

Jersey Financial Intelligence Unit (Jersey FIU) Suspicious Activity Reports: Industry Feedback Q3 2022





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INTRODUCTION AND AIM

The Jersey FIU serves as the central agency for the receipt of Suspicious Activity Reports (SARs) filed pursuant to obligations in the Proceeds of Crime (Jersey) Law 1999 (POCJL) and the Terrorism (Jersey) Law 2002 (TJL).

The global Anti Money Laundering (AML)/Countering Financing of Terrorism (CFT) strategy places Financial Institutions (FIs) and Designated NonFinancial Business and Professions (DNFBPs) as fundamental stakeholders in the fight against Money Laundering (ML)/Terrorist Financing (TF); this is based on the fact that FIs and DNFBPs:- will be aware of and involved in financial transactions taking place in the market; having the freedom to operate comes with the responsibility to cooperate; and they are best positioned to know their customers, monitor transactions and detect suspicious behaviour/activity. The reporting of suspicious activity is rightly one of the cornerstones of the AML/CFT framework and is reflected as such in Recommendations 20 (FIs: Reporting suspicious behaviour) and 23 (DNFBPs: Other Measures) of the FATF standards.

The aim of this quarterly report, and others which will follow, is to provide feedback to submitters of SARs on recorded data received by the Jersey FIU. The information contained in SARs is vitally important as it allows the Jersey FIU to better understand suspected criminal activity, ML/TF typologies, emerging threats, risks, and trends. SAR information will be used not only to structure the work of the Jersey FIU and ensure it is effective in the way it uses financial intelligence, but also feeds into wider work carried out by other local competent authorities tasked with financial crime strategy development/ implementation.

Submitters of SARs to the Jersey FIU will be aware of changes made to the SAR Template which came into effect on 1st February 2022. These changes allow for more detailed analysis of information contained in a SAR by the Jersey FIU and provides for better feedback of SAR data to industry. This Q3 2022 report contains feedback which is as a direct result of those changes in areas such as consent requests, business declined information, and disclosure of criminal activity.

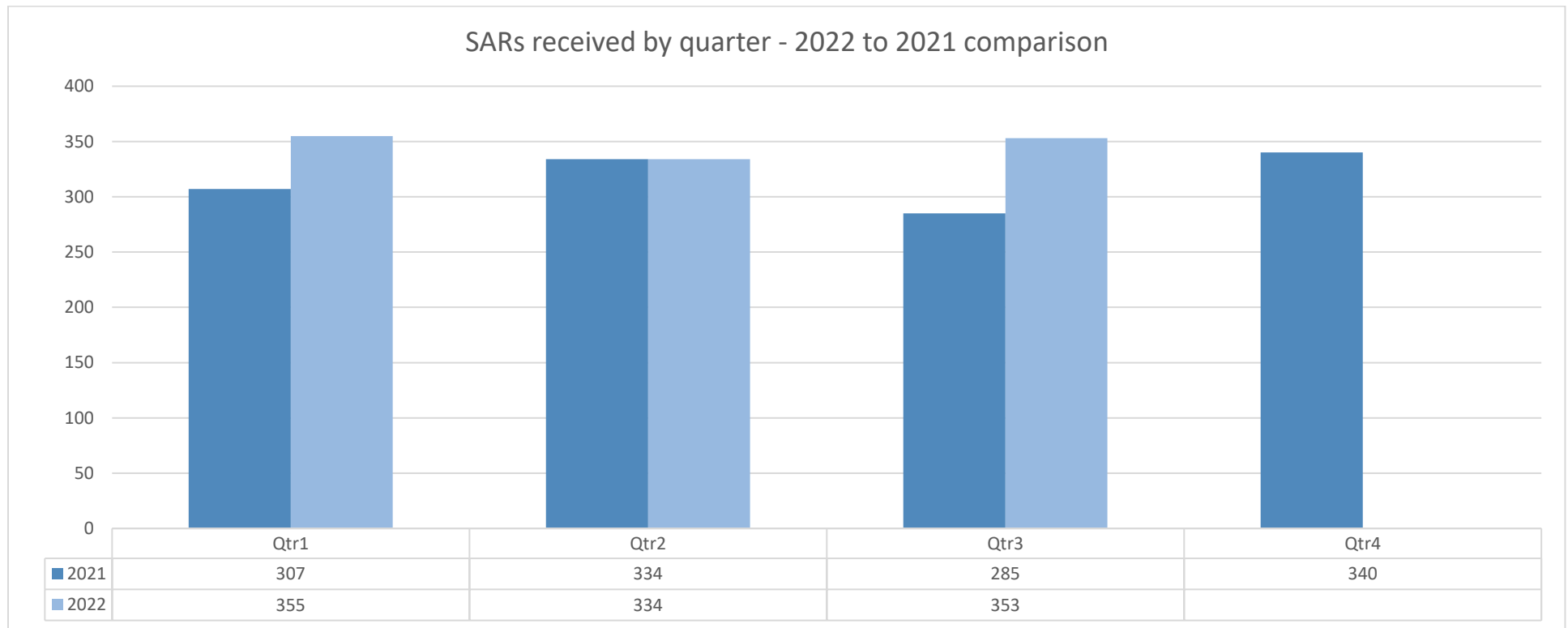
Louise Clayson, Interim Head of Jersey FIU November 2022



