Republic of Botswana

SECOND READING OF THE

THE FINANCIAL INTELLIGENCE (AMENDMENT) BILL NO.24 OF 2026

By the

MINISTER OF FINANCE

NDABA NKOSINATHI GAOLATHE

AUGUST 2026

1. **Mr Speaker**, I have the honour to present to this Honourable House, for second reading, the Financial Intelligence (Amendment) Bill, 2026, Bill No. 24 of 2026 which was published in the Government Gazette Extraordinary on 8th July 2026.

2. **Mr. Speaker**, allow me to provide background and context before I highlight the clauses of this Bill. By way of background, **Mr. Speaker**, the Financial Action Task Force (FATF) has 40 Recommendations or Standards which countries have to comply with in order to tackle money laundering, terrorist financing and the financing of proliferation.

3. **Mr. Speaker**, during the assessment in 2017, Botswana was found to have serious strategic deficiencies in her anti-money laundering and combating the financing of terrorism and proliferation (AML/CFT/CFP) framework. No recommendation was rated Compliant; three (3) were Largely Compliant; thirteen (13) were Partially Compliant; twenty-three (23) Non-Compliant while one (1) was not Applicable.

On effectiveness assessment, Botswana was rated Low Effectiveness on nine (9) Immediate Outcomes while two (2) Immediate Outcomes were rated Moderate Effectiveness. These led to the country being grey-listed by the FATF in 2018 and blacklisted by the EU in 2020. Botswana exited both the FATF grey list and the EU black list in 2021 and 2022 respectively. **Mr. Speaker**, through various pieces of AML/CFT/CPF related legislation passed through this Parliament and subsequent requests for re-ratings, as at the end of August 2025, the country now remains with one (1) Recommendation rated Partially Compliant and one (1) which was Non-Applicable at the time we were evaluated in 2017.

4. **Mr. Speaker**, it is important to mention that, even though as at August 2025, we have achieved a remarkable 98% compliance to the FATF Standards, the FATF regularly updates its Recommendations to address emerging money laundering, terrorist financing and proliferation financing risks.

Since Botswana’s last Mutual Evaluation in 2017, FATF has reviewed and amended twelve (12) Recommendations which the country must align her laws with. This is the reason why I am presenting the Financial Intelligence (Amendment) Bill, 2026 to this Honourable House.

5. **Mr. Speaker**, the primary purpose of the Bill is to amend the Financial Intelligence Act, Cap. 08:07, to address identified deficiencies and strengthen Botswana’s compliance with the Financial Action Task Force Standards on anti-money laundering, counter-terrorist financing and counter-proliferation financing (AML/CFT/CPF). In particular these amendments are meant to address three key areas namely:

- Deficiencies identified during the national AML/CFT/CPF self-assessment.

i. As part of the upcoming Third Round Mutual Evaluation preparations, the AML/CFT/CPF National Coordination Office (NCO) in the Ministry of Finance, in collaboration with the Institute for Combating Illicit Financial Flows (ICIFF), convened a capacity building workshop and a national self-assessment early this year to assess the amendments to the FATF Standards and Methodology.

ii. The self-assessment reviewed Botswana's current legal and institutional framework against the updated FATF Standards.

iii. It identified a number of legislative gaps and areas requiring amendment in order to strengthen the country's AML/CFT/CPF regime and ensure alignment with the updated standards and Methodology;

- Enhancement of the Financial Intelligence Agency's operational independence.

iv. The Bill advances Government's efforts to strengthen the operational independence and autonomy of the Financial Intelligence Agency. Following the amendments enacted in January 2025, a gap was identified in the provisions governing the appointment, deployment and management of Agency staff. The amendment is therefore intended to specify the administrative orders governing the appointment, deployment and management of FIA staff, thereby strengthening the Director General's control over the Agency's human resources and reinforcing its operational autonomy;

and

- Consequential amendments as a result of the Targeted Financial Sanctions Bill.

The Ministry for State President has proposed the Targeted Financial Sanctions Bill, 2026.

