VANUATU FINANCIAL
SERVICES COMMISSION

RISK BASED SUPERVISION MANUAL

June, 2026

Executive Summary

The Risk-Based Supervision (RBS) Manual provides a comprehensive framework for the Vanuatu Financial Services Commission to implement a risk-based approach (RBA) to AML/CFT/CPF supervision.

The manual is aligned with FATF standards, where supervision is driven by identifying, assessing, and prioritizing risks rather than applying uniform compliance checks. This approach ensures that supervisory resources are allocated efficiently, focusing on higher-risk institutions and activities. Key Objectives are as follows:

- Establish a risk-sensitive supervisory system for financial institutions, VASPs, and DNFBPs
- Enhance effectiveness of AML/CFT/CPF supervision in line with FATF Immediate Outcomes
- Optimize the use of limited supervisory resources
- Strengthen compliance, governance, and risk mitigation across reporting entities

Risk based supervision is a combination of Risk Identification, Risk Assessment, Supervisory Action (on-site & off-site) and Monitoring and Review. An Excel Tool has been an integral part of this risk-based supervision which is the key to supervision planning. The tool uses quantitative and qualitative data and produces risk ratings and trends for supervisory decision-making by calculating Inherent risk (customers, products, geography, transactions) and Risk mitigants (governance, controls, compliance).

Risk based supervision manual also introduces a score-based risk rating system. The total score calculated based on On-Site and Off-Site Checklist component addressed by the reporting entities. The Checklist scoring also considers the technical compliance and effectiveness of policy and procedures that are put in place by the reporting entities.

This Supervision Manual also obliges code of conduct of the examiner and discusses supervisory actions, follow-up measures and enforcement decisions as such penalities, corrective actions and enhanced monitoring scenarios.

Once this Manual is applied for the supervision process across the reporting entieis, this will ensure improved risk-focused supervision, stronger AML/CFT/CPF compliance culture, better allocation of supervisory resources and enhanced effectiveness in combating ML/TF/PF risks.

List of Abbreviations

Abbreviation	Full Form
ADB	Asian Development Reporting institution
AML	Anti-Money Laundering
CFT	Countering Financing of Terrorism
CPF	Countering Proliferation Financing
AML/CFT Act	Anti-Money Laundering and Counter-Terrorism Financing Act
VFIU	Vanuatu Financial Intelligence Unit
FI	Financial Institution
DNFBP	Designated Non-Financial Business and Profession
VASP	Virtual Asset Service Provider
FATF	Financial Action Task Force
ML	Money Laundering
TF	Terrorist Financing
PF	Proliferation Financing
RBA	Risk-Based Approach
RBS	Risk-Based Supervision
CDD	Customer Due Diligence
STR	Suspicious Transaction Report
CTR	Cash Transaction Report

Abbreviation	Full Form
PEP	Politically Exposed Person
MER	Mutual Evaluation Report
MAP	Monitorable Action Plan
MIS	Management Information System

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01: Risk Based Supervision and Its Basic Concepts

1.1 Risk Based Approach (RBA)[1]

According to the Financial Action Task Force (FATF), a risk-based approach means that countries, competent authorities, and Financial Institutions (FI's), Virtual Assests Service Providers (VASP's) and Designated Non- Financial Business and Professions (DNFBPs) identify, assess, and understand the money laundering and terrorist financing risk to which they are exposed, and take the appropriate mitigation measures in accordance with the level of risk.

Therefore, introduction of RBA has multifold utilities for all the relevant stakeholders. It saves time, resources (both human and technical) and money from regulatory and compliance point of view. FATF has also encouraged all the jurisdictions to apply RBA in the regulatory point of view on AML/CTF/CPF matters, which is Risk-Based Supervision (RBS).

1.2 Risk-based Supervision[2]

Risk-Based Supervision (RBS) is gradually becoming the dominant approach to regulatory supervision of FI's, VASPs and and DNFBPs around the world. It is a comprehensive, formally structured system that assesses risks within the financial system, giving priority to the resolution of those risks.

