

Bailiwick of Guernsey Financial Intelligence Unit Annual Report 2023



Bailiwick of Guernsey
Financial Intelligence Unit

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Foreword

I am delighted to present the Bailiwick of Guernsey Financial Intelligence Unit's (FIU) Annual Report for 2023. The FIU has had another productive year undertaking a number of key work streams including changes to the online reporting system 'THEMIS', the adoption and implementation of new legislation, increased outreach and guidance to the private sector and internal changes to FIU working practices and procedures.

In March 2023 the FIU, in conjunction with other authorities and reporting entities, participated in the Country training by members of the secretariat from MONEYVAL, a Committee of experts on the evaluation of anti-money laundering and financing of terrorism measures. This training was the start of the Bailiwick's 5th round Mutual Evaluation Report (MER) by MONEYVAL which will continue during 2024, with the findings of the evaluation being published in January 2025.

Within the first quarter of 2023, the FIU launched its own Public-Private Partnership (PPP) forum, the Guernsey Integrated Money Laundering and Terrorist Financing Intelligence Task Force ('GIMLIT'). The initial 'Pilot Scheme' focused on collaboration between the FIU, other government agencies and the retail bank sector. The membership will be extended to the private banking sector in 2024.

Throughout 2023, the FIU maintained its industry outreach program with a number of presentations to reporting entities and associations, the release of statistical reports, and the publication of typologies and updated guidance documents on SAR submissions and the consent regime, including revised e-learning workshops. The FIU, in conjunction with the Law Officers Chambers and Policy &

Resources (P&R), participated in a number of joint presentations during the year with leading experts in proliferation financing, sanctions and terrorist financing.

The FIU provided input into the revised National Risk Assessment (NRA2) which was published in December 2023, and also assisted in the compilation of the Bailiwicks National Strategy for combating money laundering, financing of terrorism and financing of proliferation of weapons of mass destruction which was published in October 2023.

The FIU continues to work collaboratively with other law enforcement agencies and FIUs, both domestically and internationally, including the participation in the Quad Island FIU forum (Gibraltar, Isle of Man and Jersey) and sub forums focusing on tax evasion, terrorist financing, economic crime and strategic analysis.

The FIU has continued to have strategic support from Director, Economic & Financial Crime Bureau and the Committee for Home Affairs (CfHA), during the year. The CfHA also met and discussed key topics of interest with the FIU team during the year; this continued support is very much appreciated by the team.

There are many challenges when targeting economic and financial crime and acts of terrorism and proliferation, however by working in collaboration with other authorities, and public-private partners we can strengthen the fight against money laundering, terrorist and proliferation financing.

Adrian Hale

*Head of the Bailiwick of Guernsey
Financial Intelligence Unit*

FIU Objectives

“Financial intelligence plays a pivotal role in identifying and combating financial risks such as money laundering, terrorist financing and proliferation financing.”

The three primary objectives of the FIU are:



To gather, analyse and disseminate intelligence relating to criminal conduct (including but not limited to: money laundering, the financing of terrorism and the proliferation of weapons of mass destruction), including attempted transactions and activities.



To act in accordance with the EGMONT Group Principles and FATF Recommendations in the exchange of information with other FIUs, and other similar bodies and law enforcement agencies both domestically and internationally.



To conduct strategic analysis in accordance with FATF standards and methodology in respect of identifying money laundering and terrorist financing related trends and patterns.

“Achieving our objectives is reliant upon continuous improvement, learning and working collaboratively with key stakeholders.”

FIU Strategic Plan 2022-2024

The FIU's three-year strategic plan focuses on the key aspects of the Bailiwick's Anti-Money Laundering and Countering Financing of Terrorism strategy to combat money laundering, terrorist and proliferation financing. It also addresses the areas of risk identified in the Bailiwick's National Risk Assessment. The revised 2025 - 2027 FIU strategic plan will be updated during 2024 and will align to the revised NRA2 and the National Strategy¹ demonstrating the Bailiwicks long-term commitment to preventing and eliminating money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction.

The FIU's strategic objectives are:



To identify money laundering, terrorist and proliferation financing related trends, emerging threats and patterns to inform the Bailiwick of Guernsey National Risk Assessment and develop relevant policies and procedures for the FIU.



To develop and improve the effective use of financial intelligence to successfully investigate and prosecute money laundering, terrorist and proliferation offences and to deprive offenders of the proceeds of crime.



To ensure that the FIU has the structure and capabilities to operate efficient and effective processes to discharge its core functions and comply with International Standards.



To foster and develop the Public-Private Partnership recognising the knowledge and skills of the regulated sectors to mitigate the risk of money laundering, terrorist and proliferation financing.

¹ [Financial Crime - States of Guernsey \(gov.gg\)](https://www.gov.gg/financial-crime)

About the FIU

“ *Guernsey is a member of the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures, Financing of Terrorism, and Proliferation Financing (MONEYVAL), which assesses the compliance of the FIU and other key authorities with the FATF recommendations and immediate outcomes.* ”

The Bailiwick of Guernsey Financial Intelligence Unit (FIU), under the provisions of Part III of the Economic and Financial Crime Bureau (EFCB) and Financial Intelligence Unit (Bailiwick of Guernsey) Law, 2022, acts as the competent authority and national centre with the sole responsibility for the receipt, analysis, development and timely dissemination of Suspicious Activity Reports (SARs) and other information filed by financial services businesses and non-financial services businesses pursuant to their obligations set out in Part I of The Disclosure (Bailiwick of Guernsey) Law, 2007, and Part III of The Terrorism and Crime (Bailiwick of Guernsey) Law, 2002. These businesses include a wide variety of industries, such as trust and corporate service providers (TCSPs), private and retail banks, real estate agencies, legal providers, accountants and the e-gambling sector. Following the analysis of these SARs, financial intelligence is shared with other competent authorities or appropriate bodies, both domestically and internationally.

The FIU's analytical and intelligence development functions are critical components of the Bailiwick of Guernsey's regime on anti-money laundering, countering the financing of terrorism and countering proliferation financing (AML/CFT/CFP). The freedom to carry out all of the FIU's operational functions without interference is a prerequisite for an effective AML/CFT/CFP system and to comply with international standards set by the Financial Action Task Force (FATF) and the EG MONT Group of FIUs principles of sharing information.

The Head of FIU, under the provisions of the law, reports annually to the Director EFCB and to the Committee for Home Affairs (CfHA).



“ The operational analysis of FIUs is instrumental in following the trail of particular activities or transactions, and in determining links between those targets and possible proceeds of crime, money laundering, predicate offences or terrorist financing.”



The FIU Operational Analysis team currently comprises an Operations Manager, three Supervisors, eight Financial Intelligence Officers (FIOs), four Intelligence Support Officers and a Tax Inspector who is seconded into the FIU from the Revenue Service.

This team undertakes operational analysis of information from SARs and other spontaneous intelligence to identify potential criminal offences of money laundering, regulatory offences and the identification of tainted assets for consideration of civil asset recovery/forfeiture. This team will develop the intelligence using wide ranging powers to obtain additional information from reporting entities ultimately resulting in a formal referral to the EFCB, the Revenue Service, Guernsey Financial Services Commission (GFSC) or other competent authorities.

This team is also responsible for the analysis, development and dissemination of intelligence to other FIUs and international partners to aid the identification and recovery of criminal or civil proceeds related to money laundering, terrorist financing or associated predicate offences. The numerous aspects of this operational work are covered in greater detail in this report.

Strategic Analysis

“*Strategic analysis uses available and obtainable information, including data that may be provided by other competent authorities, to identify money laundering and terrorist financing related trends and patterns.*”²

The Strategic Analysis team currently comprises a Senior Strategic Analyst supported by two strategic analysts, two researchers and an IT administrator. This team analyses data to identify developing trends and emerging threats in order to produce timely and well-formulated strategic products. These strategic products support the compilation of AML/CFT/CFP strategies which inform the FIU strategic planning and the Bailiwick’s National Risk Assessment (NRA). The team is also responsible for obtaining feedback and outcomes from the dissemination of intelligence by the FIUs operational team.

The Strategic Analysts collaborate closely with other stakeholders such as the EFCB, GFSC, Bailiwick Law Enforcement (BLE), Alderney Gambling Control Commission (AGCC), Policy & Resources Committee (P&R), Guernsey Registry, the Revenue Service and the Law Officers Chambers (LOC) in order to identify local trends associated with money laundering, terrorist and proliferation financing risks, to swiftly assess and contribute to the mitigation of emerging threats or risks.

