

SEYCHELLES

FIU



2022

ANNUAL REPORT

FINANCIAL INTELLIGENCE UNIT
ANNUAL REPORT 2022

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List of Abbreviations

ACCS	Anti-Corruption Commission Seychelles
ACO	Alternate Compliance Officer
AFI	Alliance for Financial Inclusion
AGO	Attorney General's Office
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020
AMLA	Anti-Money Laundering Act 2006, as amended
AUSTRAC	Australian Transaction Reports and Analysis Centre
BDC	Bureau de Change
BO	Beneficial Owner
CBS	Central Bank of Seychelles
CDD	Customer Due Diligence
CFT	Countering the Financing of Terrorism
CO	Compliance Officer
COMESA	Common Market for Eastern and Southern Africa
CTTR	Cash Transaction Threshold Report
DNFBPs	Designated Non-Financial Businesses and Professions
ECOFEL	Egmont Centre of FIU Excellence and Leadership
ESA	Eastern and Southern Africa
ESAAMLG	Eastern and Southern Africa Anti- Money Laundering Group
FATF	Financial Action Task Force
FCIU	Financial Crime Investigation Unit
FI	Financial Institutions
FIU	Financial Intelligence Unit
FSA	Financial Services Authority
goAML	goAML Web Application
IBC	International Business Company
ICSP	International Corporate Service Provider
IIC	Information & International Co-operation Division
LEAs	Law Enforcement Agencies
LP	Legal Professionals
M&A	Monitoring and Analysis

List of Abbreviations

ME	Mutual Evaluation
MER	Mutual Evaluation Report
ML	Money Laundering
MOFNPT	Ministry of Finance, National Planning and Trade
MoU	Memorandum of Understanding
MVD	Motor Vehicle Dealer
NAC	National Anti-Money Laundering and Combating the Financing of Terrorism Committee
NRA	National Risk Assessment
NPO	Non-Profit Organisation
RBS	Risk Based Supervision
REA	Real Estate Agent
RFI	Request for Information
SLA	Seychelles Licensing Authority
SMSA	Seychelles Maritime Safety Authority
SPF	Seychelles Pension fund
SRC	Seychelles Revenue Commission
STR	Suspicious Transaction Report
TAC	Technical Anti-Money Laundering and Combating the Financing of Terrorism Committee
TC	Technical Compliance
TF	Terrorist Financing
UNODC	United Nations Office on Drugs and Crime
UNOTC	United Nations Convention Against Transnational Organized Crime
VA/VASP	Virtual Asset/Virtual Asset Service Provider
WTTR	Wire Transfer Threshold Report

Submission of the Annual Report to the Minister Responsible for Finance



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March, 2023

The Honorable Naadir Hassan
Minister of Finance, National Planning & Trade
Liberty House
Victoria,
Mahé,
Seychelles

Dear Minister,

In accordance with the provisions of section 24 of the Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020, as amended, I am pleased to present to you the Financial Intelligence Unit's Annual Report for 2022.

The report outlines the activities of the FIU during the course of 2022 in the pursuit of its statutory remit and demonstrates that the FIU remains an integral part of national efforts to counter money laundering and the financing of terrorism and proliferation of weapons of mass destruction in order to safeguard the stability of our country's financial system.

Respectfully yours,

Mr. Richard Rampal
Director
Financial Intelligence Unit

VISION, MISSION VALUES

Vision Statement

Safeguarding our island state from financial crimes.



Mission Statement

To deter, detect and disrupt domestic and international money laundering, terrorism financing and proliferation financing and contribute to a resilient financial system through ensuring regulatory compliance, effective supervision, the development of high-quality intelligence reports and the enhancement of domestic and international cooperation in line with international best practices and standards.

Values

Fairness and Mutual respect in the workplace. Treating everyone fairly promoting mutual respect and common decency.

Integrity and confidentiality. Acting with strong ethics is a priority for everyone representing the organization.

Uncompromising in the pursuit of truth. Being highly committed to unravelling facts, deterring financial crimes is key for our employees.



Director's Foreword

In the year 2022 the Financial Intelligence Unit ("FIU") has continued to play its role in safeguarding the integrity of the Seychelles financial system collaboratively with its key stakeholders and partners. The FIU has focused on restructuring its workforce, strengthening the Strategic Analysis Unit and enhancing the country's compliance with the Financial Action Task Force's ("FATF") international standards on combating money laundering and the financing of terrorism & proliferation. These activities were undertaken whilst consistently delivering on all of FIU's functions as specified in the Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020 ("AML/CFT Act, 2020").

It therefore gives me great pleasure to present our Annual Report for the year 2022. The report provides details of activities undertaken for the year under review, highlighting the challenges as well as stipulating the priorities for the year 2023.

In 2022, FIU restructured its workforce. The restructuration established four (4) divisions being; (1) Monitoring and Analysis, (2) Legal and Compliance, (3) Information Technology and Security and (4) Corporate Affairs; appropriately grouping the various functions of the FIU as specified in the AML/CFT Act 2020.

With the assistance of two (2) consultants the FIU championed the reorganization of the monitoring and analysis division's operations paving the way for the development of quality operational and strategic analysis reports. Eventually, FIU aspires to share strategic insights into emerging financial crime trends and patterns to the benefit of reporting entities ("REs") and other relevant stakeholders hence improving detection of financial crimes by REs and relevant stakeholders.

The Operational and Tactical Analysis Unit ("OPTAC") received a total of 212 suspicious transaction reports ("STRs") from banking institutions, non-bank financial institutions, lawyers, bureau de change, fiduciary services, insurance companies, capital markets and casinos.

Significant efforts have equally been devoted to promoting compliance with the Beneficial Ownership ("BO") Act and Regulations 2020. Nine (9) awareness sessions have been delivered with several governmental ministries, domestic companies and the non-profit organization ("NPO") sector. A first compliance review of legal persons to the BO Act was conducted during the last quarter of 2022 where it was observed that legal persons' records reviewed showed sound understanding of their obligations under the Act. Therefore, it is anticipated that with feedback received from the FIU the legal persons will, in due course be fully compliant with all aspects of the BO Act and Regulations, as amended.

In terms of information technology, FIU has consistently been working to upgrade its analytical system to capture intelligence and streamline business processes. During the year 2022, crucial preliminary works were completed to customize the Seychelles FIU digital goAML platform. It is expected that in 2023 the platform will be adapted to enable real time submissions of reports by reporting entities to the FIU as prescribed under the AML/CFT Act, 2020.

Budget wise, FIU ended the year on a good note as it succeeded to fully utilize its funds delivering on key activities outlined in its operational plan. FIU being a budget dependent entity began the year with an allocated budget of SR 19.2 million and concluded the year with consolidated expenses amounting to a total of SR 18.8 million.

The FIU workforce attended a total of thirty (30) international seminars, workshops or training; both virtual and physical, and seven (7) local ones covering a wide range of subject areas in monitoring and analysis, legal and compliance, IT and support services.

Coincidentally, 2022 marked the last year of the FIU 2019-2022 Strategic Plan. The strategic plan had five (5) strategic pillars with a total of thirty-one (31) key action points to allow the FIU to reach its desired vision. Overall, FIU managed to implement twenty-two (22) out of the planned activities representing a 70% success rate. The FIU is proud of this achievement. The activities that were not completed will be incorporated in the succeeding Strategic Plan; 2023-2025 presently being finalized. The target for the upcoming three (3) years is for the institution to achieve an 85% success rate, and the team is looking forward to this challenge.

Looking ahead, for the year 2023, the FIU will continue to further the advancement of all its divisions. Additionally, discussions have been initiated to explore the possibility of establishing a suitable public-private partnership framework for improved public-private sector collaboration and information sharing.

Being the Director of such an important organization and reviewing with gratification the progress made by the institution it is impossible to conclude without deep acknowledgement, appreciation and thankfulness to the team that has made yet another year possible. Being part of the fight against money laundering and countering terrorist financing is exciting and satisfying but also require continuous commitment and dedication. The effort of each team member is duly recognized.

To the readers, as you peruse through the pages of this annual report, we take the opportunity to reassure you that we, the Seychelles FIU remain committed to our vision, 'Safeguarding our island state from financial crimes', until next year.



Richard Rampal
Director of the FIU

2006

June 2006 with the repealing of the Anti-Money Laundering Act 1996, the AMLA was enacted, thus effectively establishing the FIU as a directorate within the CBS.

2010

With the promulgation of the Transfer of Statutory Functions (AMLA) Order, 2010, the President of the Republic transferred the exercise of powers and performance of duties conferred upon him under sections 16 (4), (6), (7), (8), (9), (10),(11); 17 (5) (a), 17 (7) and 18 (2) (c) of the AMLA to the Board of Directors of the CBS.

2013

The FIU first established as a department housed within the CBS.

2008

The AMLA was amended to establish the FIU as an independent body corporate, thus segregating its functions from those of CBS.

2011

In December 2011 amendments were made to the AMLA to allow the FIU to exchange information with its foreign counterparts and other international organizations for intelligence purposes only.

2012

In April 2012, the Minister of Home Affairs and Transport promulgated the AML Regulations on Customer Due Diligence measures and ongoing monitoring.

FIU HISTORY

2018

The Seychelles NRA was approved by the Cabinet in April 2018.

In September 2018, the Seychelles Mutual Evaluation Report was approved and endorsed by the ESAAMLG Council of Ministers.

2019

August 1st, 2019 saw a major restructuring of FIUs internal operations and structure in order to align it with its functions.

2020

The AML/CFT Act 2020 was enacted and established the FIU's status as an administrative FIU. To enhance the AML/CFT framework the Seychelles National AML/CFT was launched. The BO Act, 2020 was enacted to enhance transparency regarding beneficial ownership information.



2017

July to September 2017 saw amendments to both the POCA, 2008 and the AMLA. The amendments to the POCA served to transfer the FIU's power to seize and confiscate assets derived from proceeds of crime and/or any assets which were used in criminal conduct to the Seychelles Police. There was also a partial repeal of Section 10 of the AMLA by removing the ability of the FIU to impose administrative freeze of up to 180 days.

2022

The NRA for VA and VASPs was concluded and findings were presented to stakeholders. The Second NRA on ML/TF risk was launched and estimate time of completion will be in 15 months. Sectoral risk assessment of NPO for TF in line with Rec.8 of FATF was launched.

2021

The Seychelles BO Database was formally launched and all legal persons and legal arrangements had to comply with their obligation to populate the database with their BO information.



Overview of the FIU

FIU's Mandate

ML/TF are serious offences which can take years to investigate and prosecute successfully. It is for such reasons that criminals will take any means necessary to obscure the money trail leading back to the underlying crime so that they may avoid detection, investigation and prosecution. In response to this global conundrum, the United Nations through Article 7 (1) (b) of the UNTOC urged all countries to establish a financial intelligence unit to serve as a national center for the collection, analysis and dissemination of information regarding potential ML. On December 12th 2000 Seychelles signed the UNTOC and ratified the convention on April 22nd, 2003. In June 2006, the AMLA was enacted, thus effectively establishing the FIU as a directorate within the CBS.

Since its establishment in 2006, the FIU has been one of the leading agencies in Seychelles responsible for preventing and detecting ML and TF. To fulfil this role and produce financial intelligence, the FIU works in close collaboration with various stakeholders ranging from reporting entities, supervisory authorities and the general public. Reporting entities range from banks and casinos to single-operator businesses in the key sectors of financial services, BDC, REA and high value dealers.

The financial intelligence produced by the FIU supports, and often triggers, investigations by LEAs as well as international counterparts in relation to ML and TF activities. However, whilst fulfilling its core mandates as espoused under the FATF Recommendation 29, the FIU is also committed to safeguarding the information that it receives and discloses to LEAs. The FIU values the information it receives, and in order to maintain stakeholder confidence, the FIU takes all necessary measures to protect the confidentiality of information.

Independence of the FIU and Responsibilities of the Director

Consistent with international norms, operational independence and autonomy are core characteristics of an FIU. Similarly, for the FIU's operational independence and autonomy is paramount despite being financially dependent on Government funding. To mitigate the risk of the FIU not being influenced by other parties, the Director of the FIU is solely vested with the powers to carry on, manage and control generally the administration and business of the FIU. This includes the responsibility to:

- manage the FIU's budget, staff and other resources, including setting the strategic direction, monitoring and evaluating the operations of all Divisions to ensure optimum output;
- manage domestic, inter-agency, regional and international AML/CFT stakeholder relationships;
- together with the NAC, coordinate and facilitate national risk and threat assessments; and represent Seychelles at regional and international fora dealing with AML/CFT matters such as FATF, ESAAMLG, Egmont Group, World Bank, IMF, COMESA, OECD and SADC.

An administrative FIU

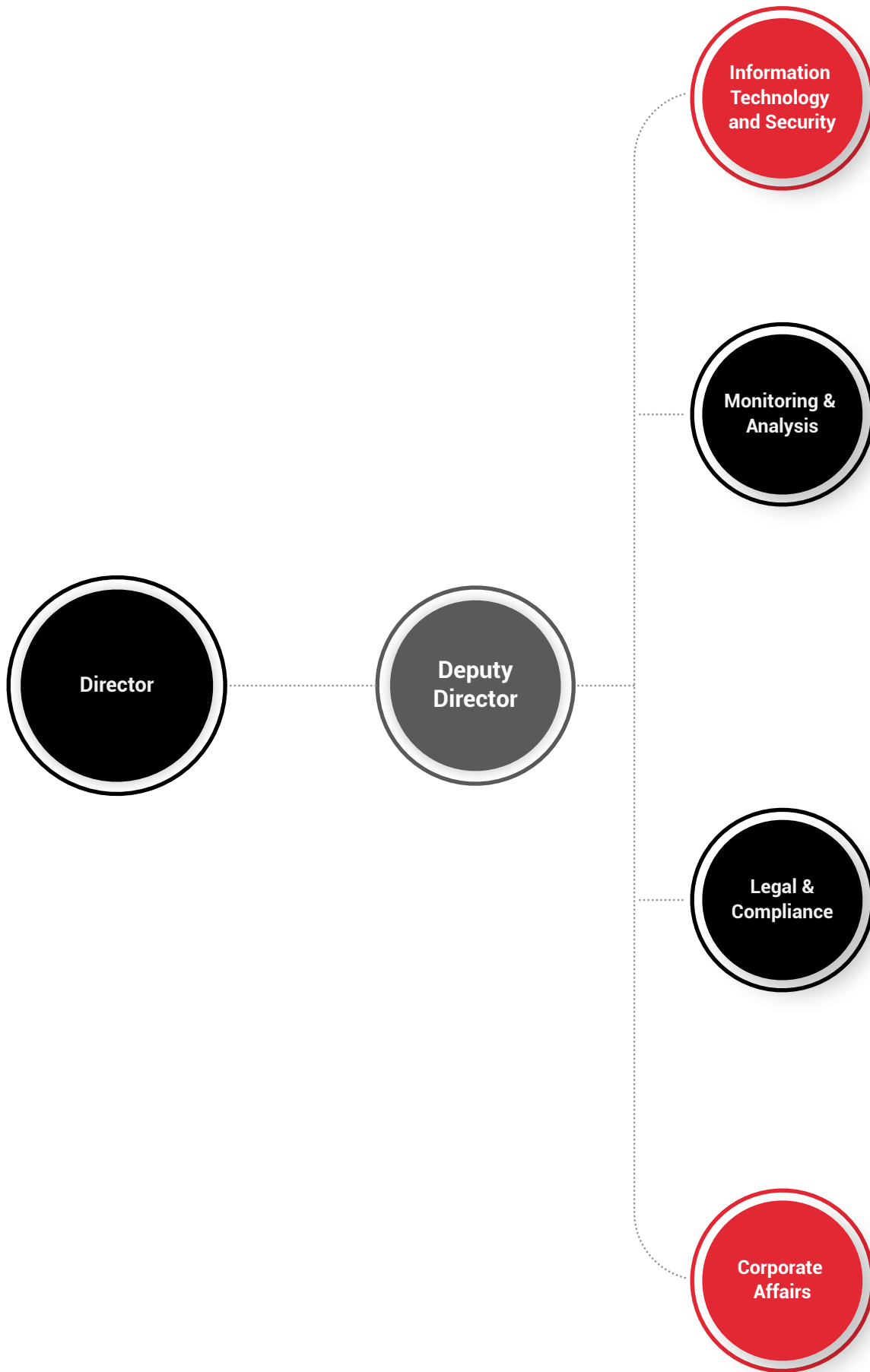
Recommendation 29 of the FAFT 40 recommendations requires countries to establish an FIU with the responsibility for acting as a national center for receipt and analysis of suspicious transaction reports and other information relevant to money laundering, associated predicate offences and terrorist financing; and for the dissemination of the results of that analysis. The Seychelles FIU operates as an administrative FIU where it receives, analyses and disseminate suspicious transaction and other reports. It does not have investigative or prosecutorial powers and it functions as an interface between the financial sector (and, more generally, entities and professionals subject to reporting obligations) and the law enforcement authorities in charge of financial crime investigations and prosecutions.

In addition to its core monitoring and analysis function, the FIU is also tasked with supervision, compliance and prevention as well as informational cooperation and data exchange. Sections 13 and 27 of the AML/CFT Act 2020 sets out comprehensively the functions of the FIU.

The FIU's functions are to:

- receive and request disclosure of financial information on transactions and other information relevant to suspected money laundering and terrorist financing activities;
receive reports on threshold reports and declarations of cross-border movements of cash above the prescribed sum;
- collect, analyze and assess the information it receives to substantiate possible existence of money laundering or terrorist financing activities;
- where appropriate, make financial intelligence disseminations to appropriate law enforcement and supervisory authorities which are relevant for the investigation or prosecution of money laundering and terrorist financing offences;
- monitor compliance by DNFBPs (specified in Part C of the First Schedule (except those at serial number 7 and 8) of the AML/CFT Act 2020) with their obligations under the Act and its regulations;
- raise the awareness of the general public and reporting entities about the risks and impact of money laundering and terrorist financing activities related to Seychelles;
- compile and maintain statistics and conduct research into the trends and developments in money laundering and the terrorist financing activities;
- undertake due diligence checks and other inquiries on behalf of government departments or authorities.

