

Financial Stability

Financial Sector

The Reserve Bank continued to be responsible for the promotion of a sound and efficient financial system. This is pursued through the licensing, regulating and supervising of financial institutions, which are the banks and authorised foreign exchange dealers. The NRBT (Amendment) Act 2014 extended the mandate of the Reserve Bank to the licensing and supervision of non-bank financial institutions (NBFIs). Separate legislations are being developed for the licensing and supervision of the individual NBFIs.

As of June 2016, there were 5 banks licensed to operate in Tonga.

Banking Services in Tonga

Banks	ANZ	BSP	MBf	TDB	PICB
Branches (including Head Office at Nuku'alofa)	3	2	2	8	1
ATMs	14	8	-	-	-
EFTPOS/ Instore Facilities	200	250	-	-	-
Internet Banking	Yes	Yes	No	No	No
Money-Gram Agent	No	Yes	Yes	No	No
Money Transfer Card	Yes	Yes	No	No	No
Other Services	*			**	

* Insurance Agent (NPI)

** Business advisory services, Microfinance

Bank of South Pacific of Papua New Guinea, as part of a regional purchase of Westpac operations in Tonga, Samoa, Solomon Island, Vanuatu and Cook Islands, was granted a new bank license to operate and took over Westpac Bank of Tonga's operations on 10th July 2015. On the same day, Westpac Bank of Tonga ceased its operations. Other banks maintained their head offices in Tongatapu. MBf Bank Limited maintained its branch in Vava'u. The ANZ Bank also maintained its sub-branch in Vava'u. Tonga Development Bank (TDB) continued to be the only bank serving all the outer islands of Ha'apai, Vava'u and 'Eua and the outermost islands of Niuatoputapu and Niuafu'ou. TDB also has two other branches in Tongatapu located in Tatakamotonga and Nukunuku. TDB continued to be an agent for Bank of South Pacific customers in Ha'apai and 'Eua.

During the year, the banks maintained their current banking services, and rolled out some new banking services. TDB continued implementing its expansion plans to commercial bank business during the year, its foreign exchange services (Telegraphic Transfer) commenced in September 2015 together with its cheque accounts and overdraft facilities as well as business advisory services to its customers. TDB also continued to offer deposits and withdrawal services on Saturdays, similar to Pacific International Commercial Bank (PICB). TDB continued to administer the Government Development Loan scheme during the year to support primarily the growth sectors and education.

Banking System Supervision and Regulation

In 2015/16, the Reserve Bank continued to focus its supervisory activities of banks on reducing the vulnerability of the banking system to credit risks and addressing public concerns with regards to the banks' interest rates and fees and charges. Whilst credit growth has continued to improve over the year, there was still excess liquidity in the banking system, fuelled by the higher foreign

reserves and deposits, and positive economic activities during the year. Non-performing loans also improved in 2015/16. The Reserve Bank therefore introduced a policy measure to encourage credit growth by setting minimum requirements on the banks' loans to deposit ratio in order to encourage the banks to utilize the excess liquidity in the banking system by prudently lending to support economic growth. The banks are expected to meet the minimum requirement of 80% loan to deposit ratio by December 2016, 85% by June 2017, and 90% by December 2017.

The Reserve Bank continued to monitor the movements in banks' interest rates and conducted spot checks to verify banks' compliance with the requirements of Prudential Statement 4 on Disclosure of Interest rates and Fees & Charges, as these are common issues which directly affect the public. Banks' interest rates have declined over the year, with the weighted average interest rate spread narrowing to a record low of 5.6% in June 2016 compared with 5.88% in June 2015. This decline largely reflected high liquidity in the banking system. In addition, banks continued to offer special rates to selective good customers while the published interest rates remained relatively stable over the year as banks maintained their base rates.

In addition, there were additional amendments to the Financial Institution Act as amended in 2014 that have been issued for consultation with stakeholders. This includes renaming the Financial Institutions Act as the Banking Act as it focuses on bank licensing and supervision only, and updating the provisions regarding the controllership and receivership of banks.

The Reserve Bank also focused on enhanced supervision of one bank. This included the issuance of directives in April 2016 under Section 37(1)(a) of the Financial Institutions Act and imposing of special requirements to address the high liquidity, operational, and governance risks of this bank.

