer transaction patterns. The customer due diligence measures are conducted more easily and better if there are available sources of comprehensive and reliable historical data. Additionally, data in the possession of credit reporting bureaus, information on previous transactions with banks and availability of public company information are also reliable information sources to confirm the identities of customers.

The score for this variable is 0.6 indicating a medium-high level of availability of independent information sources. Comprehensive, independent sources of information for banks customers and patterns of transactions in Ghana are limited. The Credit Reference Bureaus are one source of obtaining historical data on clients. Banks largely patronize this data to obtain credit history of clients. The extent to which the bureaus are used to obtain information for AML/CFT purposes is not clear.

A web-based system linked to the Ghana Electoral Register is another independent and reliable source of data that is used by banks to verify identity of clients at on-boarding stage. Currently, banks could also verify independently details of clients from the data base of the Drivers and Vehicle Licensing Authority through a web-based link before formal relationships are established.

The Registrar General's Department, responsible for registering legal entities, is also an important independent and reliable source of data that banks rely on to verify the identity of beneficial owners of corporate entities. The shortcoming is that the processes of identification and verification are slow.

Some Banks have also acquired systems such as World-Check, Accuity, World Compliance, SWIFT Sanctions Screening System among others to facilitate customer due diligence and transactions monitoring.

IDENTIFICATION INFRASTRUCTURE

This variable is used to assess to what extent the banks are able to perform customer identification and verification using reliable, independent source documents, data or information. It is considered that the existence of good identification infrastructure contributes to preventing the use of counterfeit documents and false identities, which hinder the implementation of customer due diligence measures.

Identification Infrastructure is scored 0.7 indicating the high extent to which banks have infrastructure to establish identity of individuals and entities. Banks are required to verify the identities of individuals and legal entities before business relationships are established consistent with the relevant FATF Recommendations. Banks are capable of verifying various IDs used in establishing business relationships with banks through online infrastructure. The IDs that are used in Ghana to open bank accounts and access other banking services are Government-issued photo-bearing IDs and include; the Voter ID Cards, Passports, Drivers’ License, National Health Insurance Card (NHIS Card), and National Identification Card. All institutions are capable of verifying the Voter ID cards, NHIS cards and Passports online.
INPUT VARIABLES FOR SELECTED PRODUCTS AND SERVICES

The risk analysis and assessment was conducted for 18 selected products and services.

The products and services were:
1. Internet Banking
2. International Money Transfers
3. Domestic Money Transfers
4. Electronic Banking
5. Current Accounts
6. Savings Accounts
7. Fixed Deposits Accounts
8. Cash Collection Services
9. Foreign Exchange Accounts
10. Foreign Currency Accounts
11. Mobile Money Services
12. Wealth Management (Private Banking)
13. Mortgage Loans
14. Treasury Instruments
15. Investment Accounts
16. Trade Finance Services
17. Loans and Advances
18. NBFI Clearing Services

Each product or service was analyzed and assessed based on fifteen (15) variables in the World Bank tool, which were considered to have specific impact on the vulnerability of a product or service to ML/TF. Thus the level of susceptibility of a product or service to ML/TF will depend largely on the following factors:

1. Volume
2. Average transaction size
3. Client profile
4. Investment feature
5. Cash activity
6. Domestic money transfer feature
7. International money transfer feature
8. Frequency of international transfer
9. Anonymous use of Product
10. Existence of ML Typologies
11. Use of product in fraud or tax evasion schemes
12. Difficulty in tracing transaction record
13. Non Face-to-Face use of product
14. Delivery of product through agents
15. Availability of AML/CFT specific controls

Whereas the above variables have specific impact on the vulnerability of product/service to ML/TF, there are other indirect general factors that also affect a product or service's vulnerability to ML/TF.

In assessing these variables, the mean average of each variable as assessed by the selected banks for each product on a likert-scale was used.

Thus generally the assessment was based on results of data analyzed and responses received for administered questionnaire.

ASSUMPTIONS FOR PRODUCTS INPUT VARIABLES ASSESSMENT

PRODUCT VOLUME:

In assessing how vulnerable a product or service is due to its volume, it was assumed that the higher the volume of a product or service, the more probable it was exposed to ML/TF. Products or services with higher volumes are considered significant and more attractive to money launderers. This is because products or services with larger volumes create more opportunities and avenues for criminals to launder their proceeds of crime.

Thus respondents were asked to score the product/service for money laundering and terrorist financing risk based on its value/total size. The scores were determined based on the rating criteria of the World Bank assessment tool, as indicated below:

<table>
<thead>
<tr>
<th>SCORE</th>
<th>RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>9-10</td>
<td>High Risk</td>
</tr>
<tr>
<td>7-8</td>
<td>Medium High</td>
</tr>
<tr>
<td>5-6</td>
<td>Medium</td>
</tr>
<tr>
<td>3-4</td>
<td>Medium Low</td>
</tr>
<tr>
<td>1-2</td>
<td>Low</td>
</tr>
<tr>
<td>0-0</td>
<td>Not Analysed</td>
</tr>
</tbody>
</table>

Table 1: Rating Criteria for value/size
AVERAGE TRANSACTION SIZE OF PRODUCT:
The average transaction size (ATS) of a product exposes the product to ML/TF risk. The higher a product’s ATS, the higher the product’s exposure to ML/TF risk. To determine the relative high or low ATS of products, the ATS of current accounts was determined and used as a benchmark.

Thus respondents were asked to score the product/service for ML/TF risk based on its average transaction size. The scores were determined based on the rating criteria of the World Bank assessment tool, as indicated below:

<table>
<thead>
<tr>
<th>SCORE</th>
<th>RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>9-10</td>
<td>High Risk</td>
</tr>
<tr>
<td>7-8</td>
<td>Medium High</td>
</tr>
<tr>
<td>5-6</td>
<td>Medium</td>
</tr>
<tr>
<td>3-4</td>
<td>Medium Low</td>
</tr>
<tr>
<td>1-2</td>
<td>Low</td>
</tr>
<tr>
<td>0-0</td>
<td>Not Analysed</td>
</tr>
</tbody>
</table>

Table 2: Rating Criteria for average transaction size

PRODUCT CLIENT PROFILE:
The vulnerability of product or service to ML/TF also depends on the type of clients or characteristics of clients who patronize the product or service. A product or service is more vulnerable if its client profile is made up of politically exposed persons (PEPs), clients with business interest in offshore centers, high risk jurisdictions and tax havens, high net worth individuals, non-resident clients, and other high risk categories.

In assessing this variable, respondents were asked to score the product/service for ML/TF risk based on its profile. The scores were determined based on the rating criteria of the World Bank assessment tool, as indicated below:

<table>
<thead>
<tr>
<th>SCORE</th>
<th>RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>8-10</td>
<td>Available and Prominent</td>
</tr>
<tr>
<td>5-7</td>
<td>Available</td>
</tr>
<tr>
<td>1-4</td>
<td>Available but Limited</td>
</tr>
<tr>
<td>0-0</td>
<td>Not Analysed</td>
</tr>
</tbody>
</table>

Table 3: Rating Criteria Client based Profile of Product

Again the more a product or service is used by retail (individual) clients than corporate (business entities), the more vulnerable the product or service is to ML/TF.

AVAILABILITY OF INVESTMENT/DEPOSIT FEATURE:
A product or service that has investment or placement feature is more attractive to money launderers than product or service that does not allow placement. In assessing this variable, it was determined whether the investment or placement feature is prominent in the product or not.

Thus respondents were asked to score the product/service for ML/TF risk based on availability of investment/deposit feature in the product or service. The scores were determined based on the rating criteria of the World Bank assessment tool, as indicated below:

<table>
<thead>
<tr>
<th>SCORE</th>
<th>RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>8-10</td>
<td>Available and Prominent</td>
</tr>
<tr>
<td>5-7</td>
<td>Available</td>
</tr>
<tr>
<td>1-4</td>
<td>Available but Limited</td>
</tr>
<tr>
<td>0-0</td>
<td>Not Analysed</td>
</tr>
</tbody>
</table>

Table 4: Rating Criteria for availability of investment/deposit feature
LEVEL OF CASH ACTIVITY:
Money laundering thrives in an economy where cash transactions are prevalent. Acts of corruption, drug proceeds, and other earnings from unlawful activities are usually conducted with cash. If a product/service allows use of cash as a feature, it is exposed to ML/TF. Thus the level of cash activity in the product/service exposes it to ML/TF. The higher the level of cash activity, the more vulnerable it is to ML/TF. In assessing the level of cash activity in a product/service, the respondents were asked to score the product/service for ML/TF risk based on availability of investment/deposit feature in the product or service. The scores were determined based on the rating criteria of the World Bank assessment tool, as indicated below:

<table>
<thead>
<tr>
<th>SCORE</th>
<th>RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>9-10</td>
<td>High</td>
</tr>
<tr>
<td>7-8</td>
<td>Medium High</td>
</tr>
<tr>
<td>5-6</td>
<td>Medium</td>
</tr>
<tr>
<td>3-4</td>
<td>Medium Low</td>
</tr>
<tr>
<td>1-2</td>
<td>Low</td>
</tr>
<tr>
<td>0-0</td>
<td>Does not Exist</td>
</tr>
</tbody>
</table>

Table 5: Rating Criteria for level of cash activity

According to a GIABA Report¹, cash transactions and activities remain dominant in the West African Region and Ghana is no exception. The Ghanaian economy is predominantly cash based. Total amount of cash transactions for the selected 14 Banks alone from January – September 2014 stood at GHS 1.3 trillion (USD 416 billion)². This is very significant and reinforces the cash dependent nature of Ghana’s economy. The BoG has recently introduced some measures to bring the economy into a cash-lite society.

Currently, Ghana has a third party cash withdrawal limit of GHS 5,000 (USD 1,563) per transaction, but there is no cash withdrawal limit for account holder, and there are no cash deposits limits. The reduction of this limit and introduction of account holder limit and cash deposit limits will significantly reduce cash transactions and activities in Ghana.

Again, banks are required to report cash transactions of GHS 50,000 and above to the Financial Intelligence Centre.

INTERNATIONAL MONEY TRANSFER FEATURE AND FREQUENCY OF INTERNATIONAL TRANSFER:
This variable assesses whether a product/service has international money transfer as a feature and how frequent this feature is used by clients. A product/service that allows international money transfer can be exposed to money laundering since it can serve as an avenue to wash illegally obtained proceeds. Again the higher the frequency of transfer, the more probable it is for the product/service to be exposed to ML/TF. Thus a product/service that is frequently used for international transfers is more exposed to ML/TF than one that is rarely used for international transfers.

In assessing this variable, the respondents were asked to score the product/service for ML/TF risk based on availability of investment/deposit feature in the product or service. The respondents were asked to rely on the product/service feature, general knowledge of product/service and supervisory requirements. The more extensive this feature is in a product/service, the more vulnerable it is to ML/TF.

The scores were determined based on the rating criteria of the World Bank assessment tool, as indicated below:

<table>
<thead>
<tr>
<th>SCORE</th>
<th>RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>9-10</td>
<td>High</td>
</tr>
<tr>
<td>7-8</td>
<td>Medium High</td>
</tr>
<tr>
<td>5-6</td>
<td>Medium</td>
</tr>
<tr>
<td>3-4</td>
<td>Medium Low</td>
</tr>
<tr>
<td>1-2</td>
<td>Low</td>
</tr>
<tr>
<td>0-0</td>
<td>Does not Exist</td>
</tr>
</tbody>
</table>

Table 6: Rating Criteria for frequency of international transfer

²At BOG US DOLLAR Daily Forex Interbank Rates as at 30th September 2014
OTHER VULNERABLE FACTORS – (TAX HAVENS, PEP STATUS, OFFSHORE CENTERS, HIGH RISK JURISDICTIONS, ANONYMOUS TRANSACTIONS, NON-FACE-TO-FACE)

A product/service vulnerability to ML/TF also depends on some other factors and characteristics inherent in the product or service. The presence of these factors increases the risk of the product/service being used for ML/TF. These factors should be mitigated.

Factors such as the use of the product/service in high risk, offshore or tax haven jurisdictions increase the propensity of ML/TF occurring through that product/service. A product/service that is significantly used by non-face-to-face clients and/or with anonymous or omnibus transactions is far more exposed to ML/TF than one that has none of these features. The existence of ML/TF typology in the product/service makes it vulnerable. Again a product/service that is marketed or delivered through agents has higher chance of being abused for money laundering since the agents are middlemen who may not conduct adequate due diligence.

In assessing these other vulnerabilities, the respondents were asked to score the product/service for ML/TF risk based on the presence or availability of these factors in the product or service. The scores were determined based on the rating criteria of the World Bank assessment tool.

EXISTENCE OF SPECIFIC AML/CFT CONTROLS FOR PRODUCT/SERVICE

The existence of specific Anti-Money Laundering and Combating Terrorist Financing (AML/CFT) controls for a product/service reduces the inherent risk or vulnerability of that product/service to ML/TF. This is a key variable that has specific impact on each specified product/service.

In Ghana banks are allowed and required to employ risk based approach in mitigating their ML/TF risks within the requirements of existing AML/CFT legislations. Banks are also required to carry out enhanced due diligence on transactions and clients that are considered high risk to their business (Sections. 8, 10, 11 of L.I. 1987).

Banks in Ghana are required to keep proper records of their clients and activities (Section 3 L.I. 1987). Proper record keeping enables the banks to assist and provide valuable information to money laundering prosecution cases. Thus all banks in Ghana keep records of their clients’ activities.

This variable was assessed by taking the average sum of the respondents’ rating for each of the selected product or service.

The scores were determined based on the rating criteria of the World Bank assessment tool, as indicated below:

<table>
<thead>
<tr>
<th>SCORE</th>
<th>RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Exist and Comprehensive</td>
</tr>
<tr>
<td>2</td>
<td>Exist but Limited</td>
</tr>
<tr>
<td>3</td>
<td>Only General AML/CFT Controls</td>
</tr>
</tbody>
</table>

Table 7: Rating Criteria for specific AML/CFT controls

These assessment methods were used based on the assumption that the respondents (Compliance Officers/AMLROs of banks), had good knowledge of and were familiar with the selected products and also had access to quantitative data to support their ratings.

Thus the risk score of each variable was the sum of the mean average of the respondents’ score of each variable for each of the selected product or service.

PRODUCT VULNERABILITY SCORE

For the purposes of this NRA exercise, vulnerability is defined as a product/service inherent risk less control measures. Thus it is the residual risk after appropriate control measures have been taken into account.

Each product/service was scored to indicate how vulnerable it is exposed to ML/TF. Scores range from 0-1, with 1 being the highest vulnerability score and 0 being the lowest vulnerability score.
Table below shows vulnerability scores and levels

<table>
<thead>
<tr>
<th>Score</th>
<th>Vulnerability level</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.8 – 1.0</td>
<td>High</td>
</tr>
<tr>
<td>0.6 – 0.7</td>
<td>Medium High</td>
</tr>
<tr>
<td>0.4 – 0.5</td>
<td>Medium</td>
</tr>
<tr>
<td>0.2 – 0.3</td>
<td>Medium Low</td>
</tr>
<tr>
<td>0.0 – 0.1</td>
<td>Low</td>
</tr>
</tbody>
</table>

Table 3: Vulnerability Score and Level

PRESENTATION OF ANALYSIS AND FINDINGS OF SELECTED PRODUCTS/SERVICES

The analysis and findings (results) of selected products/services are provided below. This shows the product/service vulnerability score and its interpretative level, and reasons represented by the variables accounting for the score. It was based on data analysed from the responses to the questionnaires.

The figure below shows summary of actual vulnerability score and level by each product.

Figure 4: Product Vulnerability Scores

The analysis showed that Current Account product was the product with the highest vulnerability score of 0.77 indicating a high risk level. This is particularly so since it is the product that is most commonly used by both individuals and entities. Almost all international transfer flows occur through current accounts.
The figure below shows top 6 most vulnerable products.

**Figure 4: Most Vulnerable Products**

The second most vulnerable product is Savings account. This product has the highest number of customers/accounts as it is the most patronized product by individuals. International Money Transfer comes in as the third most vulnerable product. This product is popular with most corporate and individual clients who are exposed to international market and business.

Respondents also indicated that customers are classified into three risk levels; high, medium and low.

**INTERNET BANKING**

This product has vulnerability score of 0.38 indicating a medium low risk level. The score was determined by the mean average of rating scores by the respondents, generated through the World Bank tool.

Available information indicates that the volume and average transaction size of this product are generally low. However, the product has clients from offshore jurisdictions, PEPs, high net worth individuals and retail customers which present moderate ML/TF risk. Cash activity in product generally does not exist. However, there is availability of domestic but not international money transfer in the product. Few of respondent banks said some of product’s transactions occur in offshore, tax haven jurisdictions, and none-face-to-face feature in the product is available and prominent.

**INTERNATIONAL MONEY TRANSFER**

This product has vulnerability score of 0.59 indicating a medium high risk level. The score was determined by the mean average of rating scores by the respondents, generated through the World Bank tool.

Available information indicates that the volume and average transaction size of this product are generally moderate. Product has clients from offshore jurisdictions, PEPs, high net worth individuals as client profile. Cash activity in product is moderate and frequency of international money transfer in the product is quite high which presents ML/TF risk. Availability of non-face-to-face in the product, coupled with occurrence of product’s transactions in offshore, tax haven jurisdictions exposes it to ML/TF risks.
Respondents indicated there are no specific AML/CFT controls for this product. Outward transfers limit of USD10,000.00 for individuals and USD50,000.00 for corporate customers do not require initial documentation. However, transfers in excess of these amounts require documentation for both individual and corporate customers respectively.

DOMESTIC MONEY TRANSFER
This product has vulnerability score of 0.31 indicating a medium low risk level. The score was determined by the mean average of rating scores by the respondents, generated through the World Bank tool.

This product has moderate volume and average transaction size levels. The product has more retail clients than corporate clients. Clients from offshore jurisdictions, PEPs and high net worth individuals. Availability of non-face-to-face in the product, coupled with occurrence of product transactions in offshore, tax haven jurisdictions exposes it to ML/TF risks.

Banks apply general AML/CFT controls for this product.

ELECTRONIC BANKING
This product has vulnerability score of 0.43 indicating a medium risk level.

The score was determined by the mean average of rating scores by the respondents, generated through the World Bank tool.

This product has moderate volume of transactions and average transaction size. Electronic Banking in Ghana is still developing. Electronic banking service that is mostly used by Bank clients is ATM services. Customers use the ATMs to withdraw and deposit cash. The Product has more retail clients than corporate clients, clients from offshore jurisdictions, high number of PEPs, and high net worth individuals.

Availability of non-face-to-face exists in the product and Cash activity in this product is quite low.

Respondents indicated that specific AML/CFT controls for this product do exist and are comprehensive.

CURRENT ACCOUNTS
This product has vulnerability score of 0.77 indicating a high risk level. The score was determined by the mean average of rating scores by the respondents.

This product has relatively high transaction volumes and cash activity. Most Banks said the product contributes a lot to their overall business. It has clients from offshore and tax haven jurisdictions, PEPs and high net worth individuals.

Existence of deposit and investment feature is available and prominent. Availability of non-face-to-face exists and it has both domestic and international money transfer features.

However, it does not have anonymous feature.

Respondents indicated that specific AML/CFT controls for this product do exist and are comprehensive.

SAVINGS ACCOUNTS
This product has vulnerability score of 0.66 indicating a medium high risk level. The score was determined by the mean average of rating scores by respondents.

The product has moderate average transaction size and moderate transaction volumes. It has more retail clients than corporate clients, clients from offshore and tax haven jurisdictions, PEPs and high net worth individuals.

There is limited availability of none-face-to-face feature in the product and high cash activity as well as investment/deposit feature.

Respondents indicated that specific AML/CFT controls for this product do exist and are comprehensive.

FIXED DEPOSITS
This product has vulnerability score of 0.44 indicating a medium risk level. The score was determined by the mean average of rating scores by respondents.

This product has moderate transaction volumes and average transaction size and prominent investment feature. Product has significant number of clients who are retail, PEPs, high net individuals and some of the clients come from off-shore and tax haven jurisdictions.

The level of cash activity in this product is moderate whilst availability of none-face-to-face is limited.
Respondents indicated that specific AML/CFT controls for this product do exist and are comprehensive.

CASH COLLECTION SERVICES
This product has vulnerability score of 0.43 indicating a medium risk level. The score was determined by the mean average of rating scores by respondents.

The product has moderate low average transaction size and moderate transaction volumes. It is a service banks render to their clients whose daily sales are heavily in cash. Most of the clients are retail and semi-corporate. However, some of the clients are PEPs and high net worth individuals.

Banks have limited specific AML/CFT control for this product.

FOREIGN EXCHANGE ACCOUNT
This product has vulnerability score of 0.58 indicating a medium high risk level. The score was determined by the mean average of rating scores by respondents.

This product has moderate transaction volumes and average transaction size. Most Banks indicated the product contributes a lot to their overall business. The profile of clients of this product include clients from offshore and tax haven jurisdictions, PEPs and high net worth individuals.

It has investment deposit feature and prominent international money transfer feature.

Banks indicated that specific AML/CFT controls for this product do exist and are comprehensive.

FOREIGN CURRENCY ACCOUNTS
This product has vulnerability score of 0.53 indicating a medium risk level. The score was determined by the mean average of rating scores by respondents.

This product has moderate transaction volumes and moderate average transaction size. Product is predominantly patronized by corporate and semi-corporate clients. It has other vulnerable features such as clients from offshore and tax haven jurisdictions, PEPs and high net worth individuals. It has international money transfer feature and investment deposit features.

Banks indicated that specific AML/CFT controls for this product do exist and are comprehensive.

MOBILE MONEY SERVICES
This product has vulnerability score of 0.46 indicating a medium risk level. The score was determined by the mean average of rating scores by respondents.

This product is a collaboration between Banks and the Telecom Companies (Telcos). However, the product has been seen as one that can also easily be exploited by criminals to launder money or finance terrorist activities. The product has moderate transaction volumes and relatively very small average transaction size. It is mostly patronized by individuals, both clients and non-clients of banks. Agents are also used as part of the delivery channels. The product involves voluminous cash activity and non-face-to-face interaction.

Banks indicated that specific AML/CFT controls for this product do exist and are comprehensive.

WEALTH MANAGEMENT/PRIVATE BANKING
This product has vulnerability score of 0.37 indicating a medium low risk level. The score was determined by the mean average of rating scores by respondents.

Private banking is the provision of banking services to exclusive and mostly affluent individuals. Most of the clients are supposed to be at the high end of income bracket. However, during the NRA exercise it was observed that currently banks in Ghana have chosen to use the term private banking but are actually doing very little 'real and true' private banking. Private Banking in the Ghanaian Banking Sector is still not fully developed.

This product is highly susceptible to money laundering because of the status of people who use the product. These are influential figures, politicians, Financially Exposed Persons (FEPs), who could use their influence to circumvent the system to launder illegally obtained proceeds.

This product has low transaction volumes but very high average transaction sizes. Most Banks indicated that the product contributes less to their overall business. The product has more retail clients than corporate clients. The profile of clients of this product includes PEPs, high net worth individuals and clients from offshore and tax haven jurisdictions. Clients usually patronize investment products and international money transfers.

Banks indicated that specific AML/CFT controls for this product do exist and are comprehensive.
MORTGAGE LOANS
This product has vulnerability score of 0.16 indicating a very low risk level. The score was determined by the mean average of rating scores by respondents.

This product has low volume of transactions and moderate average transaction size. Not all the respondent banks offer this product. Banks that offer the product indicated the product contributes less to their overall business. The profiles of clients of this product include clients from high risk jurisdictions, PEPs and high net worth individuals as well as Ghanaians living abroad.

Though the product has very little or no cash activity, it is vulnerable to money laundering in general because the mortgage can actually be paid off with cash and banks would most likely be less hesitant to refuse cash payment.

However, banks indicated that specific AML/CFT controls for this product do exist and are comprehensive.

TREASURY INSTRUMENTS
This product has vulnerability score of 0.58 indicating a medium high risk level. The score was determined by the mean average of rating scores by respondents.

This product is made of government and Bank of Ghana treasury bills, Bonds, certificate of deposits and Notes. This is mainly an investment product.

This product has moderate transaction volumes and moderate average transaction size. The profiles of clients of this product include individuals, PEPs, high net worth individuals and corporate entities.

Banks indicated that specific AML/CFT controls for this product do exist but limited.

INVESTMENT ACCOUNTS
This product has vulnerability score of 0.31 indicating a medium low risk level. The score was determined by the mean average of rating scores by respondents.

These are banking accounts other than generic accounts offered by the banks. They are designed by the banks with various benefits to attract clients. Its main targets are Ghanaians in the diaspora as well as middle class professionals. Clientele base also includes PEPs and high net worth individuals.

This product has moderate transaction volumes and moderate average transaction size as well as availability of non-face-to-face feature, and low cash activity.

Banks indicated that specific AML/CFT controls for this product do exist but limited.

TRADE FINANCE SERVICES
This product has vulnerability score of 0.55 indicating a medium risk level. The score was determined by the mean average of rating scores by respondents.

This product has very significant transaction volumes and moderate average transaction size. Most banks indicated the product contributes a lot to their overall business. The product is mostly used by corporate clients. The profile of clients of this product includes clients from high risk jurisdictions, PEPs and high net worth individuals.

It has prominent international money transfer feature and very high frequency of international transfers.

Banks indicated that specific AML/CFT controls for this product do exist and are comprehensive.

LOANS AND ADVANCES
This product has vulnerability score of 0.42 indicating a medium risk level. The score was determined by the mean average of rating scores by respondents.

This product has high significant transaction volumes and average transaction size. The product contributes a lot to bank’s overall business. The product is patronized by both retail and corporate clients. The profile of clients of this product include individuals, clients offshore and tax havens, high risk jurisdictions, PEPs and high net worth individuals. Cash activity is moderately present in the product since debtors and defaulters can actually pay off their indebtedness with cash.

Banks indicated that specific AML/CFT controls for this product do exist and are comprehensive.

NBFI CLEARING SERVICES
This product has vulnerability score of 0.28 indicating a low risk level. The score was determined by the mean average of rating scores by respondents.

This is a cheque clearing service few banks offer to Non-Bank Financial Institutions (NBFI) to enable clients of the NBFI receive and make cheque payments. In Ghana NBFIs are not part of the Central Bank’s central clearing system (house) and so cannot
directly clear their own cheques. To do cheque clearing NBFIs use licensed deposit banks. As clients of the banks, NBFIs also enjoy credit facilities from the banks in the form of revolving overdrafts, and do deposit placement activities. Thus the banks serve as quasi-correspondent banks.

Banks which engage in this service face indirect risk of ML/TF as they cannot verify identities of clients of these NBFIs and their source of funds. Again, since the NBFIs AML/CFT controls are less stringent compared with the Universal Banks, they are seen as attractive channels by criminals to launder their proceeds. However, banks have obligatory requirements to ask these NBFIs to show proof of their AML/CFT regimes before they deal with them.

The product has very low transaction volumes and low average transaction size. The product is patronized by clients including PEPs and high net worth individuals. It has no international transfer feature.

Banks indicated that specific AML/CFT controls for this product do exist and are comprehensive.

GEOPHICATION RISK ASSESSMENT
One of the many factors that contribute to money laundering risk is geographic location. What makes a particular location vulnerable to ML is the peculiarity of the area such as, character of individuals and entities residing or operating in that area, proximity and exposure to drug/narcotics business, possible prevalence of bribery and corruption, general crime rate, as well as AML laws and regulations existing in the location or jurisdiction. Whereas some geographic locations may be more prone to ML, others are less risky. Therefore knowledge of which locations or parts of the country that is more prone to ML/TF is very essential to any AML/CFT programme at the country and institutional level.

In Ghana most of the economic activities are concentrated Greater Accra, Ashanti and Western regions. Consequently, there is heavy concentration of banks in these three regions. Most banks have their business offices and branches located in the regional capitals of these three regions.

As part of the NRA exercise for the Banking Sector, questionnaires were administered to the 14 selected banks to elicit data/information on their business locations/branches that are more susceptible to the menace of ML/TF based on suspicious transactions they identify and receive from those locations. All the 14 banks have business presence in the three regions. Analysis of their responses indicated that the Greater Accra Region is the most vulnerable region to ML, followed by the Ashanti and Western regions.

Figure 4: ML Vulnerable Regions

The banks also indicated that their business offices/branches located in areas such as, the Spintex Road, Dome, Achimota, Nima, Takoradi, Bolgatanga, Madina, Teshie, Accra New Town, Kumasi Ashtown, Tamale, Weija & Kasoa, Suame, Haatso, Agona Swedru and Abekea-Lapaz, are the ones where they identify and receive most suspicious transactions. The top six locations considered the most vulnerable to ML are, Spintex, Kasoa, Agona Swedru, Haatso, Suame and Abekea-Lapaz.

Figure 5: Business Location Vulnerability

Banks with business locations/branches in such areas should pay particular attention and strengthen their AML controls.

Again, the regulator should require banks with business locations/branches in such areas to offer continuous AML/CFT training to their staff, and employ monitoring systems to aid their programmes.
SANCTIONS COMPLIANCE PROGRAMMES

Sanctions are actions designed to control the conduct of a group, person, entity or country. Sanctions may be imposed by international organisations and countries such as the UN, EU, UK and the US. Sanctions programmes may result in sanctions lists which are updated regularly.

Sanctions give an indication of heightened risk individuals and entities. It represents negative connotation on an individual or entity.

Financial institutions including banks are required to respect and obey international sanctions programmes.

Banks are therefore required to have effective sanctions compliance programmes in place to comply with sanctions regimes. Banks which fail to directly or indirectly adhere to international sanctions programmes especially UN and US sanctions risk severe penalties and fines.

Sanctions compliance programmes are measures an institution puts in place to ensure that its systems, products and services are not used to violate international sanctions regimes.

It involves being able to screen institution’s clients and transactions against reliable and efficient sanctions systems (list) such as the OFAC and UN lists to reduce the risk of breaching sanctions programmes. The existence of effective sanctions compliance programmes reduces an institution's risk to money laundering and terrorist financing.

Banks in Ghana generally adhere to sanctions regimes. All 14 selected Banks for the NRA exercise indicated they have sanctions compliance programmes in place to reduce their risk of breaching international sanctions requirements. They have sanction systems which enable them to screen their clients’ names and transactions against sanctions lists such as OFAC, UN list, EU list, HMT list among others. Some banks have also developed their own internal list to augment their international lists.

CONCLUSION AND RECOMMENDATIONS

The banking sector is the largest sector in the financial services industry. The sector is well governed and managed owing to strong supervision from the Bank of Ghana. The sector is generally vulnerable to money laundering and terrorist financing risks because of the significant role it plays in the economy. Banks have adequate AML/CFT measures in place to reduce risk of ML/TF. The main ML/TF threats to the Banking Sector are huge cash transactions, improper address system, and the fast growing mobile money activities. Also, independent information sources though were available, were not readily and easily accessible to banks to bolster their CDD measures.

Recommendations

1. Banks should be required as part of supervisory exercise to pay particular attention to the products/services with the highest vulnerabilities, i.e., Current Account Products, Foreign Exchange Account Products, Savings Accounts Products, Trade Finance Products, Private Banking, Investment Account Products, and International Money Transfer Services.

2. To reduce the significant threat of cash transactions, government through the BoG should consider reducing the current third party cash withdrawal limit. Introduction of cash withdrawal limits for account holders should also be considered to facilitate Bank of Ghana’s cash-lite agenda.

