



Bailiwick of Guernsey
Financial Intelligence Unit

Statistical Review

First & Second Quarter

2023

Financial Intelligence Unit
August 2023

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Statistical Review for the First and Second Quarter of 2023

1. Overview

The Bailiwick of Guernsey Financial Intelligence Unit (FIU) is pleased to share the statistical review of the period January to June 2023.

2. Statistical Information

➤ Suspicious Activity Reports

During the first half of 2023, the FIU received 953 Suspicious Activity Reports (SARs), a decrease of 37%, compared to the 1,515 received during the same period in 2022 and a decrease compared to previous years as shown in figure 1. This is the lowest number of SARs received since 2017 (642).

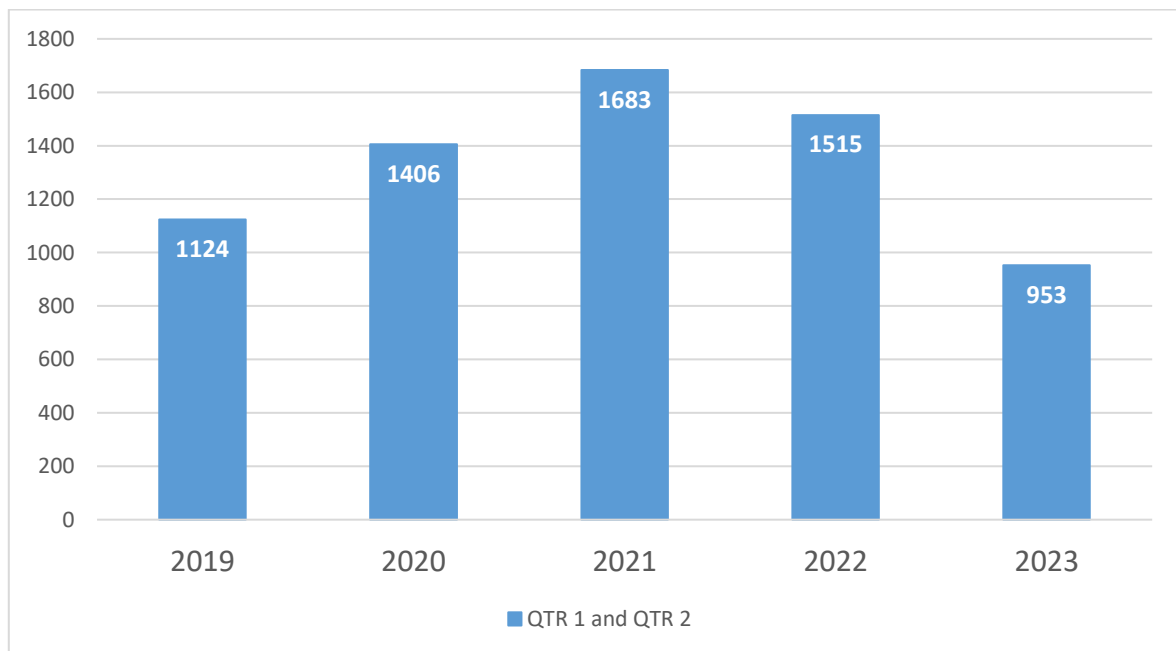


Figure 1: Total SARs received during the first half of 2019 - 2023

➤ Reporting Sectors

E-gambling was the lead reporting sector submitting 612 SARs (64%) during the first half of 2023, followed by trust and company service providers (TCSPs) submitting 135 (14%) and banks 112 (12%) as shown in figure 2 below.

