

# FINANCIAL INTELLIGENCE UNIT ANNUAL REPORT 2016



DA AFGHANISTAN BANK (CENTRAL BANK)

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTER OF AFGHANISTAN



**DA AFGHANISTAN BANK**  
**FINANCIAL INTELLIGENCE UNIT**

# ANNUAL REPORT

2016



### **VISSION:**

TO BECOME A CENTER OF EXCELLENCE IN FIGHTING AGAINST MONEY LAUNDERING AND TERRORIST FINANCING IN THE COUNTRY BY MAINTAINING INTERNATIONAL BEST PRACTICES.

### **MISSION:**

TO SAFEGUARD THE FINANCIAL SYSTEM OF AFGHANISTAN FROM MONEY LAUNDERING, TERRORIST FINANCING AND OTHER PREDICATE OFFENSES IN COLLABORATION WITH LAW ENFORCEMENT AGENCIES, REGULATORS, PROSECUTORS AND INTERNATIONAL COUNTERPARTS

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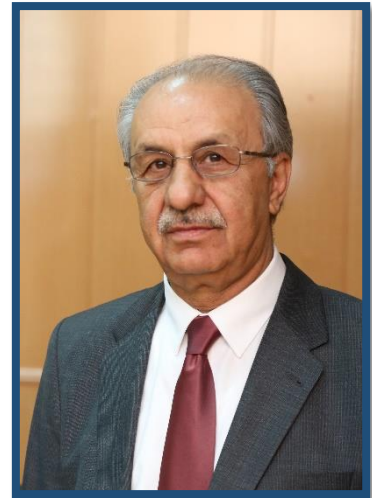
# LIST OF ACRONYMS

<b>AFN</b>	Afghani
<b>AGO</b>	Attorney General's Office
<b>AML/CFT</b>	Anti-Money Laundering and Combating the Financing of Terrorism
<b>AML/CFT RPMR</b>	AML/CFT Responsibilities and Preventative Measures Regulation
<b>AML-PC Law</b>	Anti-Money Laundering and Proceeds of Crime Law
<b>CFT Law</b>	Law on Combating the Financing of Terrorism
<b>CDD</b>	Customer Due Diligence
<b>CNPA</b>	Counter-Narcotics Police of Afghanistan
<b>DAB</b>	Da Afghanistan Bank (Central Bank)
<b>DNFBP</b>	Designated Non-Financial Businesses and Professions
<b>FI</b>	Financial Institution
<b>FIU</b>	Financial Intelligence Unit
<b>FinTRACA</b>	Financial Transactions and Reports Analysis Centre of Afghanistan
<b>FSD</b>	Financial Supervision Department of Da Afghanistan Bank
<b>FT</b>	Financing of Terrorism
<b>HOO</b>	High Office of Oversight & Anti-Corruption
<b>STR</b>	Suspicious Transaction Report
<b>LCTR</b>	Large Cash Transaction Report
<b>MCTF</b>	Major Crime Task Force
<b>ML</b>	Money Laundering
<b>MLA</b>	Mutual Legal Assistance
<b>MOI</b>	Ministry of Interior
<b>MOF</b>	Ministry of Finance
<b>MOU</b>	Memorandum of Understanding
<b>MSP</b>	Money Service Provider
<b>NDS</b>	National Directorate of Security
<b>FATF</b>	Financial Action Task Force
<b>ICRG</b>	International Cooperation Review Group
<b>APG</b>	Asia Pacific Group
<b>RRG</b>	Regional Review Group
<b>ARD</b>	Afghanistan Revenue Department
<b>BNI</b>	Bearer Negotiable Instruments
<b>R</b>	Recommendation (FATF)
<b>SRIII</b>	Special Recommendation Three of FATF
<b>NDS</b>	National Directorate of Security

# GOVERNOR'S MESSAGE

I am pleased to know that Financial Transactions and Reports Analysis Center of Afghanistan (FinTRACA) released its Annual Report for the financial year 1395 (2016). This has been highlighted that FinTRACA has made tremendous progress receiving, analyzing and disseminating Money Laundering, Terrorist Financing cases to Law Enforcement Agencies and Attorney General's Office.

FinTRACA supported the inception of Cash and BNI Control in all international airports of Afghanistan, made extraordinary initiatives to meet the SRIII of FATF regarding identifying, tracing and freezing of terrorist's assets, developed standard policies and procedures, enhancing AML/CFT compliance regime, coordinating with local and international agencies.



This is also a significant step to know that FinTRACA has submitted the application to Asia Pacific Group for exiting Afghanistan from Transitional Follow up Process as well as dispatched the report to ICRG/FATF and requested for delisting.

FinTRACA succeeded to form the strategic plan with the objectives of strengthening the technological platform adopting the "goAML" technology, enhancing national and international cooperation, contributing the National TF & ML Risk Assessment and further improvements in AML/CFT compliance regime.

As financial crimes are having cross-border connections, I do encourage the Unit to continue inter-agency and international cooperation to safeguard the financial system of Afghanistan from Money Laundering, Terrorist Financing and other Predicate Offenses.

I wish the management and staff of FinTRACA more success in their endeavors and congratulate the Creative Employee of the year.

Regards,

Khalil Sediq  
Governor  
Da Afghanistan Bank (Central Bank)

# DIRECTOR GENERAL'S MESSAGE

This is my pleasure to release the **Annual Report** of Financial Transactions and Reports Analysis Center of Afghanistan (Financial Intelligence Unit). FinTRACA is an operationally independent body that is administratively housed within the Da Afghanistan Bank (Central Bank of Afghanistan) and is the national center to receive, analyze and disseminate the financial intelligence concerning to Money Laundering, Terrorist Financing and other Predicate Offenses as prescribed in Afghanistan's Anti-Money Laundering and Proceeds of Crime law.



FinTRACA has made progress since its establishment and proved itself as a national center combating Money Laundering and Terrorist Financing in the country. The year 2016 has been a significant year that along with key challenges, FinTRACA succeeded to develop Standard Operating Procedures, Security Policy, Suspicious Transactions Reporting Guideline, Central and Regional Term of References for its offices, disseminated/responded high volume of cases to Law Enforcement Agencies including Attorney General's Office, implemented APG's recommendation adopting Special Recommendation three (**STR III**) of FATF regarding identifying, tracing and freezing of funds and properties of sanctioned designations, inception of receiving Large Cash Transaction Reports from Electronic Money Institutions, submission of Term of Reference for the new technology platform (goAML), facilitated the amendment of Cash Control Regulation and completed the cash control operations in all international airports of Afghanistan with the support of relevant stakeholders.

In order to enforce compliance and strengthen AML/CFT regime; FinTRACA revoked the licenses of **80** MSPs, issued **60** Warning Letters, enforced Compliance Circulars and imposed a total amount of **AFN 4.3** Million fines on reporting entities.

In relation to ICRG/FATF Action Plan, Afghanistan has made significant progress during the year 2016 and concluded the action plan. The key measures include (1) supporting the implementation of cash control regulation in all international airports, (2) enhancing AML/CFT compliance in MSP and FXD sector, (3) improving Interagency Cooperation, (4) facilitating the issuance of Standing Freezing Order and disseminated / responded large number of cases to LEAs and AGO.

Considering the significant progress made, FinTRACA requested APG to exit the transitional follow – up process and ICRG for the delisting. The conclusion report of the action plan was submitted on 12<sup>th</sup> December 2016 to ICRG/FATF.

Considering the tremendous progress made this year, I really thank FinTRACA staff for their diligent, hard work and wish them all success in their endeavors.

Best Regards,

Nesar Ahmad Yosufzai  
Director General – FinTRACA

# 2016 HIGHLIGHTS

## REGULATORY & PROCEDURAL FRAMEWORK

- Cash Control Regulation was amended and published (OG-1203)
- AML/CFT Responsibilities and Preventative Measures Regulation was approved by Supreme Council of DAB on 3rd April 2016
- Policies and Procedures adopted
- Standard Operating Procedures
- Suspicious Transactions Reporting Guideline
- Security Policy
- Term of Reference to FinTRACA Central and Zonal Officers
- Term of Reference of the Compliance Coordination Committee

## REPORTS RECEIVED

## NO REPORTS

- | REPORTS RECEIVED   | NO REPORTS       |
|--|------------------|
| • LCTRs Received From Banking Institutions                         | <b>2,391,905</b> |
| • LCTRs Received from Money Service Providers                      | <b>71,012</b>    |
| • LCTRs Received from Electronic Money Institutions                | <b>91,727</b>    |
| • STRs Received From Banking Institutions                          | <b>438</b>       |
| • Cash & BNI declarations received from all International Airports | <b>4,530</b>     |

## DISSEMINATIONS

- ***Upon Request Disseminations:*** Responded **138** out of **145** requests included **1006** subjects to the Attorney General's Office and other Law Enforcement Agencies.
- ***Spontaneous Disseminations:*** Analyzed **36** cases included **77** STRs. As result; disseminated **26** cases to the Attorney General's Office and other Law Enforcement Agencies.

## FROZEN BANK ACCOUNTS

- A total number of **42** Bank Accounts amounting AFN **25** Million and USD **240** Thousands were frozen.

## INTERNATIONAL COOPERATION

- Exchanged **26** out of **31** analytical reports included **196** subjects with **11** counterpart FIUs.
- Afghanistan Signed the MOU with Taiwan FIU.
- MOU with China is finalized and will be signed in upcoming events.

***Despite of MOUs, FinTRACA provides financial intelligence to the Egmont Member FIUs.***

## ICRG/FATF ACTION PLAN



- Afghanistan concluded the ICRG / FATF Action Plan and submitted its report to RRG on 12<sup>th</sup> December 2016.
- Afghanistan submitted the application of exiting the Transitional Follow Up Process to APG.

#### COMPLIANCE & ENFORCEMENT ACTIONS

- Issued **7** Circulars to improve Compliance Regime.
- Issued **60** Warning Letters to Reporting Entities.
- Revoked the licenses of **80** Money Service Providers across the country.
- Enforced AFN **4.3** Million on Reporting Entities.
- Banned utilization of individual bank accounts for Money Service proposes

#### CASH & BNI CONTROL

- Cash and BNI control started in all international airports of Afghanistan.

#### IMPLEMENTATION OF UN SANCTIONS

- Attorney General's Office issued the Standing Instruction (Freezing Order) to the current 1267 & 1988 designations and subsequent updates.
- The Standing Freezing Order is broadly distributed to relevant stakeholders.
- The Standing Order is also published on FinTRACA website.
- Banking Institutions developed electronic platforms to screen the transactions and detect international designations on real time basis.
- UNSCR 1267 & 1988 lists are published on FinTRACA website.
- FinTRACA prepared internal translated list of 1267 and 1988 in Microsoft Excel for the ease of relevant bodies.
- The Standing Instruction is shared with the Financial Supervision Department to supervise the implementation regime during the on-site examinations and licensing of financial institutions.
- FinTRACA developed Email Notification to support relevant agencies.
- FinTRACA amended the TOR of FinTRACA Regional Offices to ensure the implementation of UNSCR sanctions in their respective zones and provinces.
- FinTRACA released a public notice on for the awareness of public and private institutions.

#### NEW IT PLATFORM

- Submitted the TOR to World Bank for goAML Technology

#### PUBLIC AWARENESS

- **Capacity Building Programs:** Provided **7** training program to Law Enforcement Agencies and Customs.
- **Inter-agency Meetings:** FinTRACA provides coaching support and held meetings with Law Enforcement Agencies to improve the inter-agency cooperation.

