The use of financial Intelligence and other relevant information in the fight against AML/CFT/PF– Immediate Outcome 6

CFATF Secretariat Research Desk

Financial Intelligence and other relevant information

- Financial intelligence and other relevant information plays an important role in combatting ML and TF and protecting the integrity of financial systems.

- Most Competent Authorities in a country's AML/CFT framework interact with financial intelligence and other relevant information as part of their primary operations of fighting ML and TF.

- Accessing and using financial intelligence and other relevant information to combat ML and TF requires cooperation within and between public and private sector.

What is Financial Intelligence?

"Financial Intelligence"

❑ Refers to information about financial affairs of individuals, groups and organizations which has been collected and processed to produce value for its users.

'Other relevant AML/CFT Information'

"Other relevant AML/CFT Information" :

❑ In addition to Financial Intelligence, other relevant AML/CFT information includes (but is not limited to):

- ❖ law enforcement intelligence, criminal records;

- ❖ supervisory and regulatory information;

- ❖ Information with companies' registries;

- ❖ Information from tax authorities;

- ❖ Information held by NPO authorities;

- ❖ Other reports on cash, foreign currency transactions, wire transfers;

Why is Financial Intelligence and other relevant information important?

❑ allows competent authorities to track and prosecute criminals/criminal organisations and highlight where the proceeds of crime have gone.

❑ It assists regulatory and supervisory bodies in ensuring compliance with and effective implementation of measures to mitigate and prevent ML and TF.

❑ It assists with detecting trends and typologies related to criminal networks

Immediate Outcome (IO 6) FATF requirements
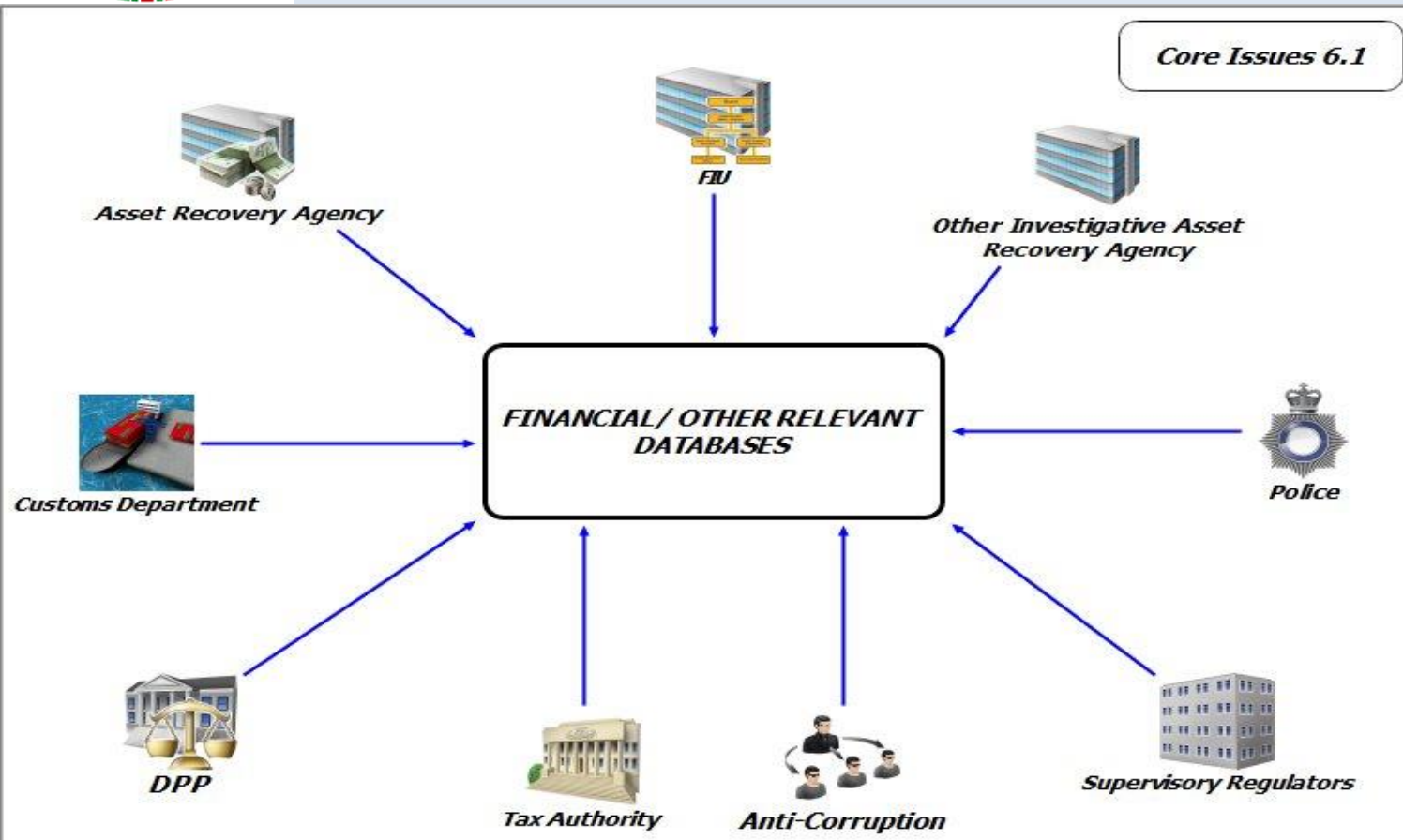
Core Issues 6.1