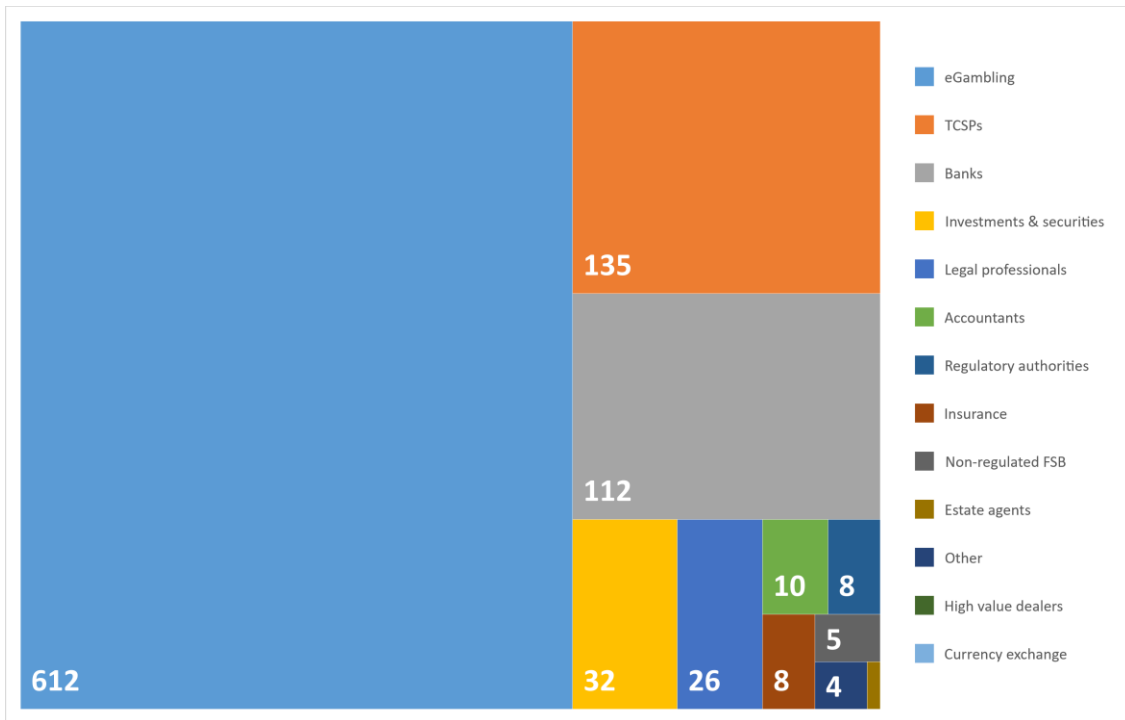


Figure 2: Total SARS submitted per reporting sector during the first half of 2023

This pattern of reporting is consistent with previous years as shown in figure 3. The volume of SARs received from the e-gambling sector in 2023 reduced by 50% compared to the same period in 2022, whereas submissions by TCSPs increased 11% and banks by 9% when compared to the same period in 2022.