The Organizational Structure



Division

Function

Information
Technology
and Security

- **Information Technology and Security:** The Information Technology and Security Division is responsible for FIU's information and technology needs, cyber security, as well as maintaining the GoAML platform and the Beneficial Ownership platform.

Monitoring
& Analysis

- **Monitoring and Analysis:** The Monitoring and Analysis Division is made up four (4) units. Operational and Tactical Analysis ("OPTAC") unit, Strategic Analysis, Virtual Asset (VA) Open-Source Intelligence (OSINT) and Information Exchange
Virtual Asset (VA) Open-Source Intelligence (OSINT) Unit is responsible to deter and detect the use of virtual assets for Money Laundering, Proliferation & Terrorist Financing through tracing and analyzing movements of illicitly obtained crypto assets.
OPTAC Unit is responsible for the analysis of STRs which include producing financial analysis reports and dissemination of Intelligence Reports to domestic LEAs involved in the fight against ML and TF.
Strategic Analysis Unit assumes a more strategic view and carries out trend analysis of economic crimes and threshold reporting to assist key decision making.
Information Exchange Unit is responsible to handle all domestic and international exchange of information as well as to create a centralized database for the keeping of FIU statistics. It is also currently responsible for maintaining and providing access to the BO database.

Legal &
Compliance

- **Legal & Compliance:** The Legal and Compliance Division is made up of three (3) units. The Legal Unit is responsible to protect and advance the interests of the FIU by providing legal advice, support and analysis to other divisions. The division is also responsible for enforcement actions.
The Policy and External Relations Unit is tasked with providing policy advice, research, drafting of policies and reports related to AML/CFT matters and FIU functions. It also manages the relationships with domestic stakeholders, regional bodies and international partners on AML/CFT matters.
The Supervision Unit is responsible to monitor and carry out inspections of reporting entities under the supervision of the FIU both through on-site and off-site initiatives. The inspections assess compliance with the AML/ CFT Act and BO Act and inform on outreach and awareness strategies. As a result, the unit is able to provide guidance and feedback to reporting entities.

Corporate
Affairs

- **Corporate Affairs:** The Corporate Affairs Division provides operational support for the execution of FIU's work. The primary functions of this Division include office management, financial and administrative management, human resources, staff learning and development.

Seychelles Technical Compliance Rating – Year ending 2022

The Financial Action Task Force (FATF) is an intergovernmental standard setting organization. The 40 recommendations created by the FATF provide counter-measures against money laundering, terrorist and proliferation financing, and other threats to the global financial system. They also set out principles and minimum standards for action.

Seychelles is a member of the ESAAMLG, a FATF-Styled Regional body whose objective is to assist countries in the region to achieve the effective implementation of and compliance with the 40 Recommendations,

Seychelles was last assessed against the 40 Recommendations in 2018 where it was rated Compliant (C) on 10 Recommendations, Largely Compliant (LC) on 10 Recommendations, Partially Compliant (PC) on 16 Recommendations and Non-Compliant (NC) on 4 Recommendations. Since then, Seychelles has taken measures aimed at addressing the technical compliance deficiencies identified and Fig.1 reflects the progress made by Seychelles. It is expected that technical compliance ratings for Recommendations 5, 19, 25, 28 and 34 improve by next year following the re-rating request submitted to ESAAMLG in September 2022.

National Anti-Money Laundering and Countering the Financing of Terrorism Committee (“NAC”)

“NAC” as established in the AML/CFT Act, 2020 chaired by the Secretary of State for Finance constituted for seven (7) sittings in the year 2022. They discussed subjects including but not limited to;

- Seychelles technical compliance status to FAFT recommendations
Supervisory authorities
- The National Risk Assessment (“NRA”)
- The AML/CFT Appeals Board
- Asset Management Unit

As prescribed by the AML/CFT Act, 2020 other members of the committee are

- a). The Governor of Central Bank of Seychelles;
- b). The Attorney-General;
- c). The Commissioner of the Seychelles Police Force;
- d). The Registrar General;
- e). The Commissioner General of the Seychelles Revenue Commission;
- f). The Chief Executive Officer of the Financial Services Authority;
- g). The Chief Executive Officer of the Anti-Corruption Commission of Seychelles;
- h). The Director of the FIU and;
- i). The Director General for the Seychelles Intelligence Services.



Recommendations and Corresponding Ratings

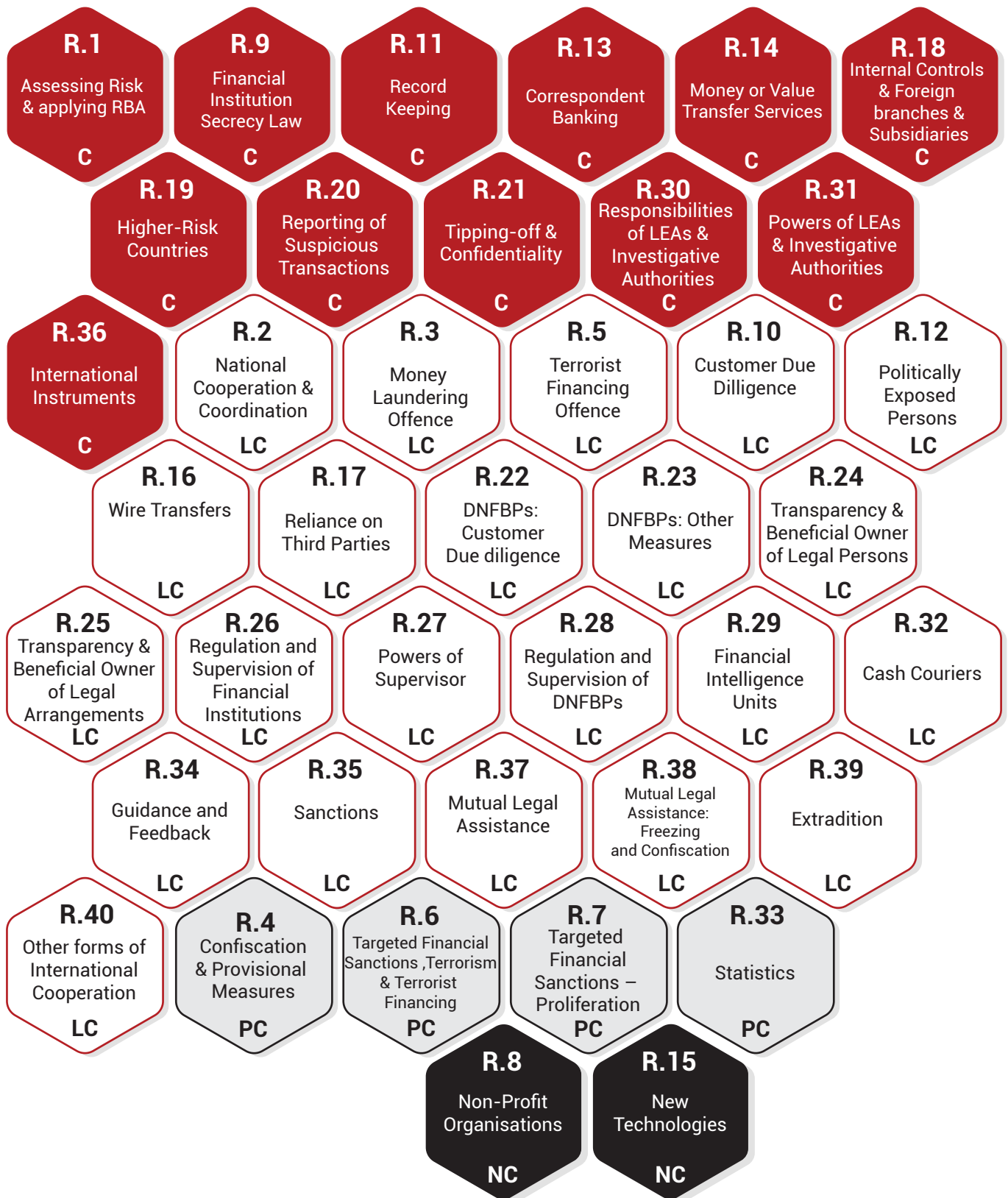


Figure 1.Reconmendation and Corresponding Rating

YEAR IN REVIEW

Suspicious Transaction Reports Top 4 reporting entities

145
Banking
Institutions

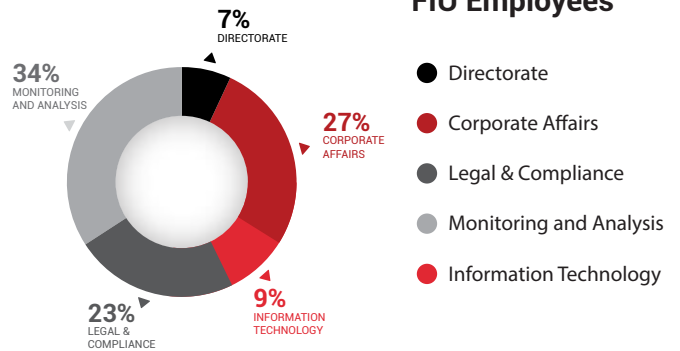
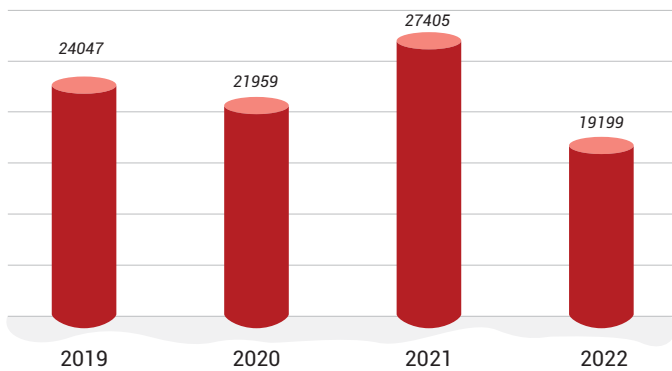
36
Fiduciary

17
BDCs

9
Capital Markets



Allocated Budget 2018-2021 ('000)



FIU Employees

- Directorate
- Corporate Affairs
- Legal & Compliance
- Monitoring and Analysis
- Information Technology

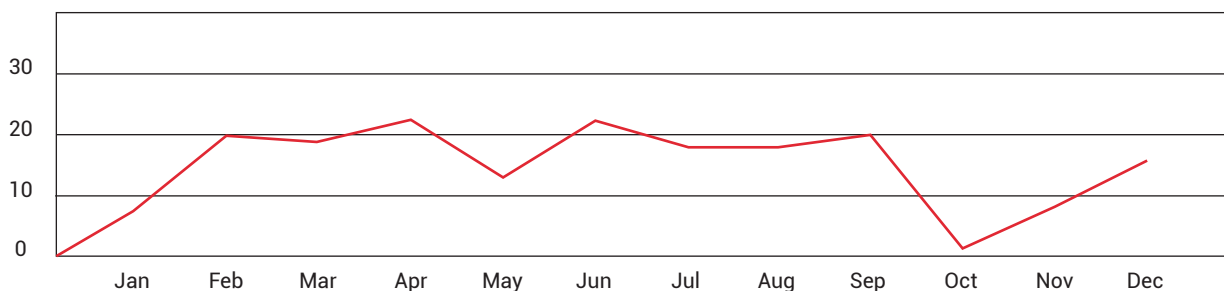
Beneficial ownership and beneficial ownership database

Pursuant to the provision of section 13 of the BO Act, the FIU has been designated as the nodal agency to maintain the BO database. All legal persons, and legal arrangement specified under section 2 of the BO Act are required to populate their BO information, through their resident agents, on the BO database.

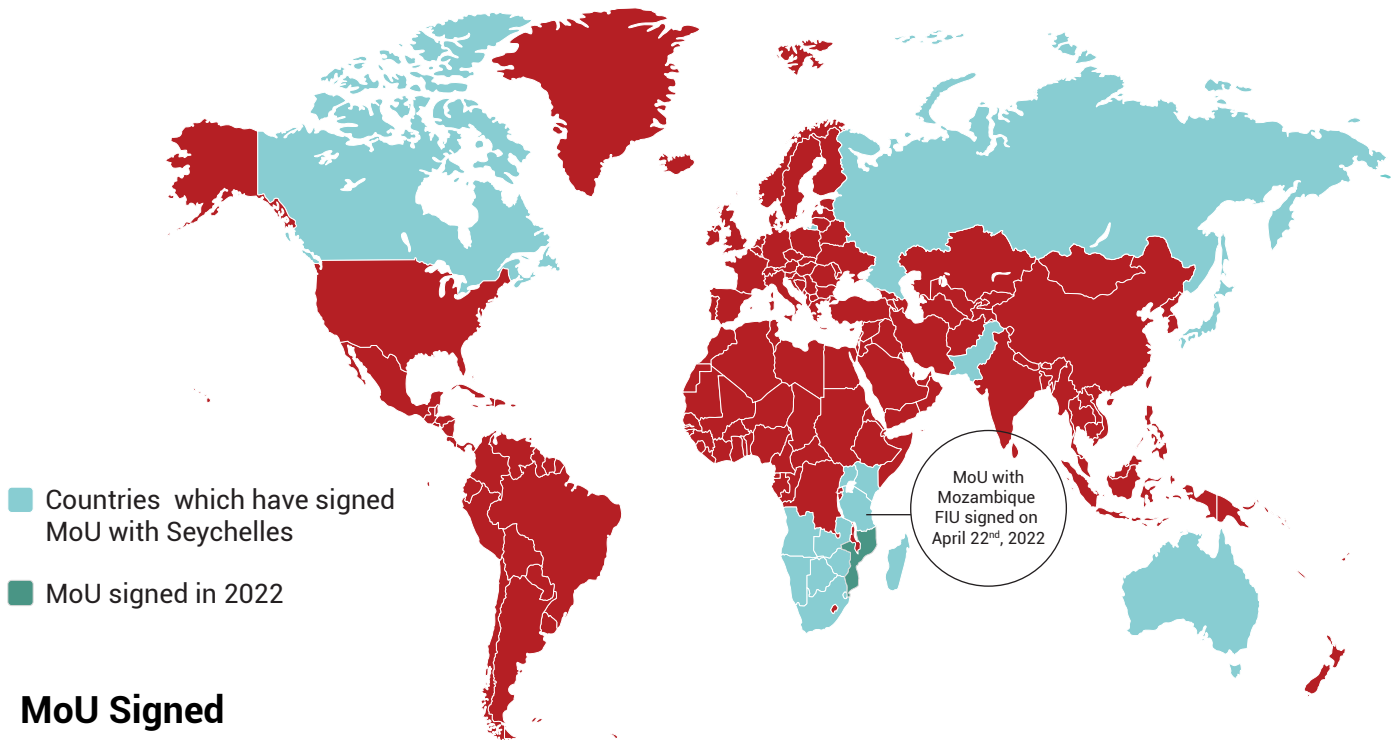
As of December 31st 2022, Percentage of non-compliance in the following non-domestic entities are: IBCs – 7.7%, Trust – 56.7%, Foundation- 2.4%, CSLs- 18.9%

As of December 31st 2022, Percentage in of non-compliance in the following domestic legal entities are: Companies- 70.80%, Associations - 89.90%

STR Received per Month (2022)



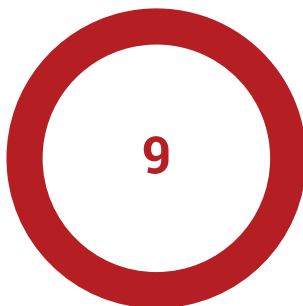
— STR's



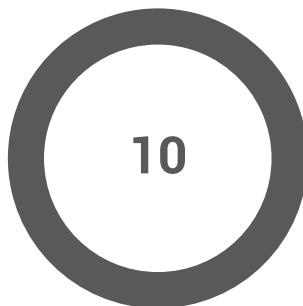
MoU Signed

In 2022 FIU signed three (3) Memorandum of Understanding (“MoU”), two (2) international MoU and one (1) domestic.

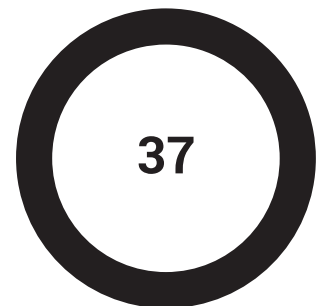
Supervision & Compliance



BO Awareness Sessions conducted

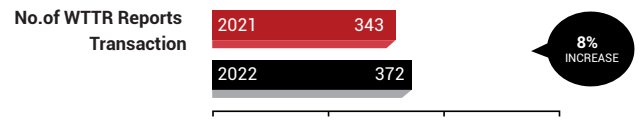
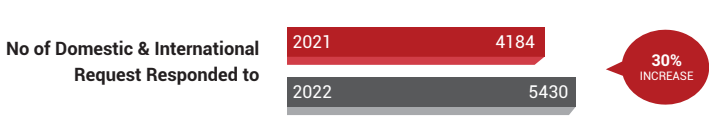
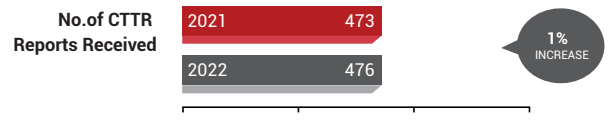
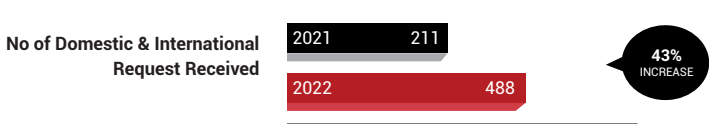


AML/CFT Awareness Sessions conducted



seminars, workshops, trainings facilitated

Monitoring and Analysis



Indicators of Suspicious Transactions or Activities

There are various 'red flags' that may point to a suspicious transaction/activity. The below indicators are generalized, and are derived from trends and patterns experienced in other jurisdictions that may assist REs in identifying suspicious transactions/activities.



