REPUBLIC OF ZAMBIA

REPORT

OF THE

COMMITTEE ON NATIONAL SECURITY AND FOREIGN AFFAIRS

ON THE

CONSIDERATION OF THE FINANCIAL INTELLIGENCE CENTRE (AMENDMENT) BILL, N.A.B NO. 11 OF 2020

FOR THE

FIFTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY

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TABLE OF CONTENTS

REPORT OF THE COMMITTEE ON NATIONAL SECURITY AND FOREIGN AFFAIRS ON THE CONSIDERATION OF THE FINANCIAL INTELLIGENCE CENTRE (AMENDMENT) BILL, N.A.B NO. 11 OF 2020, FOR THE FIFTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY

1.0 MEMBERSHIP OF THE COMMIITEE

The Committee consisted of: Dr M Malama, MP (Chairperson); Ms A M Chisangano, MP (Vice-Chairperson); Mr E J Muchima, MP; Brig Gen M Sitwala (Rtd) MP; Mr K Mbangweta, MP; Mr L Nyirenda, MP; Ms M Miti, MP; Mr F Ngambi, MP; Mr A B Malama, MP; and Ms M Lubezhi, MP

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir,

The Committee has the honour to present its Report on the Financial Intelligence Centre (Amendment) Bill, N.A.B No. 11 of 2020, for the Fifth Session of the Twelfth National Assembly, referred to it on 20th October, 2020.

2.0 FUNCTIONS OF THE COMMITTEE

The functions of the Committee are as set out under Standing Order No. 157 (2). Among the functions, is the mandate to consider Bills referred to it by the House.

3.0 MEETINGS OF THE COMMITTEE

The Committee held ten meetings to consider the Financial Intelligence Centre (Amendment) Bill, N.A.B No. 11 of 2020.

4.0 PROCEDURE ADOPTED BY THE COMMITTEE

In order to acquaint itself with the provisions and ramifications of the Financial Intelligence Centre (Amendment) Bill, N.A.B No. 11 of 2020, the Committee sought both written and oral submissions from the stakeholders listed at Appendix II.

5.0 BACKGROUND

The Financial Intelligence Centre (Amendment) Bill, N.A.B No. 11 of 2020, sought to amend the Financial Intelligence Centre Act, No. 46 of 2010, in order to ensure compliance with the Financial Action Task Force (FATF) recommendations on combating money laundering, financing of terrorism, proliferation and other associated serious offences.

This was pursuant to the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) Mutual Evaluation Report (MER) on anti-money laundering and counter-terrorist financing measures in Zambia undertaken in June 2019. The Report analysed the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Zambia's AML/CFT system, and provided recommendations on how the system could be strengthened. In

spite of the amendments to the Financial Intelligence Centre Act, No. 46 of 2010 in 2016, there were still deficiencies that needed to be attended to in order for Zambia to be compliant.

Set out below are some of the key findings of the ESAAMLG Evaluation Report.

i. Zambia did not have a national Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Policy and Strategy;
ii. Zambia had not ratified two of the protocols which were Annexes to the Terrorist Financing (TF) Convention.
iii. With the exception of the Anti-Money Laundering Investigations Unit (AMLIU) and Anti-Corruption Commission (ACC), other investigative authorities did not demonstrate that they effectively investigated money laundering and carried out parallel financial investigations. As a result, the number of money laundering investigations and prosecutions, relative to the predicate offences reported and processed, was low. AMLIU, ACC, Tax and Financial Crime Unit (TFCU) and Asset Forfeiture Unit (AFU) had a low resource capacity, which hindered them from effectively performing their mandate in general and in line with the country's risk profile.
iv. The sanctions imposed in successful money laundering cases were not effective, dissuasive and proportionate. Further, no legal person had been prosecuted or sanctioned for money laundering despite some of the cases prosecuted indicating involvement of legal entities in the commission of the offence.
v. The number of confiscations of criminal proceeds, instrumentalities and property of corresponding value was low and these were not done as a policy objective.
vi. The Designated Non-Profit Financial Businesses and Professions (DNFBPs,) with the exception of large law firms and large dealers in precious stones, who demonstrated good understanding of the risks and awareness of their AML/CFT obligations, had little understanding of the risks they faced and their AML/CFT obligations.

Following these findings, the priority actions listed below were recommended for implementation in order for Zambia to raise her level of compliance.

i. Expedite the completion and implementation of the National AML/CFT Strategy involving both the public and private sectors so as to address the key ML/TF risks identified in the National Risk Assessment (NRA).
ii. Prioritise building of adequate resources to the AMLIU, ACC, TFCU and AFU in order to strengthen their operational capacity to investigate and prosecute money laundering and associated predicate offences. Further, authorities needed to ensure that the other law enforcement agencies had sustainable capability to conduct parallel financial investigations when investigating predicate offences, consistent with the country's risk profile.
iii. Conduct an in-depth review of the Non-Profit Organisations sector to better understand those that were exposed to terrorist financing abuse and continue the outreach to Non-Profit Organisations to raise awareness of specific terrorist financing risks.
iv. Ratify the outstanding two protocols which were Annexes to the Terrorist Financing Convention.

v. Ensure that proportionate, dissuasive and effective sanctions were imposed in relation to successful money laundering, including effective prosecution and application of appropriate sanctions on legal persons and for violations of AML/CFT obligations by reporting entities.

vi. Develop a national policy aimed at ensuring that confiscations of criminal proceeds, instrumentalities and property of corresponding value were executed as a priority for the relevant law enforcement agencies and that efforts be focused on the predicate crimes which were identified as high risk in the National Risk Assessment, as well as cases where the proceeds of crime had moved to foreign countries. Such a policy should aim to significantly strengthen the asset recovery regime by, *inter alia,* granting more resources to the AFU and other relevant law enforcement agencies, developing a clear mechanism for the management of confiscated assets, improving Zambia Revenue Authority (ZRA) understanding of their powers under the Financial Intelligence Centre Act and ensuring that the AFU maintains comprehensive statistics pertaining to property frozen, seized or confiscated.

vii. Develop and implement mechanisms such as outreach activities to enhance ML/TF risk understanding by the Designated Non-Profit Financial Businesses and Professions sector, as well as their AML/CFT obligations, in particular the application of Enhanced Due Diligence (EDD), implementing Targeted Financial Sanctions (TFS) United Nations Security Council Resolutions (UNSCRs), identification and verification of Ultimate Beneficial Owner/ship (UBOs, Suspicious Transaction Report (STR) reporting and application of a risk-based approach.

viii. Ensure that financial supervisors fully adopt and implement a risk-based approach to supervision. Supervision of the DNFBP sectors should commence as soon as possible, including issuance of AML/CFT regulations, the development of enforceable guidance, and the establishment of risk based inspection regimes.

ix. Establish a legal, regulatory and institutional framework to monitor, supervise, and effectively implement TFS related to proliferation financing and ensure that reporting entities understand their Proliferation Financing obligations.

x. Conduct comprehensive analysis of the ML/TF risks posed by legal persons and establish mechanisms to ensure adequate mitigating measures are put in place commensurate to the identified risks.

xi. Issue implementing regulations for the new Companies Act and strengthen the legal and institutional framework for legal arrangements.

xii. Establish an efficient case management system to enable monitoring and accounting for money laundering activities.

