Appendix 7.5: Feedback in detail[[1]](#footnote-1)

In 2011 the representatives of the **Austrian** FIU took part in 49 national and international training events and lectures.[[2]](#footnote-2) The Austrian FIU has created a reporting form for STRs which reporting entities can download from their website and are encouraged to use. This website also includes information on the procedures that have to be followed when reporting.[[3]](#footnote-3) According to FATF (2009c), the reporting entities are given immediate indirect feedback, since, upon receiving an STR, the FIU will contact the reporting entity to ask for more information as required for its investigation.[[4]](#footnote-4)

The **Belgian** FIU gives notification of receipt of the STR to the reporting institution. Furthermore, it will inform the reporting institution if it has found no suspicion and the case is archived in the FIU database. The FIU does not provide feedback to a reporting institution that it has forwarded a case to the public prosecutor. It only does so when the public prosecutor immediately decides to terminate the case. Then the reporting institution will be provided with this information. When there is a conviction, the case will be brought to the attention of the reporting institution as well. According to the Belgian representative, reporting entities organize training themselves. In Belgium, there are private companies that offer training sessions and the FIU representatives participate in this kind of training. Furthermore, the FIU organizes a meeting every year in which data from the annual report are presented. The FIU also participates in sessions organized by professional associations (e.g. in 2011 a session organized by the Order of Notaries).

In **Bulgaria**, according to the national representative, the FIU meets with the reporting entities at least once a year. Further, the FIU states that it provides the reporting entities with an acknowledgement of receipt for each STR and that it is at the discretion of the Director of the FIU to offer ad hoc feedback, if it considers this will improve the quality of the reports. However, the FIU considers that feedback is given on a case-by-case basis on a regular basis. The FIU published one report in English and Bulgarian in 2011 which it made available on its internet page. For the first time, this included money laundering and terrorist financing typologies, and information on trends and activities.

After receiving the SAR, the **Cypriot** FIU issues an acknowledgement of receipt to the bank. This is part of the standard procedure and is done immediately. In this preliminary feedback to the reporting entities, MOKAS mentions who will investigate the case. According to the Cypriot representative, the banks sometimes require guidance on how to treat a bank account or a client based on the information/transaction. The FIU is obliged to give such directions to the requesting bank. The FIU also informs the banks upon the termination of an investigation. Feedback is also given to the banks in the course of an investigation. Moreover, MOKAS can provide reporting entities with typologies regarding trends which came out of the investigation, which can help the reporting entities improve their detection. The FIU thinks that it is mostly the financial sector that could be threatened by ML, which may explain why the FIU is so close to the financial institutions. According to the Cypriot representative, MOKAS dedicates considerable efforts to providing training to the reporting entities, between 2008 and 2009 offering 44 training sessions at both national and international level.

According to MONEYVAL (2011c), in the **Czech Republic,** the new AML/CFT Law does not require the Financial Analytical Unit (FAU) to provide the reporting entities with specific guidance on how to report. Nevertheless, the FIU has issued guidelines and has posted it on their website. The FIU has a very comprehensive site with guidelines for the reporting entities relating to identification issues, credit cards, PEPs, CDD, reporting obligations, suspension of a transaction, confidentiality, third-country equivalence, exemptions, standard reporting forms, and relevant legislation. The Czech representatives argued that the FIU provides regular training sessions, conferences and seminars to the obliged persons. The numbers for 2011 cannot be confirmed as yet. MONEYVAL (2011c) report that the financial institutions they interviewed were satisfied with the cooperation and contribution provided by the FIU with respect to staff training and with the typologies the FAU provided them with.[[5]](#footnote-5) They confirmed that the FIU provided them with ‘clarifications, opinions on issues related to the prohibition on money laundering through various means including verbal advice, letters, E-mail, etc.’*.*[[6]](#footnote-6)

Although there is no standard reporting format, in practice, according to the **Danish** representative, almost all reporting institutions use the reporting format provided by the FIU. It was expected that, after the introduction of the new IT system, there would be a gradual increase in reports sent electronically. At first, institutions would be given some time to adjust to the new situation, but at a certain moment the AML/CTF Act would be amended to make electronic reporting compulsory. According to the Danish representative, the FIU (due to its position within the SØK) can give both general feedback and specific feedback to reporting institutions. Specific feedback means that the FIU informs, on its own initiative or on request, a reporting institution of the status of a particular case (is the case closed, pursued to court, has there yet been an indictment, is there a judgment; if so, what is the outcome of the judgment?). The Danish representative explained that this really motivates reporting institutions and it also gives them guidance in the understanding and recognition of atypical transactions. In practice such specific feedback has thus far only been given to banks, in one-to-one meetings at the office of the FIU with money laundering reporting officers. In theory, the Danish representative argued that it is also possible to give such specific feedback to other reporting institutions.

