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TOP SECRET
COUNTRIES KEEP FINANCIAL CRIME FIGHTING DATA TO THEMSELVES

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INTRODUCTION: CORRUPTION, BANKS AND ANTI-MONEY LAUNDERING DATA

Financial systems depend on trust from citizens and businesses to function. A vital part of this trust is the belief that banks are not holding funds on behalf of corrupt individuals and organisations, criminals, or terrorists.

In recent years, the financial sector has provided ample reason to question this belief. The majority of large-scale corruption scandals, from Ukraine to Brazil, have featured banks transferring or managing funds for the perpetrators and their associates. An analysis of 200 cases of grand corruption[1] by Global Witness has identified 140 banks involved in handling a total of at least US$56 billion in corrupt proceeds.[2] Following the Petrobras corruption scandal in Brazil, for example, Switzerland's attorney general froze US$400 million held at more than 30 Swiss banks with suspected ties to the case[3].

Corruption and money laundering (ML) – the act of disguising the origin of illegal and corrupt proceeds – undermine the basic rule of law, weaken democratic institutions and damage economies and societies. In 2013 alone, developing countries lost an estimated US$ 1.1 trillion to Illicit Financial Flows – illegal movements of money from one country to another. Effective anti-money laundering measures, in both developed and developing countries, are essential to end these illicit flows[4].

Experience in recent years has time and again shown that the financial sector cannot be relied upon to police itself when it comes to dirty money in the system, requiring strong consistent and effective anti-money laundering (AML) supervision by authorities. Just like health and safety inspectors in restaurants, national financial supervisors have the power to visit and inspect banks (on-site monitoring), identify and record failings in their systems, and impose sanctions where necessary. Prosecutors also have the power to investigate and prosecute money laundering cases, including requesting information across borders, and judges have the power to sanction individuals and corporate entities found guilty of crimes.

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[1] Transparency International defines grand corruption as the abuse of high-level power that benefits the few at the expense of the many, and causes serious and widespread harm to individuals and society. It often goes unpunished. See http://www.transparency.org/news/feature/what_is_grand_corruption_and_how_can_we_stop_it

[2] Global Witness, *Banks and dirty money: How the financial system enables state looting at a devastating human cost* (London: Global Witness, 2015). www.globalwitness.org/en-gb/campaigns/corruption-and-money-laundering/banks-and-dirty-money/

[3] Bloomberg, *Swiss Banks Probed Over Brazil's 'Carwash' Bribery Scandal*, 12 December 2016. https://www.bloomberg.com/news/articles/2016-12-12/swiss-attorney-general-pivots-to-banks-in-brazil-bribe-scandal

[4] Global Financial Integrity, Illicit Financial Flows, http://www.gfintegrity.org/issue/illicit-financial-flows/

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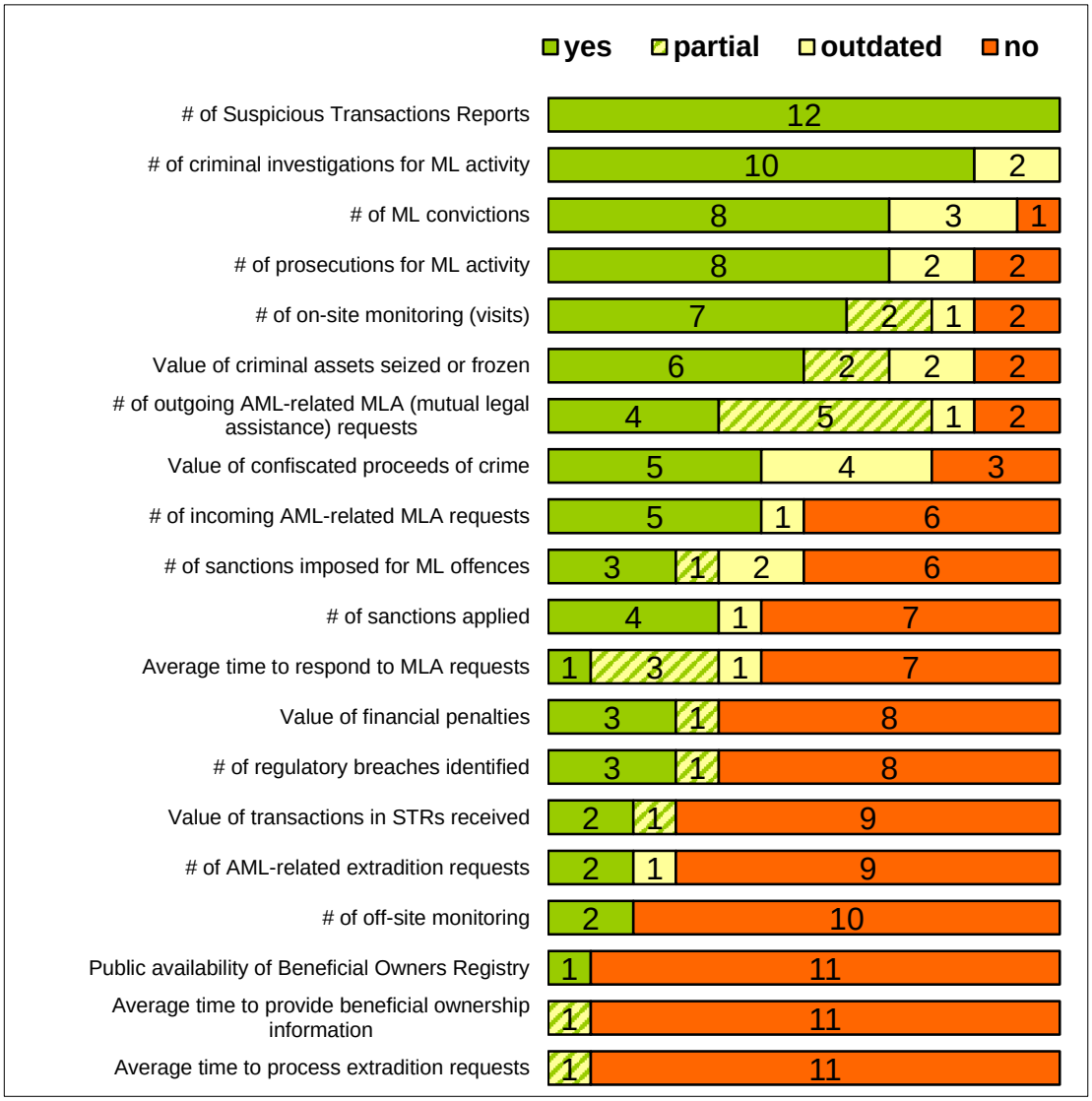
Public scrutiny is essential for the accountability of these mechanisms, but this report shows that in countries hosting major financial centres, data on anti-money laundering prevention and enforcement is treated as if it were Top Secret. Just **one in three basic anti-money laundering indicators** drawn from internationally accepted guidelines is **available to the public** and up to date across 12 countries hosting major financial centres, including the U.S., the U.K., Germany, Switzerland and Luxembourg (see chart below).

This low level of public data availability is a major obstacle to any independent monitoring of the effectiveness of anti-money laundering by civil society and the media.

Chart 1: Overview of public anti-money laundering data availability – 12 countries



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Where data is public, it is often not the result of transparency of national authorities themselves, but rather through the reports of international anti-money laundering bodies, in particular the Financial Action Task Force (FATF). This lack of information makes it very difficult for a citizen or journalist to get a full picture of the extent of anti-money laundering inspections, investigations, prosecutions and sanctions in their country. People want to know that regulators are keeping criminals out of their banks. The limit to public information begs the question of just how much oversight of the financial industry is actually taking place in practice.

Our main recommendation is that **countries should be required to publish statistics on their anti-money laundering efforts on a yearly basis**. This would allow everyone from citizens and journalists to international organisations and national authorities to monitor progress and identify areas for improvement. This is even more important now as many countries continue to recover from the economic malaise created by the 2008 financial crisis. The rebuilding of trust in banks, which played a huge role in creating the crisis, is a task not only for financial institutions themselves, but also for governments who need to show their regulation is effective.

The Financial Action Task Force (FATF) and Organization for Economic Cooperation and Development (OECD) evaluations[5] as well as assessments by national authorities and civil society[6] indicate that no country adequately implements anti-money laundering standards, including in leading OECD and G20 countries.[7] For example, an assessment by UK authorities found that over a half of the UK banks visited by the evaluators were failing to adequately implement anti-money laundering requirements for high-risk clients. This is one of the few assessments drawing directly on supervisory findings – in any country – to have been made public.[8]

Publicly and regularly available anti-money laundering data could and should be crucial inputs to generate pressure on authorities and the business sector to strengthen their anti-money laundering systems. Increased flows of data would strengthen anti-money laundering risk and policy assessments carried out by national, international and private sector institutions. Where anti-money laundering data has been published, for example regarding on-site inspections or sanctions, this has

[5] See for example: OECD, *Illicit financial flows from developing countries: Measuring OECD responses* (Paris: OECD, 2014). www.oecd.org/corruption/Illicit_Financial_Flows_from_Developing_Countries.pdf
[6] See for example: Transparency International UK, *Don't look won't find: Weaknesses in the supervision of the UK's anti-money laundering rules* (London: Transparency International UK, 2015). www.transparency.org.uk/publications/dont-look-wont-find-weaknesses-in-the-supervision-of-the-uks-anti-money-laundering-rules/
[7] See for example: Transparency International, *Just for show? Reviewing G20 promises on beneficial ownership* (Berlin: Transparency International, 2015). www.transparency.org/whatwedo/publication/just_for_show_g20_promises
[8] Financial Services Authority (FSA), *Banks' management of high money-laundering risk situations* (London: FSA, 2011). https://www.fca.org.uk/publication/corporate/fsa-aml-final-report.pdf

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already garnered growing media interest in the wake of large-scale revelations such as the Panama Papers.[9]

> Anti-money laundering data has garnered growing media interest in the wake of large-scale revelations such as the Panama Papers.

Why is Public Disclosure of Anti-Money Laundering Statistics Important?

Making information public can have powerful direct effects. For example, banking sector professionals in the U.S. often find information about penalties imposed on their peers more useful for understanding AML regulatory expectations than the actual guidance by financial supervisors[10].

The mere adoption of relevant laws and regulations does not guarantee the functionality of an anti-money laundering system. Primary data are essential in order to monitor its overall effectiveness.

Data on mutual legal assistance requests indicate how cooperative a country is with the authorities of other countries in dealing with cross-border money laundering cases; data on anti-money laundering related investigations, prosecutions and convictions shed light on the enforcement level of the anti-money laundering laws; while the availability of information about beneficial owners reflects the level of transparency in a country's financial system. Tracking progress over time and benchmarking across countries would require national authorities to provide detailed data on anti-money laundering, which should also be internationally comparable.