FIU completes its 2019-2022 Strategic Plan

Strategic planning is a process in which an organization's leaders define their vision for the future and identify their organization's goals and objectives. The process includes establishing the sequence in which those goals should be realized so that the organization can reach its stated vision. The 2019-2022 Strategic Plan of FIU aside from providing a strategic overview of the institution considered the Financial Action Task Force's ("FATF") approach for assessing technical compliance with the FATF Recommendations, and for assessing whether and how the AML/CFT system is effective. This ensured that the strategies adopted by the institution aligns with national strategy leading to conformity to the FATF Recommendations and ultimately an effective AML/CFT system. The strategic plan had five (5) strategic pillars with a total of thirty-one (31) key action points and measures to allow the FIU to reach its desired vision. The priority areas were formulated from the analysis of the Seychelles AML/CFT framework established through the NRA and MER. Overall, the FIU managed to implement 22 out of the 31 planned activities in the strategic plan representing a 70% success rate; refer to Annexure 1 Strategic Plan review 2019-2022 for details of activities that have been implemented, as well as those that were not able to be implemented during the three (3) years. The activities that were not completed at the end of 2022 will be incorporated in the FIU Strategic Plan 2023-2025.

STRATEGIC PILLARS 2023-2025



Case Study: Accommodation Scam

The FIU conducted an analysis of a series of disclosures received from local touristic establishments, in relation to a suspected accommodation scam which had been reported to them by the victims.

The scam involved foreign national scammers targeting unsuspecting travelers through the interception of hotel reservations placed on either Booking.com or the establishment's official websites. The scammers hacked the websites and obtained the personal information of the client as soon as a booking was secured with the hotel establishment. They would further block any communication from the traveler, in relation to the reservation from reaching the intended hotel establishment.

With the illegally obtained email IDs of the establishments, the scammer posed as the legitimate hotel reservation employee. The scammer would use a random local name and convinced the traveler to make a payment in order to confirm their respective reservation. The account details provided by the scammers, originated from a Turkish financial institution. In one instance, a Polish individual was deceived into transferring an amount of €4,000 to a Turkish account. The scammer was able to entice the individual by offering a discount from the price stated on Booking.com, hence persuading him into making the transfer.

Through intelligence gathered, four individuals were identified as the potential scammers with bank accounts in Turkey. Intelligence was shared with Turkish counterparts and relevant Law Enforcement Agencies so they may take the necessary actions in disrupting the illegal activity from further occurring.

Indicators

- Poor grammar and informal vocabulary can be identified in the fraudulent emails received from the scammer;
- Exchanges on informal/untraceable communication platforms e.g., WhatsApp was encouraged by the scammer;
- Inconsistency in payment requirements and booking prices between the communicated email and information disclosed on the official booking website;
- Bank and Contact details of the establishment were not from Seychelles but rather a foreign jurisdiction;
- Unsolicited offers e.g., discounts are proposed to the victim, discouraging transaction to be affected using legitimate platforms;
- No communication after payment is received.



**ENHANCING
EFFICIENCY AND
EFFECTIVENESS
OF FIU**



CHAPTER 2

Human Resources

Maintaining our commitment to support a high performing workforce

Employees are fundamental to the success of organizations as they offer valuable knowledge, skills and expertise. FIU being an organization that relies heavily on specific technical expertise is committed to recruiting the right people and dedicated to supporting its workforce in becoming high performers.

FIU Staff Complement

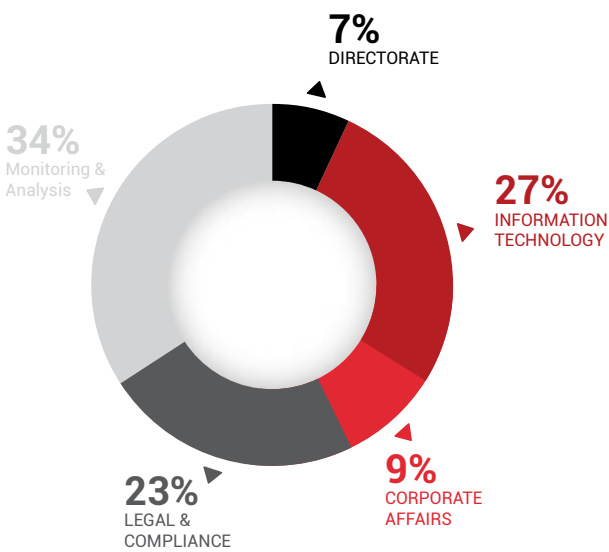


Figure 1: FIU Staff Complement

FIU Workforce

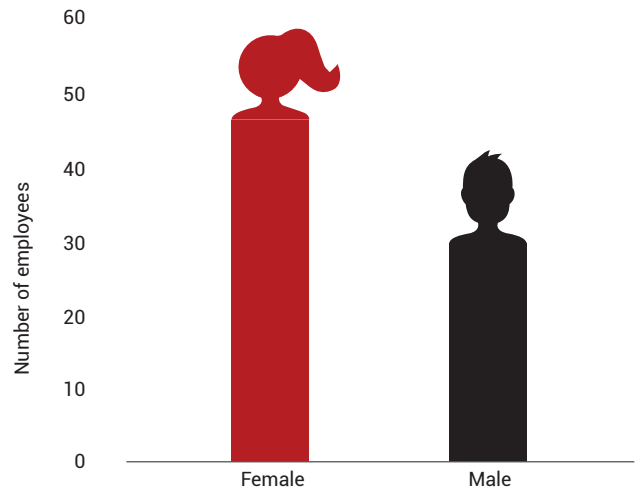


Figure 2: Percentage of Female and Male employees

FIU Annual Employee Resignation & Turnover Rate

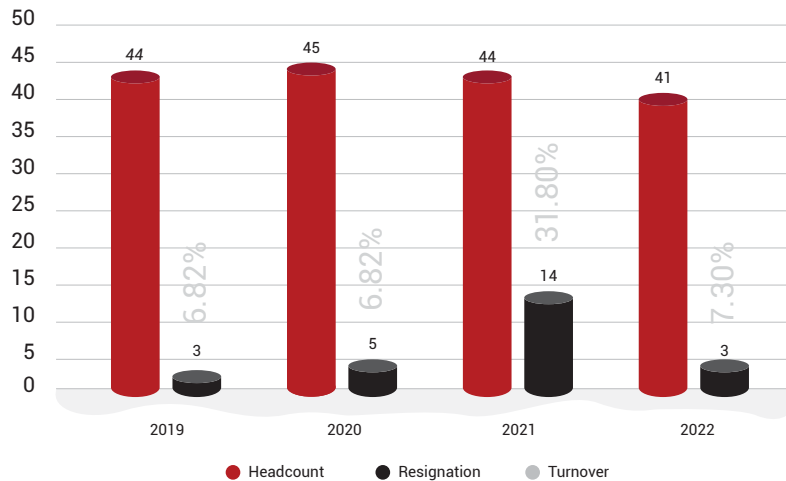


Figure 3: Resignation and staff turnover

Staff Promotion

	Number of Promotions	Division/Unit
2019	0	
2020	1	Operational & Tactical Unit
2021	1	Operational & Tactical Unit, Legal & Compliance Division, Information Exchange Unit and Strategic Analysis Unit
2022	4	Operational and Tactical, Unit Information Exchange Unit, Corporate Affairs Division and Legal & Compliance Division

Table 2: Staff promotion 2019-2022

Staff Training and Capacity Development

The dynamic nature of the financial sector calls for the upskilling of staff as the FIU needs to remain aware and understand the various vehicles that criminals are likely to use or ways of how the financial system may be manipulated for illicit purposes. Therefore, staff development remains paramount.

Staff training on AML/CFT and BO measures, frameworks and systems were conducted throughout the year 2022.

Information Technology

Paving the way for a modernized FIU

In response to the global pandemic in early 2020 and throughout the past year, FIU has focused on ensuring that it has the appropriate tools, technology and systems in place to continue to securely deliver on its critical intelligence and compliance mandates. FIU has also been working to upgrade its analytical system to capture intelligence and streamline business processes and to keep pace with the rapid technological innovation that is taking place in the financial sector and all sectors around the world.

Financial Management

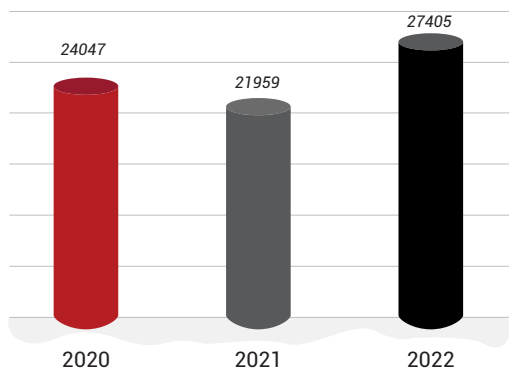
In accordance with section 21 of the AML/CFT, Act 2020 the funds of the FIU consist of monies appropriated by the National Assembly for the use of the FIU, any Government grants including sums from the Asset Recovery Fund and the designated account, made to it and any donations received with the prior written approval of the Minister. For the year 2022, the FIU was appropriated a total of SR 19.2 million by the

National Assembly, within which SR 10.97 million was allocated to programme 1; Governance, Management and Administration and SR 8.23 million to programme 2; the programme that supports the FIU in fulfilling its core technical functions as prescribed under Part V of the AML/CFT Act 2020.

2022 Actual Budget	
	000
Budget for the year 2022	SR 19,199
Programme 1	SR 10,973
Programme 2	SR 8,226

Table 3: 2022 Actual Budget

2022 Actual Expenditure	
	000
Actual expense for the year 2022	SR 18,771
Programme 1	SR 10,967
Programme 2	SR 7,804



Allocated Budget 2020-2022 ('000)

The FIU continuously keeps proper accounts and other relevant record of accounts, and prepare in each financial year a statement in such form and manner approved by the Auditor General. The accounts are audited in accordance with Article 158 of the constitution.

Figure 3: Allocated Budget 2020- 2022.

Types of FIUs

Administrative FIU

The main rationale for such an arrangement is to establish a “buffer” between the financial sector (and, more generally, entities and professionals subject to reporting obligations) and the law-enforcement authorities in charge of financial crime investigations and prosecutions. Under this structure, the FIU's power is limited to the receipt and analysis of STRs and other reports and disseminating relevant information to law enforcement agencies.

Law Enforcement FIU

Under this arrangement, the FIU will be close to other law-enforcement units, such as a financial crimes unit, and will benefit from their expertise and sources of information. In return, information received by the FIU can be accessed more easily by LEAs and can be used in any investigation, thus increasing its usefulness. Law-enforcement-type FIU will normally have the law-enforcement powers of the law-enforcement agency itself (without specific legislative authority being required), including the power to freeze transactions and seize assets (with the same degree of judicial supervision as applies to other law-enforcement powers in the country). This is likely to facilitate the timely exercise of law-enforcement powers when this is needed.



Judicial FIU

This type of FIU is established within the judicial branch of the state and most frequently under the prosecutor's jurisdiction. Disclosures of suspicious financial activity are usually received by the prosecutor's office, which may open an investigation if suspicion is confirmed by the first inquiries carried out under its supervision. The judiciary's powers (e.g., seizing funds, freezing accounts, conducting interrogations, detaining suspects, and conducting searches) can then be brought into play without delay.

Hybrid/Mixed Model FIU

This hybrid type of arrangement is an attempt to obtain the advantages of all the elements put together. Some FIUs combine the features of administrative-type and law-enforcement-type FIUs, while others combine the powers of the customs office with those of the police. Seychelles is in the process of becoming an administrative FIU, the Seychelles FIU was a hybrid FIU (a mix of Administrative and enforcement models). Under this structure, in addition to its core function of receipt, analysis and dissemination of information, the FIU was empowered to investigate, confiscate and freeze assets relating to money laundering and financial terrorism.

International Monetary Fund (2004)

Case study : Tax Evasion, Concealment Of Assets & Fraud

The FIU received a Suspicious Transaction Report (“STR”) about Mr. X, a foreign national, who had settled in the Seychelles, and was using both local and foreign bank accounts to send and receive substantial amount of funds. It was discovered that Mr. X was associated with another foreign national, Mr. Y, who had also settled in Seychelles and conducting the same business activities.

Initial analysis revealed that both foreign individuals were obtaining high value assets, such as luxury cars and boats, with the method of payments for those assets being unidentifiable. Mr. Y married a local national citizen, Mrs. Y to facilitate the process of gaining a residential permit and approvals for projects and businesses. Mrs. Y also has registered businesses on her name which were suspected to belong to Mr. Y.

Financial profiling revealed that although their businesses were operating in Seychelles, the majority of their income were being transferred to banking institutions outside of the country. There were also discrepancies between the inward flows on their business accounts and their declared income to the Seychelles Revenue Commission (“SRC”). Mr. X over-declared income tax to conceal the actual income and to integrate cash to make the business seem more legitimate, whilst Mr. Y and his spouse were under-declaring their business income by millions to avoid paying high amounts of business tax to the SRC.

Mr. Y was also using a personal account in another foreign jurisdiction for fraudulent purposes by instructing clients to pay for services into that particular account. However, after settlement of invoices, communication would stop and clients lost their money. Intelligence received through foreign counterparts revealed they have also received several STRs on Mr.Y. The FIU hence disseminated it findings to the relevant authorities for further investigation indicating that it had reasonable grounds to suspect potential criminal activities.

Indicators

1. Business income is being transferred to banking institutions outside of the country;
2. Obtaining high-value assets (cars and boats) with no clear origin of funds;
3. Discrepancy between the income on the business account and the declared turnover with the tax authority;
4. Over-declaring of business income tax to conceal true source of income;
5. Under-declaring of business income tax to avoid tax payments;
6. Use of personal accounts in foreign jurisdictions for fraudulent purposes;
7. Ceasing communication with customers, after settlement of invoices into the foreign accounts;
8. Subjects known to overseas counterparts;
9. Using spouse as a front for registration of businesses.



**INSTILLING
A CULTURE OF
COMPLIANCE**



CHAPTER 3

The Supervision and Compliance Unit

The Unit is manned by seven (7) staff and is responsible for overseeing and enforcing reporting entities' compliance with the provision of the AML/CFT Act, 2020 and the Prevention of Terrorism Act, 2004 (PTA). The unit is also responsible to monitor and enforce compliance with the Beneficial Ownership Act, 2020 for the legal persons under the FIU's purview.

Fig.4 - Depicts the requirements for an effective and robust supervisory framework to ensure reporting entities are effectively implementing the required measures in compliance with the AML/CFT Act, 2020.

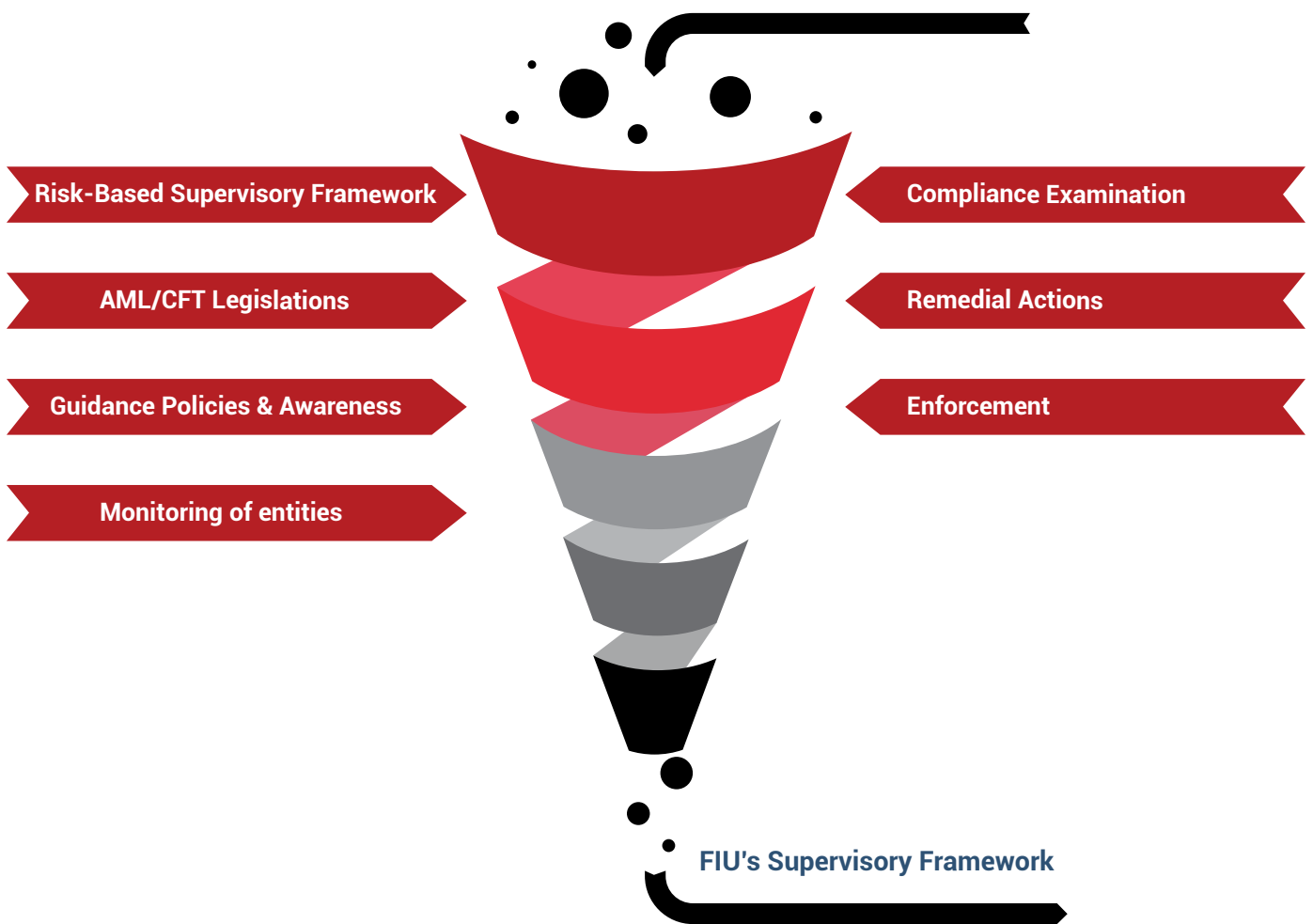


Fig.4 FIU's Supervisory framework

Compliance with preventive measures

An important consideration underlying the FATF Recommendations is the degree of money laundering or terrorist financing risk for particular types of institutions, businesses, or professions, or for particular customers, products, transactions, or countries. Therefore, the FIU in its capacity as the supervisory authority for Designated Non-Financial Businesses and Professions (“DNFBPs”) recognizes its duty to ensure compliance through conformity with the respective laws and regulations and does so by ensuring that it takes due consideration to identify the degree of risk of its obliged entities. Furthermore, FIU ensures compliance with preventive measures including registration of reporting entities, appointment of compliance officers, conduct of outreach and awareness programs, conduct of on-site and off-site inspections etc. of its obliged entities which are detailed below.