In **Estonia** the FIU provides general feedback through annual reports. According to the Estonian representative, the FIU conducts about 15–20 training sessions per year with reporting entities to help them better identify STRs. There are only 18 banks in Estonia and, according to the Estonian representative, the FIU knows them all personally and has a very good relationship with them. The reporting entities can therefore be provided with case-by-case feedback. Furthermore, the FIU publishes guidelines for the reporting entities, instructing them on how to report.

In **Finland**, the reporting entities can report online, and they are instructed on using a standard reporting format issued by the FIU. This can be downloaded from the FIU website, which at this point only offers information in Finnish on this matter. The FIU provides general feedback to the reporting institutions via its website. The FIU publishes several annual reports with statistics, trends and legislative developments, but only a few of them are translated into English. Cooperation with the obliged parties is reported to be one of the priorities of the MLCH. The training it provides to the reporting entities is based on practical examples. Obliged parties also seek the advice of the MLCH on a more ad hoc basis and appear to appreciate the guidance and assistance provided. FATF (2007b) reports that, as part of this ad hoc advice, the MLCH provides feedback to the obliged parties about the quality of the information they have disclosed.[[7]](#footnote-7)

In the FATF (2011a) report it was mentioned that the resources employed by the **French** FIU to conduct analysis were not sufficient to cope with the number of incoming reports. Furthermore, the absence of quantifiable information concerning the judicial follow-up of TRACFIN cases means that their contribution to AML/CFT investigations cannot be evaluated.[[8]](#footnote-8) This is also reflected in the nature of the feedback the FIU is able to give to the reporting entity. TRACFIN relies on good cooperation with the reporting entities, and in particular on informal contacts that TRACFIN agents have with compliance officers. Despite the difficulty of confirming such informal contacts, TRACFIN representatives state that the feedback they provide to the reporting entities is very good. TRACFIN has created a reporting template that reporting entities can use as guidance when disclosing STRs. In addition to this, TRACFIN issues an acknowledgement of receipt for each STR received. This is automatically done when reporting electronically and otherwise manually upon the receipt of an STR by mail. The FATF evaluation (2011a)[[9]](#footnote-9) suggested that TRACFIN does not publish enough detailed, written guidance for non-financial institutions on how to prepare suspicious transaction reports. During interviews, the FIU representatives argued that they have successfully tackled this point. According to the FIU 2011 report, the reorganization of the unit following the Decree of 7 January 2011 has brought about a change in awareness efforts with respect to reporting entities. TRACFIN’s actions at the national level have been cut back considerably (to approximately 24 communication actions) to make room for more targeted contacts with individuals.[[10]](#footnote-10) In 2011 TRACFIN paid specific attention to the DNFBPs (14 communication actions with them alone).

Giving feedback to the REs is required by the **German** AML Act, Section 10(1). The FIU informs the reporting entities (REs) about emerging ML trends, and new typologies through secured area of its website. According to FATF (2010e), the FIU also publishes seven periodic newsletters, which are intended to inform all reporting entities of current developments in the field of suppressing ML.[[11]](#footnote-11) The FIU receives feedback from the competent PPO on the outcome of investigated or convicted cases to which the FIU has contributed in the form of a copy of the indictment and the reason for dismissal or the verdict. The FIU can disclose information hereby acquired to the reporting entities or to the institutions providing the intelligence on which the criminal cases or investigation was based. The FIU will do so at their request,[[12]](#footnote-12) and with the purpose of allowing the reporting parties to improve their reporting. The data have to be destroyed by the reporting entities once no longer useful. Furthermore, AML/CTF compliance officers have access to the password protected secure area of the FIU website. They have access to the STR form together with instructions for use. This ensures a safe online reporting option for AML/CTF compliance officers. Moreover, after wide consultation, the German FIU has developed a standard reporting form, which was published in the Annual Report of 2004. This form has instructions regarding its completion, but REs are not obliged to use it. According to FATF (2010e), only about half of reporting entities use this format and there are no plans to make the standard format mandatory despite the very clear efficiency gains (less time consuming registration of STRs, fewer staff costs, more cumbersome analysis etc.). Finally, the FIU provides presentations and training to specific target groups (reporting entities, law enforcement units, etc.). According to the FIU 2011 report, the number of presentations and participation in training courses are kept at a high level, with the FIU being actively involved in 35 national and international events.[[13]](#footnote-13)

The **Greek** FIU rarely gives individual (case-by-case) training to obliged entities. According to the Greek representative, too much emphasis on this could prove counter to its purpose. The FIU, however, gives extensive general guidance. It has published several models of best practice in the AML/CTF fight in different economic sectors (i.e. the securities sector, the casino sector, the football sector, the real estate sector etc.). Since 2010, the FIU started publishing typologies on ML and TF in its annual reports (although these could not be found online). Furthermore, the FIU has a comprehensive website where reporting entities can report online through a secure connection.

