



Financial
Intelligence Unit



Annual Report 2022

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Dear Readers,

As the new Head of the FIU (since 1 July 2023), it is my pleasure to present to you the Annual Report for 2022. One thing is certain: 2022 was a difficult year for the FIU. The Russian war of aggression against the Ukraine, the resulting increased importance of EU financial sanctions, the significant increase in the number of suspicious transaction reports (STRs), ongoing challenges in keeping technical tools for analysing financial transactions up-to-date, and the public debate on the role and efficiency of the FIU, all demanded a great deal from its staff.

However necessary it may be to accelerate the continuation of the reform process initiated in 2017, much has been achieved in 2022 and this report attests to that. My first impressions confirm what I have been told. Despite all the criticism, the FIU has many motivated, well-trained, and reliable members of staff, who work day in and day out to combat money laundering and terrorist financing more effectively. This can only be done in cooperation with the reporting entities, the supervisory authorities and the law enforcement agencies. That is why we see criticism as an incentive and an opportunity to improve our procedures.

This is also necessary because the perpetrators of money laundering and terrorist financing are constantly adapting their methods, and we must use our resources to anticipate such trends.

Each FIU's task is to produce added value:

- Added value for the reporting entities to enable them to identify risks at an early stage and to focus their reports on these risks;



Daniel Thelesklaf

- Added value for the supervisory authorities to enable them to successfully implement a risk-based approach;
- Added value for law enforcement agencies to enable them to open new cases based on our analysis and to supplement ongoing investigations with relevant financial information;
- Added value for our foreign partner authorities to combat money laundering and terrorist financing across borders.

The tools to do this already exist and can be better used: working with the private sector, using technology, focusing on identified risks, building and deepening networks, understanding the concerns and needs of partners in the fight against money laundering and terrorist financing. In my opinion cooperation with the private sector and the use of technology are the tools to achieve good results, even if the volume of STRs remains high. This is particularly important in the light of increasing digitalisation.

This can only be achieved by focusing on the issues that will have the greatest impact in future. Professional money laundering and terrorist financing involves complex and international structures with a clear division of labour. It causes considerable financial damage and those who allow it to flourish, distort competition and harm those who play by the rules. In particular, greater priority must be given to combating cross-border money laundering so that criminals no longer benefit from the fact that national borders are barriers to prevention and prosecution.

The concerns and rights of the victims of financial crime also play an important role in determining our priorities. We fight money laundering and terrorist financing not for our own sake, but to protect potential victims from harm and to bring justice to

the survivors of serious crime and to help ensure that the assets that were unlawfully taken from them, often the most vulnerable members of society, are returned. I will do everything in my power to ensure that this is given even greater priority.

My special thanks go to Dr. Tilmann Peters, who has kept the FIU on track as Interim Head of the FIU over the last months. I wish him all the best and every success on his return to the customs administration. Together with many valued staff of the FIU, we will achieve the success necessary to ensure that Germany does not become a preferred target for criminals.

Daniel Thelesklaf

Head of the FIU (since 1 July 2023)

Overview of the FIU

Overview of the FIU

The Financial Intelligence Unit (FIU) is the German central agency for investigating financial transactions. The task of an FIU is to receive and analyse financial information relating to money laundering and terrorist financing from various sources and to forward the results of this analysis to the competent national authorities and international partners in case the relevant requirements are met. The FIU is organisationally attached to the Central Customs Authority (GZD) and performs its tasks as an operationally independent and administratively oriented authority.

In accordance with the requirements of the relevant EU Anti-Money Laundering Directive and the international standards of the Financial Action Task Force (FATF)¹ for preventing and combating money laundering and terrorist financing, the operationally independent Financial Intelligence Unit (FIU) was set up in the Federal Republic of Germany, which, among other things, centrally receives and analyses the STRs submitted by the parties obliged under the German Money Laundering Act (GwG). It acts as central “analysis hub”. In particular, it combines its own information with a wide range of information from its partner authorities and other domestic and international bodies. If the necessary criteria are met, the relevant, valuable facts derived from this data are disseminated to the competent law enforcement agencies and other authorities.

As part of its strategic, case-independent analysis, the FIU also identifies new methods and trends in money laundering and terrorist financing. This is achieved by sharing the insights and patterns

identified with its own operational analysis units, as well as with reporting entities and partner authorities in the form of clues papers and typology papers. The FIU also compiles statistics, in accordance with the current EU Anti-Money Laundering Directive and the German Anti-Money Laundering Act (GwG), which are published separately as part of the Annual Report. As an information hub, the FIU uses joint exchange and cooperation formats, such as the regular anti-money laundering conferences or the Anti Financial Crime Alliance (AFCA)², to share intelligence with reporting entities and partner authorities. Through continuous awareness raising and regular exchange of information with entities subject to anti-money laundering regulations, as well as close cooperation with domestic and international cooperation partners, the FIU not only makes a significant contribution to the comprehensive detection of money laundering and terrorist financing activities, but also plays a key role in their effective prevention. In addition, the FIU’s findings are also taken into account for the National Risk Assessment.

1 For more information on the FATF, see the explanations under “International Committee Work” in the “International Cooperation” section.

2 For more information on the topic of AFCA, see the explanations under “Cooperation with Reporting Entities under GwG” in the “National Cooperation” section.

Transformation of Analysis Processes - “2-Level Model”

An external consultancy was hired in 2021 to strengthen and enhance the FIU. As a key recommendation from the consultations, the “2-Level Model” was introduced on 21 November 2022 to further optimise the processes of the FIU’s analytical activities in the area of anti-money laundering

operations. From then on, a distinction was made between the standardised processing of straightforward operations (Level 1) and the processing of complex matters (Level 2), which are the focus of the FIU’s analytical activities.

Adapting the Organisational Structure

With the introduction of the “2-Level Model”, a new organisational structure was also introduced in the form of a two-department model. As a result, interdisciplinary tasks will be bundled in Department A at the Cologne office and the analysis activities - combining operational and strategic aspects tightly - will be further expanded in Department B, which is mainly based at the Dresden office.

You will find additional technical information and latest developments on the FIU’s website at www.fiu.bund.de.

Suspicious Transaction Reports (STRs)

Total Number of STRs for Reporting Year 2022

Total Number of STRs, Categorised by Subgroups of Reporting Entities

Use of Information from STRs from 2022

Feedback Reports from Public Prosecution Authorities

Temporary Freezing Orders

STRs in the Context of the Russian War of Aggression against Ukraine

Proliferation Financing

Transactions

Suspicious Transaction Reports (STRs)

Total Number of STRs for Reporting Year 2022

FIU Germany has received a total of 337,186 STRs in 2022. This represents an increase of 38,679 STRs compared to the previous year - an increase of almost 13% in the number of STRs. FIU therefore received an average of around 1,340 suspicious activity reports per working day in 2022. The expected trend of an increasing number of STRs thus continued in the year under review, although the rate of increase was not as high as in previous years. The reasons for the renewed increase in the number of STRs can be attributed to the more sophisticated reporting behaviour of reporting

entities, dynamic market developments, for example in the area of virtual assets, as well as national and global political developments³.

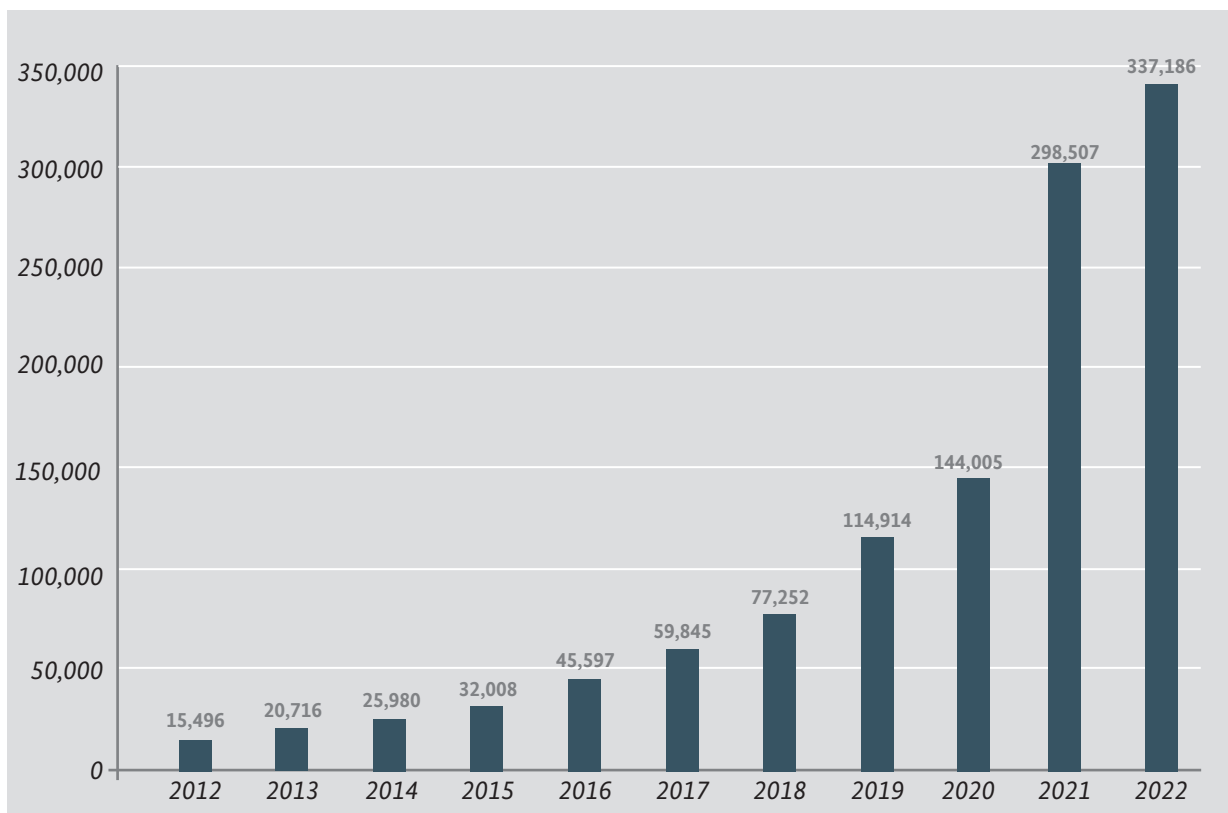


Figure 1: Evolution of STR numbers under the GwG (2012-2022)

³ For more information on changes with regard to STRs received in individual areas, please refer to the explanations given in the “Typologies and Trends” section.

In the reporting year, a total of around 4,100 STRs were received with a potential link to terrorist financing, other state security-related crime or sanctions (compared to around 3,200 in 2021). The increase can be explained by the fact that the number of STRs submitted with a potential reference to sanctions violations related to Russia and Belarus increased very sharply in 2022.⁴ This also includes STRs containing indications of proliferation/proliferation financing or violations of existing embargoes and the EU Dual-Use Regulation.⁵

STRs relating to potential terrorist financing, state protection or sanctions continue to account for around 1% of all reports.