Zambia had up to October, 2020, to expedite the implementation of all outstanding issues or risk being listed globally as a non-compliant regime and, therefore, unable to transact through correspondent banking.

6.0 OBJECTS OF THE BILL

The Objects of the Bill were to:

(a) re-define the functions of the Centre;
(b) revise the definition of high risk customers in accordance with international standards;

(c) provide for customer due diligence on wire transfers in accordance with international standards;
(d) provide a risk management framework for anti-money laundering requirements;
(e) expand the scope of reporting entities; and
(f) provide for matters connected with, or incidental to, the foregoing.

7.0 SUMMARY OF THE SALIENT PROVISIONS OF THE BILL

The salient provisions of the Financial Intelligence Centre (Amendment) Bill, N.A.B No. 11 of 2020, are set out hereunder.

Part I
Preliminary Provisions

Clauses 1: Short Title
This clause provided for the short title of the Act.

Clauses 2: Amendment of Section 2
This clause sought to amend Section 2 by the deletion of certain definitions and the insertion of the new definitions in order to provide clarity in the law of certain words and phrases.

Clause 3: Repeal and Replacement of Section 5
This clause sought to re-define the functions of the Financial Intelligence Centre to include the mandate to give guidance to reporting entities to combat money laundering, financing of terrorism or proliferation activities or any other serious offence on a risk sensitive basis.

Clause 4: Amendment of Section 11
This clause sought to delete the words "as it may determine" and replace them with the words" "that the Board may determine" so as to clearly provide that the Board shall be responsible for the appointment of the staff of the Centre.

Clause 5: Repeal and replacement of section 16
This clause sought to repeal and replace Section 16 so as to provide for customer identification requirements when opening an account for or establishing a business relationship with a customer, among other things. It further mandated a reporting entity to identify and verify the identity of each customer and obtain other information required before the reporting entity could establish an account or a business relationship where it suspected money laundering, financing of terrorism, proliferation or any other associated serious offence, or the reporting entity doubted the veracity or adequacy of previously obtained customer identification information.

Clause 6: Amendment of section 17
This clause sought to insert a new subsection immediately after section 17 (4) so as to mandate the home and host authorities to satisfy themselves that the requirements in subsection (1) were met under certain circumstances where a third party designated to perform customer identification on behalf of a reporting entity was part of the same financial group.

Clause 7: Repeal and Replacement of Section 19
This clause sought to repeal and replace section 19 which provided for the management of high risk customers so as to-

(a) enable a reporting entity to identify, assess and understand risks associated with money laundering, financing of terrorism or proliferation in relation to the reporting entity's products, services, delivery channels and its customers' location and country risk.
(b) apply a risk based approach commensurate to the risks identified in relation to the mitigation of money laundering and financing of terrorism or proliferation or any other serious offence.
(c) Identify, assess, manage and mitigate the risks that may arise prior to launch of products and serious services.
(d) enhance due diligence of customers on the request of the Centre, and
(e) apply risk based counter measures against another country.

Clause 8: Amendment of Section 22
This clause sought to delete Section 22 so as to extend the requirement of ensuring records and other information were available not only to the Centre, supervisory authority and law enforcement agency but also to any other competent authority.

Clause 9: Repeal and Replacement of Section 23
This clause sought to repeal and replace Section 23 so as to mandate a reporting entity to develop and implement programs for the prevention of money laundering, financing of terrorism, proliferation or any other associated serious offence relating to these crimes. The clause further allowed the Centre to disapprove the designation of a compliance officer by a reporting entity on specified grounds.

Clause 10: Repeal and Replacement of Section 24
This clause sought to repeal and replace Section 24 so as to mandate a reporting entity to exercise ongoing due diligence using a risk based approach with respect to a business relationship with a customer.

Clause 11: Repeal and Replacement of Section 26
This clause sought to repeal and replace Section 26 which placed obligations on a beneficiary financial service provider, among others, to undertake post event monitoring or real time monitoring to identify cross border wire transfers and implement risk based policies and procedures for the execution, rejection or suspension of wire transfers lacking required originator or beneficiaries information.

Clause 12: Repeal and Replacement of Section 27
This clause sought to repeal and replace Section 27 so as to place an obligation on a reporting entity to ensure that foreign and majority owned subsidiaries implement programmes for the prevention of money laundering under Part III of the Act to the extent that the domestic applicable laws of the host country permit.

Clause 13: Amendment of Section 29
This clause sought to delete Section 29 (1) (b) so as to include financing of proliferation. Further, the Clause was being amended to refer to reporting entity as opposed to financial institution and to include the offence of proliferation and financing of terrorism.

Clause 14: Amendment of Section 36
This clause sought to amend Section 36(1) by the insertion of the words "or proliferation" so as to include the offence of financing of proliferation. Further, the clause sought to introduce a new subsection to mandate a supervisory authority to provide the Centre with a report of its findings and recommendations after an inspection carried out under the Act.

Clause 15: Amendment of Section 45
This clause sought to delete the words "section twenty-nine or thirty" and substitute them with the words "under this Act" for purposes of general reference to the Act and not specific sections.

Clause 16: Repeal and Replacement of Section 49B
This clause sought to amend section 49 (B) by allowing the Director General to fine a person subject to the consent of the DPP.

Clause 17: Insertion of Section 49C
This clause sought to introduce a new section after section 49(B) to provide for administrative sanctions for any contravention under the Act which was not an offence.

Clause 18: Amendment of Section 54
This clause sought to amend section 54 (1) so as to include the offence of financing of proliferation or any other serious offence for purposes of maintaining comprehensive statistics on suspicious transactions, among others.

Clause 19: Amendment of Section 55
This clause sought to introduce the words "or proliferation" under section 55 (2) (a) as a consequential amendment to previous clauses.

Clause 20: Repeal and Replacement of Section 58
This clause sought to amend section 58 so as to provide for additional matters requiring Regulations for the better carrying out of the provisions of the Act.

Clause 21: Amendment of Schedule
This clause sought to amend the schedule under paragraph 6(1) so as to allow the Minister to approve any donations or grants received by the Centre.

Clause 22: General Amendment
This clause sought to delete the phrase "financial institution" wherever it appeared in the Act and substitute it with the word "financial service provider" so as to align it with the amendments to the *Banking and Financial Services Act, No. 7 of 2017.*

8.0 SUMMARY OF SUBMISSIONS AND CONCERNS BY STAKEHOLDERS

8.1 General Views

Most of the stakeholders who appeared before the Committee were in support of the Bill, contending that there was need for Zambia to be compliant with international standards and requirements in the fight against financial crimes and terrorist financing and proliferation, as per the June 2019 Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) Mutual Evaluation Report (MER) on Anti-money laundering and counter-terrorist financing measures in Zambia.

