



Superintendencia
de Bancos de Panamá

COMMUNIQUÉ

Listing of Panama in the EU's List is Unfair and Untimely

The listing of Panama in the EU list of non-cooperative jurisdictions for tax purposes is misguided, even more so considering what we are going through in the turmoil of a global, unprecedented pandemic that have triggered a severe financial crisis all over the world, including Panama.

The recent listing of Panama in the aforementioned list is the result of the EU's methodology, as whether a jurisdiction is already included in the OECD and FATF Lists it is automatically included in the EU list. EU assessment criteria for including countries in said list should be revised.

An increase of Country Risk, in the matrixes of any entity conducting business with the Panamanian market, means greater cost, besides the potential loss of banking correspondent services, which will add an additional cost when conducting enhanced due diligence processes.

Incurring this cost, in times like these when the world is experiencing a complex health, economic situation, with clear signs of affecting the financial sector, puts additional pressure on the country's banking system, producing an effect contrary to that of solidarity and international cooperation policies, which must prevail at this time, among all countries and territories without distinction.

The Superintendency of Banks recognizes the meaningful accomplishments of the country in recent years, in compliance with the highest international standards on matters related to anti-money laundering and counter terrorism financing.

Panama has significantly improved its regulatory and legal framework, pursuant to FATF and other international bodies' recommendations, as the country has also shown great effectiveness on the measures adopted. FATF has recognized our country's effort and commitment towards the approval of a modern anti-money laundering legal framework. Unfortunately, the mere fact of being included in the FATF list seems to be the reason to be included in the European list, without acknowledging the important progress made.

We have conducted an interagency work with other national regulatory bodies, with the Public Prosecutor and the Financial Analysis Unit, as a joint public-private effort, to continue strengthening the Panamanian financial center and, hence, the institutional capacity and the country's transparency.

From the beginning, President Laurentino Cortizo Cohen's administration has shown it is highly interested in making the delisting of Panama from any discriminatory list, as well as to continue

working on the action plan to be removed from the FATF list in 2021. Said plan is consistent with the country's agenda on matters related to transparency, the fight against money laundering and terrorism financing, the institutional strengthening and an effective law enforcement.

The Superintendency, as banking regulator, reaffirms Panama's commitment towards transparency and its continuous work in fine-tuning the instruments for the prevention and repression of money laundering and terrorism financing.

As country, we will continue working on updating our laws, pursuant to the highest international standards, in order to maintain a sound, secure and world-class banking center.

We are sure that through the diplomatic channels, the National Government will act according to current circumstances for the overall benefit of the best interest of the country and particularly to protect financial services.

Panama, May 13, 2020