SUSPICIOUS ACTIVITY REPORTS - OVERVIEW

SAR Totals by Quarter

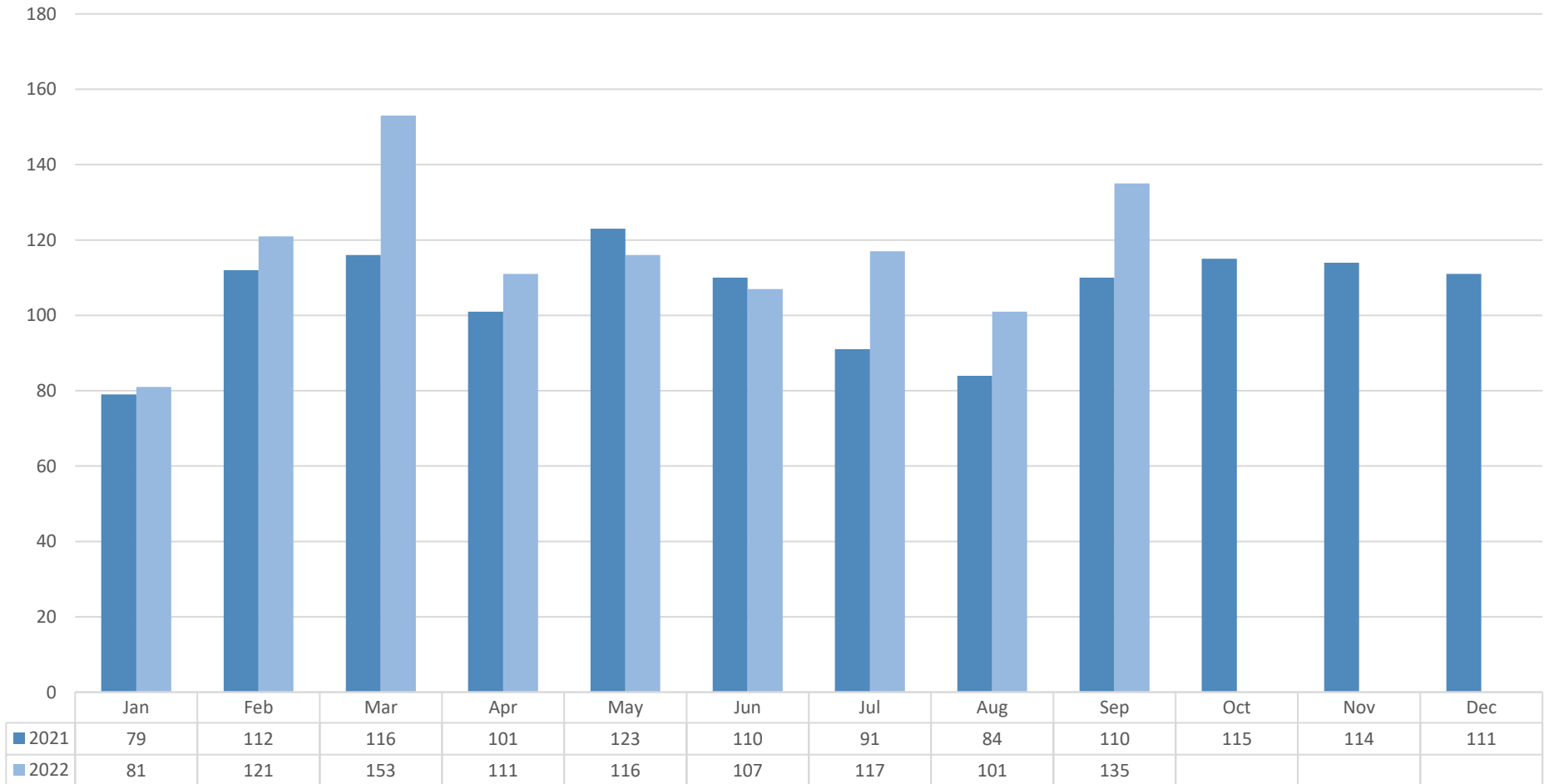
353 SARs were received by the Jersey FIU in Q3 2022. This is a 24% increase compared to the same period in 2021. Q3 2022 in comparison to Q2 2022 has increased by 6%.





SAR Totals by Month

Total SARs received comparison by month - 2022 to 2021 comparison

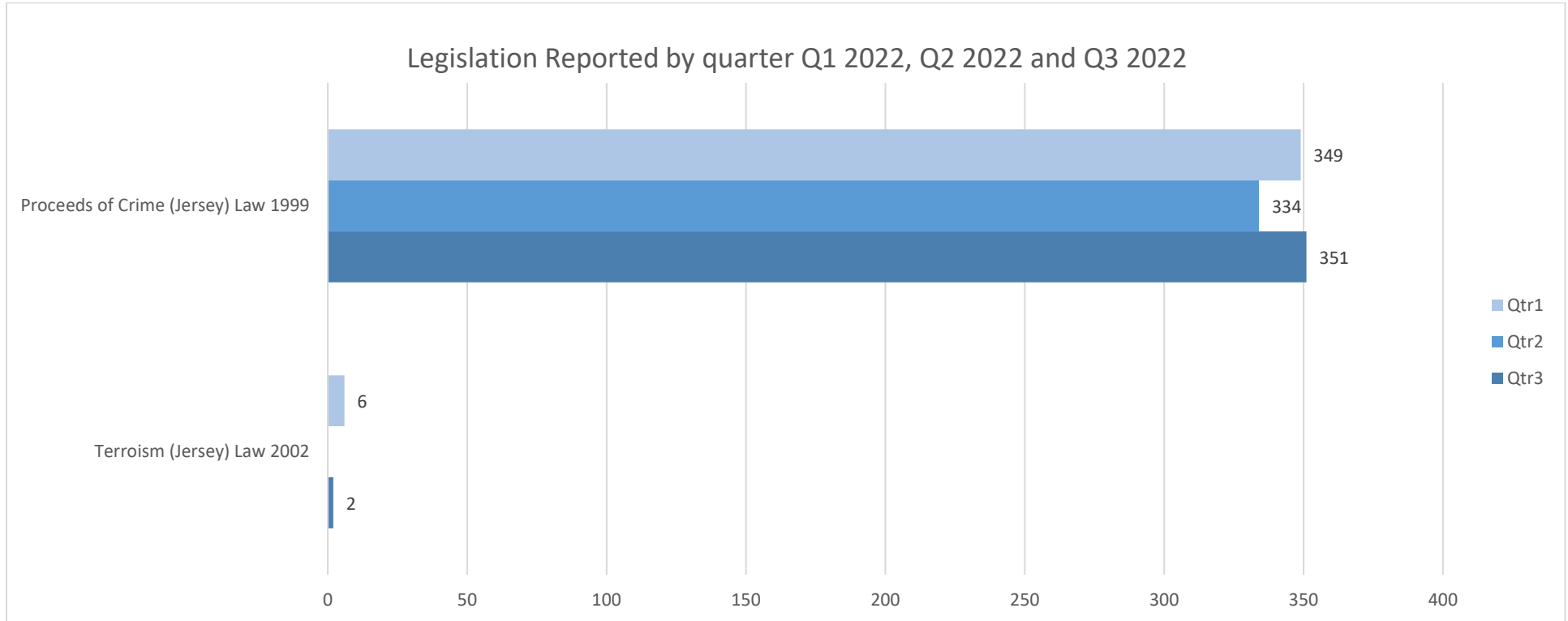


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SARs by Legislation by Quarter

In Q3 2022 351 SARs were submitted under the POCJL, with 2 under the TJL.