² [FATF Recommendations.pdf \(fatf-gafi.org\)](https://www.fatf-gafi.org/publications/fatfrecommendations/Pages/default.aspx)



Suspicious Activity Reports



2031 SARs received in 2023, a 24% decrease from the previous year



Illicit trafficking in narcotic drugs and psychotropic substances was the most reported suspected criminality in 2023



The e-Gambling sector submitted 64% of all SARs in 2023

The suspicion of money laundering, or suspicion that certain property is derived from criminal conduct, is reported to the FIU via THEMIS under the Disclosure (Bailiwick of Guernsey) Law, 2007 (“the Disclosure Law”). The Disclosure Law also applies to the knowledge, or suspicion of, proliferation of weapons of mass destruction (WMD), more commonly referred to as proliferation financing.

The knowledge, or suspicion of, terrorist financing is reported to the FIU under the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 (“the Terrorism Law”).

During 2023, the FIU received two-thousand-and-thirty-one SARs, a decrease of circa 24% compared to 2022. This decrease is predominantly due to continued outreach to the e-Gambling sector. A total of two-thousand SARs were reported under the Disclosure Law, and a further thirty-one SARs were submitted under the Terrorism Law, of which a small proportion (less than 1% of all SARs) were identified as being submitted under the incorrect law in error and were not found to be TF-related.

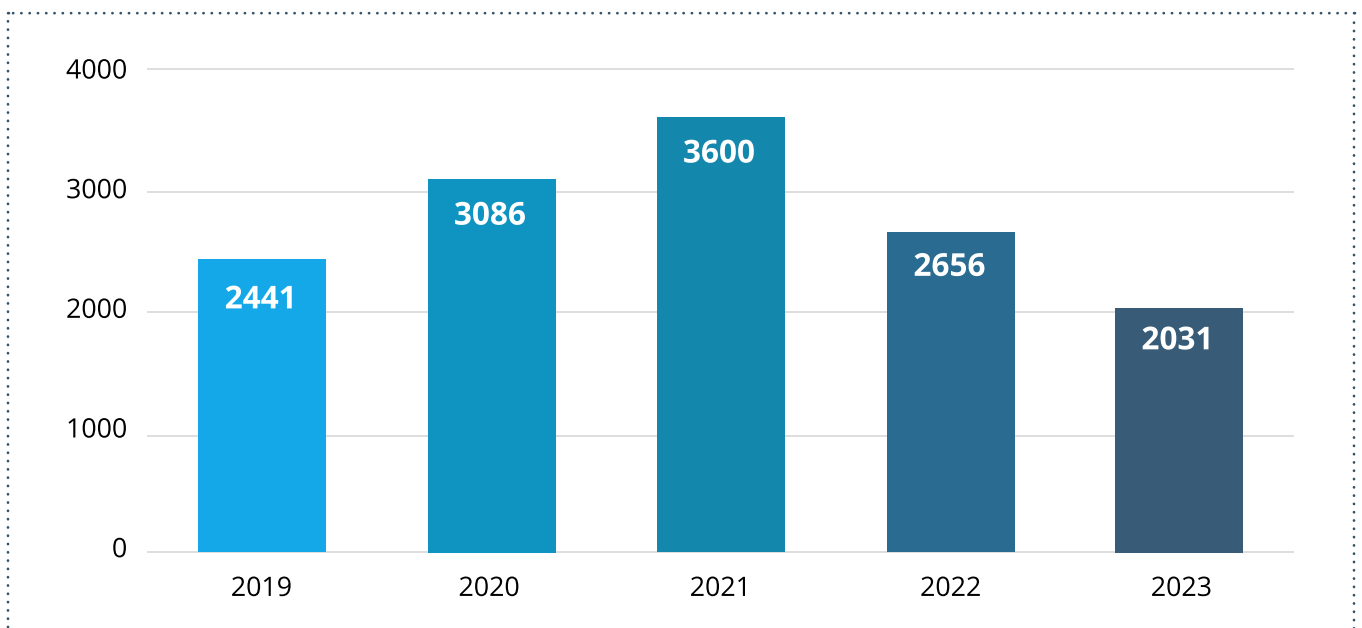
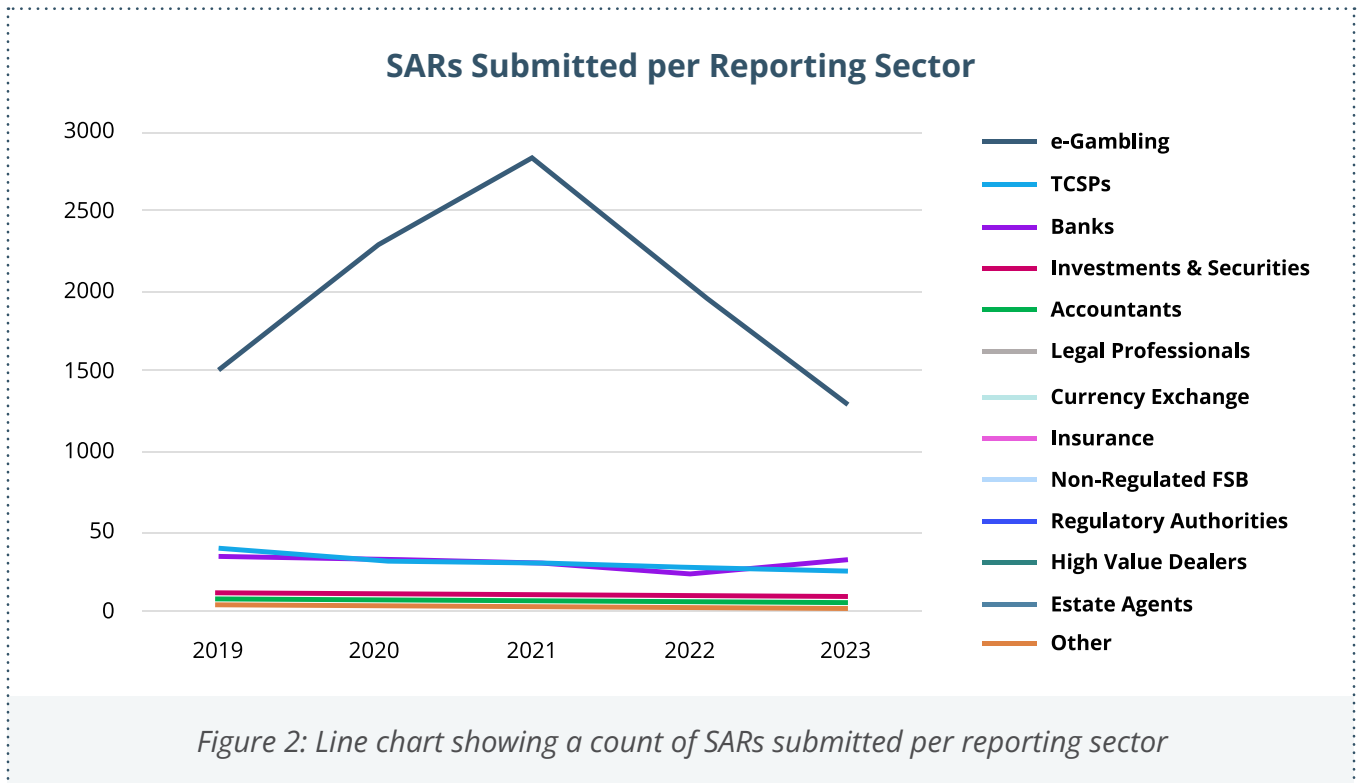


Figure 1: Column chart presenting the number of SARs submitted to the FIU per year

Reporting Sectors

The pattern of reporting remains largely the same as for previous years, with the e-gambling sector (64%) being the most prolific submitter, followed by banks (14%) and trust and company service providers (13%).



There remains a significant e-gambling sector regulated in Alderney with a large international client base, so their prevalence in reporting of suspicion is a trend that looks set to continue for the foreseeable future. However outreach to the industry during recent years has resulted in a steady decline in SAR submissions, with a 36% reduction recorded between 2022 and 2023, as illustrated in Figure 2.

Approximately 86% of SARs from the e-gambling sector were submitted to the FIU by one main licensee which has a significant client base (in excess of three million clients) which is consistent with previous years. The entire e-gambling sector has received a residual risk rating of 'medium' for money laundering in the revised NRA2. The risks from the sector remain relatively lower

than several other sectors, as confirmed by a review undertaken by the FIU in 2023. The FIU has therefore adopted internal procedures to limit the resources deployed to dealing with SARs from the e-gambling sector. Adverse open source information on clients remains the main grounds for reporting suspicion to the FIU.

Excluding e-gambling, the sectors submitting the highest number of SARs in 2023 were banks, TCSPs and investments & securities, which aligns with their ratings as 'higher' or 'medium higher' risk for money laundering within the revised NRA2. Whilst the number of SARs disclosed by TCSPs and investments and securities were roughly on par with the previous year, SARs from the banking sector increased by 46% which is understood to be, in part, as a result of increased sanctions in relation to the Russian invasion of Ukraine.