Onsite examination of banks continues to be one of the core parts of the Reserve Bank's supervisory framework. The Reserve Bank examination team focused on conducting risk-based onsite visits to the one bank mentioned above. This was to verify the bank's ongoing compliance with the Reserve Bank's requirements.

Monthly bilateral meetings with the banks as well as bi-annual meeting with the Association of Banks in Tonga (ABT) were held during the year to obtain updates on the banks strategies in light of the market development to ensure that they continued to operate prudently and in compliance with the Reserve Bank's requirements. Furthermore, the meetings discussed issues which would support a sound and stable financial system such as issues relating to asset quality, profitability, interest rates and liquidity in the banking system.

Banking System Financial Performance

The total assets of the banking system increased by \$89.8 million (15.1%) to \$685 million in 2015/16. This was due mainly to a \$44.7 million (14.5%) growth in total loans and advances and an increase in the Exchange Settlement Account (ESA) of \$17.1 million (11.3%). In addition, total Nostro accounts and banks' Government bond holdings increased by \$10.1 million (325.8%) and \$6.4 million (33.1%) respectively over the year.

The credit growth over the year was attributed to lending to private sector businesses especially construction companies and retail and wholesale businesses indicating an improvement in business confidence. This was followed by an increase in private individual housing loans as banks compete by offering low interest rates and competitive housing loan packages during the year.



Two ATMs located at ANZ Ma'ufanga Branch

Government continued to offer the low interest lending scheme through the development loan scheme administered by TDB. The total outstanding loan under the managed funds as of June 2016 was at \$6.6 million compared to \$4.0 million in June 2015. Of the total outstanding loan as of June 2016, 45.1% was lent to the Agricultural sector followed by Education and Tourism at 16.4% and 10.6% respectively.

The banks' outstanding loans portfolio as at the end of June 2016, comprised of loans to private businesses (47.1%), including public enterprises, agriculture and fisheries private individuals (52.9% of which 36.8% was for housing) compared with 50% shares for both businesses and private individuals in June 2015. 32.7% of the 50% share of private individual loans were for housing loans.

Financial Sector Deposit Accounts

	2014/2015	2015/2016
Demand Deposits		
Number of Accounts	23,016	27,643
Value of Deposits (\$m)	162.0	204.789
Saving Deposits		
Number of Accounts	38,251	42,688
Value of Deposits (\$m)	62.6	80.763
Time Deposits		
Number of Accounts	2,062	2,099
Value of Deposits (\$m)	169.3	182.772
Total Number of Accounts	63,329	72,430
Total Value of Deposits (\$m)	393.9	468.3

Total liabilities increased by \$83.1 million (18.1%) to \$542 million. This reflected a significant growth in total deposits over the year of \$74.4 million (18.9%), which was largely attributed to a \$42.7 million (26.4%) rise in demand deposits, mainly private sector businesses' demand deposit of \$16.0 million. Time and Savings deposits also grew by \$13.5 million and \$18.7 million respectively mainly due to a rise in individuals' deposits.

The total number of deposit accounts reported by banks increased by 14.4% to 72,430 and the total value of deposits increased by 18.9% to \$468.3 million.

Profitability

The profitability of the total banking sector improved in the year ended June 2016 compared to the previous year. The total banking system showed an after-tax profit of \$16.889 million for the year ended June 2016, which is equivalent to 2.6% of average assets, compared with a profit of \$12.0 million for the previous year, which was equivalent to 2.1% of average assets. The increase in profitability is largely attributed to a decline in non-interest expense to 4.0% of average total assets compared to 4.7% in the previous year. This largely reflects the decline in outsourcing and management fees to 0.6% from 1.0% in the previous year. This reflected the takeover of Westpac by BSP with most of outsourcing services allocated to Westpac Hub in Fiji brought back to be under the local team's operation by BSP.