This Bill establishes a National Sanctions Monitoring Committee as the national mechanism responsible for coordinating and overseeing the implementation of United Nations Security Council Resolutions (UNSCRs) relating to targeted financial sanctions on terrorism, terrorist financing and proliferation financing.

Consequently, and in order to ensure legislative alignment, avoid duplication of mandates, eliminate inconsistencies and provide clear institutional responsibilities, the Financial Intelligence (Amendment) Bill, 2026 includes consequential amendments to remove references to the implementation of UNSCRs under the Financial Intelligence Act. These amendments include revising section 9 of the Act to remove responsibility for the implementation and enforcement of UNSCRs from the mandate of the National Coordination Committee on Financial Intelligence (NCCFI). The Bill deletes sections 10 and 10A of the Act, which provide for matters relating to the implementation of UNSCRs.

Responsibility for these functions will instead vest in the National Sanctions Monitoring Committee under the proposed Targeted Financial Sanctions Bill.

6. **Mr. Speaker**, I wish to emphasise that the Financial Intelligence (Amendment) Bill is not being pursued in isolation. It forms part of a broader and coordinated programme of legislative reforms being undertaken by Government to strengthen Botswana's AML/CFT/CPF framework following the self-assessment on the changed FATF Standards and other gaps identified during the national risk assessment.

7. **Mr Speaker,** in addition to this Bill, the Proceeds and Instruments of Crime (Amendment) Bill and the Trust Property Control (Amendment) Bill will be presented today. The Societies (Amendment) Bill was passed by Parliament last week. Amendments to the Counter-Terrorism Act, Precious and Semi-Precious Stones Act and the Real Estate Act are still being finalised.

These legislative amendments will be presented to this Honourable House by the respective Ministries responsible for their administration.

8. **Mr. Speaker**, collectively, these legislative reforms are intended to address identified gaps across Botswana's AML/CFT/CPF framework and ensure that the different components of our legal and institutional framework operate coherently and effectively. They represent a coordinated Government response to strengthening Botswana's preparedness for the upcoming Mutual Evaluation and more importantly ensuring a secure and robust financial system.

9. **Mr. Speaker,** against this broader programme of legislative reform, the specific amendments proposed to the Financial Intelligence Act are as stated below:

Clause 2 of the Bill amends section 2 of the Act by substituting the definitions of "competent authority", "prominent influential person" and "public authority" and deleting the definition of "competent United Nations body" and "designated person". These amendments align the terminology used in the Act with the revised FATF Standards and FATF Glossary, particularly Recommendations 2 (National Cooperation and Coordination), 6 (Targeted Financial Sanctions Related to Terrorism and Terrorist Financing), 7 (Targeted Financial Sanctions Related to Proliferation Financing), 12 (Politically Exposed Persons), 31 (Powers of Law Enforcement and Investigative Authorities) and 40 (International Cooperation), thereby ensuring that the Act reflects current international AML/CFT/CPF standards and terminology.

10. Mr. Speaker, Clause 3 reinstates a provision of the Act that was deleted during the January 2025 amendments.

The clause provides that the Financial Intelligence Agency shall be a public office and that the Public Service Act shall, with such modifications as may be necessary, apply to the Director General and officers of the Agency. The reinstatement restores the legal and administrative framework required to operationalise the Director General's authority over the appointment, reassignment and management of Agency staff. It therefore closes the gap created by the January 2025 amendments and strengthens the Agency's operational independence and autonomy;

Clause 4 amends sections 9, 10 and 10A as consequential amendments to the Targeted Financial Sanctions Bill, which introduces a National Sanctions Monitoring Committee to implement the United Nations Security Council Resolution (UNSCR);

Clause 5 amends section 14 of the Act to empower specified parties to deal with counter proliferation financing.

This amendment is intended to strengthen Botswana's implementation of FATF Recommendation 7 (Targeted Financial Sanctions Related to Proliferation Financing) by enhancing the country's ability to implement measures aimed at preventing, suppressing and disrupting proliferation financing activities.

Clause 6 of the Bill amends section 45 of the Act by substituting for the word “transaction”, the words “transactions and account”. This is meant to ensure that where it is suspected that a transaction may involve the commission of a financial offence, both the transaction and the account should be taken into consideration.