SARs - Business Declined by Quarter

The new SAR template now requires the submitter to state if the SAR submission relates to business that was declined. This could be for a variety of reasons and includes situations where due diligence carried out as part of any onboarding process triggered a reporting obligation under the POCJL or TJJL legislation. Business declined was chosen 7.6% in Q3 2022 compared to 9.3% of all SARs submitted in Q2 2022.

It is important that submitters of declined business SAR's only select 'declined business' if you have decided not to take the client on. If you are still in the process of making the decision to on board the client but still wish to submit a report, choose "No". (Please see further guidance in the SAR user manual).

Business Declined	Feb 22 - Mar 22	%	Q2 22	%	Q3 22	%
No	235	85.8%	303	90.7%	326	92.4%
Yes	39	14.2%	31	9.3%	27	7.6%
Total	274	100.0%	334	100.0%	353	100.0%

Where SARs relate to business declined the Grounds for Disclosure were recorded by the submitters as follows (this is a multiple choice selection):

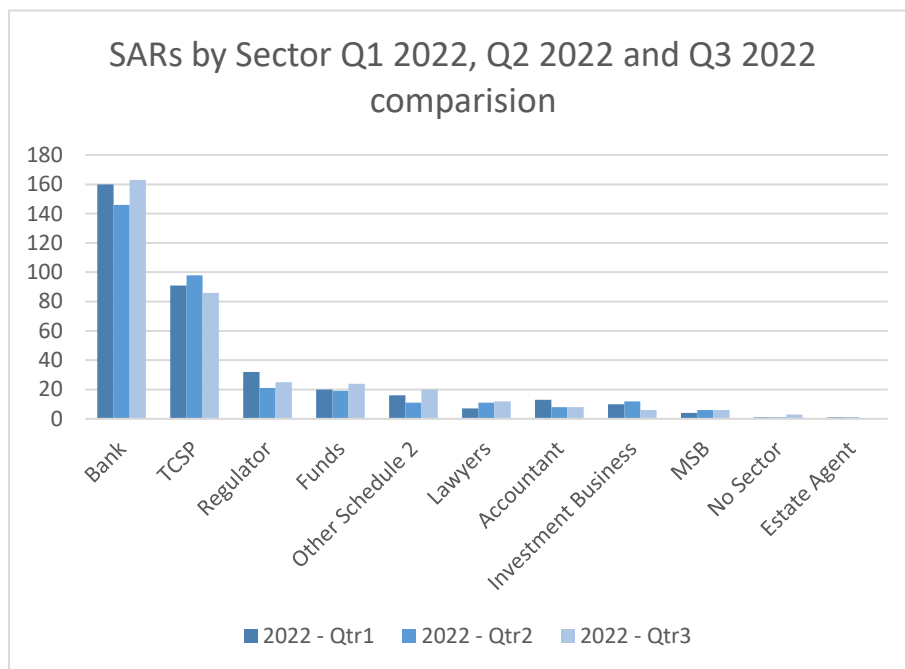
Grounds for Disclosure	Feb-22 - Mar 22	Q2 22	Q3 22	Total
Due Diligence	18	8	6	32
Internet Research/Media	16	8	5	29
Fraud / False Accounting	6	10	7	23
Tax/TIEA	3	6	4	13
High Risk Jurisdictions	3	2	5	10
Evidence of Forged Documentation	5	3	0	8
Group Information	1	1	3	5
Production Order/Law Enforcement Enquire/POC Notice/Liaison Notice	2	3	0	5
Unusual Forex Transactions	2	1	1	4
Cash Transactions	1	2	1	4
Account Activity Not in Keeping with KYC	1	2	1	4
Unexplained Lifestyle	1	1	1	3
Sanction identified	1	2	0	3
Vulnerable Person	0	1	1	2
Highly Transactional	0	2	0	2
Grand Total	60	52	35	147



REPORTING SECTOR FEEDBACK

SARs by Reporting Sector by Quarter

The Banking Sector was again the largest reporting sector equating to 46.2% of all SARs submitted in Q3 2022 (43.7% in Q2 2022) followed by the Trust and Corporate Service Provider (TCSP) sector (Q3 2022 – 24.4%) and then the Regulator (Q3 2022 – 7.1%).