Subject Residency within SARs

Figure 3 below presents the predominant areas of subject residency reported within SARs during 2023. These were the UK (56%), followed by Guernsey (15%), Canada (4%) South Africa

(3%) and the British Virgin Islands (2%); this broadly follows the same reporting pattern as in 2022 with majority of SARs associated with the UK coming from the e-gambling sector.

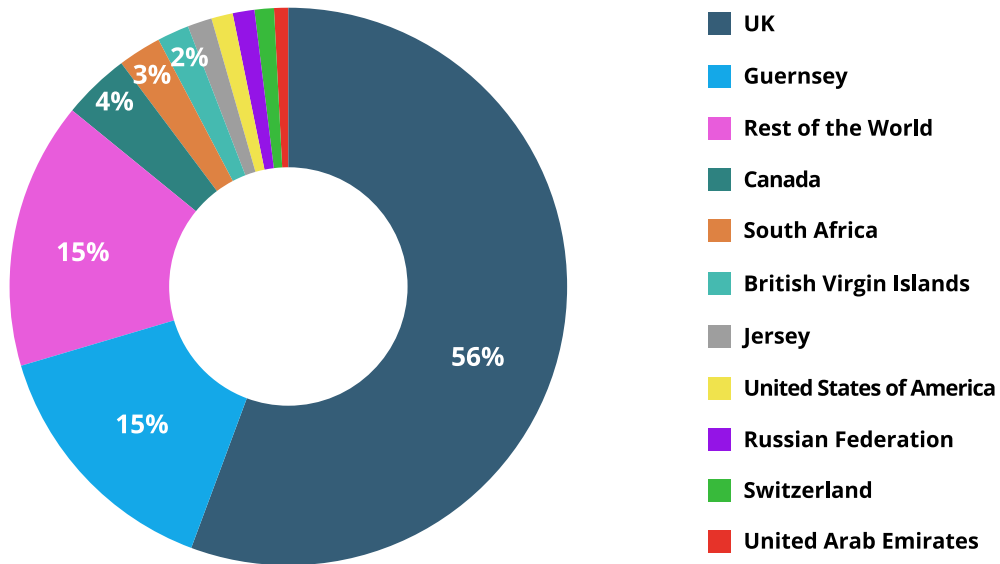


Figure 3: Pie chart showing a count of subject residency/place of incorporation on SARs received in 2023

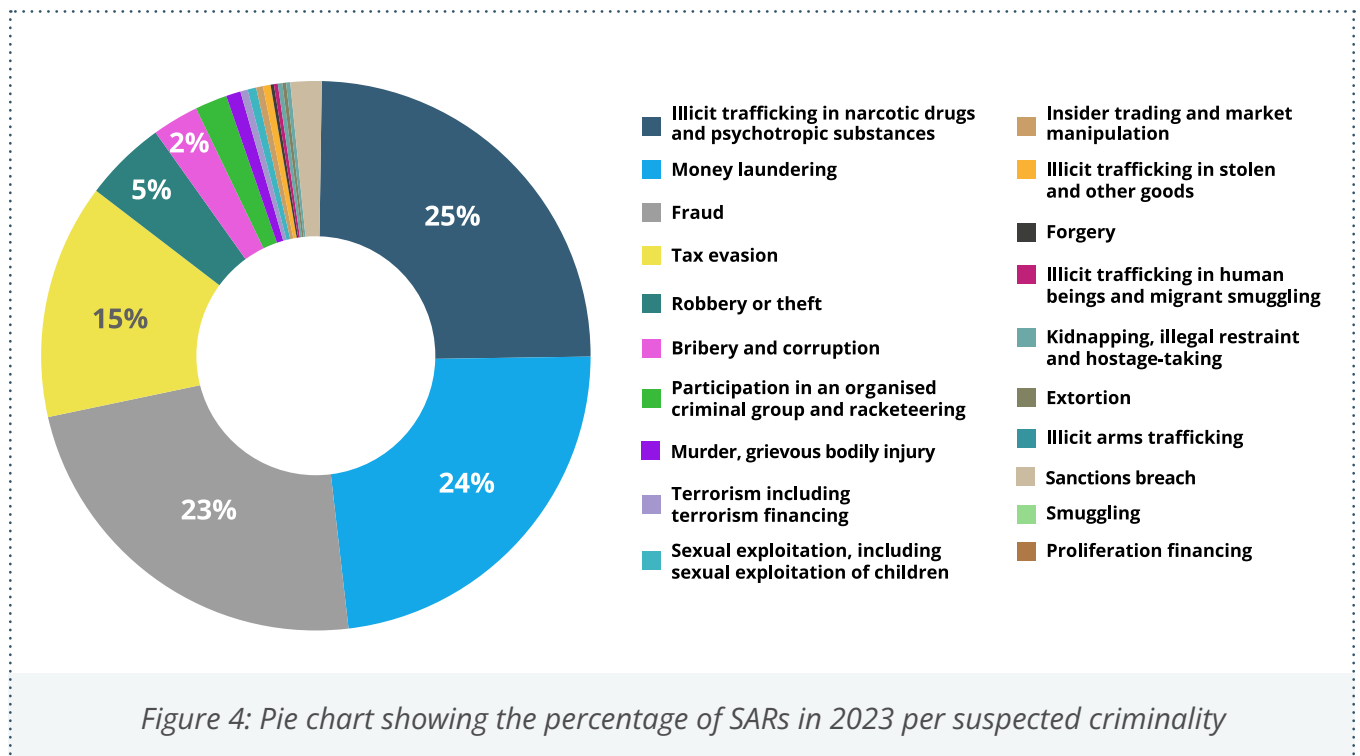


Suspected Criminality

Where no predicate offence is clearly identified, a suspicion of money laundering is recorded; consequently, money laundering was the suspected criminality in almost three quarters of the SARs received by the FIU in previous years. A planned initiative of providing updated guidance on SAR quality together with changes to the reporting system in 2023 has led to a marked improvement in the identification of the predicate offence by reporting entities, with a reduction in SARs being reported under money

laundering (now at 24% of all SARs) in favour of identifying other predicate offences such as illicit trafficking in narcotics (25%), fraud (23%), and tax evasion (15%), as illustrated in Figure 4.

The e-gambling sector most frequently reported the suspected criminality as illicit trafficking in drugs and psychotropic substances, predominantly due to the identification of adverse open source linked to drugs-related convictions reported in the media.



In respect of the sectors identified as a higher risk in NRA2, the most frequent suspected criminality reported by TCSPs was tax evasion followed by fraud, and the most frequently reported suspected criminality reported by banks was fraud followed by money laundering. The majority of SARs submitted by the TCSP sector referencing suspected tax evasion or fraud involved either a legal person, legal arrangement or both which corresponds with the findings in the NRA2 advising that

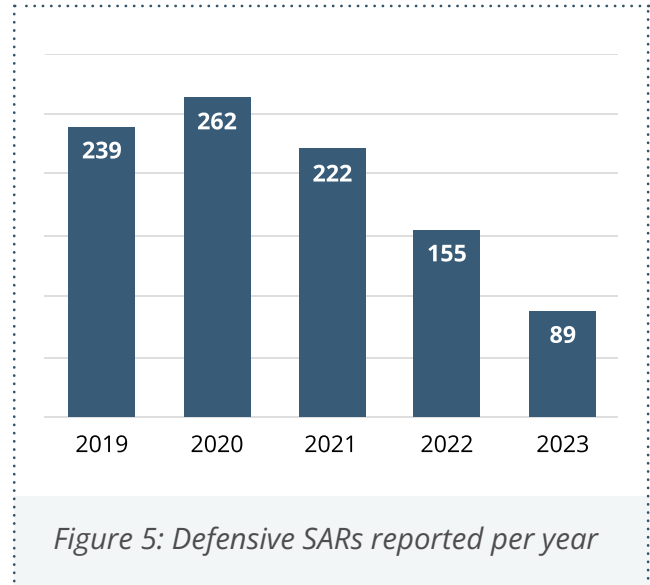
TCSPs dealing with legal persons and legal arrangements are at a higher risk of being targeted to launder foreign criminal proceeds. Whilst the FIU continues to monitor incoming SARs for any risk from offences such as terrorist financing, proliferation financing, cybercrime and environmental crime, the instances of these types of criminality being reported to the FIU are so low that there is no indication of any threat that Guernsey is being used to launder the proceeds of these high-risk offences.

Defensive Disclosures

The FIU considers a SAR to be defensive if the reason for suspicion has derived from an approach made by a regulatory or law enforcement agency which then prompted a SAR submission when the entity had not previously held a suspicion.