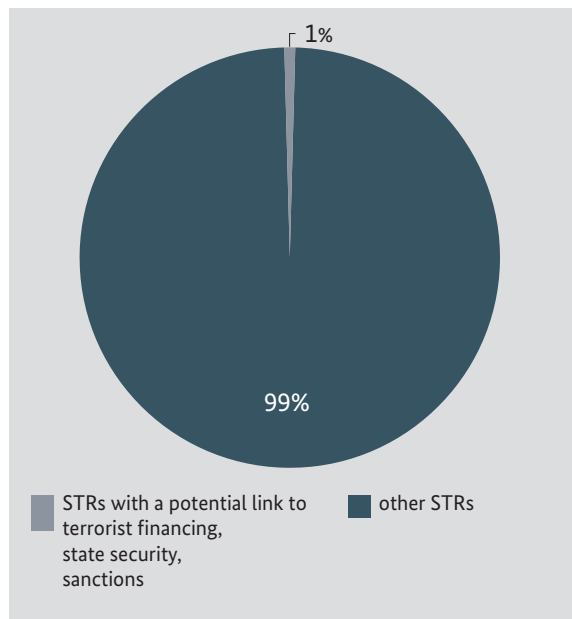


Figure 2: Relative share of STRs potentially related to terrorist financing, state security, sanctions

Total Number of STRs, Categorised by Subgroups of Reporting Entities

The financial sector continues to account for the largest share of STRs, with around 97% of all STRs transmitted this year. The increase is particularly marked in the case of credit institutions, which submitted over 62,500 more STRs than last year, followed by asset management companies, which submitted a total of 69 STRs. Accordingly, the number of STRs has thus more than doubled after

two years of stable reporting. The sharp increase in the number of STRs from payment and electronic money institutions in response to the all-crimes approach of the previous year has subsided somewhat. The other parts of the financial sector show less marked fluctuations.

⁴ For more information on suspicious reports related to a potential circumvention of sanctions, see the explanations given in “STRs in the Context of the Russian War of Aggression against the Ukraine” later in this section.

⁵ For more information on the topics of proliferation and embargo, see “Proliferation Financing” later in this section.

Suspicious Transaction Reports (STRs)

Total Number of STRs, Categorised by Subgroups of Reporting Entities

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In the non-financial sector, there were just under 2,000 more STRs than in 2021. The increase is once again disproportionate, although not as pronounced as in the previous year. The largest absolute increase in this category was once again among notaries, but there was also a significant increase in the gambling sector. In their case, the number of STRs in one year was higher than double. Significantly more STRs were also received

from financial companies, traders in goods and estate agents, whose number of reports is steadily increasing. The reporting behaviour of trustees, in the case of service providers for trust companies and auditors and chartered accountants appears to be volatile. In the year under review, STRs were received for the first time from an income tax assistance association.

	Reporting entities ⁶	2020	2021	2022	Change 2021/2022
Financial sector	Credit institutions	129,108	180,394	242,930	↗
	Financial service institutions	9,983	12,289	12,121	↘
	Payment institutions and electronic money institutions	238	95,386	69,961	↘
	Agents	730	911	790	↘
	Independent business persons	0	0	0	→
	Insurance undertakings	233	222	252	↗
	Asset management companies	33	33	69	↗
	Total STRs from the financial sector	140,325	289,235	326,123	↗
Non-financial sector	Financial companies	338	378	620	↗
	Insurance intermediaries	6	11	15	↗
	Lawyers	23	83	92	↗
	Legal advisors who are members of a bar association	0	0	0	→
	Patent attorneys	0	0	0	→
	Notaries	1,629	6,471	7,223	↗
	Legal advisors	0	0	0	→
	Auditors and chartered accountants	7	23	13	↘
	Tax advisors and authorised tax agents	15	36	50	↗
	Trustees, service providers for trust companies	13	6	12	↗
	Income tax assistance associations	0	0	1	↗
	Estate agents	135	177	222	↗
	Organisers and brokers of games of chance	252	220	462	↗
	Traders in goods	436	782	1,386	↗
		Total STRs from the non-financial sector	2,854	8,187	10,096
other	Supervisory authorities	144	173	108	↘
	Fiscal authorities	608	754	653	↘
	Other STRs	74	158	206	↗
	Total	144,005	298,507	337,186	↗

Table 1: Number of STRs according to subgroups of reporting entities

6 Groups of reporting entities according to the German GWG.

Registered and Active Reporting Entities

The number of reporting entities registered with the FIU was just under 19,400 as at 31 December 2022, of which approx. 3,900 were from the financial sector. This represents an overall increase of 21% compared to the previous year.

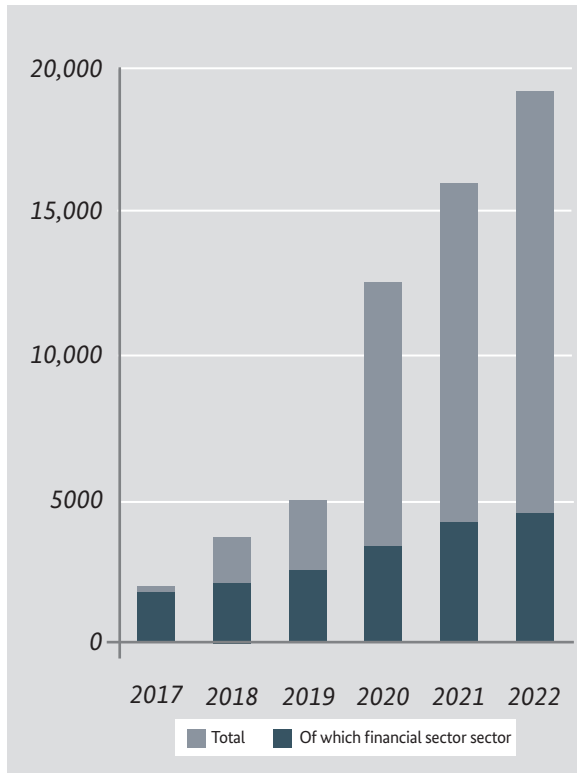


Figure 3: Total number of registered reporting entities and share in financial sector

Looking at the number of new registrations per year, the already high number of registrations in 2021 (almost 3,400) was exceeded again in the year under review, with just over 3,600 new registrations. Reporting entities in the financial sector accounted for about 550 new registrations, most of them in the area of “agents”⁷ with about 320 new registrations, followed by asset management companies with about 120 new registrations. There were almost 3,100 registrations in the non-financial sector. Tax advisors and authorised tax agents accounted for the largest share of new

Of the almost 15,500 registered reporting entities in the non-financial sector, the “notaries” category accounts for more than a third, followed by the group of estate agents.

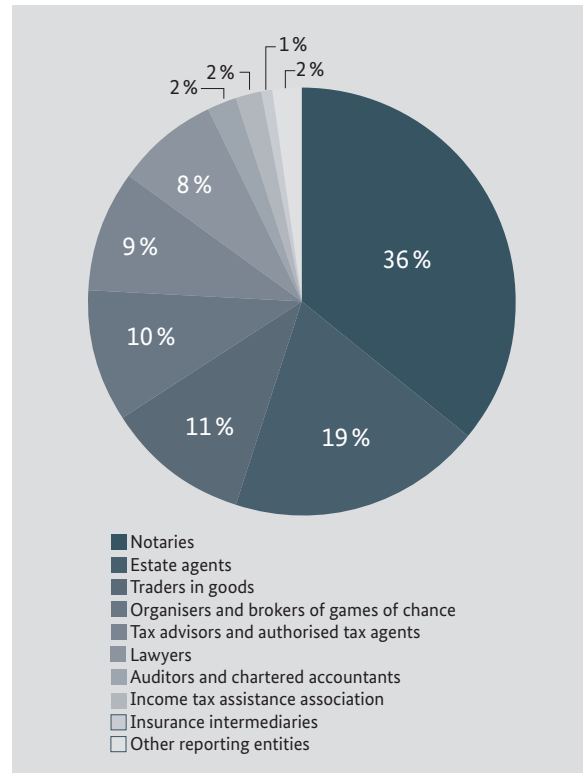


Figure 4: Registered non-financial reporting entities as at 31 December 2022

registrations with just under 900. Although the absolute number of new registrations in the category of notaries fell to around 560 year-on-year, this group accounted for the second largest share of all new registrations in the non-financial sector.

This shows that the workshops organised by the FIU and the information provided by the FIU at a trade fair and other exchange formats have a positive impact on the registration behaviour of different groups of reporting entities.

⁷ Agents within the meaning of the GwG are natural or legal persons who, as independent traders, provide payment services on behalf of an (“electronic money”) institution or who are active in the distribution and redemption of electronic money.

The number of active reporting entities must be distinguished from the total number of registered reporting entities. The mere fact that an entity is registered does not necessarily mean that the reporting entity is reporting suspicious activity. Consequently, the number of registered reporting

entities diverges from the number of active ones. Active reporting entities as defined in the table below are registered reporting entities that have submitted at least one STR to the FIU during the reporting year.

	Reporting entities ⁸	2020	2021	2022	Change 2021/2022
Financial sector	Credit institutions	1,290	1,302	1,260	↘
	Financial service institutions	90	114	133	↗
	Payment institutions and electronic money institutions	18	23	27	↗
	Agents	15	19	37	↗
	Independent business persons	0	0	0	→
	Insurance undertakings	51	59	56	↘
	Asset management companies	18	14	25	↗
	Total reporting entities from the financial sector	1,482	1,531	1,538	↗
Non-financial sector	Financial companies	5	5	10	↗
	Insurance intermediaries	3	7	8	↗
	Lawyers	18	57	51	↘
	Legal advisors who are members of a bar association	0	0	0	→
	Patent attorneys	0	0	0	→
	Notaries	723	1,510	1,709	↗
	Legal advisors	0	0	0	→
	Auditors and chartered accountants	6	5	11	↗
	Tax advisors and authorised tax agents	11	23	20	↘
	Income tax assistance associations	0	0	1	↗
	Trustees, service providers for trust companies	4	3	6	↗
	Estate agents	75	74	77	↗
	Organisers and brokers of games of chance	74	59	89	↗
	Traders in goods	164	203	241	↗
	Total reporting entities from the non-financial sector	1,083	1,946	2,223	↗
	Total	2,565	3,477	3,761	↗

Table 2: Number of active reporting entities

In the financial sector, there was a slight overall increase in the number of reporting entities. In the non-financial sector, it is noticeable that more STRs are being actively submitted by notaries, organisers and brokers of games of chance and

traders in goods. It should also be noted that for the first time, an income tax assistance association reported actively. Overall, as in previous years, the number of active reporting entities continued to increase.

⁸ Categories of reporting entities according to the German Money Laundering Act (GwG).

Use of Information from STRs from 2022

	2020	2021	2022
Received suspicious transaction reports	144,005	298,507	337,186
Of which disseminated by the end of 2020 (rounded) ⁹ rate	24,700 17.2 %		
Of which disseminated by the end of 2021 (rounded) ¹⁰ rate	29,300 20.3 %	40,200 13.5 %	
Of which disseminated by the end of 2022 (rounded) ¹¹ rate	32,000 22.2 %	45,100 15.1 %	51,700 15.3 %

Table 3: Share of disseminated STRs

Of the more than 337,000 STRs received by the FIU in the reporting year, the result of the analysis of approx. 51,700 reports was forwarded to the competent authorities. This represents 15.3% of the STRs transmitted. Of course, this does not mean that information not included in a dissemination is of no value. This information will continue to be available to FIUs and law enforcement agencies for analysis until it is required to be deleted under data protection legislation. Often, information will only become relevant at a later stage and may then be shared, for example with other information with partner authorities in Germany or abroad.

