



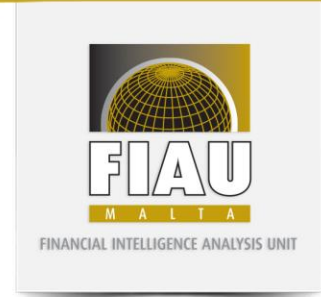
The 2019 REQ Review

Credit Institutions, Financial Institutions and Insurance

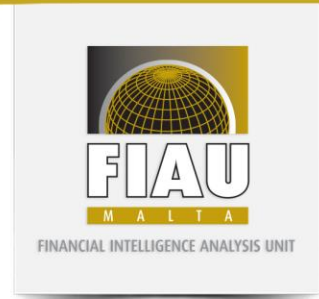
12 February 2020

Daniella Mizzi and Jeremy Zarb
Financial Intelligence Analysis Unit

2019 REQ: Agenda

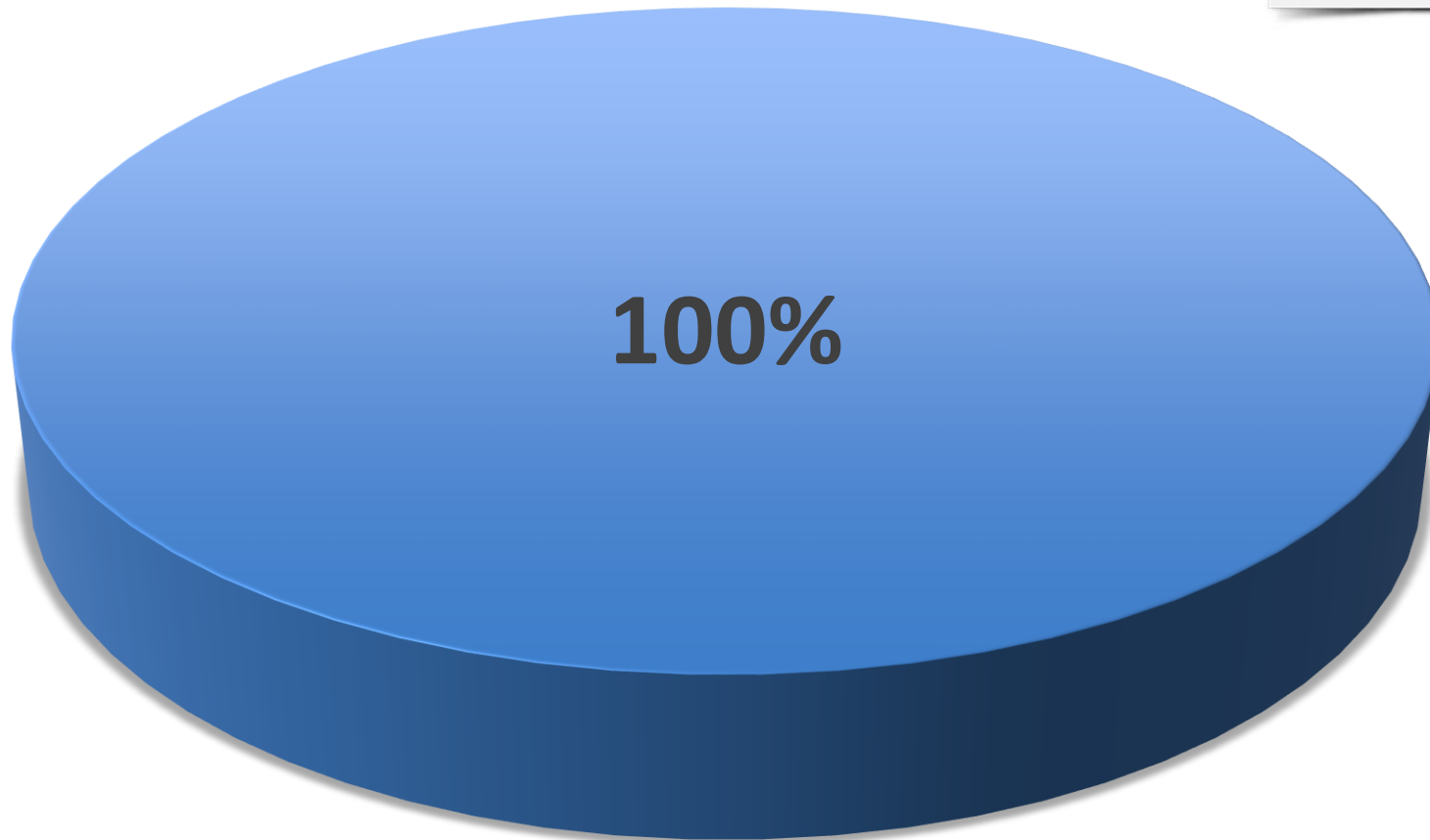


- 2019 REQ Statistics
- Common Mistakes
- Administrative Penalties & Enforcement Process