A total of eighty-nine SARs (4%) were submitted defensively in 2023, which was a reduction from 6% in 2022 and is the lowest recorded in over 5 years, due in large part to FIU outreach to industry and updated SAR guidance.

The principal sector for submitting defensive SARs in 2023 was the e-gambling sector (44%), followed by banks (28%) and TCSPs (17%). The main suspected criminality reported upon within defensive SARs was money laundering



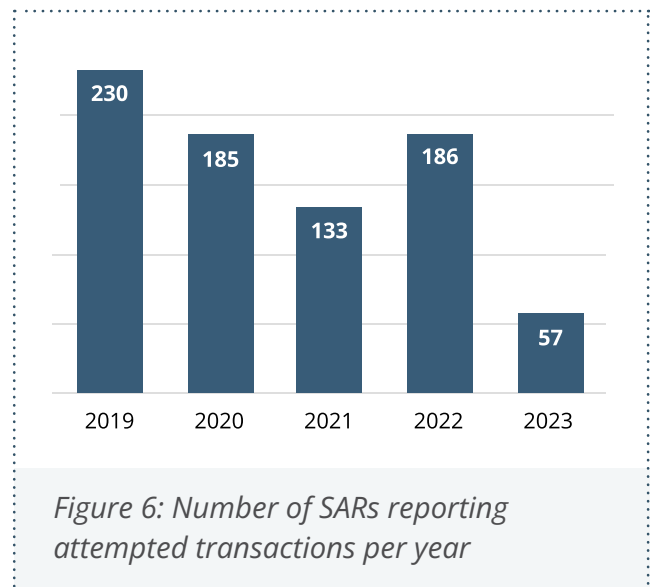
(31%), followed by fraud (30%) and tax evasion (20%) which aligns with the high risks identified within the NRA2.

Attempted Transactions

Attempted transactions are defined as approaches made by entities, legal persons or natural persons to conduct new business, or to attempt to transact with a reporting entity, but which were declined due to suspicions of money laundering or other criminal offences before any activity or transaction occurred.

In 2023, fifty-seven (3%) of the 2031 SARs received by the FIU were related to attempted transactions, which was a reduction from one hundred and eighty-six SARs (7%) in 2022 and one hundred and thirty-three SARs (4%) in 2021. The FIU will be conducting further research to understand this reduction.

TCSPs submitted the most SARs regarding attempted transactions (46%), followed by banks (25%), e-gambling and investments



and securities respectively (both 7%). The predominant suspected criminality reported upon in respect of attempted transactions was fraud (37%), followed by tax evasion (28%) and money laundering (14%).

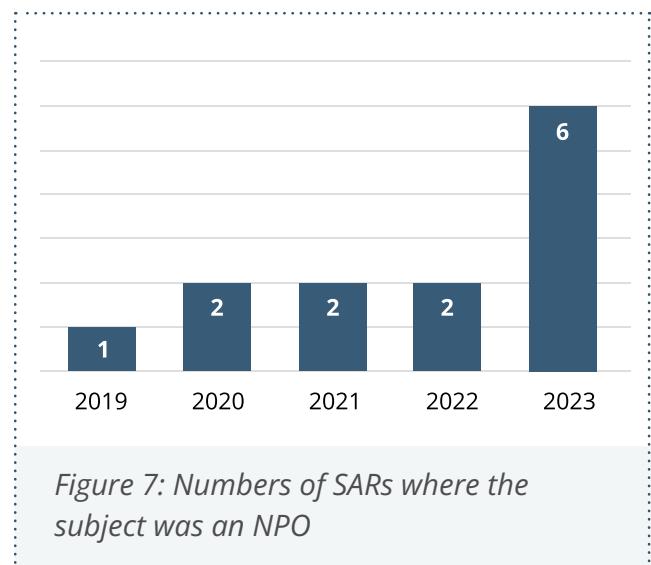
Non-Profit Organisations (NPOs) within SARs

The FATF and other international bodies have identified that charities and non-profit organisations (NPOs) are at risk from abuse by illicit actors for money laundering or terrorist financing. The Guernsey Registry is the authority responsible for the oversight of the charity and NPO sector. The Registry in collaboration with the FIU has provided these sectors with training and guidance on how to identify money laundering and terrorist financing and mitigate these threats via the use of financial crime risk assessments and policies.

A total of 6 SARs received by the FIU in 2023 contained a charity, charitable trust or NPO as one of the subjects of the disclosure. TCSPs submitted the most reports with a reference to NPOs in 2023. Just over half of these institutions reported tax evasion as the principal crime, followed by fraud.

[3 Non-profit organisations - Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism \(coe.int\)](#)

In order to provide countries with guidance regarding the implementation of measures concerning NPOs, the FATF issued a “Best Practices” document on the implementation of the respective FATF Recommendation, which has been regularly updated in order to reflect current developments.³



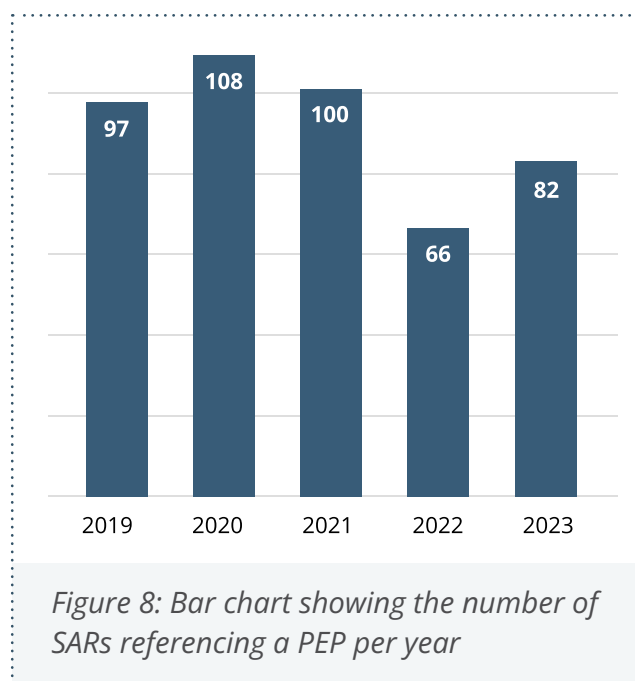
Politically Exposed Persons (PEPS)

The FIU defines a politically exposed person (PEP) as a natural person who is, or has been, entrusted with prominent public functions in any country, or any close business associate or family member of such a person. PEPs are considered a high risk because they hold positions that can be abused for corruption and bribery or money laundering and elected officials may pose a greater sanctions risk. The FIU recognises that domestic PEPs are less of a risk than PEPs in foreign countries.

In 2023, the FIU identified eighty-two SARs (4%) with a reference to a foreign PEP, compared to sixty-six (2%) in 2022. This increase in SARs with references to a PEP is in part due to submissions relating to sanctioned individuals, particularly those relating to the Russia-Ukraine conflict. No SARs identified a domestic PEP.

TCSPs continued to submit the highest proportion of SARs with references to a PEP (46%), followed by investments and securities (18%), banks and regulatory authorities both with 10%. The main suspected criminality identified in 2023 was corruption and bribery (34%), followed by money laundering (24%).

Consistent with last year, analysis identified that half of the SARs submitted with a reference to a PEP were reported due to adverse media information. Other prominent grounds for suspicion were client non-compliance and adverse due diligence, including activity intending to evade sanctions and entities holding assets frozen due to financial sanctions.



Sanctions

Sanctions are legal restrictions imposed on countries, sectors, business or individuals by governments or international organisations such as the United Nations (UN), the Office of Financial Assets Control (OFAC), European Union (EU) or HM Treasury in the UK to achieve specific policy or security objectives. Subjects may be designated as a result of actions including terrorism and terrorist financing, human rights violations, treaty violations, arms trafficking, war crimes, drugs trafficking and cyber-crime.

The Bailiwick of Guernsey has its own sanctions regime⁴ which is separate from other jurisdictions, and is the responsibility of the Policy & Resources Committee, with close collaboration on sanctions matters between the FIU, Law Officers chambers and the Policy & Resources Committee. Guernsey mirrors UK sanctions, since the UK is responsible for the Bailiwick's foreign policy, as well as implementing UN sanctions (which in practice is done by giving effect to UK regimes that implement UN sanctions). Under the Sanctions (Bailiwick of Guernsey) Law, 2018, there are specific reporting obligations applicable to businesses that are subject to the Bailiwick's AML/CFT/CFP regime. Any suspected sanctions breaches must be reported to the sanctions team within the Policy & Resources Committee.