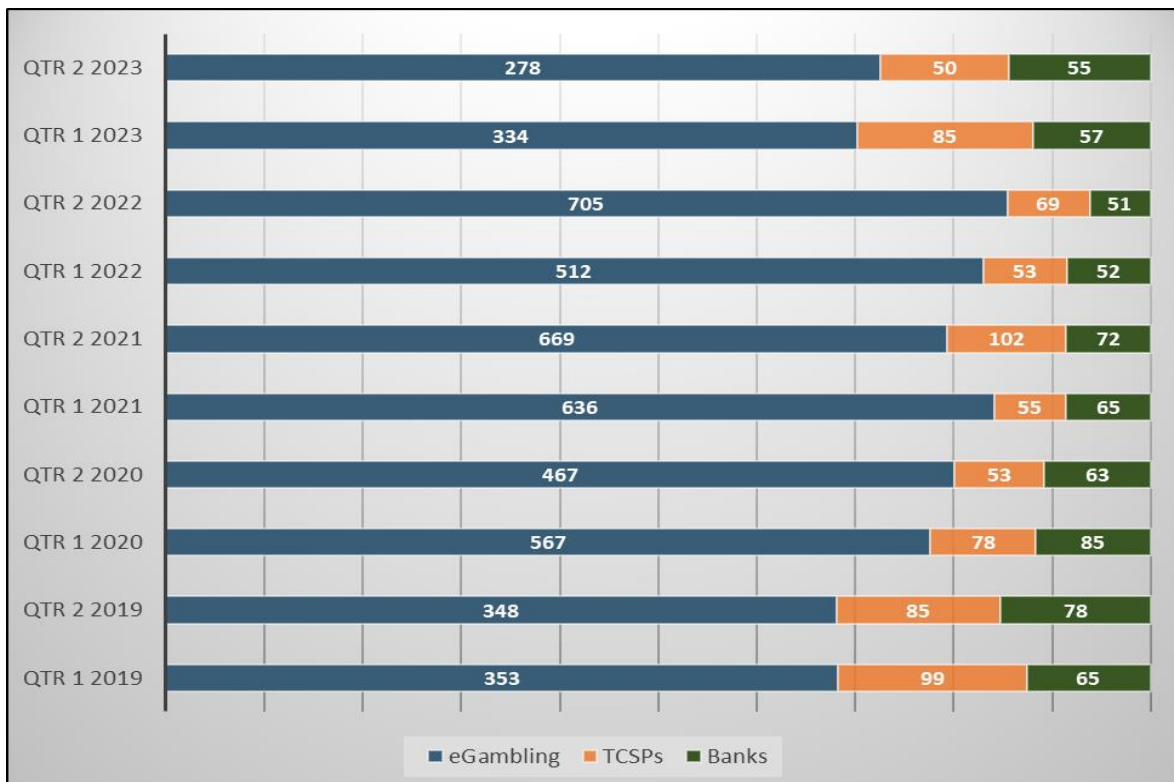


Figure 3: SARS submitted by e-gambling, TCSPs & banks during the first half of 2019 - 2023

The FIU received 9 SARs from domestic authorities which included the Guernsey Registry (7) and the Guernsey Financial Services Commission (2).

➤ **Suspected Criminality**

Money laundering was the leading suspected criminality identified in 38% (358) of the SARs received in the first and second quarter followed by fraud, false accounting or forgery 19% (182) and trafficking in narcotic drugs and psychotropic substances 19% (177). Suspected criminality identified within the same period in 2022 varies slightly as shown in figure 4.

