Institute for Legal Support and Technical Assistance

National Conference 2025

Enhancing AML/CFT Frameworks: Lao PDR'S path to implement the FATF AML/CFT GLOBAL STANDARDS for supervision, law enforcement, the judiciary and mutual legal assistance

March 25th-26th 2025
National Convention Centre, Vientiane Capital)

Organised by:

The Supreme People's Procuracy (SPP)

Anti-Money Laundering Intelligence Office (AMLIO)

Institute for Legal Support and Technical Assistance (ILSTA)

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This report presents a collection of summaries highlighting the contributions of experts, foreign delegates, and government officials during the National Conference. Compiled by ILSTA, these summaries offer an overview of key discussions; however, due to space constraints, they do not capture the full scope of the material presented.

Presentations at the Conference were delivered in English and Lao language and translated respectively by a team of qualified translators. As with many languages, it is not possible to translate in an equal terminology from Lao into English and vice versa. In this report, the Lao content reflects the most accurate interpretation of the presentations as delivered during the Conference.

National Conference 2025

Enhancing AML-CFT Frameworks: Lao PDR's Path to Implement the FATF AML-CFT Global Standards for Supervision, Enforcement, Judiciary, and MLA

In 2023, Lao PDR underwent its second Mutual Evaluation by the Financial Action Task Force, which assesses compliance with international anti-money laundering and counter-financing of terrorism standards. Following the assessment, the Financial Action Task Force issued a Mutual Evaluation Report, placing Lao PDR in a post-observation period to address a list of recommended actions. After submitting its post-observation report in November 2024, the Financial Action Task Force reviewed the progress during its February 2025 Plenary and placed Lao PDR jurisdiction "under increased monitoring", "grey list". As a result, the country must now report on its progress three times a year from 2025 to 2027.

The Supreme People's Procuracy of the Lao PDR and the Institute for Legal Support and Technical Assistance held the 6th National Conference on 25–26 March 2025 at the National Convention Centre in Vientiane Capital untitled "Enhancing AML-CFT Frameworks: Lao PDR's Path to Implement the FATF AML-CFT Global Standards for Supervision, Enforcement, Judiciary, and MLA". The conference convened key stakeholders to address Lao PDR' efforts in strengthening its anti-money laundering and counter-financing of terrorism systems.

This 2025 Conference gathered more than 200 delegates from the 17 provinces of Lao PDR, and the central agencies. Financial intelligence units (FIUs) of Cambodia, Thailand, and the Philippines presented their country experiences in the Financial Action Task Force's Mutual Evaluation process, which was a highlight of this important Conference.

Representatives from Thailand's Office of the Attorney General shared examples of cross-border criminal activities and their links to money laundering, while Anti-Money Laundering and Counter-Financing of Terrorism specialists from the Institute for Legal Support and Technical Assistance, provided insights into the Mutual Evaluation process, highlighting the importance of assessing the overall effectiveness of national AML-CFT systems.

The Thai Bankers' Association, Siam Commercial Bank, Kasikorn Bank, and BCEL have contributed to the panel discussion, "Thailand Experience: Impact of "Greylisting" on the Banking Sector". Their expertise and insights enriched the discussions and strengthened the overall success of the event.

Thanks to the Supreme People's Procuracy of the Lao PDR, this event marked a significant step forward in enhancing Lao PDR's AML-CFT frameworks and demonstrating measurable progress toward FATF compliance.

The National Conference was made possible through the support of Luxembourg Aid and Development and the Luxembourg Ministry of Finance.

Opening Speech

- *Deputy Governor of the Bank of Lao PDR,*
- *Deputy Prosecutor General of the Supreme People's Procuracy of Lao PDR,*
- *Ambassadors, Representatives of Embassies and International Organizations,*
- *Distinguished guests, ladies and gentlemen.*

On behalf of the Government of Lao PDR as well as on behalf of the National Coordination Committee for Anti Money Laundering and Countering the Financing of Terrorism, I am highly delighted and honoured to participate in today's opening ceremony of the national conference on "Enhancing AML/CFT Frameworks: Lao PDR's Path to Implement the AML/CFT Global Standards for Supervision, Law Enforcement, Judiciary, and Mutual Legal Assistance in Criminal matters" which is the important seminar workshop for Lao PDR and it is indicating the commitment and attention of the Government of Lao PDR in these work



H.E. Mr. Saleumxay Kommasith
Deputy Prime Minister of Lao PDR, Chairman of the National Coordination Committee for Anti-Money Laundering and Countering Financing of Terrorism

Distinguished guests,

Money laundering and financing of terrorism are ones amongst other transnational crimes which are predominant matters and largely spreading within the regions and global in many forms and means that become threats to the stabilities of politics, national socio-economic developments of the countries in the regions and the world.

Money laundering and financing of terrorism are ones amongst other trinational crimes which are directly associated with narcotics, arms trade, trafficking in persons, illicit gambling, corruption and other crimes through banking and non-banking systems and financial institution, causing huge damage, and worse than that, making turbulence and disorder to the societies that become negative phenomenon hindering the development of the country. These have become serious challenges to many countries in the region including Lao PDR and it requires a wide cooperation from every sector and every country.

Throughout the previous time, the Government has taken the works related to AML/CFT as important works by having clear national and international preventive measures, placing immediate and long-term strategies along with establishment of the national committees to take responsibilities on these matters such as the Anti-Money Laundering Intelligence unit in 2007, then become the Anti-Money Laundering Intelligence Office until present, and in 2014 the National Coordination Committee for Anti Money Laundering and Countering the Financing of Terrorism (NCC) has been established to define national policies in each period of time and to be the national coordinating mechanism, along with the Lao National Commission for Drug Control and Supervision and the National Committee on Anti Trafficking in Persons.

Lao PDR is a party member of the United Nations Convention against Transnational Organized Crime, the bilateral treaties on Mutual Legal Assistance in Civil and Criminal Matters with Vietnam, China, the Republic of Korea, the treaties on Justice Cooperation in Civil and Criminal Matters with ASEAN countries, the bilateral treaties on Extradition with China, Cambodia, Thailand and Russia, and bilateral treaties on Transfer of Prisoners with Thailand and UK, and Lao PDR is also a party member of the Asia / Pacific Group On Money Laundering.

Lao PDR has approved the Law on Anti-Money Laundering and Countering the Financing of Terrorism in 2014, the Law on Criminal Procedures, the Penal Code; making the Manual for Criminal Evidence, the Manual for Extradition and some other legislations related to AML/CFT. These aim to ensure that all relevant organizations conducting proper, complete, comprehensive and objective prosecution by making sure that the offenders must be punished in accordance with laws and the innocents shall not be under punishment, aiming to protect the legitimate interests of the citizens, making the society peaceful and tidy.

Distinguished guests,

Throughout actual implementation, it is noticed that the number of prosecution of cases related to money laundering is still low in Lao PDR, but offenses in such cases that could be the cause of money laundering are largely prevalent in the country such as cases related to illicit drugs, human trafficking, frauds and others which are all at risks to money laundering and terrorism. Looking back at the experiences of officials of the people's prosecutor's, the people's courts and investigation officers as well as other relevant organizations of Laos, it is noticed that they still have limited knowledge and understanding about money laundering and financing of terrorism, this includes limited skills and techniques in evidence collection, conducting investigations especially financial investigation, indictment and prosecution of such cases.

In January 2025, the Financial Action Task Force (FATF) conducted Mutual Evaluation on implementation of measures and obligations, of Lao PDR, for prevention and combatting money laundering which indicated that there are some measures still need to be addressed and improved in order to fully comply with FATF's standards. This is a cause that Lao PDR is categorized under the Grey Listing.

By recognizing such importance, and in order to carry out tasks in prevention and combatting money laundering and financing of terrorism in our country successfully, the Government of Lao PDR has agreed that the Supreme People's Procuracy and the Bank of Lao PDR, with comprehensive supports of the Government of Luxemburg, the Embassy of Thailand, the Institute for Legal Support and Technical Assistance of Luxemburg, to organize the 2nd national conference on AML/CFT, the first conference was organized in 2023, providing opportunity for the participants to exchange lessons, experiences and the best practice on AML/CFT, MLA, confiscation of assets and prosecution of cases related to money laundering. International and national experts are invited to present relevant topics. I therefore, for this conference, encourage all of you together study, provide comments and share lessons learned and experiences in each topic with an aim of increasing the quality of works on anti-money laundering and countering the financing of terrorism in our country effectively.

I believe that during this conference, you will learn new and good lessons for AML/CFT and combatting transnational crimes so you can apply into the context of our country in coming years with effectiveness; you will gain more knowledge and better understanding about the monitoring and inspecting of FATF; the roles of ICRG and the Operation Plans of FATF, understanding the impacts of the FATF's Greylisting on the economics and international reputation of Lao PDR.

