NATIONAL ANTI-MONEY LAUNDERING COMMITTEE



BELIZE'S SECOND NATIONAL MONEY LAUNDERING AND TERRORIST FINANCING RISK ASSESSMENT

2017-2023

Disclaimer

The Second National Money Laundering and Terrorist Financing (ML/TF) Risk Assessment (Second NRA) of Belize was conducted as a self-assessment by Belizean authorities, utilizing the National ML/TF Risk Assessment Tool developed and provided by the World Bank Group. The involvement of the World Bank Group project team in Belize's Second NRA was limited to making the assessment tool available. The data, statistics and information used to complete the various modules of the National ML/TF Risk Assessment Tool were collected, compiled, analyzed and processed solely by Belizean authorities. Consequently, the findings, interpretations, conclusions and judgments contained in this assessment reflect exclusively the views and determinations of the Belizean authorities and do not represent those of the World Bank Group.

The report presented herein constitutes the sanitized public version of Belize's Second NRA. This version has been prepared for public dissemination to communicate the principal findings, conclusions and identified ML/TF risks while safeguarding sensitive, confidential and restricted information contained in the comprehensive assessment. Accordingly, certain detailed data, operational information and other sensitive findings have been summarized to ensure that the report provides an appropriate level of transparency and public awareness without compromising national security, ongoing investigations, supervisory functions or other protected interests.

The publication of this sanitized version is intended to promote a broader understanding of Belize's ML/TF risk environment, support risk-informed decision-making and enhance awareness among competent authorities, supervisory bodies, reporting entities and other relevant stakeholders.

Acronyms

AG	Attorney General
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
BAB	Bar Association of Belize
BDF	Belize Defence Force
BPD	Belize Police Department
BZ	Belize
BZD	Belize Dollar
CBB	Central Bank of Belize
CDD	Customer Due Diligence
CFATF	Caribbean Financial Action Task Force
CFZ	Commercial Free Zone
CT	Counter Terrorism
CU	Credit Union
CZL	Corozal
DB	Domestic Bank
DI	Domestic Insurance
DNFBP	Designated Non-Financial Businesses and Professions
DPMS	Dealers in Precious Metals and Stones
EPZ	Export Processing Zone
FATF	Financial Action Task Force
FI	Financial Institutions
FIU	Financial Intelligence Unit
FSC	Financial Services Commission
GCB	Gaming Control Board
GLC	General Legal Council
GoB	Government of Belize
IB	International Bank
IBC	International Business Company
IBCA	International Business Companies Act
II	International Insurance
LEAs	Law Enforcement Agencies
LGE	Licensed Gaming Establishments
ME	Mutual Evaluation
MITC	Ministry of Investment Trade and Commerce
ML	Money Laundering
MLT	Money Laundering Threat
ML/TF	Money Laundering and Terrorist Financing
MLTPA	Money Laundering and Terrorism (Prevention) Act
MOU	Memorandum of Understanding
MVD	Motor Vehicle Dealer

NAMLC	National Anti-Money Laundering Committee
NFZA	National Free Zone Authority
NPOs	Non-Profit Organizations
NP&S	National Policy & Strategy
NRA	National Risk Assessment
NSD	National Security Directorate
NSS	National Security Strategy
OFS	Other Financial Services
OIFS	Other International Financial Services
OILP	Other Independent Legal Professionals
OSIPP	Office of the Supervisor of Insurance and Private Pensions
P&LDWG	Policy and Legislative Drafting Working Group
PEPs	Politically Exposed Persons
PSP	Payment Service Provider
RA	Registered Agent
RBA	Risk-Based Approach
REA	Real Estate Agent
RSP	Remittance Service Provider
SIB	Statistical Institute of Belize
SOI	Supervisor of Insurance
STR	Suspicious Transaction Report
TBML	Trade-Based Money Laundering
TCSPs	Trust or Company Service Providers
TF	Terrorist Financing
TFS	Targeted Financial Sanctions
TCSP	Trust and Company Service Provider
UNSC	United Nations Security Council
UNSCR	United Nations Security Council Resolutions
US	United States
USD	United States Dollar
UTR	Unusual Transaction Report

Table of Contents

Executive Summary 9
Methodology and Key Terms 12
CHAPTER 1: MONEY LAUNDERING (ML) RISK 15
Country Context for ML 15
Overall ML Risk as a function of ML Threat and ML Vulnerability 16
ML Threat at National Level 16
Introduction 32
Objectives 32
The National Risk Assessment (NRA) Process 33
Organization of the NRA Process & Participants 33
Challenges/ Limitations 34
Country Context for ML 35
ML Vulnerability at National Level 37
National ML Combating Ability 37
ML Risk at the Sectoral Level 39
ML Risk at the Banking Sector 42
The International Banking Sector 42
The Domestic Banking Sector 43
ML Risk at the Other Financial Institutions (OFIs) 44
The Credit Unions 44
The Remittance Service Providers Sector 45
The International Asset Protection & Management and Mortgage Lending Sectors 45
The International Securities Sector 46
The Domestic Insurance Sector 47
The International Insurance Sector 49
The Moneychanger Sector 50
The Moneylender Sector 50
The Other Specialist Financial Institution (OSFI) Sector 51
The Payment Processing Services Sector 52
The Payment Services Providers (E-Wallet) Sector 53
The Domestic Securities Sector 54
The Private Pensions Sector 55

ML Risk at the Designated Non-Financial Businesses and Professionals (DNFBPs) 56
The Casinos 56
The Commercial Free Zones (CFZs) 57
Real Estate Agents 58
Registered Agents (RAs) 60
Lawyers & Notaries 61
Motor Vehicle Dealers 62
Other Independent Legal Professionals (OILPs) 64
Accountants & Auditors 64
Dealers in Precious Metals and Stones (DPMS) 65
Licensed Gaming Establishments 66
CHAPTER 2. TERRORIST FINANCING (TF) RISK 68
Country Context for TF 68
Overall TF Risk Level as a function of TF Threat and TF Vulnerability 69
TF National Threat Analysis 70
TF National Vulnerability Analysis 71
CHAPTER 3. FINANCIAL INCLUSION PRODUCTS ML/TF RISK ASSESSMENT 73
Microfinance Credit 73
Mobile Money 73
Micro-Insurance 74
CHAPTER 4: STAND-ALONE ML/TF RISK ASSESSMENTS 75
Non-Profit Organisations (NPOs) ML/TF Risk Assessments 75
Oversight of the NPO/NGO Sector 76
Terrorist Abuse Indicators 77
Mitigation Measures 77
NPOs at the Greatest Risk of Abuse 78
Legal Persons and Legal Arrangements ML/TF Risk Assessment 79
Methodology 79
Legal Structures 79
Beneficial Ownership Framework 80
Definition of Beneficial Owners (BOs) 80
Trusts 81
Cooperatives 81

Building Societies 81
Credit Unions 82
ML Threat Assessment of Legal Persons and Legal Arrangements 83
Suspicious Transactions Reports (STRs) Analysis 83
Mutual Legal Assistance Treaty (MLAT) Requests 83
Typologies 84
Mitigation Measures: Legislative Amendments 85
Risk Assessment of Legal Structures 86
ML Vulnerability Assessment of Legal Persons and Legal Arrangements 88
Attractiveness to Non-Resident Incorporation (ANRI) 88
Strength of Mitigation Measures 90
Conclusion 93

BELIZE'S NATIONAL AML/CFT/CPF POLICY

The Government of Belize (GoB) adopted a multi-agency approach in designing its anti-money laundering, countering the financing of terrorism and combating proliferation financing (AML/CFT/CPF) regime. A high-level committee, the National Anti-Money Laundering Committee (NAMLC), chaired by the Financial Intelligence Unit (FIU), was created pursuant to Section 77B of the Money Laundering and Terrorism (Prevention) Act (MLTPA), whose responsibilities include developing policies to guide the national framework to combat money laundering, terrorism financing (ML/TF/PF) and fostering cooperation and coordination among supervisory, law enforcement, prosecutorial and intelligence agencies, at the operational level, to detect and deter ML/TF/PF[1]. The NAMLC is comprised of various competent authorities, all of whom are charged with AML/CFT/CPF responsibilities and is therefore at the core of Belize's AML/CFT/CPF initiatives.

The GoB is committed to maintaining a robust AML/CFT framework that meets its global obligations as a responsible member of the international community. As set out in Belize's National AML/CFT/CPF Policy and Strategy (NP&S), this is accomplished by achieving key policy objectives, including:

(i) Understanding of national and sectoral risk by way of National Risk Assessments and *ad hoc* targeted risk assessments as required by significant trigger events;
(ii) Timely implementation of Action Plans developed from the results of risk assessments;
(iii) Emphasizing a risk-based approach to AML/CFT/CPF at the policy and operation levels;
(iv) Incorporating a strong AML/CFT/CPF focus where appropriate, in all relevant legislation;
(v) Further strengthening of cooperation, collaboration, and information-sharing among all relevant public sector agencies, with particular attention to those agencies responsible for registration, licensing, regulating or supervising reporting entities (REs);
(vi) Strengthening of intelligence-gathering, investigation, prosecution, asset forfeiture and judicial capacity;
(vii) Maintenance of mutual cooperation, support and information-sharing arrangements with external law enforcement and peer institutions; and
(viii) Increased awareness and involvement of the private sector and the general population in combating financial crime and sanctions evasion.

[1] Belize's National Policy & Strategy (February 2023), pg. 11.

Executive Summary

1. This is Belize's second money laundering and terrorist financing (ML/TF) National Risk Assessment (NRA), which aims to identify, understand and assess the ML/TF risks and ensure the risks are mitigated effectively. The findings of this second NRA will guide authorities to update the National Policy and Strategy (NP&S) and the National Action Plan (NAP), with a view to further strengthen Belize's anti-money laundering and countering the financing of terrorism (AML/CFT) regime using a risk-based approach.

2. The second NRA covers the period 2017–2023 and evaluates Belize's ML/TF risks using the revised World Bank's (WB) NRA Toolkit (Methodology), which also includes stand-alone modules on Legal Persons and Legal Arrangements ML/TF Risk Assessment and Non-Profit Organizations (NPOs) TF Risk Assessment. The process builds upon the insights from the first NRA, drawing on extensive consultation, quantitative and qualitative data analysis and direct engagement with regulators, law enforcement agencies (LEAs), government bodies and private sector entities.

3. The Financial Action Task Force's (FATF) Recommendation 1 and the methodology for analysing the effectiveness of AML/CFT infrastructures centrally require the assessment of risk at a national level. This is primarily because compliance with many of the remaining recommendations is related to the quality of the NRA, as having a clear and comprehensive understanding of national risks enables policymakers to allocate resources based on risk including establishing effective multi-agency mechanisms to coordinate domestically on effectively combating identified threats.

Key Findings

4. Belize's national ML risk is rated as *Medium*, resulting from the country's *Medium* national ML threat and *Medium* national ML vulnerability. This reflects an improved downward trend in national ML Risk, relative to the first NRA, primarily driven by the country's strengthened ML combating ability.

5. The national ML threat is assessed as *Medium*, remaining unchanged across the first and second NRAs. The assessment encompassed a review of twenty-seven (27) predicate offenses which the country identified to likely present links to ML. Internal and external ML threats exist in Belize, but the latter are more prevalent due to the scale of the proceeds of crime.

6. The assessment identified two offenses; Illicit Trafficking in Narcotics Drugs and Psychotropic Substances (Drug Trafficking) and Smuggling of Goods, as posing the highest ML threat to Belize, with both having a foreign nexus. While drug trafficking remains a concern, Belize is primarily used as a transit corridor rather than a significant drug transshipment point and is therefore not an economic hub for the laundering of proceeds generated from this illicit activity. The assessment also identified seven additional offenses that made a moderate contribution to Belize's money laundering landscape and are regarded as the primary crimes that generate proceeds (refer to **Table 1**).

No.	Predicate Offense	Money Laundering Threat Rank	Direction of Risk[2]	Source
1	Illicit trafficking in narcotic drugs and psychotropic substances	**Medium-High**	↓	Foreign, Home
2	Smuggling of goods	**Medium-High**	↑	Foreign, Home
3	Fraud	**Medium**	↔	Foreign, Home
4	Forgery	**Medium**	↔	Foreign, Home
5	Tax evasion	**Medium**	↔	Foreign, Home
6	Corruption & bribery	**Medium**	↓	Foreign, Home
7	Theft	**Medium**	↔	Home
8	Robbery	**Medium-Low**	↔	Home
9	Migrant smuggling	**Medium-Low**	↑	Foreign, Home

Table 1: Main Offenses that Generate Proceeds of Crime in Belize

7. The national ML vulnerability is assessed as *Medium*, which is a downward shift in the direction of risk relative to the first NRA. The improvement is attributed to measures implemented which resulted in the strengthening of Belize's national ML combating ability. These measures include the enhancements to the AML/CFT legal framework, high-level political commitment, close partnerships among government agencies and between the public and private sectors, fair and independent prosecution and judicial process and good external and internal cooperation. Nonetheless, opportunities remain for improvement particularly as it relates to the implementation of controls and allocation of resources proportionate to risks. In this regard, Belize can benefit from strengthening the capacity and resources of financial crime investigations, bolstering the capacity and resources for financial crime prosecutors and judicial processes, further supporting the integrity and independence of financial crime investigators, and continuing efforts to increase the level of formalization of the economy.

8. The overall sectoral ML vulnerability, which contributes to the country's national vulnerability, is assessed as *Medium*. A prioritization ranking for the twenty-six (26) sectors assessed was produced, which considered the rating from the various sectoral vulnerability modules (Modules 3-7), along with the materiality and importance of the different sectors. This identified registered agents, remittance service providers, and businesses operating in a free zone as the top three sectors warranting the highest priority.

9. Based on the sectoral analysis, the international banking sector, casinos, businesses operating in a free zone, real estate agents, and registered agents' sectors stood out as having the higher ML

[2] This illustrates the direction of the ML threat ranking, relative to the first NRA. The symbols are to be interpreted as follow: (↑) denotes an increasing trend, (↓) denotes a decreasing trend, and (↔) denotes that the threat ranking remains the same or is constant.

exposure. Factors that underlie this include the moderate to high level of ML threat the sectors face due to their involvement in ML investigations and/or prevalence in incoming Mutual Legal Assistance (MLAs), as well as the sector's increased vulnerability to ML. In the case of the latter, this is comprised of inherent vulnerability factors (characteristics of the sector or product that make it more vulnerable to ML) and the AML controls, which include, *inter alia*, implementation of preventive measures.

10. Belize's national Terrorist Financing (TF) risk is rated as *Medium-Low*, resulting from the country's *Low* national TF threat and *Medium-Low* national TF vulnerability. In conducting the threat assessment, Belize also considered the threat arising from Foreign Terrorist Fighters (FTFs), particularly in the context of the free movement of CARICOM nationals within the region. Although there were a few Requests for Information (RFI) and one incoming MLA request on terrorism, the assessment determined that there was no evidence of FTFs from within the region transiting through Belize. Further investigations by authorities revealed that there was no evidence of any TF or Terrorism threat to Belize. Additionally, no active terrorist organizations were identified in the region and there was no intelligence identifying Belize as a country with a high terrorism or terrorist threat. Altogether, these factors all contributed to the TF threat remaining *Low*.

11. This second NRA identified and assessed three financial inclusion products. These included; microfinance credit, microinsurance and mobile money. The aim of these inclusion products was to provide essential financial services to underserved populations. The assessment found these products pose *Low* ML/TF risks due to the existence of stringent controls which includes, inter alia, limits on transactions, restricted domestic use of the product, prohibition of anonymous use of the product and ongoing transaction monitoring measures. Despite the general permissibility of simplified customer due diligence (CDD), the assessment observed that institutions often avoid it due to credit risk exposure.

12. As part of the second NRA, Belize also completed stand-alone risk assessment modules to address specific risk identification and understanding, specifically as it relates to Non-Profit Organizations (NPOs) TF [Abuse] risk assessment and Legal Persons and Legals Arrangements ML/TF risk assessment.

13. The NPOs TF risk assessment aimed to identify NPOs that meet the FATF functional definition of NPOs, with a specific focus on those at risk of TF abuse. At the end of the assessment period, there was a total of four hundred fifty-one (451) NPOs and NGOs identified in Belize. Of this amount, two hundred ninety (290) NPOs and NGOs were conducting activities related to religion, education, social services and arts & culture sub-sectors. These NPOs and NGOs are not funded primarily by GoB. They are either funded by a foreign government(s), an international organization(s) or through membership dues or the sale of goods and services. These were identified as falling within the FATF's functional definition. Among these, NPOs linked to religious and social services activity were identified as being of the highest priority. The most concerning method of potential abuse at the moment, for Belize, is the diversion of funds and given the regional threats associated with FTFs. NPOs that send money abroad or receive foreign funding are particularly vulnerable.

14. The ML risk of Legal Persons and Legal Arrangements was assessed at *Medium*, resulting from a *Medium* threat, and *Medium* vulnerability. The assessment aimed to assess the risks of misuse of legal structures for ML/TF in Belize, to ensure that appropriate measures are taken to prevent their misuse, in line with FATF Recommendations 24 and 25 and Immediate Outcome 5 which deal with transparency and beneficial ownership of legal structures. As of December 2023, there were thirty-one thousand eight hundred seventy-eight (31,878) legal structures in Belize. Belize Companies accounted for the majority, or approximately 91% of legal structures, followed by Limited Liability Companies, which accounted for approximately 7%. The assessment identified that Belize Companies (*formerly* International Business Companies (IBCs), and Chapter 250 Companies), pose the highest risk due to, *inter alia*, their materiality, incidence of analysed cases, cross-border risk exposure and attractiveness for non-resident use.

15. The second NRA reflects Belize's commitment to meeting international AML/CFT obligations while addressing local vulnerabilities. Through continuous improvements in legislation, enforcement and cooperation, Belize aims to mitigate ML/TF risks and strengthen its resilience to financial crimes.

Methodology and Key Terms

16. The WB Tool comprises several modules, which focus on assessing ML and TF threats and vulnerabilities. The tool is centered around seven modules that focus on the ML risk assessment, one module to assess the risk of TF, and another module to assess the risks of financial inclusion products (see **Figure 1**).

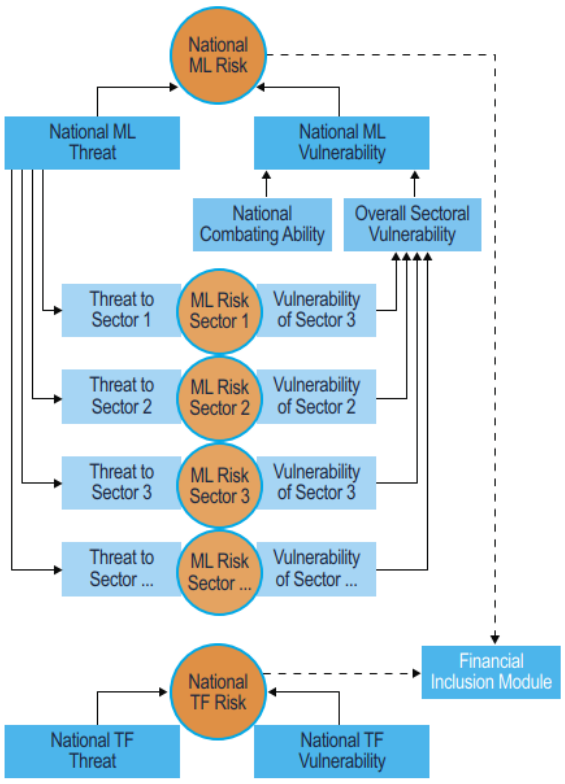


Figure 1: The Structure of the World Bank's Risk Assessment Tool

17. As part of this second NRA, Belize also utilized two stand-alone modules produced by the WB, which address areas of increased focus by the FATF. These modules include the Legal Persons and Legal Arrangements ML/TF Risk Assessment and the NPOs TF Abuse Risk Assessment.

18. There is no universally accepted definition of ML or TF risk at the international level. However, the proposed definitions focus on three main components: threat, vulnerability, and consequences. Therefore, when assessing ML/TF at the national level, it is crucial to keep in mind the following key terminologies:

    i. **Threat** – refers to the scale and characteristics (or patterns) of the generation, inflows, and outflows of the proceeds of crime or funds linked with ML/TF[3].
    ii. **Vulnerability** – refers to weaknesses or gaps in a country's defenses against ML/TF. This includes weaknesses inherent in a specific financial sector or product; or a weakness in the laws, regulations, supervision or enforcement framework[4].

[3] For ML, this includes an assessment of the internal and external threats, including the predicate offenses that generate criminal proceeds, the total size of the criminal proceeds, the sector in which proceeds are invested and laundered, and other relevant factors. For TF, threats refer to the direction of TF funds and the sources and channels used.
[4] This is measured with respect the relevant "input variables" at the national level, and sectoral level.

iii. **Consequence**[5] – refers to the impact or harm that ML/TF may cause and includes the effect of the underlying criminal activity on financial systems and institutions, as well as the economy and society more generally.
iv. **Risk** – is seen as a function between the three aforementioned factors: *threat, vulnerability and consequence.*

[5] In the context of the WB's NRA Tool, the assessment of consequences is included in the assessment of threats and vulnerabilities, as opposed to being treated as a separate independent factor. For example, consequences of a ML event in the banking sector are considered by determining the different weight each banking sector product has. This weight may be determined by the asset size or volume of transactions of the product.

CHAPTER 1: MONEY LAUNDERING (ML) RISK

Country Context for ML

19. Belize's context for ML is shaped by various factors, including its economy, geographical and demographic factors, which present both opportunities and challenges for illicit financial activities.

20. As previously stated, Belize has a small, open economy that relies on sectors such as tourism and agriculture, and to a lesser extent, international financial services. The international financial services include companies formerly classified as International Business Companies (IBCs)[6] and trusts, which are perceived as potential avenues for money laundering by the global community.

21. Belize's geographic location along the Caribbean coast in Central America, with proximity to Mexico, Guatemala and the United States of America (USA), makes it a geographically attractive corridor for illicit trafficking of drugs, mainly cocaine, originating from South America. In this regard, Belize's terrain plays a crucial role in determining its risk and contextual factors. For example, information from the authorities revealed that most drug planes land in areas nearing borders with neighboring countries, which are difficult to access from the Belizean side but more accessible from the other side of the borders. Notwithstanding these factors, Law Enforcement Agencies (LEAs) have implemented proactive intelligence driven security measures resulting in significant interceptions of goods being smuggled, and the number of landings plummeting over the assessment period.

22. Belize's migrant population, which constituted approximately 15% of the country's population as of 2023[7] may also be seen as a contributing factor, as there is an established link between migration and remittance, which has the potential of creating opportunities for ML through remittances or the establishment of informal financial networks.

23. As part of this second NRA, the National Vulnerability Working Group, with the assistance of an expert from the Statistical Institute of Belize (SIB) as a working group member, determined that the level of formalization of Belize's economy was *Medium High*[8] as of December 2023. This indicates that there is a moderate level of informal economic activity within the country, which generally poses some challenges with regulation and oversight, transparency and the reliance on cash. These factors combined are known to also increase the challenges for a country's authorities to detect, investigate, and prevent illicit financial flows, therefore contributing to the ML context of the country.

---

[6] For added context, it is important to note that the International Business Companies Act was repealed and replaced by the new Belize Companies Act of 2022. Therefore, there is no longer any distinction between IBCs and local companies. As a provision of the new Act, companies previously classified as IBCs are now required to file an annual return which details the directorship and shareholdings of the company, including UBO information.

[7] https://www.cia.gov/the-world-factbook/countries/belize

[8] The working group estimated that the average level of informality of the economy was 26% in 2023. Guided by the WB's NRA Methodology, this translated to rating of (0.6), or *Medium-High*.

24. Cognizant of these factors, the GoB, including CA and LEAs, is committed to maintaining an understanding of Belize's risk environment and contributing factors, with the aim of continuously strengthening legislation, policies, and enforcement efforts to effectively mitigate any identified ML risk.