AML/CFT Framework: FIU Supervised Sectors

In accordance with the AML/CFT Act, 2020, the FIU is responsible to supervise the following reporting entities (“REs”) being lawyers and notaries, accountants and auditors, real estate agents, high value dealers, dealers in precious metals and stones and the Seychelles Pension Fund which are categorised as DNFBPs.

DNFBPs	Number
Accountant and Auditors	68
Lawyers and Notaries	30
Real Estate Agents	10
High Value Dealers – Motor Vehicle Dealers	21
Dealers in Precious metals and stones	11
Pension Fund	1
Total numbers of DNFBPs	141

Table 5: Number of DNFBP's

Registration of reporting entities with the FIU

In accordance with the requirements of section 31 of the AML/CFT Act and Regulation 7 of the AML/CFT Regulations, all reporting entities specified under the First Schedule of the AML/CFT Act have an obligation to register with the FIU. As such, for the purpose of fulfilling this obligation, all specified reporting entities are required to register on the goAML platform a reporting system that has been developed by UNODC for the use of FIUs. Refer to table 9 below for the breakdown of percentage registration on the platform as at December 31st 2022, as per the respective sector under the FIU's regulatory purview.

Supervisors	Total No. of Reporting Entities	Total No. of Registered Entities	% Completed
FIU	141	132	94%
CBS	33	30	91%
FSA	278	217	78%
Total	452	379	84%

Table 9: The table above reflects the registration of REs under the respective Supervisory Authority.

Appointment of CO and ACO by Reporting Entities

In line with section 34 (1) of the AML/CFT Act, all REs shall appoint a Compliance Officer ("CO") and an Alternate Compliance Officer ("ACO") respectively. However, as per regulations 8 (2) of the AML/CFT Regulations, an RE with less than five (5) staff members is exempted from appointing an ACO with the necessary approval of the Supervisory Authority. As of December 31st, 2022, the FIU has approved a total number of 135 COs, 27 ACOs and approved the exemption of 102 ACOs with respect to the entities under its supervision. To note in terms of CO application the FIU is conducting followups for 6 application and 12 followups of ACO application.

SECTOR	Total No. of RE	No. of Approved CO	No. of Approved ACO	No. of Approved Exemptions for ACO
Motor Vehicle Dealers	21	20	9	11
Real Estate Agents	10	10	0	9
Accountant/Auditors	68	65	11	51
Lawyers & Notaries	30	29	3	23
Pension Fund	1	0	1	0
Dealers in Precious Metal & Stones	11	11	3	8
Total	141	135	27	102

Table 10: Appointment of CO and ACO by REs

Risk Assessment of Reporting Entities: Mechanism introduced to identify risks.

In line with the Risk Based Approach ("RBA") framework in place, the FIU has implemented mechanisms to assess the money laundering and terrorist financing ("ML/TF") risks for the reporting entities under its purview. The said framework is flexible, allowing for the timely and effective response to significant events such as changes in management or in business activities. The FIU uses different types of supervisory tools to assess compliance of the REs which include but not limited to statistical questionnaire, desk-based monitoring mechanism and on-site examination audit tools to assess the adequacy of the REs' systems and processes. The result obtained from the RBA is further used to determine the frequency, intensity and scope of the AML/CFT supervision to be performed by the FIU. Further, during the year 2022 focus groups were held with the supervised REs, where FIU had the opportunity to have an insight on their perceived risks, concerns, challenges etc. Based on the RBA framework currently in place and information gathered, the FIU conducted both on-site and off-site supervision on selected REs as outlined below.

Off-site Supervision: Revision of the AML/CFT Compliance Policies

In line with section 33 (1) of the AML/CFT Act, an RE is obligated to establish and maintain internal control systems and procedures. As such, all high-risk and medium-risk REs were directed to submit their respective AML/CFT compliance manual for review. A total number of forty-seven (47) REs were requested to submit their manuals and out of the 47, twenty-eight (28) manuals were received and reviewed respectively. Refer to table 11.

With respect to the guide provided on how to write an AML/CFT compliance manual, the manual should cover all obligations of a reporting entity and should also clearly outline the procedures/processes in place with regards to same. From the review it has been noted that most deficiencies were in respect to omitting to outline certain obligations such as;

- 1 Registration with FIU (36% non-compliant)
- 2 Obligation to cease transaction (39% non-compliant)
- 3 Monitoring of transaction (46% non-compliant)

Sector	No. of manuals requested	No. of manual received and reviewed
Lawyers	31	20
Motor Vehicle Dealers	10	4
Real Estate Agent	5	3
Pension Fund	1	1
Total	47	28

Table 11: Revision of the AML/CFT Compliance Policies

On-site Supervision

Pursuant to section 57 (1) (b) of the AML/CFT Act, the FIU is empowered to access the premises at which an RE under its supervision carries out its business to conduct an examination. As such, five (5) onsite examinations were conducted in the year 2022 whereby two (2) reporting sectors were targeted namely the Real Estate Agents and the Motor Vehicle Dealers. The scope of the onsite examinations was specific to the below obligations.

- Obligation to apply customer due diligence;
- Obligation to submit Cash Transaction Threshold Report and Suspicious Transactions Report to the FIU; and
- Monitoring of transactions and activities.

The main findings were as follows:

- ▲ Lack or inadequate customer due diligence measures
- ▲ Lack or inadequate monitoring of transactions
- ▲ Non and late submission of Cash Threshold Transaction Reports

Awareness

One of FIU's primary obligation as a supervisory authority, consistent with the standard for guidance and feedback established by the FATF in Recommendation 34, is to provide awareness to its supervised entities on their AML/CFT obligations in such a way as to help them understand the mandatory nature of these obligations and help them to build and enhance their compliance systems to this end, outreach to its supervised entities remain at the forefront of FIU's AML/CFT efforts and it continued with its awareness initiatives in this reporting period.

In the year 2022, the FIU provided several awareness and guidance in line with the obligations of a reporting entity stipulated in the AML/CFT Act. The awareness and guidance sessions were conducted both physically and via telephone. The sessions covered different AML/CFT obligations including appointment of compliance and alternate compliance officer, AML/CFT compliance manual, suspicious transaction report and registration with the FIU.

Sector	No. of awareness
Lawyers	4
Real Estate Agents	2
Accountant/Auditor	1
Motor Vehicle Dealers	3

Table 11: Awareness sessions

Apart from the formal sessions, the FIU engages regularly with its supervised entities by phone and email in order to respond and provide appropriate guidance on a broad spectrum of queries relating to their obligations under the AML/CFT Act. FIU's outreach activities in 2022 also included engaging in focus group discussions with the different supervised sectors within the framework of the National Risk Assessment. The sessions allowed the reporting entities to ask questions and express concerns. The outreach and awareness initiatives have also provided valuable feedback from the supervised entities to the FIU which will be considered as it continues the implementation of its risk-based supervision programme,

At the end of 2022, the effectiveness of FIU's outreach and awareness programme was analyzed and a strategy has been devised to enhance this programme in 2023.

Transparency and beneficial ownership of legal persons and arrangements

One of the seven (7) distinct areas of the FATF forty (40) recommendations is transparency and beneficial ownership of legal persons and arrangements, an area which the FIU has placed tremendous efforts in ensuring conformity with the standard. The Beneficial Ownership Act was enacted in 2020, and the BO Database was formally launched in July 2021. Population of the BO database was undertaken in two phases – with the deadline of December 27th, 2021 for the non-domestic sector and January 31st, 2022 for the domestic sector. The data presented in table 13 below is as of August 31st 2022.

An elementary assessment of the BO database was conducted to understand how users are populating the data and to make sense of what the data is showing.

	IBCs	Trusts	Foundations	CSLs
Total Active Entities (those in good standing)	59115	572	572	294
Total Population	54541	250	287	73
Total Non-Compliance	457	322	7	17
Percentage Population	92.3%	43.7%	97.6%	81.1%
Percentage Non-Compliance	7.7 %	56.3%	2.4%	18.9%

Table 12: Population of the BO Database by non-domestic entities as at December 31st 2022

	Companies	Associations
Cumulative Entities Registered	8973	790
Total Active Entities	7781	790
Total Population	2270	80
Percentage Population	29.2%	10.10%
Total Non-Compliance	5511	710
Percentage Non-Compliance	70.80%	89.90%

Table 13: Population of the BO database by domestic legal entities as at December 31st 2022



BO Awareness Sessions

All domestic entities under FIU's supervision which includes domestic incorporated/registered companies, partnerships under the civil code and associations had until the 31st January 2022 to comply with the provisions of the Beneficial Ownership Act 2020.

A review of the statistics of domestic legal entities that had populated the database revealed that compliance with the obligation to populate the Seychelles BO database remains low on the domestic side. Therefore, in the reporting period, from a risk-based perspective, it was decided to re-prioritize and focus time and resources in providing guidance to the domestic sector in order to secure improved compliance with the Beneficial Ownership Act, 2020 where compliance by the domestic sector lags behind. This was done through various physical and virtual interactions with different sectors. In the year 2022, FIU conducted nine (9) awareness sessions. (Refer to Annexure 3) The FIU continues to monitor the compliance data and in collaboration with other stakeholders such as the Registrar of Companies/Associations and our technical assistance partners is revamping its BO Awareness strategy to ensure we maximize the impact of our efforts.

BO Compliance Review

In October-November 2022, the FIU as the Competent Authority, under the BO Act, 2020, for companies incorporated or registered under the Companies Ordinance, 1972 conducted a series of onsite inspections to test the level of compliance of these legal persons to the following obligations:

1. Maintaining of the BO register at the principal place of business of the resident agent; and
2. Maintaining of duly completed BO declaration forms at the principal place of business of the resident agent;

Out of 7781 companies incorporated or registered under the Companies Act, a sample of fifty (50) companies were selected for the purpose of compliance testing, which were conducted through the support of their respective Resident Agents. Sampling was based on the following;

- i. Companies compliant with certain statutory filing obligations under the Companies Ordinance, 1972;
- ii. Companies having populated the BO Database;
- iii. Companies having submitted their annual return to the company registrar;
- iv. Companies holding a bank account with a domestic commercial bank;
- v. Companies registered with the Seychelles Revenue Commission;
- vi. The top 50 companies having the highest annual turnover, based on the Seychelles Revenue Commission database; and
- vii. Companies whose resident agent is a corporate body.

In order to validate the accuracy of information provided on the Register of Beneficial Owner from the sample of 50 companies, the FIU utilized a two-step verification approach which involved the verification of beneficial ownership information/ evidence;

- a) obtained from the company registry;
- b) kept on the register of beneficial ownership, at the office of the Resident Agent;

Following the onsite inspection companies and their respective Resident Agent were notified by letter, of the findings of the inspections. In instances where there were issues with the maintenance of the above listed documents/evidence, companies and its respective Resident Agent were instructed to rectify same within twenty-one (21) days of receipt of the letter. Below are the main findings of which required remedial action by the legal persons;

1. Incomplete BO register (missing information such as date, name of BO, address of BO, nationality of BO); (Total number of BO register with discrepancies -13)
2. BO declaration forms not being maintained;(Total number of beneficial ownership declarations being maintained at the principal place of business of the Resident Agent -41) and
3. BO declaration forms signed by third parties instead of the BO themselves. (Total number of BO declarations with discrepancies -12)

Multi-pronged approach

Multi-pronged approach is where by countries utilize more than one mechanism to discover beneficial ownership of a legal person. The different approaches as shown in Fig.5 complement each other in a holistic manner as beneficial ownership of a legal person may be found in a number of places. Under multi-pronged approach competent authority can gain access to information on beneficial ownership through different sources. The Seychelles FIU plans to adopt this approach for their own Beneficial Ownership database. This will increase the quality of data of beneficial ownership of entities under the FIU purview.

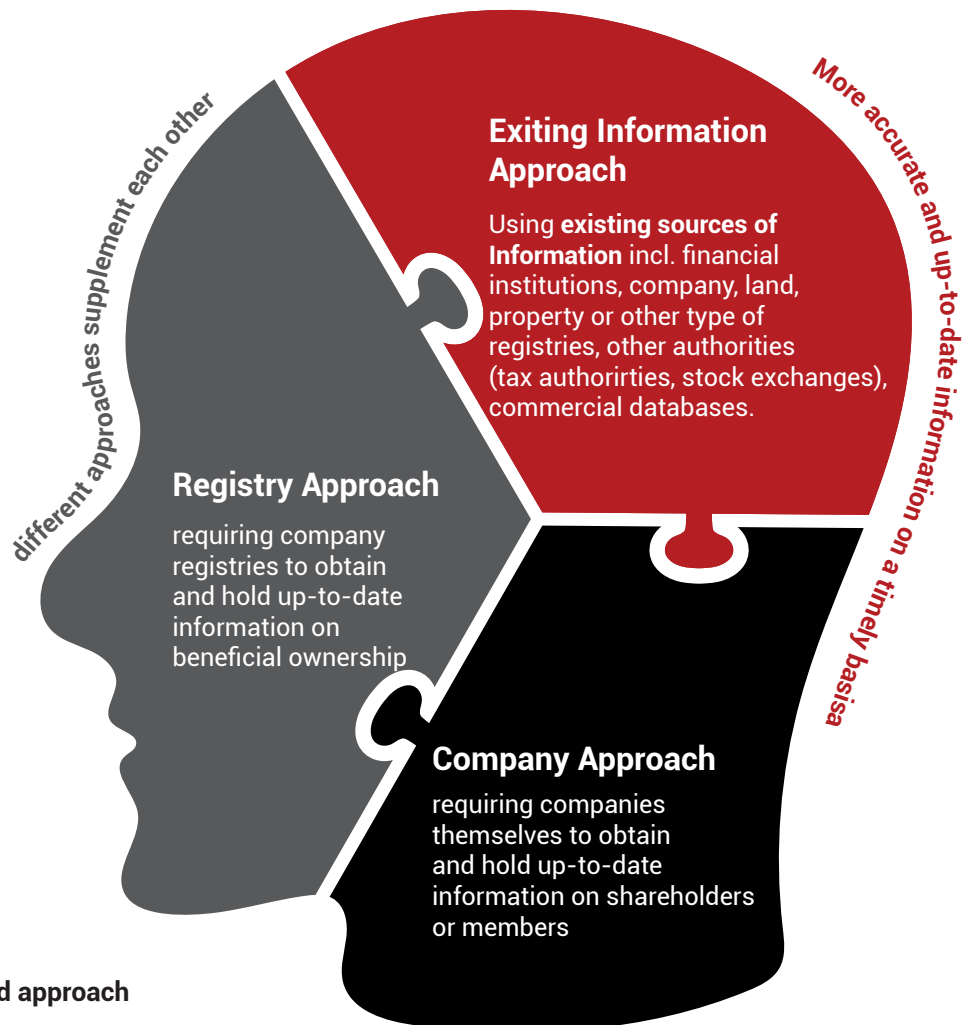


Fig.5 Multi-pronged approach

**MONITORING
AND ANALYSIS**



CHAPTER 4

Continuous improvement in operational, tactical and strategic analysis

To ensure continuous improvement in monitoring and analysis, certain structural elements are required to be in place that cuts across several FAFT recommendations including inter alia technologies, wire transfers, reporting of suspicious transactions, tipping off and confidentiality and international cooperation. During the year, 2022 FIU has worked towards maintaining the necessitated standards with key achievements as it relates to Virtual Assets (VA) and Virtual Assets Service Providers ("VASPs").

Threshold Reporting

The Third Schedule of the AML/CFT Act stipulate the reporting threshold cash transactions and wire transfers for reporting entities.

<p>Reporting threshold for cash transactions.</p>	<p>Every reporting entity shall report each transaction that is carried out by or through it involving cash transactions of SCR 50,000 or more or the equivalent money in the currency of other countries.</p>
<p>Reporting threshold applicable to wire transfers.</p>	<p>Every reporting entity shall report each wire transfer that is executed of SCR50,000 or more or the equivalent money in the currency of other countries.</p>
<p>Reporting threshold applicable to gambling sector.</p>	<p>All licenses within the gambling sector shall report all transactions of its customers involving SCR 20,000 or more.</p>
<p>Reporting threshold applicable to Bureau de Change.</p>	<p>Every Bureau de Change shall report all transactions of its customers involving SCR 5,000 or more or the equivalent money in the currency of other countries.</p>

Table 14: Reporting Threshold

Pursuant to section 5 of the AML/CFT Act, all reporting entities have the obligation to submit a report to the FIU, for transactions that meet or exceed the prescribed threshold. The FIU received a total of 2193 threshold reports in 2022. This represented a near 15% increase in number of submitted reports compared to 2021. The threshold data is used in relevant strategic analysis work and enhances the operational analysis conducted by the FIU.

Bank and Non-bank financial institutions

The bank and non-bank financial institutions submit two (2) report types to the FIU, that is the Cash Transaction Threshold Report ("CTTR") and the Wire Transfer Threshold Report ("WTTR"). For 2022, the FIU received 476 CTTRs and 372 WTTRs.

