

Monaco briefing

Advice for owner-managers

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IMF Assessment of Monaco

The International Monetary Fund has published its report on the Assessment of the Supervision and Regulation of the Financial Sector, which was undertaken in 2003. This report follows The Financial Stability Forum report in May 2002 which classified Monaco in Group II with respect to the quality of their supervision and degree of co-operation in the field of banking, insurance and securities supervision.

The conclusion of the new report, which reinforces Monaco's position as a high quality financial services centre, is reproduced below:

"The Principality of Monaco has in place a comprehensive legal framework, supervisory structure, and practices that support a **well regulated financial environment**. The authorities have over the past two years adopted a strongly proactive approach to supervision, especially in the AML/CFT area. This emphasis is appropriate to a system largely dominated by internationally active private banking and related financial services, the supervision of which benefits from close collaboration with the French supervisory authorities. Monaco's proactive stance, crucial to reducing the potential for reputational risk, could be enhanced by further developing the cooperation, additions to the AML/CFT regime, and some fine-tuning of supervisory arrangements.

Monaco's financial system is largely comprised of private banks providing asset management for high-net worth clients who are, in the main, attracted to the jurisdiction by the absence of personal direct taxes on residents, a very secure environment and convenient location. Portfolio management services and mutual funds are also offered by nonbank institutions. Company and trust service providers contribute to Monaco's strategy of attracting wealthy residents by facilitating wealth management services appropriate to the particular circumstances of clients from different jurisdictions. No insurance companies have been established in Monaco, insurance being offered only by the agents or brokers of French insurance companies."

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