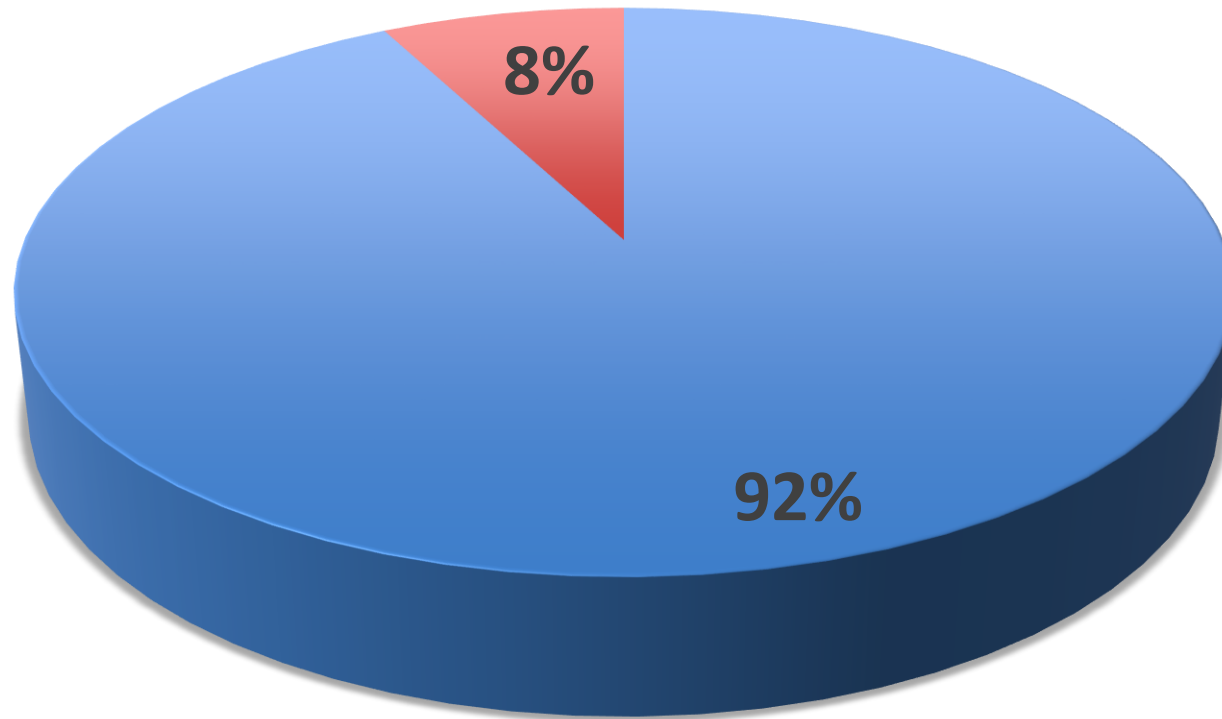
2019 REQ Statistics

Statistics: REQ Submissions → Credit Institutions



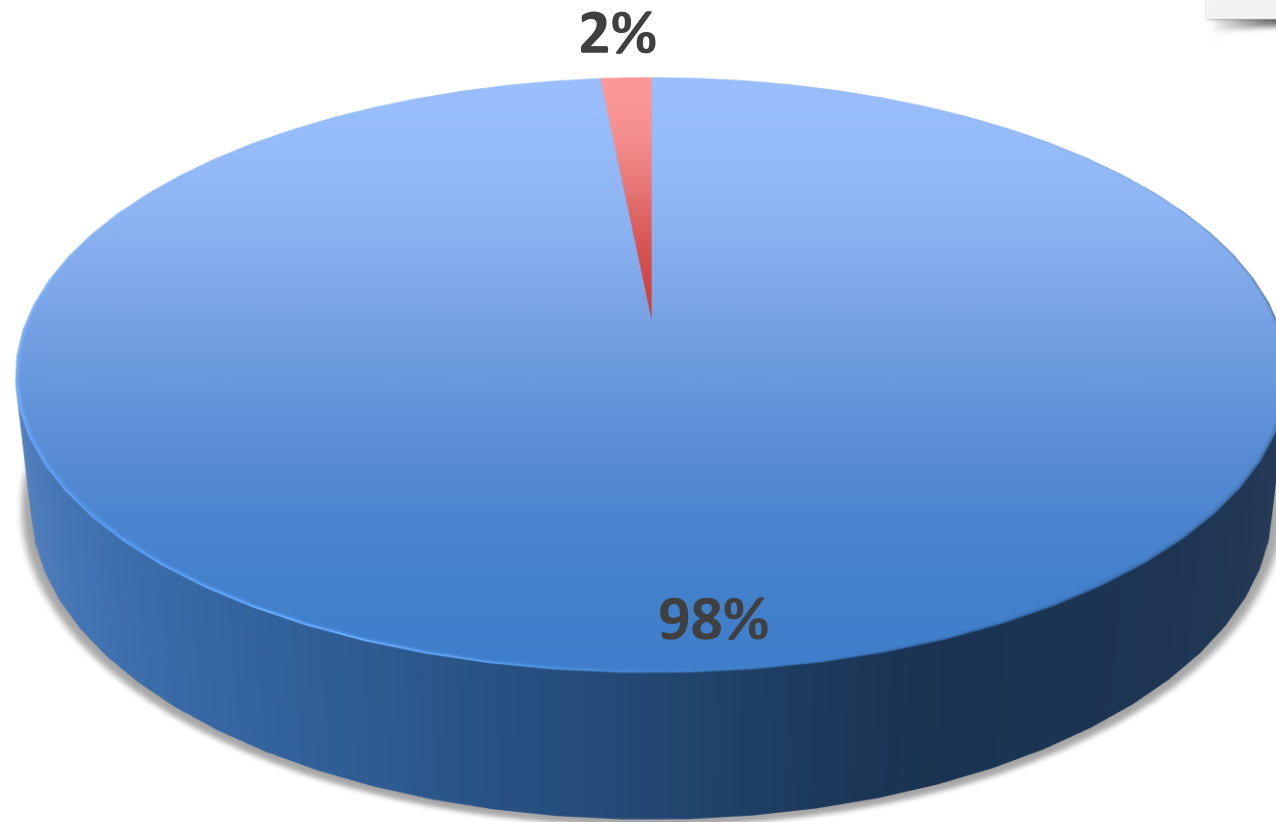
■ Submitted ■ Non-Submitters

Statistics: REQ Submissions → Financial Institutions



■ Submitted ■ Non-Submitters

Statistics: REQ Submissions → Insurance & Pensions

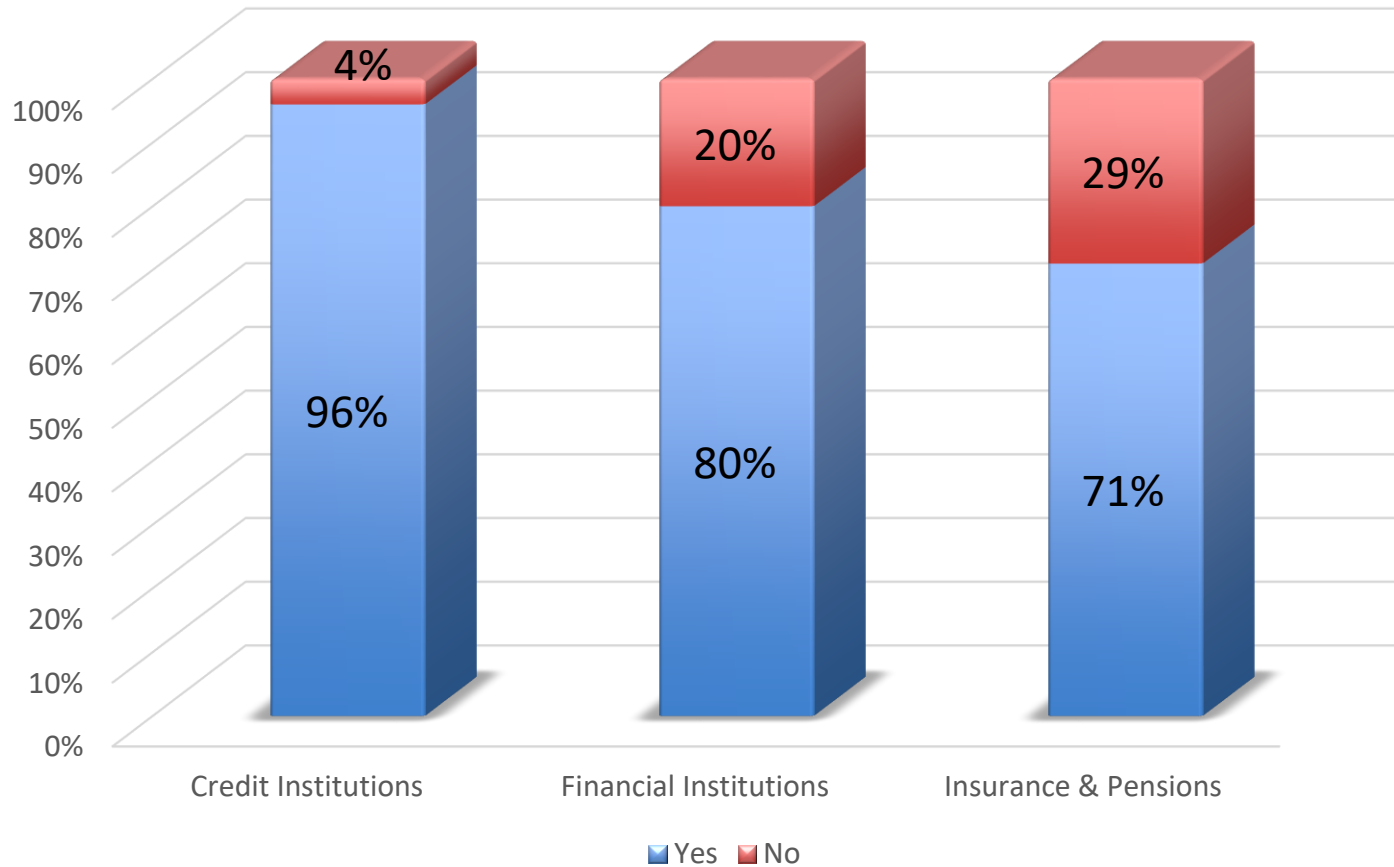


■ Submitted ■ Non-Submitters

REQ Statistics: Business Risk Assessment (BRA)