RBS is often contrasted with *rules-based regulation*. The latter, also known as principles or compliance-based supervision, is a method of regulation which involves checking for and enforcing compliance with rules – legislation, regulations or policies – that apply to an entity.

1.3 Purpose and Importance of RBS

RBS has a regulatory emphasis of "focusing on what matters" – assessing the degree of risk in the financial institutions, VASP's and DNFBPs operations and determination of ways and means to reduce the risk as required. In the last Vanuatu MER 2015, it has achieved "Low" level of

[1] Means an approach whereby competent authorities and obliged entities identify, assess and understand the ML/TF risks to which subjects of assessment are exposed and take AML/CFT measures that are proportionate to those risks

[2] Means the risk based approach to AML/CFT supervision referred to in Article 48(6) of Directive (EU) 2015/849, where the intensity and frequency of the AML/CFT supervision of firms are determined on the basis of the assessment of the ML/TF risks affecting these firms.

effectiveness in IO.3 (supervision related immediate Outcome) which is also a driving factor to establish RBS in the field of supervision of financial institutions, VASP's and DNFBPs.

With RBS, entities are always being monitored, both for compliance with the rules and for how they approach to the management of risk. Failure to comply or to manage well is noted, and action is taken according to the appropriate legislation, to deal with any concerns. In a RBS regulatory system the following issues are to be considered:

- finding contraventions of the law, regardless of materiality;
- reconciliation of data, and other detailed checking;
- business strategy-
    - market intelligence
    - financial analysis
    - on-site Inspections
- management style, attitude to risk, control environment-
    - Within agency
    - With regulators

1.4 RBS versus Rule Based Approach

Particulars	**RBS**	**Rule Based Approach**
Formal education	Extensive	Low to Moderate
Industry knowledge	Extensive	Low to Moderate
Company knowledge	Extensive	Low to Moderate
Ability to apply judgment	Extensive	Low
Interaction and Communication across supervisory teams	Extensive	Low
Communications skills:	Extensive	Low
Management oversight	Extensive	Low
QA Processes	Extensive	Some
Practices (i.e. documented procedures)	Robust framework & supporting guidance required	Check list and some guidance

1.5 RBS Model[3]

RBS to AML/CTF/CPF is described as a cyclical process, which includes:

Step 1 is the **identification of ML/TF risk factors**, whereby competent authorities obtain information on both domestic and foreign ML/TF risks affecting the relevant markets;

Step 2 is the **risk assessment**; whereby competent authorities obtain a holistic view of the ML/TF risk to which each subject of assessment is exposed;

Step 3 is the **Supervision** which allocates AML/CTF/CPF supervisory resources in a way that is commensurate with the ML/TF risk identified. This includes decisions about the focus, depth, duration and frequency of on-site and off-site supervision, and supervisory staffing needs, including technical expertise; and

Step 4 is **monitoring and review** to ensure the risk assessment and associated allocation of supervisory resource remains up to date and relevant. This means that Step 4 can initiate again the step -1, i.e. identification of relevant information on ML/TF risk factors.

1.6 Scope and coverage

The aim is to create a common understanding of the risk-based approach to AML/CTF/CPF supervision and also to establish consistent and effective supervisory practices, which are consistent with international standards, including FATF Recommendation 15, 26, 28 and its interpretative note. This Risk Based Supervision Manual is applicable to the financial institutions, VASPs and DNFBPs sector in Vanuatu regardless of its nature of activities.

This Supervision Manual also covers selection of the reporting entities or its branches for supervision with a specific interval along with the following issues:

- Market entry control;
- Understanding industry and entity level M/TF and PF risks
- Identifying effective supervision tools;
- Imposing appropriate sanctions and remedial actions;
- Promoting understanding of ML/TF risks; and

[3] Refers to the whole set of procedures, processes, mechanisms and practicalities allowing competent authorities to exercise their AML/CFT supervisory powers in a way that is commensurate with the identified ML/TF risks.

- Considering the local laws, regulations and guidelines as well as the international obligation under FATF Recommendation 1, 2, 26, 27, 28, 34, 35 and 40 as well as IO. 1, IO. 2, IO. 3, IO. 4, IO. 10 & IO. 11.