3. The government must take concrete and effective steps to improve address system in Ghana to make it easy for banks and other institutions to verify residential and business locations of their clients.

4. BoG should consider strengthening its AML Unit with adequate resource to give more focus to AML/CFT supervision.

5. Ghana must continuously build the capacity of Regulators and Law Enforcement Agencies to effectively discharge their duties. In this regard, Ghana should consider training anti-terrorist experts to deal with this global threat of terrorism and its related issues.

6. BoG should require annual specific training schedules for compliance officers and AMLROs of banks and ensure that they keep abreast with current AML/CFT issues.

7. FIC must also recommend sanctions against banks that are found to be complicit and culpable in their failure to file STRs, CTRs and ECTRs as well as other statutory returns.

Survey of 14 selected Banks, all indicated existence of sanctions programme
CHAPTER 4
SECURITIES SECTOR VULNERABILITY

The Securities and Exchange Commission (SEC) is the regulator for the entire securities market in Ghana. Its functions are set forth in the Securities Industry Act, 2016 (Act 929).

The size of the sector in terms of GDP as at December 2017 stood at 11.6%. The Securities sector comprises the Broker-dealer firms, Fund Managers, Investment Advisory companies, Mutual Fund companies, Unit Trusts, Custodians, Trustees, Registrars, Primary Dealers, Ghana Stock Exchange (GSE) and Central Securities Depository. There were two hundred and eighty-one (281) Fund Managers, Investment Advisors and Broker-Dealers firms, within the securities sector as at the end of December 2017.

In December 2011, SEC and the Financial Intelligence Centre (FIC) in accordance with section 6(d) of the Anti-Money Laundering Act (Act 749) and regulation 38 of Anti-Money Laundering Regulations (L.I. 1987), developed a Compliance Manual to guide Market Operators (MOs) and to enhance their monitoring and surveillance systems with a view to preventing, detecting and responding appropriately to money laundering (ML) and terrorist financing (FT). The AML/CFT Guidelines is being revised to reflect the FATF 40 Recommendations and other recent relevant developments in the compliance environment.

Questionnaires were administered to 60 industry players and were completed and returned. This worked out to a 63.3% response rate. The September 2017 survey also revealed that a good number of the MOs had appointed AMLROs at Senior Management positions, conducted ML/TF risk assessment and had in place board approved AML/CFT Compliance Programmes that they periodically subject to Independent Audit Testing.

The vulnerability of this sector to money laundering and terrorist financing arises from general combating factors such as weak regulation and supervision which are due to inadequate supervisors and lack of risk-based supervision framework. Most firms undertake customer due diligence (CDD) or know your customer (KYC) by verifying their clients’ identity; Client transactions monitoring is done both manually and electronically, but more needs to be done. The ineffective supervision is the major challenge.

Mainly cheque and in some cases cash are the predominant ways of accepting deposits for investments in the securities sector.

ML Vulnerability rated at Medium

INTRODUCTION
The Securities Sector in Ghana is regulated by the Securities and Exchange Commission of Ghana. Under the Securities Industry Act (SIA) 2016, (Act 929), the SEC is empowered to regulate the following Market Operators (MOs):

a. Broker Dealers;
b. Primary Dealers;
c. Fund Managers;
d. Mutual Fund companies ;
e. Unit Trusts ;
f. Custodians ;
g. Trustees;
h. Securities Exchanges (Ghana Stock Exchange (GSE));
i. Commodities and Futures Exchanges;
j. Securities Depositories;
k. Clearing and Settlement Institutions;
l. Credit Rating Agencies ;
m. Investment Advisors;

As at December 2017, SEC had licensed a total of two hundred and eighty-one (281) firms within the securities industry. This comprises of 154 Fund Managers, 3 Investment Advisers, 23 Broker-Dealers,
17 Custodians, 17 Primary Dealers, 4 Registrars, 6 Trustees, 19 Unit Trusts, 34 Mutual Funds, 2 Issuing Houses, 1 Central Securities Depository and 1 Securities Exchange. The size of the Securities Sector in terms of GDP as at December 2017 stood at 11.6% in terms of the assets under management.

Statistics of License applications from 2012-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of license applications received by the Commission</th>
<th>Number of license applications approved by the Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>49</td>
<td>37</td>
</tr>
<tr>
<td>2013</td>
<td>41</td>
<td>43</td>
</tr>
<tr>
<td>2014</td>
<td>38</td>
<td>31</td>
</tr>
<tr>
<td>2015</td>
<td>38</td>
<td>33</td>
</tr>
<tr>
<td>2016</td>
<td>51</td>
<td>26</td>
</tr>
<tr>
<td>2017</td>
<td>36</td>
<td>4</td>
</tr>
</tbody>
</table>

3. The Directors are also required to complete a director’s personal note form that records the assets and liabilities of all directors which can be verified. It also covers personal information as well as residential addresses and contact information etc.

4. All MOs are required to have at least three (3) directors, the majority of whom must have relevant qualifications. They must not have been convicted of any offence involving misconduct, fraud, dishonesty, or the mismanagement of a MO ten (10) years before applying as a director. They must also not have been adjudged bankrupt by a court.

5. Each MO must have at least three (3) licensed representatives with a minimum of two licensed representatives at each branch office. There are penalties for operating without a license.

6. No person is allowed to operate a capital market business without a license from SEC. Licensing involves the test of the fit and proper status of the directors and senior management as well as detailed inspection of the premises or offices of operation. New locations for branches are also inspected before work can go on.

7. All SEC licenses are renewed annually according to Section 112 of Act 929.

AML/CFT QUALITY CONTROLS

AML/CFT LEGAL FRAMEWORK

The SEC carries out AML/CFT & PF examinations of Market Operators (MOs) to ensure compliance with Section 138 of Act 929, SEC/FIC AML/CFT Guidelines, SEC/FIC Administrative Sanctions and Act 749, as amended.

SEC LICENSING FRAMEWORK

SEC applies the following requirements before licenses are granted:

1. It ensures that all applicants seeking its licenses are duly registered by the Registrar General’s Department.

2. Thereafter, it engages the services of the following bodies to conduct criminal background checks on applicant’s Board of Directors:
   i. the Criminal and Investigations Department of the Ghana Police Service
   ii. the Bureau of National Investigations (BNI)

   These checks encompass the Directors’ educational, employment and criminal backgrounds.

3. The Directors are also required to complete a director’s personal note form that records the assets and liabilities of all directors which can be verified. It also covers personal information as well as residential addresses and contact information etc.

4. All MOs are required to have at least three (3) directors, the majority of whom must have relevant qualifications. They must not have been convicted of any offence involving misconduct, fraud, dishonesty, or the mismanagement of a MO ten (10) years before applying as a director. They must also not have been adjudged bankrupt by a court.

5. Each MO must have at least three (3) licensed representatives with a minimum of two licensed representatives at each branch office. There are penalties for operating without a license.

6. No person is allowed to operate a capital market business without a license from SEC. Licensing involves the test of the fit and proper status of the directors and senior management as well as detailed inspection of the premises or offices of operation. New locations for branches are also inspected before work can go on.

7. All SEC licenses are renewed annually according to Section 112 of Act 929.

AML/CFT INSPECTIONS

SEC conducts AML/CFT on-site examinations on MOs and issues management reports. The management reports on the examinations are submitted to the MOs concerned for redress.

SEC commenced its on-site AML/CFT inspections in 2013. Over this period, SEC examined forty-one (41) MOs. SEC uses an on-site inspection checklist.

Issues generally raised at these AML/CFT on-site examinations of MOs were:

1. Lack of Independent audit testing of the Compliance Programmes;

2. Non-availability of Politically Exposed Persons (PEPs) list;

3. Inadequate staff training;

4. Inadequate information on Know Your Client (KYC) forms such as sources of clients’ funds;
Section 39 of Act 749 as amended by Section 18(5) of AML Act 874, gives SEC the power to impose administrative sanctions. The SEC has now drafted an AML/CFT administrative sanctions document to be implemented in 2018. This will help to address all AML/CFT non-compliance issues by MOs. The sanctions regime is designed to be effective, proportionate and dissuasive.

With the help of International Monetary Fund (IMF) Technical Assistance Team, Off-site Inspection Returns have been developed and the first batch well administered to the MOs. The continuous use of these Returns will help SEC to conduct risk-based supervision of its licensees.

AML/CFT RESPONSIBILITIES OF SEC

The SEC regulates the activities of MOs with respect to AML/CFT and prudential compliance with all securities’ legislation and imposes sanctions where necessary. In order to fulfil its mandate, the SEC:

1. In collaboration with the FIC, was the first supervisory body in Ghana to develop and issue an AML/CFT guideline, for its “Accountable Institutions”. It was issued on 20th December, 2011 to guide MOs to enhance their monitoring and surveillance systems with a view to preventing, detecting and responding appropriately to ML and TF risks in the sector. The document was issued in accordance with section 6(c) of the Anti-Money Laundering Act, 2008, (Act 749) as amended and regulation 38 of Anti-Money Laundering Regulations, 2011, (L.I. 1987).

2. As part of its supervision of MOs, SEC also conducts on-site AML/CFT inspections on a regular basis.

3. Also, SEC conducts training for the CMOs in respect of AML/CFT. Two MOs invited the SEC to train its staff on AML/CFT. Areas of training included requirement to appoint Anti-Money Laundering Reporting Officers (AMLROs), formulation and implementation of internal rules, designing of Know Your Client (KYC) forms, record keeping, reporting of STRs, introduction of risk management systems etc.

4. The April 2009 Mutual Evaluation Report issued by GIABA showed that SEC had not trained its staff in AML/CFT supervision. Since then the SEC, has in collaboration with the FIC, embarked on training programmes for its core AML/CFT staff and that of the MOs.

5. An Anti-Money Laundering Reporting Officers’ (AMLRO) forum, has also been instituted where all the AMLROs meet bi-annually to share experiences and obtain guidance from both the SEC and the FIC. On the average, more than 60% of the target firms attend this forum.

MANAGEMENT OVERSIGHT AND ACCOUNTABILITY, POLICIES AND PROCEDURES, RECORD KEEPING AND RETENTION, DETECTION AND REPORTING OF STRS, KYC/CDD, DESIGNATION OF AMLROs, MONITORING PROCEDURES, AML TRAINING AND EDUCATION, MANAGEMENT INFORMATION AND REPORTING AND AML/CFT RISK ASSESSMENT.

SUBMISSION OF STATUTORY REPORTS

These include AML/CFT Employee Education Training Programme, Annual Compliance Report, AML/CFT Self-assessment Questionnaire, Contingency Plan, data or information on MOs international transactions and list of PEPs.

REGULATORS FORUM

The SEC in collaboration with the other Financial Sector Regulators have instituted a Regulators’ Forum to facilitate information sharing and collaboration with respect to AML/CFT measures, among others.

OFF-SITE INSPECTION FRAMEWORK

The off-site inspection framework is being developed. The IMF is providing technical assistance to SEC on conducting effective AML/CFT supervision.

GENERAL INPUT VARIABLES

This consist of two types of variables namely the AML control variables and inherent vulnerability variables.

The AML control variables apply to the entire securities institution type and relate to the quality and effectiveness of the AML controls. The inherent vulnerability variables relate to the specific securities institution types and users.
COMPREHENSIVENESS OF AML LEGAL FRAMEWORK

This variable assesses whether Ghana has comprehensive laws and regulations regarding AML preventive measures and AML supervision for the securities sector.

The variable is assigned a rating of medium high because Ghana’s AML Legal Framework generally conforms to FATF revised 40 Recommendations (2012) and so it is comprehensive.

Section 138 of the Securities Industry Act, 2016 (Act 929) provides for the prevention of money laundering, terrorism financing and other illegal activities.

EFFECTIVENESS OF SUPERVISION PROCEDURES AND PRACTICES

This variable assesses the effectiveness of AML supervisory procedures and practices in the securities sector.

This variable is rated low because of inadequate supervisory framework, lack of risk-based supervision, lack of AML software, inadequate trained staff to take up on-site/off-site inspections and monitoring. SEC has only two (2) staff in charge of compliance and monitoring role in AML/CFT for the sector which consists of 281 institutions as at the end of December 2017. Even though the legal framework exists, supervision is weak due to resource constraints. SEC has initiated the process to recruit additional staff, build capacity and procure appropriate risk management software.

AVAILABILITY AND ENFORCEMENT OF ADMINISTRATIVE SANCTIONS

This assesses whether SEC has a range of effective, proportionate, and dissuasive administrative sanctions applicable to natural or legal persons in cases of non-compliance with AML laws and regulations.

This variable was rated low. SEC has developed a sanctions document to enforce administrative sanctions for AML/CFT infractions.

AVAILABILITY AND ENFORCEMENT OF CRIMINAL SANCTIONS

This variable aims to assess whether Ghana has a range of effective, proportionate, and dissuasive criminal sanctions, which are applicable in cases of noncompliance with AML laws and regulations.

Criminal sanctions will be enforced through the Minister of Justice and Attorney-General per Section 207 of Act 929 and Act 749, as amended.

Section 39(6) of Act 749, as amended, provides for criminal and administrative proceedings.

This variable is rated low.

AVAILABILITY AND EFFECTIVENESS OF ENTRY CONTROL

This variable assesses the availability and effectiveness of entry controls (including licensing, registration, or other forms of authorisation to operate).

Criminal investigations on the background of the directors and key management staff of prospective market operators are conducted. This fit and proper test includes scrutinizing educational background, employment history as well as personal records in terms of assets and liabilities.

This variable is rated medium high.

INTEGRITY OF STAFF IN SECURITIES FIRMS

This variable assesses whether staff in securities firms act with integrity.

Market Operators are required to report any incidence of criminal activity within their institutions to SEC. During the period under review, SEC did not receive any adverse findings on staff integrity.

This variable is rated medium high.

AML KNOWLEDGE OF STAFF IN SECURITIES FIRMS

This variable assesses how well staff within the securities sector know and understand their AML duties and responsibilities.

A score of medium was allotted to this variable because there is inadequate statistics and information on staff training activities as revealed by the SEC’s AML/CFT on-site inspections. The SEC has been organizing training programmes aimed at building the capacities of all the appointed Anti-Money Laundering Reporting Officers (AMLROs).
EFFECTIVENESS OF COMPLIANCE FUNCTION
(ORGANIZATION)
This variable assesses whether securities firms have
effective compliance function that is comprehensive,
risk-based, and well resourced, with independent
AML compliance function.
SEC’s AML/CFT on-site findings have established that
securities firms AML/CFT compliance programmes
are not based on their assessed ML/TF risks. Also,
some gaps such as appointment of AMLROs at Senior Management positions, audit testing of AML/
CFT compliance programmes and capacity building
of the AMLROs must be addressed.
This variable is rated low medium.

EFFECTIVENESS OF SUSPICIOUS ACTIVITY
MONITORING AND REPORTING
This variable assesses whether securities firms have
effective and appropriate systems for record keeping,
monitoring, and Suspicious Transaction reporting to
support their AML policies and procedures.
Securities firms have filed four (4) STRs with the FIC
since 2017. This is as a result of ineffective systems
for monitoring and reporting STRs within the firms.
This variable is rated low.

LEVEL OF MARKET PRESSURE
This variable assesses the extent to which market
forces exert pressure on the management of
securities firms to have effective AML compliance
function.
A rating of low was assigned to this variable because
most of the securities institutions are not only
local but are also affiliated to very few local banks
and international companies that will put pressure
on their management to comply with AML/CFT
requirements.

AVAILABILITY AND ACCESS OF BENEFICIAL
OWNERSHIP INFORMATION
This variable assesses whether it is easy for
criminals to hide their beneficial ownership in
corporations, trust or similar structures registered in
or administered from within Ghana.
A rating of medium was allocated to this variable because, although the Companies Act has been amended to include beneficial ownership disclosures, The Registrar General’s Department is yet to roll out the form to make it mandatory
for all companies to declare beneficial ownership
information to facilitate Customer Due Diligence
(CDD) requirements.

AVAILABILITY OF RELIABLE IDENTIFICATION
INFRASTRUCTURE
This variable assesses whether a good identification
infrastructure exist in Ghana and as such AML
regulated entities can rely on it.
A rating of medium was assigned to this variable
because the ID biometric information are scattered
among the various government agencies. There is
the need to harmonise all these data into a central
database. The National Identification Authority (NIA)
is in the process of rolling out the Ghana Card to
achieve this objective.

AVAILABILITY OF INDEPENDENT INFORMATION
SOURCES
This variable assesses the availability of independent
and reliable sources of information to determine
transaction patterns of clients.
A score of low medium was assigned to this variable
because sources of information are not reliable
in that there are conflicting information held for
the same clients in other records and hence CDD
processes are difficult to perform in such situations.

PRESENTATION OF ANALYSIS USING THE WORLD
BANK EXCEL TEMPLATE
RESULTS FROM THE ASSESSMENT OF FOUR
SECURITIES INSTITUTIONS NAMELY BROKER-
DEALERS, FUND MANAGERS, MUTUAL FUNDS AND
UNIT TRUSTS [COLLECTIVE INVESTMENT SCHEMES
(CIS)] USING THE WORLD BANK EXCEL TEMPLATE
Overall the final and inherent vulnerabilities of
the four securities institutions assessed namely Broker-
Dealers, Fund Managers, Mutual Funds and Unit
Trust (CIS) are displayed in the table below:

<table>
<thead>
<tr>
<th>Type of securities institution assessed</th>
<th>Final vulnerability</th>
<th>Inherent Vulnerability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broker-Dealer</td>
<td>0.52</td>
<td>0.52</td>
</tr>
<tr>
<td>Fund Manager</td>
<td>0.63</td>
<td>0.63</td>
</tr>
<tr>
<td>Mutual Fund</td>
<td>0.63</td>
<td>0.63</td>
</tr>
<tr>
<td>Unit Trust</td>
<td>0.63</td>
<td>0.63</td>
</tr>
</tbody>
</table>
The implications of the above assessment show that the AML controls in the Securities sector are weak and ineffective to have significant impact on the final vulnerabilities of the institutions. This explains why the Securities sector’s overall vulnerability to money laundering was assessed as medium.

Overall, the Securities sector is vulnerable to money laundering with a medium level of 0.61. The implication, therefore, is that, the AML controls in the sector are very low and, therefore, need to be strengthened. The institutions that are most vulnerable include Fund Managers, Mutual funds, Unit trusts and Broker-Dealers.

INHERENT VULNERABILITY VARIABLES
TOTAL VALUE / SIZE OF THE INSTITUTION TYPE
This variable assesses the total value/size of institutions within the securities sector which is an indication of the level of money laundering that may be introduced into the securities sector and for that matter the entire financial sector if the identified risks are not addressed.

This variable is labelled medium low for Fund Managers, Mutual Funds and Unit Trusts because these institutions have significant assets under management compared to Broker-Dealers which are classified as low due to low activity on Ghana’s Capital Market.

COMPLEXITY AND DIVERSITY OF THE PORTFOLIO OF THE INSTITUTION TYPE
This variable assesses the diversity of the securities institution type’s investment portfolio, and the complexity of the instruments in this portfolio. This has the tendency to attract more sophisticated money launderers into the securities sector and thus make the transactions more difficult to red-flag and trace.

A medium high rating is assigned to all the four institutions since their portfolios are similar (i.e. they consist of bonds and shares mainly).

CLIENT BASE PROFILE OF THE INSTITUTION TYPE
This variable assesses whether the type of client using the assessed institution type increases the risk of money laundering abuse within the securities sector. The assessment will help determine the risk categorization of clients in the securities sector so as to effectively mitigate the inherent risk.

A designation of Not Analysed is assigned to all the four securities institutions in that there is no data on that currently. The IMF has provided the SEC with a template that has being used to capture information from the market, which is yet to be analysed.

EXISTENCE OF INVESTMENT/DEPOSIT FEATURE
This variable assesses whether an institution type allows the investment/deposit of funds into a financial system, which consequently increases the risk of money laundering abuse within the securities sector. The assessment of this variable will enable the SEC to compare money laundering vulnerabilities of the different types of securities institutions and subsequently with other financial institutions.

A label of Available and Prominence is given to Fund Managers, Mutual Funds and Unit Trusts because these institutions sometimes receive cash for investments and subsequently pay redemptions by cheque, bank transfer but not cash. On the other hand, Broker-dealers are labelled as Available because they sometimes handle cash used in buying securities. Thus, they accept cheque and bank transfers but not cash.

LIQUIDITY OF THE PORTFOLIO
This variable assesses the liquidity of the investment portfolio of the assessed institution type. In effect it is a measure of which securities institution type is more liquid.

A label of medium is assigned to Fund Managers, Mutual Funds and Unit Trusts because these institutions make investments in both the Capital and Money Markets to offset their client losses. However, Broker-Dealers are labelled low because of illiquidity of their Capital Market investments.

FREQUENCY OF INTERNATIONAL TRANSACTIONS
This variable assesses the frequency of international transactions associated with the institution type, which could increase the risk of money laundering abuse. This assessment will help to determine whether the securities institution type is involved in international transactions which are an indication of money laundering vulnerabilities. The assessment will also help to distinguish between the vulnerabilities of the different securities institution types as a result of the frequency of international transactions recorded.

A label of Not Analysed is assigned to all the institutions type assessed because of lack of data.
OTHER VULNERABLE FACTORS

a. Anonymous/Omnibus use of the product in the institution type

A label of Available is assigned to all the assessed four institutions

b. Existence of ML typologies

A label of Exist but Limited is assigned to all the four institutions

c. Use in Market Manipulation

A label of Exist but Limited is assigned to all the four institutions.

d. Difficulty in tracing records

A label of Easy to trace is assigned to all the four institutions.

e. Non-face to-face use

A label of Available but limited is attributed to all the four institutions.

f. Level of cash activity

A label of Medium is assigned to all the four institutions.

PRESENTATION OF FINDINGS

This section of the report presents the results of the securities sector risk assessment, the conclusions drawn and recommendations made thereof.

This report contains information on money laundering vulnerabilities associated with the securities sector. The SEC conducted an additional survey sampling sixty MOs in order to update itself with the current condition in the Capital Market regarding AML/CFT policies and procedures. The MOs selected for the additional survey in September 2017 included, Fund Managers, Investment Advisers and Broker-Dealers. The aim of this additional survey is to provide a useful overview of money laundering vulnerabilities inherent in the securities sector.

Careful analysis of the results, suggests that AMLROs have been appointed in most of the organisations surveyed. A large majority of them have been appointed at senior management levels that would ensure their independence and allow effective implementation of AML/CFT procedures and policies.

Moreover, most of the MOs had conducted risk assessment and their Compliance Programmes had been approved by their boards. Many MOs have also subjected their AML/CFT Compliance Programmes to Independent Audit Testing.

It was also discovered that there was no effective monitoring of clients activities leading to the conduct of Enhanced Due Diligence when necessary. There were 4 STRs and 51 CTRs filed during the period of the survey.

From the above deficiencies in the AML/CFT controls in the sector, the sector is considered to be vulnerable to ML/FT risks.

GENERAL FINDINGS FROM THE SURVEY

CAPACITY BUILDING

The survey indicated that most of the MOs (97%) have appointed AMLROs at senior management positions and are either reporting to the Chief Executive Officers or directly to the Board of Directors of their respective companies. The records of the survey indicated that 79% of the institutions had received training in AML/CFT but 14% of the institutions do not have documented AML/CFT training programmes which elaborate on the scope, content of the AML/CFT training, frequency, delivery methods and the particulars of the training provider. The SEC together with FIC have since 2013 been organising frequent training for AMLROs with the aim of strengthening their capacities in addressing trending issues and peculiar challenges on ML/TF matters.

PROCEDURES FOR TACKLING SUSPICIOUS TRANSACTION REPORT

The 2017 survey revealed that 71.1% of MOs had established effective framework to facilitate identification and reporting of suspicious activities to the Financial Intelligence Centre. 21.1% of the respondents had no such procedures in place, while 7.8% gave no response. Breaches in respect of suspicious activity reporting shall be sanctioned severely when the SEC AML/CFT administrative sanctions regime becomes operational.

REVIEW OF AML/CFT POLICIES AND PROCEDURES

As to the frequency at which MOs review their AML/CFT compliance programs, policies and procedures, the survey shown that 31.6% of MOs carry out reviews on quarterly basis, 7.9% in every six months, 52.6% undertake reviews as and when it becomes necessary.7.9% of the sampled MOs did not respond to the questionnaires. The SEC/FIC AML/CFT Guidelines has been revised to require all MOs
to review their AML/CFT Compliance Programme at least once every two years to reflect current developments in AML/CFT space.

**GOVERNANCE AND BOARD’S RESPONSIBILITY**

The survey revealed that governance and management responsibilities in respect of AML/CFT matters in the MOs and the findings are captured in the table below:

*Table 3: Oversight role of Board and management in AML/CFT issues*

<table>
<thead>
<tr>
<th>Governance and Management responsibility</th>
<th>Yes</th>
<th>No</th>
<th>No Response</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board &amp; Management demonstrate overall responsibility for the AML/CFT systems and controls</td>
<td>86.8%</td>
<td>2.6%</td>
<td>10.5%</td>
<td>100%</td>
</tr>
<tr>
<td>Board Receive Regular training on AML/CFT</td>
<td>78.9%</td>
<td>13.2%</td>
<td>7.9%</td>
<td>100%</td>
</tr>
<tr>
<td>Board and Management are aware of AML/CFT regulatory requirements</td>
<td>86.8%</td>
<td>5.3%</td>
<td>7.9%</td>
<td>100%</td>
</tr>
<tr>
<td>Board allocate adequate financial, human and other resources to AML/CFT functions</td>
<td>86.8%</td>
<td>5.3%</td>
<td>7.9%</td>
<td>100%</td>
</tr>
</tbody>
</table>

It is worth noting that 86.8% of firms within the securities sector have AML/CFT compliance program approved by their boards. This is very impressive especially comparing it with 56% recorded during the survey conducted in 2014. The survey confirmed that AML/CFT issues in their firms are either reported to the Board and/or Senior Management.

**ML/TF RISK ASSESSMENT**

Majority of the respondents (81.6%) confirmed that their institution have an AML/CFT risk assessment policy and had conducted risk assessment on their products/services, customers, delivery channels and geographical areas, 10.5% stated otherwise, while 7.9% did not respond to the questionnaire.

73.7% of the respondents stated that their firms review and update their AML risk document quarterly. However, 13.2% claimed it is done semi-annually while 13.1% did not respond to the questionnaire.

**KNOW YOUR CUSTOMER POLICY, FREQUENCY OF CLIENT IDENTITY AND VERIFICATION**

The survey indicated that 86.8% of the firms have KYC and CDD policies and these institutions often verify the identities of their clients. 84.2% of the MOs verify information that is collected from their clients during on boarding stage, 7.9% do not verify their clients information and 7.9% did not respond.

The specific CDD/KYC obligations relevant to the securities sector are as follows:

a. MOs shall not establish or maintain anonymous accounts in fictitious names.

b. MOs shall conduct ongoing CDD on business relationships with its customers.

c. MOs shall put in place measures to identify politically exposed persons and other persons whose activities may pose a high risk of ML or TF and to manage associated risk.

d. MOs shall undertake CDD when a business relation is established.

e. MOs shall undertake CDD measures when carrying out occasional transactions that are wire transfers, including those applicable to cross-border and domestic transfers between MOs and when credit or debit cards are used as a payment system to carry out a money transfer.

f. On commencement of business relationship with prospective clients, MOs must collect information such as the purpose of establishing the business relationship, the nature of activity to be undertaken, expected origin of funds to be used during the relationship, the details of occupation or business activities and sources of income from their prospective clients.

g. MOs must identify all their clients and verify their identities using reliable, independent sourced documents, data or information.

The AML/CFT Guidelines jointly issued by SEC and FIC requires MOs to complete account opening procedure before opening accounts for clients. MOs that are unable to complete CDD because of the non-compliance of clients, must not open accounts for clients and are to terminate such accounts if they already exist and deliver a suspicious transaction report to the FIC. Verification is required but may only be delayed where it will affect the purpose of
the business transactions due to the conditions under which the business is being conducted.

**MONITORING CLIENTS’ TRANSACTIONS**

It was observed that firms generally monitor their clients’ transactions. 73.7% of the firms monitor the transactions of their clients. 18.4% however said their firms do not, while 7.9% failed to respond to the questionnaire.

These transactions are monitored either manually or electronically and are done on daily, weekly and monthly basis, and sometimes as and when necessary. 42.1% of these institutions monitor their transactions manually while 5.3% use electronic means. Another 42.1% use both manual and electronic methods.

MOs are expected to carry out enhanced monitoring in respect of higher risk accounts or transactions as well as to carry out on-going due diligence such that lower risk clients are re-examined and subsequently classified as higher risk when necessary.

**MONITORING TRANSACTIONS OF POLITICALLY EXPOSED PERSONS**

81.6% of the respondents have instituted a comprehensive and effective monitoring system in their companies which enable identification and verification of PEPs, as well as the profiles of natural and legal persons that they transact business with.

A large majority (76.3%) further averred that approval is sought from the senior management of their firms before an account is opened for PEP. In addition, 78.9% of the MOs have established procedures in their firms that allow them to track the origins of funds, source of wealth, or income of the PEPs. The survey indicated further that, 65.8% of the MOs have in place policies and procedures for detecting unusual customer activities (e.g. complex, unusually large transactions or an unusual pattern of transactions with no apparent economic or lawful purpose)

MOs are obligated to conduct on-going due diligence to re-classify clients that subsequently become PEPs.

**INDEPENDENT TESTING OF AML/CFT COMPLIANCE PROGRAM**

The survey revealed that 73.7% of firms in the sector conduct independent audit on their compliance programme. 18.4% of firms in the sector do not undertake compliance audit. 7.9% failed to respond to the questionnaire administered.

It is a regulatory requirement that firms in the securities sector should have their compliance program independently audited on an annual basis. The purpose of the audit is to ensure the completeness and the adequacy of the compliance program, examine the adequacy of CDD policies, procedures and processes; and also evaluate the effectiveness of the compliance programme.

**SUBMITTING SUSPICIOUS TRANSACTION REPORT TO FIC**

In general, firms hardly submit suspicious transaction reports (STRs) to the FIC. A large majority of respondents (84.2%) said their firms have never submitted STR to the FIC. 7.9% claimed their firms have actually done so before, while 7.9% never responded to the question.

**CONCLUSION**

i. The additional survey conducted in September 2017 to assess the current AML/CFT situation in the securities sector revealed that most of the MOs had appointed AMLROs at senior management level. This situation reflects an improved capacity of the AMLROs to combat AML/CFT Compliance Programme to ensure their functional independence. The SEC in collaboration with FIC has organized a number of fora to train the AMLROs on:

- ML/CFT Risk Assessment;
- AML/CFT Compliance Program;
- Responsibilities of AMLROs in AML/CFT Compliance;
- CDD/KYC policies;
- Employee trainings;
- Independent Testing of AML Compliance program;

ii. In some cases AMLROs had taken on non-AML/CFT activities which confirm the survey findings. This has the tendency of distracting their attention from their core jobs.

iii. Most of the MOs produced AML/CFT Compliance Programmes that had been approved by their boards. This current positive development could be attributed to the involvement of top management in AML/CFT compliance issues.

iv. Many MOs have subjected their AML/CFT Compliance Programmes to Independent Audit Testing, and this is confirmed by the additional
survey findings. This therefore implies that the MOs will now be able to determine the adequacy, completeness and effectiveness of their Compliance Programme so as to combat present and future ML/TF risks inherent in its operations.

v. Most of the MOs have conducted AML/CFT risk assessments and have therefore rated their clients’ risks into low, medium and high risk. A successful completion of AML/CFT Risk Assessment will lead to a risk-based AML/CFT Compliance Programme. This corroborates the findings of the additional survey conducted in September, 2017. This then positions AMLROs to know the extent to which customers could use their products and services to launder money.

vi. According to the survey, most of the MOs monitor their clients’ activities and yet only few STRs were filed with the FIC. This could be attributed to inefficient and ineffective monitoring of their clients’ transactions.