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To what extent is financial intelligence and other relevant information accessed and used in investigations of ML, TF and associated predicate offences?
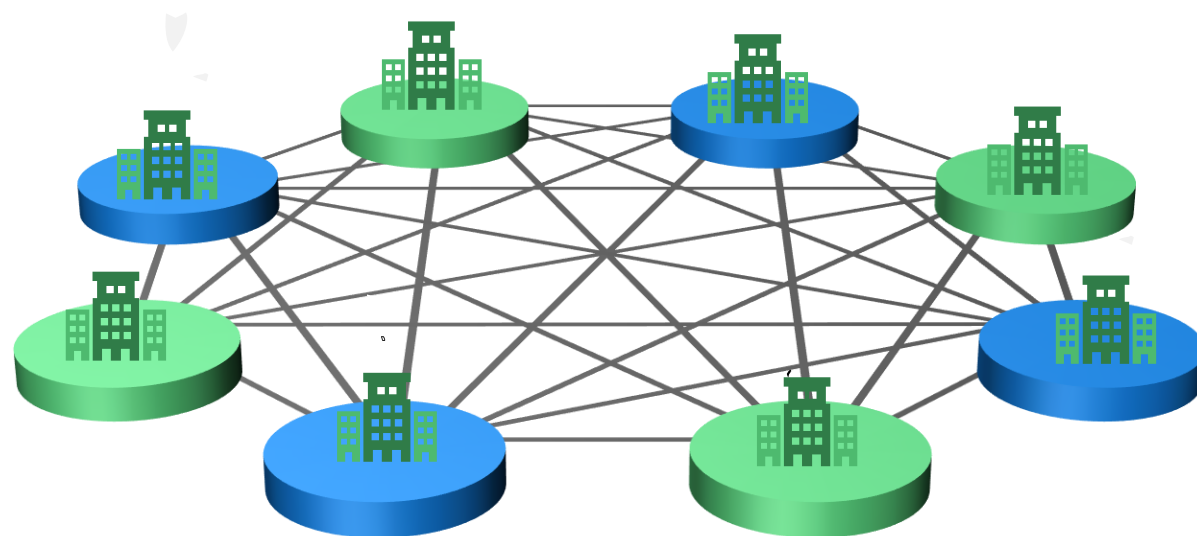
Source: FATF Best practices on Beneficial Ownership
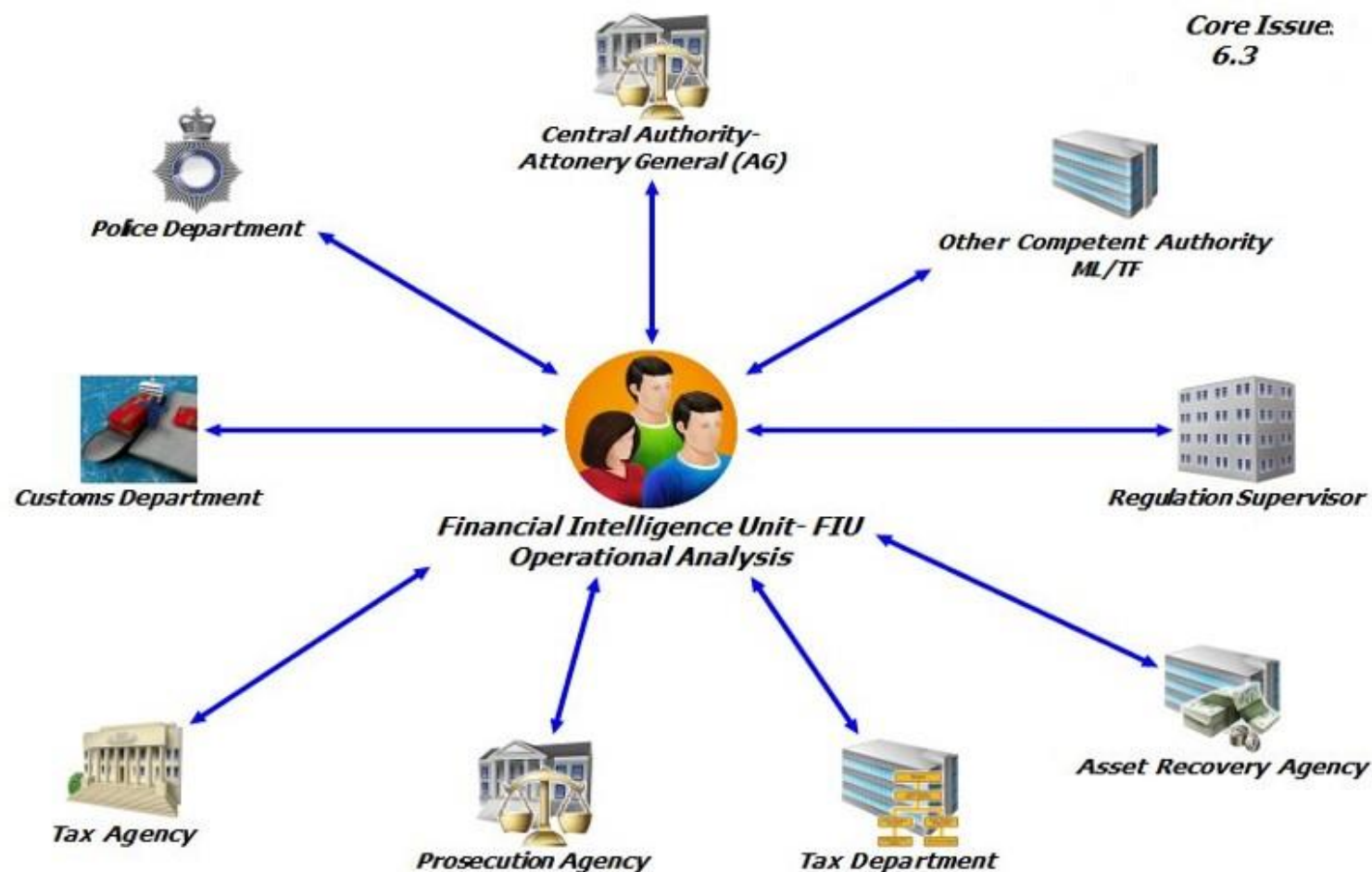
Immediate Outcome (IO 6) FATF requirements