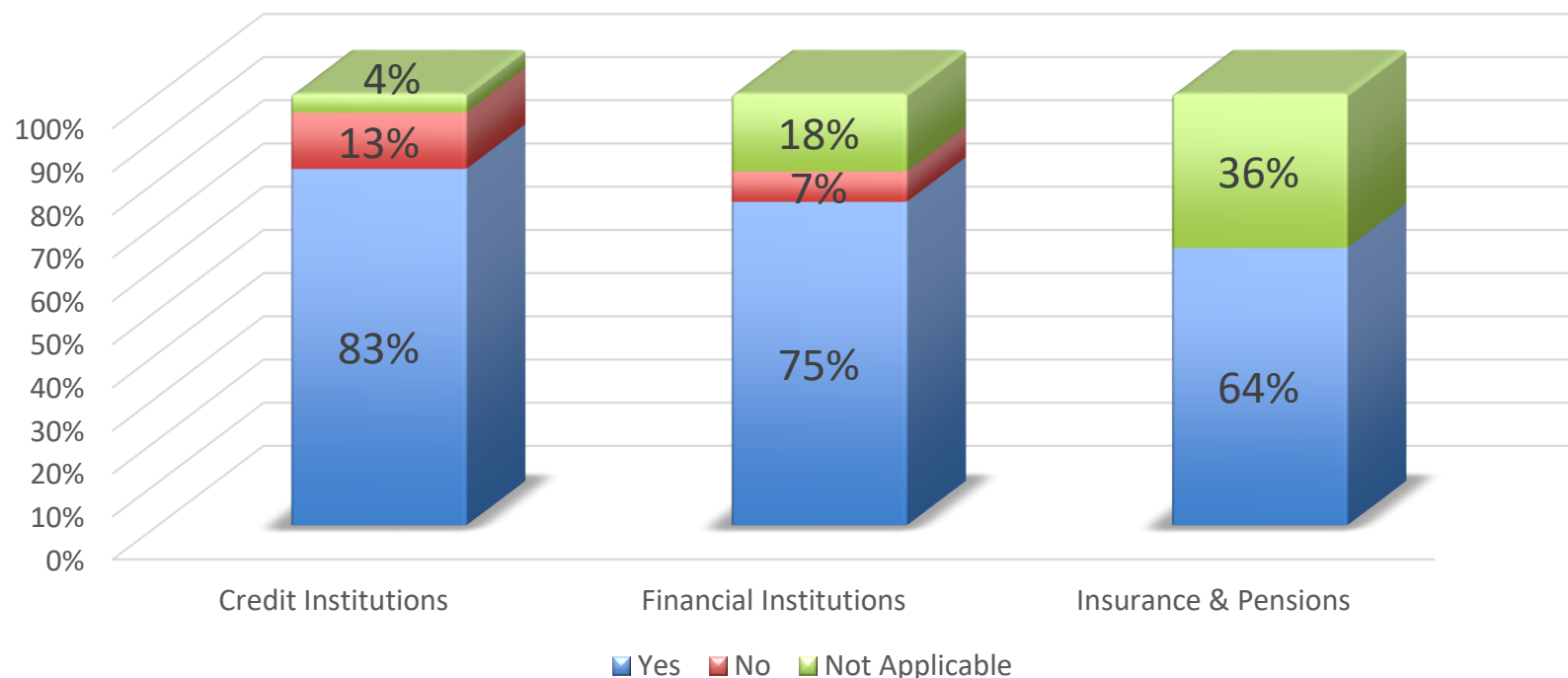
Have you / your institution performed a Business Risk Assessment?



REQ Statistics: Business Risk Assessment (BRA)



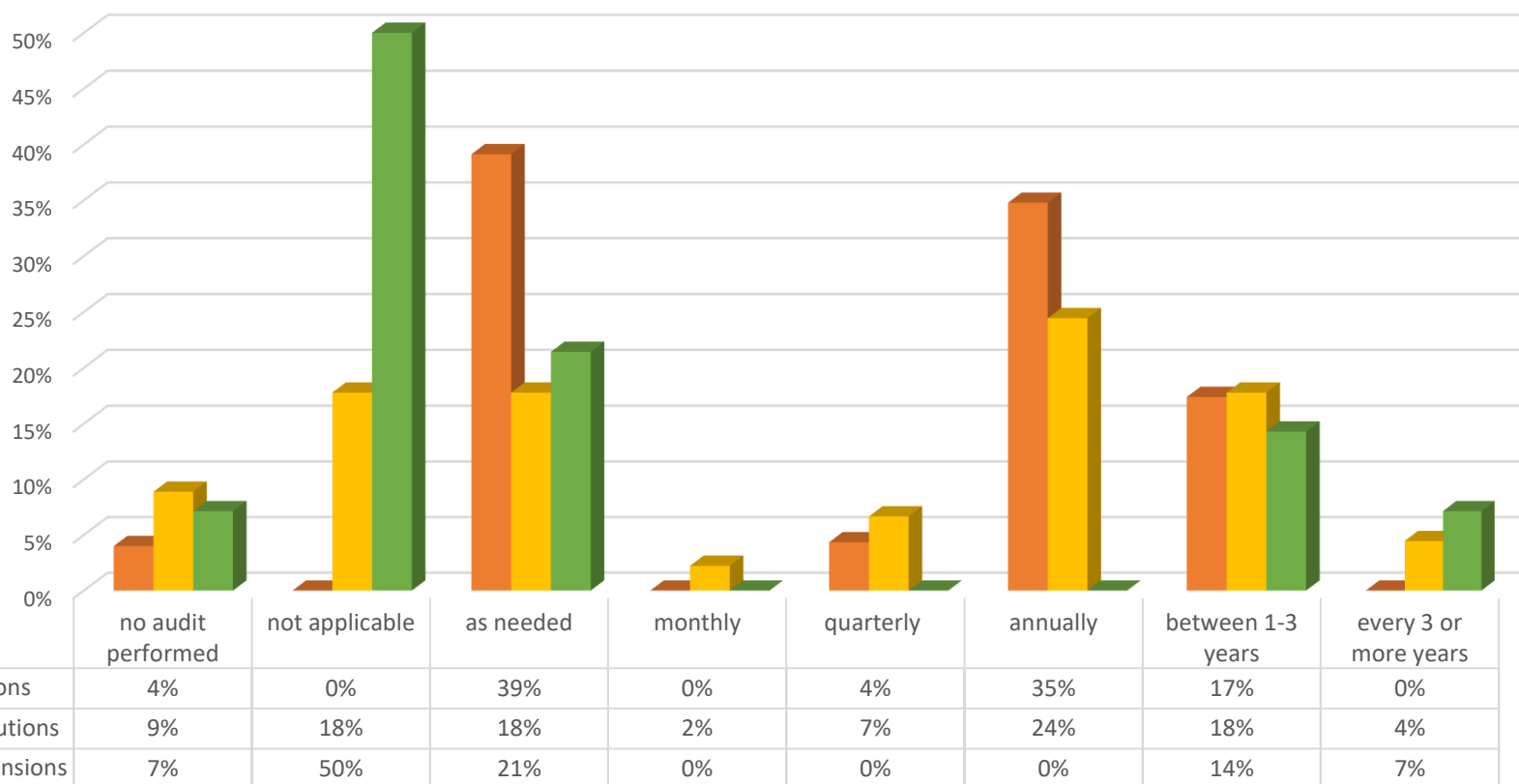
Do your / your institution's internal procedures provide for a regular update of the Business Risk Assessment, or for a periodic assessment verifying that the risk assessment is still complete and up to date?



