



20
20
ANNUAL
REPORT

SEYCHELLES
FIU



**FINANCIAL
INTELLIGENCE UNIT**
ANNUAL REPORT
2020

FINTECH CON



09 **DIRECTOR'S FOREWORD**

15 **OVERVIEW OF THE FIU**

21 **OPERATIONS**

Finance	21
Human Resource	22
Information Technology	23

25 **MONITORING AND ANALYSIS**

Operational and Tactical Analysis	26
Strategic Analysis	36

45 SUPERVISION, RISK AND PREVENTION

56 COMPLIANCE

Due diligence and background checks 54

59 LEGAL, POLICY AND EXTERNAL RELATIONS

69 CHALLENGES

72 LOOKING AHEAD

79 APPENDICES

SUBMISSION OF THE ANNUAL REPORT TO THE MINISTRY OF FINANCE, ECONOMIC PLANNING & TRADE

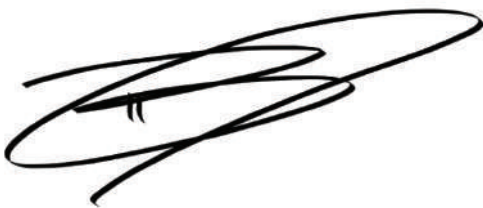
19 April 2021

The Hon Naadir Hassan
Minister of Finance, Economic Planning & Trade
Unity House
Victoria,
Mahé,
Seychelles

Dear Minister,

I have the honour to submit this Annual Report for the year 2020, outlining the activities of the Financial Intelligence Unit in combating money laundering and financing of terrorism. The Annual Report for 2020 is submitted in accordance with the provision of section 24 of the Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020.

Yours sincerely



Richard Rampal

Director
Financial Intelligence Unit

VISION, MISSION VALUES

VISION



To safeguard the financial system through adherence to international best practices and position Seychelles as a leading jurisdiction within the region in the fight against money laundering, terrorist financing and proliferation financing.



MISSION



To deter, detect and disrupt domestic and international money laundering, terrorism financing and proliferation financing through ensuring regulatory compliance, the development of high-quality intelligence reports, the enhancement of domestic and international cooperation.

VALUES



Professionalism; Justice; Accountability; Cooperation; Integrity; Mutual respect; Initiative; Confidentiality; and Transparency.

NATIONAL AML/CFT COMMITTEE

In response to the findings of both the National Risk Assessment ("NRA") and Mutual Evaluation Report ("MER") in February 2019 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 1.0 hereunder. To support the NAC in its mandate, a Technical Committee comprising of technical experts from the respective agencies was also formed.

The Ministry of Internal Affairs, represented by the PS, has under its portfolio the Police, Immigration and Civil Status, all playing a key role in the AML/CFT framework. As a single body, the ministry further facilitates effective coordination between members as it relates to sharing of information and enforcement, further contributing to an effective AML/CFT regime.

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

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

The ACCS is an additional law enforcement body in Seychelles with a complex and important mandate. The ACCS focuses on significant corruption investigations that may include some elements of ML.

The FSA is an additional AML/CFT supervisor that regulates some financial institutions, casinos and other important reporting entities. The FSA's inputs are critical to establishing a comprehensive AML/CFT regime.

The Seychelles Revenue Commission 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 offenses.



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

The AG 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.

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.

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

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.

STRATEGIC PRIORITIES

The FIU remains committed to aligning its strategies with its vision and mission. The 2020-2022 strategic priorities hinges on the recommendations of the NRA, Mutual Evaluation Report (“MER”) and Organisation for Economic Cooperation and Development (“OECD”) Peer Review, in particular Immediate Outcome six (6) which relates to the effectiveness of the financial intelligence. To achieve these strategic objectives for the 3 years period, particular focus will be made on the five (5) strategic pillars and strategic objectives illustrated below:



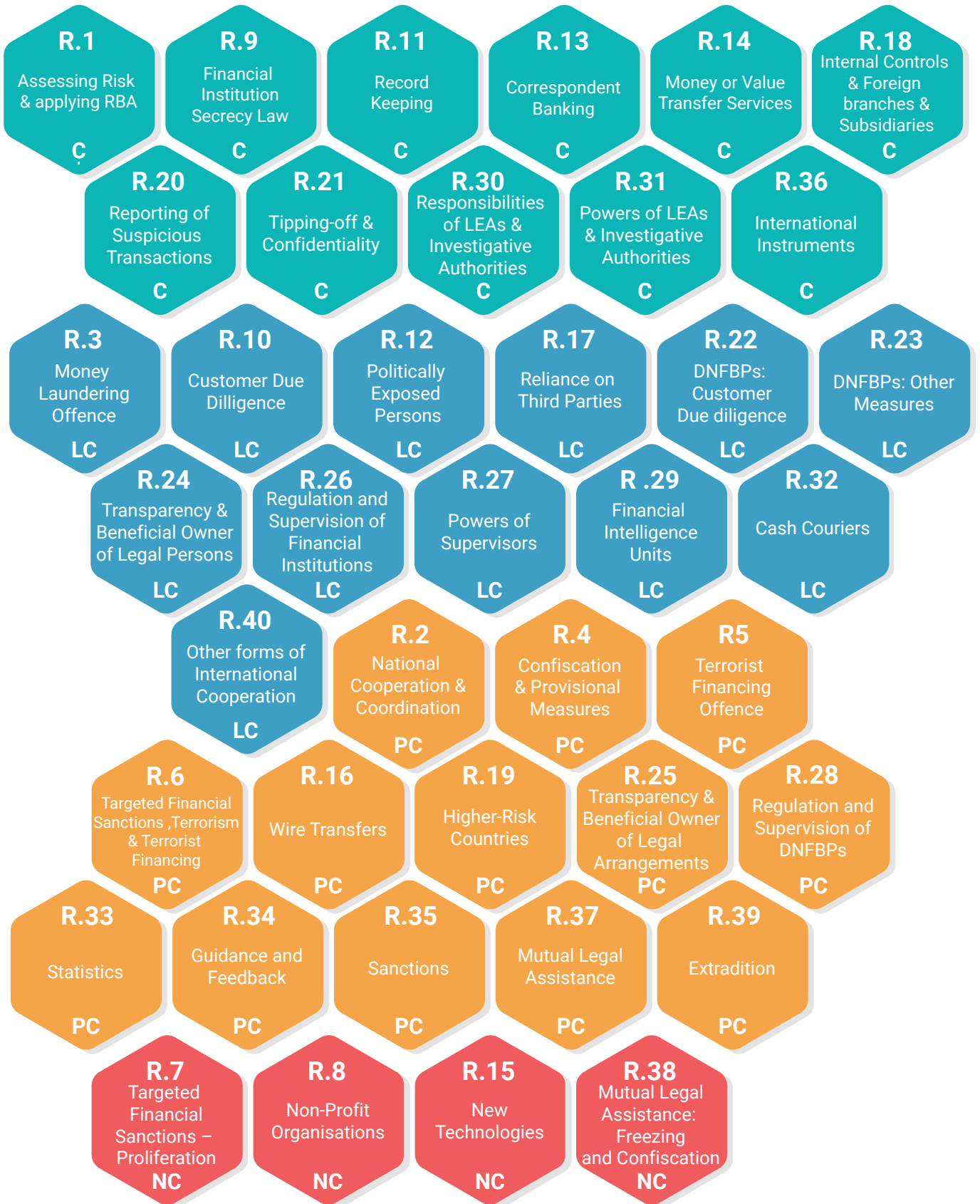
LIST OF ACRONYMS

ACCS	Anti-Corruption Commission Seychelles
ACO	Alternate Compliance Officer
AFI	Alliance for Financial Inclusion
AG's Office	Attorney General's Office
AML	Anti-Money Laundering
AMLA	Anti-Money Laundering Act 2006, as amended
AML/ CFT	Anti-Money Laundering and Countering the Financing of Terrorism
AML/ CFT Act	Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020
AUSTRAC	Australian Transaction Reports and Analysis Centre
BDC	Bureau de Change
BO	Beneficial Ownership
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
CTR	Cash Transaction Report
CTTR	Cash Transaction Threshold Report
MFA	Ministry of Foreign Affairs
DNFBPs	Designated Non-Financial Businesses and Professions
ECOFEL	Egmont Centre of FIU Excellence and Leadership
ESA	East and Southern Africa
ESAAMLG	Eastern and Southern Africa Anti- Money Laundering Group
FATF	Financial Action Task Force
FIs	Financial Institutions
FIU	Financial Intelligence Unit
FSA	Financial Services Authority
ICSP	International Corporate Service Provider
LEAs	Law Enforcement Agencies
LP	Legal Professionals
ME	Mutual Evaluation
MEIC	Ministry of Employment, Immigration & Civil Status

MER	Mutual Evaluation Report
MHILT	Ministry of Habitat, Infrastructure and Land Transport
ML	Money Laundering
MLH	Ministry for Land and Housing
MOFEPT	Ministry of Finance, Economic Planning & Trade
MOIA	Ministry of Internal Affairs
MoU	Memorandum of Understanding
MVD	Motor Vehicle Dealer
M&A	Monitoring and Analysis
NAC	National Anti-Money Laundering and Combating the Financing of Terrorism Committee
NPO	Non-Profit Organisation
NRA	National Risk Assessment
OECD	Organisation for Economic Cooperation and Development
OPTAC	Operational and Tactical Analysis
OSINT	Open Source Intelligence
PPBB	Programme Performance-Based Budgeting
PTA	Prevention of Terrorism Act, 2004
RAQ	Risk Assessment Questionnaire
RBS	Risk-Based Supervision
RD	Registration Division
REA	Real Estate Agent
RFI	Request for Information
SIB	Seychelles Investment Board
SIS	Seychelles Intelligence Service
SLA	Seychelles Licensing 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
UNODC	United Nations Office on Drugs and Crime

Seychelles Technical Compliance with FATF Recommendations

C – Compliance, LC – Largely Compliant, PC – Partially Compliant, NC – Non-Compliant





DIRECTOR'S FOREWORD 2020 AT FIU

This annual review will provide an insight into the activities the Financial Intelligence Unit ("FIU") conducted in 2020 to combat ML and TF. Each year has its milestones, but 2020 was a special year for the FIU as it has been for all of us.

This reporting year was fraught with challenges on a number of fronts. Operationally, the impact of the COVID-19 in the country led to the implementation of our business continuity plan in a means to mitigate probable risks to our institution, to safeguard our operations and to continue to deliver on our mandate whilst effectively supporting our partners to protect the integrity of the financial system and limiting potential risk to the health and safety of our staff. Along

with a significant increase in the number of Suspicious Transaction Reports (STRs) as well as a greater contribution to national efforts to resolve AML/ CFT deficiencies, coupled with human resource constraints as budgetary restrictions led to a suspension on new recruitments, all called for the exertion of significant effort by the FIU staff.

FIU employees and our partners have shown determination and dedication in the face of this global pandemic. We have continued to receive and analyse vital financial transaction reporting during this crisis, and provided actionable financial intelligence in support of investigations by law enforcement agencies ("LEAs").

The FIU staff together with the Technical Anti-Money Laundering and Combating the Financing of Terrorism Committee ("TAC") exerted significant effort during the reporting year in addressing and reporting on progress made to rectify AML/ CFT deficiencies

identified in the ME by the Eastern and Southern Africa Anti- Money Laundering Group ("ESAAM-LG").

2020 was a year of significant developments for our AML/ CFT regime as we continued to contribute to AML/ CFT reforms to ensure that Seychelles' AML/CFT framework remains in line with the National AML/CFT Strategic Plan and abreast with international standards.

The key outcomes in 2020 were the repeal of the Anti-Money Laundering Act 2006, as amended ("AMLA") and the enactment of the AML/ CFT Act and Regulations, enactment of a new Beneficial Ownership Act, 2020 ("BO Act"), publishing of a new National AML/ CFT Strategic Plan, and improving Seychelles compliance ratings with the international AML/ CFT standards.

DOMESTIC COOPERATION

The FIU relies on a number of sources of information and provides assistance to a number of institutions in the fight against ML/TF. In the spirit of cooperation and to strengthen ties with its domestic partners, in 2020, the FIU concluded 3 bilateral MoUs namely with the Seychelles Intelligence Services ("SIS"), the Anti-Corruption Commission of Seychelles ("ACCS") and the Seychelles Licensing Authority ("SLA") for the purpose of information exchange, support and other related functions to the extent permitted by the laws.

The FIU also signed a tri-partite Memorandum of Understanding ("MoU") with the two other AML/ CFT Supervisors, being the Central Bank of Seychelles ("CBS") and the Financial Services Authority ("FSA"), for the purpose of mutual cooperation and information exchange, as it relates to their regulatory and supervisory functions under the AML/ CFT Act.

INTERNATIONAL ENGAGEMENT

The Seychelles FIU has been participating actively in international forums despite travel restrictions. With the enactment of the AML/ CFT and the BO Acts, the Seychelles submitted its first re-rating request to the ESAAMLG for recommendations which were rated Partially Compliant or Non-Compliant to the Financial Action Task Force (“FATF”) Standards. From the re-rating application submitted in 2020, the Task Force supported the upgrade on Recommendation 1 from Partially Compliant to Compliant and on Recommendations 26 and 29 from Partially Compliant to Largely Compliant which was approved by the

Council of Ministers. Whilst Seychelles continues to report under the enhanced follow-up process, the country has already commenced preparatory work to submit a second set of re-rating request to the ESAAMLG Review Group in a bid to rectify the outstanding technical deficiencies outlined in its MER.

A new MoU was also signed in 2020 with the Bangladesh FIU that will allow for the exchange of intelligence and information between both institutions. This brought the overall number of MoUs with foreign counterparts to 19.

THE YEAR AHEAD

The FIU is showing itself more and more to be a valuable, useful and in many cases a vital partner in tackling ML and TF on our shore. The results achieved in 2020 would not have been possible without the efforts of all the partners we work with, both nationally and internationally, and the strong commitment of our staff.

The national cost of compliance with internationally promulgated standards can be truly burdensome on small jurisdictions like ours. Despite the current COVID-19 situation, ML and TF will continue to receive our full attention in 2021, thus contributing to the integrity of the financial system for a safe society and economic stability.

Looking ahead, we will continue to increase our proactive enforcement and regulatory activities to deter non-compliance and encourage investment in AML/CFT compliance by all reporting sectors. This will be supported through our continued efforts to increase knowledge of ML and TF risks across the reporting sector and strengthen our international

connections to better assist LEAs in their investigations of the serious crimes impacting Seychelles. The provision of continued learning opportunities to staff remains paramount to ensure that together with our partners we can maintain the financial soundness of the jurisdiction.

Lastly, I would like to recognise and express appreciation to the FIU staff for their continued commitment to the FIU and to national AML/ CFT efforts. The notable achievements of the FIU this year is attributed to the efforts and dedication of the staff despite the challenging circumstances brought by the COVID-19 pandemic.