Core Issues 6.2

To what extent are the competent authorities **receiving** and **requesting** reports that contain **relevant and accurate information** that assists them to perform their duties?

Immediate Outcome (IO 6) FATF requirements

Core Issue 6.3

Core Issue 6.3

To what extent is FIU analysis and dissemination supporting the operational needs of competent authorities?

Immediate Outcome (IO 6) FATF requirements

Core Issues 6.4

To what extent do the FIU and other competent authorities cooperate and exchange information and financial intelligence? How securely do the FIU and competent authorities protect the confidentiality of the information they exchange and use?
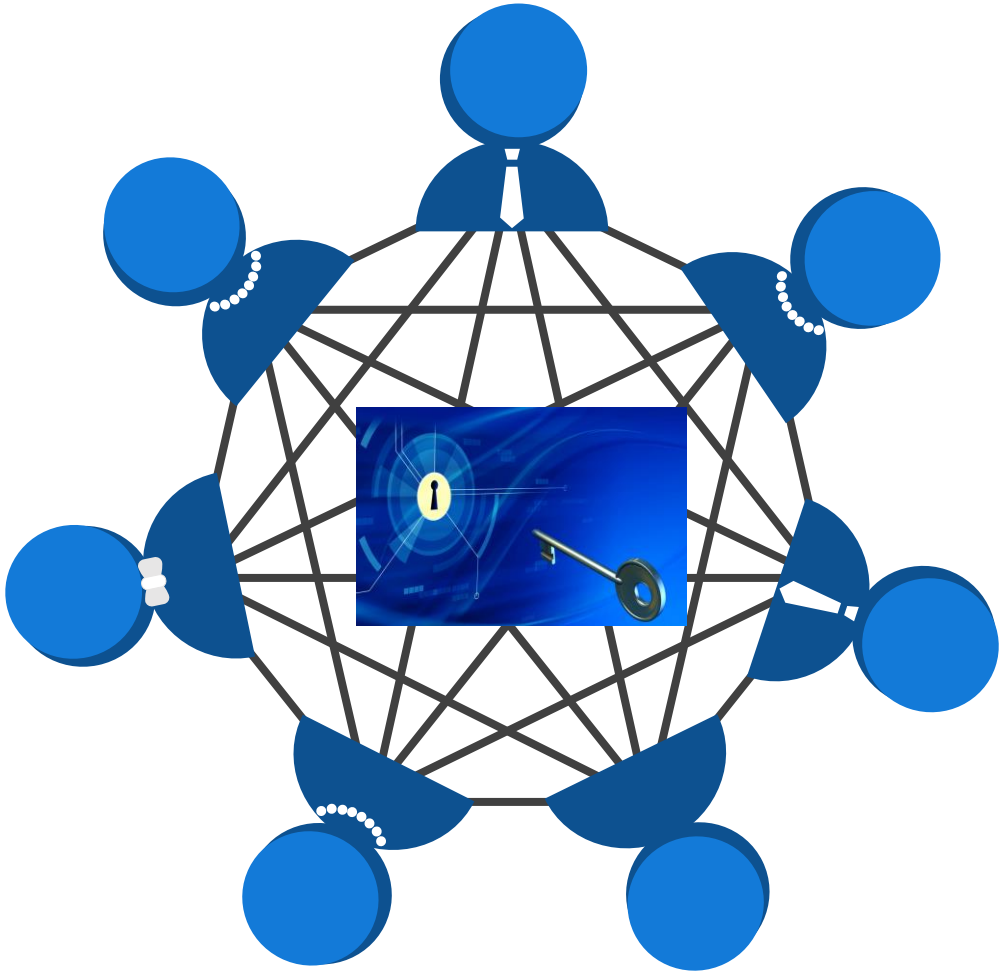
Effectiveness in the context of Immediate Outcome 6

- Financial intelligence and all other relevant information are appropriately used by competent authorities for ML and TF investigations.

- "Use"-means that it is not only collected and analysed but actually put to use in helping to investigate ML/TF.