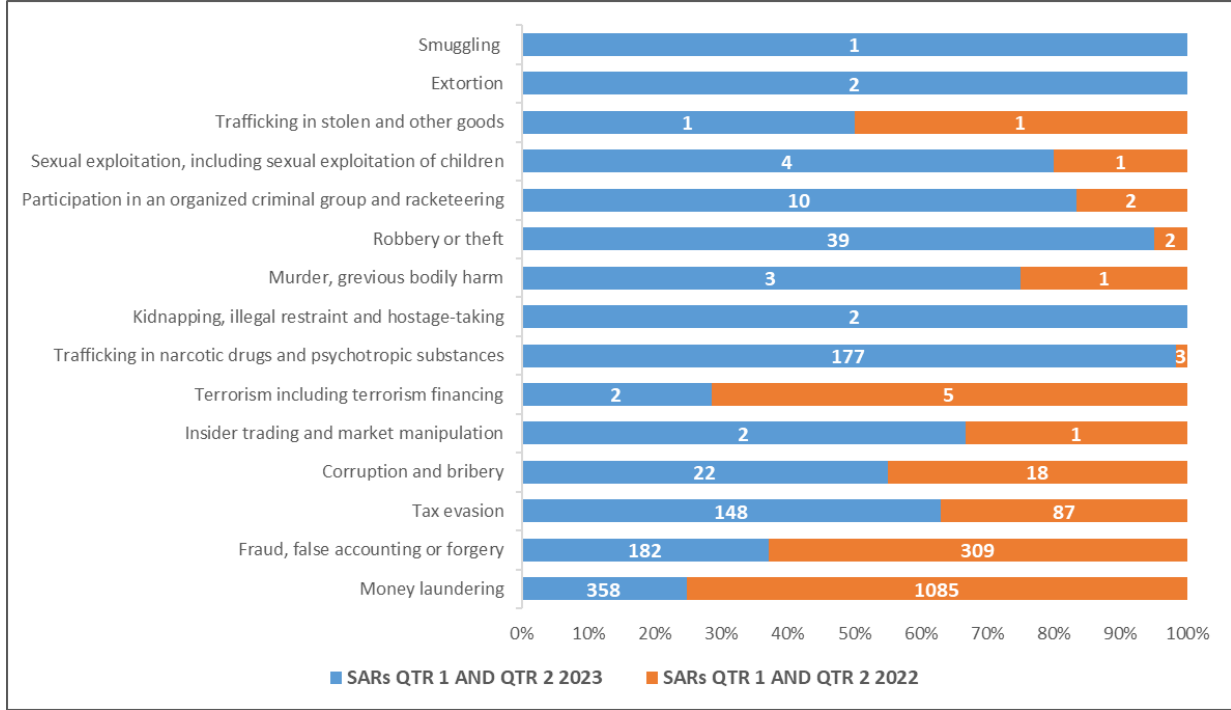


Figure 4: Suspected criminality on SARs during the first half of 2022 - 2023

The main differences identified included an increase in extortion, participation in an organized crime group and racketeering, robbery or theft, tax evasion and finally trafficking in narcotic drugs and psychotropic substances, both recording the largest growth.

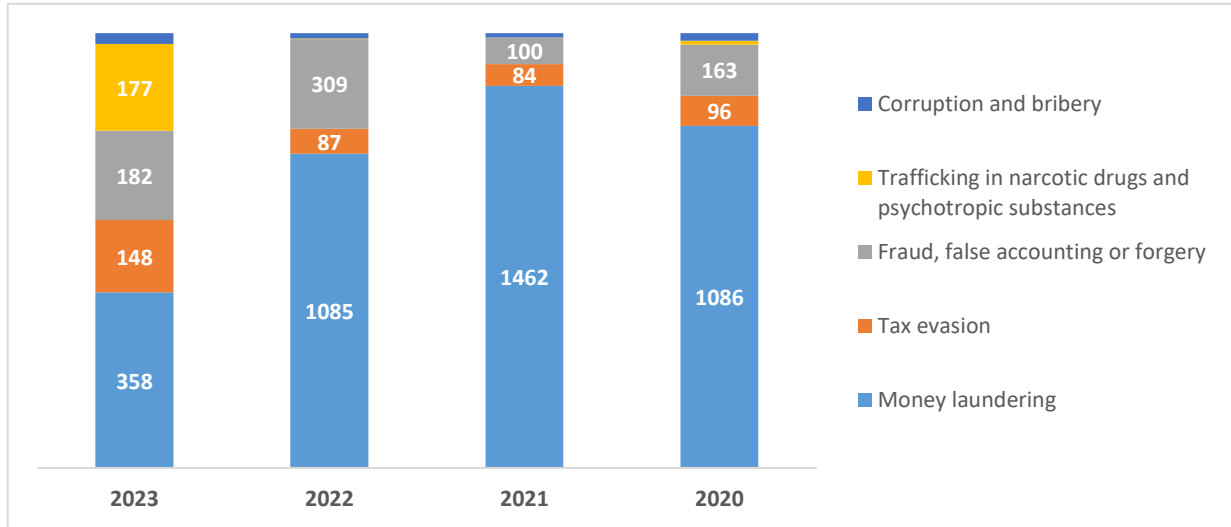


Figure 5: Suspected criminality on SARs during the first half of 2020 - 2023

This shift towards identifying the predicate offence is a planned initiative by the FIU resulting in a positive difference being noted in 2023.

All SARs are reported under a suspicion of money laundering, however the FIU endeavours to identify the predicate offence to money laundering for each SAR; only when the predicate offence is not identifiable, is the SAR reported under the suspected criminality of money laundering. The changes released to Themis in January 2023 have resulted in the predicate offence now being identified on a greater percentage of SARs, leading to a shift away from reporting under money laundering and towards other offences.