Overall ML Risk as a function of ML Threat and ML Vulnerability

25. In accordance with the WB's NRA methodology, the overall ML risk level is defined as a function of ML threat and ML vulnerability. As a result, Belize's overall ML risk was assessed as *Medium.* This rating results from the country's *Medium* national ML threat and *Medium* national ML vulnerability (see **Figure 2**).

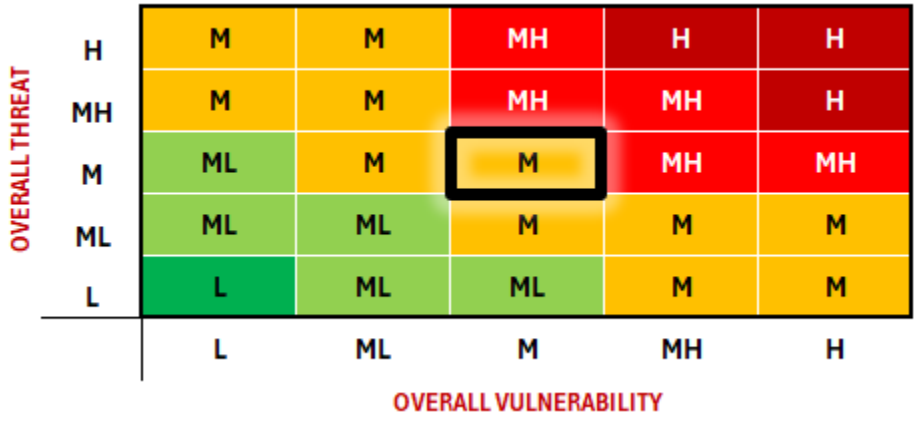


Figure 2: Belize's Overall Money Laundering Risk

26. The subsequent sub-chapters of this report capture the findings and details that support the assessment and rating of national ML threat and national ML vulnerability.

ML Threat at National Level

27. In this second NRA, Belize's national ML threat was assessed as *Medium*, consistent with the ratings from the first NRA.

General Threat Assessment

28. In carrying out the ML threat assessment, the working group evaluated twenty-seven (27) categories of offenses that are typical ML predicate offenses and considered the origin of the threat (home or foreign), frequency, scale, and proceeds associated with such offenses, allowing for a comprehensive view of the ML threat nationally and across various sectors subject to AML obligations. Based on the results of the analysis, the working group concluded that the predicate offenses that posed the highest ML threat in Belize were illicit trafficking in narcotic drugs and

psychotropic substances (drug trafficking) and smuggling of goods. Other noteworthy predicate offenses include fraud, tax evasion, forgery, corruption and bribery.

29. Information collected and analyzed revealed that there were twenty-four thousand seven hundred forty-six (24,746) cases originating from the predicate offenses evaluated. Drug trafficking, with nine thousand three hundred eighty-one (9,381) cases, remained the most prevalent, accounting for approximately 37.9% of the total cases mentioned above. See **Figure 3** for a further breakdown of the number of cases per predicate offense.

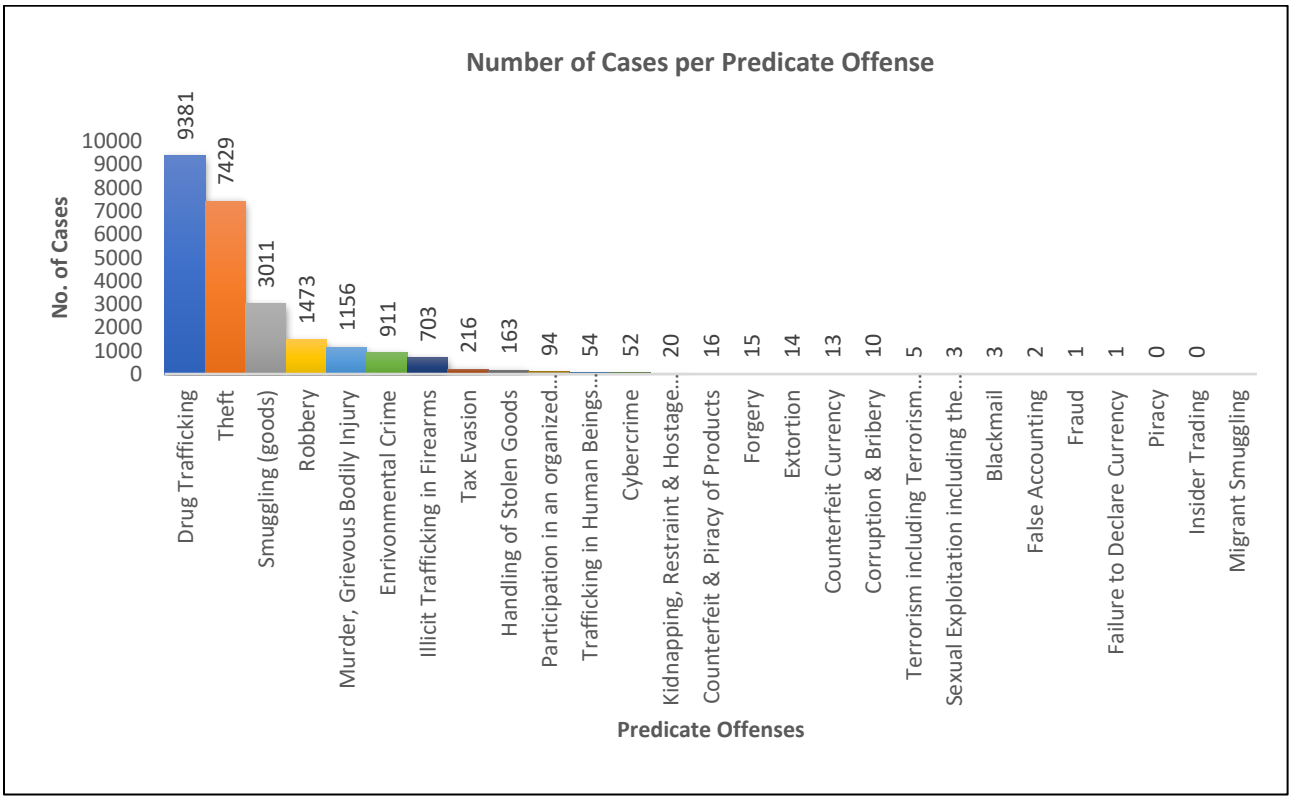


Figure 3: Number of Cases per Predicate Offense (2017 to 2023)

30. Since ML is transnational in nature, the working group concluded that the source or origin of seventeen (17) of the twenty-seven (27) predicate offenses evaluated originated from abroad. In the context of Belize, crimes that originate from abroad were found to yield larger profits than local crimes. The offense of fraud is a prime example. During the assessment period, there were two hundred thirty-five (235) domestic cases of fraud-related offenses[9] reported, involving proceeds or property of equivalent value totaling approximately One Million Three Hundred Thousand dollars in Belize currency (BZ$1.3M). On the other hand, there were only fifty-eight (58) fraud-related

[9] In accordance with Belize's Criminal Code, data related to fraud locally was maintained as '*obtaining property by deception*', which also include cyber-related fraud.

Mutual Legal Assistance (MLAs) requests received during the period and information available on two (2) cases concluded before the courts revealed that approximately Four Million Six Hundred Thousand dollars in Belize currency (BZ$4.6M), an equivalent Two Million Three Hundred Thousand dollars in United States currency (US$2.3M) was laundered in Belize.

31. See **Table 2** for the list of predicate offenses assessed, along with the corresponding ML threat ranking and the sources (origin) of the proceeds stemming from those offenses.

No.	Predicate Offense	Money Laundering Threat Rank	Direction[10]	Source
1	Illicit trafficking in narcotic drugs and psychotropic substances	Medium-High	↓	Foreign, Home
2	Smuggling of goods	Medium-High	↑	Foreign, Home
3	Fraud	Medium	↔	Foreign, Home
4	Forgery	Medium	↔	Foreign, Home
5	Tax evasion	Medium	↔	Foreign, Home
6	Corruption & bribery	Medium	↓	Foreign, Home
7	Theft	Medium	↔	Home
8	Robbery	Medium-Low	↔	Home
9	Migrant smuggling	Medium-Low	↑	Foreign, Home
10	Trafficking in human beings (trafficking in persons)	Low	↔	Foreign, Home
11	Illicit trafficking in firearms	Low	↔	Foreign, Home
12	Handling of stolen goods	Low	↔	Home
13	Counterfeit & piracy of products	Low	↔	Foreign, Home
14	Cybercrime	Low	-	Foreign, Home
15	Environmental crime	Low	↔	Foreign, Home
16	Extortion	Low	↔	Home
17	Blackmail	Low	↔	Home
18	Failure to declare currency	Low	↓	Foreign, Home
19	Kidnapping, restraint & hostage taking	Low	↔	Home
20	Participation in an organized criminal gang	Low	↔	Home
21	Piracy	Low	↔	Foreign, Home
22	Terrorism including terrorism financing	Low	↔	Foreign, Home
23	Counterfeit currency	Low	↔	Home
24	Sexual exploitation including the sexual exploitation of children	Low	-	Foreign, Home
25	False accounting	Low	↔	Foreign, Home
26	Insider trading	Low	↔	Foreign
27	Murder, grievous bodily injury	Low	↔	Home

Table 2: List of Predicate Offenses Assessed

[10] This illustrates the direction of the ML threat ranking, relative to the first NRA. The symbols are to be interpreted as follow: (↑) denotes an increasing trend, (↓) denotes a decreasing trend and (↔) denotes that the threat ranking remains the same or is constant.

Predicate Offenses with *Medium High* ML Threat

Illicit trafficking in narcotic drugs and psychotropic substances (Drug Trafficking)

32. Drug trafficking in Belize can be separated into two (2) main groups; one involving cannabis (marijuana) and the other involving mainly cocaine and other controlled drugs.

33. The cases involving marijuana are significant in terms of volume and prevalence, given that it is one of the most widely used illicit drugs locally and globally. However, its comparatively lower street value[11] relative to many psychotropic drugs means that marijuana trafficking often exhibits distinct economic and operational characteristics, including larger shipment volumes, lower value per unit, and different distribution patterns. Consequently, marijuana cases are often analyzed separately from higher-value psychotropic drug cases when assessing trafficking dynamics and market trends.

34. The second group, which includes cocaine and other controlled substances such as heroin and methamphetamines, represents a far more lucrative and complex aspect of the drug trade. This group holds significant importance due to its high demand in international markets, substantial profit margins and the extensive networks necessary for production, transportation and distribution.

35. Based on the foregoing, the working group evaluated the offenses related to both groups and considered that Belize is neither a producer nor consumer of controlled substances. Therefore, while the value of cocaine seized during the period was substantial, relative to marijuana and other drugs, significant weight was not attributed to cocaine trafficking, as the proceeds-generating activity (sale of drug/drug trafficking) does not occur in Belize, nor was there evidence suggesting that the proceeds generated from this offense abroad are laundered in or through Belize.

36. The assessment instead revealed that its geographical location with air, land and sea access and being within proximity to major drug transshipment points, makes Belize an attractive corridor for international trafficking by transnational organized criminal groups (OCGs) operating in the region. These OCGs often collaborate with locals, who are paid minimal amounts to facilitate the landing and immediate transportation of drugs across the border.

37. Marijuana, on the other hand, remains the most used illicit drug in Belize. In 2017, Belize's decriminalization of up to ten (10) grams[12] of possession marked a shift in the country's approach to cannabis. Based on intelligence, approximately ten percent (10%) of the marijuana consumed in Belize is cultivated locally, while the remaining ninety percent (90%) is imported or trafficked from neighboring jurisdictions, as the quality of such is believed to be superior to locally cultivated marijuana. Authorities have noted a significant increase in the importation of 'high-grade'

[11] Marijuana's lower street value compared to other controlled substances is primarily due to higher supply and demand, easier production, lower legal risks and market saturation.
[12] Despite the decriminalization, cultivation, sale and public consumption remains illegal.

marijuana into Belize from the United States, in response to local demand. This has resulted in the generation of substantial funds locally, potentially linked to ML.

38. During the assessment period, there were nine thousand three hundred eighty-one (9,381) drug offenses, spanning across several categories, including drug trafficking, importation of drugs, possession of controlled drugs with intent to supply, possession of controlled drug[13] and found property. See **Figure 4** for a breakdown of the number of drug trafficking cases based on these categories.

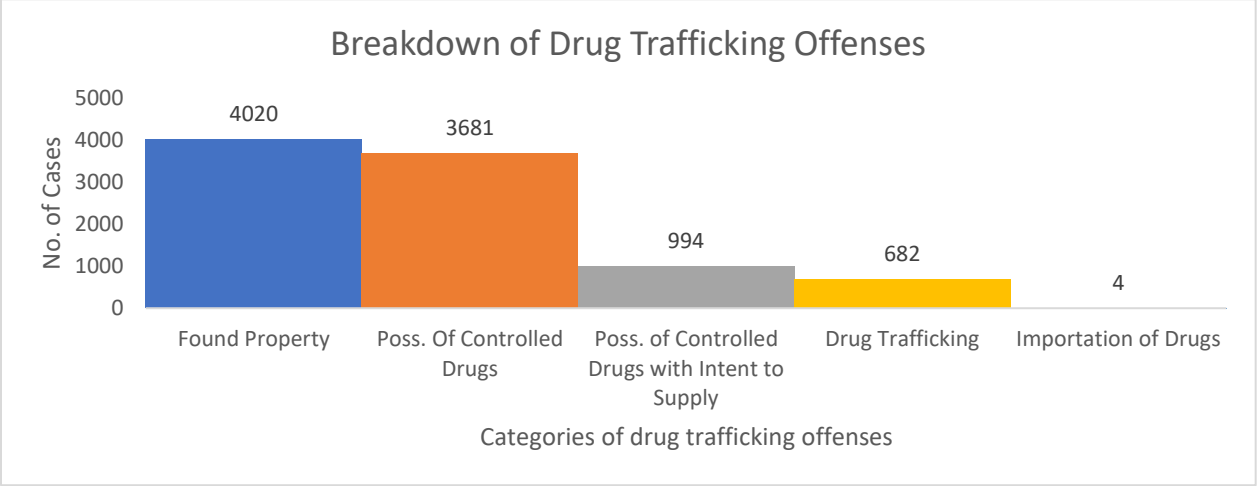


Figure 4: Breakdown of Drug Trafficking by Categories

39. As noted in the statistics above-mentioned, the majority, or approximately eighty-two percent (82%) of the drug offenses during the assessment period is related to found property and possession of controlled drugs. The decriminalization of controlled drugs, involving smaller quantities of drugs, generally for personal use, was considered to have a minimal impact on the ML threat.

40. To appropriately assess the ML threat posed by drug trafficking, the working group considered an internal threshold of Thirty Thousand dollars in Belize currency (BZ$30,000.00). Based on this,

[13] For clarity, the definition of these terminologies is as follows:
- **Drug trafficking** includes the production, transportation or distribution of controlled substances such as cocaine, heroin and large quantities of marijuana.
- **Importation of drugs** includes bringing controlled substances into Belize without authorization.
- **Possession with intent to supply** refers to the possession of drugs in amounts deemed larger than for persons use. This includes possession of over 60 grams of marijuana, which shifts the burden of proof to the defendant to show it was not for trafficking.
- **Possession of controlled drug** refers to personal use possession, though minor marijuana offenses (up to 10 grams) have been decriminalized since 2017.
- **Found property** refers to drugs found on premises or in a vehicle that are presumed to belong to the occupants unless proven otherwise.

seventy-seven (77) cases were identified that involved drug interdictions (found property and seizures) with a total value of Three Hundred Thirteen Million Eight Hundred Ninety Thousand dollars in Belize currency (BZ$313.89M). While marijuana interdictions were more prevalent during the assessment period, with forty-three (43) recorded cases (56% of cases), the value of cocaine interdictions was significant, accounting for Three Hundred Nine Million Four Hundred Sixty Thousand dollars in Belize currency (BZ$309.46M), an approximate 99% of the total value of drugs interdicted (see **Figure 5** for a breakdown of interdictions above $30,000.00).

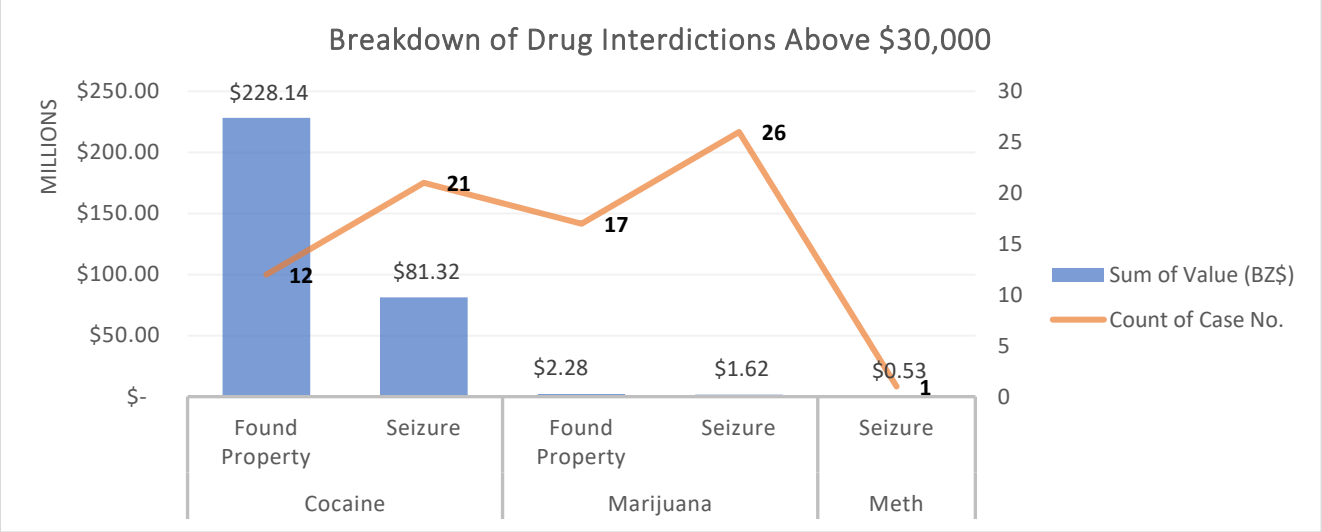


Figure 5: Breakdown of Drug Interdictions above $30,000 (by drug type)

41. Furthermore, as seen in **Figure 5**, a more granular analysis of cocaine interdiction revealed that the majority, or Two Hundred Twenty-Eight Million One Hundred Forty Thousand dollars in Belize currency (BZ$228.14M), was labelled as 'found property', primarily associated with unauthorized plane landings. The remaining cases, flagged as 'seizure' involved cases identified as drug trafficking, importation of drugs and possession with intent to supply.

Unauthorized Aircraft Landings

42. During the assessment period, a number of unauthorized aircraft landings were recorded, primarily in remote areas of northern and southern Belize. While some of these incidents led to seizures and arrests, many of the aircrafts were either set on fire or refuelled before departing northward. The assessment revealed a downward trend in the number of unauthorized aircraft landings, which peaked in 2021 and subsequently reduced in 2023.

43. Comparatively speaking, the number of unauthorized aircraft landings in Belize during the period represents approximately 5% of the total drug plane events reported within the region[14]. This indicates that while Belize is inherently vulnerable to transshipment activity due to its geographical location, the country does not serve as a major drug transhipment route as neighbouring countries.

44. While a key method of drug trafficking includes the use of aircraft, available information indicates that other methods are also used, including the use of high-speed boats, which facilitate the swift movement of narcotics along Belize's coast. It is believed that this latter method is on the rise, signalling a shift of OCGs approach to transshipment, given authorities continued success in interdicting other known methods.

45. Altogether, these incidents demonstrate Belize's role as a drug transshipment corridor, as opposed to a transshipment point, given that the drugs do not stay in Belize and therefore do not require sophisticated infrastructure or resources to stockpile and re-distribute drugs.

Recent Developments

46. In 2022, a joint operation between the Belize Defence Force (BDF), the Belize Coast Guard (BCG) and the Belize Police Department (BPD) led to the discovery of three coca plantations near Graham Creek in southern Belize, close to the Sarstoon River bordering Guatemala. Evidence of initial efforts to establish cocaine laboratories was also found. The coca plants had not yet matured, allowing authorities to intervene before full production could occur. Investigations were conducted to determine local involvement and any recent human activity in the area. These discoveries were anticipated by law enforcement authorities, due to similar activities south of the border in Guatemala. This also underscores the importance of continued jungle patrols by the BDF to prevent further developments within the Belize borders.

47. In arriving at the overall ML threat posed by drug trafficking, the working group weighed the offenses related to marijuana, separate from other controlled substances, particularly cocaine. Taking all factors into context, drug trafficking activities related to marijuana, the ML Threat was assessed as *Medium,* while drug trafficking activities resulting from other controlled drugs was assessed as *Medium High*. In the case of the latter, the working group noted that the proceeds-generating activity does not occur in Belize, nor is Belize used to launder the proceeds of this activity generated abroad. Additionally, the level of financial gains of locals in assisting or facilitating illegal landings and transportation is minimal, all of which supported a lower rating. However, the working group considered the existence of other factors, including the interconnectedness with or impact on other predicate offenses (e.g., corruption & bribery, murder and participation in an organized criminal group), which impeded the offense from a lower rating. As a result, the overall ML Threat posed by drug trafficking is assessed as *Medium High*.

[14] The Caribbean and Central America.

Smuggling of Goods

48. The Customs & Excise Department (CED) and the Belize Agriculture and Health Authority (BAHA) reported a combined three thousand eleven (3,011) interceptions of smuggled (contraband) goods during the assessment period. The types of goods commonly smuggled included; fuel, alcohol, food items (including vegetables and fruits), agricultural products and, to a lesser extent, milk products, energy drinks, and dog food/treats, with an estimated combined value of approximately Ten Million dollars in Belize currency (BZ$10M).

49. Smuggling operations in Belize have been an issue, often perpetrated by organized criminal networks that exploit the country's border. Data obtained revealed the escalating challenge of smuggling faced by CED. The number of smuggling interceptions increased significantly over the assessment period, resulting in increased patrols within the areas known for such illegal activities as well as the identification of new illegal border crossings. Notwithstanding the commendable progress by authorities, to intercept contraband goods, experts estimate that the value of smuggled goods intercepted represents approximately thirty percent (30%) of the overall goods smuggled into the country, highlighting the magnitude of this threat.

50. The Attorney General's (AG) office received a total of four (4) incoming mutual legal assistance (MLAs) requests relating to smuggling/customs smuggling. These requests came from neighboring countries, indicating a potential connection between smuggling activities in Belize and these countries.

51. While contraband activity in Belize has fluctuated due to external factors like the COVID-19 pandemic, it remains a persistent issue, particularly concerning agricultural products. Given the circumstances, the overall ML Threat linked to contraband smuggling was assessed as *Medium High.*

Predicate Offenses with *Medium* ML Threat

Fraud

52. During the assessment period, only one case of fraud was formally reported, which occurred in the northern district of Corozal in 2022. The absence of a specified monetary value for this case limited the understanding of the magnitude of this risk. However, the low number of cases in this regard is primarily because cases involving similar characteristics were classified under related offenses such as 'obtaining property by deception' and 'theft', rather than being recorded as fraud.

53. Additional factors such as under-reporting, difficulties in fraud detection and issues with the classification of fraud within Belize's legal framework may also have contributed to this trend. Furthermore, fraud cases are settled before reaching a conviction which limits formal documentation. Despite this, unofficial estimates place the total value of fraud during this period at over five million ($5M) dollars Belize currency.

54. Fraud cases in Belize often involve insurance fraud, where individuals deliberately inflate the cost of vehicle repairs after an accident or insured event. However, insurance companies often settle claims before fully establishing fraud due to the time-consuming nature of such investigations.

55. Other common type of fraud involves online phishing scams. Social media platforms such as Marketplace on the Facebook and Instagram apps, for example, are used to target individuals by posting fake job offers. Unknowingly, victims provide their personal information, leading to the deposit of stolen funds into their accounts. After receiving instructions to send the funds via MoneyGram or Western Union, the victims earn a small commission for what they perceive as legitimate work. Financial institutions report these detected incidents to the FIU via suspicious transaction reports (STRs).