> If a penalty for anti-money laundering failings, and the reasoning for the penalty, are known only to the regulator and the party involved, other businesses will have no incentive or information to improve their own systems.

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[9] See for example: El País, *200 anti-money laundering inspections in four months.* El Pais, Uruguay, 21 October 2016. *(In Spanish - En cuatro meses 200 inspecciones antilavado de dinero.*)
[10] See FATF, *Anti-money laundering and counter-terrorist financing measures: United States: Mutual Evaluation Report* (Paris: FATF, 2016). According to the assessment "…representatives of the banking sector noted that, despite regular engagement with and extensive guidance from their supervisors, they often tend to better understand regulatory expectations based on the contents of the formal enforcement action orders issued against other institutions, when published" (para 302, p.124). www.fatf-gafi.org/media/fatf/documents/reports/mer4/MER-United-St ates-2016.pdf

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improve their own systems[11]. This is why, at a minimum, countries should publish aggregate data on sanctions, such as the total value and number of penalties, together with background information on the penalties, which can anonymise the parties involved if needed.

Transparency in anti-money laundering data would also increase the ability of citizens and the media to assess how actively their governments and state authorities are tackling the problems of corrupt proceeds and money laundering. At the moment, however, countries are only required by the FATF standard to provide data to the FATF assessors, but not to the public.

MAJOR FINDINGS

- The countries analysed in this report on average disclose few up-to-date anti-money laundering statistics to the public. Across all 12 countries, just **36 per cent of anti-money laundering indicators are fully disclosed to the public and are up-to-date**.
- Most publicly available **anti-money laundering data comes from only two kinds of sources**: Financial Intelligence Units' (FIUs) annual reports and mutual evaluation reports by the FATF or Moneyval[12]. Country authorities usually provide substantially more information to the FATF and its regional bodies during the assessment process than to the public. Without the FATF and its regional bodies including these data in their public evaluation and follow-up reports, data availability would be **further reduced to just one in five indicators** across all countries assessed.
- While FIU reports tend to disclose selected information on a yearly basis, the FATF and regional body reports appear irregularly[13] and do not assure updated, timely information flows.
- **Only five indicators are publicly available in more than a half of the countries reviewed**: the number of on-site monitoring and analysis visits (the number of visits by

[11] Deterrence is a fundamental aspect of anti-corruption and anti-money laundering legislation. For example, Article 14 (1) of the United Nations Convention Against Corruption states "Each State Party shall: (a) Institute a comprehensive domestic regulatory and supervisory regime for banks and non-bank financial institutions, including natural or legal persons that provide formal or informal services for the transmission of money or value and, where appropriate, other bodies particularly susceptible to money-laundering, within its competence, in order to deter and detect all forms of money-laundering,"

[12] Please note: In addition to published data, some information may be accessible upon individual request, on the basis of Freedom of Information requests. This study is based on already disclosed data.

[13] Baseline FATF assessments – known as Mutual Evaluation Reports – are carried out every seven to 10 years. For countries under follow-up review, publication of data can be more frequent. Overall the intervals between country data being made available through FATF or FSRB reports can vary between one and 10 years.

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supervisors to financial institutions); the number of suspicious transaction reports; and the number of criminal investigations, prosecutions and convictions for money laundering.

- Just four countries – Australia, Cyprus, Italy and the US – publish the total number of sanctions applied.
- A particularly poor area in terms of public availability of information is international cooperation. **Just five countries – Cyprus, France, the Netherlands, Switzerland and the U.S. - publish the number of anti-money laundering related mutual legal assistance requests** they have made to other countries. Only two countries provide information about anti-money laundering related extradition requests.
- Data on anti-money laundering is defined and captured differently across jurisdictions, which makes **international comparisons very difficult, if not impossible**. For example, depending on the jurisdiction, a suspicious transaction report may refer to one transaction or to a case with multiple transactions.[14]
- **Data tend to be dispersed** across different websites and sections of websites, including in formats such as pdf which make it difficult to extract or search information.

RECOMMENDATIONS

- **1. Financial supervisors** should collect and publish anti-money laundering enforcement statistics on a **yearly basis**, following the list of indicators recommended by the FATF. To enable easy public access to data, key yearly anti-money laundering statistics should be published in a single location such as a table or “enforcement dashboard”.

  The laundering of funds originating from corruption and other criminal activities has a direct impact on citizens, who have a right to know what preventive actions authorities are taking[15]. This recommendation is also in line with international anti-corruption frameworks[16] and good practice on government transparency; for example the Open

[14] For more details, see the FATF, *AML/CFT-related data and statistics* (Paris: FATF, 2015), pp.12-13. www.fatf-gafi.org/media/fatf/documents/reports/AML-CFT-related-data-and-statistics.pdf
[15] See Article 19 of the International Covenant on Civil and Political Rights at http://www.ohchr.org/EN/ProfessionalInterest/Pages/CCPR.aspx and also comment by the United Nations Human Rights Committee at http://www2.ohchr.org/english/bodies/hrc/docs/GC34.pdf
[16] See Article 13, United Nations Convention Against Corruption at https://www.unodc.org/documents/brussels/UN_Convention_Against_Corruption.pdf

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Government Partnership (OGP) declaration[17], under which participating governments commit to increasing the availability of information about government activities. Seven countries covered by this scoping assessment are OGP participants.[18]

- 2. The requirement to publish yearly anti-money laundering enforcement statistics should become a standard recommendation of international bodies including the **FATF and the G20**. The EU anti-money laundering directive already includes a requirement for EU member states to publish anti-money laundering statistics.[19]

  International comparisons of anti-money laundering data and trends would promote best practice, allowing for efficient corrective actions and for better risk assessments. These data could also serve as a useful input to periodic international country assessments, such as the International Monetary Fund's Article IV evaluations. The FATF should also take the lead in promoting standardised anti-money laundering data reporting.

- 3. In most countries, the Financial Intelligence Units' annual reports already disclose some limited anti-money laundering data. The **FIUs** in particular should build on this to broaden their disclosure and publish comprehensive statistics that would provide a good basis for public monitoring of a country's anti-money laundering efforts.[20]

BACKGROUND AND DETAILED FINDINGS

The Financial Action Task Force (FATF), established in 1989 by the G7 summit, has established a set of anti-money laundering standards known as the FATF 40 Recommendations. These rules are globally recognised as the minimum standard for an effective anti-money laundering system, which member countries of the FATF and its regional bodies[21] commit to implementing in their national laws. The FATF monitors the implementation of its 40 Recommendations by its member countries, regarding both technical compliance (translation of the standards into national law) and effectiveness (the implementation of the requirements in practice), and produces country

[17] See: www.opengovpartnership.org/about/open-government-declaration
[18] Denmark, France, Germany, Italy, the Netherlands, the UK and the US.
[19] See article 44 of Directive (EU) 2015/849, available at: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015L0849&from=EN
[20] There are different types of FIUs, administrative, police, judicial or hybrid, and the units can employ between a handful of people to over a hundred staff. Consequently their capacities and competencies differ strongly. In some countries the reporting tasks could be therefore delegated to another governmental agency. For details, see Eurostat, *Money laundering in Europe 2013* (Luxembourg: Eurostat, 2013), pp.53-54. http://ec.europa.eu/eurostat/web/products-statistical-working-papers/-/KS-TC-13-007
[21] Formally known as "FATF style regional bodies" or FSRBs.

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assessment reports. As FATF's Recommendation 33 states, maintaining comprehensive statistics is essential to assessing whether a country's anti-money laundering system is effective.[22]

In its 2015 Guidance on anti-money laundering statistics, the FATF identified 38 data items that had appeared to be particularly useful during the first rounds of country assessments.[23] Drawing primarily on this Guidance, we selected **20 indicators** relevant for anti-money laundering enforcement (see Chart 2 below for the full list) and verified the public availability of such data in 12 countries.[24]

Indicators were grouped into five areas[25]: 1) international cooperation; 2) anti-money laundering supervision; 3) legal persons and arrangements; 4) financial intelligence; and 5) anti-money laundering legal system and operations. The one indicator that is not taken from the list proposed by the FATF is Indicator 11, which looks for the existence of a public registry of beneficial owners – the real persons controlling a company. The current FATF beneficial ownership requirement is that countries should have accurate and up-to-date information, but not that this information be held in a central public register.

Chart 2 : Anti-money laundering (AML) indicators used in this report
Is the following data/ information publicly available?

INTERNATIONAL COOPERATION
1. Number of AML-related mutual legal assistance (MLA) requests made
2. Number of AML-related MLA requests received/ granted/ refused/ processed
3. Number of AML-related extradition requests made/ received/ granted/ refused/ processed
4. Average time taken to provide a response on the merits of MLA requests received
5. Average time taken to process extradition requests received
AML/CFT SUPERVISION[26]
6. Number of off-site (for instance, desk-based) monitoring or analysis
7. Number of on-site monitoring and analysis visits
8. Number of regulatory breaches identified
9. Total number of sanctions and other remedial actions applied[27]

[22] FATF Guidance, *AML/CFT-related data and statistics* (Paris: FATF, 2015), p.7. www.fatf-gafi.org/media/fatf/documents/reports/AML-CFT-related-data-and-statistics.pdf
[23] FATF Guidance, 2015, pp.28-29.
[24] Only data published on central/ federal level was reviewed.
[25] The five areas follow the themes proposed by the FATF Guidance, except for terrorist financing and financing of proliferation which is not covered under this review.
[26] From the FATF Guidance: "how well do supervisors, on a risk-sensitive basis, supervise or monitor the extent to which financial institutions and DNFBPs are complying with their AML/CFT requirements"?
[27] From the FATF Guidance: "Possible types of remedial actions: supervisory letters, action plans, follow-up examinations, other type of corrective actions, reprimands, public identification, fines/financial penalties, etc." and "sanctions related to breaches of compliance with the regulatory framework should be clearly distinguished from criminal investigations and prosecutions on criminal ML/TF offences".