For example, the e-gambling sector generally submits the majority of money laundering SARs each year but money laundering overall has reduced 76% when compared to the same period in 2021. The e-gambling sector reported 99% (175) of trafficking in narcotic drugs and psychotropic substance SARs which suggests the predicate offence is being identified.

Despite the reduction in SARs received from the e-gambling sector in 2023, this sector still accounts for 73% (261) of the total (358) money laundering submissions received.

Corruption and bribery has remained low, making up around 2% of the SARs received during the first half of 2023. Terrorism including terrorist financing has also remained very low, making up less than 1% of the SARs received.

4% (39) of SARs were identified as containing a reference to a politically exposed person (PEP) which remains largely consistent with previous years, with forty-three identified during the same period in 2022. The FIU have received the majority of SARs containing a reference to a PEP from TCSPs at 46% (18), followed by investments and securities at 15% (6) during 2023.

➤ **Grounds for Suspicion**

In the first half of 2023, the leading reason for suspicion being reported was adverse open source on 389 SARs (41%), followed by client non-compliance on 131 SARs (14%) and then fraud, false accounting or forgery on 100 SARs (10%).

During this time, a total of 47 SARs (5%) were submitted defensively (i.e. SARs submitted following an approach by law enforcement or a regulatory agency) which is a decrease compared to 77 SARs received in 2022 and a further decline on the 109 SARs received in 2021.

Figure 6 depicts a reduction in the number of SARs received in 2023 for the following grounds for suspicion; adverse due diligence, fraud, false accounting or forgery, client non-compliance, adverse open source and layering.

	2021	2022	2023
Inadequate/Failure to Provide Due Diligence	205	13	43
Adverse Due Diligence	60	56	45
Defensive	109	77	47
Fraud/ False Accounting/ Forgery	88	320	100
Client Non-Compliance	733	427	131
Adverse Open Source	303	409	389
Layering	77	55	41

Figure 6: Suspected grounds for suspicion on SARS during the first half of 2021 - 2023

24 SARs were submitted following attempted transactions during the first half of 2023, which is roughly the same number (21) received in the first half of 2022.

➤ Subject Residency

The primary area of residence of the subjects reported within SARs during the first half of 2023 was the UK (58%), followed by Channel Islands (16%), Europe (9%) and then Americas (8%). High-risk and other monitored jurisdictions identified by the Financial Action Task Force (FATF) such as the Cayman Islands, Nigeria, Panama, United Arab Emirates and South Africa appeared in approximately 6% of the total SARs with South Africa, who were added to the FATF grey list in 2023, accounting for 61% of this total.

➤ Consent Requests

In April 2023, the FIU published revised 'Guidance on the Consent Regime' via Themis and on its website, which should be reviewed by reporting entities when considering submitting a consent request to the FIU.

The FIU distributed 953 consent letters which is a 20% increase on the 791 recorded during the same period in 2022, as shown in figure 7 below. The FIU improved its response times in respect of consent requests within the first half of 2023 with 98% of consents being responded to within 14 days compared to 94% in the same period last year.

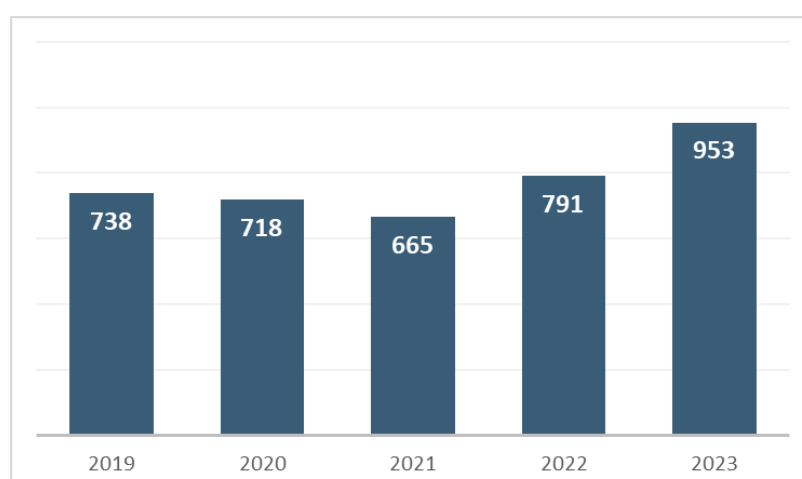


Figure 7: Number of consent letters distributed by the FIU during the first half of 2019 - 2023

