

Frequently Asked Questions

1: Institutional Questions

What does FinTRACA stands for?

FinTRACA stands for “Financial Transactions and Reports Analysis Center of Afghanistan – The Financial Intelligence Unit”

What are the main functions of Afghanistan FIU?

The Financial Intelligence Unit (FIU) serve as the national center responsible for the receipt and analysis of suspicious transaction reports and other information relevant to money laundering, associated predicate offences and terrorist financing, and for the dissemination of the results of that analysis, as provided for by this law.

Is FIU and independent body?

Financial Intelligence Unit is established within Da Afghanistan Bank (Central Bank of Afghanistan). FIU is independent in its operations for the purpose of enforcing its powers, duties and functions as set out in Anti-Money Laundering and Proceeds of Crime law, including full autonomy in decisions to receive, request, analyze or disseminate information in the manner prescribed in this law.

Can FIU exchange information with national agencies?

Financial Intelligence Unit , and other competent authorities can exchange information for purposes of compliance with Anti-Money Laundering and Proceeds of Crime law and the Counter Financing of Terrorism Law. Currently FIU exchange information with Attorney General’s Office, Ministry of Interior Affairs, Ministry of Finance, National Directorate of Security and Da Afghanistan Bank.

Can FIU exchange information with international agencies?

Financial Intelligence Unit may, spontaneously or on request, share information with any counterpart agency that performs similar functions and is subject to similar secrecy obligations with respect to the information it receives based upon reciprocity or mutual agreement.

What are FIU powers to enforce compliance?

For detailed list of FIU powers to enforce compliance, please refer to article 24 of Anti-Money Laundering and Proceeds of Crime law.

Who provides budget to FIU?

An adequate budget for Financial Intelligence Unit should be provided by Da Afghanistan Bank.

How FIU is structured?

Recommendation 29 (Feb 2012) of Financial Action Task Force (FATF) prescribes; “Countries should establish a financial intelligence unit (FIU) that serves as a national center for the receipt and analysis of: (a) suspicious transaction reports; and (b) other information relevant to money laundering, associated predicate offences and terrorist financing, and for the dissemination of the results of that analysis. The FIU should be able to obtain additional information from reporting entities, and should have access on a timely basis to the financial, administrative and law enforcement information that it requires to undertake its functions properly”.

Da Afghanistan Bank determines the Financial Intelligence Unit’s composition, organization, operation, and resources, consistent with international best practice, as reflected in the FATF Recommendations.

Who does FIU report?

Financial Intelligence Unit prepares an annual report for submission to the Supreme Council of Da Afghanistan Bank and Council of Ministers.

2: Money Laundering

What is money laundering?

"Money laundering" means the offence set forth in Article 4 of the Anti-Money Laundering and Proceeds of Crime Law.

What is proceeds of crime?

"Proceeds of crime" means any funds or property derived from or obtained directly or indirectly through the commission of a predicate offence. This also includes income or benefits derived from such proceeds, proceeds obtained from the investment of such funds or the funds or property that have been transferred into other types of assets, whether partially or in whole.

What is predicate offense?

"Predicate offence" means any criminal acts resulted in funds or properties whether directly or indirectly irrespective to whether offence is committed inside or outside the country.

What do funds and properties mean?

"Funds or property" means assets of every kind, whether material or immaterial, corporeal or incorporeal, movable or immovable, tangible or intangible, however, acquired, and legal documents or instruments, including electronic or digital, evidencing title to, or interest in, such assets including but not limited to money orders, shares, securities, bonds, drafts, or letters of credit, and any interest, dividends or other income on or value accruing from or generated by such funds or other assets.

Who is a customer?

In relation to a transaction or an account, customer includes:

1. The person in whose name a transaction, business relationship, or account is arranged, opened or undertaken;
2. A signatory to a transaction, business relationship, or account;
3. Any person to whom an account, or rights or obligations under a transaction has been assigned or transferred;
4. Any person who is authorized to conduct a transaction, or to control a business relationship or an account; or
5. Such other persons as having ties to the account.

Who is supervisory authority?

"Appropriate supervisory authority" refers to the authority with responsibility to ensure compliance with the provisions of this Law, including Da Afghanistan Bank, a Government ministry or agency and any other person designated by the relevant Regulation.

What is freeze?

"Freeze" means provisionally deferring the execution of a transaction or prohibiting or restraining the transfer, alteration, conversion, disposition or movement of funds or property, on the basis of, and for the duration of the validity of, an action initiated by an order or directive from a competent authority under a freezing mechanism or until a confiscation order is made by a competent authority or court.

What is seizure?

"Seizure" means prohibiting or restraining the transfer, alteration, conversion, disposition or movement of funds or property, on the basis of, and for the duration of the validity of action initiated by an order or directive from a competent authority or until a confiscation order is made by a competent authority or court and involves assuming custody or control of funds or property.

What is confiscation?

"Confiscation" means the permanent deprivation of funds or property by final order of a competent court whereby the ownership of such funds or property and the title, if any, evidencing such ownership, is transferred to the state.

What is a transaction?

"Transaction" includes any act or agreement made in order to carry out any economic or business activities and the term also means the purchase, sale, distribution, transfer or investment and possession of any assets.

Who is reporting entity?

Reporting entity means the natural and legal persons define in Article 5 of Anti-Money Laundering and Proceeds of Crime Law.

Who is politically exposed person?