The number of SARs received by the FIU with a reference to sanctions declined marginally from fifty-nine in 2022 to fifty-three in 2023. The majority of the SARs were submitted by TCSPs (38%), followed by investments and securities (25%), banks (13%) and regulatory authorities (9%) which mainly follows the same reporting pattern as in 2022. None of these SARs indicated any local breach of sanctions.



The Policy & Resources Committee are responsible for monitoring sanctions within the Bailiwick, however the FIU assists the sanctions team (P&R) by issuing new sanctions measures via THEMIS, thus ensuring that reporting entities are advised of new targeted financial sanctions without delay. In 2023, the FIU distributed one hundred and twelve sanctions notices primarily due to the sanction's measures imposed on Russia.

The FIU also participated in a joint seminar on sanctions related matters conducted by a leading expert in this field in conjunction with P&R and the Law Officers' Chambers in May 2023. More information on sanction's measures implemented by the Bailiwick and copies of the presentations can be found on the Policy & Resources website⁵.

⁴ www.gov.gg/sanctions

⁵ [Current sanction regimes - States of Guernsey \(gov.gg\)](http://www.gov.gg/sanctions)

Proliferation of Weapons of Mass Destruction

“ The proliferation of weapons of mass destruction not only affects the financial system but also all citizens. Helping to prevent UN-sanctioned entities from using the financial system to support their programmes to develop or obtain WMD should be a priority for every jurisdiction.”⁶

The FIU is determined to prevent the raising, moving or using of funds for persons and entities associated with proliferation financing in line with FATF immediate outcome 11. The NRA2 has identified that the risk of proliferation and proliferation financing has remained low in the Bailiwick of Guernsey, and FIU analysis of obtainable information supports these

findings with only one SAR reported to the FIU under a suspicion of proliferation financing in 2023 and a further two SARs having potential proliferation involvement, all of which identified no evidence of proliferation or proliferation financing locally. Given the importance of this issue to the global community, the FIU continues to treat proliferation and proliferation financing as a high priority.

In 2023, leading experts in proliferation financing gave a number of presentations⁷ to private sector partners in conjunction with the Policy & Resources Committee and the FIU. These presentations culminated in further guidance being issued by P&R and an e-learning product being issued by the FIU.

⁶ <https://www.fatf-gafi.org/en/publications/Financingofproliferation/Guidance-counter-proliferation-financing.html>

⁷ [Resources on Countering the Financing of Proliferation of Weapons of Mass Destruction - States of Guernsey \(gov.gg\)](https://www.gov.gg/resources/countering-the-financing-of-proliferation-of-weapons-of-mass-destruction)



Terrorism & Terrorist Financing (TF)

“ All terrorists and terrorist groups, particularly large terrorist organisations, will require a financial management strategy to allow them to obtain, move, store and use their assets. Understanding these financial management strategies is essential in developing effective measures to counter terrorist financing.”

The FIU screens all incoming SARs for TF indicators and whenever a potential threat has been identified, the FIU acts swiftly in the dissemination of intelligence in conjunction with the Counter Terrorism Policing unit of the Guernsey Police to the UK CT network. If a potential case of terrorist financing is identified the FIU will liaise with the Bailiwick Law Enforcement (BLE) and the EFCB which is the authority responsible for the investigation of a terrorism financing case.

The number of SARs which included references to, or indicators of, terrorism or terrorist funding decreased from twenty-seven in 2022 to eighteen in 2023, which is less than 1% of all SARs, which aligns with the findings of the NRA2 which deemed the risk of local TF activity to be low. Of these eighteen SARs, 33% referenced designated persons/entities subject to financial sanctions including a proportion relating to the Russia-Ukraine conflict. The highest reporting sector of TF-related SARs in 2023 was e-gambling, followed by investments and securities.

Obtaining Additional Information

Where the FIU has received a SAR, the FIU uses statutory powers under the provisions of the Disclosure (Bailiwick of Guernsey) Regulations, 2007 (commonly referred to as Regulation 2 and Regulation 2A requests) to obtain and use additional information from reporting entities to enhance its analysis and enable the FIU to fulfil its core functions under the law. This information is analysed to establish or substantiate if any person is engaged in money laundering or whether certain property is derived from the proceeds of criminal conduct.

In addition, the Disclosure Law and supporting regulations provides powers for the FIU to obtain additional information from any parties following a request made to the FIU by any party listed at Section 11A of the Law without the requirement for a SAR to be made.

On receipt of information submitted by parties in the form of a report or request, the FIU will consider if obtaining additional information is necessary or expedient to discharge its functions under the Law.

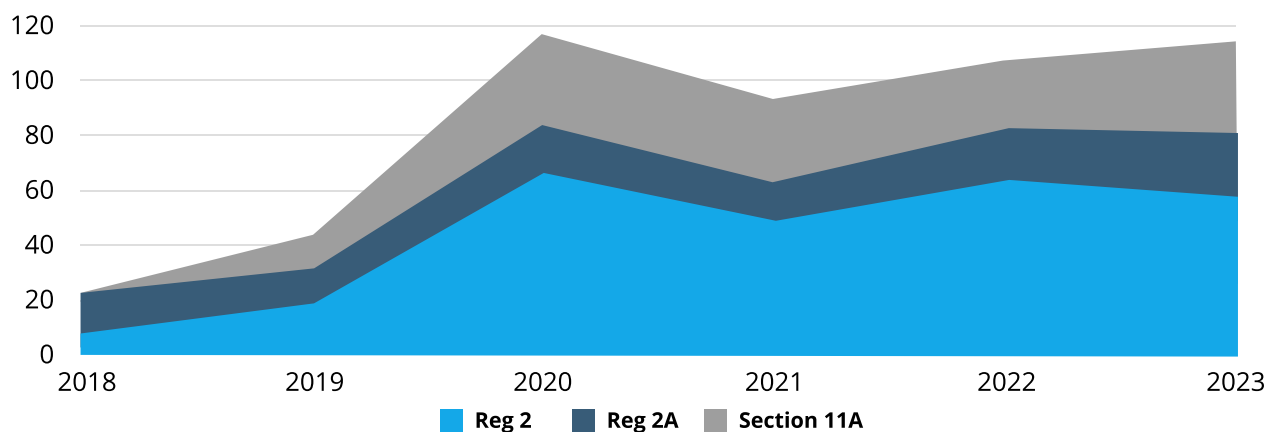


Figure 9: Chart showing a count of Regulation 2, 2A and Section 11A Letters distributed per year

Regulation 2 Letters

Regulation 2 powers allow the FIU to obtain additional information from the reporting entity that has submitted a SAR to the FIU. The FIU issued fifty-seven Regulation 2 letters during 2023, a decrease of 10% on 2022, indicating a positive downward trend in the number of times the FIU had to request additional information from reporting entities in respect of incoming SARs; this reduction is in most part due to FIU outreach to reporting entities and the re-issuance of SAR guidance.

The majority of Regulation 2 letters were sent to TCSPs (56%), followed by investments and securities (19%) and banks (12%), which generally aligns with the pattern identified in previous years. These sectors are the most likely to hold additional information on subjects due to the nature of their business relationships and the products that they hold and administer for their clients. It also reflects the FIU's prioritisation for analysis of higher risk sectors identified in the NRA.

Regulation 2A Letters

Regulation 2A powers allow the FIU to obtain additional information from any third parties that are identified within a filed SAR. During 2023, the FIU issued twenty-two Regulation 2A letters, an increase of 10% on 2022. The majority of Regulation 2A letters were sent to banks (45%) followed by TCSPs (36%) which follows the expected use of these powers due to the types of business relationships and financial products that they hold and administer for their clients, and to the FIU's prioritisation for analysis.

Regulation 2 Section 11A Letters

The Disclosure (Bailiwick of Guernsey) (Information) Regulations, 2019 provides powers for the FIU to obtain additional information from any parties following a request made to the FIU by any party listed at Section 11A of the Law without the requirement for a SAR to be made.

In 2023, the FIU issued thirty-three letters under Regulation 2 Section 11A, an increase of 38% on 2022. The majority of Regulation 2 Section 11A letters were sent to banks (65%), followed by TCSPs (24%). This is in line with the expected use of these powers which are most regularly used to assist both local and international agencies in obtaining information from financial institutions in respect of locally held or administered accounts.

Of these thirty-three letters, 45% related to international requests for information, primarily from other Egmont FIUs. The suspected criminality referenced primarily was money laundering and the requesting jurisdictions were Germany, Italy, Jersey, Malta, Mauritius, the United Kingdom and Tunisia.

The remaining 55% of the Regulation 2 Section 11A letters distributed during 2023 related to domestic requests for information that supplemented FIU analysis and supported the dissemination of a number of referrals.