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10. Value of financial penalties
LEGAL PERSONS AND ARRANGEMENTS
11. Public beneficial owners registry
12. Average time to provide requesting country with basic or beneficial ownership information
FINANCIAL INTELLIGENCE
13. Number of suspicious transactions reports (STR) received (also by reporting entity type)
14. Value of transactions in STRs received (including by reporting entity type)
ANTI-MONEY LAUNDERING LEGAL SYSTEM AND OPERATIONS
15. Number of criminal investigations for ML activity
16. Number of prosecutions for ML activity
17. Number of ML convictions
18. Number of sanctions imposed for ML offences
19. Value of proceeds of crime, instrumentalities, or property of equivalent value confiscated
20. Value of criminal assets seized or frozen

All 12 countries, for which the availability of anti-money laundering data was analysed, are characterised by highly developed financial sectors: Australia, Cyprus, Denmark, France, Germany, Italy, Luxemburg, the Netherlands, Portugal, Switzerland, the UK and the US. Except for Cyprus, they are all members of the FATF, while Cyprus is a member of Moneyval, which is an associated FATF-style regional body (FSRB).[28]

It is important to note that this assessment of data availability focused primarily on data produced by supervisory bodies charged with financial sector oversight. It has limited coverage of non-financial sectors such as law, accounting and real estate, due to the high degree of fragmentation in supervisory responsibilities found in previous studies. For example, a 2015 report by Transparency International UK identified 14 separate supervisory bodies in the UK for the accounting profession alone.[29] Moreover, the range of reporting entities subject to AML/CTF requirements differs among countries: in Australia AML requirements do not cover real estate agents and lawyers.[30]

As Chart 3 below shows, the majority of indicators are publicly available in only a handful of countries.

[28] Moneyval was established by the Committee of Ministers of the Council of Europe to conduct anti-money laundering assessments in its member states, which are not members of the FATF, taking the FATF 40 Recommendations as a standard.
[29] Transparency International UK, 2015.
[30] FATF, *Anti-money laundering and counter-terrorist financing measures: Australia: Mutual Evaluation Report* (Paris: FATF, 2015), p.6. www.fatf-gafi.org/media/fatf/documents/reports/mer4/Mutual-Evaluation-Report-Australia-2015.pdf

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While none of the reviewed countries disclosed data from all five thematic areas, Cyprus and the US disclosed the broadest range of up-to-date anti-money laundering statistics. An important caveat, however, is that in both these countries most indicators are not available directly from national authorities, but via FATF and Moneyval reports.

At the same time, for 18 of the 20 indicators there was at least one country that *did publish* statistics, suggesting that it is feasible to request all other countries to follow suit. It is important to note that the availability of data is not in itself an indication of the effectiveness of a country's anti-money laundering system.

Chart 3: Cross-Country Data

Available	yes
Partially available	p
Out-dated data	o
Unavailable	no

			AUS	CYP	DEN	FRA	GER	ITA	LUX	NET	POR	SWI	UK	US
INTERNATIONAL COOPERATION														
1	# of AML-related MLA requests	made	no	yes	no	yes	no	no	no	yes	no	yes	o	yes
2	# of AML-related MLA requests	granted	no	yes	no	no	no	no	yes	o	yes	no	no	yes
		refused	yes	yes	no	no	no	no	yes	o	no	no	no	yes
		received	yes	yes	no	yes	no	no	yes	yes	yes	yes	o	yes
		processed	no	yes	no	no	no	yes	yes	no	yes	no	no	yes
3	# of AML-related extradition requests	made	yes	no	no	no	no	no	no	no	no	no	o	yes
		granted	yes	no	no	no	no	no	no	no	no	no	no	yes
		refused	yes	no	no	no	no	no	no	no	no	no	no	yes
		received	yes	no	no	no	no	no	no	no	no	no	o	yes
		processed	no	no	no	no	no	no	no	no	no	no	no	yes
4	Average time taken to provide a response on the merits of MLA requests received		no	yes	no	no	no	no	p	no	no	p	o	p
5	Average time taken to process extradition requests received		no	no	no	no	no	no	no	no	no	no	no	p
AML/CFT SUPERVISION														
6	# of off-site (i.e. desk-based) monitoring or analysis		no	no	no	yes	no	no	yes	no	no	no	no	no
7	# of on-site monitoring and analysis		yes	yes	o	no	yes	yes	yes	yes	p	yes	no	p
8	# of regulatory breaches identified		no	yes	no	yes	no	no	no	no	no	yes	no	p
9	Total # of sanctions and other remedial actions applied		yes	yes	o	no	no	yes	no	no	no	no	no	yes
10	Value of financial penalties		no	yes	no	yes	no	yes	no	no	no	no	no	p

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continues from prev. page			AUS	CYP	DEN	FRA	GER	ITA	LUX	NET	POR	SWI	UK	US
LEGAL PERSONS AND ARRANGEMENTS														
11	Is there a publicly available beneficial owners registry		no	no	no	no	no	no	no	no	no	no	yes[31]	no
12	Average time to provide requesting country with basic or beneficial ownership information		no	no	no	no	no	no	no	no	no	p	no	no
FINANCIAL INTELLIGENCE														
13	# of STRs received (also by reporting entity type)		yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
14	Value of transactions in STRs received (including by reporting entity type)		no	no	no	no	no	p	no	yes	no	yes	no	no
AML LEGAL SYSTEM AND OPERATIONS														
15	# of criminal investigations for ML activity		yes	yes	o	yes	yes	yes	yes	yes	yes	yes	o	yes
16	# of prosecutions for ML activity		yes	yes	no	no	yes	yes	yes	o	yes	yes	o	yes
17	# of ML convictions	cases	no	yes	o	no	yes	yes	yes	no	yes	yes	o	no
		individuals	yes	yes	o	no	yes	yes	yes	o	no	yes	o	yes
18	# of sanctions imposed for ML offences		yes	yes	no	no	o	no	yes	no	no	no	o	p
19	Value of proceeds of crime, instrumentalities, or property of equivalent value confiscated		yes	yes	o	no	o	yes	no	o	no	yes	o	yes
20	Value of criminal assets seized or frozen		p	p	no	no	yes	yes	yes	o	yes	yes	o	yes

Disclosure by Area

International cooperation

While the number of received and submitted mutual legal assistance requests is often publicly available, countries usually do not disclose any information about the feedback process: how many MLAs were granted or refused, or how much time was needed to respond. Information on extradition requests is scarce or non-existent. Given that criminal investigations of money-laundering frequently involve a cross-border dimension, this lack of transparency is a significant cause for concern[32].

[31] Only for companies, not for legal arrangements like trusts.
[32] See for example European Commission fact sheet: *Security Union: Proposal for a Directive on countering money laundering by criminal law – Questions & Answers.* EU member states estimate that up to 70% of criminal investigations on money laundering have a cross-border element. (European Commission, 2016). http://europa.eu/rapid/press-release_MEMO-16-4452_en.htm

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Three countries – Denmark, Germany and Italy – disclosed no data on international cooperation. In Cyprus, the Netherlands, Switzerland, the UK and the US such information is only available in FATF publications.

Anti-money laundering supervision

Anti-money laundering supervision is another area with scarce statistics. The number of on-site monitoring and analysis visits is the only item disclosed relatively frequently.

Cyprus and France presented the most complete data sets, covering aspects of monitoring, regulatory breaches and sanctions. No relevant data for the UK were found.

Legal persons and arrangements

Public access to a beneficial owners' registry is only available in the UK. From 30 June 2016, companies' annual returns to Companies House (which are publicly available) must contain beneficial ownership details.[33] However, this data does not include companies registered in the UK's Overseas Territories or Crown Dependencies.

Financial intelligence

The number of Suspicious Transaction Reports appears to be the most transparent anti-money laundering indicator, published by all countries and often additionally split by reporting entity type. Still, cross-country comparisons of Suspicious Transaction Reports submissions are sometimes difficult because of differing definitions, reporting requirements. As a result, comparability across countries is limited.

Anti-money laundering legal systems and operations

The fifth thematic area, anti-money laundering legal system and operations, is relatively well covered by available data. Some countries provided complete or close to complete statistics, including Australia, Cyprus, Germany, Italy, Luxemburg, Switzerland and the US. The data disclosed by the UK were provided to the FATF in 2007 and are now out-dated. Denmark and France disclosed very little information in this area.

Many FIUs disclose data on the number of criminal investigations and prosecutions for money laundering activities, and some of them also on convictions. There is also considerable information about the value of confiscated, seized and frozen assets, but much of it is published only in the external evaluation reports by the FATF.

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[33] UK Department For Business, Innovation and Skills, *Beneficial ownership transparency* (London: Department for Business Innovation and Skills, March 2016). www.gov.uk/government/uploads/system/uploads/attachment_data/file/512333/bis-16-161-beneficial-ownership-transparency.pdf

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ANNEX 1: OVERVIEW BY COUNTRY

AUSTRALIA

Australia combines one federal, six state and two territory jurisdictions, each having its own laws and enforcement system. Thus state/ territory money laundering offences could have either federal and/ or state charges brought against an offender.

The size of the Australian financial sector measured by the size of total banking assets to GDP was 267 per cent in 2014.[34] Banks are the largest publicly listed Australian companies; on the latest Forbes list they occupied the first four positions.[35]

KEY AML INSTITUTIONS:

- Australian Transaction Report and Analysis Centre (AUSTRAC) – regulator and financial intelligence unit
- Australia's Attorney General – MLA and extradition requests
- Australian Criminal (Intelligence) Commission (ACC/ACIC) – criminal intelligence agency, issues a biennial Organised Crime Threat Assessment
- Eligo National Task Force – established by the ACC to take collective action against money laundering systems
- Anti-Money Laundering Interdepartmental Committee (AML IDC)
- Australian Securities and Investments Commission (ASIC) – financial markets supervision
- Australian Federal Police (AFP) – investigates serious crime, heads up the multi-agency Criminal Asset Confiscation Taskforce (CACT)
- Australian Intelligence Community (AIC) agencies – six Australian security and intelligence agencies, focused on money laundering/terrorist financing and counter-proliferation

KEY AML DOCUMENTS:

- The Anti-Money Laundering and Counter-Terrorism Financing Act 2006
- Financial Transaction Reports Act 1988
- Mutual Assistance in Criminal Matters Act 1987

DATA AVAILABILITY:

In spite of the high complexity of the federal Australian anti-money laundering system, the level of disclosure on a country level was higher than the average of the 12 countries in this study.

[34] See: www.helgilibrary.com/indicators/bank-assets-as-of-gdp
[35] See: www.forbes.com/global2000/list/#country:Australia

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Three major sources of anti-money laundering data were identified: the AUSTRAC annual reports[36], the Attorney General's annual reports[37] and the 2015 FATF Mutual Evaluation Report[38].

AUSTRAC publishes its reports on a yearly basis and they include the following anti-money laundering related data: international FIU-to-FIU cooperation (incoming and outgoing requests), number of the agency's on-site monitoring activities and desk-reviews (combined) and resulting remedial requirements and recommendations, number of STRs received and number of money laundering related criminal investigations.

The second source of statistics, the Attorney General's annual reports, includes MLA and extradition data. Although these statistics appear regularly, only information on granted extraditions is split by type and hence anti-money laundering related data can be extracted, the remaining information is aggregated across offence type.