➤ **Granted Consent**

The granting of consent by the FIU provides the reporting entity with a statutory defence to a charge of money laundering or terrorist financing in respect of the 'act' undertaken. The FIU issued 817 'granted' and 4 'subsequently granted' responses to consent requests in the first half of 2023 compared to 630 'granted' and 12 'subsequently granted' responses recorded within the same period in 2022. Nearly half (49%) were responded to within a day and 98% were responded to within 14 days with e-gambling, TCSPs and private banks receiving the majority of consent granted responses.

➤ **Refusal Consents ('No Consents')**

The refusal of consent is commonly referred to as a 'no consent'. If the FIU withholds consent, they liaise closely with the reporting entity. During the first half of 2023, 25 consent requests received a 'no consent' response from the FIU; compared to 12 issued in 2022 and 24 in 2021 during the same period. TCSPs, retail banks and investments and securities received the most 'no consent' responses from the FIU in 2023.

➤ **Consent Not Applicable**

A total of 107 'not applicable' responses were issued by the FIU in the first half of 2023 compared to 136 'not applicable' responses issued during the same period in 2022. 95% (102) have been sent within 14 days of receiving the consent request during 2023. Analysis of 'not applicable' responses identified that they did not specify the type of act planned to be undertaken or the section of the relevant Law within which that act would fall, so that undertaking it without consent would constitute a criminal offence.

Full details of the act for which consent is sought should be provided including any proposed transaction, the nature of the transaction, the parties involved, the date or estimated date of the transaction, the actual or estimated value of the property involved in the transaction and the rationale for the transaction.

➤ Requests for Assistance

The FIU received 35 requests for assistance during the first half of 2023 which matches the number of requests received in 2019 and is slightly higher than 2020 and 2021 as shown in figure 8 below.

