3rd floor Exponential Building
Plot 54351 CBD, off PG Matante Road
Gaborone
Private Bag 00314
Gaborone, Botswana
Telephone: +267 310 2595 / 368 6100
Facsimile: +267 310 2353 / 310 2376
Website: www.nbfira.org.bw

NBFIRA
Non-Bank Financial Institutions Regulatory Authority

April 17, 2018

NBFIRA 3/3/4-II (10)

NON-BANK FINANCIAL INSTITUTIONS REGULATORY AUTHORITY
3RD AND 4TH FLOOR EXPONENTIAL BUILDING
PLOT 54351 NEW CBD
PRIVATE BAG 00314 GABORONE BOTSWANA
PHONE: +267 310 2595/+267 3686100 FAX: +267 310 2376

To: All Non-Bank Financial Institutions ("NBFIs")

RE: NATIONAL RISK ASSESSMENT SUMMARY FOR THE NBFI SECTOR

1. We refer to the above captioned subject matter.

2. Botswana has an obligation to support international efforts to combat money laundering, prevent, suppress and disrupt proliferation of weapons of mass destruction and the financing of terrorism.

3. The purpose of this communique is to disseminate and submit the NRA summary to NBFIs in order for them to utilize it in addressing AML/CFT issues as well as use the findings of the NRA as a basis to inform their understanding of ML/TF risks and develop programmes to mitigate the identified risks.

4. Financial institutions should also consider the results of the NRA when assessing their ML/TF risk factors in relation to their customers, geographical exposure, products, services, transactions and delivery channels, and whether they are more susceptible to the prevailing crime types identified in the NRA. Where appropriate, financial institutions should also take these prevailing crime type results into account as part of their ongoing monitoring of the conduct.

9. For any further clarity on the above, kindly contact respective departments at NBFIRA (310 2595 or 368 6100.)

Yours faithfully

O.M Ramasedi (Mr)
CHIEF EXECUTIVE OFFICER

NBFIRA
Non-Bank Financial Institutions Regulatory Authority

SUMMARY OF THE NATIONAL RISK ASSESSMENT REPORT FOR THE REPUBLIC OF BOTSWANA 2017, FOR NBFIs

NON-BANK FINANCIAL INSTITUTIONS REGULATORY AUTHORITY
3RD AND 4TH FLOOR EXPONENTIAL BUILDING
PLOT 54351 NEW CBD
PRIVATE BAG 00314 GABORONE BOTSWANA
PHONE: +267 310 2595/+267 3686100 FAX: +267 310 2376

Disclaimer

The NRA summary is an NBFIRA summarized version of the National Risk Assessment Report for the Republic of Botswana for comprehensive use by the NBFIs. It is to be read together with the full report and where there is ambiguity the full report stance prevails. It is a live document, and the risks identified continue to change with the financial market. All data was input into the NRA templates by Botswana Authorities.

Table of Contents

ACRONYMS

AML/CFT - Anti-Money Laundering and Counter Financing of Terrorism

CIUs - Collective Investment Undertakings

DNFBP - Designated Non-Financial Businesses and Professions

ESAAMLG - Eastern and Southern Africa Anti Money Laundering Group

FATF - Financial Action Task Force

FI Act - Financial Intelligence Act

FIA - Financial Intelligence Agency

IFSC - International Financial Services Centre

KYC - Know your customer/client

MANCO - Management Companies

ML - Money Laundering

NBFI - Non- Bank Financial Institution

NBFIRA - Non- Bank Financial Institution Regulatory Authority

NRA - National Risk Assessment

PEP - Politically Exposed Person

PICA - Proceeds and Instruments of Crime Act

RBA - Risk Based Approach

STR - Suspicious Transaction Report

TF - Terrorist Financing

1. INTRODUCTION

1.1 Background

The Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT) National Risk Assessment of the Republic of Botswana was officially launched on the 4th of March 2015 by the Permanent Secretary, Ministry of Finance and Development Planning. The assessment was based on the Financial Action Task Force (FATF) Recommendations of 2012, and was conducted using the National Risk Assessment (NRA) Tool developed by the World Bank.