56. Another Marketplace fraud that is also prevalent is Land fraud, where individuals falsely claim to have properties for sale, receive payment, and then disappear, never transferring ownership. Fraudsters often go so far as to provide forged documents to deceive buyers. In these cases, the BPD typically charges the perpetrator with obtaining property by deception, as opposed to fraud. Obtaining property by deception also includes the fraudulent sale of electronics, household appliances, personal beauty products, clothing, footwear and jewelry, to name a few.

57. While fraud was not as prevalent during the second assessment period compared to other offenses, evidence indicates that fraudulent activities continue to exist within Belize. Recent trends show both foreign nationals and locals engaging in fraud, in some cases, using illicit proceeds to acquire real estate. This indicates a growing international dimension to domestic fraud.

58. During the assessment period, there were fifty-eight (58) mutual legal assistance (MLA) requests. There were also two hundred fourteen (214) requests for information (RFIs) related to fraud, these included one hundred fifty-three (153) internationally and sixty-one (61) domestic requests. This represents a decline from the previous assessment period (2011–2016), which had a decrease of approximately 29.8%, possibly due to disruption of movements caused by the COVID-19 pandemic in 2020.

59. Despite fluctuations in the number of fraud cases reporting, requests for information and classification of such requests, the ML threat ratings for both domestic and international fraud remained unchanged as *Medium* during both assessment periods. This highlights that while fraud remains a persistent issue, it does not represent an overwhelming threat to Belize's financial system, either domestically or internationally.

Forgery

60. There were fifteen (15) cases of forgery reported during the assessment period, reflecting a 67% increase compared to the nine (9) cases recorded between the previous assessment period. This increase of six cases is significant with the highest number of forgery offenses occurring in 2023. The identification of these cases may suggest enhancement of detection mechanisms from

responsible authorities. The detection of these activities is linked to the document falsification, particularly in areas such as real estate fraud or identity theft.

61. In some cases, locally, individuals are known to forge scanned copies of identification documents. Forgeries in real estate scams involve creating false documents and using the signatures of deceased individuals in probate cases to illegally transfer property. Additionally, some individuals have been found to forge job letters, creating their own documents and forging their employer's signature to secure loans or other benefits.

62. Internationally, during the assessment period, only one (1) MLA request related to forgery was received, and there was no RFI reported. This represents a decline of approximately 66.7%, compared to the first assessment period, which saw the receipt of three (3) RFIs related to forgery.

63. Considering the factors mentioned above, the offense of forgery was assessed as having a *Medium* threat to ML.

Tax Evasion

64. While tax evasion is recognized as an acute challenge in loss of revenue to the GoB, there was no official data on the extent of tax evasion. Notwithstanding, the former General Sales Tax Department compliance measures in 2018 detected two hundred sixteen cases (216) cases of non-reporting and non-payment of taxes of approximately Six Million Six Hundred Thousand dollars in Belize currency (BZ$6.6M) which amounts to an average of eighteen (18) cases monthly averaging Thirty Thousand dollars in Belize currency (BZ$30,000.00).

65. On the international front, Belize is susceptible to ML from tax evasion. During the assessment period, the AG ministry received fourteen (14) incoming MLAs requests and sixty-two (62) RFIs from foreign countries seeking information on their nationals relating to this offense.

66. Based on the foregoing, the ML threat of tax evasion was assessed as *Medium.*

Corruption and Bribery

67. The working group acknowledged the relationship between corruption and other predicate offenses, noting that bribery can enable or facilitate crimes closely associated with ML, such as drug trafficking, fraud, tax evasion, and smuggling (both goods and migrants). These offenses, in turn, create a fertile environment for laundering illicit proceeds.

68. During the assessment period, ten (10) cases of corruption and bribery involving public officials were investigated, consistent with previous periods. Many of these cases were linked to illicit drug trafficking, driven largely by Belize's geographic position as a transshipment corridor in Central America.

69. Of the few cases identified, prevalent cases within the security forces were observed, though isolated cases were also noted across various government ministries responsible for natural resources, petroleum, mining and immigration.

70. Despite the relatively small number of cases, the Working Group recognized that low public sector salaries contribute to the attractiveness of bribery, presenting an underlying, though not extensive, risk to ML. This aligns with the medium rating, as Belize's strategic geographic position as a regional corridor plays a pivotal role in shaping its ML threat landscape.

71. From an international perspective, Belize responded to seven (7) MLA requests and twenty-nine (29) RFIs related to corruption and bribery from foreign jurisdictions during the assessment period. This marked a significant increase from the six (6) requests received during the previous assessment period, underscoring the growing globalization of financial crimes and the rise in cross-border money laundering activity.

72. While corruption may not yet pose an immediate or pervasive ML threat in Belize, its links to other high-risk activities, particularly drug trafficking, significantly heighten its importance in the ML threat landscape. For these reasons, these offenses were assessed as *Medium* ML threat.

Theft

73. During the assessment period, Belize recorded over seven thousand four hundred twenty-nine (7,429) cases of theft, with an estimated total value of Fourteen Million Five Hundred Thousand dollars in Belize currency (BZ$14.5M). These cases encompassed a wide range of property, including vehicles, livestock, thefts from individuals and premises (including cash). The working group used a threshold of Fifty Thousand dollars in Belize currency (BZ$50,000.00), to evaluate cases generating substantial proceeds, resulting in approximately thirty-three (33) theft cases potentially linked to ML. Most of the cases that were above the threshold occurred in the Belize and Corozal districts.

74. Theft in Belize also includes embezzlement by individuals working in both the private and public sectors, particularly within government departments. Embezzlers typically divert funds into their personal or family members' accounts, often through the banking sector, which subsequently triggers investigations by law enforcement and the FIU. Additionally, online scams, particularly those involving fraudulent sellers on social media Marketplace platforms, have become increasingly common.

75. In cases involving more valuable assets, such as high-end vehicles or boat engines, criminals tend to avoid banking institutions due to source-of-funds disclosures. Available information indicates that these individuals instead launder their proceeds through the purchase of real estate or investments in businesses like car dealerships. The total number of cases where the value was above the threshold was approximate Seven Million dollars in Belize currency (BZ$7M), but this was due to the fact that there was a single case in which a plane was stolen that was worth approximately Six Million dollars in Belize currency (BZ$6M). Despite the significant increase in international

cooperation, including twenty-three (23) foreign RFIs and twenty (20) MLA requests, Belize's theft-related ML threat remained as *Medium* both domestically and internationally. This underscores the steady, yet manageable, nature of theft-related financial crimes in the country, despite their growing complexity.

Predicate offenses with *Medium-Low* ML Threats

Robbery

76. The BPD recorded one thousand four hundred seventy-three (1,473) cases of robbery with a total value of stolen property (including cash) amounting to Two Million Eight-Hundred Thousand dollars in Belize currency (BZ$2.8M) during the assessment period. On average, there were approximately two hundred ten (210) robbery incidents annually, with the fewest number of cases reported in 2020, which may be attributed to the COVID-19 pandemic that limited the movement of individuals. While these incidents varied in the amounts stolen, only a few were linked to potential ML threat. The working group assessed the overall threat of ML from robbery as *Medium-Low*. This suggests that while robbery is a concern, its connection to significant ML activity remains limited.

77. A threshold of Fifty Thousand dollars in Belize currency (BZ$50,000.00) was set in place by the working group which assisted in identifying ten (10) high-value robberies totaling Nine Hundred Seventy-Nine Thousand Seven Hundred Twenty with Eight-cents in Belize currency (BZ$979,720.08), including cash, vehicles, business cheques and other items. The highest single robbery, valued at Three Hundred Forty-Nine Thousand Eight Hundred Fifty dollars in Belize currency (BZ$349,850.00), occurred in 2017. The Cayo district reported the most high-value cases.

78. Robbery activity fluctuated, with a rise in cash theft in recent years suggesting a focus on high-cash transactions. Cayo and Belize City were hotspots for high-value robberies, highlighting the need for improved security. The medium-low ML threat rating for robbery remained consistent across review periods (2010–2016 and 2017–2023). Internationally, robbery played a minimal role in cross-border ML.

Migrant Smuggling

79. During the assessment period, Belize continued to serve as a transit country for migrants, primarily those from Central America but also with increasing numbers of extra-regional migrants from Cuba, Venezuela, Ecuador, the Dominican Republic and Haiti. Operations conducted in 2022 revealed smuggling cases involving up to eighteen (18) migrants at a time.

80. Data during the assessment period from the Department of Border Management and Immigration Services (BMIS) revealed that two thousand three hundred twenty-nine (2,329) migrants faced refusals to enter the country, with the COVID-19 pandemic causing the fewest cases in 2020 and a significant increase in 2022. Additionally, BMIS ordered five thousand one hundred fifty-two (5,152) migrants to leave the country, recording two thousand nine hundred and five (2,905) convictions

and twenty-six (26) expulsions. Expulsions were typically reserved for individuals involved in serious criminal activity, such as gang members of MS-13.

81. Most Orders to Leave were issued to Guatemalans and Mexicans detained near Belize's borders, while Refuse Leave to Land orders were predominantly issued at the Philip S.W. Goldson International Airport for individuals failing to meet entry requirements. The Belize Central Prison reported the incarceration of one thousand seven hundred forty-four (1,744) immigrants, with the highest number of immigrant detainees in the sum of three hundred ninety-four (394) observed in 2019, and the lowest of one hundred forty-seven (147) persons in 2022.

82. Authorities observed that smuggling extra-regional migrants, such as those from Asia and Eastern Europe, may generate higher proceeds. However, migrant smuggling in Belize remains limited to transportation services provided by a small number of drivers and operators residing near the country's borders. The involvement of these individuals in smuggling does not yield significant economic impact.

83. There were no significant international reports on migrant smuggling during the assessment period, though concerns persist that organized groups operating regionally may be involved in such activities. Belize's proximity to Mexico and the USA, along its northern and western borders, makes it a part of the broader regional smuggling route.

84. The involvement of Belizeans in international smuggling typically consists of providing transportation services, with smugglers keeping the majority of the proceeds at the origin and destination points. The ML threat posed by international migrant smuggling is considered medium-low, given Belize's limited role in the overall network.

85. Therefore, due to the rise in frequency of smuggling incidents and the minimal financial gains staying in Belize, the ML threat posed by migrant smuggling from 2017 to 2023 was assessed as *Medium-Low.*

Predicate offenses with *Low* ML Threat

86. Of the twenty-seven (27) categories of predicate offenses evaluated, the majority or 66.7%, were assessed to present a Low ML threat in Belize; trafficking in human beings, illicit trafficking in firearms, handling of stolen goods, counterfeit & piracy products, cybercrime, environmental crime, extortion, blackmail, failure to declare currency, kidnapping, restraint, and hostage taking, participation in an organized criminal gang, piracy, terrorism, including terrorism financing, counterfeit currency, sexual exploitation, including the sexual exploitation of children, false accounting, insider trading, murder and grievous bodily injury.

87. Combined, the above-mentioned offences accounted for approximately three thousand two hundred ten (3,210) cases (investigation), with murder, grievous bodily injury, environmental crime,

and illicit trafficking of firearms and other goods accounting for approximately 86.3% of cases. Despite the moderate number of cases, no direct ML link could be established. Furthermore, where the offenses were found to generate proceeds, it was determined to be low, and as such, the proceeds would be spent rather than laundered.

88. Based on the foregoing, these offenses were assessed to pose a *Low* ML threat to Belize.

Sectoral ML Threat Assessment

89. Guided by the WB's NRA Tool, the working group also assessed the ML threat associated with the various sectors subject to AML obligations in Belize. In arriving at the sector threat rating, the working group considered the following:

    i. information on cases with ML convictions, given that the most reliable information is generally from such cases;

    ii. information on the ML cases that were investigated and prosecuted in the absence of ML convictions during the assessment period, as the information remained relevant to determine how money may be laundered using the various sectors; and

    iii. information in MLA requests to supplement the assessment and obtain a good and reliable insight into sectors that may be used to launder the proceeds of crime that originated abroad.

90. The working group identified the banking sector (domestic and international banks), the commercial free zone (CFZ) sector, and the registered agent's sector (formerly Trust or Company Services Providers) as the sectors most vulnerable to the threat of ML. The ML threat level for these sectors was assessed as *Medium-High*. See **Table 3** for the list of sectors assessed, along with the corresponding ML threat rating.

91. The respective sub-chapters capture further information that underpins the assessment of the ML threat of each sector.

No.	Sector	ML Threat Rating
1	Domestic Banks	Medium-High
2	International Banks	Medium-High
3	Registered Agents (formerly TCSPs)	Medium-High
4	Businesses Operating in a Free Zone	Medium-High
5	Credit Unions	Medium
6	Remittance Service Providers	Medium
7	Casinos	Medium
8	Motor Vehicle Dealers	Medium
9	Other Independent Legal Professionals	Medium
10	Real Estate Agents	Medium
11	Lawyers/ Notaries	Medium-Low
12	Accountants/ Auditors	Low
13	Dealers in Precious Metals and Stones	Low
14	Domestic Insurance	Low
15	Domestic Securities	Low
16	E-Wallet	Low
17	International Asset Protection & Management	Low
18	International Insurance	Low
19	International Securities	Low
20	Licensed Gaming Establishments	Low
21	Moneychangers	Low
22	Moneylenders	Low
23	Mortgage Lending	Low
24	Other Specialist Financial Institution	Low
25	Payment Processing Services	Low
26	Private Pensions	Low

Table 3: Money Laundering Threat Ranking for Sectors Assessed

Introduction

92. The FATF is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering (ML), terrorist financing (TF) and the financing of proliferation of weapons of mass destruction. FATF recommends that countries identify, assess and understand their ML and TF risks and take actions to mitigate these risks effectively. The Interpretive Note to Recommendation 1 further recommends that such assessment should be kept up to date in order to:
    i. inform potential changes to the country's AML/CFT regime,
    ii. assist in the allocation and prioritization of AML/CFT resources by competent authorities, and
    iii. make information available for AML/CFT risk assessments conducted by Financial Institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBPs).

93. In response to FATF Recommendation 1, Belize completed its first ML/TF NRA in 2019 using the WB NRA Tool. Since then, the Belizean authorities have maintained an understanding of risk through various other means, including the FIU's strategic analysis tools and mechanisms, sectoral risk assessments and risk assessments conducted by FIs and DNFBPs. While the 2019 NRA provided a strong foundation for the country's understanding of national risk, Belize moved to immediately update its national assessment by commencing the second NRA in 2022. Thus, ensuring that the process is completed within the 5-year target as set out in the NP&S, and the Money Laundering and Terrorism (Prevention) Act (MLTPA)[15].

94. The second NRA initially considered data for the period 2017 to 2021 (five years). However, while the NRA was in process, a decision was taken to expand the data set to include 2022 and 2023, to ensure the most up-to-date understanding of risk. This ensured that the output of the NRA process would remain more beneficial to both private and public sector stakeholders, who are required to implement a risk-based approach.

Objectives

95. Understanding the ML and TF risks at a national level is a key principle of developing and implementing an effective national AML/CFT regime and is a cornerstone of the FATF's risk-based approach concept[16]. As a corollary, with the aim of maintaining an up-to-date understanding of national ML/TF risks and ensuring resources are effectively allocated to mitigate ML/TF risks the NAMLC, with Cabinet's approval, commenced Belize's second ML/TF NRA in July 2022.

[15] Section 77B(1A) of the MLTPA.
[16] For information on the FATF Risk-Based Approach, see the FATF website at: https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/National_ML_TF_Risk_Assessment.pdf.coredownload.inline.pdf

96. The findings of the NRA process will assist authorities to:
    i. Identify and understand the main sources, trigger points and methods of ML/TF in Belize;
    ii. Identify and better understand the threats and vulnerabilities for ML/TF across the various sectors;
    iii. Evaluate weaknesses in the institutions systems for dealing with ML/TF;
    iv. Develop effective risk-based policies and actions; and
    v. Build public sector capacity to counter threats, reduce vulnerabilities, and determine an efficient allocation of AML/CFT resources based on the level of identified ML/TF risks.

97. While the NRA is an important process for GoB and the relevant competent authorities, it is equally important for the private sector, which is also required to implement a risk-based approach in their respective AML compliance programs. As such, the Reporting Entities in particular are required to review the results of the NRA and ensure that their AML compliance programs appropriately reflect the required risk-based approach, focusing on the threats and vulnerabilities that are most relevant to each sector and their individual business.

The National Risk Assessment (NRA) Process

98. This report represents the results of Belize's second NRA, which was conducted in the form of a self-assessment by the Belizean authorities and private sector partners using the updated WB's ML/TF NRA Tool. This tool balances the use of quantitative information (data and statistics) with qualitative information (experience, public and academic information, etc.) and covers the period of seven (7) years, from 2017 to 2023.

99. NRA working groups used a multi-faceted approach to complete the assessment of the various modules. This includes dispatching questionnaires or surveys to various groups of participants to collect quantitative and qualitative data. This was complemented by focused group meetings (virtual and in-person), which facilitated in-depth discussions among the various stakeholders. Additionally, interviews were also conducted to collect more detailed qualitative insights into key areas (e.g., to understand the threat environment), which allowed for a deeper understanding of personal experiences and expert opinions. Working groups also relied on open-source data, where available. This approach allowed for a robust analysis of the data, enhancing the overall validity and findings.

Organization of the NRA Process & Participants

100. The NRA process involved the following three (3) phases:
    - Preparation, Launch, and Initial Assessment;
    - Data Collection, Analysis and Drafting of the Report; and
    - Finalization of the Report and drafting of an overview of proposed actions following the assessment.

101. Prior to the launch of the second NRA, the NAMLC, through the FIU, dispatched correspondences to several government departments and competent authorities informing them of the commencement of the NRA update exercise and solicited the nomination of senior experts/professionals to serve on specific NRA working groups. Opening meetings were subsequently coordinated, to bring together the persons nominated to serve on the various working groups and sensitize them on the NRA process.

102. Similar to the first, the second NRA one was conducted through a collaborative process involving a broad range of public sector authorities, regulatory bodies, law enforcement agencies and private sector stakeholders. Subject matter experts contributed to specialized working groups covering national vulnerabilities, money laundering threats, terrorist financing risks. These included financial (FIs) institutions, designated non-financial businesses and professions (DNFBPs) and non-profit organizations (NPOs) as well as stakeholders in the legal persons and legal arrangements sectors. This collaborative approach supported a comprehensive understanding of national ML/TF risks and vulnerabilities.

103. Specific focus was placed on including as many persons as possible who were involved in the First NRA in the respective working groups for the Second NRA, ensuring Belize could capitalize on the institutional knowledge and experience of such persons.

104. All working group members were required to sign a confidentiality agreement, prohibiting the disclosure or use of data, materials, and other information obtained as part of the NRA process. This measure protected the integrity of the process, adding to the confidence of participants from both the public and private sectors in this exercise.

Challenges/ Limitations

105. While the NRA working groups noted that various stakeholders demonstrated notable improvements in collecting and maintaining relevant data. They also noted that gaps in some key quantitative data remained. These constraints continued to present a limitation to the NRA process.

106. Belize being a small jurisdiction, competent authorities noted that they had to balance completing the NRA against competing operational priorities and other priorities, such as the Mutual Evaluation Process, which commenced in December 2022. Notwithstanding having to strike this balance, the process of conducting the NRA allowed the country to obtain a contemporary understanding of ML/TF risk. In this regard, while the NRA was in process, a decision was taken to expand the data set to include 2022 and 2023, to ensure the most up-to-date understanding of risk

Country Context for ML

107. Belize is a small democratic country located on the northeastern coast of Central America, bordered by Mexico to the north, Guatemala to the west and south, and the Caribbean Sea to the east. The country measures approximately eight thousand eight hundred sixty-seven (8,867) square miles, with an estimated population of 404,198 as of mid-year 2023[17], making it the least populated Central American country[18]. Furthermore, about 16% of Belizeans live abroad, while immigrants constitute approximately 15% of Belize's population[19].

108. Belize has a small, open economy primarily driven by tourism and agriculture. The Statistical Institute of Belize's preliminary Gross Domestic Product estimates for the fourth quarter months of October to December 2023 showed that the value of goods and services produced within the country during this period totaled One Billion Three Hundred Fifty-Five Million dollars in Belize currency (BZ$1.355B)[20] with its largest trading partners being the United States of America (USA), China, Guatemala, the United Kingdom (UK), and Mexico[21].

109. Belize is a parliamentary democracy and constitutional monarchy that recognizes King Charles III as the Head of State, who is represented by a Governor General[22]. Executive power resides with the Prime Minister, who is the head of the Cabinet of Ministers. The National Assembly is the legislature or Parliament of Belize and consists of two Houses: the Senate (Upper House) and the House of Representatives (Lower House). The Senate is comprised of thirteen (13) Members who are nominated and appointed by the Governor General of Belize, while the House of Representatives is comprised of thirty-one (31) Members who are elected in general elections under the provisions of the Representation of the People Act[23]. One of the main functions of the National Assembly is to make laws for peace, order and good governance, which are debated by both Houses and assented by the Governor General.

110. Belize's justice system is broadly based on English Common Law, with the High Court of Belize (formerly the Supreme Court) having jurisdiction to hear civil and criminal matters as well as serving as the appeal court from the lower Courts. The High Court is headed by the Chief Justice and is staffed with twelve (12) Justices, seven (7) of whom sit on the criminal bench and five (5) on the civil bench.

111. There are four (4) AML/CFT supervisory authorities (SAs) in Belize responsible for supervising FIs and DNFBPs[24]. The Central Bank of Belize (CBB) is the prudential and AML/CFT SA for FIs, including banks (domestic and international), payment service providers (remittance service providers and e-

[17] https://sib.org.bz/statistics/population/
[18] https://www.statista.com/statistics/1399508/population-of-central-america-by-country
[19] https://www.cia.gov/the-world-factbook/countries/belize/
[20] https://sib.org.bz/statistics/economic-statistics/gross-domestic-product/
[21] https://oec.world/en/profile/country/blz
[22] https://www.cia.gov/the-world-factbook/about/archives/2022/countries/belize/summaries
[23] https://www.nationalassembly.gov.bz/national-assembly/
[24] In accordance with section 81 of the Financial Services Commission Act, 2023 VASP activity has been prohibited in Belize until December 31, 2025. National ML/TF risk relating to VASPs will be assessed in a separate risk assessment.

wallets), credit unions, and moneylenders. The FIU is the designated SA for DNFBPs, which includes real estate agents, casinos, businesses operating in a free zone, lawyers, motor vehicle dealers, other independent legal professionals, licensed gaming establishments, accountants and Dealers in Precious Metals and Stones (DPMS). The DPMS sector is jointly supervised by the FIU and the CBB. The FIU supervises activities in relation to the buying and selling of precious metals and precious stones, while the CBB supervises the moneylending activities of those DPMS operators that are licensed to operate as a moneylender. The Financial Services Commission (FSC) is the regulator and SA for FIs which includes businesses trading in securities (domestic and international), payment processing services, mortgage lending, as well as registered agents who fall under the category of DNFBPs. Lastly, the Office of the Supervisor of Insurance and Private Pensions (OSIPP) is the regulator and SA for the insurance and private pension sectors.

112. The MLTPA, the Domestic Banks and Financial Institutions Act (DBFIA), the FSC Act, the Credit Union Act, the Insurance Act and the Private Pensions Act are among the laws that outline the above supervisors' mandate, fundamental authority and duties.

Cross-Border ML Threat Assessment

113. Given the cross-border nature of ML and in line with the WBs NRA Tool, the working group also assessed the cross-border ML threat relating to nine (9) countries[25]: the United States of America (USA), the United Kingdom (UK), Mexico, Russia, Honduras, Guatemala, El Salvador, Panama, and China. The aim of this exercise was to determine the ML threat of the selected country from a broad economic context. As such, data collected to complete this assessment included, *inter alia*, financial inflows and outflows relating to trade in goods and services, foreign direct investments, portfolio investments, remittances, and other inflow. To arrive at a rating, the working group also considered several ML indicators related to each jurisdiction, including, *inter alia*, the number of ML convictions, prosecutions, and investigations, the number of MLA requests, the total amount associated with the MLA requests and the number of foreign RFIs.

