

Abu Dhabi Declaration on Hawala

1. Recognizing the need to better understand Hawala and other informal remittance systems and to ensure that this system is not abused by money launderers and terrorist financiers, the Government of the United Arab Emirates brought together experts and representatives of international and regional bodies and regulatory and law enforcement agencies, as well as bankers and money changers, in Abu Dhabi on May 15-16, 2002.
2. The word “Hawala” comes originally from the Arabic language and means transfer or remittance, but in this context refers specifically to informal money or value transfer systems or networks outside the formal financial sector.
3. The conference participants agreed that Hawala and other informal remittance systems have many positive aspects and that most of the activities conducted by Hawaladars (Hawala Operators) relate to legitimate business. Hawala provides a fast and cost effective method for worldwide remittance of money or value, particularly for persons who may be outside the reach of the financial sector.
4. However, the participants also raised concerns about Hawala and other informal remittance systems, noting that a lack of transparency and accountability, as well as the absence of governmental supervisions, presents the potential for abuse by criminal elements.
5. In light of these concerns, the participants agreed:
 - Countries should adopt the 40 Recommendations of the Financial Action Task Force (FATF) on Money Laundering and the 8 Special recommendations on Terrorist Financing in relation to remitters, including Hawaladars and other alternative remittance providers.
 - Countries should designate competent supervisory authorities to monitor and enforce the application of these recommendations to Hawaladars and other alternative remittance providers.
 - Regulations should be effective but not overly restrictive.
 - The continued success in strengthening the international financial system and combating money laundering and terrorist financing requires the close support and unwavering commitment of the international community.
 - The international community should remain seized with the issue and should continue to work individually and collectively to regulate the Hawala system for legitimate commerce and to prevent its exploitation or misuse by criminals and others.
6. The participants wish to express their deep appreciation to the Government of the United Arab Emirates and particularly the Central Bank for their leadership in hosting this groundbreaking conference.