8.2 Specific Concerns

Clause: 2 (Amendment of Section 2: Definitions)

8.2.1 "Currency"

Stakeholders noted that the implicit inclusion of crypto currency by referring to 'electronic' or 'virtual form' in the definition of 'currency' required a consequential amendment to the *Bank of Zambia Act, Chapter 360 of the Laws of Zambia.* They contended that currently, Section 29 (1) of the BOZ Act defined and limited the currency of the Republic to Kwacha. This should also be applied to the inclusion of crypto currency under virtual Assets.

8.2.2 Financial Service Provider

Stakeholders noted that Section 2 of the Bill proposed to include the following definition of "financial service provider":

> *"financial service provider" has the meaning assigned to the words in the Banking and Financial Services Act, 2017 and includes a virtual asset service provider;*

They observed that the definition had now been extended to include a virtual asset provider and that although this aspect of the amendment was welcome as it responded to developments in financial technology, the manner in which the term was used in Clause 7 of the Bill, could lead to ambiguity in interpretation. Clause 7 of the Amendment Bill read in part as follows:

> *19(7)(b) A reporting entity shall apply enhanced due diligence, proportionate to the risks, to business relationships and customer transactions with natural or legal persons, including financial service provid*
> *ers, from countries which have been designated as high risk by the Centre or any competent authority, as communicated from time to time.*

The stakeholders argued that in the above context "financial service provider" was being included as an example of a legal person from countries which had been designated as high risk by the Centre or a competent authority and which should be subject to enhanced due diligence. Reference to and use of 'financial service provider' in this instance could lead to an ambiguity as the entities in question would be from a country other than Zambia, and thus not necessarily subject to the Banking and Financial Services Act.

Stakeholders, therefore, recommended that the phrase "*including financial service providers'* be deleted to avoid such ambiguity.

Stakeholders further observed that '*Financial Service Provider'* pertaining to requirements for on-going customer due diligence at Clause 10 included the following new sub clause 24(a) which read:

> *A reporting entity shall exercise ongoing due diligence using a risk based approach with respect to a business relationship with a customer which includes— (a) scrutinising transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the* ***financial service provider's*** *knowledge of the customer, their business and risk profile, including, where necessary, the source of funds;*

Stakeholders noted that all reporting entities were currently subject to the requirement to carry out on-going customer due diligence. Therefore, the use of the term "financial service provider" in the current phraseology would inadvertently exclude all reporting entities other than financial service providers. Further, if the definition of "financial service provider" was not expanded as proposed above, then only institutions licenced by the Bank of Zambia would be obliged to conduct on-going customer due diligence. Such an outcome would create vulnerability in Zambian ML/TF preventative measures that could be exploited by money launderers and those who sought to finance terrorism.

In this regard, it was proposed that the words "financial service providers" should be replaced with "reporting entities" in the above sub clause.

8.2.3 "Intermediary institution"

Stakeholders proposed the deletion of the word 'person' in the definition and the replacement thereof with 'institution.' The reasoning was that the word 'person' as used in the Bill appeared to give the understanding or impression that it was an individual when in fact it was the institution that was being referred to. In this regard they proposed that this definition be phrased as follows.

> *'Intermediary Institution' means an institution which participates in a transfer of funds that takes place through more than one institution but is not an ordering institution or a beneficiary institution.'*

8.2.4. "Independent source document'

Stakeholders noted that the definition of "independent source document" was limited and, therefore, recommended that it should be extended to the use of digital sources such as national data sources. They further proposed the inclusion of the word "data" for customer verification as per the FATF standards. This was meant to allow more flexibility of customer verification beyond merely a sim card. Stakeholders also sought clarity on whether or not once a customer provided a mobile number there was no need to provide other proof of residence such as a utility bill or tenancy agreement.

8.2.5 'Prominent Influential Person'

Stakeholders observed that there was need to specify what type of member of an executive organ qualified to be referred to as such. They wondered whether or not this also extended to leaders of political parties that were duly registered but did not participate in general elections and church mother bodies, the labour movement and associations such as the Law Association of Zambia.

Others went further to contend that the definition of Prominent Influential Person also referred to a person who "has been…" thereby introducing the concept of 'once PEP, always 'PEP.' They proposed that the Bill should endeavour to adopt international practice that had an express limitation of up to 2 years, subject to a reporting entity's risk based approach to return such a person in this category post such a period if the entity deemed it fit to do so.

8.2.6 'Reporting Entity'

Stakeholders submitted that 'reporting entity', as a broad term included the definition of 'Accountable Institution', a term that was also defined under Clause 2. In this regard, it should read as follows:

> *"reporting entity" means an institution which is regulated by a supervisory authority required to make reports under this Act and includes a financial service provider, a designated non-financial business or profession, a virtual asset service provider and an accountable institution.'*

The rationale for the inclusion of 'an accountable institution' was that the entities listed under accountable institutions were amenable to money laundering and terrorism financing and proliferation financing. As such, they should be required to report when they came across suspicious transactions. Leaving them out would exacerbate the money laundering risk among these players without the FIC receiving vital information to analyse and disseminate. Furthermore, money laundering typologies among these players had been noted in cases that had been investigated so far.

8.2.7 "law enforcement agency"

Stakeholders observed that the list of all law enforcement agencies should be clearly outlined in the definition and not left to the whim of the Minister to prescribe. The stakeholders noted the absence, for instance, of the National Anti-Terrorism Centre (NAC) which was created specifically to fight terrorism and related crimes.

In this regard they recommended the express inclusion of the NAC in the definition.

8.2.8 "senior management"

Stakeholders observed that the definition of 'senior management' was not aligned with that under the *Employment Code Act, No 3 of 2019* and other labour legislation.

In this regard, they recommended that the definition be aligned to that of the *Employment Code Act, No 3 of 2019.* Stakeholders further proposed that, as a founding principle of good corporate governance, 'board of directors' should be deleted from the definition as the board was not responsible for the day to day management of the company.

8.3 Clause 3: Repeal and Replacement of Section 5

8.3.1 5 (1): Functions of the Centre

Stakeholders expressed concern about the Financial Intelligence Centre being '*the sole designated National Centre for the receipt and analysis of suspicious transaction reports and other information relevant to money laundering, associated predicate offences and terrorist financing or proliferation financing from reporting entities, including information from foreign designated authorities, and for the dissemination of the results of that analysis,* when there were other institutions such as the National Anti-Terrorism Centre tasked with similar responsibilities.