The FATF has issued only two mutual evaluation reports on Australia so far, in 2005 and 2015.[39] Although the data provided in the most recent report are up-to-date, the report cannot be treated as a regular source of disclosure for anti-money laundering statistics, as it appears at 10-year intervals. The recent report included data on total anti-money laundering related MLA requests, detailed information on extradition requests and statistics on anti-money laundering legal systems and operations, including prosecutions, convictions, sanctions, value of confiscated proceeds of crime and frozen assets on a federal level.

Overall, there is good public information on international cooperation and anti-money laundering legal systems and operations (although the latter mostly appears in one-time FATF evaluations), some information on anti-money laundering supervision and financial intelligence and no information on beneficial ownership information. Regarding the last topic, the Australian government has recently committed to consulting with the corporate sector, non-governmental organisations and the public regarding "the details, scope and implementation of a beneficial ownership register for companies, as well as other options to improve beneficial ownership transparency" as part of the Open Government Partnership National Action Plan.[40]

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[36] AUSTRAC Annual Report 2014-15 (Australia, AUSTRAC, 2015). http://www.austrac.gov.au/sites/default/files/austrac-ar-14-15-web.pdf
[37] Attorney-General's department: *Attorney General's department Annual Report 2014-15*. (Australia: Attorney General's Department, 2015). https://www.ag.gov.au/Publications/AnnualReports/14-15/Pages/default.aspx
[38] FATF, *Australia Mutual Evaluation Report*. (FATF, 2015). http://www.fatf-gafi.org/media/fatf/documents/reports/mer4/Mutual-Evaluation-Report-Australia-2015.pdf
[39] Most recent FATF evaluation of Australia: FATF, *Anti-money laundering and counter-terrorist financing measures: Australia: Mutual Evaluation Report* (Paris: FATF, 2015). www.fatf-gafi.org/media/fatf/documents/reports/mer4/Mutual-Evaluation-Report-Australia-2015.pdf
[40] See: http://ogpau.pmc.gov.au/2016/12/07/australias-first-national-action-plan-submitted

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DATA HIGHLIGHTS:

- The number of anti-money laundering related MLA requests seems low by international comparison. For example, Italy, which is an economy of comparable size and with a similarly sized banking sector, reported six times more incoming MLA requests.
- The number of on-site and desk-reviews (enhanced assessments) seems relatively low, as it falls behind even Cyprus and Luxemburg, which are much smaller economies. Nonetheless, this may be due to different definitions, as the reported number of remedial requirements and recommendations issued as a result of assessments is high.
- A high number of STRs (over 64,000) is in sharp contrast with a very low number of criminal investigations (260) for money laundering activities. Nonetheless, almost every second investigation resulted in prosecution.

CYPRUS

The size of the Cypriot financial sector measured by the size of total banking assets to GDP is high and it reached 350 per cent in 2014.[41]

KEY AML INSTITUTIONS:

- Unit for Combating Money Laundering (MOKAS) – regulation, supervision, monitoring, receiving and analysing STRs
- Central Bank of Cyprus (CBC) – bank supervision
- Institute of Certified Public Accountants of Cyprus (ICPAC) – on-site inspections
- Cyprus Securities and Exchange Commission (CYSEC) – responsible for financial market integrity
- Cyprus Bar Association (CBA) – supervision of lawyers
- Insurance Companies Control Service (ICCS) – supervision of insurance companies

KEY AML DOCUMENTS:

- The Prevention and Suppression of Money Laundering and Terrorist Financing Laws 2007-2013 (AML Law) and subsequent amendments
- The 4th edition of the Central Bank of Cyprus Directive for the Prevention of Money Laundering and Terrorist financing (2013), and its amendment in April 2016

DATA AVAILABILITY:

Cyprus disclosed the most complete set of anti-money laundering data among the 12 analysed countries, with information available for 14 out of the 20 indicators. The only area for which no data were found was legal persons and arrangements (data related to beneficial ownership). Two main sources of information were identified: the MOKAS (Cypriot FIU) annual report and the Moneyval mutual evaluations.

[41] See: www.helgilibrary.com/indicators/bank-assets-as-of-gdp

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MOKAS' annual report 2013-14, downloadable from the unit's official website,[42] is the only report currently available to the public; no previous or more recent reports are available. The fifth thematic area, anti-money laundering legal system and operations, has the most disclosed statistics and include the number of criminal investigations, the prosecution and convictions for money laundering activity, the value of frozen and confiscated illegal proceeds, and the number of relevant court orders. There is also indirect information regarding the number of STRs, but it is aggregated with other cases received by MOKAS, for instance with information requests.

Moneyval has evaluated Cyprus regularly since 1998 and evaluation rounds took place every four to five years.[43] During each round at least two reports were issued: one basic report prepared by the Moneyval Secretariat and at least one progress report by the country itself. As a result fresh anti-money laundering data have been disclosed every one to three years. Since 2011, when the fourth evaluation round began, progress reports should be submitted biennially.[44] The last publicly available progress report for Cyprus is dated 2013. Moneyval confirmed the submission of the second update report in 2015, but this document is not publicly available at the date of this assessment.[45] The next full assessment of Cyprus is expected to take place latest in early 2018.

Moneyval reports disclosed a relatively broad statistical data set: detailed information on MLA requests, including the average time taken to provide a response (the only country to reveal updated information on that issue), detailed information on anti-money laundering supervision, the number of STRs and selected information on anti-money laundering legal systems and operations. If the frequency of Moneyval evaluations of Cyprus is sustained, this could be a good source of regular statistics on the country's anti-money laundering system.

DATA HIGHLIGHTS:

- Cyprus makes and receives a very low number of anti-money laundering related MLA requests, even in relation to the small size of its economy. In 2012 only five outgoing and 26 incoming requests were recorded, which indicates rather under-developed international cooperation.
- The average time needed to respond to MLA requests has improved to 120 days, down from 150 days in 2010.
- The number of supervisory on-site visits in recent years was high, considering the small size of the Cypriot economy. Identified breaches have resulted in fines (170,000 euro and 215,000 euro in 2012 and 2011 respectively; and 5,000 euro in 2013, as the majority of cases were still pending at the time the data were published).
- The reported number of criminal investigations on money laundering activities in 2014 was very high. A fifth to a quarter of criminal investigations resulted in prosecution.

[42] See: www.law.gov.cy/law/mokas/mokas.nsf/index_en/index_en?OpenDocument
[43] See: www.coe.int/t/dghl/monitoring/moneyval/Countries/Cyprus_en.asp
[44] See: www.coe.int/t/dghl/monitoring/moneyval/Evaluations/Monitoring_progress_en.asp
[45] Moneyval, *MONEYVAL Committee of Experts on the evaluation of anti-money laundering measures and the financing of terrorism* (Strasbourg: Council of Europe, 2015), p.31. www.coe.int/t/dghl/monitoring/moneyval/Activities/2015_AnnualReport_en.pdf

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DENMARK

The Kingdom of Denmark includes three jurisdictions: Denmark, Greenland, and the Faroe Islands (the later two are not European Union members), each having a different set of anti-money laundering laws. The Danish financial sector is deep; the size of total banking assets to GDP was 216 per cent in 2014 (in the past it has even reached 500 per cent).[46] Denmark regularly scores highly on transparency and good governance indices.

KEY AML INSTITUTIONS:

- State Prosecutor for Serious Economic and International Crime (SØIK: entity established per 1 January 2013 as a merger of prosecution of economic and cross-border crime, previously known as SØK) – money laundering investigation and prosecution
- Money Laundering Secretariat (Hvidvasksekretariatet/ HVIDVASK) – Danish FIU within SØIK
- The Financial Supervisory Authority (FSA) – supervision of banks, other financial institutions, insurance companies and other entities
- The Danish Commerce and Companies Agency (DCCA) – supervision of money transmitters and foreign exchange transactions[47]
- The Danish Bar and Law Society – supervision of lawyers
- The National Commissioner of Police (NCP) and its Serious and Organized Crime Agency
- Money Laundering Steering Committee – an anti-money laundering discussion forum for diverse official institutions

KEY AML DOCUMENT:

- The Act on Measures to Prevent Money Laundering and Terrorist Financing, The Danish Act No. 1022, 13 August 2013

DATA AVAILABILITY:

Denmark disclosed the least complete anti-money laundering data set among the 12 reviewed countries. Most of the available data were found to be out-dated and no data on international cooperation or legal persons and arrangements were found.

Two main sources of information were identified: the FATF Follow-up Report 2010[48] and the Money Laundering Secretariat (FIU) reports (the most recent 2015 issue is only available in Danish[49], but until 2009 the reports were published in English).

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[46] See: www.helgilibrary.com/indicators/bank-assets-as-of-gdp; IMF, Denmark: *Detailed assessment of anti-money laundering and combating the financing of terrorism* (Washington DC: IMF, 2007), p.18. www.imf.org/external/pubs/ft/scr/2007/cr0702.pdf

[47] IMF, 2007, p.20.

[48] FATF, Third Follow-up Report, Kingdom of Denmark. (FATF, 2010). http://www.fatf-gafi.org/media/fatf/documents/reports/mer/FoR%20Denmark.pdf

[49] Hvidvasksekretariatet, Aktiviteter i tal 2015, (Denmark, Financial Intelligence Unit, 2015). http://www.anklagemyndigheden.dk/Documents/hvidvasksekretariatet%20-aktiviteter-i-tal-2015.pdf

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The latest available FIU annual report, dated 2015, included updated information on STRs by reporting entity.[50] The older reports (until 2009) additionally included information on money laundering convictions and on the value of the confiscated proceeds of crime.

There are two available FATF mutual evaluation reports for Denmark, the full report of 2006 and the follow-up report of 2010, which included a reduced set of data.[51] A new assessment report is due in the second half of 2017. The first two reports included data on anti-money laundering supervision (the number of FSA inspections by entity type and the number of sanctions applied), as well as on the number and structure of the STRs. The 2006 report also included data on anti-money laundering legal systems and operations: the number of investigations, convictions and applied sanctions.

In Eurostat's comparison of the European Union anti-money laundering statistics, in most cross-country tables Denmark falls into the category "member states unable to provide data".[52]

DATA HIGHLIGHTS:

- The limited data availability for Denmark may reflect limited enforcement activity. In its 2007 review of the Danish anti-money laundering system, the IMF underlined a number of deficiencies:

  - "Danish authorities have only prosecuted 16 money laundering cases in the last 6 years (...). These figures appear low."

  - "Suspicious transaction reporting from Danish financial institutions has been modest, given the size of the financial sector. It has also been largely concentrated in bureaux de change and commercial banks. (…) The reporting regime is thus not fully effective."