# INTRODUCTION

As this is the Annual Report released by FinTRACA, we honor to provide you the overview of Financial Transactions and Reports Analysis Center of Afghanistan.

The Financial Transactions and Reports Analysis Center of Afghanistan (FinTRACA) was established as Financial Intelligence Unit (FIU) in 2006 under the AML law passed by decree of the President of Afghanistan. Based on the amended Anti-Money Laundering and Proceeds of Crime Law, the Financial Intelligence Unit is independent in its operations for the purpose of enforcing its powers, duties and functions, including full autonomy in decisions to receive, analyze and disseminate information related to ML and TF.

The main purpose of the amended AML-PC Law in Afghanistan is to protect the integrity of the Afghan financial institutions and to gain compliance with the international treaties and conventions. The Financial Intelligence Unit is an operationally independent body that is administratively housed within the Da Afghanistan Bank (Central Bank of Afghanistan).

The mission statement of the unit is to deny the use of the Afghan financial institutions to those who obtained funds as the result of illegal activity, and to those who would use it to support terrorist activities and other crimes. FinTRACA, together with financial supervisors, law enforcement agencies and prosecutors, contributes to building and maintaining an environment in Afghanistan that is -

Directed to identify and combat money laundering activities and terrorist financing. This objective has national value as fulfilling Afghanistan's international obligations to combat money laundering and terrorism financing. The successful addressing of these obligations and needs will assist Afghanistan to combat ML and TF and will have a beneficial effect on Afghanistan's relations with foreign countries and international organizations.

As Financial Intelligence Unit, FinTRACA's mandate and statutory duties are to, receive, analyze and disseminate financial intelligence to the Attorney General's Office, law enforcement agencies, other relevant government bodies and international counterparts to assist combating money laundering and financing of terrorism. It is also required to analyze data they have legal access pursuant to the AML-PC law to provide strategic intelligence including statistics, trends and typologies aimed to increase awareness of the general public, financial institutions, international counterparts and government officials of ML and TF trends in Afghanistan.

In order to meet its objectives, FinTRACA collects and analyzes information from a variety of sources. These sources include entities with legal obligations to submit reports to FinTRACA when a suspicious transaction is detected, as well as reports of cash transactions above a threshold amount specified by regulation. When the analysis of this information supports the supposition of illegal use of the financial system, FinTRACA works closely with law enforcement including Attorney General's Office to support their investigation of the illegal activity.

# MEMBERSHIP

Afghanistan is member of Asia Pacific Group on Money Laundering

Financial Transactions and Reports Analysis Center of Afghanistan is member of the Egmont Group of the Financial Intelligence Units

Afghanistan is an observer at Eurasian Group on Combating Money Laundering and Financing of Terrorism

# LEGAL FRAMEWORK

## Anti-Money Laundering and Proceeds of Crime Law

AML-PC law was amended on 4<sup>th</sup> March 2015 and criminalizes money laundering (R1). The purpose of the Law is to protect and promote the financial integrity of Afghanistan and fight against use of financial institutions and designated non-financial businesses and professions (DNFBPS), for money laundering, proceeds of crime, the proliferation of weapons of mass destruction and the financing of terrorism.

The law has defined the "Predicate Offence" as any criminal acts resulted in funds or properties whether directly or indirectly irrespective to whether offence is committed inside or outside the country. These offences include all categories of offences prescribed by FATF standards including piracy in the high sea.

As per the law, "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.

## Counter Financing of Terrorism Law

CFT law was amended on 4<sup>th</sup> March 2015 and criminalizes terrorist financing (SR11). The purpose of this Law is to Implement the International Convention for the Suppression of Financing of Terrorism (1999) and its successor conventions, prevent provision of funds or property for terrorist acts, terrorist organizations, or terrorist (s); and Implement UN Security Council Resolutions on combating financing of terrorism and the financing of proliferation of weapons of mass destructions.

As per the Law, any person commits the offense of financing of terrorism who by any means, directly or indirectly, unlawfully and willfully, provides or collects funds or property or attempts to provide or collect funds or property, or provides or attempts to provide financial or other services with the intention that they should be used or in the knowledge that they are to be used, in full or in part: in order to carry out a terrorist act; or by a terrorist; or terrorist organization.

## Cash & BNI Control Regulation

The Regulation Governing the Reporting and Control of Physical Transfers of Currency, Bearer Negotiable Instruments, Gold, Other Precious Metals or Precious Stones through the Borders of Islamic Republic of Afghanistan was amended on 4<sup>th</sup> February 2016 and meets the international best practices.

## Counter Financing of Terrorism Regulation

The Counter Financing Regulation was approved by Cabinet of Afghanistan on 4<sup>th</sup> February 2016. The purpose of this regulation is to:

- Designate persons, entities or organizations who are convicted of financing terrorism and bringing relevant alteration on sanction lists.
- Establish coordination among government entities and relevant stakeholders on prevention of financing terrorism.
- Adherence of United Nation Security Council Resolutions on combating financing of terrorism.
- Effective implementation of provisions of law on Counter Financing of Terrorism.

## AML/CFT Responsibilities and Preventative Measures Regulation

The Regulation was approved by Supreme Council of DAB on 3<sup>rd</sup> April 2016. The regulation requires all financial institutions to develop effective frameworks, preventive measures, systems, controls, and practices to manage their potential money laundering/terrorist financing (ML/TF) risks. Financial institutions licensed to operate in Afghanistan should have adequate controls and procedures in place so that they know the customers with whom they are establishing business relationships and dealings. Adequate due diligence on new and existing customers is a key part of these controls.

## Other Regulations

Fit & Proper Regulation

Electronic Money Institutions

Money Service Providers & Foreign Exchange Dealers

To see all the Laws & Regulations, visit FinTRACA Website. [www.fintraca.gov.af](http://www.fintraca.gov.af)

# RECEIPT OF LCTRS FROM REPORTING ENTITIES

## LCTR Received from Banks

Based on Article 17 of Anti-Money Laundering & Proceeds of Crime law, reporting entity shall report to the Financial Intelligence Unit any transaction over a threshold and in such form and manner and within such period as may be prescribed in regulations to be issued by Da Afghanistan Bank.

As per the AML/CFT and Preventative Measures Regulation, Banking Institutions shall report the particulars of transactions (deposits, withdrawals or transfers) in excess of AFS 1,000,000 or its equivalent to other currencies to the FinTRACA no earlier than the first business day of the month and no later than the fifth business day of a month following to the month during which the transaction occurred.

Any two (2) transactions by and between the same two parties that occur within 2 consecutive days of one and other, which transactions aggregate AFN 1,000,000 or greater should also be reported.

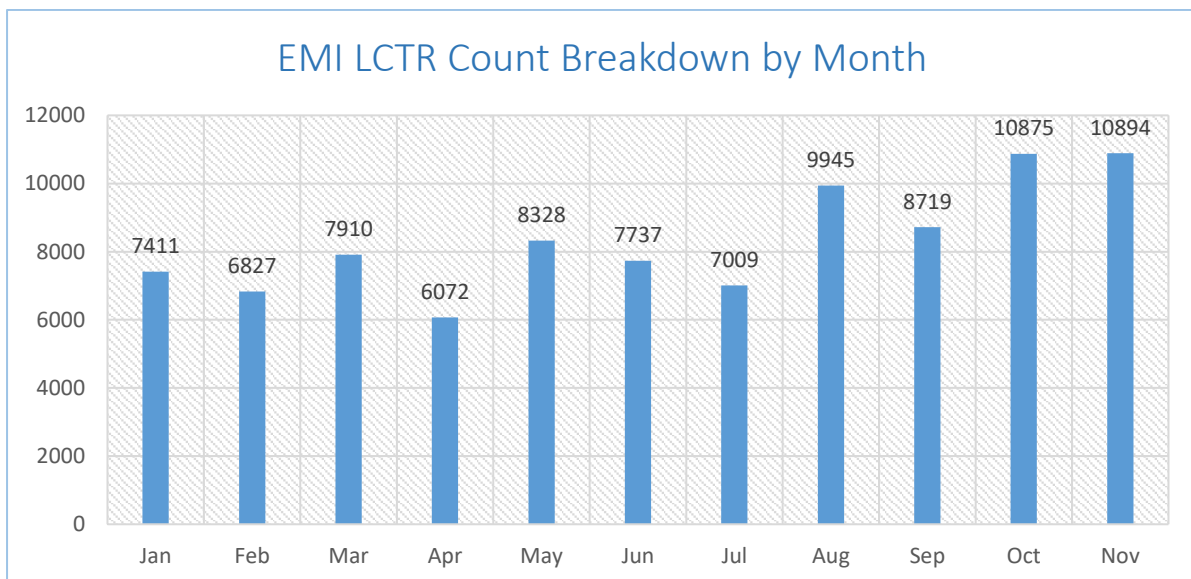
Banking Institutions reported the following number of LCTRs;

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec*
No of Reports	229282	213496	228122	221223	257852	201740	174428	218118	166482	220275	236690	24197
<b>Total</b>											<b>2,391,905</b>	

## LCTR Received from Electronic Money Institutions

As per the EMI Regulation, any transfer, inbound or outbound, of an amount equal to or greater than AFN 10,000 must be made to FinTRACA on a calendar-monthly basis and no later than the 5th business day of the month following the month covered by the report. Any two (2) transactions by and between the same two parties that occur within 2 business days of one and other, which transactions aggregate AFN 10,000 or greater should also be reported.

Electronic Money Institutions have reported the following number of LCTRs;



# RECEIPT OF STRS

## Receipt of Suspicious Transaction Reports

As per the AML-PC Law, reporting entities should report STR;

- Where a reporting entity suspects or has reasonable grounds to suspect that any transaction or attempted transaction involves or may be related the proceeds of crime or be used for money laundering or terrorism financing or predicate offences;
- suspects or has reasonable grounds to suspect that funds are linked or related to a terrorist(s) or are to be used for terrorism, terrorist acts or by terrorist organizations the reporting entity, as soon as practicable, but no later than three days after forming the suspicion, shall report the transaction or attempted transaction to the Financial Intelligence Unit.

