



ANNUAL REPORT

OF THE FINANCIAL INTELLIGENCE UNIT OF ZIMBABWE



Year ending 31 December 2022

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Acronyms

<i>AML/ CFT</i>	Anti-Money laundering and Combating the Financing of Terrorism.
<i>CSA</i>	Competent Supervisory Authorities
<i>DNFBPs</i>	Designated Non-Financial Business and Professions
<i>ESAAMLG</i>	Eastern and Southern Africa Anti Money Laundering Group
<i>FATF</i>	Financial Action Task Force
<i>FIU</i>	Financial Intelligence Unit
<i>ICRG</i>	International Cooperation Review Group
<i>MER</i>	Mutual Evaluation Report
<i>MLPC Act</i>	Money Laundering and Proceeds of Crime Act
<i>NRA</i>	National Risk Assessment
<i>NRACC</i>	National Risk Assessment Coordinating Committee
<i>NTF</i>	National Task Force on AML/CFT
<i>TF</i>	Terrorist Financing
<i>PF</i>	Proliferation Financing
<i>STR</i>	Suspicious Transaction Report
<i>UNODC</i>	United Nations Office on Drugs and Crime
<i>UNSCR</i>	United Nations Security Council Resolution
<i>VA</i>	Virtual Assets

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EXECUTIVE SUMMARY

This report is prepared in terms of the Money Laundering and Proceeds of Crime Act, [Chapter 9:24], section 6G (1) which requires the Financial Intelligence Unit to submit to the Minister of Finance and Economic Development, periodic (half yearly and annual) reports on the FIU's activities. This report is for the period 1st January to 31st December 2022. The key highlights of 2022 included the following:

(i) ***Compliance with international standards on Anti Money Laundering and Combating Financing of Terrorism Standards***

- Zimbabwe's removal from the Financial Action Task Force (FATF) "grey list" of jurisdictions deemed as insufficiently compliant with the FATF standards on Anti Money Laundering and Combating Financing of Terrorism (AML/CFT), was in recognition of the progress the country made in addressing the weaknesses in its AML/CFT regime.
- In January 2022, the country hosted a team of FATF appointed experts, who came to assess the effectiveness of the measures that the country had put in place to combat money laundering and terrorism financing, since October 2019 when the country was grey-listed. Based on the reviewers' positive report, the country was removed from the FATF grey list on 4 March 2022.
- Zimbabwe has continued to strengthen its AML/CFT framework even after removal from the list.
- In terms of Technical Compliance (adequacy of AML/CFT legal and institutional framework), Zimbabwe, as of 31 December 2022, was rated as fully compliant or largely compliant in 37 out of the FATF's 40 Recommendations on AML/CFT, which is one of the highest compliance ratings, not only in the region, but globally.



Minister of Finance and Economic Development Hon. Professor Mthuli Ncube delivering keynote address during the on site visit by FATF reviewers in January 2022

(ii) FIU's progress towards joining Egmont Group of FIUs

- FATF Recommendation 29 requires, among other things, that countries should take steps to ensure that the Financial Intelligence Unit meets the Egmont membership eligibility standards and ultimately becomes a member of the Group. The main benefits of membership to the global network of FIUs include the ability to exchange information seamlessly with other member FIUs and access to FIU capacity building programs.
- At its plenary meeting held in July 2022, the Egmont Group (the global umbrella body for Financial Intelligence Unit) considered Zimbabwe FIU's application for admission to the Group. The plenary considered that the Zimbabwe FIU had met all the admission criteria.
- Consequently, Zimbabwe FIU was admitted as an observer FIU pending admission as a full member at the next Egmont Group plenary scheduled for July 2023, to become the 12th Egmont member from the Eastern and Southern Africa Anti Money Laundering Group.

(iii) Enforcement of market discipline and compliance by traders

- Apart from the FIU's co-functions as set out in the Money Laundering and Proceeds of Crime Act (chapter 9:24], the FIU is also entrusted with inspectorate responsibilities to enforce compliance with the requirements of the Bank Use Promotion Act [Chapter 24:24] and the Exchange Control Act [Chapter 22:05] and generally to identify and take action against entities, persons engaging in illicit financial activities that threaten to destabilise foreign exchange markets.
- In this regard, the FIU monitors the transactions and activities of traders, companies and individual with a view to identify and take action with respect to the following violations:
 - Entities and individuals engaging in buying and / or selling foreign currency on the foreign exchange parallel market;
 - Traders pricing their goods or services using parallel market exchange rates;
- In the latter half of 2022, based on noted emerging trends, the FIU put emphasis on monitoring transactions of recipients of government funds who were overcharging government ministries and departments in local currency (ZW\$) (forward pricing) and, upon being paid, channelled the proceeds to purchase foreign currency on the parallel market. The FIU measures fed into and supported policies and measures that were implemented by the monetary and fiscal authorities that resulted in the stabilisation of the exchange rate and the economy in the latter of 2022.
- The FIU fined 241 entities in the course of 2022 for various violations under the Bank Use Promotion Act and the Exchange Control Act, while 19 companies that supplied goods and / or services to government were blacklisted by the Ministry of Finance and Economic Development, on the recommendations of the FIU, for engaging in foreign exchange parallel market activities.