  On the other hand, the IMF noted as a positive development: "Denmark seems to be an active and cooperative international criminal justice partner".[53]

- The single up-to-date, publicly available anti-money laundering indicator for Denmark refers to suspicious activity reports. Over 15,000 reports were filed in 2015, covering more than 322,000 suspicious transactions, indicating that the volume of reports has increased since the IMF's 2007 assessment.[54] On the other hand, in 2014 statistics from the Danish Money Laundering Secretariat showed that, "Twenty-five of the country's 83 banks – so nearly one in three – did not report a single suspicious transaction in the period from January 2012 to 10 April 2014".[55]

FRANCE

[50] See: www.anklagemyndigheden.dk/Sider/statistik.aspx
[51] FATF, *Mutual Evaluation: Third follow-up report – Kingdom of Denmark* (Paris: FATF, 2010). www.fatf-gafi.org/media/fatf/documents/reports/mer/FoR%20Denmark.pdf
[52] Eurostat, 2013.
[53] IMF, 2007, pp.11,12,15.
[54] Hvidvasksekretariatet, *Aktiviteter i tal 2015*, p.1. www.anklagemyndigheden.dk/Documents/hvidvasksekretariatet%20-aktiviteter-i-tal-2015.pdf
[55] See: http://amlabc.com/aml-category/aml-news/denmark-every-third-bank-fails-to-report-money-laundering/

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France has a large financial sector, both in absolute and in relative terms. Total banking assets to GDP reached the level of 385 per cent in 2014.[56] Six of the largest French companies by asset size are financial institutions.[57]

KEY AML INSTITUTIONS:

- TRACFIN – French Financial Intelligence Unit
- Ministry of Finance (*Trésor*) – anti-money laundering/countering the financing of terrorism policy-making and legislation
- Agency for the Management and Recovery of Seized and Confiscated Assets (*Agence de gestion et de recouvrement des avoirs saisis et confisqués*/ AGRASC) under the co-tutelle of the Ministry of Justice and Budget – confiscation authority
- Customs (*Douanes*) – cross-border physical transactions control
- Financial Markets Authority (*Autorité des marchés Financiers*/ AMF) – financial market regulator
- Prudential Control Authority (*Autorité de Contrôle Prudentiel*) – supervision of credit institutions

KEY AML DOCUMENTS:

- Ordonnance 2009-104 du 30 janvier 2009, codifiée aux articles L. 561-1 et suivants du Code monétaire et financier
- Ordonnance n°2012-1432 du 21 décembre 2012 relative à la sécurité et à la lutte contre le terrorisme
- LOI n° 2013-672 du 26 juillet 2013 de séparation et de régulation des activités bancaires
- LOI n° 2013-100 du 28 janvier 2013 portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière économique et financière
- EU AMLD IV (Expected to be implemented in France in 2017)

DATA AVAILABILITY:

All anti-money laundering statistics are derived from the 2015 TRACFIN's annual report.[58] Concerning international cooperation, there are data on the amount of incoming and outgoing anti-money laundering related MLA requests, but no data could be found on the processing of such requests. A good data set on anti-money laundering supervision is available: the number of off-site monitoring and analysis visits, the number of regulatory breaches and the value of related financial penalties. Similar to other countries, the FIU publishes detailed STR statistics in addition to information about the number of relevant criminal investigations.

[56] See: www.helgilibrary.com/indicators/bank-assets-as-of-gdp
[57] See: www.forbes.com/global2000/list/#header:assets_sortreverse:true_country:France
[58] TRACFIN, *Annual report* (Paris: TRACFIN, 2015). www.economie.gouv.fr/files/ra-2015-tracfin.pdf

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The only available FATF Mutual Evaluation Report on France was published back in 2011;[59] the next one is due in 2021.

DATA HIGHLIGHTS:

- France reported a very high number of anti-money laundering related MLA requests, both incoming and outgoing. In relative terms (in relation to GDP), these were the highest numbers among the reviewed countries. In its 2011 report the FATF reported that, "France is able to offer extensive mutual legal assistance (…). Available measures relating to extradition are also satisfactory, even if the lack of adequate statistics makes it very difficult to determine exactly how effective the current system is".[60] The available statistics confirm that the scale of MLA is large, but the effectiveness of international cooperation is unknown.
- Considering the size of the country and its financial sector, the reported number of STRs seems low, but unlike in the UK for example, French financial institutions have to conduct initial investigations before reporting a case to the FIU, which considerably raises the reporting bar.

GERMANY

Germany is a federal country consisting of 16 states, which results in very complex and fragmented regulation and administration. The size of the German financial sector measured by the size of total banking assets to GDP was 268 per cent in 2014.[61] Among the five largest German companies by asset size, four represent the financial sector.[62]

According to the Tax Justice Network, Germany is ranked as the eighth most secretive jurisdiction worldwide and is a safe haven for illicit financial flows from around the globe: "The influx of dirty money is facilitated by a narrow set of predicate offenses for money laundering".[63] The country has also not been constructive in European efforts to increase beneficial ownership transparency.[64]

KEY AML INSTITUTIONS:

- Federal Criminal Police Office (*Bundeskriminalamt*/ BKA) – investigation of criminal offences
- Financial Intelligence Unit (BKA – *Zentralstelle für Verdachtsmeldungen*) plus regional law enforcement authorities[65]

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[59] FATF, *Rapport d' évaluation mutuelle, France* (Paris: FATF, 2011). www.fatf-gafi.org/media/fatf/documents/reports/mer/MER%20France%20ful.pdf
[60] Ibid.
[61] See: www.helgilibrary.com/indicators/bank-assets-as-of-gdp
[62] See: www.forbes.com/global2000/list/#header:assets_sortreverse:true_country:Germany
[63] Tax Justice Network, *Financial Secrecy Index: Narrative report on Germany* (Chesham: Tax Justice Network, 2015). www.financialsecrecyindex.com/PDF/Germany.pdf
[64] Ibid.
[65] The German FIU will be transferred to the customs office in 2017, see: www.bundesregierung.de/Content/DE/Artikel/2016/08/2016-08-09-spezialeinheit-geldwaesche.html

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- Federal Financial Supervisory Authority (*Finanzdienstleistungsaufsicht*/ BaFin) – bank supervision (to a high degree outsourced to over 100 agencies)[66]
- German Central Bank (*Bundesbank*) – regulation and financial supervision
- Federal Office of Justice (*Bundesamt für Justiz*) – handling requests from abroad; for example, in connection with money laundering prosecutions
- 16 public prosecutor's offices (*Staatsanwaltschaften*), there is separate prosecution for each federal state (*Bundesland*).
- Ministry of Finance
- The German Banking Industry Committee (*Die Deutsche Kreditwirtschaft*/ DK) and its members develop common positions on banking regulation, supervision and policies. DK represents:

    - National Association of German Cooperative Banks (*Bundesverband der Deutschen Volksbanken und Raiffeisenbanken*/ BVR)

    - Association of German Banks (*Bundesverband Deutscher Banken*/ BdB)

    - Association of German Public Banks (*Bundesverband Öffentlicher Banken Deutschlands*/ VÖB)

    - German Savings Banks Association (*Deutsche Sparkassen-und Giroverband*/ DSGV)

    - Association of German Pfandbrief Banks (*Verband deutscher Pfandbriefbanken*/ VDP)

KEY AML DOCUMENTS:

- Money Laundering Act (Geldwäschegesetz 2008)
- German Banking Act (Kreditwesengesetzt 1961), latest update 2016

DATA AVAILABILITY:

The only thematic area relatively well covered by publicly available German federal statistics is anti-money laundering legal systems and operations. In the remaining areas, isolated data points can be found, for example the number of STRs and number of on-site monitoring and analysis visits. Two areas remain fully uncovered by publicly available sources: international cooperation and legal persons and arrangements. This data set is far from comprehensive and would be even weaker if not for the relatively recent FATF follow-up evaluation in 2014.

[66] Tax Justice Network 2015: "The financial regulator BaFin overwhelmingly outsources supervision of the implementation of money laundering rules to private auditing firms, which raises serious questions about conflicts of interest. (…) Supervision is still highly fragmented among more than 100 different agencies, which often lack the required capabilities to enforce AML rules effectively".

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The two major sources of country-level anti-money laundering data are: annual reports of the German FIU[67] and the FATF mutual evaluation reports.[68]

In its annual reports, the FIU mostly focuses on STR statistics, which are published both as a country aggregate and by type and nationality of the reporting entity. The FIU also publishes comprehensive data on anti-money laundering legal systems and operations, which track the next steps taken with STRs, for instance there is data on money laundering related criminal investigations, prosecutions and convictions, as well as on the value of criminal assets seized or frozen.

The available FATF reports on Germany were published in 2010 (the basic report) and in 2014 (the follow-up report). The next on-site visit of the FATF is scheduled for autumn 2020.

DATA HIGHLIGHTS:

- Considering the large size of the German economy and its financial sector, the number of submitted STRs is very low. In 2010, the FATF underlined this concern in its evaluation pointing to three factors: excessively high "evidence requirements" for an STR to be filled in; and too limited a range of predicate crimes and the specific German reporting procedure, which treats STRs as criminal complaints.[69]
- The number of prosecutions and convictions appears low, especially in relation to a relatively high number of money laundering related criminal investigations.

ITALY

Italy faces a particularly high amount of illegal proceeds from different types of crime, including organised crime, with estimates ranging from 1.7 per cent to 12 per cent of GDP. Banks are especially vulnerable to potential money laundering activities.[70]

[67] Financial Intelligence Unit Germany, *Annual report 2014*. (Financial Intelligence Unit Germany, 2014). www.bka.de/SharedDocs/Downloads/EN/Publications/AnnualReportsAndSituationAssessments/FIU/fiuJahresbericht2014Englisch.html;jsessionid=28AA2954710193AE5D46DCD6D7314AAA.live0601?nn=39788
[68] FATF, *3rd follow-up report, Mutual Evaluation of Germany* (Paris: FATF, 2014). www.fatf-gafi.org/media/fatf/documents/reports/mer/FUR-Germany-2014.pdf
[69] Ibid., p.12.
[70] FATF, *Anti-money laundering and counter-terrorist financing measures: Italy: Mutual Evaluation Report* (Paris: FATF, 2016), p.6. www.fatf-gafi.org/media/fatf/documents/reports/mer4/MER-Italy-2016.pdf

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The relative size of the Italian financial sector measured by its ratio of total banking assets to GDP was 208 per cent in 2014.[71] Among the top-10 largest Italian companies by asset size, there are seven financial institutions.[72]

KEY AML INSTITUTIONS:

- Financial Intelligence Unit (*unita d'informazione finanziaria*/ UIF)
- Money laundering and Terrorism Financing Observatory (*Osservatorio sul Riciclaggio e sul Finanziamento del Terrorismo*) – AML/CFT monitoring and analysis
- Financial Security Committee (*Comitato di Sicurezza Finanziaria*) – monitoring and evaluation of the prevention and sanctioning system
- Financial Police (*Guardia di Finanza*) – financial arm of the Italian police, investigates and denounces cases of money laundering and financing terrorism
- National Anti-corruption Authority (*Autorità Nazionale Anticorruzione*/ ANAC) – corruption prevention in public institutions and state owned enterprises

KEY AML DOCUMENTS:

- Legislative Decree 231/2007, transposing Directive 2005/60/EC
- Article 648-ter[1] of the Penal Code
- Article 648-bis of the Penal Code

DATA AVAILABILITY:

The availability of anti-money laundering data in Italy is less than satisfactory. Only three out of five thematic areas are addressed. There are comprehensive data on financial intelligence and anti-money laundering legal systems, and partial data on anti-money laundering supervision. Two major sources of anti-money laundering information are: the UIF annual reports and the FATF Mutual Evaluation Report.