From the above deficiencies in the AML/CFT controls in the sector, the sector is considered to be vulnerable to ML/FT risks.

**ML threat was rated at Medium.**

**RECOMMENDATIONS**

In the light of the assessment above, the under listed actions shall be followed so as to strengthen the AML/CFT controls in the entire securities sector:

To improve on effectiveness of supervision, procedures and practices

The following steps will be taken:

1. Off-site supervision tools developed by SEC in conjunction with International Monetary Fund (IMF) could be utilised by SEC to assess AML/CFT update from the MOs periodically.

2. AML/CFT Administrative Sanctions that have been designed in accordance with Section 39 of Act 749 as amended by Section 18(5) of AML Act 874 could be enforced.

3. SEC/FIC should upgrade AML/CFT knowledge of staff in the securities sector by enhancing the frequency of its training sessions for MOs’.

4. SEC must analyse client base profile of all its licensees.

Improve effectiveness of compliance function in the securities firms.

This would be achieved through:

i. Sensitize MOs and ensure that all designated AMLROs are appointed at senior managerial levels and are also independent.

ii. Ensure that all MOs undertake AML/CFT risk assessment of their clients, products and services, delivery channels and geographical areas

iii. Ensure that all MOs have board approved AML/CFT Compliance Programmes

Ensure that all MOs’ AML/CFT Compliance Programmes are periodically subjected to Independent Audit Testing.

SEC should improve effectiveness of suspicious activity monitoring and reporting through the following:

i. Ensure that MOs implement Customer Due Diligence/Know your Customer (CDD/KYC) policy (e.g. KYC requirements, Customer Acceptance Policy, Identification evidence, etc.)

ii. Ensure that MOs undertake effective transaction monitoring.

iii. Provide adequate training for AMLROs to detect and report money laundering and terrorist financing.

SEC should ensure that all MOs have access to independent platforms for Verification of clients identities. The following steps should be taken:

i. SEC should encourage MOs to obtain a portal through which they can verify their clients’ identities.

ii. SEC should set up a database of all fraudsters/criminals in the securities industry to screen applicants against the database prior to licensing processes.

iii. SEC should require all MOs to submit details of all staff who are dismissed for misappropriation, misapplication, fraud or embezzlement of funds.
SEC Must Keep a Database of international transactions of its licensees and then analyses their frequencies

MOs will submit data on their international transactions to SEC.

Analyse Other Vulnerable Factors In The Securities Sector Such As Existence Of Money Laundering Typologies, Market Manipulations And Non-Face-To-Face Clients

SEC in collaboration with MOs would conduct typology on ML/TF market manipulations and non-face-to-face clients.
INTRODUCTION

Section 165(2)c of the Insurance Act 2006 (Act 724) enjoins Insurance Companies and Intermediaries to put in place adequate programmes, procedures and controls to prevent their institutions from being used as conduit for carrying out money laundering and terrorist financing. The very nature of the business gives rise to financial underwriting which in itself is a process of risk assessment. These risk assessment procedures considers AML/CFT risks, thus making the industry unattractive to money launderers and decreases the sector’s exposure to money laundering and terrorist financing activities.

The most vulnerable areas in this sector are investment type single premium insurance policies, annuity policies, bonds, brokers and reinsurances. They allow for large deposits of cash and may offer payment of cash surrender value and easy change of beneficiary.

Although the National Insurance Commission (NIC) has general powers under the Insurance Act 2006, (Act 724) to issue administrative sanctions on violation of AML/CFT guidelines, there has not been any sanction meted out. The Commission has developed an AML/CFT sanctions document which would be implemented in 2018. The Insurance sector is relatively small, contributing less than 2% towards Ghana’s GDP in terms of gross premium (revenue). So far, no case of ML/TF has been recorded.

There has been some training and sensitisation programmes to make the sector resilient in AML/CFT issues. Although the regulator has an AML/CFT Unit, it needs to be adequately resourced in terms of capacity building, technical and logistical support.

Non-Life companies write short term insurance businesses like motor, fire, marine and aviation, accident and bonds. The total Non-Life policies underwritten accounted for premium income of GH¢1,357,106,120.00 (US$308,433,209.09 Equivalent) in 2017 out of the total of GH¢2,439,189,432 (US$554,361,234.55 Equiv) for the entire insurance industry. The Non-Life sector thus contributed 60% of the total premium in 2017. Premiums are paid mostly once in the year and claims are only due on crystallisation of an insured event. There is no geographic concentration of these companies, except that urban centres have more companies and policies due to the larger population.

Life Companies

The main products sold by life companies are funeral, key man, mortgage protection, group life, whole life, endowment and term policies. Unlike most non-life premiums which are paid annually, most life premiums are paid monthly and claims paid either on maturity/surrender, or the happening of an insured event like death. Money Laundering and Terrorist Financing activities can be perpetrated in life products because they are more likely to be cancelled before maturity for cash claims. Most life policies are investment linked, and the possibility of clients paying single premiums, making them obvious cash claimable instruments. Money launderers and terrorist financiers may exploit these instruments to their benefit. Life insurance products are riskier for ML/TF and so greater risk mitigation measures for these products are necessary. Most life companies have their head offices in Accra, the capital, with branches throughout the country with no particular area of concentration.

Agents

Both Life and Non-Life insurance companies engage the services of field sales agents for the purpose of distributing their products. These sales agents are sponsored by their respective insurance companies for licensing by the National Insurance Commission and operate in much the same way as brokers except that brokers are freelance, and are authorised to negotiate claims for their clients, in respect of which they are reimbursed by insurance companies with costs incurred during settlement of such claims. A sales agent is on the other hand restricted to one Life and one Non-Life insurance company and can concern himself/herself with facilitation of claims settlement processes only as far as the interests of his/her principal will allow.
The number of licensed field sales agents in operation nation-wide as at December 2017 was 5,460. However, the responsibility of AML/CFT activities lies with the Insurance Companies.

**Insurance Brokers**

Most Insurance Broking Companies are small in size in terms of equity and activity. Broking companies are the first contacts of some prospective policyholders hence their importance in AML/CFT matters. The direct contact with policyholders puts insurance brokers in the unique role in the fight against ML/TF. Out of a total of seventy-nine (79) companies, ten (10) controlled 67% of the market commissions in 2017. The companies and their respective commission income as at December 2017 is as shown in the table below:

<table>
<thead>
<tr>
<th>NAME OF BROKER</th>
<th>BROKERAGE INCOME (GHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. KEK Insurance Brokers Limited</td>
<td>19,421,932</td>
</tr>
<tr>
<td>2. Edward Mensah, Woode &amp; Associates Limited</td>
<td>8,616,239</td>
</tr>
<tr>
<td>3. Willis Towers Watson Ghana Limited</td>
<td>6,575,163</td>
</tr>
<tr>
<td>4. KEK Reinsurance Brokers</td>
<td>5,260,810</td>
</tr>
<tr>
<td>5. Safety Insurance Brokers Limited</td>
<td>4,478,395</td>
</tr>
<tr>
<td>6. Horizon Insurance Brokers Limited</td>
<td>3,710,621</td>
</tr>
<tr>
<td>8. Risk Management &amp; Advisory Services</td>
<td>2,706,295</td>
</tr>
<tr>
<td>9. Corporate Trust Insurance Brokers Limited</td>
<td>2,224,926</td>
</tr>
<tr>
<td>10. Tri-Star Insurance Services Limited</td>
<td>2,135,184</td>
</tr>
<tr>
<td>Total</td>
<td>57,963,253</td>
</tr>
</tbody>
</table>

**Loss Adjuster**

There are two loss adjusters who are duly registered to undertake professional insurance adjusting losses/claims for or on behalf of an insurer, insured or any person.

**Reinsurers**

There are three reinsurance companies in the country which take businesses from the insurance companies and may retrocede to foreign reinsurers. Since 2016 both Life and Non-Life departments of these reinsurance companies have come under AML/CFT regulation.

**INDUSTRY PERFORMANCE**

The average growth rate in the industry gross premium increased from 24.0% to 26.0% between 2016 and 2017. The life insurance recorded a growth rate of almost 26%, non-life insurance grew by 27%. In Cedi terms, the market recorded a total gross premium of GH₵2,439,189,432 (US$554,361,234.55 Equiv) in 2017.

Out of this amount, non-life insurance contributed GH₵1,357,106,120 (US$308,433,209.09 Equiv) while life insurance contributed GH₵1,082,083,312 (US$245,928,025.45 Equiv). There was an increase of about GH₵428,049,069 (US$554,361,234.55 Equiv) in non-life premium between 2016 and 2017, whereas Life business increased by GH₵223,301,790 (US$50,750,406.82 Equiv) within the same period (as shown in Table 2.1 below)

<table>
<thead>
<tr>
<th>Year</th>
<th>Premium Income (GHS)</th>
<th>Growth Rate (%)</th>
<th>Insurance Penetration (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1,052,090,981</td>
<td>23.6</td>
<td>1.42</td>
</tr>
<tr>
<td>2014</td>
<td>1,239,853,442</td>
<td>17.05</td>
<td>1.18</td>
</tr>
<tr>
<td>2015</td>
<td>1,567,400,945</td>
<td>26.0</td>
<td>1.17</td>
</tr>
<tr>
<td>2016</td>
<td>1,070,057,051</td>
<td>24.0</td>
<td>1.17</td>
</tr>
<tr>
<td>2017</td>
<td>2,439,189,432</td>
<td>26.0</td>
<td>1.2</td>
</tr>
</tbody>
</table>

An amount of GH₵309.33m (US$ 70.30m Equiv) (% of Non-life premiums was ceded to reinsurers both local and international, GH₵457,867,508 (US$129,060,797.27 Equiv) was provided for as Unearned Premium, leaving a Net Premium Earned...
of GH¢1,217,074,540 (US$276,607,850.00 Equiv) for the market. Management expenses totalled GH¢654,150,321 (US$ 148,670,527.50 Equiv).

AML MONITORING CONTROLS
As at December 2017, all institutions had appointed Anti-Money Laundering Reporting Officers (AMLROs) in compliance with a directive from the NIC. The AMLROs liaise between the institutions and FIC on one hand, and NIC on the other.

SUBMISSION OF STATUTORY REPORTS AND DOCUMENTS
As part of ensuring AML/CFT compliance, all Insurance and Broking Companies submit the following statutory reports to FIC and NIC:
1. AML Policies
2. AML/CFT Employee-Education and Training Programme
3. Employee Monitoring Conduct Report
4. Independent Audit Testing
5. Annual Compliance Report
6. PEP List and updates
7. Internal Risk Assessment Report

In addition, all Life Insurance Companies are expected to submit data on their inherent and business risks on a quarterly basis. They also submit reports on their Self-Assessment control questionnaires. This enables the regulator to conduct risk based on-site inspection following the assessment of the risk levels of the various institutions.

LEVEL OF STAFF KNOWLEDGE OF AML/CFT
This variable sought to ascertain the level of staff knowledge on the subject of AML/CFT.

Staff knowledge on AML/CFT has improved over the years. As at December 2017, Four hundred and fifty-two (452) persons participated in knowledge update in the sector. These include board of directors, key management staff, middle level staff and operational staff. This notwithstanding, continuous training is required to sustain the knowledge acquired.

A sizeable number of AMLRO’s are able to conduct AML/CFT training for their staff. Although in some cases the NIC and the FIC facilitate trainings on AML/CFT.

STAFF INTEGRITY
Generally, the integrity of staff in the sector is commendable. Employee Conduct Monitoring Report submitted to the FIC and the NIC did not reveal any adverse findings. Also, disciplinary actions are taken against staff as and when necessary. This is a great asset which can be used to enhance the fight against ML/TF.

POLITICALLY EXPOSED PERSONS (PEPs) AND OTHER RISKY CUSTOMERS AND TRANSACTIONS
The AML/CFT Guidelines issued by FIC/NIC to the sector, require Insurance practitioners to put in place appropriate risk management systems to determine whether a customer is a PEP and the risk posed by the customer (potential or existing customers or beneficial-owners).

Additionally, the Guidelines require practitioners to identify and report other high risk customers and related transactions.

The NIC has developed a uniform proposal form to capture all information relating to policy holders relating to all high risk customers and PEPs. This form has been circulated to all Insurance Companies.

CUSTOMER PROFILING AND MONITORING SYSTEMS
Insurance companies conduct risk assessment based risk classification policies which covers areas such as geographical location, channels of distribution, products and customer amongst others. These assessments lead to the categorisation of customers into low, medium and high risk.

SUPERVISORY AUTHORITY
The National Insurance Commission is the supervisory authority of the Insurance sector in Ghana, excluding the health insurance. It is headed by the Commissioner of Insurance and assisted by the Deputy Commissioner of Insurance. The Commission derives its regulatory powers from the Insurance Act 2006, (Act 724). Section 165(2) C of the law requires that the National Insurance Commission in undertaking inspections satisfies itself that insurers or insurance intermediaries have adequate procedures in place to prevent them from being used for the purposes of money laundering or for terrorist financing.

The AML/CFT unit in the National Insurance Commission, was set up in 2015 and has four (4) dedicated and two (2) supporting staff. The unit
carried out off-site inspections on 21 Life Insurance Companies and on-site inspections on seven (7) Life Insurance Companies in 2017.

The unit is currently enjoying technical assistance from the International Monetary Fund (IMF) which is progressively improving its AML/CFT Risk Based supervision. The regulator has developed a reporting template as well as bi-annual Self-Assessment questionnaires for data collection from the institutions, this helps the regulator to risk profile each company. Based on this, on-site inspections are conducted.

**THE TOTAL NUMBER OF LICENSED ENTITIES AS AT SEPTEMBER 2017 ARE AS FOLLOWS**

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Life</td>
<td>28</td>
</tr>
<tr>
<td>Life</td>
<td>24</td>
</tr>
<tr>
<td>Insurance Brokers</td>
<td>79</td>
</tr>
<tr>
<td>Reinsurance Broker</td>
<td>2</td>
</tr>
<tr>
<td>Loss Adjuster</td>
<td>3</td>
</tr>
<tr>
<td>Local Reinsurers</td>
<td>3</td>
</tr>
<tr>
<td>Contact office (foreign reinsurers)</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>141</td>
</tr>
<tr>
<td>Agents</td>
<td>5460</td>
</tr>
</tbody>
</table>

**QUALITY OF AML CONTROLS**

**AML Laws and Regulations (Preventive measures and supervision)**

This variable assessed whether Ghana’s Insurance Industry has appropriate laws and regulations regarding AML/CFT preventive measures and AML supervision in the insurance sector. The NIC also assessed the appropriateness of AML/CFT laws and regulations in force and the extent to which these laws and regulations conform largely to the international best practice and IAIS core principle No 22 relating to AML/CFT.

This variable is rated high because the institutions are aware of the existence of AML/CFT laws and their obligations under the laws. In fulfillment of the requirements under the NIC/FIC Guidelines relating to AML/CFT, the institutions submit quarterly returns and Self-Assessment control questionnaires for the consideration of the Regulator. This was confirmed based on the questionnaire and interviews conducted during the exercise.

**Quality of AML supervision**

This variable assessed whether the insurance sector has a comprehensive AML supervision regime supported by appropriate powers, staff and other relevant resources.

The Commission derives its regulatory powers from the Insurance Act 2006, (Act 724). Section 165(2) C of the law requires that the National Insurance Commission in undertaking inspections satisfies itself that insurers or insurance intermediaries have adequate procedures in place to prevent them from being used for the purposes of money laundering or for terrorist financing. The Commission has also introduced sanctions regime to enforce AML/CFT compliance.

The sanctions which were introduced following the review of the FIC/NIC Guidelines for Insurance Companies and Intermediaries ranges from Pecuniary fines to Administrative sanctions.

The Commission also has a comprehensive AML supervisory program that consists of regular on and off-site inspections. Institutions submit quarterly, bi-annual and annual returns to the Regulator. These returns are analysed and companies ranked according to the level of AML risk posed.

The Commission’s AML Unit has a staff strength of four (4) with two (2) supporting staff. However, capacity building will further improve supervisory skills.

However, challenges still exist with respect to logistical and technical resources. The Commission is currently liaising with the IMF to address these challenges.
This variable is rated Medium.

**Market Pressure to meet AML standards**

This variable assessed whether the market forces exert pressure on insurance firm managements to meet AML international standards, and whether it addresses the pressures that exist outside of Ghana’s legal and supervisory regimes, for instance commercial pressure that is applied by commercial counterparts such as banks, reinsurers, etc. This variable is rated Medium Low.

The reason is that, the Regulator is designing a uniform supplementary questionnaire on AML matters. The institutions would be required to attach this supplementary questionnaire to the proposal forms for completion. This will ensure that all companies comply with AML/CFT requirement of the Regulator.

**Commitment to Good Corporate Governance**

This variable assessed whether the Boards and Managements of insurance companies are committed to a high level of corporate governance in their companies. Effective corporate governance practices promote a high level of compliance with international standards and national laws and regulations, and are essential to achieving and maintaining public trust and confidence in the insurance sector. This variable is rated High (0.7).

The Regulator (NIC) as part of its regulatory activities conducts exercises like the fit and proper test for Directors and Senior members of Insurance companies, inspect copies of Board minutes, demand copies of Board meeting schedules among others.

Reports from on-site visits and off-site examinations indicate that most boards and management have the commitment to good corporate governance as shown in the following areas:

- Board members are qualified for their positions, have a clear understanding of their role in corporate governance and are able to exercise sound judgment about the affairs of the insurance firm. The Board of Directors approves and oversees the firm’s strategic objectives and corporate values that are communicated throughout the organisation.
- The Board of Directors sets and management enforces clear lines of responsibility and accountability throughout the organisation.
- Board of Directors set policies for firms and approves AML/CFT internal guidelines.
- The Boards and Management effectively act on AML/CFT reports from the internal and external auditors.
- The Boards ensure that compensation policies and practices are consistent with the firm’s corporate culture, long-term objective, strategy and control environment.

**PENALTIES**

This variable was to ascertain whether Ghana’s insurance sector has appropriate criminal penalties in case of non-compliance with AML laws and regulations. The assessment also looked at whether potential criminal penalties imposed by law enforcement authorities are regarded as severe which will make management and staff members more likely to comply with AML obligations.

Section 39(6) of the Anti-Money Laundering Act, 2008 (Act 749) provides for criminal and administrative proceedings. The Regulator has also introduced a sanctions regime that ranges from pecuniary fines to administrative sanctions. The Insurance institutions have been made aware of this sanctions regime.

This variable is rated High (0.8) in that, there are well designed criminal penalties in force, for non-compliance with AML obligations.

**ENFORCEMENT OF AML OBLIGATIONS**

This variable assessed whether the law enforcement agencies in Ghana take the criminal enforcement steps against insurance firms or individual members of management or staff in case of non-compliance with AML obligations. Consider the number of convictions, cases and other available evidence.

This variable is rated Medium Low.

Insurance firms are aware of their obligations towards AML/CFT compliance as well as the new sanctions regime.

**STAFF INTEGRITY**

In assessing this variable, we considered whether the insurance company’s staff act with integrity and do not collude with criminals to undermine AML controls by acting corruptly.
This variable is rated High (0.8).

The reasons for this rating are that disciplinary measures against acts of misconduct such as misrepresentation, failure to account for premium(s) collected, fronting for business, tipping off and other acts of indiscipline are severely punished by insurance companies. In addition, staff members who fall short of professional standards will not qualify as principal officers under NIC’s fit and proper test procedures and cannot be re engaged in other insurance firms.

STAFF KNOWLEDGE
This variable assessed whether insurance companies’ staff understand their AML duties and responsibilities. The assessment also considered the quality of their training materials, frequency of training, level and type of staff trained in arriving at the rating.

This variable is rated Medium High.

Staff knowledge regarding AML/CFT responsibilities and obligations have increased tremendously.

The employee education and training programme includes the number of persons trained and quality of materials used.

COMPLIANCE FUNCTION
This assessment was based on whether the insurance companies have effective AML compliance function that supports a high level of AML/CFT compliance within the insurance sector.

This variable is rated Medium High.

All insurance companies have designated compliance officers. The officers submit periodic compliance reports to the NIC and FIC. Besides the compliance reports, insurance firms are further required to submit quarterly reports and bi-annual self-assessment control questionnaires.

The increase in awareness and the training of insurance companies have resulted in the submission of quality reports to the FIC/NIC.

AML MONITORING SYSTEMS
This variable assessed the extent to which insurance companies have adequate and appropriate information systems to support their AML policies and procedures. We expected insurance companies to have well-designed systems that are adequate for their operations.

This variable is rated Medium

Insurance firms have systems in place to verify and screen customers. Although, there are no effective AML tools for automated transaction monitoring, transaction monitoring is done manually. The systems have assisted insurance firms and staff to identify and track suspicious and unusual transactions.

CORPORATE AND TRUST TRANSPARENCY
This variable assessed whether criminals could to hide their beneficial interests in insurance firms registered in Ghana.

This variable is rated Medium High.

Background checks are carried out on significant shareholders of insurance companies. In the case of companies in groups, the structure, management, control and beneficial interests are verified as to their fitness and propriety. Additionally, background checks including police criminal checks are performed on Board members and Key Management personnel of companies. Also, due diligence and detailed fit and proper tests are conducted on all persons holding shares of 10% or above in any regulated entity. This therefore justifies the above rating.

IDENTIFICATION INFRASTRUCTURE
This variable checked whether customer identification and verification processes are performed when insurance firms take on new policies. It checks whether systems are in place to verify the identity of customers using reliable, independent source documents, data or information that cannot be faked.

This variable is rated Medium

Insurance Companies have adopted platforms for verifying National ID’s. There are available verification platforms for international travel biometric passports, Voter’s IDs and Driver’s licence.

AVAILABILITY OF INDEPENDENT INFORMATION SOURCES
This variable verified the availability of independent, reliable sources to support the verification of the client ID and determine transaction patterns of clients.

This variable is rated Medium
The assessment also considered the availability of six main national identification documents namely; biometric SSNIT ID, Passports, Driver Licences, National Identification cards, Voter Identification Cards and National Health Insurance Cards. Insurance companies have platforms to facilitate verification of IDs.

PRESENTATION OF ANALYSIS AND FINDINGS OF SELECTED PRODUCTS/SERVICES

Life

The life insurance sub sector is small in terms of value and volume of transactions. Money laundering (ML) risks may be presented by life products with single premium payments and high cash values upon surrender. Products with no cash value such as term policies pose lower risks. Money could also be laundered through the assignment of policies and payments to third parties. Life insurers in Ghana have a wide retail reach and sell most of the policies to individuals. Premium payments are made by source deductions/cheques and bank transfers. Cash payments are accepted but on limited scale. Life insurers write mostly onshore risks with policy holders mostly local residents.

Non-Life

The non-life insurance sub sector is bigger than the life sub-sector in terms of volume and value. This sub-sector has again developed more than the life sub-sector. Non-life insurers sell retail and corporate products such as personal/Group accident policy, motor insurance policy, fire insurance policy, customs bonds policy, marine hull and cargo as well as aviation hull and cargo policies.

ML Risks

This could be high in the case of single premium policies, overpayment of premiums, assignment of claims and bogus or fake claims. However, the products sold by the sub-sector have little or no cash values, assignments and overpayments. No monies are paid out upon maturity. Products currently on the market present low ML risks.

TF Risks

Life insurers mostly write onshore businesses or risks. The risk of foreign illicit funds flowing directly into the country is lower. Non-life insurers pay claims only if the specific event insured crystallises. TF may, however, occur when monies obtained through these claims are used to finance illicit activities.

PRODUCTS OF INSURANCE COMPANIES

For the purposes of our analysis we selected 8 products and services. These products and services were

1. Funeral
2. Mortgage Protection
3. Group Life
4. Term
5. Motor
6. Fire
7. Accident
8. Marine/Aviation

These products and services were analysed and assessed based on the 4 variables namely:

1. Volume
2. Average transaction size
3. Client profile
4. AML/CFT specific controls

Product Input Variable Assessment

PRODUCT VOLUME

In assessing how vulnerable life products or services are, we assumed that the more voluminous a product is in terms of policy holders/life assureds, the more susceptible the product is to ML/TF risk. To determine the significance of product or service, total industry premiums (revenue) and number of companies selling the product or service as at 31st December, 2017 was used as benchmark to which the product or service volume was compared with. The NRA team assumed that products or services with volume of 10% and above to total industry premiums, or 50% and above to total number of companies selling the product, were considered significant and pose ML/TF risk in Ghana.

AVERAGE TRANSACTION SIZE

We used this variable to assess the average size of transactions that occur in a particular product/service. Products and services with large sum assured and less number of policy holders would have large transaction sizes to attract the attention of money launderers.
CLIENT PROFILE
The vulnerability of product/service to ML/TF also depends on the type of client or characteristics of clients who patronise it. A product or service is more vulnerable if its client’s profile is made up of politically exposed persons, clients with business interest in offshore centre, high risk jurisdiction and tax havens, high net worth individuals, non-resident clients, etc.

In assessing this variable, questionnaires were administered to all Insurance Companies to provide their profile of clients who use their products. The NRA team also relied on the industry experience as well as supervisory experience. A product or service was considered risky to ML/TF if most of the respondent Insurance Companies said client profile of that product or service composed of the high-risk profiles.

AML/CFT SPECIFIC CONTROLS
This variable assesses whether appropriate (well designed) specific AML/CFT controls to manage any potential money laundering risk that may occur in a particular product/service, are in place.

Specific AML/CFT controls are those that are applied in addition to the standard AML/CFT controls applied to all products in the sector. Insurance firms that implement specific AML/CFT controls may reduce the vulnerability of money laundering occurring in insurance products/services.

We generally observed that the Insurance Companies do not have AML/CFT controls that could qualify as being specific controls for any product/service. Insurance Companies apply general AML/CFT controls which are deemed adequate for their products/services.

LIFE PRODUCTS
Some of the products that fall under this category are

FUNERAL:
This can be a whole or Term Life insurance but designed purposely to cater for funeral expenses upon the demise of the assured life. Usually, Funeral policies will have a non-forfeiture value if it is a whole life and forfeiture if it is a term policy. Therefore, funeral policies that are whole life are vulnerable to ML/TF threats, whilst term policies are not vulnerable.

MORTGAGE PROTECTION POLICY:
This is a Term life or Credit life policy which covers death and disability during the period of repaying ones mortgage loan. Benefits at any point of the contract are usually the outstanding balance of the mortgage loan. Premium is usually in the form of a single premium and at the point of taking the mortgage loan. Credit life has no non-forfeiture values.

GROUP POLICIES:
These are policies which cover death or disability of members in a group. Premiums are paid on behalf of the whole group and the amounts as premiums are usually smaller as compared to individual policy premiums. Again, premiums are rated to reflect the risk exposure and history of each particular group.

TERM:
It provides death cover over a specific period of time. The policies are usually over a short period of time and commonly grant the policyholder the right to renew for an additional period(s) up to a maximum age such as 60 or 65, without requiring additional evidence of insurability. Such policies usually do not provide non-forfeiture values unless there are savings component to the contract.

The volumes of Funeral and Mortgage protection are medium, and average transaction sizes are low and medium high respectively. These policies are pure risk with no investment component and mostly patronised by low income and middle level customers. They pose low to medium ML risk.

Other products such as Term and Group life have high and low volumes with average transaction sizes of medium high and medium low as well. These products have investment components in them and patronised by some PEPs and people with medium to high incomes. They therefore pose high ML risk.
NON-LIFE PRODUCTS
Some of the products falling under this category are:

i. Motor
ii. Fire
iii. Accident
iv. Marine/Aviation

MOTOR INSURANCE
Contracts of insurance against:

(a) Loss of or damage to motor vehicles;
(b) loss or damage arising out of or in connection with the use of, motor vehicles, including third party risks, carrier’s liability and medical expenses for the injury of occupants of a motor vehicle.

Comprehensive Motor Insurance could be used for Money Laundering. Most comprehensive vehicles would be valued between GH¢22,000.00 (US$5,000.00 Equiv) and GH¢440,000.00 (US$100,000.00 Equiv) with the very high end vehicles up to GH¢660,000.00 (US$150,000.00 Equiv)

It would require a launderer to insure a vehicle and come for cancellation few weeks later. With cancellation, his money is refunded based on time on risk.

Similarly, a launderer could deliberately cause an accident severely damaging the vehicle. This could lead to a write off with the claim money paid.

A launderer could fake his vehicle being stolen. If the police cannot trace the vehicle within 3 months, he could successfully make a claim.

FIRE AND BURGLARY
These are contracts of insurance against loss or damage to property, and consequential losses, due to fire, explosion, storm and other natural perils and other perils customarily included in fire insurance policies. Excluding insurance of a type described above which is incidental to some other class of insurance business.

Like most insurance policies, this policy is subject to cancellation which is a major vulnerability as far as insurance policies are concerned. The policy makes provision for cancellation and premium refund.

Secondly, money laundered through the purchase of a house, which in Ghana can be done with cash, can be laundered by deliberately setting fire to one’s property and making a claim. The money paid becomes clean money. With property insurance, the amounts involved could be significant. Therefore, fire and burglary policies are vulnerable to ML/TF threats in Ghana.

ACCIDENT

• PERSONAL: Contracts of insurance that provide fixed pecuniary benefits or benefits in the nature of an indemnity (or a combination of both) against risks of the person insured

(a) Sustaining accidental injury,
(b) Dying as a result of an accident,
(c) Becoming incapacitated as a result of disease,
(d) Attributable to sickness or infirmity,

This class excludes any contract of insurance that falls within a class of long term insurance business.

The General Accident policies include several policies such as personal/group accident policy, money insurances, and engineering insurances including plant and machinery insurance, liability insurance.

With all these policies the sum insured could be inflated and exaggerated with the intention of cancelling the policies and calling for premium refund.

WORKERS’ COMPENSATION AND EMPLOYER’S LIABILITY INSURANCE:

CONTRACTS OF INSURANCE AGAINST THE LIABILITY OF AN EMPLOYER TO EMPLOYEES IN RELATION TO ANY INJURY OR DISEASE ARISING OUT OF, OR IN THE COURSE OF, THEIR EMPLOYMENT

This policy like the other non-life policies is subject to cancellation. Premiums are based on the annual salaries and wages of employees. These salaries could be raised so high for purposes of having a huge premium. Subsequently the policy could be cancelled and premium refund made.

It is unlikely that claims could be staged for the purposes of laundering dirty money. This is because the claims process is initiated by the labour office and the formula for calculating the claim is prescribed by law.
GOODS IN TRANSIT:
CONTRACTS OF INSURANCE AGAINST LOSS OF OR DAMAGE TO MERCHANDISE, BAGGAGE AND ALL OTHER GOODS IN TRANSIT, IRRESPECTIVE OF THE FORM OF TRANSPORT

Goods–In-Transit Policies are declaration policies. This means that a deposit premium is made on an estimated annual carriage of the goods to be transited. The annual carriage is determined by the Insured.

At the end of the insurance year, the premium is adjusted based on the actual carriage made. If the carriage is far less a refund is made to the insured or his account is credited. If he carried more, then he pays additional premium. The insured declares the actual carriage done by the year.