REQ Statistics: Internal Audit & Independent Testing



What is the schedule/frequency for performing audits with regard to proper compliance with the Maltese AML/CFT regulations?

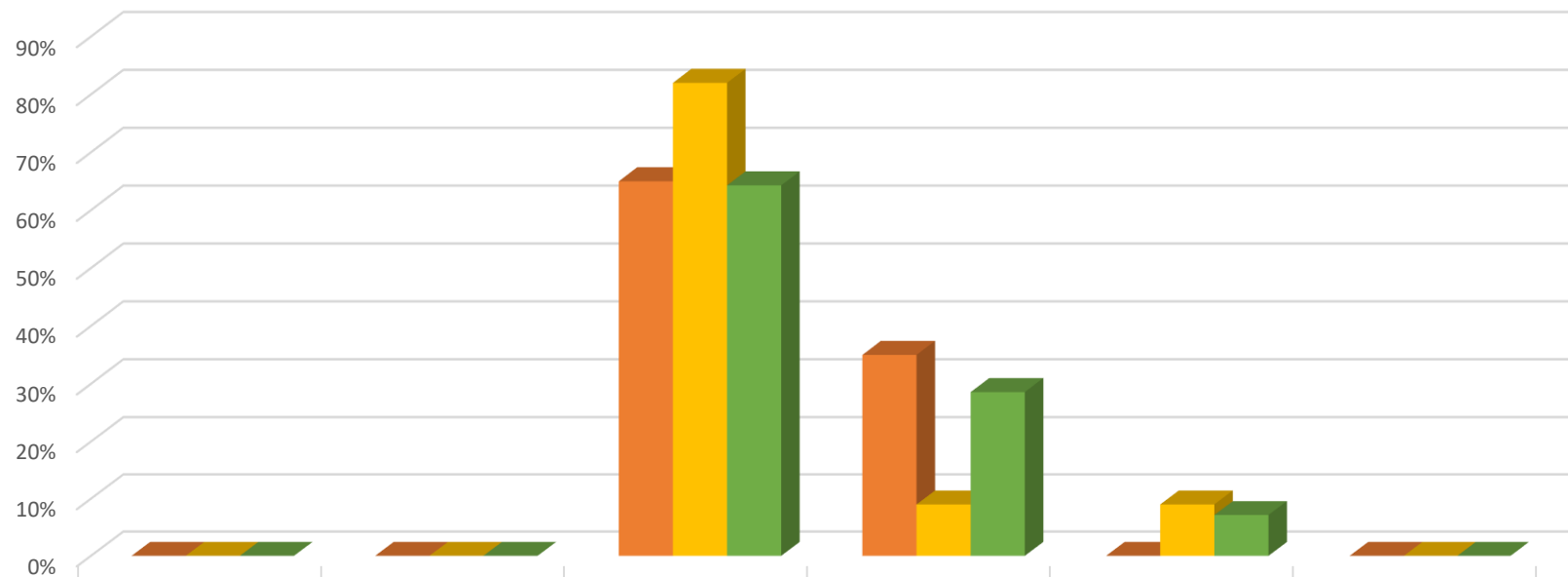


■ Credit Institutions
 ■ Financial Institutions
 ■ Insurance & Pensions

REQ Statistics: Recordkeeping



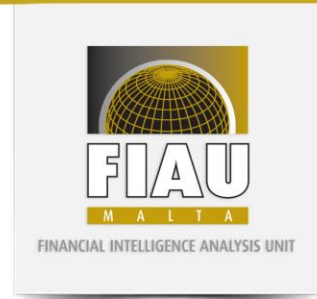
If the FIAU requests specific customer or alert investigation records, are you / is your institution in a position to retrieve such records immediately? *If you / your institution have received reminders or else requested extensions for deadlines imposed



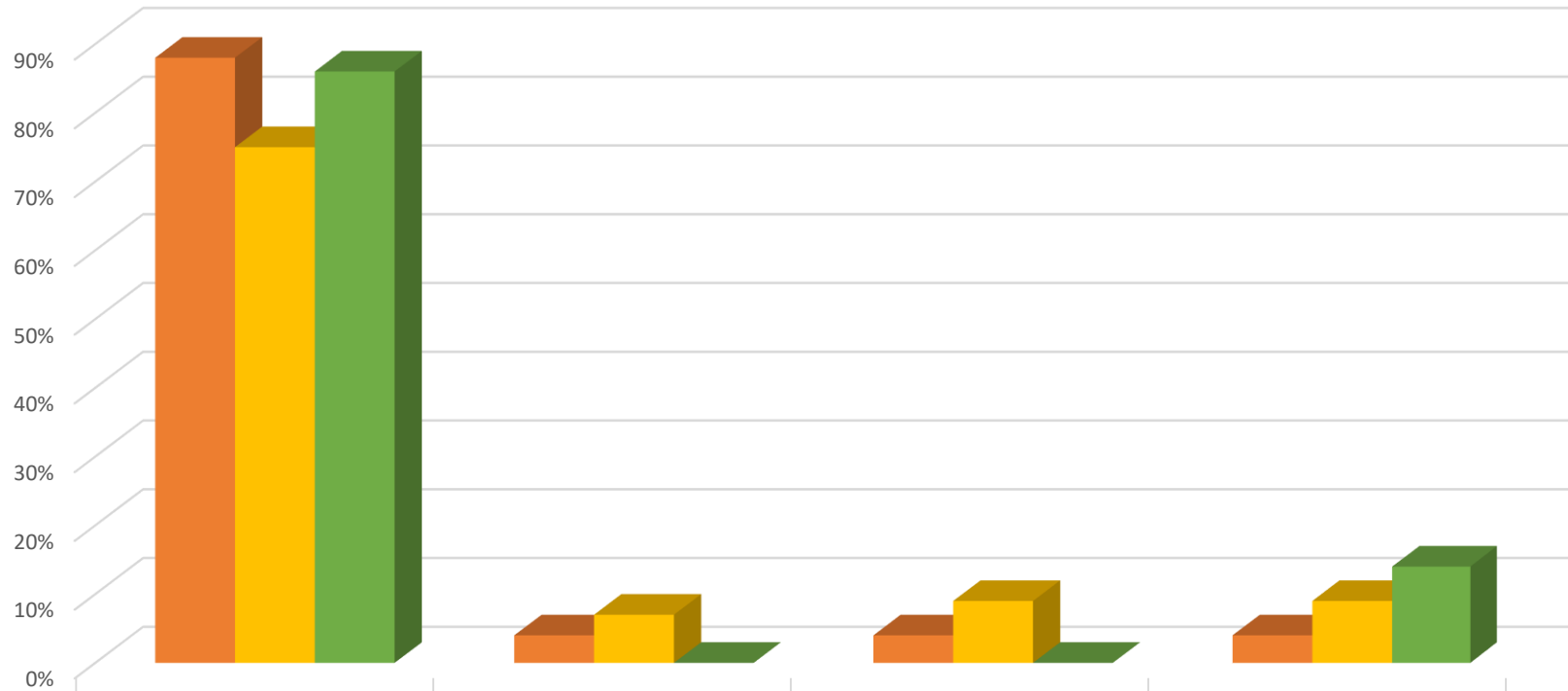
■ Credit Institutions	0%	0%	65%	35%	0%	0%
■ Financial Institutions	0%	0%	82%	9%	9%	0%
■ Insurance & Pensions	0%	0%	64%	29%	7%	0%

■ Credit Institutions ■ Financial Institutions ■ Insurance & Pensions

REQ Statistics: Customers



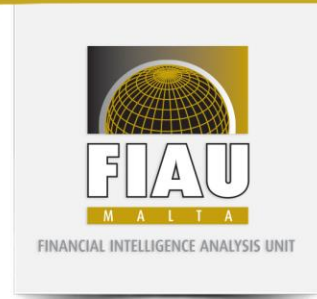
Breakdown of total customers identified: Please list % of "high risk" customers.