STRs are often disseminated in bundles. In such cases, the FIU may send the related STRs (analysis bundles) to the competent authority in a consolidated manner. After about 18,000 analysis bundles in 2020 and about 29,000 analysis bundles in 2021, almost 38,000 analysis bundles reached the respective recipients in the reporting year. In such analysis bundles, in addition to STRs from the current reporting year, interrelations with STRs from previous years can often also be shown, so that the rates of dissemination of reports from previous years logically continue to increase through methodological analyses.

9 Includes all disseminated STRs until 31 January 2021; STRs received just before the end of 2020 and analysed in the following days may also be included.

10 Includes all disseminated STRs until 31 January 2022; STRs received just before the end of 2021 and analysed in the following days may also be included.

11 Includes all disseminated STRs until 31 January 2023; STRs received just before the end of 2022 and analysed in the following days may also be included.

In the year under review, the majority of the analysis reports, 96.2% (2021: 97.1%) were again sent to state offices of criminal investigation (LKÄ) and public prosecution authorities. The proportion of reports sent to customs offices rose to 2.1%. There was also an increase in the number of reports sent to tax investigation authorities, which rose to 1.2%. Other authorities, including intelligence services and the Federal Criminal Police Office (BKA), also received more analysis reports than in previous years, accounting for 0.5% of the total dissemination.

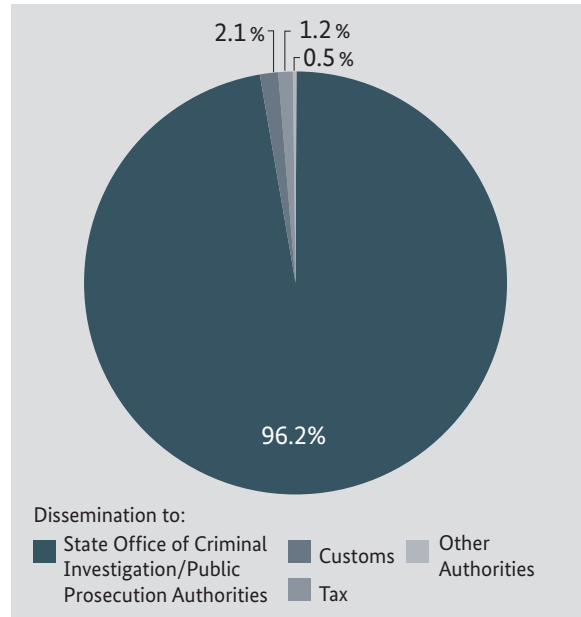


Figure 5: Breakdown of reports by recipients of disseminations

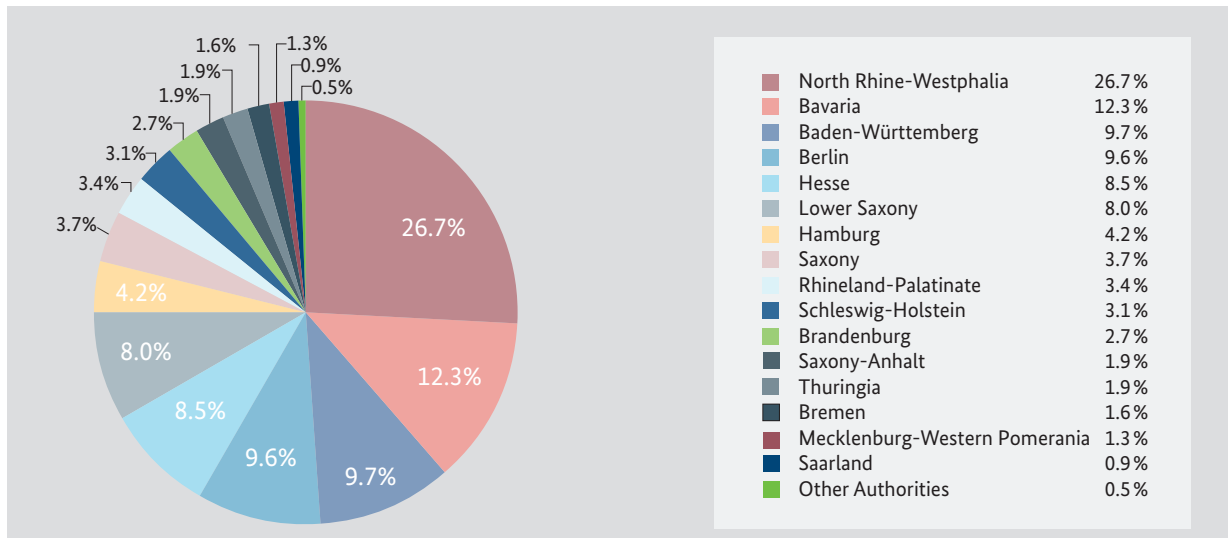


Figure 6: Breakdown of analysis reports disseminated to the federal states

According to section 8 Code of Criminal Procedure (StPO), the place of residence principle is the decisive criterion for the dissemination of analysis reports. Hence, analysis reports are always sent to the law enforcement agencies in whose district the place of residence of the (main) person concerned or the registered office of the (main) organisation concerned is located. Looking at the breakdown of the analysis reports received by the federal states,

North Rhine-Westphalia (with a population share of around 22% in Germany) again received the most reports with 26.7%. Bavaria, with a population of around 16% of the German total, again ranks second in the number of disseminated reports, with 12.3%. Berlin, with 9.6% of the cases, received a disproportionately high number of analysis reports (compared to a population of about 4% of Germany).

Feedback Reports from Public Prosecution Authorities

The competent public prosecution authorities inform the FIU of the initiation of legal proceedings and the outcome of the proceedings, provided that the FIU has previously contributed information to these cases. This is done by sending a copy of the indictment, a penalty order, an order to terminate proceedings, or a judgement. In the year under review, the FIU received a total of 19,636 of these feedback reports from public prosecution authorities, which represents an increase of almost 38% compared to the previous year (2021: 14,186).

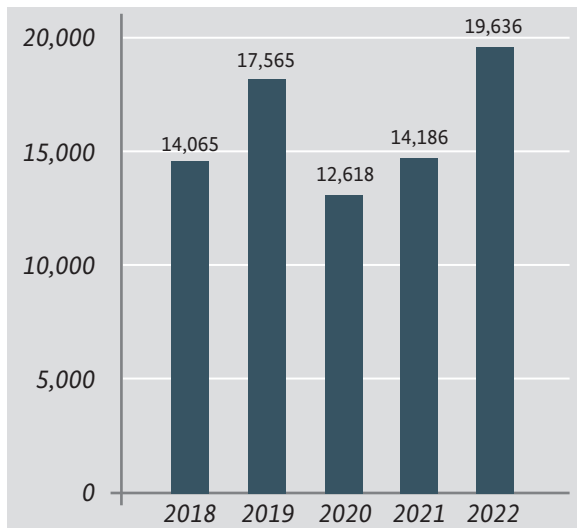


Figure 7: Number of feedback reports from public prosecution authorities

A total of 1,058 feedback reports were judgements, penalty orders, court orders and indictments. Accordingly, orders to terminate proceedings account for the largest share of feedback reports from public prosecution authorities, at just under 95%.

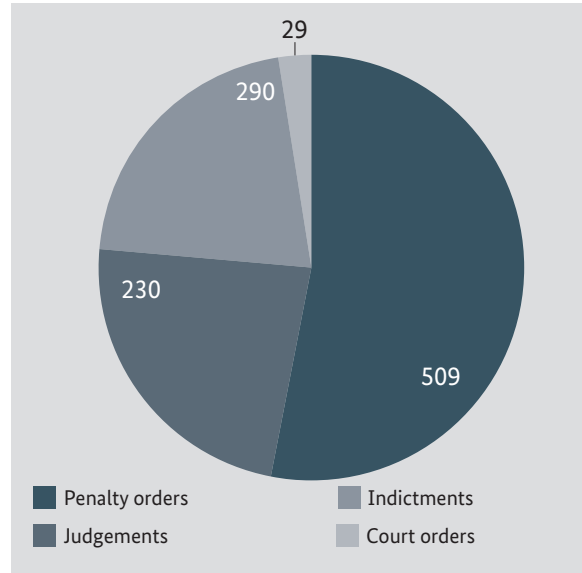


Figure 8: Overview of the judgements, penalty orders, court orders and indictments

Of all reported judgements, penalty orders and court orders, nearly 500 cases resulted in the confiscation of unlawfully obtained assets totalling more than 188 million euros.

At 29, the number of court orders received was slightly lower than in the previous year (2021: 33). Court orders alone led to the seizure of assets totalling more than 120,000 euros.

The majority of the feedback reports from the public prosecution authorities where the proceedings were terminated resulted in a penalty order, usually a fine. The average amount of these fines was around 2,800 euros or just under 95 daily rates. A custodial sentence was imposed in 43 cases, of which 42 were suspended sentences. 200 cases, i.e. about 39% of the feedback reports where a penalty order was imposed, concerned subsidy fraud. In the previous year, this proportion was around 76%.

In 230 cases a judgement was reported (2021: 286). In 20 of the reported judgements, a custodial sentence without probation was imposed. The average sentence was around 17 months, with

individual custodial sentences ranging from three to 46 months. In cases where a monetary fine was imposed, the average find was around 2,460 euros or just under 99 daily rates.

Temporary Freezing Orders

If there are indications that a transaction is related to money laundering or terrorist financing, the FIU can issue a temporary freezing order on the transaction for up to 30 days. This allows the FIU to analyse the transaction pending a final assessment of the merits of the case, without the incriminated funds being removed from the German State's jurisdiction through cash withdrawals or transfers. In addition, a temporary freezing order may also have the effect of imposing other orders in relation to a transaction, e.g. a prohibition on the disposition of funds from a personal or a securities account may be imposed. The merits for a temporary freezing order are carefully considered in each individual case.

In the year under review, the FIU ordered a total of 32 temporary freezing orders (2021: 48).

Transactions with a total value of almost 3.7 million euros were stopped. The 32 temporary freezing orders consisted of six national measures and 26 measures carried out based on international alerts. In five of the six national temporary freezing orders, further analysis revealed concrete facts that led to the transfer of the case to the competent authority.

In the context of international cooperation with foreign FIUs, a total of 26 temporary freezing orders were successfully implemented, with a transaction volume of around 2.4 million euros, after following up on incoming alerts.