- The statistics and outcomes of such cases are some of the key indicators upon which a country's AML/CFT effectiveness is assessed by regional and international anti money laundering bodies.
- In an effort to increase operational effectiveness, the FIU recruited additional personal, increasing its staff compliment from 25 to 45. The FIU also commenced a process to procure a financial transactions analytical tool to cope with the increased volume and complexity of collected financial data.

(iv) Operations: Analysis of transactions and generation of intelligence reports for law enforcement agencies

- One of the FIU's core functions is to analyse financial transactions data received from financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs). Based on that analysis, the FIU submits intelligence reports to relevant competent authorities (mostly Zimbabwe Republic Police, Zimbabwe Anti-Corruption Commission and Zimbabwe Revenue Authority) for further investigations and prosecution.
- The FIU also shares intelligence with foreign counterparts on suspected cases of money laundering, related predicate crimes and financing of terrorism.

(v) Operations: AML/CFT supervision of financial institutions and Designated Non-Financial Businesses

- Another key FIU statutory responsibility is its overall oversight function to ensure that banks, non-bank financial institutions and Designated Non-Financial Businesses (DNFBPs) comply with statutory obligations and international standards on combating money laundering, terrorism financing and financing of proliferation of weapons of mass destruction.

- The FIU works closely with relevant regulatory and self-regulatory bodies including Reserve Bank of Zimbabwe (regulation of banks, bureau de change and money transfer agencies), Insurance and Pensions Commission (insurance and pension), Securities and Exchange Commission of Zimbabwe (stockbrokers, asset managers, stock exchanges and transfer secretaries), Law Society of Zimbabwe, Estate Agency Council, Lotteries and Gaming Board, Public Accountants and Auditors Board.
- The FIU's role is to coordinate with the different regulators to ensure that the various regulated institutions implement statutory measures and standards for combating money laundering and terrorism financing. The measures include customer due diligence (KYC), record keeping and reporting of suspicious transactions, among many others.
- In the year 2022 the FIU carried out various initiatives in close collaboration with the sectoral supervisors. The initiatives included training and awareness raising, joint inspections of institutions and, in appropriate cases, levying sanctions against non-compliant financial institutions and Designated Non-Financial Businesses and Professions.

OVERVIEW

FIU FUNCTIONS AND OPERATIONS

1. OVERVIEW OF FIU FUNCTIONS AND OPERATIONS

- 1.1. The Financial Intelligence Unit (FIU) is established in terms of section 6A (1) of the Money Laundering and Proceeds of Crime Act [Chapter 9:24] (hereinafter referred to as “the Act”) Zimbabwe.
- 1.2. The FIU is headed by a Director General appointed by the Governor of the Reserve Bank of Zimbabwe, in consultation with the Minister of Finance and Economic Development (section 6A(2)(a) of the Act).
- 1.3. In line with international standards set by the Financial Action Task Force (FATF), the FIU enjoys operational autonomy, and has statutory functions separate from, but complementary to, those of the Reserve Bank of Zimbabwe. In law and in practice, operational autonomy means the FIU does not take instructions from any person or authority regarding which cases to analyse and / or refer to law enforcement agencies as enshrined under Section 6A(2)(f) of the Act.
- 1.4. The FIU derives its powers and functions from two main Acts of Parliament. The main legislation is the Money Laundering and Proceeds of Crime Act, under which the FIU is established and which spells out the FIU’s core-functions in line with international standards.
- 1.5. Deriving from the Money Laundering and Proceeds of Crime Act, the FIU’s main functions are two-fold:
 - a) to collect and analyse financial data and, from the data, compile intelligence reports relating to suspected money laundering, terrorism financing and other financial crimes, and to share the intelligence reports with law enforcement agencies; and
 - b) to coordinate the supervision of financial institutions and DNFBPs, using the risk-based approach, in order to ensure institutions, comply with obligations to prevent money laundering and terrorism financing.

- 1.6. The Bank Use Promotion Act [Chapter 24:24], on the other hand, confers additional functions on the FIU, to act as an inspectorate to ensure traders comply with the requirements of the Act, including the requirements that:
- a) sales proceeds from business operations must be banked daily;
 - b) businesses must avail to customers the option to pay for goods and services using either local or foreign currency and adhere to the official interbank rate (plus a margin of 10%); and
 - c) businesses must avail customers the option to pay in cash or by way of electronic means (debit cards and or mobile money payment services).
- 1.7. The FIU has the overall responsibility of coordinating the formulation and implementation of all AML/CFT policies, measures and activities by all competent authorities including regulatory bodies and law enforcement agencies. To this end, the FIU chairs the National Task Force on Anti Money Laundering and Combating Terrorism Financing, which consists of 23 members mostly governmental and quasi-governmental bodies with various roles in the AML/CFT value chain.

