

FIAU

Financial
Intelligence
Analysis Unit
Malta



Annual Report
2019

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FIAU

FINANCIAL INTELLIGENCE ANALYSIS UNIT

COMPOSITION OF THE BOARD OF GOVERNORS

AS AT 31 DECEMBER 2019



CHAIRMAN

Dr Peter Grech
LL.D



MEMBER

Mr Jesmond Gatt
BSc Hons



MEMBER¹

Dr Edwina Licari
BA, LL.D., LL.M. (Strath.)



MEMBER¹

Dr Martin Sammut
LL.B (Hons.), M.Adv.



DIRECTOR & SECRETARY

Mr Kenneth Farrugia
B.Accty (Hons), FIA, CPA (pc),
MA (Business Ethics)

1. Dr Edwina Licari and Dr Martin Sammut were appointed to the Board of Governors of the FIAU on the 25th of June 2019.

LETTER OF TRANSMITTAL TO THE MINISTER FOR FINANCE AND FINANCIAL SERVICES

Hon. Minister for Finance and Financial Services
30, Maison Demandols
South Street
Valletta VLT 1102

Minister

In accordance with Article 42(1) of the Prevention of Money Laundering Act, Cap 373 of the Laws of Malta, I have the honour to transmit a copy of the Annual Report on the operations of the Unit and a copy of the annual accounts certified by the auditors for the Unit's financial year ended 31 December 2019.



Dr Peter Grech, LL.D
Chairman

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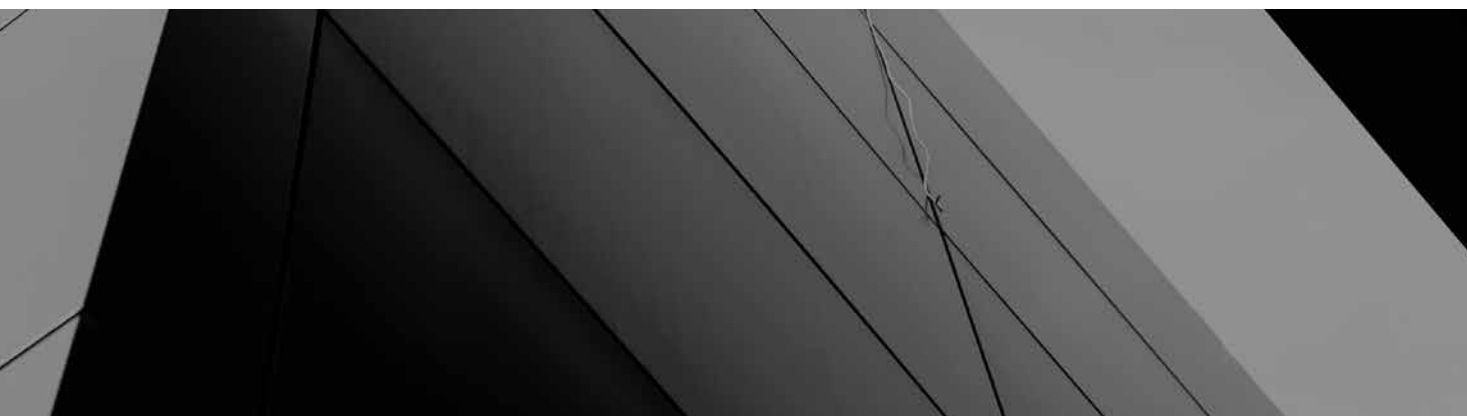
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ABBREVIATIONS

AML	Anti-Money Laundering
AMLD	Anti-Money Laundering Directive
AML/CFT	Anti-Money Laundering and the Combating of Financing of Terrorism
CASPAR	Compliance and Supervision Platform for Assessing Risk
CBAR	Centralised Bank Account Register
CMC	Compliance Monitoring Committee
CDD	Customer Due Diligence
DLT	Distributed Ledger Technologies
DNFBP	Designated Non-Financial Businesses and Professions
EBA	European Banking Authority
EGMLTF	Expert Group on Money Laundering and Terrorist Financing
EU	European Union
FATF	Financial Action Task Force
FAC	Financial Analysis Committee
FIAU	Financial Intelligence Analysis Unit
FIU	Financial Intelligence Unit



LEA	Law Enforcement Agency
MFSA	Malta Financial Services Authority
MGA	Malta Gaming Authority
ML/FT	Money Laundering and the Funding of Terrorism
MLRO	Money Laundering Reporting Officer
MONEYVAL	Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
MOU	Memorandum of Understanding
OSINT	Open Source Intelligence
PMLA	Prevention of Money Laundering Act
PMLFTR	Prevention of Money Laundering and Funding of Terrorism Regulations
REQ	Risk Evaluation Questionnaire
SMB	Sanctions Monitoring Board
STR	Suspicious Transaction Report
SNRA	Supranational Risk Assessment
UNODC	United Nations Office on Drugs and Crime
VFA	Virtual Financial Assets



STATEMENT OF THE CHAIRMAN

I am pleased to introduce this FIAU Annual Report for 2019. This has been a significant year for the FIAU, since it was called on to continue delivering in a very demanding manner on the challenges that it faces. All the FIAU's sections continued to undergo growth and reorganisation, and the Unit has now developed beyond recognition in relation to what it used to be in the not too distant past.

Such growth cannot be an end in itself. It would be an essentially cosmetic exercise unless it produces results. It has therefore needed meticulous planning and preparation in all its aspects to secure a final cost benefit and an effective end result.

The process is ongoing. Yet the prospects are encouraging. Relations with international organisations competent in the field have improved and mutual confidence is being gained. There are still some very crucial tests to be taken and resting on one's laurels or stopping here is simply not an option. The work continues steadily, albeit in a more complex material and legal environment than that to which we were traditionally accustomed.

During 2019, the former Compliance section was restructured into Supervision and Enforcement. This section was instrumental in a number of developments that enhanced the monitoring of AML/CFT compliance of subject persons. These included:

- the first in-depth and enhanced risk assessment of the local subject person population through the newly launched Compliance and Supervision Platform for Assessing Risk ("CASPAR");
- the application of an enhanced risk-based supervisory strategy, through which the results of the aforementioned risk assessment were transposed into a supervisory plan that allows the frequency, scope and method of supervision to vary according to the ML/FT risk posed by a subject person; and
- a stronger enforcement process through new policies, procedures and tools, allowing better governance and consistency in the application of proportionate, effective and dissuasive enforcement measures.

The FIAU's intelligence role showed substantial growth. In terms of human resources, the Intelligence Analysis section grew from 14 to 21 employees by the end of the year, with space for eight more recruits. As evidenced in this report, the

FIAU received a record number of STRs in 2019 and, likewise, disseminated a significant number of spontaneous intelligence reports to its foreign counterparts. Co-operation with local authorities equally flourished. 2019 saw the completion of the customisation process of the goAML analytical software, paving the way for the next phases of the project, with a view to going live by June 2020.

The Legal Affairs section grew from six lawyers to nine by the end of 2019, working in two specialised teams, one dedicated to legal matters and international relations, and a second focusing on guidance and outreach. This section worked on various legal amendments to transpose the 4th and 5th AMLDs and to address technical recommendations made in the MONEYVAL report, among others.

This section also co-ordinated the MONEYVAL 5th Round Evaluation of Malta, ensuring the thorough compilation of responses to a number of questionnaires, the organisation of the on-site MONEYVAL mission, and the revision and provision of feedback to the draft reports. This culminated in meetings with evaluators throughout the process, from pre-plenary meetings to the plenary session that saw the adoption of the Malta Mutual Evaluation Report.

Guidance and outreach efforts continued to build momentum in 2019. The FIAU revised its Implementing Procedures Part I – the most extensive overhaul since they were first issued in 2011, reflecting changes in legislation and approaches to AML/CFT compliance brought about by the EU's 4th AMLD. The Guidance and Outreach section worked on a number of other guidance documents that were at various stages of completion by the end of 2019. Among its outreach initiatives, the FIAU delivered lectures on AML/CFT to university students reading law, management, accountancy and criminology, raising awareness on contemporary issues among future practitioners.

All these developments required the continuous support of the Corporate Services section to better manage the new financial, administrative and human resources challenges. A new payroll system was implemented in 2019 to enhance and automate the administrative processes resulting from an ever-growing staff complement. This section was also instrumental in the extension of the FIAU's current premises, whereby a new floor adjacent to the current offices was leased to increase the FIAU's capacity to employ more staff. This section worked on a number of HR initiatives, including the design and execution of new human resources policies and an employee handbook.

The Technology and Information Security section was equally essential in ensuring the success of the various projects in 2019, while continuing to provide and monitor the IT infrastructure to handle the expanding premises and growing staff complement. Major projects, such as the CASPAR system, the Centralised Bank Account Register ("CBAR") and the goAML system, required the constant support of the IT team to ensure timely implementation and flawless launches. Naturally, this section continued to ensure the security of the FIAU's data through various rigorous tests to the FIAU's systems, as well as through awareness campaigns among our staff.

As one can see even from this brief overview, the FIAU has had a highly challenging year and the organisation has risen to the occasion. The contents of this report demonstrate the results of this work.

In particular, the FIAU has come to think and operate as a much larger and more organised institution. Although some benefits of smallness in size may have had to be given up, the organisation is now certainly better equipped to face the tasks ahead of it in today's economic and financial services scenario.

This is my last report as Chairman of the FIAU Board of Governors since I will be leaving the organisation during 2020, following the coming into force of a legal amendment that will change the structure and composition of the Board of Governors.

I wish to thank all Board members, the Director and the Deputy Director, all levels of management and all the staff who I have worked with over the years for their professionalism, hard work and strong spirit of co-operation.

The Director, the Deputy Director and their staff are the true resource of this organisation. I am confident that they will continue to guide the Unit to rise to any occasion with the next Board of Governors as they have always done with so much dedication in the past.

I wish them and the next Board of Governors the best of success.



Dr Peter Grech

DIRECTOR'S REPORT

2019 marked my third year as Director of the FIAU, a year that was, once again, characterised by unprecedented growth, challenges and improvements throughout the Unit's entire operations. The FIAU's staff complement increased by approximately 60%, reaching a total of 70 employees by the end of the year. The Unit continued to implement several changes to its practices, policies and procedures to address the recommendations emanating from the Malta MONEYVAL Mutual Evaluation Report that was adopted in the summer of 2019, as well as recommendations made in 2018 by the European Banking Authority and the European Commission.

In fact, the FIAU implemented a comprehensive action plan to fully overhaul its policies and procedures in the area of supervision and enforcement. This work was carried out in close liaison with key officials from the EU Commission (DG FISMA) and the EBA, and was successfully completed in March 2019.

As part of the transformation process, the FIAU implemented a new bespoke technological solution – the Compliance and Supervision Platform for Assessing Risk (CASPAR). This tool enhances the FIAU's ability to risk assess those entities that are subject to AML/CFT supervision, and further allows the FIAU to carry out risk-based supervision in line with international standards.

The intensive work carried out by the FIAU in 2018 and the first quarter of 2019 is starting to bear fruit, both in terms of the quality of the Unit's supervisory examinations as well as in the area of enforcement when serious breaches of AML/CFT regulations are uncovered. The results published in this annual report speak for themselves. However, suffice it to say that the total amount of administrative penalties levied during the year exceeded €3.9 million, coupled with a number of remedial directives and action plans. These results have strengthened the FIAU's reputation internationally, and also among national supervisors who consider the FIAU as a point of reference on all AML/CFT matters.

Kenneth Farrugia

Director & Secretary





While it is the FIAU's duty to ensure that wrongdoers are penalised and followed up, the Unit also works intensively to ensure that adequate AML/CFT guidance is made available – an area where the FIAU also upped its game during the year. The FIAU now has a dedicated team of AML/CFT experts within its structure to ensure that the provision of guidance is not overlooked, and developed a 2019/2020 Guidance and Outreach Plan that is currently being executed.

The results are clear to anyone in the field. In addition to the continuous stream of queries that the FIAU received and replied to in a timely manner to assist subject persons to understand and implement their AML/CFT obligations, in 2019 the FIAU participated in no fewer than 20 training events. These events often had over 300 delegates participating. The FIAU also issued a completely revised version of the FIAU Implementing Procedures – Part I, a document that provides detailed guidance to subject persons on their AML/CFT obligations. This was the most extensive overhaul since the document was first issued in 2011.

Unsurprisingly, the number of STRs submitted to the FIAU continued to increase, exceeding 2,700 reports – 65% more when compared to the previous year's figures. This may be attributed to a greater level of awareness among subject persons of their STR obligations, together with improved AML/CFT compliance programmes in the private sector, especially within the remote gaming industry – that now accounts for more than half of the STRs the FIAU received.

This, in turn, resulted in a significant increase in the intelligence reports disseminated by the FIAU to its national and international counterparts. As an example, the FIAU shared more than 1,500 intelligence reports to FIUs around the globe – more than double last year's equivalent.

The technological solutions the FIAU deploys are critical in enabling it to process such volumes of STRs. During 2019, the FIAU invested in specialised software to analyse suspicious activity taking place on the blockchain, and advanced its work with the implementation of goAML. GoAML is a fully integrated solution developed specifically by the United Nations Office on Drugs and Crime ("UNODC") for use by FIUs, and is used by over 50 FIUs around the world. The FIAU made other significant investments in the fields of HR, as well as IT and Information Security, to cater for the growth in the resources and information processed by the Unit.

In 2019, the FIAU invested effort and launched new initiatives to reap further benefits from its Public Private Partnership (PPP) multi-pronged programme. In this regard, two strategic ventures were developed and nurtured throughout the year, and we look forward to taking these to new heights in the years to come. These are the establishment of the AML/CFT Consultants Forum and the Financial Intelligence Reporting Partnership (FINREP), through which the FIAU engaged with leading banks in case-specific joint-analysis operations.



Other initiatives under the FIAU's PPP programme, including the Joint Committee for the Prevention of ML/FT and the FIAU's Guidance and Outreach Programme, are in full swing and contribute to raise the bar of financial crime prevention in Malta and to instil a culture whereby financial crime compliance is embraced by all stakeholders.

It goes without saying that the FIAU's 2019 achievements were only made possible thanks to the Unit's passionate and hard-working personnel, and I take this opportunity to publicly extend my appreciation to all my colleagues at the FIAU for their professionalism, dedication and amazing work. Additionally, I thank the Minister, Parliamentary Secretary, and Permanent Secretaries within the Ministry for Finance and Financial Services, for their trust and ongoing support.

Further challenges, or rather, opportunities are in store for the FIAU, as 2020 sees the widening of the FIAU's remit with another two functions. These are: to monitor compliance with any restrictions on payments in cash, which are envisaged to be introduced during the year; and to establish, manage and administer a register that will contain information on any person holding or controlling payment or bank accounts or any person making use of safe custody services offered by credit institutions in Malta. The latter, which is a welcome requirement emanating from the 5th EU AMLD, is commonly referred to as the centralised bank account registry – and it will allow competent authorities, including the FIAU, to

obtain bank account information within minutes. The FIAU's endeavours are already in full swing to ensure that these two functions are firmly embedded within the Unit's structure and operations in 2020.

2020 will not be a walk in the park for the FIAU. Although every year has brought its challenges, 2020 may be like no other.

The FIAU is expected to play a pivotal role in combating money laundering orchestrated by all forms of criminal actors, whether they are active in Malta or across our borders. The Unit is certainly better positioned to achieve improved results as it widens its resources and capabilities, thus becoming more effective in achieving its objectives. However, the year will bring about more attention to our work from our international partners, who are looking more closely at Malta's results in the fight against AML/CFT. Malta needs to strengthen its reputation to allow our international partners to have confidence in our ability to fight money laundering.

Entities who ignore their AML/CFT obligations are not welcome, and sophisticated money laundering actors need to be confronted with co-ordinated and determined action by all the authorities in Malta. The FIAU is determined to carry its weight.

Kenneth Farrugia

THE FINANCIAL INTELLIGENCE ANALYSIS UNIT

Establishment and Composition

The FIAU was established on 1 October 2002, following the publication of Legal Notice 297 of 2002. This legal notice brought into force comprehensive amendments to the PMLA (Chapter 373 of the Laws of Malta), enacted by means of Act XXXI of 2001.

The Unit is an autonomous agency within the Ministry for Finance and Financial Services and is governed by the policy established by the Board of Governors, appointed in terms of the PMLA. Heading the day-to-day operations of the FIAU, the Director of the Unit is responsible for executing the policy established by the Board of Governors.

The Unit includes six distinct functional areas, each having its own responsibilities. These sections are tasked with: Supervision and Enforcement; Intelligence Analysis; Legal Affairs; Technology and Information Security; Corporate Services and People, Performance and Culture; and Strategy, Policy and Quality Assurance.