On behalf of the Government of Lao PDR and the Chairman of the National Coordination Committee for Anti Money Laundering and Countering of Financing Terrorism, I would like to express sincere thanks to the Institute for Legal Support and Technical Assistance (ILSTA) of Luxemburg for its support to this conference, thanks the experts from Thailand, Cambodia and the Philippines for joining and sharing their lessons learned and experiences, we hope to continue receiving your assistance in the future.

I would like to highly thank the Deputy Prosecutor General, the Deputy Governor of the Bank of Lao PDR, ambassadors, representatives of international organizations for sacrificing of your times to joining us in this conference. I wish all of you good health, happiness and succeed in your delight and important tasks May I officially open the conference from now on and wishing the conference successful as its objectives and aims.

(Thank you)


Enhancing AML/CFT Frameworks: Lao PDR's Path to Implement the FATF AML/CFT Global
Standards for Supervision, Law Enforcement, the Judiciary and MLA

Keynote Speeches



Mr. Khamphet Somvorlachit
Deputy Prosecutor General of the Supreme People's Procuracy of the Lao PDR

Transnational organized crime—particularly drug trafficking and money laundering—continues to disproportionately affect vulnerable communities. In response, the Lao government has made counter-narcotics efforts a national priority, forming dedicated committees to address related issues such as human trafficking and the illicit drug trade. Legal reforms have also been introduced, including updates to relevant laws and the development of manuals on criminal evidence and extradition procedures. The two-day AML-CFT National Conference, being held at the National Convention Center, aims to share global insights and enhance Lao PDR' strategies in dealing with the country's greylisting. In his opening remarks, Mr. Somvorlachit welcomed participants and highlighted the importance of shared experience in fostering greater cooperation against money laundering and the financing of terrorism. He also expressed hope for constructive and impactful discussions throughout the event.

Luxembourg has been a steadfast development partner of the Lao PDR, working together to promote the rule of law, access to justice, and good governance. A long way has been covered since 2023, when the Asia Pacific Group informed the Lao PDR about its 95 mandatory recommendations and many of these recommendations have been addressed. Mr. Lammar congratulated the Lao PDR on this. Adequate AML-CFT measures are a critical step toward building a transparent and credible financial environment that attracts investment, allows its diversification and drives inclusive development. Luxembourg remains committed to supporting the Lao PDR in improving its regulatory frameworks and meeting international standards to foster stability and growth.



Mr. Thomas Lammar
Chargé d'affaires a.i.
of The Embassy
of Luxembourg to the Lao PDR



Mr. Richard Philippart
President and Director General of ILSTA

Compliance with FATF standards is essential, not optional. Lao PDR has made progress in building its AML-CFT capacity, though challenges remain. In 2023, Lao PDR underwent its second Mutual Evaluation, which recognized progress but identified critical weaknesses that need addressing. As a result, Lao PDR is now on the FATF "grey list" and must take significant action to address strategic deficiencies by 2026-2027. Greylisting can lead to financial restrictions, reduced investment, and higher transaction costs but also presents an opportunity for improvement. Delegates from Thailand, Cambodia, and the Philippines are present to share their experiences in responding to greylisting. Mr. Richard Philippart underscored the importance of international cooperation in tackling transnational organized crime and the role of various sectors in AML-CFT compliance.

Presentations: Day 1, March 25th 2025

The Role of FATF and The International Cooperation Review Group (ICRG)



Mr. Ian Matthews, ILSTA Expert

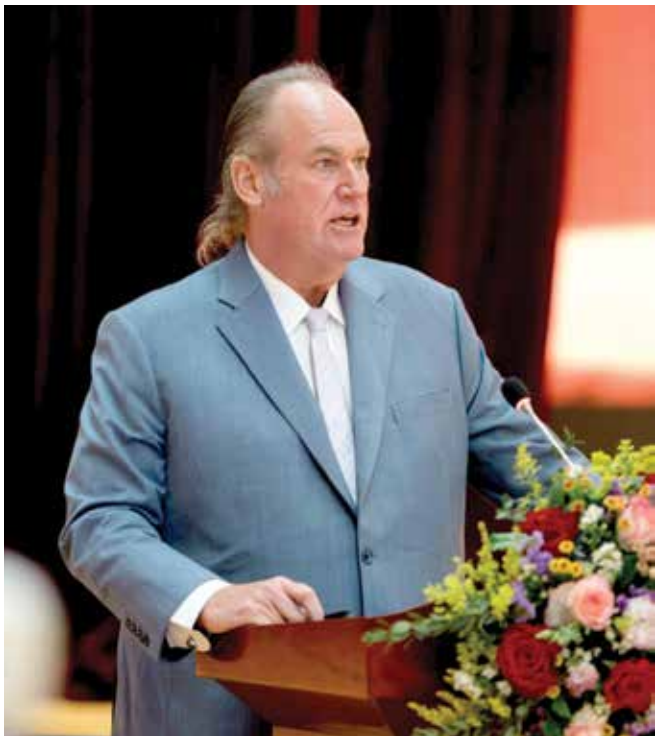
The FATF, established in 1989, sets international standards to combat money laundering, terrorist financing, and proliferation financing. It operates with nine regional bodies, including the Asia Pacific Group on Money Laundering (APG), to promote the FATF Recommendations. FATF conducts plenary and working group meetings three times a year, involving specialized groups such as the Evaluations and Compliance Group and the International Cooperation Review Group.

TFATF's compliance assessment includes technical compliance and effectiveness. Technical compliance evaluates a country's legal and institutional frameworks based on FATF's 40 Recommendations. Countries are rated from Compliant to Non-Compliant. Effectiveness measures how well countries achieve outcomes related to AML-CFT, rated from Low to High effectiveness

As of September 2023, Lao PDR's mutual evaluation report (MER) showed 9 Non-Compliant, 22 Partially Compliant, and 8 Largely Compliant ratings for technical compliance. Core recommendations like R.3, R.6, R.10, R.11, and R.20 were rated Partially Compliant, while R.5 was Non-Compliant. In terms of effectiveness, the Lao PDR received low ratings on 9 Immediate Outcomes and moderate ratings on 2.



ICRG Joint Group Reporting Requirements



Mr. Alastair Bland, ILSTA Expert

The ICRG identifies and monitors jurisdictions with strategic deficiencies in their anti-money laundering, counter-terrorist financing, and counter-proliferation financing frameworks. Countries may come under ICRG oversight due to non-participation in a FATF-Style Regional Body (FSRB), delayed publication of a MER, nomination by a FATF or FSRB delegation, or failing specific MER benchmarks—such as receiving 20+ Non-Compliant (NC) or Partially Compliant (PC) ratings, NC/PC ratings in key Recommendations (R.3, R.5, R.6, R.10, R.11, R.20), or low effectiveness in most Immediate Outcomes.

In the Asia-Pacific region, once referred, a country has about 16 months to demonstrate progress through a Post Observation Period Report (POPR), reviewed by the APG. If progress is insufficient, an Action Plan is developed, outlining steps over 2–3 years to address key gaps.

As of February 2025, Lao PDR and Nepal were greylisted, while the Philippines was removed. Lao PDR made a political commitment to work with the FATF and the APG to enhance its AML-CFT effectiveness. Since the August 2023 MER, Lao PDR has taken steps such as strengthening its Financial Intelligence Unit and eliminating bearer shares. Its Action Plan focuses on improving risk understanding, supervising high-risk sectors (e.g., casinos and Special Economic Zones), enhancing financial intelligence and law enforcement capacity, increasing ML prosecutions, and addressing deficiencies in core FATF Recommendations.

Greylisted countries are under increased monitoring and must report progress regularly. Lao PDR is expected to report at each FATF Plenary, starting in July 2025. Removal from the grey list requires near-complete implementation of the Action Plan, verified by a successful on-site visit.

If Lao PDR fails to show progress or political will, it risks being blacklisted. The blacklist includes high-risk jurisdictions, currently North Korea, Iran, and Myanmar, that are subject to stringent enhanced due diligence. In these cases, significant countermeasures have been implemented to protect the global financial system.



Potential Economic Impact of FATF "Greylisting"



Ms. Cecilia Marian, ILSTA Expert

FATF public statements identifying countries as grey- or black-listed can lead to serious economic consequences. Greylisting damages a country's financial reputation, increasing banking costs for citizens and creating barriers to cross-border transactions. Foreign companies may suspend or relocate operations, and investment inflows decline due to heightened due diligence and compliance risks.