In this regard, stakeholders recommended that for purposes of inclusion, the provision should read,

> *'The Centre is the designated National Centre for the receipt and analysis of suspicious transaction reports and other information relevant to money laundering, associated predicate offences and terrorist financing or proliferation financing from reporting entities, including information from foreign designated authorities, 'and for the dissemination of the results of that analysis to other investigatory, supervisory authorities or comparable bodies.'*

The stakeholders contended that this change would take the provision closer to the FATF Recommendation 29 which stated that:

> '*Countries should establish a financial intelligence unit (FIU) that serves as a national centre for the receipt and analysis of: (a) suspicious transaction reports; and (b) other information relevant to money laundering, associated predicate offences and terrorist financing, and for the dissemination of the results of that analysis. The FIU should be able to obtain additional information from reporting entities, and should have access on a timely basis to the financial, administrative and law enforcement information that it requires to undertake its functions properly'*

8.3.2 Clause 5 (2) (c): Functions of the Centre

Stakeholders noted that whereas this provision mandated the Centre to provide information relating to suspicious transactions to any foreign designated authority, subject to conditions that the Director General may determine, in accordance with the Act, it did not mandate the FIC to request for information relating to suspicious transactions from foreign designated authorities on reciprocal basis.

In this regard, they recommended that the Centre be given explicit mandate in the Bill to do so.

8.3.3 Clause 5 (2): Functions of the Centre

Stakeholders proposed the deletion of the word '*request'* from paragraph 2 (a) and the merger of Clause 5 (2) (e) and 5 (2) (g) so as to read as follows:

'*provide information, advice and assistance to competent authorities in furtherance of an investigation and prevention of money laundering, financing of terrorism or proliferation, or any other serious offence.'*

8.3.4 Clause 5 (2) (i): Functions of the Centre

Stakeholders noted that the repealed section 5 (2) (i) provided that the functions of the Centre were to *"perform such other functions as are necessary to give effect to this Act."* However, this was absent in the Bill.

The stakeholders contended that this provision was necessary as it catered for other functions which may have inadvertently been left out, but were necessary for the Centre. The removal of this provision meant that the Centre would now be limited to the functions listed in the Act and nothing more.

The stakeholders, therefore, recommend that this provision in section 5 (2) (i) should be reinstated in the Bill.

8.3.5 Clause 5 (3) (a): Functions of the Centre

Some stakeholders noted that section 5(3)(a) of the Financial Intelligence Centre (Amendment) Act, No. 4 of 2016 provided that the Centre may, in performing its functions under the Act-

(a) Cooperate and exchange information with, or enter into an agreement or arrangement, in writing, with a foreign designated authority.

However, the Bill did not make reference to this. Stakeholders contended that cooperation, in writing, with foreign designated authorities, was a very important component in the fight against financial crimes, particularly in the wake of terrorism financing and proliferation.
They therefore recommended that this provision be reinstated in the Bill.

Further, stakeholders proposed that considering that the financial Intelligence Centre had no investigative mandate, Clause 5(3) (b) should be amended to read:

'*facilitate investigations related to suspicious transactions on behalf of foreign designated authorities and notify them of the outcome.'*

Other stakeholders were, however, of the view that in order for the Centre to be effective, it should be given the power to investigate as well as prosecute money laundering and terrorism financing and proliferation related financial crimes. They contended that this would reduce on the time it took for cases to be processed and concluded as information had to be passed to law enforcement agencies as second hand.

Minister's Response

In responding to this suggestion, the Minister of Finance told the Committee that it was not the intention of the Ministry to proceed in that direction, as it would create serious conflict of interest with law enforcement agencies and other interest groups, a phenomenon which had

actually been experienced during the consultative process. He went further to indicate that Financial Intelligence Centres worldwide operated on a similar model.

8.3.6 Clause 5 (3) (c): Functions of the Centre

Stakeholders noted that while this provision was necessary to enable the Centre perform its functions under the Act, it was equally important for the Centre to observe confidentiality of the data so accessed so as to protect law enforcement agencies like ZRA which were by law required to treat tax affairs as confidential.

In this regard, it was proposed that the need for confidentiality should be provided for in the Clause.

8.4 Clause 5: Repeal and Replacement of Section 16 (Customer Identification Requirements)

8.4.1 Clause 16 (1): Customer Identification Requirements

Stakeholders suggested that this clause should read as follows:

> *'a reporting entity shall obtain information of its customers and verify the information by means of reliable and independent source documents, data and information.'*

They submitted that this was a better rendering. They added that the interpretive note of the FATF standard on Continuous Due Diligence (CDD) spoke to two thematic areas of the process; namely obtaining and validating the information.

Stakeholders further submitted that the phrase, '*with or without the consent of the customers*' be inserted between 'shall' and 'identify' so that the sentence should read,

> '*A reporting entity shall, with or without the consent of the customer, identify its customers and verify its customers' identities by means of reliable and independent source documents or information.'*

8.4.2 Clause 16(1) (a): Customer Identification Requirements

Stakeholders observed that this Clause seemed to be at variance with 16 (2). Whereas Clause 16(1) (a) obliged a reporting entity to verify and identify its customers in all situations, Clause 16 (2) seemed to reduce the scope of the obligation to instances where there was suspicion of wrong doing.

There was need, therefore, to synchronise the two provisions to remove the contradiction.

8.4.3 Clause 16 (4) (d): Customer Identification Requirements

Stakeholders proposed the insertion of the phrase, 'where such customer is represented', between 'the identity'' and 'of any person acting on behalf of the customer' so that it should read:

'in addition to the identity of the customer, the identity, where such customer is represented, of any person acting on behalf of the customer…" Alternatively replace the phrase *'where such customer is represented'* with the phrase *'where applicable'*

Stakeholders further recommended that reference to 'customers' in Clauses 16(1) and (4) should be changed to "prospective customers" so as to distinguish the two groups of persons referred to by each of the provisions.

8.4.4 Clause 16 (5): Customer Identification Requirements

Some witnesses welcomed the introduction of this provision in the Bill as it provided for the identification of ultimate beneficial owners for trusts and similar legal arrangements. Other witnesses, however, felt that this provision should not be under this Act but should be considered under the Land (Perpetual Succession) (Amendment) Bill of 2020. They contended that the governing body of a Trust was like a Board of Directors of a company and the law that governed the Board of Directors of a company was the *Companies Act*, under the Patents and Companies Registration Agency, while the law that governed operations of a Trust was the *Land (Perpetual Succession) Act, Chapter 186 of the Laws of Zambia.*

8.4.5 Clause 16 (8) and 19: Customer Identification Requirements

Stakeholders observed that Clause 16 (8) seemed to provide for instances where the reporting entity already had a business relationship with the client. If not, then it was at odds with Clauses 16(1) and (4) in that it restricted the obligation of identification and verification by considering materiality and risk.