1.7 RBS Methodology

The supervisory process of supervision is initiated by preparing the risk profile of the reporting entities within a specific industry. This is aided by the data submitted by the reporting entities through various regulatory returns and other documents such as reporting entities' policies and processes etc. The data is categorized under two heads: (i) quantitative data and (ii) qualitative data.

The VFIU and where appropriate, other regulators will evaluate the risk profile of individual reporting entities under the supervision in relation to their business strategy and exposure.

To make this risk profiling excercize more simple but worthy, **"An Excel Tool"** will have annexed in this manual, which will be fed those collected data and the "**Tool"** will produce the risk results (This Excel Tool will be provided separately).

02: Risk based supervision: Goal, Objective and Process

2.1 Risk based supervision

Supervision on reporting agencies is one of the most important tasks of Vanuatu Financial Intelligence Unit (VFIU) and other prudential regulators of Vanuatu, however, supervision of all the reporting agencies is challenging because of the nature of activities and diversity of procedures applicable for the reporting agencies. Additionally, resources across the supervisory institutions always scarce. Keeping it in mind, VFIU also adopted new measures, philosophy and mechanism to combat the emerging challenges of ML/TF lying with the financial activities. The section 5 and 8A of the Anti-Money Laundering and Counter-Terrorism Financing Act (AML/CFT Act) authorizes VFIU to conduct supervision function across its reporting entities. Additionally, section 8B of the same Act have provision for delegation of supervisory authority of VFIU.

This supervision manual will describe how VFIU and other regulators will apply its resources to achieve the following goals and strategic objectives as a risk sensitive basis:

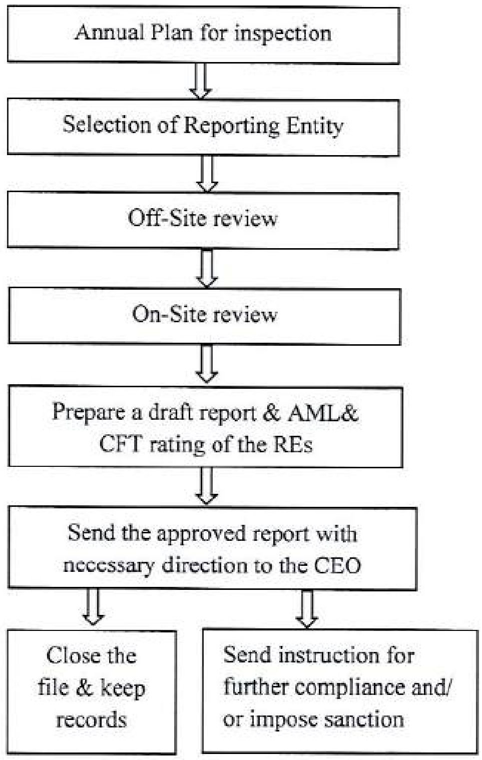
Goals

- To develop an effective AML/CTF/CPF system to combat efficiently ML & TF in Vanuatu;
- Reduce the vulnerability of AML/CTF/CPF regime of the reporting agencies;
- To ensure the supervision effectively at all levels of reporting agencies;
- To save resources and time.

Strategic Objectives

- Effective use of VFIU and other regulatory resources;
- Enhancement of supervisors' capacity;
- Ensure timely and prompt supervision surveillance;
- Enlarge supervision coverage;
- Proper analysis of supervision concerns and follow up process; and
- Ensure a smooth and timely decision making process.

Process



2.2 Outcomes of risk based supervision

VFIU and other prudential supervisor's continuous and dynamic supervision process will accrue from following outcomes:

- Understanding the reporting entities' unique characteristics, vulnerabilities and risk profile;
- Focusing supervisory efforts on those risks posing the most severe challenge to the safety and soundness of an institution according to its risk profile;
- Developing a plan reflective of supervisory concerns and how they are being, or will be, addressed;
- Testing and validating data provided by the institution; and
- An on-going process which includes periodic off-site analysis of information submitted by the reporting entities and other events that may affect the over-all condition of an institution.