Blacklisting has even more severe effects, often deterring foreign investment, complicating donor fund transfers, and limiting access to global credit markets. NGOs may face funding challenges, and overall transaction costs rise, as seen during the Philippines' greylisting, when 2.3 million overseas workers experienced increased remittance costs.

According to a 2021 IMF Working Paper, greylisting leads to an average capital inflow decline of 7.6% of GDP. In vulnerable economies, this can trigger a loss of external reserves and a potential balance of payments crisis, delaying significant reforms and affecting long-term development. Understanding these risks underscores the urgency of addressing AML-CFT deficiencies.



Managing the ICRG Processes and Reporting for Lao PDR



Ms. Vienekham Lounthone,
Acting Director General of AMLIO

I. AML-CFT Implementation for Addressing the Past Deficiencies

Between 2018 and 2022, Lao PDR completed its first National Risk Assessment (NRA), adopted an action plan to address identified AML-CFT gaps, and prepared for its second Mutual Evaluation (ME). The ME was adopted by the APG in late 2023. On 6 November 2024, the country finalized its second NRA and submitted its Post-Observation Period Report and a follow-up clarification on 3 January 2025 on effectiveness and legislation to the ICRG. On 21 February 2025, Lao PDR was placed on the FATF grey list.

As part of its reforms, four core AML-CFT legislations were revised, including the AML-CFT Law (Ref. 64/NA, 01 July 2024) and operational guidelines. Nine additional priority legislations are currently under revision, covering are as such as Know Your Customer (KYC)/Customer Due Diligence (CDD), casino supervision, proliferation financing, and transaction thresholds.

II. FATF Grey-List Obligation Implementation

Following its greylisting, Lao PDR committed to work with the FATF and APG to address nine major deficiencies identified in its MER. These include strengthening risk understanding, enhancing supervision of financial actors such as banks, casinos and Special Economic Zones (SEZs), improving financial intelligence dissemination, increasing ML investigations and prosecutions (particularly in transnational crime), and ensuring stronger legal frameworks for asset seizure and targeted financial sanctions. Lao PDR is also addressing deficiencies in legislative compliance under Recommendations 5, 6, 7, 10, and 11.

Lao PDR is required to report progress three times annually from 2025 to 2027. Its first report is due in July 2025, followed by a face-to-face progress review meeting in September 2025.



III. Action Plan of Lao PDR in 2025–2027

Lao PDR's action plan includes nationwide dissemination of AML-CFT risks, improved supervision of high-risk sectors, adoption of 12 sub-legislations, and enhanced training for investigators. AMLIO will focus on better analysis and sharing of financial intelligence.

The country will collect detailed statistics on ML cases and develop legal and operational tools for tracing, seizure, and confiscation of criminal assets. Priority legislative revisions include upgrading Order 03/PM on terrorist financing to a decree and finalizing Order 20/PM on proliferation financing. Lao PDR will also strengthen enforcement of UN sanctions and apply sanctions for non-compliance by reporting entities.

IV. Priorities of Lao PDR

Lao PDR is prioritizing coordination with international partners—including ILSTA, UNODC, the World Bank, IMF, Asian Development Bank, key embassies, and regional FIUs—to secure technical assistance during its two-year greylisting period. The government plans to widely disseminate the revised AML-CFT Law, the second NRA results, and related legislation to strengthen nationwide understanding. It will also conduct a second ML/TF risk assessment for previously unevaluated sectors and continue revising nine key AML-CFT laws to close legal gaps.





Panel Discussion - Countries Lead AML-CFT Agencies and Lessons Learned While Being in the ICRG Processes



Panelists:

- Mr. Sajachai Sangsaeyo - AMLO Thailand
- Mr. Heng Bomakara – Head of CAFIU Cambodia
- Mr. Arnold Frane – Deputy Director AMLC Philippines
- Mr. Phipsavanh Vongphanakhone – AMLIO Lao PDR

Moderator:

1. Give an overview of the moment your country entered the grey list and exited it.

Thailand began reporting on its AML-CFT measures in 2007 and was placed on the grey list in 2009. Despite ongoing legal reforms, the country was greylisted again in 2012. However, after these reforms were finally enacted in 2013, Thailand successfully exited the grey list within the same year. This achievement was largely driven by strong collaboration between legislative bodies and international organizations, resulting in enhanced legal frameworks and more effective supervisory strategies. Cambodia first entered the grey list in 2011 after failing to meet FATF recommendations but successfully exited it in 2015. Despite several attempts to improve, including the creation of National Coordination Committees and legal reforms, Cambodia was greylisted again in 2019.

However, through significant reforms, including new AML-CFT laws and the establishment of subcommittees, the country was removed from the grey list in 2023. Key to this success was a focus on effective legal implementation, increasing prosecutions, and strengthening internal coordination.



Mr. Tom Hansen, ILSTA Expert

The Philippines were evaluated by the APG in 2018. The MER was adopted in 2019 with 70 recommended actions. The country entered the ICRG in 2021 during a peak of the pandemic with 18 action items and was removed from the grey list after 10 reporting cycles in February 2025.

2. Can you give context on what reporting cycles look like, e.g. time frames between two reporting cycles?

For the Philippines, the reporting cycles in the ICRG process typically span four months, but in practice reports are submitted more frequently due to the need for initial reviews, feedback from assessors, and updating of statistics. The process demands high levels of coordination, especially since reports need to cover progress in implementing FATF recommendations.

3. If you could think of three words to describe your experience in the ICRG process, what would they be?

For the Philippines, the experience required commitment, cooperation and progress. Indeed, cooperation must produce results and results will show whether you are improving. That's how you come from a zero reporting to a better one - a challenge during the reporting process that the next report will be better than the previous one.

For Cambodia, exiting the grey list was a top priority necessitating everyone's commitment and prioritising the low-hanging fruit, as well as cooperation between everyone under the process of the ICRG (CAFIU, LEA, private sector, etc.).



4. How would you describe cooperation in this process and when preparing a report?

In Thailand, the commission and parliament collaborated closely throughout the law-making and drafting process. Thailand also received support from the IMF during its greylisting, engaging in close cooperation with this long-term technical assistance provider.

In Cambodia, all stakeholders worked toward a shared goal and complemented one another's efforts. In the Lao PDR, working groups were established to bring agencies together, recognizing that this task cannot be done alone. Collective effort and both internal and external cooperation are essential to achieving the goal.

5. Explain what some of the key activities the country implemented that supported getting out of the ICRG process.

Thailand's exit from the ICRG grey list was driven by significant legislative and strategic reforms. The country implemented actions aligned with FATF's Special Recommendations 1 and 2 and adopted a



national AML-CFT strategy with support from the IMF. This strategy was fully implemented through structured mapping and guidance, and Thailand is now on its fourth AML-CFT strategy to ensure continued compliance and avoid relisting.

Cambodia undertook significant legal and institutional reforms to exit the grey list. In June 2020, it adopted three core laws on AML-CFT, mutual legal assistance, and proliferation financing. The country also established the National Coordination Committee (NCC) and subcommittees to ensure stakeholder engagement and effective implementation. Law enforcement agencies developed SOPs, increasing investigations, prosecutions, and convictions.

The Philippines attributed its progress to the creation of the National AML-CFT Coordinating Council (NACC), which unified efforts and addressed compliance gaps. It helped expand investigative capacity and improved inter-agency coordination, particularly between law enforcement and prosecutors. The Department of Justice issued nationwide directives to screen and file AML-CFT cases, leading to a surge in case filings and overall effectiveness.

6. How would you describe the NACC implemented in the Philippines?

The Philippines' National AML-CFT Coordinating Council (NACC), led by the Executive Secretary under a presidential order, unites key law enforcement agencies to ensure high-level coordination and accountability. Regular reporting to the presidential palace drives performance, while improved collaboration between Law Enforcement Agencies (LEAs) and prosecutors has enhanced case quality. The NACC reflects a whole-of-government approach focused on compliance, commitment, and effective implementation.

The NACC reflects a whole-of-government approach focused on compliance, commitment, and effective implementation.



7. In the ME, then the ICRG processes, how many times did the national strategy change in your country?

In the Philippines, the Executive Secretary's creation of the NACC was revised twice in 2023 and 2024, following a directive from the President to be removed from the ICRG by 2024. Between 2021-2024, only three action items were addressed, but with the revitalization of the NACC, 15 additional items were successfully addressed in 2024.

In Cambodia, the focus was on implementing the ICRG-recommended action plan, with national strategies evolving based on the country's needs, followed by the maintenance of these strategies.

8. How did your country dedicate resources to respond to the demands of the ICGR process to manage the added workload?

In Cambodia, CAFIU coordinated the AML-CFT activities but relied on subcommittees to specialize in different parts of the action plan.