Functions

The functions of the FIAU are set out under Article 16 of the PMLA. These functions focus on three primary areas:

1. The receipt and analysis of information on transactions or activities suspected to involve ML/FT or suspected to involve the proceeds of crime

One of the FIAU's principal functions is to receive and analyse reports made by subject persons in terms of the PMLFTR on suspicions of ML/FT and the proceeds of crime. The Intelligence Analysis section is responsible for analysing the STRs the FIAU receives and for obtaining further information to determine whether a reasonable suspicion of ML/FT subsists. When it is determined that this is the case, the section forwards a detailed analytical report to law enforcement authorities for further investigation.

2. Exchanging information and co-operating with foreign FIUs and with other local and foreign authorities

The FIAU is permitted to exchange information with local supervisory and competent authorities, any other foreign body having regulatory or supervisory functions, as well as other FIUs. This exchange of information can be carried out both spontaneously and following a request for information. The FIAU is free to exchange information with those authorities and in those scenarios listed at law without the prior conclusion of a MoU. Nevertheless, certain other jurisdictions require a written agreement to enable the exchange of information. In such cases, the FIAU has entered into an MoU with its counterpart FIUs. The FIAU also maintains several MoUs with local supervisory and competent authorities to ensure that the processes for exchanging information are well regulated.

3. Oversight and monitoring of compliance by persons and institutions subject to the provisions of the PMLFTR

The supervisory function is another of the FIAU's essential roles. To fulfil this function, the Unit conducts off-site and on-site examinations of subject persons who are carrying out relevant financial business or relevant activity, as defined in the PMLFTR. These visits are also carried out by supervisory authorities who act on the Unit's behalf, carrying out examinations on subject persons regulated under their authority, primarily the MFSA for banks and financial institutions and the MGA for gaming and casino licensees. Once the FIAU, or its delegated authority, draws up the conclusions of an examination, the findings are communicated to the subject person, who is also informed of the time period within which they must take remedial action when necessary. In situations of non-compliance, the FIAU's CMC determines the appropriate measures to be taken.

Other areas of responsibility

In addition to the key functions outlined above, the FIAU carries out several other functions set out in Article 16 of the PMLA. These include:

- to instruct any subject person to take such steps as the Unit may deem appropriate to facilitate any ML/FT analysis in general or the analysis of any particular report received by the Unit;
- to gather information on the financial and commercial activities in the country for analytical purposes with a view to detecting areas of activity that may be vulnerable to ML/FT;
- to compile statistics and records, disseminate information, make recommendations, issue guidelines and advise the Minister on all matters and issues relevant to the prevention, detection, analysis, investigation, prosecution and punishment of ML/FT;
- to promote the training of, and provide training for, personnel employed with any subject person in any matter, obligation or activity relevant to the prevention of ML/FT;
- to advise and assist subject persons on effective measures and programmes to prevent ML/FT;
- to participate in international fora, including the working group and plenary meetings of the Egmont Group and MONEYVAL, and the meetings of the EU-FIU Platform and EGMLTF; and
- to report to the Commissioner of Police any activity that the Unit suspects involves money laundering or the underlying criminal activity, or funding of terrorism and of which it may become aware, even independently from the receipt of STRs, in the course of the discharge of any of its functions.

The Board of Governors

The Board of Governors of the FIAU is responsible for the policy to be adopted by the Unit and to be executed and pursued by the Director, and to ensure that the Director carries out that policy accordingly.

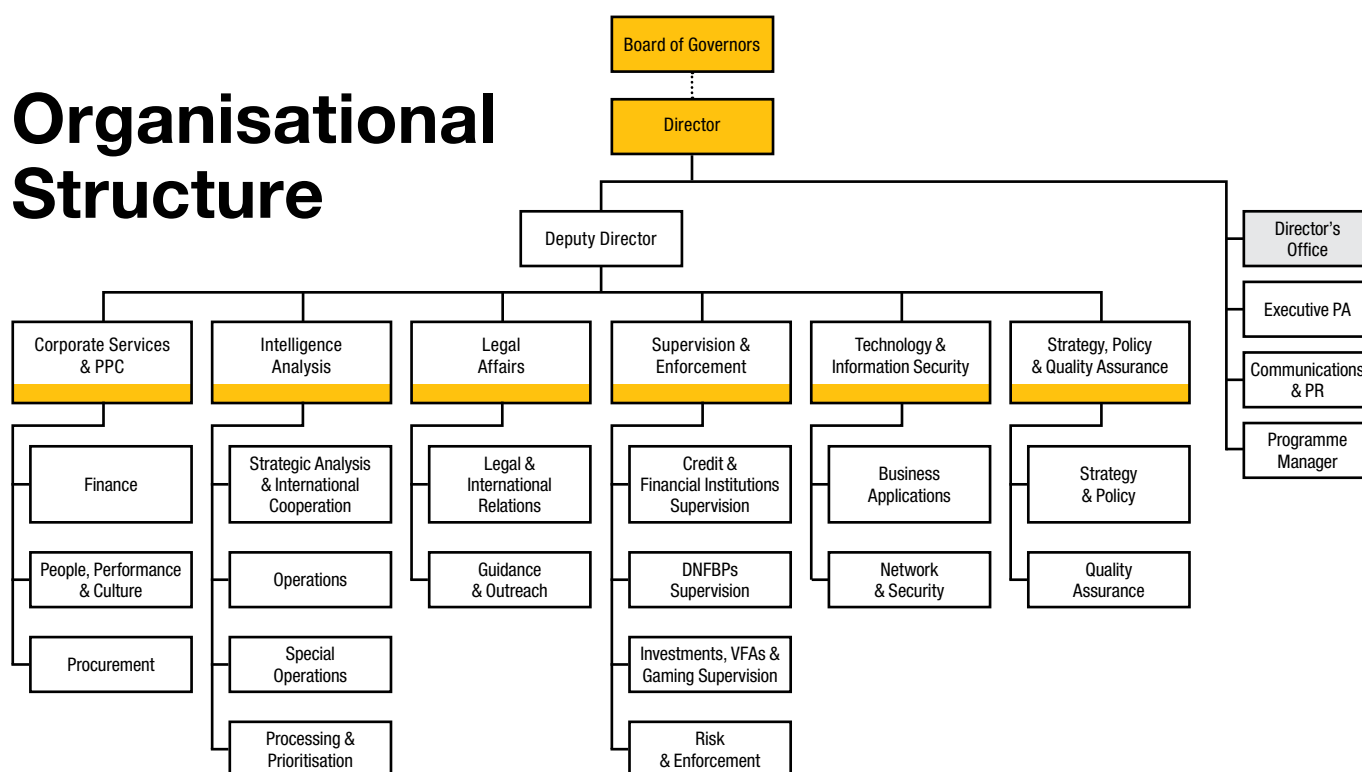
During 2019, the Board met ten times and discussed several matters concerning the FIAU's development and its policies. Among others, the implementation of the FIAU's action plan to address the various recommendations made by the European Commission, the European Banking Authority, the Venice Commission, and more recently, those made by MONEYVAL in Malta's mutual evaluation report which was published in July 2019.

A number of changes to the FIAU's policies and procedures were also discussed and adopted by the Board of Governors of the FIAU, such as the FIAU's Sanctioning Policy and the CMC's Governing Principles and Framework.

The Board also discussed other matters concerning the FIAU's development, including its development plan for the period 2019 to 2021, and other administrative matters such as the FIAU's recruitment procedures, which continued to be refined to reflect the ever increasing staff complement of the FIAU and the need to have in place effective recruitment procedures.

2019 also saw the resignation of two members from the Board, namely Mr Silvio Valletta and the Board's longest serving member - Dr Anton Bartolo - who sat on the Board of Governors of the FIAU since the Unit's inception in 2002. Dr Bartolo was a member of a task force appointed by the then Minister of Finance to make recommendations on the setting up of a financial intelligence unit for Malta and was subsequently appointed a member of the Board of Governors of the FIAU upon the establishment of the Unit in 2002. He continued to be reappointed to the Board for several terms and for the past years held the position of Deputy Chairman of the Board until the 31 March 2019. During his tenure as a member of the FIAU Board, Dr Bartolo, who also served as Vice Chairman and Chairman of MONEYVAL for several years, provided ongoing support, assistance and expert advice to the FIAU on a wide range of aspects of the functions of the Unit.

Organisational Structure



The FIAU's governance responsibilities are split between the Board of Governors and the Director. The Board of Governors is tasked with setting the FIAU's policy and the Director, who heads the FIAU's operations, is responsible for executing that policy.

In 2019 the FIAU continued to implement planned enhancements to its organisational structure, and it now consists of six distinct sections, each comprising specialised sub-sections. In some cases, the sections were renamed to reflect the broader set of responsibilities assigned to them.

The **Intelligence Analysis** section is composed of intelligence analysts who are responsible for the receipt and analysis of STRs, and the dissemination of analytical reports and other financial intelligence to the Police and other competent authorities. The work is carried out by four teams: Processing and Prioritisation; Operations; Special Operations; and Strategic Analysis and International Co-operation.

The **Supervision and Enforcement** section monitors compliance by subject persons with the relevant AML/CFT obligations. There are four areas of focus within this section: Risk and Enforcement; Credit and Financial Institutions; DNFBPs; and Investments, VFAs and Gaming.

The **Legal Affairs** section advises the Unit, assists subject persons through the provision of training and guidance on legal matters, and manages the Unit's international affairs. This is done through two specialised teams: Legal and International Relations; and Guidance and Outreach.

The **Technology and Information Security** section manages the Unit's IT set-up through two teams, focused on Business Applications and on Network and Security.

The **Corporate Services and People, Performance and Culture** section takes care of the Unit's administrative, accounting and human resources needs.

The **Strategy, Policy and Quality Assurance** section reviews and audits the operations of the Unit's various sections, and ensures that working methodologies, policies and procedures are adhered to.

The Director or, in his absence, the Deputy Director, chairs two internal committees, the FAC and the CMC, which play central roles in the FIAU's operations and decision-making framework. They ensure that deliberations are appropriately discussed by committee members, and that any decisions taken are informed and consistent. The Director also acts as the secretary to the Board of Governors.



FIAU Staff

The FIAU's People, Performance and Culture section oversees all aspects relating to human resources and staff motivation and retention. This section was recently renamed to reflect its endeavours to promote the FIAU as an employer of choice. In 2019 the section focused on consolidating and crystallising the FIAU's culture, values, systems and policies, which had been growing and developing together with the Unit itself.

The FIAU cherishes the ideas and diverse perspectives of all its employees, and so it rightly sought their views when setting the Unit's core values. Every operation, initiative and plan was, and shall continue to be, determined according to these key values, which are: Integrity, Perseverance, Trust, Meticulousness and Passion.

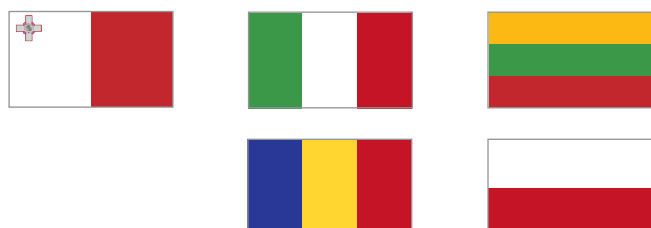
Throughout the year, the FIAU continued implementing its 2019-2021 development plan through the recruitment of 32 new staff members across all its sections, bringing the total number of staff up to 70 by the end of 2019.

With the exception of administrative and support roles, all positions in the FIAU require a minimum level of education equivalent to MQF Level 5 (undergraduate diploma), with the majority of positions requiring a minimum Level 6 qualification (Bachelor's degree). FIAU employees are qualified in various areas, as per the below:



16 Law	12 Banking and Finance	11 Criminology	4 Computing
4 Insurance and Risk Management	4 Accounting/ Auditing	3 Human Resources	2 Economics and Management
2 Financial Management	2 Philology	2 Leadership and Management	1 Engineering and Management
1 Counter Fraud and Counter Corruption Studies	1 Diplomatic Studies	1 Crime and Forensic Science	1 Hospitality and Tourism

The rich educational background of the FIAU's staff is also due to the Unit's ability to attract talent from across Europe. To date, the FIAU employs staff from Malta, Italy, Lithuania, Romania and Poland.



The gender balance, as at December 2019, was 27 men and 43 women.

38.6%
Male Employees



61.4%
Female Employees



OPERATIONS

INTELLIGENCE ANALYSIS

The FIAU's analytical function is carried out by the Intelligence Analysis section. This consists of collecting, processing and analysing information obtained from various sources. The information collected leads to its dissemination to be used as intelligence to combat ML/FT. The main source of information is the submission of STRs and the ensuing requests for information from various sources, including persons subject to the PMLFTR and foreign counterparts.

More information on this can be found under 'Requests for Information'. STR submissions are predominantly made through the FIAU's online submission system. All submissions are acknowledged and feedback on the quality of the STR is provided to assist subject persons to assess

the quality of their submissions. Feedback on the outcome of the STR is also provided to the respective reporting entity on completion of the analytical process.

Once an STR is received, a number of preliminary checks are carried out by a dedicated team tasked with establishing whether the FIAU already holds any intelligence on the subjects reported in the STR. At this stage, the STR is also assessed to determine whether the elements surrounding the report require further analysis, whether any of the information received by the Unit should be disseminated to other domestic competent or supervisory authorities or foreign FIUs for intelligence purposes, and to determine the urgency of any such disseminations.

STRs, which form part of an in-depth analysis, are handled by other dedicated teams within the section. Once this in-depth analysis is concluded, the findings are presented to the FAC, which in turn evaluates and determines whether there is a reasonable suspicion of ML/FT. In those cases where the FAC concludes that there is a reasonable suspicion of ML/FT, a detailed analytical report is drawn up and disseminated to the Police for further investigation.

The FAC may at times also determine that a spontaneous intelligence report to a foreign FIU, or to a competent or supervisory authority, is required. More information on this aspect is provided in the 'International Co-Operation' section of this report.

Another task carried out by the dedicated officials in this section is a series of strategic analyses to identify ML or FT patterns, trends and typologies. More information on this aspect is available in the 'Typologies and Trends' section of this report.

It is worth pointing out that, in 2019, the Intelligence Analysis section experienced unprecedented growth, with 10 new employees joining the team. This growth allowed for segregation of duties within the section, in turn contributing to a more streamlined and efficient workflow.

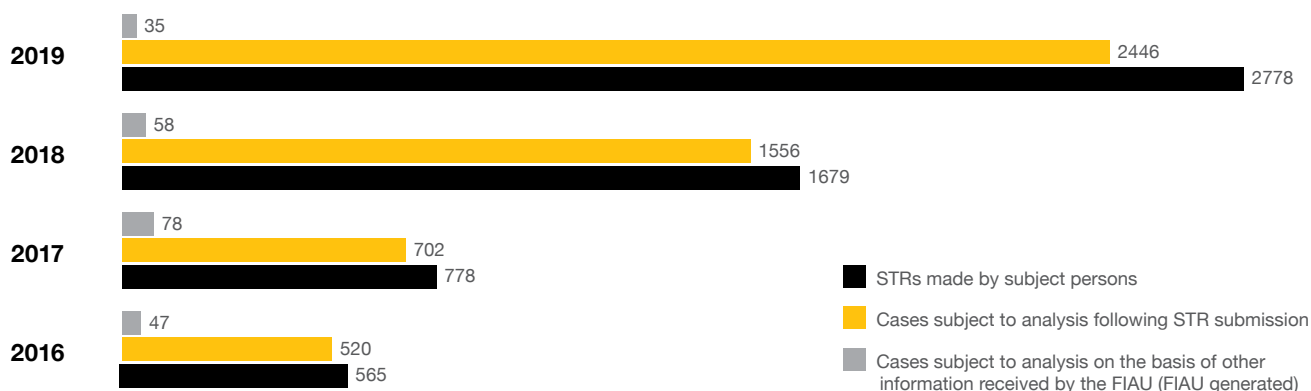
STATISTICAL REPORTING

Since 2010, there has been a constant increase in the number of STRs received by the FIAU, year after year. In 2019 the FIAU received a total of 2,778 STRs, equivalent to a 65% increase on the amount of STRs received in 2018. The increase in reporting is attributed to ongoing outreach and training initiatives targeted at enhancing awareness.

Naturally, the increase in STRs led to an increase in the number of cases that the FIAU handled in 2019. The 2,778 STRs received resulted in 2,446 cases, representing a 57% increase on 2018, and a massive 248% increase over 2017.

In addition to the 2,446 cases resulting from STRs, the FIAU initiated a further 35 cases on its own initiative following the receipt of information from sources other than subject persons. These cases are typically the result of ongoing sharing of information between the FIAU and its foreign counterparts. Thus, the total number of new cases subject to an analysis by the FIAU in 2019 was 2,481, which is a 54% increase on 2018.