114. Based on the foregoing, the working group identified the incoming ML threat arising mainly from the USA, primarily related to the predicate offenses of fraud and tax evasion. During the assessment period, the working group found that there was a total of seventy-three (73) RFIs received and twenty-nine (29) incoming MLA requests, including in relation to ML, fraud, drug trafficking, wire fraud and tax evasion.

[25] These countries were selected based on the availability of macroeconomic information.

ML Vulnerability at National Level

115. Belize's overall national ML vulnerability during the assessment period of the 2nd NRA was assessed to be *Medium*. This represents an improvement from the first NRA, which is primarily driven by improvements in the country's national ML combating ability.

116. As illustrated in **Figure 1**, the national ML vulnerability is a function of the country's ML combating ability and overall sectoral vulnerability, both of which were assessed to be *Medium High*.

National ML Combating Ability

117. Belize's national money laundering (ML) combating ability was assessed using the World Bank's National Risk Assessment methodology, which examines the effectiveness of the country's legal, regulatory, institutional and operational framework for preventing, detecting, investigating and prosecuting ML and associated predicate offences. The assessment considered twenty-two (22) national input variables, which collectively measure the quality and effectiveness of the country's general anti-money laundering (AML) controls and its institutional capacity to mitigate identified ML risks. The assessment encompassed the following key areas:

118. National AML Policy, Legislative and Regulatory Framework: The assessment considered the quality of Belize's national AML policy and strategy, the effectiveness of the legal definition of money laundering and the comprehensiveness of legislation governing asset forfeiture. These variables examined the adequacy of the country's legislative and policy framework in supporting the prevention, investigation and prosecution of ML and the recovery of proceeds of crime.

119. Financial Intelligence, Investigations and Prosecutions: The assessment examined the quality of financial intelligence gathering and processing, the capacity and resources available for financial crime investigations and prosecutions and the integrity and independence of financial crime investigators and prosecutors. These variables considered the institutional arrangements and capabilities necessary to identify, investigate and prosecute ML and associated financial crimes effectively.

120. Judicial Capacity and Institutional Independence: The assessment evaluated the capacity and resources available for judicial processes, together with the integrity and independence of the judiciary. These factors are important in ensuring that ML and related financial crime cases are addressed through an effective, impartial and appropriately resourced judicial system.

121. Customs, Border Controls and Cross-Border Financial Movements: The assessment considered the comprehensiveness of Belize's customs regime governing cash and similar instruments, the effectiveness of customs controls and the quality of border controls. These variables examined the country's legal and operational arrangements for monitoring and controlling cross-border movements of currency and other monetary instruments.

122. Domestic and International Cooperation: The assessment examined the effectiveness of domestic cooperation among competent authorities and the effectiveness of international cooperation with foreign counterparts. These variables considered the arrangements supporting coordination, information exchange and collaborative action in addressing ML and related financial crimes.

123. Financial Transparency, Tax Administration and Economic Formalization: The assessment considered the level of financial integrity, the effectiveness of tax enforcement, the availability of independent audits and the level of formalization of the national economy. These factors contribute to the reliability of financial records, transparency of economic activities and the ability of competent authorities to identify and address potentially illicit financial transactions.

124. Identification Systems, Beneficial Ownership and Independent Information Sources: The assessment evaluated the availability of reliable identification infrastructure, access to beneficial ownership information and the availability of independent information sources. These variables are important in supporting financial transparency, customer identification, verification of ownership and the ability of competent authorities and reporting entities to obtain reliable information for AML purposes.

125. The findings of the Second NRA identified notable improvements in twenty-one (21) of the twenty-two (22) national ML combating ability variables when compared with the First NRA. These improvements were primarily attributable to legislative and regulatory reforms, strengthened institutional coordination, enhancements in operational and administrative systems, increased capacity-building initiatives and the implementation of measures under Belize's National AML/CFT/CPF Policy and Strategy and National Action Plan.

126. Collectively, these developments contributed to strengthening Belize's national ML combating ability, which was assessed as *Medium-High* and supported the reduction in overall national ML vulnerability from *Medium-High* in the First NRA to *Medium* in the Second NRA.

ML Risk at the Sectoral Level

127. As previously mentioned, risk is a function of threat, vulnerability, and consequence. This concept was therefore maintained in arriving at the ML risk for each sector assessed in this second NRA. The rating for sectoral ML threat was obtained from Module 1 (see Chapter 1, Table 2), and the rating for ML vulnerability was obtained from the various sectoral vulnerability modules as mentioned in the paragraph above. Consequences in this regard are incorporated within each vulnerability module, specifically when completing the inherent vulnerability assessment.

128. Guided by the methodology and based on available information, five (5) sectors were assessed to pose a *Medium-High* ML risk, nine (9) sectors posed a *Medium* ML risk, 10 sectors posed a *Medium-Low* ML risk, and the remaining two (2) sectors posed a *Low* ML risk. See **Figure 6** for a breakdown of sectors by ML risk rating and **Table 4** for an overview of the ML risk rating by sectors.

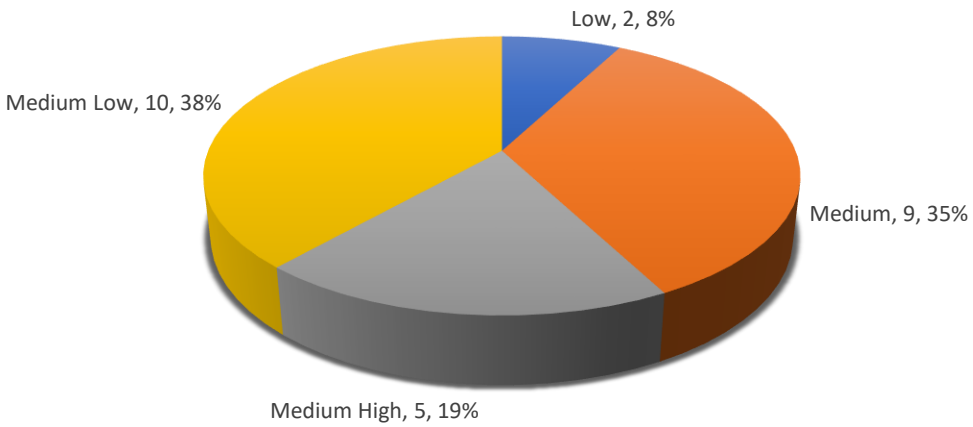


Figure 6: Number of Sectors by ML Risk Rating

FINANCIAL AND OTHER FINANCIAL INSTITTION SECTORS					
No.	**Sectors**	**ML Threat Rating**	**ML Vulnerability Rating**	**ML Risk Rating**	**Direction of Risk[26]**
1	International Banks	Medium High	Medium	Medium High	↔
2	Domestic Banks	Medium High	Medium Low	Medium	↔
3	Credit Unions	Medium	Medium Low	Medium	↓
4	Remittance Service Providers	Medium	Medium	Medium	↓
5	International Asset Protection & Management	Low	Medium High	Medium	↓
6	International Securities	Low	Medium High	Medium	↓
7	Mortgage Lending	Low	Medium High	Medium	-
8	Domestic Insurance	Low	Medium Low	Medium Low	↔
9	International Insurance	Low	Medium	Medium Low	↔
10	Moneychangers	Low	Medium	Medium Low	-
11	Moneylenders	Low	Medium Low	Medium Low	↓
12	Other Specialist Financial Institutions	Low	Medium Low	Medium Low	-
13	Payment Processing Services	Low	Medium	Medium Low	↓
14	Payment Service Provider (E-wallet)	Low	Medium Low	Medium Low	-
15	Domestic Securities	Low	Low	Low	-
16	Private Pensions	Low	Low	Low	-
DESIGNATED NON-FINANCIAL BUSINESSES AND PROFESSIONS					
17	Casinos	Medium	Medium High	Medium High	↔
18	Business Operating in a Free Zone	Medium High	Medium High	Medium High	↓
19	Real Estate Agents	Medium	Medium High	Medium High	↓
20	Registered Agents	Medium High	Medium	Medium High	↔
21	Lawyers/ Notaries	Medium Low	Medium	Medium	↓
22	Motor Vehicle Dealers	Medium	Medium	Medium	↓
23	Other Independent Legal Professionals	Medium	Medium	Medium	-
24	Accountants/ Auditors	Low	Medium	Medium Low	↓
25	Dealers in Precious Metals and Stones	Low	Medium Low	Medium Low	↔
26	Licensed Gaming Establishments	Low	Medium Low	Medium Low	↓

Table 4: ML Risk Rating for Sectors Assessed

[26] This is relative to the first NRA.

129. As seen in the table above, the ML risk in most sectors is on a decreasing trend. This is primarily attributed to measures implemented during the review period to strengthen ML vulnerabilities identified in the first NRA. These include, for example;

    i. amendments to the MLTPA to, *inter alia*, further align with international standards, such as updating criminal sanctions for ML to make them more effective, proportionate and dissuasive; and
    ii. supervisory authorities progress with further strengthening or developing their risk-based supervision, resulting in the increased effectiveness of supervision procedures and practices.

130. Other areas of vulnerabilities that registered improvements also included the three common variables that were assessed in the national vulnerability module (Module 2), namely;

    i. availability and access to BO information,
    ii. availability of reliable identification infrastructure, and
    iii. availability of independent information sources.

    For consistency, the ratings adopted at the national level for these variables were maintained across the various sectoral vulnerability modules, as they all assessed similar structures or mechanisms in place within Belize.

131. In assessing the level of ML vulnerabilities within the relevant sectors, an average of twelve (12) AML control variables (also referred to as general input variables and three of which are mentioned in the paragraph above) and 12 inherent vulnerability variables were assessed and rated. The AML control variables relate to the quality and effectiveness of AML controls and higher ratings of these variables reduce the vulnerability with the respective sector. Conversely, as the deficiency in AML variables within a sector increase, so does the level of ML vulnerability. As it relates to the inherent vulnerability variables, these are specific features and users within each sector, with higher ratings of the variables indicating an increased vulnerability within the respective sector.

ML Risk at the Banking Sector

The International Banking Sector

132. The ML risk of the International Banking sector was assessed as *Medium-High*, resulting from *Medium-High* ML Threat and a *Medium* ML Vulnerability.

133. International banks are licensed by the CBB to offer a range of traditional banking products, such as deposit accounts (e.g., savings, checking, and time deposit) and loans (e.g. consumer and commercial). At the end of 2023, there were a total of three (3) international banks, with a total asset size of One Hundred Ninety-nine Million dollars in United States currency (US $199M).

134. The ML threat assessment revealed that international banks were featured in three ML investigations during the assessment period, representing approximately 7.7% of total ML investigations and involved approximately Five Million Seven Hundred Thousand dollars in United States currency (US $5.7M) in suspected criminal proceeds linked to offenses of obtaining property by deception/theft (which shared similar characteristics of fraud) and forged trademarks. Additionally, authorities received several incoming MLAs on subjects who had accounts with international banks and were under investigation for ML.

135. The vulnerability assessment also revealed that the sector is inherently vulnerable to ML due to, *inter alia*, their client base profile, which includes mostly non-residents and whose products and services are known to be attractive for ML purposes, based on the existence of global ML typologies. Despite controls being in place to deter and prevent ML abuse of such products, the threat assessment, as mentioned above, highlighted that the service most susceptible and which was used as a channel for the referenced ML cases, was the international wire transfers.

136. Nonetheless, there has been a notable decrease in the international banking business in Belize, resulting from the closure of two international banks during the assessment period. Additionally, international banks that have a domestic presence have continued their efforts to manage their risk exposure by ensuring a robust AML/CFT framework to comply with the legal requirements and maintain correspondent banking relationships (CBRs). This was catalyzed by Belize having been greatly affected by de-risking, further curtailing international business. This is also evident in the significant and consistent reduction of the total assets of the international banking industry over the last ten (10) years, from a total of Five Hundred Twenty Million dollars in United States currency (US $520M) in December 2013, to One Hundred Ninety-Nine Million dollars in United States currency (US $199M) in December 2023.

137. The assessment of the general input variables showed that, on average, the banking system received a high (positive) rating for the 13 variables, except for the availability of independent information sources. As mentioned earlier in the report, this is a variable that was assessed at a national level and it determines that while banks have implemented measures to identify and verify

natural and legal persons, a reliable and independent source to verify a client's transactional patterns and credit history was not available.

138. The working group also noted that the country had taken significant steps in closing legislative gaps identified in the first NRA, as previously mentioned above. However, it was identified that further strengthening of the International Banking Act, which governs international banks in Belize, to fully align with the Basel Core Principles (BASEL) would be advantageous. Despite areas where strengthening was recommended, the CBB ensures that banks implement best practices and international standards through effective supervision.

139. In December 2022, the CBB implemented the Guidelines for Imposing an AML/CFT/CPF Administrative Penalty, which was updated in February 2023. The document provides a guide for weighting violations to determine proportionate and dissuasive sanctions. Using this approach, the CBB imposed an administration penalty on one international bank during the assessment period, citing AML violations.

The Domestic Banking Sector

140. The ML risk of the domestic banking sector was assessed as *Medium*, resulting from a *Medium-High* ML Threat and *Medium-Low* ML Vulnerability.

141. Domestic banks are licensed by the CBB to offer a range of traditional banking products, including deposit accounts, loans and credit cards. At the end of 2023, there were a total of four (4) domestic banks, with a total asset size of Four Billion Eight Hundred Million dollars in Belize currency (BZ $4.8B), thus making it the largest sector within Belize's financial system.

142. The ML threat assessment revealed that the domestic banking sector was featured in thirteen (13) ML investigations, representing the most ML investigations by any one sector during this second NRA. Proceeds of crimes entering the sector originated from various offenses, including embezzlement, fraud (inclusive of phishing scams), theft, tax evasion and forged trademarks (intellectual property rights infringement). Additionally, authorities received several incoming MLAs on subjects that maintained accounts with domestic banks that were being investigated by foreign authorities for ML.

143. The vulnerability assessment also showed that the sector is inherently vulnerable to ML due to, *inter alia*, their client base profile, the cash-intensive nature of deposits and the overall attractiveness of banking products and services based on extensive global ML typologies.

144. The vulnerability assessment further revealed that the CBB has implemented a risk-based approach to AML/CFT supervision of banks and has continuously taken measures to strengthen its framework. The AML/CFT risk-based supervision framework is guided by the CBB's Risk-Based Supervision Policy and Methodology and the Supervisory Strategy for Managing ML/TF Risks.

145. The banking sector has made significant efforts in implementing mitigating processes and procedures in accordance with FATF Recommendations, BASEL, the MLTPA, and the AML/CFT/CPF Guidelines. In addition, the CBB has ensured banks' compliance with international standards and legal requirements through on-site examinations and off-site surveillance. Banks have demonstrated improvements in the implementation of their AML framework in areas such as transaction monitoring and applying a risk-based compliance program. In addition, the AML/CFT legal framework has been strengthened to be fully compliant with international standards.

146. The banking sector was found to have adequate measures in place to mitigate ML overall. As regulator and supervisor of the banking sector, the CBB is committed to ensuring that remaining deficiencies identified through the NRA process are addressed.

ML Risk at the Other Financial Institutions (OFIs)

The Credit Unions

147. The ML risk of the credit union sector was assessed as *Medium*, resulting from a *Medium* ML threat and *Medium-Low* ML vulnerability.

148. At year-end 2023, Belize had eight (8) active credit unions registered under the Credit Unions Act. With over 150,000 members and an asset size of One Billion Three-Hundred Million dollars Belize currency (BZ $1.3B), the credit union sector holds the largest percentage share of GDP (21.6%) compared to other OFI sectors.

149. The ML threat assessment revealed that the credit union sector was featured in seven (7) ML investigations involving approximately Two Million Nine Hundred Thousand dollars Belize currency (BZ$2.9M). Proceeds of crime entering the sector originated from various offenses including embezzlement, theft, obtaining property by deception, tax evasion, and fraud (inclusive of phishing scams).

150. The vulnerability assessment revealed that credit unions provide domestic services to predominantly natural persons and their client base does not include foreign politically exposed persons. The sector does not offer complex financial products and services. The products and services offered by credit unions are standard (deposits and loans). Further, funds deposited for the repayment of loans are done primarily via salary deductions from employers. Credit unions are not engaged in cross-border wire transfers and have no correspondent banking relationships and are therefore not directly interconnected with the global financial system.

151. Like other FIs, credit unions are subject to comprehensive laws regarding AML preventive measures and AML supervision. These measures include maintaining an effective risk-based AML compliance program covering the development of internal policies, procedures, and related controls,

designating a compliance officer, having a thorough ongoing employee training program, and conducting independent reviews for compliance.

The Remittance Service Providers Sector

152. The ML risk of the remittance service providers (RSPs) sector was assessed as *Medium*, resulting from a *Medium* ML threat and *Medium* ML vulnerability.

153. The RSPs act as agents for international money services businesses (MSBs) that are registered with the Financial Crimes Enforcement Network in the United States. Fifty percent (50%) act as agents of Western Union, which is a publicly traded company, and the other fifty percent (50%) act as agents for MoneyGram, which is a private company. Belize's RSPs are subject to local and international AML legal requirements. None of the RSPs are involved in other activities subject to the MLTPA.

154. At year-end 2023, Belize had four (4) RSPs licensed, and forty-three (43) agents registered under the National Payment System Act (NPSA). The outflows from Belize stood at Seventy-Six Million Five Hundred Ninety-Thousand dollars Belize currency (BZ$76.59M), while the inflows into Belize stood at Two Hundred Ninety-Nine Million dollars Belize currency (BZ$299M) with the latter representing a 4.9% share of GDP.

155. The ML threat assessment revealed that the remittance service providers sector was featured in two (2) ML investigations, with the funds originating from fraudulent schemes, including phishing.

156. The extent and quality of the regulatory and AML supervisory framework, along with the implementation of risk-based controls and mitigating measures, influence overall risks. Overall risks and threats are influenced by the extent and quality of the regulatory and AML supervisory framework as well as the implementation of risk-based controls and mitigating measures. Like other FIs, RSPs are subject to comprehensive laws regarding AML preventive measures and AML supervision. The sector has established and implemented a risk-based AML compliance program, which includes the development of internal policies, procedures, and related controls, a designated compliance officer, an ongoing training program and AML audits to test compliance. The supervisory authority's ability to identify unlicensed or unregistered RSPs and its understanding of the sector's level of risk is based on the RSPs sectoral risk assessment. Other mitigating measures include implementing transaction limits and prohibiting anonymous use of the product.

The International Asset Protection & Management and Mortgage Lending Sectors

157. The ML risk of the above-mentioned sectors was assessed as *Medium,* resulting from a *Low* ML threat and *Medium-High* ML vulnerability.

158. At year-end 2023, there was one (1) entity that maintained both license types, with total assets of One Hundred One Million Five Hundred Thousand dollars United States currency (US$101.5M). This

consolidation facilitates consistent compliance with regulatory requirements across the licensed activities, enhances operational efficiency of the FSC and simplifies the reporting processes for the entity.

159. During the assessment period, the sectors faced a low ML threat, with no incoming MLAT inquiries involving the sector, or its customers.

160. The assessment revealed that the sectors' inherent vulnerability was driven by its client base profile, which are non-residents, who may include PEPs, and high-net-worth persons, transactions are purely international and the non-face to face use of the products and services, as well as the existence of global ML typologies.

161. The assessment identified that supervision and oversight of the sectors should be further strengthened in order to test and confirm the effectiveness of systems in place to combat ML, including the suspicious activity monitoring and reporting, the compliance function and AML knowledge of staff, as well as the overall level of the entity's compliance with the MLTPA.

162. Close to the end of the assessment period, the FSC made notable strides in strengthening effectiveness, including increasing human resources, ensuring staff accessed a wide variety of training to build capacity, as well as developing risk-based policies and a supervision strategy.

The International Securities Sector

163. The ML risk of the international securities sector was assessed as *Medium*, resulting from a *Low* ML threat and *Medium-High* ML vulnerability.

164. International securities are licensed and regulated in Belize by the FSC. With the adoption and implementation of international standards, such as the requirement for economic substance for Belize companies, the international securities sector has seen a decline from sixty-six (66) licensees in 2018 to twenty-two (22) in 2023. The assets involved in this sector, which at the end of 2023 were approximately One Billion Five Hundred Million dollars in United States currency (US$1.5B), are held in financial systems outside of Belize.

165. During the assessment period, the sector faced low ML threats.

166. Factors that make ML vulnerability in this sector inherently high include the said asset size of the sector when compared to the size of Belize's economy at Three Billion Two Hundred-Eighty Million dollars in United States currency (US$3.28B) in 2023, is 48%. Other high inherent vulnerability variables include the customer base, which consists of 100% international customers, cross-border nature of transactions, the existence of deposit features, and non-face to face use of the major product in the sector as a result of the delivery method of the product, which utilizes electronic delivery methods and other financial institutions such as banks, money transmission services, and payment processing services.

167. The sector's primary vulnerability encompasses the AML knowledge of staff, the effectiveness of suspicious activity monitoring and reporting and the effectiveness of compliance officer function. The assessment revealed that registrants received a wide variety of training during the assessment period. However, in some instances, not all relevant topics were covered, for example, only a few registrants indicated they had covered STR monitoring and reporting in their training activities during the assessment period.

168. All businesses indicated via the questionnaire tool used for gathering information, that they have systems in place that enable and facilitate the monitoring of client transactions against their profiles, with larger businesses using automated monitoring systems and smaller businesses employing manual systems. Furthermore, 93% of securities businesses indicated that they use a leading third-party customer screening service provider to screen for PEPs. Despite the implementation of such systems, there was no evidence that compliance officers filed any internal reports for further investigations and the FIU received only two (2) STRs from the sector during the assessment period.

169. While securities businesses indicated that they have a compliance manual to guide their ML prevention compliance framework, 45% indicated that they have not completed an entity risk assessment which indicates that some of their compliance framework is not sufficiently risk-based. The major shortcoming in the implementation of effective compliance functions was identified as the need for compliance programs to be fully risk-based, complemented with the use of independent AML audits to test effectiveness of the compliance program.

170. With the coming into force of the Securities Industry Act (SIA) on 15th December 2023, there will no longer be a distinction between securities instruments offered to non-residents of Belize and those offered to residents. All instruments issued in or from within Belize will now be subject to the same regulatory and supervisory practices and procedures and will all be known as Belize Securities Instruments. With the ongoing transformation of the securities industry to focus on increased offerings of instruments that contribute significantly to the development of capital formation and economic growth in Belize, vulnerability in the industry as well as for new and existing securities instruments will be kept under review as required by the FSC as the regulatory and supervisory authority.

The Domestic Insurance Sector

171. The ML risk of the domestic insurance sector was assessed as *Medium-Low*, resulting from a *Low* ML threat and *Medium-Low* ML vulnerability.

172. The Belize insurance market is a relatively small yet growing sector that provides a variety of insurance products, with the major lines being life, health, property and motor. This sector provides risk financing and financial protection against insured losses, especially where it relates to natural disasters.

173. As of 2023, the domestic insurance market was composed of five (5) non-life insurers, three (3) life insurers, two (2) composite insurers, one (1) Association of Underwriters and a financial institution with an insurance "Special License". The domestic insurers assets totaled Four Hundred Sixteen Million dollars Belize currency (BZ $416M), which constituted approximately 5.9% of assets for the financial institutions in Belize and is approximately 6.8% of the size of the country's nominal GDP for 2023[27].

174. In terms of asset size, Belize's insurance market ranks the second smallest in the Caribbean region[28]. Globally, Belize's market is extremely small. The investment climate in Belize does not provide an incentive for investment in insurance policies as the interest rate on the market is low, yielding little to no returns to insurers, thus affecting the interest rates on investments for policyholders. A low-interest rate environment has led life insurers to discontinue underwriting new universal life insurance policies and limit the policies with profit sharing.