Richard Rampal
Director

YEAR IN REVIEW

Suspicious Transaction Reports Top 4 reporting entities

188

Banking
Institutions

45

ICSPs

18

BDCs

09

Non-Bank
Institutions



TOP 5 - FINANCIAL INTELLIGENCE EXCHANGE

170

Money Laundering

79

Multiple Cash
Deposits

56

Suspicious Activity

66

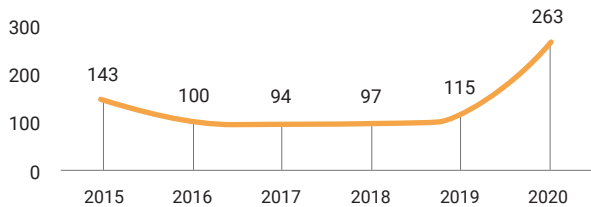
Fraud & Forgery

37

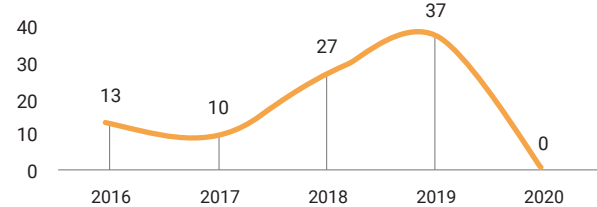
Adverse Media

**Total
408**

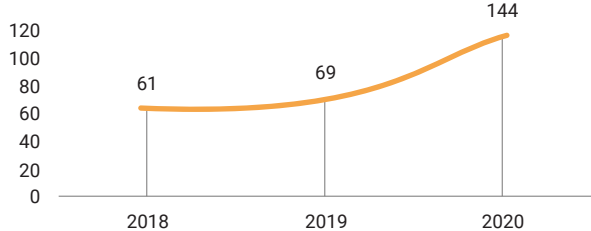
Suspicious Transaction Reports



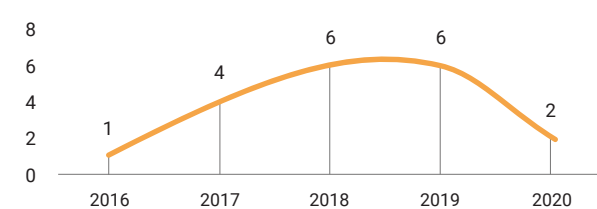
Examinations



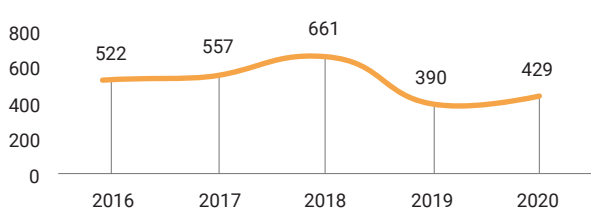
Disseminations



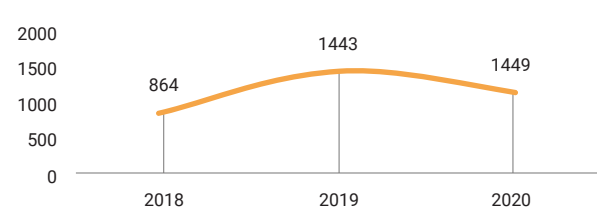
Outreach & Awareness

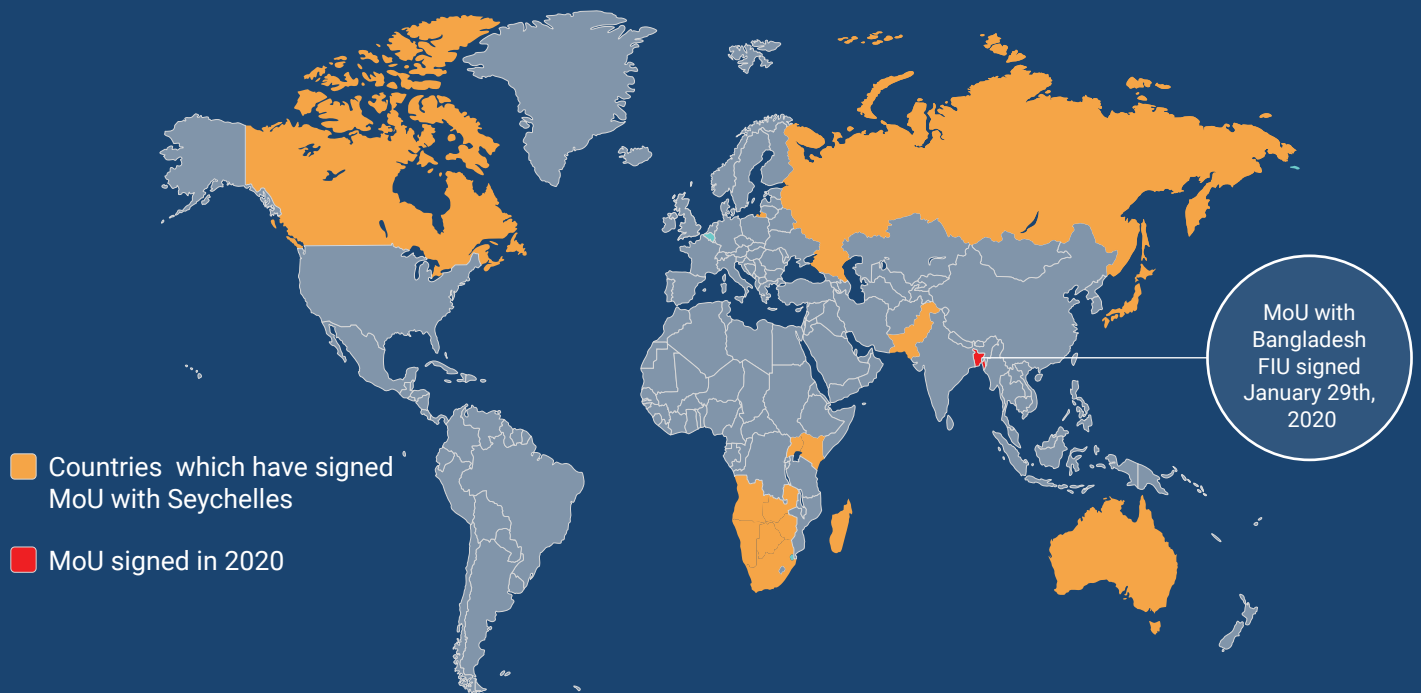


Background Checks



No. of Threshold Reports Submitted





MoUs

The FIU has concluded 3 bilateral MoUs with its domestic partners, being the SIS, the ACCS and the SLA for the purpose of information exchange, support and other related functions to the extent permitted by their respective laws. The FIU also signed a tri-partite MoU with the two other AML/ CFT Supervisors, being the CBS and the FSA, for the purpose of mutual cooperation and information exchange as it relates to their regulatory and supervisory functions under the AML/ CFT Act.

On January 29th, 2020, the FIU entered into an MoU with the FIU of Bangladesh, a Member of the Egmont Group, for the purpose of information exchange.

AML/CFT Act

2020 saw the repeal of the AMLA and the enactment of the AML/ CFT Act, in March. The new Act aimed at rectifying the deficiencies identified in the MER and aligning it to new international standards. Major changes include:

- introduction of administrative sanctions for non-compliance;
- sectoral risk-based approach to supervision of reporting entities, with the CBS and the FSA being designated as AML/ CFT supervisors to supervise entities under their regulatory ambit. The FIU has therefore remained as the supervisor for the DNFBP sector; and
- The FIU established as the agency responsible for the supervision of NPOs, based on risk, in relation to TF activities.

Seychelles re-rating

With the enactment of the AML/ CFT and the BO Acts, the Seychelles submitted its first re-rating request to the ESAAMLG for relevant recommendations which were rated Partially Compliant or Non-Compliant to the FATF Standards.

Out of the 12 re-ratings submitted, Seychelles was advised to prioritise 3 Recommendations out of the 12 of which the country selected Recommendations 1, 26 and 29

The Task Force upgraded the rating on Recommendation 1 from Partially Compliant to Compliant and on Recommendations 26 and 29 from Partially Compliant to Largely Compliant. Whilst Seychelles continues to report under the enhanced follow-up process, the country has already commenced preparations to submit a second set of re-rating request to the ESAAMLG community in a bid to rectify the technical deficiencies outlined in its MER.

Beneficial Ownership Act

In an effort to improve exchange of information, Seychelles enacted a new BO Act in March 2020 in respect of how BO information is to be kept. Through this piece of legislation, a new central database will be created whereby the FIU was established as the nodal agency to maintain the Seychelles' BO database as well as the competent authority tasked with ensuring compliance to the Act.

JANUARY

MoU signed with Bangladesh FIU

FEBRUARY

Seychelles EOIR Peer Review Report adopted by the Global Forum

MARCH

AML/CFT Act and BO Act assented by the President

JULY

MoU signed with SIS

AUGUST

- Commencement of the AML/CFT and BO Act
- AML/CFT and BO Regulations Gazetted by the Minister
- Launching of Seychelles National AML/CFT Strategy 2020-2023
- Awareness session for SLA staff
- MoU signed with the ACCS

SEPTEMBER

MoU signed with AML/CFT Supervisors

NOVEMBER

- Guidelines issued for submission of CTTR and WTTR
- Awareness session for Global Money Week 2020

DECEMBER

- ESAAMLG Task Force upgraded Seychelles' rating on FATF Recommendation 1 from Partially Compliant to Compliant and on Recommendations 26 and 29 from Partially Compliant to Largely Compliant
- Guidelines issued for fit & proper criteria for CO
- Guidelines issued for BO
- MoU signed with SLA

FIU HISTORY

OVERVIEW OF THE FIU

GOVERNANCE

The FIU was established in June 2006 under the AMLA and has been one of the leading agencies in Seychelles responsible for preventing and detecting ML and TF. The FIU is an independent and administrative statutory agency with its powers, duties and functions clearly defined in the AML/ CFT Act.

The Minister of Finance, Trade and Economic Planning is the line Minister responsible for the AML/ CFT Act. Pursuant to Section 11 (1) of the AML/ CFT Act, the Minister has the responsibility to approve the FIU's strategic plan, provide guidance and general policies and principles by which the FIU is to perform its function and consider and approve human resources and other resources required by the FIU.

ROLE AND FUNCTION

The objectives of the FIU are to serve as the national centre for the receipt and analysis of information relevant to ML/TF in an effort to detect financial crime, promote compliance by reporting entities and deter the use of any persons, structures and institutions in Seychelles for financial crime, through dissemination of financial intelligence reports and other necessary information on its own or on request from any other organisation, both domestically and internationally, in relation to ML/TF activities.

The FIU uses financial intelligence to:

- prevent criminals from abusing the financial sector;
- generate and share intelligence and insights to mitigate risk in the financial system;
- help the government and law enforcement partners detect, deter and disrupt ML, TF and other serious crime; and
- build and maintain trust and integrity of the Seychelles' financial system.

LEGAL FRAMEWORK

Whilst the AML/ CFT Act and Regulations are the cornerstone of the Seychelles AML/ CFT legislative framework, there are other equally important legislations which together assist to ensure that the Seychelles has a robust legal system to effectively combat ML/ TF. These suites of laws include, but are not limited to, The BO Act, the Prevention of Terrorism Act, 2004 ("PTA") and its regulations, the Proceeds of Crime (Civil Confiscation) Act, 2008 ("POCCCA"), the Mutual Assistance in Criminal Matters Act, 1995, amongst others. However, the two sets of laws which are critical to the FIU function ARE the AML/ CFT Act and the BO Act.

Beneficial Ownership

The BO Act and its Regulations came into force on 28th August 2020 ensures the identification and verification of beneficial ownership information and provides for the establishment of an up-to-date register of beneficial owners (“BO register”), and a secured and centralised BO database maintained by the FIU. This is a proactive step in deterring and preventing the misuse of legal entities.

What is beneficial ownership

Beneficial owners are always natural persons who ultimately own or control a legal entity or arrangement, such as a company, a trust, a foundation, etc. This ownership or control can be exercised in a variety of ways: for example, holding a controlling ownership interest (e.g. 10 per cent or more) of a legal person. Other ways include control of a significant percentage of voting rights, or the ability to name or remove the members of an entity’s board of directors. Effective control can be exercised in other ways. For example, control may be evident in influence over or a veto of the decisions that an entity makes, through agreements among shareholders or members, through family links or other types of connections with decision-makers, or by holding negotiable shares or convertible stock from an entity. Given that beneficial ownership can be exercised in many different ways, determining the BO can be a complex process that must be undertaken on a case-by-case basis.

Characteristics of an effective system

Measures are in place to:

- prevent legal persons and legal arrangements from being used for criminal purposes;
- make legal persons and legal arrangements sufficiently transparent; and
- ensure that accurate and up-to-date basic and beneficial ownership information is available on a timely basis.

FIU'S STRUCTURE

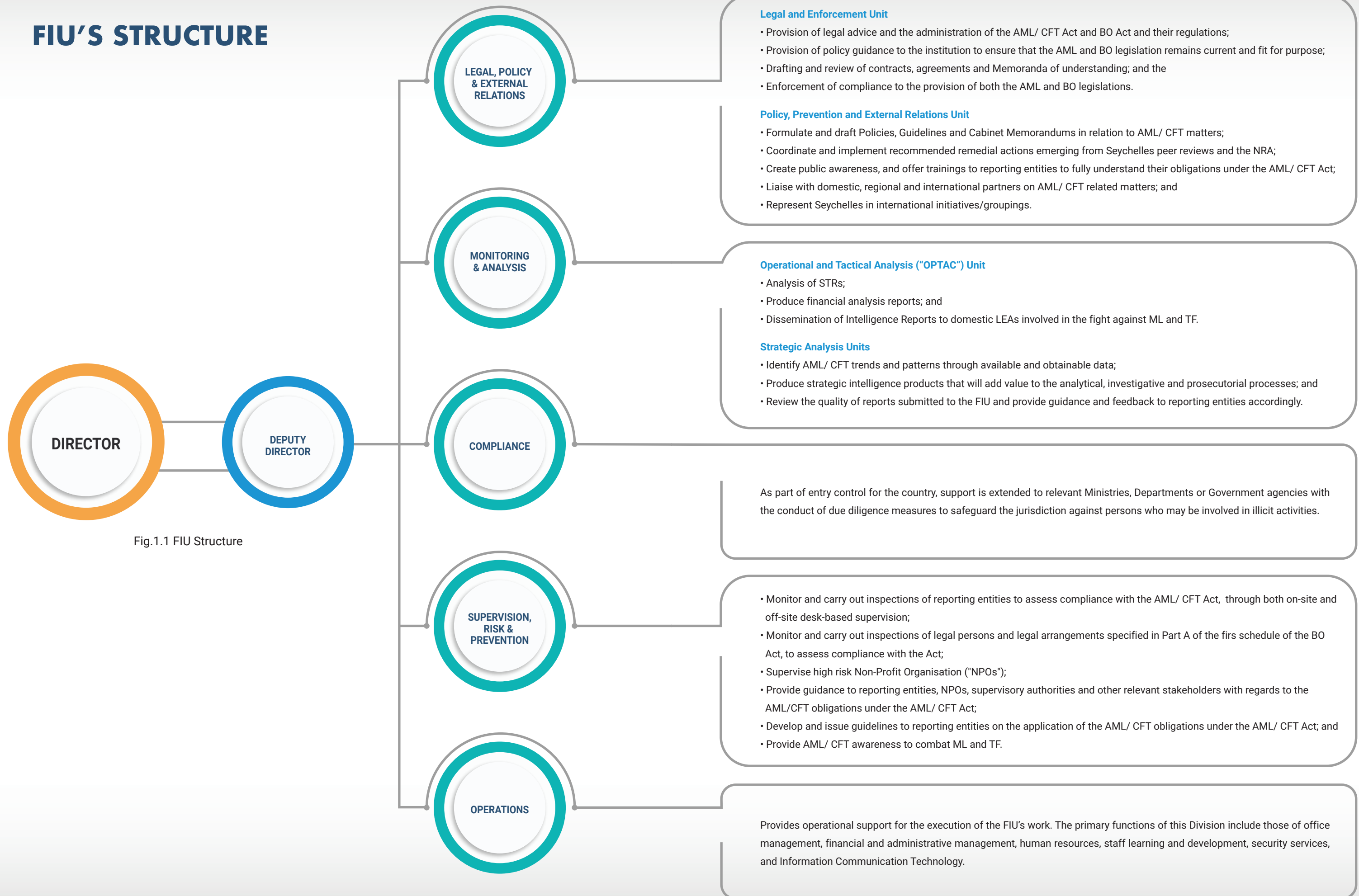


Fig.1.1 FIU Structure

Legal framework'

In the AML/CFT Act, 2020 "beneficial owner" means a natural person or persons who ultimately owns or controls a customer or the natural person on whose behalf a transaction is being conducted and includes those persons who exercise ultimate effective control over a legal person or arrangement

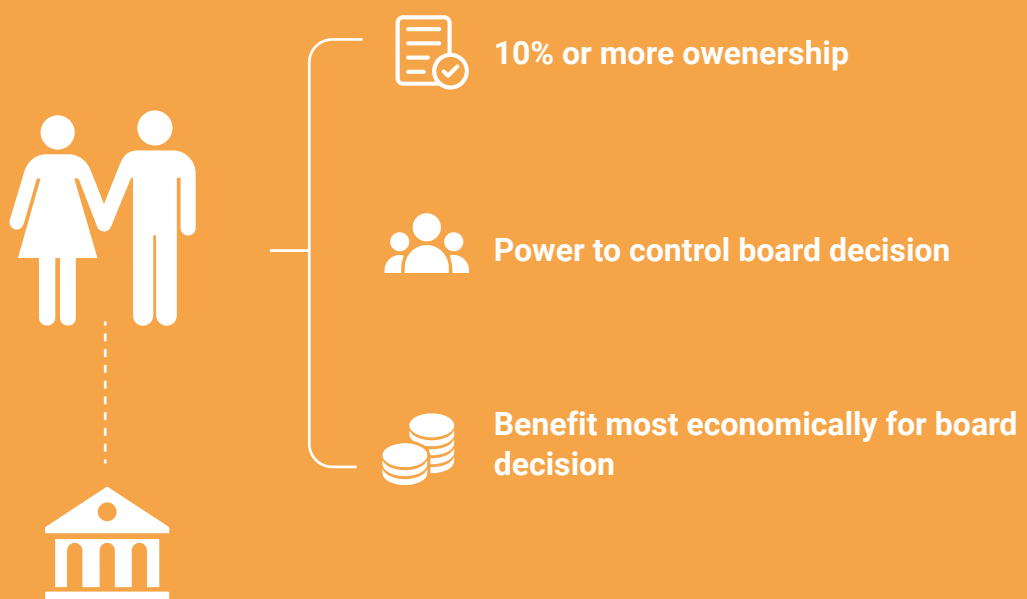
The Beneficial Ownership regulations, 2020 defines the beneficial owner in relation to a legal person or legal arrangement includes but is not limited to;

- One or more natural persons who ultimately have a controlling ownership interest in a legal person or legal arrangement.

For a legal person (except the beneficial owner of a foundation) to be a natural person or persons, who ultimately owns or controls, whether directly or indirectly, ten percent (10%) or more of controlling ownership interest including the shares or voting rights of the said legal person

Hold the right directly or indirectly, to appoint or remove majority of the board of directors of the said person

- The natural person or persons, if any, exercising control of the legal person or legal arrangement through other means; or
- The natural person or persons, who holds the position of a senior managing official of the legal person or legal arrangement, as the case may be





OPERATIONS

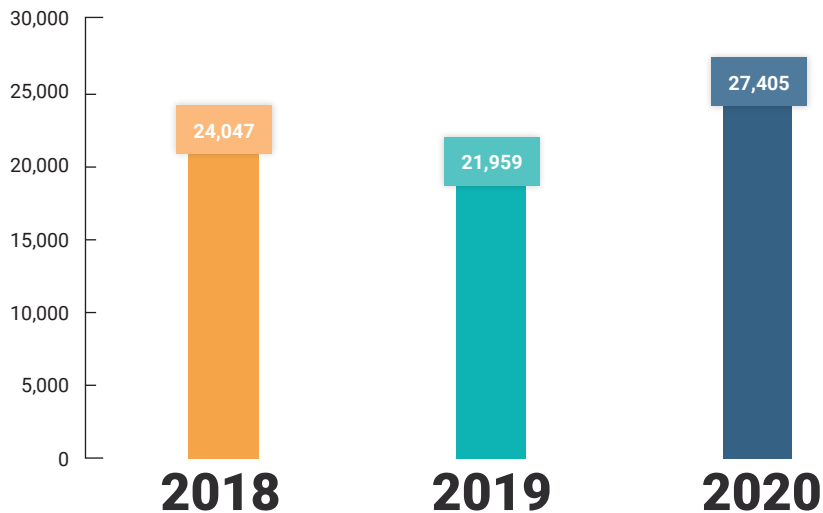
OPERATIONS

The Operations Division provides operational support for the execution of the FIU's work. The primary functions within this division include those of office management, financial and administrative management, human resources, staff training and development, information communication and security services.

