



CAYMAN ISLANDS  
GOVERNMENT

## Portfolio of Finance & Economics Public Relations Unit

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### **Welcome Address by the Leader of Government Business, the Honourable Kurt Tibbetts, to the Global Compliance Solutions 4<sup>th</sup> Annual Anti Money Laundering/Compliance Conference**

Thank you, [introducer] for that kind introduction.

Good morning ladies and gentlemen. I'm pleased to be here today to welcome you to this conference.

For those of you visiting the Cayman Islands from overseas, allow me to extend a special welcome to our beautiful Islands. We hope you are able, between sessions of course, to find time to enjoy some of what we have to offer.

And for all of you in attendance today, I want to commend you on taking time out from your busy schedules to discuss and learn more about developments in anti money laundering and compliance.

I am positive this will be a very motivating and inspiring conference.

I use the word 'motivating' because now more than ever, we see the importance of understanding and managing financial risk and even crises given the turmoil in the global financial markets.

During the next two days, you will hear about trends and developments within the financial sector and discuss what the organisers of this event have labeled as 'the trilogy' – regulatory compliance, risk management and anti-money laundering.

We fully support the need for constant diligence in those areas and also believe that one of the key factors in our success is the balance we maintain of



proportionate regulation, risk and reputation management and commercial attractiveness.

To that end, we have identified vigilance in the fight against financial crime as an essential ingredient to maintaining that balance.

During this conference you will be hearing from representatives across many Government agencies charged with specific responsibility within our international cooperation regimes in the law enforcement, regulatory and exchange of information on tax, as well as those responsible for upholding our anti-money laundering framework.

I know you will find their contributions to the conference extremely informative.

Some of these agencies that you'll be hearing from may already be familiar to you -- such as the Cayman Islands Monetary Authority – but others you may not know as well, such as Tax Information Authority, the Financial Reporting Authority and representatives from the Attorney General's Chambers.

Government believes that having these agencies in place with highly competent leaders who represent our interests both day-to-day with their counterparts in other countries, but also in various forums and discussions around the world is part in parcel of running a successful, globally relevant and compliant international financial services sector.

In fact, in regulation alone, the Cayman Islands Government invests upwards of 20 per cent of the monies collected back into regulation as part of the “cost of doing business.”

And while these agencies uphold Government's commitment to international standards in the compliance area, an often misunderstood and sometimes overlooked feature of our regime is the vital role that the private sector plays in this area, which is compounded by the fact that Cayman regulates financial services that are typically unregulated elsewhere, such as fund administration, trust services and company services.

I would be remiss in not identifying the significant contributions of our compliance industry in Cayman, including the individuals who act as money-laundering reporting officers, those who undertake compliance requirements for multiple service providers and the active members of industry-wide groups such as the Cayman Islands Compliance Association.

It is the practical result of this approach that helps to uphold our commercial certainty and controls reputational risk, highlighting the importance of effective compliance with international standards.

From a global perspective, the Cayman Islands is but a link on the chain of risk management approach, but as I have outlined here this morning, I think you will agree that we are all doing our part to make that link as strong as



possible.

And there is evidence that others see that too.

As a world class financial services jurisdiction, we pride ourselves in upholding the pillars of financial stability, illustrated by our welcome participation in third party evaluations of our AML and regulatory regimes carried out by organisations such as the Caribbean Financial Action Task Force and the International Monetary Fund.

Cayman's adherence to international regulatory standards is well documented within these reviews and adds credibility to our reputation management efforts. And these results would not be possible without due diligence and expertise by our private sector. I would like to take this opportunity to thank each and everyone one of you for going that extra mile to make our financial services centre the success story it is today.

The value placed on third party reviews extends to those not necessarily expected, but welcome nonetheless such as the July 2008 U.S. Government Accountability Office report on U.S. financial interests in the Cayman Islands. This review provided some direct endorsement of the balanced approach I spoke about earlier when it published the following statement:

*"Factors that attract U.S. related financial activity to the Cayman Islands include its reputation for stability and compliance with international standards, its business friendly regulatory environment and its prominence as an international financial center."*

While we welcome these endorsements, we also take on board any feedback and in that regard I must stress that our work is never done. It requires ongoing investment, commitment and diligence moving forward.

Given the current economic situation, Cayman's four decades of experience in upholding the 'trilogy' will definitely help see us through the worst of economic times.

With the recent collapse of three major U.S. companies – Lehman Brothers, AIG and Merrill Lynch – and subsequent consolidation within the banking sector, there is a great deal of uncertainty in the global financial markets and that includes the possible impact on our financial services sector.

That said, it is important to note that our consultations to date indicate no impact on the viability of any of our local retail banks in the Cayman Islands and we have seen an increase in the amount of credit being made available to businesses and individuals during the first quarter of 2008.

But I urge all of you, as we in Government are doing, to remain extra diligent to world events in the financial sector and, through conferences such as this one, continue to collaborate and share views to help our collective industry be



prepared as much as we can be for whatever the future may bring.

Regardless of the challenging times ahead, I have faith that our strong compliance culture, complemented by financial stability, quality of service and industry integrity will continue to help us navigate turbulent times and carry us through a next 40-plus years of financial success.

Thank you and I wish you a successful and informative conference.