In Thailand, no additional personnel were added; instead, the existing teams worked more efficiently. Three working groups were established, with different levels of responsibility, including a high-level committee chaired by the prime minister and a subcommittee focused on practical AML-CFT tasks. In the Philippines, the ICRG helped increase the FIU staff by 30%, but challenges remained due to the ongoing workload. Tasks were assigned to a head of each team, and the work was divided into 11 areas of operation, each managed by a dedicated person.

9. How did the relationship work with the technical assistance provider to help your country through the process?

Thailand receives ongoing technical support from the IMF and from Tom Hansen.

Cambodia highlighted assistance in developing a legal framework aligned with FATF standards, building human resource capacity, conducting NRA, and formulating national strategies.

The Philippines approached technical assistance providers with specific needs, receiving support from the World Bank for NRA drafting, consultants with experience in FATF processes with for report writing, and the United States Department of Justice for LEA training and other technical assistance.



10. When preparing Joint Group reports, did your donors offer support? Would you seek technical assistance from the joint group?

In the Philippines, consultants with extensive experience with FATF and ICRG processes. provided valuable input and guidance for AML/CFT stakeholders during the ten (10) reporting cycles which included drafting progress reports and recommendations for collecting data and information required. The Philippines was also supported by consultants who conducted “mock” sessions to support preparing for ICRG Joint Group ‘face to face” meetings to verify content of progress reports before the report and recommendations are finalized by the FATF.

Similarly, Cambodia relied on consultants with FATF experience to provide guidance similar to the approach the Philippines.

11. What would you describe as the most frustrating obstacle or challenge experienced in the ICRG process?

In Thailand, reporting to both the political leadership and the public was a challenge, particularly in explaining in an understandable way complex FATF issues.

Cambodia emphasized the collective responsibility of multiple stakeholders in gathering information and meeting deadlines for ICRG responses.

The Philippines faced difficulties in reporting when there was little to report, with the joint group process expanded the scope of the original Action Plan.

Lao PDR shared similar challenges in collecting and translating data from various departments, with language barriers adding to the complexity of processing information to FATF and the APG in English. Lao PDR will be relying on assistance from ILSTA experts to support drafting of ICRG progress reports similar to the approaches taken in the Philippines and Cambodia which expert support was instrumental in their efforts to successfully exit the ICRG process.

12. After leaving the ICRG process, what differences have you seen in your AML-CFT framework?

Thailand benefited from strong foundations laid by the IMF technical assistance, which provided laws, SOPs for supervision, and FIU operations, ensuring continued compliance with universal standards. The country also expanded its AML staff from 550 to 800, gaining government trust through demonstrated effectiveness.

Cambodia improved its AML-CFT regime significantly, with a more comprehensive legal framework and greater understanding among stakeholders of its importance.

The Philippines increased awareness across all agencies about AML-CFT issues, leading to a reorganization and a shared commitment to avoid a return to the grey list, while working on the NRA and legislation for the 2027 Mutual Evaluation.

13. When is your next MER?

Thailand: 2028
Cambodia: 2027
Philippines: 2028
Lao PDR: 2030

14. What was the most stressful aspect of the ICRG process?

Cambodia emphasized the importance of consistency to ensure everyone achieves the same results.
In the Philippines, the process of drafting and submitting reports can be challenging, as sometimes information isn't available immediately, requiring the report to be rewritten.



Conclusion

Tom Hansen highlighted the stress involved in the FATF process, as it requires responding not only to the FATF but also to senior government officials and media pressure. This creates significant strain on agencies, especially FIUs, responsible for report coordination. He emphasized the importance of teamwork, as positive outcomes can improve job performance, deter crime, and send a strong message that criminals will be caught. Thailand, for example, had 143 recommended actions to address.

Importance of Effective AML-CFT International Cooperation



Mr. Jumpon Phansumrit,
Deputy Attorney General of Thailand

Thailand has seen a significant increase in requests for Mutual Legal Assistance (MLA) cooperation in recent years, including asset seizure and both formal and informal international cooperation. Article 27 of UNTOC highlights informal cooperation through "police cooperation," typically via non-binding MoUs. In contrast, formal cooperation relies on MLA, governed by treaties and conventions.

In asset forfeiture, especially involving FIUs, early coordination is crucial. Once an MLA is in place, evidence can be shared. For example, in a German case involving assets on Adanam Island, Thailand's AMLO had to verify the assets before action.

Thailand established its asset forfeiture law in 1992, with a 2016 amendment introducing value-based confiscation, allowing seizure of assets equivalent to criminal proceeds, even through inheritance. Some countries return proceeds under bilateral treaties, while others rely on ad hoc arrangements.

Freezing assets (Article 23 of the forfeiture law) must precede seizure and requires an investigator's order. Confiscation (Article 34 of the forfeiture law) demands a final court judgment from the requesting state and must meet Thai legal standards, ensuring a fair trial.

Asset sharing requires agreement between states and ministerial approval. Thailand has a bilateral agreement with Switzerland; others require negotiation. Costs like translation and asset sale are deducted before sharing.

Under the ASEAN MLAT, procedures for seizure exist, but value-based confiscation is not included. Lao PDR, lacking legal reciprocity, requires case-by-case negotiation.

Mr. Jumpon Phansumrit presented several cases. First, in the AlphaBay case, a dark web marketplace, the amount of $50M in property and cryptocurrencies was seized. The cooperation between the USA and Thailand resulted in AlphaBay's owner, Alexander Cazes' 2017 arrest and the Thai court approval to seize the assets in 2022. Secondly, after a 2016 conviction for money laundering, $2M was returned to Thailand in 2024, despite the absence of a bilateral treaty between Switzerland and Thailand. Lastly, in the Saxena Case involving Guernsey, $7M were confiscated in 2023 in Thailand and the proceedings continued after Saxena's death in 2012.

Key recommendations are to encourage early consultations, use informal communication, and strengthen regional networks like SEAJust and the upcoming ASEAN Prosecutor Body to combat organized crime.



Presentations: Day 2, March 26th 2025

Action Plan Items 6.1 a) b) c) d) Financial Intelligence and Action Plan Items 7.1 / 7.2 Law Enforcement and Prosecution of Money Laundering



Mr. Tom Hansen, ILSTA Expert

To meet the FATF Action Plan, Lao PDR must prioritize Immediate Outcome 6 (IO.6), which focuses on effectively using financial intelligence to combat money laundering, particularly in high-risk areas like drug trafficking, human trafficking, and environmental crimes.

Relevant agencies, including law enforcement and inspection bodies, must not only receive intelligence from the FIU and AMLIOs but also provide feedback to demonstrate effectiveness rather than just technical compliance.

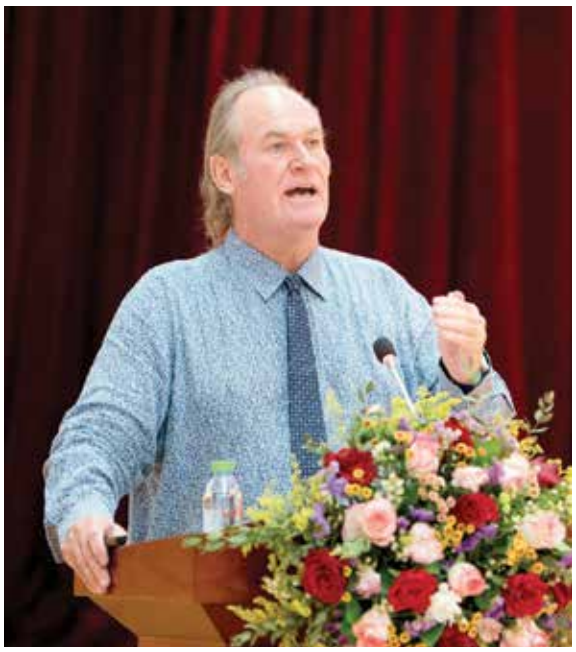
AMLIO must improve the quality, quantity, and timeliness of the intelligence shared with law enforcement, ensuring reports are actionable. Law enforcement should involve AMLIO early in investigations and provide feedback on outcomes, such as arrests, seizures or prosecutions. Parallel investigations of predicate crimes and money laundering must be documented through case studies, and agencies should share data on suspicious transactions and prosecutions with AMLIO at least three times a year to support national reporting.

A formal feedback process should be set up, with designated staff in law enforcement to assess the use of AMLIO's intelligence. Additionally, AMLIO must increase the spontaneous dissemination of intelligence, issuing Strategic Intelligence Reports (SIRs) to identify broader ML patterns. Reporting entities, such as banks and casinos, need training and clear guidance to improve the effectiveness of STRs.

