FINANCIAL SERVICES FEDERATION

By email to: FIU@Police.govt.nz

Thank you for the opportunity for the Financial Services Federation ("FSF") to comment on the Draft of the Suspicious Activity Reporting Guideline. The FSF applauds the NZ Police for developing these guidelines and believes they will be very helpful for reporting entities to identify suspicious activities and to comply with their Suspicious Activity Reporting ("SAR") obligations.

By way of background, the FSF is the industry body representing the responsible and ethical finance and leasing providers of New Zealand. We have nearly sixty members and associates providing financing, leasing, and credit-related insurance products to more than 2 million New Zealanders. Our affiliate members include internationally recognised legal and consulting partners. A list of our members is attached as Appendix A.

Most of FSF's financial institution members have been subject to the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 ("AML/CFT Act") since it came into force. Many of these provide finance through a network of dealers or agents selling motor vehicles who would be considered dealers in high valued goods and therefore subject to some of the same provisions under Phase 2 of AML/CFT.

On behalf of its member organisations, the FSF has been involved in making presentations to groups of high value goods dealers or agents to inform them of their obligations to make SARs once Phase 2 of the Act applies to them. These presentations have also included guidance on what constitutes the need to make an SAR, how to do so, the need to avoid tipping off, penalties for not reporting etc. They have been well received by those in attendance and it is likely that FSF member affiliated high value goods dealers will be better prepared to meet their obligations than others as a result.

The FSF believes the guidance provided in the draft Suspicious Activity Reporting Guideline will be helpful not only to Phase 2 entities but also to those who already have these obligations as financial reporting entities under the AML/CFT Act. This is particularly so because of the move from Suspicious Transaction Reporting to a need to report Suspicious Activity.

The FSF is particularly pleased with the information provided in the draft guidance around indicators and warnings and what might be considered a "red flag" that would require reporting and the industry specific indicators but notes that there are no such indicators included in the draft guidance with respect to high value goods dealers.

With the exception of that particular omission which the FSF believes should be rectified in the final version of the guidance, the FSF finds the guidance provided to be particularly helpful and looks forward to receiving the final version in due course for distribution to their members.

The FSF does however have a question about how the guidance will be distributed to those entities that would benefit from it. Phase one entities can be contacted via their supervisor and some of the Phase two entities will have a professional association that can ensure they receive the guidance (e.g. the Law Society for lawyers, etc.). The dealers in high value goods will be harder to reach because they are a more diverse group and the FSF suggests that consideration be given to reaching out to them through organisations such as Retail NZ, Business NZ, the Motor Trade Association, etc – if this has not already been considered.

Please do not hesitate to contact me if there is anything further you wish to discuss with me.

Lyn McMorran
EXECUTIVE DIRECTOR