The Project:

Pilot of Trade-Relevant Data in Suspicious Transaction Reports (STRs)

Asian Development Bank | UNODC
Bangladesh | Indonesia | Mongolia | Nepal
New Zealand | Pakistan | Sri Lanka

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Background

- result of extensive **public/private consultation** with banks, regulators, international institutions and financial intelligence units

  ✓ **In line with recommendations in 2012 APG Report and highlighted in 2020 FATF Report**

Singapore AML/CFT in Trade Workshop, March 2019

Background

> → *2012 Asia/Pacific Group (APG) Report on*
> *Trade-Based Money Laundering:*

- "...statistics relating to TBML are not distinguished from those of other forms of ML. Data needed to combat TBML remain dispersed over various domestic sectors. Practices to compile and collate the statistics and data relevant to TBML vary among jurisdictions."

- **Policy recommendation** → "...to have common formatting of how TBML statistics are to be recorded and maintained so that trends are more easily identifiable."

Background

- STR filings generate high volumes of work for industry and for FIUs

- "Defensive STRs" take up resources and generate little intelligence value

- Multiple jurisdictions reviewing their STR frameworks and regimes to improve efficiency and the fight against financial crime

ADB is helping because it operates in both the commercial space and the public policy/public good space, and can convene stakeholders around this issue

Proposal

- Trade transactions offer easy access to very rich data and intelligence
- Banks review this data daily
- Transactions are cross-border and involve multiple jurisdictions

PROJECT:

- **Add trade-relevant data elements to STRs**; adopt common data points across jurisdictions, test how well this works in netting prosecutions
- Design a Pilot through goAML and the goAML Community
- Select data points from a set of options, some or many of which already exist in the existing goAML Schema

TBML Indicators

Category/Data Element
TBML Indicators
1. Documents Giving Rise to Suspicion
*KYC	LC	Commercial invoice	Draft	Certificate of Origin	Transport Document	Trade Transaction Profile	Others*
2. STR/SAR Code ("What is the Suspected Illicit Activity")
*Animal Trade	Fraud	Human Trafficking	Money Laundering	Narcotics Trafficking	Sanctions	Dual-use Goods	Other*
3. TBML Technique ("How/ What is the Method Used")
*Over-invoicing	Under-invoicing	Split invoicing	Overshipment |Undershipment	Mis-description of goods	Phantom shipment	BMPE	Surrogate shopping	Third party invoice settlement	Shell companies	Others*

Multiple Party ID

Category/Data Element
Party Identification
Other than client, should include party ID for:
1. LC Applicants/ Importers
2. LC Beneficiaries/ Exporters
3. Issuing Bank
4. Confirming Bank
5. Nominated Bank
6. Beneficiary's Bank
7. Other transaction counterparties

Transaction Data

Category/Data Element
Transaction Data
1. **Transaction and Documentation**
2. **Goods or Services Description**
3. **Transaction Amount & Currency**
4. **Unit Price**
5. **Quantity Shipped & Unit of Measure**
6. **Harmonized Customs Code**
7. *Country Origin of Goods (proxy for Loading Port)*
8. **Country Destination of Goods** *(proxy for Destination Port)*

Project Team

Project Coordinators

Asian Development Bank (ADB)

Indonesia PPATK

Partner

goAML, United Nations Office of Crime and Drugs (UNODC)

Partner Financial Intelligence Units (FIUs)

Bangladesh

Indonesia

Mongolia

Nepal

New Zealand

Pakistan

Sri Lanka

Observer Group

APG ● AUSTRAC ● Wolfsberg Group ● UK HMRC ● Oceania Customs Organisation ● World Customs Organisation ● Interpol

Pre-Pilot Technical Assistance

- Close collaboration with UNODC goAML
- Pre-pilot technical assistance:
  - ✓ country briefings/trainings for regulators - Nov 2021
  - ✓ webinar for banks – 14 December 2021
- Pilot rollout in Jan 2022
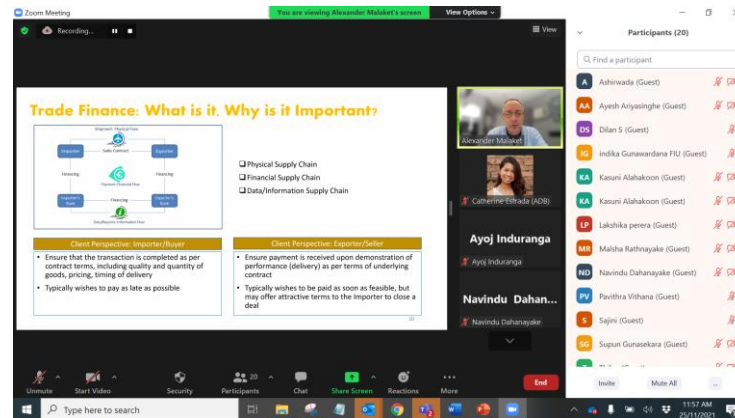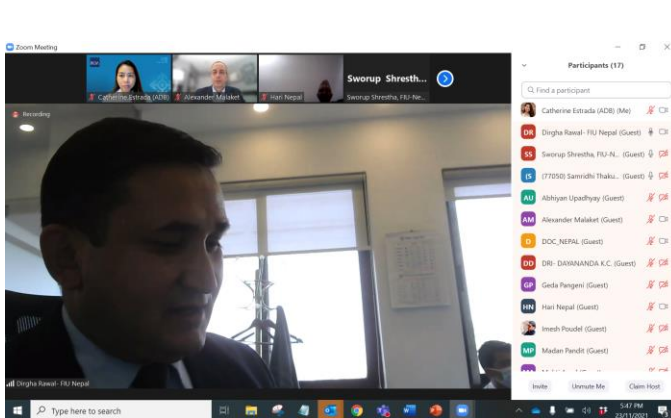
FATF alignment

- For this TBML project, ADB participated in last year's **FATF-Egmont Group TBML working group**
- The output: **December 2020-released FATF-Egmont Group TBML report** which mentioned the two proposals by ADB: (i) trade-relevant STR data elements, and (ii) feedback loop

Source:
http://www.fatf-gafi.org/media/fatf/content/Trade-Based-Money-Laundering-Trends-and-Developments.pdf