Consent Regime

- 1,950 consent responses were sent out by the FIU in 2023
- 5% of consent requests were refused or rescinded in 2023
- The average response time for consent responses in 2023 was 5 days

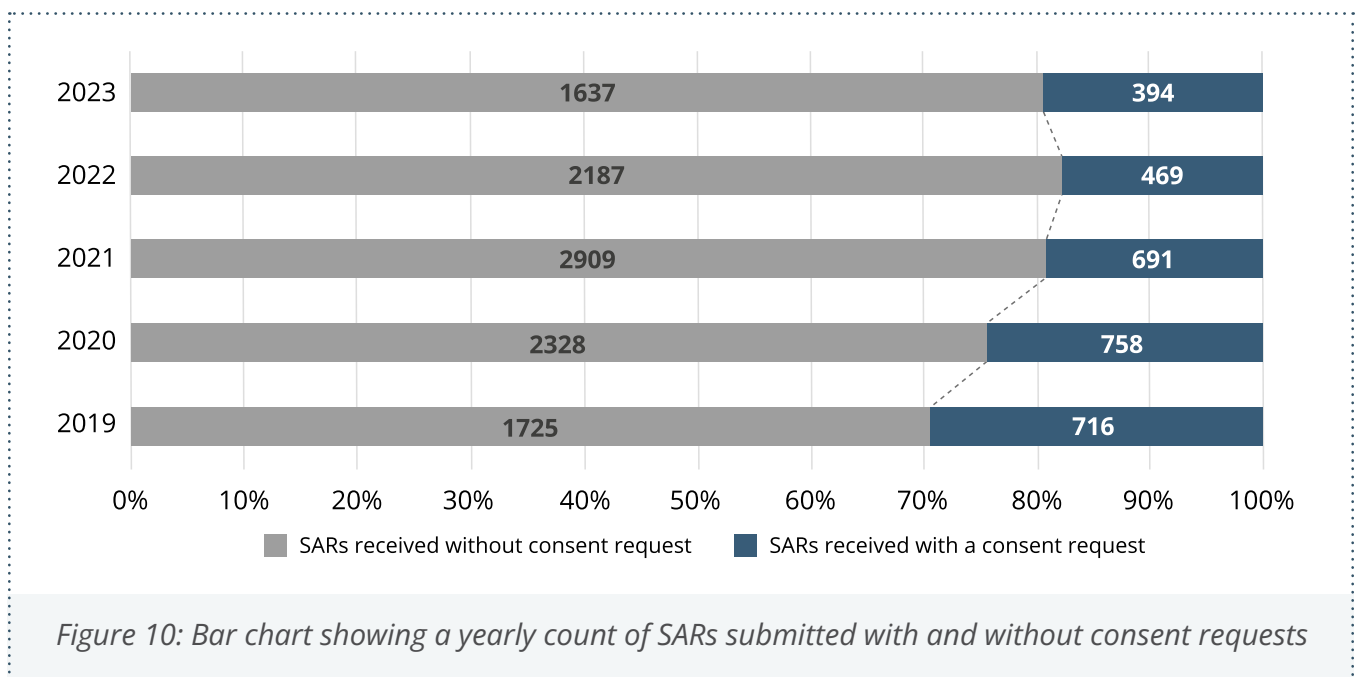
A reporting entity which has submitted a SAR may wish to perform an 'act' which might constitute an offence under Sections 38, 39 or 40 of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999, or Sections 57, 58 or 59 of the Drug Trafficking (Bailiwick of Guernsey) Law, 2000, or Sections 8 to 11A of the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002.

The granting of 'consent' by the FIU provides the reporting entity with a statutory defence against a charge of money laundering or terrorist financing in respect of the 'act' undertaken. This statutory defence is only available where consent is obtained prior to

a person undertaking the relevant 'act' which could result in them committing a money laundering or terrorist financing offence.

The number of SARs received in 2023 that included one or more requests for consent pursuant to the Law reduced to 394 SARs, accounting for 19% of all SARs received in 2023 which is roughly on par with the previous two years. The number of SARs containing consent requests reduced by 16% between 2022 and 2023, primarily due to the continued outreach and revised guidance issued by the FIU in April 2023⁸.

⁸ <https://guernseyfiu.gov.gg/article/176702/FIU-Guidance>



The FIU issued a total of one thousand, nine hundred and fifty consent responses in 2023, including consent requests on SARs reported during previous years and subsequent consent responses. This was an increase of 17% compared with 2022, as illustrated in Figure 11. None of the consent requests were requested or responded to under the Terrorism Law or under a suspicion of proliferation financing, therefore all consents were dealt with under money laundering.

The pattern of consent requests changed in 2023, with TCSPs being the predominant requesting sector (51%), followed by banks (33%) and then e-gambling (10%) which had been the leading sector for several years. Broadly speaking, the majority of the requests from the e-gambling sector were in relation to pooled funds held in a small number of local accounts for international subjects predominantly in the UK, and they were therefore dual reported to the UKFIU and consent to transact had also been sought from the UK authorities.

The majority (83%) of all consent responses in 2023 were granted or subsequently granted, with only 5% of consents being refused or subsequently refused.

'Consent not applicable' responses accounted for 11% of all consent responses in 2023. Analysis of the 'consent not applicable' responses identified that they did not contain an 'act' that required a statutory defence against money laundering; consent can only be granted by the FIU when a transaction or activity is considered a criminal offence under the provisions of the Bailiwick of Guernsey's Proceeds of Crime Law.

The FIU introduced a new category of consent response in the fourth quarter of 2023 to capture data where consent requests contained

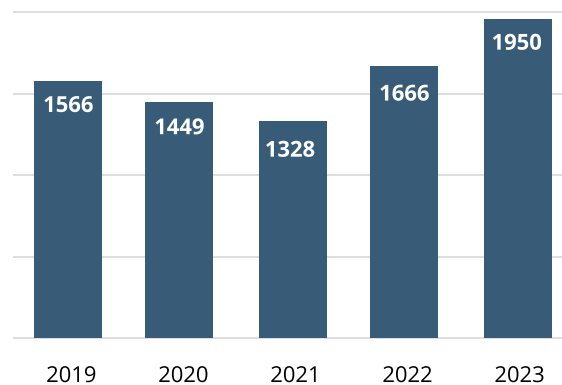


Figure 11: Bar chart showing a count of consent requests received by the FIU per year

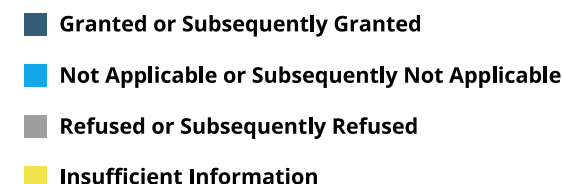
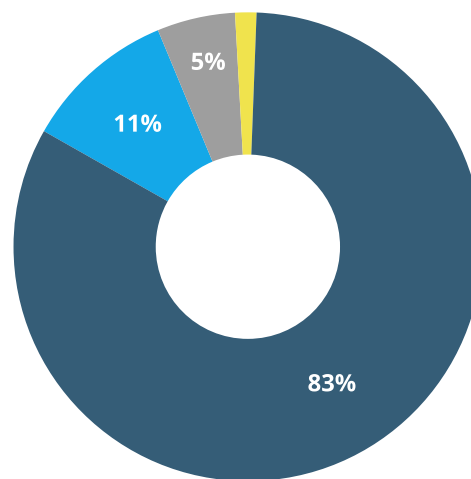


Figure 12: Pie chart showing the percentage of consent responses in 2023 per type

insufficient information to allow the FIU to process them; these responses accounted for circa 1% of consent requests received in 2023.

The vast majority (96%) of consent requests received in 2023 were initially responded to in 14 days or less, with the average initial response time being 5 days.

International Cooperation

Foreign Requests for Assistance



65 financial mutual assistant requests received from foreign agencies in 2023



Requests were predominantly received from UK agencies



Money laundering was the top suspected criminality within foreign requests

“ International cooperation and assistance by sharing timely financial intelligence with other jurisdictions is a crucial element to identify, freeze, seize, and confiscate the proceeds of crime and unlawful conduct. ”

The FIU received a total of 65 financial mutual assistance requests from foreign agencies during 2023, the majority of which came from foreign FIUs via the Egmont Secure Web. The UK were once again the predominant submitting jurisdiction of foreign requests (43%), including authorities such as the UKFIU, International Anti-Corruption Coordination Centre (IACCC), National Crime Agency (NCA), Financial Conduct Authority (FCA) and the Serious Fraud Office (SFO). Other prominent jurisdictions requesting assistance in 2023 included Malta, Jersey, Germany and Australia.

Money laundering continued to be the main leading suspected criminality identified on requests for assistance (37%), followed by corruption and bribery (17%), and fraud, false accounting or forgery (17%).