FINANCE

The FIU is fully funded by the Government and follows the Programme Performance-Based Budgeting ("PPBB") being spearheaded by the MOFEPT which aims at allocating public resources to prioritised objectives as identified by the budget dependent Ministries, Departments and Agencies. The annual budget of the FIU is submitted for approval by the National Assembly annually. The FIU is accountable to the MOFEPT under the PPBB on the use of the allocated budget. For the year 2020, the FIU's total appropriation was approved for the amount of SCR 27,405,384.51.

Graph. 2.0 below illustrates the allocated budget for the years 2018, 2019 and 2020.

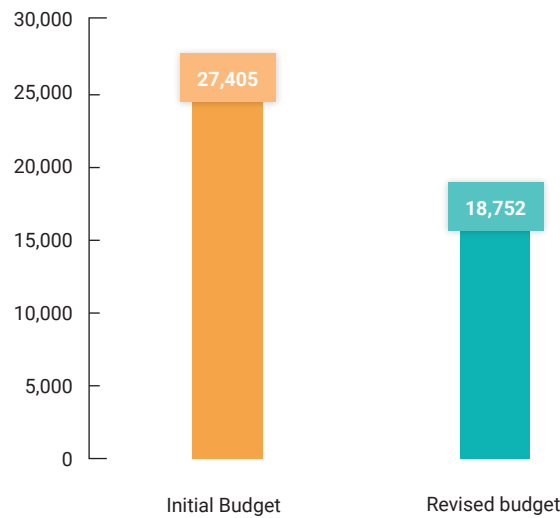


Graph. 2.0 Comparison of FIU's budget 2018-2020 ('000)

In line with the Appropriation Act 2020, there was a 24.8% increase in the FIU budget to SCR 27,405,384.5 for the year 2020. This showed Government's commitment to strengthen the AML/ CFT framework through the increased allocation of resources.

However, the COVID-19 pandemic took its toll on the Seychelles economy forcing the government to pass an Appropriation (Amendment) Bill, 2020 in order to reconsider and revise the 2020 budget to meet the exigencies and consequences of the pandemic to the financial requirements of the country. Consequently, the FIU budget was revised to SR 19,695,809.95 for 2020.

In December 2020, another budget cut was considered after the mid-year review which left the FIU with a final budget of SR 18,752,241.95 representing 32% cut from the initially approved budget for 2020.



Graph. 2.1 FIU's 2020 budget revision ('000)

HUMAN RESOURCE

Attracting and retaining employees remains a challenge. When coupled with budgetary constraints, the FIU's ability to increase its technical skills is limited. The increasing dynamics within the financial arena calls for the upskilling of staff to ensure that the FIU remains at par with 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.

By far, the year 2020 has been challenging due to the adverse impact of the COVID-19 pandemic on the economy where the majority of the recruitment was frozen.

Human Resource Statistics

At the end of the reporting period, the FIU had a complement of 45 employees.

The statistics in Table 1.0 hereunder depicts the total number of staff segregated per division and gender profile as of December 2020.

Division	N° of Employees
Senior Management	2
Operations	18
Legal, Policy & External Relations	4
Supervision, Risk & Prevention	5
Compliance	3
Monitoring & Analysis	13
TOTAL	45

Table 2.0 Number of staff segregated per division

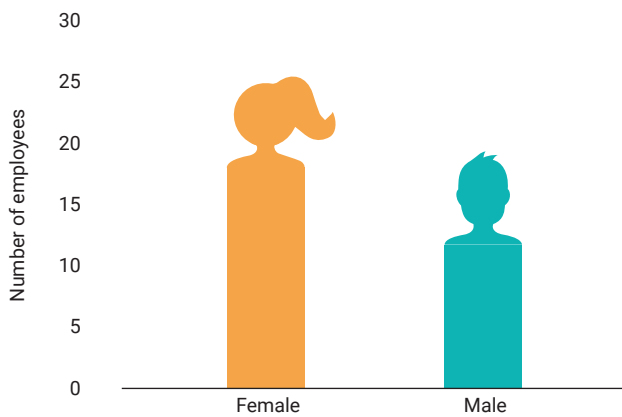


Figure 2.0 FIU's gender profile

RECRUITMENT

Following changes to the organisational structure in 2019, the FIU had 8 vacant positions as per the approved budget for recruitment. However, with the pandemic, majority of the funds allocated to these recruitments were frozen leaving the FIU with the ability to recruit only three (3) recruitment out of the 8 vacant post for 2020.

STAFF TRAINING

In an attempt to limit community spread transmission of the COVID-19, during the first quarter of 2020, the Seychelles government-imposed restrictions on all international travels. Though travelling was not possible, the FIU ensured that staff benefitted from other forms of trainings through virtual platforms. Appendix 1 depicts trainings/workshops as well as other professional training undertaken by staff in 2020.

INFORMATION TECHNOLOGY

In 2020, the FIU reached its second year of IT infrastructure modernization. One major project was the deployment of the goAML platform which was scheduled to be launched by the fourth quarter of 2020. Although, with the outbreak of the COVID-19, we encountered major setbacks of almost 6 months for its implementation, as the United Nations Office on Drugs and Crime ("UNODC") team could not travel to Seychelles and they were subject to certain restrictions as well.

Nonetheless, towards the end of the third quarter of 2020, the FIU managed to initiate remote sessions with the UNODC consultants for the installation and deployment of the goAML training and testing platform which is now due to be completed during the first quarter of 2021.

Aside from the goAML and the set-backs of the COVID-19, the FIU continued with other upgrades to ensure all its infrastructure is at par with the Information Security requirements set by the Egmont Group. Achieving the latter will give stakeholders assurance that FIU data is safe and can be trusted with an optimise security which will ensure likely breaches are reduced to almost zero.

With the full implementation of the goAML, the FIU will be able to reduce its paper consumption by 80 - 90% through online reporting, information dissemination both internal and external, digital signatures, statistical reviews and secured electronic communication with external stakeholders.

Internally, in order to limit physical interactions in the everyday work, the FIU provided additional support to staff through the implementation of digital environments such as email web access, Virtual Private Network and virtual meeting software to support the FIU's work from home policy, to enable the organization to maintain its function.



**MONITORING
AND ANALYSIS**

MONITORING AND ANALYSIS

As part of its mandate, FIU provides actionable financial intelligence to LEAs to assist in combating ML and TF in the Seychelles financial system. In February 2020, the Monitoring and Analysis (“M&A”) Division was split into two sub-units to create the OPTAC Unit and the Strategic Analysis Unit with the aim of increasing operational output through focused and specialised Units.

The OPTAC Unit is responsible for the receipt of STRs and other reports. The Unit is also tasked with the analysis of such disclosures and the subsequent production of intelligence reports, which are disseminated to relevant Authorities.

The Strategic Analysis Unit is responsible for analysing trends and to provide broad insights into emerging patterns of criminality. At the national level, the Unit is also responsible to identify emerging risks and threats and to also support the development of a strategic plan for the FIU and for informing policy decisions at a macro level. At a broader level, strategic intelligence may suggest the need to impose reporting and other obligations on existing or new entities. Depending on the circumstances, strategic intelligence may also be shared with LEAs and other competent authorities charged with the development or coordination of AML/CFT policy. Additionally, the unit is tasked with the receipt and disseminations of all international requests, threshold reporting and Open Source Intelligence (“OSINT”) monitoring.

As at December 31st, 2020, the M&A Division was manned by 13 staff, as compared to the previous year where there were 9 staff.

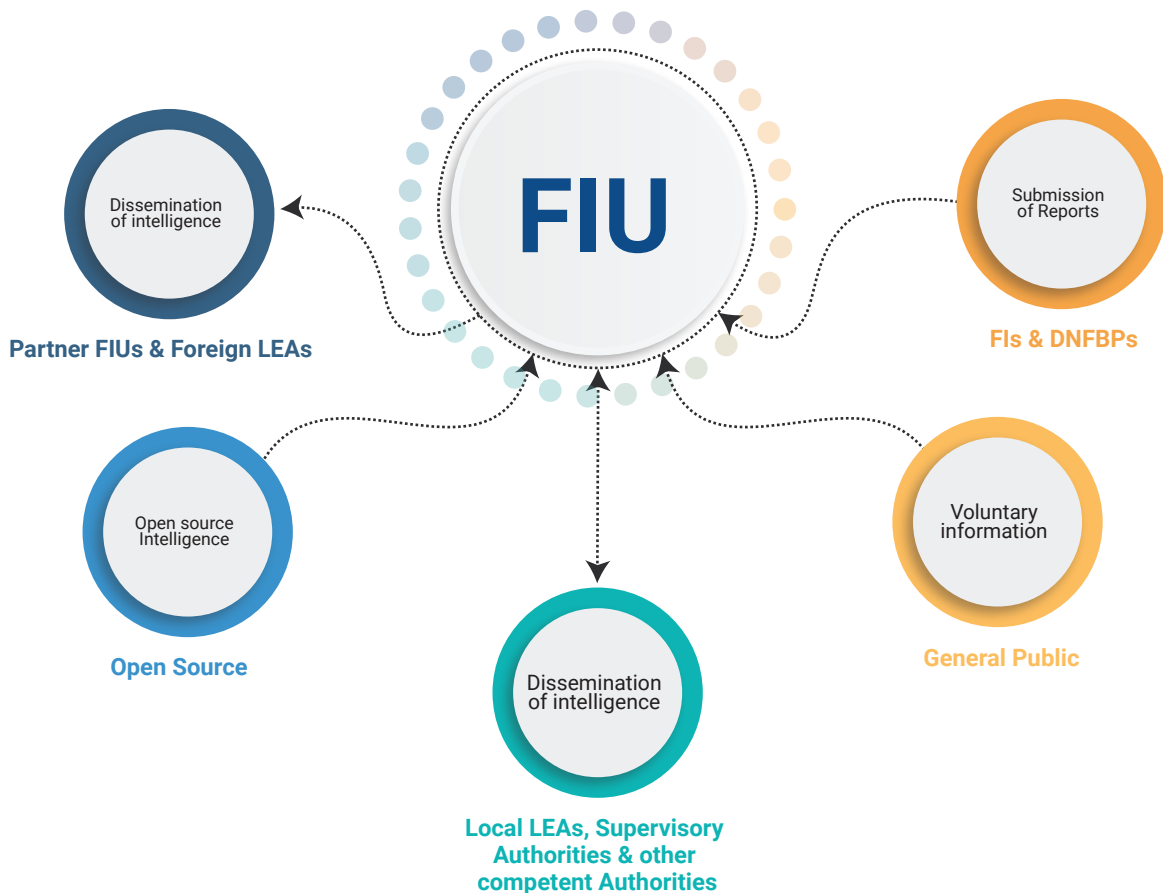


Fig 3.0 AML/ CFT Value Chain

SOURCES OF INTELLIGENCE

Information is a prerequisite for the effective enforcement of laws and regulations. Equally, the FIU along with other LEAs need information in order to perform their respective functions. As part of its function, the FIU follows illicit financial flows, and produce links to identify criminal networks. Fig. 3.0 hereunder depicts the different sources of intelligence and information accessible to the FIU which it uses for analytical purposes. Information received by the FIU is analysed and compiled to produce intelligence reports. These reports are subsequently shared with LEAs or any relevant competent authorities for further action or for intelligence purposes.

OPERATIONAL AND TACTICAL ANALYSIS

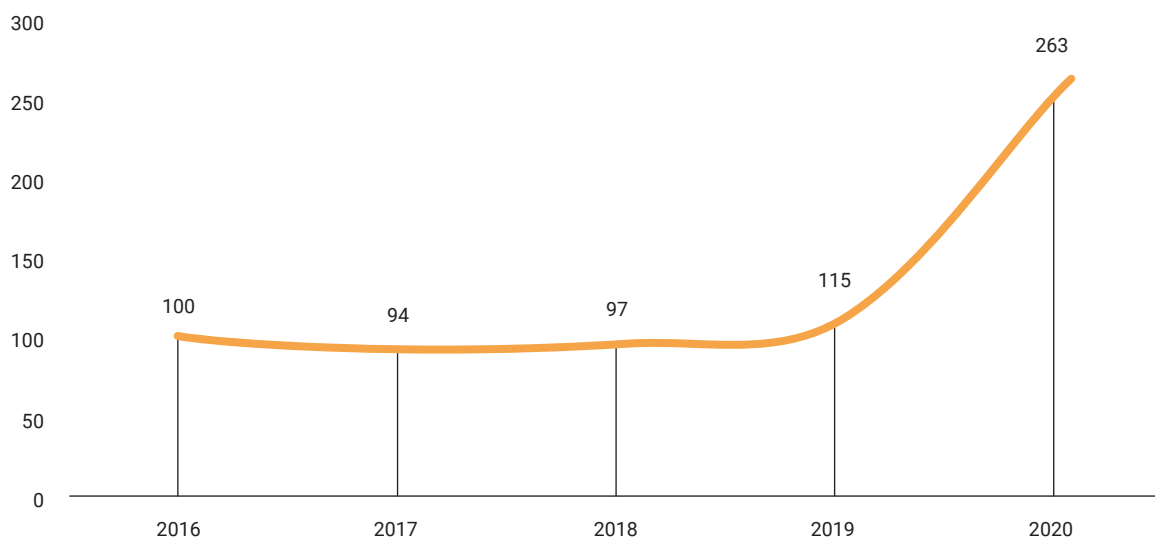
Operational and tactical analysis involves the usage of available and obtainable information to identify specific targets, to follow the trail of particular activities or transactions and to determine links between those targets and possible proceeds of crime.

The unit started the year with only 4 staff and recorded a departure during the first quarter. Due to the increase in workload and limited human resources, 1 additional staff joined the unit through an internal transfer and a further 2 staff were recruited during the 3rd Quarter of 2020.

SUSPICIOUS TRANSACTION REPORTS

STRs remains a key source of information for the FIU, reporting entities' commitment in the fight against ML/TF was observed in the substantial increase of STRs submitted to the FIU for 2020.

In line with their obligation under the Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020 ("AML/CFT Act"), reporting entities reported a total of 263 STRs to the FIU for services or transactions suspected of being related to an ML/TF offence.



Graph 3.0 comparative view of the total STRs submitted from 2016 to 2020

STR ANALYSIS

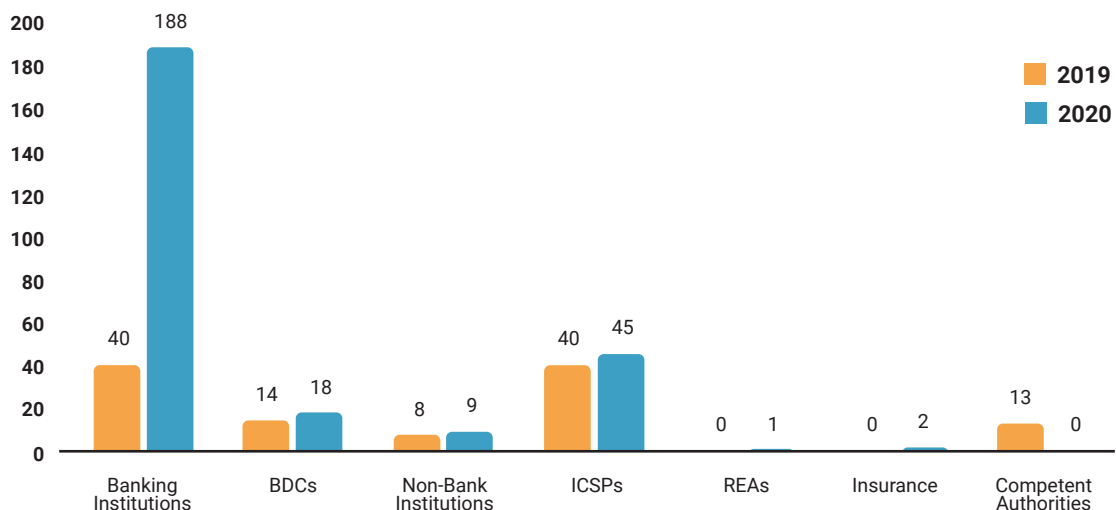
Sector	2017	2018	2019	2020
Banking Institutions	57	39	40	188
BDCs	1	6	14	18
Non-Bank Institutions	0	11	8	9
ICSPs	11	34	40	45
REAs	0	1	0	1
Insurance	0	0	0	2
Competent Authorities	25	6	13	0
TOTAL	94	97	115	263

Table 3.0 Comparison of STRs per sector 2017-2020

For the first time, the FIU received the highest number of STRs from a single reporting sector with a total of 188 STRs from the Banking Institutions which represents 71% of total STRs received for the year 2020.

The FIU observed an exponential increase in STRs from the Banking Institutions from October 2020. This was as a result of a particular bank which had disclosed that they had encountered technical issues with their account monitoring system since July 2020. The FIU was informed by the respective bank that their monitoring system had not been functioning as programmed resulting in the failure for the system to identify unusual account activity. As a result, potential suspicious transactions were not being promptly reported to the FIU.

After resolving the issue, the bank began submitting STRs to the FIU which had not been picked up by their monitoring system. A total of 95 STRs were submitted by the said bank from October. These STRs were primarily raised as a result of substantial or multiple cash deposits which were identified as not being in line with the customer's known profile. International Corporate Service Provider ("ICSPs") submitted the second highest number of STRs (45) representing 13% increase as compared to the previous year followed by Bureau de Change ("BDC") with 18 STRs submitted whilst Real Estate Agents ("REAs") submitted the lowest number of STRs with 1 submission.



