



Bill C-97, Budget Implementation Act 2019, No.1

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Delivered to the House of Commons
Standing Committee on Finance

Thank you for the opportunity to speak with the Committee today as part of your study of Bill C-97, specifically on the changes in Division 2, Part 4 of the legislation that deal with Anti Money Laundering and Anti-Terrorist Financing.

My name is Sandy Stephens and I'm Assistant General Counsel with the Canadian Bankers Association. The CBA is the voice of 70 domestic and foreign banks that help drive Canada's economic growth and prosperity. The CBA advocates for public policies that contribute to a sound, thriving banking system to ensure Canadians can succeed in their financial goals.

The banking industry is fully committed to the fight against money laundering and terrorist financing. Banks in Canada take their responsibility under Canada's AML-ATF regime very seriously, working co-operatively with the Department of Finance, FINTRAC, law enforcement agencies and prudential regulators.

The banking industry is fully supportive of the government's recent actions and ongoing plans to strengthen Canada's AML/ATF regime. This includes measures announced in Budget 2019 to:

- Increase funding to police and FINTRAC to expand operational and investigative capacity;
- develop the Anti-Money Laundering Action, Coordination and Enforcement Team; and,
- expand public-private partnership projects to improve the overall efficiency and effectiveness of the regime.

With respect to the AML-ATF provisions contained in Bill C-97, we are fully supportive of improving transparency in beneficial ownership, including the amendments to the *Canada Business Corporations Act* that would allow law enforcement access to the beneficial ownership information that corporations will be required to maintain under this Act. The banking industry looks forward to the second phase of this work which will examine registry options, and we believe that reporting entities should have access to any registry that is developed.

The banking industry supports the amendments to Section 462.31(a) of the *Criminal Code* to add an alternative requirement of recklessness to the offence of money laundering. Banks devote significant resources to their reporting obligations under the AML/ATF regime and we support provisions that allow for more investigations and prosecutions of money laundering offences. This amendment to the *Criminal Code* will help in to prevent professional money launderers, who purposely distance themselves from criminal organizations and their predicate offences, from avoiding prosecution.

Further to recommendations made by this Committee, we look forward to working with the government to explore mechanisms and models to enhance public-private information sharing, as well as information sharing between private sector stakeholders. It is widely recognized that improved information sharing can facilitate more targeted disruption of illicit activities and improve the effectiveness of the regime.

In this regard, it is worth noting that we also strongly support the recent recommendation of the House of Commons Committee on Access to Information, Privacy and Ethics, that the *Personal Information Protection and Electronic Documents Act* – PIPEDA – be amended to allow for a broader range of instances where financial institutions can share information beyond financial fraud, including money laundering and terrorist financing, in order to strengthen the regime as a whole. At the same time, we recognize that any measures taken to enhance information sharing must be balanced with privacy considerations.

The changes in Bill C-97 are positive steps to improve Canada's AML-ATF regime. The banks' central role in implementing the regime gives them hands-on experience and insight into where the regime can continue to be further improved over time to more effectively and efficiently fight against money laundering and terrorist financing. Through the strong dialogue that the industry maintains with government agencies and regulators, we look forward to using that first-hand experience to assist in additional areas to strengthen the regime even further. For example, adopting a more risk-based approach to the regime – encouraging reporting entities to focus on risk typologies and customers that demonstrate significant AML-ATF risk – would allow banks and others to effectively dedicate resources where they can achieve the greatest benefit.

To conclude, banks remain committed to the global fight against money laundering and terrorist financing and we will continue to work collaboratively with the federal government. Thank you for your time today and I look forward to any questions you may have.