Resource allocation should focus on high-risk sectors, guided by data. Lastly, international cooperation is essential, with AMLIO and law enforcement using cross-border FIU requests when proceeds of crime are moved abroad.

In summary, achieving IO.6 requires a coordinated national effort where agencies effectively utilize financial intelligence, document their results, and support robust reporting mechanisms. Only with clear evidence of impact can Lao PDR demonstrate a functional and effective AML-CFT system.





Mr. Alastair Bland, ILSTA Expert

Immediate Outcome 7 (IO. 7) focuses on the investigation and prosecution of money laundering offences, ensuring sanctions are effective, proportionate, and dissuasive. Lao PDR still has progress to make after submitting the 2024 Post-Observation Period Report, as significant gaps remain under the FATF Action Plan.

Therefore, to demonstrate effectiveness, Lao PDR must increase ML investigations and prosecutions, particularly those connected to high-risk crimes such as drug trafficking, human trafficking, corruption, and environmental offences which frequently require international cooperation.

In addition, FATF expects clear evidence detailing which agencies are taking the lead in ML and corruption cases, the number of cases linked to high-risk crimes, how many result in parallel financial investigations, prosecutions, or convictions and the reason behind potential limited progress (e.g., lack of training or prioritization). Therefore, regular tracking of these metrics whether monthly or quarterly, with data consistently collected through to 2030, is essential.

The effective use of financial intelligence (FI) is critical. LEAs should both request and give feedback on AMLIO's intelligence to improve quality and impact. In regards to training initiatives, they must be targeted at agencies with legal authority to investigate and prosecute, and and should be linked to measurable outcomes.

Parallel financial investigations—e.g., tracing proceeds of crime in drug or corruption cases—should become routine and supported by data and case studies.

Both stand-alone and linked ML cases are vital. For any ML charge, the criminal origin of the funds must be clearly demonstrated.

Ultimately, IO. 7's success depends on national coordination. AMLIO may lead reporting, but LEAs must provide data and case outcomes. Only through collaboration, evidence, and impact can Lao PDR meet FATF expectations.



4.1 Implementation of AML-CFT Supervision and Programs for Financial Institutions and Designated Non-Financial Businesses and Professions

On February 21st 2025, the FATF issued a statement recognizing Lao PDR's strong political commitment to addressing anti-money laundering and counter-terrorism financing concerns. While technical compliance is noted, the focus is now on proving effectiveness, especially in understanding and responding to money laundering, terrorism financing, and proliferation financing risks.

Lao PDR has committed to enhancing its understanding of these risks and improving risk-based supervision, particularly in sectors like casinos, banks, and reporting entities in SEZs. The concept of "risk" is central to FATF's concerns under Immediate Outcome 1. Though progress has been made, FATF expects clearer evidence of in-depth understanding.



Mr. Ian Matthews, ILSTA Expert

The 2022 MER found that not all predicate crimes were fully assessed, and TF risks were poorly evaluated, particularly in a regional context. Lao PDR's land borders raise concerns about its role as a possible transit point for illicit financing. Casinos were highlighted as a major vulnerability, with the NRA failing to assess them properly. DNFBPs like the real estate and legal sectors also require better risk engagement. Other gaps include a weak understanding of transnational crime, foreign investment, and legal persons. FATF stresses the need to use broader data sources—from law enforcement to international reports—to inform risk assessments.

As a result, more detailed sector-specific risk assessments are expected, with a broader involvement from all relevant authorities, rather than relying solely on AMLIO. Law enforcement, in particular, is expected to contribute actively by conducting investigations that enhance the national understanding of risk. In parallel, the private sector holds a significant role in this framework. Although sharing risk-related information can be sensitive, doing so helps uncover patterns and vulnerabilities that are crucial for effective risk management. To accommodate the issue of sharing sensitive information, countries have the option to release different versions of reports for different audiences.

Ultimately, the FATF is looking for more than basic compliance from Lao PDR. The country must show that its actions are not only aligned with requirements but are also well-informed, targeted, and demonstrably effective, grounded in a genuine understanding of its specific risks.



Action Plan 8.1 and 8.2 Asset Seizure and Prosecutions, Cross-Border Currency Smuggling and International Cooperation



Mr. Tom Hansen, ILSTA Expert

Immediate Outcomes 7 and 8 are crucial to FATF's evaluation of Lao PDR's AML-CFT system. While IO. 7 focuses on money laundering investigations and prosecutions, IO. 8 assesses the seizure and confiscation of criminal assets. Despite progress highlighted in the 2024 Post-Observation Period Report, significant gaps remain.

For instance, Lao PDR needs to clearly define when ML investigations and prosecutions begin and ensure parallel investigations are consistently launched for high-risk crimes such as corruption, drug trafficking, and environmental offences.

To meet the objectives of IO. 7, Lao PDR should define and track ML investigations and prosecutions, as well as prioritize high-risk crime types. AMLIO should use intelligence effectively and ensure regular feedback from LEAs. Finally, relevant data should be collected and analyzed frequently.

Documented parallel investigations, even without prosecution, are core indicators of effectiveness.

Under IO. 8, Lao PDR is required to adopt a national confiscation strategy, strengthen cross-border cooperation, and improve asset tracking and management. Confiscated funds should be preserved and reinvested in AML-CFT efforts.

Key priorities include targeted training for relevant agencies, enhanced intelligence sharing, legal tools like tax evasion charges where appropriate, improved tracking of seized assets and case studies with cross-border results.

National coordination, legal reform, and investment in resources are essential. Without urgent action, Lao PDR risks FATF blacklisting.



Action Plan 11.2 Supervision of FI's and DNFBPs Compliance with TFS PF Obligations



Mr. Ian Matthews, ILSTA Expert

FATF's public statement from February 2025 emphasized Immediate Outcomes 3 and 4, focusing on strengthening risk-based supervision of casinos, banks, and reporting entities (REs) in SEZs, alongside improving fit and proper checks.

IO. 3 targets supervisors overseeing financial institutions and DNFBPs, ensuring they monitor risks effectively. This includes newer sectors like Virtual Asset Service Providers (VASPs), which must meet AML-CFT obligations based on their risk level. However, without a strong understanding of money laundering and terrorist financing risks (as highlighted in IO. 1), meeting IO. 3 and IO. 4 is significantly hindered. MERs show that countries sometimes designate certain sectors as low risk without providing credible justification through comprehensive risk assessments.

While IO. 3 focuses on supervisors, IO. 4 addresses reporting entities (REs), requiring them to apply measures such as KYC, CDD, and record-keeping. In Lao PDR, limited outreach to REs, as noted in the MER, has reduced their awareness of AML-CFT obligations and risk exposure.

Although some elements of risk-based supervision are in place in the country, substantial gaps remain. For instance, SEZs had limited oversight, and casinos shifted from AMLIO to a new supervisor. Fit and proper testing, used to vet individuals seeking control in financial sectors, needs strengthening, including checks during changes in ownership or control.

Technical compliance issues also hinder the implementation of IO. 4. Institutions cannot apply preventive measures properly if laws and guidance are lacking. Many institutions still lack a deep understanding of ML/TF risks, with casinos showing particularly low awareness during assessment interviews.

Suspicious Transaction Reports (STRs) are another concern raised in the MER, particularly due to the low number submitted by DNFBPs. This is a common issue, as assessors frequently find that countries report fewer cases than expected. Similarly, while sanctions are in place in Lao PDR, their limited number raises questions about their effectiveness and deterrent value.

To improve, the MER suggests that Lao PDR tighten fit and proper testing, strengthen supervision in high-risk areas (like banks and casinos), and extend oversight in SEZs. Outreach and training should help REs understand both legal duties and actual risks. Lastly, supervisory sanctions must be used strategically, not just as punishment, but to show enforcement capacity.



Action Plan Item 1.1: Identifying AML-CFT Risks

Immediate Outcome 11



Ms. Cecilia Marian, ILSTA Expert

FATF's Immediate Outcome 11 (IO. 11) focuses on targeted financial sanctions to prevent the proliferation of weapons of mass destruction. The goal is to stop individuals and entities involved in Proliferation Financing (PF) from accessing, moving, or using assets, as required by UN Security Council Resolutions.

In Lao PDR, the MER identifies several gaps in implementing IO. 11. It was highlighted that, although the AMLIO is seen as the responsible body, its role is not clearly defined in law. Furthermore, supervision and enforcement are relatively weak, guidance for financial institutions and DNFBPs is lacking, and penalties for non-compliance are minimal. Smaller institutions also show limited understanding of their obligations, and there has been little outreach or training to address this.

On top of these gaps, communication challenges persist due to English-only sanctions lists, and entities often struggle with false positives caused by common names. Lastly, the legal framework regarding procedures for reporting frozen assets in the Lao PDR remains unclear.