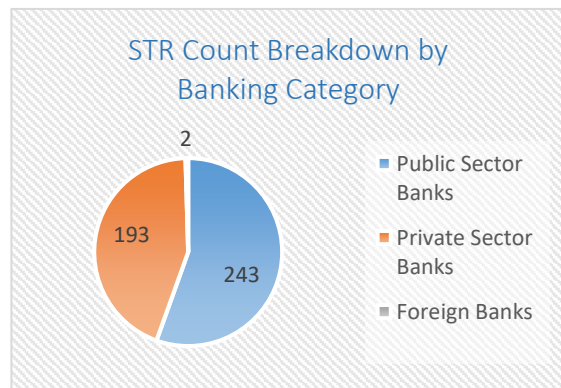
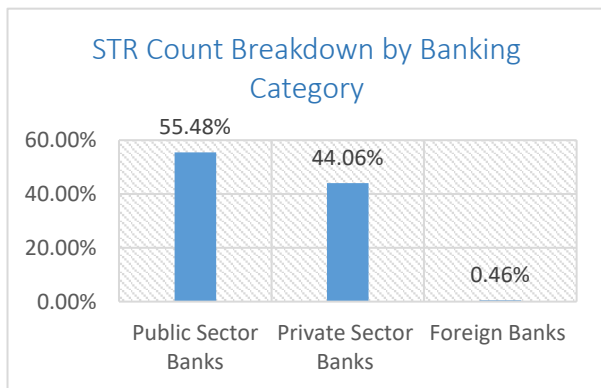
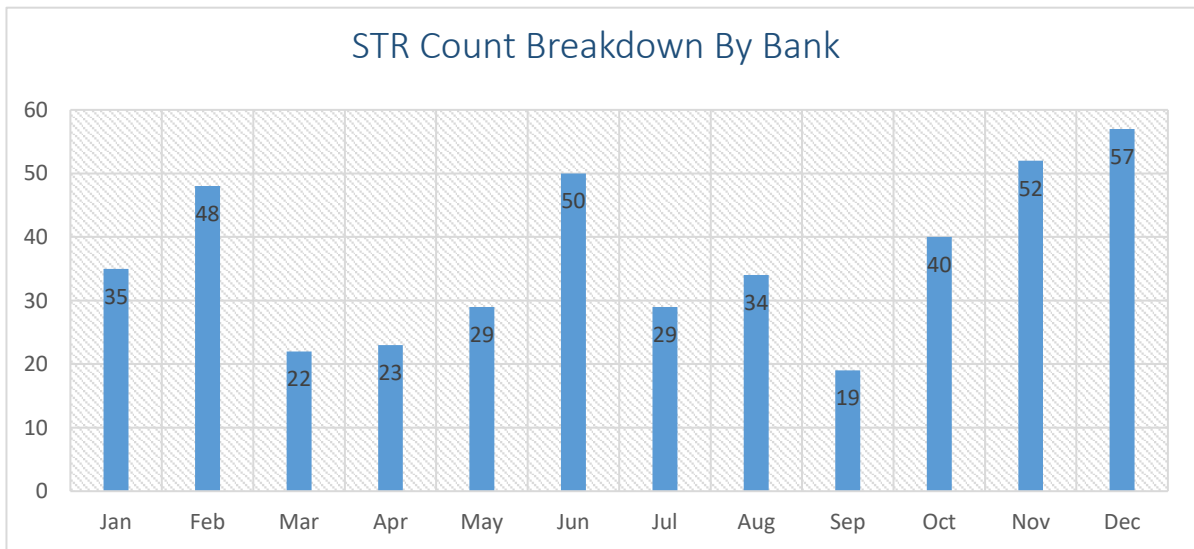
The reports required of reporting entities under the AML-PC Law shall be sent to the Financial Intelligence Unit in a form and methods as determined in relevant forms of communications.

Reporting entities are required to report a suspicious transaction carried out even if it became clear after completion of a transaction that there were grounds for suspicion.

After having submitted a suspicious transaction report, reporting entities are required to submit without delay any additional information that might confirm or invalidate the suspicion.

In order to ensure confidentiality, reporting entities, their directors and employees are prohibited from disclosing to a customer or any other person the fact that a report has been made or any information has been submitted to FIU or competent authority in relation to any money laundering or terrorism financing investigation.

The following STRs were reported by banking institutions:



# MONEY SERVICE PROVIDERS (HAWALA)

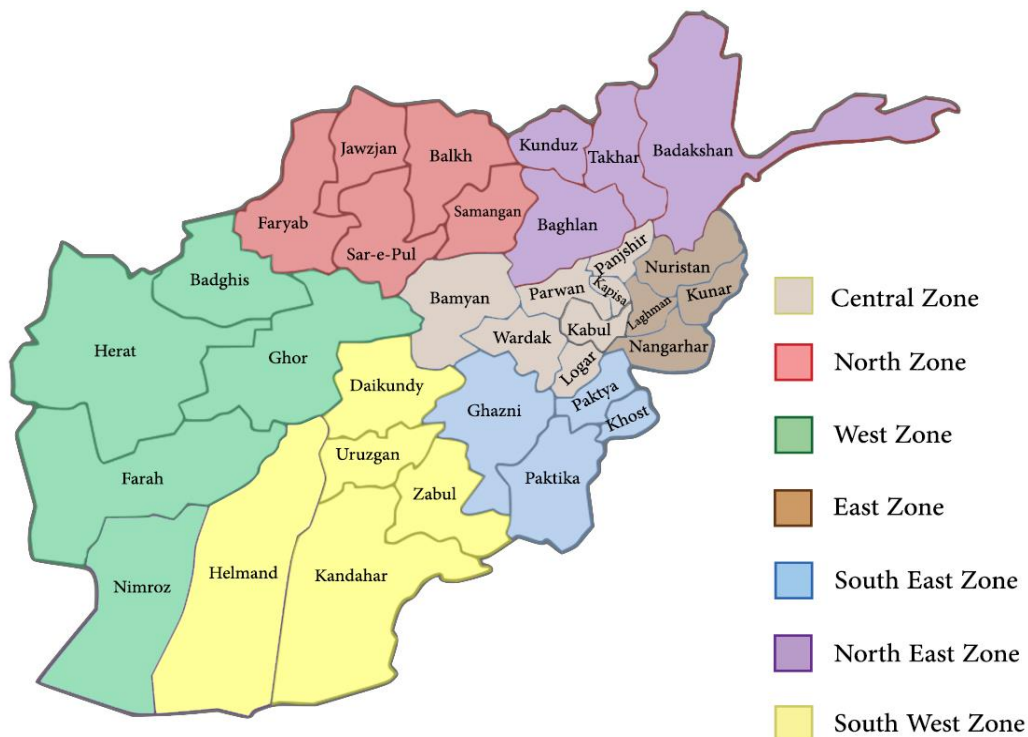
As per Da Afghanistan Bank law; Money Service means any service conducted in relation to money including safekeeping, money transmission, check cashing, or currency exchange and Money Service provider means any person who engages in the business for providing a money service. Meanwhile, MSPs are required to be licensed by DAB and on-site supervision.

Money laundering and terrorist financing in MSP sector is one of the key concern for FinTRACA in Afghanistan, therefore to mitigate this risk, FinTRACA measured and took the following actions in 2016:

- Revoked the Business Licenses of **80** MSPs across the country.
- Enforced the total amount of **3.2** Million AFN.
- Banned utilization of Individual bank accounts for Money Service purposes
- Started Proactive Analysis in MSP sector.
- Issued **55** Warning Letters.
- Disseminated proactive cases to LEAs.
- Published list of revoked MSPs on FinTRACA website to legally treat their bank accounts.
- Improved the level of Electronic Reporting to **60%**.
- Proposed new amendments in MSP regulation to improve AML/CFT compliance regime.
- Involved MSP associations to implement UNSCR sanctions.
- Facilitated new reporting mechanism in all provinces through DAB branches.
- Conducted on-site visits together with FSD.
- Continuously providing trainings.

**Note:** The measures taken by Financial Supervision Department of DAB are included above.

Currently there are **882** registered MSPs in all regional provinces. FinTRACA has seven Regional bodies across the country supporting head office on AML/CFT issues of MSP sector;

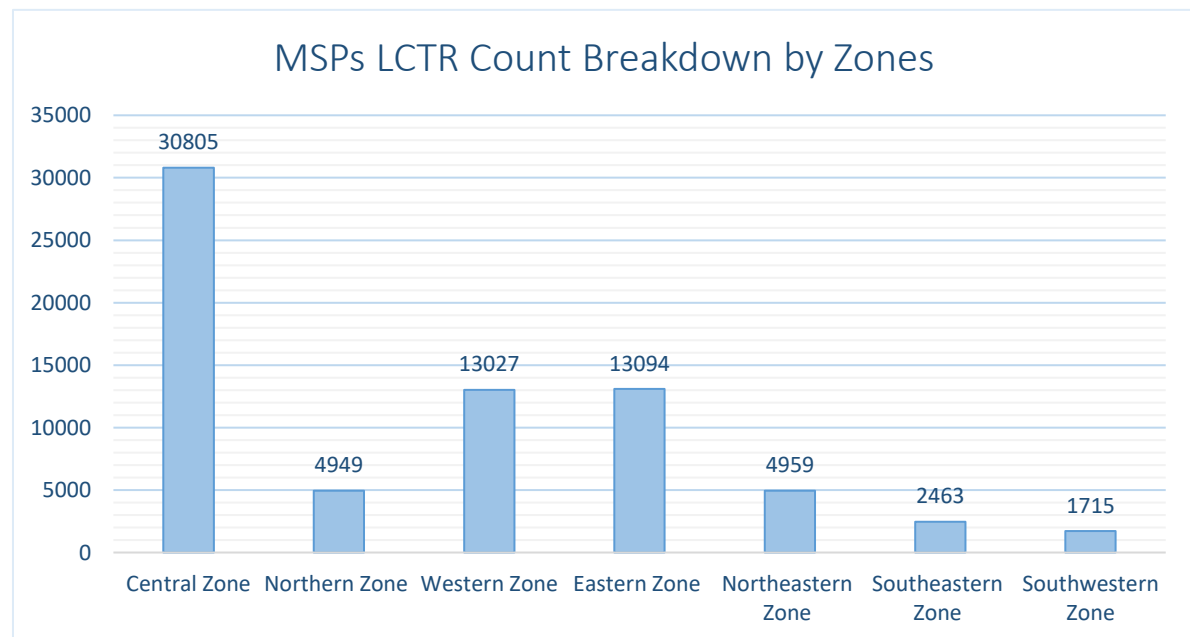
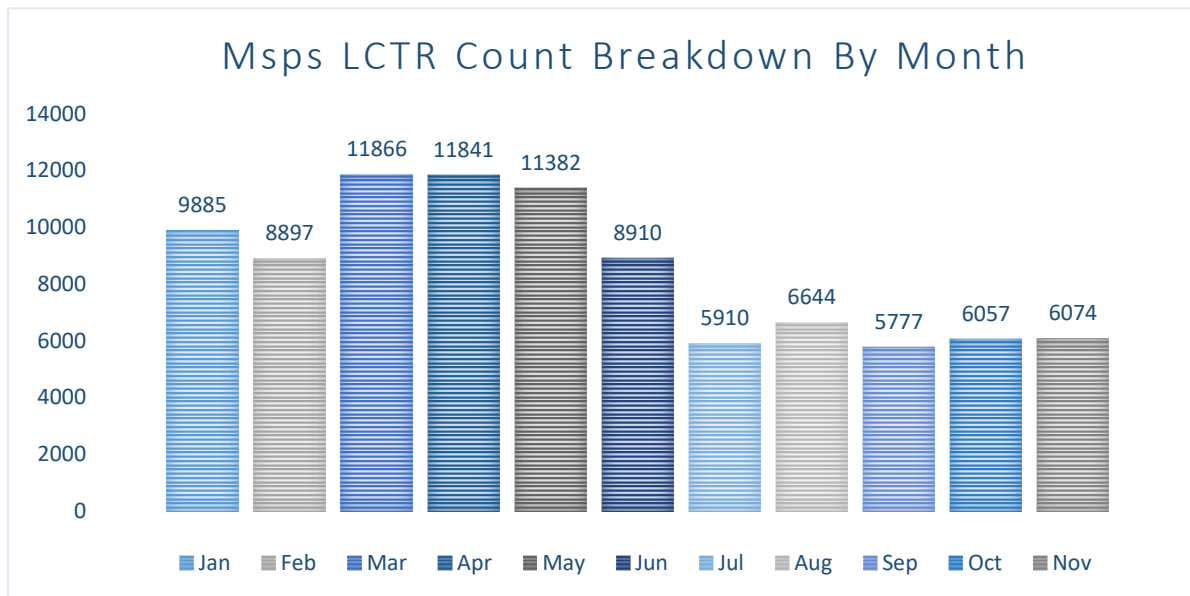


## LCTR Received from Money Service Providers

As per the article 17 of the AML-PC law and Money Service Providers Regulation, MSPs shall report the particulars of transactions in excess of AFS 500,000 or its equivalent to other currencies to the FinTRACA no earlier than the first business day of the month and no later than the 10th business day of a month following to the month during which the transaction occurred.