2.3 Elements of risk based supervision

A risk based supervision consists of the following elements:

a) **Risk Profiling:** For supervisory approach, every reporting entity of the different sectors will be categorized as low, medium or high based on **Business Risk, Structural Risk and Risk related with its products, setvices, delivery channels and geoghraphic location** and **Control Mechanism** (Internal Control Risk, Organization Control Risk, Management Risk and Compliance).

b) **Supervisory Cycle and Supervisory Program:** Once the risk profile of a reporting entity has been prepared, supervisory process commences with principle being, the higher the risk the shorter will be the cycle.

c) **Review, Evaluation and Follow-Up:** An evaluation is done to assess if the supervisory program was effective in improving the risk profile of the reporting entity.

d) **Monitorable Action Plan (MAP):** To ensure that corrective action is taken by the reporting entity in time to remedy/ mitigate any significant risks identified during the supervisory process, MAPs will be used by the VFIU and other prudential regulator to set out the improvements required in areas identified during the current on-site and off-site supervisory process.

2.4 Checklist for off-site and on-site supervision

VFIU and other Supervisor will use different checklist and different tools for different reporting entities as a part of its supervision process. The checklist will be revised every 2 or 3 years after considering the risks, compliance and contextual issues of that particular sector. All relevant checklist will be furnished from time to time and will be treated as a part of this supervision manual. The Checklist will be score based and total number will be 100 for head office activity and 100 for branch activity. The supervision team will calculate supervisory ratings based on the score achived by the particular reporting entity.

2.5 Scale of Rating

The scale of rating will be similar for every reporting entity which is as follows based on its achieved score:

Score	Rating
0-40	Unsatisfactory
40^{+}-55	Marginal
55^{+}-70	Fair
70^{+}-90	Satisfactory
90^{+}-100	Strong

2.6 Liaison with Prudential Regulator

VFIU will effectively liaise with the respective prudential regulator and/or self regulatory organizations. Such liaison will be two fold i.e. before and after inspection. The liaison activities before inspection will cover the followings, but not limited to-

a) Collection of industry report;

b) Collection of regulatory report for particular institutions;

c) Collection of reports or findings on regulatory breaches;

d) Request for providing necessary information related to AML/CTF/CPF, if available;

e) Any other issues deemed to be relevant.

On the other hand, liaison activities after inspection will cover the followings, but not limited to-

a) Sharing the relevant findings of the report;

b) Sharing the AML/CTF/CPF Ratings and scores, where necessary;

c) Request for taking punitive actions;

d) Request for any other relevant issues.

2.7 Inspectors Code of Conduct

As the VFIU is the central agency for preventing money laundering and combating financing of terrorism, all inspectors should have some unique characteristics to uphold the institutional integrity. Secrecy of information is the key to the inspectors. In order to get co-operation, the inspectors will create a good impression, an image of confidence, respect and professionalism with the officials of the reporting entities. As the representatives of VFIU, the inspectors are entrusted to carry out a statutory obligation. They shall maintain the highest professional level with the reporting entities' staff and shall be "courteous" but "firm" in all findings. Above all the inspectors should be objective-oriented. This includes but not limited to the followings:

a) the avoidance of any discussion regarding future employment of the inspector by the reporting entity;
b) the avoidance of any offer by the reporting entity or expectation by the inspectors of any monetary or-non monetary gift by the reporting entity;
c) The avoidance of any discussion with the reporting entity on the merits of VFIU policies and guidelines or any offer by the inspector to intercede with the management of VFIU in any way in the application or interpretation of these regulations, policies and guidelines.

Moreover, same practices and ethics will be applicable for all other relevant supervisors.

03: Risk Based Supervision of the Reporting Entities

3.1 Supervision Planning

As a core supervisor of AML & CFT, VFIU will supervise all the reporting organizations on a risk sensitive basis which basically starts from supervision planning. In doing so, the focus will be on the dedicated supervisory resources available and allocation of resources into the greater risk areas of the reporting entities. The key objective of supervision planning is to determine inspection cycle based on the assessed risk of the individual entity within the particular industry. The key consideration includes the followings:

- Identify higher risk institutions;
- Assess and measure risks identified;
- Evaluate the significance of those risks for the financial system.