Graph 3.1 Comparison of STR per sector 2019-2020

FREEZING OF ACCOUNTS

Following the receipt of an STR from a local bank in the reporting period, the FIU froze the account holding USD 7,425,588.97 under Section 27 (1) (d) of the AML/CFT Act 2020, which came into force in August 2020. The freeze was further extended under Section 27 (1) (e) and 27 (1) (g) of the AML/CFT Act, 2020, to allow other local partners sufficient time to carry out their investigative function. The specific case related to international corruption which involved several jurisdictions, which the FIU liaised with as part of the intelligence gathering process.

STATUS OF STRs

Out of the 263 STRs recorded in 2020, 49 cases were analysed and disseminated to other Supervisory Authorities regulatory purpose or LEAs for further investigation which represents 19% of STRs received for the period under review, whereas 26 STRs (10%) are still under analysis, 186 STRs (71%) were categorised as low priority and 2 STRs (1%) were closed without further action.

Reporting Entities	STR received	Analysis completed and disseminated to local authorities	Under Analysis (High Priority)	Cases set aside (low priority)	Case Closed without further action
Banking Institutions	188	23	22	142	1
BDCs	18	0	0	17	1
REAs	1	0	0	1	0
Non-Bank Institutions	9	0	0	9	0
ICSPs	45	25	4	16	0
Insurance	2	1	0	1	0
TOTAL	263	49	26	186	2

Table 3.1 Breakdown on STR Analysed in 2020

Analysis of low priority STRs revealed that in several instances, reporting entities which interacted with their respective clients, failed to establish the source of funds ("SOF") for transactions above the reporting threshold. In these instances, the reporting entities processed the transactions and subsequently filed an STRs. These types of STRs delays submitted delays the analysis process as the FIU now has to invest resources in ascertaining SOF for the respective transactions. As per the AML/CFT Act, reporting entities have to take reasonable steps to ascertain and establish SOF for transactions above the reporting threshold.

CASES BROUGHT FORWARD

In addition to STRs received in 2020, the FIU also brought forward a total of 131 cases from previous years.

	2017	2018	2019	TOTAL
STR backlog	38	43	50	131

Out of the 131 cases brought forward in 2020, 13 were disseminated and closed of which 2 were backlog cases from 2018 and 11 were backlog cases of 2019. By the end of the year, a total of 304 cases including 118 low priority cases from 2020 remains under prioritisation and will be brought forward to 2021.

REASON FOR FILING STRs

During the review period, the FIU received STRs relating to the below reasons for suspicion. The majority of STRs were related to ML with 114 STRs filed, representing an increase of 124% from the same category last year whilst the second highest category, multiple cash deposits, saw an increase of 200% with 75 STRs filed. There was also a substantial increase in STRs relating to adverse media (236% increase) fraud and forgery recorded an increase of 200% with 21 STRs, 6 STRs were related to theft, 5 STRs for corruption, 2 STRs for tax evasion and 1 STR respectively for ongoing criminal investigation, Narcotics and failure to provide updated KYC.

Reason for filing of STRs	2019	2020
Adverse Media	11	37
Fraud & Forgery	7	21
ML	51	114
Multiple Cash Deposits	25	75
Tax Evasion	2	2
Criminal Investigation	4	1
Corruption	0	5
Narcotics	1	1
Failure to provide updated KYC	0	1
Theft	2	6
Cyber Crime	12	0
TOTAL	115	263

Table. 3.2 Breakdown of STRs per categories of suspected offence (2019-2020)

OTHER DISCLOSURES

Beside STRs, the FIU also receives other reports and disclosures from other institutions and individuals. For the year 2020, the FIU received a total of 32 other reports/disclosures.

Origin	No. of Reports
Competent Authorities	27
NGO	1
Tip-offs	4
TOTAL	32

Table. 3.3 Other disclosures received (2020)

INTERNAL REPORTING

In an attempt to ensure maximum efficiency, the FIU maintains an internal reporting mechanism whereby other Divisions may report suspicious transactions or activities encountered during the conduct of their respective functions. For 2020, OPTAC received 9 internal reports, all of which are under analysis.

DOMESTIC & INTERNATIONAL EXCHANGE OF INFORMATION

Domestic and international cooperation is critical in the fight against ML/TF and other related crimes. As per FATF Recommendations 29 and 40, international standards require the FIU in each jurisdiction to provide the widest range of domestic and international cooperation. The FIU is authorised under the AML/ CFT Act to exchange information with counterparts on ML/TF analysis being conducted in their jurisdiction. Cooperation at the global level is mostly governed by the Egmont Group of FIUs principles of exchange of information between member countries to which Seychelles is also a member. Information is shared either spontaneously or upon request in a timely manner to assist in investigations for the prevention of ML/TF.

DOMESTIC REQUEST FOR INFORMATION

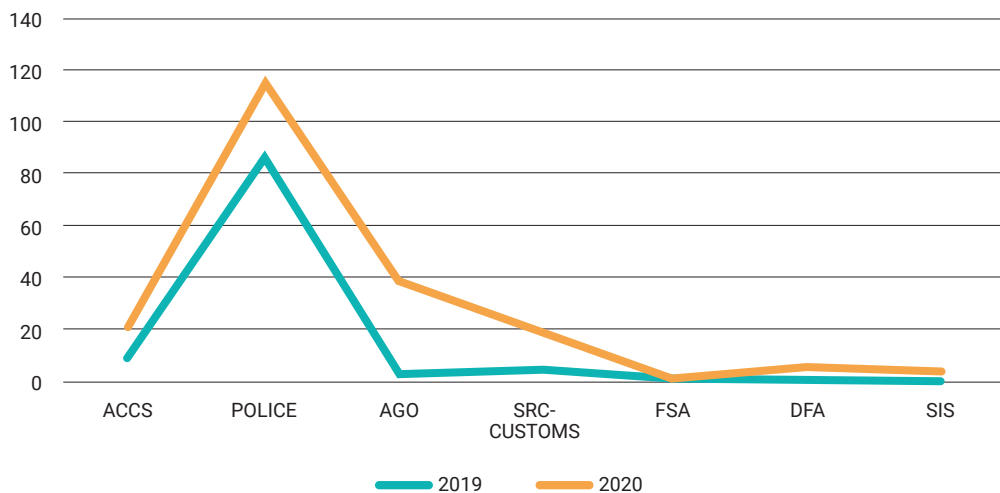
REQUESTS RECEIVED

The FIU receives requests for information from local partners related to suspected ML/TF and associated predicate offences.

Domestic Partners	2019	2020
ACCS	9	21
Police	87	115
AG's Office	3	38
SRC – Customs	5	22
FSA	1	0
MFA	0	5
SIS	0	4
TOTAL	105	205

Table 3.4 No. of domestic requests received (2019-2020)

In order to fulfil the 205 requests for information, analysis was done on 428 individuals and 200 entities. The FIU recorded an increase of 95% in requests received in 2020 as compared to 2019. During the reporting period, the Police submitted the highest number of requests with 56% of the total number of requests received.



Graph 3.2 No. of domestic requests received (2019-2020)

INTERNAL REQUESTS

CDD REQUESTS

The OPTAC unit also receives requests from other Divisions for analysis. For 2020, the OPTAC Unit received 9 requests from the FIU's Compliance Unit. These requests are submitted to assist with due diligence requests conducted in line with Section 27 (o) of AML/ CFT Act.

REQUESTS SENT

In order to conduct effective analysis, the FIU requests information from domestic partners. For the reporting period, the FIU made a total of 752 domestic requests.

Domestic Partner	2020
ACCS	2
SRC Customs	61
Police	14
SPF	47
FSA	164
RD	39
Civil Status	10
SLA	42
TOTAL	379
Reporting entities	2020
Banking Institutions	332
Insurance	11
ICSPs	29
BDCs	1
TOTAL	373

Table 3.5 No. of local requests sent (2020)

The most Request for Information (“RFI”) were sent to Banking institutions representing 44% followed by FSA with 22% of total requests sent.

STAKEHOLDER AWARENESS

In order to share on patterns identified during the course of analysis and promote the engagement of local stakeholders, the FIU conducted an awareness session on August 22nd 2020 for the SLA staff. The objective of the session was to raise ML/TF awareness of SLA staff and to highlight the red flags of ML specific to their function. The attendance at this introductory session was 45 persons, where it covered the basic common terminologies and definition, the AML/ CFT Act and overall function of the FIU including its AML/CFT regulatory and supervisory role and the critical role of the SLA in combating ML/TF in Seychelles.

DOMESTIC COORDINATION

In February 2020, the FIU conducted an exercise to request and collect information in relation to the beneficial ownership of IBCs maintain by the ICSPs. Requests were made to a total of 15 ICSPs. Out of 32 IBCs under their administration, only in 1 instance, the BO information was not available. It is to be noted that the exercise was done in collaboration with the SRC and the FSA.

INTERNATIONAL REQUEST FOR INFORMATION

In addition to domestic requests, for 2020, the FIU submitted a total of 25 requests to other Egmont member FIUs and 1 request to Interpol. These requests were made in relation to STRs and other reports submitted to the FIU which possessed an international element, whereby they involved other jurisdictions besides the Seychelles. The FIU received responses for 21 requests and 5 remain pending. These requests were submitted to the below regions:

Region	2020
Americas	6
Asia & Pacific	4
Middle East and North Africa	2
East & Southern Africa	1
Eurasia	1
Europe I	8
Europe II	4
TOTAL	26

Table 3.6 No. of international RFI by region (2020)

DISSEMINATIONS

The FIU disseminates financial intelligence spontaneously or following analysis to relevant LEAs and other competent Authorities through intelligence reports. For the period under review, the FIU disseminated a total of 114 intelligence reports and received 1 dissemination from an ICSP. Out of the 114 disseminations, 98 were to local counterparts and 16 to international counterparts as compared to 69 disseminated in 2019 whereby 55 were local counterparts and 14 to international counterparts as depicted in the table below.

Disseminations	2019	2020	% Change (2019-2020)
Domestic Dissemination	55	88	78% increase
International Dissemination	14	16	14% increase
TOTAL	69	114	65% increase

Table 3.7 domestic & international disseminations (2019-2020)

As per above table, there was an increase of 62% in disseminations as compared to 2019.

Domestic & International Disseminations	
STR received by year	No. of Disseminations
2018 (Dissemination related to 2 STRs)	1
2019	24
2020	62
TOTAL	87
Other reports received by year	No. of Disseminations
2019	16
2020	11
TOTAL	27

Table 3.8 domestic & international disseminations made by date of STR/other reports received

For the period under review, 1 dissemination pertaining to two STRs received in 2018 was made in 2020. 24 disseminations were made pertaining to STRs received in 2019. 62 disseminations were made following the receipt of STRs in 2020. In addition, the FIU made 14 and 11 disseminations pertaining to other reports received in 2019 and 2020 respectively.

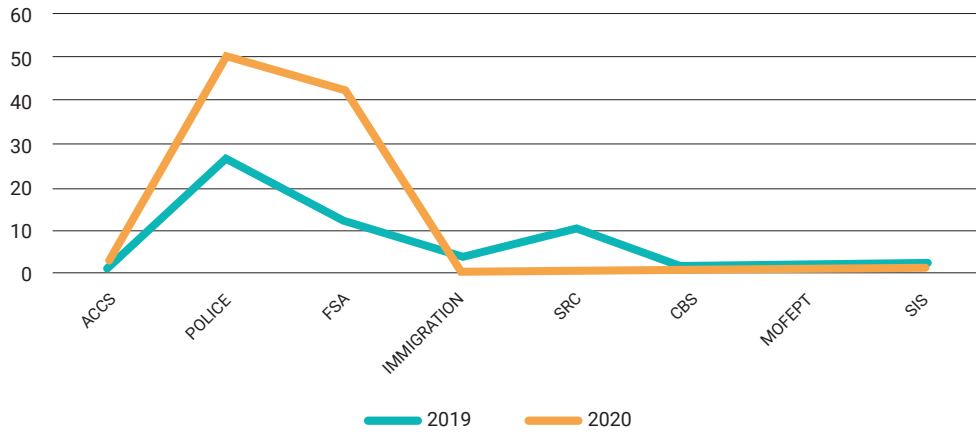
DOMESTIC DISSEMINATIONS

In 2020, the FIU disseminated a total of 98 intelligence Reports as compared to 55 disseminations made in 2019 representing an increase of 78% in disseminations made.

Domestic Disseminations	2019	2020
ACCS	2	3
Police	27	50
FSA	12	41
Immigration	4	0
SRC	10	0
CBS	0	1
MOFEPT	0	1
SIS	0	2
TOTAL	55	98

Table 3.9 receivers of Intelligence Reports (2019 – 2020)

In 2020, the Police was the recipient of 51% of disseminations from the FIU followed by the FSA with 43% of disseminations.



Graph 3.3 receivers of Intelligence Reports (2019 – 2020)

INTERNATIONAL DISSEMINATIONS

As stated above, for the period under review, the FIU disseminated a total of 16 intelligence reports to other Egmont member FIUs. The FIU recorded 14 disseminations in 2019.

International Disseminations	2019	2020
Other FIUS	14	16

Table 3.10 receivers of Intelligence Reports (2019 – 2020)

FEEDBACK

FEEDBACK FROM COUNTERPARTS ON DISSEMINATIONS

From the disseminations made for the reporting period, following request, the FIU has received feedback only from the Seychelles Police. Feedback has been received in terms of the status of disseminated cases. No cases have been brought for prosecution as per the feedback received from the Seychelles Police, most cases have been closed or pending investigation. Following disseminations made to the Seychelles Police, 4 were under investigation, 10 were closed without further action and 25 were added to the police intelligence database.

FEEDBACK TO REPORTING ENTITIES

As per customary practices, following all disseminations, feedback letters are issued to the respective reporting entity indicating the outcome of the analysis e.g. case closed without further action, or case forwarded to the relevant Authority or LEAs for relevant action. For 2020, 100% feedback has been provided pertaining to 49 disseminated cases and 2 cases closed without further action.

FEEDBACK TO SUPERVISORY AUTHORITIES

For the year 2020, the FIU has submitted STR quality reports to two Supervisory Authorities notably the CBS and the FSA. The first report was disseminated to CBS in August 2020 relating to a licensed FI (bank) and in September 2020 a second report to FSA pertaining to entities regulated by the FSA.

TYOLOGY OF STRS

ML/TF trends are continuously evolving as criminals find more creative and sophisticated ways to commit crimes and fund their illicit activities. For this reporting period, the common trends identified from submitted STRs were as follows;

- 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;
- customer fails to provide sufficient evidence for the source of funding;
- elaborate movement of funds through different accounts;
- high volume of transactions within a short period; and
- large amounts of cash received from unexplained sources.

STRATEGIC ANALYSIS

Strategic analysis aims to decipher the underlying patterns and trends that will enable an FIU to draw conclusions for the strategic prevention of ML/TF, and to provide input for national policy formation and for setting operational priorities. This implies developing knowledge (strategic intelligence) as it relates to ML/TF and other threats to the security of a country's financial system. During 2020, the strategic analysis unit comprised of the following functions:

1. Strategic Analysis
2. Threshold Reporting
3. International Exchange of Information
4. Open-Source Intelligence
5. Registry

Despite capacity constraints, the FIU strives to carry out qualitative and quantitative analysis held on its databases to identify red flags. These have been used to guide analysis. The FIU endeavours to build an extensive database and widen its scope of analysis through the implementation of the goAML platform for reporting in 2021.

OSINT

Newly introduced, the OSINT function within the Strategic Unit proved to be beneficial. Still in the beginner stage, OSINT has been integrated in analysis and due diligence checks undertaken in the unit. The OSINT function has also started to explore the sphere of cybercrime more specifically involving cryptocurrencies.

THRESHOLD REPORT

Threshold Reports are analysed by the FIU to identify trends and typologies related to ML/TF activities. Prior to the enactment of the Act in August, threshold reports were submitted by BDCs, MVDs, and REAs. Thereafter, it became mandatory for reporting entities to submit threshold reports in terms of transactions equivalent or in excess of a prescribed amount, to the FIU. In an attempt to assist reporting entities in meeting their reporting obligations, the FIU published guidelines for both the CTTR and Wire Transfer Threshold Reporting ("WTTR"), in November 2020. Parallely, the existing prescribed format for reporting entities was revised and also new forms were created for the respective sectors. The publications were posted on the FIU website and shared with the different sectors through their respective sectoral supervisors. In an aim to further sensitize the Financial Institutions ("FIs") of the new requirement to report under the AML/CFT Act, the FIU held a discussion session and a workshop with the Banks, Non-Bank Credit Institutions and Credit Union in December 2020. This was also an opportunity for the FIU to have an overview of the constraints being faced by the sector.

REPORTING THRESHOLD FOR CASH TRANSACTIONS

Prior to the enactment of the AML/CFT Act, the FIU was receiving reports from MVDs and REAs for all transactions regardless of the amount of mode of payment. With the enactment of the AML/CFT Act in August, this was amended to provide for threshold reporting of cash transaction of SCR 50,000 or more or the equivalent money in the currency of other countries.

Statistics below pertains to reports received from MVDs and REAs under both the AMLA and the AML/CFT Act. Whilst for the banking sector (including Non-Bank Credit Institutions & Credit Unions), being a new reporting requirement, reports were submitted from August-December. Although, as there were some technical set-backs from some institutions regarding this new obligation they were afforded an extended deadline until February 2021 to start submitting reports. Therefore, reports received for the period August-December 2020 are not from all institutions in the sector.

MOTOR VEHICLE DEALER ANALYSIS

Year	No. of Reports	Total Value of Transaction (SCR)	No. of Transactions
2020	116	105,511,908.58	365
2019	227	330,198,705.24	1,095

Table 3.11 MVDs CTTR Analysis (2019-2020)

116 reports were submitted in 2020 by MVDs representing a decrease of 58% in submissions. Additionally, there were 365 transactions from the 116 reports which represents a 67% decrease as compared to the previous year.