Case Study – Temporary Freezing Order: Damaged Euro Banknotes from the Balances of Libyan Central Bank

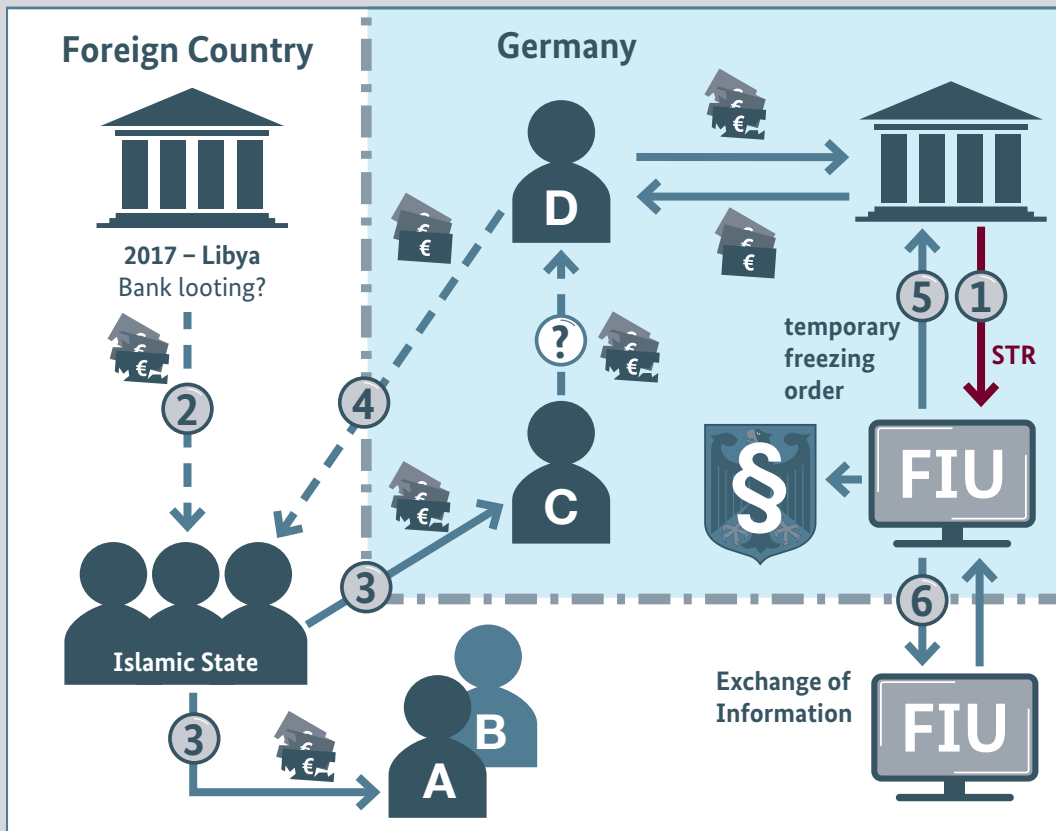


Figure 9: Case study – Temporary freezing order: Damaged euro banknotes from the balances of Libyan Central Bank

Initial STR

The reporting entity reported the attempted exchange of damaged euro banknotes with a total value of around 25,000 euros as an urgent case (1). The customer, registered in the European Union but actually resident in Türkiye, claimed to be in transit and wanted to exchange the damaged banknotes in Germany. When the serial numbers of the banknotes were checked, it was found that some of them came from the looting of the Benghazi branch of the Libyan Central Bank in 2017, where several million euros were stolen. Various sources subsequently reported about several attempts to exchange the money in Germany. When contacted by the reporting entity, the customer stated that the money came from savings he claimed to have built up.

FIU Analysis and Dissemination

Based on the activities of the Islamic State since the second civil war in Libya in 2014, there are indications that euro banknotes from the aforementioned looting have come into the possession of the Islamic State (2). According to alerts in Europe, these are now being exchanged via middlemen (3) for clean Euro banknotes in order to make them available again to the Islamic State (4). The customer's explanation, together with the other circumstances of the case, did not help to clarify how they actually came into possession of the euro banknotes from the Libyan Central Bank.

For the purpose of further analysis, the FIU issued a temporary freezing order pursuant to section 40 (1) GwG on the total amount (5). In addition, information on the facts of the case and a request for information were sent to another central agency (6), which was answered in a timely manner. The case was disseminated to the competent law enforcement agency.

STRs in the Context of the Russian War of Aggression against the Ukraine

Under section 30 (2) GwG, the FIU is responsible for receiving and analysing STRs from reporting entities and supervisory authorities, as well as notifications from fiscal authorities. This also includes determining whether there are indications of a punishable violation of section 18 Foreign Trade and Payments Act¹² (Aussenwirtschaftsgesetz – AWG). Since the beginning of the Russian war of aggression against the Ukraine, the European Union has imposed a total of nine additional sanctions packages against Russia and Belarus in the year under review, which largely supplement the sanctions that have been in place since 2014 and 2006 respectively in connection with the annexation of Crimea.

In view of the special sanctions' situation, awareness-raising measures were taken to inform reporting entities about the financial links to the war of aggression via the FIU website and at events such as anti-money laundering conferences and workshops. For example, the reporting entities were asked to flag STRs that may be related to the Russian war against the Ukraine and to include the relevant sanction in the description of the facts. In addition to general awareness-raising, numerous one-on-one meetings were held with reporting entities.

Based on the European Union's expanded sanctions measures, the FIU filters and screens incoming reports for STRs in this context. In 2022, around 1,800 STRs received were identified as

potentially related to the war. These reports were immediately subjected to in-depth analysis.

Following amendments to the GwG as a result of the entry into force of the Sanctions Enforcement Act I (SDG I), the FIU was also granted additional powers to further enhance the effectiveness of the implementation of sanctions. It is now possible for the FIU to ex officio provide the authorities responsible for the enforcement of sanctions with information relevant to the performance of their duties.

For example, to the extent necessary to monitor compliance with economic sanctions adopted by the Council of the European Union in the area of the Common Foreign and Security Policy, information may be provided to the competent authorities on the basis of the Deutsche Bundesbank's technical competence and possible administrative offences pursuant to section 19 AWG. In total, around 120 cases were submitted to the competent authorities and 14 spontaneous information transmissions were made by foreign national central agencies. It was not uncommon for STRs to be bundled and disseminated to the competent authority on the basis of possible factual links. Generally, the reports were sent to the Customs Criminological Office because of the cross-border nature of the goods and, in the case of time limits, directly to the competent customs investigation offices. In addition, a total of 16 STRs were sent to the competent authorities in the context of ex officio information.¹³

¹² Section 18 AWG punishes violations of an EU prohibition or against a licensing requirement, including for the export, import, or transit of a service, or the disposition of frozen funds or economic resources, among others.

¹³ For examples of cases in connection with the Russian war of aggression, see the explanations in the section "Special Topic Evasion of Sanctions".

Proliferation Financing

Proliferation refers to the spread of weapons of mass destruction, in particular nuclear, biological, chemical and radiological weapons, including their delivery systems, technologies, know-how and the materials or components needed to manufacture them.

Countries sanctioned by the UN Security Council or the EU in this context try to circumvent these measures and also use the financing of the acquisition and proliferation of embargoed goods, for example by concealing financial flows through third countries. Other possible means of circumventing export controls are, for example, the involvement of untarnished companies, persons or state institutions (e.g., universities) as addressees for a delivery.

In addition to the STRs submitted by the reporting entities, proliferation financing notifications also come from reports from intelligence services and foreign authorities. In addition to the movement of goods, the transaction in question is of particular importance in the fight against proliferation. The FIU is in close contact with the Customs Investigation Service and in particular with the Customs Criminological Office in connection with the analysis of individual transactions.

The processing of the transactions and the associated disguised transaction routes with this are diverse and subject to constant change in order to circumvent export control procedures. The analysis of STRs, and in particular the financial trails they contain, is therefore used to detect proliferation and embargo violations, in addition to existing export control procedures.

In the reporting year, 46 STRs with a possible link to proliferation financing were submitted to the FIU. In the previous year, 50 STRs were received.

With the introduction of the SDG I in May 2022, the FIU has also the legal possibility to transfer data from financial transactions and analyses to the competent German public authorities, insofar as this is necessary for monitoring compliance with economic sanctions measures adopted by the Council of the European Union in the area of the Common Foreign and Security Policy, even if there are no indications of possible criminal offences. A temporary freezing order can now be issued in cases where there is evidence of breaches of all the EU's external trade prohibitions and licensing requirements.¹⁴

¹⁴ For more information on the sanctions related to the Russian war of aggression against the Ukraine, see the explanations above in this section.

Transactions

Transactions play a key role in identifying money laundering activities. Transactions are defined as the transfer of assets between two parties. Transactions usually involve credit institutions or financial service institution. Examples of classic forms of transactions include bank transfers, deposits to and withdrawals from current accounts, currency exchange transactions, or the purchase of chips in casinos. The transfer of virtual assets between electronic wallets is also an established form of transaction.

STRs sent to the FIU may contain a large number of different transactions. Therefore, the number of STRs received is not directly comparable with the number of transactions reported. In the year under review, almost 1,136,000 suspicious transactions were reported to the FIU (2021: around 958,000)¹⁵, which represents an increase of almost 19% compared to the previous year and can therefore be explained, as in the previous year, by the increased number of reports.

Approximately 56% of all transactions in the year under review were reported within Germany. The share of domestic transactions was thus 5 percentage points lower than in the previous year. Conversely, the share of transactions in which Germany was either the country of origin or the country of destination increased to 36%

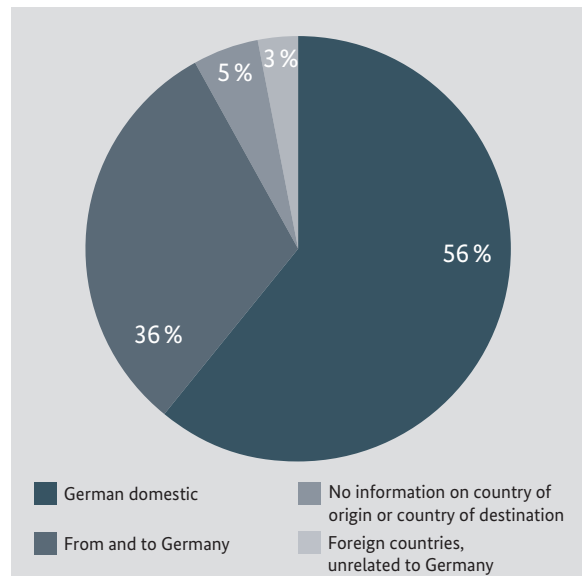


Figure 10: Involvement of foreign countries in suspicious transactions

of all transactions. 3% of all reported transactions were purely international. This includes, for example, correspondent banking activities, where the reporting credit institution is registered as a reporting entity in Germany, but acts only as a service company for the processing of cross-border transactions with no link to Germany. A share of 5% of all reported suspicious transactions did not contain any information on the country of origin or destination and therefore cannot be statistically analysed here.

¹⁵ Transactions recorded as analysable transaction components in the STRs considered. Transactions that are specifically transmitted as lists attached to STRs sometimes contain account overviews and not solely suspicious transactions. In addition, transactions may be recorded twice if, for example, a transaction is reported by several reporting entities involved.