OPERATIONS

THE ANALYSIS FUNCTION

2. OPERATIONS: THE ANALYSIS FUNCTION

- 2.1. As noted above, one of the FIU's key and core-function is to provide intelligence to law enforcement agencies relating to suspected money laundering, terrorism financing and related financial crimes. The FIU analyses suspicious transaction reports (STRs) and other financial transactions reports collected from financial institutions and DNFBPs from which the FIU compiles case (intelligence) reports for sharing with law enforcement agencies for further investigations.
- 2.2. In addition to sharing intelligence with law enforcement agencies spontaneously, the FIU also responds to requests for information on cases which law enforcement agencies are already handling.
- 2.3. The FIU also reciprocally shares financial intelligence with foreign counterparts, both spontaneously and upon request.
- 2.4. During 2022, the FIU received 5,368 Suspicious Transaction Reports (STRs) from financial institutions. This represented a 19% decrease from STRs that were reported during the same period in 2021. The decrease is not necessarily a negative trend. The FIU has been carrying out awareness engagements with financial institutions to improve the quality as opposed to just high numbers of low quality reports.

2.5. Monthly STR receipts for the two periods are as tabulated below:

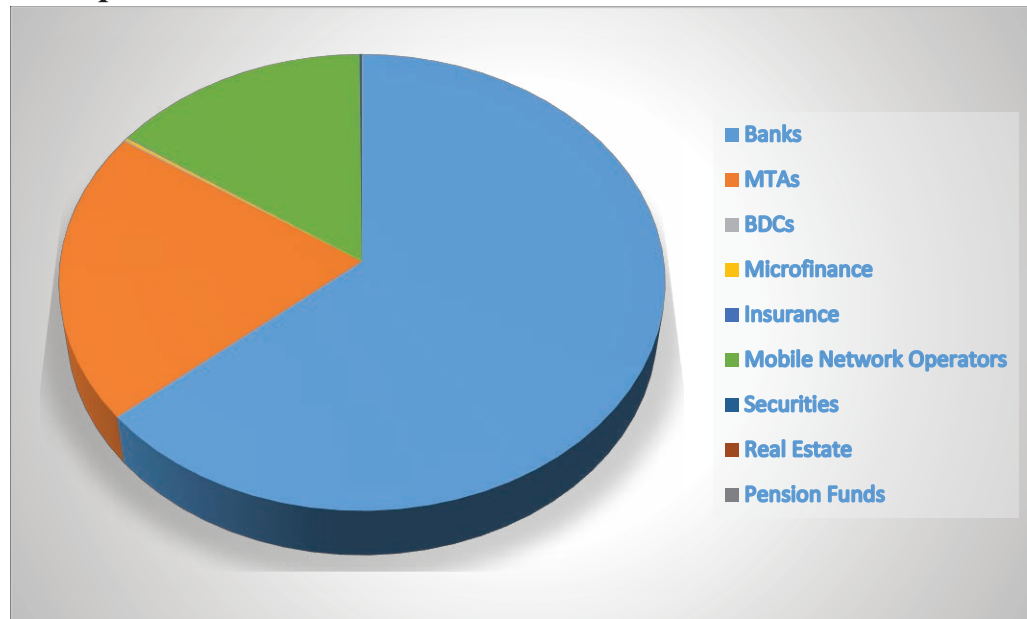
Monthly STR Receipts for January – December 2022 and 2021

Month	No. of STRs 2022	No. of STRs 2021	Variance
January	648	303	345
February	457	375	82
March	503	328	175
April	406	332	74
May	302	346	-44
June	547	622	-75
July	435	620	-185
August	546	684	-138
September	556	756	-200
October	415	800	-385
November	332	930	-598
December	221	540	-319
Total	5368	6636	-1268

2.6. Of the 5368 STRs that were received in the year, 3425 were reported by banks (63.8%) while 1108 (20.6%) came from Money Transfer Agencies. Mobile Money Operators submitted a total of 810 STRs (15.1%) while 9 STRs (0.2 %), came from micro-finance institutions. Bureaux de change, securities markets players, insurance companies, estate agents, and pension funds, collectively accounted for 16 STRs.

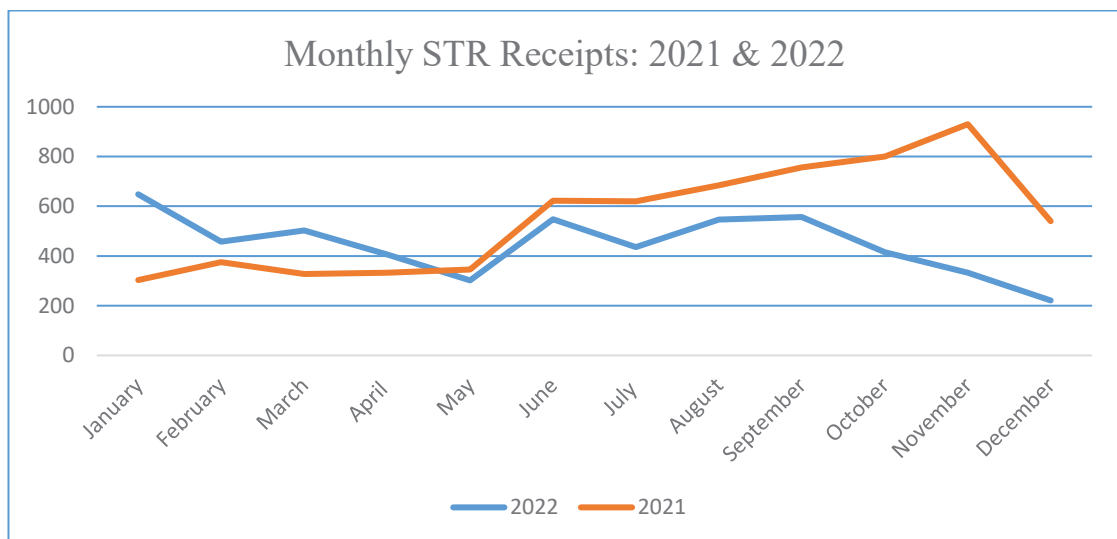
2.7. The pie chart below details the number of STRs received per sector:

