

Date: 12 November 2019

CASH TRANSACTION REPORTING

1. The Central Bank of Samoa's Database System on Cash Transaction Reporting has gone live! And this is part of our continuous efforts to address anti-money laundering issues, as well as countering terrorist financing. This is to also ensure that we play our part in addressing the correspondent bank de-risking issue.
2. By way of background, the newly passed Money Laundering Prevention Amendment Act 2018, Samoa for the first time has introduced Cash Transaction Reporting. This type of reporting ensures that every time a transaction is conducted at a commercial bank or a money transfer operator (which shall be referred to both as "financial institutions"), for the amount of SAT\$20,000 or more, the Financial Institutions would have to report that transaction and its relevant details to the Financial Intelligence Unit ("FIU") of the Central Bank of Samoa.
3. The rationale for this is to ensure that our financial systems are well protected from the potential threat of money laundering and terrorist financing channeling through our financial system in large amounts. Also, this contributes to the solution of de-risking or the closing down of bank accounts of money transfer operators by correspondent banks.
4. In order to be more effective with this piece of legislation, the Central Bank has taken a step further by formulating and implementing a Web-Based System or FIU Information and Communications Technology ("ICT") Database System which is used by both the FIU and the Financial Institutions. The system was designed by our local Internet Service Provider - Computer Services Limited ("CSL").
5. The Financial Institutions use this system to report any individual or company conducting a transaction equivalent to \$20,000 or more. This involves sending, receiving, exchanging money or any other type of cash transaction. The system is then accessed by the FIU in order to analyse the volume of traffic of these cash transaction reports. This web-based system is a solution to the increasing number of cash transactions that are being reported to the FIU (as opposed to reporting it manually).
6. The main features of this web-based system are as follows:
 - (a) It's user friendly;
 - (b) Each user has their own username and password to log in to the system. Each user is also assigned a user role which defines the level of access they have on the system. These security mechanisms protect the system and its data from unauthorized access;
 - (c) **Encrypted Password** - User passwords are stored in encrypted form. Therefore, no one can find out your password from the system, not even the System Administrators;

- (d) **Encrypted Communication** - The system utilizes HTTPS and an SSL certificate to ensure that the data which travels between a user's web browser and the web server is encrypted. In simple terms, this allows for secure communication over the Internet;
- (e) **IP Address & Domain Restrictions** - Only authorized IP addresses can access the system. This helps to prevent unauthorized parties from trying to gain access to the system;
- (f) **Data Entry Control** - Controls are in place to ensure that mandatory fields are entered and are valid. This promotes data integrity.

7. The main benefits of this system are as follows:

- (a) The system will improve the FIU's quality of work in terms of reporting and analysis capability and capacity, and will also increase the possibility of detection of money laundering and terrorist financing;
- (b) The system will be used by the FIU to receive, analyze and disseminate operational and strategic financial intelligence in a more qualitatively and timely manner.

8. The training for the System (for all financial institutions) was conducted on 26 September 2019 and the Financial Institutions are now using the system to submit their reports to the FIU.

9. This FIU ICT database system is funded by the Asia Pacific Group ("APG") grant from the New Zealand Ministry of Foreign Affairs and Trade. On that note, we take this opportunity to thank APG for allocation of funding, and especially to the New Zealand MFAT for their kind assistance as the donor.