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Suspicious activity reports(sars annual report 2018

On 29 February 2020, on 8 November 2019, the United Kingdom's British Financial Intelligence Unit (UKFIU), part of the National Crime Agency (NCA), published the NCA's Annual Report on Suspicious Activities Reports (SAR). The report contained statistics and details on the 2019 reporting regime. The key findings of the report are as follows: NCAs received and processed a record number of saries (478 437) over the period 2018-2019 (of which 80.21 % come from banks); applications for anti-money laundering (DAML) increased by 52.72% to 34,543; £131,667,477 was found to have been denied to criminals following daml requests (both rejected and granted) in circumstances where law enforcement agencies sought restraint or other civil powers under the Criminal Finance Act 2017 to freeze accounts, up 154% from £51.9m in 2017-18; (a) HMRC's use of the SAR in civil and criminal investigations has contributed to the identification of potential new cases for investigation and has also provided additional or expanded information on ongoing cases. As a result of the continued use of DAML sars: (i) HMRC planted £7,947,889, (ii) £6,088,723 of tax freeze orders were issued; and (iii) various restrictions and petitions for liquidation have been obtained. In order to meet the growing administrative and procedural requirements resulting from the increase in the number of SAR, ukfiu has been extended by 80 to 118 since the beginning of the financial year 2019/20. During the year, it also embarked on a six-stage plan to replace its IT infrastructure, which is seen as crucial in achieving a manageable workflow. The report also noted a change in the reporting structure, stressing that while the level of reporting from legal and accounting experts remains low, there has been a significant increase in reports from fintech firms and challenger banks. Strategy 2019-2020 As part of the Ministry of Home Office's broader economic crime plan published in July 2019, the SAR reform programme leads, to which UKFIU has made a significant contribution in line with UKFIU's internal annual management plan. UKFIU will work towards the following objectives for 2019-2020: • Promoting ukfiu's international position and position by participating in appropriate and beneficial multilateral projects • Increasing UKFIU's domestic and international presence in the area of terrorist financing with targeted impact through the work of UKFIU within the Egmont Group. • Developing UKFIU resources to increase its analytical and support capacity in relation to information received from law enforcement and the private sector. • Continue research, development and delivery of analytical products and work in cooperation with regional, national and international partners. • Ensuring that UKFIU properly and sufficiently trained and qualified. • Planning the possible consequences of the UK's withdrawal from the EU to ensure that it can continue to provide its services. What were the main points of interest for companies based on the 2017 Annual Report of the ECA? Published: October 27, 2017 BackgroundOn October 11, 2017, the National Crime Agency (NCA) has released an annual SARs report that lasts 18 months (October 2015 through March 2017). Future reports will cover a 12-month period (April to March). The publication shall consist of; key statistics, the main report on UKFIU's contribution to money laundering and the NCA strategy 2017-2018. The SAO regime is aimed at combating money laundering and terrorist financing, but the regime covers all forms of crime such as fraud against vulnerable people, tax evasion and corruption. From a day-to-day perspective, the SAO is a document drawn up by a bank or other regulated institution and submitted to an NCA where it has grounds for knowing or suspecting money laundering or terrorist financing. The report highlights that there has been a remarkable increase in sar, which is longer and more complex, driven by international dimensions, complex structures, quality money laundering and trade-based money laundering. SaRs can offer immediate opportunities for authorities to stop crime and arrest offenders, while others present useful intelligence. Key points of publication:Part 1: StatisticsSARs increase year-on-year: The total number of SARs received in the 18-month period was 634 113, equal to a 10 % increase pro rata. In March 2017, the largest number of SAR was recorded per month, with 43,290. That was a significant increase of 7406 from the previous March. Increase in anti-money laundering (DAML) requests: The total number of requests for daml (formerly known as SARs consent) over an 18-month period was 27,983; increase of 24% pro-rata. As a result of DAML's requests, 56.5 million assets were denied to criminals. Sector breakdown: Banks remain the main source of SAR (83% of all SAR), increasing by 9.5%. The remaining top five include building societies, credit institutions, money services remitters and other financial institutions. There has also been a 38% increase in suspicious reports on casino activity – probably