REAL ESTATE AGENTS' ANALYSIS

Year	No. of Reports	Total Value of Transactions (SCR)	No. of Transactions
2020	39	4,800,000.00	2
2019	50	37,590,000.00	6

Table 3.12 REAs CTTR Analysis (2019-2020)

For the reporting period, 39 reports were received, representing 22% decrease from the previous year. Out of the 39 reports, there were 2 transactions as compared to 6 in the previous year. Similarly, as per the MVD sector, the value of transaction greatly outweighs that of 2019.

BANKING SECTOR ANALYSIS

No. of Reports	No. of Transactions
96	15,996

Table 3.13 Banking Sector CTTR Analysis (2020)

For the reporting period, a total of 96 reports were submitted with a total of 15,996 transactions.

REPORTING THRESHOLD FOR WIRE TRANSFERS

The AML/CFT Act also introduced WTTRs requiring every reporting entity to report each wire transfer that is executed of SCR 50,000 or more or the equivalent in the currency of other countries. The FIU started receiving WTTRs as of September 2020 whereby 59 reports were submitted during the reporting period.

No. of Reports	No. of Transactions
59	5,382

Table 3.14 WTTR Analysis (2020)

REPORTING THRESHOLD FOR GAMBLING SECTOR

The AML/CFT Act introduced reporting requirements for the gambling sector and requires that all licensees under the gambling sector reports all transactions of its customers involving SCR 20,000 or more. The FIU started receiving reports from this sector (casinos) as of September 2020.

No. of Reports	Total Value of Transaction (SCR)	No. of Transactions
10	340,770,672	3,523

Table 3.15 Gambling CTTR Analysis (2020)

For the reporting period, a total of 10 reports were submitted with a total of 3,523 transactions amounting to a sum of SCR 340,770,672.

REPORTING THRESHOLD FOR BDCs

For the year under review, the FIU collected Cash Transaction Report (“CTRs”) under the AMLA (January-August) and CTTRs under the AML/CFT Act (September-December). CTR & CTTR for the BDC sector is made on any weekly cash transaction(s) involving SCR 5,000 or more, or the equivalent money in the in the currency of other countries. For the period under review, 2 sets of data were collected of which reports from January-November 2020 were sent as per the format under the AMLA and as of December, BDC had started submitting CTTRs as per the AML/CFT Act guidelines. The figures have been broken down below to represent the two reporting formats under the 2 Acts.

BDCs can be categorised into Class A and Class B.

Class A BDC

Class A BDC is licenced to buy and sell foreign currency without the limitation that applies to Class B BDC e.g., it could engage in money transmission services.

Class B BDC

Class B BDC is restricted to buying and selling foreign currency only in the form of notes, coins and travellers’ cheques.

Year	Class	No. of Reports	No. of Transactions	Value of Transactions (SCR)
Jan-Nov 2020	Class A	510	140,197	4,279,636,736
	Class B	247	5,246	131,292,179
	Total	757	145,443	4,410,928,915
2019	Class A	601	156,232	5,027,554,375.92
	Class B	515	14,545	325,710,251
	Total	1,116	170,777	5,353,264,262.92

Table 3.16 BDCs CTR Analysis (2019 & January-November 2020)

In 2020 the FIU received a total of 757 reports from the BDC sector. From the 757 reports submitted there were 145,443 transactions amounting to a total sum of SCR 4,410,928,915. Class A BDC submitted the most reports with 67% of reports submitted.

Year	Class	No. of Reports	No. of Transactions	Value of Transactions (SCR)
Purchases and Sales				
Jan-Nov 2020	Class A	22	1658	65,012,662
	Class B	24	925	28,325,035
	Total	46	2,583	93,337,697
Remittances				
2020	Class A	26	789	89,113,106
Grand Total				
2020		72	3,372	182,450,803

Table 3.17 BDCs CTTR Analysis as per AML/CFT Act Guidelines (2020)

As of November 2020, the FIU started receiving CTTRs as per the AML/CFT guidelines. This has been broken down into 2 categories which are transactions involving purchases and sales with regards to the buying and selling of foreign exchange of which both Class A and Class B BDCs are undertaking and remittances whereby it involves only transfers of funds of which is undertaken by only Class A BDCs.

For the period under review, the FIU received a total of 72 CTTRs with a total value of SCR 182,450,803. Out of the 72 reports, 46 were for purchases and sales amounting to SCR 93,337,697.16 whilst 26 were remittances amounting to SCR 89,113,106.

INTERNATIONAL COOPERATION AND REQUEST OF INFORMATION

International cooperation is paramount in the fight against ML/TF and other related crimes. As per FATF Recommendations 29 and 40, international standards require FIUs to provide the widest range of international cooperation. The FIU is authorised under the AML/ CFT Act to exchange information with counterparts on ML/TF analysis being conducted in their respective jurisdictions. Cooperation at the global level is governed by the Egmont Group of FIUs principles of exchange of information. Information is shared either spontaneously or upon request in a timely manner to assist and support investigations for the prevention of ML/TF.

Table 3.18 hereunder provides a breakdown of request received and made by the FIU for the period of 2020.

INTERNATIONAL RFI

	Egmont	Interpol	Other FIUs	Total
Incoming	90	0	4	94
Outgoing	4	1	0	5

Table 3.18 International Exchange of Information (2020)

For the period under review, the FIU received 94 RFI from international counterparts of which 90 were from Egmont member FIUs and 4 from non-Egmont FIUs. For outgoing requests, for 2020, the FIU sent out 5 RFI to international counterparts with 5 sent to Egmont member FIUs and 1 to Interpol.

INCOMING & OUTGOING REQUESTS BY REGIONS

Region ²	Incoming	Outgoing
Americas	7	2
Asia & Pacific	16	1
West & Central Africa	1	1
East & Southern Africa	7	0
Middle East & North Africa	0	1
Eurasia	8	0
Europe I	45	0
Europe II	10	0
TOTAL	94	5

Table 3.19 No. of international RFI by region (2020)

Overall, the majority exchange of information was between Europe I, Asia & Pacific and Europe II, with Europe I being the region sending the most RFI (45) and Americas receiving the most RFI (2).

Crime type	Incoming	Outgoing
Corruption	9	0
Cybercrime	5	0
Drug Trafficking	5	0
TF	1	0
Fraud & Forgery	25	2
ML	25	0

Suspicious Activity	17	3
Tax Evasion	5	0
Smuggling	1	0
Proliferation of Weapons	1	0
Human Trafficking	0	0
TOTAL	94	5

Table 3.20 Category of International RFI (2020)

For the period under review, most international exchanges were in relation to Fraud & Forgery, ML and suspicious activity.

DOMESTIC REQUESTS FOLLOWING INTERNATIONAL REQUEST FOR INFORMATION

In order to fulfil incoming requests from foreign counterparts, requests for information were made to following domestic counterparts.

Domestic Requests	Total
FSA	131
ICSPs	83
IBCs	9
LEAs	9
Banking Institutions	74
SRC	3
SPF	1
ROC	10
Total	320

Table 3.21 No. of domestic requests sent (2020)

For 2020, the FIU made a total of 320 requests to domestic counterparts. Most requests were made to the FSA, ICSPs and Banking institutions.

INTERNATIONAL DISSEMINATIONS

Where there are grounds to suspect ML, predicate offences or TF, the FIU can disseminate information and results of its analysis to relevant international counterparts.

Disseminations	2019	2020
Incoming	71	51
Outgoing	8	0

Table 3.22 No. of Incoming and outgoing disseminations to and from International Counterparts (2019-2020)

During the reporting period, the FIU received 51 disseminations from international counterparts.

Disseminations	Total
Corruption	2
TF	4
Fraud	3
Suspicious Activity	35
Tax Evasion	2
Cybercrime	2
Drug Trafficking	1
ML	1
Organised Crime	1
Total	51

Table 3.23 Category of spontaneous disseminations received (2020)

OTHER DISCLOSURE

For the period under review, the FIU also received reports from entities with regards to suspicious activities relating to Seychelles registered IBCs.

Disseminations	Total
ML	30
TF	1
Fraud	15
Scam	3
Illegal business activity of the dark net	20
Suspicious Activity	1
Extortion	1

Criminal Investigation	26
Hacking	2
Child Pornography	1
Ponzi Scheme	3
Market Manipulation	1
Cryptocurrency Theft	1
Money Mule	1
Total	106

Table 3.24 Category of other disclosures (2020)

These reports are related to virtual assets/crypto currencies which is currently not regulated in the Seychelles. Regardless of it being not a licensable activity in Seychelles, work is underway to regulate the sector through a new piece of legislation which is expected to be enacted in 2021.

INTERNAL REQUEST

Strategic Analysis Unit holds the threshold reporting databases and part of its function is to conduct analysis on these databases and provide support to other Divisions or Units within the FIU by providing access to this information and to conduct OSINT searches.

Requestor	CTR Search	OSINT	Total	No. of Individuals	No. of Entities
OPTAC Unit 2	204	10	214	195	19
Strategic Analysis Unit	26	23	49	21	28
Compliance Division	0	6	6	3	3
Total	230	39	269	219	50

Table 3.25 Internal request received (2020)

During the period under review, the OPTAC unit made the most internal requests of 214. 86% of requests made were for CTR searches whilst the remainder (14%) were for OSINT searches. Out of the 269 CTR and OSINT search requests made, 219 were related to individuals and 50 to entities.





**SUPERVISION,
RISK AND
PREVENTION**

FIU Supervision of DNFBPS

DNFBPs include persons who are engaged in the businesses of buying and selling boats, vehicles, jewellery or other high-value goods as well as those who provide client services, such as legal practitioners, notaries public and accountants involved in transactions concerning the buying and selling of real estate; managing of client money, or other assets.

All reporting entities including DNFBPs must ensure compliance with the obligations set out in the AML/CFT Act and its Regulations. This is to be achieved through the establishment of a robust internal control system which must include:

- A written compliance programme;
- Effective customer due diligence and identifications verification;
- Sound record keeping protocol for a minimum of seven years; and
- Comprehensive employee training in the relevant anti-money laundering and terrorist financing laws, including the ability to identify suspicious activities/transactions without “tipping off” the client.

Part of the FIU’s function is to ensure full compliance by DNFBPs through monitoring and supervision. In so doing, the FIU is expected to conduct inspections which can occur on- or off-site depending on the level of risk attributed to the particular entity to ensure compliance with the AML/CFT Act & Regulations.

FIU supervision of NPOs

AML/CFT Act definition of NPO

NPO refers to a legal person or arrangement or organisation that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of good works.

FIU supervision

The FIU is the designated supervisor of high-risk NPOs as it relates to TF activities. Within the FATF definition of NPO, Recommendation 8 is intended to apply only to those NPOs that pose the greatest risk of TF abuse. This may mean those NPOs that control a significant portion of the financial resources of the sector and those NPOs that have a substantial share of the sector’s international activities. It is important to note that not all NPOs are high risk, and some may represent little or no risk at all. For the Seychelles context, the level of risk in the sector will be identified through a risk-assessment which will be used to inform the FIU’s supervision.

SUPERVISION, RISK AND PREVENTION

The Division manned by five staff is responsible for overseeing and enforcing reporting entities' compliance with the provisions of the AML/ CFT Act to ensure that reporting entities implement adequate measures to enable them to deter, detect and report ML and TF activities.

With the enactment of the AML/ CFT Act, the supervision of reporting entities moved towards a sectoral risk-based approach, with the CBS and the FSA being designated as AML/ CFT Supervisors for entities under their regulatory ambit. The FIU has therefore remained as the designated AML/ CFT Supervisor for the Designated Non-Financial Businesses and Professions ("DNFBP") sector, which are the entities specified under Part C of the First Schedule of the AML/ CFT Act (except entities at serial numbers 7 & 8 which falls under the purview of the FSA). These consists of the REAs, Accountants/Auditors, Lawyers and Notaries, Dealers in Precious Metals and Precious Stones, MVDs and other high value dealers.

The FIU is currently undertaking an assessment in order to better understand and monitor compliance of DNFBPs under its purview and have so far identified over 130 reporting entities as depicted in Table 4.0 below. Work is still underway review the sector for dealers in precious metal and precious stones.

Reporting Sector	Total
LPs	37
Accountants/Auditors	60
REAs	11
MVDs	25
Total	133

Table 4.0 List of reporting entities

SUPERVISORY ACTIVITIES

RISK-BASED SUPERVISION FRAMEWORK

The AML/ CFT Act provides for a sectoral approach to supervision and requires the supervisors to take a risk-based approach to supervision. The AML/ CFT Act provides for supervisors to conduct supervision on a risk-based approach. The practical training being undertaken by the sectoral supervisors (FIU, CBS and FSA) for the development of the RiskBased Supervisory Framework under the World Bank RAS Program was scheduled to continue in 2020, however, due to travel restrictions as a result of the Covid-19 global pandemic, all workshops were postponed.

Nonetheless, assistance and support have been provided through virtual means by the facilitators to ensure the ongoing development of the Risk-Based Supervisory Framework.

RISK ASSESSMENT OF REPORTING ENTITIES UNDER THE PURVIEW OF THE FIU

During the period under review, as part of the implementation of its risk-based supervisory framework, the FIU developed and disseminated an online Risk Assessment Questionnaire (“RAQ”) to reporting entities under its supervisory purview, namely Legal Professionals (“LP”), Accountants/Auditors, Real Estate Agent (“REA”) Sector and the MVD Sector (High Value Dealer).

Prior to the dissemination of the RAQ, a Declaration Form was issued to all practicing LP with the objective of identifying which of them provide the listed services as per the AML/ CFT Act. A total of 55 Declaration Forms were issued to the LP, with a 98.2% response rate.

From the response provided, it was identified that there are 46 LP providing the services outlined under the AML/ CFT Act, of which 13 LP practices as part of a Law Firm, with a total of 4 Law Firms identified.

The RAQ was disseminated to the identified LP, Accountants/Auditors, REAs and MVDs on August 21, 2020. It is to be noted that for LP practicing as part of a Law Firm, one RAQ was issued to the firm, rather than the individual LP. Additionally, for Accountants/Auditors holding both Accountant and Auditor Licenses, one RAQ was disseminated to be completed by the reporting entity.

As a result, a total of 134 RAQ were disseminated, with completion rate as summarised in table 4.1 below.

Reporting Sector	No. of RAQ Disseminated	No. of RAQ Completed	% Completion Rate
LPs	37	36	97.29%
Accountants/Auditors	61	60	98.36%
REAs	11	11	100%
MVDs	25	25	100%
Total	134	132	98.50%

Table 4.1 Risk Assessment Questionnaires Completion

The data collected from the RAQ was populated into the Risk Assessment Tool following which final risk ratings will be generated for each individual reporting entity. The results of the risk rating allocated will be used to drive the Risk-Based Supervisory Program for 2021.

The division also undertook an analysis of the data submitted through the RAQ to understand the degree of compliance to the obligation of establishing and maintaining a manual of compliance procedures. A total of 132 reporting entities formed part of the review out of which only 34 (26%) already had established manual of compliance procedures in place.

Reporting Sector	No. of Reporting Entities	No. having AML/ CFT Policy	No. with no AML/ CFT Policy
MVDs	25	22	3
REAs	11	2	9
Accountant/Auditors	60	8	52
LPs	36	2	34
Total	132	34	98

Table 4.2 Manual of Compliance Procedures availability

Parallel to the RAQ, the FIU also undertook an analysis of the REAs, Accountant/Auditor, LP and MVDs sector to provide a general overview and understanding of the sectors and the identification of gaps within the framework of the 4 sectors. A series of meetings were undertaken with key stakeholders and information and data were also obtained from the stakeholders. The FIU is in the process of analysing the data and information collected, following which an action plan will be drafted to address the identified gaps.

The key stakeholders are outlined in Table 4.2 – List of key stakeholders below:

Name of key stakeholders	Activity Undertaken
BAR Association	Meeting and request for information
Association of Seychelles Accountants	Meeting and request for information
Estate Agent board	Meeting and request for information
Seychelles MVD Association	Request for information
SRC - Customs	Meeting
SLA	Request for information
MOFEPT - Trade Division	Request for information
Registrar of the Supreme Court	Request for information
Department of Transport	Request for information

Table 4.3 List of Key Stakeholders

OUTREACH & AWARENESS PROGRAMME

The outreach and awareness programme of the FIU was affected with the restrictive measures implemented by the health authorities following the outbreak of the COVID-19 pandemic.

Although there was no face-to-face delivery of the training by the Division to its reporting sectors, the division provided support and guidance to reporting entities and general public via email, telephone and one-to-one meetings.

During the reporting period, the Division responded to 76 queries and meetings from reporting entities from different reporting sectors and the general public as shown in Table 4.3 below.

Reporting Sector	No. of queries	No. of Meetings
Banks	11	1
BDCs	9	0
MVDs	4	0
LPs	1	8
REAs	0	1
ICSP	12	0
Accountants/Auditors	5	3
Insurance	3	0
Securities Dealer	8	0
SPF	5	0
General Public	5	0
TOTAL	63	13

Table 4.4 Number of Meetings and queries by sector

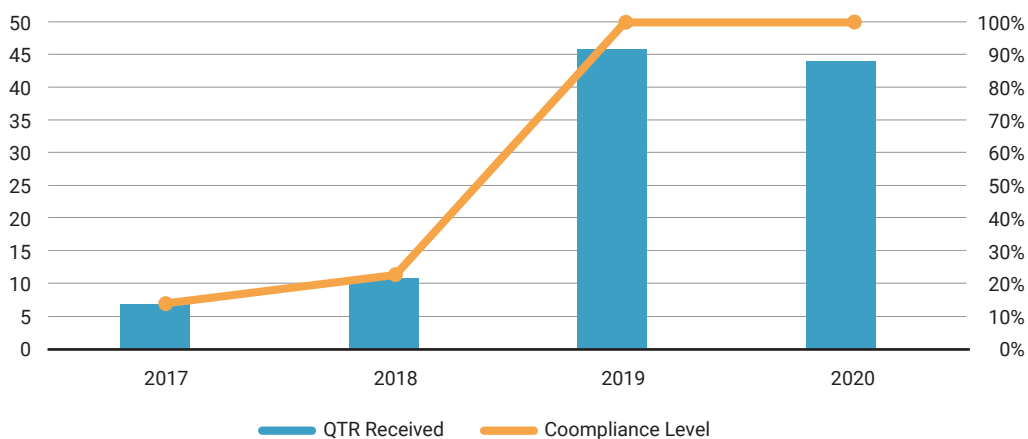
QUARTERLY REPORTING ON TERRORIST PROPERTY



Pursuant to section 35 (2) of the PTA and Regulation 15 of the Prevention of Terrorism (Implementation of United Nations Security Council resolution (“UNSCR”) on Suppression of Terrorism) Regulations, 2015 (“PTR”), FIs as defined by the PTA, are required to disclose on a quarterly basis whether they are (or not) in possession or control of any property owned or controlled by or on behalf of a terrorist group.