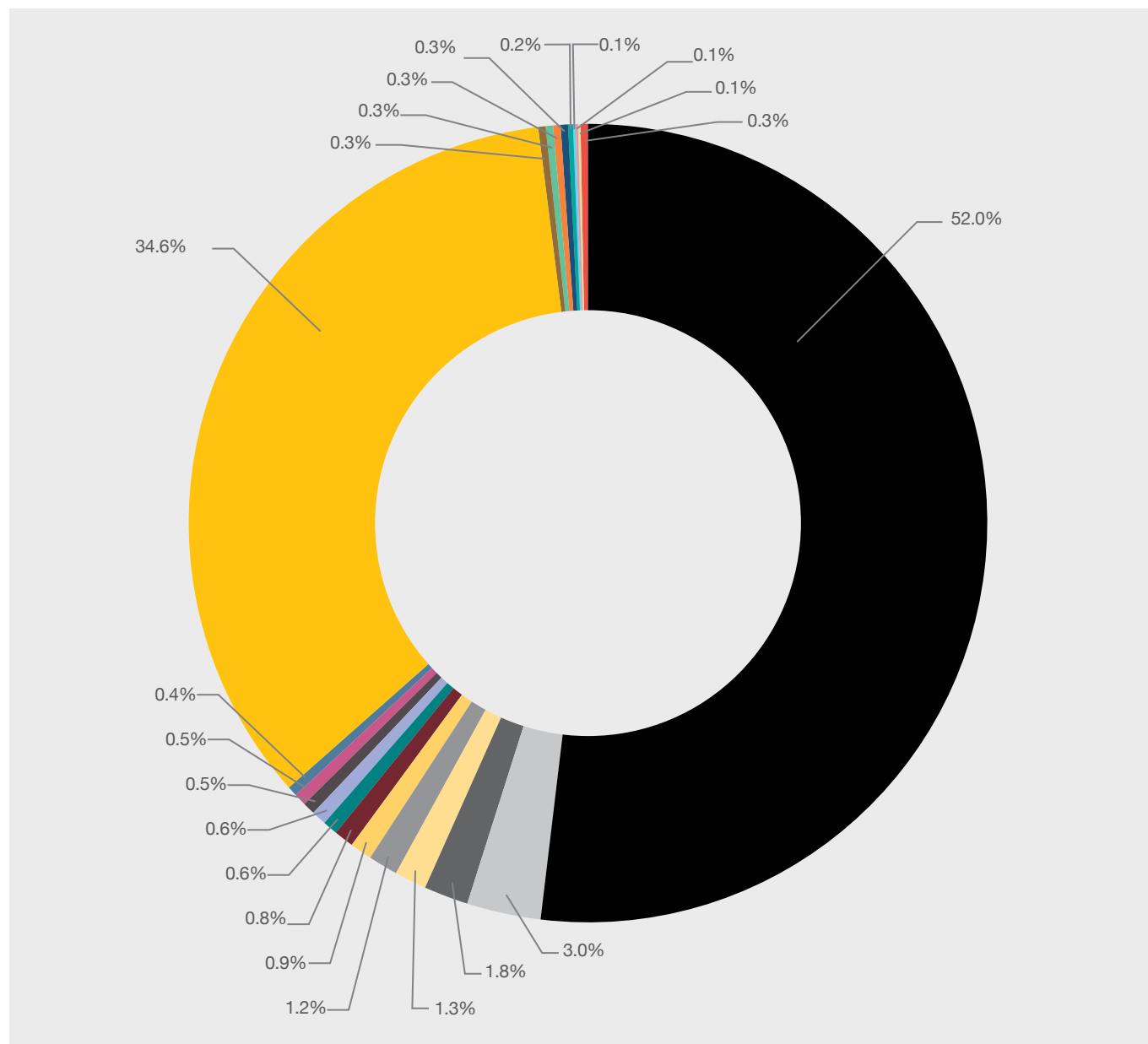
STRs and Cases (2016 - 2019)



STRs filed by type of reporting entity in absolute numbers (2016 – 2019)

STRs filed by type of reporting entity in absolute numbers (2016 - 2019)				
Reporting Entity Category	2016	2017	2018	2019
Remote Gaming Companies	87	218	700	1445
Credit Institutions	344	398	724	962
Supervisory Authorities	7	7	11	83
Company Service Providers	34	50	49	49
Financial Institutions – Payment Services Providers	0	19	34	35
Casino Licensees	4	4	24	34
Investment Services Licensees	12	12	40	24
Financial Institutions – Electronic Money	0	8	13	22
Financial Institutions – Others	0	6	11	17
Auditors	0	2	5	16
Independent Legal Professionals - Notaries	0	6	9	15
Financial Institutions – Money Remitters	0	14	9	14
Independent Legal Professionals - Advocates	0	2	3	10
External accountants	0	0	2	8
Virtual Financial Assets Agent	0	0	0	8
Trustees & Fiduciaries	19	10	17	7
Real Estate Agents	3	2	9	7
Collective Investment Schemes	0	0	8	6
Others	2	3	3	8
Insurance Licensees	9	12	5	2
Tax advisors	0	0	0	2
Fund Administrators (of Collective Investment Schemes)	0	0	0	2
Regulated Market Activities / Central Securities Depositories	0	0	0	1
Administrators of Private Foundations	0	0	0	1
Financial Institutions	30	0	0	0
Independent Legal Professionals - Legal Procurators	0	1	0	0
Independent Legal Professionals	5	0	0	0
Accounting Professionals	6	2	0	0
Regulated Markets	1	0	0	0
Retirement Scheme Administrators	2	2	3	0
Total	565	778	1679	2778

STRs filed by type of reporting entity as a percentage of the total number of STRs (2019)



- Remote Gaming Companies
- Supervisory Authorities
- Company Service Providers
- Financial Institutions – Payment Services Providers
- Casino Licensees
- Investment Services Licensees
- Financial Institutions – Electronic Money
- Financial Institutions – Others
- Auditors
- Independent Legal Professionals - Notaries
- Financial Institutions – Money Remitters
- Independent Legal Professionals - Advocates
- Credit Institutions
- External accountants
- Virtual Financial Assets Agent
- Trustees & Fiduciaries
- Real Estate Agents
- Collective Investment Schemes
- Insurance Licensees
- Tax advisors
- Fund Administrators (of Collective Investment Schemes)
- Others

There were 24 categories of subject persons who submitted STRs in 2019. This is an increase of four categories over the previous year. New categories of reporting entities included tax advisors, fund administrators, regulated market activities/central securities depositories, administrators of private foundations and virtual financial assets agents. It is pertinent to note that retirement scheme administrators did not file any STRs in 2019 (this sector submitted three STRs in 2018).

Overall, 13 categories registered an increase in submissions on 2018, with the most significant climber being the remote gaming sector. Remote gaming licensees registered an increase of 745 STRs, bringing their total submissions for 2019 to 1,445, which equates to a 106% increase in reporting on 2018. Accounting for 52% of all STR submissions, the remote gaming sector secured the spot for top reporting sector in

Despite the marked increase in the number of remote gaming licensees filing STRs with the FIAU, 32% of gaming STRs were filed by only three companies. This means that the remaining 989 STRs were filed by 78 remote gaming companies, which constitutes 68% of the STRs filed by this category of subject persons.

With reference to STRs filed by credit institutions in 2019, 335 STRs were filed by the six core domestic banks² in comparison to 573 STRs in 2018, thus registering a decrease of 42% among this group. Similar to previous years, one core domestic bank filed most of these STRs.

The non-core domestic banks³ filed 39 STRs, an increase of 18% on 2018. Once again, most of the STRs filed by this group of banks were filed by one credit institution.

Accounting for 52% of all STR submissions, the remote gaming sector secured the spot for top reporting sector in 2019, a position traditionally held by credit institutions, which filed the second largest number of STRs



2019, a position traditionally held by credit institutions, which filed the second largest number of STRs, still contributing to 35% of the STR submissions received. Credit institutions registered a considerable 33% increase from 724 STRs in 2018 to 962 STRs in 2019. Together, remote gaming companies and credit institutions filed 87% of all the STRs the FIAU received in 2019.

A closer look at the statistics from the remote gaming sector shows that the 1,445 STRs were filed by 81 different licensees, which is an increase of 29 entities in this category over the previous year. It was further noted that 36 of these 81 remote gaming entities filed their first STR in 2019.

The STRs filed by those credit institutions that are classified as international banks⁴ totalled 588, which is a 394.12% increase on the previous year. The increase within this group is largely attributed to one particular bank, which submitted 80% of all the STRs received from international banks.

In addition to the above results, significant increases were observed in the STRs filed by auditors, advocates, external accountants and supervisory authorities. On the other hand, insurance licensees, investment services licensees, trustees and fiduciaries filed less STRs in 2019 than they did in 2018.

2. Refer to Central Bank of Malta, Eleventh Financial Stability Report 2018, p 10. <https://www.centralbankmalta.org/financial-stability-report>.
 3. Ibid., p 10.
 4. Ibid., p 10.

Quality of STRs

One of the types of feedback provided by the FIAU to subject persons is feedback on the quality of the STR submitted. This is distinct from the feedback that the FIAU provides on the outcome of the STR, and it is to be noted that one is not dependant on the other. Over time, the FIAU has often been asked whether an STR submission has to result in dissemination to the Police for it to have been of value. This is not the case. The FIAU has various channels of dissemination and, while information provided in an STR may not be suited to form part of any information disseminated to the Police, it may very likely form part of information disseminated to a foreign FIU or a domestic competent authority.

The feedback on the quality of the STR is provided to guide and assist subject persons in submitting higher quality reports, which in turn aid the FIAU in reaching its determination on the action to be taken, and in a timelier manner. This feedback is also intended to assist subject persons to improve the quality of their submissions over time.

In response to the consistent increase in the number of STRs submitted by the remote gaming industry, during the year under review, the FIAU issued a sector specific guidance note to aid this sector in submitting better quality STRs.

It must be said that while some sectors are still falling short of the desired quality, over the years the quality of STRs has improved substantially. Understandably, credit institutions rank among the highest scorers when it comes to quality of the submission of STRs, given that this sector has always been one of the most dominant reporters since the FIAU's inception in 2002.

Persons subject to STRs

Of course, the increase in the number of STRs resulted in a greater number of natural and legal persons being involved. The 2,778 STRs involved a total of 4,788 natural and legal persons. This is a 77% increase over 2018. The average number of persons involved per STR increased marginally from 1.61 in 2018 to 1.78 in 2019.

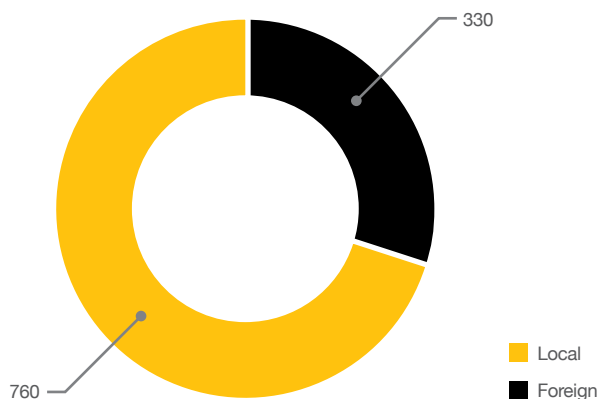
Almost 75% of the natural and legal persons reported during 2019 were non-Maltese nationals or foreign-registered companies. This is similar to what has been observed in previous years and also continues to confirm the international element that the Maltese financial sector is exposed to. This strong international element is also evident when one considers that 86% of the 2019 STRs involved foreign natural or legal persons.

These international elements mainly featured in the submissions received from the top two reporting sectors. In the case of the remote gaming industry, an overwhelming 98% of the reported subjects were foreign nationals. The number of foreign-registered companies reported by this sector was negligible, although this is attributed to the fact that the service is typically used by natural persons. STRs from credit institutions were more spread out: 77% of all natural persons reported were foreign nationals, and 26% of all legal persons reported were registered in foreign jurisdictions.

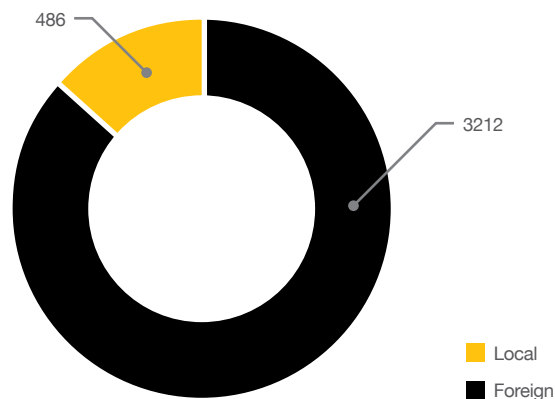
Almost 75% of the natural and legal persons reported during 2019 were non-Maltese nationals or foreign-registered companies.



Number of Legal Persons subject to STRs and whether foreign or local



Number of Natural Persons subject to STRs and whether foreign or local



Requests for information

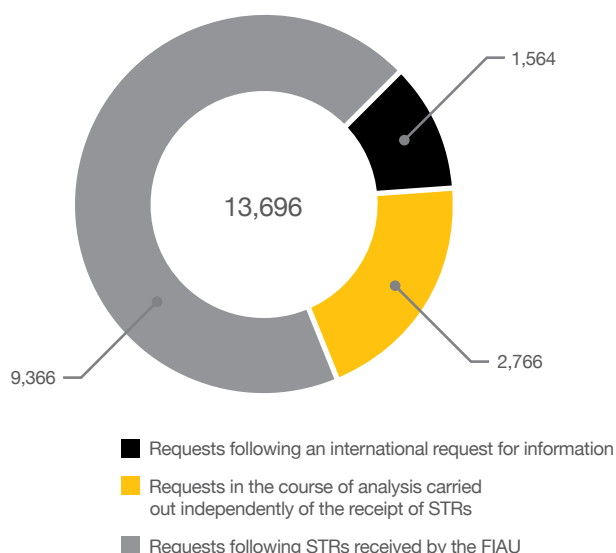
The FIAU made 13,696 requests for information to approximately 1,650 entities. This 34% increase in requests compared to 2018 is largely a result of the overall increase in the number of STRs and cases dealt with in 2019. The entities approached included subject persons, foreign FIUs, the Malta Police, supervisory and competent authorities, as well as government departments and agencies.

The FIAU sends out requests for information following the receipt of STRs, the receipt of requests for information from foreign FIUs and in cases generated by the FIAU itself. In 2019, the requests for information made following the receipt of STRs totalled 9,366, which is a 52% increase over the previous year.

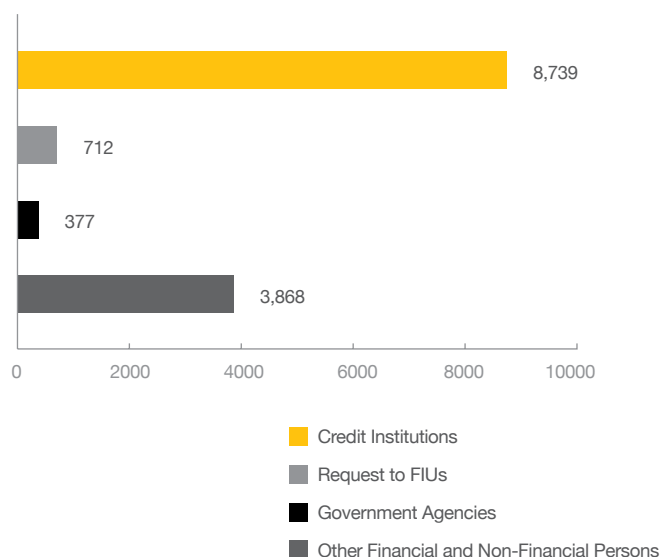
Requests made on the receipt of requests for information from other FIUs totalled 1,564, a decrease of 26% on 2018. It should be noted that the number of requests for information sent in relation to requests from other FIUs is highly dependent on the number of requests received as well as the type of information requested. The FIAU made 2,766 requests for information following cases opened on its own initiative. This represents a 43% increase.

Credit institutions remain the primary source of information for the FIAU, representing more than 64% of all the FIAU's requests for information. Other major recipients were company service providers, and trustees and fiduciaries.