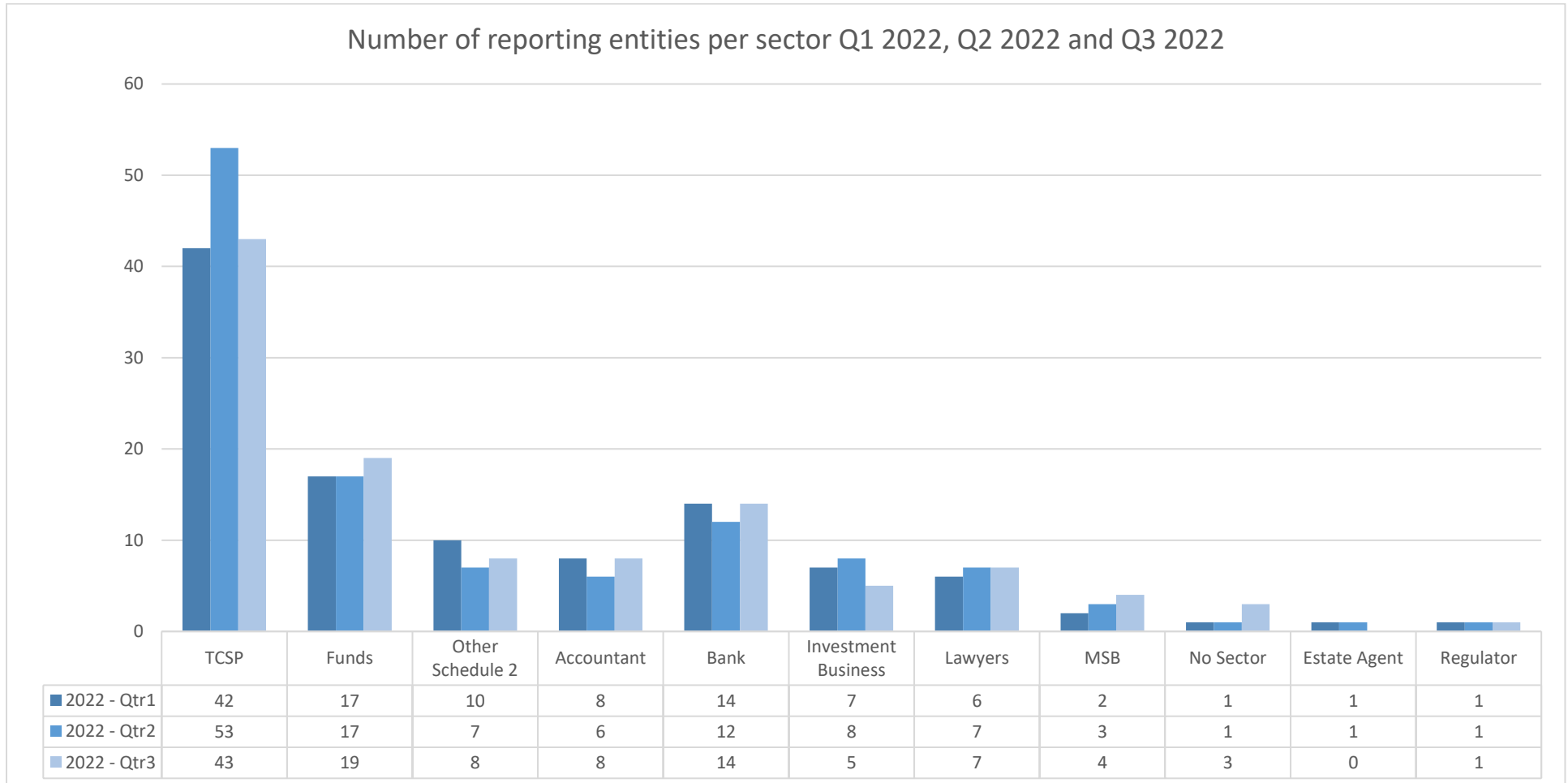


Sector	Q1 22	Q1%	Q2 22	Q2%	Q3	Q3%
Bank	160	45.1%	146	43.7%	163	46.2%
TCSP	91	25.6%	98	29.3%	86	24.3%
Regulator	32	9.0%	21	6.3%	25	7.1%
Funds	20	5.6%	19	5.7%	24	6.8%
Other Schedule 2	16	4.5%	11	3.3%	20	5.7%
Lawyers	7	2.0%	11	3.3%	12	3.4%
Accountant	13	3.7%	8	2.4%	8	2.3%
Investment Business	10	2.8%	12	3.6%	6	1.7%
MSB	4	1.1%	6	1.8%	6	1.7%
No Sector	1	0.3%	1	0.3%	3	0.8%
Estate Agent	1	0.3%	1	0.3%	0	0.0%
Total	355	100.0%	334	100.0%	353	100.0%



Number of Entities Reporting Per Sector by Quarter

The below graph shows how many entities have reported per identified sector, for example in Q1 2022 42 different entities submitted a report from the TCSP sector. 'No sector' refers to a submission from a non-financial service business.





CONSENT REQUESTS

Consent requests by quarter

The new SAR template allows the Jersey FIU to record consent requests in more detail - broken down into Act, Transact and Exit requests; prior to 1 February 2022 this separate detail was not recorded in SAR submissions. In Q3 in 2022 the Jersey FIU received 335 consent requests in comparison to 272 in Q2 2022. As can be seen below of the 335 requests for consent for an Act, Transact or Exit in Q3 2022 the Jersey FIU has provided consent on 217 occasions (65%) and withheld consent on just 50 occasions (15%).

Feb – Mar 2022	Transact	%	Act	%	Exit	%	Total	%
Yes	71	77%	32	54%	40	58%	143	65%
No	6	6%	3	5%	9	13%	18	8%
Not a consent matter	1	1%	11	18%	6	9%	18	8%
Withdrawn	15	16%	14	23%	14	20%	43	19%
Total	93	100%	60	100%	69	100%	222	100%
Submitter Error	0		6		3		9	

Quarter 2	Transact	%	Act	%	Exit	%	Total	%
Yes	94	67%	31	50%	23	32%	148	54%
No	11	8%	3	5%	20	29%	34	13%
Not a consent matter	19	14%	15	24%	14	20%	48	18%
Withdrawn	16	11%	13	21%	13	19%	42	15%
Total	140	100%	62	100%	70	100%	272	100%
Submitter Error	2		6		3		11	

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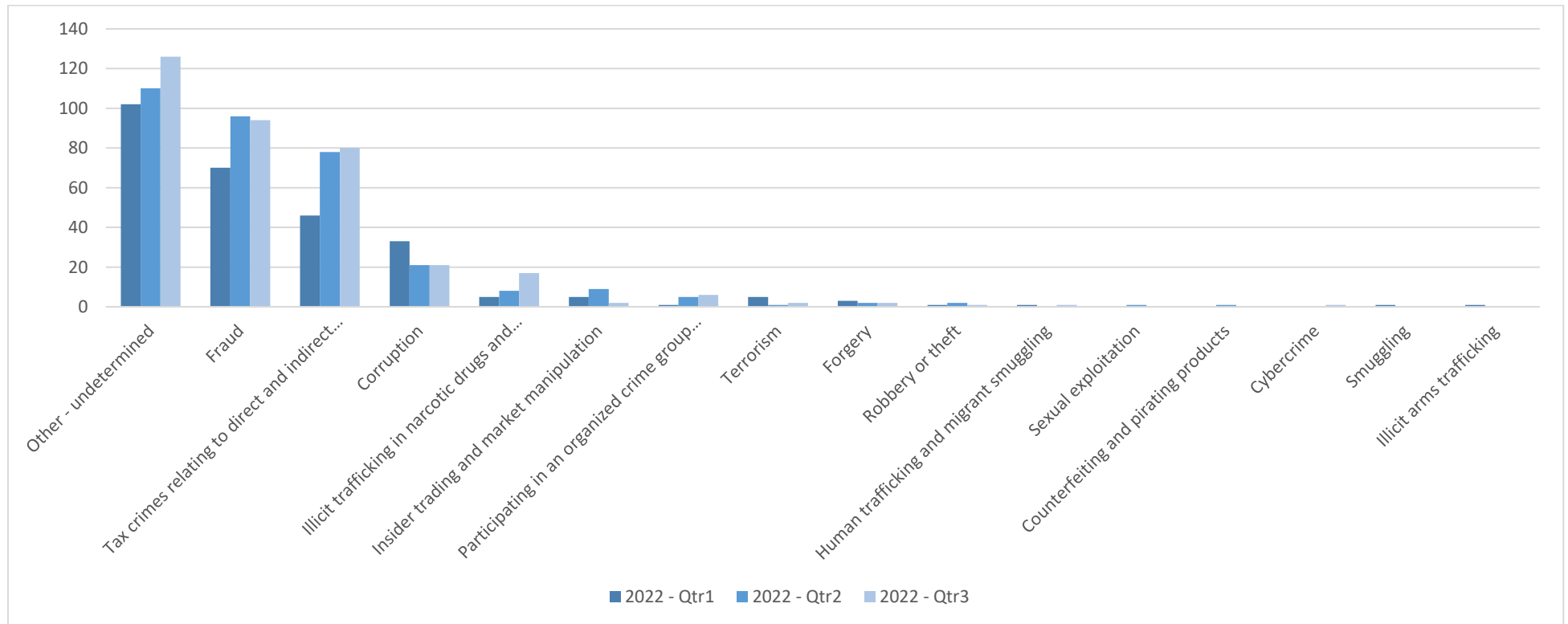
Quarter 3	Transact	%	Act	%	Exit	%	Total	%
Yes	157	74%	29	47%	32	53%	218	66%
No	17	8%	15	24%	19	32%	51	15%
Not a consent matter	16	8%	12	19%	3	5%	31	9%
Withdrawn	20	9%	5	8%	5	8%	30	9%
Decision still outstanding	3	1%	1	2%	1	2%	5	1%
Total	213	100%	62	100%	60	100%	335	100%
Submitter Error	6		4		1		11	