STRs per Sector



2.8. Monthly STR reporting trends for the period from January 2021 to December 2022 are as plotted below:

STR Reporting Trends from January 2021 to December 2022



**Source: FIU Database*

2.9. Banks reported the highest number of STRs in 2022. The dominance of banks in STR reporting is due to two main reasons: banks account for a

significant proportion of all financial transactions in the economy, by value and by numbers; banks also better understand and are better equipped to implement AML/CFT measures compared to other sectors.

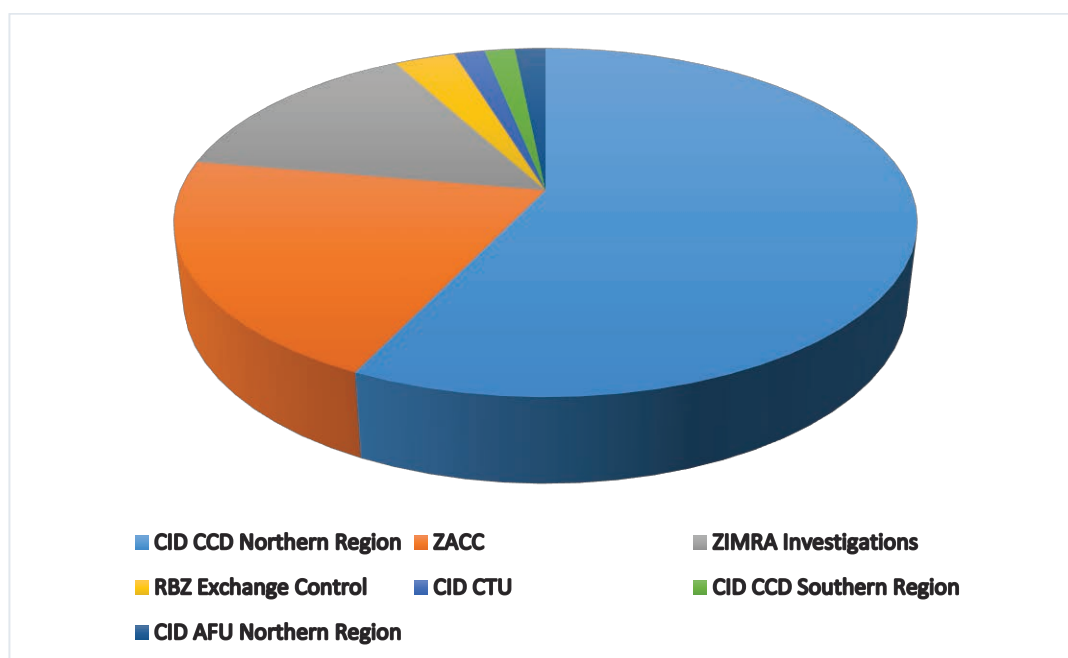
- 2.10. The FIU also received 123 Cross Border Reports (CBRs) from the Zimbabwe Revenue Authority's Customs Division. This was an improvement in submission of CBR reports from the 90 that were received in 2021. The increase in reports is attributable to training workshops that were delivered to customs officers who man the various ports of entry / exit.
- 2.11. The CBR reports received by the FIU in 2022 were all related to cash imports and exports by individuals where the values were above the US\$15 000 reporting threshold, as provided by section 11 of the Money Laundering and Proceeds of Crime Act.
- 2.12. The table below details the number of cases / intelligence reports that were sent by the FIU to law enforcement agencies in 2022, arising from the analysis of the financial data collected from the various reporting institutions.

Cases Disseminated to Law Enforcement Agencies (Jan – Dec 2022)

Law Enforcement Agency	Number of Disseminations
CID CCD Northern Region	36
ZACC	13
ZIMRA Investigations	9
RBZ Exchange Control	2
CID CTU	1
CID CCD Southern Region	1
CID AFU Northern Region	1
Total	63

2.13. The pie chart below illustrates the distribution of FIU case disseminations:

STRs Analysed and Disseminated Jan to Dec 2022



2.14. During the period under review, there was a 55% decrease in disseminations, as compared to the same period in 2021. This was because a significant number of STRs related to foreign currency parallel market dealings, which, as a matter of policy, the FIU has been handling through imposition of administrative penalties under the Exchange Control Act, instead of referring same to law enforcement agencies.