Risk rating for supervision planning should be conducted at least once in three years, however, it will be a dynamic process and will considere all sorts of sudden changes in the relevant factors of risk rating. The assessed risk of the particular institutions will determine the inspection cycle. Overall risk assessment and inspection cycle will be categorized as follows:

3.2 Ditermine Inspection cycle

Risk	Inspection Cycle
High	Every Year
Medium High to Medium	Once in two/three years
Medium Low- Low	Once in three/five years

3.3 Supervision Tools

Generally, VFIU supervision tools consist of followings:

a) **Off-site supervision**
   - Self Assessment
   - Various regulatory reports

b) **On-site supervision**
   - Checklist Inspection;
   - Surprise Inspection.

Tools	Mode	Cycle
Off-Site tools	Self Assessment	Yearly
	Various Reports	As and when required
On-Site tools	Checklist inspection	Based on the assessed risk rating as above
	Surprise inspection	As and when required

3.4 The XL Tool for Risk Assessment:

The purpose of the risk matrix is to give supervisors a methodology to assess the money laundering and terrorist financing risks a reporting institution may face based on a number of criteria. The tool should be updated after initial set up and on a regular basis as new information about a reporting entity is at hand. Some information may only be updated annually after an onsite examination or when new data is submitted by reporting entities. The results of the tool along with analysis of other data and information recieved should be used to plan the supervisor's supervision strategy based on industry risks and resources. The tool also needs to be reviewed to reflect new and emerging risks as identified in the National Risk Assessment or supervisory considerations. For simplification, the method of using the Tool describes for reporting institution.

3.4.1 Risk Factors and Weights

Supervisors need to determine risk factors including those related to customers, products, delivery channels, currency, geographic location, and others, as these factors may be more exposed to ML/TF activities. Supervisors also need to determine relative weights in relation to each control / risk management factor considered in determing a institution risk profile.

3.4.2 Method

Step 1: The supervisor needs to input information relating to structural risk factors. These factors reflect the size of the reporting institution, ownership structure and branches in operation and should be recorded in the 'Net MLTF risk' workbook based on the risk weights included in the '**Structural Risk factors**' workbook.

Step 2: The next step in the process of using this tool is to populate the fields related to the number of customers, transactions, delivery channels with data obtained from the quarterly Data Collection. This information should be entered into the appropriate workbook in the "Reported Data" field. The supervisor should then assign to each observation the risk rating which reflects the number of customers/transactions based on the ranges defined in the workbook shown in the orange cells. These ranges should be reviewed occassionaly to ensure that they reflect the scope of activities in the reporting institutioning system.

Step 3: Assess the adequacy of the reporting institution's ML/TF risk management and control measures. The controls listed under 'Risk Mitigants' workbook are based on 7 factors (Governance (Board and management oversight), Policies and procedures, Compliance Function, Risk Management Framework, Ongoing Monitoring and Reporting of Suspicious Activity, Training and Awareness and Independent Testing). Supervisors should complete this section using results from onsite compliance inspections and scoring each control factors. These scores will be updated based on findings from onsite insepctions.

Step 4: The assessment of risk profile based on inherent risk and controls and net risk profile of the reporting institution are shown in the "Net Risk MLTF risk" workbook. These results will give the supervisor an indication of risk factors - from business activities, customers, geographic zones and adequacy of controls.

Step 5: Previous results from the risk matrix related to inherent risk and controls should be copied into the green cells as appropriate (see the Excel Tool). This will enable supervisors to determine trends in risks confronting the reporting institution - stable, increasing or decreasing.