In 2020, all the FIs submitted their returns on a quarterly basis, resulting in 100% level of compliance for the year.

The UN Security Council Resolution 1267 are disseminated to reporting entities as and when there are updates to the list, of with a total of 10 updates were disseminated for the year.



Graph 4.0 Comparative Quarterly Terrorist Reports 2017-2020

AML/ CFT COMPLIANCE MANUAL POLICIES

All reporting entities are required to establish and maintain a manual of compliance procedures which outlines the internal controls, procedures and systems implemented to fulfil their obligations as stipulated under the AML/ CFT Act.

As part of its supervisory activities and its mandate to provide guidance to reporting entities and assess level of compliance with the AML/ CFT Act, the FIU reviews internal AML/ CFT Compliance Manuals of reporting entities. This includes the review of manuals submitted by the CBS and the FSA (prior to the designation of CBS and FSA as AML/CFT supervisors) for potential licensees as part of the license application requirements and directly from reporting entities at times other than during an examination.

For the period under review, the FIU received and reviewed a total of 8 policies. The number reflects a significant decrease of reviews conducted compared to 2019 where there was a total of 49 policies reviewed. It is to be noted that the review was done based on the AMLA.

Submissions	No. of policies reviewed
CBS	0
FSA	1
Reporting Entities	7

Table 4.5 AML/ CFT Compliance Policies Received and Reviewed

GUIDANCE, DIRECTIONS & DIRECTIVES

As part of its function, the FIU may issue guidelines, directions or directives in relation to the requirement set out in the AML/ CFT Act or regulations made thereunder. During the year 2020, the FIU issued a total of 4 guidelines and 1 directive to the reporting sectors with one guideline issued jointly with the FSA in collaboration with the Registrar of Companies and Associations.

In addition to the guidelines and directive, 9 notices and 3 advisories were also issued to reporting entities as per the AMLA, the AML/ CFT Act and the BO Act.

Month	Sectors	Document	Purpose
Jan	All Reporting Sectors	Advisory	Requirement to apply Enhanced Due Diligence for Higher Risk Jurisdictions
Apr	All Reporting Sectors	Advisory	Submission of Suspicious Transaction Reports
Apr	All Reporting Sectors	Advisory	Requests for Information
Jun	Reporting Sectors under FIU Supervisory Purview	Notice	Assessment of AML/CFT Controls of Reporting Entities under the FIU Supervisory Purview
Aug	Reporting Sectors under FIU Supervisory Purview	Notice	Assessment of AML/CFT Controls of Reporting Entities under the FIU Supervisory Purview
Aug	All Reporting Sectors	Notice	AML/ CFT Act Commencement Notice

Sep	Legal Persons & Legal Arrangements	Notice	BO Act Commencement Notice
Sep	All Reporting Sectors	Notice	Registration of Reporting Entities with the FIU
Sep	All Reporting Sectors	Notice	Currency Transaction and Wire Transfer Threshold Reporting
Sep	MVD	Directive	Failure to provide information in relation to the RAQ
Oct	Legal Persons & Legal Arrangements	Notice	Beneficial Ownership Database
Oct	All Reporting Sectors	Notice	Currency Transaction and Wire Transfer Threshold Reporting
Nov	All Reporting Sectors	Guidelines	Guidelines for Submission of CTTR
Nov	All Reporting Sectors	Guidelines	Guidelines for Submission of WTTR
Dec	Reporting Sectors under FIU Supervisory Purview	Guidelines	Guidelines on Fit & Proper Criteria for CO
Dec	REAs Accountant/ Auditors/LP	Guidelines	Beneficial Ownership Guidelines
Dec	Reporting Sectors under FIU Supervisory Purview	Notice	Appointment of CO and ACO for reporting entities under the FIU Supervisory Purview

Table 4.6 Guidelines, Directives, advisory and notices issued (2020)

APPOINTMENT OF COMPLIANCE OFFICER / ALTERNATE COMPLIANCE OFFICER

Following the enactment of the new AML/ CFT Act, pursuant to Section 34 (1) of the AML/ CFT Act, all reporting entities specified under the First Schedule of the AML/ CFT Act have an obligation to appoint a Compliance Officer (“CO”), approved by its Supervisory Authority. Furthermore, Section 34 (3) of the AML/ CFT Act also requires reporting entities to appoint a senior official at management level as the Alternate Compliance Officer (“ACO”), approved by its Supervisory Authority, to act in the absence of the CO.

In order to assist reporting entities in complying with Section 34 of the AML/ CFT Act, in December 2020 the FIU issued a Guideline on Fit & Proper Criteria for COs, with the aim to set out the criteria that would apply in considering ‘fitness and propriety’ and the FIU’s expectations and the processes involved, for both the reporting entity and the FIU, in ascertaining whether an individual is fit and proper.

These Guidelines were disseminated to all reporting entities under the FIUs purview, together with the prescribed Application Form, which applicants have to complete and submit to the FIU for approval.

ENFORCEMENT ACTIONS

A new provision under the AML/ CFT Act empowers the FIU to impose administrative sanctions on a reporting entity to whom the Act applies, if satisfied that the reporting entity has failed to comply with a provision of the Act or any regulation, order, determination or directive issued under the Act.

In 2020, the FIU issued 1 directive to a MVD for failure to provide information in relation to the RAQ.



COMPLIANCE



COMPLIANCE

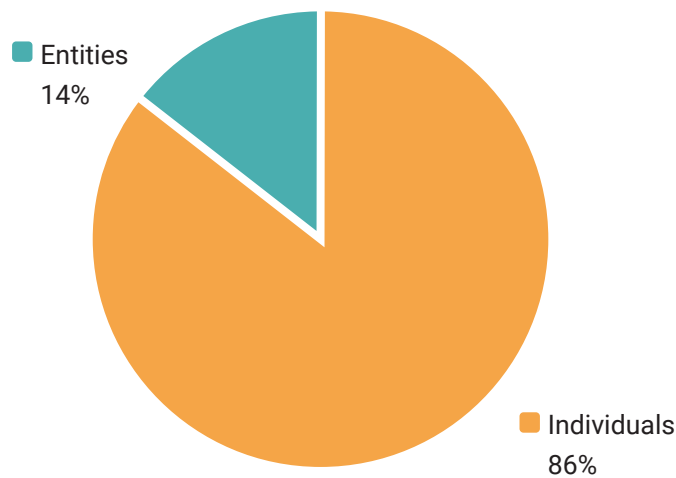
DUE DILIGENCE AND BACKGROUND CHECKS

The FIU provides assistance to conduct background and due diligence checks on individuals and entities on behalf of the Seychelles Government Agencies as stipulated in section 27 (o) of the AML/ CFT Act. Typically request for assistance for conducting checks on individuals and entities relating to the below:

	Application for Sanction
	Application for Citizenship
	Assist Supervisory and Regulatory Authority
	Application for Residency
	Business proposals submitted to Seychelles from foreign counterparts interested in investing in the country

In 2020, the FIU received a total of 429 applications requesting for assistance in the conduct of due diligence checks. As depicted in Pie Chart 1.0, these applications relate to; 367 individuals from 41 nationalities; and 62 entities.

During this reporting period, the FIU worked closely with its partners for support and assistance in the conduct of due diligence checks.



Pie Chart 1.0 Breakdown of requests for due diligence checks (2020)

Table 4.7 hereunder provides a detailed breakdown per requesting agency seeking assistance from the FIU in 2020

Requesting Agency	No. of Requests	Individuals	Entities
CBS	18	18	0
MFA	20	20	0
Immigration	275	275	0
MLH	37	19	18
MOFEPT	1	0	1
SIB	46	5	41
Others	14	12	2
TOTAL	429	367	62

Table 5.0 Breakdown of the requests received (2020)

Supervisory Authorities

Businesses that are required to comply with the AML/CFT Act are supervised by an appropriate authority.

There are three authorities that currently supervise and monitor reporting entities. These are referred to as Supervisory Authorities and are as follows;

Financial Intelligence Unit

Supervises accountants, lawyers and notaries, real estate agents, high value dealers and dealers in precious metals and stones.

Central Bank of Seychelles

Supervises institutions under its regulatory control. <https://www.cbs.sc/>

Financial Services Authority Supervises institutions under its regulatory control.

<https://www.fsaseychelles.sc/>



**LEGAL, POLICY
AND EXTERNAL
RELATIONS**

LEGAL POLICY AND EXTERNAL RELATIONS

OVERVIEW

Since its establishment in 2019, this Division has continuously sought to support other Divisions within the FIU and external partners. In 2020, the division continued to build on the foundations of its past efforts to ensure that the FIU continues to consolidate its position at the national level as the lead regulator as it relates to AML/ CFT matters. In December 2020, the mandate of the division was revised to introduce two additional functions which are prevention and enforcement. The main functions of the division are to:

- Provide legal advice on a broad range of topics relevant to the regulatory, administrative and operational matters of the FIU;
- Concretise domestic and international exchange of information through the initiation and conclusion of MoUs;
- Formulate and draft Policies, Guidelines, Codes, Cabinet Memorandums in a bid to strengthen the operational regulatory and institutional AML/ CFT framework;
- Develop awareness programs and materials for reporting entities and public;
- Engage with local, regional and international stakeholders;
- Provide policy advice to the institution; and
- Propose improvements to the AML/ CFT legislative framework.

At the end of 2020, the division was manned by 4 personnel.

HIGHLIGHTS OF 2020

On August 28th, 2020, the FIU along with the other Members of the NAC launched the National AML/ CFT Strategy 2020 – 2023 with the aim of mitigating the ML/TF risks which the country is exposed to and to address identified shortcomings in the national AML/ CFT framework. This strategy is informed by the findings of the NRA and the second round ME and is guided by five core principles which sets out the strategic objectives and action that needs to be implemented in order to strengthen the jurisdictions legal framework and foster efficiency.

AML/ CFT ACT AND REGULATIONS

The year 2020 saw the repeal of the AMLA and the enactment of the AML/ CFT Act which provides for the establishment of the FIU as the national agency responsible for the receipt, analysis and dissemination of financial information into suspected proceeds of crime and potential predicate offences. To guarantee the operational independence and autonomy of the FIU, this law has put in place mechanisms to ensure that the FIU has an appropriate forum for tabling and resolving issues and instances which may pose a threat to its independence and autonomy. This Act has gone further to imbue the FIU with the requisite functions and powers to allow it to effectively deliver on its mandate and support other domestic, as well as its international counterparts, in the fight against ML/TF.

In addition to its core functions, the FIU also has the responsibility for supervision of reporting entities designated at Part C of the First Schedule of the Act (except serial numbers 7 and 8).

The coming into force of this Act has resulted in some key changes in the way that the Seychelles dispenses with AML/ CFT related matters. Most importantly, this act has empowered the FIU to administer administrative sanctions in instances where it detects noncompliance to AML/ CFT Act.

To give effect to some of the provisions of the Act, a set of AML/ CFT Regulations were promulgated in August 2020.

BENEFICIAL OWNERSHIP ACT AND REGULATIONS

International Standards require countries to take measures to prevent the misuse of legal persons and legal arrangements for ML/TF whereby they should ensure that there is adequate, accurate and timely information on the BO and control of legal persons and legal arrangements that can be obtained or accessed in a timely manner by competent authorities.

Given the above, a whole of country approach in respect of how BO information shall be kept in Seychelles has been implemented. This has been captured through the BO Act. Through this piece of legislation, the FIU has been established as the competent authority tasked with ensuring compliance to the Act by the following legal persons;

- A company registered or incorporated under the Companies Act;
- An Association registered under the Registration of Associations Act; and
- A partner of a partnership under the Civil Code of Seychelles Act.

Further to the above functions, the BO Act has established the FIU as the nodal agency to maintain the Seychelles' BO database which shall be populated with the BO information reported by all legal persons and legal arrangements identified by the Act.

To give effect to some of the provisions within the BO Act, the BO Regulations were promulgated in August 2020.

SUPERVISION OF DESIGNATED NON-PROFIT ORGANISATIONS

With the enactment of the AML/ CFT Act, the FIU was also established as the agency responsible for the supervision of NPOs, based on risk, in relation to TF activities. To this end, the FIU has been working in close collaboration with the Office of the Registrar of Associations, in consultation with sector representatives such as Citizens Engagement Platforms ("CEPs") and Seychelles Chamber of Commerce and Industry ("SCCI").

To this effect, the FIU has devised a framework for the supervision of NPOs which takes into consideration the international standards as it relates to this sector and the exigencies of the domestic landscape which was submitted to the Cabinet of Ministers in December 2020 for their consideration.

DOMESTIC COOPERATION

International standards require that all countries should ensure that policy-makers, the FIU, LEAs, supervisors and other relevant competent authorities, at the policy-making and operational levels, have effective mechanisms in place which enable them to cooperate, and, where appropriate, coordinate and exchange information domestically with each other concerning the development and implementation of policies and activities to combat ML/TF and the financing of proliferation of weapons of mass destruction.

To this end, during the reporting period, the FIU has concluded 3 bilateral MoUs with its domestic partners, being the SIS, the ACCS and the SLA for the purpose of information exchange, support and other related functions to the extent permitted by their respective laws.

The FIU also signed a tri-partite MoU with the two other AML/ CFT Supervisors, being the CBS and the FSA, for the purpose of mutual cooperation and information exchange as it relates to their regulatory and supervisory functions under the AML/ CFT Act.

NATIONAL AML/ CFT COMMITTEE

Domestic cooperation is a crucial component for the effective implementation of the Seychelles' AML/ CFT framework and this aspect has not been overlooked by the Seychelles' Government. The establishment of the NAC through the AML/ CFT Act is testament to the country's determination to coordinate and cooperate on all AML/ CFT related matters at the highest level. To ensure that all key players are represented and engaged with the development of domestic AML/ CFT policies and procedures, the membership of the NAC has been expanded to include the Ministry of Internal Affairs as well as the SIS as permanent members.

Enforcement of compliance obligations

Supervision and enforcement of compliance with the AML/CFT Act obligations is done by the different supervisory authorities. One common way to monitor compliance is through onsite inspections to test the levels of compliance, which may be carried out by a supervisory authority, or jointly.

If a supervisory authority finds that a reporting entity has not complied with the AML/CFT Act or with a directive issued in terms of the Act, an administrative sanction may be imposed. The sanction will generally be imposed by the supervisory body who has conducted the inspection. The administrative sanction may take a variety of forms – including, amongst others;

- a caution not to repeat the conduct which led to the non-compliance;
- a directive to take remedial action or to make specific arrangements;
- a restriction or suspension of certain identified business activities;
- a recommendation to relevant licensing authority to withdraw, restrict or suspend licence; and/or
- a financial penalty not exceeding SCR 1, 000, 000.

Before imposing an administrative sanction, the supervisory authority must give the reporting entity an opportunity to make representations. Once the administrative sanction has been imposed, the supervisory authority must notify the institution or person of the administrative sanction in writing. This notification should explain the nature of the sanction, why the sanction has been imposed and it should advise the recipient of the right to appeal against the decision. Appeals are decided on by an independent Appeal Board.