In order to resolve the issues identified in the MER and based on FATF's public statement issued on February 21st 2025, following Lao PDR's greylisting, potential solutions will need to focus on: strengthening the legal framework for PF sanctions; enhancing the effectiveness of supervision and enforcement; improving communication by providing translated and regularly updated sanctions lists; and establishing clear procedures for addressing false positives and reporting frozen assets.

Recommendations 5, 6, 7 and 10

Technical compliance examines how Lao PDR's laws, regulations, and institutional systems align with FATF standards. The FATF has identified key deficiencies and expects Lao PDR to address them through targeted reforms under Recommendations 5, 6, 7, and 10—each essential for strengthening the fight against terrorism financing, proliferation financing, and money laundering.



Beginning with **Recommendation 5,** which addresses the criminalization of terrorism financing, the MER found that Lao PDR's existing laws only partially meet requirements. While TF is criminalized in both the penal code and AML law, the provisions focus mainly on attempts to provide funds, without fully reflecting the broader scope set out in international standards and TF conventions. Notably, the laws need to clearly include financing of terrorist fighters and their travel. It is also unclear whether TF is officially a predicate offense to ML. Sanctions currently in place are considered weak, and inconsistencies between the AML law and penal code make enforcement difficult. Amending both laws to ensure consistency and full coverage is therefore a necessity.

Recommendation 6 deals with targeted financial sanctions related to TF. Several issues were identified, such as inconsistent standards for designating individuals, vague delisting processes, and insufficient protections for bona fide third parties. Additionally, designations are communicated only in English, and REs lack clear guidance on their freezing obligations. Addressing these problems requires legal amendments to clarify the process for designations and delistings, improve protections for third parties, and ensure timely, multilingual communication. Clear guidance for REs also needs to be issued.

Recommendation 7 focuses on PF-related sanctions. Here, delays in freezing designated assets, typically two to three days, undermine effectiveness. The responsibilities of entities subject to freeze orders are not well defined, and prohibitions on providing funds or services to designated persons are inadequate. There is also limited guidance on how to handle delistings or asset unfreezing. Sanctions are seen as neither proportionate nor dissuasive. To address this, Lao PDR must revise its legal framework to ensure immediate freezing, clarify compliance obligations, and provide detailed instructions to REs.

In regards to **Recommendation 10,** which is one of the FATF's "Big 6," the emphasis is on CDD. A major issue in Lao PDR is the definition of beneficial ownership, which currently does not meet FATF standards. The beneficial owner should be the natural person who ultimately controls a company or legal entity, but this concept is not clearly reflected in Lao law. This gap can hinder investigations. The country must adopt a proper definition, require identification and verification of beneficial owners, and ensure that REs understand the purpose of customer relationships. CDD should be required whenever there is suspicion of ML or TF, regardless of thresholds or exemptions.

To address the requirements of Recommendations 5, 6, 7 and 10, Lao PDR must address several technical gaps by updating its laws, clarifying responsibilities, improving enforcement mechanisms, and offering practical guidance to relevant stakeholders. These steps are necessary to meet FATF expectations and build a more effective system for combating financial crime.



Lao PDR Mutual Legal Assistance Processes



Ms. Vilaysinh Dainhansa,
Deputy Director General, Department of Planning and International Cooperation, Supreme People's Procuracy of Lao PDR

Legal framework related to MLA in the Lao PDR can be found in the Penal Code (2017), the Law on Criminal Procedure (2017), the Law on Juvenile Procedure (2013), the Law on MLA in criminal matters (2020) or the MLA manual (2024).

Lao PDR has established a legal framework for mutual legal assistance through its participation in several international and bilateral treaties concerning criminal matters. These include the United Nations Convention against Transnational Organized Crime (UNTOC) from 2003, the ASEAN Mutual Legal Assistance Treaty (MLAT) of 2004, and bilateral Mutual Legal Assistance Agreements with Vietnam (1998), China (1999), and North Korea (2008). Domestically, Lao PDR enacted its own Law on Mutual Legal Assistance in Criminal Matters in December 2020. Furthermore, the country is a member of the South East Asia Justice Network (SEAJust), which was formed in 2020 to foster judicial cooperation within the region.

The Supreme People's Procuracy serves as the central authority and primary coordination body for mutual legal assistance, responsible for analyzing requests, liaising with relevant domestic agencies, and communicating with the requesting State. The types of requests that can be accommodated under Lao MLA law are specified in Article 7. Conversely, Article 8 lists conditions under which an MLA request may be denied, including concerns about sovereignty, the non-existence of dual criminality, and the political nature of the underlying offense. Foreign authorities intending to submit an MLA request are directed to Article 9 for the procedural guidelines, and their requests must also comply with the technical standards set forth in Article 10.

A continuous growth trend has been observed in the number of MLA requests handled by Lao PDR. The primary partner for both incoming and outgoing assistance has been Vietnam, with Thailand also accounting for a considerable volume of requests. Additionally, Lao PDR has engaged in MLA with countries such as Japan, the United States, Germany, China, and Peru, although to a lesser extent.

In executing MLA requests, the Supreme People's Procuracy faces significant obstacles stemming from language differences and a limited understanding of the legal systems and laws of other nations. The absence of clear procedural timelines further exacerbates these issues. Strategies considered to overcome these challenges include wider information sharing, the establishment of a greater number of bilateral legal agreements with diverse countries, and the creation o

Money Laundering, Civil Forfeiture And Related Criminal Prosecution



Mr. Nat Namitchaitham,
Prosecutor on ML and Asset Confiscation, OAG of Thailand

Mr. Nat Namitchaitham addressed the questions of money laundering prosecution and asset confiscation in Thailand. Money laundering, as defined by Article 5 of the Royal Decree on AML Prevention, encompasses actions from transferring criminal proceeds, concealing assets or their origins, to utilizing assets derived from criminal activity. Recognized as a serious offence due to its impact on public safety, Thai AML Law prosecutes 29 offences as money laundering, integrating 21 underlying crimes and 8 related offences.

Regarding asset confiscation, the presenter clarified that while property rights are fundamental, they are not absolute and can be subject to confiscation when criminal activity is involved. Indeed, the core objectives of asset confiscation are to prevent harm, deprive offenders of illicit profits, and deter future crime.

Mr. Namitchaitham outlined two primary categories for asset confiscation within the Thai legal system: those of criminal cases and those specific to money laundering cases.

In criminal cases, confiscation is governed by the Penal Code and Criminal Procedure Code, employing both property-based confiscation (for prohibited items, instrumentalities of crime, and criminal proceeds) and value-based confiscation (when specific assets are untraceable). Relevant legal provisions are detailed in the Thai Penal Code and the Penal Code for Narcotics and Illicit Drugs.

Concerning ML cases, the legal framework is primarily found in the Royal Decree of MLA and the Royal Decree on the Prevention of Corruption, which includes guidelines for asset valuation. Additionally, the Code on Narcotics allows for the seizure of assets linked to narcotics offences, even without a prior court order in certain circumstances. The Penal Code, the Code on Narcotics, and other relevant Royal Decrees also govern these cases. Notably, the standard of proof for asset forfeiture is generally lower than that required to prove criminal guilt, with prosecutors needing to demonstrate the illicit origin or use of the seized assets.

Mr. Namitchaitham concluded by highlighting challenges in asset confiscation, such as ambiguous legal definitions, the volatile value of assets such as cryptocurrencies, and limited avenues for owners to contest seizures. He illustrated these difficulties with case studies involving a capsized boat in a trafficking case and public infrastructure damage exceeding the value of an overloaded truck.



Mr. Tanin Pradit,
Prosecutor, OAG of Thailand

Mr. Tanin Pradit outlined the three stages of money laundering: **Placement,** introducing illicit funds into the financial system (e.g., purchasing assets, bank deposits, insurance investments); **Layering**, separating illegal proceeds from their source through complex transactions (e.g., investments, property purchases, asset possession); and Integration, making laundered funds appear **legitimate** by re-entering the economy (e.g., blending with lawful revenue through a company).

Under Thai law, proceeds of crime are defined to include assets directly related to predicate crimes, those derived from illicit assets, and any income generated from these. Examples of placement channels used by offenders include bank deposits, insurance policies, share purchases, real estate transactions, foreign currency exchange, nominee transfers, cooperative savings, concealing funds abroad, and bond investments.

The Thai legal framework regarding the process for asset tracing, seizure, and freezing involves AMLO officers investigating after a predicate crime, notifying the National Commission of AMLO upon finding related assets, and the Commission issuing a 90-day seizure or freezing order. Generally, seized assets under civil measures revert to the government, but can be used for victim compensation in fraud cases. Asset owners have the right to object to seizure by proving the legitimate source of their funds.