	CTTR		WTTR	
	No. of reports	No. of transactions	No. of reports	No. of transactions
2021	473	75,580	343	90,655
2022	476	79,074	372	127,055

Table 15: Cash Transaction Threshold Report ("CTTR") and the Wire Transfer Threshold Report ("WTTR").

Bureau De Change

The FIU received 841 threshold reports from the Class A Bureau de Change ("BDC") which is a 15% increase compared to the 2021 figures. It is to be noted that FIU was receiving reports from 12 class A BDCs in 2021, whereas in 2022 with a new entrant, 13 Class A BDCs were reporting.

		No. of reports	No. of transactions
BDC Class A	2021	732	130,162
	2022	841	163,482
BDC Class B	2021	240	5,959
	2022	300	11,727

Table 16: Bureau De Change threshold reporting

Motor Vehicle Dealers

For the reporting year, 12 cash threshold reports were received from 3 motor vehicle dealers.

	No. of reports	No. of transactions
2021	9	5
2022	12	10

Table 17: Motor Vehicle Dealers threshold reporting

Precious Metals and Stones Dealers

The precious metal and stone sector started submitting cash threshold reports from the second half of 2021. For 2022, the FIU received 27 reports.

	No. of reports	No. of transactions
2021	6	19
2022	27	54

Table 18: Precious metals and stones threshold reporting

Gambling

The gambling sector submitted 165 reports in 2022, representing a 53% increase. However, it is to be noted that for the year under review, operations of the entities under this sector were not restricted compared to the previous two (2) years where activities were restricted due to the pandemic.

	No. of reports	No. of transactions
2021	108	3,274
2022	165	7,496

Table 19: Gambling Threshold reporting

Threshold Report

“CTTR” and the “WTTR” are essential tools used by the FIU to inform supervisory authorities, LEAs and other competent authorities in terms of their priorities as it relates to ML/TF risk and threat. In addition, it remains a critical tool in guiding and supporting policy decisions to combat ML/TF. Fig.6 and 7 hereunder is a comparison of CTTR and WTTR received form 2020 to 2022.

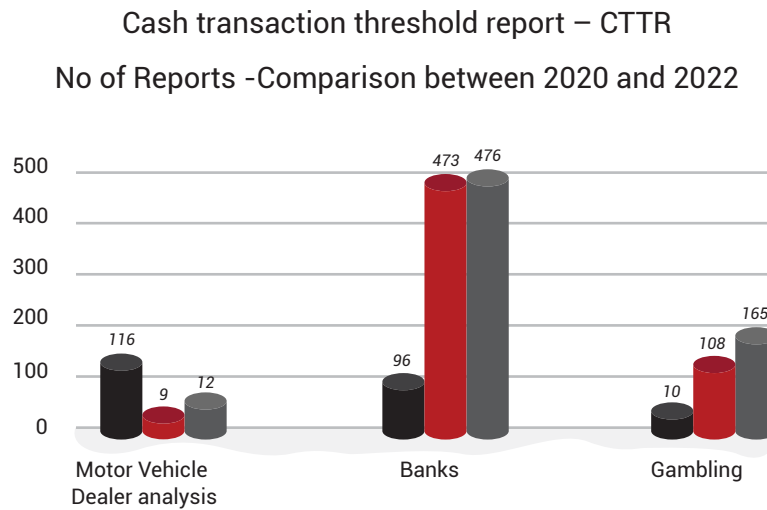


Fig 6: Comparison of Reports Received per categories 2020-2022

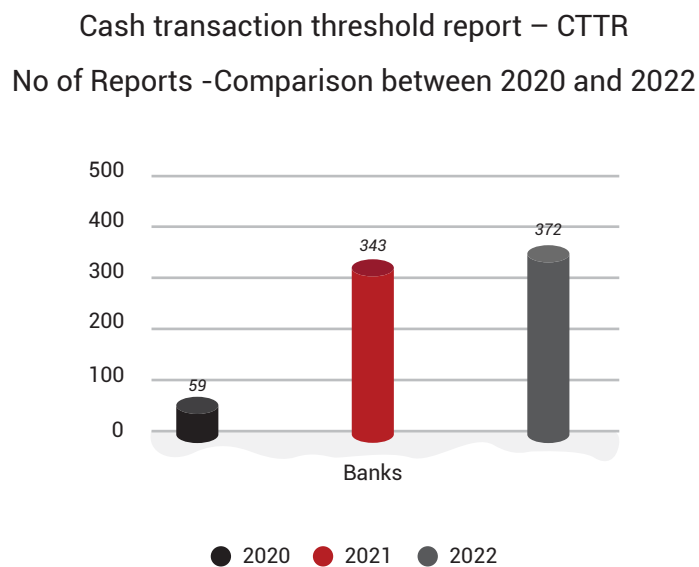


Fig.7: Comparison of Reports Received from banks 2020-2022

Strategic Analysis

The FIU receives intelligence through its reporting regime and subsequently through its analysis can formulate reports of trends and patterns as it relates to money laundering and terrorist financing. The FIU obtained the assistance of a technical expert, who has been assisting in regards to the development and implementation of a capacity building programme to mentor the staff within FIU. The aim is to acquire the necessary analytical capacity and ultimately produce quality reports of money laundering and terrorist financing typologies and trends.

In accordance with its function under section 28 (5) (b) of AML/CFT Act, which relates to FIU's analysis function, the FIU conducted an elementary assessment of the data being captured on the BO database. The aim of the assessment was to gain a basic insight in respect to gaps and/or discrepancies in the information being populated onto the BO database. The assessment analysed the BO information in terms of its adequacy and relevance. It also entailed a comparison of the BO information against other data sets maintained by the FIU. The findings allowed the FIU and the relevant partners to better assess the benefits of having a central BO database. The findings were shared with the supervisory authorities and the National AML/CFT Committee.

Suspicious Transaction Reports (STRs)

The Seychelles FIU is the national agency responsible for receiving, requesting, analyzing and disseminating financial intelligence as it relates to money laundering and the financing of terrorism. Suspicious Transaction Reports ("STRs") and other disclosures are submitted to the FIU, either electronically or through physical means. For the year 2022, the FIU received a total of 212 STRs from the reporting entities.

Cases are prioritized on a risk-based approach. This allows the FIU to efficiently utilize its resources and at the same time deliver quality intelligence. Cases that are designated as high risk are allocated for further analysis, whereas cases which are rated as being low risk are kept in a centralized database and serve as a source of intelligence for future cases, request for information or strategic analysis.

For review year, the FIU has seen a decrease from 275 STRs which were submitted in 2021 to 212 STRs in 2022

STRs	2020	2021	2022
STRs Received	263	275	212
Other disclosures received	32	361	334

Table 20: STRs

A total of 334 voluntary disclosures were received from international and domestic private entities and other government agencies. 83% of the disclosures received were international disclosures received in relation to virtual assets.

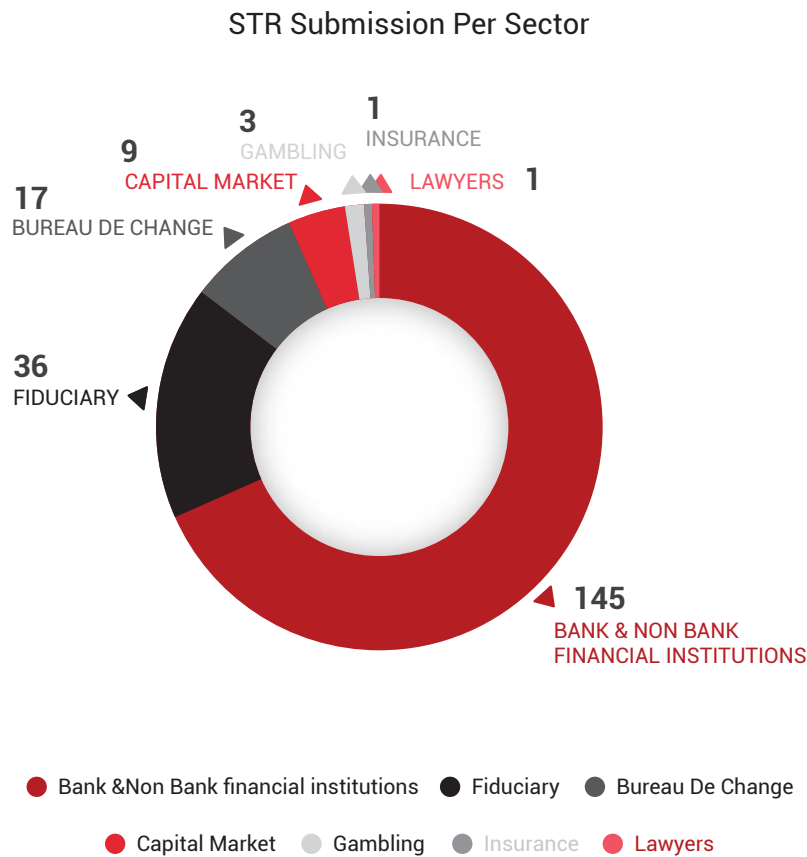


Figure 8: STR submission per sector 2022

Similar to 2021 the main reporting sectors remains to be the bank and non-bank financial institutions and the fiduciary sector. The FIU remains engaged with other supervisory and competent authorities to drive awareness and sensitization to improve the effectiveness of their monitoring framework as gatekeepers leading to improved reporting from other sectors.

STRs Received

For 2022, the FIU recorded a total of 212 STRs, on average for the reporting year the FIU received 15 STRs per month. Table 22 provides a comparative analysis of the STRs received for the past five years.

Sectors	2018	2019	2020	2021	2022
Banking Institutions	39	40	188	182	145
BDCs	6	14	18	13	17
Non-Bank Institutions ¹	11	8	9	11	0
Fiduciary	34	40	45	45	36
REAs	1	0	1	0	3
Insurance	0	0	2	6	1
Casino	0	0	0	1	3
Capital Market	0	0	0	17	9
Lawyer	0	0	0	0	1
Competent Authorities ²	97	115	263	0	0
Total	97	115	263	275	212

Table 21: STR Received per sector 2018-2022

Reason for Reporting

Reporting entities are obligated to submit an STR to the FIU if they have reason to believe that a transaction or activity is related to a money laundering or terrorist financing or even any other criminal offences. It is therefore imperative that REs know their customers and ensure that they have adequate measures in place to detect such suspicious transactions or activities. For 2022, 26% of STRs received were submitted on the basis of unusual cash deposits. These reports involved suspicions on the source of funds of multiple cash deposits or one-off large transactions to an account. Money Laundering has been observed as the second most common reason for reporting. STRs in this category have been seen to involve multiple offences, hence why the REs term it as money laundering. In the adverse media category, the majority of the STRs were submitted by ICSPs and were in relation to an adverse information found online, involving either the director, shareholder, beneficial owner of an entity or the entity itself. As for the fraud cases, these included mostly internet frauds and financial scams.

1. Note that as of 2022 Non-Bank Institutions statistics being recorded under Banking Institutions.

2. Note that as of 2020 STR reports received from Competent Authorities being recorded under other disclosures.

Reason for reporting	Total STRs
Unusual cash deposit	55
Money Laundering	37
Unusual account activity	26
Adverse Media	20
Fraud	17
Corruption	14
Failure to adhere to KYC requirements	10
Tax Evasion	9
Sanctioned Entity/Individual	5
Unusual exchange of cash	6
Drug trafficking	6
Avoiding reporting threshold	3
Known to LEA	2
Regulatory breach	2
Total	212

Table 22: STRs: Reason for reporting

Outgoing – Domestic & International Disseminations

Following the analysis of the intelligence received through the various report forms, the FIU disseminates its findings to the various stakeholders. Pursuant to section 27 (1) (c) of the AML/CFT Act, the FIU disseminated 82 intelligence reports. This included 18 disseminations made to international counterparts and 64 to domestic counterparts. 24 cases where the analysis was completed since 2022 are yet to be disseminated.

	2021	2022
Domestic disseminations	137	64
International disseminations	21	18

Table 23: Outgoing Domestic & International Disseminations

The disseminations were made to the following authorities:

- Local law enforcement agencies
- Supervisory authorities
- Government agencies
- Other FIUs

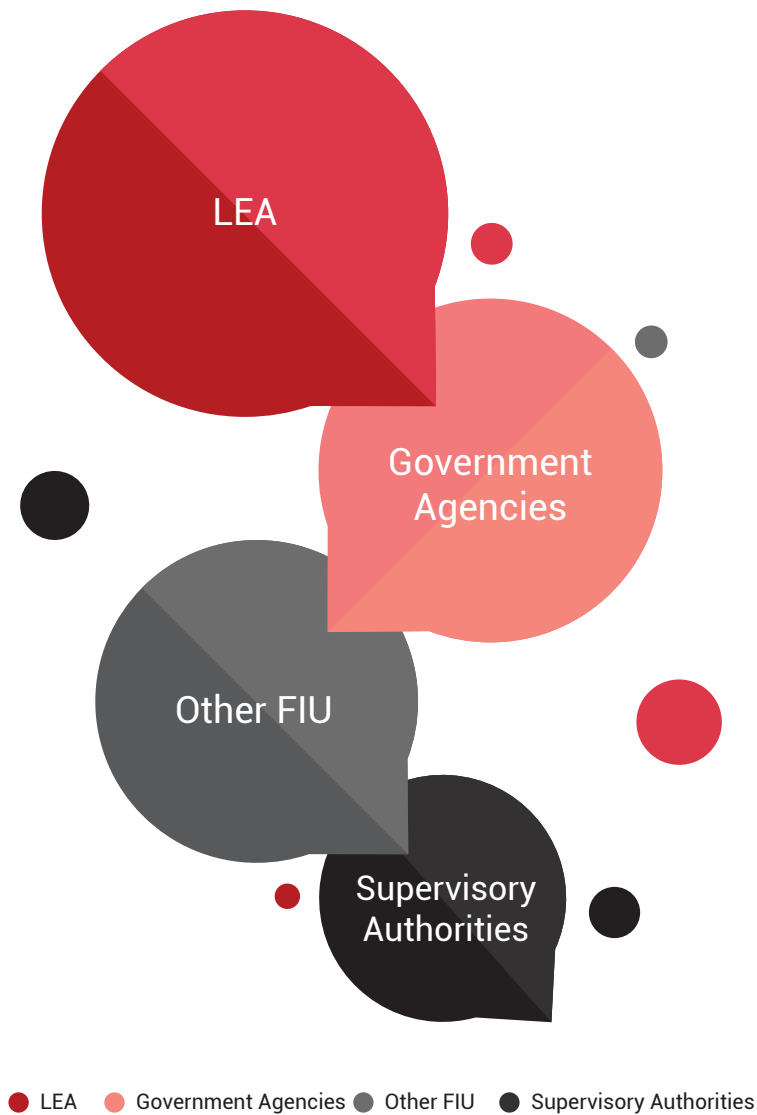


Figure 9: Dissemination of cases

Incoming - International spontaneous disseminations

For this reporting period, a total of 24 spontaneous disseminations were made to the FIU from foreign counterparts. From these disseminations, 7 had nexus to Seychelles and 6 of these were related to Seychelles registered International Business Companies and as such the information was shared with competent authorities for further action. The highest number of incoming spontaneous disseminations originated from Egmont Regions- Europe I as shown per table 11 below, with the reason for suspicion being bribery, child pornography, corruption, cybercrime, fraud, money laundering, narcotic trafficking, organised crime, scam, suspicious transaction, tax evasion and terrorist financing.

Region	2021	2022
Americas	4	4
Asia & Pacific	2	1
East & Southern Africa	1	1
Europe I	24	12
Europe II	4	4
Middle East & North Africa	7	2
Total	42	24

Table 24 No. of incoming spontaneous disseminations by region (2022)

Freezing of Accounts

The FIU exercised its powers under section 27 (d) and (e) on 19 accounts in 2022. The total value of the assets held by the related bank accounts can be seen in table 25 below:

Number Bank Accounts	Currency	Total Value of Funds
7	EUR	126,003.47
2	GBP	499.25
1	SCR	50,809.34
9	USD	1,642,201.94

Table 25: Freezing of accounts: Total value of the assets held by the related bank accounts

Information Exchange

As part of its function, the FIU exchanges information with its partners domestically and internationally. Information is shared either spontaneously or upon request. The FIU strives to provide quality information in a timely manner in order to assist in investigations for the prevention of ML/ TF. In 2022, the FIU received 200 domestic requests and 466 request for customer due diligence.

The FIU conducted sessions with the relevant partners in the last quarter of 2022 where it was conveyed how the FIU can provide assistance through request for information received from LEAs and other competent authorities. Further emphasis was put on the quality of information that needs to be provided in a request for information in order to enable the FIU to better assist. The FIU received 288 requests for information from international counterparts in 2022. These included requests from Egmont group members, FIUs which are not Egmont members and other international bodies.

In order to fulfill its mandate of analysis and dissemination the FIU also makes request for information to both domestic and international partners. For the review year the FIU made 5388 local requests and 42 international requests for information.

	2021	2022
Domestic request received	181	200
International requests received	130	288
Due diligence checks and enquiries request received		446
International dissemination received	42	18
Domestic Request sent	4174	5388
International requests sent	10	42

Table 26: Information Exchange

Other Disclosures

The FIU recorded a total of 277 voluntary disclosures which directly involved a virtual asset. All disclosures received arose from non-reporting entities (IBCs), with 156 triggered by their respective internal monitoring system, 95 arising from requests of LEAs, followed by other external requests/triggers. The 3 most frequent VA currencies featured in the received disclosures include BTCs, ETHs and USDTs. With reference to the Table (26) below, Money laundering was relatively the most prominent criminality.