Reported transactions to and from Germany are of particular importance in the national analysis of possible money laundering financial flows. The National Risk Assessment (NRA) also notes that

transactions and business relationships have been conducted across borders, particularly in the context of the major money laundering scandals.¹⁶

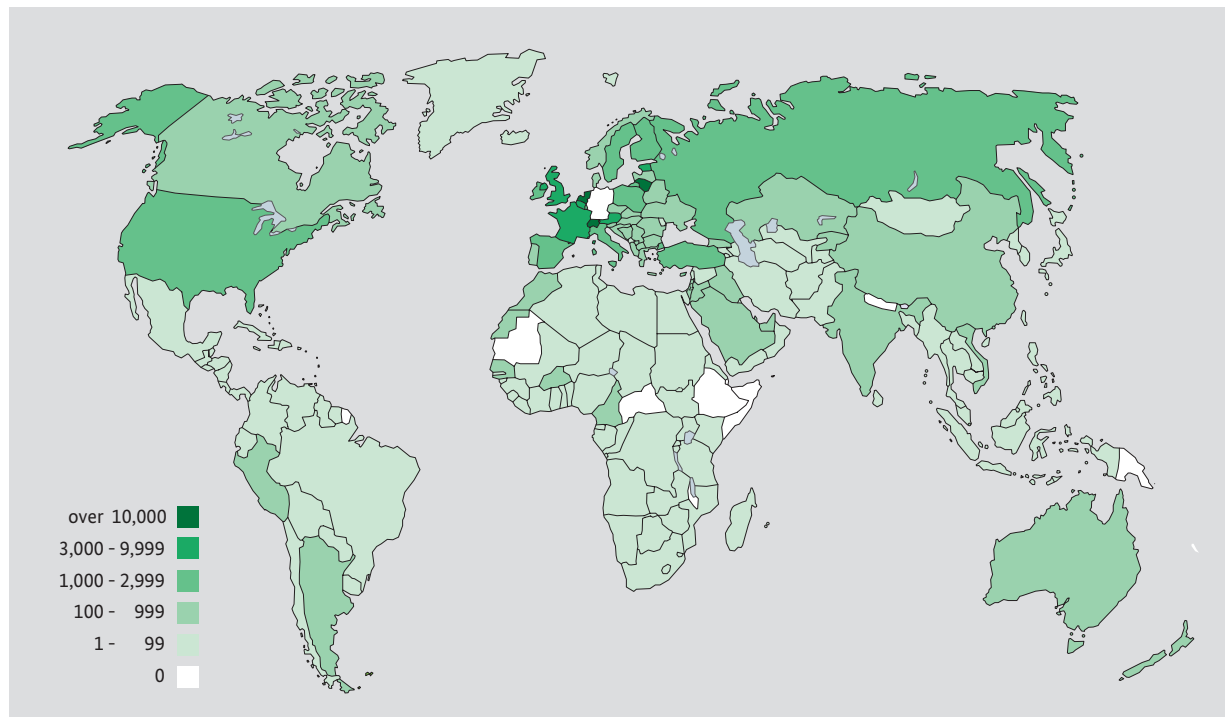


Figure 11: Number of transactions reported as suspicious by country of origin

The number of transactions reported as suspicious by country of origin, i.e. those received in Germany, was almost 123,000 in the year under

review. This represents an increase of around 20% year-on-year

16 See First National Risk Assessment 2018/2019, page 57 (available on the website of the Federal Ministry of Finance, see https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Press_Room/Publications/Brochures/2020-02-13-first-national-risk-assessment_2018-2019.html).

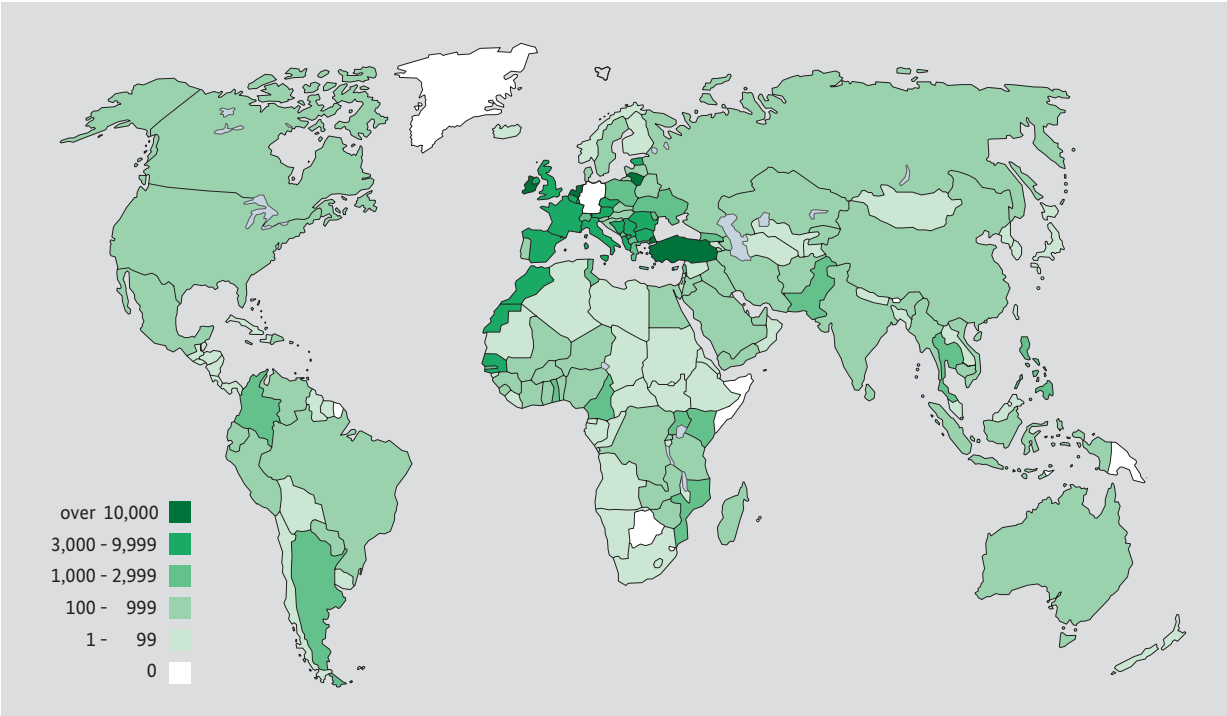


Figure 12: Number of transactions reported as suspicious by country of destination

The number of transactions reported as suspicious by destination country, i.e. those originating

in Germany, increased by around 45% in the year under review to just under 290,000.

Typologies and Trends

Description and Refinement of Key Risk Areas

Special Topic Evasion of Sanctions in the Context of the Russian War of Aggression against the Ukraine

Focus on the Use of New Payment Methods

Further Assessments

Assessment of Reports on Cash Detections

Typologies and Trends

Description and Refinement of Key Risk Areas

Key Risk Areas regarding Money Laundering



Real Estate

Real estate is a high-risk sector for money laundering. Especially since sales are usually accompanied by high transaction volumes. In addition, there are numerous legal structuring options to conceal the origin of the funds and the ownership structure, including the involvement of domestic and foreign legal entities. As a capital asset that is not affected by economic trends, real estate is considered to be particularly stable in terms of its value. It is tied to a specific location and substitutable only to a limited extent. It is therefore the most important investment opportunity in Germany.



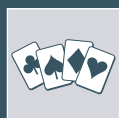
Cash Payments (for the purchase of high-value goods)

The trade in high-value goods facilitates the anonymous placement of large sums of money in cash transactions. In addition, the often unregulated and informal nature of these business activities enable incriminated funds to be diverted into the legitimate economy. The acquisition of motor vehicles, art, antiques and other luxury goods is of particular interest.



Trade-Based Money Laundering

Trade-based money laundering takes advantage of the complexity of the flow of goods and money in international trade. Over-invoicing and under-invoicing, multiple invoicing of goods and services, fictitious commercial transactions, shipments with differing content and false descriptions, the use of third parties as intermediaries or the involvement of letterbox companies are typical examples. As a strong exporter and importer of goods, Germany is particularly “attractive” for this typical method of money laundering.



Games of Chance/Betting

The gambling industry offers a wide range of opportunities to disguise the origin and subsequent use of funds, in part through the existing and diverse online market. A high turnover rate and the cash deposits below

the legal identification limit of 2,000 euros increase the vulnerability of the gambling sector to money laundering.



Organised Crime in the Form of Clan Crime

Organised crime is a priority in the fight against crime in Germany. The large profits from illegal transactions of the organised criminal structures need to be laundered in order to reintegrate them into the legal economy. Foreign clans in particular are currently the focus of law enforcement agencies and their police investigations.



Serious (Tax) Criminal Acts, e.g. Carousel Fraud

Due to the structure of applicable VAT legislation, cross-border trade between two EU Member States can give rise to the right to claim a tax refund. This is often exploited by carousel fraudsters in large-scale, cross-border tax fraud operations. By the time the competent tax inspector becomes aware of the tax fraud, the companies involved often no longer exist.



Commercial Fraud

As a predicate offence to money laundering, commercial fraud is most commonly associated with internet fraudsters who exploit account opening procedures and use them, for example, to run phony businesses or to transfer funds in connection with romance scams. Another form of commercial fraud is identity fraud. The crime of “identity theft” does not necessarily mean that a commercial form of fraud is being committed, as in all cases the aim is to create a continuing source of income by committing a crime repeatedly.



Figure 13: Key risk areas of the FIU

Special Topic Evasion of Sanctions in the Context of the Russian War of Aggression against the Ukraine

In addition to analysing individual operational cases, the FIU evaluates incoming STRs with indications of possible sanctions violations or attempts to circumvent sanctions in order to draw conclusions on the underlying *modi operandi*. Since the beginning of the war in Ukraine on 24 February 2022, it has been noted that the FIU has received a relatively high number of relevant STRs relating to **luxury goods** (in particular motor vehicles). In response to this, the typology paper “Besondere Anhaltspunkte für Sanktionsumgehungen im Kfz-Handel” (Specific indicators for identifying circumventions of sanctions in the motor vehicle trade) was prepared and made available to reporting entities to raise awareness. The paper uses individual, anonymised cases to illustrate how possible circumventions of sanctions can occur in this context and provides guidance on how to identify such cases. In this context, the typology paper focuses on the sale of motor vehicles worth more than 50,000 euros, which is subject to EU sanctions.

Luxury Goods

The current sanctions regime prohibits the direct or indirect sale, supply, transfer or export of luxury goods to natural or legal persons, organisations, or institutions in Russia or for use in Russia. Specifically, the export to Russia of passenger vehicles valued at more than 50,000 euros is subject to sanctions.¹⁷

In addition, the German FIU received spontaneous information from a foreign central agency alerting it to a *modus operandi* used to obtain foreign currency in Belarus. The information was initially shared in the context of the task force set up by the German government to implement sanctions against Russia.

In order to raise awareness among reporting entities in the financial sector, the typology paper “Besondere Anhaltspunkte für Sanktionsumgehungen einer ausländischen zentralen Meldestelle im Zusammenhang mit Devisenbeschaffung in Belarus” (Specific indicators for identifying circumventions of sanctions vis-a-vis a foreign central agency in connection with foreign currency acquisition in Belarus) was also prepared to draw attention to such transactions. This was published on the protected section of the FIU website.

Belarus

The sanctions regime generally prohibits the sale, supply, transfer and export of banknotes denominated in the official currencies of any EU Member State to Belarus or to any natural or legal person, organisation or institution in Belarus, including the Government and the Central Bank of Belarus, except for personal use or for diplomatic or consular activities or for international organisations enjoying immunity under international law.¹⁸

In addition, transactions in connection with the management of the reserves and assets of the Central Bank of Belarus, including transactions with legal persons, organisations or institutions acting on behalf of or on the instructions of the Central Bank of Belarus, are also prohibited in principle, unless the relevant authorisation has been obtained for the transaction.¹⁹

17 Article 3h (1) in accordance with Annex XVIII No. 17 CN code ex 8703 00 00 Regulation (EU) 833/2014 (as amended by Regulation (EU) 2022/428 of 15 March 2022).