Importantly, proof of a predicate crime is required for seizing assets as proceeds of that crime, and seizure can occur even without an arrest if the illicit origin of the assets is proven. A Supreme Court ruling in Thailand has established that even if an offender is acquitted of the predicate crime, the proceeds thereof can still be confiscated by the State, emphasizing the focus on the illegal source of the assets.



Panel Discussion - Thailand Experience: Impact of "Greylisting" to the Banking Sector



Panelists:

- Mr. Phatrawut Konsombat - Senior Vice President, Anti Money Laundering Regulation and Risk Monitoring, Siam Commercial Bank and representative of the Thai Bankers' Association
- Mr. Phaisarn Vorasetsiri - First Senior Vice President of Kasikornbank
- Mr. Sompasong Phothisane - Chief of Risk Management and Anti-Money Laundering Division, BCEL

Moderator:

Moderator: The moderator asked BCEL to comment on the anticipated impacts of Lao PDR's greylisting on the country's banking sector, and to outline the immediate measures that should be prioritized to address the identified deficiencies.

BCEL, as one of Lao PDR's major banks, highlighted "its prior awareness of money laundering issues before the country's greylisting. BCEL's representative foresees impacts such as increased difficulty in national and international transactions, greater scrutiny from corresponding banks and partners leading to revenue reduction due to added costs, and a decrease in corresponding activities."

Regarding urgent measures to adopt, BCEL "recognizes the need to implement and disseminate new laws, regulations, and legal instruments among staff and customers. Furthermore, the anticipated extra costs from the greylisting are expected to affect human resources, which will require significant training on the updated regulations."



H.E. Ms. Morakot Sriwasdi, Ambassador of the Kingdom of Thailand to the Lao PDR

The moderator addressed the Thai Bankers' Association, noting Thailand's placement on the FATF grey list from 2009 to 2013. The Association was asked to elaborate on the measures implemented to achieve removal from the list, and to discuss the impact of this designation on the banking sector, particularly regarding customer and investor confidence.

Thai Bankers' Association



Thai banks experienced challenges mirroring those described by BCEL, notably stricter screening processes accompanied by increased obligations and operational costs. The greylisting had an indirect negative effect on private sector activity and investment inflows from nations with robust anti-money laundering frameworks, resulting in a decline in customer acquisition. Despite Thailand's removal from the FATF grey list in 2013, the persistent threat of transnational crime necessitates continued rigorous measures. Over the last decade, this has led to a significant intensification of practices such as customer monitoring, irregularity detection, sanction list checks, and STR within Thai banks. A main area of improvement since the greylisting has been the establishment and substantial enhancement of KYC/CDD systems and sanction list management capabilities, addressing initial technical compliance gaps.

Kasikorn Bank



The 2009 greylisting of Thailand by the FATF triggered three significant outcomes: Kasikornbank was designated as high-risk, prompting increased structuring of partner payments and cross-border transactions; customers faced higher costs for international money transfers; and banks incurred substantial expenses, requiring significant system upgrades to comply with FATF standards.

In retrospect, these demanding measures were both necessary and beneficial in their efforts to counter criminal activities effectively. Crucial KYC procedures introduced included sanction list checks to prevent transactions with listed individuals and risk rating to enable enhanced monitoring of higher-risk clients. The establishment of comprehensive AML-CFT/PF systems involved several important elements: face recognition technology, sanction screening processes, risk rating methodologies (with a focus on high-risk customers), transaction monitoring capabilities (for STR identification and management), and a transaction reporting system for submitting information to AML authorities.

- **Moderator:** During the discussion, the moderator invited BCEL to share insights into the key challenges the bank faces in implementing effective Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) measures, as well as the steps being taken to address these issues.

“Progress has been made in regards to system enhancements in the Lao PDR – as evidenced by the implementation of face recognition on the platform ‘BCEL One’ - but further efforts are necessary to bridge the gap with more advanced systems like those in Thailand. A critical factor for future success will be securing strong cooperation at the national level and robust support from international partners and organizations.”

- The moderator invited the Thai Bankers’ Association to discuss the principal challenges it faces in preventing money laundering, and to explain the policies or frameworks it has established to address these issues.

Thai Bankers’ Association

Historically, the primary national money laundering risks in Thailand were drug trafficking and corruption, with other criminal activities having a comparatively limited impact. While progress has been made in tracing and monitoring transactions related to corruption, continuous improvement is still required. For example, the emergence of new technologies has introduced new criminal activities and trends, such as specific types of fraud, the use of nominees for account opening, and system hacking, necessitating the adoption of advanced technological preparedness. Criminals demonstrate rapid adaptation and ingenuity, often staying ahead of current detection methods. The Thai banking association concluded that a significant ongoing challenge is fostering cooperation from non-bank sectors, including DNFBPs and the emerging cryptocurrency industry.

Q&A panel discussion

- **Question 1** (Supreme Court Luang Prabang): In terms of banks’ responsibilities toward their customers, if funds unexpectedly disappear from a customer’s account, what mechanisms are in place to trace the transaction, and who is held accountable for the loss?

In response to the question of disappearing funds, BCEL affirmed that the bank is responsible if deposited money suddenly goes missing. The Thai Bankers’ Association clarified that liability is determined by the particular circumstances of the case. They pointed out that for dormant accounts where money unexpectedly vanishes, the bank would be required to provide compensation. However, in situations involving mobile banking, an inquiry into the cause would be necessary to establish if the customer was responsible. Phishing attacks would be treated differently, particularly if forced facial recognition was implicated, potentially requiring court proceedings. The Thai banks ultimately stated that if the customer acted independently, they would be responsible for the loss.

- **Question 2** (Mr. Phoukhong Sisoulath, DTL, MOFA): It was mentioned yesterday that greylisting could reduce investment flows by up to 7%. In your experience, have you observed a decline in investment following such listings?



The Ambassador of the Kingdom of Thailand to the Lao PDR noted that for Thailand, the total Foreign Direct Investment was not directly affected by the greylisting. She elaborated that FDI decisions are based on multiple factors that assess a country’s business environment, such as the overall economic condition, the availability of single window systems, confidence in the government’s ability to exit the grey list, and the ease of doing business.

The Thai Bankers' Association reported that banks did not gather specific data on this at the time of the greylisting. However, they emphasized an important element: failure to meet partners' requirements could lead to those partners ceasing to work with Thailand, irrespective of direct FDI effects. They also noted increased difficulty in providing loans to high-risk countries due to partner reluctance, which contributed to loan rejections or lower loan amounts. Kasikornbank further commented that a greylisting would impact the yearly transaction volume that banks could handle.

- **Question 3** (Mr. Sackpaseuth Sisouk, MOFA): What challenges did investors encounter in Thailand during its greylisting period, and how did cross-border transactions evolve before and after the listing?



Thai banks explained that they assess transactions individually, factoring in various aspects such as the profile of the individuals or the nature of the transacting business. Considerations include whether the business falls into a high-risk category and the intended purpose of the transactions. BCEL also pointed out that the absence of thorough DD or KYC protocols in a transaction could lead to extended processing times.





Summary of Conference - Takeaways, Results and Next Steps

While the path ahead will be demanding and require sustained effort over several years to address the issues identified after the POPR, there are main priorities that demand our focused attention. Lessons from other nations demonstrate that a comprehensive approach, regardless of the timeframe, is essential to address a lengthy list of requirements.

To navigate these challenges effectively, we must remain focused, realistic, and committed to the key takeaways from this session:

- A unified **"All Government Approach"** requiring cooperation and shared responsibility across all government entities;
- **Strategic Planning** with clear priorities for implementing measures, strengthening law enforcement, supervision, and prosecution;
- A focus on **Implementation and achieving tangible Results,** beyond just technical compliance;
- Explicitly highlighting FATF Key Indicators such as working groups and coordination in reporting;
- Strong **International and Domestic Cooperation** in line with regional and global commitments;
- Strategic **Resource Allocation,** potentially requiring reallocation to support this critical process;
- Utilizing **Expert Assistance** for their insights and experience.



Mr. Tom Hansen, ILSTA Expert





Closing Remarks

The Thai Embassy is pleased and honored to have partnered with ILSTA and all relevant actors for this significant conference aimed at strengthening Lao PDR's capacity in the critical area of AML-CFT. The strong attendance of over 200 participants and the ensuing fruitful discussions are a testament to its success. As a close neighbor and committed development partner, Thailand is prepared to offer unwavering cooperation and support to Lao PDR at every step of its journey towards exiting FATF's grey list. Drawing from Thailand's own experience in addressing greylisting, this conference represents the third occasion where the Thai Embassy has actively supported Lao PDR in bolstering its AML-CFT landscape.