Financial Performance

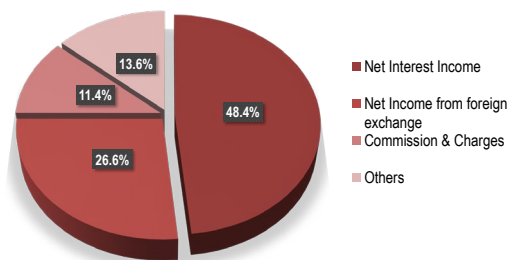
	2014/2015	2015/2016
Pre-tax Net Profit (% average total assets)	2.9	3.4
After-tax Net Profit (% average total assets)	2.1	2.6
Total Operating Income (% average total assets)	7.7	7.4
Net Interest Income (% average total assets)	3.7	3.4
Non-interest income (% average total assets)	3.7	3.7
Average Net Interest Margin (%)	6.4	6.0
Total Operating Expenses (% average total assets)	4.5	3.8
Consolidated Risk-weighted Capital Ratio (%)	39.4	34.0

Source: Licensed Financial Institutions

1/Revised to reflect 12 months data

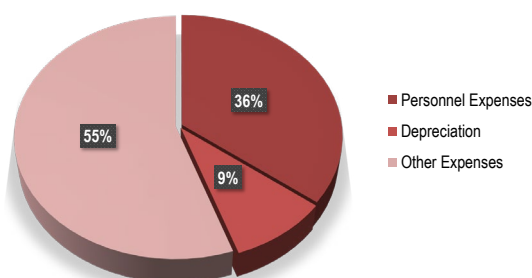
Total operating income as per revised table attached, operating income as percent of average assets fell to 7.4% from 7.7% in the previous year. This mainly reflects the fall in net interest income to 48.4% of total operating income in 2015/16 from 49.5% in 2014/15 as well as a decrease in other income to 13.6% of total operating income from 14.7%.

Financial Sector - Components of Operating Income



Total operating expenses decreased to 3.8% of average assets in 2015/16, compared with 4.7% in 2014/15. This was mainly due to a decrease in other operating expenses over the year. The operating expenses of the banks comprised mainly of 32.8% personnel expenses, an increase from 31.7% in the previous year reflecting an increase in operational cost and some staff recruitment during the year. Depreciation and amortization accounted for 8.6% of total operating expenses, decreasing from 11.9% last year, and the balance of 55.8% was made up of the banks' other expenses for the daily operation needs which increasing from 51.2% in the previous year due mainly to lower outsourcing and management fees.

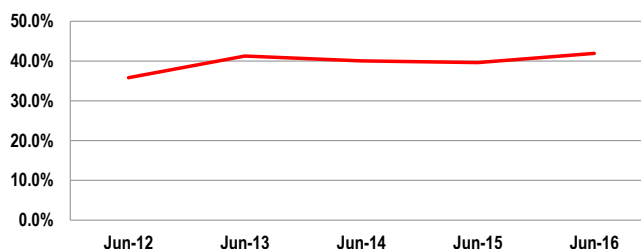
Financial Sector - Components of Operating Expenses



Liquidity

The banking system's liquidity continued to remain high during 2015/16. The increase in eligible liquid assets by \$45.7 million over the year, mainly the banks' Exchange Settlement Accounts, contributed to the high liquidity but was partially offset by an increase in credit growth. Gross loans as a proportion of deposits fell to 75.2% from 78.1% in June 2015. However, the Liquid Asset Ratio rose to 41.9% over the year compared to 40.1% in June 2015 and continued to remain well above the minimum Reserve Bank's minimum requirement of 5%.

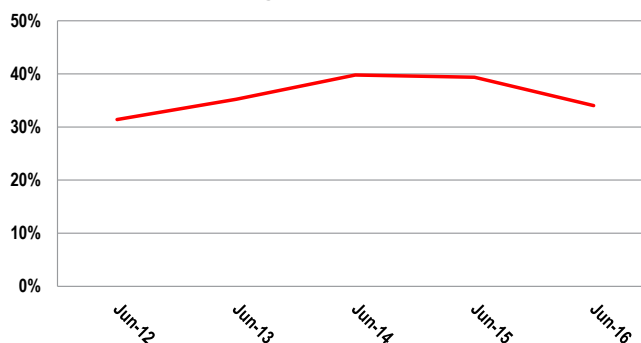
Liquid Asset Ratio



Capital

The capital position of the banking system remained strong as the risk-weighted capital ratio remained well above the minimum ratio required by the Reserve Bank of 15%. The consolidated risk weighted capital ratio for the banks fell to 34% at the end of June 2016, compared with 39.4% in the previous year. This was mainly attributed to the increased risk weighted assets outweighing the growth in banks' total capital, as total lending grew by 14.5% over the year.