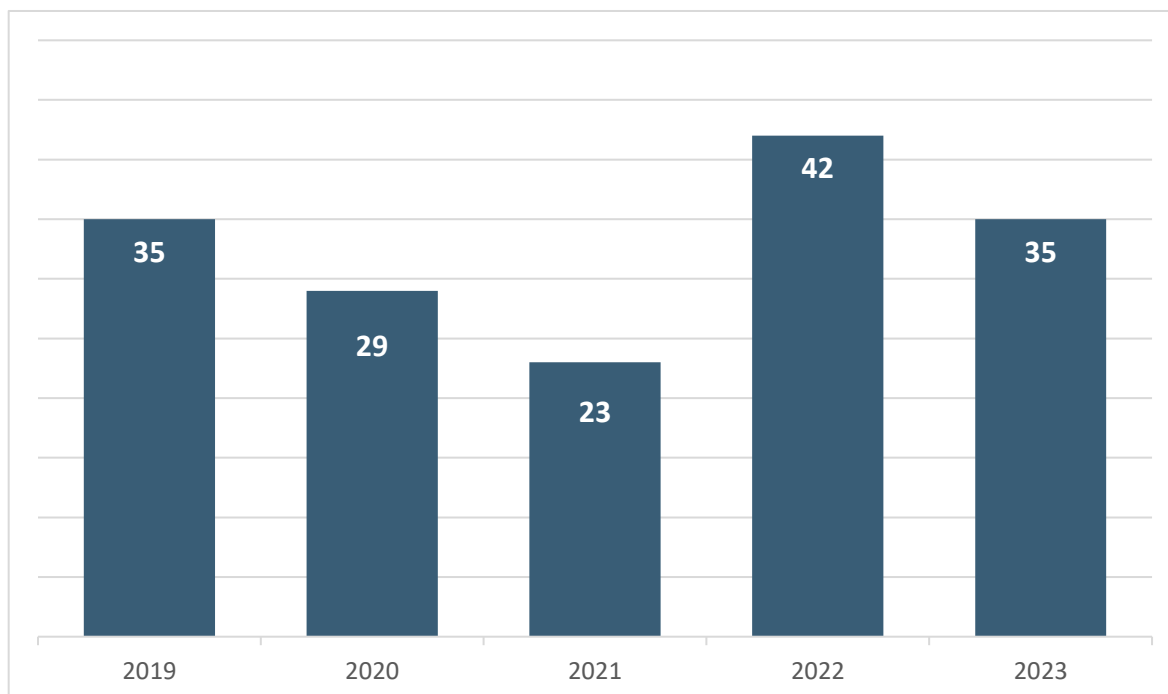


Figure 8: Requests for assistance received by the FIU during the first half of 2019 - 2023

29 requests for assistance were from international FIUs such as Australia, Bangladesh, Germany, Jersey, Malta, New Zealand and the UK.

The main suspected criminality identified within these requests was money laundering with 34% (12) followed by corruption and bribery recording 23% (8). In 2022 money laundering was also leading making up 50% (21) of requests received followed by fraud at 12% (5).

In line with the Bailiwick of Guernsey National Risk Assessment, the greatest money laundering risks for the island come from the laundering of the proceeds of foreign criminality, with corruption and bribery and fraud (including tax evasion) being the most likely underlying offences.¹

The FIU received 6 requests for assistance from domestic agencies including Bailiwick of Guernsey Law Enforcement and the Guernsey Border Agency.

➤ Spontaneous Intelligence

The FIU received a total of 15 spontaneous intelligence reports in the first half of 2023, as shown in figure 9 below, with the number of spontaneous reports interchanging each year. The leading suspected criminality on these intelligence reports was money laundering with

¹ The Bailiwick of Guernsey – ML/FT National Risk Assessment Report [National Risk Assessment - Financial Investigation Unit \(gov.gg\)](#)

53% (8) followed by tax evasion with 20% (3). In 2022 money laundering was also the primary suspected criminality accounting for 57% (12) followed by intelligence with sanction links at 19% (4).

	Jan	Feb	Mar	Apr	May	Jun	TOTAL
2019	0	0	1	2	1	0	4
2020	3	0	3	4	3	5	18
2021	2	1	1	0	2	1	7
2022	3	4	6	2	5	1	21
2023	2	0	4	5	4	0	15

Figure 9: Spontaneous intelligence received by the FIU during the first half of 2019 - 2023

47% (7) of spontaneous intelligence was received from Jersey in 2023 followed by Malta with 13% (2).

➤ Regulation Letters

A total of 63 Regulation letters were issued by the FIU during the first half of 2023 in order to obtain further information. This was on par with 2022 and a 34% increase on the number of regulation letters sent during 2021 as shown in figure 10 below.



Figure 10: Regulation letters issued by the FIU during the first half of 2021 - 2023

The reporting sector that received the most letters was TCSPs (52%) followed by banks (32%), and investments & securities (8%) in the first half of 2023.

➤ Intelligence Reports

The FIU disseminated 446 intelligence reports during the first half of 2023; 110 of these were disseminated to domestic agencies and the remaining 336 were sent to international agencies.

The most frequent recipients of domestic disseminations were the Revenue Service (55) followed by the Bailiwick of Guernsey Law Enforcement (17), Policy & Resources Committee

(15), and the Economic & Financial Crime Bureau (12) and the Guernsey Financial Services Commission (7).

The jurisdictions which received the majority of international disseminations were the UK (141), followed by South Africa (27), USA (22), Switzerland (17), Jersey (16), and BVI (10).

The number of intelligence reports disseminated has decreased compared to 2021 and 2022 as shown in figure 11 below, which is expected considering the reduction in SARS received in 2023 (953) compared to these years, 1515 (2022) and 1683 (2021).