To-date, the FIU has collated, developed and shared intelligence in relation to 45% of these requests, whilst the remaining requests either had no tangible link to the Bailiwick or are still being analysed.

Requests for Assistance Sent to Foreign Agencies

During 2023, the FIU sent nineteen requests for assistance to foreign agencies via the Egmont Secure Web. The main recipient jurisdiction was the UK (21%) with Jersey, France, Malta and Spain also receiving several requests. These requests for assistance involved various lines of enquiry, such as to establish whether the Guernsey FIU obtain further details to assist investigations for international agencies, and whether subjects known to the Guernsey FIU were also known to international agencies. To date, the FIU has received responses from 73% of the recipient FIUs. It is important for the FIU to liaise with other agencies in order to develop intelligence on subjects of interest or to confirm existing information, and also strengthens outcome and feedback workflows.

Spontaneous Intelligence from Foreign Agencies

The FIU received thirty-one Spontaneous Intelligence Reports in 2023, 87% of which were received from international agencies, with Jersey providing the majority (44%), followed by the Cayman Islands, Germany and Malta

all with 7%. Money laundering (48%) was the main suspected criminality denoted within the spontaneous intelligence reports, followed by tax evasion (19%).

Dissemination of Intelligence to Foreign Agencies

The FIU disseminated eight-hundred-and-sixteen intelligence reports (IRs) in 2023, of which six-hundred-and-thirty-two (77%) were sent to foreign agencies. The UK was the most frequent recipient of these IRs (45%), with the majority being sent to the UKFIU, HMRC, the National Crime Agency and the International Anti-Corruption Coordination Centre. After the UK, South Africa was the jurisdiction to receive the most disseminations (8%) followed by the USA (7%), Switzerland (5%), Jersey (4%) and the BVI (2%).

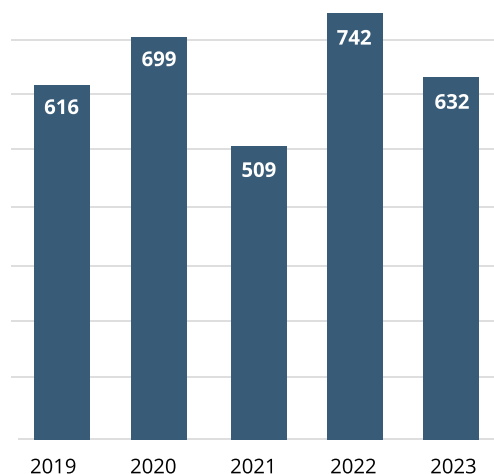


Figure 13: Bar chart of the number of IRs sent to foreign agencies per year

Feedback on International Disseminations

The FIU continuously seeks feedback from the recipients of dissemination to help assess the value, effectiveness and impact of shared information. This also helps gauge FIU effectiveness in meeting international standards and the value of the FIU's financial analysis to aid continuous improvement in the quality of the intelligence being disseminated to international and domestic partners.

Feedback the FIU has received from other jurisdictions demonstrates an effective relationship with intelligence shared by the FIU proving beneficial to judicial processes. During 2023, the FIU received one thousand, one hundred and seventy-eight feedback forms from seventy different countries compared to seventy-eight feedback forms from twenty different countries in 2022. During 2023 the FIU commenced an outreach/feedback project seeking feedback from international partners on the value of the financial intelligence disseminated by the FIU. Some examples of feedback and outcomes the FIU has received from international partners after disseminating intelligence is presented below in figure 14.



Thank you very much for your cooperation in our investigation into the subject. The result of the investigation is that the subject was indicted with aggravated fraud.



Several assets have been seized in multiple countries.



The information we have received from FIU Guernsey has greatly contributed to our investigations and analysis.



Your reply confirmed our analysis. In the meantime the subject came to an agreement with the tax authorities to settle any occurrences derived from audits for tax evasion.



The specific intelligence report has created a set of red flags to be taken into consideration when we receive STRs or other reports with similar suspicions or activity.



This intelligence provided support to a civil frozen funds investigation leading to the freezing of £2.45m in suspected criminal funds.



Information from your FIU is of high quality, we would like to thank you for your valuable cooperation.



The company linked to the named subject has been struck off the Companies Office register.

Figure 14: Examples of feedback and outcomes sent to the FIU by international partners

Beneficial Ownership Requests

Transparency of beneficial ownership (BO) is essential to prevent the misuse of companies for money laundering and terrorist financing. As identified in the FATF Recommendations and Immediate Outcome 5, countries should take measures to prevent the misuse of legal persons and legal arrangements from money laundering or terrorist financing by implementing robust and effective measures to prevent criminals and terrorists from hiding behind companies and other legal persons. In 2023, four beneficial ownership requests were received and responded to from UK authorities under the provisions of the exchange of notes signed with the UK Government in 2016.

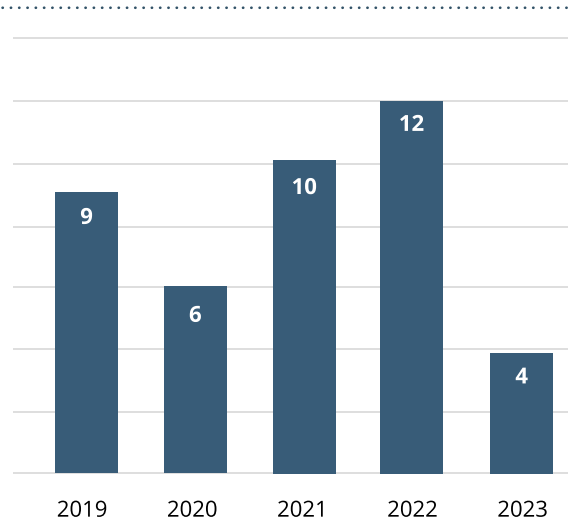


Figure 15: Bar Chart of the number of Beneficial Ownership Requests received per year



Domestic Cooperation

The FIU engages operationally with the other domestic competent authorities on the exchange of information primarily the EFCB, Bailiwick Law Enforcement (Guernsey Police CT Policing Unit and GBA), GFSC, AGCC, Guernsey (Sark & Alderney) Registry, Guernsey Revenue

Service, the Policy and Resources Committee and the Law Officers Chambers. The FIU also engages independently with these authorities at a strategic level primarily in relation to the threat and risk to the Bailiwick from ML/TF and PF.

Domestic Requests for Assistance



19 financial mutual assistance requests received from local agencies in 2023



Requests were predominantly received from departments within Guernsey Police



Money laundering was the top suspected criminality within domestic requests

Domestic authorities submitted nineteen requests for assistance to the FIU during 2023, the majority of which were from the Guernsey Police (58%) followed by the Guernsey Border Agency (21%). Domestic requests for assistance were mainly regarding suspected money laundering (26%) followed by fraud (16%). The majority of requests for information were made

in order to enhance ongoing investigations into public welfare by Guernsey Police. To-date, intelligence has been collated, developed and shared in relation to 63% of these requests; only 1 request required no further action and the remainder are still being analysed.

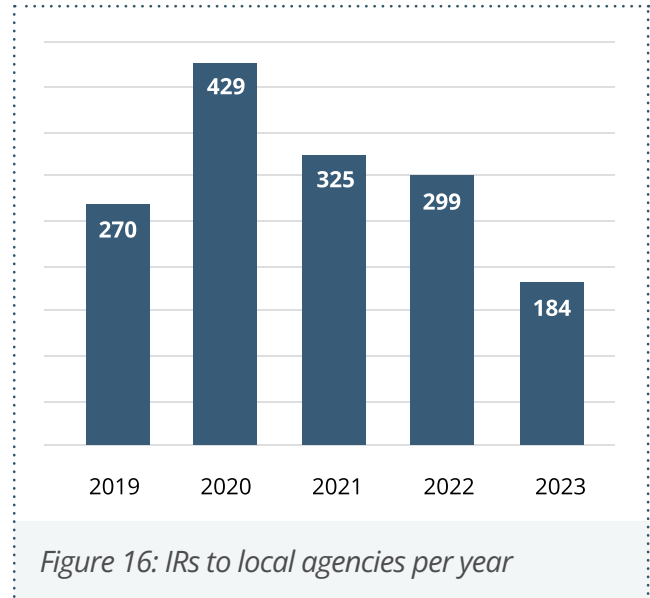
Spontaneous Intelligence Received from Domestic Agencies

The FIU were the recipient of thirty-one Spontaneous Intelligence Reports in 2023, of which four (13%) were received from a domestic agency. The intelligence received was mainly reported due to adverse open source material identified on subjects suggesting potential money laundering or attempted transactions

in respect of suspected money laundering or tax evasion. Information received within spontaneous reports can be used to develop intelligence held within THEMIS to create and enhance investigations for both the FIU and international partners.