They contended that if, however, it addressed a situation where a business relationship already existed then for the sake of emphasis the provision should read:

"customers and beneficial owners with which it already has a business relationship"

8.4.6 Clause 16 (1) (b) Customer Identification Requirements

Stakeholders proposed that the term 'financial service provider' be deleted and replaced with 'reporting entity'. They reasoned that 'reporting entity' was a generic term that included "financial service provider*"*

8.4.7 Clause 16 (3): Customer Identification Requirements

The stakeholders were concerned that this clause provided for the Minister to prescribe the circumstances in which the verification of identity may be completed as soon as reasonably practicable after the commencement of the business. They contended, in this regard, that the provision was empowering the Minister to prescribe matters which, for lack of a better term "should be the norm" or "obvious":

The stakeholders, therefore, recommended that if the intention was to empower the Minister to authorise the verification and identification within a time frame other than that earlier provided in the Act., then the Bill should spell out the circumstances and the timelines within which the customer should be informed to ensure that the missing documents to complete the verification process were provided within the time allocated.

8.4.8 Section 16 (4) (a): Customer Identification Requirements

Stakeholders proposed that 'and**'** and not 'or' should be placed after 'place of birth' so that it should read as follows:

'*for a natural person, the full name and physical address, date and place of birth and a mobile number linked to a registered international mobile equipment identity number or sim-card where applicable.'*

They contended that the physical address should not be substituted with the International Mobile Equipment Identity Number and sim numbers as these could easily be discarded and replaced, rendering mobile service providers' records unreliable in tracing wanted persons.

8.4.9 Clause 16 (4) (b): Customer Identification Requirements

Stakeholders proposed that after the phrase 'of the legal person' the following be inserted:

> *'and information that is necessary to understand the beneficial owner and control of the legal person.'*

This was necessary to identify the director and other persons behind the legal person.

8.4.10 Clause 16 (9): Customer Identification Requirements

Stakeholders observed that this provision appeared to contradict clause 16 (3) which indicated that the Minister would prescribe circumstances under which the identification process could be completed when reasonably possible.

Stakeholders, therefore, sought harmonisation of the two provisions.

8.4.11 Clause 16 (11): Customer Identification Requirements

Stakeholders noted that there was need to emphasise the validity of the identity document. They proposed in this regard that the statement should read as follows:

> *'the individual's valid driving license, passport or national identification document bearing the individual's pictorial image;'*

8.5 Clause 6: Amendment of Section 17

8.5.1 Clause 17 (5): Reliance on Identification by Third party

Stakeholders proposed that the phrase **"**home and host competent authorities*"* in the new Clause 17(5) should be defined.

They further noted the Clause 17(5) provided that where the third party was part of the same financial group, the home and competent authorities should satisfy themselves that the requirement in subsection (1) were met. They expressed the opinion that this provision seemed to place the obligation to satisfy themselves on the "home or host country authorities."

They proposed that in order to cure this ambiguity, the provision should read,

> *"Where the third party is part of the same financial group, the reporting entity shall ensure that the competent authorities in the country in which the said third party operates or is registered have satisfied themselves..."*

8.6 Clause 7: Repeal and Replacement of Section 19

8.6.1 Clause 19 (3): Product Risk Assessment

Stakeholders observed that although this provision was progressive as it reflected current industry practice, the reference to 'new business practice' was wide and ambiguous. It was, therefore, proposed that this phrase be deleted.

Stakeholders further contended that there was need to amend the current Section 83 of the *Banking and Financial Services Act, No. 7 of 2017,* which was limited in scope as to what prior approvals were currently required from the Bank of Zambia in relation to proposed trade or business.

They further recommended that the words 'pre-existing' be removed as this introduced retroactive application of the Act to already existing products, which would prove costly to implement. They proposed that Act should take a forward-looking approach.

8. Product Risk Assessment

6.2 Clause 19 (4) (b): Product Risk Assessment

Stakeholders were concerned that this clause provided for the reporting entity to take all reasonable measures to verify the source of wealth and funds and other assets of the customer. They contended that the reporting entity should not be vested with investigative powers as this was the function for investigative wings. It would be ideal if reporting entities merely filed a Suspicious Transaction Report for further investigation by the investigative wings.

They further suggested the deletion of "wealth" and "other assets" as commercial banks were only limited to the funds of the customer and it would be over ambitious to ask for sources of wealth and other assets. This would mean broadening the scope and mandate of commercial banks which might have a negative effect on growth and financial inclusion.

8.7 Clause 8): Amendment of Section 22

8.7.1 Clause 22 (1): Record Keeping

Stakeholders wondered whether or not reporting entities would now be required to keep and provide records with respect to customers' transactions to the supervising authority, law enforcement agency or other competent authority. In this regard, there was need to clarify whether or not:

i. other supervisory authorities apart from the Centre would now have access to Suspicious Transaction Reports. Currently, Section 33 of the Financial Intelligence Centre Act, No. 46

of 2010 limited reporting to the Centre only, for purposes of maintaining confidentiality of the information for customers; and

ii. whether officers making such reports would be protected.

In this regard, the Committee recommends that these matters should be clarified in the Bill.

8.8 Clause 9: Repeal and Replacement of Section 23

8.8.1 Clause 23(6) (a): Internal Programmes to Combat Money Laundering, Financing of Terrorism and Other Serious Offences

Stakeholders noted that this clause provided that misconduct could be used as a ground for the Centre to disapprove the designation of a compliance officer. While noting that this was a progressive provision to enhance oversight, stakeholders were of the view that the threshold requiring this action was too low and open to wide interpretations and this could be a recipe for abuse.

In this regard, stakeholders recommended that the word 'misconduct' be prefixed with 'gross' so that it could read, 'gross misconduct.'

8.8.2 Clause 23 (4) (c): Internal Programmes to Combat Money Laundering, Financing of Terrorism and Other Serious Offences

Stakeholders observed that the function of certifying compliance officers provided at 23 (4((c) was the preserve of professional bodies. As such, they recommended that 'certified' be replaced with 'audit' in order for the provision to read as indicated below:

(a) is audited and approved by the Centre.

8.9 Clause 11: Repeal and Replacement of Section 26

8.9.1 Clause 26 (1) (d): Obligations Regarding Wire Transfers

Stakeholders observed that this provision appeared to make the address, national identity number, date and place of birth to be identical. They proposed that in order to distinguish these particulars, it should read as follows:

> *'obtain and maintain the originator's address, the national identity number and date and place of birth'.*

8.9.2 Clause 26 (2): Obligations Regarding Wire Transfers

Stakeholders observed that this provision was confusing because unlike Clause 16(8), it expressly provided that it applied only to instances where a business relationship already existed. This was also applicable to Clause 19 (2) which also restricted the identification and verification obligations to already existing customers.

It was, therefore, desirable that these provisions be reconciled.

