



Banc Ceannais na hÉireann  
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# Anti-Money Laundering Bulletin

Welcome to this edition of the Anti-Money Laundering Bulletin. The main purpose of this edition is to provide guidance on suspicious transaction reporting.

In addition, as 2017 has proved to be an extremely busy year in terms of Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT), this edition gives an opportunity to provide an update on some of the latest developments.

## Financial Action Task Force (FATF) Mutual Evaluation Report (MER) of Ireland

The Irish MER was published by FATF on its website on 7 September 2017. Firms should review the entire report and where necessary update money laundering and terrorist financing (ML/TF) risk assessments, policies and procedures as appropriate.

Firms should also take the opportunity to review other publications on FATF's website, such as FATF guidance on Correspondent Banking and guidance for a Risk-Based Approach for Money or Value Transfer Service. Firms should regularly monitor FATF's website, as it is a useful source of information.



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### Links to useful sources of information

- [FATF MER of Ireland](#)
- [FATF Guidance on Correspondent Banking](#)
- [FATF Guidance for a Risk-Based Approach for Money or Value Transfer Services](#)
- [Joint Committee of the European Supervisory Authorities Risk Factor Guidelines](#)

## Risk Factor Guidelines

On 26 June 2017 the Joint Committee of the European Supervisory Authorities published joint guidelines on simplified and enhanced due diligence. The guidelines also outline the factors that credit and financial institutions should consider when assessing the ML/TF risk associated with individual business relationships and occasional transactions.

The guidelines will apply by 26 June 2018. The Central Bank of Ireland (the Central Bank) expects that firms will comply with the guidelines by that date.

## Fund Transfer Regulations

On 26 June 2015, Regulation (EU) 2015/847 on information accompanying transfers of funds, entered into force and is applicable from 26 June 2017. On 22 September 2017 the Joint Committee of the European Supervisory Authorities published joint guidelines, which set out the factors Payment Service Providers (PSPs) should consider when establishing and implementing procedures to detect and manage transfers of funds that lack required information on the payer and/or the payee to ensure that these procedures are effective. The guidelines also specify what PSPs should do to manage ML/TF risk, where the required information on the payer and/or the payee is missing or incomplete.

## National and Supranational Risk Assessments

On 26 June 2017, the European Commission published its Supranational Risk Assessment, which assesses at EU level the vulnerability of financial products and services to ML/TF risks.

Firms should consider this report and the results of the National Risk Assessment published by the Department of Finance and the Department of Justice in October 2016, and review and update group and firm level ML/TF risk assessments as appropriate.

- Joint Guidelines under Article 25 of Regulation (EU) 2015/847
- Supranational Risk Assessment
- National Risk Assessment



## Suspicious Transaction Reports

Suspicious Transactions Reports (STRs) play a pivotal role in the fight against money laundering and terrorist financing. Information provided on STRs assist An Garda Síochána and the Revenue Commissioners (the authorities) in their investigations, resulting in the disruption of criminal and terrorist activities, and can ultimately result in prosecution and imprisonment. STRs also provide authorities with valuable market intelligence on trends and typologies.

The requirement to report suspicious transactions is contained in section 42 of the Criminal Justice (Money Laundering and Terrorist Financing) Act, 2010 (CJA 2010), which states that *“A designated person who knows, suspects or has reasonable grounds to suspect on the basis of information obtained in the course of carrying on business as a designated person, that another person has been or is engaged in an offence of money laundering or terrorist financing, shall report to the Garda Síochána and the Revenue Commissioners that knowledge or suspicion or those reasonable grounds.”*

The designated person shall make the report as soon as practicable. As soon as practicable is when the designated person suspects or has reasonable grounds to suspect money laundering or terrorist financing before the execution of a transaction or at the same time as the execution of a transaction. In such cases, the designated person should immediately file an STR. The designated person may need to conduct further analysis and investigation in order to make its determination. Any such analysis and investigation should be conducted without delay and as soon as the designated person has established a suspicion or reasonable grounds, it should immediately file an STR.

In general, the Central Bank has found that designated persons are aware of their obligations to report suspicious transactions and this is reflected in the increased level of STR's filed with the authorities over recent years. Traditionally some sectors have relied almost exclusively on face-to-face interaction with their customers to identify suspicious transactions and behaviours. However, increasing volumes of transactions and technological advances that enable customers to transact on a non-face-to-face basis have necessitated a move towards automated transaction monitoring systems. The Central Bank has found that while some sectors have made significant investment in automated transaction monitoring systems, other sectors continue to place an over reliance on manual transaction monitoring processes, which can result in delays in reporting suspicious transactions, or indeed a failure to identify suspicious transactions. The recent FATF MER of Ireland also highlighted the need for some sectors to develop and use more sophisticated tools for AML/CFT compliance.