Requests for information made by the FIAU by type of initial disclosure (2019)



Requests for information made by the FIAU by type of initial disclosure (2019)



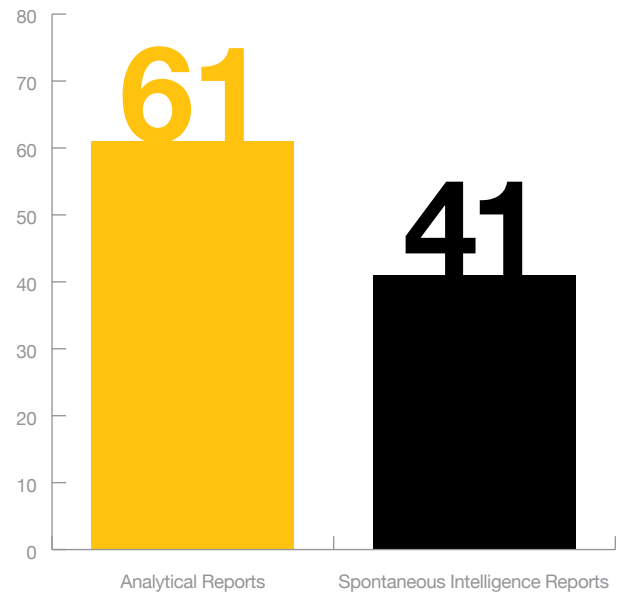
Outcome of analysis


The FIAU's Intelligence Analysis section processed a total of 3,585 cases in 2019. A third of these cases were initiated before 2019. In 2019 the FIAU concluded 1,398 cases, which equate to 39% of all the cases handled during the year. A total of 2,187 cases remained ongoing as at the end of the year.

Sixty-one cases were disseminated to the Police for further investigation, following a determination of reasonable suspicion by the FIAU. These disseminations include additional information reports that were connected to cases previously forwarded to the Police for further investigation.

Additionally, 41 spontaneous intelligence reports were disseminated to the Malta Police, following a determination by the Unit that the intelligence revealed during the course of an analysis would be of relevance to the Police. This determination is reached on various factors. Most commonly this intelligence would be shared following communication between the FIAU and the Police. This brings the total number of disseminations sent to the Malta Police to 102.

Dissemination to the Malta Police (2019)





FIAU

The FIAU's Intelligence Analysis section processed a total of 3,585 cases in 2019

It is pertinent to note that the percentage of analytical reports forwarded to the Police declined to 4% of all closed cases during the year under review. This gradual decline has been a consistent trend in recent years, but is not to be attributed to poor quality in the submission of STRs, but to a number of other positive factors.

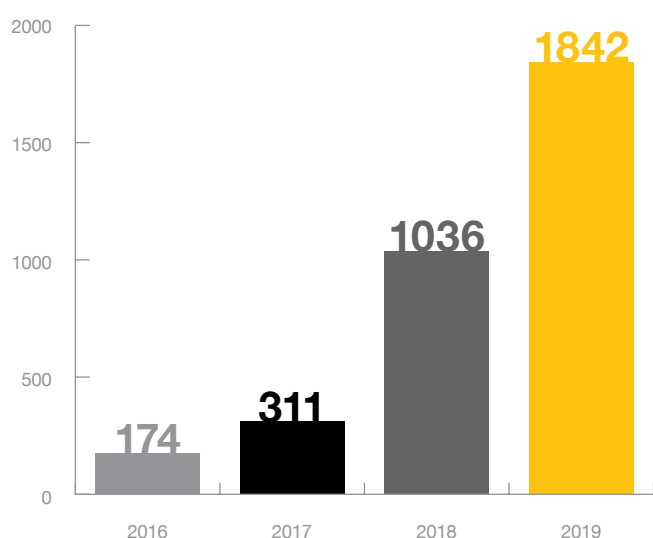
Over the years, the number of STRs received has been steadily increasing, as is evident from the statistics provided in this report as well as in previous Annual Reports. The increase in the number of STRs received can be attributed mainly to the remote gaming industry and credit institutions. As was noted in the above section, 'Persons subject to STRs', 86% of the STRs received relate to foreign natural or legal persons.

As a result, in a number of these cases, the FIAU considers it more appropriate to send a spontaneous intelligence report to foreign FIUs rather than initiating an in-depth analysis in Malta, due to the jurisdictional limitations that are evident in these cases. As was noted in the FIAU's 2018 Annual Report, broader powers at law to co-operate and exchange information with competent authorities also resulted in the FIAU sharing information directly with the relevant supervisory or competent authority, which information would typically have been shared with the Police instead.

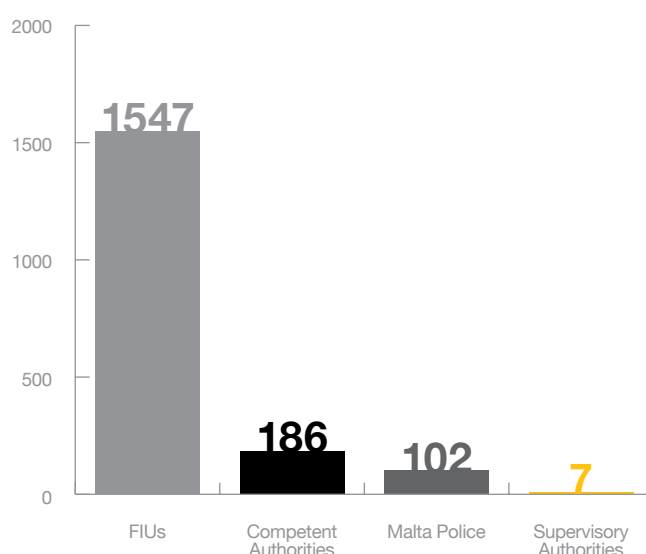
Total disseminations in the form of spontaneous intelligence reports to foreign FIUs, domestic competent and supervisory authorities during the year under review totalled 1,844, which is a 78% increase on 2018. Of these, a total of 186 disseminations were submitted to domestic competent authorities.

Of all the STRs closed in 2019, the FIAU notes that 76% resulted in some form of dissemination to a domestic competent or supervisory authority, the Malta Police or a foreign FIU.

Total Disseminations (FIUs, Authorities, Police)

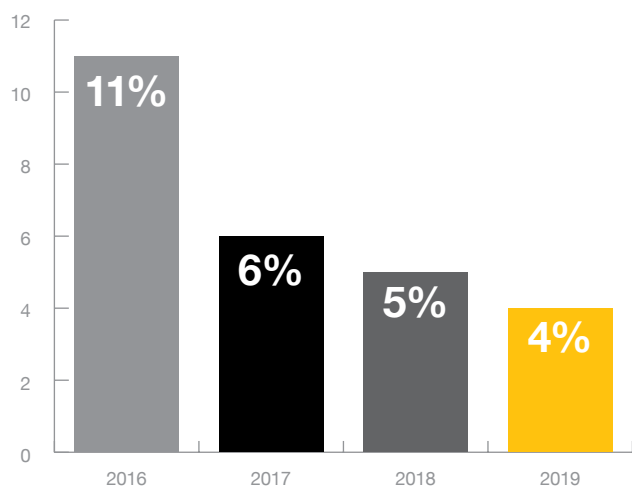


Total Disseminations by Type (2019)

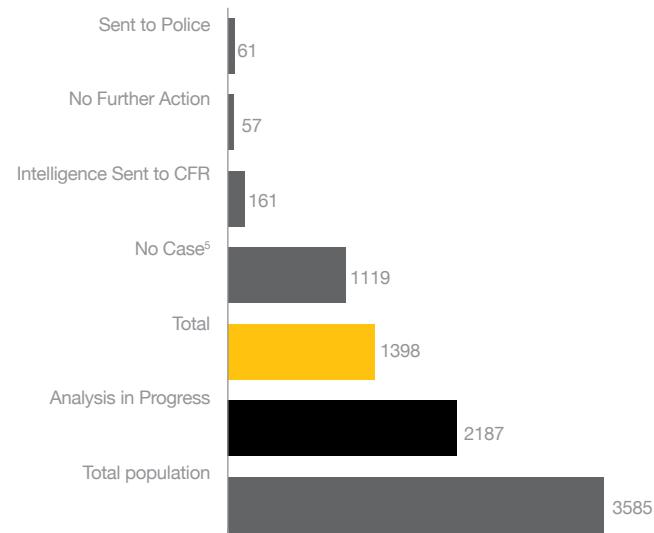


STRs submitted by credit institutions were the source of 72% of the cases referred to the Police in the form of an analytical report.

Percentage of cases referred to the Police for further investigation (2016 - 2019)



Outcome of cases (2019)



5. No case refers to situations where an in-depth analysis was not deemed necessary. Nevertheless, these cases significantly contribute to the disseminations made to FIUs and to the spontaneous intelligence reports sent to the Malta Police.

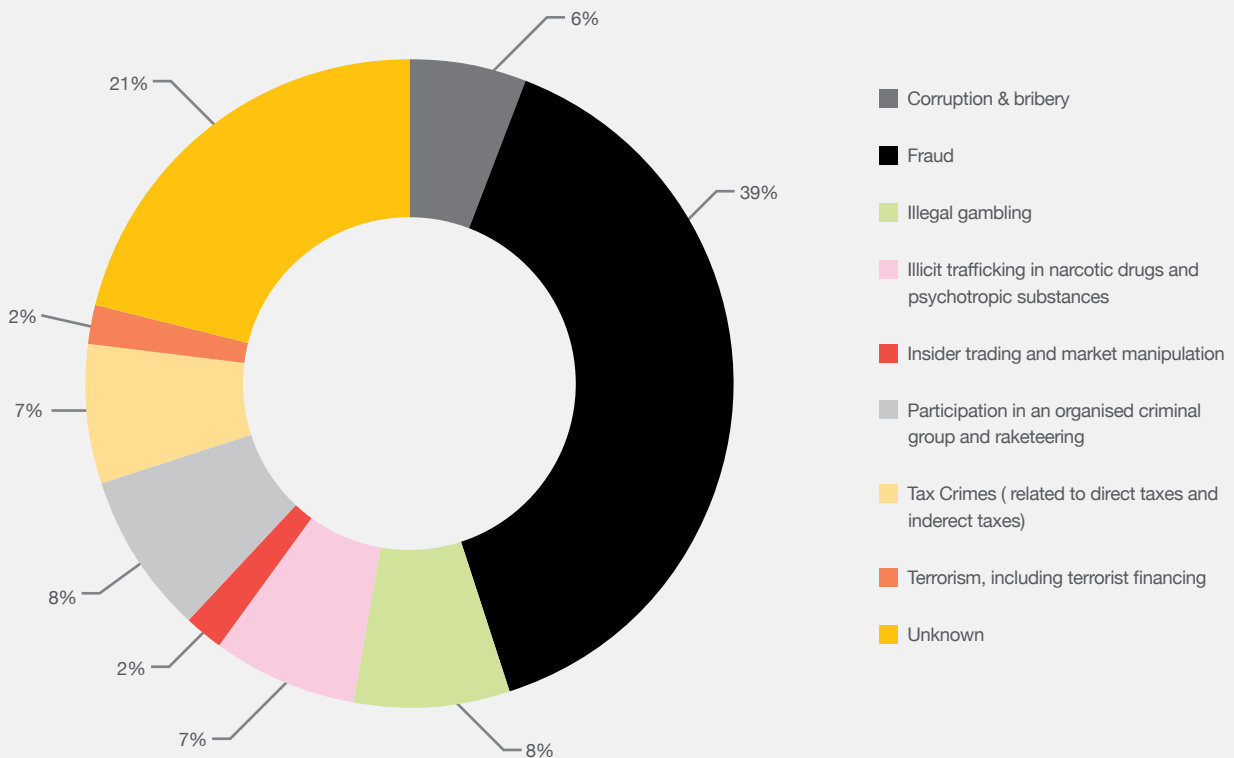
The most prevalent suspected predicate offence continues to be fraud, with 596 instances reported

Suspected predicate offences

The most prevalent suspected predicate offence continues to be fraud, with 596 instances reported. This was followed by tax crimes, suspected terrorism (including terrorist financing), participation in organised criminal groups and racketeering, forgery, and corruption and bribery, which together made up 47% of all predicate offences reported in STR submissions.

The table below gives more details on the suspected predicate offences identified in those cases that were disseminated to the Police for further investigation. Further information and explanations on the sector-specific reasons for suspicion is available in the Typologies and trends section of this report below.

Suspected predicate offences in cases referred to the Police on suspicion of ML/FT (2019)

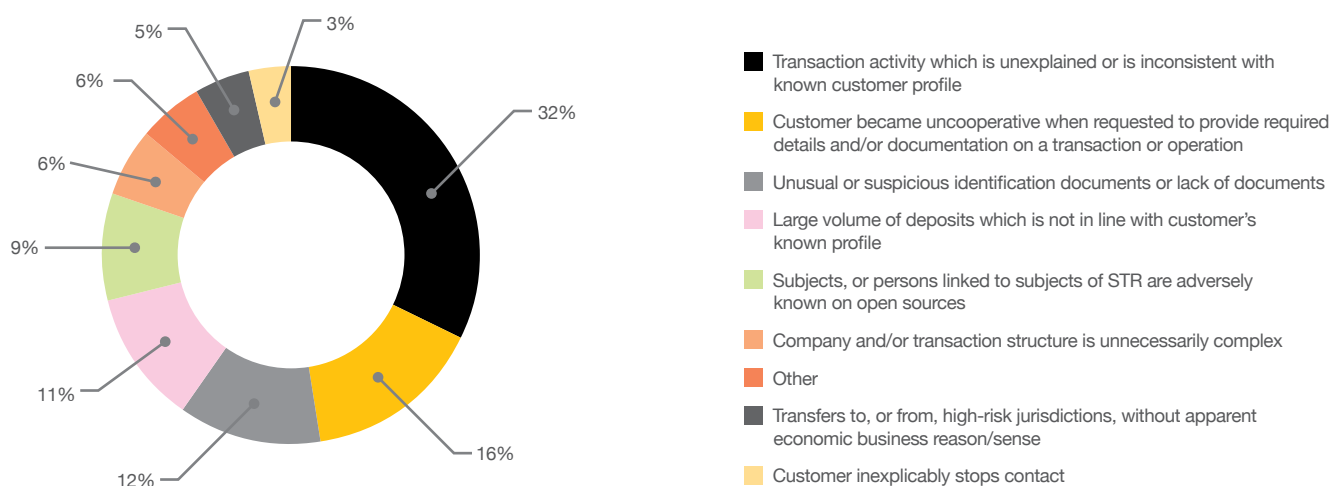


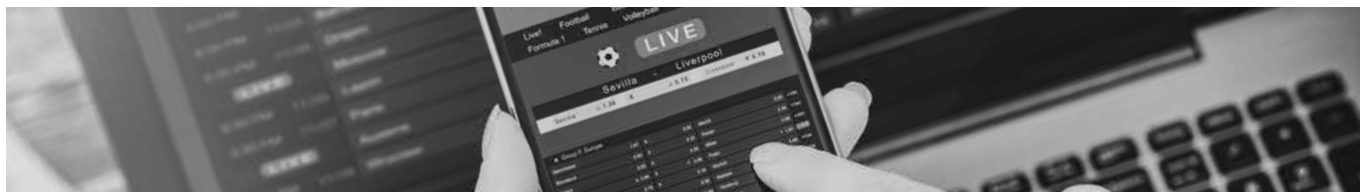
TYPOLOGIES AND TRENDS



Up to 2018, the FIAU reported only those typologies and trends that were identified in cases that, following an in-depth analysis, were disseminated to the Police for further investigation. A significant operational change in 2018 led to a marked increase in co-operation with other national and international authorities and counterparts, allowing the FIAU to report on sector specific typologies and trends identified even as a result of the STRs received.

Reported Reason for Suspicion (2019)





Remote Gaming Companies

The exponential growth in reporting from the remote gaming industry in 2019 marked the surpassing of credit institutions for the number of STRs filed, with the industry being responsible for 52% of all disclosures. Fraud was once again the most commonly reported offence, featuring in no fewer than 24% of STRs filed by remote gaming companies. Other suspected predicate offences, although to a much lesser extent, were forgery, tax related crimes, participation in an organised criminal group and theft.

In over half of the submissions from this industry, the predicate offence was indicated as 'unknown'. As in previous years, the main reason for suspicion was transactional activity that is **unexplained or inconsistent with the known profile of the suspected person**. This was prevalent in approximately 47% of STRs submitted by remote gaming companies. As was the case in 2018, lack of sufficient documentation is indicated in 32% of all STRs filed by remote gaming companies.

As already outlined in this report, the STRs originating from this sector have a very high international element. As a result, information received through these submissions accounted for 35% of the spontaneous intelligence reports shared with foreign FIUs in 2019. Further information in relation to this topic is provided in the International co-operation section of this report.



Credit Institutions

For credit institutions, tax related crimes were the most prevalent suspected predicate offence, accounting for 30% of all submissions by this sector. In 18% of the STRs submitted, the reporting entities did not identify any specific predicate offences, and marked them as 'unknown'. Fraud was the second most indicated suspected predicate crime reported by credit institutions, featuring in 16% of all submissions.