2.15. This intervention by the FIU has proved effective in combatting foreign exchange parallel market activities, compared to the approach in previous years where such cases were referred for criminal investigation, which generally did not yield results in terms of convictions in the courts.

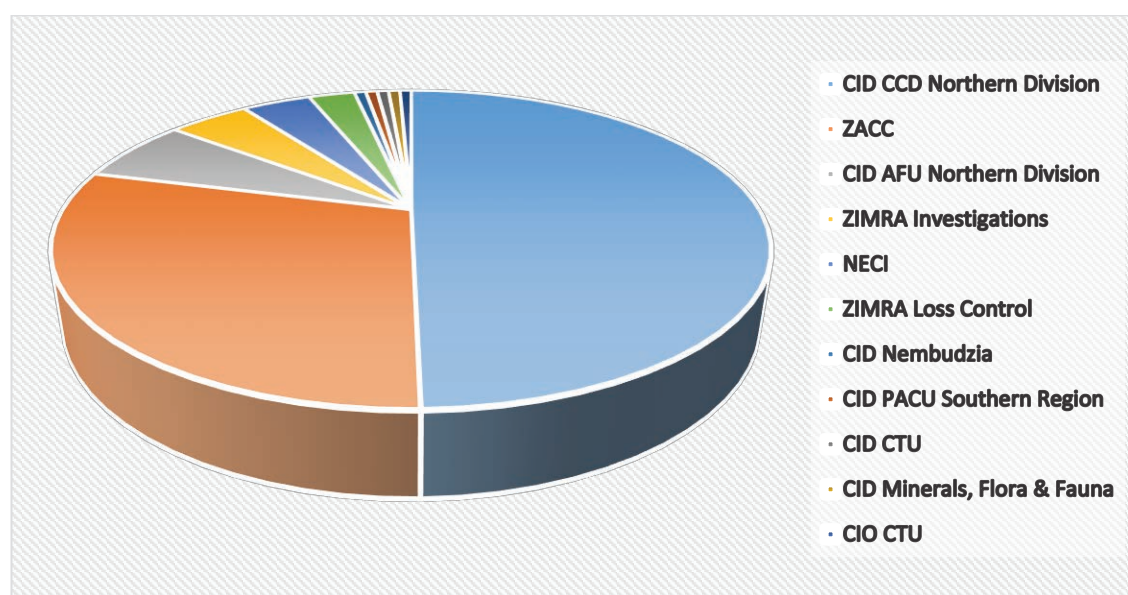
2.16. Disseminations to Zimbabwe Revenue Authority were related to cases of suspected tax evasion, while cases of suspected terrorist financing were referred to the Counter Terrorism Unit for further investigations.

2.17. In line with its mandate of supporting law enforcement investigations, through the provision of financial intelligence, the FIU received and actioned requests for financial intelligence from various law enforcement agencies. The table below shows the requests received by the FIU from various law enforcement agencies.

Domestic requests received from law enforcement Jan – Dec 2022

Competent Authority	No. of Requests
CID	90
ZACC	45
ZIMRA	11
National Economic Conduct Inspectorate (NECI)	6
Counter Terrorism Unit	1
Total Requests Received	153

Domestic Requests Received and Processed



2.18. Police requests for information mainly related to money laundering investigations originating from cases disseminated by the FIU as well as those detected by the law enforcement agency.

2.19. Requests that were received from Counter Terrorism Units (CTU) related to suspected cases of terrorist financing.

- 2.20. Zimbabwe Anti-Corruption Commission (ZACC) requests related to financial intelligence in support of their investigations on cases of corruption and other relevant mandate offences.
- 2.21. Law enforcement agencies requests to the FIU continued to rise, indicating an increased appreciation of the FIU's key role in providing financial information to support law enforcement agencies' investigations.
- 2.22. As part of enhanced international cooperation to combat cross-border financial crime, the FIU requested information from foreign FIUs in pursuit of FIU's own analytical needs as well as on behalf of domestic law enforcement agencies, in support of their investigations.

Requests sent to other FIUs Jan to Dec 2022

Foreign FIU	Number of requests made
South Africa	8
Botswana	2
Uganda	1
Total	11

- 2.23. The FIU also received and processed requests for information from other foreign FIUs as illustrated below:

Requests received from other FIUs

Institution	Total
Botswana	2
South Africa	1
Total	3

2.24. The foreign requests related to cases of suspected money laundering involving Zimbabwean nationals and Zimbabwe connected companies operating in other jurisdictions.

2.25. The FIU also received intelligence from other FIUs as follows:

Spontaneous disclosures received from other FIUs

Institution	Total
South Africa	7
Botswana	1
Total	8

2.26. The figures for international cooperation with other FIUs remain relatively low as the FIU is not yet part of the Egmont Group of FIUs, a forum used by most FIUs to share information securely. A big improvement in cooperation with other FIUs is expected once the FIU becomes an Egmont member as expected when the Egmont Group plenary convenes in July 2023.