List of Criminality	2021	2022
Child Abuse	1	1
Dark Net Market activity	42	42
Deception	20	0
Fraud	6	13
Illegal Gambling	1	0
Money Laundering	130	118
Scam	11	12
Sanction Evasion	3	54
Theft	2	4
Drug Trafficking	1	3
Adverse News Media	1	0
Cyber Crime/Ransomware	0	8
Other	0	21
Total Criminality Recorded	293	277

Table 27: List of the prevalent criminalities related to VASP disclosures

Virtual Assets ("VA")

The FIU was part of the national risk assessment that was carried out in 2022 on Virtual Asset /Virtual Asset Service Provider ("VA/VASP"). The NRA was conducted with the aim to assess the money laundering and terrorist financing risk associated with having a virtual asset or virtual asset service provider sector in Seychelles. As per FATF Recommendation 15 countries should:

- identify and assess the money laundering and terrorist financing risks emerging from virtual asset activities and the activities or operations of VASPs;
- based on their understanding of their risks, apply a risk-based approach to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks identified; and
- require VASPs to take appropriate steps to identify, assess, manage and mitigate their money laundering and terrorist financing risks, as required.

The result of the NRA rated the VA/VASP as being high risk. This result will be used to formulate the necessary policies and strategies regarding VA/VASP.



Figure 8: VA: Top 3 reasons for reporting

Typologies Revealed by STRs and Intelligence Exchange

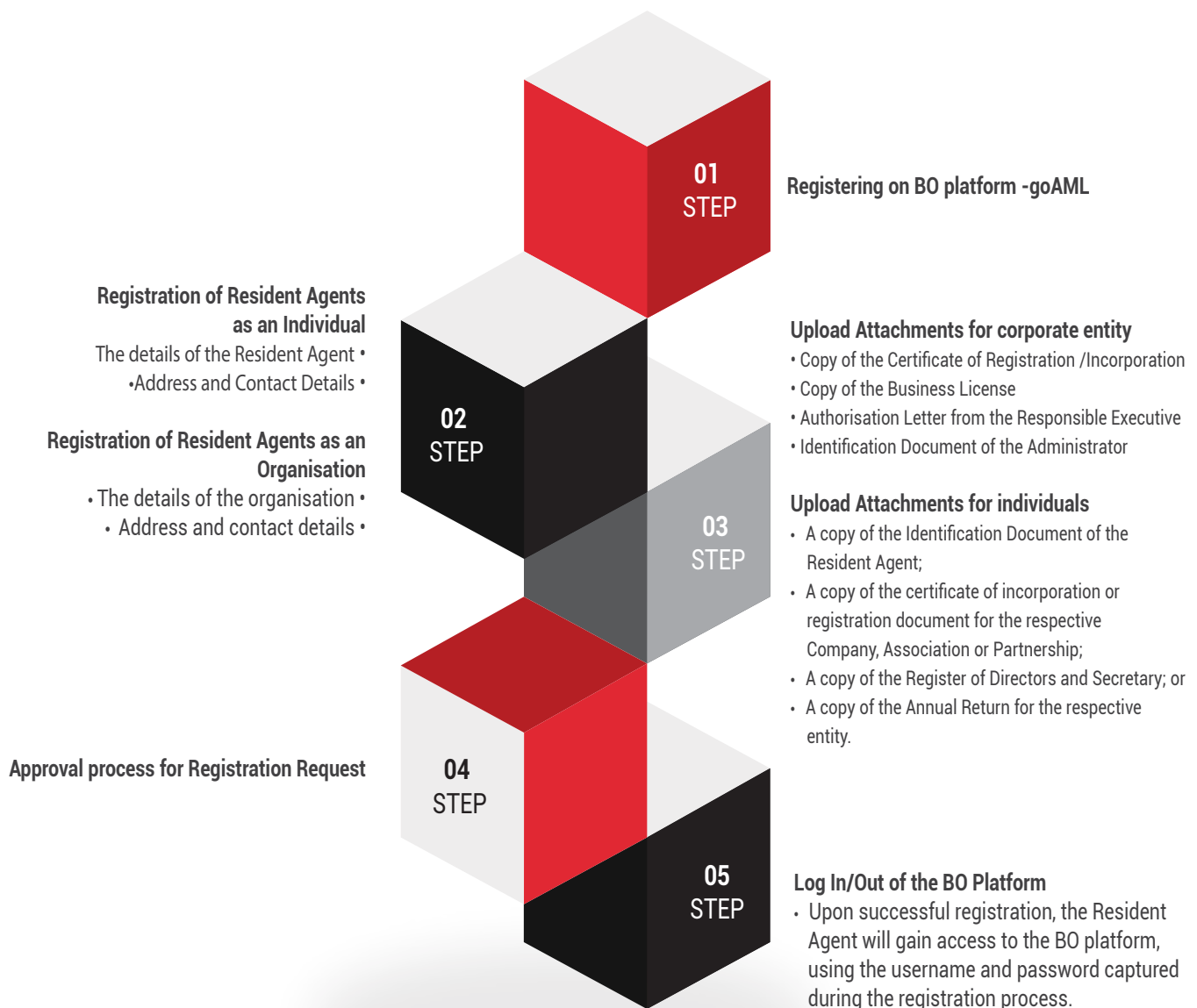
Examination and analysis of STRs for the past three years reveal certain common modus operandi employed mostly in the banking and Fiduciary sector;

- local accounts used for depositing funds but ATMs from other jurisdictions are used to withdraw funds;
- banking just below the cash threshold amount of SCR 50,000 (e.g., banking SCR 49,000);
- transactions being inconsistent with customer's known profile;
- elaborate movement of funds through different accounts;
- high volume of transactions within a short period;
- large amounts of cash received from unexplained sources; and
- adverse open-source information mostly found online involving either beneficial owner, director's shareholders, or companies.

Beneficial ownership and beneficial ownership database

Pursuant to the provision of section 13 of the BO Act, the FIU has been designated as the nodal agency to maintain the Seychelles Beneficial Ownership ("BO") Database. All legal persons and legal arrangements specified under section 2 of the BO Act are required to populate their BO information, through their resident agents, on the BO Database. The BO Database, was launched for the non-domestic sector on July 5th, 2021. Fig. 3 below provides a snapshot of the steps undertaken by registered agent for registration and population of information on the BO Database.

Fig 10: Registration of Individuals and Corporate entities



Population of information on the BO database was undertaken in two phases whereby December 27th, 2021 was the deadline set for legal persons and legal arrangements specified under Part B of the First Schedule of the BO Act to ensure compliance with the BO Act. For legal persons and legal arrangements under Part A of the First Schedule of the BO Act, also referred to as domestic sector, compliance with the BO Act was set to January 31st, 2022.



Recipients of the FIU's Analytical products

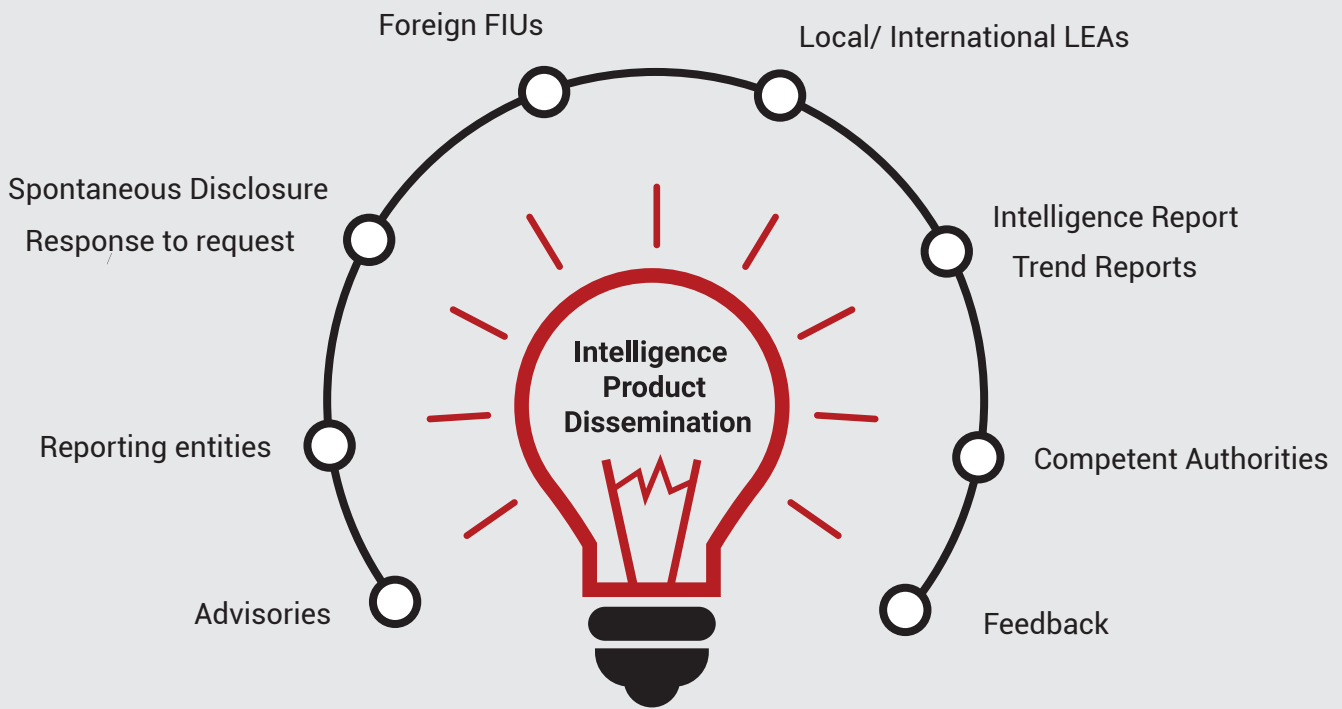
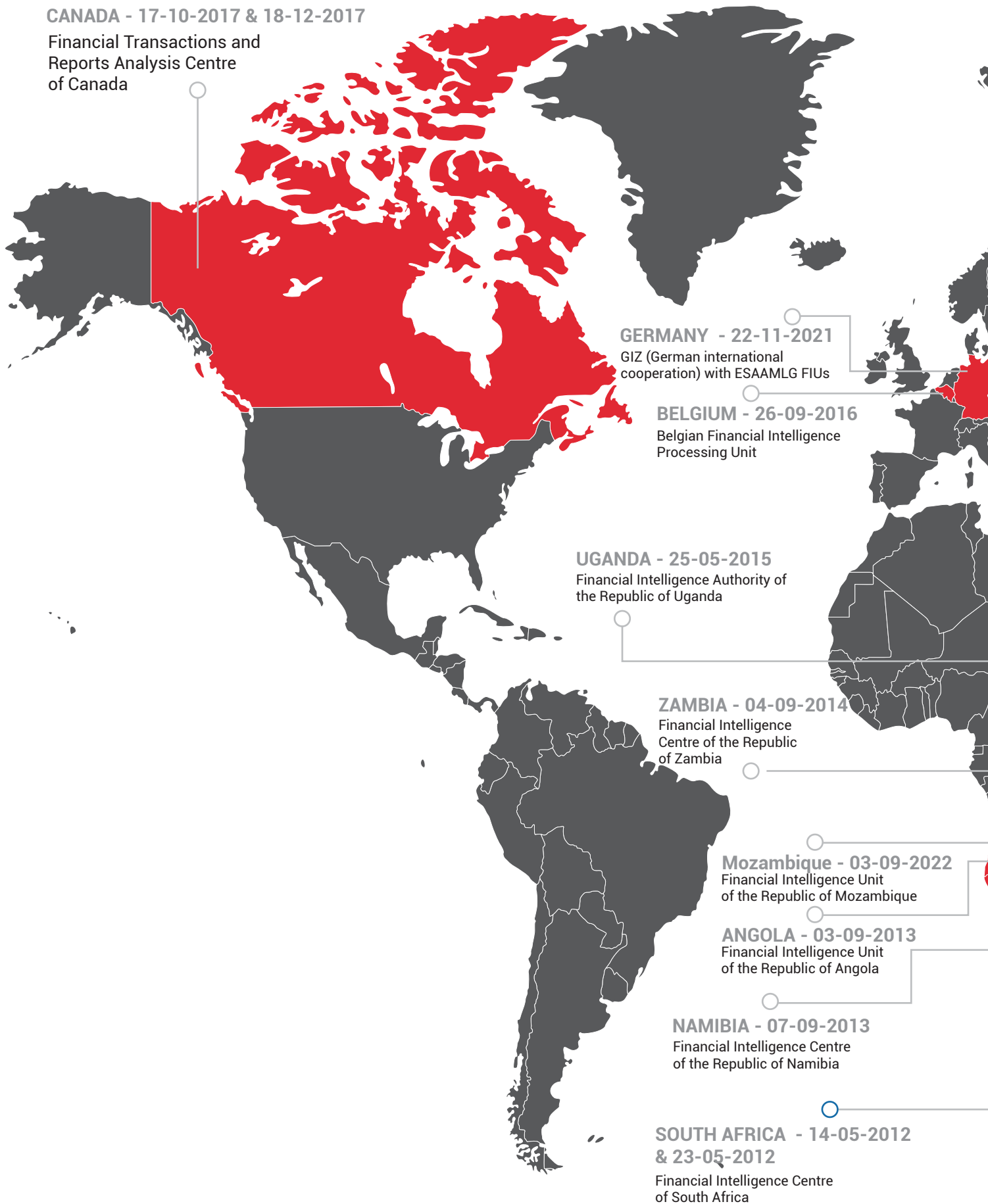


Fig.2.1 Recipients of the FIU's Analytical products

**COOPERATION,
COORDINATION
AND
COLLABORATION**

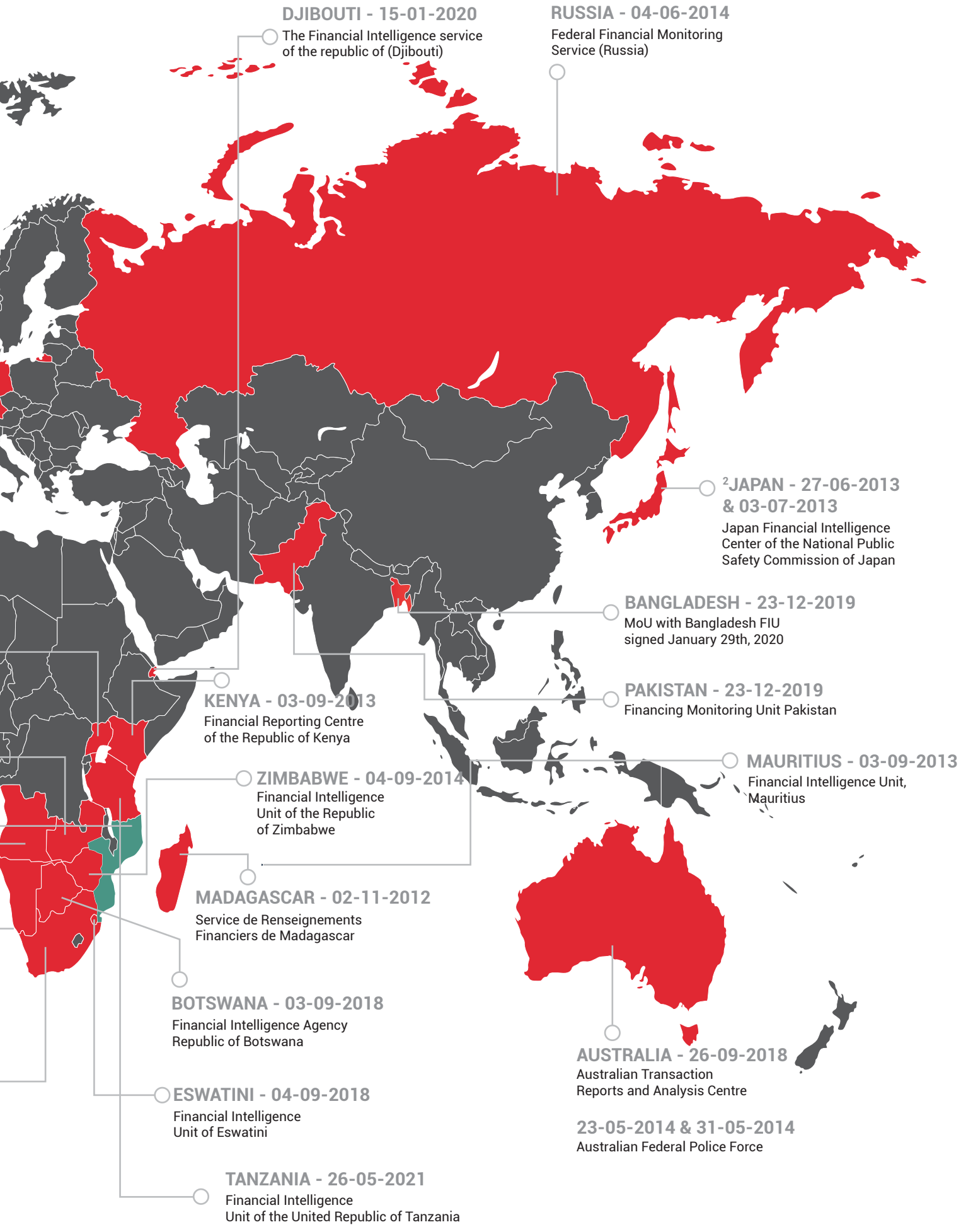


CHAPTER 5



Map: Countries which have signed MoUs with Seychelles

²Japan: Letter of undertaking



Building relationships to achieve our shared vision

The FIU has participated actively in national and international cooperation, coordination and collaboration initiatives with the aim of building strategic relationships. Such relationships are key in creating the necessary network to achieve the shared vision of protecting the global financial system against financial crimes.

MoU Signed

In 2022 FIU signed three (3) Memorandum of Understanding ("MoU"), two (2) international MoU with the Participants of the International Anti-Corruption Coordination Centre Associate (IACCC) and the Financial Intelligence Unit of the Republic of Mozambique; and one (1) domestic MoU with the Department of Environment, within the Ministry of Agriculture, Climate Change and Environment.

MoU with participants of the International Anti-Corruption Coordination Centre Associate (IACCC)

Pursuant to the international MoU, the FIU is now an associate member of the IACCC. This status will facilitate the ability of the FIU to securely communicate and exchange intelligence to assist with the development of grand corruption cases and in so doing, support the work of our domestic and international partners.

