US pressure hurting local financial sector, expert says

Extra territorial pressure from the United States is making it difficult for countries like Antigua & Barbuda to strengthen legislation to effectively tackle money laundering and financial fraud.

Certified Anti-Money Laundering Specialist Kem Warner made that disclosure during the start of the two-day 8th Annual Anti-Money Laundering Anti-Fraud and Financial Crimes Conference yesterday.

Warner said Antigua & Barbuda has to deal with the extra territorial pressures from the United States, which demand the implementation of the Foreign Accounts Tax Compliance Act (FATCA).

“Our regional efforts for the most part have led to the signing of several intergovernmental agreements. Our regional governments and institutions are still trying to get the understanding of FATCA, an act that the enactors themselves are still trying to understand and implement,” he said.

Warner said while the Antigua & Barbuda government “battle its brains”, to understand and cooperate with an act and laws of another country, “we have to do so with caution”.

He explained that the implementation of FATCA “can have conflicting client privilege effects with our banking acts in the respective jurisdictions”.

But, he said, failure to comply with these international standards can have a devastating blow on the region and a further threat to correspondent banking relationships, international trade, as well as foreign negotiations and tourism.

Warner said that while the new FATF recommendation stresses the need for risk management, it is widely noted that it will only make countries and institutions counterproductive in their efforts to fight money laundering and financial crimes.

“Yet banks and other countries continue to de-risk customers, investors and even other countries. Instead of trying to conduct proper risk assessment, they react out of fear based on stereotypical and defensive factors,” he said.