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CRIMINALITY ACTIVITY FEEDBACK

Entity criminality selection by quarter



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Criminality	Feb - Mar 22	Feb - Mar %	Q2 2022	Q2%	Q3 2022	Q3%
Other - undetermined	102	37.2%	110	32.8%	126	35.6%
Fraud	70	25.5%	96	29.0%	94	26.6%
Tax crimes relating to direct and indirect taxes	46	16.8%	78	23.4%	80	22.7%
Corruption	33	12.0%	21	6.0%	21	5.9%
Illicit trafficking in narcotic drugs and psychotropic substances	5	1.8%	8	2.4%	17	4.8%
Insider trading and market manipulation	5	1.8%	9	3.0%	2	0.6%
Participating in an organized crime group or racketeering	1	0.4%	5	1.5%	6	1.7%
Terrorism	5	1.8%	1	0.0%	2	0.6%
Forgery	3	1.1%	2	0.6%	2	0.6%
Robbery or theft	1	0.4%	2	1.0%	1	0.3%
Human trafficking and migrant smuggling	1	0.4%	0	0.0%	1	0.3%
Sexual exploitation	0	0.0%	1	0.0%	0	0.0%
Counterfeiting and pirating products	0	0.0%	1	0.3%	0	0.0%
Cybercrime	0	0.0%	0	0.0%	1	0.3%
Smuggling	1	0.4%	0	0.0%	0	0.0%
Illicit arms trafficking	1	0.4%	0	0.0%	0	0.0%
Total	274	100.0%	334	100.0%	353	100.0%

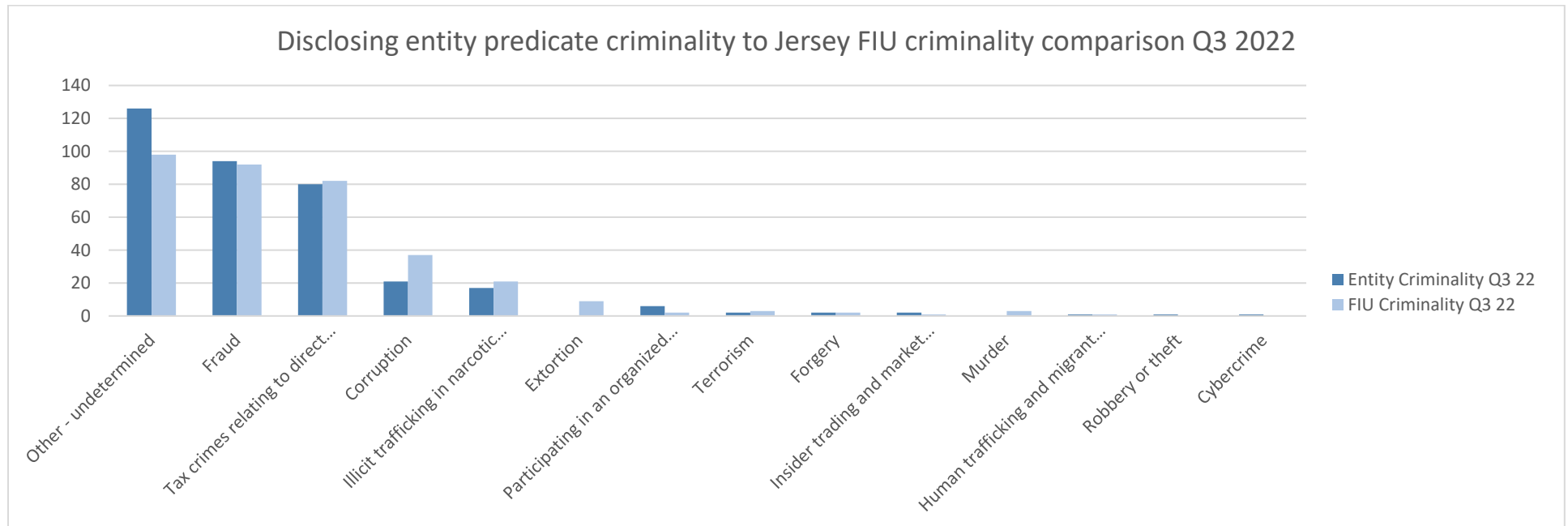
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Disclosing entity predicate criminality comparison to Jersey FIU chosen criminality

The new SAR template released on 1st February 2022 requires a submitter to choose a single predicate criminality they suspect; this is a change to the previous SAR template whereby numerous criminality suspected could be chosen.

Upon receipt of a SAR, the Jersey FIU undertakes a formal grading process which allows for prioritisation and allocation to financial intelligence officers within the unit, who may have specialist areas of responsibility for example, terrorist financing, human trafficking, bribery and corruption. As part of the grading process, the grading officer will review the SAR for the chosen predicate criminality suspected against the narrative provided in the SAR by the submitter. As can be seen from the below charts there has been limited occasions where, in the Jersey FIU's view, the predicate offence selected in the SAR did not always match the predicate criminality identified in the narrative in the SAR. The Jersey FIU provides this feedback for information and comparative purposes only and understands predicate criminality is a subjective assessment made by the submitter of the SAR.