In its latest annual report, the Italian Financial Intelligence Unit[73] – UIF – published the following data: the number of on-site monitoring and analysis visits, the number and value of STRs, and information on money laundering related criminal investigations and prosecutions.

The latest FATF Mutual Evaluation Report on Italy was published in February 2016. Previously, the reports were published at intervals of two to three years: 2006 (the basic report) and 2009, 2011 and 2013 (follow-up reports). Thanks to that frequency there have been relatively good sources of updated anti-money laundering information on such items as the value of confiscated proceeds of crime, as well as on the value of seized or frozen criminal assets.

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[71] See: www.helgilibrary.com/indicators/bank-assets-as-of-gdp
[72] See: www.forbes.com/global2000/list/#header:assets_sortreverse:true_country:Italy
[73] Unita di Informazione Finanziaria per l´Italia, *Rapporto Annuale dell´Unita di Informazione Finanziaria, anno 2015.* (UIF, 2016). https://uif.bancaditalia.it/pubblicazioni/rapporto-annuale/2016/Relazione_UIF_anno_2015_en.pdf?language_id=1

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DATA HIGHLIGHT:

- The reported numbers of STRs and related numbers of criminal investigations and prosecutions appear high, which indicates a well functioning financial intelligence and legal system. This conclusion was also confirmed by the FATF in its latest report: "Law enforcement agencies (LEAs) access, use, and develop good quality financial intelligence. The authorities are able to successfully undertake large and complex financial investigations and prosecutions, and have confiscated very large amounts of proceeds of crime".[74]

LUXEMBOURG

In relative terms, Luxemburg has the largest financial sector in the world as the size of total banking assets to GDP amounted to 1.575 per cent in 2014.[75] The Tax Justice Network has estimated that the country holds a 12 per cent market share in global offshore financial services. Interestingly, in the latest *Financial Secrecy Index*, Luxembourg was described as one of the "most-improved jurisdictions", although it still ranks as the sixth most secretive country in the world.[76]

KEY AML INSTITUTIONS:

- Financial Intelligence Unit (*Cellule de Renseignement Financier/* CRF)
- Oversight Commission of the Financial Sector (*Commission de Surveillance du Secteur Financier*) – financial markets regulation and supervision

KEY AML DOCUMENTS:

- Loi du 12 novembre 2004 relative à la lutte contre le blanchiment et contre le financement du terrorisme
- Loi du 27 octobre 2010 portant renforcement du cadre légal en matière de lutte contre le blanchiment et contre le financement du terrorisme
- Règlement grand-ducal du 29 octobre 2010
- Règlement grand-ducal du 1er février 2010

DATA AVAILABILITY:

Luxemburg publishes a good overview of anti-money laundering data and the available statistics cover all thematic areas except for the information on legal persons and arrangements. Nonetheless, this last deficiency is very important, considering Luxemburg's role as a major global financial centre.

[74] FATF, *Italy,* 2016, p.5.
[75] See: www.helgilibrary.com/indicators/bank-assets-as-of-gdp
[76] Tax Justice Network, *Financial Secrecy Index: Narrative report on Luxemburg* (Chesham: Tax Justice Network, 2015). www.financialsecrecyindex.com/PDF/Luxembourg.pdf

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Two main sources of relevant data were found: the annual FIU reports[77] and the 2014 Mutual Evaluation Report by the FATF.[78]

The Luxemburg's FIU, CRF, publishes its annual reports in French. The documents include good data coverage of three out of the five anti-money laundering thematic areas: international cooperation, financial intelligence and legal systems and operations. Within the first area detailed information on incoming MLA requests is disclosed.

There are currently two FATF mutual evaluation reports of Luxemburg available: the basic 2010 report and the follow-up 2014 report. The next evaluation should take place in 2020 with the report due in 2021.

The 2014 FATF report provides data on anti-money laundering supervision, for instance on on-site and off-site monitoring and analysis. It also discloses information on the average time needed to respond to MLA requests and on the value of criminal assets seized or frozen.

DATA HIGHLIGHTS:

- In relation to GDP, Luxemburg collects a very high number of STRs. However considering the size of the country's financial sector, this number can be also interpreted as rather low. Almost all STRs come from the financial sector.
- The numbers illustrating the efficiency of Luxemburg's anti-money laundering legal system indicate a high proportion of money laundering related investigations that actually end up with prosecutions. The number of convictions is also high considering the size of the country.

NETHERLANDS

The high importance of the Netherlands as a global financial centre is mostly due to it being a host to some 12,000 special financial institutions (SFIs).[79] The Tax Justice Network has estimated that SFIs are used by foreign companies to route 4,000 billion euro through the Netherlands every year.

[77] See: www.justice.public.lu/fr/publications/index.html
[78] FATF, *6th follow-up report, Mutual Evaluation of Luxembourg* (Paris: FATF, 2014). www.fatf-gafi.org/media/fatf/documents/reports/mer/FUR-Luxembourg-2014.pdf
[79] Special Financial Institutions are "Dutch companies or institutions, whose shares are directly or indirectly held by non-residents and are mainly dealing with receiving funds from non-residents and channelling them to non-residents". IMF, *Special purpose entities and holding companies* (Washington DC: IMF, 2005). www.imf.org/external/pubs/ft/bop/2005/05-53.pdf

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Also, 91 out of the 100 largest multinational companies have Dutch SFIs.[80] In addition to the considerable size of the Dutch financial sector, with a total banking assets to GDP ratio of 379 per cent in 2014,[81] the Netherlands has an outsized role as regards international financial flows and as a consequence is vulnerable to money laundering.

KEY AML INSTITUTIONS:

- Financial Intelligence Unit (Nederland FIU)
- Netherlands Central Bank (DNB) – prudential and integrity supervisor
- Fiscal Intelligence and Investigation Service- (*Fiscale Inlichtingen- en Opsporingsdienst-Economische Controledienst*/ FIOD-ECD) – Economic Investigation Service supervision, investigation
- Bureau of Financial Investigation (*Bureau Financieel Economische Recherche*/ BFER) – financial investigation
- Ministry of Finance/ Financial Markets Directorate's Integrity Unit – anti-money laundering /countering the financing of terrorism policy-making and legislation
- Financial Supervision Office (*Bureau Financieel Toezicht*/ BFT) – anti-money laundering supervision

KEY AML DOCUMENTS:

- Articles 420 *bis*, 420 *ter*, and 420 *quater* Penal Code (Wetboek van Strafrecht)
- Anti-Money Laundering and Terrorist Financing Act (Wet ter voorkoming van witwassen en financieren van terrorisme (Wwft))

DATA AVAILABILITY:

Anti-money laundering related Dutch statistics can be found in two basic sources: the FIU annual reports[82] and the FATF mutual evaluation reports.[83] The general level of disclosure is low and the only complete data set is related to financial intelligence. There is no information on legal persons and arrangements and the remaining areas are only partially covered and often include out-dated statistics.

In its annual report the Dutch FIU mostly focused on STR statistics and analysis. Both the number and the value of relevant transactions were disclosed. In the Netherlands, relevant entities report on the so-called “unusual transactions” (UTRs) to the FIU and this is the basis for initial investigation and selection of the actual “suspicious transactions” (STRs). In 2014 the number of STRs was around 10 per cent of the number of UTRs. The FIU also discloses the number of criminal investigations for money laundering activities.

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[80] Tax Justice Network, *Financial Secrecy Index: Narrative report on Netherlands* (Chesham: Tax Justice Network, 2015). www.financialsecrecyindex.com/PDF/Netherlands.pdf
[81] See: www.helgilibrary.com/indicators/bank-assets-as-of-gdp
[82] Financial Intelligence Unit the Netherlands, Annual report 2014. www.fiu-nederland.nl/sites/www.fiu-nederland.nl/files/documenten/5276-fiu_jaaroverzicht_2014-engelsweb2.pdf
[83] FATF, *2nd follow-up report, Mutual Evaluation of the Netherlands* (Paris: FATF, 2014). www.fatf-gafi.org/media/fatf/documents/reports/mer/FUR-Netherlands-2014.pdf

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The most recent follow-up FATF report was published in 2014, hence data included in this report is still relatively up-to-date. The former, 2011 report, included more detailed information, but these numbers are already out-dated and the next full evaluation is only due in 2021. The FATF disclosed statistics on international cooperation (detailed data on money laundering related MLA requests), anti-money laundering supervision (number of on-site monitoring), and on anti-money laundering legal systems and operations (money laundering related prosecutions, convictions and value of confiscated, seized and frozen criminal assets).

In October 2015, the Netherlands published a first evaluation of the effectiveness of the Dutch anti-money laundering policy, a so-called baseline money laundering monitor, drawing on the FATF effectiveness criteria.[84] The report contains data for 2010 to 2013. One of its conclusions is that not all necessary data is available and more adequate indicators of different processes should be defined for effective monitoring.[85]

DATA HIGHLIGHTS:

- The overall number of UTRs exceeded 277,000. On that basis the FIU identified some 29,000 STRs, 43 per cent of which related to money laundering.
- The country reported a very high number of outgoing MLA requests.