1.2 Objectives

i. To identify, assess, and understand the exposure of the various sectors of socio-economic activities in Botswana associated with Money Laundering and Terrorist Financing.

ii. To apply a Risk Based Approach in order to mitigate the identified risks and allocate AML/CFT resources effectively.

iii. To support the conduct of AML/CFT risk assessments by financial institutions and DNFBPs.

iv. To determine the weaknesses in the legal framework and understand the nature and extent of ML/TF risks in the country.

v. To enhance the integrity of the country's financial and economic sectors as it is one of the pre-requisites for attracting foreign direct investment

2. METHODOLOGY

2.1 The NRA exercise was structured in three phases as follows:

i. Phase One (1) comprised preparations and planning with the following milestones; designation of the Financial Intelligence Agency as Lead Agency and Secretariat, identification and engagement of relevant stakeholders, convening of an initial AML/CFT stakeholders' workshop by the World Bank to explain the NRA process, appointment and training of NRA Team Leaders.

The NRA Technical Team consisted of eight Working Groups. Each group focused on a specific module. The scope covered a wide range of AML/CFT factors and includes; Money Laundering Threat Assessment, National Vulnerabilities, Banking Sector Vulnerabilities, Securities Sector Vulnerabilities, Insurance Sector Vulnerabilities, Other Financial Institutions Vulnerabilities, Designated Non-Financial Businesses and Professions (DNFBPs) Vulnerabilities, Terrorist Financing Risk Assessment, as well as Financial Inclusion Products Risk Assessment. Financial Inclusion Module assessment was subjected to both ML and TF risks.

ii. Phase Two (2) comprised data collection/compilation, analysis and drafting of reports. The draft working-group reports were shared with the World Bank for technical input and comments. Subsequently, the Working Groups incorporated the comments before the reports were consolidated.

iii. Phase Three (3) concluded the study and focused on:

- the final review and discussion of the risk assessment results,
- the design of risk based action plans, and
- the discussion of implementation issues

3. WHAT IS A NATIONAL RISK ASSESSMENT?

3.1 A National Risk Assessment (NRA) identifies the money laundering (ML) and terrorist financing (TF) risks that are of priority concern to a country. ML is a necessary consequence of almost all profit generating crimes and is a global problem.

3.2 It is a comprehensive exercise to assist in identifying, assessing and understanding a country's ML and TF threats (i.e. (the predicate crimes associated with ML), vulnerabilities (i.e. (the opportunities that facilitate ML) and the consequential risks with a view to mitigate illicit financial flows and transactions.

3.3 The NRA process requires an identification of the country's criminal activities that generate the most proceeds, an assessment of the vulnerability of the financial and private sectors to ML, ascertaining the controls and weaknesses of the criminal justice system, determining the effectiveness of the anti-money laundering and countering the financing of terrorism (AML/CFT) preventative measures and allocating resources based on the level of risks, among others.

4. How does the NRA affect/benefit me?

4.1 To enable relevant authorities and the private sector, to better adopt risk-appropriate anti-money laundering and counter-terrorist financing (AML/CFT) measures and allocate resources to mitigate identified risks.

Understanding of ML/TF risks (National Risk Assessment)

Develop AML/CFT regime tailored to national context

Better targeted measures and more effective resource allocation

4.2 It also evaluates whether the current laws are adequate and are sufficiently addressing existing and new threats and whether the country is applying a risk based approach to supervision and enforcement.

4.3 The NRA will assist in identifying which sectors and business activities are at higher risk to ML threats and assisting in prioritizing how resources are to be allocated to apply mitigating steps to minimize the ML/TF risks posed.

4.4 The NRA report was an exercise that covered both government and private sector in Botswana. Where certain sectors have been identified as having higher ML/TF risk, financial institutions should take this into account when assessing the level of ML/TF risk for customers from these sectors. Financial institutions should also consider the results of the NRA when assessing their ML/TF risk factors in relation to their customers, geographical exposure, products, services, transactions and delivery channels, and whether they are more susceptible to the prevailing crime types identified in the NRA. Where appropriate, financial institutions should also take these prevailing crime type results into account as part of their ongoing monitoring of the conduct of customers' accounts and scrutiny of transactions.

5. What the NRA means in relation to Regulated Entities

5.1 All regulated entities are required to identify and assess ML/TF risks on an enterprise-wide level and to take into account the NRA results. The enterprise-wide level ML/TF risk assessment should:

i. Be in addition to the assessment of ML/TF risks at individual customer level and the entity should risk-assess its overall customer base

ii. Include a consolidated assessment of ML/TF risks that exists across all the entity's business units / activities in or outside of Botswana

iii. Form the basis of entities' overall risk-based approach and should enable entities to understand its vulnerabilities to ML/TF risks

iv. Be approved by the entities' senior management

6. THE NRA RESULTS

6.1 The findings of the NRA showed the following as threats by order of their significance:

- Poaching rated high,
- Motor Vehicle Theft rated medium high,
- Tax Evasion rated medium high,
- Obtaining by False Pretenses rated medium, and
- Corruption rated medium.