This declaration could be abused by a launderer by stating a very high annual transit figure for the year but actually transit very little which will call for premium adjustment and refund.

Another source of vulnerability is the possibility of cancellation after taking the policy.

MARINE AND AVIATION
CONTRACTS OF INSURANCE AGAINST
a. LOSS OF OR DAMAGE TO MARINE CRAFT OR THE EQUIPMENT OR FITTINGS OF MARINE CRAFT;

b. LOSS OR DAMAGE ARISING OUT OF OR IN CONNECTION WITH THE FREIGHT, USE, CONSTRUCTION OR REPAIR OF MARINE CRAFT, INCLUDING THIRD PARTY RISKS, CARRIER’S LIABILITY AND MEDICAL EXPENSES FOR THE INJURY OF OCCUPANTS OF A MARINE CRAFT, INCLUDING CREW. IT INCLUDES MARINE HULL AND CARGO.

Marine, Hull, and Cargo, and Aviation, like most non-life insurance policies, are subject to cancellation. This is a major vulnerability as marine insurance could be taken out, paid for and cancelled after a few days or weeks. This will call for a premium refund.

Again volumes of Motor, Fire and Accident are high, medium high, and medium high, while average transaction sizes are medium high, medium high and medium high respectively. Their client profiles are low risk, medium risk and low risk.

Marine and Aviation have volumes of medium high with average transaction size of medium low and a Client profile of low risk.

Based on the features and characteristics, the above products may pose low ML risk.

TRENDS, GAPS in AML MEASURES, BENEFICIAL OWNERSHIP SITUATIONS AND WHETHER STRs ARE FILED

Insurance industry trends as of now suggest very low ML/TF risk. The industry which contributes less than 2% GDP with a total equity of GH¢1,859,726,189.00 (US$ 422,665,042.95 Equiv) is yet to record any ML/TF trends. The NIC vets all significant shareholders to unearth the source of their funds into the industry.

So far, there have not been any remarkable suspicious transaction reports from the industry since the inception of the FIC. This could be due to the genuine absence of the activities to warrant the reports or the ignorance of the players to locate the transactions. Any of the two is a probability.

EXISTENCE OF ADMINISTRATIVE SANCTIONS

The Regulator has introduced a sanctions regime that ranges from pecuniary fines to administrative sanctions. The Insurance institutions have been made aware of this sanctions regime. Further stakeholder consultation will be carried out before implementation.

CONCLUSION

Predictions - Anticipation of future money laundering risks

Current insurance products in Ghana present relatively low level of ML risks. It is also possible that criminals are not using the insurance products or sector as avenues to launder money. Perhaps as the country’s economic activities expand so will counter productive activities increase including ML risks in the insurance sector. ML risks in the future may be predicted in the following insurance products and channels.

Second hand endowments policies (SHEPs) bought in the secondary market or traded endowment policies (TEP).

These are conventional endowments that have been sold to a new owner halfway through their term. The TEP market enables buyers (investors) to buy these policies for more than their surrender values. This policy provides the purchaser with the benefit of the death of the life insured or upon maturity to the money launderer who receives clean money or cheque.
Introduction of certain Islamic products into the market such as Takaful

This is a type of Islamic insurance product under which a group of individuals contribute funds into a pooling system that guarantees each other some benefits against loss or damage.

Overpayment of premiums

Policy holders may deliberately or inadvertently make payments which are in excess of what they are supposed to pay. Deliberate overpayment arises where the insured opts to make payments by way of deposits in advance of contract conclusion. Inadvertent payment can arise when the underwriting staff miscalculates the premium required. In all situations the insured would be entitled to a refund of the excess premium. In both cases money laundering activities can occur.

Assignment of claims

An insured can direct an insurer to make a payment of a claim on his policy to another person other than himself. This process is termed as an assignment of claim. This is another means by which criminals can finance terrorist activities.

Returned premiums

Premiums are returned to the insured where the policy is brought up for cancellation before the insured term expires. In situations like that the insured would be entitled to a returned premium for the unexpired period. Criminals can use the returned premium in ML/TF activities.

The research revealed appreciable Anti Money Laundering/Combating the Financing of Terrorism (AML/CFT) risk in Ghana’s Insurance sector.

Companies have become aware that the industry is vulnerable to AML/CFT risks and threats which require measures to mitigate it.

There is currently a high sense of co-operation from the insurance institutions. This is reflected in their actions and has ensured that they balance the need for profit with AML/CFT compliance.

INSURANCE SECTOR RECOMMENDATIONS

- NIC to step up regulatory activities on AML/CFT with on/off site inspections.
- Acquisition and use of requisite AML/CFT software for the institutions.
- Strict Adherence to AML/CFT guidelines by all companies in the sector.
- The insurance industry should develop a data bureau to monitor criminals.
INTRODUCTION

This group dealt with ML/TF risks in both the regulated and unregulated sectors of the financial market. The regulated sector include the Finance Houses, Bureau de Change, Remittance Service Providers, Electronic Money Issuers and Agents, Ghana Revenue Authority and the National Pensions Regulatory Authority. The unregulated sector is made up of individuals and entities operating illegally and their operations include Black Market Foreign Exchange and Underground Remittance.

The Bank of Ghana is responsible for the adherence to the supervisory regime of AML/CFT within the Other Financial Institution (OFI) sector. The structure of the OFIs place an enormous burden on the BoG to perform effective supervision and also to ensure that there is application of proper AML/CFT controls. The AIs that make up the OFI are very significant in the financial sector. The number of entities has been set out below.

Table 1: Size of the AIs within the OFI sector registered/authorised to conduct financial operations in Ghana as at December 2017

<table>
<thead>
<tr>
<th>Type of AI</th>
<th>Number of Entities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance House</td>
<td>22</td>
</tr>
<tr>
<td>Electronic Money Issuers</td>
<td>4</td>
</tr>
<tr>
<td>EMI Agents</td>
<td>107,415</td>
</tr>
<tr>
<td>Remittance Service Providers</td>
<td>2</td>
</tr>
<tr>
<td>Bureau de Change</td>
<td>420</td>
</tr>
</tbody>
</table>

Source: (Bank of Ghana, 2017)

BOG has developed a detailed risk analysis methodology for each sector of AI. BOG also conducts comprehensive prudential supervision of the OFI sector. Such structured supervision involves the use of a permanent on-site team of inspectors, to conduct comprehensive inspection covering all supervised obligations including AML/CFT issues.

The FIC collaborates with BOG in the performance of their supervisory duties. Following the introduction of the EMI Guidelines in 2015, supervision of MVTS has improved. The Guidelines stipulate the KYC/CDD process that issuers of E-Money and their numerous agents must follow in the payment and receipt of funds from customers.

The two primary legislations that guides the BOG and FIC in the performance of their duties are the AML (Amendment) Act, 2014 (Act 874) and the Anti-Terrorism (Amendment) Act 2012, (Act 842). There are also other legislations and guidelines governing the operations of the regulated. These laws and guidelines include;

- Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930)
- Ghana Depository Protection Act, 2016 (Act 931)
- Income Tax (Amendment) Act, 2016 (Act 907)
- Electronic Money Issuers (EMI Guidelines) and Agent Guidelines (2015)
- National Pensions Amendment Act, 2014 (Act 883)
- Non Bank Financial Institutions Act, 2008 (Act 774)
- Borrowers and Lenders Act, 2008 (Act 773)
- Pensions Act, 2008 (Act 766)
- Foreign Exchange Act, 2006 (Act 723)
- Banking Act, 2004 (Act 674) as Amended
- Payment Systems Act, 2003 (Act 662)
- GIPC Act, 1994 (Act 478)

The informal sector activities take place underground thus has a relatively higher ML/TF vulnerability. For this assessment, the informal sector consists of Black Market and Underground Remittance.

Schneider (1986) suggests that the underground or unregulated economy contribute to the value added process in a country and should be included in national income accounting but is presently not registered by national measurement agencies.
Recent quantitative studies conducted by Ahinful et al. (2013) and Teye (2012) show that a large proportion of international remittances to Ghana are still mainly transferred through informal channels such as friends and relatives visiting home, carrying money along during short visits, and hiding money in letters being posted to Ghana. These findings are not surprising given what we know that 73% of total remittances in Sub-Saharan Africa are unrecorded (Page & Plaza, 2006).

Remittances to Ghana are transferred through formal and informal channels. The formal channels are provided by registered financial institutions while the informal channels entail remitting services and methods outside of the wire transfer and financial services industry (Teye et al., 2016).

The Black Market is an informal illegal market where the exchange of money is finalized underground. This service is used by people in the formal and informal sector and the transactions are relatively faster. There is high patronage by locals and foreigners.

There are reports which suggest that foreign illegal migrants who are predominantly artisanal miners in Ghana use this market to convert their booty prior to remitting the funds back to their various homes. It is worth mentioning that the funds remitted are in the form of cash and outside the formal banking and financial system.

The Underground Remittance is a parallel remittance system that operates outside the traditional banking and financial system. It facilitates the process of remitting funds. This Underground Remittance system is also called Hawala. Hawala does not require the movement of funds even though money has been transferred. This medium of remitting funds relies heavily on trust and is very fast with no transaction limits with regards to how much can be remitted.

**INDUSTRY PERFORMANCE**

Statistics from Bank of Ghana (2017) suggest that the Non-Bank Financial Institutions ended the year 2016 with a total asset value of GH₵9,560.5million (USD 2,276.20million) up by 31.4% from a position of GH₵7,277.0million (USD 1,732.54million) in 2015. The growth was underpinned by 54.1% and 25.5% increase in investments and loans & advances respectively.

The Bureaux de Change is another major component and their services appeals to mostly non-resident persons. Transactions are mostly one-off in nature and the market is quite volatile and contributes significantly to either the appreciation or depreciation of the Ghana Cedi to the major international currencies. This level of volatility is reflected in the domestic cumulative currency depreciation by 9.5% and 5.4% against the United States Dollar and the European Union Euro respectively, but appreciated by 10.0% against the British Pound Sterling in 2016. Compared to 2015, the Ghana Cedi weakened by 16.1%, 12.6% and 5.1% against the United States Dollars, the British Pound Sterling and the European Union Euro respectively.

Total assets of the Finance Houses at the end of 2016 was estimated at GH₵3,286.44million (USD782.45million). The major source of funding for these Finance Houses are deposits which stood at GH₵1,979.50million (USD471.29million) at the end of 2016, accounting for 60.2% of total assets. Express Funds International and Trans-Continental Financial Services Limited are the current Inward Remittance Services Providers. These organisations contributed GH₵298.77million (USD71.13million) of the total assets of the Other Financial Institutions.

The issuance of Electronic Money is managed by four (4) Mobile Network Operators (MTN, TIGO, AIRTEL and VODAFONE). The number of registered mobile money customers at the end of 2016 was 19,735,098 showing growth of 50.4% over the 2015 position of 13,120,367. The number of active Mobile Money customers also increased by 70.8% to 8,313,283 in 2016.

The National Pensions Regulatory Authority is mandated to regulate and monitor the operations of the three-tier Pension Scheme and ensure the effective administration of pensions in Ghana. Registration and licensing of the industry players is done in accordance with section 165 of the National Pensions Act, 2008 (Act 766). Corporate Trustees, Pension Fund Managers and Pension Fund Custodians licensed or registered to operate are supervised based on the aforesaid legislation.

**QUALITY OF AML CONTROLS**

The quality of controls has been assessed for each type of the regulated Other Financial Institution.
BUREAU DE CHANGE

COMPREHENSIVENESS OF AML LEGAL FRAMEWORK

This control measure indicates the extent to which the laws and regulations of a jurisdiction contribute to the strength of anti-money laundering controls.

This variable is rated very high with a score of 0.8 because the institutions are aware of the existence of AML/CFT laws and their obligations under the laws. In fulfillment of the requirements under the BOG/FIC guidelines relating to AML/CFT, the institutions submit quarterly returns to the regulator.

EFFECTIVENESS OF SUPERVISION/OVERSIGHT ACTIVITIES

The control variable effectiveness of supervision/oversight activities measured the level and quality of supervision carried out by the AML/CFT staff of the Bank of Ghana.

This variable is rated high with a score of 0.7 because the regulator has a qualified and experienced team tasked for this work. The team organizes periodic seminars to sensitize staff of the BDCs on emerging AML/CFT issues. The Office is made up of personnel with diverse professional background. Members of staff have attended relevant AML/CFT training courses at national, regional and international levels to enhance their proficiency. The regulator also monitors and supervises the operations of the BDCs. The supervision which is conducted by the FOREX Bureau Examination Unit covers the AML/CFT function the BDCs.

AVAILABILITY AND ENFORCEMENT OF ADMINISTRATIVE SANCTIONS

This control variable assessed the availability and application of administrative sanctions if there is a reported case of compliance breaches.

This variable is rated medium with a score of 0.5. This score is underpinned by the fact that provisions have been made in the Anti-Money Laundering Act, 2008 (Act 749) as amended. BOG has developed a Sanctions document which would be enforced in 2018.

AVAILABILITY AND ENFORCEMENT OF CRIMINAL SANCTIONS

This control variable assessed the rate of enforcement of sanctions following the occurrence of a criminal act.

The variable is rated medium with a score of 0.5. This is based on the fact that section 39(6) of the AML Act, 2008 (Act 749) as amended makes provisions for Criminal and Administrative Sanctions which are effective, proportionate and dissuasive.

MARKET ENTRY

This variable assessed the regulatory requirements for entry into the market as a BDC operator.

The variable is rated high with a score of 0.7. This score is largely because of there are clearly defined requirements that have to be met in the establishment of a BDC in Ghana. There are also strong controls with regards to entry into the BDC market in Ghana. The establishment of BDC is highly regulated and their activities are governed by the provisions in the Foreign Exchange Act, 2006 (Act 723).

INTEGRITY OF BUSINESS/INSTITUTION STAFF

This variable assessed the level of honesty exhibited by the staff of the BDCs in performance of their duties.

The variable is rated high with a score of 0.7. Staff of the BDCs are able to detect money laundering attempts and report same to the appropriate body. Background checks on staff are thorough including a no objection clearance from BOG before the appointment of senior level staff.

AML KNOWLEDGE OF BUSINESS/INSTITUTION STAFF

This control variable assessed the depth of knowledge of AML Knowledge within the BDC sector.

The variable is rated medium with a score of 0.5. The AML Knowledge among staff is medium rated because the continuous training provided by the regulator and the quality of reports submitted by the operators to the regulator.

EFFECTIVENESS OF COMPLIANCE FUNCTION

The assessment of this variable was based on the quality of staff and support for the compliance function.

The variable is rated very low with a score of 0.2 because of the relative ineffective nature of the AML compliance function within the BDC sector.
EFFECTIVENESS OF SUSPICIOUS ACTIVITY MONITORING AND REPORTING
The assessment of this variable was based on the number and quality of STRs reported by the BDCs. The variable is rated very low with a score of 0.2 because of the non-existence nature of STR submission by the BDCs.

AVAILABILITY AND ACCESS TO BENEFICIAL OWNERSHIP INFORMATION
The variable assessed the extent to which the BDCs were able to identify information on beneficial ownership. The AML/CFT regime and the relevant FATF Recommendations require AIs in general to seek adequate, accurate and timely information on the beneficial ownership and control of legal persons and arrangements. The BDCs are required to comply with AML Act and the Beneficial Ownership disclosures. This variable is assigned a medium low rating with score of 0.4.

AVAILABILITY OF RELIABLE IDENTIFICATION INFRASTRUCTURE
This variable is used to assess the extent to which the BDCs are able to perform customer identification and verification using reliable, independent source documents, data or information. The variable is rated medium low with a score of 0.4 because the BDCs generally lack appropriate identity verification tool.

AVAILABILITY OF INDEPENDENT INFORMATION SOURCES
This variable is used to assess the availability of independent and reliable sources of information in identifying customer transaction patterns. The variable is rated medium with a score of 0.5. This is because information is readily available from independent sources like Government Ministries and State Institutions like the Ghana Immigration Service, DVLA, Passport Office and the Electoral Commission.

ELECTRONIC MONEY ISSUERS & AGENTS
COMPREHENSIVENESS OF AML LEGAL FRAMEWORK
This control measure indicates the extent to which the laws and regulations of a jurisdiction contribute to the strength of anti-money laundering controls. This variable is rated very high with a score of 0.8 because the institutions are aware of the existence of AML/CFT laws and their obligations under the laws.

EFFECTIVENESS OF SUPERVISION/OVERSIGHT ACTIVITIES
The control variable effectiveness of supervision/oversight activities measured the level and quality of supervision carried out by Bank of Ghana. This variable is rated medium with a score of 0.5. This is because the regulator only carries out off-site supervision. The supervision covers the AML/CFT function. The supervision is also silent on the activities of the agents of the EMIs.

AVAILABILITY AND ENFORCEMENT OF ADMINISTRATIVE SANCTIONS
This control variable assessed the availability and application of administrative sanctions where there is a reported case of compliance breaches. This variable is rated medium with a score of 0.5. This score is underpinned by the fact that provisions have been made in the Anti-Money Laundering Act, 2008 (Act 749) as amended. BOG has also developed a Sanctions document which would be enforced in 2018.

AVAILABILITY AND ENFORCEMENT OF CRIMINAL SANCTIONS
This control variable assessed the rate of enforcement of sanctions following the occurrence of a criminal act. The variable is rated medium with a score of 0.5. This is based on the fact that section 39(6) of the AML Act, 2008 (Act 749) as amended makes provisions for Criminal and Administrative Sanctions which are effective, proportionate and dissuasive.

MARKET ENTRY
This variable assessed the regulatory requirements for entry into the market as an EMI operator. The variable is rated high with a score of 0.7 because there are restrictive entry requirements to the sector. These include minimum capital requirement, ISO 270001 certification among others and are enshrined in the Payment Systems Act, 2003 (Act 662) and Electronic Money Issuers and Agents’ Guidelines.
INTEGRITY OF BUSINESS/INSTITUTION STAFF
This variable assessed the level of honesty exhibited by the EMIs and their Agents in the performance of their duties.

The variable is rated medium high with a score of 0.6. The EMIs have the appropriate technology to identify and detect money laundering attempt and their staff report same to the appropriate body.

AML KNOWLEDGE OF BUSINESS/INSTITUTION STAFF
This control variable assessed the depth of knowledge of AML Knowledge within the EMI sector. The variable is rated medium with a score of 0.5. The AML Knowledge among staff is high because the continuous training provided by the regulator and the quality of reports submitted by the operators to the regulator.

EFFECTIVENESS OF COMPLIANCE FUNCTION
The assessment of this variable was based on the quality of staff, independence of the function and support.

The variable is rated medium high with a score of 0.60 because the EMIs have appointed Compliance Officers who understand their AML/CFT responsibilities. However, some of the Compliance Officers are not fully independent.

EFFECTIVENESS OF SUSPICIOUS ACTIVITY MONITORING AND REPORTING
The assessment of this variable was based on the number and quality of STRs reported by the EMIs.

The variable is rated medium with a score of 0.5 because of the few STRs submitted by the EMIs to the FIC.

AVAILABILITY AND ACCESS TO BENEFICIAL OWNERSHIP INFORMATION
The variable assessed the extent to which the EMIs were able to identify information on beneficial ownership.

The AML/CFT regime and the relevant FATF Recommendations require AIs in general to seek adequate, accurate and timely information on the beneficial ownership and control of legal persons and arrangements. The EMIs just like other AIs in the OFI sector are required to comply with AML Act and the EMI Guidelines as well as the Beneficial Ownership disclosures. This variable is assigned a medium low rating with score of 0.4.

AVAILABILITY OF RELIABLE IDENTIFICATION INFRASTRUCTURE
This variable is used to assess the extent to which the EMIs are able to perform customer identification and verification using reliable, independent source documents, data or information.

The variable is rated medium high with a score of 0.6 because the EMIs have the capacity and infrastructure to identify and verify the identity of their customers.

AVAILABILITY OF INDEPENDENT INFORMATION SOURCES
This variable is used to assess the availability of independent and reliable sources of information in identifying customer transaction patterns.

The variable is rated medium with a score 0.5. This score is because information are available from independent sources like Government Ministries and State Institutions like the Ghana Immigration Service, DVLA, Passport Office and the Electoral Commission.

FINANCE HOUSE

COMPREHENSIVENESS OF AML LEGAL FRAMEWORK
This control measure indicates the extent to which the laws and regulations of a jurisdiction contribute to the strength of anti-money laundering controls. This variable is rated very high with a score of 0.8 because the institutions are aware of the existence of AML/CFT laws and their obligations under the laws.

EFFECTIVENESS OF SUPERVISION/OVERSIGHT ACTIVITIES
The control variable assessed the effectiveness of supervision/oversight activities measured the quality of supervision carried out by the Bank of Ghana.

This variable is rated high with a score of 0.7 because the regulator has a qualified and experienced team tasked for this work. The team organises periodic seminars to sensitis staff of the Finance Houses on emerging AML/CFT issues. The Office is made up of personnel with diverse professional backgrounds.

AVAILABILITY AND ENFORCEMENT OF ADMINISTRATIVE SANCTIONS
This control variable assessed the availability and application of administrative sanctions if there is a reported case of compliance breaches.
This variable is rated medium with a score of 0.5. This score is underpinned by the fact that provisions have been made in the Anti-Money Laundering Act, 2008 (Act 749) as amended. The BoG has developed a Sanctions document which would be enforced in 2018.

Finance Houses are generally aware of the consequences of non-compliance with the AML/CFT regime, internal AML/CFT rules and procedures, as well as findings and recommendations of AML/CFT examinations.

**AVAILABILITY AND ENFORCEMENT OF CRIMINAL SANCTIONS**

This control variable assessed the rate of enforcement of sanctions following the occurrence of a criminal activity.

The variable is rated medium with a score of 0.5. This is based on the fact that section 39(6) of the AML Act, 2008 (Act 749) as amended makes provisions for Criminal and Administrative Sanctions which are effective, proportionate and dissuasive.

**MARKET ENTRY**

This variable assessed the regulatory requirements for entry into the market as a Finance House operator.

The variable is rated medium high with a score of 0.60. There are clearly defined requirements that have to be met in the establishment of a Finance House in Ghana. Provisions have been made for instance in the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and the Ghana Depository Protection Act, 2016 (Act 931) to protect the interest of customers and prevent unhealthy competition in the market (Bank of Ghana, 2017).

**INTEGRITY OF BUSINESS/INSTITUTION STAFF**

This variable assessed the level of honesty exhibited by the Finance Houses in the performance of their duties.

The variable is rated high with a score of 0.7. The integrity of staff is rated high across the regulated categories of the OFI sector. The Finance Houses are able to detect money laundering schemes. Background checks including Police checks are conducted on management and staff before appointments.

**AML KNOWLEDGE OF BUSINESS/INSTITUTION STAFF**

This control variable assessed the depth of knowledge of AML Knowledge within the Finance House sector. The variable is rated medium high with a score of 0.6. Although there is continuous training, there is a high turnover of AMLROs.

**EFFECTIVENESS OF COMPLIANCE FUNCTION**

The assessment of this variable was based on the quality of staff, independence of the function and support.

The variable is rated medium with a score of 0.50 because the Finance Houses have appointed Compliance Officers who understand their AML/CFT responsibilities. However, some of the Compliance Officers are fully independent.

**EFFECTIVENESS OF SUSPICIOUS ACTIVITY MONITORING AND REPORTING**

The assessment of this variable was based on the number and quality of STRs reported by the Finance Houses.

The variable is rated medium low with a score of 0.4 because of there is a low number of STRs submitted to the FIC. Therefore, there is the need for the Finance Houses to acquire appropriate AML monitoring software and also deepen AML/CFT awareness among staff including organising targeted training sessions.

**AVAILABILITY AND ACCESS TO BENEFICIAL OWNERSHIP INFORMATION**

The variable assessed the extent to the Finance Houses are able to identify information on beneficial ownership.

The AML/CFT regime and the relevant FATF Recommendations require AIs in general to seek adequate, accurate and timely information on the beneficial ownership and control of legal persons and arrangements. The Finance Houses just like other AIs in the OFI sector are being compelled to comply following the enactment of Companies (Amendment) Act, 2016 (Act 920). This is assigned a medium low rating with score of 0.4

**AVAILABILITY OF RELIABLE IDENTIFICATION INFRASTRUCTURE**

This variable is used to assess the extent to which the Finance Houses are able to perform customer identification and verification using reliable, independent source documents, data or information.
The variable is rated medium high with a score of 0.6 because the Finance Houses have the capacity and infrastructure to identify and verify the identity of their customers using the GVIVE platform among others.

**AVAILABILITY OF INDEPENDENT INFORMATION SOURCES**

This variable is used to assess the availability of independent and reliable sources of information in identifying customer transaction patterns.

The variable is rated medium with a score 0.5. This score is because information are available from independent sources like Government Ministries and State Institutions like the Ghana Immigration Service, DVLA, Passport Office and the Electoral Commission.

**REMITTANCE SERVICE PROVIDERS**

**COMPREHENSIVENESS OF AML LEGAL FRAMEWORK**

This control measure indicates the extent to which the laws and regulations of a jurisdiction contribute to the strength of anti-money laundering controls.

This variable is rated very high with a score of 0.8 because the institutions are aware of the existence of AML/CFT laws and their obligations under the laws. In fulfilment of the requirements under the BOG/FIC guidelines relating to AML/CFT, the institutions submit quarterly returns to the regulator.

**EFFECTIVENESS OF SUPERVISION/OVERSIGHT ACTIVITIES**

The control variable effectiveness of supervision/oversight activities measured the level and quality of supervision carried out by the AML/CFT staff of the Bank of Ghana.

This variable is rated high with a score of 0.7 because the regulator has a qualified and experienced team tasked for this work. The team organises periodic seminars to sensitize staff of the RSPs on emerging AML/CFT issues. The Office is made up of personnel with diverse professional backgrounds.

**AVAILABILITY AND ENFORCEMENT OF ADMINISTRATIVE SANCTIONS**

This control variable assessed the availability and application of administrative sanctions if there is a reported case of compliance breaches.

This variable is rated medium with a score of 0.5. This score is underpinned by the fact that provisions have been made in the Anti-Money Laundering Act, 2008 (Act 749) as amended. BOG has developed a Sanctions document which would be enforced in 2018.

The RSPs are generally aware of the consequences of non-compliance with the AML/CFT regime, internal AML/CFT rules and procedures, as well as findings and recommendations of AML/CFT examinations.

**AVAILABILITY AND ENFORCEMENT OF CRIMINAL SANCTIONS**

This control variable assessed the rate of enforcement of sanctions following the occurrence of a criminal act.

The variable is rated medium with a score of 0.5. This is based on the fact that section 39 (6) of the AML Act, 2008 (Act 749) as amended makes provisions for Criminal and Administrative Sanctions which are effective, proportionate and dissuasive.

**MARKET ENTRY**

This variable assessed the regulatory requirements for entry into the market as a Remittance Service Provider.

The variable is rated high with a score of 0.7. There are clearly defined requirements that have to be met in the establishment of a Remittance Service in Ghana. Provisions have been made for instance in the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930) and the Ghana Depository Protection Act, 2016 (Act 931) to protect the interest of customers (Bank of Ghana, 2017).

**INTEGRITY OF BUSINESS/INSTITUTION STAFF**

This variable assessed the level of honesty exhibited by the Remittance Service Providers in the performance of their duties.

The variable is rated high with a score of 0.7. The integrity of staff is rated high across the regulated categories of the OFI sector. The Finance Houses are able to detect money laundering schemes. Background checks including Police checks are conducted on management and staff before appointments.

**AML KNOWLEDGE OF BUSINESS/INSTITUTION STAFF**

This control variable assessed the depth of knowledge of AML Knowledge within the RSP sector.
The variable is rated high with a score of 0.7. The AML Knowledge among staff is high because the continuous training provided by the regulator and the quality of reports submitted by the operators to the regulator.

**EFFECTIVENESS OF COMPLIANCE FUNCTION**

The assessment of this variable was based on the quality of staff and support for the compliance function.

The variable is rated medium high with a score of 0.6 because the RSPs have a dedicated team of Compliance Officers who understand their responsibilities and have created enough awareness about issues concerning AML/CFT. These Compliance Officers have been mandated to ensure compliance with respect to AML/CFT laws and regulations.

**EFFECTIVENESS OF SUSPICIOUS ACTIVITY MONITORING AND REPORTING**

The assessment of this variable was based on the number and quality of STRs reported by the RSPs.

The variable is rated very low with a score of 0.2 because of the paucity of the STRs submitted to the FIC by the RSPs.

**AVAILABILITY AND ACCESS TO BENEFICIAL OWNERSHIP INFORMATION**

The variable assessed the extent to which the RSPs are able to identify information on beneficial ownership.

The AML/CFT regime and the relevant FATF Recommendations require AIs in general to seek adequate, accurate and timely information on the beneficial ownership and control of legal persons. The RSPs have begun to comply following the enactment of the Companies (Amendment) Act, 2016 (Act 920). As a result, the regulated sector is assigned a medium rating with a score of 0.5 for this control variable.

**AVAILABILITY OF INDEPENDENT INFORMATION SOURCES**

This variable is used to assess the availability of independent and reliable sources of information in identifying customer transaction patterns.

The variable is rated medium with a score of 0.5. This is because information is readily available from independent sources like Government Ministries and State Institutions like the Ghana Immigration Service, DVLA, Passport Office and the Electoral Commission.

**GHANA REVENUE AUTHORITY COMPREHENSIVENESS OF AML LEGAL FRAMEWORK**

This control measure indicates the extent to which the laws and regulations of a jurisdiction contribute to the strength of anti-money laundering controls.

This variable is rated medium with a score of 0.5. The AML/CFT Guidelines for the GRA is currently non-existent. The Ghana Revenue Authority (2011) has however issued Guidelines to regulate the volume of cash that persons travelling in or out of Ghana are permitted to carry. The Guideline stipulates that USD 10,000.00 or its equivalent in travellers cheque or any other monetary instrument can be conveyed by residents and non-resident persons when travelling. Amounts in excess of USD 10,000.00 must be transferred through a bank or authorized agent of the BOG.

**EFFECTIVENESS OF SUPERVISION/OVERSIGHT ACTIVITIES**

The control variable effectiveness of supervision/oversight activities measured the level and quality of supervision carried out by the AML/CFT staff of the Ghana Revenue Authority.

This variable is rated very low with a score of 0.2. Section 3 (1) (e) of AML (amendment) Act, 2014 (Act 874), empowers the FIC to coordinate with the GRA to ensure compliance by DNFBPs for AML/CFT purposes. It is however unclear when the GRA will commence its AML/CFT supervisory and regulatory functions.

**AVAILABILITY AND ENFORCEMENT OF ADMINISTRATIVE SANCTIONS**

This control variable assessed the availability and application of administrative sanctions if there is a reported case of compliance breaches.
This variable is rated very low with a score of 0.2 because the GRA has not commenced its supervisory duties as expected in Section 3 (1) (e) of AML (amendment) Act, 2014 (Act 874) hence administrative sanctions is non-existence.

**AVAILABILITY AND ENFORCEMENT OF CRIMINAL SANCTIONS**

This control variable assessed the rate of enforcement of sanctions following the occurrence of a criminal act.

The variable is rated medium with a score of 0.5. This is based on the fact that section 39(6) of the AML Act, 2008 (Act 749) as amended makes provisions for Criminal and Administrative Sanctions which are effective, proportionate and dissuasive.

**MARKET ENTRY**

This variable assessed the regulatory requirements for entry into the market as a DNFBP to be regulated by the GRA.