PORTUGAL

The national risk assessment conducted in 2015 identified fiscal fraud as the main source of money laundering in Portugal.[86] Due to its geographical location as an entry-point to Europe, the country is also particularly vulnerable to the placement of funds from drug-related crime.[87]

[84] Decide, '*De bestrijding van witwassen, beschrijving en effectiviteit 2010-2013, Startversie monitor anti-witwasbeleid*' (Decide – Rijksuniversiteit Groningen, October 2015). www.wodc.nl/onderzoeksdatabase/inzicht-effectiviteit-van-het-anti-witwasbeleid.aspx (in Dutch only)
[85] Ibid., pp.14-15.
[86] CMVM – Portuguese Securities Market Commission. *National risk assessment Portugal* (June 2015), p.22. http://www.portugal.gov.pt/media/18252201/20151125-mf-avaliacao-risco-branqueamento-capitais.pdf
[87] FATF, *Third Mutual Evaluation Report on anti-money laundering and combating the financing of terrorism: Portugal* (Paris: FATF, 2006), pp.4-5. www.fatf-gafi.org/media/fatf/documents/reports/mer/MER%20Portugal%20full.pdf

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The size of the Portuguese financial sector measured by the size of total banking assets to GDP was 269 per cent in 2014.[88]

KEY AML INSTITUTIONS:

- Financial Intelligence Unit (*Unidade de Informação Financeira*/ UIF) – an autonomous department within the criminal police
- Bank of Portugal (BdP) – regulation and supervision of financial institutions
- The Portuguese Bar Association – supervision of lawyers
- The Institute for Registrars and Notaries – supervision of registrars and notaries
- National Institute for Construction and Real Estate (IMPIC) – supervision of real estate agents
- The Order of Statutory Auditors – supervision of auditors
- The Gambling Inspection Service of the Tourism of Portugal – supervision of casinos
- Authority for Economic and Food Safety (ASAE) – supervisor of luxury goods and art dealers
- Central Department for Criminal Investigation and Action (DCIAP) – Attorney General's Office Department for serious and high level criminality
- Securities Market Commission (CMVM) – financial markets regulation and supervision

KEY AML DOCUMENTS:

- Article 368-A of the Criminal Code
- Law 52/2003
- Law No 25/2008 of 5 June 2008
- Regulation No 5/2013 of the Bank of Portugal
- Regulation No 8/2016 of the Bank of Portugal

DATA AVAILABILITY:

The anti-money laundering data published by Portuguese institutions is very scarce. Anti-money laundering supervision, as well as legal persons and arrangements are not covered by publicly available statistics, while for the other three areas there are only partial data. The main sources of information are the Central Department for Criminal Investigation and Action and the FATF. The Portuguese FIU only publishes data related to drug trafficking.

The DCIAP's annual report includes statistics on anti-money laundering related MLA requests and their processing, on the number of submitted STRs and on the value of criminal assets seized or frozen.[89]

[88] See: www.helgilibrary.com/indicators/bank-assets-as-of-gdp
[89] See: www.ministeriopublico.pt/ebook/relatorio-anual-2013

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The latest full Mutual Evaluation Report by the FATF was issued in 2006, with three follow-up reports published on a biennial basis, the latest dated 2012.[90] The next Mutual Evaluation Report is due at the end of 2017. The FATF discloses the number of STRs and money laundering related criminal investigations, prosecutions and convictions. It also reports on the number of on-site inspections conducted by the Central Bank and by the real estate supervisor.

DATA HIGHLIGHTS:

- The overall number of STRs was relatively low, even for a small economy.
- The number of resulting investigations, prosecutions and convictions also seems very low, but they might have risen since 2011, the last year for which data was available.

SWITZERLAND

Switzerland is one of the largest global financial centres, with a banking asset to GDP ratio of 461 per cent in 2013.[91] In 2014, 4.1 per cent of all global private assets under management were managed by the Swiss financial sector and a half of this sum belonged to foreign customers. The country is also the world leader in cross-border private banking.[92]

In the *Financial Secrecy Index* published by the Tax Justice Network, Switzerland is ranked in the first position.[93] In May 2015 Switzerland signed an agreement with the European Union, which will allow for automatic information exchange on the financial accounts of each others' residents. The law will come into force in 2018.[94]

KEY AML INSTITUTIONS:

- Swiss Financial Market Supervisory Authority (FINMA) – regulation and supervision of financial service providers and insurance companies, including anti-money laundering issues
- Money Laundering Reporting Office Switzerland (MROS) – financial intelligence unit
- Public prosecutors (Attorney General on the national level and public prosecutors in each canton)
- Federal Office of Justice – legal assistance and extradition
- Self regulatory organisations

[90] FATF, *Mutual Evaluation of Portugal: Third biennial update* (Paris: FATF, 2012). www.fatf-gafi.org/media/fatf/documents/reports/mer/Biennial-update-Portugal-2012.pdf
[91] See: www.helgilibrary.com/indicators/bank-assets-as-of-gdp
[92] FATF, *Switzerland: Mutual Evaluation Report* (Paris: FATF, 2016), pp.4-5. www.fatf-gafi.org/media/fatf/content/images/mer-switzerland-2016.pdf
[93] Tax Justice Network, *Financial Secrecy Index: Narrative report on Switzerland* (Chesham: Tax Justice Network, 2015). www.financialsecrecyindex.com/PDF/Switzerland.pdf
[94] See: http://europa.eu/rapid/press-release_IP-15-5043_en.htm

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KEY AML DOCUMENTS:

- Swiss Criminal Code (Article 305bis)
- Anti-Money Laundering Act (AMLA) and regulations
- Regulation to the Anti-Money Laundering Act

DATA AVAILABILITY:

The level of anti-money laundering data disclosure in Switzerland is above average, but there are still some major deficiencies, primarily in the area of beneficial ownership. Two areas are comprehensively covered by publicly available statistics – financial intelligence and anti-money laundering legal systems and operations – while two other areas are covered by partial information – international cooperation and anti-money laundering supervision.

The three primary data sources are: the financial supervisor (FINMA), the financial intelligence unit (MROS) and the FATF. While the first two institutions publish yearly reports, the FATF mutual evaluation reports appeared only in 2005 and 2016.[95]

MROS publishes detailed data on the Swiss STRs, both the number (split by type of financial intermediary) and value of transactions covered by such reports, which is a very rarely published data item. Additionally, the FIU gives a relatively complete overview of the effectiveness of the Swiss anti-money laundering legal system by showing the number of STRs forwarded to the prosecutors, the number of decisions made on investigated cases and finally the number of final convictions.

The FINMA's annual reports[96] focus on the supervisory activities of this institution; hence the most anti-money laundering relevant statistics are those on the number of on-site monitoring visits (split by type of financial institution) and related enforcement proceedings. There is also information on the size of FINMA's international cooperation. The Federal Office of Justice publishes the total number of MLA requests received in its annual report, however the data is not AML specific. The annual report also includes partial information (not AML specific) on the number of MLA requests made, granted, refused and processed.

The first FATF Mutual Evaluation Report of Switzerland was published in 2005, a follow-up report appeared in 2009, and the latest report in December 2016. The 2016 report includes data on international cooperation, for instance, on incoming and outgoing anti-money laundering related MLA requests, as well as on providing countries with beneficial ownership information. There are also limited data on FINMA's supervisory activities and on anti-money laundering legal systems and

[95] FATF, *Anti-money laundering and counter-terrorist financing measures: Switzerland: Mutual Evaluation Report* (Paris: FATF, 2016). www.fatf-gafi.org/media/fatf/content/images/mer-switzerland-2016.pdf
[96] FINMA, A*nnual Report 2015*, (FINMA, 2015). Available at https://www.finma.ch/en/documentation/finma-publications/annual-reports--and-financial-statements/

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operations, for instance, on money laundering convictions and on the value of confiscated and seized assets.

DATA HIGHLIGHTS:

- The number of received SARs is low. Among countries assessed in this report, only Cyprus, Denmark and Portugal, all with much smaller financial sectors, reported lower STR numbers. In its recent Mutual Evaluation Report, the FATF wrote, "the number of STRs has been increasing for several years following awareness-raising campaigns (…). However, the number remains insufficient".[97]
- The level of money laundering related confiscations and seizures in Switzerland is very high. The FATF writes in its recent report, "seizure and confiscation are major objectives for the Swiss authorities responsible for dealing with ML".[98]

UNITED KINGDOM

The City of London is one of the world's major financial centres with strong links to British offshore jurisdictions, such as Jersey and the Isle of Man. The ratio of total banking assets to GDP in the UK was 375 per cent in 2014.[99] Nine out of the 10 largest British publicly listed companies ranked by asset size are engaged in the financial business: five banks, three insurers and the London Stock Exchange.[100] Due to the level of financial transactions passing through the City the associated vulnerability to money laundering is very high. The National Crime Agency estimated that hundreds of billions of US dollars are laundered in UK banks every year.[101]

KEY AML INSTITUTIONS:

- Treasury – overall responsibility for the UK financial system
- The Bank of England (BoE), Financial Policy Committee, Special Resolution Unit – financial regulator (through Financial Conduct Authority and Prudential Regulatory Authority)
- National Crime Agency (NCA) – crime fighting agency, financial intelligence unit
- Financial Conduct Authority (FCA) – supervision of financial institutions
- Solicitors Regulation Authority (SRA) plus eight other supervisors – supervision of legal service providers
- HM Revenue and Customs (HMRC) – supervision of trusts and company service providers (TCSP), accountants, real estate agents, high value dealers

[97] Ibid., p.4.
[98] Ibid., p.69.
[99] See: www.helgilibrary.com/indicators/bank-assets-as-of-gdp
[100] See: www.forbes.com/global2000/list/#header:assets_sortreverse:true_country:United%20Kingdom
[101] National Crime Agency, *National strategic assessment of serious and organised crime 2015* (London: NCA, 2015), p.21. www.nationalcrimeagency.gov.uk/publications/560-national-strategic-assessment-of-serious-and-organised-crime-2015/file

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- In addition, the non-financial sectors have multiple bodies with anti-money laundering supervision powers, including 14 accountancy supervisors and three property supervisors. All together there are 27 anti-money laundering supervisory bodies
- Joint Money Laundering Intelligence Taskforce (JMLIT) – public private partnership that shares information and intelligence about potential money laundering

KEY AML DOCUMENTS:

- The Proceeds of Crime Act
- Money Laundering Regulations 2007
- FCA Handbook (guidance for banks)

DATA AVAILABILITY:

The overall availability of anti-money laundering statistics in the UK is poor and the only updated numbers describe STRs and their structure. The major sources of relevant data are the NCA annual reports on suspicious activity reports (SARs) and the FATF mutual evaluation reports. As Transparency International UK noted in its 2015 study, anti-money laundering supervision in the UK is highly fragmented including 27 different supervisory bodies and supervisors.[102] This may be one of the reasons for the lack of aggregate data on anti-money laundering supervision.

On the positive side, the UK is the first to open information on beneficial ownership to the public, as from 30 June 2016 companies' annual returns to Companies House must contain beneficial ownership details.[103] However, this regulation does not cover companies registered in the UK secrecy jurisdictions, such as the Cayman Islands and the British Virgin Islands.