On the manner of reporting, the **Hungarian** FIU is obliged, together with the supervisory authorities, to guide the reporting entities. The HFIU has published a detailed technical guide for the reporting entities on its website and, according to MONEYVAL (2010c), staff are designated to run a helpdesk for the reporting entities. Also, the supervisory authorities have published model rules that lay down typologies on unusual transactions, and twice a year the HFIU publishes a report on its website – with statistics, as well as guidance on typologies.[[14]](#footnote-14) Finally, HFIU provides feedback of a general nature to reporting entities (including a letter of acknowledgement on each STR).[[15]](#footnote-15) Besides this general feedback, HFIU notifies them on the use of information gathered unless it has the potential to compromise a successful procedure.[[16]](#footnote-16)

In **Ireland**, all reporting institutions receive an acknowledgement from the FIU and the Revenue Commissioners that their STRs have been received. There is a specific format in which STRs must be submitted to the FIU and Revenue Commissioners. According to the Irish representative, the prescribed format is meant as guidance, since it is not an offence not to follow the prescribed format in reporting. If this is the case, the FIU and Revenue will simply call the reporting institution, requesting more information or for the form to be filled in appropriately. The Irish FIU representative states that the FIU does not give feedback to the reporting entities while it is investigating an STR. Feedback is aggregated and given to the reporting entities every six months. In this feedback the status of the case is explained (under criminal investigation – hence done by the Garda, or under prosecution etc.) to the reporting institution. The Irish FIU can give such specific feedback, because a large proportion of STRs do not end up with criminal investigation and are either forwarded to the Revenue Commissioners or stored in the STR database. The Revenue Commissioners do not give such individual feedback, but they give generic feedback in their annual meeting with financial institutions (typologies, trends, general results). According to the FIU representative, the annual report of the Irish FIU is part of the annual reports of the An Garda Síochána. This includes data provided by all other sections under the supervision of the Ministry of Justice.

The **Italian** FIU informs the reporting entities only when their reports have been dismissed. However, this cannot often be observed, since the FIU forwards a very large share of the STRs it receives to the corresponding LEAs as it has little or no access to LEA databases. Further, the Italian authorities argued that the FIU gives general feedback and training to the reporting entities to ensure their compliance with reporting duties. According to the Italian authorities, there are plans to do more targeted training – risk-based training for sectors with which cooperation is more difficult. This seems to have been efficient as the number of STRs that the FIU has received in the recent years has increased exponentially. Despite this increase, many of the STRs do not seem to be of satisfactory quality.[[17]](#footnote-17)

In **Latvia**, the FIU receives extensive feedback from the police on the cases the FIU has forwarded to them. Upon receiving feedback from the police (that an investigation has started or that the case has been dropped), the FIU immediately informs the reporting entity. The FIU also gives guidance and feedback to the reporting entities through annual reports. Historically, the FIU did not make its annual reports public. Annual reports were not made public until 2006 since, up to then, the FIU only reported to the PPO and to the government.

In **Lithuania** the FIU provides guidance and feedback to the reporting entities through its annual reports. The website of the FIU also provides a comprehensive list of laws and guidelines for the reporting entities, and a secured trust phone service.

In terms of feedback, FIU **Luxembourg** strongly believes in motivating the reporting entities through feedback. The FIU gives a three-layer feedback to the reporting entities: a general feedback in the form of the annual report; individual annual feedback to the financial institutions and a case-by-case feedback where the FIU acknowledges receipt of the STR and, after the case has been analysed, mentions what has been done with the case – was it shelved, was it further investigated or prosecuted or was it used for intelligence? Yearly, the FIU meets with bank representatives and makes a report on the STRs received from each bank through the course of the year. For these aggregated STRs the FIU describes the result of the analysis such as, for example, the number of cases that have been shelved, the number of cases that were forwarded for further investigation/prosecution for ML or for a predicate offence (analysis report disseminated to PPO), the number of international information exchanges, the number of cases that have been put forward for prosecution etc.