The variable is rated high with a score of 0.7. Registration of entities (DNFBPs) that are supposed to be supervised and regulated by the GRA lies in the hands of the Registrar Generals’ Department. The GRA collect information prior to establishment of legal entities for tax purposes. This information is in line with the various legislations on taxation in Ghana. For these reasons, a high rating has been assigned to all the regulated entities.

**INTEGRITY OF BUSINESS/INSTITUTION STAFF**

This variable assessed the level of honesty exhibited by the Ghana Revenue Authority in the performance of their duties.

The variable is rated high with a score of 0.7. The integrity of staff is rated high across the regulated categories of the OFI sector. The Ghana Revenue Authority makes use of information with regards to tax evasion which is a predicate offence of money laundering.

**AML KNOWLEDGE OF BUSINESS/INSTITUTION STAFF**

This control variable assessed the depth of knowledge of AML Knowledge within the GRA.

The variable is rated medium with a score of 0.5. The AML Knowledge among staff is high because the continuous training facilitated by the FIC.

**EFFECTIVENESS OF COMPLIANCE FUNCTION**

The assessment of this variable was based on the quality of staff and support for the compliance function.

The variable is rated low with a score of 0.3 because the GRA is not certain when it will start its AML/CFT supervisory and regulatory function.

**EFFECTIVENESS OF SUSPICIOUS ACTIVITY MONITORING AND REPORTING**

The assessment of this variable was based on the number and quality of STRs reported.

The variable is rated medium with a score of 0.5 because GRA does not have records of suspicious financial transactions of the DNFBPs. They however have information on individuals and organizations that have evaded taxes and perpetrated tax fraud. For these reasons, the NPRA and GRA have been assigned very low and medium rating respectively.

**AVAILABILITY AND ACCESS TO BENEFICIAL OWNERSHIP INFORMATION**

The variable assessed the extent to which the GRA is able to identify information on beneficial ownership.

The AML/CFT regime and the relevant FATF Recommendations require AIs in general to seek adequate, accurate and timely information on the beneficial ownership and control of legal persons. The DNFBPs which are regulated by the GRA have begun to comply following the enactment of the Companies (Amendment) Act, 2016 (Act 920). As a result, the regulated sector is assigned a medium rating with a score of 0.5 for this control variable.

**AVAILABILITY OF RELIABLE IDENTIFICATION INFRASTRUCTURE**

This variable is used to assess the extent to which the GRA supervises the DNFBPs to perform customer identification and verification using reliable, independent source documents, data or information.

The variable is rated medium high with a score of 0.6. The GRA conducts a thorough identity verification of the AIs they supervise.

**AVAILABILITY OF INDEPENDENT INFORMATION SOURCES**

This variable is used to assess the availability of independent and reliable sources of information in identifying customer transaction patterns.
The variable is rated medium with a score of 0.5. This score is because information is available from independent sources like Government Ministries and State Institutions like the Ghana Immigration Service, DVLA, Passport Office and the Electoral Commission.

**NATIONAL PENSIONS REGULATORY AUTHORITY**

**COMPREHENSIVENESS OF AML LEGAL FRAMEWORK**

This control measure indicates the extent to which the laws and regulations of a jurisdiction contribute to the strength of anti-money laundering controls.

This variable is rated medium with a score of 0.5. NPRA has issued several Guidelines including Guidelines for Fund Managers and other industry players which specify licensing criteria aimed at controlling market entry. There is however no specific Guidelines on AML/CFT for the management of pension funds.

**EFFECTIVENESS OF SUPERVISION/OVERSIGHT ACTIVITIES**

The control variable effectiveness of supervision/oversight activities measured the level and quality of supervision carried out by the AML/CFT staff of the NPRA.

This variable is rated medium low with a score of 0.4. The NPRA conducts both on-site and off-site audit of the activities the pension fund industry. The audit does not cover AML/CFT procedures. Supervision of Pension Fund Managers and other service provider for purposes of AML/CFT is non-existent.

**AVAILABILITY AND ENFORCEMENT OF ADMINISTRATIVE SANCTIONS**

This control variable assessed the availability and application of administrative sanctions if there is a reported case of compliance breaches.

This variable is rated very low with a score of 0.2. Supervision of the pension fund market by the NPRA covers the entire operations of the service providers with little emphasis on the need to comply with AML/CFT regulatory requirements. The NPRA is yet to apply any administrative sanction following the breach of the AML/CFT procedures by the entities that they regulate.

**AVAILABILITY AND ENFORCEMENT OF CRIMINAL SANCTIONS**

This control variable assessed the rate of enforcement of sanctions following the occurrence of a criminal act.

The variable is rated medium with a score of 0.5. This is based on the fact that section 39(6) of the AML Act, 2008 (Act 749) as amended makes provisions for Criminal and Administrative Sanctions which are effective, proportionate and dissuasive.

**MARKET ENTRY**

This variable assessed the regulatory requirements for entry into the pension fund market.

The variable is rated high with a score of 0.7. In Ghana there is a three-tier pension scheme in place. Employees in both the public and private sector contribute towards their pension benefits and entrust them with professional fund managers. These pension contributions and entry into the market are supervised by the NPRA. Entry into the pension fund market requires that the provisions in the Pension Act, 2008 (Act 766) and the National Pensions Amendment Act, 2014 (Act 883) are adhered to. These legislations aim at controlling entry and regulating the activities in the pension fund industry.

**INTEGRITY OF BUSINESS/INSTITUTION STAFF**

This variable assessed the level of honesty exhibited by the staff of the National Pensions Regulatory Authority in the performance of their duties.

The variable is rated high with a score of 0.7. The integrity of the service providers regulated by the NPRA is of significant measure.

**AML KNOWLEDGE OF BUSINESS/INSTITUTION STAFF**

This control variable assessed the depth of knowledge of AML Knowledge within the NPRA.

The variable is rated medium with a score of 0.5. The AML Knowledge among staff is quite significant because the periodic training facilitated by the FIC.

**EFFECTIVENESS OF COMPLIANCE FUNCTION**

The assessment of this variable was based on the quality of staff and support for the compliance function.

The variable is rated low with a score of 0.3. The NPRA signed an MOU with the FIC in 2013 to strengthen collaboration on AML/CFT matters. The NPRA is however yet to demonstrate any involvement in AML/CFT activities and therefore supervision for purposes of AML/CFT is non-existent.
EFFECTIVENESS OF SUSPICIOUS ACTIVITY MONITORING AND REPORTING

The assessment of this variable was based on the number and quality of STRs reported.

The variable is rated very low with a score of 0.2. There is a system in place to monitor the transaction of the service providers by the NPRA. Submission of STR to the FIC by the NPRA or any of the service providers are non-existence.

AVAILABILITY AND ACCESS TO BENEFICIAL OWNERSHIP INFORMATION

The variable assessed the extent to which the NPRA is able to identify information on beneficial ownership.

The AML/CFT regime and the relevant FATF Recommendations require AIs in general to seek adequate, accurate and timely information on the beneficial ownership and control of legal persons. The NPRA is assigned a medium rating with score of 0.5 for this control variable.

AVAILABILITY OF RELIABLE IDENTIFICATION INFRASTRUCTURE

This variable is used to assess the extent to which customer identification and verification using reliable, independent source documents, data or information is carried out.

The variable is rated medium high with a score of 0.6 because of the quality of identity verification carried out by the entities regulated by the NPRA.

AVAILABILITY OF INDEPENDENT INFORMATION SOURCES

This variable is used to assess the availability of independent and reliable sources of information in identifying customer transaction patterns.

The variable is rated medium with a score 0.5. This score is because information is available from independent sources like Government Ministries and State Institutions like the Ghana Immigration Service, DVLA, Passport Office and the Electoral Commission.

ANALYSIS OF INHERENT VULNERABILITY FACTORS

BUREAU DE CHANGE

Total Size/Volume

These BDCs purchased FOREX worth GH¢725.99million (USD172.85million) between January 2017 and August 2017. Within that same period, the volume of FOREX sold amounted to GH¢735.45million (USD175.10million). Considering the number of operators and the volume of transactions within the sector, a medium high rating has been assigned to the BDCs.

Client Base Profile

The services of the BDCs are patronised by all manner of customers including PEPs and non-resident customers. Travellers are however in the majority as a result the BDCs have been assigned a high rating for this indicator.

Use of Agents

The BDCs do not rely on any other body for the purpose of purchase or sale of foreign currencies. Transactions are solely in the hands of the operators of the BDCs, for this reason the sector has been assigned a low vulnerability rating.

Level of cash activity

The transactions in the BDC market is driven by cash as a result they have been assigned a high rating for this indicator.

Frequency of International Transactions

The BDCs operations are domestic in nature but heavily patronised by travellers, consequently, a medium high rating has been assigned to this indicator.

Anonymous use of the product

The BDCs are highly vulnerable to ML/TF primarily because CDD is not effective. Anonymity is not available.

Difficulty in tracing the transaction records

The BDCs have a good transaction monitoring system in place. Transactions are recorded easily.

Existence of ML typologies within the BDC

According to the Financial Intelligence Centre (2017) the underlying crimes for ML include fraud, tax evasion and forgery. The use of these ML typologies exists in the BDC industry.

Use of the OFI category in fraud or tax evasion schemes

The BDCs remain vulnerable to the threat of ML because of the occurrence of fraud and tax evasion. Fraudulent practices exist in this sector.
Non-face-to-face use of the product

The identities of customers undergo verification during onboarding. Non-face-to-face transaction is available but limited because the identities of some customers are not verified at the onboarding stage.

Transaction Monitoring and Identification of Suspicious Transactions

The BDCs also have a good transaction monitoring system in place. This has not been effective as the BDCs have not been able to report any suspicious transaction to the FIC for analysis. For these reasons, the BDCs have been assigned a medium rating for this indicator.

Indicators of potential ML activities/conduct (for example, the number of cases involving the sector, the number of STRs reported on the industry)

The BDCs lack the capacity to identify unusual transactions as a result are yet to produce any STR to the FIC for analysis. Consequently, the BDCs have been assigned a medium high rating for this indicator.

Mutual Evaluation Report (Reference to vulnerability and risk of ML)

The application of CDD procedures is generally weak in this sector. Some BDCs for instance do not carry out any identity verification exercise before any transaction. The BDCs capacity to meet their reporting obligation has also become limited and the sector is a good avenue for criminals to potentially launder their illicit funds. Based on the above statements, the indicator is rated as medium high.

ELECTRONIC MONEY ISSUERS & AGENTS

Total Size/Volume

Statistics from BOG indicate that total value of Mobile Money transactions amounted to GH¢78,508.90 million (USD 18,691.71 million) in 2016 representing a 121.5% growth over the 2015 position. Interest was also paid to holders of E-Money wallets for the first time in 2016 (Bank of Ghana, 2017). The payment was primarily due to the significant volume of transactions in 2016. The interest figure according to Bank of Ghana (2017) was GH¢24.8 million (USD5.90 million). The sector is also rated high based on the volume of transactions. The size of the EMI is therefore rated as medium.

Client Base Profile

The services in this sector are opened to anyone in the Ghanaian economy. Non-Resident persons and PEPs are part of the subscribers of the products and services offered by the EMIs. They are however of limited number hence a medium rating has been assigned to the EMIs for this indicator.

Use of Agents

Agents form an integral part of the EMI sector. These agents serve as vendors for E-Money and as at the end of December 2016 one hundred and seven thousand, four hundred and fifteen (107,415) were actively operating. The due diligence process prior to the commencement of a transaction is effective, hence the sector has been assigned a medium rating for this variable.

Level of cash activity

The transactions in the EMIs are facilitated with cash as a result they have been assigned a high rating for this indicator.

Frequency of International Transactions

Transactions are predominantly local among the subscribers of the four MNOs. There are few international transactions which are inward in character. The EMI sector is hence rated low for this indicator.

Anonymous use of the product

KYC is performed by the EMIs before the commencement of any transaction hence anonymity is not available.

Difficulty in tracing the transaction records

The EMIs have a good transaction monitoring system in place. Transactions are very easy to trace.

Existence of ML typologies within the EMIs

According to the Financial Intelligence Centre (2017) the underlying crimes for ML include fraud, impersonation, theft, forgery and robbery. The use of these ML typologies exist in the EMI sector but not that significant compared with the unregulated market.
Use of the EMIs category for fraud or tax evasion schemes

The EMIs remain vulnerable to the threat of ML because of the occurrence of fraud. Fraudulent practices exist in the industry.

Non-face-to-face use of the product

The effectiveness of CDD procedure prior to the commencement of any transaction among the EMIs makes non-face-to-face transaction almost impossible. The identities of customers undergo verification prior to onboarding. Non-face-to-face transaction is not available.

Transaction Monitoring and Identification of Suspicious Transactions

Transactions are monitored quite well by the MNOs but suspicious transactions are not reported to the FIC. The EMIs are thus rated medium for this indicator.

Indicators of potential ML activities/ conduct (for example, the number of cases involving the sector, the number of STRs reported on the industry)

The EMIs are required to file STRs to the FIC. However, the number of STRs submitted to the FIC is very low. This variable is rated medium high.

Mutual Evaluation Report (Reference to vulnerability and risk of ML)

The Inter-Governmental Action Group against Money Laundering in West Africa (2017) reported that there is no limit to the number of SIM-cards an individual can acquire and use in Ghana. This can lead to abuse and the perpetration of fraud. The largest telecommunications network in Ghana, MTN in its AML/CFT report for 2014 also revealed that cases of fraud and cases of use of multiple SIM were up by 20% and 60% respectively. The above suggests that the EMI sector is vulnerable to the risk of ML hence this variable rated medium high.

FINANCE HOUSE

Total Size/Volume

The turnover which is the amount of revenue generated by the Finance Houses is mainly from interest, fees, commissions, deposits as well as loans and advances. Deposit within the Finance House sector stood at GH¢1,979.50million (USD471.29million) at the end of 2016. The total investments as well as loans and advances on the other hand were GH¢4911.11million (USD216.92million) and GH¢1,490.93million (USD354.97million) respectively. The turnover for this sector is hence estimated to be GH¢4,422.54million (USD1,00.60million). The estimated figure represents 34.38% of the gross figure for all the NBFI. Consequently, the sector is rated as medium for this indicator.

Client Base Profile

The services of the Finance Houses are patronised by all manner of customers including PEPs and non-resident customers. These PEPs and non-resident persons are however in the minority. As a result the sector is rated low for this indicator.

Use of Agents

The universal banks act as agents on behalf of the Finance Houses especially in international trade deals. An effective due diligence procedure is carried out before the execution of the transaction. A medium low risk has been assigned to the Finance House for this vulnerability variable.

Level of cash activity

Transactions in the Finance Houses involve a mix of cash, cheques and bank transfers but cash is largely used. In view of this situation, the Finance Houses have been assigned a medium high rating for this indicator.

Frequency of International Transactions

International transactions such as the establishment of letters of credit and international funds transfer initiated by the Finance Houses are actually executed by the universal banks for and on behalf of these Finance Houses. The sector is assigned a low rating based on the forgoing.

Anonymous use of the product

Adequate CDD is conducted prior to the commencement of any transaction in the Finance House category. Customers are also required to disclose their identity for verification for every transaction hence anonymity is not available.

Difficulty in tracing the transaction records

The Finance Houses have record keeping systems including backups. Transactions are easy to trace.
Existence of ML typologies within the Finance House

According to the Financial Intelligence Centre (2017) the underlying crimes for ML include fraud, tax evasion, impersonation, forgery and theft. The use of these ML typologies exists in the Finance House category.

Use of the OFI category in fraud or tax evasion schemes

The OFIs remain vulnerable to the threat of ML because of the occurrence of fraud and tax evasion. Fraudulent practices exist in both the regulated and unregulated industry.

Non-face-to-face use of the product

The effectiveness of CDD procedure prior to the commencement of any transaction among the AIs in the regulated category makes non-face-to-face transaction almost impossible. The identities of customers undergo verification prior to on boarding. Non-face-to-face transaction is available but limited in the regulated market.

Transaction Monitoring and Identification of Suspicious Transactions

Some Finance Houses have software to monitor transactions. The software helps in the discharge of their reporting obligations to BOG and FIC in particular. The only weakness is their ability to detect and report unusual and suspicious transactions. The Finance Houses are hence rated medium high for this indicator.

Indicators of potential ML activities/conduct (for example, the number of cases involving the sector, the number of STRs reported on the industry)

STRs filed by the AMLROs of the Finance Houses in Ghana are low. Consequently, the Finance Houses have been assigned a medium high rating for this indicator.

Mutual Evaluation Report (Reference to vulnerability and risk of ML)

SDIs which includes Finance Houses understanding of their AML/CFT reporting obligations is inadequate. This has affected the number and quality of STRs in particular that they have submitted to the FIC. This indicator which makes reference to the vulnerability and risk of ML was rated as medium high for the Finance Houses.

REMITTANCE SERVICE PROVIDERS

Total Size/Volume

The asset base of the RSPs at the end of December 2016 was GH¢298.77million (USD71.13million). This figure represents 3.125% of the total assets of the NBFI sector (Bank of Ghana, 2017). The estimated volume of transactions as at the end of December 2016 was GH¢6.02billion (USD1.43billion). This figure is huge relative to the size of the total assets of the sector. For this reason a high risk rating has been assigned to the RSPs for this vulnerability variable.

Client Base Profile

Ghanaians dominate the patronage of the services rendered by the RSPs in Ghana. Non-Resident persons also benefit from the services provided in this sector, hence a medium rating for this indicator.

Use of Agents

The two RSPs act as a legal conduit for the receipt of funds remitted from different parts of the world. The RSPs do not rely on any other agency for the execution of this function. The sector is assigned a low rating for this vulnerability indicator.

Level of cash activity

The transactions in the RSP market is driven by cash as a result they have been assigned a high rating for this indicator.

Frequency of International Transactions

The remittance services offered are inward nature. The RSPs have been assigned a medium high rating for this indicator because non-resident persons are actively involved in these remittance transactions.

Anonymous use of the product

There is effective CDD prior to the commencement of any transaction. Customers are also required to disclose their identity for verification for every transaction hence anonymity is not available.

Difficulty in tracing the transaction records

The RSPs have a good transaction monitoring system in place. Transactions are very easy to trace.
Existence of ML typologies within the RSPs

According to the Financial Intelligence Centre (2017) the underlying crimes for ML include fraud, tax evasion, forgery and robbery. The use of these ML typologies exists in the RSP category.

Use of the OFI category in fraud or tax evasion schemes

The OFIs remain vulnerable to the threat of ML because of the occurrence of fraud and tax evasion. Fraudulent practices exist in the Finance House.

Non-face-to-face use of the product

The effectiveness of CDD procedure prior to the commencement of any transaction among the AIs in the regulated category makes non-face-to-face transaction almost impossible. The identities of customers undergo verification during onboarding. Non-face-to-face transaction is available but limited in the regulated market.

Transaction Monitoring and Identification of Suspicious Transactions

The RSPs have in place a good transaction monitoring mechanism. This has however not been effective as the RSPs do not frequently report suspicious financial transaction to the FIC for analysis. For these reasons, the RSPs have been assigned a medium high rating for this control indicator.

The RSPs have also not procured the relevant software to assist them in the identification of suspicious transactions. Consequently, the RSPs have been assigned a medium high rating for this indicator.

Mutual Evaluation Report (Reference to vulnerability and risk of ML)

The Remittance Service Providers are among the key sectors of the Ghanaian economy exposed to ML/TF risk. The 2016 NRA on AML/CFT rated the sector’s exposure to ML/TF risk as medium. This rating has also been captured in the draft mutual evaluation report of GIABA.

GHANA REVENUE AUTHORITY

Total Size/Volume

Statistics from the Ministry of Finance suggests that the GRA grossed GH¢22.17billion (USD5.84billion) and GH¢25.73billion (USD6.13billion) in taxes for the Government of Ghana in 2015 and 2016 respectively. The GRA is therefore assigned a high rating.

Client Base Profile

The GRA has supervisory power over many high risk businesses. These businesses include the casinos, car dealers, real estate and the NPOs. The rating for the GRA for this indicator is thus high.

Use of Agents

The regulatory body is assigned a low vulnerability rating primarily because the entities they regulate rarely rely on third parties or agents in the execution of any transaction.

Level of cash activity

The services and transactions of the DNFBP sector that the GRA is expected to supervise is cash intensive. A medium rating is assigned as a result of the nature of the products and transactions of the AIs they supervise.

Frequency of International Transactions

There are several international transactions among the entities that are expected to be regulated by the GRA. There is however no AML/CFT Guideline to regulate such international transactions. A high rating is consequently assigned to the GRA for this indicator.

Anonymous use of the product

There is effective CDD prior to the commencement of any transaction among the AIs. Customers are also required to disclose their identity for verification for every transaction hence anonymity is not available.

Difficulty in tracing the transaction records

The GRA does not have records of STRs. They however have information on individuals and organisations that have evaded taxes and perpetrated tax fraud. With the cooperation of the FIC, the GRA has been able to recover some of these tax revenues. Transactions are very easy to trace.

Existence of ML typologies within the Ghana Revenue Authority

The Financial Intelligence Centre reports that underlying crimes for ML include fraud, tax evasion, smuggling and forgery. The use of these ML typologies exists in the GRA.
**Use of the OFI category in fraud or tax evasion schemes**

There is collaboration between the FIC and GRA in the fight against tax evasion as a predicate offence. The GRA remain vulnerable to the threat of ML because of the occurrence of fraud and tax evasion. Fraudulent practices exist in this OFI category.

**Non-face-to-face use of the product**

The effectiveness of CDD procedure prior to the commencement of any transaction among the AIs in the regulated category makes non-face-to-face transaction almost impossible. Non-face-to-face transaction is available but limited in the regulated market.

**Transaction Monitoring and Identification of Suspicious Transactions**

The GRA does not have records of suspicious financial transactions of the DNFBPs. They however have information on individuals and organisations that have evaded taxes and perpetrated tax fraud. With the cooperation of the FIC, the GRA has been able to recover some of these tax revenues. For these reasons, the GRA have been assigned a medium high rating.

Indicators of potential ML activities/ conduct (for example, the number of cases involving the sector, the number of STRs reported on the industry)

The GRA also has no record of suspicious transactions that may have occurred among the DNFBPs that it has supervisory power over. For this reason, a medium high rating is assigned for this indicator.

**Mutual Evaluation Report (Reference to vulnerability and risk of ML)**

The FIC and GRA had undertaken a visit to the Nigerian Special Control Unit against Money Laundering (SCUML) to understudy its operations. The visit was aimed at understanding how to supervise and regulate the DNFBPs since the GRA by law have oversight responsibility over the DNFBPs. The GRA is however not certain when it will start its AML/CFT supervisory and regulatory duties. The GRA is yet to commence its supervisory function in AML/CFT, hence rated highly vulnerable under this indicator.
Anonymous use of the product

There is effective CDD prior to the commencement of any transaction among the AIs in the NPRA category. Customers are also required to disclose their identity for verification for every transaction hence anonymity is not available.

Difficulty in tracing the transaction records

The NPRA has an efficient system in place that aids in the monitoring of transaction of the service providers. Transactions are very easy to trace.

Existence of ML typologies on the abuse

According to the Financial Intelligence Centre (2017) the underlying crimes for ML include fraud, tax evasion and forgery. The use of these ML typologies exists in the NPRA.

Use of the OFI category in fraud or tax evasion schemes

The OFIs remain vulnerable to the threat of ML because of the occurrence of fraud and tax evasion. Fraudulent practices exist in this category.

Non-face-to-face use of the product

The effectiveness of CDD procedure prior to the commencement of any transaction among the AIs in this category makes non-face-to-face transaction almost impossible. The identities of customers undergo verification during the onboarding. Non-face-to-face transaction is available but limited.

Transaction Monitoring and Identification of Suspicious Transactions

There is a system in place to monitor the transaction of the service providers by the NPRA. Submission of STR to the FIC by the NPRA or any the service providers are non-existence. For these reasons, the NPRA has been assigned a medium rating.

Indicators of potential ML activities/conduct (for example, the number of cases involving the sector, the number of STRs reported on the industry)

There is no record of STR filed by the NPRA or any of its allied service providers to the FIC. For this reason, a medium high rating is assigned for this indicator.

Mutual Evaluation Report (Reference to vulnerability and risk of ML)

The statutory body signed an MOU with the FIC in 2013 to strengthen collaboration on AML/CFT matters. The NPRA is however yet to demonstrate any involvement in AML/CFT activities and therefore supervision of Pension Fund Managers and other industry operators for purposes of AML/CFT is non-existent. The information indicator is hence rated as high.

UNREGULATED MARKET

Total Size/Volume

There is no reliable statistical data for the size of the Black Market and Underground Remittance Service in Ghana. Media reports however suggest that economic activity in this sector is high relative to the size of the Ghanaian economy and it is dominated by the activities of artisanal miners from China. The sector is hence rated high.

Client Base Profile

The unregulated sector has both been assigned a very high rating for this indicator because non-resident persons utilizes the services offered by the industry players.

Use of Agents

The unregulated sector has been assigned a high rating for this indicator because the middlemen that offer these services are not licensed.

Level of cash activity

The unregulated category is rated high for this indicator precisely because the transactions are always cash in nature.

Frequency of International Transactions

The Black Market and Underground Remittance is patronized by resident and non-resident persons for international transactions. The sectors have been rated high for this indicator.

Anonymous use of the product

Transactions in this sector are shrouded in secrecy and the identities of the customers are hidden. Anonymity is hence available.

Difficulty in tracing the transaction records

There are no transaction limits and official records for these transactions are unavailable. The rating is records not available.
Existence of ML typologies in the unregulated market

According to the Financial Intelligence Centre (2017) the underlying crimes for ML include fraud, tax evasion, smuggling, forgery and robbery. The use of these ML typologies exists and significant in the unregulated market.

Use of the OFI category in fraud or tax evasion schemes

The OFIs remain vulnerable to the threat of ML because of the occurrence of fraud and tax evasion. Fraudulent practices exist and significant in the unregulated industry.

Non-face-to-face use of the product

This practice is available and prominent in the unregulated market.

Transaction Monitoring and Identification of Suspicious Transactions

The Black Market and Underground Remittance Service operators have been assigned a high rating for this control indicator because transactions are neither monitored nor reported.

Indicators of potential ML activities/conduct (for example, the number of cases involving the sector, the number of STRs reported on the industry)

The unregulated sector has been assigned a high rating for this indicator because the sector is fraught with unusual or suspicious transactions according to media reports.

Mutual Evaluation Report (Reference to vulnerability and risk of ML)

The unregulated sector is also rated as highly vulnerable to the risk of ML since there are no credible reports for the sector.

SUMMARY OF FINDINGS

The overall OFI sector vulnerability was rated medium high with a score of 0.66. This was primarily due to the very high vulnerability to the occurrence of ML in the unregulated sector and the general lack of controls.

In arriving at the sector vulnerability, data was collected from the FIC, BOG, MOF, NPRA and AIs within the OFI sector. Questionnaires were also administered to targeted AIs and there was review of journals, publications and annual reports of some regulators. Public information including previous Mutual Evaluation Report of Ghana, AML/CFT legislations and regulations as well as relevant media publications was utilized.

Types of OFIs authorized to conduct business in Ghana and their vulnerability to ML

<table>
<thead>
<tr>
<th>Type of OFI</th>
<th>Inherent Vulnerability to ML Rating</th>
<th>Inherent Vulnerability Score</th>
<th>Final Vulnerability to ML Rating</th>
<th>Final Vulnerability Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance House</td>
<td>Medium Low</td>
<td>0.40</td>
<td>Medium Low</td>
<td>0.40</td>
</tr>
<tr>
<td>EMIs and Agents</td>
<td>Medium</td>
<td>0.53</td>
<td>Medium</td>
<td>0.52</td>
</tr>
<tr>
<td>RISP</td>
<td>Medium High</td>
<td>0.67</td>
<td>Medium</td>
<td>0.59</td>
</tr>
<tr>
<td>BDC</td>
<td>Medium High</td>
<td>0.68</td>
<td>Medium High</td>
<td>0.63</td>
</tr>
<tr>
<td>GRA</td>
<td>Medium High</td>
<td>0.73</td>
<td>Medium High</td>
<td>0.68</td>
</tr>
<tr>
<td>NPRRA</td>
<td>Medium</td>
<td>0.50</td>
<td>Medium</td>
<td>0.50</td>
</tr>
<tr>
<td>Black Market</td>
<td>High</td>
<td>0.96</td>
<td>High</td>
<td>0.96</td>
</tr>
<tr>
<td>Underground Remittance</td>
<td>High</td>
<td>0.96</td>
<td>High</td>
<td>0.96</td>
</tr>
<tr>
<td>Overall Rating</td>
<td>Medium High</td>
<td>0.68</td>
<td>Medium High</td>
<td>0.66</td>
</tr>
</tbody>
</table>

RECOMMENDATIONS

The FIC and other supervisory bodies like BOG should take measures to ensure greater participation in the risk assessment process by the AIs and continue to ensure coordinated participation in the development of a uniform risk assessment methodology.

The OFIs should acquire appropriate software to help in the identification of complex ML methods that may have been adopted by certain individuals and organisations.

Regular training aimed at broadening the understanding of ML/TF risks for the players in the OFI sector and in particular the BDC sub-sector is recommended. Such fora would aid in the development of mitigation measures for the identified risks.
The FIC and BoG should implement policies and procedures that will facilitate the easy identification of unusual transactions. This policy will ultimately ensure an improvement in the volume and quality of STRs that is normally submitted by the OFIs.

Substantial additional resources should be made available for AML/CFT supervision. Resource augmentation would be useful in addressing the current gaps in the AML/CFT function.

Given the level of understanding within the OFI sector in dealing with trust and legal arrangements, the FIC and BoG should consider ways to improve guidance to the AIs on the conduct of CDD on persons who may act as professional trustees of foreign trusts.

Data should be gathered for the unregulated sector because the individuals and businesses that participate in the underground economy not only contribute to lowering tax revenue but also contribute adversely to the quality of statistics for tax evasion which is a predicate offence of ML.

It is also recommended amongst others that the BOG and the FIC carry out studies on Black Market and Underground Remittance to determine the extent to which they have impacted adversely on the Ghanaian economy especially in the area of ML/TF.
INTRODUCTION

This assessment is focused on designated businesses and professions and their susceptibility to money laundering and terrorist financing risks.

Data from the Statistical Service of Ghana indicate that DNFBPs form about 9.4% of the country’s Gross Domestic Product (GDP). In Ghana, the NPO sector is categorized under the DNFBP sector and also controls about 5% of the country’s GDP. The sector contributes substantially to the tax revenue of the country as sector players are found across the various regions in Ghana.

This study concluded that the DNFBP sector may be vulnerable to Money Laundering/Terrorist Financing (ML/TF) largely due to the lack of regulations and guidelines addressing AML/CFT concerns in the sector. That notwithstanding, a number of DNFBPs have specific laws in relation to their professional licensing and operations, though these laws do not contain express provisions on AML/CFT measures.

The Anti-Money Laundering Act, 2008 (Act 749) as amended requires DNFBPs to implement internal AML/CFT controls, policies and procedures, submit returns in the form of Cash Transaction Reports (CTRs) and also file Suspicious Transaction Reports (STRs) to the Financial Intelligence Centre (FIC). Compliance with the provision of the Act has not been effective due to the absence of a centralized supervisory authority to oversee the activities of the DNFBP sector. The amendment to the AML Act, Act 874, which provides for the FIC to collaborate with the Ghana Revenue Authority (GRA) has resulted in the establishment an AML Unit within the GRA. This Unit has been designated as the competent authority to supervise and monitor the activities of the DNFBP sector and create awareness among sector players.