Politically exposed person means any natural person who is or was entrusted with a prominent public function in the Islamic Republic of Afghanistan or a foreign country; or a person who is or has been entrusted with a prominent function in an international organization, or a key figure of political parties including family members and close associates.

What is suspicious transaction?

Suspicious transaction means a transaction described in Article 16 of Anti-Money Laundering and Proceeds of Crime Law.

3: Terrorist Financing

What is terrorist act?

“Terrorist acts” means an act which constitutes an offense within the scope of and as defined in one of the treaties listed in the Annex to the Convention for the Suppression of Financing of Terrorism; and any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a Government or an international organization to do or to abstain from doing any act.

Who is terrorist?

“Terrorist” shall mean any natural person who commits or attempts to commit terrorist acts by any means, directly or indirectly, unlawfully and willfully. Who participates as an accomplice in terrorist acts? Organizes, leads, or directs others to commit, terrorist acts. Contributes to the commission of terrorist acts by a group of persons acting with a common purpose where the contribution is made intentionally and with the aim of furthering the terrorist act or with the knowledge of the intention of the group to commit a terrorist act.

What is nonprofit organization?

"Non-Profit Organization" means any legal person or arrangement or organization that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes.

4: LCTR/STR Reporting

What is the reporting obligation of a Bank?

Banks should report Large Cash Transaction Reports (LCTRs) and Suspicious Transaction Reports (STRs) to FinTRACA.

How should an LCTR be reported?

The banks can manually file LCTRs by using the LCTR form. The form can be downloaded the LCTR reporting from www.fintraca.gov.af.

What is required if I want to generate LCTRs automatically from our Core Banking system?

If a bank wants to generate LCTR automatically, they must use the LCTR XML Schema. The XML schema can be downloaded from www.fintraca.gov.af.

How should I send an LCTR to FinTRACA?

The LCTR forms should be encrypted and sent to reports@fintraca.gov.af.

How should I encrypt my reports before sending?

The LCTRs should be encrypted with PGP before sending. FinTRACA uses asymmetric (public key) encryption method to secure incoming emails. The public key for FinTRACA is available at www.fintraca.gov.af. The banks must use this key to encrypt their reports and then send the reports to reports@fintraca.gov.af.

What should be included on the "Subject" line of reports sent via email?

The Subject line should contain the characters "LCTR" (without the quotes) and nothing else.

How should submitted LCTR report files be named? How the LCTR file naming convention according to regulation works?

From the regulation as published at <http://www.fintraca.gov.af/Regulations.html>

Report file names shall adhere to the following naming convention: three character identification code for reporting entity + '_' + Gregorian date of report submission in yyyy-mm-dd format + '_' + sequence number beginning with '1' for multiple reports submitted in a single day + '.xml' extension. For example, a report submitted by Da Afghanistan Bank on 5 December 2006 might be named as DAB_2006_12_05_1.xml

What shall we provide for the Reporting Entity Identification (ID) field?

DAB issues a five-digit identification number to commercial banks as part of the licensing process. Use this number.

Why was my report rejected although my reporting entity ID is correct?

If a space is typed before your ID, Microsoft InfoPath will not show this space in the form although the space exists. For example ' 12345'. The solution is to remove the ID using the backspace and retype the ID.

How shall we identify individual reports?

Reporting entities must uniquely identify the reports using an identifier that meets the following requirements:

Report identifier formatted as 15 alpha-numeric characters (i.e. 0-9, A-Z) left padded with zeros (required)

The burden for uniqueness is placed upon the reporting entity.

In the "Transaction" section under Transactions Series Cumulatively Exceeding Threshold, what do "False" and "True" mean?

If a series of transactions cumulatively exceed the reporting threshold then "True" must be selected. If it's a single transaction then "False" must be selected.

In Transaction Participant, what do "Principle", "Proxy" and "Beneficiary" mean?

A "Principle" is one who conducts the transaction on his own behalf. A "Proxy" is one who conducts a transaction on behalf of a third person. A "Beneficiary" is one on whose behalf a transaction is being conducted.

What does "Transaction Account" mean?

The "Transaction Account" is the account that is owned by the reported account owner(s) and used by the bank to clear the transaction that is the subject of the report.

How do I report a Cash Deposit?

In transactions such as a Cash Deposit or Cash Withdrawal which involves only one person, the person will act as the "Principle" as well as the "Beneficiary". So in the Participant section the same persons information will be filed and one Participant's Role selected as "Principle" and the second participant's role selected as "Beneficiary"

How do I report an Outbound International Transfer?

The Transaction type should be selected as "Outbound International Transfer". The role of the customer sending funds should be selected "Principle" and their address selected as "Afghan Address". The entity's role receiving the funds aboard should be selected "Beneficiary" and their address selected as "International Address"

An Inbound International Transfer will be the inverse of the above.

How do I report an in-bank account to account Transfer?

The Transaction type should be selected as "Letter Transfer" however care should be taken that the role of the party sending the fund should be "Principle" and the party receiving the funds should be selected as "Beneficiary"

Please note that in the above case two accounts are involved. Both of these accounts must be listed in the "Transaction Accounts" section and the owner of the accounts identified as well.

How to I report a transaction from my bank to another local Bank?

The transaction type must be selected as "Outbound National Transfer" and the customer of your bank who is the sender of funds will be filed as "Principle" and the receiver of the funds in the corresponding bank will be the "Beneficiary"

An "Inbound National Transfer" will be the inverse of the above.