



# Best Practices for Information Exchange between Financial Intelligence Units (FIUs)

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# Introduction

In this monthly article, the CFATF Secretariat focuses on the best practices that FIUs can implement to exchange information exchange both at the domestic and international level based on the review of authoritative sources concerning the work of the FIUs with LEAs and foreign counterparts.





# Characteristics of an FIU

- As our monthly articles reach a wide audience, we would like to begin with a quick recap of the characteristics of an FIU:
- An FIU is a national centre for receipt of disclosures<sup>1</sup>, which includes Suspicious Transaction Reports (STRs) filed by reporting entities, concerning Money Laundering (ML), associated predicate offences and Terrorist Financing (TF).
- An FIU analyses the information and data to, inter alia, to identify ML and TF related trends and patterns and to identify specific persons, criminal networks and assets.
- An FIU also disseminates<sup>2</sup> the results of STRs analyses to local and international competent authorities.

## Notes:

1) In the context of the FATF Recommendations, disclosure refers to suspicious transaction reports and other information that the FIU receives and/or obtains from reporting entities.

2) Dissemination refers to the distribution/sharing of information and/or financial intelligence, spontaneously and upon request, with other relevant competent authorities (domestic and foreign).



# Characteristics of an FIU

- An FIU should facilitate the widest range of cooperation to foreign and domestic authorities regarding the exchange of financial intelligence.
- According to the FATF Standards, two requirements are relevant for exchanging information by FIUs:

## *Recommendation 29:*

- FIUs should be able to disseminate, spontaneously and upon request, information and the results of its analysis to relevant competent authorities, and should use dedicated, secure and protected channels for the dissemination.

## *Recommendation 40:*

- FIUs should have the power to exchange (i) all information required to be accessible or obtainable directly or indirectly by the FIU, particularly under Recommendation 29; and (ii) Any other information which they have the power to obtain or access, directly or indirectly, at the domestic level, subject to the principle of reciprocity.<sup>3</sup>

### Note:

3) Reciprocity refers to the capacity and practice of FIUs engaged in international cooperation to obtain or access and share similar information or financial intelligence.



# Characteristics of an FIU

- An FIU should have an adequate legal basis for providing co-operation on ML, associated predicate offences and TF.

## ***Legislation:***

- Captures the powers of the FIU to exchange information both spontaneously and upon request with local and foreign authorities.

## ***Memorandum of Understanding (MoU):***

- Bilateral or multilateral agreements or arrangements that enhance the effectiveness of international cooperation and information sharing.





# Best practices for Information Exchange between FIUs

## *For domestic information exchange*

- A survey<sup>4</sup> conducted by the EGMONT Group identified the following mechanisms that are used in several jurisdictions to strengthen the cooperation between the FIU, competent LEAs and prosecutors:
- **Liaison officers:**
  - LEAs or FIU's staff may serve as liaison officers. These are usually a LEA officer seconded in the FIU or a FIU staff member seconded in the LEA and can be used to share intelligence or deal with operational and other bilateral issues of common interest.
  - Based on best cases identified by the EGMONT, the following practices were used by FIUs and CAs during investigations, collaboration between FIUs and CAs facilitated by the early appointment of designated individuals at each agency who were preauthorized to exchange information without delay whenever possible.

### **Note:**

4) The questionnaire based on the project "FIUs Working with Law Enforcement and Prosecutors" was sent to 151 Egmont Group members and responses were received from 91 FIUs. Responses were also received from 130 LEAs located in 58 jurisdictions. See Stroligo, K; Chin-Lung, H and Kouts, T. 2018. "Financial Intelligence Units Working with Law Enforcement Authorities and Prosecutors". Stolen Asset Recovery Initiative/EGMONT Group, (p. 23)





# Best practices for Information Exchange between FIUs

## *For domestic information exchange*

- **Periodic meetings, and daily and direct formal and informal contacts:**
  - This helps to provide, inter alia, a forum for exchange of case-related information and obtain feedback.
- **Bilateral or multilateral MOUs:**
  - MOUs can include clauses to establish specific “inter-agency mechanisms” to improve the cooperation and coordination of activities between the FIU and CAs.
- **Operational independence:**
  - FIUs should have complete operational independence as this allows them to engage freely with other domestic competent authorities, including the power to sign MOUs with such authorities and to be able to exchange information with them without the need to ask for permission from another authority.<sup>5</sup>

Source:

5) Egmont Group of Financial Intelligence Units (2018). “Understanding FIU Operational Independence and Autonomy”, The Egmont Group of Financial Intelligence Units, Toronto, Canada.



# Best practices for Information Exchange between FIUs

## *For information exchange with foreign competent authorities*

- **Prompt sharing of data and analysis:**
  - FIUs can support foreign counterparts by promptly sharing data and analysis results between FIUs involved in a case where different parts of the illegal activity occurred in multiple jurisdictions.<sup>6</sup>
- **Facilitate communication:**
  - Domestic FIUs may facilitate communication and collaboration between domestic LEAs and foreign FIU regarding criminals and their activities. The domestic FIU can also facilitate information exchange to meet the statutory requirements for forfeiting assets.<sup>7</sup>
- **Working groups:**
  - FIUs can benefit from the establishment of working groups between foreign and local intelligence agencies and the FIUs.<sup>8</sup>

Sources:

6) Egmont Group of Financial Intelligence Units. 2021. "Best EGMONT Cases: Financial Analysis Cases, 2014-2020. The Egmont Group of Financial Intelligence Units, Toronto, Canada.

7) Ibid

8) Ibid





# Best practices for Information Exchange between FIUs

## *For information exchange with foreign competent authorities*

- **Consultative forums:**
  - The creation of consultative forums allow for enhanced information exchange between FIUs in a particular geographic region.<sup>9</sup>
- **Operational independence:<sup>10</sup>**
  - Just as it is important that FIUs be able to make arrangements or engage independently with domestic competent authorities, this is also relevant to cooperate with foreign counterparts on the exchange of information.
  - In this sense, operation independence should include the authority to sign memoranda of understanding to exchange information with international partners and to exchange of information with foreign FIUs without need for external approval, i.e., this authority should not be subject to approval from a third party, whether a parent organisation or a minister.

### Sources:

9) Egmont Group of Financial Intelligence Units. 2021. "Best EGMONT Cases: Financial Analysis Cases, 2014-2020. The Egmont Group of Financial Intelligence Units, Toronto, Canada.

10) Egmont Group of Financial Intelligence Units (2018). "Understanding FIU Operational Independence and Autonomy", The Egmont Group of Financial Intelligence Units, Toronto, Canada.



# Best practices for Information Exchange between FIUs

## *For information exchange with foreign competent authorities*

- Operational independence:<sup>11</sup>
  - If the FIU is not be subject to restrictions imposed by a parent organization, a governing board or a politician that influences or makes decisions, the FIU will have more latitude to attend meetings and international forums abroad and therefore enhance bilateral and multilateral relationships that facilitate future information exchange on, for example, operational needs, best practices and lessons learned.

Source:

11) Egmont Group of Financial Intelligence Units (2018). "Understanding FIU Operational Independence and Autonomy", The Egmont Group of Financial Intelligence Units, Toronto, Canada.



**Thank you!**

**We hope that you found this publication interesting and that it encourages you to continue looking for information about ways in which FIUs can improve their work as a source of relevant information for competent authorities.**



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