The risks related to the sector lie in the potential misuse for ML/TF activities. The weak legal and regulatory framework of the sector exposes it to risks of money laundering and terrorism financing. For instance, due to the lack of industry guidelines to ensure that DNFBPs conduct “Know Your Customer” (KYC) and “Customer Due Diligence” (CDD) procedures before transacting business with their clients, the sources of funds involved in such transactions are invariably not disclosed. Thus, without adequate KYC/CDD measures in place, criminals may be attracted to the DNFBP sector to perpetrate their illicit activities.

The customer due diligence and record-keeping requirements set out in Recommendations 5, 6, and 8 to 11 apply to designated non-financial businesses and professions in the following situations:

- Casinos - when customers engage in financial transactions equal to or above the applicable designated threshold.
- Real estate agents - when they are involved in transactions for client concerning the buying and selling of real estate.
- Dealers in precious metals and dealers in precious stones - when they engage in any cash transaction with a customer equal to or above the applicable designated threshold.

Lawyers, notaries, other independent legal professionals and accountants when carrying out transactions for clients concerning the following activities:

- Buying and selling of real estate;
- Managing of client money, securities or other assets;
- Management of bank, savings or securities accounts;
- Organisation of contributions for the creation, operation or management of companies;
- Creation, operation or management of legal persons or arrangements, and buying and selling of business entities.

Despite the recommendations set forth by the international standard setters on appropriate measures to be put in place for the DNFBP sector, it was observed from the study that some specific sector players did not conduct adequate due diligence on clients, keep records for at least five years and did not question the sources of funds.
Some of the DNFBPs, specifically the gate keepers like the accounting, legal and notary firms operate under well-organised supervisory bodies. Although the accounting profession has incorporated provisions of AML/CFT in their Code of Ethics (Quality Assurance), the legal profession is yet to expressly include provisions on AML/CFT in its operations. A number of sensitization programmes have been carried out by players within the sector to increase awareness on ML/TF.

DNFBPs are described in Section 21 of the Anti-Money Laundering Act, 2008 (Act749), as amended, as “Accountable Institutions” operating in the following sectors of Ghana:

- Real Estate Agencies
- Operators of games of chance (casinos)
- Dealers in Precious Metals
- Accountants
- Lawyers
- Notaries
- Car dealers
- Non-Profit Organisations
- Trust and Company Service Providers
- Remittance of Exchange of Funds

DNFBPs contribute significantly to the economy of Ghana and are found in both formal and informal sectors of the economy. The sector can be grouped in the following categories:

**Gatekeepers – Accountants, Lawyers, Notaries.**

**Formal–Large Scale Gold Dealers, Gaming Commission, Precious Minerals Dealers.**

**Informal–Real Estate Agencies, Car Dealers, Non-profit Organisations.**

Below are the main traits of DNFBPs in Ghana:

- **Record keeping is minimal.**
- **The sector is partially regulated.**

**SUPERVISORY BODY FOR THE DNFBP SECTOR**

In compliance with the provisions of the Act, Ghana Revenue Authority (GRA) has been designated as the competent authority to supervise, monitor and ensure compliance of the DNFBP sector on AML/CFT.

Subsequently, the GRA has established a special unit under the Office of the Commissioner General with the mandate to liaise with compliance officers at the various tax offices to monitor, control and supervise the activities of the DNFBPs. The Unit, among other things, is expected to ensure that the sector is compliant with AML/CFT. Additionally, to widen the tax net, the Unit will enrol all businesses within the sector onto the tax database and will ensure that appropriate taxes are paid.

The Unit is also to register and sensitize DNFBPs on AML/CFT measures by collaborating with Self-Regulatory Bodies and Associations within the DNFBP sector and also to conduct onsite inspections on the activities of targeted DNFBPs.

**LEGAL FRAMEWORK**

Section 79 (1) of the Revenue Administration Act 2016, (Act 915) provides that “a person who is required to register under a tax law and who fails to register commits an offence and is liable on summary conviction to:

- Pay the tax payable under the tax law
- Pay a fine of not more than two times the amount of tax payable or an amount of one thousand penalty units, whichever is higher.

In addition to the above penalties the Commissioner General may authorise the forfeiture of any goods or materials used by the person in carrying on the business.

Again, section 6 (e) of the of AML Act, 2008, (Act 749) as amended requires that the Financial Intelligence Centre (FIC) coordinates with the Ghana Revenue Authority to ensure compliance of this Act by Designated Non-Financial Businesses and Professions (DNFBPs).

**FUNCTIONS AND RESPONSIBILITIES OF GRA AML/CFT UNIT**

The Unit is to undertake the following activities;

1. Register and issue certificates to all DNFBPs - certificates are expected to be renewed on annual basis.
2. Monitor and inspect the activities of DNFBPs on a risk based-approach in order to utilize the limited resources of sector players.
3. Ensure that DNFBPs submit mandatory returns to competent authorities.
4. Liaise with FIC to develop AML/CFT guidelines for specific DNFBP sectors.

5. Create a database on all players within the DNFBP sector by using the Tax Revenue Integrated Processing System (TRIPS), a computerised platform where tax returns, tax payments and other transactions are recorded and regularly updated.

6. Collaborate with relevant stakeholders to sensitize the DNFBPs sector on their AML/CFT obligations.

7. Collaborate with sector players to agree on benefits for joining the membership so as to elicit voluntary compliance.

8. Liaise with Compliance, Enforcement and Debt Management Units (CEDM) at various Tax Offices nationwide in order to identify DNFBPs and register them accordingly and monitor their activities.

9. Submit monthly returns on cash transactions received from the DNFBP sector to the FIC.

10. Analyse cash transactions on DNFBPs and escalate transactions that appear suspicious to the FIC.

**OPERATIONAL GUIDELINE**

- The Unit is expected to receive returns in the form of Cash Transaction Reports (CTRs) from the DNFBP sector.

- The Unit is to submit weekly reports to the Financial Intelligence Centre (FIC) on the number of CTRs received and indicate the reporting DNFBP sectors.

- The CTRs are to be reviewed by the Unit to identify suspicious activities/transactions and same forwarded to the Financial Intelligence Centre for further action.

- DNFBPs are to file Suspicious Transaction Reports directly to the FIC.

- The Unit in collaboration with the FIC is to set sector specific thresholds for the DNFBP sector for reporting purposes.

- The Unit is to direct DNFBPs to file nil returns if they do not have any transactional records to submit at the end of the reporting period. The nil returns would enable the Unit to probe further into the activities of the sector. This would likely support tactical and strategic trend analysis and enable risk profiling of sector players.

  - The Unit is expected to form an Advisory Council which would comprise representatives from the various DNFBP sectors. The Council is to enable the flow of communication between the Unit and the entire DNFBP sector.

  - Officers at the AML Unit would be expected to attend Annual General Meetings of the DNFBP sectors and use the platform to create awareness on their compliance and reporting obligations.

  - The Unit is to sensitize DNFBP sector through the use of jingles on televisions, print media, annual reports and other forms of publications.

**ML threat rated Medium**

**ACCOUNTANTS:**

The Institute of Chartered Accountants, Ghana (ICAG) is a professional body established under the Institute of Chartered Accountants Act 1963, (Act 170). As at December 2017, the institute had registered a membership of 5,400 professional accountants and 292 firms licensed to practice accountancy, auditing and other related services.

The functions of the Institute as provided in Act 170 include the provision and maintenance of a library of books related to accountancy, encouraging research in accountancy, supervising and regulating the engagement, training of accountants as well as sanctioning unprofessional conduct of members. The Act states that ‘a person cannot operate an accounting or auditing firm/service unless the person is a qualified and certified member of the ICAG and has been licensed to practice.

There are however no express provisions in the Institute of Chartered Accountants Act specifying responsibilities for supervision, compliance monitoring and enforcement of AML/CFT obligations nor AML/CFT guidelines to regulate the operations of professional accountants. However, the institute has the power to sanction members in the form of warning letters, fines and the withdrawal of licenses. Accountants are also to comply with provisions of the AML Act.

In addition, professional accountants are required to comply with the International Standards on Quality Control (ISQC1) and the International Ethics
NOCLAR is defined as any act of omission or commission, intentional or unintentional, committed by a client or employer, including management or others, working for or under the direction of the client or employer, contrary to the existing rules and regulations. The penalties under NOCLAR are those that directly affect the client’s financial statements or the organization’s business in a material or fundamental way. Examples of the range of rules and regulations covered under NOCLAR include those that address: Fraud, Corruption, Terrorist Financing, Financial Products, Proceeds of Crime, Financial Services, Securities Markets, Data Protection, Environmental Protection, Securities Trading, Tax and Pension Liabilities, Public Health and Safety, Bribery and Money Laundering. The NOCLAR has largely made provisions for some predicate offences of money laundering and terrorist financing.

Professional accountants’ compliance with the NOCLAR is an international ethics standard requirement for auditors and other Professional Accountants (PAs). It sets out a first-of-its-kind framework to guide PAs in what actions to take in the public interest when they become aware of a potential illegal act, known as Non-Compliance with rules and regulations, or NOCLAR, committed by a client or employer. This standard enjoins auditors to report instances of non-compliance with laws and regulations including fraud to appropriate bodies.

The standard stimulates greater accountability among organizations, help protect stakeholders and the general public from substantial harm resulting from violation of laws and regulations, and strengthen the reputation of the profession. The NOCLAR is the first document to permit accountants to set aside the duty of confidentiality under the Code and to disclose violations to appropriate public authorities in certain circumstances. The standard positions the accountancy profession to play a greater role in the global fight against financial crimes, such as financial fraud, money laundering and corruption. The standard includes a clear pathway to the disclosure of NOCLAR to appropriate public authorities in certain circumstances. This standard effectively deals with some aspects of AML/CFT infractions.

The Institute of Chartered Accountants (Ghana) has established a department – Quality Assurance Monitoring (QAM) Unit – whose functions, among others is to ensure that practicing firms comply with the requirements of the ISAs and ISQC1. The Unit ensures that the firms provide quality service to their clients, by assessing the documentations, processes, procedures, reports and conclusions arrived at. With the coming into effect of NOCLAR, the Unit would require that all issues that come under NOCLAR are properly addressed and disclosed or reported as required by law.

The Institute has carried out a number of training programmes to educate practitioners on the requirements of AML/CFT, and processes to go through when they identify or suspect any instances of breach of law or regulations. This has been in the form of Continuous Professional Development (CPDs) and training workshops. The Institute collaborated with the Financial Intelligence Centre (FIC) to facilitate the trainings on AML/CFT. As at December 2017, one hundred and seventy-eight (178) practicing accountants had been trained on AML/CFT.

Thus, the supervisory activities of the ICAG concerning enforcement of compliance with AML/CFT measures in line with international standards has been enhanced by the adoption of NOCLAR, and the establishment of the Quality Assurance Monitoring (QAM) Unit. The training of the practitioners, mostly the small and medium practitioners (SMPs), has enhanced their capacity to deal with ML/TF issues. The large accountancy firms in the country by virtue of their international affiliations, largely comply with international best practice as far as AML/CFT is concerned.
the opening of bank accounts without conducting any form of due diligence.

Generally, the accountants were of the view that conducting continuous KYC/CDD on existing clients was a challenge due to the continuous relationship with their clients. The issue of client confidentiality versus the obligation to report suspicious transactions remains a challenge to the accounting profession.

**ML threat rated Medium**

**LAWYERS:**

Lawyers in Ghana are regulated by the General Legal Council, a national body that organizes legal education and governs standards of professional conduct. The laws applicable to the Council’s mandate are the Legal Profession Act, 1960 (Act 32) and the Legal Profession (Professional Conduct and Etiquette) Rules, 1969 (L.I 613).

The Ghana Bar Association is also a professional organization of lawyers in Ghana, membership of which is mandatory. The Association operates at the national and regional levels. As at December 2017, there were approximately 2600 lawyers on the Roll of lawyers in Ghana.

The main functions of GBA are to maintain the honour, independence and integrity of the legal profession and to ensure that a high sense of professional standards, discipline and etiquette, are maintained at all times.

Lawyers carry out many functions and are thus required to be aware of AML/CFT issues. These include services relating to the buying and selling of real estate, managing client accounts and the establishment of companies. Lawyers also act as trustees, nominees, directors and can also manage the operations of companies. They serve as intermediaries in the execution of businesses and transactions.

The services they provide can attract cash transactions which require that due diligence be conducted on clients.

Sections 21 and 30 of the Anti-Money laundering Act, 2008 (Act 749) as amended, designate lawyers as part of the list of Accountable Institutions and impose the responsibility to file Suspicious Transaction Reports when they act for clients in any of the following transactions:

i. Buying and selling of real estate
ii. Managing of client money, securities or other assets
iii. Managing a bank, savings or securities accounts
iv. Organizing contributions for the creation, operation or management of a legal person; or
v. Creating, operating or managing a legal person or arrangement or buying and selling of a business entity.

Criminal and pecuniary penalties for failure to file are set out in Act 749 (s.39 & s.44) as amended and the Anti-Money Laundering (Regulations), 2011 (L.I 1987).

There is a general lack of education and awareness of AML/CFT issues, including the need to file STRs, by lawyers.

It is important to note that though the International Bar Association (IBA) of which the GBA is a member, has produced AML/CFT guidelines for its members, the GBA itself has not provided any such guidance to lawyers in the country. Perhaps GBA should follow the example of IBA and issue guidelines in relation to AML/CFT to its members.

It is important for steps to be taken to educate lawyers about the potential misuse of the profession for ML/TF activities and possible red flags to trigger their suspicion and to report same to the FIC.

**NOTARIES:**

Governed by the provisions of the Notary Public Act 1946, Notaries are required to report suspicious transactions under provisions of the AML/CFT Act, 2008 (Act 749), as amended.

Notaries are legally authorised to administer oaths and affirmations, signature witnessing, authenticate documents and perform other official acts depending on the jurisdiction. In Ghana, a notary is under the direct supervision of the Chief Justice, who has the power to appoint, and dismiss a notary as deemed fit.

Professionals have an inherent role as gatekeepers to the financial sector. The gate keeping role is a term applied to lawyers, notaries, accountants and company service providers, and occurs when professionals provide advice and therefore, have access to the financial system.
In order to forestall a situation where professionals knowingly or unintentionally facilitate money laundering and terrorist financing schemes, AML/CFT regulations have placed specific obligations on this group. However, these obligations may not go far enough in dissuading this “trusted” group from being enablers in the commission of financial crime. The role of notaries can easily be abused by criminals as they usually do not inspect or verify the identities of their clients before services are rendered to them.

ML threat rated Medium Low

NPOs and NGOs:

NPOs in Ghana are defined as Civil Society Organisations that are formed independently of the State but register under specified laws in order to gain official recognition to pursue objectives that are not self-serving, but for public benefit.

NPOs are expected to register first as a company limited by guarantee with the Registrar General’s Department, under the Ministry of Justice and Attorney General’s Department and for certification as an NPO from the Department of Social Welfare which is under the Ministry of Gender, Children and Social Protection.

The term NPOs and NGOs are used interchangeably. As at December 2017, twenty seven thousand one hundred and twenty-seven (27,127) NPOs were registered with the Registrar Generals’ Department but only seven thousand two hundred and thirty-seven (7,237) had completed registration processes with the Department of Social Welfare. The discrepancy in the numbers can largely be attributed to the lack of legal framework to enforce compliance of the sector to register with both agencies. Some NPOs may be registered with the Registrar General’s Department but may refuse to register with the Department of Social Welfare. Prior to the registration of an NPO with the Department of Social Welfare, a recommendation letter is required from the district, municipal or metropolitan authority where the NPO is to be set up and upon satisfactory inspection, the NPO is registered. A certificate is granted upon the presentation of a mission and vision statements, names of directors and a constitution to guide its operations. The laws that define the legal framework within which NPOs operate in Ghana are as follows:

- The Companies (Amendment) Act, 2016 (Act 920).
- Articles (21) and (37 (1) (2) (3)) of the Constitution of the Fourth Republic (1992).

In addition to these laws, administrative rules and regulations have occasionally been issued as Government Directives to address specific issues regarding the regulations and operations of NPOs.

Registration qualifies NPOs to access public development funds, be it from external donors or government, and/or benefit from tax exemptions and account for their usage in their operations in the non-profit sector. NPOs in Ghana may be national or international; secular or faith-based; and membership or non-membership based. They operate in fields such as health, education, training, agriculture and food security, energy, water, sanitation, rural and urban development, environment, population and social welfare. NPOs are also involved in employment creation, micro-credit financing, economic development, skills training, gender awareness and action, peace and human rights, informal economic activity, anti-corruption, poverty reduction and advocacy on policy reforms.

In Ghana, NPOs have earlier resisted a draft NGO law that they believed could restrain their developmental activities. There has been several attempts by Government to introduce legislation to govern the NPO sector. In 2007, the Government introduced a Trust Bill which included the regulation of NPOs/CSOs/Trusts. This was also rejected.

An emerging initiative is the Ghana NGO/CSO Standards Project, which seeks to promote self-regulation among NPOs and CSOs operating in Ghana. This initiative constituted a 15-member Standards Commission comprising heads of local and international NPOs all over the country. NPOs are requested to submit annual reports to the Ministry of Gender, Children and Social Protection.

The Ministry receives annual financial reports from NPOs which are shared with key stakeholders. According to the Ministry, a major challenge is the inadequate Annual Activity and Financial Reports from NPOs, the integrity/composition of board members and general poor internal governance structure that exist within the sector. The Ministry has recommended the enactment of a comprehensive law to cover the activities of NPOs including AML/CFT issues and the establishment of a National Commission to undertake accreditation of NPOs.
All companies including NPOs have been re-registered at the Registrar General’s Department to include beneficial ownership disclosures and also make relevant information on NPOs available to competent authorities.

In spite of the non-existence of a comprehensive law which has contributed to the sector’s vulnerability to ML/TF, the sector in collaboration with the FIC has achieved positive strides in the awareness creation campaigns on AML/CFT.

• In June and July 2017 the FIC called for the nomination of representatives of three NGO coalitions with widespread membership working on access to information and anti-corruption to participate in AML/CFT workshops organised by GIABA in Togo and The Gambia. The objective of the workshop was to build capacity of sector players to engage their various networks and increase awareness on the possible abuse of the sector for ML/TF purposes.

• On July 6, 2017, at a meeting convened by STAR Ghana in collaboration with the West Africa Civil Society Institute (WACSI) and attended by 34 leading civil society actors, representatives of regional civil society coalitions, networks and associations, the discussion on the NGO Bill was revived. The FIC was given a platform to create awareness on the exposure of the NPO sector to ML/TF abuse.

• On September 8, 2017, WACSI in collaboration with the Secretariat for the Ghana NGO Bill and the FIC hosted a core-group meeting with key civil society organisations to deliberate on the FATF Recommendation 8 (combating the abuse of the NPO sector) and discussed the way forward.

NPOs/CSOs as a response to gaps identified on AML/CFT measures within the sector have constituted an ad hoc group- the National Coordinating Group on the NGO Bill to:

• Discuss and agree on the way forward on the implementation of FATF Recommendation 8 and the enactment of the NGO bill.

• Conduct typology to identify emerging risk areas and a risk-based approach to identify those NPOs that are vulnerable to ML/TF risks for effective monitoring of their activities and their donors.

• Collaborate with relevant authorities in order to sensitize sector players on ML/TF risks.

• Create a coalition of NPOs/CSOs working on AML/CFT.

The Department of Social Welfare in collaboration with WACSI and the FIC has redesigned the registration documents to make provision for AML/CFT requirements. The forms are currently in use.

To further demonstrate efforts by the NPO sector to fight ML/TF, a national committee on NPO legal framework made up of members of the CSO/NPOs and Governmental Institutions has been set up by the Ministry of Gender, Children and Social Protection to review the draft policy and NGO bill. Again, the department is preparing to undertake an assessment of the NGO sector in order to identify NPOs which are vulnerable to ML/TF abuse.

ML threat rated Medium High

DEALERS IN PRECIOUS METALS:

The Precious Mineral sector in Ghana is regulated by the Minerals Commission established under the Minerals Commission Act 1993 (Act 450). The Minerals Commission serves as the main promotional and regulatory body for the minerals sector in Ghana and is responsible for the regulation and management of the utilization of the mineral resources in the country. It also serves as the main Agency for the coordination and implementation of policies relating to mining and ensures compliance with Laws and Regulations.

Other laws involved in the management of the mineral resources in Ghana are the Minerals and Mining Law, 1986 (PNDCL 153), as amended by the Minerals and Mining (Amendment) Act, 1994 (Act 475) and the Mining Act 2006, (Act 703).

In Ghana, one can only deal in gold or other precious minerals upon the issuance of a valid license by the Minister of Lands and Natural Resources. Anyone offering such minerals for sale should therefore hold a valid license issued by the Commission. All prospective buyers of gold or other precious minerals and their foreign business collaborators are advised to contact the Minerals Commission as the first point of call in exploring or confirming business opportunities relating to the purchase and export of gold or other precious minerals in Ghana. The profit margins of dealers in precious metals and stones are very high, and largely cash based and therefore, remains highly attractive to criminals seeking to launder funds or support the activities of terrorists.
around the world. Due to the lucrative nature of the industry, criminals may often defraud unsuspecting victims by establishing fictitious business deals using the mining industry. However, to verify the authenticity of any company or individual proposing to sell gold or other precious minerals from Ghana, one would have to contact the Mineral Commission for advice. For example, a common scheme that is used to circumvent the need for a licence to trade in gold is one where the company would enter into a service agreement with a Ghanaian small scale mining company. This company would be expected to provide technical knowhow or equipment in exchange for payment in gold and use the existing agreement to sell to the Precious Minerals Marketing Company (PMMC) or private licensed buyers.

There is also the establishment of the Precious Minerals Marketing Company Ltd (PMMC) whose main mandate is to trade in gold, diamonds, precious and semi-precious stones locally and internationally, and produce quality jewellery through highly skilled and motivated staff to ensure customer satisfaction. All Small and Medium Scale Enterprises (SMEs) which trade in gold, diamonds, and precious stones, are required to register with PMMC and be issued with the requisite license before commencing business operations in the country.

In spite of the legal, institutional, regulatory and supervisory framework outlined above, the industry remains highly vulnerable to ML/TF activities, largely due to a lack of enforcement of AML/CFT control measures by the Commission. Indeed, information available to the FIC indicates that a large number of reported cybercrime cases are related to gold scams carried out through various schemes including purported business contracts to ship gold and advance fee payments to release gold from safe keeping among others. A number of foreigners continue to fall prey to gold scams in Ghana with the scammers increasingly employing new and sophisticated methods to defraud their unsuspecting victims.

**ML threat rated Medium**

**REAL ESTATE**

The Real Estates Industry in Ghana is currently not regulated. However, the Ghana Real Estates Developers Association (GREDA), have the objective of bringing sector players together on voluntary basis. The association has no enforceable powers to ensure compliance or to sanction members for AML/CFT infractions. GREDA is guided by a constitution and encourages its members to abide by the existing by-laws & building/construction Codes of Ethics. The constitution does not have any express provision on AML/CFT. GREDA was established under the Company Act as a Private Entity Limited by Guarantee. It is a non-profit making organization.

**Mandate and Membership**

GREDA is the only umbrella body of estate developers in Ghana. It was established in October 1988 under a PNDC/World Bank Structural Adjustment Program.

As at December 2017, GREDA had registered two hundred and fifty (250) members. The number of active members is one hundred and fifty (150). Another association is the Ghana Real Estates Professional Association (GREPA) comprising estate agents/brokers and surveyors.

A large number of developers operating in the country are not members of GREDA and therefore are not subject to any form of monitoring. One prevalent scheme within the industry is the role of real estate speculators. Real Estate speculators enter unfamiliar markets with insufficient study and unconventional strategies, which sometimes end up frustrating investors in the industry.

Prior to the registration of members, GREDA does not conduct any form of background checks; the background checks are rather conducted during the first year of registration to ascertain whether a member is fit and proper to join the membership as per the constitution. GREDA does not conduct any form of due diligence to establish the sources of funds of its members. The Association was of the view that enquiring the source of funds of its members would likely deter members from complying on a voluntary basis.

**LEGAL AND REGULATORY FRAMEWORK - ANTI-MONEY LAUNDERING PROVISIONS**

Schedule 21 of the Anti-Money Laundering Act, 2008 (Act 749) as amended lists the real estate sector as an Accountable Institution. However, in Ghana most real estate transactions are cash based with a few going through financial institutions (mortgages).

**The Real Estate Agency Bill**

The Real Estate Agency Bill seeks to address among other things, issues relating to licensing, compliance, operations & regulation of operators in the industry and to promote the fight against ML/TF. The Bill also seeks to regulate commercial transactions in
real estate including the sale, purchase, rentals and leasing of real estate and related fixed assets as well as real estate agents and practitioners.

The enactment of the Bill would enable the Agency to introduce a high degree of integrity and sanity into the Real Estate industry and would prevent the high incidence of fraud and unfair practices such as multiple sales and artificial pricing within the sector.

**AML/CFT EFFORTS BY GREDA**

The FIC in collaboration with GREDA trained members of GREDA to identify red flags within the sector and to report same to the FIC. The lack of suspicious transactions reports within the sector could be largely due to the limited understanding of AML/CFT requirements.

GREDA is yet to appoint an Anti-Money Laundering Reporting Officer (AMLO) to be in charge of all AML/CFT reporting requirements of its members. The AMLO would ensure that effective KYC/CDD is conducted on members prior to onboarding. GREDA is committed to the introduction of a number of measures to enhance the AML/CFT regime. These include:

- Developing sector guideline;
- Organizing seminars to sensitize industry players; and
- Efforts towards the realization of a regulator for the real estate sector.

**RISK AREAS WITHIN THE REAL ESTATE SECTOR**

1. **Use of third parties**

Within the industry, in order to disguise the ultimate beneficial owner of a property, criminals use third parties. Criminals provide illicit funds to a third party, including family, friends and associates to purchase real estate on their behalf. The use of third parties thus separates criminals from the proceeds of crime.

2. **Manipulation of property values.**

Manipulation of property values involves criminals buying and selling real estate at a price above or below market value. Buyers, sellers and/or third parties collude to under or overestimate the value of a property. The difference between the actual and stated values is settled with undisclosed cash payments.

---

**3. Purchase of Real Estates to facilitate criminal activities.**

Criminals may buy property using illicit funds with the intention of conducting criminal activity at the property. Funds generated from this criminal activity may then be used to buy additional properties. By investing illicit funds in real estate, criminals aim to disguise the original source of the funds.

4. **Renovation and improvements to properties.**

Criminals use illicit funds to pay for renovations, thereby increasing the value of the property. Additionally, contractors or sector players may not declare cash payments received for the renovations with the aim of evading taxes. The property is then sold at a higher price.

5. **Use of front companies and other forms of arrangements**

Property titles held in the name of a company or a shell company separates the criminal from ownership, with control vested in the hands of third parties to avoid any obvious links to criminals. In Ghana, it is observed that most of the transactions within the real estate sector is usually in the names of companies.

6. **Use of professionals or gatekeepers**

Some of the under listed services provided by professionals are vulnerable to the abuse of money laundering and terrorist financing in the real estate sector:

- Facilitating or conducting transactions on behalf of an unknown criminal.
- Receiving and transferring large amounts of cash on behalf of criminals.
- Establishing complex loans and other credit arrangements.
- Facilitating the transfer of ownership of property to third parties.

7. **Barter trading in the sector**

There are barter trades in the system that poses ML/TF risks. This system has the potential to create an avenue for criminals to move funds through diverse means to finance real estate transactions.
8. Direct cash project financing

Huge direct cash financing of projects without banking, i.e transactions between developers, suppliers and property buyers could take place without any formal banking of the funds.

VULNERABILITIES

- GREDA members do not undertake adequate Know Your Customer/Customer Due Diligence (KYC/CDD).
- Limited knowledge on ML/TF.
- Lack of understanding of their AML/CFT obligations;
- Inadequate identification of legal owners of properties;
- Inability to identify and report suspicious transactions.

ML threat rated Medium High

CAR DEALERS

The sale of motor vehicles play a vital role in the economic and social growth in global economies. It is widely accepted that the industry contributes significantly to global GDP. However, in Ghana the proliferation of dealers within the sector leaves much to be desired. The lack of regulation within the sector has the potential to attract a number of criminals to hide their ill-gotten funds. Activities relating to illicit dealing in motor vehicles have been attributed to various factors including the unregulated sector; cash based economy, the no-existence of institutional and legal framework. Some of the common offences identified within the industry include the following:

- False declaration/mis-classification;
- False registration (local and foreign registration);
- Under valuation/declaration;
- Non-declaration;
- Double invoicing;
- Diversion of transit vehicles,
- Use of fraudulent documents;
- Theft of motor vehicles;
- Tax evasion;

There are two main categories of vehicle dealers in Ghana; the Ghana Automobile Dealers Association (GADA) –authorized official dealers of new vehicle brands and Vehicle and Assets Dealers Association of Ghana (VADAG) - Dealers in imported used vehicles.

Apart from the new vehicle dealers who would usually insist on receiving payments in the form of cheques or bank transfers, the second hand market largely rely on cash payments and in some instances had rejected payments by cheques. However, with the incidence of some micro finance companies financing the activities of the second hand vehicle dealers, cash payments have reduced and payments through the banking system have been enhanced.

NEW VEHICLE DEALERS - GHANA AUTOMOBILE DEALERS ASSOCIATION (GADA)

Ghana Automobile Dealers Association (GADA) are those appointed dealers of international brands. This association is made up of fifteen (15) registered Motor Vehicle Companies which include KIA, Hyundai, TATA, Mercedes, BMW and Nissan. The New Car dealers have service workshops and several outlets (showrooms, workshop & stock of spare parts) across the country. They maintain inventory on sales and purchases of cars and spare parts. Governmental and Non- Governmental Agencies, banks, corporate entities and individuals usually purchase vehicles from new car dealers. Generally, the mode of payments within the new car dealers industry is either by cheques or bank transfers. There is however an insignificant percentage of cash transactions within the new car dealers industry.

The GADA categorizes ‘grey importers’ as companies that do not belong to the association but retail brand new vehicles in the country. The biggest client for this market is the government. However, in recent times it is difficult for the industry to be awarded a contract in order to procure vehicles for the government sectors. Again, new vehicle registration regime depreciates the value of vehicles overtime. This is because once a vehicle is registered, the age, year of manufacture, year of registration as well as the condition of the vehicle at the time of the sale is taken into consideration.

SECOND HAND VEHICLE DEALERS

The second hand car dealers, Vehicle and Assets Dealers Association of Ghana (VADAG) with a registered membership of 480 garages and about 1200 individuals mainly distribute or sell used vehicles which have been imported from Europe, Asia and United States of America. It is also estimated that about eight hundred (800) dealers
are freelance and do not belong to any association. Unlike the new vehicle dealers, the second hand car dealers have no direct relationship with the vehicle manufacturers or their appointed Agents. They do not require authorization and are also not limited to selected brands of vehicles.

Suppliers are private businesses who import fleets from outside the country or individuals who ship in a couple of vehicles for outright sale. Re-sale of locally used vehicles also find a place with these category of car dealers. The operations of this market is less formal and largely cash is accepted as a means of payment. However, due to the recent financial literacy education by most of the microfinance companies to support the operations of the market, players have begun accepting cheques as means of payments.