- "Investigations" - This means that the true test of effectiveness is how Financial Intelligence and other relevant information are leveraged by law enforcement for investigating ML/TF.
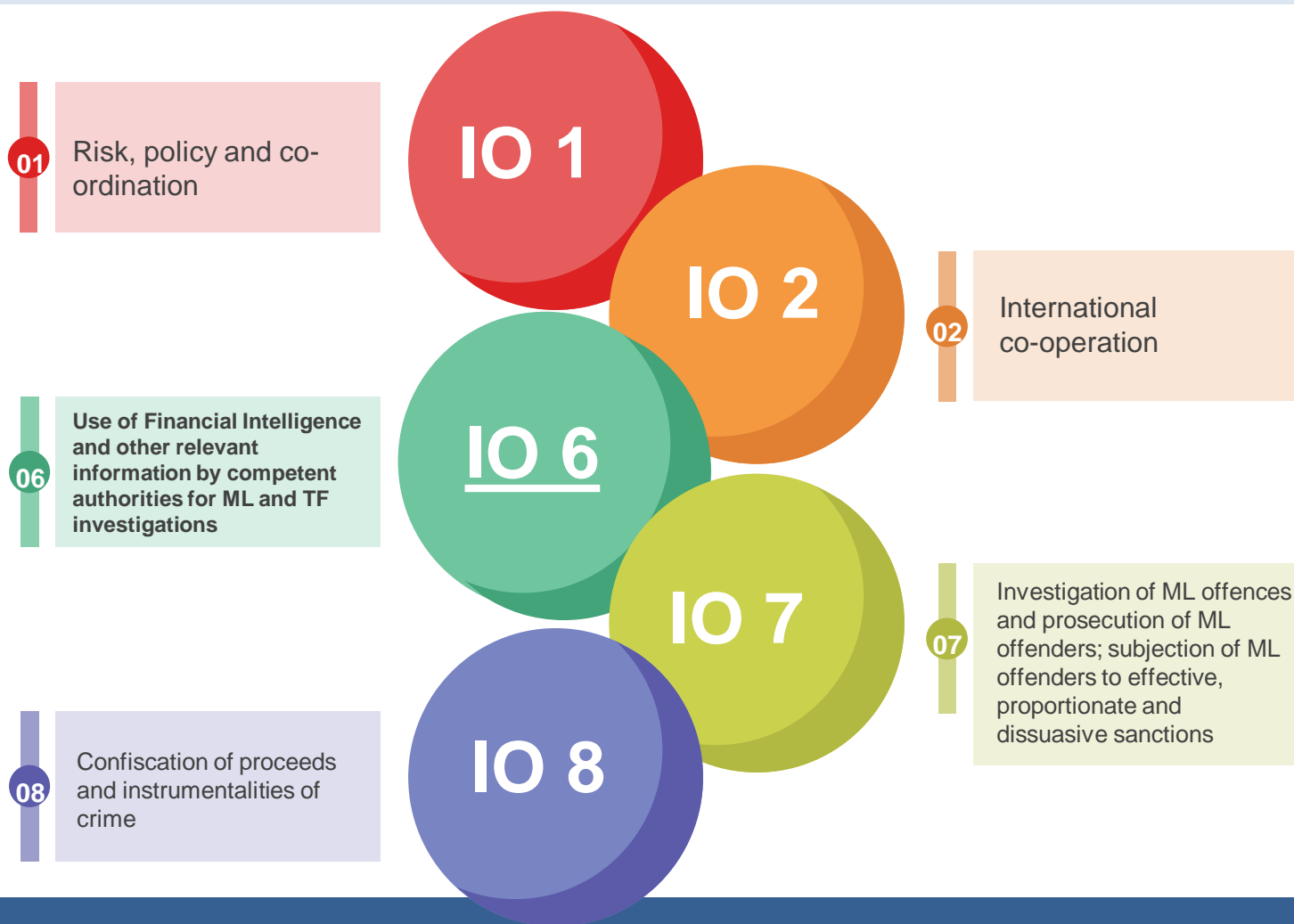
Effectiveness in the context of Immediate Outcome 6- Part 2

- IO 6 covers financial intelligence or the start of two value chains, one for ML (IOs 6, 7 and 8) and one for TF (IOs 6,9 and 10).

- Financial intelligence and other relevant information complement other processes and activities that combat ML and TF and contributes to achieving them effectively.

- This IO is mainly supported by two IOs: IO1 on risk, policy and co-ordination and IO2 on international co-operation. These two IOs enable the value chain to be carried out effectively.

- This IO is also supported primarily by FATF Recommendations 29-32.

Immediate Outcome 6 and its link to Other IOs - ML

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01 Risk, policy and co-ordination

IO 1

IO 2

02 International co-operation

06 **Use of Financial Intelligence and other relevant information by competent authorities for ML and TF investigations**

IO 6

IO 7

07 Investigation of ML offences and prosecution of ML offenders; subjection of ML offenders to effective, proportionate and dissuasive sanctions

08 Confiscation of proceeds and instrumentalities of crime

IO 8

IO 10

Terrorists, terrorist organizations and terrorist financers are prevented from raising, moving and using funds, and from abusing the NPO sector

IO 9

TF offences & activities are investigated and persons who finance terrorism are prosecuted and subject to effective, proportionate and dissuasive sanctions

IO 6

Use of Financial Intelligence and other relevant information by competent authorities for ML and TF investigations

IO 10

IO 1
IO 2

IO6

IO 9

CFATF Member experiences

Jurisdiction	IO6
Antigua & Barbuda	ME
Bahamas	ME
Barbados	LE
Bermuda	SE
Cayman Islands	LE
Haiti	LE
Jamaica	ME
Trinidad and Tobago	ME
Turks & Caicos Islands	ME

Key Features of an Effective system

A highly effective country should:

- develop a cadre of experts throughout its relevant authorities who are able to apply techniques to analyse and use financial intelligence.

- collect a wide variety of financial information and other relevant pieces of information and analyse this dataset.

- use financial intelligence and other relevant information to assist in the investigation of ML and TF offences both domestically an internationally.