Inherent risk weight	Description
1	Low
2	Medium Low
3	Medium
4	Medium High
5	High

Scores for risk mitigants	Description
1	Strong
2	Satisfactory
3	Fair
4	Marginal
5	Unsatisfactory

3.5 Inspection Planning

The inspection plan will be prepared by the respective wing head and approved by the Director VFIU. In formulating the inspection plan, the size and operational complexity of the organization under examination should be considered. Generally, keeping two base periods in mind, inspection planning is to be done. One is based on 30th June and another is based on 31st December. The following issues shall be considered at the planning stage but not limited to:

- **Supporting Documents:** All inspectors should reflect their findings in the inspection report with proper explanations and comments, and supported by adequate evidences. Supporting papers include all types of documents questionnaires, analysis or photocopies of record of the reporting entity.

- **Fact reviewed:** The inspectors must have a general idea of the reporting entity to be inspected to determine the strategies of inspection. They must have orientation about Vanuatu's relevant laws, regulations and prudential guidelines. They will have to review and analyze the previous inspection report on the respective industries/entities as well as the consideration of the following facts and documents:

    a) Comments, recommendations and findings made in the previous inspection reports (if any);
    b) Evidence with respect to concentration of ML/TF risks;
    c) Reports from predential regulators;
    d) Internal Audit reports;
    e) External Audit reports;
    f) Reports from CTR and STR database;
    g) Media reports; and
    h) Any other relevant reports.

- **Duration:** For Checklist inspection, the inspection period will be at least two days and for special inspection, period will be determined considering the nature and context of the case. All inspectors participating in the inspection should be informed of the inspection objectives, the area of responsibilities, allotted time and other relevant matters. At a minimum, two persons are assigned to form a team for inspection. If needed, additional manpower may also be engaged for conducting the inspections.

- **Letter of Authorization and Requisition:** Before commencement of the inspection a directive containing the name of the team leader and member(s) with their specimen signature shall be issued from the VFIU/ other regulator and to be handed over to the

CEO/Head of the Branch (as applicable) on the first day of inspection. On the first day of inspection, a requisition letter shall be issued for requiring information and documents signed by the team leader. This provision may vary in case of a targeted inspection/special inspection.

3.6 On-Site Examination

During the AML/CTF/CPF system check inspections AML/CTF/CPF risk management procedures of the respective reporting entity should be reviewed along with the followings:

- Institutional capacity and understanding of ML/TF risk and their management;
- Senior Management commitment;
- ML/TF/PF prevention internal rules, policies and procedures
- Capacity of compliance officer;
- CDD procedures;
- KYC procedure for PEPs/IPs;
- KYC for occasional/walk-in or one off customer transactions;
- KYC procedure of beneficial owner(s) of a account;
- Record keeping;
- UNSCR sanctions monitoring process;
- STR identification monitoring process;
- CTR monitoring;
- Transaction monitoring process;
- Monthly AML/CTF/CPF meeting;
- Training and Capacity Building initiatives;
- Other things necessary to be considered.

3.7 Weightage

The checklist to be prepared for inspection (annex-) will have two basic components, (a) Technical compliance with the laws, circulars and regulations on AML/CTF/CPF available; (b) Effectiveness assessment of the compliance matter. The weightage calculated for technical complaince will be 50% and 50% of weightage will be consider for effectiveness. This weightage may be review every year based on the risk and context as well as considering the results of the supervision (Checklist for On-Site Examination and Off-Site Examination along Excel Tool attached in Annexure).

3.8 Results of On-Site and Off-Site Examinations

Based on the Supervision Checklist developed by VFIU, inspectors are supposed to calculate the AML/CTF/CPF rating of each reporting entities. Each reporting entities will be rated based on the following categories:

Reference Range	AML/CTF/CPF Rating
0 - 40	Unsatisfactory (5)
40^{+} - 55	Marginal (4)
55^{+} - 70	Fair (3)
70^{+} - 90	Satisfactory (2)
90^{+} - 100	Strong (1)

It is important to note that once a reporting entity is rated any five of the above will remain same until the next evaluation. Such provision will be applicable for all other reporting entity as well.