Suspected links to terrorism, including terrorist financing, was indicated in 13% of the STRs. In this case, it is to be noted that these STRs were submitted mainly by one bank and consisted of approximately 120 STRs relating to two different cases. Other predicate offences indicated by credit institutions included corruption and bribery, illegal gambling and participation in an organised criminal group, including racketeering.

Personal and corporate bank accounts held both locally and abroad were the major services offered by banks that featured in the STRs filed by credit institutions. This was followed by the use of wire transfers for both incoming and outgoing payments.

Similarly to the remote gaming sector, the most frequently reported reason for suspicion for credit institutions is that transactional activity is unexplained or is inconsistent with the customer's profile. This was the case in 52% of all the reports submitted by credit institutions. Other reasons for suspicion identified within this sector include adverse OSINT in relation to the reported subject or the subject's close associates, unnecessarily complex company structures or transactions, as well as a lack of information and documentation in relation to transactional activity.

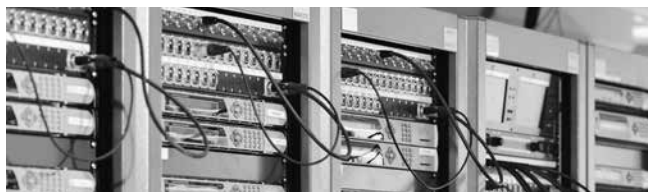


Supervisory Authorities

Although one of the top three reporting categories for 2019, supervisory authorities account for 3% of all STRs received, which is significantly different in comparison to the combined figure of 86% that was received from the top two reporting categories.

In 33% of the submissions from authorities, the alleged predicate offence was marked as 'unknown'. The prevalent reported suspected predicate offence for the remaining STRs was participation in an organised criminal group, followed by fraud and forgery. The most commonly reported red flag was transactional activity that is unexplained or inconsistent with the known profile of the reported person. This red flag was identified in 58% of the submissions by authorities. This was followed to a lesser extent by the presentation of unusual or suspicious identification documents, or the lack of documents.

The use of domestic personal and company bank accounts also featured as the main services used in the STRs filed by supervisory authorities.



Company Service Providers

Contributing to 2% of all submissions received in 2019, company service providers registered an 18% decrease in reporting on 2018. For half the STRs submitted, the predicate offence was unknown. Among the rest, fraud was the most prevalent alleged predicate offence.

The most common reason for suspicion was that the subjects of the report, or persons associated with them, were adversely known to OSINT. Other red flags noted related to insufficient supporting documentation or information in relation to transactions or to the set-ups involved.



Financial Institutions

Financial institutions submitted 88 STRs during the year under review, which constitute just over 3% of the total number of STRs received. Payment service providers were the main reporters, as was the case in 2018. The predominant suspected predicate offence was fraud, featuring in 47% of the STRs. A further 20% of STRs listed the predicate offence as being 'unknown'. Other suspected predicate offences reported included tax related crimes, forgery, corruption and bribery.

In STR filings by financial institutions, the predominant modus operandi was the use of money remitters to send and receive funds, as well as the use of domestic bank accounts. The most commonly reported red flag for this sector was transactional activity that is unexplained or inconsistent with the known customer profile. As was noted in other sectors, other red flags included the subjects being adversely mentioned on OSINT, the use of complex company structures and the provision of insufficient supporting documentation.



Casino Licensees

Submissions by casino licensees totalled 34 STRs in 2019, an increase of 42% on the previous year. The suspected predicate offences identified in these STRs consisted of tax crimes, participation in organised criminal groups, racketeering and illicit trafficking in narcotic drugs and psychotropic substances.

The most common red flags and reasons for suspicion identified by this sector included transactional activity that is unexplained or that such activity was inconsistent with the known customer profile. Other red flags included adverse information on OSINT identified on the subjects of the STR, and a large volume of deposits that were not in line with customers' known profile.



Investment Services Licensees

A substantial decrease was noted in STRs submitted by investment services licensees. This sector submitted 24 STRs in 2019, which amounts to a 40% decrease on the previous year. Of all the STRs submitted by this sector, the most prevalent predicate offence was fraud and tax related crimes.

The predominant typologies involved the use of forex trading and personal foreign bank accounts. Other services identified were the use of corporate bank accounts in Malta.

The most commonly reported red flag or reason for suspicion was that subjects, or persons linked to the subjects of the STR, were adversely known to OSINT. Another reason for suspicion identified was a lack of co-operation from the subject when asked to provide details or documentation on a transaction or operation.



Auditors

The number of disclosures received from auditors in 2019 totalled 16, a 220% increase on 2018. Of those 16 STRs submitted, the most prevalent predicate offence was tax related crimes, followed by fraud, and corruption and bribery.

Similarly to what was noted in reports raised by company service providers, the most notable reason for suspicion was adverse information on OSINT in relation to the subjects, or persons linked to the subjects reported in the STRs. This was followed by issues concerning the provision of required documentation, such as the identification of unusual documents, or the lack of necessary documents or details on a particular transaction or operation.

INTERNATIONAL CO-OPERATION



The exchange of information between FIUs is crucial and this is evidenced by the number of exchanges carried out over the years. On a daily basis, the FIAU co-operates and exchanges information with counterpart FIUs both when pursuing its own analyses, and when assisting other FIUs in their functions. Co-operation and exchange of information with other FIUs is imperative for the FIAU to be able to carry out its functions effectively and proactively.

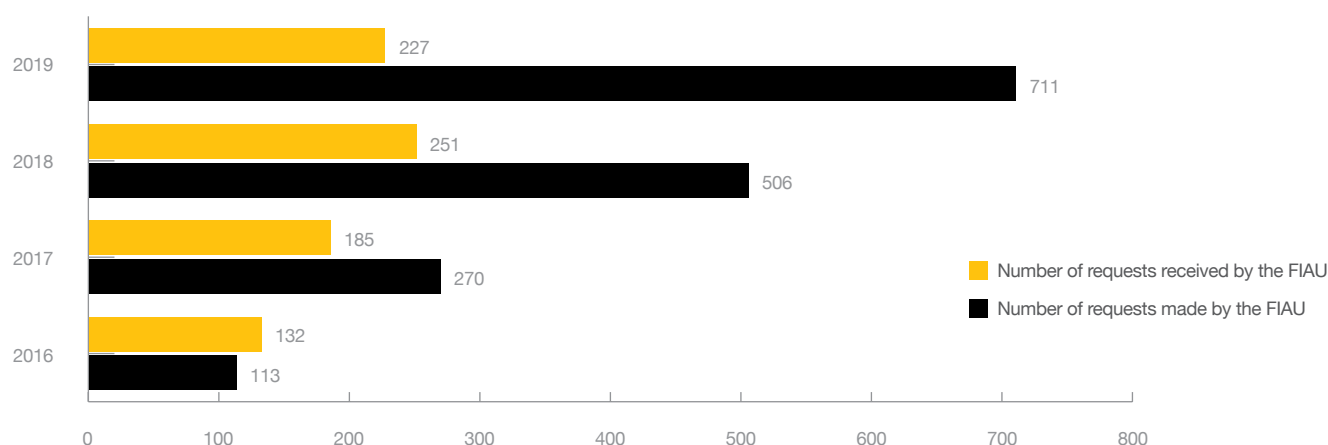
Information can be exchanged with other FIUs either through requests for information, or spontaneously whenever the FIAU believes that the information in its possession can be of interest to one or more of its foreign counterparts. The conditions applicable to any such exchange and the extent of information that may be so exchanged will usually be determined on the basis of the FIUs' domestic laws.

Information is exchanged through secure channels. The FIAU,

being a member of the Egmont Group of FIUs, exchanges information with other Egmont Group members via the Egmont Secure Web. It also uses the FIU.NET system to exchange intelligence with FIUs from EU member states. Under Maltese law, the FIAU is authorised to exchange information with foreign counterparts without the necessity of having MoUs or formal agreements in place. However, it might be that the signature of an MoU is a prerequisite for the exchange of information in other jurisdictions.

In such circumstances the FIAU still actively pursues the conclusion of MoUs. Over the years the FIAU has signed 16 MoUs with the FIUs of Belgium, Cyprus, the Principality of Monaco, Latvia, Slovenia, Romania, San Marino, Canada, South Africa, Japan, Tunisia, the Holy See, Georgia, Panama, Israel and Macedonia.

Requests for co-operation and assistance (2016 - 2019)





Requests made by the FIAU to other FIUs

The FIAU sent 711 requests for assistance to 94 foreign FIUs in 2019. This is a 41% increase on 2018. These requests for information and assistance reflect the increase of international elements in cases subject to an analysis by the FIAU.

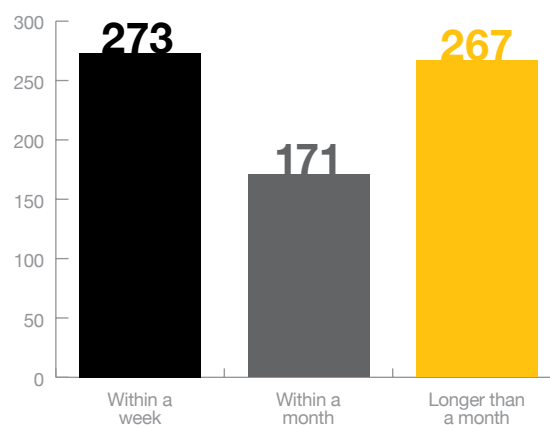
Of the 711 requests for assistance sent to FIUs, 79% were sent to 46 different FIUs in Europe. This was followed by requests for information sent to FIUs in Asia and the Americas, to which the FIAU sent 9% to each. The FIAU's top counterparts in 2019 were the United Kingdom, Italy, Germany and Bulgaria.

With regard to the timeliness of FIUs in replying to the FIAU's requests for information, it was noted that 38% of all requests for information sent were replied to within one week, 24% were replied to within one month and another 38% were replied to after one month.

Requests for assistance made by the FIAU - by region and number of FIUs (2019)

	Number of requests	Number of countries
EU/EEA	479	30
Europe (non-EU/EEA)	81	16
Asia	61	16
Americas	61	19
Africa	25	11
Oceania	4	2
	711	94

Timeliness of responses by foreign FIUs to requests for assistance made by the FIAU (2019)



Requests received by the FIAU from other FIUs

The requests for information received by the FIAU in 2019 amounted to 228 from 56 different countries, which marks a 9% decrease on 2018. European FIUs sent 79% of the requests received.

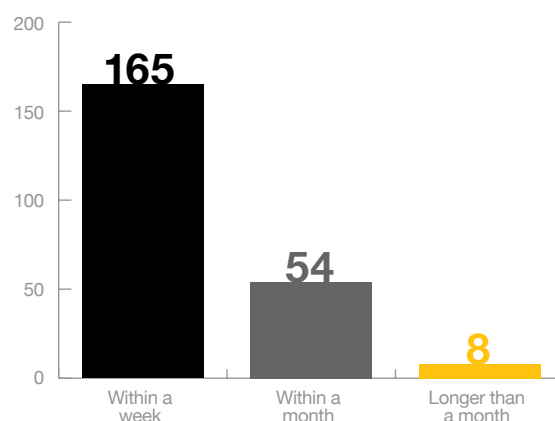
The Italian, Indian, UK and German FIUs made the most requests for assistance to the FIAU.

Of the 228 requests for information received, the FIAU replied to 73% of all requests within a week of receipt. A further 24% of replies were sent within a month of receipt and a further 3% were replied to after one month.

Requests for assistance received by the FIAU - by region and number of FIUs (2019)

	Number of requests	Number of countries
EU/EEA	153	27
Europe (non-EU/EEA)	26	13
Asia	26	4
Americas	10	4
Africa	6	6
Oceania	6	2
	227	56

Timeliness of responses by the FIAU to requests for assistance received from Foreign FIUs (2019)



Spontaneous Intelligence Reports

The process of exchanging valuable intelligence with other FIUs has always been of great importance to the Unit. The FIAU received 90 spontaneous intelligence reports from 24 FIUs during the year under review, 19% fewer than in 2018. In turn, the FIAU disseminated 1,547 spontaneous intelligence reports to 104 FIUs. This is a 107% increase on 2018.

This substantial increase in disseminations of spontaneous intelligence reports to other FIUs is predominantly as a result of the number of STRs that were filed in relation to persons having a very limited connection to Malta. In these cases, however, the intelligence held would likely be more beneficial to the FIAU's foreign counterparts. Reference to these cases has also been made in the Outcome of analysis section of this report.

Requests for co-operation and assistance (2019)

Requests received by the FIAU		Country	Requests made to other FIUs	
No	Replies		No	Replies
0	0	Albania	2	0
1	1	Algeria	0	0
0	0	Angola	1	0
0	0	Anguilla	1	1
0	0	Antigua & Barbuda	2	1
1	1	Argentina	1	0
0	0	Armenia	1	1
1	1	Australia	3	2
1	1	Austria	16	13
0	0	Azerbaijan	1	1
0	0	Bahamas	1	1
0	0	Bahrain	1	0
0	0	Bangladesh	1	1
0	0	Belarus	3	3
4	4	Belgium	7	7
0	0	Belize	3	3
1	1	Benin	0	0
0	0	Bosnia & Herzegovina	1	1
0	0	Brazil	2	2
0	0	British Virgin Islands	5	2
0	0	Brunei	1	0
0	0	Bulgaria	30	25
2	2	Canada	6	4
1	1	Cape Verde	0	0
0	0	Cayman Islands	1	1
0	0	Chile	2	2
0	0	Costa Rica	1	1
2	2	Croatia	6	1
0	0	Curacao	7	5
3	3	Cyprus	18	15
3	3	Czech	15	15
0	0	Denmark	3	2
0	0	Egypt	1	1
1	0	Estonia	10	10
3	3	Finland	11	9
11	11	France	18	18

Requests received by the FIAU		Country	Requests made to other FIUs	
No	Replies		No	Replies
1	1	Georgia	0	0
12	12	Germany	49	42
0	0	Gibraltar	6	5
1	1	Greece	6	3
0	0	Guernsey	3	3
2	2	Holy See	0	0
0	0	Hong Kong	11	9
1	1	Hungary	13	12
1	1	Iceland	3	3
23	23	India	1	1
0	0	Indonesia	2	2
1	1	Ireland	9	6
3	3	Isle of Man	1	1
1	1	Israel	8	8
39	38	Italy	56	47
0	0	Ivory Coast	2	0
1	1	Jersey	2	0
0	0	Kazakhstan	1	1
1	1	Kosovo	0	0
9	9	Latvia	22	19
0	0	Lebanon	1	1
4	3	Liechtenstein	3	1
9	9	Lithuania	9	8
7	7	Luxembourg	9	8
1	1	Macedonia	2	2
0	0	Malaysia	2	2
0	0	Mauritius	1	1
0	0	Mexico	1	1
3	3	Moldova	3	2
2	2	Monaco	5	5
1	1	Montenegro	0	0
0	0	Morocco	2	1
4	4	Netherlands	19	12
5	5	New Zealand	1	1
0	0	Nigeria	3	1
2	2	Norway	2	2
0	0	Panama	6	5
0	0	Paraguay	1	0

Requests received by the FIAU		Country	Requests made to other FIUs	
No	Replies		No	Replies
3	2	Peru	1	1
3	3	Poland	15	14
1	1	Portugal	7	5
4	4	Qatar	18	18
6	6	Russia	11	11
2	2	San Marino	13	12
1	1	Saudi Arabia	1	1
0	0	Senegal	2	2
1	1	Serbia	0	0
7	6	Seychelles	8	8
1	1	Singapore	8	6
1	1	Slovakia	2	2
1	1	Slovenia	7	5
1	1	South Africa	5	5
0	0	Spain	2	2
4	4	St Vincent & Grenadines	18	15
0	0	Sweden	1	1
0	0	Switzerland	11	10
0	0	Syria	26	23
0	0	Taiwan	3	0
1	1	Tunisia	0	0
1	1	Turkey	3	2
0	0	U.A.E	12	9
0	0	Ukraine	12	4
1	1	United Kingdom	4	4
19	19	USA	71	54
0	0	Venezuela	1	0
227	222		711	577



Spontaneous Intelligence Reports (2019)