6.2 The findings of the NRA also showed the following sectors as the most vulnerable by order of their significance:

- Banking rated medium high,
- Car Dealers rated medium high,
- Insurance rated medium high,
- Precious & Semi Precious Stones rated medium, and
- Accountants rated as medium.

6.3 The findings of the NRA also showed the following sectors regulated by NBFIRA as the most vulnerable by order of their significance:

- Insurance rated medium high,
- Securities,
- Retirement Funds .....
- Micro lending....
- Capital Markets ..... etc

6.4 The results of the NRA indicated that ML/TF risk remained evident in many sectors of the economy. Possible reasons include; a general lack of knowledge of AML/CFT issues on the part of reporting/accountable institutions as well as ineffective enforcement of laws by the regulators and supervisors. More importantly, the assessment noted a lack of domestic collaboration among the relevant AML/CFT authorities.

6.5 The following were identified as the high priority actions as per the National Risk Assessment Action Plan;

a) To develop a national policy and strategy on AML/CFT to guide national efforts to combat ML and TF.

b) Closure of deficiencies and gaps in the following legislation;

- Companies Act,

- FI Act of 2009 and Regulations of 2013,

- Counter Terrorism Act, 2014,

- Proceeds and Instruments of Crime Act of 2014,

- Penal Code,

- Banking Act,

- Arms and Ammunition Act,

- Customs and Excise Duty Act and

- Enact legislation for the regulation of trust for AML/CFT purposes

- Enact legislation for the regulation of Chemical and Biological weapons.

c) Enhancement of supervision and enforcement of AML law by entities to ensure compliance with the AML/CFT obligations.

d) Training and development in money laundering to build capacity in the area of investigation and detection of money laundering activities.

e) Automation of systems by financial institutions to enable effective monitoring and reporting of suspicious transactions.

f) Improvement of national cooperation and coordination amongst supervisory authorities.

g) Improvement of international cooperation through Mutual Legal Assistance Treaties (MLAT).

7. GENERAL RECOMMENDATIONS FROM THE NRA

7.1 The following recommendations, among others, were made and form part of the National Action Plan:

i. Improve international cooperation through Mutual Legal Assistance Treaties (MLAT);

ii. Enhance record keeping by entities;

iii. Encourage the use of automated systems at financial institutions to enable monitoring and reporting of transactions;

iv. Make decisive and urgent action to tackle the illegal wildlife trade in elephants and rhinoceroses;

v. Enhance supervision and enforcement of AML law by entities to ensure compliance with the AML/CFT obligations as stipulated in the FI Act and Regulations;

vi. Improve the Tax System capabilities;

vii. Increase number of AML/CFT auditors and investigators;

viii. Intensify compliance strategies;

viv. Training and development on AML/CFT issues;

x. Create a centralized and independent database for screening potential customers;

xi. Close deficiencies and gaps existing in the prevailing AML legislations;

xii. Include the requirement to develop and implement AML/CFT policies of applicant entities at a licensing stage;

xiii. Amend Legislation to allow information sharing between competent authorities;

xiv. Improve Domestic Cooperation amongst Supervisory Authorities; and

xx. Ensure continuity of the National Risk Assessment.

8. RATINGS

As indicated above, the overall rating of the nine (9) assessed modules were as follows;

National Level

i) ML Threat Assessment

The overall ML threat is **medium high.** Obtaining by false pretenses, motor vehicle theft, tax evasion, corruption, poaching have been identified as the criminal offences that present a high level of money laundering risks. All these predicate offences pose high risks in terms of proceeds that arise from the commission of such offences.

Although the increase of micro-finance institutions has boosted the internal transfer of money and improved financial inclusion, the downside is that it has increased the financial system vulnerability to ML/TF risks.

ii) National Vulnerability

The NRA findings showed that crimes such as fraud/obtaining by false pretences, motor vehicle theft, corruption and tax evasion, are the most rampant. The overall vulnerability was rated as **high**.

The low rating of the country's ability to combat ML is mainly due to the absence of clear policy direction and strategy in issues of ML. This is further compounded by the low incidences of money laundering investigations and prosecutions in the country.