MoU with Financial Intelligence Unit of the Republic of Mozambique

The MoU with the Republic of Mozambique FIU establishes a basis for the development of an effective collaboration mechanism between the Authorities in the exchange of information and to improve the coordination and efficiency of cooperation efforts between the Authorities.

MoU with the Seychelles Ministry of Agriculture, Climate Change and Environment.

The local MoU with the Department of Environment came in response to the global call to action to increase our vigilance and response to the financial threats posed by the illegal wildlife trade. Broadly speaking, the MOU allows for cooperation and collaboration between the FIU and the Department in order to discharge their respective statutory mandates as well as international obligations.

National co-operation and coordination

FAFT Recommendation 2 requires countries to designate an authority or have a co-ordination or other mechanism that is responsible for national AML/CFT policies. Mechanisms should be in place to enable policy makers, the FIU, law enforcement authorities, supervisors and other competent authorities to co-operate, and where appropriate, co-ordinate and exchange information domestically with each other concerning the development and implementation of AML/CFT policies and activities. Such mechanisms should apply at both policymaking and operational levels. This has led Seychelles to establish the National Anti-Money Laundering and Countering the Financing of Terrorism Committee ("NAC"), supported by the Technical Anti-Money Laundering and Countering the Financing of Terrorism Committee ("TAC"), where FIU is an active participant on both platforms.

International commitments, coordination and collaboration

Seychelles application for re-rating report to ESAAMLG – September 2022

The AML/ CFT framework of Seychelles was assessed against the FATF 2013 Methodology and the 2012 FATF Recommendations in the Second Round of Mutual Evaluations conducted by ESAAMLG. The onsite component of the assessment took place between 20th November to 5th December, 2017. The Report (“MER”) was adopted by the ESAAMLG Council of Ministers in September, 2018.

Informed by the findings of the MER, and following Seychelles' first National Risk Assessment (“NRA”) in 2018, all relevant stakeholders have been actively engaged to undertake reforms to the legal and regulatory framework and remediating the technical deficiencies and limitations identified in Seychelles' AML/ CFT framework.

The FIU has been instrumental in coordinating Seychelles' efforts towards improving its technical compliance with the FAFT recommendations and communicating these to the Eastern and Southern Africa Anti-Money Laundering Group (“ESAAMLG”). For yet another year, the country's reporting obligations have been met with the latest re-rating report submitted in September 2022. The Seychelles is optimistic that in 2023, it will record improvement in its technical compliance ratings for Recommendations 5, 19, 25, 28 and 34.

Since the MER Seychelles has made significant progress in addressing the technical compliance deficiencies identified and the FIU is set to support Seychelles in becoming fully compliant with the FATF forty (40) technical recommendations. It is the national aspiration that in due course the country will become fully technically compliant and will therefore be able to progress to concentrating on compliance to the FAFT immediate outcomes (“IOs”) which are the benchmark against which the effectiveness of the country's AML/CFT system is judged.

Seychelles' second round review: Exchange of Information for tax purposes

FIU participated in Seychelles' second round review on the exchange of information for tax purposes, where FIU contributed in providing information on the availability of beneficial ownership and identity information with the aim of improving Seychelles' status from being partially compliant to compliant. FIU provided information on the administration of the BO Act and Regulations, 2020 and the BO Database and also made a presentation during the on-site visit which was held in December 2022. Seychelles will receive feedback on the Seychelles' status in 2023.

Collaboration with other agencies: OPTAC

Analysts from the FIU were seconded to an LEA for a period of six (6) months in the effort to enhance cooperation and exchange of information. Further, analysts have participated in various working groups with law enforcement and supervisory authorities, where the FIU has been able to provide its support through its analytical function and its network of international counterparts.

SIS

The Seychelles Intelligence Service (SIS) plays a key role in coordinating and regulating intelligence through provision of information on matters concerning the security of Seychelles including ML and TF.

ACCS

The ACCS is an additional law enforcement body in Seychelles which focuses on corruption investigations that may include elements of ML.

FSA

The FSA is the AML/CFT supervisor for all reporting entities under its regulatory ambit and the licences specified in part B of the first schedule to the AML/CFT ACT as well as casinos and Trust and companies service providers. The FSA's inputs are critical to establishing a comprehensive AML/CFT regime.

SRC

The SRC manages Customs and Tax authorities plays a critical role in combating ML/TF while working the cross-border movement of goods and people. In addition, the tax authorities have access to important tax information that can support analysis and investigations into ML and even TF offences.

NATIONAL AML/CFT COMMITTEE

In response to the findings of both the National Risk Assessment ("NRA") and Mutual Evaluation Report ("MER") in 2018 the Minister responsible for Finance formally established the National Anti-Money Laundering and Countering the Financing of Terrorism Committee ("NAC"), Chaired by the Secretary of State of Finance to act as a platform for national cooperation and coordination on Anti-Money Laundering/Countering the financing of Terrorism ("AML/CFT") matters. This platform regroups the Heads of 11 institutions which are indispensable to the value chain in combating money laundering ("ML") and financing terrorism, as depicted in Fig 11. hereunder. To support the NAC in its mandate, a Technical Committee comprising of technical experts from the respective agencies was also formed.



FIU

The FIU plays a key role as the national centre for receipt and analysis of suspicious transaction and other information relevant to ML, associated predicate offence and Terrorist Financing ("TF") and for dissemination of the results of that analysis. The FIU is critical to the AML/CFT regime as it acts as the Secretariat of the Committee

FIU

MOFNP

MOFNP

The Committee is Chaired by the Principal Secretary of in the Ministry of Finance, National Planning and Trade.

AG

The Attorney General is the highest-ranking law enforcement official in Seychelles and as such is the driving force in pursuing prosecutions of criminal offences to include ML/TF and related offences. In addition, the AG provides the necessary leadership concerning drafting AML/CFT legislation and regulations spearheading Seychelles commitment to meet its international obligations.

AG

CBS

CBS

The Central Bank of Seychelles plays a key role in the fiscal stability of the country and also acts as the AML/ CFT supervisor for most of the financial institutions operating in Seychelles.

POLICE

POLICE

The Seychelles Police force with its specialised units such as the FCIU and the ANB investigates proceeds generating crime to include ML/ TF.

RD

RD

The Registration Division plays a key role in providing civil and administrative services on behalf of the government and is a key stakeholder in contributing to an effective AML/ CFT regime through the registration of companies and associations that can be used to launder criminal proceeds.

Technical Anti-Money Laundering and Countering the

The Technical Committee comprises of technical experts from the Central Bank of Seychelles, the Financial Intelligence Unit, the Financial Services Authority, the Office of the Attorney General, the Anti-Corruption Commission of Seychelles, the Office of the Registrar General, the Seychelles Intelligence Service, the Seychelles Police, the Seychelles Revenue Commission, the Ministry responsible for Finance, the Ministry responsible for

Seychelles Mutual Evaluation Report:

As a member of ESAAMLG Seychelles are bound to undertake peer review on its effectiveness in the fight against AML/CFT. TAC submitted Seychelles re-rating application to the ESAAMLG on September 2022.

OECD Report:

In 2018 the Organization for Economic Cooperation and Development (OECD) launched the Seychelles OECD peer review. In 2022 TAC completed the OECD report which assessed the implementation of the standard of transparency and exchange of information in Seychelles from 1st April 2019 to 31st March 2022.



TAC

Financing of Terrorism Committee (“TAC”)

Foreign Affairs, the Ministry responsible for Internal Affairs and the Seychelles Licensing Authority. TAC is chaired by the Deputy Director of the FIU and its primary objective is to support NAC and its mandate. During the year 2022, the committee has provided technical support on the following;



National Risk Assessment:

TAC assisted NAC in the National Risk Assessment by providing technical assistance and resources to obtain comprehensive and accurate reports. They assisted in the following National Risk Assessment components; risk assessment on the Non-Profit Organization (NPO) and Virtual Asset/Virtual Asset Service Provider (VA/VASP).

Review of the Beneficial Ownership Act and Regulations:

TAC whilst assisting NAC was task with reviewing the specific legal framework of the BO Act 2020. This includes proposal for an Appeals Board and commenced development on a matrix for administrative penalties in regards to breach of the BO Act 2020.



Information Source

The FIU is not an investigative agency, its role within the criminal justice value chain is to focus on the financial aspects of crime. The FIU follows financial transaction to identify criminal proceeds. Fig. 2.0 hereunder depicts the different sources of information accessible by the FIU for the conduct of its financial analysis. These information are used in the compilation of intelligence reports which are disseminated to law enforcement and other competent authorities.



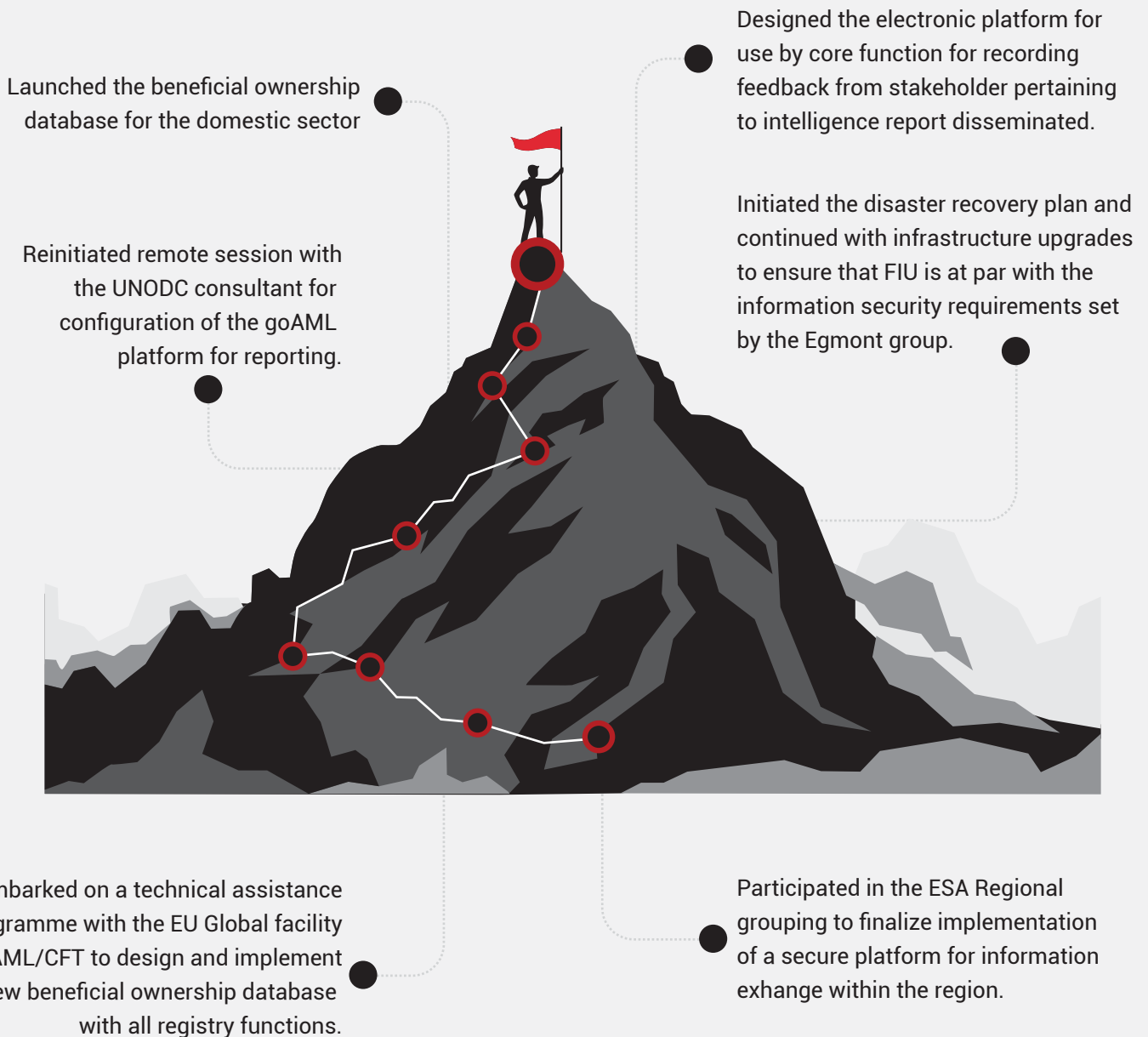
Fig. 11 other sources of information received by the FIU

**SUCCESSSES,
CHALLENGES AND
PRIORIOTIES**



CHAPTER 6

MAJOR ACHIEVEMENTS FOR 2022

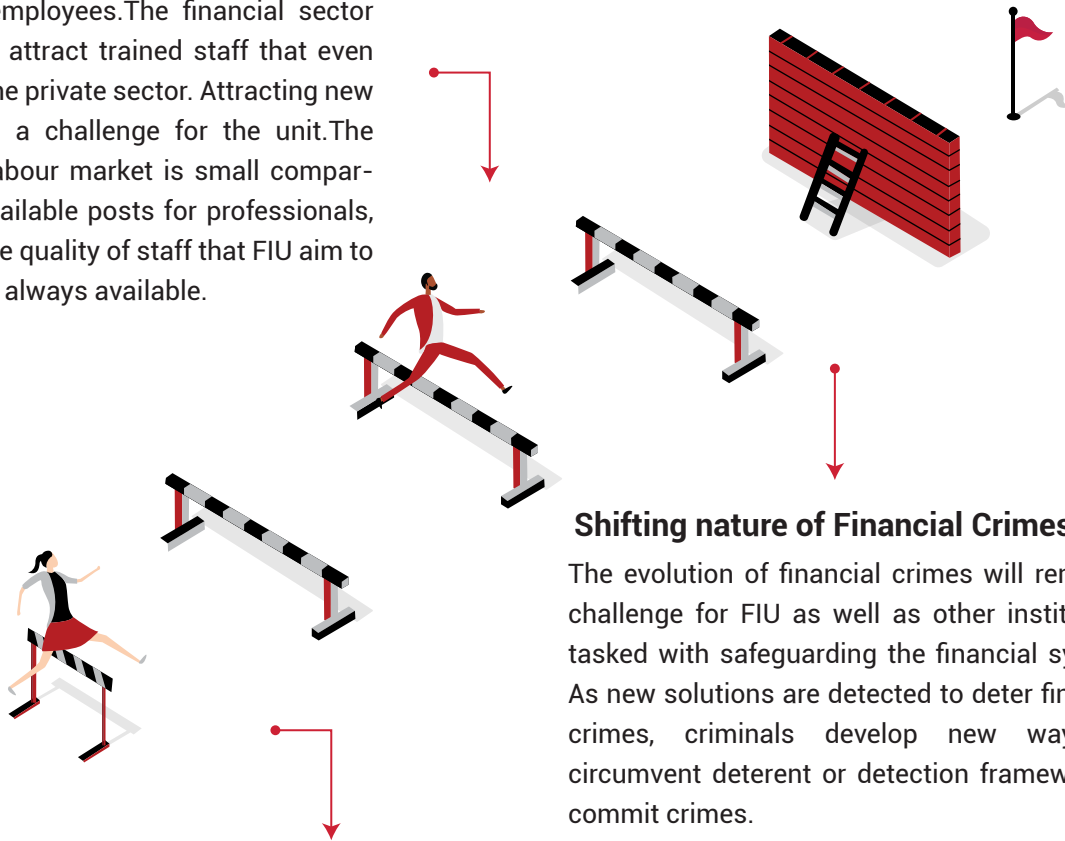




2022 CHALLENGES

Staff retention

FIU is continuously challenged in retaining competent employees. The financial sector continues to attract trained staff that eventually joins the private sector. Attracting new staff is also a challenge for the unit. The Seychelles labour market is small compared to the available posts for professionals, as a result the quality of staff that FIU aim to attract is not always available.



Shifting nature of Financial Crimes

The evolution of financial crimes will remain a challenge for FIU as well as other institutions tasked with safeguarding the financial system. As new solutions are detected to deter financial crimes, criminals develop new ways to circumvent deterrent or detection framework to commit crimes.

Information sharing

Effective information sharing is one of the cornerstones of a well-functioning AML/CFT framework. Given that the Seychelles is a small jurisdiction FIU is challenged with creating an appropriate public-private interaction that will encourage the exchange of information which will ultimately aid in the fight against financial crime. Abilities within the public sector to appropriately, timeously and effectively share information within and across different authorities and agencies must also be enhanced as it currently presents a challenge.

Strategic Priorities 2023



To cultivate a modernized FIU which is based upon technological advancement for ease of work. The FIU must invest in improving its current hardware and software; this will lead to a modernize and efficient operation overall



In order to operate effectively and efficiently the need for improved SOPs are needed. Hence, the greater need for information exchange with our regional and international network remain strong as their knowledge is vital to improve our current SOPs.

Strat
Pl

Strategic
Plan

01

Strategic Objective



To strengthen the fight against illicit activities the FIU fight against illicit activities through enhanced detection and investigation of suspected offences through enhanced supervisory activities. In addition, the FIU is tasked with developing strategies to attain suitable public-private partnership and high public-public coordination

02

Strategic Objective



To enhance compliance with Seychelles AML/CFT/CPF/BO framework. The FIU must produce timely and accurate financial intelligence reports to assist domestic partners in the national fight against AML/CFT Emphasis will placed on a proper framework for DNFBPs and creating a forum with to maintain two-way communication with the sector.