Disseminations to Domestic Agencies

Of the eight hundred and sixteen intelligence reports (IRs) disseminated by the FIU in 2023, one hundred and eighty-four (23%) were distributed domestically. The main recipients were the Revenue Service (45%), followed by the Guernsey Police (17%), the Economic & Financial Crime Bureau (16%), the Policy & Resources Committee (11%), and the Guernsey Financial Services Committee (6%).



Local Outreach to the Private Sector

During 2023, the FIU re-issued revised guidance on the Bailiwick's Consent Regime and the Submission of SARs. The FIU also published a document 'Why care about SARs?' in March 2023, highlighting the importance of filing good quality SARs to the FIU. The FIU also published an e-learning product on the enhancements to THEMIS in August 2023.

The FIU provided a number of workshops and outreach sessions to private sector partners in 2023, including presentations to a number of associations. The FIU also participated in joint training with other authorities primarily focused on proliferation financing, terrorist financing, sanctions related matters and a workshop to the NPO sector.

The FIU also shared with industry, via THEMIS, a statistical review of the first, second and third quarters of 2023 which detailed information on the number of SARs received,

the breakdown of reporting sectors, suspected criminality and grounds for suspicion. This FIU Annual Report is encompassing the fourth quarter statistics for 2023.

The FIU website provides links to some of the guidance issued by the FIU (guernseyfiu.gov.gg). Further information on the joint presentations to the private sector on proliferation financing and sanctions can be on the States of Guernsey website¹⁰.

⁹ [FIU Guidance - Financial Investigation Unit \(gov.gg\)](#)

¹⁰ [Resources on Countering the Financing of Proliferation of Weapons of Mass Destruction - States of Guernsey \(gov.gg\)](#)

Cross Border Cash Declarations

It is globally recognised that cash is still used in the criminal economy and it remains the raw material of most criminal activity, albeit its use has declined following the Covid pandemic. Domestically, the criminal use of cash within the Bailiwick of Guernsey is predominantly connected to drug trafficking. The FIU is the competent authority within the Bailiwick that is responsible for monitoring the cross-border movement and transportation of cash.

The Cash Controls (Bailiwick of Guernsey) Law, 2007 prohibits the carrying of cash in excess of £10,000 into or out of the Bailiwick, unless it has been declared at a port of arrival or departure. For the purposes of that Law “cash” includes bullion as well as currency and bearer negotiable instruments. A criminal offence is committed if an individual does not declare cash in excess of the prescribed amount and this is clearly defined in public advertising at the ports of entry and exit.

A total of 95 cash imports were recorded in 2023, an increase of 28% compared to 2022.

Cash exports also increased from 7 in 2022 to 12 in 2023.

The Bailiwick has a strict cash reporting regime. The FIU in collaboration with BLE (Border Agency and CT Policing Team) and the EFCB, monitor the cross-border movement of cash including undertaking regular risk exercises at the borders and other areas.

The FIU develops any intelligence from SARs or other information submitted to the FIU to target organised crime groups or individuals seeking to breach the restrictions and legal framework in place concerning the movement of cash at our borders.

	Import	Export	Total
2019	58	34	92
2020	64	10	74
2021	74	15	89
2022	74	7	81
2023	95	12	107

Figure 17: Table showing a count of cash imports and exports reported per year



Looking Ahead to 2024

The Bailiwick of Guernsey commenced its 5th round mutual evaluation by FATF/MONEYVAL in March 2023 with the in-house Country training by the MONEYVAL secretariat. The technical compliance (legal framework/powers and procedures) and the effectiveness assessment (assesses the effective implementation of the FATF recommendations / outcomes) of the Bailiwick anti-money laundering, countering financing of terrorism and proliferation regimes will be assessed by a team of experts in April 2024. The findings of the on-site visit will then be put into a report which will be tabled at the December 2024 MONEYVAL Plenary, the evaluation culminating in the publication of the final report in January 2025. Therefore, a significant amount of FIU focus for 2024 will be on the MONEYVAL preparation and evaluation. Further information on financial crime and the preparation for MONEYVAL can be found on the States of Guernsey website¹¹.

The FIU is the lead authority on the Bailiwick of Guernsey's Public-Private Partnership ('PPP') arrangement, the Guernsey Integrated Money Laundering and Terrorist Financing Intelligence Taskforce ('GIMLIT'), which launched in March 2023 with a 'Pilot Scheme' for the retail banking sector. The initial 'Pilot Scheme' will be extended to the private banking sector in early 2024.

The FIU will continue its extensive outreach programme into 2024, leading on from new initiatives developed in 2023, including utilising e-learning to cascade workshops to wider audiences and reporting entities. The FIU will also continue collaborative outreach with the other AML/CFT/CFP authorities on key areas such as the revised National Risk Assessment,

terrorist financing, proliferation financing and sanctions related matters. The FIU will also focus on identifying new emerging threats and risks and undertake strategic analysis of any emerging issues.

The FIU strategic plan going forward to 2025-2027 will be drafted during 2024 aligning the plan to the revised NRA2 and the National Strategy for combating money laundering, financing of terrorism and financing of proliferation of weapons of mass destruction.

The FIU has invested heavily in the identification of tangible outcomes from the dissemination of intelligence both domestically and internationally. The FIU will, in 2024, be providing more feedback to reporting entities on the results identified within the outcomes project.

Internationally, the FIU will continue to enhance and develop its international footprint with other FIUs, international partners and competent authorities, including continued participation in the Quad Island FIU Forum and sub-forums on terrorist financing, strategic analysis, economic crime and tax evasion. The FIU will continue collaborative engagement with UK Authorities including the UK Joint Money Laundering Intelligence Taskforce, UK FIU, HMR&C, UK Sanctions team and its continued commitment as an associate member of the IACCC.

The Head of FIU will continue to ensure that the FIU has the necessary financial, human and technical resources to enable it to discharge its functions effectively and efficiently, including investing in training opportunities to upskill staff in key areas of financial and economic crime.

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¹¹ [Financial Crime - States of Guernsey \(gov.gg\)](https://www.statesofguernsey.gov.gg)

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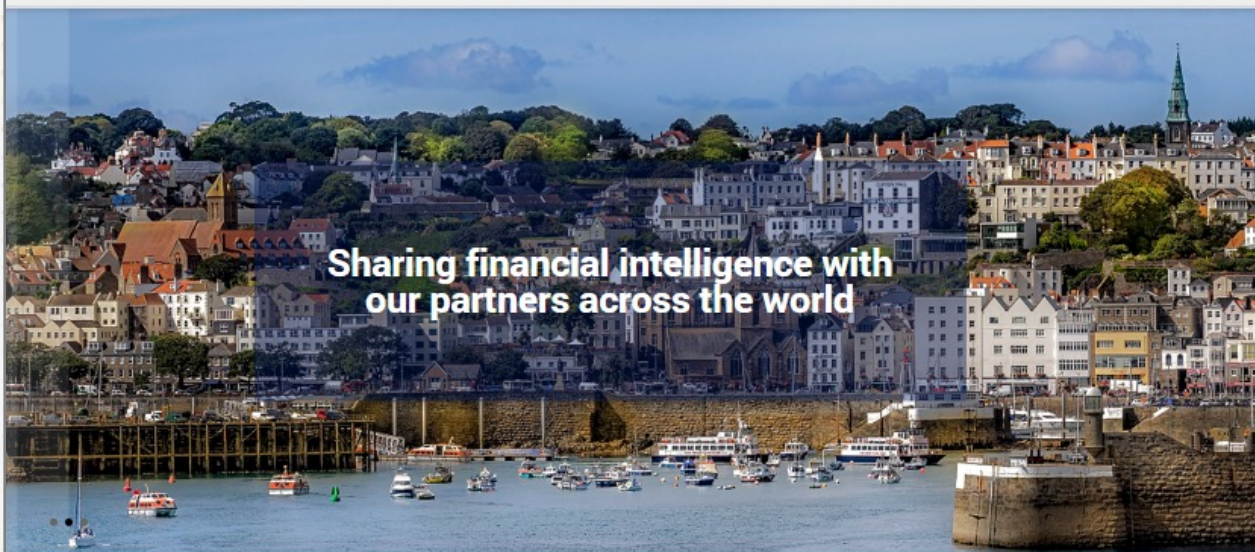
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Sharing financial intelligence with
our partners across the world

Financial Intelligence Unit

Money laundering, terrorist financing and proliferation financing, have devastating real world consequences. Financial Intelligence Units (FIUs) play a vital role in countering these types of criminality. Read on to discover more about our organisation and mission.

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