Spontaneous Intelligence reports received by the FIAU	Country	Spontaneous Intelligence reports sent by the FIAU
0	Albania	8
0	Angola	3
0	Antigua & Barbuda	1
0	Anguilla	1
2	Argentina	1
0	Armenia	4
0	Australia	7
5	Austria	36
0	Azerbaijan	1
0	Bahamas	1
0	Bahrain	1
0	Bangladesh	10
0	Belarus	8
2	Belgium	10
0	Belize	3
0	Bosnia & Herzegovina	2
0	Brazil	20
0	British Virgin Islands	2
0	Brunei	1
0	Bulgaria	32
0	Cameroon	1
1	Canada	32
1	Cape Verde	0
0	Chile	1
0	Colombia	1
0	Costa Rica	1
0	Croatia	13
0	Curacao	10
0	Cyprus	33
1	Czech	13
0	Denmark	5
0	Dominica	1
0	Ecuador	2
0	Egypt	1
0	Estonia	5
1	Finland	43
0	France	20
0	Georgia	3

Spontaneous Intelligence reports received by the FIAU	Country	Spontaneous Intelligence reports sent by the FIAU
14	Germany	160
3	Gibraltar	5
0	Greece	11
1	Ghana	1
1	Guernsey	2
0	Hong Kong	17
0	Hungary	19
0	Iceland	5
0	India	33
0	Indonesia	2
0	Ireland	16
1	Isle of Man	3
0	Israel	6
0	Italy	98
0	Ivory Coast	4
3	Jersey	1
0	Kazakhstan	1
2	Latvia	14
0	Lebanon	5
0	Liechtenstein	5
0	Lithuania	12
3	Luxembourg	14
0	Macao	1
0	Macedonia	3
0	Malaysia	2
0	Mexico	6
0	Moldova	9
0	Monaco	3
0	Morocco	2
0	Nepal	3
32	Netherlands	124
0	New Zealand	6
0	Nigeria	6
0	Norway	49
0	Panama	2
1	Paraguay	1
0	Peru	5
0	Philippines	2

Spontaneous Intelligence reports received by the FIAU	Country	Spontaneous Intelligence reports sent by the FIAU
0	Poland	26
1	Portugal	20
0	Qatar	1
2	Romania	32
0	Russia	25
0	S.Korea	1
0	Saudi Arabia	2
0	Senegal	1
0	Serbia	16
0	Seychelles	5
0	Singapore	2
1	Slovakia	11
0	Slovenia	3
0	South Africa	5
1	Spain	24
0	Sri Lanka	3
0	St Vincent & Grenadines	1
0	Sweden	85
0	Switzerland	32
1	Syria	3
0	Thailand	5
0	Tunisia	24
0	Turkey	15
0	U.A.E	21
0	Ukraine	24
9	United Kingdom	134
1	USA	29
0	Uzbekistan	1
0	Vanuatu	1
90		1547





SUPERVISION AND ENFORCEMENT

Introduction

The FIAU's Supervision and Enforcement section monitors AML/CFT compliance by subject persons carrying out relevant financial business or relevant activity, as defined under Regulation 2(1) of the PMLFTR, and drives compliance through various enforcement actions and other measures. These roles emanate from Article 16(1)(c) of the PMLA and are based on three main pillars:

- a. identification and assessment of the ML/FT risks posed by subject persons, to enable risk-based supervision;
- b. supervision of adherence to AML/CFT obligations by subject persons; and
- c. application of enforcement actions and implementation of other measures for breaches of AML/CFT obligations.

AML/CFT SUPERVISION

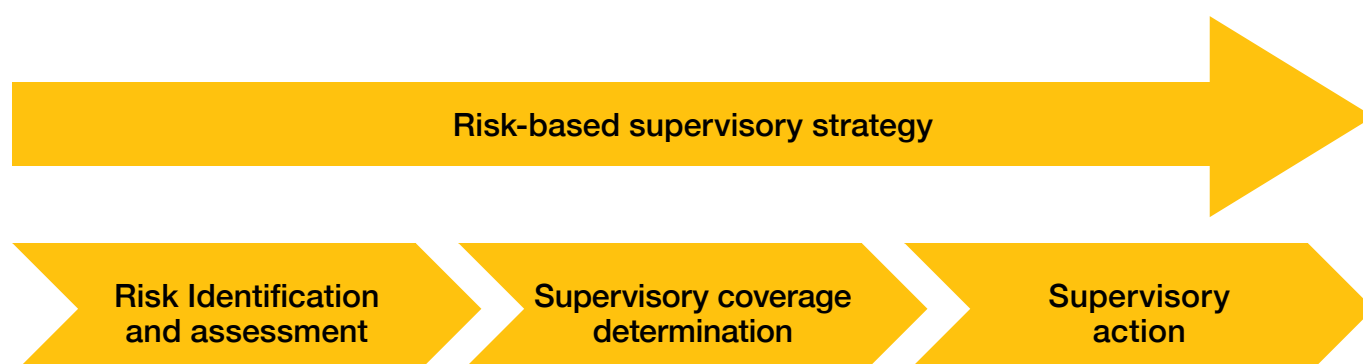
In July 2019, the Supervision and Enforcement section was segmented into distinct teams responsible for each of the aforementioned functions:

- a. Risk;
- b. Supervision; and
- c. Enforcement.

Supervision was further segmented into sub-teams focusing on different categories of subject persons, allowing a more specialised and targeted approach. This approach, along with various other initiatives, including the recruitment of additional human resources, the sourcing of IT tools to automate a number of processes, and an overhaul of various internal supervisory and enforcement policies and procedures, has contributed to enhanced standards of supervisory and enforcement work.

The Risk-Based Supervisory Strategy

In accordance with the 4th AML Directive, the FIAU adopted a risk-based supervisory approach, signifying that the frequency, scope and method of supervision intensifies according to the level of ML/FT risk posed by a subject person. To this end, an enhanced risk-based supervisory strategy was adopted in the first quarter of 2019 aimed at adopting the application of risk-based supervision. This strategy is executed in three main phases, as outlined in the figure below.



Stage 1 – Risk identification and assessment

The first stage of the risk-based supervision process involves the identification and assessment of ML/FT risks posed by the subject persons, as well as the sectors in which they operate. Although this process is carried out on an annual basis (prior to the commencement of the supervisory cycle), ML/FT risks are updated on an ongoing basis throughout the supervisory cycle, in line with incoming information on specific subject persons.

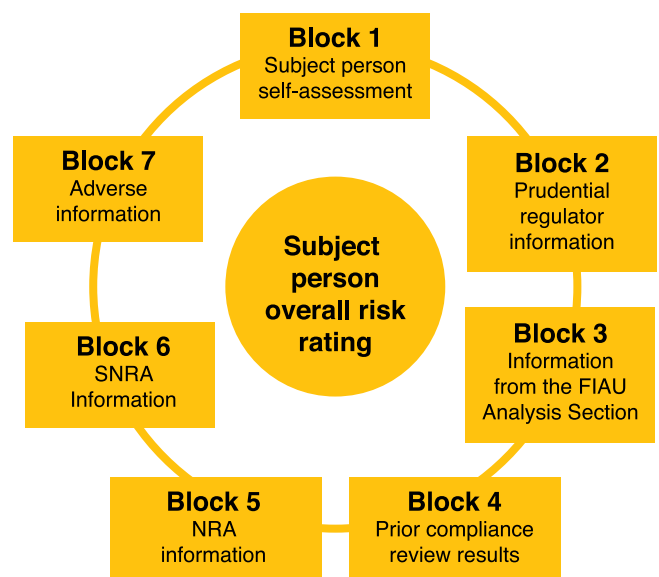
Although the FIAU has been carrying out the subject person risk assessment process for a number of years, towards the end of June 2019 the FIAU carried out risk assessments based on enhanced, sector specific methodologies. The implementation of the risk assessment process was managed by the newly set up Risk team. The launch of the Compliance Assessment and Supervisory Platform for Assessing Risk (“CASPAR”) system in January 2019 gave rise to this enhanced risk assessment. Briefly, CASPAR is an automated tool that enables the FIAU to gather and analyse ML/FT risk data from multiple sources, and replaces the manually intensive data gathering and analysis processes. All subject persons’ Money Laundering Reporting Officers (“MLROs”) and Designated Employees (“DEs”) were required to register on CASPAR.

ML/FT RISKS ARE UPDATED ON AN ONGOING BASIS THROUGHOUT THE SUPERVISORY CYCLE, IN LINE WITH INCOMING INFORMATION ON SPECIFIC SUBJECT PERSONS.

CASPAR evaluates ML/FT risk on the basis of seven risk blocks, each representing a distinct risk data source. The information in each block is filtered through an algorithm that translates the information into numerical scoring, indicating the inherent risk rating, the control effectiveness risk rating and the overall residual risk rating for each subject person. Any new information received in the course of a supervisory cycle is filtered through this algorithm, and ratings are automatically revised.

The risk data blocks within CASPAR’s risk assessment methodology are illustrated in the figure below and cover a wide array of information, including information collected from subject persons themselves, information held by the FIAU through its operations, information obtained from other regulators or authorities, important data sourced from the National ML/FT Risk Assessment and the EU’s Supranational ML/FT Risk Assessment, as well as information obtained through open sources, including media reports.

Submission of the 2019 REQ



One of the risk-data blocks of CASPAR’s risk assessment methodology was the 2019 Risk Evaluation Questionnaires (REQs), which all subject persons were expected to compile and submit. The table below outlines the REQ’s submission rate per sector. Enforcement action has meanwhile been taken against all subject persons who failed to submit the REQ or submitted the REQ beyond the stipulated timeframes.

Subject person REQ submission rate by sub-sector⁶ (2019)

Sector	Category	Subject Person Population	REQ Submission Rate
Financial Sector	Credit Institutions	23	100%
	Financial Institutions	52	90%
	Life/Long-term Insurance	126	87%
	Investment Service Providers	428	96%
Gaming Sector	Land-Based Casinos	4	100%
	Remote Gaming	223	73%
Non-Financial Businesses and Professions (DNFBPs)	TCSPs (entities)	430	98%
	TCSPs (individuals)	254	88%
	Other DNFBPs (entities)	176	95%
	Other DNFBPs (individuals)	493	93%

Enhancement of the 2020 REQ

In 2017, the FIAU repealed the annual compliance report that had been in place since 2012 and which all subject persons had to submit annually, to replace it with comprehensive, sector-specific questionnaires. This was achieved with the launch of the Risk Evaluation Questionnaires in 2019, which were much more extensive and enabled the FIAU to achieve a more accurate risk assessment result, capturing also sector-specific risks.

The new REQ was launched in the first quarter of 2019, with subject persons being requested to submit their respective REQ by 5 April 2019. In the last quarter of 2019, the FIAU started a process to revise and improve the first iteration of the REQs. This process involved evaluating all the queries and feedback received from subject persons during the first submission period, as well as feedback received following an explicit request made by the FIAU in August 2019 to representative bodies sitting on the Joint Committee for the Prevention of Money Laundering and Funding of Terrorism. A number of enhancements were made, which were reflected in the 2020 REQs. On this basis, the FIAU enhanced the REQs as follows, which will be reflected in the 2020 versions:

- some of the REQs were further segregated to cater for the differences encountered by those subject persons who, although operate within the same sector, conduct different activities;
- new REQs were created to cover sectors that were not included in the 2019 REQ;
- specific questions, which subject persons encountered difficulties with in replying to in the 2019 REQ, were clarified to ensure that questions are easily and consistently understood by all subject persons;
- a number of questions were amalgamated to facilitate the efficient completion of the REQ;
- a guidance document was created, to be circulated among subject persons, to ensure that REQ questions are clearly understood; and
- pop-up boxes providing information on certain questions within the REQ were inserted to assist with understanding and completion.

6. These figures reflect those REQs which were submitted on time and those which were submitted within the late payment period. Any other submissions made after the final cut-off date were penalized accordingly, and the data within the REQ was considered for FIAU information purposes only. Such late submissions are not included in these statistics.

Stage 2 – Supervisory Coverage Determination

The FIAU's risk-based supervisory strategy sets out how the second stage of the risk-based supervision is to be implemented by stipulating the mechanism through which the results of the risk assessment carried out through the CASPAR system are to be transposed into a four-year supervisory cycle. This cycle is further split into annual supervisory plans defining when the population of subject persons will be supervised throughout the four-year cycle in accordance with the resulting risk profile. The methods of supervision will also vary on the basis of the risk posed by the subject person, and would include the following:

- a. Full-scope examinations;
- b. Thematic examinations;
- c. Targeted examinations;
- d. Follow-up examinations; and
- e. Supervisory meetings.

The new risk-based supervisory strategy was applied for the first time in 2019, and a supervisory plan covering June 2019 to July 2023 was subsequently developed. The implementation of the first annual supervisory plan (July 2019 to June 2020) is underway.

The MGA and MFSA assist the FIAU in its supervisory work by carrying out supervisory examinations of subject persons falling under their respective regulatory competence, either on behalf of or jointly with the FIAU. The MFSA's Financial Crime Compliance and the MGA's Anti-Money Laundering section have officers specifically dedicated for this purpose. Co-operation between the three authorities on AML/CFT supervision dates back to prior years, and in 2019 the FIAU continued to enhance the processes, procedures and agreements which regulate the agency relationship. When assisting the FIAU in carrying out AML/CFT supervision, the MFSA and MGA follow the policies and procedures adopted by the FIAU's Supervision and Enforcement section, defined in the FIAU's supervisory manual.

Stage 3 – Supervisory Action

From July 2019, supervisory action in line with the formulated supervisory plan is being carried out through three distinct teams within Supervision:

- a. Credit and Financial Institutions Supervision;
- b. Investments, VFAs and Gaming Supervision; and
- c. DNFBPs Supervision.

The rationale for splitting the supervisory teams is to allow better supervision across all sectors, as well as to increase sectorial knowledge and expertise within teams.

Method and Nature of Supervision

The method of supervisory action defines the intensity of the compliance review to be undertaken. The diagram below illustrates the different types of examinations and supervisory meetings:

Supervisory examinations also differ in nature, and can include any of the following:

	On-Site Examination	Off-Site Examination	Supervisory Meeting
Purpose	To determine the level of adherence to AML/CFT obligations	To determine the level of adherence to AML/CFT obligations	To determine whether the subject person's risk profile is correctly addressed
Location	On-site	Off-site	On-site/Off-site
Duration	2-3weeks	1-2weeks	1 day
Review Procedures	System walk-through via interviews, observation and system and documentation review in combination with sample-based testing	System walk-through via interviews and documentation review. May be substituted with limited sample-based testing	System walk-through via interviews and documentation review (limited)
Subject matter	Full-scope targeted or follow-up	Thematic, targeted or follow-up	Thematic, targeted or follow-up

- a. Full Scope Examination – this covers the entire spectrum of risks and activities of the subject person from an AML/CFT perspective, producing a holistic view of its AML/CFT framework at a point in time.
- b. Targeted Examination – these examinations are carried out with the aim of reviewing one or more specific aspects of the AML/CFT framework of a subject person (e.g., risk assessment procedures or ongoing monitoring processes), thereby gaining an in-depth understanding of that particular aspect.
- c. Thematic Examination – this is a particular type of targeted examination, which focuses on a particular theme (e.g., types of transactions or activities) across a number of subject persons. This approach allows for better understanding of particular activities and ML/FT trends/typologies that may be associated therewith.
- d. Follow-up Examination – this is aimed at assessing progress made in implementing remedial actions or corrective measures further to a previous examination.

Supervisory meetings, on the other hand, are held with representatives of a subject person with the aim of maintaining an up-to-date understanding and knowledge of a subject person's ML/FT risks, as determined through the risk assessment process and the mitigated controls applied in this regard. The meeting may result in requesting the subject person to provide an action plan. This would be the case when the FIAU identifies that certain areas require improvement. The findings of the meeting may also result in taking additional actions, including an off-site or on-site compliance examination.

Supervision during 2019

During 2018, the FIAU embarked on an ambitious project to overhaul its supervision and enforcement process. The implementation of this project continued in 2019 and included:

- enhancement of human resources and expertise, through recruitment and training, to ensure adequate supervisory coverage across all sectors;
- introduction of a new risk understanding and assessment framework combined with an investment in a dedicated automated system (CASPAR) to facilitate and enhance the process;
- introduction of a risk-based supervisory strategy and supervisory procedures to enhance the frequency, depth and content of compliance reviews;
- enhancement in the governance of enforcement decision-making; and
- introduction of a new enforcement process through new policies and tools defining the enforcement mechanism to be applied to AML/CFT breaches.