Although the presences of second hand car dealers pose a challenge to new car dealers, they are not considered as competitors. It is generally believed that second hand dealers mostly do not have genuine spare parts to accompany their vehicles and sometimes rely on the new car dealers for supply. Also, the inability of the car dealers to provide warranty for vehicles sold impact negatively on the brands they sell. For instance, if someone buys a Toyota vehicle from a second hand market vehicle dealer and it later develops fault, the brand is likely to be affected due to the lack of warranty. Again, record keeping is minimal within the second hand market.

**EMERGING ML/TF TRENDS WITHIN THE CAR DEALERS INDUSTRY**

There is an emerging trend in vehicle dealership where new vehicle dealers although not appointed or authorized by manufacturers deal in several brands of vehicles. They are engaged in the business of importing and selling new vehicles of various brands. They quickly set up a showroom or garage for a short period and reactivate operations any time they import new vehicles. Their imports are usually from the Middle East. They do not have well established workshops or service centres. They are far more competitive in pricing, run ridiculous sales promotions and import high specifications of vehicle models. These group of dealers are unwilling to join any of the two associations for any form of monitoring. It is estimated that there are about ten (10) of such dealerships in the Country. It is therefore probable that most of the dealers within the set up may be engaged in some form of criminal activities.

**ML/TF VULNERABILITIES WITHIN THE INDUSTRY**

1. Unregulated motor vehicle industry
2. Cash based nature of transactions
3. Ineffective exchange of information
4. Lack of cooperation with law enforcement/revenue agencies
5. Porous borders/unmanned ports of entry/exit;
6. Collusion between officials and illegal dealers
7. Non-reporting of STRs to the FIC
8. Ineffective control on bonded warehouses.
9. No KYC/CDD measures in place
10. Poor record keeping by second-hand vehicle dealers

The following are efforts made by the car dealers associations to ensure compliance with AML/CFT:

- A meeting with FIC Officials in September 2017, revealed the need to get all new vehicle and second hand vehicle dealers to join the associations (GADA and VADAG).
- The need to conduct background and criminal checks on members of the association.
- The need for players to appoint Anti-Money Laundering Reporting Officers (AMLROs).
- Ensure its members comply with AML/CFT guidelines.
- Submit returns to the Ghana Revenue Authority (GRA) on AML/CFT compliance.
- Collaborate with the GRA to conduct AML/CFT on-site inspection of industry players
- Collaborate with the FIC to facilitate training of its members on AML/CFT.
- To ensure that dealers display public notices at their various premises in order to create awareness of the public on AML/CFT measures.
- Together with the FIC, set a transactional threshold for the car dealers for reporting purposes.

**ML threat rated Medium**

**OPERATORS OF GAME OF CHANCE:**

Operations of Game of Chance in Ghana are regulated by the Ghana Gaming Commission in accordance with the Gaming Act 2006, (Act 721). The Gaming Commission is responsible for the licensing and registration of all casinos and other operators of games of chance in Ghana as well as carrying out its
object and functions as stipulated in section 3(1)(2) of the Gaming Act 2006, (Act 721).

Casinos and other Games of Chance are generally high risk entities due to the volumes of transactions. As at December 2017, twenty (20) casinos were registered with the Commission. These casinos are wholly or partly owned by Ghanaians and foreign nationals.

An emerging development in the industry is the operation of sports betting companies. As at December 2017, the Commission had registered twenty-two (22) sports betting companies operating across the various regions of the country. The Gaming Commission is currently enforcing the required minimum stated capital (Asset and Property) stipulated for the operations of the following Games of Chance:

- Casinos - US$2,500,000
- Sports betting - US$2,000,000
- Route operations - US$1,500,000

This initiative is likely to encourage small Casinos or Games of Chance who are unable to raise the stated capital to merge.

Again, the Commission has deepened its AML/CFT awareness by sensitising operators of games of chance to submit returns to the FIC whenever a client plays a game of chance or wins cash amounts exceeding the national threshold. The Commission also ensures that operators of game of chance support the awareness creation campaigns by displaying AML/CFT public notices at their various premises.

The AML Act, 2008 (Act 749) as amended, requires casinos to appoint an Anti-Money Laundering Reporting Officer, conduct customer due diligence and report cash and suspicious transactions to the FIC. In line with that, the Commission has directed all operators of games of chance to appoint Anti-Money Laundering Officers and furnish the Commission and the FIC with details of designated officers. These officers would liaise between their institutions, the FIC and other competent authorities.

As at December 2017, the Commission had issued a total of fifty eight (58) licences to casinos, sports betting companies, route operations and scratch cards operators. However, the commission revoked the licenses of seven (7) of these companies due to either the lack of operations or contravention of the provisions of laws of the Commission.

To further demonstrate commitment to the fight against ML/TF, the Commission has begun a retrospective background and criminal checks on all directors/ shareholders of existing game of chance in the country. Those directors/shareholders who appear not to be fit and proper are dealt with by the Commission in several ways including the revocation of license and fines. As part of an ongoing due diligence, directors/shareholders are expected to complete a personality note form which is forwarded to the appropriate law enforcement agency for background and criminal checks before licences are issued by the Commission.

In collaboration with the FIC, the Commission has developed an Anti-Money Laundering form for the industry. This form among others, establishes the sources of funds, details of directors, shareholders and beneficial ownership disclosures of operators seeking to be licenced by the Commission.

The Commission routinely carry out on-site inspection of casinos and sports betting companies to ascertain their levels of compliance with the Gaming Act 2006 (Act 721). Although, these inspections are not necessarily AML related, they support the fight against ML/TF. For instance the outcome of some of these inspections resulted in the closure of some game of chance (page 84 of the Daily Graphic, September 18, 2017).

Section 17 and 18 of the Gaming Act 2006 (Act 721) mandate the Commission to publish and maintain registered gaming license with the Commission. The Commission’s new website (www.gamingcommission.gh.com) contains all registered companies in good standing as well as information on important documents including a toll free number to report suspicion (0800454545).

The Commission is in the process to purchase a monitoring software, Central Electronic Monitoring System (CEMS) which would be programmed to link up with all transactions conducted within the various Casinos and Sports betting companies and monitor and report suspicious activities.

As at December 2017, the Commission had developed and operationalized a Professional Ethics and Standards Code for the sector. This professional ethics when violated will attract sanctions including the revocation of operators’ licenses.
ML threat rated Medium

Overall Risk
The overall ML/TF risk within the DNFBP sector is medium.

General Outcome
Below are the findings from the interviews conducted, analysis of the various questionnaires as well as study of the legal framework, institutional framework and the general structure of DNFBPs in Ghana.

Lack of proper legal framework
Some of the players within the sector are not regulated. Although the lawyers, accountants, casino operators and dealers in precious minerals are regulated to some extent, they lack express provisions on AML/CFT. Ghanaian authorities have been notified of the need to facilitate the passage of the Real Estates (Agency) Bill and the Trust Bill to regulate the real estate industry and the NPO sector respectively.

Weak or non-existence of institutional framework
Some DNFBPs have legal framework in line with licensing and prudential requirements but do not have express provision for AML/CFT. The General Legal Council supervises the legal profession in Ghana. Meanwhile, Ghana Bar Association is a very strong association and is yet to accept how the reporting obligations on AML/CFT would not amount to the breach of the confidentiality clause they seek to protect on the clients. The Institute of Chartered Accountants, Ghana, has incorporated AML/CFT provision in their practice and provided penalties for non-compliance.

Low knowledge of AML/CFT
There is lack of knowledge on AML/CFT amongst players within the DNFBP sector. Non-compliance of sector players was observed to be largely due to the lack of knowledge/ awareness on the ML/TF risks. Data from the FIC on training/outreach programmes indicated that a number of the DNFBPs had been sensitized yet a few of them allocated resources for compliance activities. It is, therefore, imperative that continuous education be given to players on their obligation under law. Players are to conduct AML/CFT risk assessments of their institutions/ professions and to determine their vulnerabilities and put in place measures to address them.

Powers to enforce sanctions
The DNFBP sectors can be sanctioned by the Ghana Revenue Authority for non-compliance on AML/CFT. Although each of the DNFBP sector may have its own regulator or association, the GRA supervises the activities of the entire DNFBP sector and has adequate powers to sanction for non-compliance and also to ensure that the sector complies with its obligations on tax issues.

No guidelines to control and monitor the sector

Knowledge in AML/CFT issues is minimal and most professional associations and businesses have not initiated amendments to their laws. Meanwhile, most of the sector players are developing AML/CFT guidelines.

Some of the regulatory bodies within the DNFBP sectors are in the process of amending their existing laws to make provisions for AML/CFT infractions.

The Real Estate (Agency) Bill and the Trust Bill when passed, will ensure effective regulation of the real estate industry and Non-Profit Organisations and bring sector players to comply with the law.

Low capacity of law enforcement agencies in respect of cases involving DNFBPs
Although a number of ML/TF trainings have been organised for law enforcement agencies, prosecutions and conviction of suspects within the sector remains low. It was observed that a number of law enforcement officers lack understanding on the complex nature of financial investigations. This may have accounted for the low statistics on ML/TF prosecutions and convictions. There is therefore the need to have a concerted effort to continuously train LEAs to conduct parallel investigations (criminal and financial investigations).

CONCLUSION- DNFPBS
The DNFBP sector is grouped under the formal, informal and gatekeepers. The formal sector which comprise dealers in precious stones and metals and the gaming commission have some form of regulations that support the fight against ML/TF although not expressly stated. The informal sector which is also composed of the real estate sector, the car dealers and the NPO/NGO sectors do not have any form of regulations to enforce compliance of sector players. The gatekeepers which include professional
accountants/auditors, lawyers and notaries are self-regulatory bodies complying with several codes of ethics guiding their respective professions. However, accountants have expressly included AML/CFT provisions in their practice.

The Ghana Revenue Authority has been identified as the competent authority to coordinate with the FIC to monitor, regulate and supervise the activities of the DNFBP Sector. Subsequently, the GRA is collaborating with a number of DNFPB sector players to create awareness on ML/TF and also to avoid the evasion of taxes. The FIC and the GRA will continue to engage sector players to help them understand their AML/CFT obligations.

Some of the DNFBP sectors such as the car dealers and the real estate sectors do not have any form of regulations and compliance is voluntary amongst operators who have joined some form of associations within the sectors. The NPO sector although has some form of regulation, enforcement remains a challenge. Meanwhile, some of the formal sectors such as the gaming commission have applied sanctions including the withdrawal of licenses and fines to their members while others such as the accountancy body is yet to apply any sanctions on its members.

In conclusion, the GRA can work effectively as a supervisor if there is a collaborative effort by all DNFBPs to register with the GRA and to ensure compliance with the provision of the Act.

**DNFPBS RECOMMENDATIONS**

In view of the risks posed by the DNFBPs sector and the numerous vulnerabilities identified by this study, the following recommendations are suggested:

**REAL ESTATE**

1. The passage of the Real Estate Agency Bill should be facilitated in order to ensure AML/CFT compliance.

2. Ghana Real Estate Developers Association (GREDA) should be given statutory recognition to sanction its members and players within the industry.

3. GREDA to collaborate with the FIC to develop AML/CFT guidelines for the real estate sector.

4. The need to ensure that there are benefits to join GREDA membership in order to encourage voluntary compliance.

5. Increase awareness creation on AML/CFT through workshops, seminars and the media.

6. GREDA recommends the active involvement of GREPA in the AML/CFT awareness creation campaign.

**OPERATORS OF GAME OF CHANCE**

1. The Ghana Gaming Commission in conjunction with the FIC should develop AML/CFT guidelines for casino operators and other gaming houses in the country.

2. The Ghana Gaming Commission to ensure that transactions are monitored regularly and file mandatory returns to the FIC and the regulator of the DNFBP sector.

3. Continuous sensitization of operators on the ML/TF red flags that should be monitored.

**DEALERS IN PRECIOUS METALS**

1. The Ghana Minerals Commission should amend the mining laws to make provision for AML/CFT measures.

2. The Ghana Minerals Commission and the Precious Minerals Marketing Commission should, as a matter of urgency, develop AML/CFT guidelines and enforcement mechanisms.

3. The Commission should come up with a system that will ensure that transactions are monitored regularly and file mandatory reports to the FIC.

4. The Commission may collaborate with the FIC to train sector players on their level of exposure to ML/TF risks.

**ACCOUNTANTS**

1. The Institute of Chartered Accountants, Ghana (ICAG) should be engaged and encouraged to extend its supervisory role to cover AML/CFT issues. This will ensure that guidelines are put in place, AML/CFT examinations are conducted regularly, and the professional standards and ethics incorporate AML/CFT issues.

2. Resources should be committed to ensure the implementation of the provisions of the Act, proper monitoring and enforcement of AML/CFT guidelines.
LAWYERS
1. The General Legal Council and the Ghana Bar Association (GBA) should be engaged and encouraged to extend their supervisory role to cover AML/CFT issues. AML/CFT Regulations and Guidelines should be put in place to regulate the activities of lawyers in the country.

2. There should be regular monitoring and enforcement to ensure compliance to the AML/CFT regime.

CAR DEALERS
1. As a matter of urgency, a regulatory authority must be put in place to regulate and supervise the activities of both franchised car dealers and used/second-hand car dealers. The role of such a regulatory authority must cover AML/CFT issues and ensure that members comply with the AML/CFT Regulations and Guidelines that would be set out. Membership should be mandatory for all car dealers in the country.

2. The GRA may also assist with the regulation of cars dealers in the country to ensure that the appropriate taxes are paid to the state.

NON-PROFIT ORGANISATIONS (NPOs)
1. Steps must be taken to enact the necessary laws to regulate the activities of NPOs in the country. Thus a regulatory authority with enforcement and sanction powers must be set up to regulate and properly supervise the activities of all NPOs in the country.

2. Submission of yearly financial reports by NPOs and other religious bodies must be enforced and properly supervised to abate the risk of terrorism financing since the operations of NPOs is a fertile ground for the financing of terrorists’ activities.

In addition to these industry specific recommendations, the working group also recommends that the FIC, in conjunction with the key stakeholders, should embark on a sensitisation and education programme, aimed at key players within the DNFBP sector. This will address the low levels of AML/CFT knowledge of the DNFBP sector which was very evident during the research.

Finally, the working group recommends that since the Ghana Revenue Authority has been identified as the regulatory body to supervise the activities of the DNFBPs, the various players within the DNFBP sector should collaborate to ensure compliance with the Act.
The definition of Financial Inclusion adopted by Ghana in the National Financial Inclusion Strategy is “universal access to, and regular use of, a broad range of affordable formal financial services including credit, saving and investment products, insurance, payment and money transfer services and mobile money services which meets their needs and which they understand and trust”.

In excluding the unbanked, underserved and low-income groups from access to formal financial services, there is the likely resultant effect or impact on AML/CFT policies and on the economy generally. Having large groups existing outside formal financial systems in a cash based economy, makes it open to ML/TF risk.

An important precondition for greater financial inclusion is a sound and stable financial sector that promotes growth and development.

CURRENT STATE OF FINANCIAL INCLUSION IN GHANA:

1. Increasing access to financial services, such as savings accounts, loans, payment services, insurance, and pensions for households and firms is critical to Ghana’s national development. These financial services enable investment, savings and risk mitigation, all of which contribute to economic growth, poverty alleviation, and job creation.

2. Despite the importance of financial inclusion for national development, approximately 40 percent of the adult population in Ghana lack access to formal financial services. Access to formal financial services grew from 41 percent in 2010 to 58 percent in 2016 (National Financial Inclusion Strategy, November 2017) however, Ghana lags behind many of its peers, such as South Africa (85 percent), Kenya (75 percent), Rwanda (68 percent), and Lesotho (61 percent). Ghana also lags behind her peers in in terms of mobile money account ownership, which has been one of the largest drivers of formal financial inclusion in the country so far. Additionally, financial inclusion is uneven. In regions like the Upper West, Northern, Volta, Upper East, Brong Ahafo, and Central, less than 40 percent of the population have access to formal financial services, which is significantly below the national average. Again, the poor, women and rural residents are below the national average for access to financial services.

3. Multiple factors including poverty and location undermine financial inclusion and influence the prospects of increased access to financial services. Poverty and location are barriers to greater financial inclusion in Ghana. A financial sector that adapts to the economic and geographic context and is able to innovate to meet consumers’ needs can overcome these barriers.

Financial inclusion is further enhanced when consumer legal protection is enforced, rights are well understood and dispute resolution mechanisms are robust.

A well-developed risk based approach in supervising the Financial Service Providers (FSPs) and other providers of financial inclusion products will ensure to a large extent full compliance with the AML/CFT measures and also promote financial inclusion.

FSPs deliver services to the unbanked and the underserved population through innovative digital platforms. Example of such products include New Payments Products and Services (mobile money, pre-payment cards and internet payments). These products facilitate financial inclusion and their patronage is rapidly growing in Ghana.

Of the numerous digital channels available, mobile money has the highest patronage as depicted by the published data below:

Table 1: Statistics published by the Bank of Ghana (www.bog.gov.gh) show the growth of mobile money patronage in Ghana as at end of June 2017.
Ghana’s Financial Inclusion Landscape: as at September 30, 2017

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2017 Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of mobile voice subscription</td>
<td>25,618,427</td>
<td>28,026,482</td>
<td>30,360,771</td>
<td>35,008,387</td>
<td>38,305,078</td>
<td>37,445,048*</td>
<td>(2.25)</td>
</tr>
<tr>
<td>(Cumulative)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registered mobile money accounts</td>
<td>3,778,374</td>
<td>4,393,721</td>
<td>7,167,542</td>
<td>13,120,367</td>
<td>19,735,098</td>
<td>23,947,437</td>
<td>21.34</td>
</tr>
<tr>
<td>(Cumulative)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active mobile money accounts</td>
<td>345,434</td>
<td>991,780</td>
<td>2,526,588</td>
<td>4,868,569</td>
<td>8,313,283</td>
<td>11,119,376</td>
<td>33.75</td>
</tr>
<tr>
<td>(Cumulative)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registered Agents (Cumulative)</td>
<td>8,660</td>
<td>17,492</td>
<td>26,889</td>
<td>79,747</td>
<td>136,769</td>
<td>194,688</td>
<td>42.35</td>
</tr>
<tr>
<td>Active Agents (Cumulative)</td>
<td>5,900</td>
<td>10,404</td>
<td>20,722</td>
<td>56,270</td>
<td>107,415</td>
<td>151,745</td>
<td>41.27</td>
</tr>
<tr>
<td>Total volume of transactions</td>
<td>18,042,241</td>
<td>40,853,559</td>
<td>113,179,738</td>
<td>266,246,537</td>
<td>550,218,427</td>
<td>981,564,563</td>
<td>78.40</td>
</tr>
<tr>
<td>Total value of transactions (GH¢'million)</td>
<td>594.12</td>
<td>2,652.47</td>
<td>12,123.89</td>
<td>35,444.38</td>
<td>78,508.90</td>
<td>155,844.84</td>
<td>98.51</td>
</tr>
<tr>
<td>Balance on Float (GH¢’million)</td>
<td>19.59</td>
<td>62.82</td>
<td>223.33</td>
<td>547.96</td>
<td>1,257.40</td>
<td>2,321.07</td>
<td>84.59</td>
</tr>
</tbody>
</table>

Currently four (4) Mobile Network Operators offer mobile money services (MTN, TIGO, AIRTEL and VODAFONE)

---

3 Source: National Communications Authority (NCA)
4 The number of accounts which transacted at least once in the 90 days prior to reporting
5 The number of agents who transacted at least once in the 30 days prior to reporting
Service providers operating within Ghana's Financial Inclusion product space include:

- Formal Banks (36 with over 1352 branches)
- Rural and Community Banks (140 with over 919 branches and outlets)
- Savings and Loans Companies (38 with over 438 branches)
- Finance Houses (24)
- Credit Reference Bureaux (3),
- Leasing Companies (2)
- Finance and Leasing Companies (3)
- Mortgage Finance Companies (1),
- Tier 2 Deposit Taking Microfinance Companies (330)
- Credit Unions (537)
- Financial Non-Governmental Organisations (43)
- Corporate Micro Credit Institutions (68)
- Individual Micro Credit Enterprises (545)
- Susu Collectors/enterprises (628)
- Electronic Money Issuers

The **2015 World Bank Findex** data indicates that 40.5 percent of adult Ghanaians are financially included; meaning 59.5 percent of the population does not use formal financial products.
LEGAL FRAMEWORK / OTHER ENFORCEABLE REGULATIONS

MANDATE OF ACT 774

Section 30 of the Non-Bank Financial Institutions Act, 2008 (Act 774) provides that the Bank of Ghana may impose sanctions that it considers appropriate for non-compliant financial statements.

Section 32 of Act 774 also indicates that the Bank may impose a penalty of two hundred and fifty penalty units on a Non-Bank Financial Institution for non-submission or incomplete submission, delayed submission or inaccurate submission of the required information, data, statement or returns by non-bank financial institutions.

Other complimentary laws are listed below:

2. Specialised Deposit-Taking Institutions Act, 2016 (Act 930)
5. Credit Reporting Act 2007, (Act 726)
7. Anti-Money Laundering Act 2008, Act 749 as amended; and

In addition, Part 1.16 of the revised Bank of Ghana/Financial Intelligence Centre AML/CFT Guidelines for Banks and Non-Bank Financial Institutions stipulates that financial institutions shall pay special attention to all complex, unusual large transactions or unusual patterns of transactions that have no apparent or visible economic purpose. Financial institutions are to examine as far as possible the background and purpose of such transactions and set forth their findings in writing to the Financial Intelligence Centre (FIC).

Section 30 of the Anti-Money Laundering (AML) Act 2008, (Act 749) as amended, provides that a person or an "Accountable Institution" (AI) that knows or reasonably suspects that a property is terrorist property, proceeds of money laundering, financing of proliferation of weapons of mass destruction or intended for any other serious offence shall submit a suspicious transaction report within twenty-four hours after the knowledge or suspicion was formed. This also applies to non-bank financial institutions, (rural banks, savings and loans companies as well as the mobile money operators).

Part 1.20 of the revised Bank of Ghana/Financial Intelligence Centre (BOG/FIC) Guidelines for Banks and Non-Bank Financial Institutions, states that in addition to the regulatory sanctions that may be imposed by the Bank of Ghana, particulars of the breaches of the Guideline(s) by the financial institution or individual(s) shall be referred to the appropriate law enforcement agency for further action. For the purpose of emphasis, financial institutions are reminded to take note of the following:

- Section 39 of the AML Act 749, especially sub-section 4
- Section 42 of Act 749
- Section 43 of Act 749
- Section 44 of Act 749
- Section 50 (2) of Act 749
- Regulation 44 of the L.I 1987

Again, Part 2.54 of the revised BOG/FIC Guidelines indicates that failure to comply with the provisions will attract appropriate sanctions in accordance with existing laws.

The Bank of Ghana has issued notice to Banks and Savings and Loans Companies (See Notice No. BG/GOV/SEC/2008/21) on Guidelines for Branchless Banking. This represents a significantly cheaper alternative to conventional branch-based banking that allows financial institutions and other commercial actors to offer financial services outside the traditional bank premises by using delivery channels. The primary audience of these guidelines are deposit-taking financial institutions as they cannot carry out branchless banking without the help of other market players such as telecom companies, technology service providers and other intermediation agents.

In the Notice, all financial institutions and their agents are required to comply with the AML Act 2008, (Act 749) as amended. These include the following measures:

- Adequate Know Your Customer/Customer Due Diligence (KYC/CDD) must be undertaken on all new accounts and on one-off cash transactions over designated thresholds. This requires identifying and verifying customer’s identity and the sources of funds.
- Financial service providers to keep detailed transaction records for at least five years.
• Financial institutions to report suspicious transactions promptly to the Financial Intelligence Centre.
• Continuous monitoring to identify emerging threats arising from new technologies.
• Policies and procedures may be in place to address specific risks associated with non-face-to-face business relationships and transactions.
• Customers using branchless banking should be uniquely identified. This means that financial institutions should be able to trace branchless banking transactions to customers.

**MFIs FINANCIAL SERVICE PROVIDERS**

**Threats**
- This can be attributed to the weak supervisory measures undertaken by the regulator. This can be effectively achieved by the imposition of monetary penalties and other prescribed sanctions.
- The non-approval of an AML/CFT policy document by some financial institutions.
- Failure of some institutions to risk profile their clients and to effectively implement KYC/CDD/EDD measures.

**Vulnerabilities**
- Most AMLROs are not in senior management positions.
- Most AMLROs are not operationally independent.
- High staff attrition rate amongst the Non-Banking Financial Sector.
- High cost to secure appropriate AML software.
- Lack of well documented best practices.

**PRESENTATION OF FINDINGS**

As per the research conducted by the Working Group on financial inclusion, it was revealed that the sector is exposed to a number of ML/TF risks. These risks emanate from (i) the operations of microfinance institutions, (ii) gaps within the regulatory and supervisory regimes, (iii) attractive investments and returns by microfinance institutions, (iv) weak corporate governance structures among various MFIs.

**OPERATIONS OF MICROFINANCE INSTITUTIONS**

A number of weaknesses exist in the operations of Microfinance Institutions. The most significant being the difficulty associated with the full implementation of Know Your Customer (KYC) requirements.

**Application of KYC/CDD/EDD Requirements (Medium High)**

The critical starting point of a relationship between a Financial Service Provider and a Client is the establishment of a clear criterion for uniquely identifying clients in a consistent manner. This ensures credibility in transactions between the Service Provider and the Client. Consequently, KYC/CDD/EDD is critical in the promotion of financial inclusion. In the Ghanaian context, the use of a variety of Identity (ID) Cards for the purposes of satisfying KYC/CDD/EDD requirements weakens the system’s ability to track the activities of Money Launderers and Terrorist Financiers.

**Absence of a single National ID (Medium)**

Given the wide use and acceptance of a variety of ID Cards, it is very difficult to restrict KYC/CDD/EDD to a particular ID since clients are allowed to present multiple IDs.

Institutions must therefore make provision for verification of multiple sources of ID and must have a well-balanced control system with flexibility to ensure effectiveness, prevention and detection.

**GAPS WITHIN THE REGULATORY AND SUPERVISORY REGIMES (MEDIUM)**

The proliferation of various Financial Service Providers within the country has created an increased risk due to capacity limitations of the Bank of Ghana to effectively supervise the sector. The delegation of different aspects of supervision to Apex Associations of microfinance institutions is an attempt to address this shortfall. However, the supervisory capacity of the Apex Associations also remains a challenge. The rampant loss of depositors’ funds by unregistered service providers is a major concern and needs to be addressed with utmost urgency. The Non-Bank Financial Institutions Act 2008 (Act 774), and the subsequent issuance of operating rules and guidelines for the microfinance sector attempts to address this deficiency. The supervisory authorities must compel compliance through the use of administrative and other sanctions. Administrative and criminal sanctions should be applied and escalated for non-compliance. Key players like the Metropolitan Assemblies, the Police Service,
the Chieftaincy Councils and Opinion leaders in the communities must also be used as prompters especially of those companies that operate within the communities. Better cooperation among regulators, policy makers, and other competent institutions would sanitise the financial system.

**ATTRACTING INVESTMENTS AND DEPOSITS BY MFIs (MEDIUM)**

The increased competition among service providers, as against the weak AML/CFT supervisory enforcement provides a disincentive for financial institutions to adequately screen their sources of funds. The high demand for basic financial services (credit, savings and money transfer) among all segments of the population drives the increase in risks faster than regulatory supervision and risk mitigation systems are keeping up.

**WEAK CORPORATE GOVERNANCE AMONG MFIs (MEDIUM)**

Board Members of most MFIs do not have the necessary skills to fully appreciate and govern the institutions against Money Laundering and Terrorist Financing. The regulations that govern the establishment of RCBs for example have over the years led to the appointment of persons with local clout but minimal competence as Board Members. The supervisors must improve training programmes in AML/CFT for all Board Members of Microfinance institutions and Rural Banks. Ownership and compliance to internal AML/CFT policies need to be enforced by the Board of these institutions. The failure to comply must attract the appropriate sanctions.

**CONCLUSION- FINANCIAL INCLUSION ASSESSMENT**

Over the years, the attitude of the average Ghanaian to wealth has changed significantly. The change has moved from vigilance of society by questioning and frowning upon wealth from unknown sources to general apathy and indifference. This can be attributed to the ineffectiveness and lack of prevention and detection systems on the part of civil society to identify crime proceeds. This is reflected in the increased cases of cyber fraud popularly known amongst the Ghanaian community as “Sakawa”. The desire to get rich quick significantly causes the youth to engage in cybercrime by defrauding unsuspecting victims with false pretences and misrepresentations. The stability of the financial system will always be a primary concern for a financial regulator. Ensuring such protection is a juggling act for regulators because they want to balance open regulation and an open environment with control of systemic risks—particularly ML/TF risks (MMT Global Gateway 2009).

The risks in Ghana include a significant supervisory gap in the operations of microfinance institutions and credit unions, which make up a significant proportion of non-bank financial institutions in the country.

**RECOMMENDATIONS-FINANCIAL INCLUSION ASSESSMENT**

- The KYC/CDD obligations need to be tailored to the risks of the various financial products/services aimed at expanding financial inclusion.
- Bank of Ghana to continuously review the supervisory mandate over the MFIs, taking into consideration the changing trends within the financial sector.
- There is also the need to prosecute and impose sanctions for non-compliant institutions.
- Sensitise civil society and the general public on the effects of money laundering and terrorist financing.
- Issue Administrative Directives that compel MFIs to have AML polices within their operational setup.
- Policy makers may consider the use of a single identity card for financial transactions.
- Key stakeholders to ensure compliance with controls and regulations that govern the delivery of financial inclusion products.
- There is the need for continuous sensitisation amongst operators within the sector.
- Bank of Ghana to ensure Board members, Directors and senior management have requisite skills and experience to understand risks and risk mitigation.
- Adoption and implementation of specifically tailored AML/CFT risk mitigation measures that fit the risks and operational realities of MFIs.
CHAPTER 9
TERRORIST FINANCING (TF)
RISK SUMMARY

INTRODUCTION

Terrorism financing involves the act of acquiring and processing money to fund the resources required to facilitate terrorist attacks.

There is a low incidence of terrorist activity in Ghana. However, in the past few years, there have been sporadic ethnic or tribal clashes in Northern Ghana and other isolated incidences of civil unrest in parts of the country.

Terrorist activity was initially criminalized under the Criminal and other Offences Act of 1960, (Act 29) but has been amended by the Criminal Offences (Amendment) Act, 2012 (Act 849) to add the offences of participation in organized criminal groups and illicit trafficking in explosives, firearms and ammunition amongst others.

In order to comply with United Nations Security Council Resolutions (UNSCR), Chapter VII of the UN Charter, and 5 and 6 of FATF’s Recommendations, a raft of legislation has been enacted, including Anti-Terrorism Act, 2008 (ACT 762), Anti-Terrorism (Amendment) Act, 2012 (Act 842), Anti-Terrorism Regulations, 2012 (L.I 2181) and the Anti-Terrorism (Amendment) Act 2014 (Act 875).

This new legislation addresses much wider issues including provisions for confiscation and repatriation of terrorist funds and assets, and the enforcement of the United Nations Consolidated List (subjects individuals and groups, who are listed to a travel ban, arms embargo and asset freeze – a prison without walls) of suspected terrorists, financiers of terrorism, and third party requests for freezing of assets of suspected terrorists.

In March 2013, under Executive Instrument (E.I) 2, the Government constituted a seven member Inter-Ministerial Committee (IMC) on AML/CFT tasked with the responsibility to coordinate all matters relating to ML/TF and other trans-national organised crimes with the Minister of Finance as the Chairperson.