The **Maltese** FIU gives good feedback to the reporting entities. This generally refers to the outcome of the STR[[18]](#footnote-18) – whether it was archived in the absence of other information, whether it was forwarded to the LEAs or whether it is still in the process of investigation. Furthermore, the FIU publishes yearly annual reports and make trends and methodologies on money laundering publicly available to reporting entities on their website.

The **Dutch** FIU provides training to the reporting entities: it publishes annual reports with AML/CTF indicators and it prepares and distributes case studies to the obliged entities. The FIU’s website contains a section on ‘reporting’, which specifies who is subject to reporting. The FIU provides the reporting entities with software that explains, inter alia, what the reporting procedures are.[[19]](#footnote-19) The FIU provides the reporting entities with a letter stating acknowledgement of receipt for each report. In order to avoid tipping-off, the FIU only informs a reporting institution that a transaction is regarded as suspicious if the supervisor confirms that the reporting institution has its own AML/CTF compliance department that can be relied upon to protect the information. Furthermore, if the UTR is involved in a criminal investigation and then is used in a criminal trial, the FIU can only report back to the reporting entity with the authorization of the Prosecutor General Office.[[20]](#footnote-20) Despite this, the FATF 2011b report mentions that the entities interviewed did not consider that they had sufficient guidance on what the FIU would wish to see by way of reports on their part.[[21]](#footnote-21) Reporting entities refer to lack of feedback after they are notified that a UTR has been substantiated into an STR. The problem is that the FIU itself, once the information is disseminated to law enforcement, has no information on the further course of action undertaken by the law enforcement authorities.[[22]](#footnote-22)

According to the **Polish** FIU Annual Report 2010, the majority of the obliged institutions were given e-learning training and the FIU has given other workshops as well. The training is done so that the FIU can make sure that reporting entities know how and what to report electronically, thereby reducing the workload of the FIU. According to the 2011 FIU Annual Report, members of the FIU have been involved in giving approximately 30 training sessions and lectures both nationally and internationally. On the issue of case-by-case feedback, this is given in any case where the notification submitted by the FIU to the PPO was based on information provided by the respective institution. The feedback should be given within 90 days of receiving the notification. Moreover, the FIU dedicates part of its website to the solving of problems that reporting obligations might have.

The **Portuguese** FIU meets with the reporting entities in several ways. They organize meetings with every sector, as well as a yearly conference with all the reporting entities. In addition to this, the representatives of the FIU have suggested that they are in permanent informal contact with the reporting entities as a way of providing them with individual feedback. The FIU provides feedback on information to the obliged entities on a quarterly basis, as far as reports are concerned. This feedback includes information on the results, as well as on the destination, of the reports.

The **Romanian** FIU does not give case-by-case feedback to the reporting entities. Feedback has a general nature, whereby reporting entities undergo annual training, can participate in seminars and workshops organized by the FIU, and can read more about AML/CTF trends and statistics in the publicly available FIU annual reports.

The **Slovakian** FIU is obliged by law[[23]](#footnote-23) to provide obliged entities with information on the efficiency of UTRs and on the procedures following their reporting unless this endangers the FIU analysis. Unfortunately, it was not possible to find out from an FIU representative whether this is actually the case in practice.

In **Slovenia**, there are several standard reporting formats to be downloaded from the OPML website – a report on cash transactions of great value, a report on suspicious transactions, clients or suspected money laundering activity, a report on criminal reports, a report on criminal offences and administrative offences and a report on cross-border transfer of cash and securities. The OMLP is obliged by Article 63 of the AML/CTF Act to provide feedback to the reporting entities, and it seems that it does so, on a general basis, by ‘publicly releasing periodic reports’. The FIU reported giving seven training sessions in 2009, and, in 2010, it provided almost 60 hours of lectures for the purpose of training reporting entities.[[24]](#footnote-24)

General feedback from the **Spanish** FIU is primarily provided by means of an annual report, which is published on its website. These annual reports contain statistical data on the functioning of the FIU and information about technological developments. Second, the FIU has thus far drafted three sector-specific guidelines. The guidelines aim to give practical guidance on how to deal with risks in specific business sectors, on the interpretation of legal provisions, and on how to comply with the reporting obligation. Third, the FIU organizes meetings and training seminars with representatives from reporting institutions.