Any two (2) transactions by and between the same two parties that occur within 2 consecutive days of one and other, which transactions aggregate AFN 500,000 or greater should also be reported.

FinTRACA received the following reports from Money Service Providers;



# CASH AND BNI CONTROL

## Cash and BNI Control at Afghanistan's International Airports

The Regulation Governing the Reporting and Control of Physical Transfers of Currency, Bearer Negotiable Instruments, Gold, Other Precious Metals or Precious Stones through the borders of Islamic Republic of Afghanistan was amended by Cabinet of Afghanistan on 30<sup>th</sup> December 2015 and came into force on 14<sup>th</sup> February 2016. As per the regulation, any person who leaves or enters the Islamic Republic of Afghanistan in possession of currency, bearer negotiable instruments, gold, other precious metals or precious stones which are of a value exceeding USD 10,000.00 (Ten Thousands Only) or its equivalents in other currencies or arranges for the transportation of such items into or out of the Islamic Republic of Afghanistan through a person cargo, postal service or through any other means, must complete the relevant declaration form and submit that to the Custom's Officer.

**Prohibition of Transfer:** It is prohibited for any person to leave the Islamic Republic of Afghanistan in possession of currency, bearer negotiable instruments, gold, other precious metals or precious stones which are of a **value exceeding USD 20,000** or its equivalents in other currencies or arrange for the transportation of such items out of the Islamic Republic of Afghanistan through a person cargo, postal service or through any other means. Decorative Jewelries (gold and other precious metals and precious stones) in normal quantity is not counted against the threshold, and such quantity is prescribed by a procedure issued by the Ministry of Finance.

There is no limit to bring any amount of currency, bearer negotiable instruments, gold, other precious metals or precious stones into Afghanistan. The Customs Department shall report the amount [transported] and identity of its carrier to National Directorate of Security and Financial Intelligence Unit.

If a person refuses to provide any information or provides misleading information regarding the transfer of items, and the value of the items exceeds the threshold \$10,000 US Dollars, the Authorized Officer must seize the items and refer the individual to the judicial authorities for ascertaining whether evidence of ML/FT may be found, and for prosecution in suspicion of committing a money laundering offence as defined in Article 4 of the Anti-Money Laundering and Proceeds of Crime Law.

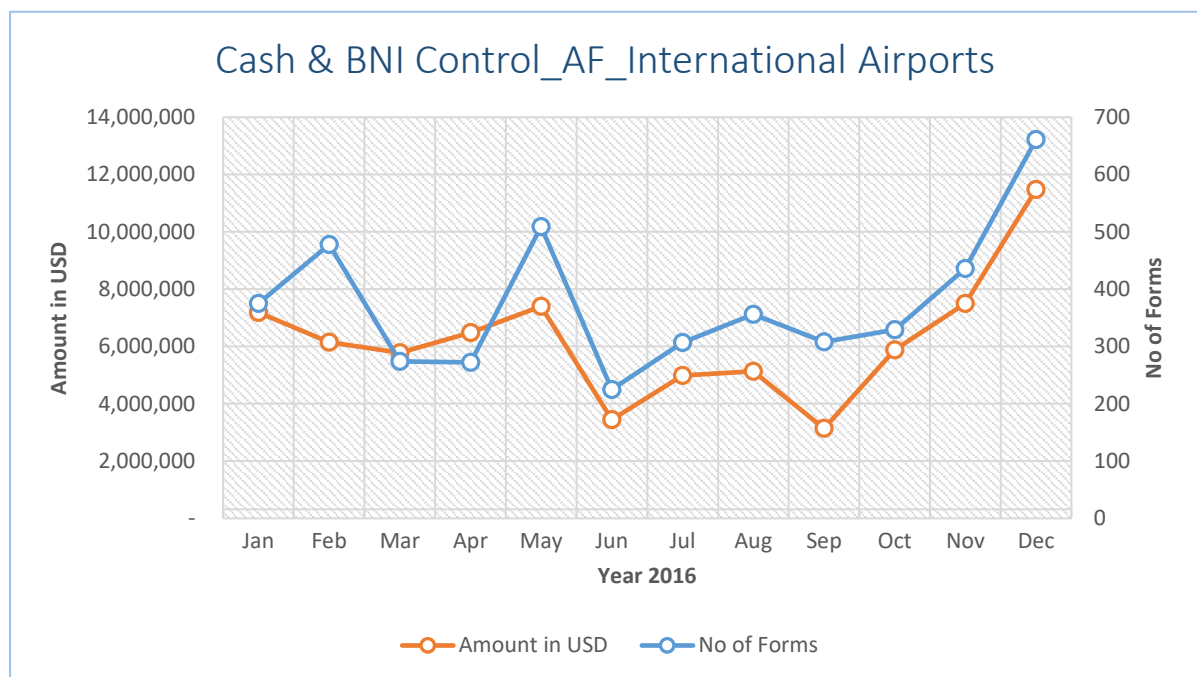
In 2015, cash control was carried out only in Kabul and Balkh International Airports. During the year 2016, FinTRACA provided required technical assistance and on-the-Job training to Customs, National Directorate of Security, Olive Group and Border Police in Kabul, Kandahar and Herat International Airports. As result, the Cash & BNI control has been started in Kandahar and Herat International Airports.

**DURING THE YEAR 2016, CASH & BNI CONTROL STARTED  
IN ALL INTERNATIONAL AIRPORTS OF AFGHANISTAN**



Customs Department has reported the following to Financial Transactions and Reports Analysis Centre of Afghanistan:

No	Month	No of Forms	Amount in USD
1	Jan	375	7,182,734.00
2	Feb	478	6,150,501.00
3	Mar	274	5,780,641.00
4	Apr	272	6,489,141.00
5	May	509	7,403,453.00
6	Jun	225	3,448,006.00
7	Jul	307	4,984,365.00
8	Aug	356	5,134,268.00
9	Sep	308	3,138,209.53
10	Oct	329	5,882,989.28
11	Nov	436	7,497,723.58
12	Dec	661	11,472,834.00
<b>Grand Total</b>		<b>4,530</b>	<b>74,564,865.39</b>
<b>Maximum</b>		<b>509</b>	<b>7,403,453.00</b>
<b>Minimum</b>		<b>225</b>	<b>3,138,209.53</b>
<b>Monthly Average</b>		<b>453</b>	<b>7,456,486.54</b>

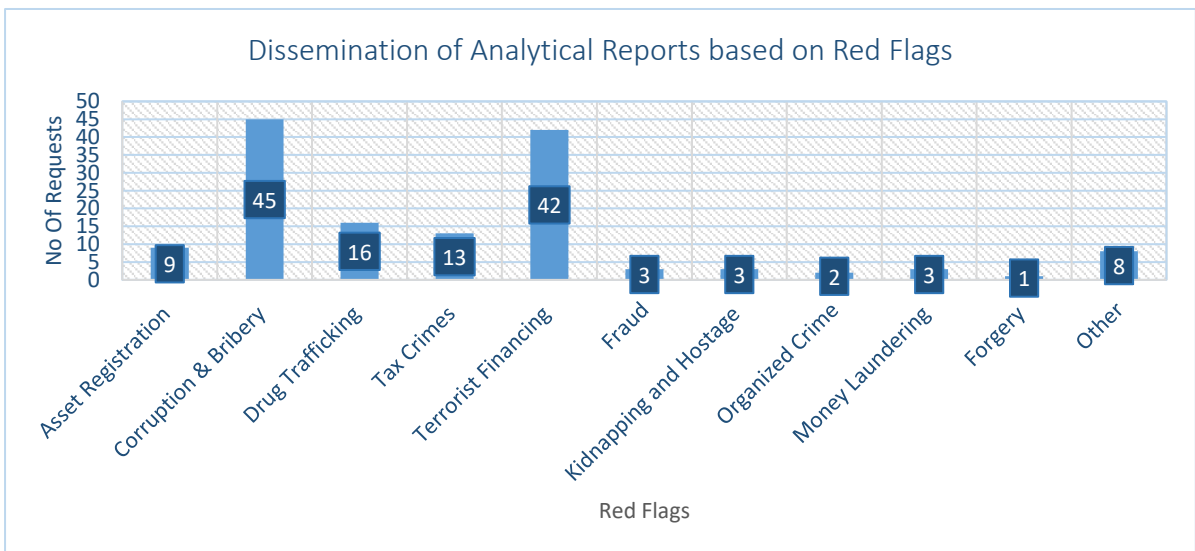
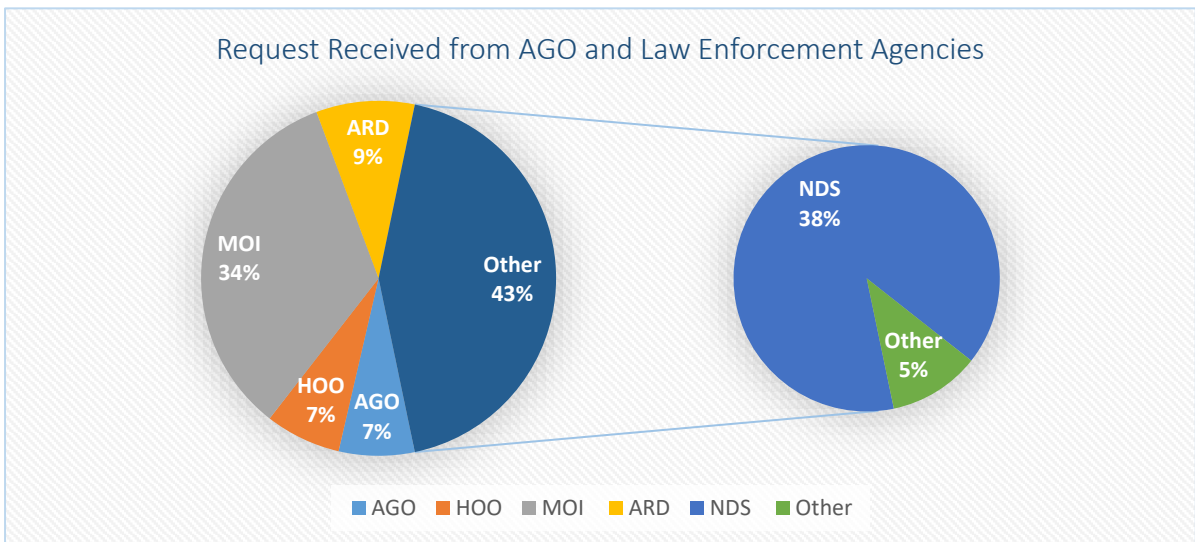


# UPON REQUEST DISSEMINATIONS

In accordance with article # 28 of the AML-PC law, FinTRACA has responded the following Analytical Reports to AGO, law enforcement agencies and other state organizations concerning natural and legal persons on the basis of incoming requests;

The below table shows the statistics for inbound requests from AGO, LEAs and other National Agencies;

No	Entity	Total
1	Attorney General's Office (AGO)	10
2	High Office of Oversight (HOO)	10
3	Ministry of Interior Affairs (MOI)	49
4	Afghanistan Revenue Department (ARD)	13
6	National Directorate of Security (NDS)	56
7	Other	7
<b>Total Request Received</b>		<b>145</b>
<b>Total Request Responded</b>		<b>138</b>



# SPONTANEOUS DISSEMINATIONS

## Analysis of Suspicious Transactions:

According to Article 25 of the Anti-Money Laundering and Proceeds of Crime Law, the Financial Intelligence Unit should serve as the national center responsible for the receipt and analysis of the suspicious transaction reports and other information relevant to money laundering, associated predicate offences and terrorist financing.