Comparative table of compliance examinations (2017 – 2019)

Sector	Category	No. of compliance examinations carried out			
		2017	2018	2019	
				January to June	July to December
Financial Sector	Credit Institutions	5	1	2	6
	Financial Institutions	6	3	1	6
	Life/Long-term Insurance	1	0	0	0
	Investment Service Providers	13	3	1	3
Gaming Sector	Land-Based Casinos	n/a	1	0	1
	Remote Gaming	n/a	27	0	5
DNFBPs	DNFBPs (entities)	29	13	3	9
	DNFBPs (individuals)	15	7	2	2
				9	32
Total		69	55	41	

Between January and June, a significant proportion of the resources within the Supervision and Enforcement section was dedicated to the implementation of the enhancements described throughout this section. This, coupled with the fact that a number of resource-intensive intrusive on-site examinations were taking place in the same year, led to a reduction in the number of compliance examinations in the first half of 2019 when compared to previous years. The FIAU immediately compensated for this upon commencement of the new supervisory cycle in July.

Comparative table of supervisory meetings (2017 – 2019)

Sector	Category	No. of supervisory meetings carried out		
		2017	2018	2019
Financial Sector	Credit Institutions	2	3	0
	Financial Institutions	0	0	0
	Insurance	0	0	0
	Investment Service Providers	0	0	2
Gaming Sector	Land-Based Casinos	0	0	0
	Remote Gaming	n/a	0	7
DNFBPs	DNFBPs (legal)	0	0	13
	DNFBPs (individuals)	0	0	6
Total		2	3	28

AML/CFT ENFORCEMENT

As part of its enhancement project completed in 2019, the FIAU established a new dedicated section – Enforcement, which is entrusted with implementing enforcement-related measures and actions for identified breaches of AML/CFT obligations. This restructuring was coupled with a revamp of the enforcement policies, procedures and frameworks aimed at facilitating and streamlining enforcement decisions. Enforcement has also formulated new tools that assist the FIAU in determining consistent and fair enforcement measures.

Enforcement policies

In 2019, the FIAU formulated two main policy documents defining the enforcement methodology and the measures and processes that indicate how AML/CFT breaches are to be dealt with:

CMC Governing Principles and Framework

This document governs the composition, decision-making processes and record-keeping procedures of the CMC. This ensures that the CMC maintains high standards and good governance when deciding on enforcement actions.

Sanctions Policy

The sanctions policy stipulates and explains the administrative measures that the FIAU may impose for breaches of AML/CFT obligations. This policy also provides the CMC with rules and guidance to assist it in determining the appropriate measures to take depending on the seriousness of the breach and on whether it is systematic and/or repetitive. The sanctions policy also defines the various administrative measures that the CMC can apply, namely:

Administrative penalty – a pecuniary fine.

Follow-up directive – this directive binds the subject person to develop and implement a corrective action plan within a specified timeframe to remediate identified shortcomings.

Termination of particular business relationships – the FIAU also has the power to request subject persons to terminate a particular business relationship that is exposing it to an extreme level of ML/FT risk, which the subject person cannot appropriately mitigate.

Notification or recommendation to other supervisory authorities or bodies – in cases when information relating to breaches of AML/CFT obligations are relevant to other

authorities responsible for the authorisation, licensing, registration or regulation of a subject person, the CMC may request that these breaches be notified to them. In addition, the CMC may recommend that these authorities take further regulatory action, in line with their respective legal framework, to properly address the deficiencies.

Written reprimand – the CMC may impose a written reprimand for minor contraventions of AML/CFT obligations. The reprimand is intended to communicate to the subject person that, although a breach is not particularly concerning, it is nonetheless a shortcoming that should be remedied and not repeated. Written reprimands are taken into consideration by the FIAU when assessing any future cases of non-compliance.

Other measures – the AML/CFT findings presented to the CMC, as well as the circumstances relevant to the case, may lead the CMC to impose other measures. These may include a directive for the subject person to carry out an internal audit and to provide a copy of the audit report to the FIAU, or a directive to keep the FIAU informed, within strict timeframes, on any action or activity that the subject person is undertaking.

The Compliance Monitoring Committee

The CMC is an internal committee that assists in the execution of the FIAU's enforcement powers by considering potential breaches of AML/CFT obligations and determining the most appropriate administrative measures to take. Although the CMC has been operating for a number of years, its role was further strengthened in 2019 through the revision of its governing principles, which enhanced governance in the committee's decision-making process.

The members of the CMC are the FIAU Director, the FIAU Deputy Director and senior representatives of the Supervision and Enforcement section and of the Legal Affairs section. The committee is chaired by the FIAU Director or the Deputy Director. Officers responsible for conducting AML/CFT supervision present cases to the CMC, with the committee determining the enforcement action or measures to be taken based on the current enforcement policies, procedures and tools.

This process allows for the segregation between the supervision and enforcement functions, thereby ascertaining that officers involved in conducting compliance examinations are not also involved in deciding the enforcement measures to be taken for any AML/CFT infringements.

The convening of CMC meetings, the upkeep of meeting minutes and the implementation of enforcement actions decided on by the CMC fall within the remit of Enforcement. The CMC convened 23 times in 2019 to discuss enforcement related matters.

The tables below provide statistical information on the administrative measures imposed by the CMC during the year under review for identified AML/CFT breaches.

Comparative table of administrative measures (2017 – 2019)

Administrative Measure	2017	2018	2019
No. of reprimands issued	14	78 (*)	12
No. of administrative penalties imposed	7	70 (**)	20
Value of administrative penalties imposed	EUR 61,145	EUR 996,180	EUR 3,932,801

(*) 75 of which related to non-submission of ACRs

(**) 60 of which related to non-submission of ACRs

Details of administrative measures (2019)

Sector	Method of AML/CFT Breach Identification	No. of reprimands issued	No. of administrative penalties imposed	Total value of administrative penalties imposed (EUR)
Financial Sector	Supervisory Examination	0	3	3,875,501
	Action following failure to reply to request for information/ late reply	1	2	21,200
Non-Financial Sector	Supervisory Examination	2	1	1,450
	Action following failure to reply to request for information/ late reply	9	14	34,650

Enforcement Tools

The CMC has at its disposal tools and policies that guide its members to determine, with consistency and uniformity, the type and extent of enforcement measures to be taken to ensure that actions are effective and dissuasive but at the same time proportionate.



COLLABORATION WITH OTHER SUPERVISORY AUTHORITIES OR BODIES

The FIAU sought to strengthen the monitoring of AML/CFT compliance by subject persons in 2019 by enhancing its collaboration with other supervisory authorities or bodies:

Co-operation Agreement with the Sanctions Monitoring Board

On 31 May 2018, the FIAU, the MGA, the MFSA and the Sanctions Monitoring Board (“SMB”) entered into a co-operation agreement with a view to safeguarding the Maltese financial, gaming and DNFBPs sector from being misused for criminal purposes, including for terrorism, funding of terrorism and the financing of proliferation of weapons of mass destruction. Through this co-operation, the FIAU, MFSA and MGA assist the SMB with monitoring subject persons’ compliance with their obligations emanating from the National Interest (Enabling Powers) Act (Cap. 365 of the Laws of Malta) (the “NIA”) by conducting the following reviews during AML/CFT supervisory examinations:

- monitoring that subject persons have in place and effectively implement internal controls and procedures to ensure full compliance with their obligations arising from the NIA;
- monitoring that subject persons have measures and systems in place to screen prospective clients and client databases against the relevant lists of designations, to determine whether any prospective or current customer or beneficial owners, or any party to a transaction, is a designated person, and that the systems allow for the detection of customers and beneficial owners that are subject to targeted financial sanctions on terrorism and proliferation of weapons of mass destruction;
- enquiring whether subject persons have identified cases where a potential or current customer or beneficial owner was a designated person or entity; and
- enquiring whether any targeted property has been identified and frozen by a subject person and whether relevant reports were filed with the SMB, as required under the NIA.

Should the FIAU, MFSA and MGA identify potential breaches during supervisory examinations, they report the respective findings



directly to the SMB for further action. This arrangement started to yield the desired results in 2019, providing a more enhanced oversight of financial sanction obligations emanating from the NIA. The table below quantifies the number of cases of potential shortcomings reported to the SMB during the year under review.

Number of cases reported to the Sanctions Monitoring Board (2019)

Sector	Category	Cases reported to the SMB in 2019
Financial Sector	Credit Institutions	9
	Financial Institutions	4
	Life / Long-term Insurance	1
	Investment Service Providers	11
Gaming Sector	Land-Based Casinos	0
	Remote Gaming	0
Non-Financial Sector (DNFBPs)	DNFBPs (entities)	60
	DNFBPs (individuals)	49
Total		134



Memorandum of Understanding with the European Central Bank

In line with Article 57(a)(2) of the 4th AMLD (as amended by the 5th AMLD), the FIAU, as the Maltese competent authority responsible for AML/CFT supervision of credit and financial institutions, entered into an agreement with the European Central Bank (“ECB”) stipulating the practical modalities for the exchange of information between the two authorities. The agreement was signed on 14 January 2019.

Information is exchanged either on request or on the parties’ own initiatives. The ECB can, among other information, request information on;

- AML/CFT sanctions or measures imposed on supervised entities;
- reports received by the FIAU on potential breaches by supervised entities of AML/CFT obligations;
- information in relation to material weaknesses in the supervised entity’s AML/CFT governance, systems and control framework; and
- information in relation to the supervised entities’ exposure to significant ML/TF risks.

Similarly, the FIAU may submit a request to the ECB for information that is relevant and necessary for the FIAU in the performance of its AML/CFT supervisory role. To safeguard confidentiality, information is exchanged through secure channels.

In 2019, the FIAU exchanged information with the ECB on multiple occasions pursuant to the multilateral agreement. The FIAU provided the ECB with information that was relevant and necessary for the exercise of the ECB’s supervisory tasks, and provided updates on enforcement action taken by the FIAU. The ECB has also provided information in relation to Maltese credit institutions, which was useful for the FIAU in pursuing its AML/CFT supervision.

Co-operation with the MFSA’s Authorisation Unit

Interaction with prudential supervisors is of utmost importance to ensure a comprehensive, holistic regulatory approach and to safeguard the integrity of the financial, gaming and DNFBP sectors.

In virtue of this, in 2019, the FIAU significantly enhanced its co-operation with the MFSA’s Authorisation Unit, which is responsible for reviewing licence applications by various financial services operators. This line of co-operation ensures that concerns stemming from both the FIAU’s supervisory and analytical functions are brought to the attention of the MFSA’s Authorisation Unit.

At the same time, the FIAU is able to provide feedback on the applicant’s business model, proposed risk management and control framework, and the suitability of its shareholders or members of its management body, senior management and key function holders. In this regard, the prudential supervisor and the Supervision and Enforcement sections hold meetings to discuss these matters. The MFSA’s Authorisation Unit also updates the FIAU on the status of applications received.

Additionally, tripartite meetings also take place between the MFSA, the applicant and the FIAU when these are needed to discuss any AML/CFT related issues during the application process. The MFSA’s Authorisation Unit also invites the Supervision and Enforcement section, on a risk-based approach, to attend tripartite meetings with proposed applicants for the role of MLRO, in the case of potential licence holders, and when licenced entities replace their MLRO. Although in 2019, the FIAU mainly engaged with the prudential supervisor for credit and financial institutions, the Supervision and Enforcement section is currently extending this co-operation to other sectors.

OTHER WORK OF THE FIAU



PUBLICATIONS AND GUIDANCE

In 2019, the FIAU published the following documents:

- FIAU Implementing Procedures Part I (Revised Version) (July 2019)
- Guidance Note on Submitting Suspicious Transaction Reports by Remote Gaming Licensees (April 2019)
- Guidance for Credit Institutions, Payment Institutions and Electronic Money Institutions Opening Accounts for Fintechs (in conjunction with the MFSA) (June 2019)

The FIAU recognises the increasing importance of promoting compliance through outreach efforts and in the last quarter of 2019 a dedicated Guidance and Outreach Team was established within the Legal Affairs section. This new team has enabled the FIAU to better focus on identifying and addressing the guidance needs of subject persons. In October, this team took over the ongoing work on sector specific procedures and kick-started the process for a number of other guidance documents and initiatives.

As at December 2019, the Implementing Procedures Part II for providers of Virtual Financial Asset services were in their final stages prior to publication, and those for the Remote Gaming Sector were in the process of being updated. In the meantime, guidance for the property sector, banks and financial institutions, company service providers, and accountants and auditors were underway at various stages of completion, and are all planned to be published during 2020.



EDUCATIONAL INITIATIVES

In 2019, the Legal Affairs section delivered lectures on the Maltese AML/CFT framework to University of Malta law students. This was the first time that the FIAU was invited to deliver lectures on anti-money laundering measures.

In October, the FIAU organised a full-day seminar on the revised Implementing Procedures Part I, which was attended by over 470 persons from across the various sectors. Throughout the year, the FIAU continued to demonstrate its commitment to educate subject persons by participating in panel discussions and delivering presentations at training events organised by sector representatives and major stakeholders in the area of AML/CFT. The sessions tackled topics primarily relating to VFA agents, remote gaming companies, notaries and legal professionals.

The FIAU was also invited to present at events organised by third parties outside Malta. In March 2019, a Senior Officer within Legal Affairs participated in a four-day Joint Experts Meeting organised by the FATF and MONEYVAL in Tel Aviv, Israel. Her presentation was on best practices for jurisdictions carrying out terrorism financing risk assessments. In November, the Director of the FIAU participated in the Academy of European Law's Annual Conference on Anti-Money Laundering in the EU, sharing the challenges of AML/CFT supervision with other supervisors.



PARTICIPATION IN INTERNATIONAL FORA

The European Supervisory Authorities' Anti-Money Laundering Committee

European Supervisory Authorities (i.e., the European Banking Authority, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority) have a dedicated sub-committee for AML/CFT matters ("AMLC") aimed at ensuring closer co-operation and consistency in AML/CFT practices. On a quarterly basis, the FIAU, together with other relevant AML/CFT supervisory authorities from EU member states, are invited to attend meetings held by the ESAs. In 2019, the AMLC met on 25-26 March, 3 July, 1 October and 12-13 December.

Topics on the AMLC's agenda included information sharing between EU supervisory authorities, updates from the European Commission, updates on the Council's AML/CFT Action Plan, discussions on the interpretation of 'serious AML/CFT breaches', updates on the Deposit Guarantee Schemes pay-outs and discussions on the AML/CFT regulation of Virtual Financial Assets Service Providers, which included a presentation delivered by the FIAU.

Council of Europe's Conference of the Parties to the CETS-198

The FIAU also forms part of the Maltese delegation to the CETS-198 Conference of the Parties, a Council of Europe body that monitors how signatories to the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism are implementing the convention. Monitoring is carried out through annual thematic reviews focusing on particular requirements of the convention, which do not otherwise arise from other international standards in the area of AML/CFT.

At the last meeting of the Conference of the Parties, held in Strasbourg in October 2019, signatories were assessed on their implementation of two provisions of the convention related to the ability of national FIUs to postpone domestic suspicious transactions and the possibility of the offence of money laundering arising where one suspected or ought to have suspected that the assets being handled were proceeds of criminal activity. Malta was found to be compliant with both provisions.

Of note is that, in the course of that meeting, Dr Alexander Mangion, who heads the FIAU's Legal Affairs section, was elected to the Bureau of the Conference of the Parties. The Bureau assists the President of the Conference of the Parties and ensures the preparation and continuity of meetings.

EU's Expert Group on Money Laundering and Terrorist Financing

The Expert Group on Money Laundering and Terrorist Financing, commonly referred to as the EGMLTF, is chaired by the European Commission and brings together the national AML/CFT experts from the 28 EU member states. FIAU officials from the Legal Affairs section attend the group's meetings as national experts. The EGMLTF advises and provides expertise to the European Commission and serves as a co-ordinating body and a platform for the exchange of views on various AML/CFT matters.

THE EXPERT GROUP IS USED AS A SOUNDING BOARD BY THE EUROPEAN COMMISSION ON VARIOUS INITIATIVES AND PROPOSALS, ENABLING NATIONAL EXPERTS TO DISCUSS AND PROVIDE THEIR FEEDBACK.

In 2019, the EGMLTF met six times in Brussels, Belgium. During those meetings, European Commission officials and national experts discussed and formulated various key EU AML/CFT policy matters, which included the EU's policy on the assessment of high-risk third countries and a number of legislative proposals, such as on facilitating the use of financial intelligence. The expert group is used as a sounding board by the European Commission on various initiatives and proposals, enabling national experts to discuss and provide their feedback.

The topics discussed during the year under review included the state of play of the 4th and 5th AMLD transpositions, the upcoming 4th AMLD effective implementation assessment on EU member states, the European Semester Fact Finding Missions in all member states, as well as the state of play of the interconnection of EU beneficial ownership information registers and the publication of a consolidated list of trusts and similar legal entities.

The EGMLTF was also involved and contributed towards a number of European Commission reports that were published in July 2019 (AML package). This AML package included reports on the co-operation between EU FIUs, the Supranational Risk Assessment (SNRA), a post mortem report reviewing recent alleged ML cases involving EU credit institutions and a report on the possible interconnection of bank account registers.