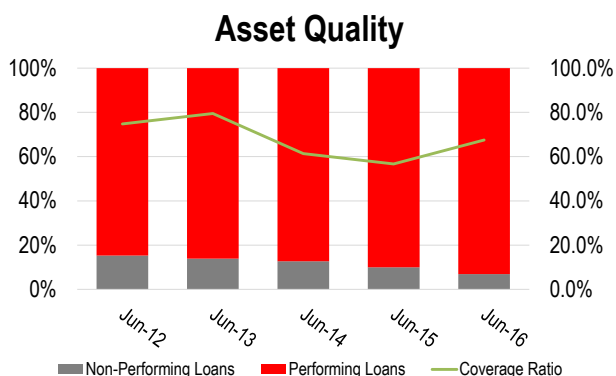
Risk Weighted Capital Ratio



Asset Quality

The overall quality of the banks' assets improved over the year to June 2016. Total non-performing loans decreased by \$6.5 million (21.3%) to \$24 million compared to \$30.7 million in June 2015. This largely reflected loan write offs as well as loan settlements during the year. The ratio of non-performing loans to total loans also improved to 6.9% from 10% in June 2015. The total non-performing loans comprised of loans to businesses (48.4%), mainly the hotels and restaurants and professional and other services, as well as housing for private individuals (20.2%).

Total provisions against loans fell by \$1.1 million (8.7%) to \$16.3 million however the coverage of the non-performing loans by total loan loss provisions, improved to 67.4% from 56.7% in June 2015. The Reserve Bank is working closely with banks to ensure that the adequacy of provisions as well as the accurate reporting of security values is maintained.



Non-Bank Financial Institutions Supervision

Following the amendments to the NRBT and Financial Institutions Act in 2014 to extend the NRBT's mandate to include the supervision and oversight of all non-bank financial institutions, work is still in progress to develop separate legislations for all the NBFIs. In addition, the Foreign Exchange Control Act (FEC Act), which enables the NRBT to regulate foreign exchange dealers, is being amended to strengthen the enforcement powers of the NRBT. Priority legislations to be processed in the 2016 parliamentary session includes the FEC (Amendment) Bill, Microfinance Bill, Money Lender Bill, and Credit

Union Bill. Other legislations that are being drafted include the legislations for the supervision of retirement funds, insurance companies, investment firms, and the capital markets. Furthermore, the Reserve Bank is developing a Consumer Protection policy pursuant to section 59B(2) of the NRBT (Amendment) Act 2014 to enhance the protection of financial consumers and thereby maintain confidence in the financial system. Surveys were conducted to stock take all the NBFIs operating in Tonga and their products, while awaiting the approval of the legislations.

The financial system is affected by the global and domestic banks' de-risking decisions which has resulted in the closing of some of the foreign exchange dealers' accounts and the difficulty in securing correspondent banks for some banks due to elevated money laundering and terrorist financing risks associated with foreign exchange dealers and the US banks tightening their standards on correspondent banks who trade in US dollar outside of the US. In recognition of the potential impact of these de-risking decisions on the cost and level of remittances and the economy as a whole, as well as encouraging illicit flows through more informal channels, the Reserve Bank has worked together with the foreign exchange dealers to improve their Anti-Money Laundering/Counter Terrorist Financing (AML/CFT) compliance status and required that their agents overseas are being licensed by another competent authority, in order for the banks to retain their accounts. The banks in Tonga were willing to retain some of the accounts as a result, however, the issue now is the overseas agents' banks are continuing to close their accounts in NZ and Australia, due to pressure from their correspondent banks in larger countries such as the US and UK to follow suit. This is a real problem and a growing one both regional and globally therefore regional efforts have been put forward to the regulators in Australia and NZ as well as the AML/CFT standard setters to reconsider their tight standards on lower AML/CFT risk countries such as Tonga and other Pacific Islands. To date, there has been no concrete solution from these efforts, however at the same time, the banks and money transfer operators are being encouraged to develop alternative ways of transferring remittance such as online-based or digitized products. Positive development however has been seen as the smaller banks have been successful in their applications to open USD correspondent bank accounts in one of the Australian banks.

Licencing and Supervision of Restricted Foreign Exchange Dealers

During 2015/16, the Reserve Bank licensed 4 and registered 7 authorized restricted foreign exchange dealers. Two registered authorized restricted foreign exchange dealers' ceased operation, while the license and registration of 2 authorized restricted foreign exchange dealers licenses were revoked during the year.