Industry Level

iii) Banking Sector Vulnerability

The overall rating of **medium high** was due to large volumes of transactions and high levels of cash activity in the banking system. Although there were average controls in place to mitigate ML/TF risks, there was still a need to improve the controls in the sector towards the higher end of the rating scale.

iv) Securities Sector Vulnerability

The sector was rated **medium**. The rating was based on the assessment of four (4) sub-sectors being Asset Managers (rated medium high), IFSCs (rated high), Brokers (rated medium), and Investment Advisors (rated medium). The reason for the high vulnerability in the IFSCs segment was that the entities were foreign owned and there was absence of cross border supervision and monitoring. Of the four sub-sectors, Asset Managers dominated the sector, in terms of numbers.

v) Insurance Sector Vulnerability

The overall rating was **medium high** with higher vulnerability in the life insurance sector more especially with life endowment/investment policies.

vi) Other Financial Institutions Sector Vulnerability

The findings of the assessments show that in the category of Other Financial Institutions, the Retirement Funds, Micro Lenders, Bureaux de Change and Money Remitters were susceptible to ML/TF risks because of their cash intensive nature. The overall vulnerability rating was **high.**

vii) Financial Inclusion Sector Vulnerability

The findings of the assessment showed that in Botswana, a large segment of the population did not have bank accounts because of their low income status. However, there was an insignificant market share of the financial inclusion products. The products presented **low risk** with respect to possible use for ML/TF.

viii) DNFBPs (Designated Non-Financial Businesses and Professions) Sector Vulnerability

DNFBPs were rated **high** for vulnerability to ML/TF risks with the legal profession and businesses showing the highest level of vulnerability to ML. Precious & Semi Precious Stone Dealers and Accountants scored lowest at **medium.** The weak regulatory framework made the sector vulnerable to money laundering activities.

ix) Terrorist Financing Risk

Due to the fact that terrorism cannot be confined within the borders, porosity of our borders and the increasing numbers of illegal immigrants pose a risk for terrorism financing and/or for use of the country for terrorism planning. In light of this therefore, the rate is **medium**. Vigilance is necessary as a precaution given developments in the region.

9. NBFI SECTORS

9.1 NBFIRA regulates the Securities sector, Insurance, Lending Activities and Retirement Funds sectors. The principal object of the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) is to regulate and supervise Non-Bank Financial Institutions (NBFIs) so as to ensure and maintain a safe, stable, sound and efficient NBFI sector. NBFIRA derives its supervisory and regulatory mandate from the NBFIRA Act (2016) and its supervisory mandate under the Financial Intelligent Act section 2 for the purpose of AML/CFT supervision.

9.2 In addition, NBFIRA regulate and supervises the Securities, Insurance, Lending Activities and Retirement Funds sectors through their specific legislations, as well as compliance with the Financial Intelligence Act (2009).

9.3 Securities Sector Vulnerability

The vulnerability assessment for the Securities sector was done by institution type, namely, Investment Institutions (Asset Managers and MANCO's), Investment Advisors, Stockbrokerage firms and IFSC accredited companies.

IFSC accredited companies: The IFSC portfolio is diverse and complex, comprising of insurance, fund management, Lending & Leasing and Holding companies. There was a challenge in risk assessment of IFSCs due to the complexity emanating from the fact that a majority of the IFSC accredited entities set up headquarters in Botswana, but have their subsidiaries and clients abroad, away from the NBFIRA jurisdiction. In addition, since there was no cross-border supervision and monitoring, the **IFSCs** were rated **medium high**

The overall assessment of the Securities sector was rated **medium** based on the analysis below:

9.4 Vulnerability Assessment per Institution Type

Institution Type	ML Risk
Investment Institutions	Medium High
Brokers	Medium
Investment Advisors	Medium
IFSCs	High

9.5 Recommendations for the securities sector:

i. NBFIs to review AML policies annually;
ii. NBFIs to localize and customize AML policies and tailor make them for their environment, entity size and the risks that they are exposed to;
iii. Regulated entities to establish a mechanism to assess the effectiveness of training given to staff.

10. Insurance Sector Vulnerability

The insurance industry in Botswana comprises three (3) insurance industry operator groups namely; reinsurers, primary insurers and intermediaries.

