



# EGMONT GROUP STRATEGIC PLAN

2018-2021



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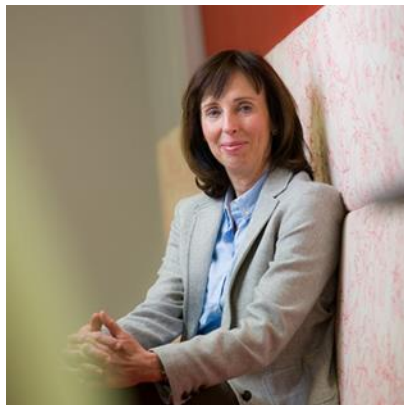
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## Message from the Chair



Dear Colleagues,

As Chair of the Egmont Group, it is my pleasure (on behalf of the Egmont Committee) to submit to you, for approval, our second Strategic Plan covering the period 2018–2021.

This Strategic Plan enunciates clearly a vision for the future of the Egmont Group, and the conditions necessary to succeed. It reflects the consensus that came out of lengthy discussions that took place throughout the different parts of our organization over the past twelve months.

Since the adoption of the first Plan, in 2014, the Egmont Group has matured to become an essential player in the fight against money laundering and the financing of terrorist activities. With a membership of more than 150 financial intelligence units and growing, our reach is now truly global and our influence pervasive amongst the international organizations committed to our cause. In addition, the relationship with the FATF has evolved positively, and the coming years will be crucial if we are to enhance the dialogue we maintain with this organization.

For more than 20 years, despite limited means, the EG has invested efforts and resources in developing knowledge, best practices and training tools to the benefit of all member FIUs. With the creation of the ECOFEL program, the EG now owns a powerful engine of progress. If all FIUs commit to using and contributing to ECOFEL's full potential, we will see quick and lasting improvements in the performance of FIUs and this will contribute to achieving our goals within the Egmont Group. Its broad mandate, its important financial resources, and its innovative programs on leadership make ECOFEL a very important cornerstone of this Strategic Plan.

Aligned with the framework provided by the Plan, I invite the Working and Regional Groups to develop bold and ambitious business plans in line with the work initiated last March in Buenos Aires. These business plans are the means through which we will achieve our four strategic objectives. They should also include performance indicators, even imperfect ones, in a genuine attempt to measure progress.

I am proud of what the Egmont Group has accomplished since its foundation. I am also convinced we can be even more productive if we continue to seek ways to draw from our collective experience and knowledge.

I would like to close by thanking all individuals and FIUs involved in the formulation of the Strategic Plan 2018–2021. This was truly a cooperative effort.

Hennie Verbeek-Kusters  
Chair of the Egmont Group of Financial Intelligence Units

## Introduction

1. Founded in 1995 by a small group of FIUs, following the adoption by the FATF of its first recommendations on money laundering (ML) and terrorist financing (TF), the Egmont Group (EG) operated for a long time in a free-flowing manner more akin to a 'club' than to an international organization. With the growth of its membership to 139 FIUs at the time, the Group adopted in July 2013, in Sun City, South Africa, a charter and other foundational documents<sup>1</sup> to guide its activities. Heads of FIUs also agreed to launch a process that led to the development of the Group's first strategic plan built around two key result areas:
  - (a) Enhance effective information exchange between FIUs; and
  - (b) Facilitate the adherence to international standards, develop and share expertise of FIUs.
2. The EG also committed itself to improving its cooperation with international partner organizations and to maintain an effective and sustainable institutional infrastructure.
3. The results of the 2014-2017 Strategic Plan were reported to the Heads of FIUs at the plenary meeting that took place in Buenos Aires, Argentina, in March 2018. As a living document, the strategic plan has evolved in response to changes in the environment and the needs of the organization. The original plan was not strictly followed in its implementation, but the discipline it imposed brought positive results upon which the EG can build for the future.
4. Since the launch of its first strategic plan, the EG has progressed steadily towards becoming an indispensable global actor in the fight against money laundering and the financing of terrorist activities. With sustainable finances, a growing reputation for the value of its contribution, and a strengthened and committed membership, the Group can look to the future with ambition and poise.
5. Accordingly, the 2018-2021 Strategic Plan provides a map to facilitate the alignment of the EG's institutional assets (the knowledge of its members, its working group structure, ECOFEL, funding, etc.) towards the achievement of strategic results. It is not a detailed business plan (work plan or action plan) for each Working Group (WG). Nevertheless, it outlines a series of initiatives that could be developed and implemented by the WGs.
6. The current EG's foundational documents provide a sound framework for action. Efforts should be made to conceive and develop initiatives and programs in line with the existing parameters. Nevertheless, as discussions proceed within WGs, new norms and practices could be adopted. In such cases, the documents would be updated accordingly.

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<sup>1</sup> In this context, foundational documents refer to the Egmont Group of FIUs Charter, Egmont Group of FIUs Principles for Information Exchange, Egmont Group of FIUs Operational Guidance for FIU Activities and the Exchange of Information and Egmont Group of FIUs Support and Compliance Process.