3.9 Coordination with Other Supervisors

Risk based supervision always encourage AML/CFT supervisory activity by the prudential regulator at their own as well as joint with the financial intelligence unit or AML/CFT Supervisors. The legal grounds of Vanuatu provide excellent basis for such concerted and coordinated supervisory coordination. Similarly, the legal mandate of VFIU is also available to collect necessary information from different agencies when required. This provision also facilitates effective supervisory coordination. Finally, VFIU or a prudential regulator whoever conduct the supervision, supervisory ratings and other relevant information is required to be shared with VFIU. Conversely, any administrative actions based on the inspection results should be notified to the prudential regulator by the VFIU. Moreover, such supervisory cooperation can be extended through memorandum of understanding signed by the all regulators of the Vanuatu.

04: Report Writing and Compliance Follow Up

4.1 Preparation of Inspection report

Reporting is the concluding task of inspection process. Based on prudence and findings extracted through observation inspectors are to prepare report in writing and get it approved by the competent authority of VFIU or other prudential regulator before submission/sending it to the reporting entity for compliance. Inspector's concern is to look into the matter whether there is any deviation/violation of set policies, desired norms and requirements of the AML/CTF/CPF regime of Vanuatu. If the inspector observes any deviation/violation, it would be his/her responsibility to raise the issue in the inspection report. In addition, an inspector also puts his/her comments on relevant internal policy of the organization to assess the effectiveness of the policy in ensuring the internal control.

To complete a Checklist inspection, an inspector must visit and /or collect information, documents from reporting entities head office as well as branch office where approprieate. Based on the evidence for each on-site inspection/examination, the inspector/examiner will use Risk Based Supervision Report Writing Template (as annexed with this Guidelines) to draft and finalize the Report.

4.2 Report Approval Process

After completing inspection inspectors are bound to submit the report within 7 (seven) working days or as per approval of the competent authority of the VFIU or prudential regulator. During the approval process, the supevisors of the inspector will ensure the quality and accuracy of the report before approval.

4.3 Compliance Procedure

Compliance monitoring is one of the key activities of on-site supervision process. A reporting entity will be given at least 30 (thirty) days for compliance with the recommendations of the reports. However, the time frame may vary from case to case basis and reporting enetity may approach to VFIU or prudential regulator for time extension in writing. The compliance monitoring team or inspection team (If there is no separate compliance monitoring team) will monitor the follow up process on complying inspection recommendations. In usual course of action, the respective inspection team should maintain records of inspection progress, compliance progress, major irregularities and relevant required information.

4.4 Follow up and File closure

On receiving compliance letter from reporting entity, monitoring and supervision team or the inspection team will maintain required data in their schedule for follow-up. This process will continue until closure.

4.5 Monitoring of Special/serious findings/Irregularities

Any special/serious findings of inspection should be maintained in MIS and follow-up action to be continued till final settlement of each individual issue.

4.6 Organize meeting with the senior officials of the reporting entity

Where a series of breaches noted, VFIU or other prudential regulator may call upon a meeting with the senior management of that particular reporting entity. They may also ask to submit a time bound action plan for compliance.

4.7 Penalty and corrective action

Considering the severity of breaches, VFIU or other prudential regulator may impose penalty on the particular reporting entity as appropriate. Apart from that VFIU or other prudential regulator may also issue letter of warning or similar corrective measures (Risk Based Sanction Procedures annexed with this Guidelines). Once the reporting entity informed that it has made corrective measures, few of them across all the reporting entities may be checked on a sample basis and preserve those for further use for industry training and country evaluation.

To make the administrative sanctions and penalty proportionately, VFIU or other prudential regulator will be used Risk Based Sanction Procedures as annexed to this Guidelines. Additionally, VFIU or other prudential regulator will use Risk Based Sanction Calculator (XL based tool, annexed with this Guidelines) which aligned with all the sanctioned provisions as delineated in the AML/CFT Act of Vanuatu.

Note: All the annexures produced separately and will be updated as when required.

Please contact the following person should you have any questions:

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Dated this 23rd day of June 2026

COMMISSION DES AFFAIRES FINANCIERES
VANUATU
FINANCIAL SERVICES COMMISSION

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