The requirement to renew the license/ registration for authorized restricted foreign exchange in 2016 was revised during the year to only submit changes to the licensing/ registration requirements if applicable. Majority of the foreign exchange dealers, except for the 2 mentioned above, generally complied with the conditions of the licensing /registration which formed the basis for the Reserve Bank's approval of 12 authorized restricted foreign exchange dealers at the beginning of 2016 to continue with their operations.

Two of the commercial banks, namely BSP and MBF Bank continue to hold agency arrangements with MoneyGram. They are licensed as authorized dealers under their banking license.

Compliance spot checks, training of the authorized foreign exchange dealers, stakeholder and quarterly meetings when required contributed to the improvement in the understanding and compliance with the conditions of license/ registration.

Other Non-Bank Financial Institutions

The Reserve Bank is authorized under section 4A(k) of the National Reserve Bank of Tonga (Amendment) Act 2014 to regulate and supervise financial institutions including NBFIs. Currently, the Reserve Bank is setting up the regulatory framework for each NBFIs and during the year a survey was conducted to stock take and collect information on each type of NBFIs operating in the financial system, including the types of products they offer and the nature of these products including the interest rate and fees charged. This will aid the Reserve Bank's work to develop relevant policies, prudential statements, reporting requirements guidelines and other supervisory mechanisms to promote a sound and efficient financial system.

The categories of NBFIs are outlined in section 2(2) of the National Reserve Bank of Tonga (Amendment) Act 2014 which are; Retirement Funds, Insurance Companies, Credit Unions, Cooperative Societies, Credit Institutions, Money Lenders, Microfinance Institutions, Foreign Exchange Dealers, and Investments companies.

The preliminary result of the survey of NBFIs showed that there are some money lenders operating in the financial system without a valid business license which warrant the need to formally supervise this sector in order to protect financial consumers.

The data collection will continue in the next financial year to ensure that the Reserve Bank have background information on the services and products as well as the operations of all non-bank financial institutions.

South Pacific Business Development (SPBD) as a microfinance institution continued to voluntarily submit financial information on their lending activities to the Reserve Bank on a monthly and annual basis.

Financial Inclusion

The Reserve Bank as a member of the Alliance for Financial Inclusion (AFI) network, in its efforts to promote financial inclusion in Tonga, committed to the Maputo Accord 2015 during the AFI's Global Policy Forum meet-



2016 is the NRBT year for promoting Financial Inclusion.

ing at Mozambique in September 2015. This commitment was to develop and improve the access of Small to Medium Enterprises (SMEs) to finance by 20% by 2020. The access to finance by SMEs would play an important role in job creation, poverty alleviation, and promotion of exports and investment which supports financial stability and promotes the Reserve Bank's vision of becoming an effective and dynamic central bank in promoting Tonga's economic prosperity.

The Reserve Bank through its membership of the AFI has received assistance to promote the access of SMEs to finance and this project is in progress. This includes participation in a knowledge exchange visit to Malaysia in May 2016, to learn and understand the landscape of SMEs formation and structure as well as the policies used in improving the SMEs and their access to finance in Malaysia. The Reserve Bank also participated in various AFI working group meetings abroad in the second half of 2015/16. This assisted with identifying and finding possible solutions to challenges in Tonga in terms of accessing finance at all levels of society.

A Supply Side Survey was conducted in 2015 to assess the availability of financial services to financial customers. In addition, a Demand Side Survey was conducted in February to March 2016 to identify the public's demand for financial services, and the outcome of this survey is still being finalised. The intention is to ensure that appropriate policies and products are being devel-



Training of enumerators for the Demand Side Survey

oped by the suppliers of financial services to meet the identified demand for financial services, which would improve the access to financial services and bring on-board those in the informal sector to the formal sector. The Reserve Bank intends to collaboratively develop a National Financial Inclusion Strategy to promote financial inclusion in Tonga.

Payment System

After numerous consultations with stakeholders and consideration of the implications of the proposed payment system reform to move to the Automated Transfer System, under the World Bank's Payments Remittances and Securities Settlement Initiative (PAPRI), the Reserve Bank withdrew its participation in this regional payment system reform. Meanwhile, the manual settlement system, involving the inter-bank cheque clearance that is conducted by the Settlement Unit on a daily basis is operating well. The Reserve Bank continued to explore ways to improve the efficiency and sound functioning of the payment system.