175. The assessment identified a low ML threat within the sector, supported by the absence of ML cases, and incoming MLAs during the assessment period. STRs filed with the FIU for the most part relate to fraud in the non-life insurance sector.

176. OSIPP's ongoing efforts in applying a risk-based approach has resulted in risk rating insurers using a supervisory matrix that considers statutory reporting and results of onsite inspections. The creation of OSIPP's Compliance Unit, dedicated to AML/CFT supervision, has resulted in the development and implementation of structured monitoring procedures using statutory questionnaires specifically designed for AML/CFT supervision and structured onsite inspection plans allowing flexibility for themed inspections. Entry controls have been enhanced along with the policing the perimeter application.

177. OSIPP has also demonstrated strong entry controls in ensuring that fit and proper assessments are conducted on all new entrants or on the new appointments of director and senior management. Acquisition or disposal of shares is also monitored, and, in some cases, acquisitions may require approval from the Supervisor. In addition, it has also developed policing the permitter procedures to ensure the detection of unlicensed insurance businesses. Although the insurance sector has not faced any criminal charges related to ML, administrative sanctions have been applied where deemed necessary, which have proven to be proportionate and dissuasive in addressing non-compliance.

178. Through onsite inspections, OSIPP has verified that insurers have made notable progress in strengthening their AML/CFT frameworks. This improvement has been driven not only by the introduction of ongoing training programs and the refinement of internal policies and procedures, but also by the OSIPP's efforts in ensuring that insurers comply with their AML/CFT obligations through targeted directives and outreach. However, there remains room for further progress, as not all insurers have conducted a comprehensive risk assessment, which is essential for

[27] Financial System Structure 2023 published by Central Bank of Belize
[28] Caribbean Regional Financial Stability Report 2021

strengthening their overall AML/CFT approach. Despite the absence of the institutional risk assessment, insurers have actively worked to mitigate risks by staying updated on best practices and developed risk-based methodologies in their daily operations. They have also strengthened their monitoring systems, leading to an increase in the number of STRs reported by the sector. Additionally, the FIU has played a key role by offering feedback to the insurance sector on the quality of STRs submitted.

179. The medium low vulnerability rating is further supported by a comprehensive legal AML framework, effective supervision, available and dissuasive administrative and criminal sanctions, strong entry controls, and improved compliance function.

The International Insurance Sector

180. The ML risk of the international insurance sector was assessed as *Medium-Low*, resulting from a *Low* ML Threat and *Medium* ML Vulnerability.

181. At the end of 2023, the international insurance market was composed of three (3) Insurance Managers, one (1) international insurance broker and one (1) long-term insurer. The international insurance sector experienced a gradual decline in the number of licensed entities since 2017, primarily due to non-renewals of licenses.

182. In 2023, a new Insurance Act was enacted to enhance supervision over the insurance sector. The new Act advances key areas, including the formal introduction of microinsurance, expansion of provisions for the risk-based framework and further alignment with the insurance core principles and FATF standards and methodology [29]. Provisions for international insurance are now incorporated into the new Insurance Act, so as of 1 January 2024, no international insurance company would exist. These companies would be classified as a Category 2 insurer under the new Insurance Act, with the domestic insurance companies being classified as a Category 1 insurer.

183. The threat assessment revealed no reported ML threat affecting the sector during the assessment period.

184. Like the domestic sector assessment, the international insurance sector is also subject to the requirements of the MLTPA. Onsite inspections show that while an AML/CFT framework is in place, there is still room for improvement, particularly in updating policies and procedures to align with legislative changes and enhancing ongoing monitoring efforts. Despite these observed deficiencies, the long-term insurer operates on a small scale, with only a limited number of active policies. Given the insurer's narrow product range, simplified measures may be appropriate in some areas. However, the insurer continues to implement a strong due diligence process for its customers to mitigate potential risks. To date, there have been no reported cases of ML in the international insurance sector and no STRs have been filed.

[29] WB-Press-Release-Belize-Insurance-Act-.pdf (osipp.gov.bz)

The Moneychanger Sector

185. The ML risk of the moneychanger sector was assessed as *Medium-Low*, resulting from a *Low* ML Threat and *Medium* ML Vulnerability.

186. The Third Schedule of the MLTPA designated the CBB as the supervisory authority for reporting money and currency-changing activities. However, money-changing activities are currently performed in the informal economy as there is no regulation in place for prudential supervision. Although legislation is in place, no AML supervision or oversight activities are being undertaken for the sector.

187. Money Changers provide currency exchange services at the country's borders with Guatemala and Mexico (involving Belize dollars, Guatemalan Quetzales, Mexican Pesos and US dollars) to facilitate cross-border trade and people movement. There are three (3) money changers groups that operate in Belize. They are located at the Santa Elena Border crossing, which borders Belize and Mexico, the Western Border Station, which borders Belize and Guatemala, and the other is located at the Southern border with Guatemala. At year-end 2023, Belize had approximately twenty-five (25) Belizean money changers operating as members of the Northern Peseros Cooperative at the Belize Northern Border and fifteen (15) Belizean money changers operating at the Belize Western Border. No data was available on the number of money changers operating at the Southern border.

188. The threat assessment revealed no reported ML threat affecting the sector during the assessment period.

189. There are no regulations in place that govern money changers for prudential requirements. As a result, there are no entry control requirements that would ensure that fit and proper assessments are conducted to restrict or prevent criminals from entering the sector. Despite this, there were only forty (40) known money changers at the end of 2023. Anecdotal information on the sector suggests that the services provided are normally small transactions.

190. Although money changers were not regulated during the assessment period for AML/CFT compliance, there are comprehensive laws regarding AML/CFT/CPF preventive measures and supervision. Of note, the CBB has established and implemented a working group to ensure money changers fall under its remit for AML/CFT supervision.

The Moneylender Sector

191. The ML risk of the moneylender sector was assessed as *Medium-Low*, resulting from a *Low* ML Threat and *Medium-Low* ML Vulnerability.

192. Moneylenders in Belize extend credit in the form of payday and short-term consumer loans, while those moneylenders, which operate as pawnbroking businesses, offer borrowing on pledged security to residents only.

193. At year-end 2023, Belize had fifty-three (53) moneylenders licensed under the Moneylenders Act offering loans via sixty (60) locations across the country. Based on data gathered by the working group, the sector's size was assessed at Seventy-Seven Million dollars in Belize currency (BZ $77M), representing a mere 1.2% of the GDP compared to other OFI sectors.

194. The threat assessment revealed no reported ML threat affecting the sector during the assessment period. There was, however, one (1) case in 2019 brought against a person allegedly operating as a moneylender without a license.

195. The moneylenders' loan products offered were found to be standard and are only available to residents. The sector's client base is predominantly Belizeans and allows for online repayments of loans directly from domestic bank accounts. Other mitigating factors considered included easy-to-trace transactions, no anonymous use of products and that moneylenders maintain bank accounts that are subject to rigorous due diligence requirements.

196. The overall vulnerability is influenced by the extent and quality of the regulatory and AML supervisory framework as well as the implementation of risk-based controls and mitigating measures. Moneylenders have comprehensive laws regarding AML preventive measures and AML supervision. The sector has established and implemented a risk-based AML compliance program that includes AML policies, procedures, and related controls, a designated compliance officer, training, and AML audits to test compliance.

The Other Specialist Financial Institution (OSFI) Sector

197. The ML risk of the OSFI sector was assessed as *Medium-Low*, resulting from a *Low* ML Threat and *Medium-Low* ML Vulnerability.

198. The OSFI sector is comprised of one development bank which was established in September 1963 and is wholly owned by the GoB.

199. The purpose of the OSFI sector is to support the strengthening and expansion of Belize's economy by providing developmental financing on an economically sustainable and environmentally acceptable basis to individuals, businesses and organizations. The sector does not accept deposits like traditional financial institutions and accesses its funding from the GOB and other local, regional, and international agencies at attractive rates for onward lending to Belizeans residents.

200. The services offered by the sector are not considered complex, as it is traditional lending activity. The OSFI sector provides services domestically to both natural persons and legal persons, in the form of micro sector enterprise (small business) loans, home loans, student loans, tourism, productive sector loans (agriculture, manufacturing, fisheries, etc.), renewable energy and energy efficiency loans for businesses. Local bank transfers are the primary method of loan repayment, with a small percentage also using over-the-counter payments.

201. In 2023, the sector continued its strategic diversification of its portfolio, resulting in significant growth within the productive sector. The sector's size increased from One Hundred Seven Million dollars in Belize currency (BZ $107M) in 2017 to One Hundred Sixty-Four Million dollars in Belize currency (BZ $164M) at the end of 2023, representing 2.66% of the GDP.

202. The threat assessment showed that the sector was not affected by any ML threats during the assessment period.

203. The MLTPA prescribes comprehensive AML requirements that apply to the OSFI sector. The sector has also implemented a compliance function with the requisite policies and procedures.

204. While the MLTPA designated the CBB as the supervisory authority for the OSFI sector, given that it engages in lending activities, limited desk-based supervision is done on the sector. Therefore, data is not available to assess whether the sector has breached any AML/CFT obligations, whether any administrative sanctions were warranted or the adequacy of the sector's AML knowledge.

The Payment Processing Services Sector

205. The ML risk of the payment processing services sector was assessed as *Medium-Low*, resulting from a *Low* ML Threat and *Medium* ML Vulnerability.

206. At the end of 2023, there was one (1) entity operating in the sector, with a total asset size of One Million Three Hundred Thousand dollars in United States currency (US $1.3M).

207. The threat assessment revealed there was no reported ML threat affecting the sector during the assessment period.

208. The vulnerability assessment revealed that this sector is inherently vulnerable due to its high-risk customer base, which is constituted by non-residents, the high frequency of international transactions, the availability of non-face to face use of the product, as well as the existence of global ML typologies involving the sector.

209. The key vulnerabilities identified within the sector are similar to those identified in the International Asset Protection & Management and Mortgage Lending sectors, in that they are primarily driven by the very low effectiveness of the suspicious activity monitoring and reporting, the low effectiveness of the compliance function and the medium low level of AML knowledge among staff. The effectiveness of supervision was observed to have a cascading impact on the aforementioned variables.

The Payment Services Providers (E-Wallet) Sector

210. The ML risk of the payment service provider (e-wallet) sector was assessed as *Medium-Low,* resulting from a *Low* ML Threat and *Medium-Low* ML Vulnerability.

211. Belize's e-wallet sector is a sub-category within the PSP sectors which was established in August 2021. The sector is the only type of e-money currently operating in the OFI sector. The e-wallet product is not complex, the volume and value of transactions are low, and the customer base is considered low risk. The product primarily targets unbanked and underserved individuals for financial inclusion purposes.

212. At year-end 2023, Belize had one (1) e-wallet licensed under the NPSA. Over a two-year period, the volume of transactions increased from Eight Hundred Thousand dollars in Belize currency (BZ $800,000.00) to One Million Thirty Thousand dollars in Belize currency (BZ$1.03M), representing a small percentage of GDP, 0.02% compared to other OFI sectors.

213. The threat assessment revealed no reported ML threat affecting the sector during the assessment period.

214. Key factors contributed to a medium low ML vulnerability. E-wallets are only available locally in Belize and cannot be used for cross-border transactions. The features of an e-wallet product are not complex and it replaces the need for cash, therefore reducing the level of cash activity in the sector.

215. The product cannot be funded with anonymous electronic money. Subscribers must register with a valid identification and a local subscriber identity module. The loading of the wallet is restricted to banks and authorized agents and thresholds are monitored by the FIs on an ongoing basis, which includes the verification of source of funds (SOF). The sector has established monetary amount-based risk tiers and simplifying the know your customer (KYC) requirements for lower risk tiers is a practical and widely used way of conducting risk-based KYC.

216. The overall vulnerability is influenced by the extent and quality of the regulatory and AML supervisory framework as well as the implementation of risk-based controls and mitigating measures. E-wallets have comprehensive laws regarding AML preventive measures. The sector has established and implemented a risk-based AML compliance program that includes policies, procedures, controls, a designated compliance officer, an ongoing training program and AML audits to test compliance. Additionally, given that it's a relatively new type of product, the CBB requires that risk assessments be undertaken before the product is launched and used.

The Domestic Securities Sector

217. The ML risk of the domestic securities sector was assessed as *Low,* resulting from a *Low* ML Threat and *Low* ML Vulnerability.

218. Prior to the coming into force of the Securities Industry Act (SIA) in December 2023, the domestic securities sector was unregulated and unsupervised. With one of the main objectives of the SIA being to facilitate capital formation and economic growth in Belize, the domestic sector is now under regulation and supervision as the goal is for it to become increasingly important to the Belizean economy. The total value of debt and equity-based securities products at placement in the sector was determined to be One Billion Eight Million dollars in United States currency (US $1.08B) as of the end of 2023. Despite this, Belize's securities sector is still relatively small compared to the sector in other more mature markets in the Caribbean, such as the Bahamas with assets of approximately Sixty Billion Six Hundred Million dollars in United States currency (US $60.6B)[30] in the sector at the end of 2023.

219. The threat assessment revealed that there was no reported ML threat affecting the sector during the assessment period.

220. The inherent ML vulnerability of the domestic securities sector was assessed as Low. This rating reflects the relatively limited size, complexity, liquidity and diversity of the domestic securities market and the characteristics of its participants and products. Approximately 67% of the value of securities in the sector comprised government securities, while upwards of 90% of the customer base consisted of financial institutions, pension funds and the Belize Social Security Board. The predominantly institutional nature of the customer base reduces exposure to certain vulnerabilities that may arise in securities markets with large numbers of retail, anonymous, non-resident or higher-risk customers.

221. The sector also offers a limited range of financial instruments, all of which fall within the broad categories of equity-based or debt-based securities and are considered relatively non-complex. There are no securities trading exchange, derivatives or foreign-exchange products, and secondary over-the-counter trading is extremely limited. Consequently, the sector has relatively low liquidity and limited opportunities for the rapid purchase, sale and transfer of securities that could otherwise be used to obscure the origin, ownership or movement of illicit funds.

222. Further mitigating characteristics include the low frequency of international transactions and the low level of cash activity within the sector. Taken together, these factors limit exposure to some of the ML vulnerabilities commonly associated with larger and more sophisticated securities markets, including complex investment structures, high-frequency trading, cross-border transactions, rapid movement of assets and products capable of obscuring beneficial ownership.

[30] Asset value taken from the Securities Commission of The Bahamas 2023 Annual Report.

223. Nevertheless, the Low inherent vulnerability rating should be distinguished from the effectiveness of AML/CFT controls. During most of the assessment period, the domestic securities sector was not subject to the regulatory and supervisory framework subsequently introduced by the Securities Industry Act, which came into force in December 2023. Consequently, there was limited information available to assess the effective implementation of AML/CFT controls within the domestic sector. The introduction of the SIA therefore represents an important development requiring continued monitoring as the domestic securities market expands and becomes more sophisticated.

The Private Pensions Sector

224. The ML risk of the private pensions sector was assessed as *Low*, resulting from a *Low* ML Threat and *Low* ML Vulnerability.

225. Belize's pension industry is comprised of both public and private pension schemes. These include pensions under the Social Security Act which are offered to the working population, pensions for Public Officers under the Pensions Act, the School Teacher's Pensions, the National Assembly Pensions and Private Pension Schemes. Though the Private Pensions Act and its regulations permit financial institution pension plans, none existed during the assessment period.

226. As of December 2023, there were twenty-four (24) registered private pension plans with twenty-four (24) registered pension administrators. There were also two (2) licensed independent Pensions Administrators. The total assets for registered pension plans stood at One Hundred Four Million Six Hundred Forty Thousand dollars in Belize currency (BZ$104.64M) at the end of the assessment period, representing less than 1.5% of the financial sector's total assets, making it the smallest financial sector in Belize.

227. Registered pension plans are either a defined benefit plan, defined contribution plan or a combination. All plans are funded from salary deductions of employees in defined contributions plans and/or from employers' contributions for defined benefit plans. Voluntary contributions can be made by employees, but these are normally capped, especially if the employer matches the contribution. The performance of the pension funds depends on how the pension administrator invests and manages the pension plan's assets. Therefore, in line with international standards, the business or activity of pension administrators[31] falls within the scope of AML/CFT obligations and are therefore either registered or licensed and supervised or monitored for AML/CFT purposes.

228. During the assessment period, no reported ML threat was identified as affecting the sector.

229. The assessment revealed that priority areas to address ML vulnerabilities within the sector included the improvement of AML knowledge of staff, the effectiveness of supervision and the effectiveness of suspicious activity monitoring and reporting. This results in the sector not being fully supervised for AML/CFT and as such, requiring a deeper understanding of the risks associated with the sector

[31] "Financial Institution." *FATF Glossary*, Financial Action Task Force, https://www.fatf-gafi.org/en/pages/fatf-glossary.html#accordion-a13085a728-item-121a8a2b0f.

by administrators. Notwithstanding, majority of the pension administrators are employers or employee representatives who are appointed trustees of the pension plans.

ML Risk at the Designated Non-Financial Businesses and Professionals (DNFBPs)

The Casinos

230. The ML risk of the casino sector was assessed as *Medium-High*, resulting from a *Medium* ML Threat and *Medium-High* ML Vulnerability.

231. At the end of 2023, there were a total of ten (10) registered casinos[32], with the main service offered being gaming (including live games and slot machines). Tax information revealed that the sector's total revenue during the assessment period amount to approximately Two Hundred Forty Million dollars in Belize currency (BZ $240M).

232. The ML threat assessment revealed that the casino sector in Belize was featured in one (1) domestic ML investigation during the assessment period, involving approximately One Million dollars in Belize currency (BZ $1M), suspectedly originating from tax evasion abroad. Additionally, authorities received one (1) incoming MLA on a subject who had laundered the proceeds of fraud perpetrated abroad through the purchase of a casino in Belize.

233. The vulnerability assessment revealed that casinos are inherently vulnerable to ML due to, *inter-alia*, the cash-intensive nature of the business, their client base profile, which includes both resident and non-resident customers, as well as the existence of ML typologies (globally) linked to the abuse of this sector for ML.

234. The vulnerability assessment further revealed other factors that contributed to the overall Medium-High ML vulnerability within the sector, including gaps in the AML knowledge of staff, the effectiveness of suspicious activity monitoring and reporting, and the effectiveness of the compliance officer function within the sector.

235. During the assessment period, the FIU conducted limited on-site examinations on the sector but which revealed, *inter alia*, deficiencies in the implementation of the ongoing AML training requirement. Examination findings revealed that while such requirements formed a part of the policy and procedures, the implementation of such was lacking. Deficiencies also included the lack of proper documentation and maintenance of training records and logs, highlighting room for further improvement in this regard.

[32] Of the 10 registered casinos, four (4) possessed a valid gaming premise license and had an active status with the FIU, two (2) did not have an active status with the FIU, one (1) was in the process of being registered with the FIU, two (2) were newly formed with active gaming license, and one (1) was an online casino.

236. In terms of the effectiveness of suspicious activity monitoring and reporting, similar observations were noted in that policies and procedures appropriately captured the requirements, but there were gaps in the implementation of the same. During the assessment period, the sector filed limited STRs with the FIU, indicating that some mechanism exists to detect and report unusual and suspicious activities. However, this number remains relatively low given the risk of the sector and the volume and nature of transactions.

237. In response to the above vulnerabilities, the FIU conducted one (1) outreach session during the assessment period, which included guidance on sector-specific indicators for ML activity and on suspicious transaction identification, monitoring and reporting.

The Commercial Free Zones (CFZs)

238. The ML risk of the CFZ sector was assessed as *Medium-High*, resulting from a *Medium-High* ML Threat and *Medium-High* ML Vulnerability rating.

239. There are six (6) Commercial Free Zones in Belize, with only two (2) being operational. These are the Corozal Free Zone in the north and the Benque Viejo Free Zone in the west. The Corozal Free Zone is the largest and most developed with home to almost three hundred (300) businesses engaged in the imports and exports of goods, including electronics, perfumes, liquor, household items, fuel, clothing and cigarettes. During the assessment period, the revenue generated by businesses operating in the free zones totaled Two Billion Six Hundred Seventy Million dollars in Belize currency (BZ $2.67B), making it the largest revenue generator among the DNFBP sector.

240. The ML threat assessment revealed that the CFZ sector or persons with links to businesses within the CFZ were features in three (3) ML investigations during the assessment period. Funds involved in these investigations totaled approximately Ten Million dollars in Belize currency (BZ $10M), with possible links to trademark infringements and trade-based money laundering. Authorities also received one (1) incoming MLA on a subject who had allegedly laundered the proceeds of fraud perpetrated abroad through the purchase of a business located within a free zone.

241. CFZ businesses also face the threat of counterfeit and piracy of goods, which can result in infringement of intellectual property rights. During the assessment period, there were sixteen (16) recorded cases of counterfeit goods seizures totaling approximately One Hundred Forty-One Thousand dollars in Belize currency (BZ $141,000.00). Products seized in these operations ranged from footwear, handbags and miscellaneous clothing apparels including trademark infringement on brands like Nike, Louis Vuitton and Chanel.

242. The geographical location of both CFZs, located within Belize, but outside of national and customs territory, along the border with Guatemala and Mexico, also presents a unique vulnerability to the sector from the smuggling of goods. Based on available information, following the legitimate sale/business transaction in the CFZs, goods are smuggled into neighboring jurisdictions via the use

of run men (*also referred to as "hormigas"*). Therefore, the existence of this activity raises concerns regarding the evasion of any customs or importation duties or taxes that would otherwise apply to goods entering those foreign territories. While the assessment points to some level of organization in carrying out these activities, further analysis is required to definitively determine the scale of organized smuggling operations.

243. The profits generated from the smuggling of goods abroad, which represent the proceeds of crime, consistently flow back into the CFZs, perpetuating this illicit cycle and thus contributing to the threat environment within the sector.

244. In addition to the above, the assessment also revealed that the sector is inherently vulnerable to ML due to, *inter alia*, the cash-intensive nature of the business, their client base profile, which includes non-residents, as well as the existence of ML typologies (globally) linked to the abuse of the sector for ML.

245. The assessment further revealed that key factors that contributed to the sector's vulnerability include the AML knowledge of staff (owners), the effectiveness of suspicious activity monitoring and reporting and the effectiveness of the compliance function. Despite the absence of examinations during the assessment period, the FIU provided outreach and awareness to CFZ businesses in 2018 to, *inter alia*, build awareness of their AML/CFT obligations, including sector-specific indicators of ML activities and their obligations to monitor and report suspicious transactions to the FIU. It was also noted via responses that some CFZs businesses provide training to relevant staff, supporting an improved rating in the AML knowledge of staff relative to the first NRA.

246. There were also improvements in the effectiveness of the compliance function, though minimal. This is attributed to the existence of compliance policies and manuals, the appointment of compliance officers, and to a lesser extent, the existence of AML audits.

Real Estate Agents

247. The ML risk of the real estate agent sector was assessed as *Medium-High*, resulting from a *Medium* ML Threat and *Medium-High* ML Vulnerability.

248. At the end of 2023, there were two hundred fifty-one (251) real estate agents registered with the FIU. The average estimated annual revenue generated by the sector at the end of 2023 exceeded Four Hundred Thirty-Six Million dollars in Belize currency (BZ $436M)[33], making it the third largest revenue generator among the DNFBPs.

249. There are two (2) real estate associations in Belize representing the voice of the real estate industry; the Association of Real Estate Brokers in Belize (AREBB) and the Belize National Association of Realtors (BNAR). In the case of AREBB, its membership consists of approximately forty (40) real estate companies, fifty-six (56) agents and seven (7) affiliates across the country. BNAR's

[33] Represents revenues reported to Belize Tax Service.

membership consists of approximately twenty-two (22) real estate companies, fifty (50) members and thirty-four (34) associates across several industries. In December 2022, AREBB and BNAR officially entered into a Memorandum of Understanding (MOU) to merge forces as a unified effort to champion the real estate industry in Belize. However, as of the end of 2023, the agreement between the two associations had not yet been finalized, resulting in a delay to the merger. Notably, of the total number of real estate agents registered with the FIU, thirty-six (36) are members of AREBB and fourteen (14) are members of BNAR, with five (5) agents being members of both associations.