10.1 Money Laundering (Ml) Risks in the Insurance Industry

10.1.1 International Perspective

Globally, insurance products and transactions are known to be vulnerable to Money Laundering risks and abuse especially life insurance products. The aspects which make the insurance products prone to the ML risks are inter-alia:

i. Acceptance of payments or receipts from third parties;

ii. Acceptance of very high value or unlimited value payments or large volumes of lower value payments;

iii. Acceptance of payments made in cash, money orders or cash/open cheques;

iv. Acceptance of frequent payments outside of a normal premium policy or payment schedule;

v. Allowing withdrawals at any time with limited charges or fees or the use of the product as collateral;

vi. Acceptance of insurance policy to be used as collateral for loans;

vii. Insurance products with features that allow loans to be taken against the policy (particularly if frequent loans can be taken and/or repaid with cash);

viii. Insurance products that allow for high cash values;

ix. Insurance products that accept large amount lump sum payments, coupled with liquidity features;

x. Insurance products with cooling-off provisions where the request is made to send the refunded monies to an unrelated third party, a foreign financial institution, or to an entity located in a high risk jurisdiction;

xi. Insurance products with cooling-off provisions where the request is made to send the refunded monies to a policy holder; and

xii. Insurance products that allow for assignment without the insurer being aware that the beneficiary of the contract has been changed until such time as a claim is made.

10.1.2 Botswana Perspective

The following were assessed to be prevalent and common in the insurance industry in Botswana:

i. Acceptance of very high value or unlimited value payments or large volumes of lower value payments. This is common with the life annuity and engineering insurance products in Botswana;

ii. Acceptance of payments made in cash, money orders or cash/open cheques. This is less prominent in the life industry but somewhat prevalent in the non-life insurance sector;

iii. Allowing withdrawals at any time with limited charges or fees or the use of the product as collateral. These withdrawals are common in investment type policies if they have accrued surrender values. Collateral usage is available on both term assurance and investment policies;

iv. Acceptance of insurance policy to be used as collateral for loans. Collateral usage is available on both term assurance and investment policies;

v. Insurance products with features that allow loans to be taken against the policy (particularly if frequent loans can be taken and/or repaid with cash). These withdrawals are common in investment type policies if they have accrued surrender values and repayments by the policyholder can be made in cash;

vi. Insurance products that allow for high cash values and insurance products that accept large amount lump sum payments, coupled with liquidity features. This is common with the life annuity and engineering insurance products in Botswana; and

vii. Insurance products with cooling off provisions where the request is made to send the refunded monies to a policy holder. This can happen with life endowment/ investment policies. The feature gives room for dirty money to be entered into the system and then refunded within the cooling off period

10.2 Conclusion

Insurance Industry Vulnerability

The overall assessment results showed that the entire insurance industry's vulnerability was **medium high** with higher vulnerability in the life insurance sector. The outcome indicated that the insurance industry in Botswana was at a relatively high risk of Money Laundering. The non-life insurance sector indicates a lower vulnerability risk. This could be attributable to the unattractiveness of the non-life insurance products to Money Laundering. Non-life insurance products are by their nature based on pure risk and annual renewability, as opposed to life insurance products that are long term and have an investment feature (such as acceptance of very high value or unlimited value payments or large volumes of lower value payments and acceptance of insurance policy to be used as collateral for loans.

10.3 Recommendations for Insurance Companies

i. The insurance companies need to enhance AML Knowledge of their Staff through employing AML training programs, the objective being to build and enhance capacity for all staff of Insurance Companies on AML. This is also to ensure that they are equipped with relevant AML knowledge on an ongoing basis, for example by regularly updating them on domestic and transnational Money Laundering schemes and typologies (including typologies involving the misuse of insurance companies, specialized knowledge and skills of its staff and products).

ii. Insurance companies must employ a well-resourced and independent AML compliance role within their operations rather than having this function doubled up with the current role of principal officer. The independent AML compliance function must ensure that appropriate systems for CDD, EDD, PEPs, record-keeping, suspicious activity monitoring and reporting are maintained by the insurance companies at all times.

iii. Insurance companies must ensure that internal compliance programs are in place and must be commensurate to the level of risk, taking into account the type and volume of insurance products provided and client base profile among others.

iv. Furthermore, management of the insurance companies should ensure that staff members do not undermine AML controls by acting corruptly which could increase the vulnerability of insurance companies to ML.

11. RETIREMENT FUNDS

11.1 Retirement Funds are any funds provided for purposes of retirement. These include pension and provident funds as defined below:

i. **Pension Fund** - any fund whose principal object is to provide for the payment of a pension to a person who is or has been a member of the Fund upon his retirement.

ii. **Provident Fund**: This is similar to a Pension Fund, the difference is that the Law permits a member of a Provident Fund take all his/her benefits as cash lump sum upon retirement.