When considering the number of intelligence reports disseminated in proportion to the number of SARS received, 2023 has recorded the highest output with 47%. This is compared to 40% in 2022 with 613 intelligence reports generated in respect to 1,515 SARS and 25% in 2021 with 426 intelligence reports generated in respect to 1,683 SARS.

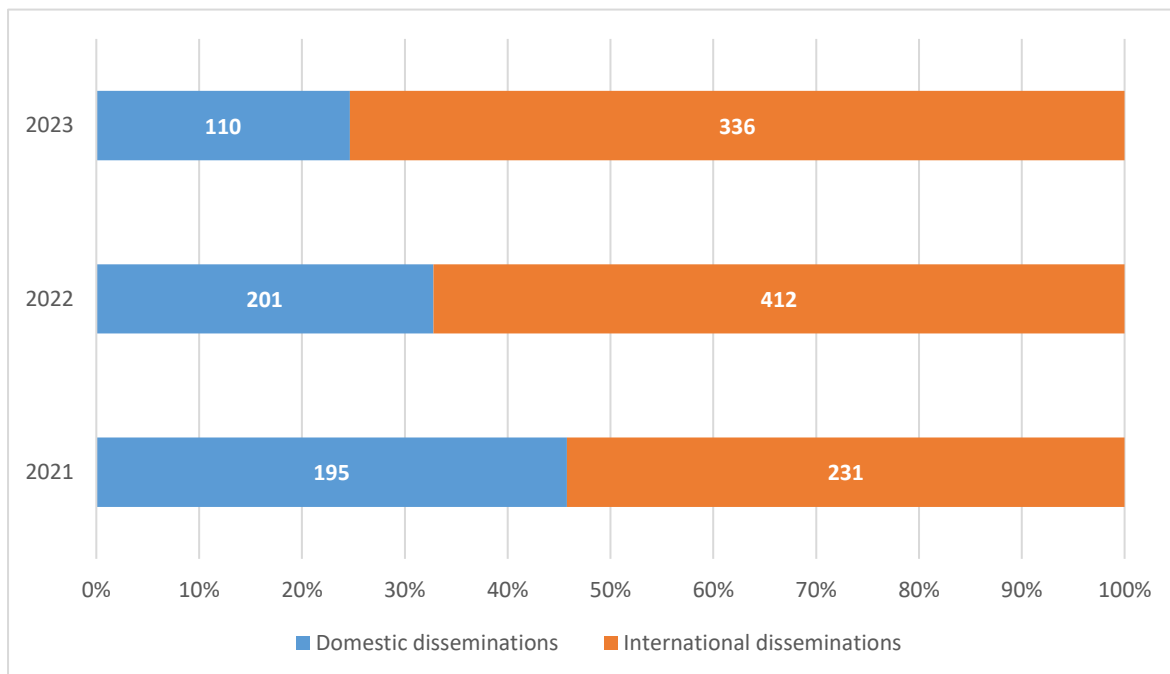


Figure 11: Intelligence reports disseminated by the FIU during the first half of 2021 - 2023

3. Suggested Reading

The FIU are pleased to share the below links on revised guidance to improve SAR reporting and revised guidance on the consent regime.

The FIU guidance to improve SAR reporting can be found at the below link:

<https://guernseyfiu.gov.gg/CHttpHandler.ashx?id=167125&p=0>

The FIU guidance on consent can be found at the below link:

<https://guernseyfiu.gov.gg/CHttpHandler.ashx?id=167136&p=0>

Visit our website at www.guernseyfiu.gov.gg

Please be advised that further enhancements to Themis are due to be released in late August with guidance documents, notices and videos covering these changes to be distributed shortly.

All users of Themis should ensure they are actively registered to have access to these resources when they become available.

The Head of FIU has previously advised reporting entities that all guidance issued by the FIU must be provided to the board of directors of all firms ordinarily in the monthly MLRO board review packs.

Do not forward these links outside of your organisation.

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