250. The ML threat assessment revealed that the real estate sector was featured in five (5) ML investigations, involving approximately Two Million Three Hundred Thousand dollars in Belize currency (BZ $2.3M) as the proceeds of fraud, theft and obtaining property by deception.

251. Although fraud was not as prevalent during this second NRA, relative to other offenses, there were recent trends involving both foreign nationals and locals engaging in fraud, using illicit proceeds to acquire real estate.

252. Real estate is traditionally a primary target for money laundering in most jurisdictions. Transactions involving significant amounts of cash leave no audit trail, making the sector a high-risk area that attracts criminals to invest proceeds from illicit activities.

253. The main ML vulnerabilities within the sector include the AML knowledge of staff, the availability and effectiveness of entry controls, the effectiveness of the compliance function and the effectiveness of suspicious activity monitoring and reporting. While the above were identified as key deficiencies, it is important to highlight that there were notable improvements across all variables during the assessment period, which contributed to the downward trend in ML vulnerability and overall risk. Factors that contributed to this improvement include, *inter alia*, the appointment of compliance officers, ongoing training for compliance officers and an increase in supervision activity, which bolstered the FIU's understanding of the sector and tested to determine the effectiveness of preventive measures within the sector.

254. Notably, the FIU conducted several outreach sessions to the sector during the assessment period, focusing on raising awareness on AML obligations, including sector-specific indicators of ML and guidance on suspicious transaction identification, monitoring and reporting.

255. During the assessment period, the FIU conducted thirty-one (31) examinations (including desk-based reviews), which revealed that deficiencies in the AML compliance program for smaller real estate agents/brokers, which led to other weaknesses in their compliance officer function, internal controls, training programs and transaction monitoring and reporting.

Registered Agents (RAs)

256. The ML risk of the RAs sector was assessed as *Medium-High*, resulting from a *Medium-High* ML Threat and *Medium* ML Vulnerability.

257. The FSC is responsible for the licensing, regulation and supervision of firms engaged in the conduct of non-banking financial services in and from within Belize pursuant to the Financial Services Commission Act, 2023 (FSCA).

258. At the end of 2023, there were one hundred two (102) trust or company service providers (TSCP) licensed as RAs. The sector comprises individuals, companies and limited liability partnerships. Based on available information, income generated from the sector by the Belize Companies and Corporate Affairs Register (BCCAR) for the year 2023 was approximately Six Million Seven Hundred Thousand dollars in United States currency (US $6.7 Million).

259. Notably, the sector serves as one of the main entry points to Belize's financial services sector, as it offers company and trust formation services to both residents and non-residents.

260. There were no domestic ML investigations during the assessment period that featured RAs. However, the ML threat was considered to be Medium-High, as approximately 80% of incoming MLAs involved the use of registered agents to form level structures for persons that were the subject of foreign ML investigations. In these cases, either the legal structure or its principals were subject to investigations, for which the underlying offenses ranged from tax evasion, fraud, money laundering and corruption, among other predicate offences.

261. For the purposes of the assessment, RAs licensed under the FSC were broken down into two categories: company service providers (CSP) and trust service providers (TSP). This facilitated the inherent vulnerability assessment as guided by the WB tool. Factors that make the ML vulnerability in this sector inherently high include the client-based profile, which included non-residents and other high-risk clients, the non-face-to-face use of the service, the use of agents, which generally uses professional intermediaries to promote or obtain customers, as well as the existence of global ML typologies on the abuse of the services offered by registered agents.

262. The assessment identified gaps in the AML knowledge of staff, the effectiveness of the compliance function and the effectiveness of suspicious activity monitoring and reporting as the main vulnerabilities within the sector. The assessment revealed that there was a strong emphasis on AML training for management and staff to ensure their knowledge. However, notable gaps identified, which impede this variable from a higher rating, include the need for training programs to be guided by risk assessments, training to cover all important topics on ML prevention and the need for training to be specific to employees' roles.

263. As it relates to the effectiveness of the compliance function, while firms indicated that they have compliance manuals in place to guide their ML compliance framework, examination conducted in 2023 revealed that the RAs examined had not completed their entity's risk assessment, which indicates that their compliance framework is not sufficiently risk-based. Other gaps identified within

this variable include the minimal use of independent AML audits to test the effectiveness of the compliance program.

264. In relation to the effectiveness of suspicious activity monitoring and reporting, approximately 62% of firms indicated having dedicated specialized systems for monitoring. The sector's submission of one hundred thirteen (113) STRs to the FIU during the assessment period further validated this notable improvement. Based on the findings, notable gaps that impeded this variable from attaining a higher rating include the lack of confirmation on whether firms have adequate and appropriate systems in place to monitor and report suspicious transactions and full adherence among the sector in this regard.

Lawyers & Notaries

265. The ML risk of the lawyers and notaries sector was assessed as *Medium,* resulting from a *Medium-Low* ML Threat and *Medium* ML Vulnerability.

266. Lawyers are required to register to practice law in Belize, and the High Court of Belize governs the admission of persons entitled to practice law under the Legal Profession Act. Additionally, the FIU is responsible for monitoring the lawyer sector to ensure that they are compliant with their AML/CFT obligations as outlined in the MLTPA, while the General Legal Council (GLC) supervises the sector to ensure that lawyers uphold ethical standards and professional conduct.

267. By the end of 2023, there were three hundred seventy-five (375) lawyers registered to practice law in Belize. Among these, sixty-seven (67) were registered with the FIU, while twenty-seven (27) were registered with the FSC, in the capacity of RAs. Of the total lawyers, seventy-eight (78) were members of the Bar Association. Notably, membership is not mandatory. For those attorneys registered with the FIU, the total self-declared revenue amounted to Seventeen Million Nine Hundred Thousand dollars in Belize currency (BZ $17.9M). However, this figure encompasses revenue from all services rendered by these lawyers, not just those listed under the MLTPA.

268. Lawyers provide a wide range of services to diverse clientele. In dealing with foreign clients, lawyers may often conduct business non-face-to-face or through an intermediary in another jurisdiction. As such, international clientele and third-party relationships may pose higher risks for lawyers. Lawyers' involvement in the management of client funds, setting up bank accounts, or conducting real estate transactions may provide a shield of scrutiny because they appear to be conducted under legal advice. The involvement of lawyers in real estate transactions on behalf of third parties inherently exposes them to ML risks. The risks faced in facilitating third-party transactions are due to purchasing properties for clients using funds derived from illicit activities and funds originating from high-risk jurisdictions. On the positive side, the assessment revealed that the level of cash activity within the sector decreased, with most lawyers indicating that payment for services rendered is made via the financial system, either through wire transfers, domestic bank-to-bank transfers (including online payments), and to a lesser extent, bank drafts, cheques and debit/credit cards.

269. The threat assessment revealed that the sector was involved in no ML investigations during the assessment period. Notwithstanding, there was a low number of incoming MLAs, which primarily involved the use of the sector in their role of facilitating real estate transactions.

270. Similar to other sectors, significant improvements were observed in several AML controls, leading to a decrease in the sector's overall ML vulnerability. Despite this, the assessment identified key areas that could further enhance the sector's ML vulnerability reduction. These areas include the AML knowledge of staff, the effectiveness of the compliance function, and the effectiveness of suspicious activity monitoring and reporting.

271. Over the assessment period, the FIU conducted ten (10) examinations within the sector. The examination findings revealed a common deficiency in the AML compliance programs, which included the absence of a written AML policy and procedures manual, limited AML/CFT training and the lack of independent AML audits to test compliance. Notwithstanding, follow-up activities, including information obtained through the NRA process, revealed several improvements across the sector, including staff training.

272. During this period, the sector recorded an increase in the number of STRs filed with the FIU, resulting in a total of eleven (11) STRs. This supports the findings that there are some mechanisms in place to monitor and report transactions. However, the absence of further measures to test the effectiveness of the AML compliance framework, e.g., independent AML audits, impeded the variable from a higher rating.

Motor Vehicle Dealers

273. The ML risk of the motor vehicle dealer sector was assessed as *Medium*, resulting from a *Medium* ML Threat and *Medium* ML Vulnerability.

274. As of the end of 2023, there were one hundred sixty-one (161) registered motor vehicle dealers in Belize, with steady growth in the number of FIU-registered dealers. Dealers operate in all six (6) districts, with the highest concentration in the Belize district. The sector is characterized by a diverse range of business sizes, primarily consisting of small businesses, sole traders and companies owned by a few individuals. Available information indicates that the sector operates on a moderate scale in terms of transaction volumes, with only a small percentage of dealers importing more than thirty (30) vehicles annually. Furthermore, the majority, or approximately 62% of dealers, do not sell vehicles priced over Twenty Thousand dollars in Belize currency (BZ $20,000.00).

275. The threat assessment revealed that the sector was involved in no ML investigations during the assessment period. However, intelligence information indicates that the sector faces increased threat from persons participating in organized criminal gangs.

276. The assessment further revealed that the sector's inherent vulnerability is also driven primarily by the difficulty tracing transaction records, as well as the existence of global ML typologies involving the sector, which is often due to the prevalence and existence of high-value vehicles.

277. Historically, the vehicle dealer sector has been cash-intensive, which is consistent with many traditional markets. However, the assessment revealed that there has been a noticeable shift away from cash transactions in recent years. Bank wire transfers and cheques have emerged as the preferred payment methods among vehicle dealers, reflecting a move towards more traceable and secure financial transactions. While cash is still used for small deposits and security fees, it is not as prevalent as it once was. Despite this decline in cash activity, however, the presence of high-value transactions continues to pose significant risks, which is consistent with global ML typologies involving the sector.

278. The assessment revealed that key ML vulnerabilities within the sector include the AML knowledge of staff, the effectiveness of the compliance function and the availability and effectiveness of entry controls. Regarding AML knowledge, the assessment observed that new vehicle dealerships place significant emphasis on maintaining compliance to meet brand exclusivity requirements. As a corollary, ongoing training is standard practice. During the assessment period, the FIU has also provided training to the sector and has collaborated with a sector association to provide training on AML/CFT obligations, sector-specific ML indicators, guidance on suspicious transaction reporting and typologies. Additionally, based on examinations conducted during the period, there was a noticeable increase in AML/CFT awareness and knowledge within the sector, contributing to the overall increase in rating. However, further strengthening is required as ongoing AML training is not consistently obtained within the sector, particularly among the used or smaller vehicle dealers.

279. During the assessment period, the sector demonstrated a strong willingness to comply with basic KYC/CDD requirements when engaging with customers in vehicle sales. However, examinations conducted during the assessment period revealed deficiencies in the AML compliance program, therefore impeding a higher rating for the effectiveness of the compliance function.

280. There have been notable improvements for entry controls, including the introduction of fit and proper criteria in the DNFBP Regulations, the coordinated efforts between the FIU and the Belize Transport Department to impose the robustness of the process to obtain a Dealers General License. However, the definition for a vehicle dealer is broad, creating potential oversight gaps. This is compounded by the fact that the Belize Motor Vehicles and Road Traffic Act, imposing minimal licensing requirements, allows a General Dealer License to be issued to vehicle manufacturers and repairers.

Other Independent Legal Professionals (OILPs)

281. The ML risk of the other independent legal professional sector was assessed as *Medium,* resulting from a *Medium* ML Threat and *Medium* ML Vulnerability.

282. The sector consists of twenty-four (24) OILPs registered with the FIU. Of those registered, six (6) are licensed with the FSC as they provide the services that would require them to register as an RA, as outlined in the MLTPA. The FIU reported the self-declared annual income for the sector at Three Million Two Hundred Thousand dollars in Belize currency (BZ $3.2M) at the end of 2023; however, this figure encompasses all services provided by the sector and does not solely represent those under the FIU's supervision.

283. The threat assessment revealed that there was one ML investigation involving the use of the sector in a sophisticated land fraud scheme, which involved proceeds of fraud (obtaining property by deception) upwards of One Million Seven Hundred Thousand dollars in Belize currency (BZ $1.7M).

284. The OILPs sector is vulnerable because individuals and companies offer attractive business services. Such services include acting as closing agents in real estate transactions, providing escrow services, and facilitating clients with necessary documentation, amongst other services. The risks posed by facilitating these types of transactions are purchasing property using laundered funds, cases whereby the OILP is not sufficiently qualified or knowledgeable to handle such transactions and that the OILP may not know the source of funds on transactions processed by the buyer/seller, especially when dealing with an intermediary or third party.

285. The assessment revealed that the sector's inherent vulnerability is primarily driven by the client-based profile, which includes a combination of residents and non-residents, including high risk customers, its difficulty in tracing transaction records, as well as the existence of global ML typologies and limited non-face-to-face use of the service.

286. The assessment revealed that key areas of vulnerabilities within the sector include the AML knowledge of staff, effectiveness of compliance function and availability and effectiveness of entry controls. Interviews carried out for the purposes of the NRA revealed that representatives from the OILP sector are knowledgeable and aware of the law, including their AML/CFT obligations. However, the lack of additional information impeded a higher rating. During the period, the FIU conducted four (4) examinations on the sector, with a common deficiency being the absence of an AML/CFT compliance program.

Accountants & Auditors

287. The ML risk of the accountants and auditors' sector was assessed as *Medium-Low*, resulting from a *Low* ML Threat and a *Medium* ML Vulnerability.

288. The accounting sector in Belize, though essential to its financial infrastructure, is modest in comparison to larger Caribbean countries, where the profession is more expansive and highly

specialized. In Belize, the sector employs around one hundred twenty-five (125) professionals, generating roughly Fourteen Million Two Hundred Thousand dollars in Belize currency (BZ $14.2M) annually. This figure reflects a sector primarily comprised of sole proprietorships or small firms, with only twenty-three (23) accountants and two (2) auditors registered as DNFBPs under the FIU. The Institute of Chartered Accountants of Belize (ICAB), with sixty-two (62) active members and seventy-four (74) students, partially regulates the sector, indicating limited but growing engagement in the field.

289. The threat assessment revealed no reported ML threat affecting the sector during the assessment period.
290. The vulnerability assessment revealed that 10% of firms accept high-risk clients, while 15% decline or terminate them based on sound compliance officers' advice, according to available data. Foreigners from North America, Europe and Latin America make up the client base, with few PEPs or high-net-worth individuals. There is limited use of cash within the sector, as most payment is made via wire transfers and online payments, reducing ML risks.

291. The key vulnerabilities that exist within the accountant and auditors sector include gaps in the AML knowledge of staff, the effectiveness of the compliance function and the effectiveness of suspicious activity monitoring and reporting.

292. The available information indicated that approximately 45% of firms provide AML training to staff either quarterly or annually, which has contributed to the improvement in rating. The FIU conducted six (6) examinations between the period of 2018 and 2019, which revealed deficiencies in the AML compliance program. The examination findings also showed a general lack of awareness among staff about the STR reporting processes, potentially leading to the absence of any STRs filed with the FIU during the assessment period.

293. To address these gaps, corrective actions were taken and the FIU conducted an outreach session in 2022 that was focused on raising the sector's awareness of AML/CFT obligations, sector-specific ML/TF indicators and guidance on suspicious transaction reporting, contributing to the minor improvements across the key vulnerability areas.

Dealers in Precious Metals and Stones (DPMS)

294. The ML risk of the DPMS sector was assessed as *Medium-Low*, resulting from a *Low* ML Threat and a *Medium-Low* ML Vulnerability.

295. As of 2023, there were forty-seven (47) registered DPMS, generating an estimated revenue of Fourteen Million Five Hundred Thousand dollars in Belize currency (BZ $14.5M), which is less than 1% of Belize's GDP. In comparison to high-income countries like the United States and Canada, Belize's DPMS sector remains modest, with approximately 88% of businesses within this sector generating revenues below Five Hundred Thousand dollars in Belize currency (BZ $500,000.00). The larger sale within the sector appears to be seasonal and high-value inventory items, which range

between Two Thousand Five Hundred dollars (BZ $2,500.00) and Ten Thousand dollars in Belize currency (BZ $10,000.00) experience low turnover, often remaining on shelves for years.

296. While the DPMS sector is supervised by the FIU, there is an overlap in supervision by the CBB, as twenty-one (21) of the total registered DMPS also engage in moneylending and/or pawnbroking activities, which are supervised and regulated by the CBB.

297. The threat assessment revealed no reported ML threat affecting the sector during the assessment period.

298. The sector's medium-low vulnerability is attributed to its inherent vulnerability and as well as other vulnerable factors. While the products within the sector are highly susceptible to being exploited for ML due to its unique characteristics, the inherent vulnerability rating is balanced with the fact that the sector's client base is generally low risk, with most businesses serving natural persons and having minimal exposure to PEPs and high-net worth individuals. The use of cash remains prevalent within the sector, especially within the smaller stores, which often conduct smaller transactions. In the case of the two (2) largest income generators, however, cash transactions were less prevalent, as the use of debit and credit cards accounted for an average of 80% of all transactions.

299. While there have been notable improvements in some factors relative to the first NRA, the vulnerability assessment revealed that the main vulnerability within the sector continues to be the low level of AML knowledge of staff, effectiveness of the compliance function and the effectiveness of suspicious activity monitoring and reporting. The assessment yielded similar findings to those found in other DNFBPs. This was primarily attributed to seven (7) on-site examinations conducted between the period of 2018 and 2019, which revealed deficiencies in staff knowledge and awareness of their obligations, which may have been attributed to the novelty of AML compliance obligations within the sector. The examinations also identified deficiencies in the compliance functions, as well as suspicious activity monitoring and reporting.

300. Similar to the accountants and auditors' findings, the examinations revealed that staff members were generally unaware of the STR reporting process, potentially due to the absence of established procedures for documenting and reporting STRs. In response to these findings and to support the sector, the FIU conducted an outreach session in 2020 focused on raising awareness of AML/CFT obligations as well as guidance on suspicious transaction reporting.

Licensed Gaming Establishments

301. The ML risk of the licensed gaming establishment sector was assessed as *Medium-Low*, resulting from a *Low* ML Threat and a *Medium-Low* ML Vulnerability.

302. At the end of 2023, there were twenty-five (25) licensed gaming establishments registered with the FIU. The sector provides gaming services through slot machines. However, in the context of Belize, the main activity of licensed holders are restaurants and bars, with gaming in the form of slot

machines offered as a complimentary service to patrons. Information obtained from BTS indicated that the total revenue generated by the sector during the assessment period totaled approximately Two Million Three Hundred Thousand dollars in Belize currency (BZ $2.3M).

303. The threat assessment revealed no reported ML threat affecting the sector during the assessment period.

304. The vulnerability assessment revealed that the main vulnerability within the sector was the low level of AML knowledge of staff, the low effectiveness of compliance function and the low effectiveness of suspicious activity monitoring and reporting. Notably, there were no on-site examinations conducted in the sector to test effectiveness of AML preventive measures, therefore impeding a higher rating.

CHAPTER 2. TERRORIST FINANCING (TF) RISK

Country Context for TF

305. While the global landscape of terrorism continues to evolve, Belize, domestically remains free of indicators of local or cross-border terrorist activities, with no known links to terrorist organizations or sympathizers within its jurisdiction. There is also no intelligence or evidence of funds or resources raised or transited through Belize in support of terrorism. Furthermore, Belize does not produce any type of weaponry, including firearms.

306. Regionally, Belize's primary TF risk arises from the potential movement of Foreign Terrorist Fighters (FTFs) transiting through the country as they return to their home jurisdictions in the Caribbean. Belize acknowledges that this risk is further amplified by the free movement of nationals within CARICOM countries, as publicly available information indicates that nationals from at least four CARICOM countries have travelled to conflict zones, although none have been linked to Belize.

307. There is one isolated case of a Belizean national suspected of being a radical supporter of the Islamic State in Iraq and the Levant (ISIL) who was killed in 2017 in the Philippines during a law enforcement operation[34]. The assessment determined that the person had left Belize two years earlier (period covered under the first NRA), severing contact with family and associates in Belize. This has therefore been an isolated instance, as further investigations yielded no evidence connecting the person's family to terrorism or TF.

308. In 2022, Belize accepted one de-radicalized FTF for reintegration into society upon the request of a foreign partner, which is a member of the UNSC. Belize acceded to this request following a robust assessment of such risk in collaboration with international partners. The individual is not a citizen of Belize and was not previously resident in the jurisdiction and thus had no previous links to Belize. Belize, however accepted the request for settlement in its territory as part of the country's commitment to the global fight to prevent and combat violent extremism. In collaboration with Belize's international partners, effective and proportionate mechanisms will remain in place to mitigate residual risks. These actions further demonstrate that Belize readily and effectively cooperates with international partners.

[34] This isolated case straddles across both NRAs, as there were investigations into this matter before and after his execution in 2017, which was considered relevant for Belize's TF context.

Overall TF Risk Level as a function of TF Threat and TF Vulnerability

309. Belize's overall TF Risk was assessed as *Medium-Low*. This is because of the country's *low* national TF Threat and *medium-low* national TF Vulnerability. See **Figure 7** for the overall structure of the TF risk assessment.

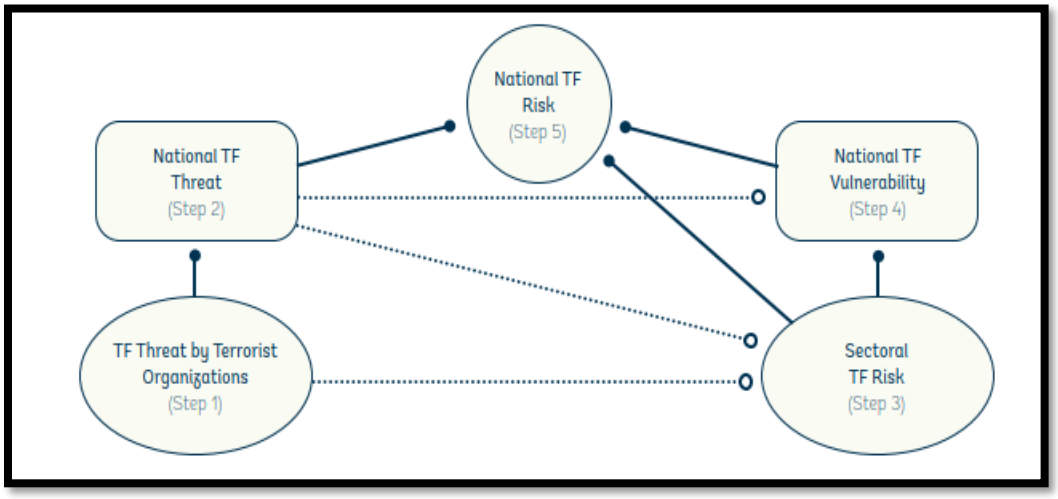


Figure 7: Overall Structure of the TF Risk Assessment Tool

310. Further details that underlie the assessment of National TF threat and National TF vulnerability are outlined in this chapter of the report.

TF National Threat Analysis

311. Belize's national TF threat was assessed as *Low*. This remains constant, relative to the first NRA. In arriving at this assessment, the working group considered several factors outlined in **Figure 8**.