As core function of FinTRACA is "Analysis" aims to establish joint partnership to enhance National Cooperation with Afghanistan's Law Enforcement Agencies, the Attorney General's Office and other relevant agencies to effectively combat Money laundering, Terrorist Financing and other crimes.

The Standard Operating Procedure was adopted in August 2016 that describes the operating process of analysis which meets the best practices in the region. The quality of Analytical Reports which are disseminated in last quarter of 2016, meets the high level of expectations and as well as facilitates Law Enforcement Agencies investigating ML and TF cases. FinTRACA continues to disseminate value added Analytical Reports following the below process;



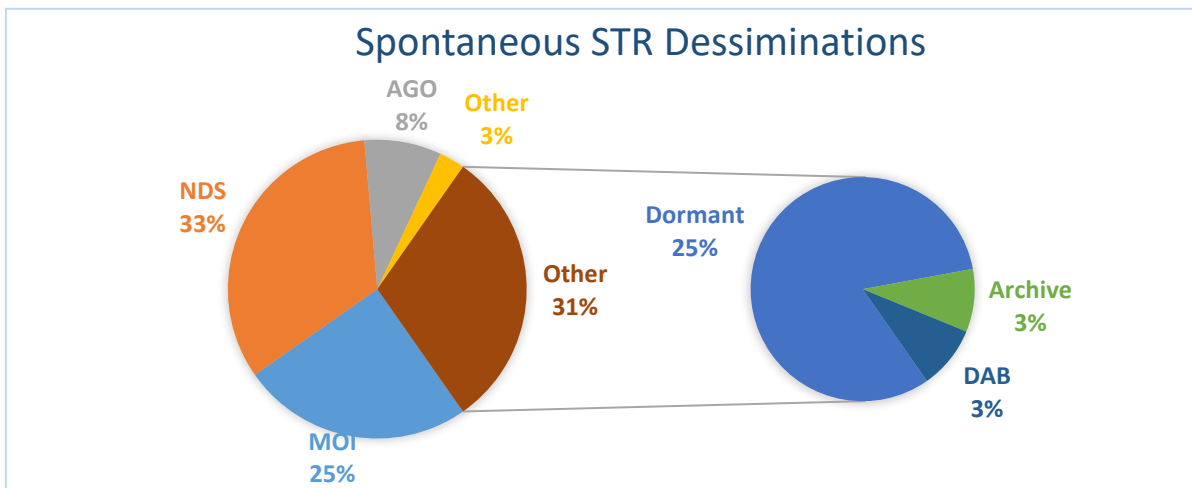
As all STRs can't be analyzed immediately, therefore prioritization process helps FinTRACA to allocate its' resources, to effectively prioritize STRs, it is important to determine the level of risks associated with the reported activity, individual, or enterprise. Analysis Division follows a simple risk assessment matrix, which diversifies all STR in 5 categories (5-1). The 5 rate presents the highest risk, whereas 1 rate describes lowest risk and priority. According to the risk assessment, FinTRACA analyzes the STRs in category of 5-3 dynamic to their risk and priority.

For the year 2017, FinTRACA planned to develop a comprehensive risk assessment model to recognize the exact category of STRs. It is also expected that new technology platform (goAML) will enhance FinTRACA to spend more resources on Analysis rather than operational issues.

Although Standard Operating Procedure for Analysis was adopted in August 2016, FinTRACA disseminated the following spontaneous cases to AGO and LEAs.

## Cases Disseminated to AGO and Other Law Enforcement Agencies

No	Case Type	Red Flag / Predicate Offense	No. STRs	Entity
1	Strategic	Wire Fraud	11	Ministry of Interior Affairs
2	Strategic	Wire Fraud	15	National Directorate of Security
3	Reactive	Wire Fraud	4	National Directorate of Security
4	Reactive	Terrorist Financing	1	National Directorate of Security
5	Reactive	Terrorist Financing	1	National Directorate of Security
6	Reactive	Fraud	1	Ministry of Interior Affairs
7	Reactive	Fraud	1	Ministry of Interior Affairs
8	Reactive	Counterfeiting Currency	1	National Directorate of Security
9	Reactive	Forgery	1	Ministry of Interior Affairs
10	Reactive	Forgery	1	Ministry of Interior Affairs
11	Reactive	Forgery	1	Ministry of Interior Affairs
12	Reactive	Forgery	1	National Directorate of Security
13	Reactive	Forgery	1	National Directorate of Security
14	Reactive	Kidnapping & Hostages	1	Ministry of Interior Affairs
15	Reactive	Forgery	1	National Directorate of Security
16	Reactive	Corruption & Bribery	1	President Office
17	Reactive	Terrorist Financing	2	National Directorate of Security
18	Reactive	Terrorist Financing	2	Attorney General's Office
19	Reactive	Forgery	1	National Directorate of Security
20	Reactive	Human Trafficking	1	Ministry of Interior Affairs
21	Reactive	Corruption & Bribery	1	National Directorate of Security
22	Reactive	Forgery	1	Ministry of Interior Affairs
23	Reactive	Illegal Importing Firearms	1	National Directorate of Security
24	Reactive	Wire Fraud	15	Attorney General's Office
25	Proactive	Forgery in Licensing of MSPs	-	Da Afghanistan Bank
26	Proactive	Cash Smuggling	-	Attorney General's Office



# INTERNATIONAL COOPERATION

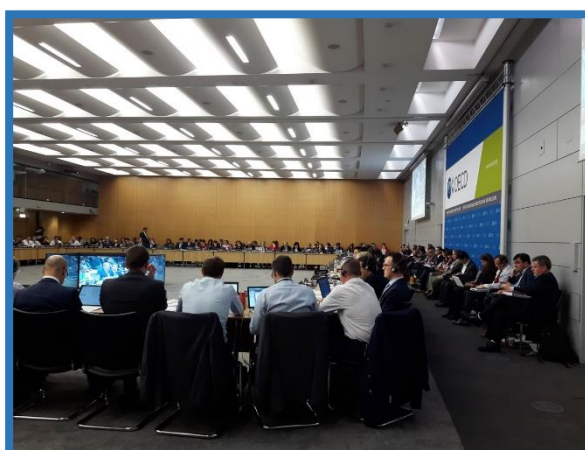
In accordance with the article # 31 of the AML-PC law, FinTRACA exchanged the total number of **33** analytical Reports included **194** subjects with Counterpart Financial Intelligence Units during the year 2016.

## Counterpart FIUs (Signed MOUs)

NO	Name of the FIU
1	The Financial Crimes Enforcement Network of USA (FinCEN)
2	UK Financial Intelligence Unit, National Crime Agency (NCA)
3	Saudi Arabia Financial Intelligence Unit (SAFIU)
4	Federal Financial Monitoring Service – FIMS Russia
5	Financial Crimes Investigation Board-MASAK Turkey
6	Bangladesh Financial Intelligence Unit-BFIU
7	The Financial Intelligence Service – Kyrgyzstan
8	Turkmenistan Financial Intelligence Unit
9	Financial Monitoring Department – Tajikistan
10	Department of Financial Monitoring – Belarus
11	Mongolian Financial Intelligence Unit
12	Anti-Money Laundering Division – AMLD Taiwan

### Memorandum of Understanding Signed with Taiwan FIU:

During the FATF Plenary week (October, 2016 – Paris, France), Financial Transactions and Reports Analysis Center of Afghanistan and Anti-Money Laundering Division (AMLAD) of Taiwan signed a Memorandum of Understanding (MOU) concerning cooperation for the exchange of financial intelligence related to Money Laundering, Associated Predicate Offenses and Terrorist Financing. Based on the signed MOU, parties will cooperate to assemble, develop and analyze information relevant to suspected money laundering, associated predicate offences and terrorism financing and will freely exchange spontaneously or upon request the widest range of information available or obtainable, based on reciprocity.



- The Memorandum of Understanding between FIU China (CAMLMAC) and FinTRACA is finalized and would be signed in near future.
- We also started the communication process for signing MOUs with FIU India, Qatar and UAE.
- Besides Mutual Agreements with counterpart FIUs, FinTRACA is the member of the Egmont Group and exchanges intelligence spontaneously or upon request with other FIUs using Egmont Secure Web (ESW).

# ENFORCING COMPLIANCE

## Powers to Enforce Compliance

Legal basis to enforce compliance is Article (24) of Anti-Money Laundering & Proceeds of Crime Law. As per the mentioned legal basis, FinTRACA can (1) issue written warnings, revocation or suspension of a business license, (2) impose on the reporting entity a fine of not less than 50,000 Afghani and not more than 500,000, for every infraction, (3) remove an administrator, officer or employee of the reporting entity from office, (4) take corrective action to remedy any deficiencies under AML-PC law or relevant procedures issued, and (5) cease engaging in certain actions or practices.