7. The Strategic Plan 2018-2021 is the result of an extensive process of consultation.

## Vision, Mission, and Values

8. The Egmont Group remains the only international forum for sharing financial information and strengthening the operational capabilities of its members in the fight against money laundering and the financing of terrorist activities.
9. On a global scale, the Group provides financial intelligence units that wish to become members, regardless of their structure (administrative, law enforcement or other), with the tools and capabilities required to facilitate both bilateral and multilateral information sharing.
10. Operationally, the Group focuses its efforts on the proactive sharing of tactical and strategic information, and on strengthening the capabilities of national authorities (1) to respond to the specific circumstances and needs of each of its members; and (2) to facilitate the membership's adherence to international standards, such as those of the FATF.
  - The Group is visionary in its ability to anticipate emerging challenges and is nimble in its use of policy instruments at national and international levels. The Group's connection with influential partners enables it to fully engage in technical discussions regarding the implementation of standards and strategies in the fight against money laundering and the financing of terrorist activities.
  - The EG is not governed by a legal framework such as an international treaty. It rests on the free commitment of its members towards its primary purpose, the relevance of its mission, and the respect for the institutional obligations enshrined in its charter.
  - The Group is sensitive to the diversity of its members and recognizes the need for flexibility in the application of its own rules and procedures.
  - The members' contribution to the progress of the organization is based on mutual trust, interdependence (the recognition that fighting ML/TF cannot be done without collaboration), fairness, and reciprocity with respect to the sharing of financial information.

## Environmental Scan: A Challenging Environment

11. Fighting ML/TF is a complex endeavour at a global level where nefarious elements have demonstrated tremendous resilience and adaptability at eluding the efforts deployed by international actors to contain them.
12. The sources of funding at the disposal of Daesh, the Mossack Fonseca Papers and other incidents call for closer collaboration bilaterally and multilaterally. Within Egmont, the ISIL project has shown that under the right conditions, and in the face of a globalized threat, it is possible to reach consensus on multilateral exchanges of information, even though agreeing on the specifics of such exchanges remains a challenge.
13. The increasing use of new technologies such as FINTECH, and monetary instruments such as crypto-currencies have introduced unregulated sectors of activities and actors for which little is known about their *modus operandi*, and their impact on the flows of money being laundered or used for financing terrorist activities.
14. Unregulated sectors and actors operating in the virtual space deploy effective means of hiding the identity of individuals involved in financial transactions. By contrast, the public's reaction to the release, by Facebook and other IT giants, of great amounts of private information, suggests that governments will continue tightening data-protection laws even when law enforcement agencies are asking for more access to personal information.
15. The proliferation of weapons of mass destruction and the transfer of dual-use technologies remain concerns of prime importance on the international security agenda. The EG will be addressing the needs of its membership in connection to this issue. The FATF is looking at a variety of issues (including the aforementioned counter proliferation financing) pertaining to the funding of these risks and may deliver guidance on how to address the situation. The EG supports the work of the FATF and is prepared to respond to it.
16. An increasing number of lawless areas provide terrorist and criminal organizations with platforms from which they can operate with impunity.
17. The media coverage of ML/TF cases and the world-wide evasion of billions of dollars to tax havens have raised the profile of FIUs. An integral part of the intelligence and law enforcement community, FIUs now have visibility and are being held more accountable to the media, the public, and their respective political institutions.
18. Despite the recent upswing in the economic performance of large parts of the world, governments remain concerned with budget deficits and have not increased the funding available to FIUs. Those FIUs and the EG will have to improve their respective performance without a significant increase in financial resources.

19. Positively, for the first time since its foundation in 1996, the EG has received earmarked funding for a comprehensive three-year innovative program - ECOFEL - to enhance the level of professionalism of members and future members.
20. Until recently, there was limited interest shown by international players fighting ML/TF, as to the work and capabilities of the EG. This situation is changing rapidly. The number of partner organizations continues to grow and the EG will have to select judiciously which organizations it wants to partner with in order to increase its operational performance and its influence.

## Strategic Objectives

21. In response to the changing environment, the EG will pursue four strategic objectives:

### **(a) Facilitate Bilateral and Multilateral Exchanges of Financial Information**

- Given the Group's main purpose, promoting, supporting and facilitating the exchange of financial information will remain its core objective.
- An increase in the volume and the quality of the bilateral exchange of information is positive but not sufficient. Special focus will be placed on the development of multilateral exchange mechanisms, with the view of promoting, on a longer term, an operational database that would be accessible to all members.

### **(b) Strengthen FIU's Capabilities**

- Since its inception, the Egmont Group has promoted the sharing of knowledge and best practices. With the launch of the ECOFEL program, the Group is in an unprecedented position to promote excellence and leadership. ECOFEL's capabilities will be optimized by adapting its programs and activities to the diversity of regional and national realities.

### **(c) Expand the Group's Field of Knowledge**

- To date, the majority of exchanges between Egmont Group members have dealt with operational and technical knowledge, and best practices. The introduction of new technologies and new actors outside of the regulatory framework, the significant reduction of cash transactions, and the emergence of crypto-currencies are only some of the change factors in the environment. This new reality requires updating the EG's understanding of these factors and their impact upon future financial flows.