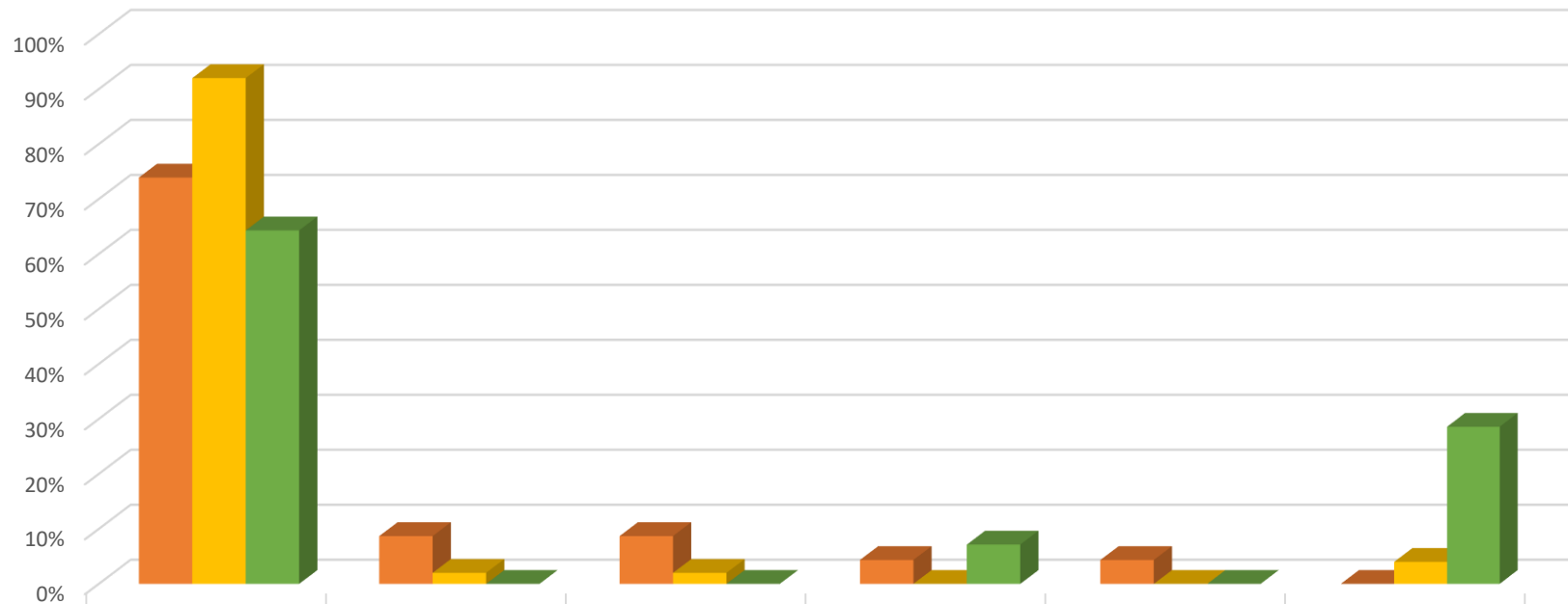
	0%-19%	20%-39%	40%-100%	Not available
Credit Institutions	88%	4%	4%	4%
Financial Institutions	75%	7%	9%	9%
Insurance & Pensions	86%	0%	0%	14%

■ Credit Institutions
 ■ Financial Institutions
 ■ Insurance & Pensions

REQ Statistics: Customers



Of the total number of customers, how many PEPs and/or close associates and family members (collectively referred to as PEPs) are in your / your institution's customer base (including BOs)?



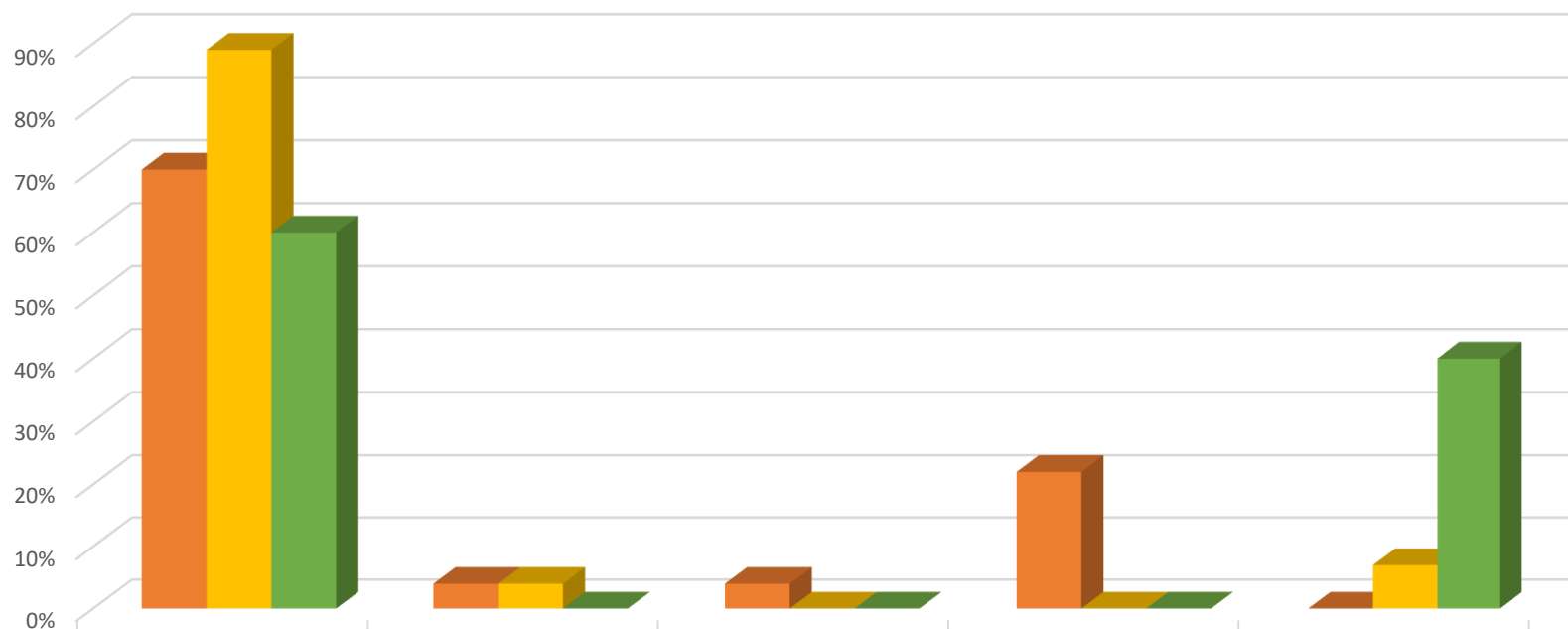
	0-49	50-99	100-499	500-1499	1500-2000	Not Available
Credit Institutions	74%	9%	9%	4%	4%	0%
Financial Institutions	92%	2%	2%	0%	0%	4%
Insurance & Pensions	64%	0%	0%	7%	0%	29%

■ Credit Institutions
 ■ Financial Institutions
 ■ Insurance & Pensions

REQ Statistics: Customers



Of the total number of PEPs (if applicable), what is the % of foreign (non-EU or non-EEA) PEPs in your / your institution's customer base as at 31/12/2018 (including BOs)?