18 Article 1za (1) Regulation (EU) No 765/2006 (as amended by Regulation (EU) 2022/577 of 8 April 2022).

19 Article 1ja (1) Regulation (EU) No 765/2006 (as amended by Regulation (EU) 2022/398 of 9 March 2022).

Focus on the Use of New Payment Methods

In 2022, there were again notable developments in the area of “new payment methods”, some of

which also had an impact on the STRs received by the FIU in this area.

Virtual Assets

While the market capitalisation of all virtual assets in circulation was over two trillion US dollars at the end of 2021, it had fallen by around two-thirds by the end of 2022.²⁰ Over the course of the year, the virtual asset sector was hit by a number of scandals, major cases of fraud, hacker attacks on platforms and also some bankruptcies of major market players, which highlighted the risks of investing in this market and had a negative impact on the virtual asset prices. Approaches to stricter regulation of virtual assets, which are currently being drafted or have already been implemented in many countries, may also have had an impact on trading prices. Added to this is a global turnaround in interest rates to combat higher inflation rates, as a result of which there was less demand for speculative assets.

However, the FIU does not believe that the temporary decline in the importance of virtual assets reduces the risk of money laundering or terrorist

financing. Criminals who used crypto assets to transfer monetary assets from illegal activities may have been affected by the price collapse or may have lost funds due to the activities of other criminals. However, it cannot be assumed that the use of crypto assets to launder money obtained “off-chain”, i.e. in the form of fiat²¹ money, e.g. from fraudulent activities, has become significantly less attractive. The majority of perpetrators are unlikely to hold virtual assets in the long-term, but rather use them to transfer funds with the aim of converting the acquired assets back into fiat money in the near future.

With regard to the volume of reports, it is worth noting that reports in which the reporting entities cited “virtual currency related anomalies” as the reason for reporting also showed above-average activity in 2022, albeit with fluctuations and temporary declines in the number of monthly reports during the year.²²

20 The data is based on information from the website www.coinmarketcap.com. On 31 December 2022, the market capitalisation of all crypto assets was USD 796 billion, compared to USD 2,189 billion on 31 December 2021.

21 Fiat money generally refers to currencies issued by central banks as legal tender that are not backed by the value of goods or commodities and therefore have no intrinsic value. This includes, for example, the Euro and the US dollar.

22 It should be noted that focusing on this reason for reporting given by the reporting entities tends to understate the total number of reports related to virtual assets. The reasons for this are insufficient characterisation and incomplete information provided by the reporting entities as well as problems in clearly defining the scope of the reports due to the dynamic developments in the area of new payment methods.

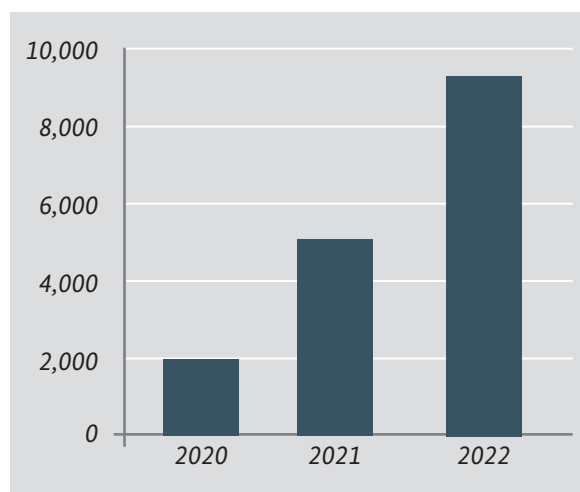


Figure 14: STRs with the reason for reporting being “virtual currency related anomalies”

The trend in reported numbers also reflects developments in individual German-based trading firms that enable their clients to trade in virtual assets. For example, following the announcement of the bankruptcy of one such trading firm in Germany, a decrease in the number of related STRs was observed. However, for 2022 as a whole, there was again a sharp increase in the number of reports.

In the previous year, just over 5,200 reports were made with the reason being “virtual currency related anomalies”, but this number increased by almost 85 % to almost 9,300 reports in the reporting year. In November 2022, the threshold of 1,000 reports in a single month was exceeded for the first time. The trend towards a higher proportion of reports submitted by financial service institutions was also continued. At just under 17%, their share was more than double that of the previous year (7.5 %).

Another observation is the higher proportion of reports related to crypto-only transactions between **wallet addresses**, mostly based on alerts from virtual asset transaction²³ monitoring systems (e.g. references to suspicious wallet addresses). These reports focus on a small number of reporting entities. Historically, such reports have been the exception rather than the rule. For a long time, the vast majority of reports related to transactions of a transit nature to and from virtual asset trading platforms, which were generally based abroad and had bank accounts there.

Wallet Address

A wallet address (“public address”) is a public key for a wallet (sometimes referred to as a wallet’s “public key”). It consists of a combination of numbers and letters. It’s role in virtual exchanges is similar to that of an IBAN in the traditional banking sector. It is used to receive virtual assets. The unique public key is derived through cryptographic methods from a (secret) “private key”, which in turn is a prerequisite for carrying out transactions in virtual assets (comparable to a signature).

²³ These monitoring systems are based, among other things, on comprehensive databases of wallet addresses that are associated with illegal or risky activities. Where transactions with such suspicious wallet addresses are carried out or have already taken place, they are assigned higher risk scores and corresponding alerts are generated, which in turn prompts the reporting entities to refrain from executing the transaction and to transmit a STR.

Over the course of the year, the FIU carried out various analyses of its database relating to recent developments in the field of virtual assets. These include non-fungible tokens (NFTs)²⁴ and the area of decentralised financial services (DeFi)²⁵, both of which may provide criminals new opportunities to launder money. Reports received by the FIU in this context are still at a very low level. Typically, however, there is a delay before reports of

relatively new phenomena are reflected in the case information submitted by the reporting entities. Due to the potential of these innovations for the transfer of monetary assets, which may also originate from criminal offences, the FIU is monitoring developments in these areas with increased attention and is exchanging information with partner authorities.

24 Non-fungible tokens are tokens that cannot be exchanged for another token. For example, they refer to pieces of digital art (“crypto art”) or other digital objects, increasingly also physical objects, and are intended to document their uniqueness and originality in this way.

25 These are financial services that are offered for direct use between users on the basis of distributed ledger technologies (e.g. a blockchain) and automated executable contracts (smart contracts), e.g. for exchanges between different crypto assets or the granting of loans in crypto assets. The services are used through decentralised apps (dApps).

Case study - Suspicious Newly Opened Accounts relating to Ukraine ²⁶

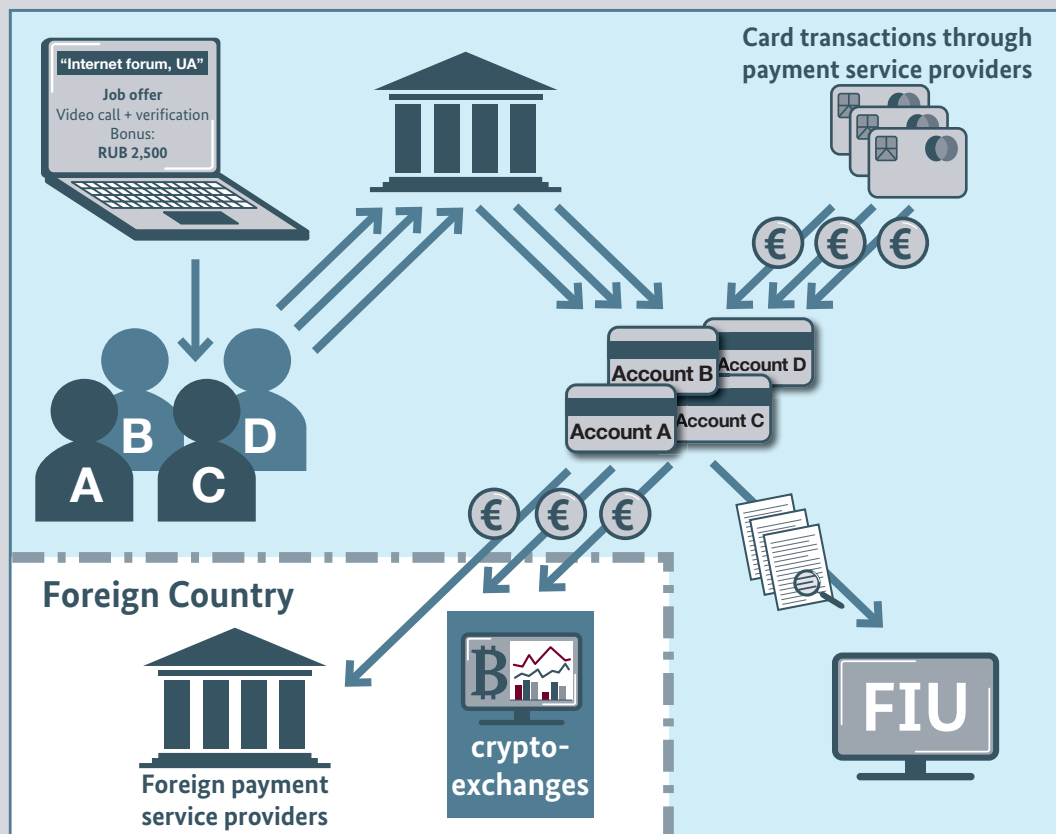


Figure 15: Case study - Suspicious newly opened accounts relating to Ukraine

Initial STR

From the beginning of the Russian war of aggression against the Ukraine until early summer, there were increasing reports from a reporting entity that Ukrainian citizens may have been exploited as financial agents. According to the credit institution, they were targeted via social media channels in their native language or in Russian in order to open accounts with mobile banking app providers in exchange for a bonus. According to the information provided, the video identification took place in unusual places, mostly outside the home (e.g. in a car). Additionally, generic email addresses and deviating data were used for registration and subsequent verification. The accounts opened were then mostly used as pass-through accounts. Funds

26 Schematic illustration of the case.

deposited via Ukrainian credit/debit cards were immediately transferred to crypto-exchanges or virtual currency trading platforms.

FIU Analysis and Dissemination

Overall, the FIU identified a number of reports in the low three-digit range that exhibited this pattern.

Financing Terrorism, Other Crimes Relevant to State Security and Sanctions Evasions in Connection with Virtual Assets

The use of new payment methods also plays a role in the context of possible terrorist financing. Similarly, the specific use of virtual assets to circumvent sanctions cannot be excluded. In the context of virtual assets, STRs in this area are often

transmitted by reporting entities following prior requests for information from other authorities or from the FIU itself. Occasionally, in addition to other terrorist financing phenomena, transactions with a possible sanctions link come to light.

Further Assessments

Pursuant to section 28 (1) No. 8 GwG, one of the tasks of the FIU is to conduct strategic analysis. The strategic analysis utilises available and obtainable information, including data that may be provided by other competent authorities, to identify trends and patterns related to money laundering and terrorist financing. This information is then used by the FIU or other government agencies to identify threats

and areas of vulnerability in relation to money laundering and terrorist financing.²⁷ With this in mind, numerous other areas outside the current risk priorities were analysed during the year under review for their exposure to risk and activities in the areas of money laundering, terrorist financing and other crimes relevant to state security.