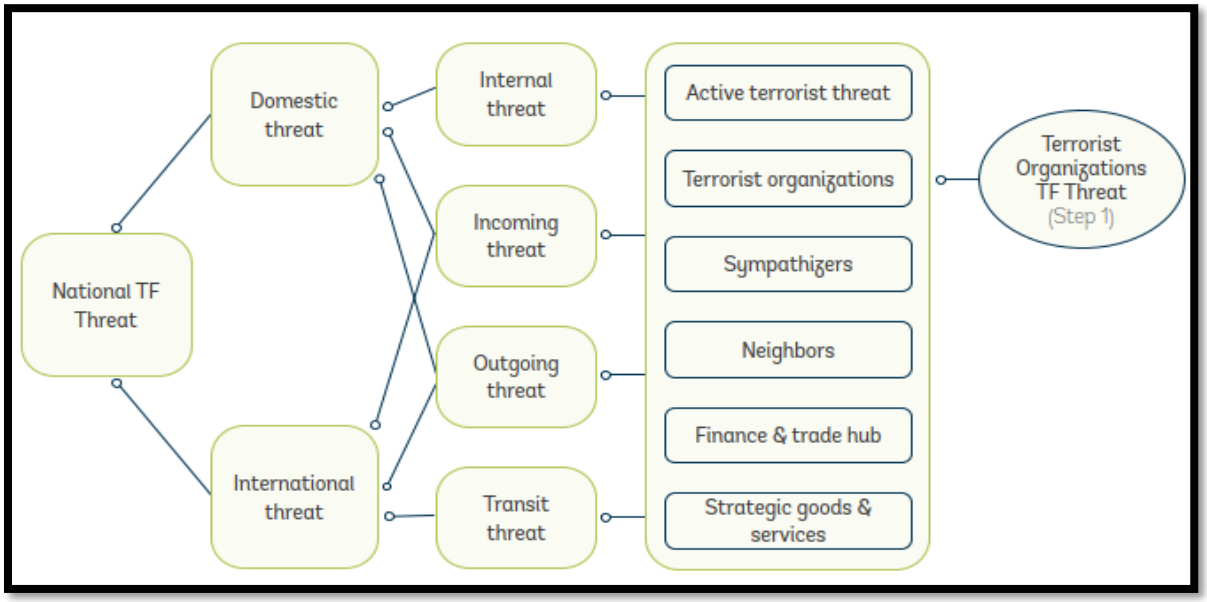


Figure 8: National TF Threat

312. Except for the aforementioned isolated case, the assessment confirmed that there was no known evidence of radicalization among Belize's local population. The assessment also revealed that there were no Lone Wolf Actors or FTFs engaged in acts of terrorism in Belize during the assessment period. There were also no instances of Belizean residents serving as, or travelling to become, FTFs in other regions of the world, indicating that Belize does not pose a substantial threat regarding outgoing or returning FTFs. Based on the foregoing, the domestic TF threat was assessed as *Very Low*[35].

313. From an international standpoint, the working group considered information both from a regional and global context. In this regard, the assessment revealed that there were no identified active terrorist organizations in the region, nor were there any intelligence identifying Belize as a country for high terrorism or TF threat. Notably, there were four (4) incoming international RFIs and one (1) incoming MLA request classified as Terrorism. However, a further review by authorities revealed that these requests did not pose any TF or terrorism threat to Belize.

314. As previously noted, the assessment acknowledged and considered the threat of returning FTFs in the region. However, local authorities did not give significant weight to this in assessing Belize's overall TF threat, given that further investigations revealed no link between these individuals and Belize.

[35] The WB TF NRA Tool uses a rating scale of Very Low; Low; Medium; High; and Very High.

315. The assessment also revealed that Belize is neither a finance or trade hub, which are generally more attractive for terrorist financing flows, nor were there any intelligence report indicating that domestic entities, including GoB and NPOs, provided strategic goods, services or financial aid to areas with active terrorist threats.

316. Based on the foregoing, the overall international TF threat was considered *Low*, attributing to the overall low TF threat rating.

TF National Vulnerability Analysis

317. Belize's TF national vulnerability was assessed to be *Medium-Low*, remaining constant from the first NRA.

318. The process of assessing the national TF vulnerability is similar to the ML vulnerability assessment in that it is a function of the country's national combating ability, which considers twenty-three (23) national input variables as well as the overall sectoral vulnerability. As it relates to the input variables, there were several that were similar to those incorporated in the ML assessment, with the underlying difference being that working groups were guided to assess these through the lens of ML and TF, respectively. As a result, there were joint efforts among working groups that looked at the variables from an ML perspective to support the assessment and findings from a TF standpoint.

319. Based on the assessment, there were notable improvements across the input variables, resulting from legislative amendments and proactive measures to strengthen the legal and institutional framework to combat TF.

320. Belize's combating of finance of terrorism (CFT) framework, similar to the AML framework, has evolved significantly, demonstrating a dynamic, collaborative and risk-based approach to counter terrorist financing. The first NRA identified the lack of a national CFT policy and strategy as a gap in assessing the country's national vulnerability. However, following the NRA and adoption of a national action plan (NAP), Belize formally adopted a national policy and strategy (NP&S), which includes CFT and which is kept up to date.

321. As part of the legislative amendments, the definitions of 'terrorist' and 'terrorist financing' were further refined, contributing to the overall effectiveness of the TF crime definition. Key terms have been included with corresponding definitions, creating vital links to various United Nations Security Council Resolutions (UNSCR), fostering international cooperation and aligning Belize with the global efforts to combat terrorism. The legislative changes also comprehensively address TF offenses, ensuring they are effective, proportionate and dissuasive.

322. Despite the absence of TF cases in Belize, the assessment revealed that investigative officers, prosecutors and judges undergo continuous training to build capacity and ensure preparedness for precision and successful convictions should any case arise.

323. During the assessment period, there were also notable improvements to customs controls on cash and similar instruments. Legislative amendments, such as the Customs Regulations (Amendment) Act, primarily drove this. It mandates currency declaration upon entry and integrates with the FIU's database. There were also investments in screening procedures, express forfeiture provisions and international cooperation, all of which contributed to the robustness and effectiveness of such controls.

324. The effectiveness of immigration controls also recorded improvements, primarily due to the robust implementation of the Migration Information Data Analysis System (MIDAS) at established border crossing points and immigration offices. MIDAS, which employs machine readers, webcams and fingerprint readers, comprehensively monitors the entry, stay and exit of migrants, collecting biometric data. Belize also maintains moderate visa requirements, mandating visitors from ninety (90) countries to have a pre-entry visa. This process requires clearance, managed by the Department of Border Management and Immigration Services through an inter-ministerial Visa Vetting Committee.

325. As it relates to adjudication and disruption of terrorism financing activities as criminal offences, the judiciary, under the Chief Justice's leadership, issued Practice Directions expediting Targeted Financial Sanctions (TFS) related applications. Applications made during the assessment period demonstrated swift and efficient proceedings, emphasizing the judiciary's commitment to timely and effective TFS implementation. Additionally, sensitization sessions and adherence to constitutional principles underscore the judiciary's dedication to maintaining the highest standards of integrity and independence.

326. The effectiveness of Belize's TFS implementation is demonstrated by the timely and efficient application of financial sanctions, particularly through the immediate binding effect of freezing obligations upon enactment. The use of online portals and automated notifications to financial institutions and DNFBPs further facilitates the timely dissemination of relevant information, promotes a coordinated response among competent authorities and reporting entities and strengthens the effective implementation of TFS.

327. In addition to the measures previously mentioned that support the effectiveness of domestic and international cooperation, the working group also noted that legislative structures, such as the NPO Act and FSC Act, mandate cooperation between relevant authorities, ensuring seamless information exchange.

328. The National Targeted Financial Sanctions Task Force (NTFSTF), which became functional in January 2023, facilitates joint investigations by key law enforcement and intelligence agencies, fostering synergies in addressing TF and PF-related offenses. Additionally, on the international front, Belize also entered into Memoranda of Understanding with jurisdictions like Trinidad and Tobago, and Guyana, countries linked to FTF or terrorist activity, highlighting the country's commitment to formal and informal cooperation on TFS implementation.

CHAPTER 3. FINANCIAL INCLUSION PRODUCTS ML/TF RISK ASSESSMENT

329. Belize's regulatory framework for financial inclusion aims to promote accessible financial services to the underserved populations while maintaining strong AML and CFT measures. The financial inclusion products identified were: micro-finance credit, mobile money and micro-insurance. The CBB and OSIPP are the supervisory authorities responsible for overseeing these products' compliance with the MLTPA for their respective sectors. Both authorities have issued guidelines to their respective sectors to inform them of the application of simplified customer due diligence (CDD) measures. These measures are allowed under certain conditions, such as low-risk product assessments, transaction limits and basic customer verification for non-face-to-face transactions. However, some institutions are hesitant to apply the measures due to credit risk concerns, highlighting the need for continuous guidance from supervisory authorities.

Microfinance Credit

330. Microfinance credit products are targeted to low-income families and micro, small and medium enterprises (MSMEs), offering small to medium-sized loans ranging from One Hundred dollars (BZ $100.00) to Twenty Thousand dollars Belize currency (BZ $20,000.00) for unexpected expenses and business expansion. Eligibility requires identification documents, residential or business address verification and proof of income. Institutions offering loans under Two Thousand Five Hundred dollars in Belize currency (BZ$2,500.00) are allowed to apply simplified CDD measures, however, due to potential credit risks, institutions have been applying enhanced due diligence (EDD) measures, depending on the level of risk identified.

331. The ML/TF risk associated with this product is rated as *Low* due to the prohibited use of anonymous accounts, prohibited cross-border transfers, and prohibited use of the product by non-residents.

Mobile Money

332. Mobile money products cater to unbanked individuals, especially in remote areas, providing real-time money exchange, bill payments and purchases via mobile applications. This product is separated into tiers, of which different CDD information is collected at each tier. Tier one products have a One Thousand Four Hundred dollars Belize currency (BZ$1,400.00) monthly threshold with basic customer information obtained to establish the identity of the customer. Tier two products have a Two Thousand Five Hundred dollars Belize currency (BZ$2,500.00) monthly threshold requiring proof of identity information to be submitted. Institutions offering this product apply CDD measures to Tier 1 only.

333. In addition to this product being offered through a mobile phone, agents/merchants are also employed by the principal institution to facilitate payments, loading and cashing out of the wallet.

To qualify to become an agent, both the regulator and the principal institution have specific entry controls that must be adhered to for compliance.

334. The ML/TF risk associated with this product was rated as *Low* due to the prohibited use of anonymous accounts, prohibited cross-border transfers, restricted use by legal persons and adequate risk mitigation measures at account opening and on an ongoing basis. However, one feature that introduces potential risk for this product is the use of agents, which is mitigated by agent due diligence measures, transaction limits and transaction monitoring.

Micro-Insurance

335. Micro-insurance products target low-income individuals and families, offering financial protection against risks associated with health emergencies and catastrophic events. Eligibility requires proof of identification, address verification, and proof of income. The initial underwriting process for a policy must be done face-to-face to verify the customer's identity; thereafter, renewals can be facilitated through a mobile phone. Institutions apply EDD requirements at account opening and ongoing monitoring helps to control any risk that may arise. The ML/TF risk associated with this product is rated as low due to the prohibited use of anonymous accounts and the fact that a policyholder can only access funds through a claim, which must be verified before payment can be made.

336. Financial inclusion products in Belize, such as microfinance credit, mobile money and micro-insurance, aim to provide essential financial services to underserved populations while maintaining low money laundering (ML) and terrorist financing (TF) risks. Although simplified CDD measures are permitted, institutions often refrain from using them due to credit risk exposure. Continuous guidance and outreach from supervisory authorities are crucial to standardize practices and effectively promote financial inclusion. Additionally, supervisory authorities should consider whether certain products can be exempt from AML controls in line with assessed low ML/TF risk. By addressing these challenges, Belize can enhance financial inclusion and support economic growth for its underserved communities.

CHAPTER 4: STAND-ALONE ML/TF RISK ASSESSMENTS

337. As part of the second NRA and to address the areas of increased focus by the FATF, Belize completed two stand-alone modules to assess the TF abuse of Non-Profit Organizations (NPOs) and the ML/TF risks of Legal Persons and Legal Arrangements.

Non-Profit Organisations (NPOs) ML/TF Risk Assessments

338. In line with FATF Recommendation 8, Belize assessed the risk of terrorist financing (TF) abuse within the non-profit organization (NPO) sector. The primary objective of this assessment was to identify NPOs in Belize that meet the FATF functional definition[36], assess the evidence of NPO abuse of terrorist financing, determine the inherent risk (exposure to active terrorist threat) and review the quality of existing mitigating measures.

339. Belize possesses a small yet diverse NPO sector, encompassing both incorporated and unincorporated organizations. While the majority of NPOs raise funds locally, a small number of NPOs receive financial support from foreign sources, including foreign governments and international organizations. Similarly, while most NPOs allocate these funds for domestic activities, a limited number contribute to the funding of charitable or similar initiatives overseas.

340. At the end of 2023, there were four hundred fifty-one (451) registered NPOs, of which three hundred ninety-seven (397) were categorized as NPOs and fifty-four (54) as Non-Governmental Organizations (NGOs), which are a sub-set of NPOs (see **Table 5** for a breakdown of NPOs by categories).

[36] The following is the functional definition of NPOs, as set out in the Interpretive Note to Recommendation 8: *A legal person or arrangement or organization that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of 'good works'*. This functional definition comprises two components: 'purpose and funding'.

Category	Number of NPOs	Number of NGOs	Total
Religious	**174**	**1**	**175**
Charitable Organization	16	7	23
Social Services	**70**	**8**	**78**
Healthcare	21	2	23
Education	**20**	**1**	**21**
Sports	15	0	15
Recreation	2	0	2
Arts and Culture	**14**	**2**	**16**
Housing	0	0	0
Social	7	1	8
Fraternal	4	0	4
Others[37]	62	33	95
Total	**405**	**55**	**460**
Multiple Categories	**8**	**1**	**9**
Total Registered Entities	**397**	**54**	**451**

Table 5: Categories of NPOs and NGOs in Belize

341. Considering the two aspects of the definition, purpose and funding, the working group identified NPOs in the religious, education, social services and arts & culture categories, particularly those that are not funded primarily by GoB, a foreign government or international organizations or through membership dues or the sale of goods and services, as falling within the functional definition of NPOs.

Oversight of the NPO/NGO Sector

342. The enactment of the Non-Profit Organizations (NPO) Act 2023[38], introduces a new regulatory framework for NPOs (including NGOs) in Belize, replacing their prior designation as DNFBPs under the MLTPA.

343. Key changes include streamlined registration, which reduced registration barriers and disincentives within the sector as NPOs and NGOs previously registered under the MLTPA now benefit from automatic registration with the NPO Registrar under the FSC, as per section 7(3) and (4) of the *NPO Act.*

344. The enactment also enhanced supervision by establishing a comprehensive regulatory framework that strengthens Belize's capacity to mitigate risk within NPO operation and also shifted supervision to the FSC, an experienced regulatory authority, improving oversight of the sector.

[37] "Others" refers to those NPOs whose objective is to provide environmental conservation, animal welfare, and those registered entities whose purpose was unable to be ascertained.
[38] Act No. 14 of 2023

345. The new risk-based regime now ensures that NPOs and NGOs operate within a robust oversight system, further bolstering the integrity and resilience of Belize's non-profit sector.

Terrorist Abuse Indicators

346. The FATF Typologies Report identified a few different ways in which NPOs can generally be abused. Considering Belize's context, the working group noted that risk indicators highlight the potential for abuse of higher gross-income NPOs by terrorists with the diversion of funds being the method of potential abuse of greatest concern for Belize at present. In the context of threats related to FTFs, NPOs involved in sending money abroad or receiving foreign funding are deemed more vulnerable to TF abuse.

Mitigation Measures

347. Belize has taken robust measures to significantly reduce the NPO sector vulnerability during the assessment period. These measures include, *inter alia*, the enactment and implementation of the NPO Act, supported by operational mechanisms.

348. Following a review by the PLDWG, the NPO Act was enacted, amending the MLTPA to remove NPOs and NGOs from Schedule I and including their Registrar in the NTFSTF. An NPO Best Practices Committee was also established, fostering stakeholder collaboration and incorporated into the *NPO Act.*

349. The National Policy and Strategy (NP&S) mandate an NRA at least every five years, incorporating the NPO sector. The NP&S is binding on all authorities, including the NPO Registrar, mandating the implementation of a risk-based supervisory framework as well as collaboration with NAMLC to align risk assessments. Risk-based measures include auditing higher-risk NPOs, monitoring donations exceeding thresholds and conducting on-site inspections. These efforts inform the P&LDWG's ongoing review of the NPO regulatory regime.

350. The NPO Act also enhanced the data gathering tool to enable better risk identification and mitigation, including annual reporting requirements on fund disbursement, geographical transactions and significant organizational changes.

351. Belize has also enhanced immigration controls and domestic cooperation, particularly through the NTFSTF and addresses regional risks like FTFs by pursuing targeted MOUs with CARICOM and other jurisdictions.

352. Altogether, these measures positively impacted on the country's mitigation measures, contributing to the overall improvement (reduction) in the vulnerability of the sector.

NPOs at the Greatest Risk of Abuse

353. As noted earlier, NPOs in the education, social services, religion and arts & culture sub-sectors, which are not funded primarily by GoB or a foreign government or international organization or through membership dues or the sale of goods and services, fall within the FATF functional definition of NPOs. Amongst these, international typologies point to NPOs linked to religious and social services activities being of the highest priority. Further, risk indicators point to the potential for abuse of higher gross-income NPOs by terrorists. The method of potential abuse of greatest concern at present in the context of Belize is diversion. In the context of regional threats related to FTFs, NPOs sending money abroad or receiving foreign funding are subject to increased vulnerability.

354. The assessment of all available data together with mitigation measures adopted by Belize has further reduced the overall TF vulnerability. The assessment leads to the conclusion that the NPO sector vulnerability has now been reduced from a *Medium-high* in the first NRA, to a *Medium-low* in the second NRA, where the primary focus was to assess the sector's vulnerability to TF abuse. Therefore, combined with the low TF Threat, an overall risk rating of *Medium-low* was assigned to the sector.

355. While Belize's NPO sector presents a low-probability risk for TF abuse, continuous vigilance and targeted oversight remain essential.

Legal Persons and Legal Arrangements ML/TF Risk Assessment

356. In Belize's first NRA, Legal Persons and Legal Arrangements were not directly assessed but were considered indirectly. However, in the second NRA, eleven (11) legal structures were directly assessed as part of the country's comprehensive risk evaluation.

Methodology

357. Belize used the updated World Bank Group National Money Laundering and Terrorist Financing Risk Assessment Toolkit to carry out the National Risk Assessment of ML/TF for Legal Structures in Belize. This was a stand-alone module used by the Legal Persons & Legal Arrangements Working Group. The period under review was 2017 to 2023.

Legal Structures

358. During the assessment period, Belize identified eleven (11) types of legal structures. Of these, nine (9) were legal persons, including:
    i. International Business Companies (IBCs) under the *International Business Companies Act, Chapter 270, R.E. 2020*;
    ii. Local Companies under the *Companies Act, Chapter 250, R.E. 2020*;
    iii. Belize Companies under the *Belize Companies Act, 2022*;
    iv. Limited Liability Companies (LLCs)
    v. Limited Liability Partnerships (LLPs)
    vi. Foundations
    vii. Credit Unions
    viii. Building Societies
    ix. Cooperatives

359. The remaining two (2) legal structures were legal arrangements: Domestic Trusts and International Trusts.

360. It is important to note that the *International Business Companies Act* and the *Companies Act* were repealed and replaced by the *Belize Companies Act* in November 2022. However, for the purposes of this assessment, covering the period from 2017 to 2023, it was necessary to include the previously existing legal entities to provide a complete and accurate analysis.

361. As of the end of 2023, the total number of legal persons and legal arrangements were as follows:
    i. Belize Companies (re-registered and new) - 27,256
        - IBCs as of November 2022 (*repealed and replaced by Belize Companies*) – 177,079
        - Local companies as of November 2022 (*repealed and replaced by Belize Companies*) – 20,975
    ii. Limited Liability Companies (LLCs) – 2,177

iii. Limited Liability Partnerships (LLPs) – 57
iv. Foundations – 427
v. Cooperatives – 245
vi. Credit Unions – 28
vii. Building Societies – 0
viii. Domestic Trust – 146
ix. International Trusts – 2,375

Beneficial Ownership Framework

362. As part of the Legal Persons & Legal Arrangements Assessment, Belize examined its legal framework in relation to beneficial ownership, nominee relationships and bearer shares.

Bearer Shares

363. Significant legislative reforms have been implemented to address gaps in these areas, most notably the complete prohibition of bearer shares within the jurisdiction. The issuance and exchange of bearer shares were prohibited as of January 2013 for companies incorporated under the former *Companies Act (CAP 250)*, and as of 2017 for companies under the former IBC Act. Belize has consistently expanded the scope of this prohibition through legislative amendments, extending it to include bearer shares warrants and bearer certificates—measures applicable specifically to companies.

Nominee Directors and Shareholders

364. During the assessment period, it was noted that there were no regulations in place governing nominee directors and nominee shareholders. This absence was identified as a legislative gap requiring amendment to the *Belize Companies Act*. Specifically, it was recommended that nominee directors and shareholders be held to the same level of accountability as their regular counterparts. This includes requiring nominees to formally accept their appointments, register their consent with the Registrar, and disclose the identity of their nominator along with sufficient identifying information. This issue is also specific to companies. However, it should be noted that the *Belize Companies (Amendment) Act, 2023* has since addressed and closed this gap, as discussed in the mitigation section of this assessment. These concerns do not apply to any of the other types of legal structures in Belize.

Definition of Beneficial Owners (BOs)

365. The *Belize Companies Act*, the *LLC Act*, the *LLP Act*, and the *Foundations Act* all provide a definition of "*beneficial owner (BO)*," which aligns with the definition set out in the MLTPA. This cross-referencing ensures a consistent and FATF-compliant approach to the identification of BOs across various legal structures. Belize recognizes that a BO must be a natural person.

Trusts

366. While the *Trusts Act* does not explicitly define "*beneficial owner*," it does establish the requirement for trustees to submit annual attestation reports to the Financial Services Commission (FSC), which are based on the beneficial ownership and control of the trust. Additionally, the MLTPA clarifies that the BOs of a trust must also be a natural person.

Cooperatives

367. There are currently no requirements under the *Co-operatives Societies Act, CAP 313*, for co-operatives to report beneficial ownership information. However, any register or list of members maintained by a registered society is considered sufficient evidence of the following, unless proven otherwise;
    a. the date on which an individual was entered in the register or list as a member, and;
    b. the date on which that individual ceased to be a member[39].

368. Although there is no explicit BO requirements for co-operatives, members must provide a valid copy of their Belizean Social Security Identification Card.

Building Societies

369. The *Building Societies Act, CAP 310,* operates under the oversight of both the General Registry at the High Court of Belize and the Central Bank of Belize, pursuant to the *Domestic Banks and Financial Institutions Act, CAP 263 (DBFIA).* While the *Building Societies Act* references members and building funds in the context of share issuance, it does not explicitly define members as member-owners. Importantly, building societies are not currently considered material for the purposes of this assessment, as there are no registered building societies presently operating in Belize. The DBFIA, however, provides a clear definition of a BO as an individual who ultimately derives the benefits of ownership or control of a legal person.

370. With respect to the reporting and updating of beneficial ownership information, the CBB is empowered to obtain the names and addresses of the ultimate BOs of any licensee holding five percent or more of the licensee's paid-up capital[40]. Furthermore, each licensee is required to submit to the CBB, within four months after the end of its financial year, or within an extended period if permitted in writing by the CBB, a list of all shareholders recorded in its register. This list must include the number of shares held and the percentage ownership represented by those shares.

[39] Section 19 of the Co-operative Societies Act
[40] Section 81(1) of the DBFIA

371. Regarding enhanced due diligence, the CBB is mandated to conduct such measures on all new shareholders. Additionally, existing shareholders are subject to enhanced due diligence every five years to ensure continued compliance with regulatory standards.

Credit Unions

372. While there is no prescribed requirement for credit unions to report beneficial ownership information to a central registry, the *Credit Unions Act, CAP 314,* (CUA), requires that credit unions maintain an up-to-date register of members, a register of nominations and a record of directors. This information must be made available at all reasonable times at the registered address of the credit union. Additionally, the CUA empowers the Registrar to maintain accurate and up-to-date records, including a reliable data bank on credit unions.

373. Although BO information on membership is not required to be reported to any central registry, the CBB, as the supervisory authority of credit unions, may request a list of members during periodic examinations or should the need arise. In relation to board and committee members, credit unions are obligated to notify the CBB of all appointments and changes, which must also receive prior approval from the CBB.

374. Due diligence is conducted on individuals appointed to the Board of Directors. All directors must be members of the credit union and their appointments are subject to the Registrar's approval. As part of the registration process, the CUA requires the Registrar to consider the applicant's background, experience, integrity, police record, financial resources and history.