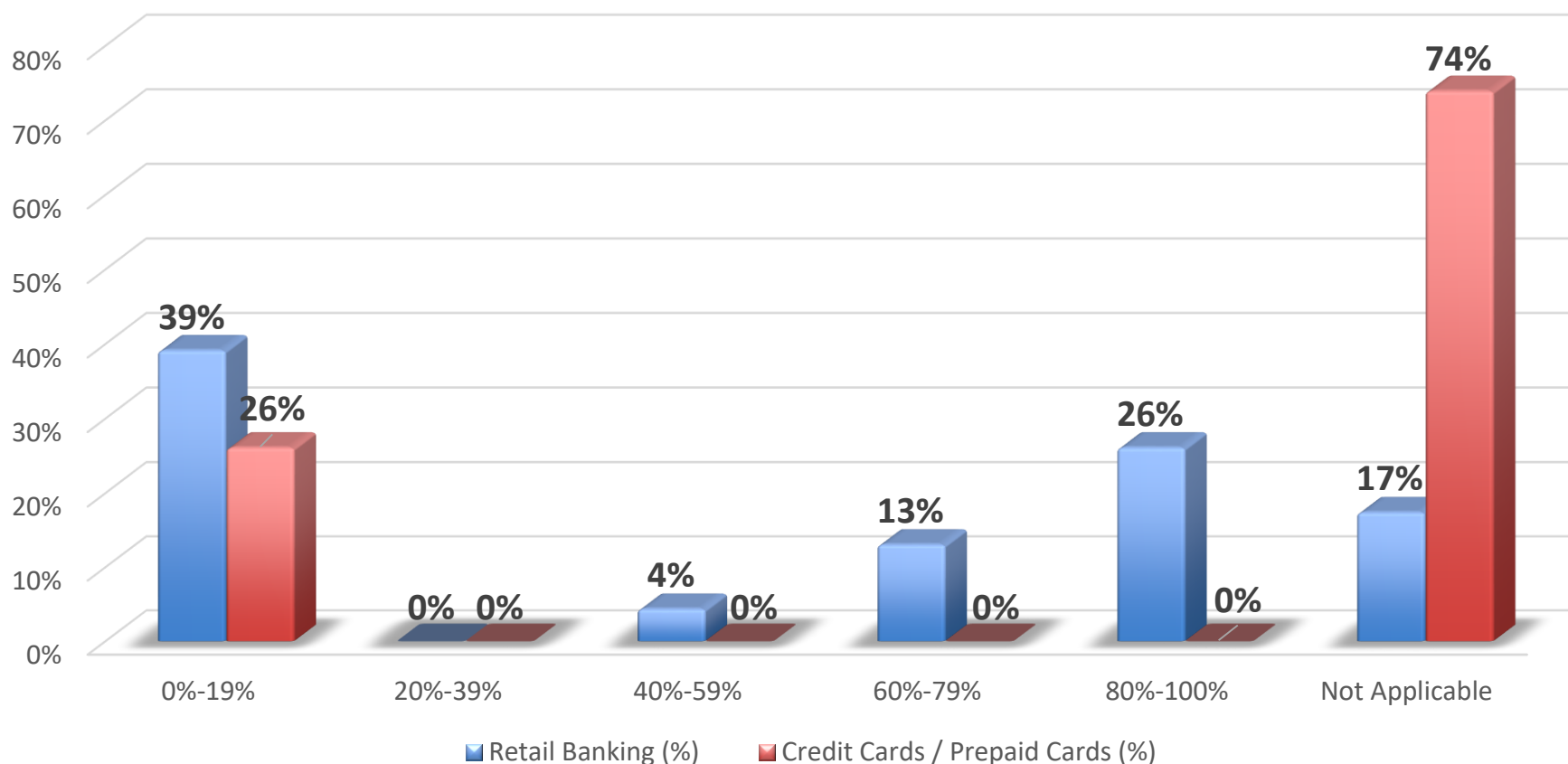
	0%-19%	20%-39%	40%-79%	80%-100%	Not Available
Credit Institutions	70%	4%	4%	22%	0%
Financial Institutions	89%	4%	0%	0%	7%
Insurance & Pensions	60%	0%	0%	0%	40%

■ Credit Institutions
 ■ Financial Institutions
 ■ Insurance & Pensions

REQ Statistics: Products (Credit Institutions)



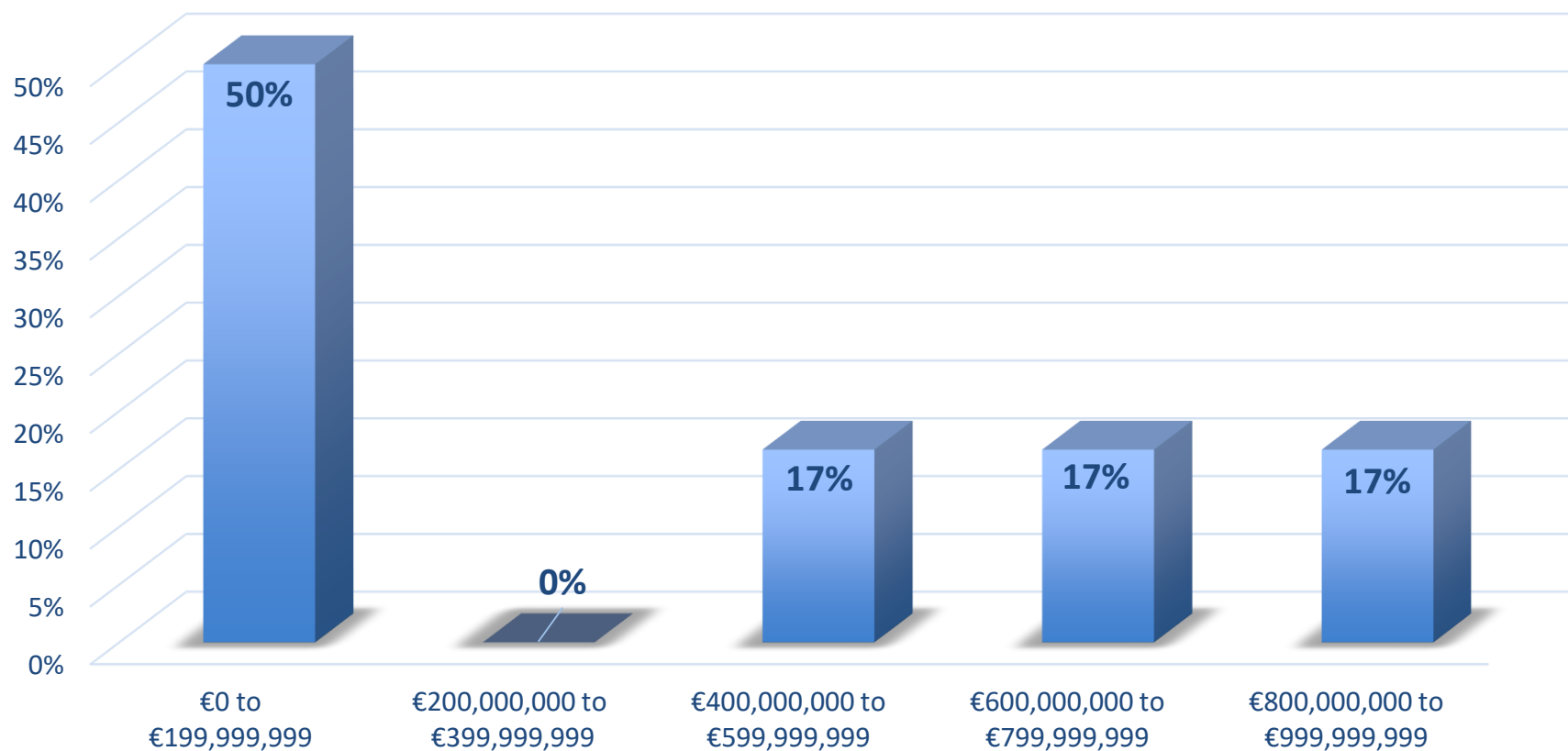
Please indicate which activities are performed by your institution as at 31/12/2018, and indicate the percentage of the total volume (%)