8.10 Clause 16: Repeal and Replacement of Section 49 (B)

Section 49 (B) Compounding of Offences

While welcoming the requirement to obtain written consent of the Director of Public Prosecutions (DPP) prior to compounding an offence (fining a person breaching the law as opposed to commencing criminal proceedings against them considering the gravity of the crime), some stakeholders took the view that this provision would overburden the already overloaded DPP's office, thereby breeding inefficiency.

Other stakeholders were totally opposed to this provision, contending that giving the Director General extra judicial authority may lead to abuse. Additionally, the Centre should concentrate on the referral of cases to competent law enforcement agencies as opposed to meting out judgements which was the preserve of the Judiciary. They contended that the Centre should not be the judge in its own cause.

Stakeholders who supported this provision recommended the need to provide for an appeal procedure against the administrative decision, for example notice of appeal or petition to appeal to the High Court.

8.11 Clause 21: Amendment of Part II of Schedule

Stakeholders observed that Clause 21 (6) (1) (c) and (d) provided for the proceeds payable to the FIC in the course of the exercise of its functions or otherwise as funds of the Centre. They contended that clarity should be provided to ensure that payments made under Clause 49B, relating to compounding of offences were not included as part of its funds as this may be contrary to the provisions of the Public Finance Management Act, unless the Secretary to Treasury had given his authority that the payments made be included as part of the Centre's funds.

Other stakeholders proposed that in order to improve the efficiency of the Centre, there was need to provide for the Appropriation-in- Aid facility, so that the Centre did not depend solely on the Treasury for its operations.

Minister's Response

In response, the Minster indicated that the Financial Intelligence Centre was not a revenue collection institution *per se.* As such, there was no need for the Appropriation-in-Aid facility to be extended to it. Additionally, this might create a moral hazard, where the Institution would be preoccupied with the collection of funds from administrative charges at the expense of its core mandate.

He added that the solution to its efficiency was adequate and timely funding from the Treasury. Should the need arise, however, for the Centre to use part of the funds collected, Treasury Authority would have to be sought in the usual manner.

8.12 General Observations

Some stakeholders were of the view that it was cumbersome to have so many pieces of legislation, namely: the Financial Intelligence Centre, Act No. 46 of 2010, the financial

Intelligence centre (Amendment) Act No. 4 of 2016 and the Financial Intelligence centre (Amendment) Act, No. 11 of 2020. There was need to consolidate the Acts into one. They therefore, wondered whether it was the intension of the Ministry to take this route.

Minister's Response
The Minister, in response submitted that the current preoccupation of the Ministry was to beat the deadline of compliance provided by the Mutual Evaluation Report and avoid sanctions. He added that should the need arise for the repealing of the entire Act, it would be done at an appropriate time.

Security of Tenure for the Director General
Some **s**takeholders were of the view that owing to the sensitivity of the functions of the Centre, the position of Director General was very insecure, which had resulted in a high turnover of Directors General. In this regard, they recommended that the appointment of the Director General should be subject to ratification by the National Assembly.

Minister's Response
In response to this recommendation, the Minister of Finance submitted that the Director General of the Financial Intelligence Centre was appointed, on a renewable contract of three years, by the Board of Directors and not by the Head of State. As such, ratification by the National Assembly was neither applicable nor desirable.

9.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

While supporting the Bill, the Committee shares some of the concerns that were raised by stakeholders and highlights its observations and recommendations on the specific provisions below.

i. Clause: 2 (Amendment of Section 2: Definitions)

'currency'
The Committee notes that the inclusion of crypto currency and virtual assets in the definition of 'currency' will entail a consequential amendment to the *Bank of Zambia Act, Chapter 360 of the Laws of Zambia,* which currently, defines and limits the currency of the Republic to Kwacha.

'Financial Service Provider'
The Committee notes that in defining 'financial service provider', the Bill makes reference to the definition provided in the Banking *and Financial Services Act, 2017* and includes a virtual asset service provider.

The Committee observes that the definition now extends to a virtual asset provider, which is likely to lead to ambiguity in interpretation, as the entities in question will be from a country other than Zambia and thus not necessarily subject to the Banking and Financial Services Act.

The Committee, therefore, recommends that the phrase "including financial service providers' be deleted to avoid such ambiguity.

Pertaining to requirements for on-going customer due diligence, as provided at Clause 10, the Committee observes, that the provision has the potential to exclude all reporting entities other than financial service providers licenced by the Bank of Zambia from conducting on-going customer due diligence. The Committee notes that all reporting entities are currently subject to the requirement to carry out on-going customer due diligence and that providing otherwise would create vulnerability in Zambia's Money Laundering and Terrorism Financing preventive measures which can be exploited by money launderers and those who seek to finance terrorism.
In this regard, the Committee recommends that the words "financial service providers" be replaced with "reporting entities.

'Intermediary institution'
The Committee observed that reference to 'person' in this context appears to give the understanding or impression that it is an individual being referred to when in fact reference is to an institution.

The Committee, therefore, recommends that the word 'person' in the definition be deleted and be replaced with 'institution'.

'independent source document'
The Committee observes that there is a limitation in the definition of "independent source document" as it does include digital sources such as national data sources.

In this regard the Committee recommends that the word "data" be included in the definition for customer verification as per the FATF standards in order to enhance flexibility of customer verification beyond merely a sim card.

The Committee further recommends that the provision should make it clear whether or not once a customer provides a mobile number there is no need to provide other proof of residence such as a utility bill and tenancy agreement.

'Prominent Influential Person'
The Committee observes that the definition of prominent influential person seems to be too wide as it does not specify what type of member of an executive organ qualifies to be referred to as a Prominent Influential Person. Further, the proviso does not put a cap on how long an individual can remain as such.

The Committee, therefore, recommends that this be made clear in the provision and that the international practice of limiting this description of up to two years should be adopted.

'Reporting Entity'
The Committee observes that broadly, the definition of 'reporting entity' includes the definition of 'accountable institution' which is also provided under Clause 2. The Committee notes that the entities listed under 'accountable institutions' such as mobile money platforms which have become very popular in the transmission and receipt of money, are amenable to money laundering and terrorism financing and proliferation financing. They should therefore, be

required to report when they come across suspicious transactions. Consequently, ZICTA, which superintends over these service providers should be part of the reporting entities.

In this regard, the Committee recommends that this provision should be revised to read as follows:

> *'reporting entity" means an institution which is regulated by a supervisory authority required to make reports under this Act, and includes a financial service provider, a designated non-financial business or profession, a virtual asset service provider and an accountable institution.'*

'law enforcement agencies'
The Committee observes that the list of law enforcement agencies does not include the National Anti-Terrorism Centre, whose core mandate is to fight terrorism and terrorism financing and proliferation.

In this regard, the Committee recommends that the National Anti-Terrorism Centre be included among law enforcement agencies.

ii. Clause 3: Repeal and Replacement of Section 5

5 (1): Functions of the Centre
The Committee observes that this provision makes the Financial Intelligence Centre the sole designated National Centre for the receipt and analysis of suspicious transaction reports and other information relevant to money laundering while there are other institutions such as the National anti-Terrorism Centre that are mandated to coordinate money laundering and terrorism and proliferation Financing.