2.27. Recognising the importance of technology in facilitating communication and efficient exchange of sensitive information in a secure manner, the FIU uses the goAML digital communication platform to communicate with reporting entities, domestic competent authorities and foreign counterparts and even from members of the public who may wish to use the platform to share intelligence with the FIU.

2.28 To this end, the FIU continues to carry out outreach programmes to stakeholders to ensure more and more users are registered on the digital platform. In 2022, the FIU registered a total of 319 new users, including reporting entities and stakeholders, on the goAML system. The real estate sector had 93 registrations, followed by Law Firms with 60. The total number of entities registered on goAML as at 31 December 2022, stood at 438.

ENFORCEMENT
MARKET DISCIPLINE
AND COMPLIANCE BY TRADERS

3. ENFORCEMENT OF MARKET DISCIPLINE AND COMPLIANCE BY TRADERS

- 3.1. During 2022, the FIU worked in close coordination with the central bank and the Ministry of Finance and Economic Development to identify and take punitive and administrative action against entities and individuals that were trading on the foreign exchange parallel market and engaging in related speculative behaviour that destabilized the foreign exchange market and the prices of goods and services.
- 3.2. Analysis by the FIU noted a trend, especially in the first half of 2022, whereby companies were taking advantage of low interest rates by borrowing heavily from banks, in ZW\$, and channelling the proceeds to purchase foreign currency for speculative purposes, both from the foreign exchange auction and from the parallel market.
- 3.3. The FIU submitted a report to the Reserve Bank of Zimbabwe, detailing the FIU's observations, and recommended, among other measures that interest rates be aligned with inflation to discourage speculative borrowing. The central bank adopted the recommendations, along with its own suite of monetary policy interventions, and in coordination with the fiscal authorities curtailed the speculative behaviour.
- 3.4. FIU analysis of transactions also noted a trend towards the end of 2021 and in the first half of 2022, whereby companies paid by government ministries and departments would use the Zimbabwe dollars to mop foreign currency on the parallel market.
- 3.5. The FIU analysed the pricing models used by these companies and noted that they were charging the government in ZW\$, not using the official exchange rate and not even using the prevailing parallel market rates. Rather they used rates that were, in some cases, 50% to 100% above the

prevailing parallel market rates. They justified this by arguing that government institutions took long in paying them, so they used “forward pricing” in anticipation of future movement of rates on the parallel market.

- 3.6. The result of this pricing model was that whenever the suppliers got paid by government, they were paid at rates that were beyond the parallel market rates at the time of payment. This meant that they could afford to mop foreign currency by paying rates above the prevailing parallel market rates thereby fuelling and destabilising the rates.
- 3.7. In the FIU’s view, the inflated prices paid to government suppliers pointed towards complicity and corruption by those government officials who were responsible for negotiating and signing off the contracts. The FIU noted that, with the exception of a few, most companies that were awarded contracts to supply goods and services to government were relatively unknown entities of little or no repute even though there were always established and well known companies operating in the sectors. In some cases, tenders would be awarded to a company that was only a few weeks old since formation and that had no trading track record, suggesting that the company was formed or purchased specifically to be awarded a government tender.
- 3.8. The FIU identified and submitted to the Ministry of Finance and Economic Development a list of 19 companies that had received funding from government for goods and / or services supplied and went on to channel the proceeds to purchase foreign currency on the parallel market.
- 3.9. The Ministry of Finance and Economic Development responded by swiftly publicly naming and shaming the companies and blacklisting them from participating in government contracts.
- 3.10. This action had a significant deterrent effect and resulted in increased levels of compliance and good behaviour by other government suppliers who feared the same fate.

- 3.11. The action against errant government suppliers, along with a cocktail of other coordinated fiscal and monetary policy measures effectively stabilised the foreign exchange market and prices of goods and services, which endured to the end of the reporting period (2022) and which, if sustained into 2023 is set to lead to permanent financial stability.
- 3.12. The FIU will continue to coordinate with fiscal and monetary authorities to contribute to the ongoing stability, by identifying and taking action against errant entities.

**AML/CFT COMPLAINT BY
FINANCIAL INSTITUTIONS &
DESIGNATED NON-FINANCIAL
BUSINESSES AND PROFESSIONS**

4. AML/CFT COMPLAINTS BY FINANCIAL INSTITUTIONS AND DESIGNATED NON-FINANCIAL BUSINESSES AND PROFESSIONS

4.1. One of the key statutory functions of the FIU is to coordinate the supervision of financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs) to ensure that they implement prescribed measures for combating money laundering, terrorism financing and financing of proliferation of weapons of mass destruction.

4.2. The range of financial institutions that should be supervised for AML/CFT purposes include:

- banks;
- bureaux de change;
- money transfer agencies;
- mobile money service providers;
- stockbrokers;
- asset managers;
- transfer secretaries; and
- insurance companies (with focus on life insurance).

4.3. DNFBPs that are designated for purposes of combating money laundering and terrorism financing are:

- lawyers;
- accountants;
- estate agents;
- casinos;
- precious stone and precious metal dealers;
- trust and corporate service providers; and
- car dealers.