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	Entity Criminality Q3 22	Entity Criminality Q3 22 %	FIU Criminality Q3 22	FIU Criminality Q3 22 %
Other - undetermined	126	35.6%	98	27.8%
Fraud	94	26.6%	92	26.1%
Tax crimes relating to direct and indirect taxes	80	22.7%	82	23.2%
Corruption	21	5.9%	37	10.5%
Illicit trafficking in narcotic drugs and psychotropic substances	17	4.8%	21	5.9%
Extortion	0	0.0%	9	2.5%
Participating in an organized crime group or racketeering	6	1.7%	2	0.6%
Terrorism	2	0.6%	3	0.8%
Forgery	2	0.6%	2	0.6%
Insider trading and market manipulation	2	0.6%	1	0.3%
Murder	0	0.0%	3	0.8%
Human trafficking and migrant smuggling	1	0.3%	1	0.3%
Robbery or theft	1	0.3%	0	0.0%
Cybercrime	1	0.3%	0	0.0%
Illicit arms trafficking	0	0.0%	1	0.3%
Sexual exploitation	0	0.0%	1	0.3%
Total	353	100%	353	100.0%

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Other – Undetermined (understanding)

As can be noted from the graph on page 12 'Other – Undetermined' was the highest predicate criminality chosen by SAR submitters in Q2 2022 (32.9%) and also in Quarter 3 (35.7%). Where 'Other – Undetermined' was chosen, the supporting grounds for disclosure were also selected (the submitter can choose multiple reasons).

	Feb - Mar 22	Feb - Mar 22 %	Q2 2022	Q2 2022%	Q3 2022	Q3 2022 %
Account Activity Not in Keeping with KYC	27	18.0%	28	16.1%	38	19.70%
Internet Research/Media	15	9.9%	21	12.1%	23	11.90%
Cash Transactions	16	10.7%	23	13.3%	19	9.80%
Production Order/Law Enforcement Enquire/POC Notice/Liaison Notice	13	8.7%	18	10.4%	24	12.40%
Due Diligence	26	17.3%	13	7.5%	16	8.20%
Group Information	15	10.0%	10	5.8%	25	12.90%
Sanction identified	15	10.0%	17	9.8%	12	6.20%
High Risk Jurisdictions	9	6.0%	10	5.8%	16	8.20%
Highly Transactional	4	2.7%	11	6.4%	12	6.20%
Unexplained Lifestyle	0	0.0%	6	3.5%	3	1.50%
Unusual Forex Transactions	2	1.3%	4	2.3%	2	1.00%
Fraud / False Accounting	4	2.7%	2	1.2%	1	0.50%
Tax/TIEA	1	0.7%	5	2.9%	1	0.50%
Vulnerable Person	1	0.7%	3	1.7%	1	0.50%
Gambling	2	1.3%	2	1.2%	1	0.50%
Total	150	100%	173	100%	194	100.00%



Predicate criminality by Sector

The below chart shows the primary predicate criminality chosen by the submitter broken down into sectors for Q3 2022.

	Bank	%	TSP	%	Regulator	%	Funds	%	Other	%	Lawyers	%	Accountant	%	MSB	%	Investment	%	No Sector	%
Other - undetermined	64	40%	21	25%	10	40%	10	42%	5	25%	6	50%	3	37%	5	83%	1	16%	1	33%
Fraud	54	33%	18	21%	3	12%	8	33%	1	5%	4	33%	2	25%	1	17%	1	17%	2	67%
Tax crimes relating to direct and indirect taxes	35	21%	32	37%	5	20%	1	4%	1	5%	1	8%	1	13%	0	0%	4	67%	0	0%
Corruption	2	1%	10	12%	3	12%	4	17%	1	5%	1	8%	0	0%	0	0%	0	0%	0	0%
Illicit trafficking in narcotic drugs and psychotropic substances	7	4%	1	1%	2	8%	0	0%	5	25%	0	0%	2	25%	0	0%	0	0%	0	0%
Participating in an organized crime group or racketeering	0	0%	1	1%	0	0%	0	0%	5	25%	0	0%	0	0%	0	0%	0	0%	0	0%
Insider trading and market manipulation	1	1%	1	1%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Terrorism	0	0%	1	1%	1	4%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Forgery	0	0%	1	1%	1	4%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Robbery or theft	0	0%	0	0%	0	0%	0	0%	1	5%	0	0%	0	0%	0	0%	0	0%	0	0%
Cybercrime	0	0%	0	0%	0	0%	1	4%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Human trafficking and migrant smuggling	0	0%	0	0%	0	0%	0	0%	1	5%	0	0%	0	0%	0	0%	0	0%	0	0%
Total	163	100%	86	100%	25	100%	24	100%	20	100%	12	99%	8	100%	6	100%	6	100%	3	100%