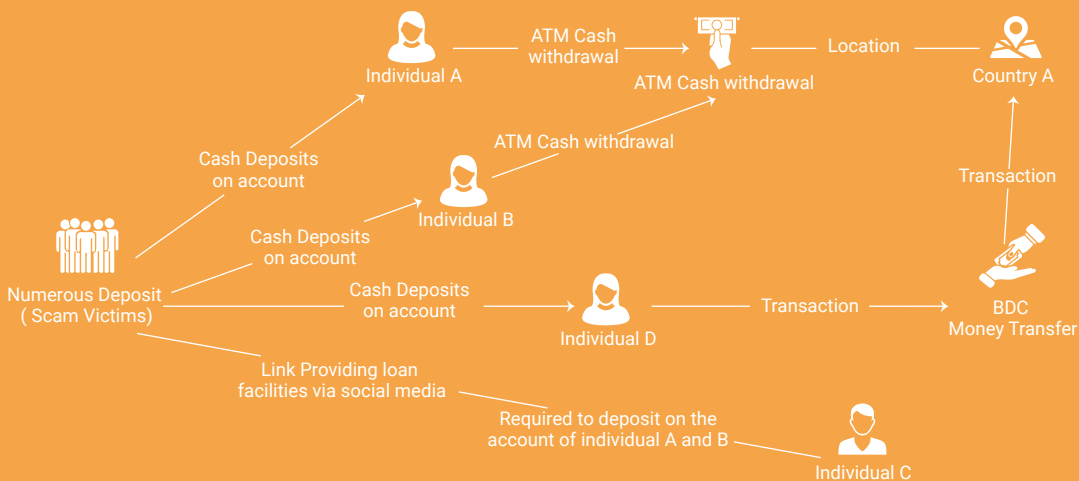
Case study 1.1

The Seychelles FIU received two STRs from two local banks on two individual A and B in 2020. As per the reports, the activities of the two individual's accounts were deemed as suspicious as the account showed rapid in and out transactions. Through the conduct of further analysis on the respective accounts the below were revealed:

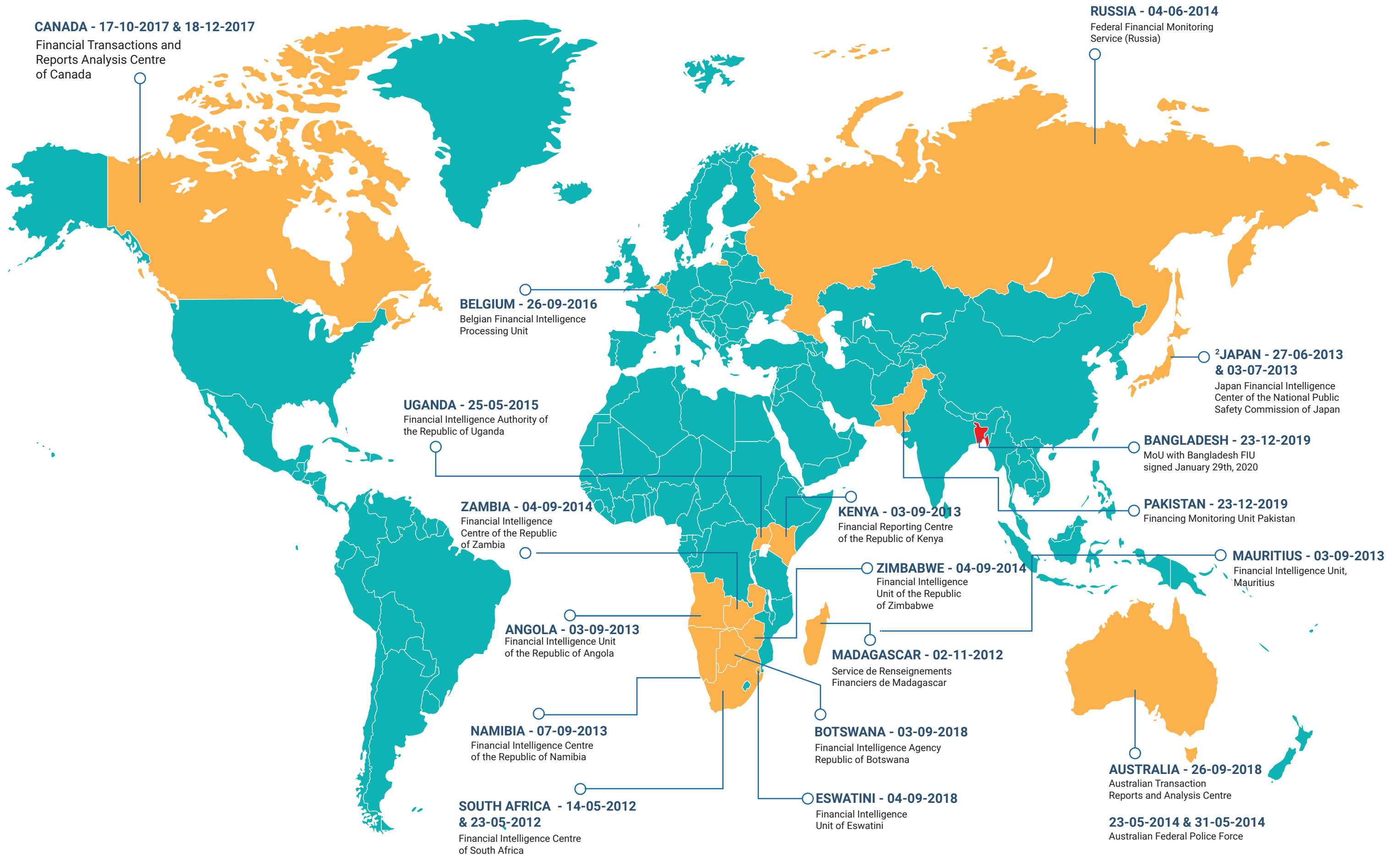
The local individuals were being contacted via social media by an individual identified as individual C in the of providing loan facilities to individuals in need and an initial deposit had to be made by interested parties prior to receiving the loan. The personal account of individual A and B, was the account being used to make the deposit. It was also identified that the names of high-ranking Seychelles government officials were used to entice applicants.

Analysis of the accounts of individuals A and B exposed that several cash deposits were made by several individuals, and the cash were almost immediately withdrawn from the account through a single Automatic Teller Machine from foreign country, Country A by a person other than the account holder after being deposited. Compliant reports from several individual claiming to have been defrauded was also made by the respective banks.

Similarly, the FIU also received another STR on individual D showing the same pattern. However, in this particular case, the local account holder physically withdrew the deposited cash, and made a BDC transaction to transfer the withdrawn funds to Country A. In this instance, the FIU obtained the name of the beneficiary in Country A. The FIU disseminated information gathered to the Seychelles Police department and to the FIU in country A for subsequent investigation and further action.



Case study 1.1



Map: Countries which have signed MoUs with Seychelles

²Japan: Letter of undertaking

INTERNATIONAL COOPERATION

Increasingly, financial transactions more often than not, have an international character. Crime in general and ML/TF in particular are also often associated with cross-border financial flows. International cooperation is therefore an indispensable element to combating ML/TF to which the FIU continues to seek cooperation in the area of policy through the relevant international forums.

As at December 2019, the FIU had signed a total of 18 MoUs with its foreign counterparts to enhance the exchange of information so as to maximize effort deter and prevent ML/TF as well as to deprive criminals of the proceeds crime. On January 29th, 2020, the FIU entered into an MoU with the FIU of Bangladesh, a Member of the Egmont Group, for the purpose of information exchange.

EGMONT GROUP

Seychelles FIU is a member of the Egmont Group, a worldwide alliance of what is now 166 FIUs, which forms the basis for the international exchange of information between FIUs. The Egmont Group has been designed to improve interaction among FIUs in the areas of communications, information sharing, and training coordination. The goal of the Egmont Group is to provide a forum for FIUs around the world to improve support to their respective governments in the fight against ML/TF and other financial crimes. This support includes expanding and systematizing the exchange of financial intelligence information, improving expertise and capabilities of personnel employed by such organisations, and fostering better and more secure communication among FIUs through the application of technology.

Since being admitted to the Egmont Group, the Seychelles FIU has been participating actively, primarily within the Information Exchange Working Group and the Technical Assistance and Training Working Group. With the onset of the COVID-19 pandemic in 2020, Seychelles, and all other Egmont Members, had to adapt to the 'new normal' and rethink the way it connects and engages with the Egmont Group by making greater use of technology.

To further support its membership, the Egmont Centre of FIU Excellence and Leadership ("ECOFEL") launched its eLearning platform in a bid to deliver professional training and knowledge of FIU personnel and to empower FIUs to strive towards excellence and leadership.



EASTERN AND SOUTHERN AFRICA ANTI-MONEY LAUNDERING GROUP

At the regional level, Seychelles is a member of the ESAAMLG which is a FATF Style Regional Body (“FSRB”). As at the date of this Report, ESAAMLG membership comprises of 18 countries and also includes a number of regional and international observers such as Alliance for Financial Inclusion (“AFI”), Australian Transaction Reports and Analysis Centre (“AUSTRAC”), COMESA, East African Community, Egmont, FATF, International Monetary Fund (“IMF”), Interpol, Portugal, Regional Centre on Small Arms (“RECSA”), Southern African Development Community (“SADC”), United Kingdom, United States of America, UN Bodies and Committees, World Bank and World Customs Organization.

The main objectives of ESAAMLG are to:

- (a) adopt and implement the 40 Recommendations of the FATF including the 11 Immediate Outcomes;
- (b) apply AML measures to all serious crimes;
- (c) implement measures to combat the financing of terrorism; and
- (d) implement any other measures contained in the multilateral agreements and initiatives relevant to prevention and control of laundering of proceeds of all serious crimes and the financing of terrorism.

Since the adoption of the Seychelles MER by the ESAAMLG Council of Ministers in September, 2018, the Seychelles has been submitting bi-annual reports to the ESAAMLG to demonstrate the progress it is making to strengthen the domestic AML/ CFT framework. With the enactment of the AML/ CFT and the BO Acts in March 2020, the Seychelles submitted its first re-rating request to the ESAAMLG for relevant recommendations which were rated Partially Compliant or Non-Compliant to the FATF Standards.

Out of the 12 re-ratings submitted, Seychelles was advised to prioritise 3 Recommendations out of the 12 of which the country selected Recommendations 1, 26 and 29. It should be noted that the ESAAMLG Task Force also considered progress made in implementing the new requirements of the FATF Recommendations 2 and 15 which were introduced in October 2019, after the adoption of the MER. The Task Force upgraded the rating on Recommendation 1 from Partially Compliant to Compliant and on Recommendations 26 and 29 from Partially Compliant to Largely Compliant. Whilst Seychelles continues to report under the enhanced follow-up process, the country has already commenced preparations to submit a second set of re-rating request to the ESAAMLG community in a bid to rectify the technical deficiencies outlined in its MER.

AWARENESS

On November 26th, 2020 the FIU hosted a group of 12 students, accompanied by the 3 coordinators as part of activities to commemorate the third edition of the ‘Global Money Week 2020’ in Seychelles. This was done in collaboration with United Nations Youth Seychelles which is a youth-led non-profit NGO which focuses on the promotion of Sustainable Development Goals and aims to inspire pre-emptive actions towards achieving the same in Seychelles.

Case Study 1.2

Case Study 1.2

The Seychelles FIU received two STRs on individuals B and C from two local banks in 2020. These STRs followed similar modus operandi as case study 1.1. The two case studies differed only by the jurisdiction in which withdrawals were made and the reason behind the deposits made on the respective accounts. The STRs were based on the individuals B and C. It was also noted by the FIU that both individuals were women. As per the STR, the activity on the two individuals accounts were deemed as suspicious as the accounts showed rapid in and out transactions. The FIU conducted analysis on the respective accounts and identified the below:

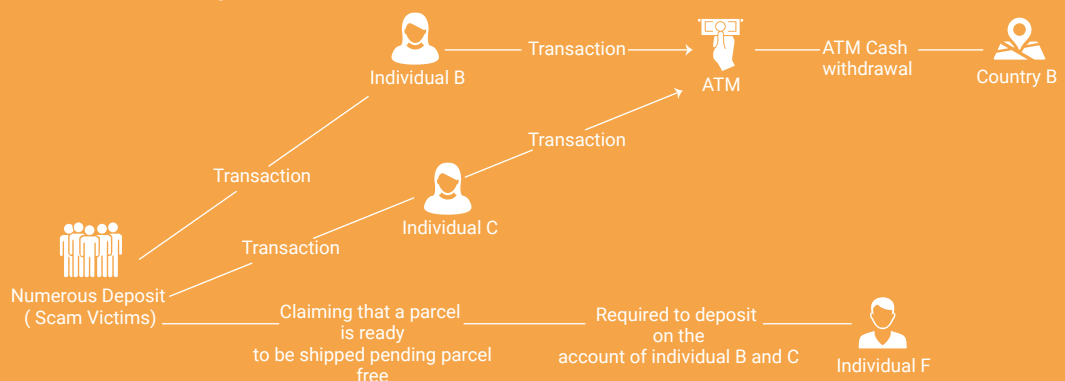
- Local individuals were being contacted via social media, by an individual identified as individual F;
- Individual F, contacted potential victims and requested that they make a deposit to the personal account of individuals B and C; and
- In his message, individual F stated that a parcel was arriving in Seychelles and a parcel clearance fee had to be made by the recipient of the message.

Analysis of the accounts of the individuals B and C revealed that in fact, several cash deposits had been made to the specified local accounts with description as “parcel clearance fee”. These cash deposits were almost immediately removed from the accounts after deposit. It is worth noting that all of the victims of the scam were not expecting any parcels.

Similarly, to case study 1.1, the FIU also received intelligence that some individuals identified as depositors, made claims to their respective banks that they had been scammed.

Further analysis revealed that cash deposits made on the account were immediately withdrawn via ATM cash withdrawal in a foreign country, Country B. Immigration checks revealed that the account holders were still in Seychelles at the time of the ATM cash withdrawal, suggesting that the ATM withdrawals were being made by someone else besides the account holder.

The FIU disseminated information gathered to the relevant Seychelles police department for further investigation.





CHALLENGES

CHALLENGES

NEW AND DEVELOPING TECHNOLOGIES

There is a significant increase in cyber-enabled crime, particularly fraud. Criminals are quick to find these new means to commit crime or to change the way they traditionally committed crime. This has created an additional pressure to the FIU as it receives more and more international attention with regards to locally registered entities carrying out unlawful VASP related activities. As a country, decision was made to regulate and supervise these entities accordingly. For the FIU, this would mean allocating more trainings and resources in order to adequately analyse and supervise these entities.

LEGAL

With the coming into force of both the AML/ CFT and BO Acts, the FIU has been empowered with additional functions as well as powers. As a result, there is a need to develop and adopt mechanisms to support the effective implementation of these functions and powers to ensure that the FIU effectively delivers on its overarching mandate.

IT INFRASTRUCTURE

The COVID pandemic has severely hindered the FIU's progress in the implementation of the fully digitalised goAML platform. The platform aimed to reducing the time taken to analyse and manipulate reports it receives in order to be more efficient and effective. Although, with the delay in implementation meant that the reporting and analysis function continued to be done manually posing greater work load on our limited resources.

HUMAN RESOURCES

Considerable challenges have been experienced in relation to the availability of skilled human resources in the labour market, particularly with expertise on emerging technologies. With the increase in reporting from reporting entities, additional pressure had been exerted on the limited resources and called for the exertion of significant effort by staff. Despite these unforeseen circumstances, the FIUs output for 2020 has been exceptional, as evidenced through statistics.

SUPERVISORY FUNCTION

The FIU is faced with a new mandate to supervise high risk NPOs in the NPO sector presenting considerable effort in order to successfully assess the sector in terms of its risk, conduct outreach programmes to both the sector and the general public so as to apprise them of why and how NPOs are deemed as vulnerable to TF and also setting up of an effective risk-based supervisory framework.

In addition to NPO Sector, the FIU has been designated as the Competent Authority for the purposes of monitoring and assessing compliance to the BO Act by the following legal persons and legal arrangements:

- (a) a company, including an overseas company, incorporated or registered under the Companies Act,
- (b) an Association registered under the Registration of Associations Act, and
- (c) a partner of a partnership under the Civil Code of Seychelles Act.



Case study 2

The Seychelles FIU received an STR from local CSP on May 12, 2020. The STR was related to Mr. Z, a national of Country Z. Mr. Z was found to be the sole director of two Seychelles IBCs, company Q and company R. The STR was raised due to adverse findings made by the local CSP on Mr. Z.

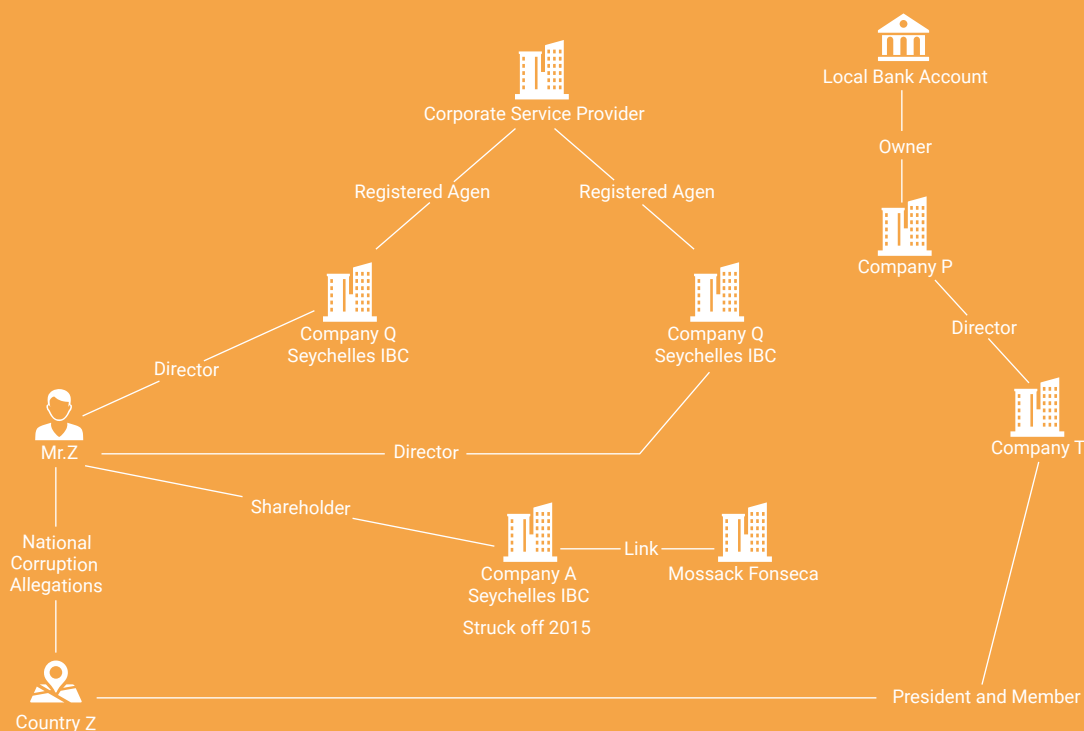
Through an in-depth analysis, the FIU uncovered that Mr. Z was under investigation in January 2018 in country Z in a corruption and embezzlement charge worth an estimate \$30 million. It was revealed that Mr. Z was arrested in February 2018 following an arrest warrant.

Further analysis revealed that Mr. Z was also the shareholder of another Seychelles IBC, company A, which was registered on the 4th of February 2009.

The entity, Company A was struck off the FSA register on 31st December 2015. While being active it was linked to Mossack Fonseca, a Company which has recently received intense media coverage as being utilized to facilitate ML.