- 4.4. The FIU is the overall AML/CFT supervisor for all these sectors, working closely with the primary regulators that are responsible for licensing and registration of the entities in their respective sectors.
- 4.5. The FIU tends to take a more active supervisory role in those sectors where the primary regulator / licencing authority is not yet fully capacitated to supervise compliance with AML/CFT requirements, while taking a coordination role where the regulator has capacity and ability.
- 4.6. For banks and other non-bank financial institutions, the primary regulators are getting increasingly involved in supervising their sectors, not only for prudential purposes but also for AML/CFT.
- 4.7. Understanding and implementation of AML/CFT requirements and obligations by the DNFBP sectors is, however, still largely limited, hence the FIU's more active role in those sectors.
- 4.8. During the period when Zimbabwe was on the FATF grey list of insufficiently compliant jurisdictions, the FIU carried out extensive engagements, trainings and guided the different sectors in fulfilling the basic AML/CFT requirements as per international standards. These initiatives contributed significantly to the eventual removal of the country from the FATF grey list.
- 4.9. More work still needs to be done in terms of ongoing supervision and enforcement of compliance, especially among the DNFBPs.
- 4.10. Even the financial sectors where supervision and compliance levels are higher, more still need to be done to increase the compliance levels.
- 4.11. The FIU has noted that primary regulators of financial services, notably the Securities and Exchange Commission of Zimbabwe (SECZIM) and the Insurance and Pensions Commission (IPEC) do not have adequate human and financial resources to fully carry out AML/CFT supervisory functions.

4.12. It is, therefore, imperative that the financial services regulators be adequately capacitated to ensure that Zimbabwe will perform well in the next round of peer review assessments on compliance with the international AML/CFT standards, scheduled to commence in 2025.

Remedial actions and sanctions for non-compliance

4.13. Sanctions for serious breaches are the most effective tools to encourage compliance with statutory AML/CFT obligations and are part of the key measures used by assessors to measure the extent to which AML/CFT requirements are enforced by countries.

4.14. To enforce compliance, the FIU applied remedial measures and sanctions against various institutions operating in different sectors of the economy.

4.15. The table below shows statistics of the various enforcement actions that were applied in 2022.

Enforcement actions from 1 January to 31 December 2022

Sector	Enforcement actions	Number of penalized institutions
Banking	Imposition of fine	1
	Warning letter	2
Casinos	Corrective action – onsite inspection	1
Real Estate	Imposition of fine	10
Accountants	Imposition of fine	3
Traders	Imposition of fine	241
Total		248

DOMESTIC AND INTERNATIONAL CO-OPERATION

5. DOMESTIC AND INTERNATIONAL CO-OPERATION

Domestic cooperation and coordination

- 5.1. The fight against money laundering and terrorism financing requires close cooperation and coordination among stakeholders, both at domestic and international level.
- 5.2. Domestically, the FIU chairs the National Task Force on Anti Money Laundering, consisting of 23 governmental institutions with different responsibilities in the AML/CFT value chain, including law enforcement agencies and regulatory bodies.
- 5.3. The National Task Force on AML/CFT meets at least once every quarter for purposes of coordinating the implementation of AML/CFT requirements across the entire value chain.
- 5.4. In 2022 the Task Force held the scheduled 4 statutory meetings. The National Task Force has 6 sub-committees which meet regularly to spearhead and track implementation progress in the various thematic areas and report back to the National Task Force. Among other sub-committees:-
 - a) The Law Enforcement Sub-Committee helps to coordinate detection, investigation and prosecution of money laundering, terrorism financing and related predicate crimes; and
 - b) The Supervision and Compliance sub-committee coordinates implementation of AML/CFT measures and the supervision of financial institutions and designated non-financial businesses and professions.
- 5.5. Under the coordination of the FIU, the National Task Force on AML/CFT successfully conducted its National Strategic Plan Review Workshop in November 2022 to review progress in the implementation of the National AML/CFT Strategic Plan 2020-25 and to plan AML/CFT targets and activities for

2023. The National Strategic Plan and the 2022 Strategic Plan Review are published on the FIU website.



Participants to the National Strategic Plan Review Workshop in November 2022

5.6. In order to strengthen public-private sector cooperation in combatting money laundering and related financial crime, the FIU organised and hosted the inaugural national public private Sector Dialogue on AML and Financial Crimes on 13-14 October 2022.



Public-Private Sector Dialogue Facilitators

- 5.7. The inaugural PPSD Conference tackled two topics that are currently topical both in Zimbabwe and globally:
- a) Regulation of Virtual Assets and Virtual Assets Service Providers; and
 - b) Detection and investigation of Cyber Financial Crime.
- 5.8. The conference was graced by a diverse line up of local, regional and international presenters, including from the IMF, UNODC, South Africa Financial Intelligence Centre, Bankers Association of Zimbabwe, academic experts as well as virtual asset service providers.
- 5.9. The attendance was overwhelming, with 295 participants attending physically and 140 attending online, both from the public and private sectors.
- 5.10. Based on the overwhelming participation and positive feedback from participants and stakeholders, the FIU intends to make this an annual event to afford stakeholders from both the public and private sectors as well as local and international experts to share views or best ways to cooperate and tackle financial crime together.