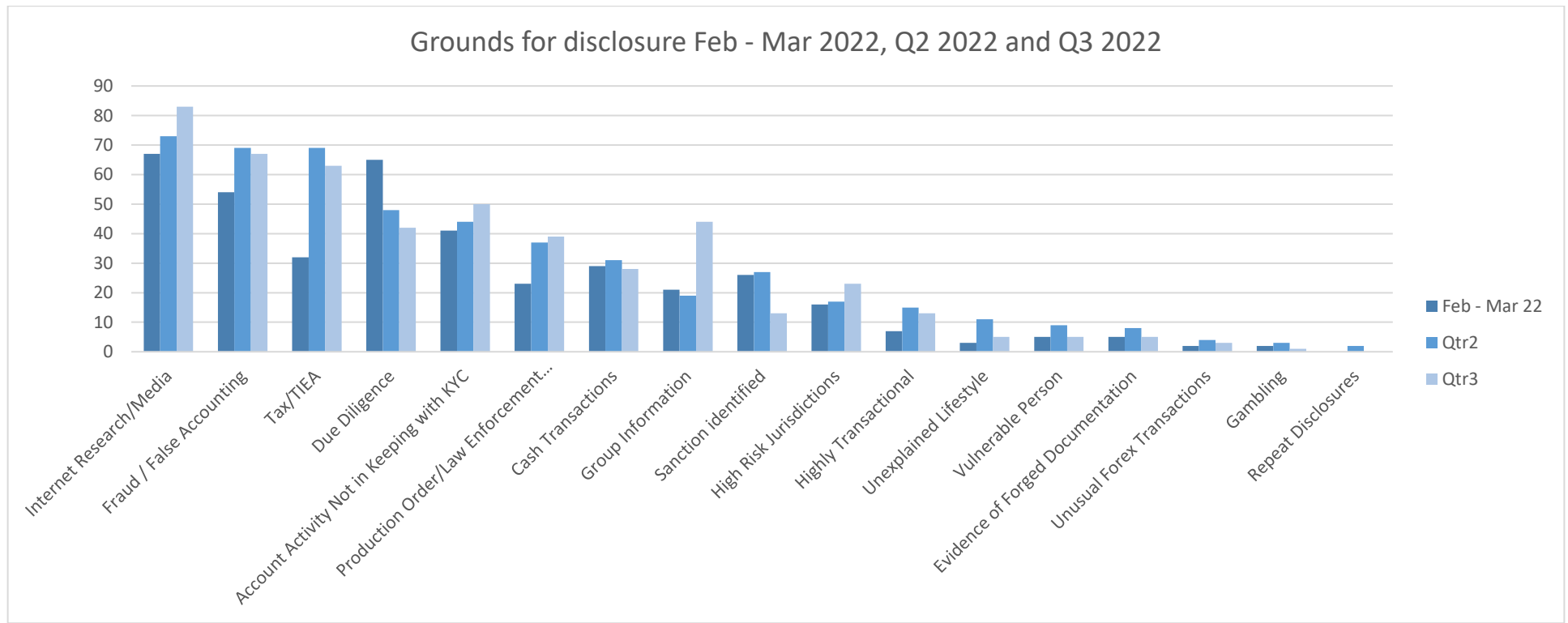


GROUNDS FOR DISCLOSURE

Grounds for Disclosure by Quarter

The below charts show the comparison of grounds for disclosure chosen by submitters of all SARs between February and March 2022, Q2 2022 and Q3 2022. Grounds for disclosure is a multiple choice selection field and therefore will not match the total SARs submitted between the same periods.

Internet Research / Media and Due Diligence remained the highest percentage. In Q3 Internet Research / Media remained highest but we saw an increase in Group Information.



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Grounds for Disclosure	Feb - Mar 22	Feb - Mar 22 %	Q2 2022	Q2 2022%	Q3 2022	Q3 2022 %
Internet Research/Media	67	16.7%	73	15.0%	83	17.2%
Fraud / False Accounting	54	13.6%	69	14.1%	67	13.8%
Tax/TIEA	32	8.0%	69	14.2%	63	13.0%
Due Diligence	65	16.3%	48	9.9%	42	8.7%
Account Activity Not in Keeping with KYC	41	10.3%	44	9.1%	50	10.3%
Production Order/Law Enforcement Enquire/POC Notice/Liaison Notice	23	5.8%	37	7.6%	39	8.1%
Cash Transactions	29	7.3%	31	6.4%	28	5.8%
Group Information	21	5.3%	19	3.9%	44	9.1%
Sanction identified	26	6.5%	27	5.6%	13	2.7%
High Risk Jurisdictions	16	4.0%	17	3.5%	23	4.8%
Highly Transactional	7	1.8%	15	3.1%	13	2.7%
Unexplained Lifestyle	3	0.8%	11	2.3%	5	1.0%
Vulnerable Person	5	1.3%	9	1.9%	5	1.0%
Evidence of Forged Documentation	5	1.3%	8	1.6%	5	1.0%
Unusual Forex Transactions	2	0.5%	4	0.8%	3	0.6%
Gambling	2	0.5%	3	0.6%	1	0.2%
Repeat Disclosures	0	0.0%	2	0.4%	0	0.0%
Grand Total	398	100.0%	486	100.0%	484	100.0%

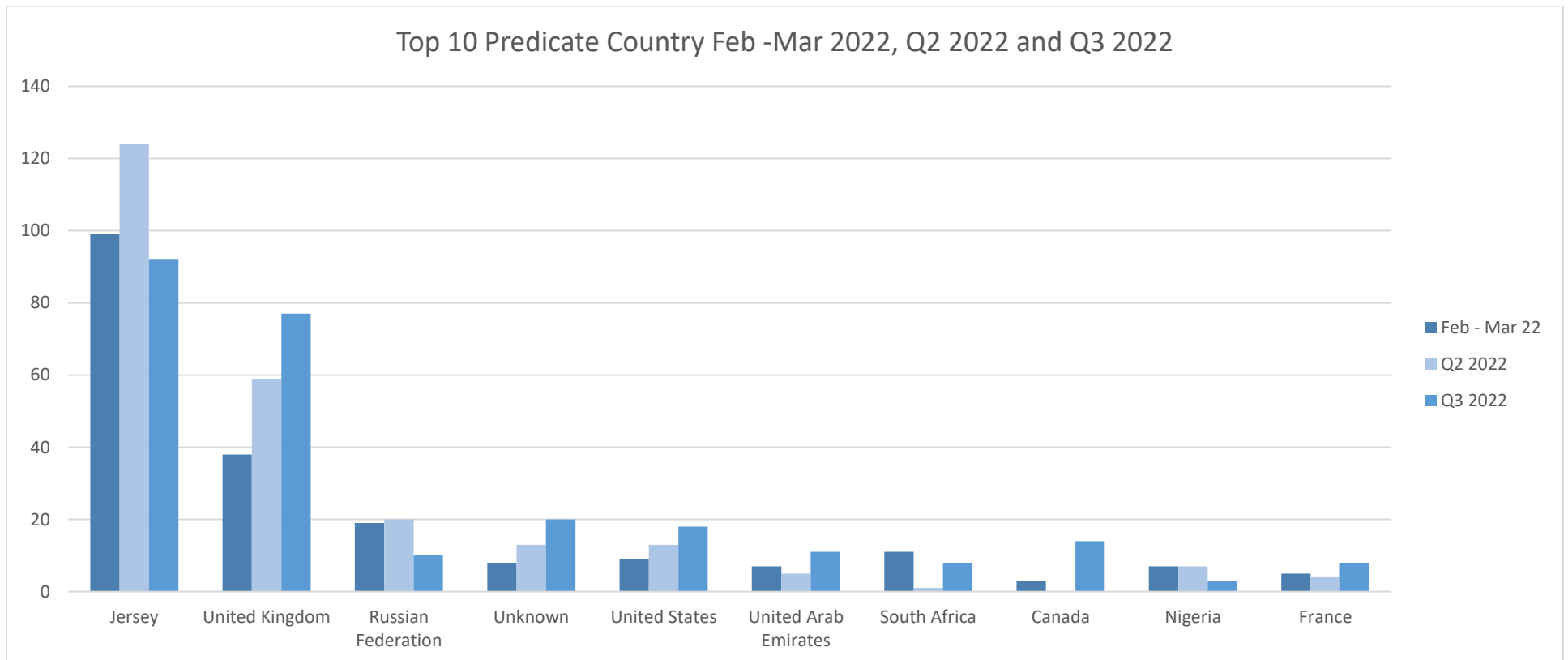
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TOP 10 COUNTRIES OF PREDICATE CRIMINALITY

