

Association of Cyprus Banks Press Announcement on MONEYVAL's report for Cyprus

The Association of Cyprus Banks (ACB) is very pleased with MONEYVAL's positive recognition of the progress achieved by Cypriot authorities, the ACB and our member banks in the fight against money laundering. In particular, the report acknowledges the sector has become more effective at mitigating risk and that the mechanisms that have been developed have led to greater cooperation between competent authorities.

Even as the improvements Cyprus and its banking sector have made are recognized by MONEYVAL, we remain committed to continuous reforms, and further enhancements have already been made since the Committee's visit in May 2019. We will take steps to implement all MONEYVAL recommendations to further deepen our culture of compliance and address any new risks.

The Director General of the Association of Cyprus Banks, Dr. Michael Kammass, said: "The positive comments as well as the recommendations contained in MONEYVAL's report acknowledge all the substantive reforms that the banking sector has implemented and achieved in the past few years. They also provide an incentive for even greater efforts on our part. The commitment of the Association and its member banks is clear and consists of the further upgrading of the regulatory and supervisory framework, additional increases in training for banking employees, and the enhanced use of technology to prevent money laundering and terrorist financing".

Notes to Editors:

Since the peak of the country's financial crisis, the ACB has worked with the Central Bank of Cyprus (CBC) and the government of Cyprus to implement significant financial reforms that have stabilized and strengthened the nation's banking sector.

Both CBC and the government of Cyprus has also worked with the ACB and its member banks to re-engineer the country's financial regulations, tax transparency requirements, and bank supervisory expectations. In fact, Cyprus's financial regulatory regime now aligns with the highest international standards. Meanwhile, the Cypriot banking sector has downsized dramatically from eight times national GDP in 2010 to three times national GDP in March 2019.

The ACB, the CBC and the Cypriot government are aggressively combatting money laundering, terrorist financing, and other financial crime through a range of enhanced diligence, compliance, and reporting requirements. Cypriot banks terminated or suspended more than 40,000 business relationships for compliance reasons from 2014 to 2018, while also terminating or suspending almost 80,000 accounts.

Cypriot banks have developed and continue to foster a culture of compliance, while training increasing numbers of bank employees to identify potential compliance issues, and escalate critical decisions to the highest level. Banks in Cyprus are implementing and automating state-of-the-art anti-financial crime systems to detect and prevent such crime. Compliance personnel at Cypriot banks increased by more than 50% from 2014 to 2018, while bank investment in compliance measures and personnel exponentially increased.

MONEYVAL's Findings Are Consistent With Those of Other Global Institutions:

- The U.S. Department of State's 2019 International Narcotics Control Strategy Report (INCSR) recognized Cyprus's strong regulatory regime and progress in combatting money laundering.
- In 2018, Cyprus improved for a second consecutive year in the Corruption Perception Index published by Transparency International (TI). Cyprus ranked 38th out of 180 countries surveyed.
- Cyprus ranked first in a 2017 TI survey on AML Transparency Measures and Quality of Reporting. The report stated that Cyprus disclosed the most complete set of AML data among the twelve countries analysed, including the U.S., UK, Germany, Luxemburg, France, and Australia.