Clause 7 of the Bill amends section 46 of the Act, to prohibit tipping off where analysis by the Agency occurs without there being a suspicious transaction.

11. **Mr. Speaker,** the foregoing clauses of the Financial Intelligence (Amendment) Bill, 2026 seek to address identified gaps in the existing legal framework and bring Botswana's AML/CFT/CPF regime into alignment with the updated FATF Standards and Methodology. In doing so, the Bill will strengthen the country's legal and institutional framework for combating money laundering, terrorist financing and proliferation financing, enhance Botswana's preparedness for the 2027 Mutual Evaluation, and safeguard the integrity and reputation of our financial system.

12. **Mr. Speaker**, strengthening our legislation is necessary, but it is not sufficient. Botswana must also demonstrate that the laws, institutions and measures we have put in place are effective in practice and are producing tangible results.

The upcoming Mutual Evaluation will therefore require us not only to demonstrate technical compliance with the FATF Standards, but also to demonstrate effectiveness in preventing, detecting, investigating and disrupting money laundering, terrorist financing and proliferation financing.

13. **Mr. Speaker,** this requires a whole-of-government and whole-of-society effort. Government cannot achieve this objective alone. Financial institutions, including our banks, designated non-financial businesses and professions, supervisors, law-enforcement agencies, the private sector, civil society, the media and individual citizens all have a role to play. Every stakeholder must understand the risks within their respective areas and act responsibly to ensure that their actions do not unnecessarily expose Botswana to financial crime or associated reputational risks.

14. **Mr. Speaker**, responsible public communication is also important in this collective effort. The repeated circulation or reporting of unverified information concerning financial transactions as established facts can create unintended reputational consequences and adversely influence perceptions of Botswana's financial system. This is not intended to diminish the important role of the media in promoting transparency and accountability. Rather, it underscores the importance of accuracy, verification and responsible communication, particularly on matters that may have implications for the integrity and international reputation of our financial system.

15. **Mr. Speaker**, Government is doing everything within its power to ensure that the strengthened legal framework is matched by effective implementation. We are therefore complementing these legislative reforms with significant investment in capacity-building, including training, workshops, technical engagements and targeted stakeholder outreach across both the public and private sectors.

These interventions are intended to strengthen the capacity of competent authorities, supervisors, law-enforcement agencies, financial institutions, designated non-financial businesses and professions and other relevant stakeholders to understand their respective obligations and effectively discharge their responsibilities.

Our objective, **Mr. Speaker,** is therefore not simply to have laws that comply with international standards on paper, but to ensure that those laws are understood, implemented and demonstrably effective in practice.

16. **Mr. Speaker**, let me conclude by further buttressing an important point. Failure to address any identified legislative gaps in any of our AML/CFT/CPF legislative framework has the potential to significantly undermine Botswana's performance during the upcoming Mutual Evaluation, leading to a FATF grey listing.

This adverse outcome would come with serious implications for the credibility of the country's AML/CFT/CPF framework, the stability of the financial system, and Botswana's international reputation.

17. **Mr. Speaker**, we must protect our country at all costs. With an adverse outcome, investors will price Botswana as a higher compliance-risk jurisdiction, there will be a significant reduction in capital inflows, foreign banks may increase due diligence on Botswana banks, leading to slower transactions, higher costs, and possible de-risking pressure. In short

18. **Mr. Speaker**, a grey-listing of the country would reduce economic activity, investment, and financial flows. Mr. Speaker, protecting Botswana's financial system and international reputation is therefore a collective national responsibility. Government will continue to strengthen the legislative and institutional framework and build the necessary national capacity.

But ultimately, the effectiveness of that framework depends upon all of us: Government, institutions, businesses, professionals, the media and citizens playing our respective roles in protecting Botswana from money laundering, terrorist financing and proliferation financing.

19. **Mr. Speaker**, I beg to move that the **Financial Intelligence (Amendment) Bill, 2026, Bill No. 24 of 2026** be read a second time.

20. I thank you **Mr. Speaker.**