In order to enforce compliance, FinTRACA has measured the followings during the year 2016;

### 1: Warning Letters Issued to Reporting Entities

Money Service Providers	55
Banking Institutions	5
<b>Total</b>	<b>60</b>

### 2: Revocation of Business Licenses

Considering the AML/CFT risk of the MSP and FXD sector, FinTRACA revoked the largest number of Business Licenses in 2016 which has never been experienced. Details of the revoked licenses are:

Licenses Revoked in Central Zone	14
Licenses Revoked in Northern Zone	10
Licenses Revoked in Western Zone	14
Licenses Revoked in Eastern Zone	3
Licenses Revoked in Northeastern Zone	4
Licenses Revoked in Southeastern Zone	1
Licenses Revoked in Southwestern Zone	34
<b>Total</b>	<b>80</b>

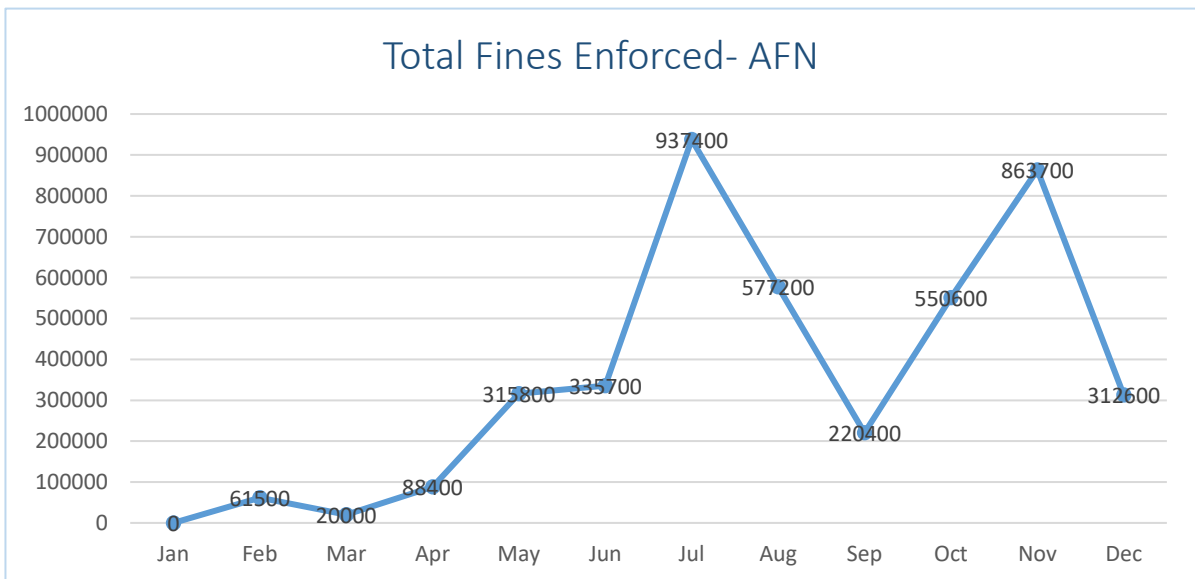
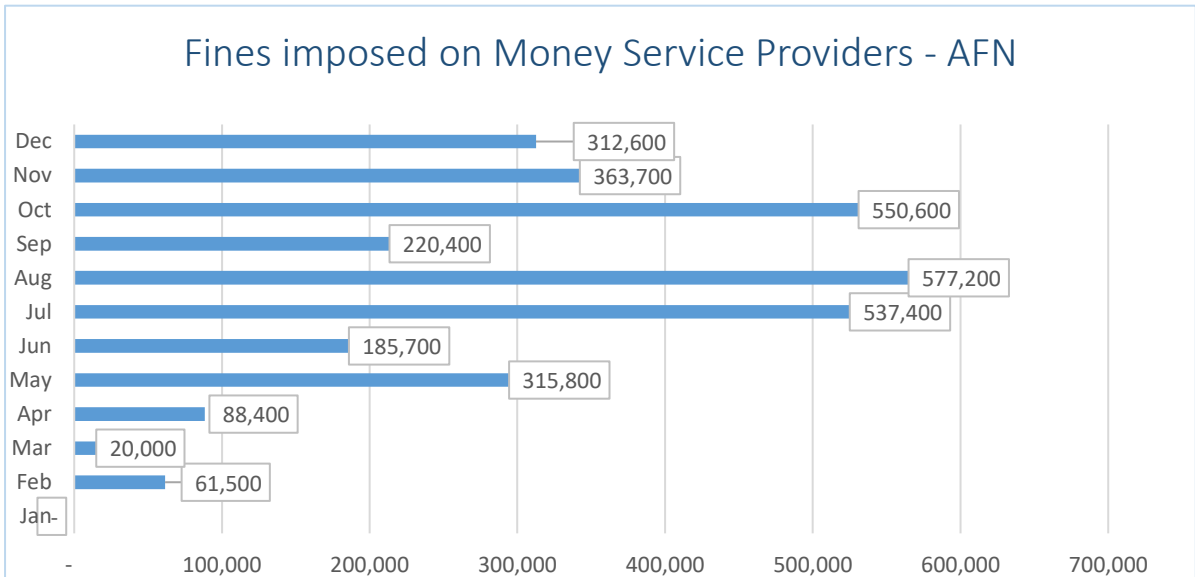
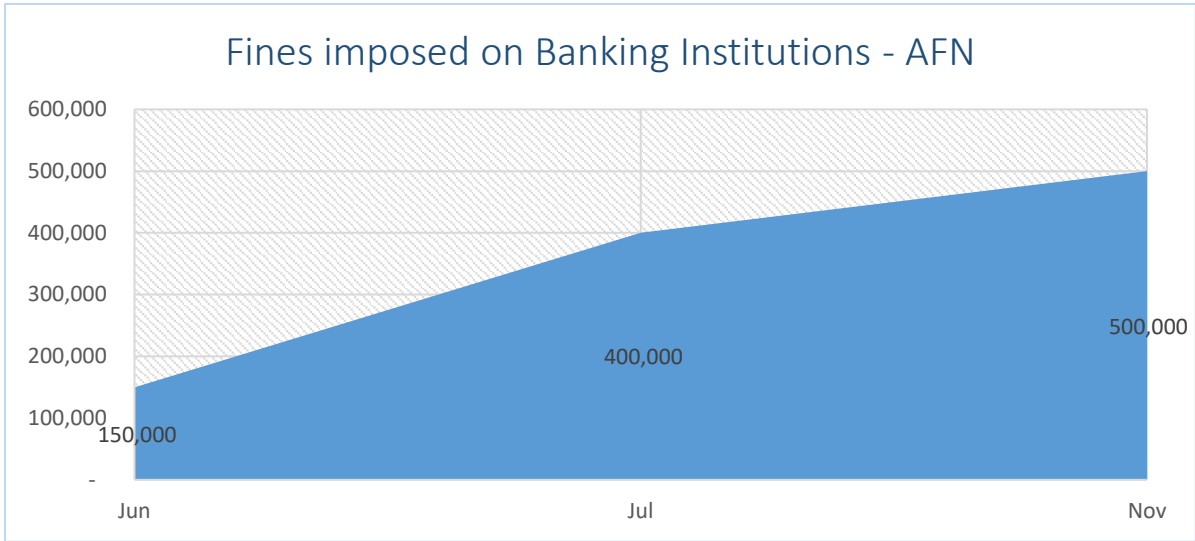
### 3: Enforcing Financial Penalties

During the year 2016 FinTRACA enforced the following financial penalties:

Fines imposed on Money Service Providers	3,233,300
Fines imposed on Banking Institutions	1,05000
<b>Total (AFN)</b>	<b>4,283,300</b>

In addition to the measures taken by the regulator (DAB), this is the first time FinTRACA enforces such big amount of fines and enforcement actions on Reporting Entities.

See the graphical view below;



# UNSCR SANCTIONS REGIME

## UNSCR 1267 & 1988 Sanctions

The Counter Financing Terrorism law provides the legal framework for identification, tracing and freezing of the funds and properties of UNSCR 1267 & 1988 designations.

In 2015, Afghanistan issued implementing regulations for the freezing of terrorist assets on approval by the Council of Ministers ('the CFT Regulation') but it required a freeze order from the Attorney General's Office every time when there is an update to the UN 1267 and 1988 designated sanction list. Afghanistan had been issuing the freezing order in month.

Following the discussions of June 2016 Plenary; APG addressed a letter to Afghanistan recommending the issuance of the standing instruction (Freezing Order) to be applicable on current and future UNSCR updates avoiding individual processing.

Afghan Authorities (Office of the National Security Council, Attorney General's Office, Central Bank and FinTRACA) had considered the subject matter as top priority for the country and made significant progress in this regard which is outlined below;

- UNSCR 1267 Sanctions List was updated on 15th July 2016 and Attorney General's Office issued the freezing order on 20th July 2016 for the whole list of 1267 and 1988 with no exception.
- Attorney General's Office issued the Standing Instruction (Freezing Order) to the current 1267 & 1988 designations and subsequent updates as recommended. Issued freezing order is the single effective standing instruction for the current designations and future updates, is effective on real time basis and there is no need to process each update individually.

## UNSCR 1267 & 1988 Outreach

The Standing Freezing Order was broadly distributed to all Banks, MSPs, FXDs, Electronic Money Institutions, Micro Finance Institutions, Ministry of Interior Affairs (Police), Ministry of Foreign Affairs, Municipality, Afghanistan Land Authority, High Office of Oversight, FinTRACA Regional Offices, National Directorate of Security, Ministry of Finance and to all provincial governors to be dispatched to provincial authorities. The Standing Order is also published on FinTRACA website.

Banking Institutions developed electronic platforms to screen the transactions and detect international designations on real time basis. As per the results of the survey conducted by FinTRACA, **12** out of **15** banks are screening the customers on real time electronic basis using the dedicated purchased software's. **3** Banks manually connected their banking tools with FinTRACA website as well as screen the transactions using online tools. It was found that Banking Institutions purchased the screening tools/services such as World Check, Safe Watch Filtering, Online Compliance, Thomson Reuters and other tools supplied by vendors of their core banking solutions.

FinTRACA linked its website with UN website (UNSCR 1267 & 1988 Lists) which facilitates accessibility to the updated lists on real time bases with no manual process involved.

FinTRACA prepared internal translated list of 1267 and 1988 in Microsoft Excel for the ease of relevant bodies and gets shared on each updated. The translated lists in Microsoft Excel are user friendly and provide searchable details of the designations.

The Standing Instruction is shared with Financial Supervision Department to supervise implementation of the sanctions during the on-site examinations and licensing of financial institutions.

FinTRACA has made a new **INITIATIVE** and additionally developed **Email Notification** mechanism. As soon as the UN list gets updated, FinTRACA sends the Email Notification to **92** high ranking officials and representatives of **41** relevant Afghan Authorities. The Notification is prepared in English and Local Languages providing the details of the implementation issues including the updated list in local Language. This initiative has been welcomed by relevant institutions and facilitated to get access to the updated lists without delay.

FinTRACA amended the TOR of FinTRACA Regional Offices to ensure the implementation of UNSCR sanctions in their respective zones and provinces.

FinTRACA released a public notice for the awareness of public and private institutions. The public notice summarizes the legal basis, standing freezing order and legal consequences for non-compliance.

To further facilitate MSP and FXD sectors implementing sanctions; along with above mentioned facilities, FinTRACA regional offices distribute the hard copies of each update to relevant associations and collect the written acknowledgement letters in return.

FinTRACA Established Compliance Coordination Committee to follow up on implementation of UN Sanctions.



FinTRACA released the following "Public Notice" about the implementation of Standing Instruction (Freezing Order) issued by Attorney General's Office:

In accordance with the articles (2 & 11) of the Counter Financing Terrorism Law, articles (6 & 7) of Counter Financing Terrorism Regulation and Freezing Order (Standing Instruction) # 2793 dated 20th July 2016 of the Attorney General's Office of the Islamic Republic of Afghanistan, the following notice is issued to all governmental and non-governmental entities, organizations and relevant individuals;

"All relevant persons and institutions shall continuously comply with the aforesaid freezing order, avoid any type of transaction and immediately freeze the cash, bank account, movable & immovable assets and any other type of funds, properties and transactions of designations. Frozen funds and properties must be immediately reported to the Office of Afghanistan National Security Council and Attorney General's Office through the relevant regulatory bodies."

As per the Counter Financing Terrorism Law & Regulation, any person who makes available, directly or indirectly, any funds, property, economic resources or financial or other related services available directly to or for the benefit of designated persons shall commit an offence and on conviction shall be punished by law. Meanwhile, whoever fails to implement the freezing order shall commit an offence.

FinTRACA releases the following email notification each time the UNSCR 1267 & 1988 lists gets updated for ease of the relevant agencies.