due to the fact that the Gambling Commission and UKFIU provide workshops to casinos to improve sar quality and customer due diligence knowledge. Politically exposed persons (PEPs): The NCA expanded to 72 PEPs in 2014/15. The following year it jumped to SAR 1,205. A total of SAR 1,955 were disseminated in the 18-month reporting period. Part 2: Main reportNext terms anti-money laundering (DAML) introduced as a substitute for SAR consent: Some reporting companies misinterpreted the concept of consent as an authorisation to carry out certain transactions or activities. The NCA has formulated that the consent process is not a substitute for risk-based process necessary to fulfil legal and regulatory obligations. Misinterpretation undermines efforts to combat money laundering and terrorist financing and therefore daml and defence against terrorist financing (DATF) have been introduced for differentiation purposes. NCAs directly engage reporters by email to improve reporting behaviour and increase understanding of the SAR mechanism. Once implemented, a review of the DAML process will be carried out to include sector-specific feedback on closed cases, including where a decision could not be taken due to a lack of KYC/CDD applications.Daml application turnover: 48% of all sarov were dealt with by UKFIU and not referred to law enforcement authorities (LEAs). The complexity, lack of key information and growth of DAML applications all contribute to a longer average turnaround time that ranged from 4.7 to 6.2 days. Analysis and engagement: A progress plan has been developed in 2016 to help with engagement and analysis. During the reporting period, eight volume and trend bulletins were produced to identify good/bad practice, red flags and typology. The high-risk areas identified were trade-based money laundering, professional assumptions, corruption, the property market, the accounting, legal and charitable sectors. UKFIU aims to improve engagement, such as more webiary, flag-it-up campaign and feedback through case studies. SAR reform: In April 2016, the government published an action plan to reform the SAR regime. The Criminal Finance Act has been amended by extending the moratorium period, donating new powers to UKFIU to request further information and increasing the exchange of information. The NCA and the Interior Ministry are working with the reform programme to implement further changes. Vulnerable people and dictionary codes: UKFIU maximizes sar by searching keywords and quickly tracking comparison cases with LEA. Glossary codes help UKFIU identify vulnerable people, cases of modern slavery and child exploitation. In the reporting period, 3,424 packages of vulnerable people were distributed to LEAs.HMRC, increasing the use of sar: HMRC aims to identify undeclared assets and hidden income abroad in order to recover unpaid taxes. HMRC will continue its work with the NCA by cross-referenciting tools to compare data drawn from SAR, third party data and HMRC data. HMRC will continue to expand capabilities through information exchange, interest rate tags and improved data to improve risk assessment. Terrorist financing: The Finance Team for Terrorism has identified 2 026 TF-related sars that have been handed over to the NTFIU and the Counter-Terrorism Unit (CTU). This process included a targeted review of 26 655 sars. FATF Peer Review: UKFIU supports uk treasury and Home Office with preparations for upcoming evaluation with who visited in early 2018.Strategy 2017-2018 The new UKFIU/SAR regime will improve the analysis and use of sar to identify threats of economic crime. In the event that the the database will be directly accessible to the LEA and rapid SAR surveillance of vulnerable persons. UKFIU will contribute to the COMPETITION strategy and support the National Financial Intelligence Centre.What this means for firms The continued increase in SAR is an indicator of the current workload in compliance with anti-money laundering rules. Most SAR is produced in banking. However, new trends are growing in financial institutions across the sector, in particular credit institutions. The quantity of SAR shall not be considered as an indicator of conformity. Excessive governance to mitigate the risk of regulation undermines the SAR regime and is resource-intensive for firms. The NCA identified the problem and focused on specific sectors in order to improve the quality of SAA reporting. The Criminal Finance Act gives the LEA new powers and time to investigate financial crime. However, firms need to be aware of their role in the new law. The introduction of DAML/DATF to educate reporters shows that there is uncertainty around risk-based approach concepts and customer due diligence requirements. With an industry-wide approach and technological innovation, we can root out financial crime by paying 2.5 quintillion bytes of data being created on the Internet every day! How can we distil KYC information from all that noise? FCA Dear CEO's letter provides best practices for how banks should handle the financial risks posed by crypto assets How to effectively leverage customer information for better, faster and safer results