In this regard, the Committee recommends that this provision be expanded to include the dissemination of the results of the analysis to other investigatory, supervisory authorities and/or comparable bodies.'

***Clause 5 (2) (c):* Functions of the Centre**
The Committee notes that whereas this provision mandates the centre to provide information relating to suspicious transactions to any foreign designated authority, subject to conditions that the Director General may determine in accordance with the Act, it does not mandate the FIC to request for information relating to suspicious transactions from foreign designated authorities on reciprocal basis.

The Committee, therefore, recommends that this be provided for.

Clause 5 (2) (i) : Functions of the Centre
The Committee observes that the repealed Clause, 5 (2) (i) of the Act, mandated the Centre to perform such other functions as are necessary to give effect to this Act. However, the Bill seems to limit the functions of the Centre only to the functions listed in the Act and nothing more.

The Committee, therefore, recommends that this function should be reinstated in the Bill.

Clause 5 (3) (a): Functions of the Centre
The Committee observes that whereas the repealed Financial Intelligence Centre (Amendment) Act No. 4 of 2016 provided that the Centre may, in performing its functions under this Act cooperate and exchange information, or enter into an agreement or arrangement, in writing, with a foreign designated authority, this provision is absent in the Bill . The Committee is of the view that cooperation, in writing, with foreign designated authorities, is a very important requirement in the functions of the Centre.

The Committee, therefore, recommends that this provision be reinstated in the Bill.

iii. Clause 5: Repeal and Replacement of Section 16

Clause 16 (1): Customer Identification Requirements
The Committee observes that this provision seems to suggest that the reporting entities will need to seek permission from their customers in order to perform this function.

In order to avoid such an assumption, the Committee recommends that the phrase, 'with or without the consent of the customers' be inserted between 'shall' and 'identify.'

Clause 16(1) (a): Customer Identification Requirements
The Committee observes that this Clause does not convey the same meaning as Clause 16 (2). Whereas 16 (1) (a) obliges a reporting entity to verify and identify its customers in all situations, 16 (2) seems to reduce the scope of the obligation to instances where there is suspicion of wrong doing.

The Committee therefore recommends that if the intention is that the two provisions should oblige reporting entities to verify the identity of its customers in all situations, these two provisions should be harmonised to remove the inconsistency.

Clause 16 (4) (d): Customer Identification Requirements
The Committee observes that reference to 'customers' in Clauses 16(1) and (4) does not seem to take care of 'would be' customers in the customer identification process.

In order to take care of this aspect, the Committee recommends that 'customers' should be changed to "prospective customers" so as to distinguish the two groups of persons referred to by the two provisions.

Clause 16(5): Customer Identification Requirements
The Committee welcomes the introduction of this provision in the Bill as it provides for the identification of ultimate beneficial owners for trusts and similar legal arrangements. However, the Committee is of the view that this provision should belong to the *Land (Perpetual Succession) Act Chapter 186 of the Laws of Zambia.*

The Committee notes that the governing body of a Trust is like a Board of Directors of a company and that the law that governs the Board of Directors of a company is the *Companies Act*, under Patents and Companies Registration Agency while the law governing the body of a Trust is the *Land (Perpetual Succession) Act Chapter 186 of the Laws of Zambia.*

Clause 16 (8) and 19: Customer Identification Requirements
The Committee observes that Clause 16(8) provides for instances where the reporting entity already has a business relationship with the client. However, this does not seem to be the case with Clauses 16(1) and (4) because it restricts the obligation of identification and verification only to when there is suspicion of risk.

The Committee recommends that for the sake of uniformity, the provision should be revised to read as follows:

'customers and beneficial owners with which it already has a business relationship.'

Clause 16 (1) (b)
The Committee observes that 'reporting entity' is a generic term that includes 'financial service provider'. In this regard, the Committee recommends that the term 'financial service provider' be deleted and replaced with 'reporting entity.'

8.5 Clause 6: Amendment of Section 17
Clause 17 (5): Reliance on Identification by Third party

The Committee observes that in its current form, the provision seems to place the obligation to satisfy themselves that the requirements in subsection (1) are met on the 'home or host country authorities' instead of "competent authorities".

In this regard, the Committee recommends that the term **"**home and host competent authorities" used at Clause 17(5) should be defined or deleted.

Clause 7: Repeal and Replacement of Section 19- Product Risk Assessment

Clause 19 (3): Product Risk Assessment
The Committee observes that the *Banking and Financial Services Act, No. 7 of 2017*, is limited in scope as to what prior approvals are currently required from the Bank of Zambia in relation to proposed trade or business. In this regard, the Committee recommends that this piece of legislation should be amended to accommodate new trends in trade and /or business.

Clause 19 (4) (b): Product Risk Assessment
The Committee observes that this clause provides that "... the reporting entity shall..." take all reasonable measures to verify the source of wealth and funds and other assets of the customer,*"* thereby vesting investigative powers, which is the function of investigative wings, on reporting entities, whose responsibility is merely to file Suspicious Transaction Reports for further investigation by the investigative wings.

The Committee, notes further that the provision requires reporting entities to verify, *inter alia*, the source of wealth and other assets for their customers. The Committee observes that this invariably means broadening the scope and mandate of commercial banks to extend to probing the source of their customers' wealth and other assets which might have a negative effect on economic growth and financial inclusion.

The Committee, in this vein, recommends that 'wealth' and 'other assets' be deleted from the provision.

iv. Clause 8): Amendment of Section 22

Clause 22 (1): Record Keeping

The Committee observes that currently, the *Financial Intelligence Centre Act, No. 46 of 2010* limits the reporting by reporting entities to the Centre only in order to maintain confidentiality of the information for customers. However the amendment requires reporting entities to keep and provide records with respect to customers' transactions, to the supervising authority, law enforcement agency or other competent authority.

In this regard, the Committee recommends that the provision should make it clear whether or not other supervisory authorities, apart from the Centre, will now have access to Suspicious Transaction Reports and whether or not officers and institutions making such reports will be protected.

v. Clause 9: Repeal and Replacement of Section 23

Clause 23 (6) (a): Internal Programmes to Combat Money Laundering, Financing of Terrorism and Other Serious Offences

The Committee observes that this provision cites misconduct as a ground for the Centre to disapprove the designation of a compliance officer. While noting that this isa progressive provision to enhance oversight, the Committee feels that the threshold requiring this action is too low and open to wide and wild interpretations and, therefore, a recipe for abuse.

In this regard, the Committee recommends that the threshold should be elevated to at least gross misconduct and the provision be revised accordingly.