Financial Intelligence Unit

The Reserve Bank is the Transaction Reporting Authority (TRA) established under the Money Laundering and Proceeds of Crime Act 2000 (MLPC Act). The TRA is vested with the function of a Financial Intelligence Unit (FIU) in ensuring the financial system is protected from money laundering and terrorist financing activities. This in turn supports the Reserve Bank's objective of promoting a safe and sound financial system. The FIU's role and functions prescribed under the MLPC Act includes policy formulation and enforcement.

Supervision & Compliance

During the year, the FIU progressed with its supervision and reports analysis functions and continued to implement the requirements of the MLPC Act and the recommendations from Tonga's 2010 Mutual Evaluation Report from the Asia Pacific Group on Money Laundering.

To progress with Tonga's membership application to the Egmont Group as targeted for in its Corporate Plan, and in response to the review of the Egmont Legal Working Group, the FIU developed proposed amendments to the

MLPC Act aimed at improving the operational independence of the FIU and address issues that were identified in the implementation of the MLPC Act. In August 2015, the FIU sought the assistance of the Attorney General's office in processing the draft amendments to the MLPC Act. The completion of Tonga's Egmont membership application awaits the completion of the proposed legislative amendments.

In 2015/16, the FIU assessed and confirmed seven cross border correspondent banking applications submitted from two of the commercial banks during the year. The MLPC Regulations require banks to seek the approval of the TRA prior to entering into a cross border correspondent banking relationship.

During the year, the FIU responded to a request for financial information from Tonga Police to assist in an ongoing investigation. Information were collected from all the reporting entities in relation to this request. The MLPC Act allows for the TRA to collect any information that the TRA considers relevant to serious offences and to instruct any financial institutions and cash dealers to take steps in relation to any information or report received by the TRA, to enforce compliance or to facilitate any investigation anticipated by the TRA or a law enforcement agency.

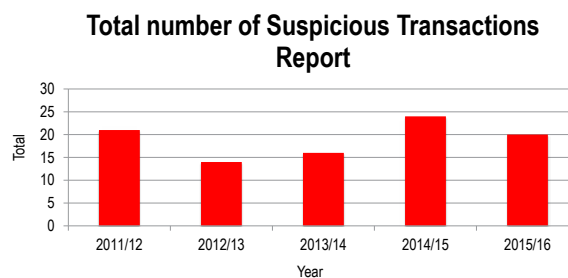
The FIU provided its six monthly training to the reporting entities in November 2015. AML training is provided to all reporting entities on a biannual basis aiming at enhancing awareness of their obligations under the AML legislations.

In January 2016, the FIU conducted spot check visits to all banks and authorized restricted foreign exchange dealers to review the entities' AML/CFT framework and information management system. This was on the back of a leak of a Reserve Bank confidential letter to the media in November 2015. The spot check visits to the reporting entities were inclined to accentuate the confidential nature of the FIU works and to stress the importance of maintaining an information system that supports this. The FIU detected no apparent threat in the reporting entities systems that may have caused this breach. The FIU also consulted with the Tonga Police and Attorney General's office on this matter.

During the year, the FIU completed all due diligence check upon request from different departments within the Reserve Bank. The checks completed were commonly for customers relevant to the respective departments. To assist these departments in their functions, the FIU conducted checks on applicants for exchange control transactions, numismatic coin collectors, suppliers and many others. The results of these checks were generally non-suspicious and were communicated to each requesting department. To assist in its due diligence and background check function, the FIU subscribed to an AML screening solution with Thomson Reuters Accelus for online screening. This solution is an online look-up tool that assists with due diligence checks on individuals and organizations giving access to the most comprehensive sanctions and Politically Exposed Persons data.

Reports & Statistics

1. Suspicious Transaction Reports



The FIU received 20 STRs from the commercial banks and authorized restricted foreign exchange dealers during the year, decreasing by 16% from the previous year. The decreasing trend may be a reflection of less suspicious activities occurring during the year. Reporting of STR is a statutory requirement for all financial institutions and cash dealers.

2. Currency Transaction Reports

Years	March 2013 - June 2013	2013/14	2014/15	2015/16
Number of CTRs	1,004	3,986	4,138	7,087

During the year, the FIU received 7,087 CTRs from the commercial banks and authorized restricted foreign exchange dealers representing around 70% increase from the previous year. The CTR data is kept for data analysis purposes.