The Thai Embassy recognizes the great importance and necessity for Lao PDR to enhance its capabilities in this domain. Greylisting carries substantial risks, including increased transactioncosts and operational delays, as previouslyhighlighted. With strong confidence in the leadership of the National Coordination Committee on Anti-Money Laundering, Thailand believes that Lao PDR will successfully address this challenge and achieve its goal of exiting the grey list in the near future.



H.E Ms. Morakot Sriwasdi,
Ambassador of the Kingdomof Thailand to the Lao PDR



Mr. Richard Philippart,
President and Director General of ILSTA

The participation of a high-level delegation from the Lao PDR in the national conference unequivocally demonstrated the government's strong political commitment towards exiting the FATF grey list and ensuring compliance with FATF standards. It is clear that achieving effective Anti-Money Laundering and Counter-Terrorist Financing compliance and adherence to FATF guidelines will necessitate a comprehensive, all-government approach and ILSTA stands ready to provide the necessary technical assistance to support this effort. The national conference provided a platform for a dynamic exchange of experiences, underscoring the considerable attention being given to this matter within Lao PDR and the broader region through panel discussions involving FIUs and the private sector, including banks. Mr. Philippart concluded by emphasizing the fundamental importance of international and regional cooperation, not only in the context of AML-CFT but also, more broadly, for the advancement of governance and the rule of law.



Mrs. Khankeo LAMANINGAO
Deputy Governor of the Bank of the Lao PDR



Mr. Khamphet Somvorlachit,
Deputy Prosecutor General of the Supreme People's Procuracy of the Lao PDR

Mr. Somvorlachit extended his gratitude to Mr. Richard Philippart and ILSTA for the continuous support to SPP, which was once again demonstrated through the success of this National Conference. He also expressed appreciation to the Thai Embassy and the attending experts for sharing invaluable knowledge and experience in aiding the Lao PDR's efforts to be removed from the FATF grey list.

Moving forward, Mr. Somvorlachit encouraged all relevant Lao authorities, particularly the Bank of the Lao PDR and the SPP, to fully capitalize on the insights provided during this national conference. He emphasized the need not only to disseminate the knowledge but also to actively plan the steps forward and implement them under the leadership of the National Coordination Committee on Anti Money Laundering.

Mr. Somvorlachit further highlighted the critical responsibility of all authorities to enforce the necessary legal and regulatory measures. Doing so, he noted, would contribute significantly to building greater trust among both the population and future investors. In closing, Mr. Somvorlachit once again conveyed his gratitude to ILSTA and the government of the Grand Duchy of Luxembourg for their longstanding support and expressed hope for their continued commitment in the future.

Contents

March 25th 2025	
Keynote Speakers	
Supreme People's Procuracy of the Lao PDR (SPP)	Deputy Prosecutor General Mr. Khamphet Somvorlachit
Deputy Prime-Minister of Lao PDR, Chairman of the National Coordination Committee for Anti Money Laundering and Countering of Financing Terrorism	H.E. Mr. Saleumxay Kommasith
Embassy of Luxembourg to the Lao PDR	Chargé d'Affaires a.i. H.E. Mr. Thomas Lammar
Institute for Legal Support and Technical Assistance (ILSTA)	President and Director General Mr. Richard Philippart
Presentation Topics	
The Role of FATF and The International Cooperation Review Group (ICRG) ICRG Joint Group Reporting Requirements Potential Economic Impact of FATF "Greylisting"	ILSTA Experts Mr. Tom Hansen Mr. Ian Matthews Mr. Alastair Bland Ms. Cecilia Marian
Managing the ICRG Processes and Reporting for the Lao PDR	Acting Director General of AMLIO, Ms. Vienekham Lounthone
Panel Discussion "Countries Lead AML-CFT Agencies and Lessons Learned While Being in the ICRG Processes"	Moderator: ILSTA Expert, Mr. Tom Hansen Participants: Head of FIUs Cambodia (CAFIU), Mr. Heng Bomakara Thailand (AMLO), Mr. Sajachai Sangsaeyo Philippines (AMLC), Mr. Arnold Frane Lao PDR (AMLIO), Mr. Phipsavanh Vongphanakhone
"Importance of Effective AML-CFT International Cooperation" Recovery of Proceeds of Crime, Formal and Informal Cooperation (Action Plan Items IO. 7 & IO. 8)	Deputy Attorney General of Thailand, Mr. Jumpon Phansumrit

March 26th 2025	
Breakout Sessions **Topics:** Addressing the ICRG Action Plan Items and Effective Implementation	
Action Plan Item 3.1 a) b) c) and 4.1 Implementations of AML-CFT Supervision and Programs for Financial Institutions and Designated Non-Financial Businesses and Professionals (DNFBPs)	Mr. Tom Hansen and Mr. Alastair Bland, ILSTA Experts
Action Plan Items 6.1 a) b) c) d) Financial Intelligence and Action Plan Items 7.1 / 7.2 Law Enforcement	Mr. Ian Matthews, ILSTA Expert

Action Plan 8.1 and 8.2 Asset Seizure and Prosecutions, Cross-Border Currency Smuggling and International Cooperation	Mr. Tom Hansen, ILSTA Expert
Action Plan 11.2 Supervision of FI's and DNFBPs Compliance with TFS PF Obligations and, Action Plan Item 1.1: Identifying AML-CFT Risks	Mr. Ian Matthews and Ms. Cecilia Marian, ILSTA Experts
Presentation Topics	
Lao PDR Mutual Legal Assistance Processes	Ms. Vilaysinh Dainhansa, Deputy Director General, Department of Planning and International Cooperation, SPP
Money Laundering, Civil Forfeiture and related Criminal Prosecution	Mr. Nat Namitchaitham, Prosecutor on ML and Asset Confiscation, OAG of Thailand Mr. Tanin Pradit, Prosecutor, OAG of Thailand
Panel Discussion Thailand Experience Impact of "Greylisting" to the Banking Sector	Moderator: H.E. Ms. Morakot Sriwasdi, Ambassador of the Kingdom of Thailand to the Lao PDR Participants: Mr. Phatrawut Konsombat - Senior Vice President, Anti Money Laundering Regulation and Risk Monitoring, Siam Commercial Bank and representative of the Thai Bankers' Association Mr. Phaisarn Vorasetsiri - First Senior Vice President of Kasikornbank Mr. Sompasong Phothisane Chief of Risk Management and Anti-Money Laundering Division, BCEL
Final Plenary	
Summary of Conference "Takeaways, Results and Next Steps"	Mr. Tom Hansen, ILSTA Expert
Closing Remarks	H.E Ms. Morakot Sriwasdi, Ambassador of the Kingdom of Thailand to the Lao PDR Mr. Richard Philippart, President and Director General of ILSTA Deputy Prosecutor General Mr. Khamphet Somvorlachit
Appendix	
Table of Abbreviations	

Appendix

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AML	Anti-Money Laundering
AMLC	Anti-Money Laundering Council of the Philippines
AMLIO	Anti-Money Laundering Intelligence Office of the Bank of the Lao PDR
AMLO	Anti-Money Laundering Office of Thailand
APG	Asia Pacific Group on Money Laundering
CAFIU	Cambodia Financial Intelligence Unit
CDD	Customer Due Diligence
CFT	Counter-Financing of Terrorism
DD	Due Diligence
DNFBPs	Designated Non-Financial Businesses and Professions
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FIUs	Financial Intelligence Units
FSRB	FATF-Style Regional Body
ICRG	International Cooperation Review Group
ILSTA	Institute for Legal Support and Technical Assistance
IMF	International Monetary Fund
IO	Immediate Outcome
KYC	Know Your Customer
LEAs	Law Enforcement Agencies
ME	Mutual Evaluation
MER	Mutual Evaluation Report
MLA	Mutual Legal Assistance
MLAT	ASEAN Mutual Legal Assistance Treaty
NACC	Philippines' National AML-CFT Coordinating Council
NCC	Lao National Coordination Committee for Anti-Money Laundering and Counter-Financing of Terrorism
NRA	National Risk Assessment
OAG of Thailand	Office of the Attorney General of Thailand
PF	Proliferation Financing
POPR	Post Observation Period Report
REs	Reporting Entities
SEAJust	South East Asia Justice Network
SEZs	Special Economic Zones
SOPs	Standard Operating Procedures
SPP	Supreme People's Procuracy
STRs	Suspicious Transaction Reports
UNTOC	United Nations Convention against Transnational Organized Crime
VASPs	Virtual Asset Service Providers

Conference photos











MEMO

Date	Month	Year