International cooperation and exchange of financial intelligence

- 5.11. Financial crime does not respect national borders. In the past, criminals would take advantage of limited cross-jurisdictional cooperation to commit financial crime in one country and launder the financial proceeds to another country, often getting away with it.
- 5.12. The FIU recognises that to effectively combat crime in the modern world, there is need to create and strengthen cooperation arrangements with foreign counterparts to facilitate exchange of information that helps in the identification and investigation of financial crime and the recovery of any proceeds laundered to other countries.

- 5.13. In 2022, the FIU exchanged useful information with various foreign FIUs, notably South Africa, Botswana and Mauritius, among others.
- 5.14. The FIU continues to identify and seek to sign MoUs with foreign FIUs, especially from countries with which Zimbabwe has significant financial transactions traffic.
- 5.15. In August 2022, the FIU signed an MoU with the Rwanda FIU to facilitate the exchange of intelligence relating to financial crime, bringing to 16 the number of such MoUs with counterpart FIUs.



FIU Director General, Mr Oliver Chiperesa during the Rwanda MoU signing

- 5.16. Zimbabwe remains an active member of the Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG) and, through that forum, cooperates with the 21 member countries in the fight against money laundering, terrorism financing and related financial crime.
- 5.17. Zimbabwe FIU is set to be admitted as a member of the global Egmont Group of FIUs when the group holds its plenary in July 2023.
- 5.18. Following progress achieved in benchmarking and meeting the required international standards, the Zimbabwe FIU was granted observer status by Egmont in July 2022, pending admission as a full member in 2023.
- 5.19. Membership of the Egmont Group will give the FIU access to the global FIUs secure information exchange platform, which will enable seamless exchange of information with over 180 other FIUs from around the world.



OUTLOOK FOR 2023 AND BEYOND



6. OUTLOOK FOR 2023 AND BEYOND

- 6.1. While the country celebrates the progress made in strengthening AML/CFT measures in compliance with international standards, the fight against money laundering and terrorism financing is not an event, it is a continuous process. In fact, in the case of Zimbabwe, it is only starting as there is a lot of work that still needs to be done by all stakeholders in the AML/CFT value chain.
- 6.2. The fact that Zimbabwe now has the best legal and institutional framework to combat money laundering and terrorism financing is one thing. Using the framework to effectively combat money laundering and terrorism financing is the challenge that now confronts the country going into 2023 and ahead of the next round of regional peer review assessments scheduled to start in 2025.
- 6.3. While the majority of financial institutions are now well aware of, and are largely implementing measures to combat money laundering and terrorism financing, awareness and compliance by Designated Non-Financial Businesses (lawyers, accountants, estate agents, car dealers, casinos, precious stone dealers Trust and Corporate Service Providers) is still low. The FIU will, therefore, be stepping up supervision of these sectors, using the risk-based approach.
- 6.4. Further up the AML/CFT value chain, law enforcement agencies, especially the police units responsible for investigating money laundering cases and carrying out financial investigations to identify and seize proceeds of crime, are not adequately resourced and capacitated to carry out their functions effectively, often lacking basic tools of trade such as ICT equipment and human resources. The police anti money laundering unit is also affected by high turnover of experienced and trained personnel.

- 6.5. If Zimbabwe is to demonstrate effectiveness in combating money laundering and terrorism financing in 2023, it is imperative that the police units responsible for financial investigations be adequately capacitated to investigate (in collaboration with other agencies) money laundering, terrorism financing and major predicate crimes that generate the highest proceeds of crime, (corruption, fraud, tax evasion, smuggling and illicit trade in precious stones and metals, and trading in illicit drugs).
- 6.6. In 2023, the FIU intends to engage law enforcement agencies and the National Prosecuting Authority to form a multi-agency task force that will be responsible for joint investigations of major financial crimes. The joint task force will include personnel from the FIU, Zimbabwe Republic Police, Zimbabwe Anti-Corruption Commission, Zimbabwe Revenue Authority and National Prosecution Authority, who will work from the same offices to facilitate speedy and seamless sharing of information in the investigation of high profile financial crimes.
- 6.7. On the regulatory front, government may need to speedily take a policy position on the regulation of virtual assets (also known as crypto currency) and virtual asset service providers in line with international and regional best practices and standards. FATF Recommendation 15 (one of only 3 out of the FATF 40 Recommendations in which Zimbabwe is non-compliant) requires countries to assess the risk posed by virtual assets (VAs) and virtual assets service providers (VASPs) and to take effective measures to mitigate the risks, including by ensuring that:
- a) VASPs are either registered or licenced and subjected to effective risk-based supervision, for AML/CFT purposes;
 - b) VASPs comply with the range of AML/CFT requirements, including customer due diligence, record keeping and submission of suspicious transaction reports to the FIU.

6.8. An increasing number of countries, including in our region, South Africa, Botswana, Zambia and Mauritius have begun to take measures to comply with international requirements on regulation of VAs and VASPs in order to mitigate the money laundering and terrorism financing risks. Zimbabwe should not be left behind in terms of complying with international standards thereby risking sliding back to the FATF grey list.



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