ANNEXURE 1: Strategic Plan Review- 2019-2022

STRATEGIC PLAN REVIEW – 2019-2022

Strategic pillar (s)	Planned Activities	Status
Robust system to detect and deter financial crime	1. A training programme for Financial Analysts to improve the level of tactical, operational and strategic analysis on information received to better identify possible indicators of financial crime.	Implemented.
	2. Partner with Foreign FIU's from mature jurisdictions to organize exchange programmes for FIU staff.	Implemented.
	3. Seek Technical Assistance ("TA") from foreign counterparts to support the FIU with resident financial specialists to mentor staff and prepare training programmes for the transference of knowledge and skills.	Implemented.
	4. Develop protocols and interface to reinforce communications with LEAs and supervisory authorities and international partners to maximize appropriate dissemination and use of FIU's analytical products to detect AML/CFT activity, investigate financial crimes (including tax evasion), disrupt criminal activity, secure prosecutions and confiscate proceeds of crime.	Implemented.
	5. Engage with REs in a meaningful partnership, particularly in regards to improving the quality of STRs reporting, ML and TF typologies and emerging threats.	Implemented.
	5. Strengthen information exchanges and participation of the FIU in initiatives to meet national and international obligations.	Implemented.
	6. Develop a coordinating mechanism for all the sectoral supervisors to coordinate domestically and effectively exchange information with other supervisors on supervisory approaches, supervisory expectations and supervisory actions, and other competent authorities where necessary, to continuously update the national understanding of ML/ TF and PF risk.	Implemented.

	<p>7. Develop a coordinating mechanism for all the sectoral supervisors to coordinate domestically and effectively exchange information with other supervisors on supervisory approaches, supervisory expectations and supervisory actions, and other competent authorities where necessary, to continuously update the national understanding of ML/ TF and PF risk.</p>	<p>Implemented.</p>
<p>2. Compliance culture and system</p>	<p>1. Develop and implement a supervisory program providing for the application of risk-based supervision of relevant reporting sectors under the FIU's purview.</p> <p>2. Conduct risk-based independent or joint supervision both on the DNFBP and NPO sector.</p> <p>3. Enforce timely and appropriate sanctions in cases of non-compliance in terms of the AMLA.</p> <p>4. Design and deliver independent or joint outreach and awareness raising seminars on AML/CFT/CPF for all RE under the FIU's regulatory purview.</p>	<p>Implemented.</p> <p>Implemented.</p> <p>Implemented.</p> <p>Implemented.</p>
<p>3. Information communication Technology</p>	<p>1. Secure financial resources to improve the FIU's technology infrastructure to support its workforce and improve the quality of the material it receives and produces.</p> <p>2. Introduce new analysis and monitoring tools to support proactive identification of trends and patterns from information/ data received and disseminated.</p> <p>3. Install and implement a case management system to support operations.</p> <p>4. Work with relevant LEAs to obtain access to key extrinsic data sources to support and enhance FIU's analytical functions.</p> <p>5. Build capacity and skills of IT personnel to support the institution on critical applications or systems.</p> <p>6. Employ technology to standardize system for electronic filling of reports, to improve the quality and speed of feedback and process for analysis and generating of statistical data to support the regulatory compliance process as well as management.</p>	<p>Outstanding.</p> <p>Outstanding.</p> <p>Outstanding.</p> <p>Outstanding.</p> <p>Implemented.</p> <p>Outstanding.</p>

4. Strategic positioning

- | | |
|---|---------------|
| 1. Review the AMLA through stakeholder engagement, to harmonize the new legislation for increased effectiveness and to improve reporting entities understanding of their AML obligation and compliance level within the jurisdiction. | Implemented.. |
| 2. Increase the visibility and presence of the FIU in Global fora such as Egmont group and ESAAMLG. | Implemented.. |
| 3. Engage with domestic stakeholders to deliver sensitization programme on AML related issue to create a culture of compliance within the jurisdiction. | Implemented. |
| 4. Reinvigorate the FIU to amplify domestic acuity by promoting effectiveness, institutional integrity, increasing cooperation and the quality of the FIU's operational outputs. | Implemented. |
| 5. Reshape and strengthen reporting entities relation with the FIU, through effective outreach, monitoring and supervision; and take timely and equitable enforcement action to redress cases of non-compliance. | Outstanding. |
| 6. Promoting the FIU through the use of information technology infrastructure to support its workforce. | Outstanding. |

5. An innovate, high-performing and diverse workforce

- | | |
|--|--------------|
| 1. Review and revise the FIU's operational structure to reflect its new vision, mission and strategic direction as the lead AML/CFT regulator in the country; | Implemented. |
| 2. Develop a training and talent development strategy for FIU, through the conduct of an institutional capability and talent gap analysis; | Outstanding. |
| 3. Develop and implement a training and development programme to ensure that employees have the skills needed to achieve FIU's mandate and mission; and to advance within the Divisions. | Implemented. |
| 4. Promote innovative thinking at all staff levels to address evolution within the financial sector and methods to deter potential abuse. | Implemented. |
| 5. Identify and address barriers to recruiting and retaining a diverse and high performing workforce through the development of scheme of service for FIU staff. | Implemented. |

	6. Strengthen the FIU's internal communications, collaboration and ethical conduct across and within organizational functions and programs through the conduct of specialized training sessions.	Implemented.
	7. Set up performance management development system to clearly define and communicate performance expectations and formally evaluate employee performance.	Implemented.
	8. Set up relevant policies to promote and support sound operational and environmental practices.	Outstanding.

Success rate

22 Activities implemented out of 31 activities planned, the 9 activities that are outstanding are included in the 2023-2025 Strategic Plan.

ANNEXURE 2: International Seminars, Workshops and Trainings - 2022

International Initiative Meetings	Participants	Details
Trafficking in Human Beings and Smuggling of Immigrants (THB/SOM) Intelligence Sources	1	AML/THB Project (Virtual)
Cash at the border	4	HMRC (Mr. John Osborne and Mr. Tim Hooper) in Collaboration with Seychelles Revenue Commission (Physical)
Presentation of HMRC approach to Asset Recovery and Money Laundering investigations using a HMRC case study	4	HMRC (Mr. John Osborne and Mr. Tim Hooper) in Collaboration with Seychelles Revenue Commission (Physical)
Presentation of HMRC approach to Asset Recovery and Money Laundering investigations using a HMRC case study	4	HMRC (Mr. John Osborne and Mr. Tim Hooper) in Collaboration with Seychelles Revenue Commission (Physical)
Asset forfeiture and Money Laundering	1	ILEA in Gaborone, Botswana (Virtual)
Good governance in a digital and open trading environment" and Tax Transparency and Corruption	2	Good governance in a digital and open trading environment" and Tax Transparency and Corruption
Criminal Intelligence Analysis & Mapping of THB/SOM Criminal Networks	3	European Union project (referred hereafter as AML/THB project) (Virtual)

Onsite Visit Technical Assistance and Mentoring on Anti Money Laundering and Countering the Financing of Terrorism ("AML/CFT") National Risk Assessment ("NRA") of Virtual Assets ("VA") and virtual Assets Service Providers ("VASP")	2	Financial Services Authority (Physical)
Multi-stakeholder Meeting on Strategies to Prevent and Combat Organized Crime in Eastern and Southern Africa	2	United Nations Office on Drugs and Crime (UNODC) (Virtual)
Regional Workshop on Compliance with International and EU requirements Concerning the FAFT Recommendation 8	2	ESAAMLG Secretariat (Physical)
Workshop On Beneficial Ownership	2	EU AML/CFT Global Facility in collaboration with the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) and Financial Intelligence Centre (FIC), South Africa (Physical)
Trade-Based ML in the Ghos: Analysis and Investigation-Meeting II	1	European Union project referred as AML/THB project (Virtual)
Cybercrimes investigation course	3	USA - ILEA in Gaborone, Botswana (Virtual)
Expert Working group- Formal and Informal cooperation between Anti-corruption LEA's	2	INTERPOL- Financial Crime and Anti-Corruption Centre-UK (Physical)
Anti-corruption LEA's –London, United Kingdom	1	United Nations Office on Drugs and Crime (Physical)
Disrupting criminal trafficking and smuggling networks through increased Anti-Money Laundering and financial investigation capacity in the Greater Horn of Africa	1	European Union project referred as AML/THB project (Physical)
USA Training-Asset Forfeiture and Money Laundering Course	1	USA - ILEA in Gaborone, Botswana (Physical)
Understanding of Terrorist Financing Risk in the Non-Profit Organisations (NPO) sector	2	UNOCT-UNCCT and ESAAMLG (Physical)
Systems Analysis of Drug Trafficking Networks along the Southern Route	2	UNODC ROEA jointly with the Afghan Opiates Trade Project (AOTP) and the Global Programme against Money Laundering, Proceeds of Crime and the Financing of Terrorism (GPML) (Physical)
Workshop on Introduction to Financial Investigations	4	UNODC in collaboration with German cooperation Mr. Hannes Jansen van Vuren (Physical)

Identification and Handling of Suspicious cash	7	UNODC Mr. Hannes Jansen van Vuren
Regional workshop on Beneficial Ownership	2	Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), in collaboration with the European Union Anti-Money Laundering and Terrorism Financing Global Facility (EU Global Facility) and the South African Financial Intelligence Centre (FIC) (Physical)
International AML/CFT Standards/FATF Standards Course	9	World Bank Training (Physical)
Trusts Origin and Development	7	Michael Darwin (Physical)
FATF Training (STC 18)	2	FATF & ESSAMLG Secretariat (Physical)
Beneficial Ownership Course	1	Commonwealth Africa Anti-Corruption Centre (CAACC), Botswana (Physical)
Financial Investigations & Asset recovery for LEAs	1	COMESA (Physical)
Workshop on Best Practices and Mechanisms of Producing Quality Financial Intelligenc	2	ESAAMLG Secretariat, in collaboration with Financial Reporting centre Kenya and GIZ (Physical)
i2 Analyst's Notebook I: Link and Case Charting and i2 Analyst's Notebook 2: Importing & Data Analysis	4	Intelligence Directorate, National Crime Agency, British High Commission, Addis Ababa, Ethiopia (Physical)
Strategic Approach & Risk Base Supervision (Gambling, Legal Professional & Accountants)	7	EU/GF

ANNEXURE 2: International Seminars, Workshops and Trainings - 2022

Domestic Workshops and Trainings	Participants	Details
Use of Government Vehicles	1	Ministry of Finance (Physical)
Result Based Management (RBM) Phase 1	10	Guy Morel Institute in Partnership with PSB and Ministry of Finance
Result Based Management (RBM) Phase 2	4	Guy Morel Institute in Partnership with PSB and Ministry of Finance
Result Based Management (RBM) Phase 3	8	Guy Morel Institute in Partnership with PSB and Ministry of Finance
Result Based Management (RBM) Phase 4	2	Guy Morel Institute in Partnership with PSB and Ministry of Finance
Performance management	1	PSB in collaboration with Guy Morel institute

International Meetings

International Initiative Meetings	Participants	Details
Meeting of Egmont IT Professionals	4	Egmont Working & Regional Groups Meetings (Virtual)
Information Exchange Working Group	8	Egmont Working & Regional Groups Meetings (Virtual)
Technical Assistance and Training Working Group	8	Egmont Working & Regional Groups Meetings (Virtual)
Membership, Support and Compliance Working Group	2	Egmont Working & Regional Groups Meetings (Virtual)
Policy and Procedures Working Group	1	Egmont Working & Regional Groups Meetings (Virtual)
Technical assistance financed under the 11 th EDF TCF		FCG Germany and Project Director Ms. Milica Simin, alongside FIU's experts Mr. Marc-Andrew Alix and Ms. Stella Attakpah.
Facilitators Call - Public Private and Public-Public Partnerships Webinar	1	AGA Africa (Virtual)

Professional Qualifications

Qualifications	Participants	Details
International Diploma in Money Laundering	2	International Compliance Association (ICA) UK

ANNEXURE 3: BO Awareness Sessions

Date	Audience	Topic	Mode
24/01/2022	Ministry of Investment, Entrepreneurship & Industry Includes all the top management of the Ministry and the Minister	Beneficial Ownership Act	Virtual
09/02/2022	Ministry of Investment, Entrepreneurship & Industry Includes all the line staff of the different units of the ministry ESA, IEA, Secretariat and Policy Unit, SLA, SIB, SBS, Division of Science, Technology and Innovation	Beneficial Ownership Act	Virtual
30/03/2022	CEPS including its members	Beneficial Ownership Act	Face-to-Face
11/05/2022	National Arts and Crafts Council (NACC) All associations affiliated with NACC	Beneficial Ownership Act	Face-to-face
20/05/2022	National Sports Council (NAC) All associations affiliated with NAC	Beneficial Ownership Act	Face-to-face
26/09/2022	Fisheries & Agriculture Associations	Beneficial Ownership Act	Face-to-Face
11/10/2022	Environmental NPOs	Beneficial Ownership Act	Face-to-Face
17/11/2022	Domestic Companies	Beneficial Ownership Act	Face-to-Face
17/11/2022	Religious Associations	Beneficial Ownership Act	Face-to-Face

ANNEXURE 4: List of MoU

Number Of Cooperation Arrangements - Foreign And Local

#	DESCRIPTION	NUMBER OF MOU														TOTAL
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
1	Foreign Authorities/organisations	0	0	0	2	5	5	1	1	2	4	1	2	2	2	26
2	Local Authorities/organisations	1	0	0	0	0	0	0	0	0	0	0	4	2	1	9
		1	0	0	2	5	5	1	1	2	4	1	6	4	3	35

Number Of Cooperation Arrangements With Local Authorities

S. NO	International Initiative Meetings	Date Of MOU
1	Seychelles Revenue Commission	04-Jan-09
2	Financial Services Authority and Central Bank (Joint MOU)	6-Oct-2015 & 14-Oct-2015
3	Seychelles Licensing Authority	29-Dec-20
4	Anti- Corruption Commission of Seychelles	14-Aug-20
5	Seychelles Intelligence Service	17-Jul-20
6	AML/ CFT Supervisors	09-Feb-20
7	Seychelles Licensing Authority	5-Mar-21
8	Seychelles Maritime Safety Authority	29-Dec-21
9	Department of Environment	22-Dec-22

Number Of Cooperation Arrangements With Organisation In Other Countries

S. NO	Name Of The Organisation	Country	Date Of MOU
1	Service de Renseignements Financiers de Madagascar	Madagascar	11-Feb-12
2	Financial Intelligence Centre Republic of South Africa	South Africa	14-May-12 & 23-May-12
3	Financial Reporting Centre of the Republic of Kenya	Kenya	9-Mar-13
4	Financial Intelligence Centre of the Republic of Namibia	Namibia	9-Jul-13
5	Financial Intelligence Unit, Mauritius	Mauritius	9-Mar-13
6	Financial Intelligence Unit of the Republic of the Republic Angola	Angola	9-Mar-13
7	Japan Financial Intelligence Center of the National Public Safety Commission of Japan	Japan	27-Jun-13 & 03-Jul-13
8	Federal Financial Monitoring Service (Russian Federation)	Russia	6-Apr-14
9	Australian Federal Police Force	Australia	23-May-14 & 31-May-14
10	Financial Intelligence Unit of the Republic of Zimbabwe	Zimbabwe	9-Apr-14
11	Financial Intelligence Centre of the Republic of Zambia	Zambia	9-Apr-14
12	Republic of Panama	Panama	14-Nov-14
13	Financial Intelligence Authority of the Republic of Uganda	Uganda	25-May-15
14	Belgian Financial Intelligence Processing Unit CTIF	Belgium	26-Sep-16
15	Commercial Affairs Department of the Singapore Police force	Singapore	20-Jul-17
16	Financial Transactions and Reports Analysis Centre of Canada	Canada	17-Oct-17 & 18-Dec-17
17	Financial Intelligence Unit of the Kingdom of Swaziland	Swaziland	4-Sep-18
18	Australian Transaction Reports and Analysis Centre	Australia	26-Sep-18
19	Financial Intelligence Unit of Eswatini	Eswatini	9-Apr-18
20	Financial Intelligence Agency Republic of Botswana	Botswana	9-Mar-18
21	Financial Monitoring Unit of Pakistan	Pakistan	23-Dec-19
22	Financial Intelligence Service of Republic of Djibouti	Djibouti	15-Jan-20
23	Bangladesh Financial Intelligence Unit	Bangladesh	29-Jan-20

24	Financial Intelligence Unit of the United Republic of Tanzania	Tanzania	23-Apr-2021 & 29-Apr-2021
25	GIZ (German international cooperation) with ESAAMLG FIUs	Germany	22-Nov-21
26	The International Anti-Corruption Centre Associate Membership Scheme	UNODC	22- Feb- 2022
27	The Financial Intelligence Unit of the Republic of Mozambique	Mozambique	27- Apr- 2022

ANNEXURE 5: Number of Employees

Division	Units	Number of Employee
Directorate	Director	1
	Deputy	1
	Secretary	1
Corporate Affairs	Head Operations	1
	Administration	6
	Finance	1
	Human Resources	1
	Security	3
Information Technology		4
Legal and Compliance	Legal	1
	Policy & External Relations	2
	Supervision and Compliance	7
Analysis & Monitoring	Operational & Tactical Analysis	7
	Strategic Analysis	2
	Information Exchange	5
	OSINT & VASP	1
Total		44

Table 1: The Divisions/Units and Number of Employees

ANNEXURE 6: Registration of Reporting Entities

Reporting Sectors	Total No. of Reporting Entities	Total No. of Registered Entities	% Registration
Accountant/Auditors	68	61	90%
Dealers in Precious Metals & Stones	11	11	100%
Lawyers & Notaries	30	29	97%
Motor Vehicle Dealers	21	20	95%
Pension Fund	1	1	100%
Real Estate Agents	10	10	100%
Total	141	132	94%

Table 6: Breakdown of percentage registration - FIU

Reporting Sectors	Total No. of Reporting Entities	Total No. of Registered Entities	% Registration
Banking Institutions	8	8	100%
Bureau De Change – Class A	13	12	92%
Bureau De Change – Class B	8	6	75%
Credit Union	1	1	100%
Non-Bank Credit Institutions	2	2	100%
Payment Service Provider	1	1	100%
Total	33	30	91%

Table 7: Breakdown of percentage registration - CBS

Reporting Sectors	Total No. of Reporting Entities	Total No. of Registered Entities	% Registration
International Corporate Service Providers	104	97	93%
Funds Administrator	7	5	71%
Gambling	11	9	82%
Insurance	41	28	68%
Securities	115	78	68%
Total	278	217	78%

Table 8: Breakdown of percentage registration: FSA



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