## Reporting of other Offences

A designated person making the STR may not know if there is an underlying predicate offence. However, where a suspected predicate offence or offences (e.g. fraud, theft, etc) have been identified by the designated person, a separate report (in addition to the STR made under Section 42 of the CJA 2010) should be made to An Garda Síochána to ensure that this can be investigated separately if necessary. The STR should clearly state that a separate report has been forwarded to An Garda Síochána.

## Making a suspicious transaction report

Reports in relation to money laundering and terrorist financing suspicions should be made to the Financial Intelligence Unit (FIU) which is part of the Garda National Economic Crime Bureau and to the Office of the Revenue Commissioners.

## Identifying suspicious transactions

When assessing potential suspicious transactions, it is important to consider attempted transactions, as well as completed transactions. In addition, there is no minimum monetary threshold for reporting and no amount should be considered too low for suspicion. This is particularly important when considering potential terrorist financing transactions which often involve very small amounts of money. A designated person should consider their specific products, services and customers when making a determination of suspicion, as what might be considered suspicious for one product, service or customer may not be for another.

In general terms and by no means exhaustive, outlined below are some examples of what might raise suspicions:

- Transactions or a series of transactions, that appear to be unnecessarily complex, making it difficult to identify the beneficial owner, or that do not appear to make economic sense.
- Transaction activities (in terms of both amount and volume) that do not appear to be in line with the expected level of activity for the customer and/or are inconsistent with the customer's previous activity.
- Transactions in excess of a customer's stated income.
- Large unexplained cash lodgements.
- Loan repayments inconsistent with a customer's stated income, or early repayment of a loan followed by an application for another loan of similar amount.
- Requests for third party payments. For example, this might include a third party making a payment into a customer's account to pay off a loan, to fund an investment or policy, or to fund a savings account.
- Transactions involving high-risk jurisdictions, particularly in circumstances where there is no obvious basis or rationale for doing so.
- Refusal to provide customer due diligence documentation or providing what appears to be forged documentation.

It is important that a designated person retain sufficient information in order to record the reported suspicion, and support its determination of whether to discount the suspicion, or to proceed and file the STR with the authorities.

## goAML

From June 2017, STRs submitted to the FIU must be made via goAML, which requires designated persons to submit STRs electronically. Prior to being able to submit an STR via goAML, the designated person must register on the goAML website. Further details on the FIU's goAML website can be found [here](#).

Section 54 of the CJA 2010 requires designated persons to adopt policies and procedures to prevent and detect the commission of ML/TF. The Central Bank expects that all designated persons are registered with goAML.

It should be noted that while designated persons will receive an automatic acknowledgment when an STR is accepted by the FIU all further communication on individual STRs will be done via the secure Message Board feature.

## Central Bank Findings and Expectations

The Central Bank has identified, through its inspections of designated persons, instances of the following inadequate practices around the identification, escalation, reporting, and record keeping in relation to STRs:

- Failure to adequately document operational procedures. For example, not capturing all required steps for the reporting of suspicions from staff to the Money Laundering Reporting Officer (MLRO) and from the MLRO to the authorities, or not including details on 'Tipping-off', to ensure that staff are aware to exercise caution in this regard.
- Discrepancies between documented procedures and operational practices. For example, suspicions raised to the MLRO verbally or by email, rather than using the required internal reporting form, or MLROs not always formally acknowledging suspicions raised internally by staff, which should be required by procedure.
- Where designated persons utilise transaction monitoring systems, these systems were rarely (if ever) subject to review and validation. This is particularly relevant where such systems are generating an excessive amount of alerts or generating no alerts at all.
- Insufficient details on file of the assessment and adjudication performed by the MLRO giving rise to the decision to discount the suspicion or to make a report to the authorities. For example, what gave rise to the suspicion, what investigation or additional analysis took place, and what was the rationale for discounting or the basis for reporting.
- Instances of unexplained delays in investigating and reporting of suspicious transactions to the authorities.
- STRs not sufficiently detailed to assist the authorities in their investigations. For example, customer details not given or out of date information provided, details on dates and amounts of transactions not included, or reason for suspicion not outlined.

In relation to the identification, escalation, reporting, and record keeping for suspicious transactions, the Central Bank expects that:

- Procedures fully capture all the suspicious transaction reporting requirements prescribed by the CJA 2010, are readily available to all staff, and operational practices are reflective of these procedures.
- Transaction monitoring systems are reviewed regularly to ensure the systems are operating appropriately and effectively.
- Sufficient records are maintained in relation to suspicious transactions, including what gave rise to the suspicion, what additional monitoring/investigation was undertaken, was the

The Office of the Revenue Commissioners will accept a printed copy of the STR submitted on goAML. Once printed, the report should be posted to:

**Office of the Revenue  
Commissioners  
Block D  
Ashtowngate  
Navan Road  
Dublin 15**



suspicion reported/not reported, and what was the rationale for reporting/not reporting.

- AML/CFT training provided to staff includes details on the designated person's internal reporting procedure, as well as details on the reporting of suspicions to the authorities.
- STRs contain all required information and there are no delays in reporting to the authorities.