**From:** Notification-FinTRACA [notification@fintraca.gov.af]  
**Sent:** Tuesday, December 13, 2016 9:30 AM  
**To:** Notification-FinTRACA  
**Subject:** UNSCR-1267 List  
**Attachments:** Update UNSCR\_1267\_Dari 12-Dec-2016.xlsx

**Notification on UNSCR implementation Outreach  
 UNSCR\_1267 Sanction List is updated on 12\_12\_2016**

**From:** Financial Transactions & Reports Analysis Center of Afghanistan (FinTRACA)  
**Legal Base:** Freezing Order # 2793 dated 20th July 2016 of Attorney General's Office. ([LINK](#))  
**Date & Time:** 09:30 AM, 13<sup>th</sup> December 2016  
**Notification No:** FIU0001/13\_12\_2016  
**Description:** UNSCR 1267 list is updated. Please find the updated list. ([LINK](#))  
**Category:** Identification, tracing and freezing of funds and properties of designations.  
**Assigned to:** All  
**Inquiry:** [notification@fintraca.gov.af](mailto:notification@fintraca.gov.af) & +93 20 25 12 689

# ICRG/FATF ACTION PLAN

## International Cooperation Review Group – Afghanistan Action Plan

Afghanistan's Mutual Evaluation was adopted by the APG in July 2011. Afghanistan was rated NC or PC in relation to 46 of the 49 Recommendations, including all 16 core/key FATF Recommendations.

In 2015, at the conclusion of the second round procedures for follow-up, Afghanistan underwent a re-rating of all outstanding core and key Recommendations at PC or NC. The result of the re-rating confirmed that Afghanistan be placed in the category for regular progress reporting, with two NC/PC ratings for the core and key Recommendations outstanding, namely SRI (international instruments) and SRIII (targeted financial sanctions against terrorism and TF).

### FATF Public Statements About Afghanistan:

19 – Feb 2016	“In June 2012, Afghanistan made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since October 2015, Afghanistan has taken steps towards improving its AML/CFT regime, including by issuing amended cross-border declaration regulations for the physical transportation of cash and bearer negotiable instruments. However, the FATF has determined that certain strategic deficiencies remain. Afghanistan should continue to implement its action plan, including by: (1) further implementing its legal framework for identifying, tracing and freezing terrorist assets; (2) implementing an adequate AML/CFT supervisory and oversight Programme for all financial sectors; and (3) implementing effective controls for cross-border cash transactions. The FATF encourages Afghanistan to address its remaining deficiencies and continue the process of implementing its action plan”
24– Jun 2016	“In June 2012, Afghanistan made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since February 2016, Afghanistan has taken additional steps to improve its AML/CFT regime, including to implement the freezing of terrorist assets requirements. However, the FATF has determined that certain strategic deficiencies remain in implementing its legal framework for identifying, tracing and freezing terrorist assets. The FATF encourages Afghanistan to continue implementing its action plan to address its AML/CFT deficiencies.”
21– Oct 2016	“In June 2012, Afghanistan made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Afghanistan has taken significant steps to improve its AML/CFT regime, including issuance of a freeze order that automatically requires the implementation of changes to the UNSCR 1267 list. However, Afghanistan should provide additional information regarding the implementation of its legal framework for identifying, tracing and freezing terrorist assets. The FATF encourages Afghanistan to continue implementing its action plan to address the remaining AML/CFT deficiency”

The FATF has advised that at present, Afghanistan has almost addressed the requirements of its ICRG action plan, but needs to provide additional information on the implementation of its legal framework for identifying, tracing and freezing terrorist assets. Afghanistan should provide this information in its report to the Asia Pacific ahead of the RRG's January 2017 meeting in Sydney. In light of the RRG report, the situation will then be discussed at the next FATF meeting in February 2017.

If the FATF agrees that all technical requirements of Afghanistan's action plan have been met, the FATF will organise an on-site visit to confirm that implementation of the reforms is underway, and that there is political commitment to continue improving the AML/CFT regime.

### Current Status:

**ICRG/FATF:** Afghanistan has concluded the action plan and submitted the completion report on 12<sup>th</sup> December 2016 to Regional Review Group (RRG). As per the procedure, Afghanistan delegation will have a face to face meeting with RRG from 23<sup>rd</sup> to 25<sup>th</sup> January 2017 in Sydney Australia explaining the progress made. Soon after the face-to-face meeting, FATF Plenary 19-24<sup>th</sup> Feb, 2017 will review the progress made and may decide to send the on-site team to Afghanistan. Upon submission of the report by on-site team, FATF will then decide about the delisting of Afghanistan in June 2017 Plenary.

**APG:** Afghanistan is currently under the follow up process of Asia Pacific Group on Money Laundering. Considering the progress made, Afghanistan submitted its request on 24<sup>th</sup> November 2016 to exit the follow process of APG. Following the procedure, Afghanistan is required to submit a detailed report by 1<sup>st</sup> March 2017 to APG for the re-rating process and to exit the Transitional Follow up Process.

# NEW TECHNOLOGY PLATFORM

## Automation of FinTRACA

Information Technology Unit of FinTRACA has developed an internal IT system to facilitate the collection, analysis and dissemination of information. Current system has the capacity to receive the reports only from banking institutions and limited Money Service Providers. FinTRACA as financial intelligence unit should receive large volume of data from different sources especially financial institutions and designated non-financial business and professions (DNFBPs) while the current system needs to be improved.

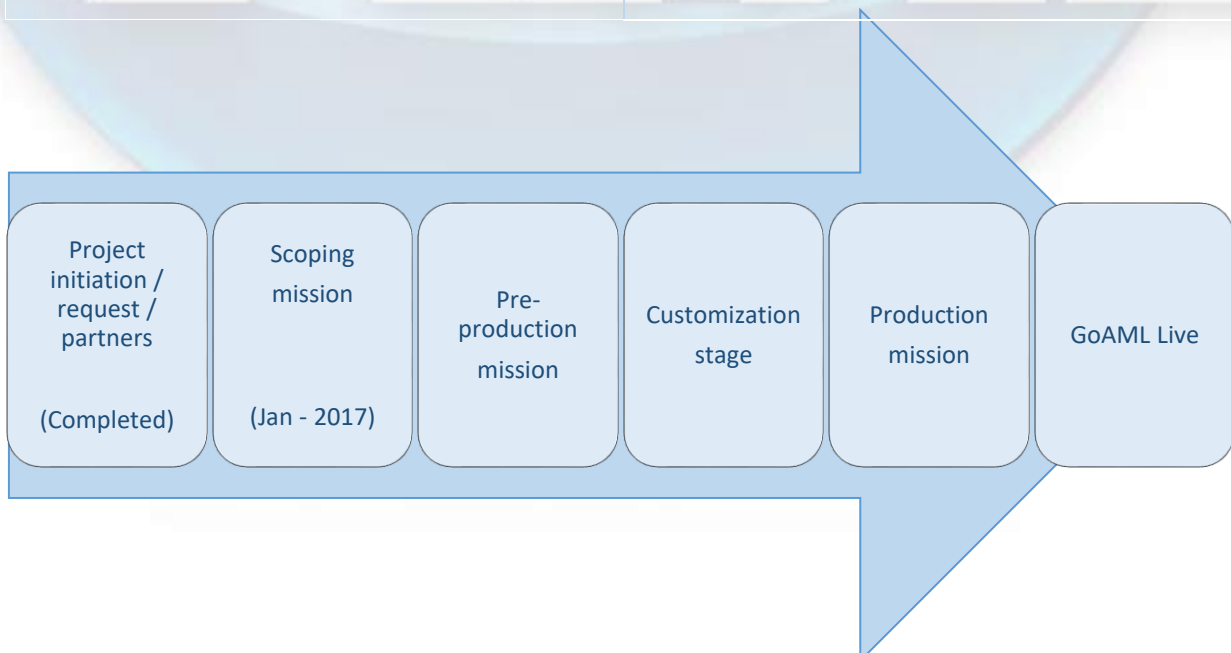
Considering the importance of electronic analytical tool, FinTRACA asked Da Afghanistan Bank (Central Bank) for the development of its IT platform and recommended implementation of goAML technology. In order to adopt this new technology platform, FinTRACA approached UNODC and World Bank. World Bank promised to fund the implementation of goAML for FinTRACA. The draft Term of Reference (TOR) had been shared with UNODC and subsequently dispatched to Financial Sector Rapid Response Project (FSRRP) to be processed with World Bank.

## goAML

The goAML application is an integrated software solution developed specifically for use by Financial Intelligence Units (FIU) and is one of UNODC's strategic responses to crime, including money laundering and terrorist financing. The goAML application has been developed by the Information Technology Service (ITS) of UNODC in partnership with the UNODC Global Programme Against Money Laundering, Proceeds of Crime and the Financing of Terrorism (GPML). It is an integrated system that not only provides database and intelligence analysis capacity but also meets the business requirements of an FIU in relation to data collection, data validation, workflow management, task assignment and tracking, statistical reporting, resource management, document management, intelligence file creation and management and dissemination of an FIU's intelligence output.

### Key Features:

The goAML solution is executed in three steps: data collection, analysis (rule-based analysis, risk-score and profiling) and dissemination (escalate to law enforcement and seek feedback). It integrates 14 different components which, when used together to fulfil all the IT requirements of an FIU.



# CAPACITY BUILDING WORKSHOPS & INTERNATIONAL PARTICIPATIONS

## Capacity Building Workshops attended by FinTRACA Staff

NO	Date	Workshop	Organized By	Place
1	Mar 2016	Anti-Corruption and Organized Crimes	UNODC	Malaysia
2	May 2016	Anti-Money Laundering	British Embassy	UAE
3	Aug 2016	Developing AML/CFT Policies and Procedures of FinTRACA	IMF – Legal Team	Singapore
4	Aug 2016	APG Workshop on DNFBP	Korean FIU	Seoul, Korea
5	Oct 2016	Financial Disruption of Illicit Financial Flows	UNODC	Kazakhstan
6	Nov 2016	Illegal Use of Funds, AML and Drug Trafficking	UNODC	China
7	Nov 2016	AML Workshop	British Embassy	Indonesia
8	Nov 2016	Anti-Money Laundering and Trilateral FIU Meeting	UNODC	China
9	Nov 2016	MENA/FATF Joint Typologies and Capacity Building Workshop	New Zealand	Saudi Arabia
10	Dec 2016	Prevention of Violent Extremism Workshop	GCSP & Government of United Kingdom	Berlin
11	Dec 2016	CFT Workshop	UNODC	Turkmenistan
12	Dec 2016	Promoting Regional Cooperation on Control Delivery and Joint Investigation	UNODC	Kazakhstan

## International Meetings/Conferences attended by FinTRACA Staff

NO	Date	Meeting/Conference	Organized By	Place
1	May 2016	Face-to-face Meeting with RRG (ICRG)	Myanmar FIU	Myanmar
2	June 2016	EAG Plenary	EAG	Kazakhstan
3	June 2016	FATF Plenary	FATF	South Korea
4	July 2016	Roundtable Discussion on preventing Violent Extremism	UNODC	Austria
5	October 2016	FATF Plenary	FATF	Paris, France

## Capacity Building Workshops delivered by FinTRACA to Law Enforcement Agencies

NO	Date	Workshop	Delivered To	Place
1	Oct 2016	AML/CFT	MCTF	MOI, Kabul
2	Dec 2016	AML/CFT	MCTF	MOI, Kabul
3	Mar 2016	Cash and BNI Control	Customs	Kandahar Airport
4	Apr 2016	Cash and BNI Control	Customs	Herat Airport
5	July 2016	Cash and BNI Control	Customs	Herat Land Borders
6	Mar 2016	Cash and BNI Control	Customs	Kandahar Land Borders
7	Oct 2016	Prevention and Mitigation of Cash smuggling	Customs	Kabul Airport

# ESTABLISHMENT OF COMPLIANCE COORDINATION COMMITTEE

## Compliance Coordination Committee

In order to improve compliance regime in banking sector of Afghanistan, FinTRACA established the Compliance Coordination Committee in September 2016. The main purposes for the establishment of this committee is:

- To improve the level of cooperation;
- To coordinate key compliance issues;
- To follow up on implementation of UNSCR 1267 and 1988 Sanctions;
- To Analyze the compliance deficiencies at sector level and
- To keep banks informed of APG/FATF related issues.