Local bank account searches conducted revealed that Mr. Z was linked to a local bank account in the name of Company P. Analysis further revealed that company T was the director of company P. Mr. Z was stated to be the President and member of Company T.

The FIU made a dissemination to the FCIU a department within the Seychelles police for subsequent investigation under the AML/CFT Act and the Proceeds of Crime (Civil Confiscation) Act. In addition, separate dissemination was made to FSA and the FIU of Country Z for subsequent investigation.





**LOOKING
AHEAD**

With the new normal, the FIU continues to develop user friendly technology platforms to allow staff to work effectively and efficiently wherever they may be. Much effort is being made to finalise and roll out the goAML platform during the first half of 2021. This will be in a phased approach as and when the platform is developed. The platform will also be extended to accepting and conducting analysis of all reporting in digital format where it will also be able to produce accurate digital reports and statistics of all submissions. This will relieve the existing workload on analysis and compilation of data which is currently being done manually thus allowing more efficient and timely analytical work to be carried out.

Internally, the FIU is working to upgrade its IT infrastructure notably to move onto its own internal exchange server and updating and patching of vulnerabilities of all applications through a centralised system with the aim of mitigating the risk of a system breach.

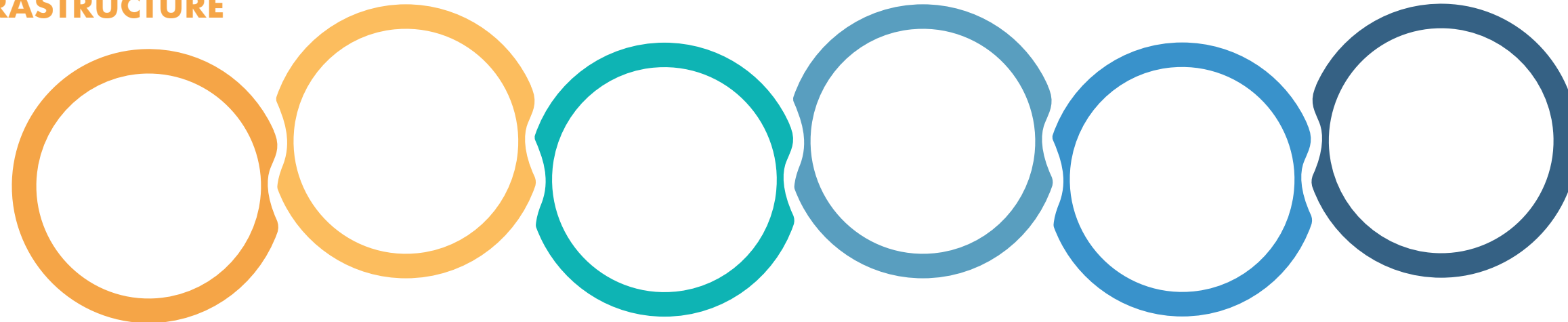
IT INFRASTRUCTURE

Having reliable, accurate and timely information (often from diverse sources) is useful to perform both operational and strategic analysis. The FIU will continue to liaise with domestic institutions to allow access to the widest possible range of financial, administrative and law enforcement information including commercially held databases aimed at reducing delays and ensuring timely analysis and dissemination. Another area of focus for 2021 will be on developing knowledge (strategic intelligence) as it relates to ML/TF and other threats to the security of a country's financial systems in order to produce strategic analysis products.

ANALYSIS

Having reliable, accurate and timely information (often from diverse sources) is useful to perform both operational and strategic analysis. The FIU will continue to liaise with domestic institutions to allow access to the widest possible range of financial, administrative and law enforcement information including commercially held databases aimed at reducing delays and ensuring timely analysis and dissemination. Another area of focus for 2021 will be on developing knowledge (strategic intelligence) as it relates to ML/TF and other threats to the security of a country's financial systems in order to produce strategic analysis products.

RISK-BASED COMPLIANCE CULTURE



INCREASING OPERATIONAL OUTPUT

Having reliable, accurate and timely information (often from diverse sources) is useful to perform both operational and strategic analysis. The FIU will continue to liaise with domestic institutions to allow access to the widest possible range of financial, administrative and law enforcement information including commercially held databases aimed at reducing delays and ensuring timely analysis and dissemination. Another area of focus for 2021 will be on developing knowledge (strategic intelligence) as it relates to ML/TF and other threats to the security of a country's financial systems in order to produce strategic analysis products.

WORKFORCE EXCELLENCE

In 2021, the FIU will continue to implement its business continuity plan ensuring a highperforming workforce and employees operating in a stimulating and responsible working environment. The FIU will continue to support its staff by providing opportunities for development in order to become professionals in their fields with more focus being on emerging technologies (VASPs, Cryptocurrencies & OSINT) and strategic analysis.

LEGAL, POLICY AND EXTERNAL RELATIONS

Given the ever-evolving nature of international standards, the FIU is consciously and continuously monitoring the international landscape to stay apprised of any updates in relation to AML/ CFT policies and standards to ensure that its legal and institutional framework remains at par with globally accepted norms and standards. This includes, but is not limited to, the supervision of high risk NPOs for TF purposes and enforcement framework to apply administrative sanctions.

LOOKING AHEAD

For the upcoming reporting period, the FIU's focus will be as per the highlighted areas above:

Case study 3

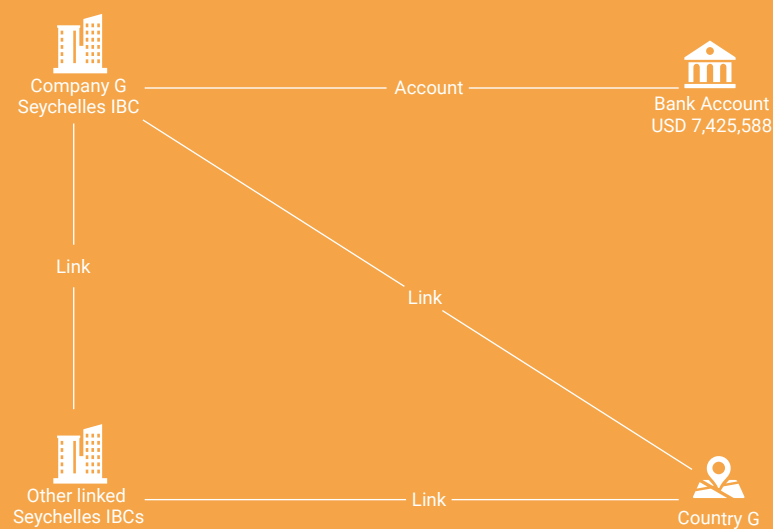
The Seychelles FIU froze the account of an entity, Company G, in August 2015, under the AMLA. The local account held \$7,425,588.97.

The specific case involved suspected international corruption. The FIU uncovered that company G, which is a Seychelles, incorporated company in 2011, was linked to several other companies which were all investigated by the FIU in connection to corruption linked to oil extraction in country G.

The FIU uncovered links to several PEPs and other entities throughout the investigation which involved several jurisdictions. As part of the investigation, the FIU made several enquires with numerous jurisdictions involved.

Due to the change in legislation in 2017, the freeze of the account was uplifted. In October 2019 the FIU received another STR on the same entity which still held the account at the local bank with the same amount on the account.

The account was immediately frozen and the FIU made a dissemination to the FCIU in March 2020 for subsequent investigation under the AML/CFT Act and the Proceeds of Crime (Civil Confiscation) Act.





APPENDICES

APPENDICES

APPENDIX 1: STAFF TRAINING & DEVELOPMENT

Seminars/Workshops 2020	Participants	Details
IT web Based platform and Official Exchange FIC	1	IT Training and Official Visit at Financial Intelligence Centre South Africa
Beneficial Ownership	6	Focus Groups and Conference Tax Transparency and Corruption
Client Attorney Privilege	3	Focus Groups and Conference Tax Transparency and Corruption
Interagency Cooperation	1	Focus Groups and Conference Tax Transparency and Corruption
Unexplained Wealth Orders	3	Focus Groups and Conference Tax Transparency and Corruption
Kharon Sanctions Training	9	Kharon
Virtual IEWG Meeting	2	EGMONT
Open Source & Internet Investigations	5	Organised by World Bank-Facilitated by Mr. Colin Ehren
The role of the FIUs in national ML/TF risk assessments: Lessons learned	14	ECOFEL Webinar
Illegal Wildlife Trade as a Financial Crime	3	ECOFEL Webinar
COVID-19 – Best Practices for FIUs	5	ECOFEL Webinar
CRDF Global Cybersecurity Webinar	4	Kharon
Financial Intelligence Analysis Training	4	Workshop
Financial Investigation Analysis Training	2	Workshop
Regional Webinar, “Enhancing Collaboration Between Law Enforcement Agencies and Financial Intelligence Units Activity”	1	Workshop
Tackling Organised Crime through Financial Investigation and Prosecution	3	AGA Africa Training
Cryptocurrency and Countering Proliferation Finance	4	RUSI
Regional Webinar 2 - Enhancing collaboration between Law	2	AML-The Human Being

Enforcement Agencies and Financial Intelligence Units		
Regional Training on Trade-Based Money Laundering and Counter Measures	1	European Trust Fund
4th Global Conference on Criminal Finances and Cryptocurren	3	Interpol
Regional Webinar on FATF Standards on Effectiveness	3	FATF

OTHER DOMESTIC WORKSHOPS AND TRAININGS

Trainings/Workshops 2020	Participants	Details
Customer Excellence Service	2	Guy Morel Institute
Responsible and Ethical Leadership Workshop	43	CTF Consultancy
Performance Management System Level 1	12	CTF Consultancy
Performance Management System Level 2	43	CTF Consultancy
Intelligence Report Writing	9	CTF Consultancy
Workplace Flexibility	2	Guy Morel Institute
Ethics in the public service and declaration of asset	1	Transparency Initiative Seychelles

INTERNATIONAL INITIATIVE MEETINGS

Organisation	Location	Participants	Dates
Egmont Group	Mauritius	5	27 – 31 January 2020
FATF Plenary	Paris, France	1	16 – 21 February 2020
OECD	Luxembourg	3	25 – 28 February 2020
UNCCTD	Eswatini	1	26 – 27 February 2020

PROFESSIONAL QUALIFICATIONS

Qualification	No. of staff	Qualifying Institution
International Diploma in Anti Money Laundering	2	International Compliance Association (ICA)
Professional Postgraduate Diploma in Governance, Risk and Compliance	1	International Compliance Association (ICA)
BSC in Computing and Information System	1	University of London through University of Seychelles

APPENDIX 2: DOMESTIC MOUs

Year 2020		
6	AML/ CFT Supervisors	02/09/2020
5	Seychelles Intelligence Service	17/07/2020
4	Anti- Corruption Commission of Seychelles	14/08/2020
3	Seychelles Licensing Authority	29/12/2020
Year 2015		
2	Financial Services Authority and Central Bank (Joint MOU)	6/10/2015 & 14/10/2015
Year 2009		
1	Seychelles Revenue Commission	01/04/2009

APPENDIX 3: INTERNATIONAL MOUS

Year 2020		
19	Bangladesh Financial Intelligence Unit	29/01/2020
Year 2019		
18	Financial Monitoring Unit of Pakistan	23/12/2019
Year 2018		
17	Financial Intelligence Agency Republic of Botswana	03/09/2018
16	Financial Intelligence Unit of Eswatini	04/09/2018
15	Australian Transaction Reports and Analysis Centre	26/09/2018
Year 2017		
14	Financial Transactions and Reports Analysis Centre of Canada	17/10/2017 & 18/12/2017

Year 2016		
13	Belgian Financial Intelligence Processing Unit CTIF	26/09/2016
Year 2015		
12	Financial Intelligence Authority of the Republic of Uganda	25/05/2015
Year 2014		
11	Financial Intelligence Centre of the Republic of Zambia	04/09/2014
10	Financial Intelligence Unit of the Republic of Zimbabwe	04/09/2014
9	Australian Federal Police Force	23/05/2014 & 31/05/2014
8	Federal Financial Monitoring Service (Russian Federation)	04/06/2014
Year 2013		
7	Japan Financial Intelligence Center of the National Public Safety Commission of Japan	27/06/2013 & 03/07/2013
6	Financial Intelligence Unit of the Republic of the Republic Angola	03/09/2013
5	Financial Intelligence Unit, Mauritius	03/09/2013
4	Financial Intelligence Centre of the Republic of Namibia	07/09/2013
3	Financial Reporting Centre of the Republic of Kenya	03/09/2013
Year 2012		
2	Financial Intelligence Centre Republic of South Africa	14/05/2012 & 23/05/2012
1	Service de Renseignements Financiers de Madagascar	02/11/2012

APPENDIX 4: CORRECTION OF MATERIAL ERRORS IN PREVIOUS ANNUAL REPORT

The Annual Report 2019 contained the following errors:

The statistics in Table 2.1 on page 31 for value of transactions should read as per the below table.

Sector	No. of Returns Received		No. of Transactions		Value of Transaction in SCR
	2018	2019	2018	2019	2019
BDC Class A	451	601	91,131	156,232	5,027,554,375.92
BDC Class B	137	515	5,029	14,545	325,710,251
MVD	230	277	612	1,095	330,198,705.24
REA	46	50	10	6	37,590,000.00
TOTAL	864	1,328	96,782	131,808	23,741,051,223.64

Table 2.1 Total return and transaction submitted for 2018-2019

ANNEX 5: CONTACT US

OUR POSTAL ADDRESS

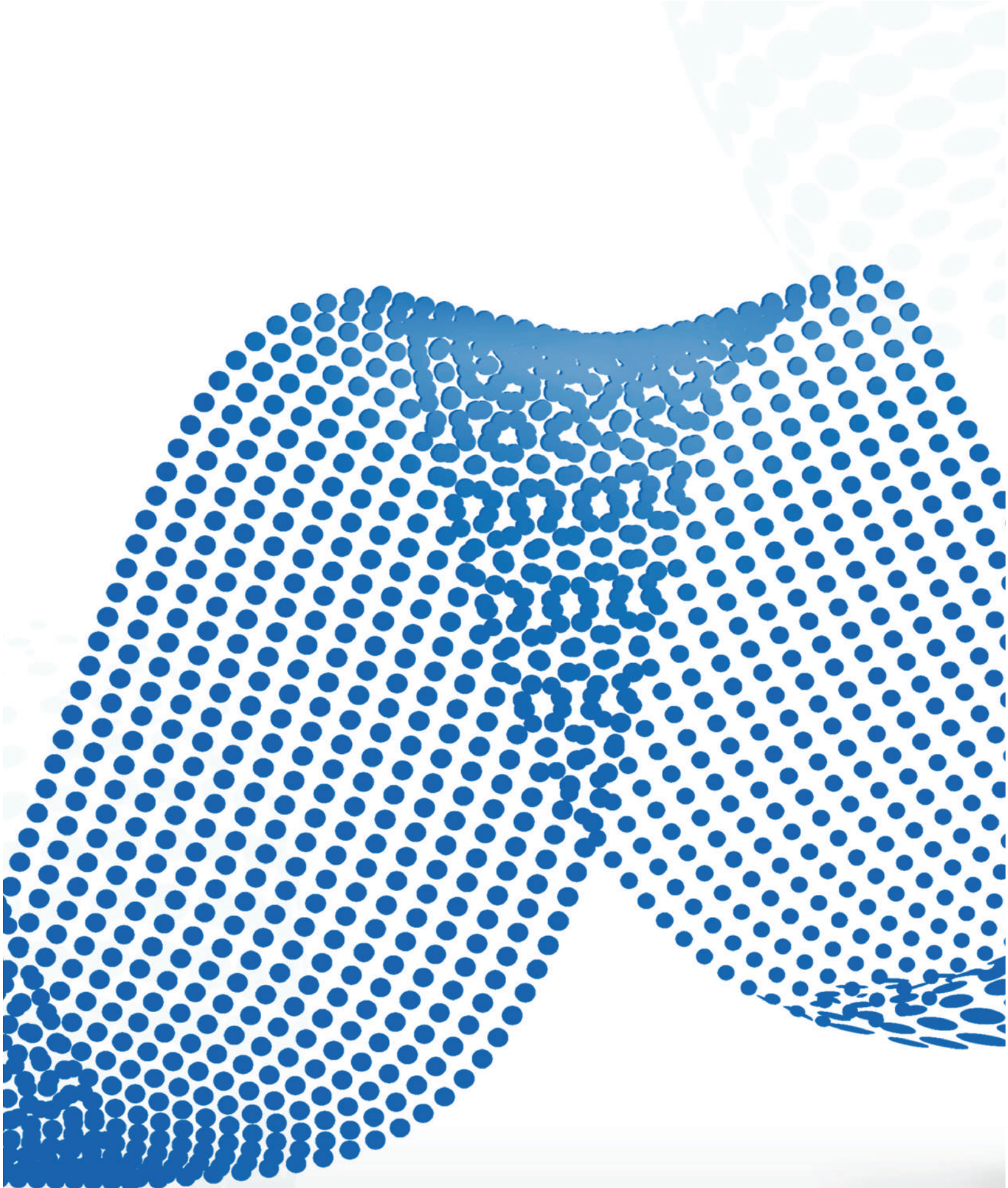
FINANCIAL INTELLIGENCE UNIT
P.O. Box 7021 Ile Perseverance, Seychelles

OUR CONTACT DETAILS

Telephone: (+248) 4 383400
Fax: (+248) 4 225002

Enquiries concerning the Seychelles FIU, the annual report, the legislation we administer, or other related information, may be directed to contactfiu@gov.sc

All our annual reports can be downloaded in the publications section of our website www.seychellesfiu.sc



FINANCIAL INTELLIGENCE UNIT
P.O. Box 7021 Ile Perseverance, Seychelles
Telephone: (+248) 4 38 34 00
Fax: (+248) 4 225002
Email: contactfiu@gov.sc
Website: <https://www.seychellesfiu.sc>