The NCA publishes annual reports on STRs that include detailed analysis by sector[104]. It also publishes information on the level of FIU-to-FIU cooperation. Nonetheless, as Transparency International UK underlined in its 2015 study, the vast majority of the reports come from banks only and the quantity of STRs submitted by some highly vulnerable sectors is very low.[105] For example, in 2014-15 all UK estate agencies submitted only 355 STRs in total and all art and auction houses only 32 such reports.[106] Considering that there are almost 8,000 supervised estate agencies and 1,300 high value dealers, the reporting level in these sectors was close to none. Additionally, the quality of the reports was very low. For example, 42 per cent of SARs submitted by the legal sector was of low quality and/or incomplete.[107]

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[102] TI UK, 2015, p.16.
[103] UK Department For Business, 2016.
[104] National Crime Agency, *Suspicious Activity Reports (SARs) Annual Report 2015*. (UK, NCA, 2015). http://www.nationalcrimeagency.gov.uk/publications/677-sars-annual-report-2015/file
[105] Transparency International UK, 2015, pp.5-6; in 2014-15, 83 per cent of all STRs came from banks according to data from the National Crime Agency cited by Transparency International UK.
[106] National Crime Agency, *SARs annual report 2015* (London: NCA, 2015), p.33. www.nationalcrimeagency.gov.uk/publications/677-sars-annual-report-2015/file
[107] Transparency International UK, 2015, p.40.

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The 2007 FATF report included a good amount of data on international cooperation and the full set of data on anti-money laundering legal systems and operations.[108] The follow-up report of 2009[109] did not include similar statistics; therefore the latest available numbers cover the year 2006 and are out-dated. The next FATF report is expected by the end of 2018.

DATA HIGHLIGHTS:

- The overall number of SARs in the UK is high, as the bar for reporting such information is relatively low.[110] In 2014-15 almost 382,000 reports were submitted, which is a high number compared to other jurisdictions, even considering the large number of transactions passing through the City.
- There is no officially published aggregate data on anti-money laundering supervision. However, Transparency International UK calculated the average annual level of penalties for breaches of money laundering standards in banks (FCA supervision) to be £8 million, which is low in relation to the estimated scale of money laundering. The average level of such penalties for entities under HMRC supervision was only £1,100.[111]
- Although the data are old, it is worth noting that back in 2005/2006 the average time taken to provide a response to an MLA request was between 15 and 77 days, depending on the complexity of the case.

UNITED STATES

The US is a federal country with a multi-layered anti-money laundering system.. Both state and federal institutions can regulate, supervise, investigate and prosecute money laundering offences. Despite this, it is the federal government that leads both money laundering law-making and enforcement "due to the international nature of both the financial system and serious crime and terrorism".[112]

As the largest economy in the world, the US also has the largest financial sector, which also means a significant exposure to money laundering activities. In relative terms, the US's total banking assets

[108] FATF, *Third Mutual Evaluation Report: The United Kingdom of Great Britain and Northern Ireland* (Paris: FATF, 2007). www.fatf-gafi.org/media/fatf/documents/reports/mer/MER%20UK%20FULL.pdf
[109] FATF, *Mutual Evaluation: Fourth follow-up report anti-money laundering and combating the financing of terrorism: United Kingdom* (Paris: FATF, 2011). www.fatf-gafi.org/media/fatf/documents/reports/mer/FoR%20UK.pdf
[110] See for example *Action Plan for anti-money laundering and counter-terrorist finance – Annex B: Findings from the call for information on the Suspicious Activity Reports (SARs) regime* (London: UK government, 2014), p.3: "The focus on an "all crimes" regime is leading to high levels of defensive SARs". www.gov.uk/government/uploads/system/uploads/attachment_data/file/518057/Findings-from-call-for-information-on-suspicious-activity-reports-regime.pdf
[111] Transparency International UK, 2015, p.22.
[112] FATF, *Anti-money laundering and counter-terrorist financing measures: United States: Mutual Evaluation Report* (Paris: FATF 2016), p.17. www.fatf-gafi.org/media/fatf/documents/reports/mer4/MER-United-States-2016.pdf

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only amount to 88 per cent of GDP (in 2014).[113] The US National Money Laundering Risk Assessment noted that, "The United Nations Office on Drugs and Crime estimated proceeds from all forms of financial crime in the U.S., excluding tax evasion, was US$ 300 billion in 2010 (about 2% of the U.S. economy)".[114]

KEY AML INSTITUTIONS:

- US Department of the Treasury and its agencies/bureaus – Bank Secrecy Act (BSA) enforcement, supervision
- Financial Crimes Enforcement Network (FinCEN), a Treasury bureau – financial intelligence unit, BSA enforcement
- Office of Terrorism and Financial Intelligence (TFI), a Treasury bureau – diplomatic, policy and strategic steps to combat money laundering and terrorism financing.
- The Office of the Comptroller of the Currency (OCC), a Treasury bureau – supervision of banks and publication of banking standards, including anti-money laundering
- Board of Governors of the Federal Reserve System (Fed) – supervision and guidance of banks
- US Department of Justice (DOJ) – overseeing the investigation and prosecution of money laundering and terrorism financing offenses
- The Securities and Exchange Commission (SEC) – supervision of financial markets
- Federal Bureau of Investigation (FBI) – fight against financial crime
- Federal Deposit Insurance Corporation (FDIC) – supervision of depository institutions
- National Credit Union Association (NCUA) – supervision of federal credit unions and savings insurance in federal and most state-chartered credit unions
- Financial Industry Regulatory Authority (FINRA) – an independent NGO, that regulates and supervises securities markets
- State-level institutions – (please note that state-level disclosure was not reviewed within this study)

KEY AML DOCUMENT:

- The US Bank Secrecy Act (BSA)

DATA AVAILABILITY:

The overall disclosure of anti-money laundering related statistics is satisfactory. However, most information comes from the FATF Mutual Evaluation Report,[115] which was only published recently

[113] See: www.helgilibrary.com/indicators/bank-assets-as-of-gdp
[114] US Department of the Treasury, *National money laundering risk assessment* (Washington DC: US Treasury, 2015), p.11. www.treasury.gov/resource-center/terrorist-illicit-finance/Documents/National%20Money%20Laundering%20Risk%20Assessment%20–%2006-12-2015.pdf
[115] FATF, *US*, 2016.

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after a 10-year information gap. Other sources of relevant data are FinCEN's SAR publications[116] and the Office of the Comptroller of the Currency's (OCC) 2015 annual report.[117]

The data set issued by the FATF in 2016 is the most complete. The report includes detailed data on international cooperation, for instance on incoming and outgoing anti-money laundering related MLA and extradition requests, some information on anti-money laundering supervision and finally, detailed data on anti-money laundering legal systems and operations, including the number of investigations and convictions, and the value of confiscated, seized and forfeited criminal assets. Although the FATF provides considerable information on three of the five thematic areas, a source published only every 10 years is insufficient.

FinCEN, financial intelligence unit, publishes a very detailed overview and analysis of STR statistics on a federal level and by state, including split by entity and by reported activity type.

The OCC's (bank supervisor's) annual report only disclosed the number and value of the OCC's anti-money laundering related enforcement actions (equivalent to the indicator number of sanctions/ remedial actions and value of penalties).

State level supervisors also publish anti-money laundering data. For example, the New York Department of Financial Services publishes an extensive list of enforcement actions imposed on financial institutions operating under its jurisdiction.[118]

DATA HIGHLIGHTS:

- The most striking anti-money laundering data item in the US is a very high number of STRs, both in absolute and in relative terms. In 2014 FinCEN received 1.7 million such reports.
- Data on international cooperation indicates a high level of information exchange.
- The country reports very high levels of money laundering related asset confiscation. According to the recent FATF report, "it is able to do so effectively using administrative forfeiture, non-conviction based forfeiture and criminal confiscation tools".[119]
- In its recent report the FATF underlined the lack of a requirement to systematically provide law enforcement agencies with beneficial ownership information as a major deficiency of the US anti-money laundering system.

[116] FinCEN publications: *Activity review 2013:* www.fincen.gov/sites/default/files/shared/sar_tti_23.pdf; and *SAR Stats, Technical Bulletin,* 2015. www.fincen.gov/sites/default/files/sar_report/SAR_Stats_2_FINAL.pdf
[117] OCC, Annual report, 2015. www.occ.gov/publications/publications-by-type/annual-reports/2015-annual-report.pdf
[118] See: www.dfs.ny.gov/about/eagen.htm
[119] FATF, *US*, 2016, p.8.

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ANNEX 2: METHODOLOGICAL NOTE

The aim of this assessment was to verify the public availability of anti-money laundering data, which is necessary to analyse the efficiency of national anti-money laundering systems. For this purpose, the information on disclosure of 20 key anti-money laundering indicators in 12 countries was collected and analysed.

All information was collected through desk research conducted by Transparency International Secretariat researchers in September 2016 and verified by the Transparency International national chapters in October and November 2016. Only the data disclosed on publicly available websites of major national anti-money laundering institutions were reviewed. Due to the limited scope of this project, for federal countries (Australia, Germany and the US) only data published on the national (federal) level was considered, which potentially could have resulted in the omission of certain information published by regional bodies.

The selection of the anti-money laundering indicators was derived from the 2015 FATF Guidance on AML/CFT statistics, in which the organisation identified 38 data items that had appeared to be particularly useful during the first round of country assessments.[120] Transparency International selected a subset of those indicators, which appeared most relevant for anti-money laundering enforcement and added one question on public access to the beneficial owners' registry. This resulted in a final list of 20 indicators, which, similar to the FATF Guidance, were grouped into five areas: 1) international cooperation, 2) anti-money laundering supervision, 3) legal persons and arrangements, 4) financial intelligence and 5) anti-money laundering legal system and operations (see Table 1 on page 6).

The availability of anti-money laundering data was analysed for the following 12 countries: Australia, Cyprus, Denmark, France, Germany, Italy, Luxemburg, the Netherlands, Portugal, Switzerland, the UK and the US. All of them are characterised by highly developed financial sectors and except for Cyprus they are all members of the FATF. Cyprus is a member of Moneyval, which is an associated FATF-style regional body. The number of reviewed countries was adjusted to the research capacity and timeframe of this study.

The analysis mostly focused on the availability of anti-money laundering statistics rather than on the values reported (where available), but some general review of available numbers was also conducted and where possible conclusions were drawn. Data from before the year 2010 was considered to be out of date.

Cross-country comparison was limited by several factors, among others by differing definitions of anti-money laundering indicators. For example, the number of STRs submitted in a country is

[120] FATF Guidance, 2015, pp.28-29.

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influenced by a number of factors such as: the definition of an STR (for example, one case vs. one transaction per report), the required level of initial pre-reporting investigation (the “reporting bar”) and the range of entities covered by anti-money laundering regulations. The methodology did not include access to information requests to authorities, which may be part of a next stage of research.

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