The Egmont Group of FIUs

The Egmont Group (EG) of FIUs is a body that brings together 164 FIUs from across the globe. The group has as its strategic objectives: facilitating bilateral and multilateral exchanges of information; strengthening FIU capabilities; expanding the group's field of knowledge; and developing new partnerships. Additionally, the EG manages the Egmont Secure Web (ESW), which is an electronic communication system that allows encrypted sharing of financial intelligence and other information among member FIUs.

The EG convenes two meetings per year. Typically, these meetings are used by FIUs to identify ways in which international co-operation may be improved, launch new projects, conclude MoUs, endorse new EG members and share best practice. During 2019, these meetings took place in Jakarta, Indonesia, and The Hague, The Netherlands.

In Jakarta, the EG held Working Group meetings that consisted of the Information Exchange Working Group, Membership, Support and Compliance Working Group, Policy and Procedures Working Group, and the Technical Assistance and Training Working Group. These working groups advance operational projects and form new initiatives that meet the organisation's strategic objectives.



To have more strategic, decision oriented and consequential discussions among each other, in 2015, the Heads of Egmont Group FIUs decided to focus the plenary meetings around specific themes. The 26th Egmont Group Plenary Meeting in The Hague addressed the topic of Enhanced Public-Public Co-operation (PPC) from the perspective of an FIU. The goal was to raise awareness among members on how FIUs could enhance their co-operation with other competent authorities to better identify, understand and tackle ML/TF risks and to fight ML/TF and predicate offences more effectively.



The EU's FIU Platform

The EU's FIU Platform is an informal gathering of member states' FIUs, established in 2006 by the EC to facilitate co-operation between EU FIUs and to provide advice and expertise to the EC on FIU operations and functions. In 2019, the FIU Platform was convened in Brussels, Belgium, four times, on 5 March, 11 June, 19 September, and 11 December.

During these sessions, the EC updated the representatives present on the state of play of various legislative initiatives, many of which are intended to enhance co-operation between the different EU MS authorities that play a role in the prevention, detection, investigation and prosecution of criminal offences, including ML/FT.

The EC presented its AML Package to participants, and opened to the floor for discussion on the conclusions of the reports, namely:

- 1) a supranational risk assessment of the ML/TF risks affecting the Union;
- 2) a report assessing the framework for FIUs' co-operation with third countries, and obstacles and opportunities to enhance co-operation between FIUs within the EU;
- 3) a report assessing the conditions and the technical specifications and procedures to ensure secure and efficient interconnection of centralised bank account registers and data retrieval systems; and
- 4) a report assessing recent alleged ML cases involving EU credit institutions

The platform members continued their discussions on the future of FIU.net, the network that supports the exchange of financial intelligence between EU FIUs, and the legal and practical operational issues affecting the efficient exchange of information.

MONEYVAL

The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism ("MONEYVAL") is a permanent monitoring body of the Council of Europe entrusted with evaluating compliance with the principal international AML/CFT standards ("FATF Recommendations"). Malta is a member of MONEYVAL, along with a number of other Council of Europe member states. Malta's AML/CFT regime is regularly reviewed by MONEYVAL, with the latest Mutual Evaluation Report on Malta having been published in 2019⁷.

The FIAU is part of Malta's delegation to MONEYVAL, and has attended and participated in the two MONEYVAL Plenary Sessions that took place in Strasbourg, France, in July and December 2019. FIAU officials were also involved in the co-ordination of Malta's 5th Round Mutual Evaluation.

7. For further information on MONEYVAL's 5th Round Evaluation of Malta please refer to the Other Developments and Initiatives section.

During the 2019 Plenary Sessions, MONEYVAL adopted four Mutual Evaluation Reports for Malta, Moldova, Cyprus and the British Overseas Territory of Gibraltar, as well as a number of other follow-up reports. Apart from adopting country assessment reports, during these Plenary Sessions member states have also discussed a number of relevant topics, such as asset recovery, the autonomy and independence of FIUs, modern slavery and human trafficking, the carrying out of ML/FT national risk assessments and the revised FATF Recommendations on virtual assets.

The sharing of best practices and concerns on common areas of interest enable competent authorities to strengthen their capabilities to combat ML/FT. A discussion on the MONEYVAL strategy that will shape MONEYVAL's priorities for the period 2020-2022 was another important matter tackled at the December plenary session. During the same session MONEYVAL member states elected a new bureau for the upcoming two years, which is responsible for preparing the work of the MONEYVAL Committee and consists of a Chairperson, two Vice-Chairpersons and two other members.



OTHER DEVELOPMENTS AND INITIATIVES

Cash Restriction Regulation

A recent policy decision taken by the Government of Malta was communicated during October's Budget 2020 speech by the Finance Minister and seeks to limit cash payments to €10,000 for the acquisition of certain goods, such as immovable property, cars, boats and yachts, diamonds, precious stones and works of art.

The FIAU has been entrusted by the same Minister, as well as the National Co-ordinating Committee on Combating Money Laundering and Funding of Terrorism, to implement this policy decision, including the drafting of the required legislation, and its eventual supervision and enforcement. To aid the drafting process, the FIAU has conducted research on different jurisdictions and is in communication with foreign FIU counterparts for a better understanding of their respective legislative and implementing mechanisms on cash payment restrictions.

Despite a relatively recent initiative at EU level to harmonise cash restriction policies, culminating in a study published by the EU Commission in 2017, this was later abandoned with no legislation being enacted at EU level to restrict cash payments. That said, the majority of member states have legislated in favour of cash payment restrictions on a national level, with Malta seeking to do the same by the first quarter of 2020. For this reason, the FIAU is currently working to propose the relevant regulation by the said period, together with the appropriate way forward in its implementation and supervision.

The CBAR Project

One of the new requirements introduced by the Directive (EU) 2018/843 (“5th AMLD”) is the obligation by member states to establish centralised automated mechanisms to allow the retrieval of information on anyone holding or controlling payment and bank accounts identifiable by IBAN as well as safe-deposit boxes held by credit institutions. The purpose of this centralised mechanism is to allow FIUs and other national competent authorities to have timely access to information on bank and payment account holders, and owners of safety-deposit boxes, so as to improve the efficiency with which they discharge their functions. These mechanisms are to be functional as of 10 September 2020.



Directive (EU) 2019/1153 further widened the spectrum of authorities that are to have access to the information retrievable through these centralised automated mechanisms. Authorities responsible for the prevention, detection, investigation and prosecution of serious criminal offences are also to be granted access to them. Member states have until 1 August 2021 to transpose them into national law.

At the national level, the FIAU was designated as the authority responsible for the establishment and management of this centralised automated mechanism for Malta, referred to as the Centralised Bank Account Register. Amendments to the PMLA were proposed at the end of 2019 to expressly provide for this new function of the FIAU. Eventually, these amendments will have to be complemented by subsidiary legislation to set out the functional requirements of this mechanism, as well as the authorities that are to have access thereto and under what conditions. It has to be remarked that the legislative changes are to reflect the requirements arising from both Directive (EU) 2018/843 and Directive (EU) 2019/1153.

Given the nature of this project, any legislative action needs to be complemented by operational and technical developments. Key functional requirements have already been identified, with the next step being the selection of IT development companies to create the necessary infrastructure. In addition, the FIAU is also in contact with the MFSA and the Central Bank of Malta since these two authorities are seen as key in identifying new institutions that would need to report data to populate Malta’s centralised automated mechanism.

Key to this project is interaction with the parties that will eventually have to provide the data retrievable through this mechanism, i.e., credit institutions and those financial institutions that provide payment accounts identifiable by IBAN. A series of meetings have already been held with the respective representative bodies of these two sectors to raise awareness about the impending introduction of additional reporting requirements as well as for the FIAU to better understand how particular products work and the volume of reporting activity that eventually can be expected.



Malta's MONEYVAL 5th Round Evaluation

The Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism ("MONEYVAL") concluded an evaluation of Malta's Anti-Money Laundering and Counter-Financing of Terrorism Regime with the publication of the Mutual Evaluation Report that was adopted by the MONEYVAL Plenary at its 58th Session in July 2019. The evaluation process, which kicked off in November 2017, involved the gathering of extensive information, documentation and statistical data, and the carrying out of a two-week on-site mission during which MONEYVAL evaluators met and interviewed various Maltese competent authorities and private entities subject to AML/CFT legislation. This was the fifth time Malta had undergone such an evaluation process since 1998, with the last evaluation having been carried out in 2012.

The evaluation process involved a review of Malta's AML/CFT legislation to determine to what extent the legal framework adhered to the FATF's International AML/CFT Standards (i.e., the FATF Recommendations) as well as an assessment of the effective implementation of this legal framework, with the latter type of assessment being carried out for the first time under this fifth cycle of evaluations. Malta's legal AML/CFT regime was assessed positively against the FATF 40 Recommendations, obtaining 10 compliant ratings⁸, 21 largely compliant ratings and nine partially compliant ratings. None of the 40 FATF Recommendations were rated as non-compliant.

Malta's effective implementation of the AML/CFT Standards was evaluated against 11 Outcomes⁹, with Malta obtaining two Substantial Effectiveness ratings, six Moderate Effectiveness ratings and three Low Effectiveness Ratings. Malta fared positively in international co-operation and in the implementation of financial sanctions related to proliferation of weapons of mass destruction. On the other hand, Malta received low effectiveness ratings in the area of licensing and AML/CFT supervision, money laundering investigations, prosecutions and convictions, as well as for its ability to confiscate proceeds of crime.

8. Technical compliance ratings range from compliant (the highest rating) to largely compliant, partially compliant or non-compliant (being the lowest rating).

9. Effectiveness ratings can be either a High, Substantial, Moderate or Low.

On the conclusion of the assessment, Malta was placed in enhanced follow-up and requested to report back to the MONEYVAL Plenary in December 2020. Moreover, in view of the results obtained, Malta is being reviewed also by the FATF's International Compliance Review Group (ICRG) and has entered an observation period that will end in October 2020. During this period Malta is urged to address the deficiencies identified. At the end of the observation period, Malta will once again be assessed to determine whether sufficient progress in rectifying the deficiencies noted would have been made and whether any follow-up actions are to ensue.

Malta is currently taking active steps to address the shortcomings highlighted by MONEYVAL in its Mutual Evaluation Report. The various Maltese competent authorities involved in combating ML/FT have committed to a detailed action plan that is being monitored closely by the National Co-ordinating Committee on Combating Money Laundering & Funding of Terrorism. This action plan is intended to address the identified deficiencies within Malta's AML/CFT regime by the stipulated deadlines.

The FIAU, being the authority in Malta responsible for the receipt, analysis and dissemination of ML/FT suspicious reports and other financial intelligence, as well as the main AML/CFT supervisory body, has in turn developed its own action plans to enhance its operations and address the MONEYVAL Recommendations. As already reported earlier in this Annual Report, the FIAU, in close liaison with the EU Commission and the EBA, implemented by March 2019 an action plan designed to strengthen its supervisory function, through which the FIAU managed to implement the vast majority of recommendations made by the MONEYVAL assessors related to AML/CFT supervision.

In line with a detailed action plan, the FIAU is also actively enhancing its ML/FT analytical processes, as well as its training and outreach capabilities and efforts that will ensure the implementation of the remaining MONEYVAL recommendations that necessitate action by the FIAU.



Proposed Amendments to Malta's AML/CFT Regime

During 2019, the FIAU started drafting the amendments to the Prevention of Money Laundering Act (PMLA) and the Prevention of Money Laundering and Funding of Terrorism Regulations (PMLFTR) with the aim of transposing into national law the 5th AMLD (amending the 4th AMLD). The proposed amendments continue to strengthen and enhance the legislative framework in place for the prevention and combating of ML/FT.

The draft Bill amending the PMLA was drawn up by the FIAU partly in consultation with the Office of the Attorney General and was presented to the Ministry for Finance.

The FIAU concurrently issued for consultation its proposed amendments to the PMLFTR on 14 October, giving representative bodies of the various sectors, subject persons and other stakeholders three (3) weeks to provide their comments and feedback. The FIAU subsequently received feedback from various subject persons and stakeholders, which was taken into consideration in concluding the final set of proposed amendments to the PMLFTR and were subsequently presented to the Ministry for Finance.



TECHNOLOGICAL DEVELOPMENTS

Security continues to be at heart of the FIAU's endeavours. In 2019 the FIAU engaged IT security experts to perform a number of penetration tests on the FIAU's IT infrastructure and on the new systems deployed to the public. The Technology and Information Security section was also responsible for disseminating information on e-mail phishing and malware as part of security awareness campaigns organised by Interpol and by MITA's Cyber Security Agency. Information was shared internally to staff through various channels and media, and externally on the FIAU's website and LinkedIn page.

Internal IT Tools

The Technology and Information Security section launched a new internal IT Service Desk System based on the ITIL framework to automate a number of processes related to service management, and to ensure that IT resources are used more effectively. The Service Desk automatically prioritises IT service requests, allowing the section to provide the FIAU with a better level of support while respecting internal service level agreements (SLAs) based on the request type.

This system provides the FIAU with a full audit trail of all types of IT requests, such as incidents, service requests, access requests and changes within the IT Infrastructure. These requests are executed according to the approval of the respective manager or director through the approval system, which is integrated in the workflows of each request type.

An internal IT Knowledgebase System has also been deployed and integrated with the IT Service Desk System to provide instant FAQs and related help topics before submitting an IT Service Request. This system provides the Technology and Information Security section with an Internal IT Wiki to consolidate all IT procedures and technical documentation in a centrally indexed location.

To further complement the IT service desk and knowledgebase systems, a Project Management tool has been implemented to plan, co-ordinate and keep track of the FIAU's projects. This is an essential tool for our project leaders and project members to provide timely and up-to-date reports to top management.

To be able to proactively pre-empt any downtime or data loss, further Monitoring Systems have been implemented to monitor the FIAU's IT infrastructure, Web Applications and network resources.

The FIAU has also implemented a new digital and user-friendly Visitor Management System at the FIAU's front desk, which together with numbered visitor tags, securely and effectively logs the date and time in and out of any individuals visiting the FIAU's premises. The system provides further transparency of the location of each visitor for physical security, and fire and emergency situations.

New Team Structure

The technology and information security team was restructured to future grow the team into two new sub-teams, to dedicate resources on new projects and tasks. The two new teams are:

- Network and Security: focusing on threat detection and network management; and
- Business Applications: focusing on assisting internal departments with their internal tools and Business Intelligence reporting.

Ongoing Projects

The FIAU initiated a number of other critical technological projects that are currently being developed and planned to be deployed in 2020. The Centralised Bank Account Register and the new Analytical System (goAML) will provide the FIAU further automation in the retrieval of financial data, improving the FIAU's internal operational, strategic and investigative processes, while further automating the reporting process for subject persons. Most importantly, these technological developments will fully address the MONEYVAL recommendations that have been recently reported in the 5th MONEYVAL report.



EMPLOYEE EDUCATION

Throughout 2019 and as in previous years, the FIAU continued to invest in and support its staff through ongoing training, to enhance the skills needed to carry out their functions effectively. Education is sought through seminars and workshops organized by third parties or by other authorities and bodies. Training took place both locally and abroad, with at least 40% of the FIAU staff having attended training overseas during 2019.

The training opportunities provided in 2019 ranged from soft skills such as minute writing and public speaking, to leadership and management skills, as well as training on topics such as IT security and the use of IT tools to enhance efficiency. Naturally, a major proportion of the educational initiatives pursued in 2019 related to AML/CFT and legal and regulatory developments. More specifically, a significant number of hours were spent in training on financial services, fintech, and emerging trends in financial crime and new technologies, to name a few.



From time-to-time, the FIAU also organizes bespoke training sessions to cater for the unique educational requirements of its staff, engaging third party experts to deliver on an agenda drawn up by the FIAU staff and management themselves. This has allowed the FIAU to address gaps in a swift and comprehensive manner.

In 2019, the FIAU offered to sponsor any interested employees in obtaining the Certified Anti-Money Laundering Specialist (CAMS) certificate, a qualification that is internationally recognized within the AML/CFT sphere. Throughout 2019, 15 staff took up this opportunity and commenced their studies.

Throughout the year, the FIAU held three general staff meetings. These meetings bring together all the FIAU's staff outside of the office to keep each other abreast with updates, initiatives, progress and major upcoming projects in an informal, friendly environment. During these meetings, the FIAU often invites various guest speakers to address the employees on a number of topics.

In 2019, for instance, guest speakers delivered interventions on mental health on one occasion, and on motivation and leadership on another occasion. Meetings are typically held in historic or culturally significant locations around Malta and Gozo, such as the Cittadella in Gozo and the Maritime Museum in Birgu.

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