REQ Statistics: Products (Credit Institutions)

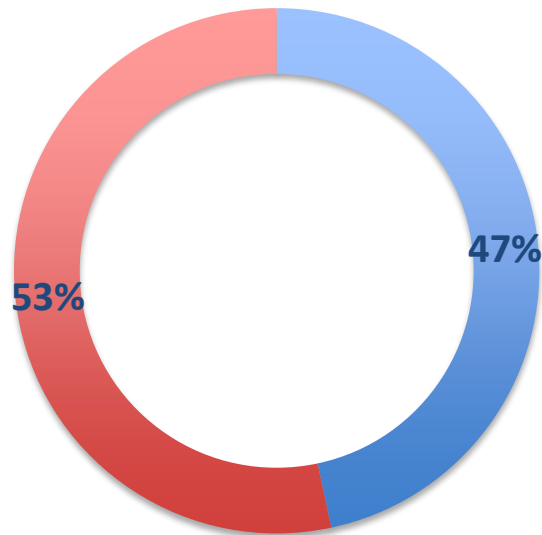


Cash withdrawals (coins and/or notes) amounting to €10,000 or more processed by Credit Institutions in 2018 on behalf of customers: Value (in €)



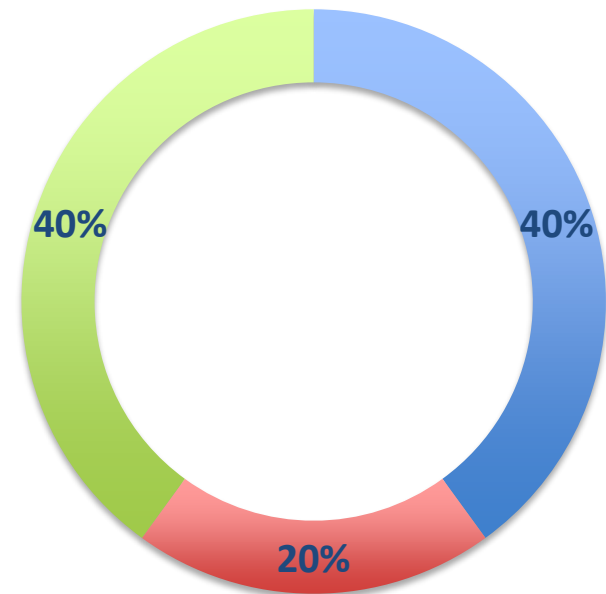
REQ Statistics: Products (Financial Institutions)

Do the products have limitations or not allow for cash withdrawals or cash transactions (placed by consumers in payment service accounts with a credit institution, for instance)?



■ Yes ■ Not Applicable

Do the products and services offered facilitate cash-based activity immediately pro- or pre-ceding non-cash activity (i.e., electronic)?

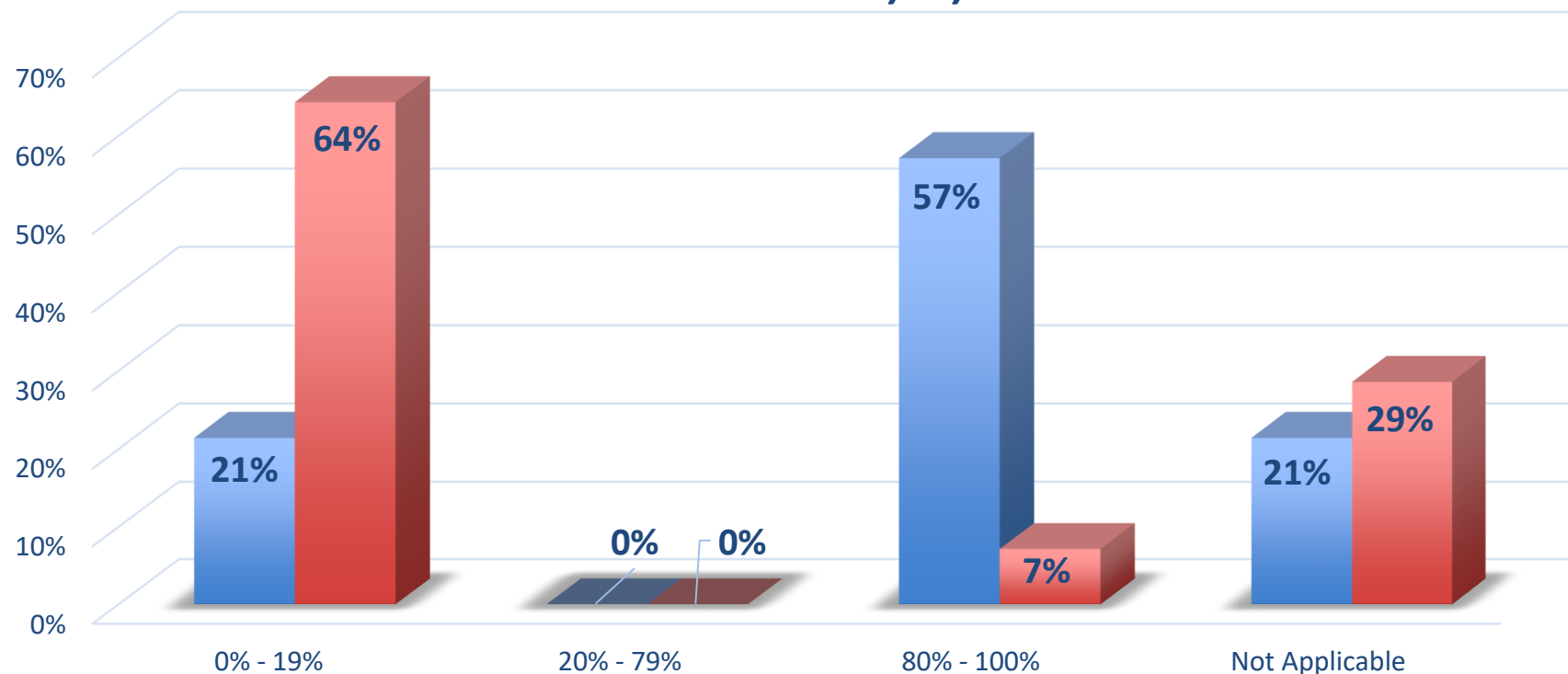


■ Yes ■ No ■ Not Applicable

REQ Statistics: Products (Insurance)



Please indicate the contract structure of the products offered by your institution as at 31/12/2018



■ Individual contract: life insurance contracts offered to individuals (Policy Form): Volume (%)

■ Group contract: life insurance contracts offered by an employer or other large-scale entity to its workers or members (Policy Form): Volume (%)



2019 REQ

Common Mistakes

REQ 2019: Common Mistakes



Question: Breakdown of total customers identified: Please list % of "**high risk**" customers.

Answer: **2%**

Question: Breakdown of total customers identified: Please list % of "**medium risk**" customers.

Answer: **3%**

Question: Breakdown of total customers identified: Please list % of "**low risk**" customers.