According to the **Swedish** FIU, to obtain a higher reporting quality the reporting bodies must receive more feedback from the FIU and participate in seminars arranged by the supervising bodies and authorities in cooperation with the FIU. The FIU gives feedback through its annual reports. Many of the reporting bodies have requested more detailed feedback regarding their reports. However, legislative stipulations restrict the FIU’s ability to divulge the requested information.[[25]](#footnote-25) The annual reports of the FIU contain recent money laundering trends, techniques and money laundering statistics, and information regarding activities conducted by the FIU. The FIU also informs financial institutions if and when STRs have resulted in a case being forwarded to the law enforcement authority, in a preliminary investigation being opened, or if a sentence is pronounced. Other reporting entities are given a receipt after sending an STR. The formula gives information about the person in charge, phone number and case number.[[26]](#footnote-26)

**UK** FIU sends automatic acknowledgements of receipt to businesses that report via SAR Online and encrypted mail. UK FIU provides general feedback by means of the SARs Annual Report, notices on its website and guidance documents. The feedback to the top ten reporters will be delivered in 2012–13. UK FIU is currently renegotiating their model of engagement with the financial industry to ensure feedback is provided in a format which is most helpful to them. Another feedback tool is the Twice Yearly Feedback Questionnaire (TYFQ). Here, end-users of the SAR database (i.e. law enforcement agencies) are required to fill in a report on how they have used SARs in their investigations.[[27]](#footnote-27) This way, UK FIU is aware of the status and usefulness of the SARs. It is, however, difficult to share these TYFQs with reporting institutions because some of the case studies are cases that are still being investigated or prosecuted or that contain an obvious link with a specific SAR (and using this would constitute a breach of confidentiality). Overall, however, the feedback provided is generic. The UK FIU works together with other law enforcement agencies to raise awareness on AML/CTF matters. This is done on a yearly basis.[[28]](#footnote-28) Apart from the specific examples provided above, the FIU considers that it would be impractical to give individual feedback on an estimated 285,000 SARs submitted to the UK FIU in 2012, and therefore will continue to use a model that gives generic feedback.

1. This is an online appendix to The Economic and Legal Effectiveness of the European Union’s Anti-Money Laundering Policy, Chapter 7. [↑](#footnote-ref-1)
2. FIU Austria (2011), ‘Annual Report’, p. 6. [↑](#footnote-ref-2)
3. FATF (2009c), p. 74. [↑](#footnote-ref-3)
4. Ibid., p. 142. [↑](#footnote-ref-4)
5. MONEYVAL (2011c), p. 133. [↑](#footnote-ref-5)
6. Ibid., p. 145. [↑](#footnote-ref-6)
7. FATF (2007b), p. 60. [↑](#footnote-ref-7)
8. FATF (2011a), Executive Summary, p. 6. [↑](#footnote-ref-8)
9. Ibid. [↑](#footnote-ref-9)
10. FIU France (2011), ‘Annual Report’,p. 43. Available at: http://www.economie.gouv.fr/files/rap%202011%20ang.pdf. [↑](#footnote-ref-10)
11. FATF (2010e), p. 103. [↑](#footnote-ref-11)
12. This will be done in accordance with Section 475 of the German Code of Criminal Procedure. [↑](#footnote-ref-12)
13. FIU Germany (2011), ‘Annual Report’, p. 29. [↑](#footnote-ref-13)
14. MONEYVAL (2010c), p. 53. [↑](#footnote-ref-14)
15. FIU Hungary (2011), ‘Bi-annual Report – First Report for 2011’, p. 5 (translated from Hungarian). [↑](#footnote-ref-15)
16. FIU Hungary (2009), ‘Bi-annual Report – Second Report for 2009’, p. 13. [↑](#footnote-ref-16)
17. FIU Italy (2010), ‘Annual Report’, p. 6. [↑](#footnote-ref-17)
18. Article 32 of the AML Law. [↑](#footnote-ref-18)
19. FATF (2011b), p. 89. [↑](#footnote-ref-19)
20. This dissemination is made under Article 39f of the Data and Criminal Records Act. [↑](#footnote-ref-20)
21. FATF (2011b), pp. 181–2. [↑](#footnote-ref-21)
22. Ibid., p. 99. [↑](#footnote-ref-22)
23. This obligation is stipulated in Article 26, paragraph 2i of the 297/2008 Act. [↑](#footnote-ref-23)
24. FIU Slovenia (2010), ‘Annual Report’,p. 25. [↑](#footnote-ref-24)
25. FIU Sweden (2009), ‘Annual Report’, pp. 5–6. [↑](#footnote-ref-25)
26. FATF (2006d), pp. 52–3. [↑](#footnote-ref-26)
27. SOCA UK FIU (2011), ‘SARs Annual Report 2011’, p. 21. [↑](#footnote-ref-27)
28. Ibid. [↑](#footnote-ref-28)