11.2 A Fund Administrator means a person appointed by trustees to oversee the operations of a fund in accordance with terms and conditions of service specified in the instrument of appointment. The duties also include maintaining the financial and other records as may be deemed necessary. Fund Administrators are regulated by NBFIRA.

11.3 Retirement Funds are regulated by:

i. NBFIRA, created in terms of the NBFIRA Act 2016, in line with regional and international standards.

ii. Pensions and Provident Funds Act and Regulations, 1987 (CAP 27:03), regulate the establishment, licensing and operation of Pension and Provident Funds in Botswana.[1]

iii. Part XIV of the Income Tax Act regulates the taxation of contributions, investment income and pension benefits.

iv. NBFIRA Prudential Rules which were implemented on 1st March 2012.

v. FI Act, 2009 and FI Regulations, 2013.

11.4 The Retirement Funds Department of NBFIRA conducts on-site inspections to determine the level of compliance with prudential requirements and AML policy. The inspections revealed that there were sufficiently documented AML programmes in Retirement Funds. During the review period, the Retirement Funds did not file any STRs with FIA.

11.5 However, one of the assessment findings revealed that majority of the Pension Funds representing 85% of the entire Retirement Funds Industry did not have AML policies, and 60% of Pension Funds had not been trained on AML issues.

11.6 The quality of AML controls for the retirement funds industry was rated **medium low** on account of inadequate AML policies and procedures and quality of operations.

[1] Now the Retirement Funds Act, 2014 (Act No. 27 of 2014).

11.7 **Recommendations for the Retirement Funds sector**

i. Implementation of sector specific AML guidelines.

12. LENDING ACTIVITIES[2]

12.1 A "micro lender" means a person who advances loans to persons, where the loans do not exceed the prescribed amount, but does not include a person licensed in terms of the Banking Act or the Building Societies Act as per the NBFIRA Act and supporting Regulations of 2012.

12.2 Conditions for licensing included the following:

i. training of staff on ML,

ii. implementation of Customer Due Diligence (CDD),

iii. developing and implementing AML policies,

iv. filing of STR's with the FIA,

v. record keeping, and

vi. implementing risk management systems and procedures.

12.3 The quality of AML controls for the Micro Lending sector was rated **very low.** The problem areas were both quality of operations and quality of AML policies and procedures which were rated very low and low, respectively. In addition, the major threat was the very low effectiveness of compliance function. The ML risk was low for the large micro lenders as the repayments were deducted from source. Although the small lenders were many, they could only lend up to P5000, thus keeping the risk of ML low.

13. DEFICIENCIES IDENTIFIED IN THE SECTOR

i. Lack and/or inadequate training of staff on AML issues.

ii. The existence of illegal operators who may facilitate laundering of funds.

iii. The absence of an independent centralized database to screen potential customers before establishing a relationship.

[2] Previously 'Micro Lending'

13.1 Recommendations for the Lending Activities sector

i. Entities should develop and implement AML policies and procedures in line with the regulations and international standards.

ii. Staff for business/institutions including the board of directors should be trained continuously on AML issues.

iii, Compliance function on AML policies and regulations must be one of the primary functions of the organization.

Iv, Independent sources of information should be established and implemented.

14. CONCLUSION

14.1 During the period under review, Botswana was fully cognisant of the impact of ML/TF risks on the economic growth of the country, also realizing her role as an increasingly relevant player in the global fight against ML/TF. The results of the NRA were indicative of a low level of awareness on ML/TF across all sectors. Awareness creation on ML/TF should be a priority for the country. All stakeholders must be encouraged to take part in awareness creation and capacity building. Secondly AML/CFT supervisory bodies should enforce administrative sanctions as provided for in the FI Act and Regulations for non-compliance. This move will persuade specified parties to comply with AML/CFT obligations.

14.2 The wide expanse of the country and inadequate monitoring of the long and porous borders created vulnerabilities to all sorts of crimes including trans-national organized crime and the resultant vulnerability to ML risks. Botswana's geographical position presented a potential transit point for illicit funds and other illegal materials/substances including drug trafficking and human trafficking. The political stability and the prosperity of the country also attracted illegal immigrants some of whom were found to have entered the country for the sole purpose of committing crime.