Answer: **74%**

Question: Does a percentage of your customer base have a risk rating outside of the "high", "medium" and "low" categories?

Answer: **No**

REQ 2019: Common Mistakes

Question: Have you / your institution performed a Business Risk Assessment?

Answer: No

Question: Did the Business Risk Assessment conducted take into account: the risks and controls related to your / your institution's customers?

Answer: Yes



Question: Of the total number of PEPs (if applicable), what percentage are foreign (non-EU or non-EEA) PEPs as at 31/12/2018 (including BOs)? [Relates to Credit / Financial Institutions]

Answer: -3

Question: What percentage of customer BOs are domiciled in a high risk jurisdiction (as defined by the institution's policies and procedures)?

Answer: -3

REQ 2019: Common Mistakes



Safe Deposit Boxes

Question: Please provide the necessary information in relation to Safe Deposit Boxes as at 31/12/2018: Number of customers

Answer: **Not Available**

Question: Please provide the necessary information in relation to Safe Deposit Boxes as at 31/12/2018: Number of boxes

Answer: **Not Available**

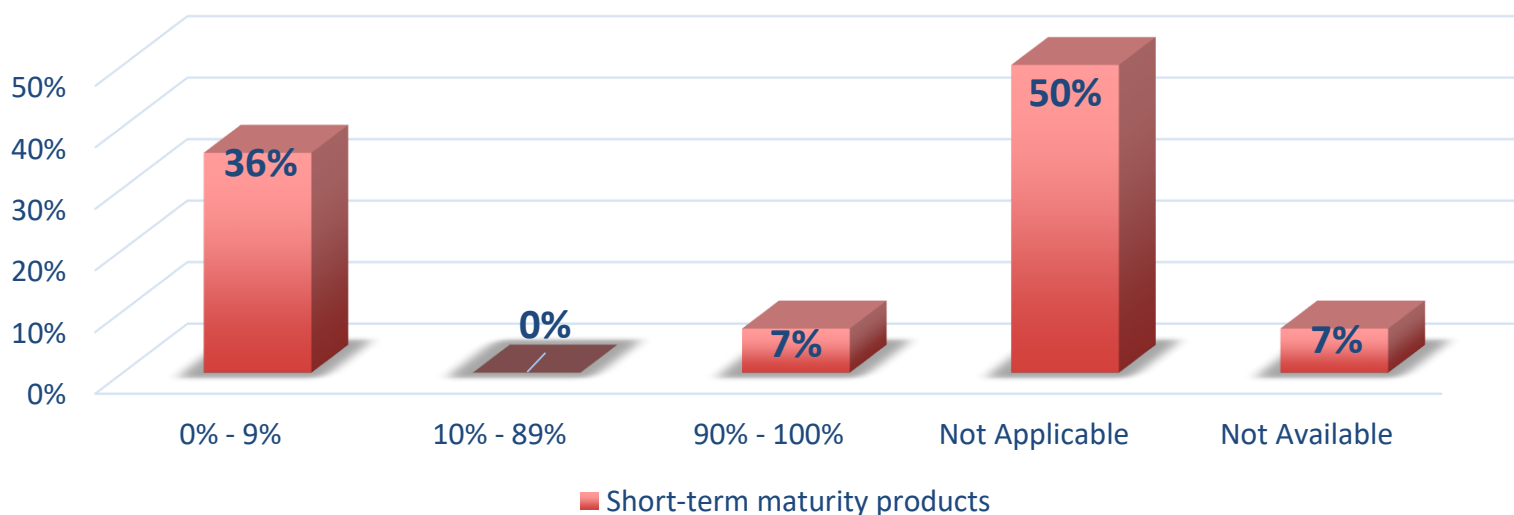
REQ 2019: Common Mistakes



Short-term maturity products (Policy Duration): Volume & Value (%)

What are short-term maturity products?

The above-mentioned questions embedded in the REQ should be disregarded. Kindly input only those which are considered as 'long-term maturity products' of the Company, as referred to under Regulation 2 of the PMLFTR 2018 in the appropriate fields. Since this question is to be disregarded and Subject Persons cannot leave a question unanswered, please answer this question with zero ("0").





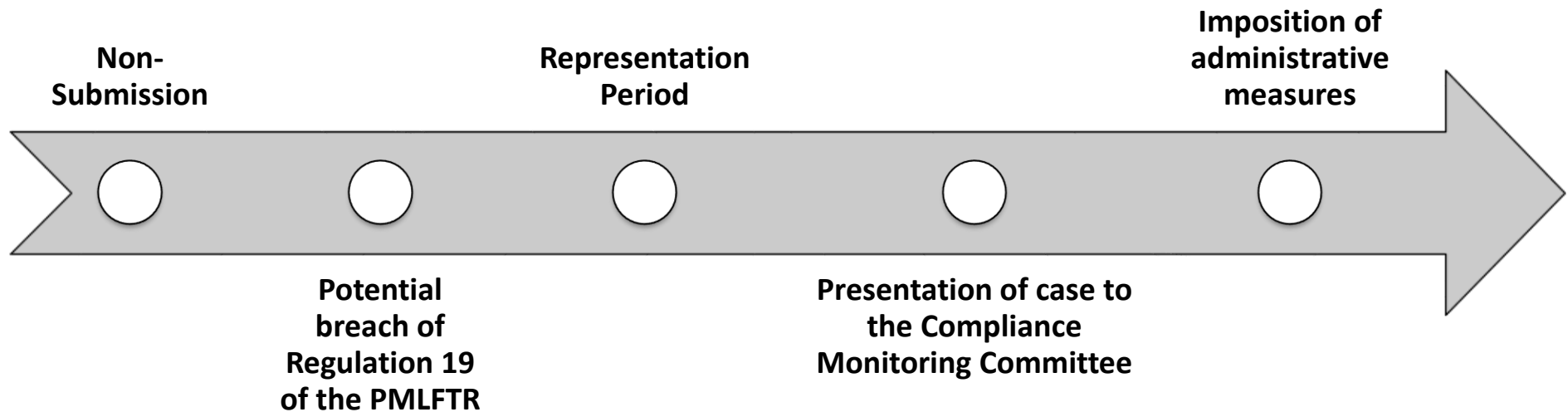
Administrative Penalties & Process

The imposition of administrative penalties and the enforcement process

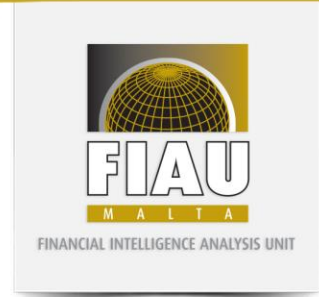


Periodical Reporting Obligation

- *Regulation 19 of the PMLFTR - In fulfilment of its supervisory functions under the Act, the Financial Intelligence Analysis Unit may require subject persons to submit periodical reports on the measures and procedures they maintain and apply pursuant to regulation 5 and any other information or documents as the Financial Intelligence Analysis Unit may consider necessary.*



The imposition of administrative penalties and the enforcement process



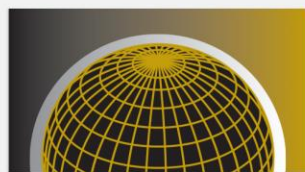
Imposition of administrative measures

*Failure to submit the REQ 2019 or not submit the REQ in a timely manner has led to the issuance of a potential breaches letter on a total of **207** subject persons.*

*Potential breaches letters issued: **207***

*Currently:
Ongoing process of reviewing representations, presentation to the CMC and issuance of letters reflecting the administrative measure to be taken.*





FIAU

M A L T A

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