Top 10 Countries of predicate criminality by Quarter

The new SAR template requires the submitter to disclose the country where the suspected predicate criminality occurred. SAR data indicates there is a high percentage that the predicate offending occurred in Jersey. An initial review indicates a potential misunderstanding of the term “country of predicate crime”. The FIU reminds the submitter to read the guidance published in the Q2 statistical report.



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Combatting Financial Crime: **Together**



	Feb - Mar 22	Feb - Mar 22 %	Q2 2022	Q2 2022 %	Q3 2022	Q3 2022 %
Jersey	99	48.1%	124	50.5%	92	35.2%
United Kingdom	38	18.4%	59	24.0%	77	29.5%
Russian Federation	19	9.2%	20	8.1%	10	3.8%
Unknown	8	3.9%	13	5.3%	20	7.7%
United States	9	4.4%	13	5.3%	18	6.9%
United Arab Emirates	7	3.4%	5	2.0%	11	4.2%
South Africa	11	5.3%	1	0.4%	8	3.1%
Canada	3	1.5%	0	0.0%	14	5.4%
Nigeria	7	3.4%	7	2.8%	3	1.1%
France	5	2.4%	4	1.6%	8	3.1%
Total	206	100.0%	246	100.0%	261	100.0%

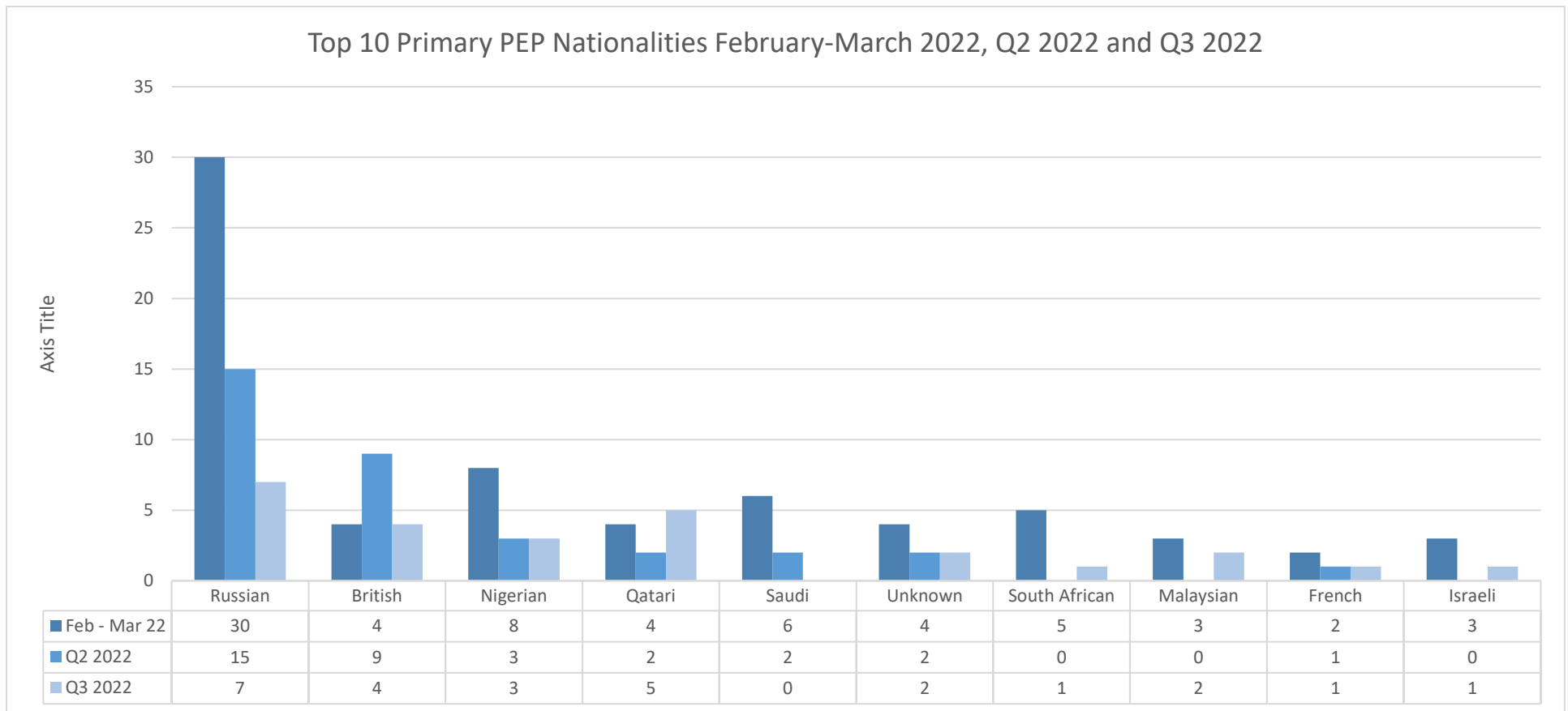
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POLITICALLY EXPOSED PERSONS (PEPS)

Top 10 PEP Nationalities by Quarter

The below graph shows the nationality of individual PEPs disclosed in SARs between 1st February 2022 and 31st March 2022, Q2 2022 and Q3 2022. Duplicate data resulting from multiple SARs from different entities on the same PEP has been removed.





Top 10 Primary PEP Jurisdictions by Quarter

The below graph shows the top 10 primary jurisdictions a PEP is associated with as disclosed in SARs between 1st February 2022 and 31st March 2022, Q2 2022 and Q3 2022. For example a PEP may have a nationality of Russian but has a primary associated jurisdiction of the United Kingdom. Duplicate data resulting from multiple SARs from different entities on the same PEP has been removed.