Specific Topic Environmental Crime

In addition to the far-reaching environmental, public health and safety consequences, environmental crime also causes serious economic damage. According to the 2021 FATF report “Money Laundering from Environmental Crime”, the monetary value of the illegal extraction and trade of natural resources and waste amounts to between USD 110 and 281 billion²⁸ worldwide, with annual growth rates of 5-7%. The number of unreported cases of environmental crime is estimated to be very high.

Environmental crime, and in particular the illegal trade in protected species, involves the use of complex transfer routes for both financial flows and the flow of goods. Environmental crime also involves the mixing of legal and illegal business activities, a phenomenon familiar from trade-based money laundering. Companies that are susceptible to such practices, or with a higher risk profile, include those involved in import-export, freight and customs clearance or logistics.

The financial flows associated with environmental crime range from large cash deposits and transfers of falsely declared invoice amounts to transfers to third countries and offshore financial centres. The use of new payment methods, such as virtual assets, can make it even more difficult to identify the parties involved and their activities. In most cases, these are complex networks operated by criminals who make money from other crimes such as human trafficking or drug trafficking and use the same structures - both in terms of the transport routes used and the financial flows. Financial agents and common layering methods²⁹ are also used in the area of environmental crime to make it more difficult to trace the origin of the funds.³⁰

The analysis of the FIU database for reports of environmental crime yielded a number of relevant hits. Accordingly, it is clear that several aspects of this issue directly affect Germany, and the analysis shows that these aspects are quite complex.

27 See The FATF Recommendations, Update February 2023, page 104.

28 See FATF, Money Laundering from Environmental Crime, July 2021, available at <https://www.fatf-gafi.org/en/publications/Environmentalcrime/Money-laundering-from-environmental-crime.html> (accessed: 5 August 2021). The figure includes proceeds for forestry crime, illegal mining, waste trade, illegal wildlife trafficking, illegal extraction and theft of oil and offences arising from illegal fishing.

29 “Layering” refers to the concealment of the origin of these assets, e.g. through complex, international transactions in which there are several layers and payment instruments separating the person who originally placed the order from the person who ultimately receives it.

30 See FATF, Money Laundering from Environmental Crime, July 2021, available at <https://www.fatf-gafi.org/en/publications/Environmentalcrime/Money-laundering-from-environmental-crime.html> (accessed: 5 August 2021).

However, it also highlights the limitations of detecting money laundering activities related to environmental crime solely on the basis of information received by the FIU at the same time.

In total, just over 100 STRs were received in relation to environmental crime, of which around 50% were suspected to be related to wildlife trafficking. Some 30 transactions were identified in relation to illegal logging and illegal extraction of raw materials. Specific evidence of possible environmental crime involving hazardous and toxic substances is available in only a few cases. Of the reports identified, only a low double-digit number were ultimately found to be actually relevant.

These findings are consistent with the FATF's³¹ conclusions that other countries also report a low number of STRs related to environmental crime. The FATF identified a lack of awareness of this offence among reporting entities, e.g. through specific indicators or typologies, as a possible reason for the low number of STRs. Research to date suggests that it is also a challenge for reporting entities to identify illegal activities without contextual information (e.g. missing licences, customs

declarations, etc.). One of the aims of the "Auswertebereich Umweltkriminalität" (Environmental Crime Evaluation Report) is to raise awareness of the issue among reporting entities and partner authorities, and to facilitate the identification of such offences through case studies and evidence. In summer 2022, the report was made available to the reporting entities and presented at the FIU's anti-money laundering conferences for the financial and non-financial sectors. In the year under review, the FIU participated for the first time in the interministerial event "Partnership against Wildlife Crime in Africa and Asia", which was organised by the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV). Close cooperation between the FIU and the investigating law enforcement agencies is another key to success. The evaluation therefore also aims to raise awareness among law enforcement agencies that there may be suspicions of money laundering in relation to perpetrators of environmental crime and that the FIU is therefore another source of useful information for investigations. Participation in events relating to environmental crime and other forums for dialogue are also planned for 2023.

31 See FATF, Money Laundering from Environmental Crime, available at <https://www.fatf-gafi.org/en/publications/Environmentalcrime/Money-laundering-from-environmental-crime.html> (accessed: 5 August 2021).

Case study – Illegal Reptile Trafficking

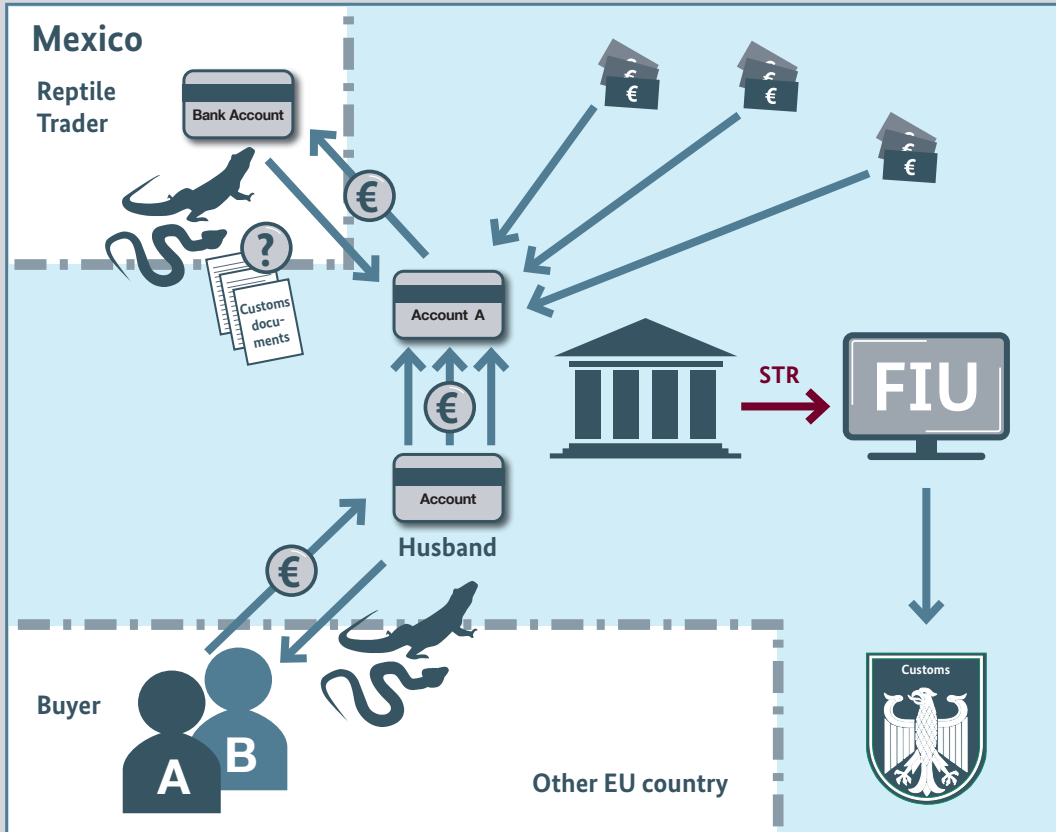


Figure 16: Case study – Illegal reptile trafficking

Initial STR

Several large cash deposits were made into the account of a client at a German bank. The client then transferred large sums of money to a beneficiary in Mexico who, according to their website, sells reptiles. When questioned, the client stated that the money came from the sale of two horses. In total, she claimed to have sold six horses. She used the money to buy snakes and lizards abroad. The client in question had bought reptiles in the past. She was unable to provide any further documentation (customs documents, registration certificates issued by the veterinary inspection office, etc.). In addition, there were indications that the client in question may have been self-employed, as she had made payments to a company for livelihood protection insurance. In addition, smaller amounts were credited to the client from her husband. The movements on his account were then also analysed. The husband’s account was credited with foreign payments that were attributable to the sale of exotic animals.

FIU Analysis and Dissemination

Based on the information provided by the bank, there were indications of a violation of the provisions on species protection. The case was handed over to the customs investigation office.

Subsidies Granted from the Energy Cost Reduction Programme (EKDP)

The COVID-19 pandemic of recent years has posed major challenges to global industry. The outbreak of the war in Ukraine on 24 February 2022 and the conflict with Russia have exacerbated the situation on the global market. The rise in natural gas and electricity prices is a particular burden for companies that trade intensively and use large amounts of energy. In order to at least partially reduce the cost of natural gas and electricity for German companies and thus contribute to stabilising Germany as an industrial location, the German government launched the Energy Cost Reduction Programme³² (EKDP).

However, financial assistance from the State often also leads to cases of abuse. Accordingly, criminals are quick to adapt their patterns and practises to new situations. Already during the pandemic, criminals used a variety of methods to fraudulently obtain COVID-19 emergency aid payments.

In order to counteract such a development at the earliest possible stage, it was necessary to provide

the reporting entities with appropriate support in identifying relevant cases in cooperation with the national authorities. Against this background, the Federal Ministry of Finance (BMF) and the Federal Ministry of Economics and Climate Protection (BMWK), with the involvement of the FIU, have initiated the preparation of a paper on indicators for fraud and money laundering activities in connection with the abuse of the Energy Cost Reduction Programme. This document was published in the restricted area of the FIU's website for reporting entities in July 2022, almost simultaneously with the publication of the guidelines for the EKDP³³. The indicators were primarily anticipated on the basis of the experience and findings on fraud and money laundering activities related to temporary aid grants (Überbrückungshilfen) during the COVID-19 pandemic and interpreted in accordance with the aforementioned guidelines. The ongoing review of the FIU's reporting database has to this date not revealed any fraudulent use of the Energy Cost Reduction Programme in the year under review.

32 Guidelines for the Granting of Payments for Equity Reasons to Temporarily Mitigate the Increase in Natural Gas and Electricity Prices ("Energy Cost Reduction Programme") of July 12, 2022, Federal Gazette (BAnz) AT July 15, 2022 B2.

33 Guidelines for the Granting of Payments for Equity Reasons to Temporarily Mitigate the Increase in Natural Gas and Electricity Prices ("Energy Cost Reduction Programme") of July 12, 2022, Federal Gazette (BAnz) AT July 15, 2022 B2.

Update of the Hawala Banking Assessment Report

Alternative systems for cash transfer services and money or value transfer services exist alongside the formal banking system. One such alternative system is **Hawala banking** (Hawala), which falls within the scope of the Payment Services Supervision Act (ZAG)³⁴ and is prohibited in Germany. The provision of money or value transfer services is subject to authorisation by the financial supervisory authority. Hawala banking is often widespread in regions with rudimentary banking systems, where it serves perfectly legitimate purposes. However, as it is largely used in the unregulated sector, there is a risk that it may also be used for illicit purposes such as money laundering or terrorist financing. The First National Risk Assessment³⁵ Analysis already addressed the issue of informal financial transfer systems in the context of Islamist terrorism.

Hawala-Banking is based on a network of brokers called “hawaladars”. One hawaladar receives a cash payment and gives a code to the person ordering a transaction. This code entitles the intended recipient to receive payment from another hawaladar in the network.

As Hawala operates outside the regulated financial sector, there are no reliable figures on the extent of use of Hawala banking. The FIU already produced an evaluation report on the subject in 2020, which was revised in 2022. The revision essentially confirmed the findings of the previous evaluation. For example, suspicious references such as “family-related service” and “support from friends” were identified in the transactions. In addition, there were links to high-risk countries and countries that are frequently reported on in the media in connection with the use of Hawala, such as Türkiye, Iran and Afghanistan. In addition, regular transfers to foreign countries were considered suspicious, as were frequent cash deposits by different people into a particular account, followed by immediate transfers abroad or withdrawals from ATMs abroad. These could indicate that the reported individuals and organisations are part of a Hawala network. The results of the revision were shared with partner authorities.

