



11 March 2020

NOTICE

RE: The Cayman Islands Terrorist Financing National Risk Assessment

To address both the findings in the National Risk Assessment of 2015 and the CFATF Mutual Evaluation Report, the Cayman Islands in 2019 undertook to fully assess the Terrorism Financing risks faced by the jurisdiction. On behalf of the Anti-Money Laundering Steering Group, please find the attached report: [The Cayman Islands Terrorist Financing National Risk Assessment](#) ("TF Risk Assessment").

The Cayman Islands conducted extensive information and data analysis to come to a conclusion on the country's risk exposure to terrorism financing and finds that there is a **medium risk of the Cayman Islands being misused for terrorism financing purposes**. However, it is important to highlight that the medium rating represents an assessment of the inherent risk, meaning risks prior to the application of the numerous legislative, supervisory and law enforcement controls the Cayman Islands has put in place to combat terrorism financing.

The following sources of information were used to conduct the TF risk assessment:

- Statistics on cross-border flows of funds from/to the Cayman Islands for the years 2014 to 2018 as provided and made available by SWIFT;
- Trade statistics for the years 2017 and 2018;
- STRs filed with the Cayman Islands' FRA either involving suspicions of TF or tier 1 or 2 countries;
- Money Service Business statistics provided by CIMA;
- Inherent risk data collected by CIMA from the bank and TCSP sectors;
- Intelligence involving TF or terrorism from foreign counterparts;
- Criminal investigations and prosecutions in the Cayman Islands involving suspicions of TF or terrorism;
- International Cooperation Requests received by the Cayman Islands involving suspicions of TF or terrorism;
- Private flight and private and cruise ship vessel logs coupled with cash declaration information for such flights and vessels;
- Demographic and work permit statistics for the Cayman Islands provided by the Economics and Statistics Office; and
- Open source information on TF and terrorism involving the Cayman Islands.

In accordance with AML/CFT international standards set by the Financial Action Task Force, persons conducting relevant financial business should be aware of the risks, threats and vulnerabilities posed to the jurisdiction's financial system in order to take effective action to mitigate them. The Cayman Islands Monetary Authority encourages licensees/registrants to take heed of the findings of this TF Risk Assessment and consider how your business model is susceptible to such risks as well as how your AML/CFT systems, controls, policies and procedures can be strengthened to further mitigate the risks identified. This would be in keeping with regulation 8 (2)(e) of the Anti-Money Laundering Regulations (2020 Revision) which states:

“A person carrying out relevant financial business shall - implement policies, controls and procedures which are approved by senior management, to enable the person to manage and mitigate the risks that have been identified by the country or by the relevant financial business”

Further, the typologies within, give tangible examples of how the financial system may be at risk of terrorist financing by and through customers, products, geographical locations and delivery channels. Licensees and registrants are encouraged to use these typologies to further train staff and develop capacity in the area of terrorism.

This information is solely for internal use by licensees/registrants for the benefit of building awareness of the terrorism financing risks facing the Cayman Islands and to enhance preventative measures to reduce such risks.