375. To enhance transparency and ensure consistency, Belize must undertake legislative reforms across all laws governing legal persons and legal arrangements. These reforms should aim to establish a standardized definition of "beneficial owner," mandate the reporting and maintenance of accurate, current, and updated BO information, and introduce effective and dissuasive sanctions for non-compliance. This includes failure to maintain BO records, failure to produce such records when required, or the provision of false information to the Registrar or any competent authority.

376. The principle of beneficial ownership is relevant and applicable across all legal structures in Belize.

ML Threat Assessment of Legal Persons and Legal Arrangements

377. Belize's threat score was assessed at *Medium* which was based on the level of ML abuse of Enforcement Data which was also rated at a *Medium* and the level of ML abuse based on Threat Perception and Open Sources which was rated at *Medium-low*.

Suspicious Transactions Reports (STRs) Analysis

378. Belize had compiled enforcement data from STRs, request for information (RFIs), and Mutual Legal Assistance Treaty (MLATs) and has analyzed same to determine the level of ML/TF abuse of legal structures in Belize. It is important to note that there is a paucity of enforcement data as it relates to civil enforcement/forfeiture actions, criminal prosecutions and criminal convictions. From the enforcement data, most of the requests pertained to IBCs.

379. Based on the total STRs received by the FIU, only a small percentage relating to legal persons and legal arrangements were disseminated. A large percentage of the cases that were disseminated relate to natural persons.

380. Based on data received it was concluded that the level of STRs submitted involving legal persons and legal arrangements were low for the assessment period. The majority of STRs submitted were resolved and filed for intelligence and a small percentage were disseminated for further investigation.

381. Concomitant to the analyzed enforcement data, the working group has reviewed and completed the nature of the abuse and the typologies analysis. The working group also looked at open-source information and case studies which provide an added element of perception, not truth, about how the jurisdiction is seen by others.

Mutual Legal Assistance Treaty (MLAT) Requests

382. Data received from the Attorney General's Ministry indicates that only a small number of MLAT requests were sent to foreign jurisdictions. None relates to the involvement of legal structures in suspected money laundering; all were related to natural persons.

383. The following **Table 6** represents incoming requests for beneficial ownership and controller information relating to legal persons and legal arrangements for the assessment period. The remaining MLAT requests from foreign jurisdictions were for natural persons.

	2017	2018	2019	2020	2021	2022	2023
% of MLAT requests from foreign jurisdictions involving Legal Persons and/or Legal Arrangements	**54%**	**41%**	**89%**	**69%**	**55%**	**64%**	**55%**

Table 6: MLAT requests from Foreign Jurisdictions

384. The level of MLAT requests received involving legal persons and legal arrangements were considered to be high.

385. Belize has established a robust legislative framework to ensure transparency of legal structures, including timely access to accurate and up-to-date basic and beneficial ownership information. The *Belize Companies Act, 2022* defines beneficial owner in alignment with the FATF standards, referencing the MLTPA to maintain a uniform, natural-person-based definition. Belize is increasingly recognized as a leader in AML/CFT efforts. Nonetheless, challenges remain due to ongoing perceptions that its legal structures are vulnerable to misuse for laundering criminal proceeds.

386. Belizean competent authorities (FIU, FSC, BTSD, BPD, CED) primarily focus on significant threats and typologies, aligning with international standards and national priorities.

Typologies

387. Most enforcement actions and international requests pertain to IBCs. IBCs were identified in schemes to:
    i. Layer or obscure beneficial ownership;
    ii. Facilitate complex international transfers; and
    iii. Hold assets linked to illicit proceeds.

388. Additionally, common typologies for IBCs are the following:
    i. Use of lawyers or service providers to claim professional privilege;
    ii. Multi-jurisdictional splitting of company structures to complicate tracing; and
    iii. Use of nominee directors/shareholders and corporate directors.

389. The level of criminally investigated proceeds laundered through legal structures in Belize is assessed to be *Very Low*. As a corollary, the number of money laundering prosecutions involving legal structures is also *Very Low*. By extension, no criminal convictions for money laundering offenses linked to legal persons or arrangements have been recorded.

Mitigation Measures: Legislative Amendments

390. A series of legislative amendments have been enacted to the laws governing legal persons and legal arrangements, effectively addressing and closing the deficiencies identified above.

391. The *Financial Services Commission Act, Act No. 8 of 2023*, grants the FSC the authority to share information with both domestic and international regulatory agencies. This facilitates effective cooperation with competent authorities and law enforcement agencies at the national and international levels. This provision is particularly significant given that the Director General of the FSC also serves as the Registrar for various legal structures, including Merchant Shipping, Companies, LLPs, LLCs, Foundations, International Trusts, NPOs and NGOs. As such, relevant information is maintained both by the Registrar and by the Registered Agents or other responsible officers of the respective legal entities.

392. *The Belize Companies Act, 2022*[41], *(hereinafter referred to as the 'Act')* eliminates the previous distinction between domestic companies (*hereinafter referred to as companies under CAP 250*) and International Business Companies (CAP 270). This Act consolidates both former laws into a single regulatory framework governing companies registered in Belize. Consequently, all companies, whether formerly IBCs or domestic entities, are required to comply with obligations related to maintaining basic and beneficial ownership information, record retention, cooperation with competent authorities upon request and adherence to effective and dissuasive sanctions. Additionally, the Act addresses the issue of nominees, whether directors or shareholders, by mandating that nominees provide formal consent to their appointment, file such consent with the Registrar, and disclose the identity and full particulars of their nominator.

393. The *Trust (Amendment) Act, 2023*[42], gazetted in September 2023, mandates the maintenance of beneficial ownership information and the filing of annual attestation reports with the registry. These reports must contain updated, adequate, and accurate information, including details of beneficial ownership. Additionally, the Act requires trustees and trust agents to fully cooperate with competent authorities.

394. The *Limited Liability Partnership (Amendment) Act, 2023* contains a definition for BO and mandates that LLPs maintain accurate, adequate, up-to-date, and current basic and beneficial ownership information. The Act also requires LLPs to retain these records for a minimum of five (5) years and to cooperate fully with competent authorities.

395. Similarly, the *Limited Liability Companies (Amendment No. 2) Act, 2023*, and the *International Foundations (Amendment) Act, 2023*, are the most recent legislative updates. Both Acts impose obligations on their respective legal structures to keep accurate, adequate and current basic and beneficial ownership information, ensure record retention for five (5) years and cooperate with requests from competent authorities.

[41] Act No. 11 of 2022
[42] Act No. 40 of 2023

396. Collectively, these pieces of legislation provide for dissuasive administrative penalties of up to $100,000 Belize currency for non-compliance with the obligations imposed on legal structures in Belize.

Risk Assessment of Legal Structures

397. In assessing all eleven (11) legal structures, it was essential to evaluate each one against eight (8) key variables and eighteen (18) corresponding sub-variables to identify areas of concern. Of the variables assessed, five (5) were identified as variables of concern, receiving either a *Medium-high* or *High* risk ratings in relation to specific legal structures.

398. One of the key risk variables assessed was '*Scale*'. Under this variable, the assessment considered both the total number of registered legal structures and the estimated value of pass-through financial flows or assets held. International Trusts, CAP 250 Companies, and IBCs were assessed as *High* risk, while Belize Companies were rated as *Medium-high* risk. These risk findings were subject to data limitations. Although some of the relevant information may be held by competent authorities, government departments, licensees or financial institutions, limitations in how the data was maintained presented challenges to analysis. The lack of entity-specific data therefore impacted on the assessment and contributed to the elevated risk ratings assigned to these legal structures.

399. The second key variable assessed was '*Cross-Border Risk Exposure'.* Several factors were considered under this variable, including the main location of business operations, the level of foreign ownership or control, ownership and control links to secrecy jurisdictions and the level of exposure to jurisdictions identified as major sources of proceeds of crime. Based on this analysis, International Trusts, Foundations, LLCs, and IBCs were assessed as *High* risk, while CAP 250 Companies were rated as *Medium-high* risk.

400. The legal structures assessed as *High* risk shared a common characteristic: for much of the assessment period, they were primarily accessible to foreign nationals and non-residents. This significantly increased their cross-border exposure and made it difficult to justify a lower risk rating. In addition, these legal structures exhibited varying degrees of ownership and control links to jurisdictions classified as secrecy jurisdictions, including those listed by the FATF, the European Union's list of non-cooperative tax jurisdictions (EU blacklist) and jurisdictions ranked highly on the Tax Justice Network's Financial Secrecy Index. These connections further elevated the risk profile of these legal structures in terms of cross-border money laundering and illicit financial flows.

401. The third variable assessed was '*Ease, Speed and Cost of Formation/Registration'*, this variable was broken down into two (2) key sub-factors; the cost of formation and administration and the ease and speed of formation or registration. Based on these criteria, IBCs and Belize Companies were rated as *High* risk, while Foundations, LLPs, LLCs, 250 Companies, and Cooperatives were rated as *Medium-high* risk. This assessment considered several elements, including the statutory fees established by the competent authorities responsible for registering these entities, as well as fees charged by registered agents (RA) and attorneys. In addition, the time taken to complete the

registration process was evaluated - from the point at which a client engages a service provider (including the collection of customer due diligence and incorporation documents) to the actual incorporation or registration of the legal structure.

402. Further considerations under this variable were; the availability of modern payment methods such as online payments, bank deposits and wire transfers, as these significantly impact the efficiency and accessibility of the formation process. The combination of relatively low costs, efficient processes and ease of access contributed to the higher risk ratings assigned to the assessed legal structures.

403. The fourth variable assessed was '*Quality and Accessibility of Basic Information'.* There were three sub-factors assessed under this variable; the comprehensiveness of basic information, the accuracy and quality of that information and the level of public access to it. Domestic trusts were rated as *Medium-high* risk under this variable. This rating reflects the current practice whereby individuals and legal practitioners do not consistently update basic trust information, despite legal requirements. While relevant information is collected at the time of registration, the lack of regular updates compromises both the accuracy and completeness of the data. However, with targeted legislative amendments and stronger enforcement by the General Registry, this rating could reasonably be improved over time to a low rating through increased compliance and data integrity.

404. The fifth and final variable assessed was '*Quality and Accessibility of Beneficial Ownership Information'.* Three sub-factors were assessed: the existence of beneficial ownership disclosure requirements, the accuracy and quality of BOs information and the level of access provided to competent authorities. CAP 250 Companies were rated as *High* risk, while International Trusts, Foundations, Limited Liability Companies (LLCs), International Business Companies (IBCs) and Domestic Trusts were assessed at a *Medium-high* risk level.

405. Prior to 2023, most legal structures in Belize, except for IBCs, were not explicitly required to maintain or disclose beneficial ownership information. For IBCs, BO information was required but only needed to be held by the registered agent. It was not until the legislative reforms enacted in 2023 that comprehensive BO disclosure requirements were introduced across a broader range of legal entities. These reforms now mandate the submission of BO information to the relevant registries, ensuring it is accessible to competent authorities.

ML Vulnerability Assessment of Legal Persons and Legal Arrangements

406. Belize's national vulnerability score was assessed at *Medium-high* which was based on the attractiveness to non-resident incorporation (ANRI) score which was rated as *Medium-high* and the Strength of Mitigation Measures which was rated as *Medium*.

Attractiveness to Non-Resident Incorporation (ANRI)

407. The ANRI score is a measure of a jurisdiction's general attractiveness as a formation or incorporation center for non-residents, considering different types of legal structures.

408. The size and influence of the offshore company formation sector is evident in the re-registration data on the Online Business Registry System (OBRS) up to the end of 2023.

409. RAs facilitated approximately 89% of all company re-registrations, while only 11% of domestic companies were re-registered without the involvement of a RAs. This trend suggests that a significant portion of re-registered entities have foreign investor participation. Notably, the majority of re-registrations during the 2022–2023 period were Belizean companies, with entities linked to Belize, the United States and Taiwan accounting for approximately 76% of total re-registrations.

410. The legal structures operating within the Belizean offshore sector include IBCs, LLCs, Foundations and International Trusts. These entities are typically managed by RAs or Trust Agents, who are licensed and regulated by the FSC. The FSC exercises supervisory oversight over these trust and corporate service providers and has the authority to impose conditions on the scope of services they may offer. As such, license types vary ranging from full-scope licenses to more limited or partial-scope licenses. For example, based on a fit and proper assessment, the FSC may restrict a RA to offering only company formation services, rather than allowing a broader suite of services such as the formation and administration of trusts, foundations, LLCs, or LLPs. Data gathered through an industry survey, with a strong participation rate of 79%, indicates that the majority of respondents reported having clients who utilize these legal structures for offshore company formation purposes. This underscores the continuing relevance and influence of the offshore sector within Belize's financial services industry.

411. In terms of advertising to non-residents, Belize utilizes various platforms including expo-related educational events, the Belize Finance and the Belize Investment Summit. These efforts are considered to be of average reach and impact.

412. Belize's political and economic stability is rated *Very High*. As a democratic nation, Belize experiences peaceful transitions of government following elections. Additionally, the Belize dollar is pegged to the US dollar, further reinforcing economic stability.

413. Belize is rated very highly in terms of the strength of the rule of law. According to *Freedom in the World 2022*, Belize received a score of 87 out of 100 for Political Rights and Civil Liberties. The

administration of justice has been further strengthened by the *Senior Courts Act (SCA)*,[43] which has increased the number of justices appointed to both the Civil and Criminal Benches. As noted by *Alpuche et al*.[44] , the SCA also legally mandates time limits for the delivery of judgments by Justices, enhancing judicial efficiency.

414. The SCA established specialized divisions within the Civil Division of the High Court, including the Constitutional and Administrative Law Division; the Commercial Division, which handles matters related to real property law, contracts and torts; and the Family and Trust Division.

415. The Bar Association of Belize, comprised of licensed Attorneys-at-Law and Magistrates, oversees the legal profession in the country.

416. Additionally, Belize's legal framework for asset protection is widely regarded as robust and well-developed, further reinforcing the country's strong rule of law.

417. In terms of perceived corruption levels, Belize is rated as average, with a *Medium* level of perceived corruption. According to *Transparency International's Corruption Perceptions Index (CPI)* for 2022, Belize scored 43, placing it 71st globally. Regionally, the *World Justice Project's Rule of Law Index* ranks Belize 72nd out of 140 countries in the category of absence of corruption, and 15th among 32 Latin American and Caribbean countries.

418. Beneficial ownership transparency in Belize is rated *Very High*, as both Companies and LLPs are required to file their beneficial ownership information with the Registrar. This information is maintained within OBRS, a centralized but non-public registry. Companies constitute approximately 98.84% of all registered legal persons, while LLPs represent 0.03%. Additionally, the *Trusts Amendment Act* mandates that beneficial ownership information for trusts be submitted to the Registrar annually through an attestation report.

419. Belize's tax attractiveness is rated as *Medium*. Companies earning income from abroad may obtain a Certificate of Tax Exemption (CTE) if they pay taxes in another jurisdiction. Domestically, Belize does not impose a corporate tax. The country, however, levies a Business Tax with rates varying from 1.75%, to 6% up to 15% applicable, depending on the types and nature of the company. Non-resident entities generally face higher tax rates, though no additional taxes beyond the Business Tax are imposed. Belize also attracts foreign individuals through tax incentives under the Qualified Retired Persons Program.

420. Despite these incentives, capacity to prevent and prosecute tax evasion or to collect unpaid taxes are areas identified for further strengthening.

421. Financial institutions and free-port operators have responsibilities to monitor their clients' tax compliance and withholding taxes on payments to non-residents are enforced. Notably, Belize does

[43] Act No. 27 of 2022

[44] Belize: An IFC Transformed To Take On The Modern Investor, dated September 4, 2023

not host any known Fortune 500 companies characterized by minimal employees yet significant profits.

Strength of Mitigation Measures

422. The Strength of Mitigation Measures, which was rated as *Medium*, aims to assess the effectiveness of existing mitigation measures against the misuse of legal structures within the jurisdiction and to identify potential areas for new mitigations. In contrast, the ANRI score evaluates factors influencing the jurisdiction's attractiveness for potential risk activities, which may increase its inherent vulnerability. Within the World Bank tool, the strength of mitigation measures is combined with the ANRI score to generate an overall national vulnerability score.

423. This assessment considers nine intermediate variables, each representing a distinct area where mitigation measures can be implemented. These variables are as follows;

424. The first variable assessed was '*Quality of Corporate Registry'*, which was rated as *High*. This reflects the fact that the primary registry for the majority of legal entities, the Belize Companies and Corporate Affairs Registry (BCCAR), is considered presently to have a fully comprehensive legal and operational framework. The registry's structure, functionality, and regulatory oversight contribute significantly to ensuring transparency and accountability in the registration and ongoing compliance of legal entities.

425. The second variable assessed was '*Quality of Information obtained through CDD'*. This variable was assessed as *Medium*. The MLTPA outlines the CDD requirements and procedures permitted and mandated within the jurisdiction, in line with international AML/CFT standards. The MLTPA provides for various levels of due diligence, including CDD, EDD and SDD, depending on the risk profile of the client or transaction. In determining the rating, additional factors were considered, including the extent to which CDD is conducted by other gatekeeper professionals (such as attorneys and accountants) and the level of AML/CFT risk awareness among Registered Agents. While the legal framework is in place, the medium rating reflects the need for continued strengthening of implementation and oversight to ensure consistent quality and reliability of CDD information across the sector.

426. The third variable of '*Quality of Regulation and Supervision of TCSPs'* was assessed as *Medium*. Belize has established a comprehensive regulatory framework for the oversight of RAs, who are classified as TCSPs under MLTPA. RAs are subject to all core AML/CFT obligations, including CDD, recordkeeping and the requirement to file STRs with the FIU.

427. The FSC is the designated supervisory authority for RAs and exercises its oversight through licensing, compliance monitoring, and enforcement powers as provided under the *FSC Act* and associated subsidiary legislation. While the legal and institutional framework is robust, the effectiveness of supervision in practice requires further strengthening.

428. The fourth variable assessed was '*Access to BO information'* in Belize. This variable was assessed as *Medium*. Belize has established a centralized location of beneficial ownership for most legal entities, which, while not accessible to the public, is available to competent authorities. These include the FIU and LEA. This approach reflects a balance between maintaining confidentiality and ensuring transparency for regulatory and investigative purposes.

429. The framework governing access to BO information is set out under the FSC Act and the MLTPA. The assessment considers several factors: the level of access granted to competent authorities, the access available to financial institutions and other entities subject to AML/CFT obligations, the extent of public access and the quality of the data format and search functionalities. While competent authorities are afforded necessary access to the BO register, the medium rating reflects areas for improvement, particularly in enhancing system usability.

430. The fifth variable assessed was '*Existence and Effectiveness of BO Verification Mechanisms'.* This was assessed as *Medium*. The jurisdiction has established routine verification processes that apply both at the time of entity formation and during updates to BO information. RAs, and in some cases BCCAR, are required to review supporting documentation to validate the identity of BOs. These procedures ensure that baseline checks are consistently applied during the registration and maintenance of legal entities.

431. In addition to routine verification, Belize has implemented several complementary measures to enhance the reliability of BO data. These include cross-checks with other available data sources, red-flag indicators that trigger enhanced due diligence and mechanisms for discrepancy reporting where inconsistencies arise between BO information held by the entity and that filed with the Registrar. The availability and quality of other relevant information sources also support verification efforts. While the framework is well-developed, continued efforts to strengthen implementation and improve data integration would further enhance the effectiveness of Belize's BO verification regime.

432. The sixth variable assessed was '*Effectiveness of International Information Exchange*'. This variable was assessed as *Medium-high*. Belize has the legal authority to exchange information with foreign counterparts for the detection, investigation and prosecution of crimes, including tax-related offences.

433. Recent legislative reforms in 2023, such as the extension of BO disclosure obligations to LLCs and Foundations, have strengthened the country's framework for tax transparency. However, enforcement practices are still evolving and the practical application of these reforms will require continued development.

434. In the area of AML information exchange, the FIU serves as the central authority for receiving, analyzing and disseminating financial intelligence. The FSC facilitates regulatory cooperation and oversees RAs.

435. The Attorney General's Ministry handles mutual legal assistance in criminal matters, while the Belize Police Department BPD leads law enforcement cooperation. Together, these institutions support Belize's growing capacity for international collaboration in both tax and AML contexts.

436. The seventh variable assessed was '*Effectiveness of Domestic Inter-agency Information Exchange'*. This variable was assessed as *Medium*. Belize has established a formal legal and administrative framework to support inter-agency coordination among all relevant competent authorities. This framework is underpinned by memoranda of understanding (MOUs), enabling legislation, departmental policies, and standard operating procedures (SOPs), which outline the protocols for both bilateral and multi-agency cooperation. In addition, various inter-agency working groups have been formed to encourage continuous dialogue and collaboration across institutions.

437. The implementation of the Online Business Registry System (OBRS) has significantly enhanced access to both basic and beneficial ownership information. Key authorities such as the FIU, FSC and BTSD are now able to retrieve corporate records directly from the OBRS platform, streamlining cross-checks and improving the efficiency of investigations and compliance reviews. Other competent authorities may also request access to this information through BCCAR, further supporting coordinated enforcement and regulatory action.

438. The eighth variable assessed was the '*Effectiveness of Enforcement of Sanctions/Fines'.* Belize has a solid legal framework that outlines sanctions for non-compliance with (BO) disclosure requirements, including fines, administrative penalties, and possible criminal liability. However, enforcement is an area identified for further strengthening.

439. The final variable assessed was the '*Quality of Controls against Opaque Structures'*. Belize has a moderately effective framework, assessed as *Medium* for controlling opaque legal structures. While bearer shares are strictly prohibited and nominee services are regulated through licensing and disclosure requirements, practical transparency gaps remain. These include the absence of public flags for nominee use, and no centralized tracking for nominees. While corporate directors must disclose natural persons behind them, improving transparency, beneficial ownership transparency for structures involving trusts or nominee arrangements should be strengthened. PEP screening is legally required but inconsistently applied. Challenges include overreliance on self-declarations, limited verification tools and poor documentation. There is also no centralized system to identify PEPs, leading to underreporting. Controls against deceptive entity names are strong. The Registrar has clear authority to reject misleading or inappropriate names and a review process is in place to prevent misuse during company registration.

Conclusion

440. Belize's second ML/TF NRA has provided a detailed evaluation of the nation's threats and vulnerabilities in combating financial crimes. This assessment, conducted with the revised World Bank's NRA Toolkit, highlights significant progress since the first NRA, particularly in enhancing legal frameworks, fostering inter-agency collaboration, and adopting risk-based approaches.

441. The findings indicate that Belize's overall ML risk is rated as *Medium*, reflecting a balance between persistent threats and enhancing combating abilities. While notable progress has been made, particularly in legislative reforms and inter-agency cooperation, challenges remain in areas such as resource allocation and capacity building for financial crime investigations, alongside structural factors such as the formalization of the economy.

442. Belize's TF risk is assessed as *Medium-Low*, supported by the absence of active terrorist organizations or significant evidence of terrorist financing threats.

443. A significant focus of the NRA was the assessment of NPOs for vulnerability to TF abuse. Of the 451 identified NPOs, 290 met the FATF functional definition, with those engaged in religious and social services activities determined to have the highest priority for monitoring. The key risk identified was the potential diversion of funds, particularly for organizations involved in cross-border financial activities or reliant on foreign funding. Strengthened oversight and enhanced collaboration between regulatory authorities and NPOs are essential to mitigating these risks while ensuring that legitimate charitable activities remain unaffected.

444. The findings and insights from this NRA will inform updates to the NAP and NP&S, focusing on further strengthening Belize's AML/CFT framework.

445. Key recommendations include prioritizing resource allocation for financial crime investigations, enhancing judiciary capacity and building stronger public-private partnerships. Addressing these areas will not only mitigate ML/TF risks but also reinforce Belize's commitment to international AML/CFT standards and obligations.

NATIONAL ANTI-MONEY LAUNDERING COMMITTEE