Clause 23 (4) (c): Internal Programmes to Combat Money Laundering, Financing of Terrorism and Other Serious Offences

The Committee observes that this provision places the responsibility to certify compliance officers, which essentially is a responsibility of professional bodies, on Reporting Entities. The Committee recommends that if this is not the intention, the 'certified' should be replaced with 'verified' or any other appropriate word.

vi. Clause 11: Repeal and Replacement of Section 26-

Clause 26 (1) (d): Obligations Regarding Wire Transfers

The Committee observes that this provision appears to make the address, national identity number, date and place of birth identical. In order to avoid this confusion, the committee recommends that this provision should be rephrased so as to read as follows:

> *"…obtain and maintain the originator's address, the national identity number and date and place of birth."*

vii. Clause 16: Repeal and Replacement of Section 49 (B)

Section 49 (B) Compounding of Offences

While welcoming the requirement to obtain written consent of the Director of Public Prosecutions (DPP) prior to compounding an offence, the Committee observes that there is no provision for appeal against the administrative procedures meted out by the Centre.

In this vein, the Committee recommends that an appeal procedure, possibly to the High Court, against the administrative decision be provided in the bill.

viii. General Observations

While noting the Minister's indication that the immediate pre-occupation of the Ministry is to beat the October deadline of compliance set by the Mutual Evaluation Report and avoid sanctions and not to repeal and consolidate Acts, the Committee is in agreement with the stakeholders who areof the view that it is cumbersome to have so many pieces of legislation, relating to the operations of the Financial Intelligence Centre, namely: the *Financial Intelligence Centre, Act No. 46 of 2010*, the *Financial Intelligence centre (Amendment) Act No. 4 of 2016* and the *Financial Intelligence Centre (Amendment) Act, No. 11 of 2020.*

The Committee, therefore, recommends that at an appropriate time, the Ministry of Justice should consolidate the pieces of legislation into one.

10. CONCLUSION

As the Financial Intelligence centre continues to interface with reporting entities, supervisory authorities and the global Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) community, it has become apparent that there are some areas in the law governing the operations of the Centre that need to be improved.

In addition, the 2018 Zambia Mutual Evaluation Report on anti-money laundering and counter-terrorist financing measures also revealed that there was need to further improve the provisions relating to customer identification and verification, and wire transfers. Further, the Financial Action Task Force (FATF), an inter-governmental body that acts as a watchdog for anti-money laundering and counter-terrorism financing, also formulated measures and recommendations that needed to be enacted.

In this regard it is imperative that Zambia complies with the FATF recommendations because non-compliance could result in sanctions against Zambia, including loss of the ability to transact through correspondent banking and loss of the European Union as a trading partner.

The Committee wishes to thank all stakeholders who rendered both written and oral submissions before it. The Committee also wishes to place on record its gratitude to you Mr Speaker and the Clerk of the National Assembly, for the guidance and services rendered to the Committee throughout its deliberations.

We have the Honour to be, Sir, the Committee on National Security and Foreign Affairs, tasked to scrutinise Financial Intelligence Centre (Amendment) Bill N.A.B No. 11 of 2020 for the Fifth Session of the Twelfth National Assembly.

Dr M Malama, MP;
(Chairperson)

Ms A M Chisangano, MP;
(Vice-Chairperson)

Mr E J Muchima, MP;
(Member)

Brig Gen M Sitwala, (Rtd) MP;
(Member)

Mr K Mbangweta, MP;
(Member)

Mr L Nyirenda, MP;
(Member)

Ms M Miti, MP;
(**Member)**

Dr F N'gambi, MP;
(Member)

Mr A B Malama, MP; and
(Member)

Ms M Lubezhi, MP.
(Member)

November 2020
LUSAKA

Dr M Malama, MP
CHAIRPERSON

APPENDIX I - List of National Assembly Officials

Ms C Musonda, Principal Clerk of Committees
Mr H Mulenga, Deputy Principal Clerk of Committees (FC)
Mrs C K Mumba Senior Committee Clerk (FC)
Mr C Chishimba, Committee Clerk
Mr A Himululi, Committee Clerk
Mrs G Chikwenya, Typist
Mr M Kantumoya, Parliamentary Messenger

Appendix II - List of Witnesses

Ministry of Finance
Dr B Ngandu, Minister
Ms M Munoni, Assistant Director
M Mr M Mwanza, Economist
Mrs B Sinyangwe, Senior Economist

Ministry of Justice
Mr A Nkunika, Permanent Secretary
Ms S Mwiimbu, Parliament Legal Counsel

Bank of Zambia
Dr Leonard Kalinde, General Counsel
Mr Joseph Munyoro, Assistant Director Non Banks Institutions Department
Ms Jean Couvaras, Legal Counsel
Mr Calvin Habasonda, Senior Inspector Bank Supervision Department Financial Intelligence Centre

Financial Intelligence Centre
Ms L B Tembo, Acting Director General

Anti-Corruption Commission
Mr M Siulmesi, Acting Director, Legal Services

Pensions and Insurance Authority
Mr J Chiyavula, Acting Chief Executive Officer
Ms R Ngwira, Borad Secreatry
Ms N Chimba, Legal Services Manager

Drug Enforcement Commission
Mrs A Mbahwe, Commissioner

Anti- Money Laundering Investigations Unit
Mr S Ngoma, Senior Assistant Commissioner

Zambia Revenue Authority
Mr K Chanda, Commissioner General
Mr M Mukwasa, Director, Legal Services

Zambia Information and Communications Technology Authority
Mr P Mutimushi, Director General
Mr P Malama, Director, Legal and Regulative Affairs

Bankers' Association of Zambia
Mr L Gabaraane, MD Stanbic Bank

Mr L Mwanza, Chief Executive Officer
Ms M Zimba, Public Relations Officer,
Mr L Walubita, Chief Compliance Officer Stanbic,
Ms D Tembwe, Head of Legal and Company Secretary, Stanbic,
Ms R Kabimba, Company Secretary, Stanbic Bank

Zambia Institute of Chartered Accountants
Mr M Mwelwa, Director, Standards and Regulation
Ms V Nambeye, Practice Review Manager
Mr S Olaniyan, Technical and Membership Manager
Mr F Chilengwe, Technical Officer

Zambia Union of Financial Institutions and Allied Workers
Mr M Mabenga, Deputy General Secretary, Finance and Investment
Mr C Nsama, Director, Research

Transparency International –Zambia
Mr G Mwanza, Head, Democracy and Governance
Ms M Siamaya, Legal Officer

Zambia Security Intelligence Service
Ms M Chingoma, Legal Counsel

Securities and Exchange Commission
Mr P K Chitalu, Chief Executive Officer
Ms D Mulondiwa, Legal Counsel

Department of Immigration
Dr D Lungu, Director General

National Anti-Terrorism Centre
Mr M Simwanza, Director General

Jesuit Centre for Theological Reflection
Mr J Lungu, Programme Officer
Mr E Ngoma, Media and Information Officer

Law Association f Zambia
Mr Liweleya, LAZ Representative on the Financial Intelligence Centre Board