This instrument also established the Law Enforcement Coordinating Bureau (LECOB), which derives its powers from the IMC above and serves as its implementing arm. LECOB is chaired by the National Security Coordinator. Over the past few years there has been the political will to ensure that the fight against ML/TF is sustained at all levels.

The enactment of Executive Instrument (E.I.) 2 as amended by (E.I.) 114, conferred extensive powers on the Attorney General and Minister of Justice in the war against terrorism and the proliferation of weapons of mass destruction. This instrument was passed on 15th February 2013. The body to implement this instrument is the Inter-Ministerial Committee on Anti-Money Laundering and Countering Terrorism. The objectives are to implement the United Nations Security Council Resolutions 1267(1999), 1373(2001), 1718(2006), 1737(2006), successor resolutions and other relevant resolutions.

Further powers have been given to the High Court to freeze assets of terrorists, financiers of terrorism or terrorist organisations. Notwithstanding these impressive legislative changes, Ghana remains at risk of external terrorism and terrorist financing.

In 2009 three foreigners were arrested in Ghana for “narco-terrorism”, and specifically for “providing material support to a terrorist organisation” in a joint US and Ghana enforcement effort. However, supervision and reporting of terrorist activity remains low, and sanctions for non-compliance are non-existent.

Terrorism is a crime of secrecy and only becomes apparent when the final act is accomplished (usually a terrorist attack). It is for this reason that Ghana, like any other country, could easily become a haven for terrorist financing and ultimately terrorism.

Ghana’s vulnerability to terrorism is apparent in its reputation as a manufacturer of illegal small arms and light weapons (SALW) as a transit point, as these weapons are transferred from Ghana to neighbouring countries like Cote d’Ivoire, Sierra Leone and Nigeria.

---

The transit of these guns within the West African region is made easier and possibly more attractive to terrorists because it is popularly used in hunting and for cultural activities during festivals, funerals and during the performance of chieftaincy rites.

In October 2015, Ghana’s Permanent Representative to the United Nations, Ms Martha Ama Pobee, advised the First Committee Thematic Debate on Conventional Weapons at the United Nations (UN) headquarters in New York that the proliferation of Small Arms and Light Weapons (SALW) remains a major threat to stability and security worldwide.

Ms Pobee stated that the proliferation of SALW in West Africa has fuelled a rise in terrorism and other forms of armed violence, transnational organised crime and corruption.

Ghana’s proximity to Nigeria and to other troubled zones, such as Mali to the northwest, and Niger and Chad to the northeast, is disconcerting to say the least.

In November 2015, Brigadier General Sampson Adeti, General Officer Commander of the Southern Command of the Ghana Armed Forces (GAF), expressed concern about a possible “spill over” or infiltration of Boko Haram into Ghana.

Boko Haram is a terrorist group that has launched attacks on Nigeria since 2009, and has pledged allegiance to the Islamic State in Iraq and al-Sham/Syria (ISIS) or Islamic State in Iraq and the Levant (ISIL) in March 2015.

The issue of graduate unemployment is one that ought to be seriously addressed, as this group of people are vulnerable to recruitment into radical groups. According to Desmond Biney, director of the Unemployed Graduates Association of Ghana, the number of unemployed graduates stands at about 287,000.5

Ghana’s former National Security Coordinator Mr Yaw Donkor (August 2015) in a security briefing said that young people in tertiary schools in Ghana were being lured into joining ISIS via social media through which they are indoctrinated. There have been reports of three young people (one unconfirmed) leaving to join ISIL/ISIS.

Madrasas or “Makaranta” are Muslim religious schools, and are sometimes blamed for growth of militancy in Islam, and are therefore linked to terrorism. In Ghana it is important to point out that in 1987 the Ghana Education Service, placed these schools under unit referred to as The Islamic Education Unit (IEU), in order to streamline the Islamic Education System and integrate it with the national curriculum.6 Therefore Madrasas or “Makaranta” in Ghana were no longer controlled by individual Imams, thus reducing the incidence of brainwashing. IEUs have become a buffer between the government and the Islamic community on educational issues.

FATF Recommendation 8 provides that countries should put measures in place to prevent NPOs from being misused by terrorist groups. The poor response to our survey on NPOs revealed that there is little or no awareness of TF threats by NPOs in Ghana. Since 2007, the Trust Bill has not been passed to regulate the activities NPOs.

It is significant that a High Court judge in a recent case recommended the passage of a Charities Law to regulate the activities of NPOs, particularly foreign owned NGOs.

THREATS- TERRORIST FINANCING ASSESSMENT

The terrorism threat assessment was conducted solely with secondary information. Neither the FIC, LEAs nor Judicial databases had information on terrorist financing, be it either actual or from suspicious transaction reports. Various sector assessment of TF threats did not empirically assign specific score or rating to the vulnerability of the sectors to Terrorist Financing. The reality is that these sectors are not well regulated and, therefore, have a very high potential to be used as a medium to finance or promote terrorist activities. The lack of data on terrorism financing may portray Ghana as a low TF risk country. However recent terrorist incidences in Nigeria, Niger and Mali, and the country’s proximity to these countries, coupled with a National vulnerability rating (medium), renders Ghana a medium TF risk country.

---

6 Engaging with a Legacy- Nehemia Levtzion 1935- 2003- pg 249
7 Report of working group on National Vulnerability to Money Laundering and Terrorism Financing 2015
In December 2009 three alleged associates of Al-Qaeda were arrested in Ghana⁸. The three were alleged to be in communication with United States undercover agents who claimed to work for the Columbian Organisation Fuerzas Armadas Revolucionarias de Colombia (FARC), and offered to transport cocaine through West Africa into the Maghreb. The trafficking route was supposed to be protected by AQIM (Al-Qaida Organisation in the Islamic Maghreb). Their activities entailed kidnapping for purposes of raising additional funds. The three, namely Idriss Abdelrahman, Oumar Issa and Haruna Toure, were arrested and are now facing trial in the United States for narco-terrorism.

In November 2013, a delegation from the African Centre for the Study and Research on Terrorism (ACSRT) assessed Ghana and identified the following incidences which underscored potential terrorist threats and terrorism financing activities in relation to Ghana:

- Some Ghanaians fought alongside Mujahedeen in Afghanistan.
- One British National of Caribbean origin known to have trained in Afghanistan was deported from Ghana for activities not related to terrorism.
- One Abdallah alleged to be AQIM bomb expert was in Ghana to arrange purchase of fertiliser.
- Oumar Farouk Abdulmutallah (a Nigerian national) is known to have transited in Ghana on his way to the United States to bomb the passenger aircraft on Christmas Eve in 2009.
- One Ghanaian was known to have been recruited and fought for Boko Haram.
- One Ghanaian was involved in the July 2007 bombing in United Kingdom.
- One ex-fighter from Afghan-Pak slipped into Ghana from Mali and was discovered later.

The research report noted that proliferation of small arms and light weapons as consequences of prolonged conflicts in the region, porous borders, proximity of the sea (The Gulf of Guinea) to Latin America, pose a threat to Ghana in terms of terrorism and terrorism financing.

The participation of Ghanaians in the activities of terrorists’ organizations in other countries as well as the arrest in Ghana and the subsequent extradition of persons linked to terrorist activities, reinforce the fact that threat of terrorist financing in Ghana is real. Though the assessment did not link any financial or material support emanating in Ghana directly to a terrorist individual or organization, or indirectly as a form of support to the family or dependents of a terrorist operative, the threat of terrorist financing is deductively medium.

The deduction is founded on the porous national boundaries which serve as free passage for arms smuggling and cash couriers plying between Ghana and neighbouring high risk terrorists jurisdictions. The high number of immigrants from these jurisdictions further heightens the risk.

The increasing number of Non-profit Organizations (NPOs), particularly ones that promote religious welfare support and providing places of worship, further heightens the threats of terrorism financing. The recent Third Party Designation of some NPOs as designated persons by the government of Kenya is an example of how NPOs could be used to facilitate terrorist financing.⁹ The United States of America recently also requested for the designation of a company operating in Ghana.

It is on record that, Hezbollah conducted fund raising activities in four West African countries. In June 2013, the United States black listed four Lebanese nationals, Ali Wafta, Abass Loutfe Fawas, Ali Ahmad Chahade and Hicham Nmer Khanafer after they were accused of master minding the Hezbollah fund raising campaigns in Senegal, Gambia, Sierra Leone and Cote d’Ivoire.

On 26th February 2015, the U.S Department of the Treasury, by an Executive Order, (E.O) 13224, designated Mustapha Fawaz, Fouci Fawas and Abdallah Tahini who are all Lebanese nationals resident in Abuja, Nigeria’s capital, as designated persons acting for and on behalf of Hezbollah. The Order also designated Amigo Supermarket Limited, Wonderland Amusement Park and Resort Limited and Kafak Enterprises Limited, located in Nigeria, for being owned and controlled by Mustapha Fawas and Fouci Fawas.¹⁰ Since the West African sub region is considered as a single economic block (a common market), there is high possibility that business activities of the above designated persons could

⁹Ministry of Foreign Affairs and Regional Integration
transcend the boundaries of ECOWAS member states because of the porous borders and the regional efforts at removing trade restrictions on the movement of persons, goods and services. In spite of all these, Ghana remain resolute in the fight against terrorist financing and terrorism. We therefore, conclude by emphasising that TF threat in Ghana is medium.

NATIONAL VULNERABILITY- TERRORIST FINANCING ASSESSMENT

Ghana passed its Anti-Terrorism Act, 2008 (Act 672); to conform to the then FATF Recommendations’ 40+9. This Act has been amended twice in 2012 and 2014 to be consistent with the Revised FATF 40 Recommendations. An Executive Instrument (E.I.2) 2013 was also passed to implement the UNSCR 1267(1999), 1373(2001), 1718(2006) 1737(2006), and to cater for deficiencies identified under the Act. The Anti-Terrorism Regulations 2012, (L.I. 2181), was also passed to operationalise the Act and prevent terrorist financiers from abusing the laws and regulations. The Anti-Money Laundering Act 2008 (Act 749), as amended, further elaborated on terrorist financing and expanded it to cover the financing of the proliferation of weapon of mass destruction. Again, the E.I.2 was amended by E.I.114 to cater for Foreign Terrorist Fighters.

Terrorism Financing has been defined as the financial support, in any form, to the terrorist or to those who encourage, plan or engage in it (IMF, WORLD BANK). The critical issue about terrorist financing is the relatively little amount required to carry the act of terrorism. Furthermore the source of funds may be either legitimate or illegitimate.

There has so far not been any reported case of terrorism and terrorist financing in Ghana; nevertheless the country maintains a keen focus on the threat of terrorism and terrorist financing. Some of the perceived sources of funding for terrorist financing activities include the use of Non-Profit Organisation, wire transfers to banks and non-banks, mobile money, smuggling among others. None of these schemes have occurred in Ghana so far.

There is evidence suggesting that Fulani herdsmen (a nomadic North African tribe that passes through Ghana) are being used to carry weapons on the bodies of the cattle for a fee.

There have also been recent reports of the construction of an ISIS training centre and reports of seven suspects being arrested with weapons, ammunition and ISIS training videos. In the case of the building of the ISIS training centre, no STR from the banking sector has been filed in relation to the financing of the building.

The low capacity of investigators, prosecutors, non-transparency of the sources of information, funding and lack of a good identification infrastructure, are but a few, of the lapses in the country that could create room for terrorist financing.

The potential for Ghana to be used as a safe location for terrorist financing is perceived to be medium, especially as almost all countries in the West African sub region have experienced one conflict or another over the last ten (10) years.

The alarming rate of armed robbery, smuggling, murder and fraud reported in the media give credence to the potential to recruit, fund and train terrorists.

So far no STR has been filed on terrorist financing since the FIC became operational in 2010. Efforts are in place by the FIC to build capacity of Law Enforcement Agencies in the areas of identifying potential terrorist financing schemes, investigating and prosecution of such schemes of alleged terrorist financiers.

Again the government has initiated moves in addressing the identification infrastructure problem by proposing the use of the Ghana card as the main ID card for all financial transactions in the country. The government has started putting up a counter terrorism framework to consolidate all legislations to address the menace of terrorist financing and terrorism. As a result of all these efforts, the vulnerability of terrorism and terrorist financing is rated as medium.

BANKING SECTOR TERRORIST FINANCING ASSESSMENT

Terrorist financing/funding is the provision of funds/cash or facilities (in kind) to support a group or individuals to carry out terrorist activities. Terrorist activity is any act that is intended to intimidate a population, force or coerce a government into a particular action, and/or cause fear, harm or kill people, as well as destruction of properties.

Therefore terrorist activity financing offence occurs when a person knowingly collects or provides property, such as funds, either directly or indirectly, to carry out or attempt to carry out terrorist activities/crimes. This includes inviting someone else to
provide funds for this purpose. It also includes the use or possession of property to facilitate or carry out terrorist activities. Funds for terrorist financing may come from both legitimate sources such as personal donations, profits from businesses and charitable organizations, and/or illegitimate sources such as the drug trade, the smuggling of weapons and other goods, fraud, kidnapping and extortion. What is important is what the funds are going to be used for (purpose).

Terrorists use similar techniques as money launderers to evade authorities’ attention and to protect the identities of their sponsors and ultimate beneficiaries of the funds. However, financial transactions associated with terrorist financing tend to be in smaller amounts than is the case with money laundering, and when terrorists raise funds from legitimate sources, the detection and tracking of these funds becomes more difficult.

To move their funds, terrorists use the formal banking system, and other channels such as informal value-transfer systems like Hawalas and Mobile Money services.

Ghana as part of ECOWAS is exposed to terrorist activities in the West African Sub-Region. Though there is no evidence of terrorist activities in Ghana, a study by FATF and GIABA in 2013 indicates the exposure of Ghana to terrorist financing risk.

Ghana, and by extension the Banking Sector is exposed to the threat of terrorist activities and financing due to factors such as the presence of large, informal, cash-based transactions, acts of corruption, widespread poverty, unemployment, and proximity with terrorist activity ravaged countries.

Ghana’s Banking System is exposed to significant number of Nigerians who conduct various transactions. This pose the potential threat of being used to carry out transactions to Nigeria especially to the Northern part of Nigeria which could be linked to financing the Boko Haram group.

Banks in Ghana are governed by the Anti-Terrorism Act, 2008 (Act 762) as amended, and Anti-Terrorism Regulations 2012, (L.I. 2181), and are enjoined to put in place counter terrorist financing (CFT) measures to protect the banking system from being abused by terrorist financiers. This includes scrutinizing transactions to prevent flow of funds to any terrorist groups. The Banks are also required under the Act to file suspicious transactions linked to terrorist financing to the Financial Intelligence Centre.

At the time of the NRA review exercise, there was no evidence of terrorist financing in the Banking Sector as none of the 14 responded Banks had filed any terrorist financing related STR to the FIC.

Banks must continue to pay particular attention to Non-Profit Organisations (NPOs) and other charity organization as part of their CFT procedures. The growing number of Mobile Money transactions also pose particular threat due to its high susceptibility to TF.

In Ghana, the Northern and Greater Accra regions are believed to be potentially the most vulnerable areas to terrorist activities and financing. Areas like Tamale, Bolgatanga, Bawku, in the Northern Region, and Ashaiman, Nima, Sodom & Gomora in the Greater Accra Region, are believed to be more prone to terrorist and terrorist financing activities.

Government is paying particular attention to these areas, and Banks with locations in these areas should strengthen their CFT measures.

SECURITIES SECTOR TERRORIST FINANCING ASSESSMENT

The TF risk within the Securities Sector is perceived to be low as the securities firms have in place the following mechanisms:

All payments of investment proceeds are made in the names of the account holders and not in the names of third parties except by authorization of the account holders. The focus is on the account holder and SEC requires a comprehensive Know Your Clients (KYC) conducted on every client during the onboarding stage. The account must also be monitored against clients profile to check for anything unusual.

In addition, every Capital Market Operator (CMO) is required to appoint a Compliance Officer and an AMLRO who are required to report to SEC quarterly on account opening and monitoring procedures.

All payments of investment proceeds in excess of five hundred Ghana Cedis (GH¢500) in cash are paid by issuing cheques in the names of accounts holders.

---

1GIABA and FATF Report, Terrorist Financing in West Africa, October 2013
2Out of 13 responded Banks, none indicated filing of TF related STR
3In a survey conducted among 14 selected Banks, 11 respondent Banks believed Northern Region and the two Upper Regions are more prone to TF, followed by Greater Accra Region.
There is still more to be done and so the sector must invest significant resources to strengthen the AML/CFT controls in order to further reduce the sector’s vulnerability to money laundering and terrorist financing.

A number of world watch list are used to screen new clients before on-boarding. The UN Terrorist list is also used by SEC’s licensees to screen all clients, especially foreign clients.

**INSURANCE SECTOR- TERRORIST FINANCING ASSESSMENT**

Terrorists can exploit new technologies in money transfer payment systems such as mobile money. Payments can be made anytime, anywhere by anyone with the mobile phone. In Ghana payments for life insurance premiums by life insurance policy holders using mobile money services is on the ascendency. While this could be used to launder money, the proceeds could be used to carry out fraud and illicit activities by terrorists. Influx of foreign nationals also using the mobile money services could expose the sector if adequate KYC/CDD is not conducted on them.

**Politically Exposed Persons (PEPs)**

PEPs have bought life policies and have insured personal properties. These are high risk persons who could launder money through life and non-life products. There have also been instances where such persons engage in illicit trade and drug trafficking. Proceeds from such activities could be used to purchase insurance products.

**FINANCIAL INCLUSION PRODUCTS - TERRORIST FINANCING ASSESSMENT**

In terms of terrorist financing, there has not been any significant suspicious activity reporting to the FIC since the introduction of the Anti-Terrorism Act 2008, (Act 762). The risk of terrorist financing may generally be considered as low as compared with issues in relation to money laundering.

To date, a total of three (3) Suspicious Transaction Reports in relation to terrorist financing have been submitted to the Financial Intelligence Centre since 2010. These reports were submitted based on the suspicion that the names of subjects were associated with some listed terrorist whose names were published in the Gazette Notice in respect of listing of terrorist individuals, entity and organisation. However, subsequent analysis revealed that there was no evidence to suggest the financing of terrorism.

Despite low numbers of Suspicious Transaction Reports on terrorist financing, the identification of issues in connection with terrorist financing activity is important in assisting to close existing information gaps. For instance, international experience has identified terrorist entities that use the services of informal remittance providers, mobile money operators, savings and loans companies and other financial inclusion products to carry out domestic/international funds transfers.

**Multiple Low Value Transactions (High Risk)**

Most of the financially excluded persons fall within the low income groups. The average value of transfers among them is thus low. This poses a challenge regarding how to track these amounts and the purpose for which they are provided. Also, due to the amount limit on the mobile money transfer and other services, users readily adopt multiple channels to execute their agenda.

**Fulani Herdsmen**

Fulani herdsmen have over the years resorted to violence in attempts to protect their trade. They, therefore, serve as a possible conduit through which terrorist financing could be advanced. It is, therefore, important to think of how to address the peculiarity of this group in the promotion of Financial Inclusion.14

There is evidence to suggest that Fulani herdsmen are being used to carry weapons on the bodies of their cattle for a fee.

**Poor Entry Borders and Proverbial Ghanaian Hospitality**

Ghana’s entry points appear not to be adequately protected. This is due to the influx of foreigners. Ghana’s risk to Terrorist Financing is exacerbated by well-known Ghanaian Hospitality. Special efforts would be needed to adequately mitigate the risk exposure.

---

14 Seasonal migrants from the West African sub region
CONCLUSION- TERRORIST FINANCING ASSESSMENT

• Ghana is a stable democracy and has had three peaceful transitions of power. This environment may be attractive to those who wish to amass wealth in secret in order to launch terrorist attacks here or elsewhere.

• The threat of Boko Haram is near as they have pledged allegiance to ISIL.

• Ghana’s own sporadic ethnic violence and violence emanating from political vigilantism are a possible source of threat to the country.

• The presence of a large number of Shiite Lebanese who maintain active interest in their mother country and may have links to the Hezbollah movement are also engaged in major businesses in Ghana.

• Reports on a survey carried out on the Lebanese community indicate that 80% are Shiite Muslims who financially support the Hezbollah movement.

• Ghana has a thriving industry in illicit small arms and light weapons which could help ignite ethnic trouble zones in Ghana and West Africa at large.

• There is a general lack of awareness of AML/CFT matters and its importance to maintaining security in Ghana.

• There is evidence to suggest that Fulani herdsmen (a nomadic North African tribe that passes through Ghana) are being used to carry weapons on the bodies of the cattle for a fee.

• There have also been recent reports of the construction of an ISIS training centre and reports of seven suspects being arrested with weapons, ammunition and ISIS training videos.16

• In the case of the building of the ISIS training centre, no STR from the banking sector has been filed in relation to the financing of the building.

• Weak legal and regulatory framework, poor law enforcement and corruption.


RECOMMENDATIONS-TERRORIST FINANCING ASSESSMENT

• FIC to engage with the NPOs Standards Commission to encourage the adoption of AML/CFT measures and a gift acceptance policy.

• Passage of the Trust Bill or a Charities Act

• Policy put in place to curb the proliferation of Small Arms and Light Weapons and mechanism to identify terrorist financing.

• Create awareness of the schemes associated with TF.

• FIC to engage the Islamic Education Unit within Ghana Education Service and similar religious outfits to generate awareness of TF.

• Greater Intelligence sharing among security agencies of ECOWAS countries is essential in order to detect and pre-empt Terrorism and the financing of it.

• More attorneys in all the regions of Ghana to be trained in financial crime prosecutions. This will lead to ML cases being prosecuted across the whole country.

• Engage financial forensic analysts within AG to assist in putting together financial evidence in ML/TF cases in order to secure convictions and proceed to forfeiture.

CONCLUSION- NATIONAL RISK ASSESSMENT ON ML & TF

• Strong legal framework but weak implementation of legislations.

• Lack of a comprehensive case management system, operational manuals and resources in LEAs but manpower is inadequate in all LEAs except the police.

• Lack of training of essential players-investigators, prosecutors and judges involved in the combat of ML/TF.

• There is a need to enhance asset tracing, identification, detection, seizure, confiscation and forfeiture of proceeds of crime by LEAs and other competent authorities.
• Lack of criminal prosecutions or application of penalties for tax evasion.

• The means to detect ultimate beneficial ownership is limited. Some banks remedy this by creating close relationships with clients via KYC procedures and deciphering ownership through that continued relationship.

• Information sources are available but somewhat slow. There is also the problem of a reluctance to use Credit Reference Bureaux.

• General lack of education and awareness of AML/CFT matters and combating measures.

• A need to create the sole position of an AMLRO within organisations to limit conflict of interest matters. Although this is operationally costly especially in the DNFBP sector.

• There is a need to balance financial inclusion with application of AML/CFT measures or controls.

• NPOs and NGOs are at risk of being used for terrorist financing because of the lack of protective legislation or formal self-regulation.

• Currency exportation/importation (Currency Declaration) laws and guidelines for officers at the borders are inconsistent. Also unable to decipher the organisation with sole responsibility of cash detention because of presence of a variety of personnel at the airport.

• Looming terrorist incidents within West Africa and minor incidences of unconfirmed terrorist activities inland is an indicator of possible terrorist financing in Ghana.

• Evidence of misclassification of foreign exchange bank accounts to facilitate the transfer of large sums of money out of Ghana.

• The difference between the number of Intelligence Report (IRs) generated from STRs and disseminated to LEAs and confiscations secured are stark.

• Law enforcement agencies appear weak and unaware of the powers available to them.

• The Dual Criminality requirement hampers Ghana’s MLA requests even with the availability of the principle of reciprocity.

• Securities and Insurance Industries are fledgling industries and are largely unaware of the money laundering schemes applicable to this industry.

• The Banking sector, although performing admirably, relies heavily on meeting ever increasing client targets, which can make it susceptible to weaknesses in the application of AML/CFT controls.

• The DNFPBs is a large and unwieldy sector that is the most susceptible to ML/TF.

1https://www.ghanabusinessnews.com/2015/12/08/bank-of-ghana-cautions-banks-on-misclassifying-foreign-currency-accounts/
CHAPTER 10
CONCLUSION

The review of the National Risk Assessment of Ghana was a successful exercise as it included a number of emerging and potential risk areas for ML/TF as well as identified some deficiencies in the legal and institutional framework. It also determined the level of vulnerability of the economic and financial sectors to ML/TF risks. It showed the need to prioritize the allocation of resources for the prevention, investigations and prosecution of ML/TF offences.

The National Risk Assessment Action Plan would be developed and would assist in identifying training needs of stakeholders and foster inter-agency collaboration and international cooperation.

Ideally the next National Risk Assessment exercise should take place between two (2) to four (4) years. However, depending on the effective implementation of the Action Plan and the possible emergence of new schemes in the area of ML/TF, the next National Risk Assessment could take place earlier than scheduled.

It is our hope that the political authorities would galvanize all the resources at its disposal to ensure that the problem encountered in data collection, storage and analysis does not recur and that all stakeholders would develop a culture of maintaining and updating data/statistics in its right format for easy access by Competent Authorities.
CHAPTER 11

MAIN RECOMMENDATIONS-NATIONAL RISK ASSESSMENT ON ML & TF

- To set up an Asset Management Office to ensure that confiscated properties are preserved until the final determination of the case. The officers would be expected to manage any asset e.g. cash, jewellery, houses or cars. As soon as a suspect makes a disclosure or property is seized during arrest, this property would be placed in the possession of the Asset Management Office. This office may be autonomous or placed under the supervision of the Attorney General’s Department under the Ministry of Justice.

- Inter-agency cooperation should be deepened.

- Training must be provided to all prosecutors on matters such as drafting a charge sheet with special reference to ML/TF matters and commercial court judges would benefit from specialised training on sentencing and confiscation orders/calculation of benefit, realisable and recoverable assets.

- Intense efforts should be applied by prosecutors, investigators and the judiciary to investigate, prosecute and grant seizure, freezing and confiscation and to establish strict enforcement of confiscation orders procedures against convicted persons and their ill-gotten properties. This can be achieved by greater information sharing between these groups, targeted training and the creation of specialised AML/CFT units at all levels and across the public service.

- Prosecutors must increase efforts to confiscate cash of questionable origin via civil recovery. This can only be done by a swift amendment of an existing law or the passage of a new law. An amendment will cover cash detention at the borders or where a person is due for trial and has absconded or where they have died.

- Prosecutors need resources to pursue the confiscation of proceeds of crime. Implementing asset sharing agreements as a standard between countries could provide much needed resources. The AGs department could negotiate these agreements with countries that send letters of request.

- A major change in case preparation and evidence gathering is necessary to achieve successful confiscations. This target can be achieved with specialised training given to law enforcement officers on asset tracing or forensic accounting.

- A need for a Proceeds Of Crime Manual to assist in the tracing, identification, seizure and confiscation of the proceeds of crime. It should outline step by step procedure and provide relevant forms and precedent.

- Increase efforts to prosecute for tax evasion, especially where charge for money laundering cannot be secured. Greater cooperation and information sharing between GRA and AGs department is required to achieve this target.

- A policy shift is required to drive a change in perception and the practice of the use of cash in intra West African trade and to encourage the use of banks instead. This is because traders between Burkina Faso, Ghana, Togo and Nigeria carry large sums of money across borders and would benefit from using West African Banks for their transactions. This policy overhaul could be placed under the ambit of BoG and GRA.

- Regulatory bodies have a mandate to, set entry requirements and standards of practice, assess applicants’ qualifications and credentials, certify, register or licence qualified applicants, discipline members, set requirements for continuing professional development (CPD), publish codes of conduct and/or ethics. As part of this mandate Regulatory bodies should be mandated to create manuals and/or update industry guidelines to include AML/CFT measures and sanction members for non-compliance. FIC would be instrumental in this endeavour. An amendment in the laws governing specific sectors such as securities, insurance or mining is required and the creation of new legislation to govern NPOs, car dealers and other unregulated sectors is necessary to ensure adequate regulation of the DNFBP sector.

- Limit the use of police prosecutors and recruit and train more state attorneys and create a specialised unit within the Attorney-General’s office.
BIBLIOGRAPHY


VULNERABILITY WORKING GROUP
(www.transparency.org/whatwedo/publications/cpi2014)
1992 Constitution of Ghana
Anti-Money Laundering (Amendment) Act 2014 (Act 874)
Anti-Money Laundering Regulations 2011 (L.I. 1987)
Anti-Terrorism (Amendment) Act, 2012 (Act 842).
Anti-Terrorism (Amendment) Act, 2014 (Act 875)
Anti-Terrorism Act, 2008 (Act 762),
Anti-Terrorism Regulations 2012 (L.I. 2181)
Aug 1, 2014 - The informal sector is widely seen as
the growth engine for ...to data from the Ghana
Statistics Service, the share of the informal economy of.
Criminal and Other Offences Procedure Act 1960
(Act 30)
Customs, Excise and Preventive Service
(Management) Act, PNDCL 330
Economic and Organised Crime office (operations)
Regulation (L.I.2183)
Economic and Organised Crime Office Act, 2010 (Act
804),
Executive Instrument (E.I) 2 Government constituted
a seven member AML/CFT Inter- Ministerial
Committee (IMC)
FATF Recommendations (2012) revised
Foreign Exchange Act, 2006 (Act 723)
Freidrich Ebert Stiftung; Ghana office critical
overview of the (urban) informal economy in Ghana
by JULIAN HAUG
Mutual Evaluation Report 2009
Mutual Legal Assistance Act, (2010), Act 807
International Labour Organisation, Women and Men
in the Informal Economy 2002
United Nations Security Council Resolutions
successor resolutions and other relevant resolutions
www.fesghana.org/.../FES_CriticInformalEconomy_2014_FINAL.pdf

BANKING WORKING GROUP
http://www.fintrac-canfe.gc.ca/fintrac-canfe/
definitions/terrorist-terroriste-eng.asp
http://www.giaba.org/reports/typologies/reports.html
http://www.fatfgafi.org/topics/mutualevaluations/key/internationalstandardsoncombatingmone
ylaunderringandthefinancingofterrorismproliferation-thefatfrecommendations.html
http://www.bog.gov.gh/privatecontent/Publications/Annual_Reports/bank%20of%20ghan
a%20annual%20report_press%202014b.pdf

SECURITIES WORKING GROUP
Securities Industry Act, 1993(PNDCL333) as
amended by the Securities Industry(Amendment) Act 2000(Act 590)
SEC’s Annual Reports for 2012, 2013 and 2014
www.tradingeconomics.com/ghana/gdp

INSURANCE WORKING GROUP
NIC Annual Report 2013 GIABA Country Assessment
Reports on Ghana IAIS Core Principles FATF
Recommendations NIC Supervision Department
Reports (SDRs) Insurance Act 2006, Act 724
DNFPBS WORKING GROUP

Anti-Terrorism Act, 2008 (Act 672).
Anti-Terrorism (Amendment) Act, 2012 (Act 842)
FATF Recommendations (revised) 2012.
Ghana Statistics Service (Revised GDP for 2014).
Minerals and Mining (Amendment) Act of 1994 (Act 475)
Legal Profession Act, 1960 (Act 32).

OTHER FINANCIAL INSTITUTIONS


FINANCIAL INCLUSION WORKING GROUP

Bank of Ghana's Reports

GHAMFINs Performance Monitoring and Benchmarking Reports 2011 - 2014

Reports from Microfinance Associations


GDP Data from Ghana Statistical Service

Know Your Customer-Understanding The AML Threat Beyond The Customer by - Eugene McConville and Stuart Whatley- August 2013 as well as the