Members of the Compliance Committee are:

- FinTRACA
- Financial Supervision Department of Central Bank
- Afghanistan Banks Association
- Chief Compliance Officers of all banks

As per the TOR, the committee holds its meeting on monthly basis.

First meeting of Compliance Coordination Committee was chaired by Director General of FinTRACA which was held on 24<sup>th</sup> October 2016 in the presence of Executive Director of Afghanistan Banking Association (ABA), AML/CFT Manager of Financial Supervision Department of Da Afghanistan Bank, Chief Compliance Officers of Commercial Banks and Compliance Manager of FinTRACA.

The purpose for the establishment of the committee is to cooperate and coordinate on key compliance issues of AML/CFT regime in Banking Sector of Afghanistan especially implementation of UNSCR designations on real time basis. Director General of FinTRACA briefed members of the committee about its importance and asked them for being responsive as SRIII implementation was the only outstanding issue in Afghanistan's Action Plan with ICRG/FATF.

At the end, Executive Director of ABA, welcomed the establishment of the Compliance Coordination Committee and stated that ABA will not only take active part but also requested some amendments to the Term of Reference (TOR) of the committee.



# STRATEGIC GOALS

In order to fight money laundering, terrorist financing and other predicate offences in Afghanistan financial system, it is important for FinTRACA to have a strategic plan in order to have a sense of direction and outline measurable goals. Thus, the strategic plan for **2017 to 2020** will be a useful tool for guiding our day to day decisions, evaluating our progress and changing approaches when moving forward.

## CORE VALUES

**Collaboration:** Employees of FinTRACA should collaborate in their day to day businesses to cultivate the sense of community within organization, to feel they are part of family, to go beyond expectations of our roles and to absorb as much organizational knowledge as possible and driving the objectives forward with informed and sound decisions.

**Quality Outcomes:** Strive and struggle to achieve desired objective with highest quality possible to introduce FinTRACA as center of excellence.

**Honesty:** In order to increase trust, build reputation, promote loyalty and ensure quick dispute resolution, honesty should be the most desirable virtue in employees of FinTRACA.

**Neutrality:** As FinTRACA's core functions are analysis of LCTRs and STRs of persons, the criterion of neutrality in order to bring justice and make sound decisions is required.

Below are the summary of Strategic Goals planned for 2017-2020;

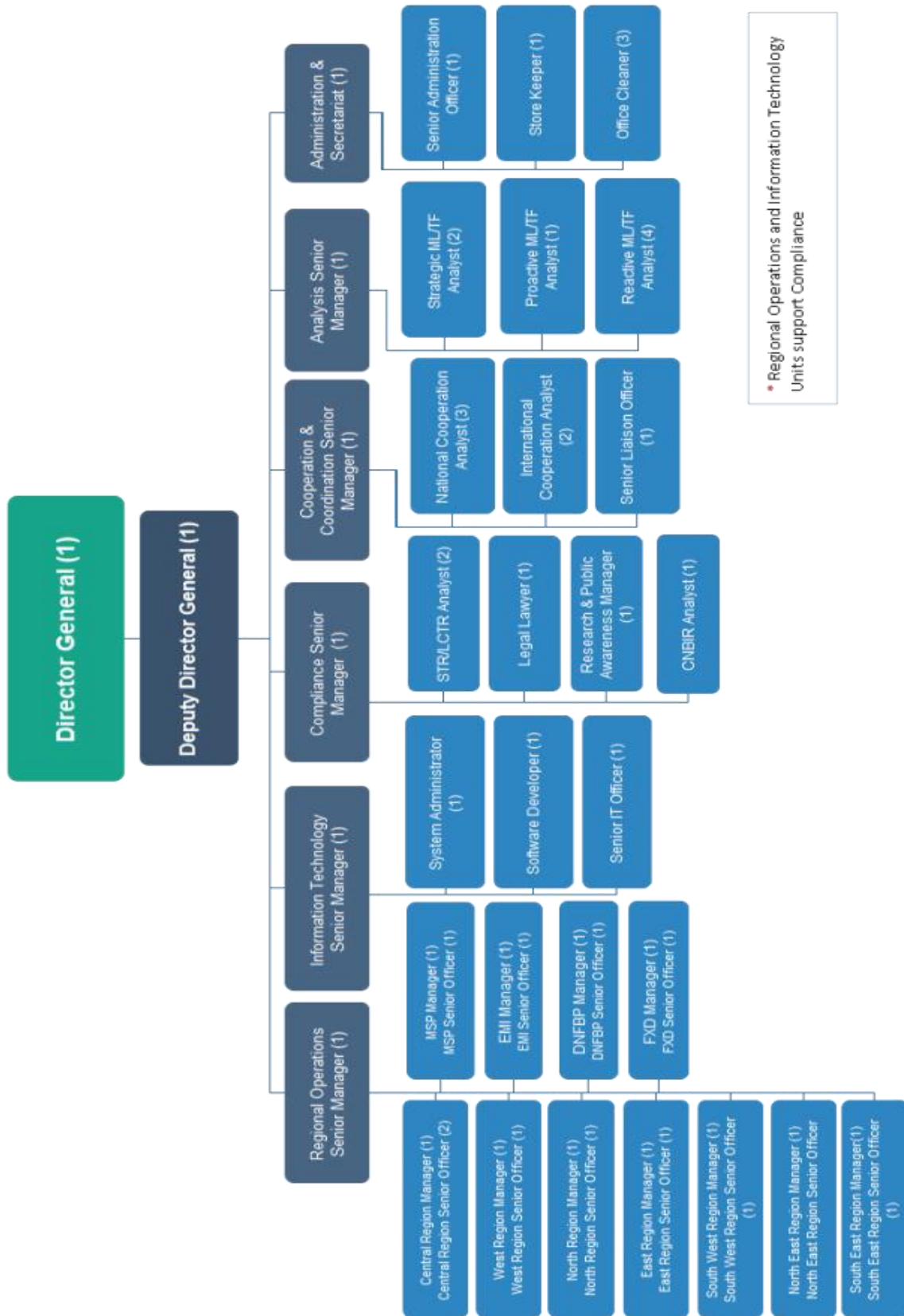
No	Strategic Goals
1	Implementation of New Technology Platform in FinTRACA (goAML)
2	Establishment of Disaster Recovery Site (DRS)
3	Adopting Procedure for the establishment of "High Risk Subjects" Database
4	Adopting Operational Procedure for collection MSP and FXD sector
5	Capacity Building of FinTRACA's staff for advanced courses (ACAMS)
6	Collection of Reports from Electronic Money Institutions
7	Collection of Reports from Foreign Exchange Dealers
8	Amendment of CFT Law to meet FATF revised Recommendations
9	Amendment of AML-PC Law to meet FATF revised Recommendations
10	Amendment of FinTRACA Governance Regulation
11	Conducting AML/CFT National Risk Assessment
12	Reviewing Legal Framework of DNFBS
13	Inception of collecting data from DNFBS
14	Publishing AML/CFT Typologies and Indicators Report
15	Starting Public Awareness Campaign
16	Signing National and International MOUs to expand cooperation
17	Improving accessibility to relevant governmental Databases

# MONEY LAUNDERING INDICATORS

## Money Laundering Indicators

Money laundering indicator is an action (s), activity (s) or thing (s) that may indicate suspicious transaction or suspicious activity. The presence of an indicator or red flag is not the evidence of criminal activity or may not be enough to support the suspicion. Closer scrutiny should help to determine whether the activity is suspicious or does not appear to be a reasonable business or legal purpose. As money launderers are developing or approaching new methods, therefore no list of indicators can be fully comprehensive. In addition to the list of common indicators available at FATF and Egmont websites, here are the list of indicators identified by FinTRACA which should be treated as non-exhaustive guide;

- Opening more than one bank account with different ID cards (Tazkira) and / or Business license.
- Using forged ID (Tazkira) to get real business license and meet CDD requirement to show legitimate purpose of the business.
- Opening more than one bank account for the same business within the same or different banks.
- Using individual bank account for businesses to hide business revenues.
- Opening bank accounts and businesses under the name of drivers, guards and employees to hide beneficial owners.
- Placement of funds in real estate and re-selling the property to cycle the proceeds of crime.
- Closing business within short period of time even before the end of financial year.
- Cash deposits in multiple currencies with different banks to keep the transactions below the threshold.
- Providing incorrect information on KYC or Account Opening Forms to mislead bank officers.
- Purchase of real estate higher than market value and selling it lower than market value.
- Use of Money Service Providers (MSPs) to transfer funds in structured manner and keep it below the threshold.
- Transfer, alteration and conversion of funds through Money Service Providers and Foreign Exchange Dealers maintaining it below the threshold.
- Fake extension of business license to misguide the bank officer and hide tax defaults or evasion.
- Hiding relationship with politically exposed people.
- Avoiding to visit the client in its home or business address.
- Providing forged invoices or documents to support means of transfer, payment or withdrawal.
- Client closes the bank account while conducting regular CDD or asking for more details to complete the profile or transaction.
- Receiving cash loans and /or donations from family members, relatives or office colleagues.
- Cash purchase and immediate sell of bullion and vehicles to demonstrate source of deposits or fund transfers.
- Individual bank account (s) is utilized for Money Service Provider (MSP) or Foreign Exchange Dealer (FXD) businesses aimed to reduce the chances of tracing.
- Comingling of legitimate sources of income with illicit fund mainly through informal channels.
- Depositing revenue of several businesses into one bank account.
- Providing suspicious supporting document that verification is either complex or impossible for the institution.
- Travel Agents facilitate cash smuggling through selling of tickets.



\* Regional Operations and Information Technology Units support Compliance



# CREATIVE EMPLOYEE OF THE YEAR

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## FinTRACA

At FinTRACA we all work very hard to serve the country and safeguard the financial system of Afghanistan from ML, TF and other predicate offenses. We are constantly seeking out more standard practices and how to provide value added products to Attorney General's Office and other Law Enforcement Agencies. We work together as a team and try to help each other in possible means. With that being said, we have transparently elected our CREATIVE EMPLOYEE of the year for 2016!

### Mr. Naveedullah Karimi



He was picked the creative employee of the year based on his hard work, willingness to take initiative and carries out additional responsibilities beyond regular job assignments.

### Congratulations!

On behalf of FinTRACA Team

Nesar Ahmad Yosufzai

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Nangarhar, Kandahar, Balkh, Kunduz, Herat & Gardiz

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