#### (d) Develop New Partnerships

- The exchange of financial information is the ‘bread and butter’ of the EG. Accordingly, the emphasis has always been on training personnel about understanding the nature of financial transactions, even if several FIUs also cover supervisory (compliance) functions.
- In addition to long-standing institutional relationships with entities such as the World Bank and the FATF, the Group will leverage non-traditional partnerships to make up for lost ground in terms of knowledge, to gain visibility, and play a more active role in ensuring policy formulation considers operational implications.
- Whether through the Wolfsberg Group or via other channels, the EG will work towards expanding exchanges of views with private sector institutions. The Group will also closely monitor decisions taken by international political bodies such as the G-7 and the G-20, and their implications on its operations.

### Critical Success Factors

22. Over the years, members have identified several factors critical to the success of the organization. These factors are still valid and cut across most, if not all, the EG’s long-term goals and current strategic objectives.

- ✓ **The attributes of the information being exchanged:** (a) quality (i.e. must include a number of essential details that facilitate the work of law enforcement agencies); (b) timeliness (in TF cases, for instance, the speed at which the information is acquired and shared may help to prevent further nefarious actions); (c) relevancy and clarity (the data provided must be specifically tied to the needs of the FIU requesting the information); (d) accessibility (i.e. FIUs should respond to a request if they have the information at their disposal or could acquire it);
- ✓ **A comprehensive understanding of the respective threats and risks** faced by each member and region;
- ✓ **A sound knowledge of technological trends** that will impact financial transactions and the access to personal information;
- ✓ **Timely access to financial information** provided by reporting entities;
- ✓ **A national legislative and regulatory framework** that protects the autonomy of the FIU;



- ✓ **Adherence to international norms and standards;**
- ✓ **A solid training program** accessible to any EG member requesting assistance that facilitates the acquisition and the reinforcement of analytical, communications and leadership skills.

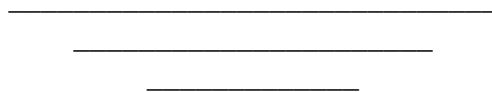
## Strategic Initiatives: Four Areas of Focus

23. With the creation and the funding of the ECOFEL program, the EG is now better equipped to improve the performance of its members and their leadership. Without being a panacea for all the challenges faced by the Group, ECOFEL has the ability to close the gap between the emerging realities of the ML/TF environment and the capacities of FIU leadership. For the first time, the implementation of ECOFEL will bring under one umbrella the sharing of results from all the work done at the WGs' level in the development of knowledge, analytical tools, and best practices.
24. With over 150 members, the EG has become a truly global organization. More work is necessary to reach FIUs in Africa and Asia that would gain from joining the Group. Although they are not members, FIUs from these regions would benefit from the ECOFEL technical assistance program in order to meet the membership criteria.
25. For several years now, the EG has discussed the importance and usefulness of technology in the analysis of financial transactions and the exchange of information. These discussions should lead to the implementation of a program for the acquisition of technology. The EG will additionally assess its needs to improve the current technology used within the organization.
26. The EG will continue to integrate the important thematic work that is being done by the working groups. As it was mentioned in the environmental scan, the ISIL project, amongst others, has also shown that multilateral exchange of information is possible. It has provided a comprehensive list of success factors and lessons learned that could be applied both bilaterally and multilaterally in the sharing of operational and strategic information.

## Next Steps: Towards Working Groups' Business Plans

27. The four strategic objectives and the four strategic initiatives provide a broad framework for action but at an aspirational level. To make this framework concrete it must be translated into a series of initiatives that give it shape; in other words, a business plan.

28. In March 2018, in Buenos Aires, the WGs identified activities and projects that, in their views, would contribute directly to the realization of the strategic objectives.
29. The number of initiatives proposed may exceed the capacity of the WGs to deliver them. They differ in terms of resources (time and effort) needed, and their contribution to the strategic objectives may differ. Once the WGs have taken a decision on which initiatives they will pursue as part of their respective business plan, those will have to be staggered over a three-year period. Several will have to be completed first as they will lay the foundations for future work.
30. The 2018-2021 Strategic Plan, and its related business plans intend to take the Egmont Group a step further by providing qualitative and quantitative measures to assess the performance of the whole organization (by contrast to the performance of individual members) towards the achievement of its four strategic objectives.
31. These measures proposed are tools, not absolute determinants of success. They should be used as such. Several of them may become irrelevant over time, while others may be added as circumstances warrant. The WGs will decide which ones are the most relevant to measure how their initiatives contribute to the overall objectives of the plan.
32. Moreover, the lack of several performance measures taken at a specific point in time - such as the precise number of exchanges amongst members or the quality of the information being shared - against which the EG could benchmark its progress impose certain limitations.



- ❖ Adopted by the Heads of the Egmont Group Financial intelligence Units during the 25<sup>th</sup> Egmont Group Plenary in Sydney, Australia (September 2018)