3. Border Currency Reports

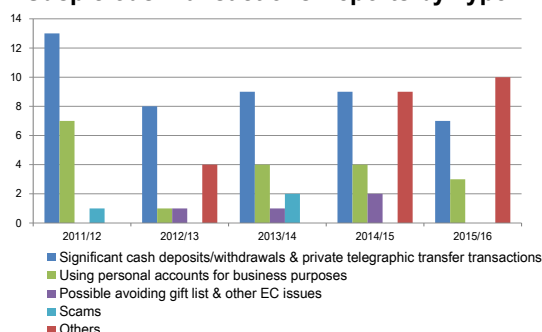
Years **March 2013** **2013/14** **2014/15** **2015/16**
 - June 2013

Number of BCRs	15	20	36	52
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The FIU received 52 reports from the Ministry of Revenue & Customs during the year representing around 40% increase from the previous year. The BCR data is also kept for analysis purposes.

Reports analysis & Information sharing

Suspicious Transactions Reports by Type



The dominant STR indicator continued to be unusual significant cash deposits and withdrawals; foreign currency conversion or telegraphic transfers that were inconsistent with the customer's known background or the sources of fund were undetermined. Three STRs were related to the usage of personal account for conducting of business transactions similar to the previous year. The remaining ten reports were related to several issues including large and rapid movement of funds, unusual business transactions and structured payments.

Years	2011 /12	2012 /13	2013 /14	2014 /15	2015 /16
Total STR received	21	14	16	24	20
Total STR passed to TCU	16	7	11	5	2
Total STR passed to IRD	14	0	1	6	13
Total STR passed to Immigration	2	0	1	0	0
Total STR passed to MCTL	0	0	1	0	0
Total Scams	1	0	2	0	0

Subsequent to the analysis of these STRs, two of the reports were disseminated to the Police for further investigations of possible money laundering and other serious offences. Thirteen STRs were reported to the Ministry of Revenue and Customs for possible tax evasion and other tax related offences.

Years **Mar13/Jun13** **2013 /14** **2014/15** **2015/16**

Total CTRs received	1,004	3,986	4,138	7,087
Inwards	879 (TOP 20M)	2,785 (TOP 119M)	2,981 (TOP 109M)	4,680 (TOP 119M)
Outwards	125 (TOP 22M)	1,201 (TOP 119M)	1,157 (TOP 109M)	2,407 (TOP 59M)

The FIU received over seven thousand Currency Transaction reports (CTRs) during the year. Majority of the transactions reported were for inward transactions which are classified into cash, cheque and other deposits and also including inward telegraphic transfers. Both inward and outward transactions recorded over fifty percentages increase in number compared to the previous year. Majority of the transactions reported for the year were in cash and were for personal purposes. Transactions for business purposes were mostly done in cheque and telegraphic transfers.

Years **Mar13/Jun13** **2013 /14** **2014/15** **2015/16**

Total BCRs received	15	20	36	52
Inwards	1	1	7	10
Outwards	14	19	29	42

The FIU received just over fifty Border Currency reports (BCRs) from the Ministry of Revenue & Customs during the year. Majority of the reports were for outward movement of funds across the border. These outward moving currencies were mostly for shipments of currencies for currency conversion companies and banks, and also for hand-carry by travelers overseas. Inward movements reported were mostly for travelers returning or visiting Tonga that have hand-carried currencies above the reporting threshold.

During the year, the FIU also conducted analysis of the notes conversion report from banks and authorized re-stricted foreign exchange dealers and making comparison with information reported from Customs on the BCRs. The analysis was done on individuals converting notes/ buying Tongan Pa'anga with amounts exceeding the BCR declaration threshold of TOP\$10,000 but were not reported from Customs as they were not declared at the border. This analysis was passed on to Customs to assist with the profiling of travelers. With the Inter-agency MOU in place, the FIU was able to share eight monthly reports in 2015/16.

During the year, the FIU recruited a statistical assistant to be responsible for the data management of the unit. This recruitment brought the numbers of the FIU staff up to three.

The FIU continued to disseminate the terrorist list from the Office of Foreign Assets Control's (OFAC) of the United States Department of the Treasury of Specifically Designated Nationals (SDN) and the dissemination list of the Non-Cooperative Countries and Territories and countries that are subject to the Financial Action Task Force's public statements.



Minister of Finance, Governor and the IMF Article IV staff