³⁴ Payment Services Supervision Act (Zahlungsdienstenaufsichtsgesetz – ZAG) of 17 July 2017, BGBl. 2023 I No. 51.

³⁵ The final report of the National Risk Assessment is available on the BMF website at https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Press_Room/Publications/Brochures/2020-02-13-first-national-risk-assessment_2018-2019.html.

The person initiating the payment provides the code to the recipient, and the hawaladar receiving the payment informs the hawaladar making the payout. By being able to state the code, the intended recipient receives the agreed amount (usually also in cash, although it can also be a value equivalent to the deposit in another currency). This allows money to be transferred quickly and across borders.

The settlement of payments between the individual hawaladars in the network can take place by direct (physical) transfer of funds, e.g. by money couriers, by offsetting claims, or by cross-border transfer of other assets. This involves the use of high-volume, high-value goods that are easy to sell, such as cars or precious metals. This means that business sectors such as the automobile and precious metals trade, watch and jewellery shops and import/export businesses are exposed.

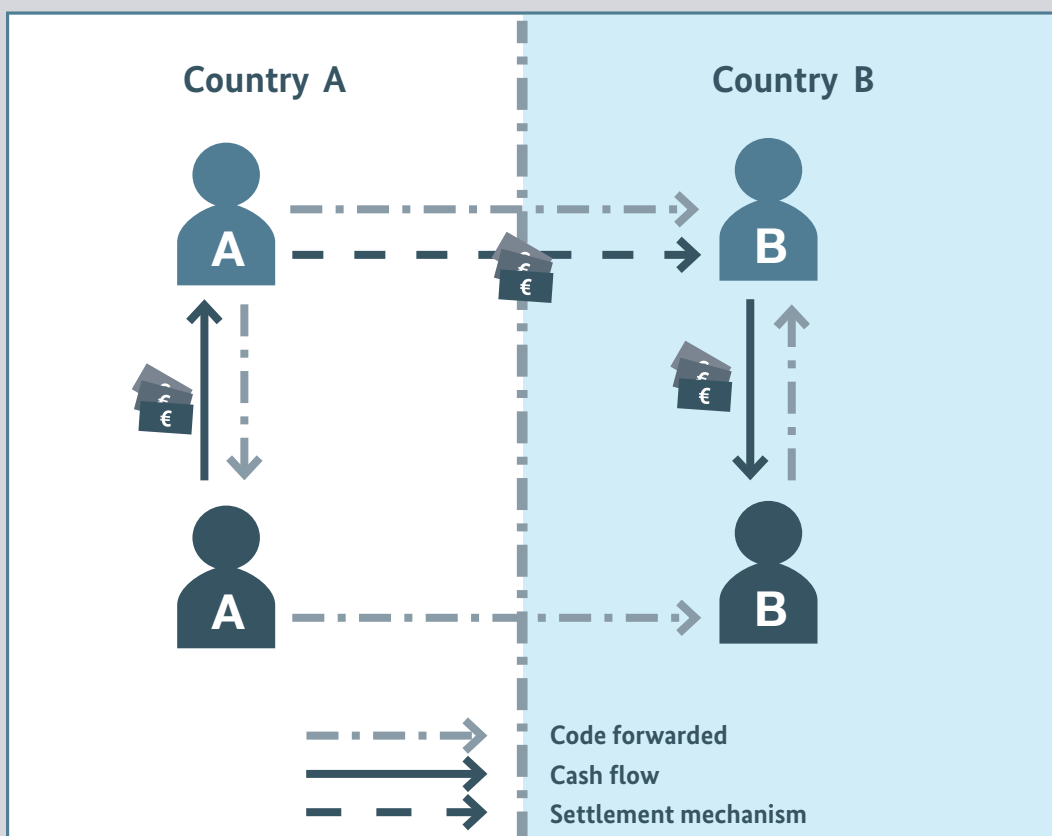


Figure 17: Schematic illustration of a Hawala transaction

Overall, only a small number of STRs with a clear link to Hawala can still be directly identified in the FIU database. This is partly due to the fact that it is often very difficult for the reporting entities to identify such transactions in their entirety and as part of a possible Hawala network. In addition, it cannot be ruled out that there are reports on

participants in Hawala banking, but where the link to Hawala may remain unrecognised and may not be clear from the information provided.

It is therefore an ongoing task to raise awareness of the issue and to make specific indicators available to the reporting entities.

Assessment of Reports on Cash Detections

According to a recent study by the Deutsche Bundesbank, cash is still the most widely used means of payment in Germany, accounting for over 58% of all daily payments.³⁶ Cash therefore continues to play an important, albeit declining, role in payment transactions. Among other things, the FIU analyses the cross-border movement of cash and equivalent means of payment. In the year under review, the FIU also analysed cash seizures for which the Customs Investigation Service initiated a clearing procedure³⁷ in intra-Community traffic, as well as cash declaration statements and cash seizures that related to third-country traffic.

Between 1 January 2022 and 31 December 2022, the FIU received around 470 reports on cash detections. This is about 5% more than in 2021. There has been a significant increase in air transport compared to the previous year. Just over 70% of all cash and cash equivalents detected was seized at airports, compared to just under 50% in 2021. This may be partly due to the lifting of travel restrictions in connection with the COVID-19 pandemic.

Cash was seized in almost 97% of cases, which is almost 10 percentage points more than in 2021. Cheques and securities were found in only a few cases.

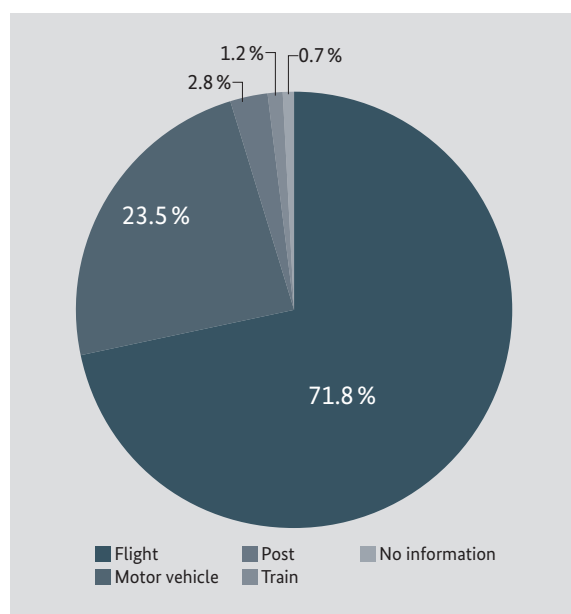


Figure 18: Means of transport as percentage of cash detections

36 See Bundesbank (2022), Payment behaviour in Germany in 2021, available at <https://www.bundesbank.de/en/publications/reports/studies/payment-behaviour-in-germany-in-2021-894118> (accessed: 11 January 2023).

37 In this context, clearing procedure means the clarification of the origin and/or the purpose of cash and possibly the seizure of the cash by customs.

National Cooperation

Cooperation with Law Enforcement Agencies (LEAS)

Cooperation with the Fiscal Authorities of the Federal States

Cooperation with Supervisory Authorities

Requests from Domestic Authorities

Cooperation with Reporting Entities under the GwG

National Cooperation

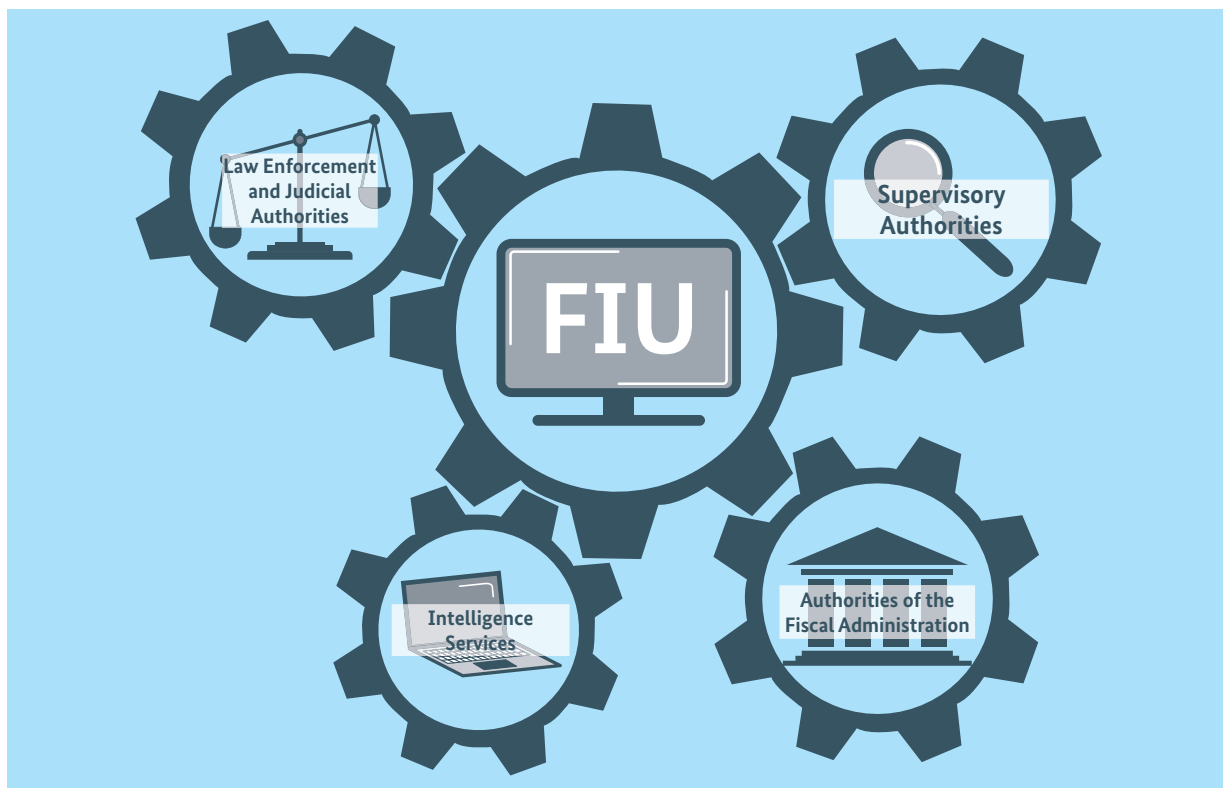


Figure 19: National partner authorities – An overview

Effectively preventing and combating money laundering and terrorist financing requires sustained and reliable cooperation between all parties involved. The FIU ensures continuous and intensive cooperation with all national authorities within the network established by relevant statutory regulations.

The FIU's national partner authorities include:

- the competent law enforcement agencies and judicial authorities (federal police and police of the federal states, public prosecution authorities, financial control of illicit employment, the Customs Investigation Service, tax investigation authorities),
- the competent supervisory authorities (including the Federal Financial Supervisory Authority (BaFin) and supervisory authorities of the federal states in the non-financial sector),

- the authorities of the fiscal administration (Federal Central Tax Office, the fiscal authorities of the federal states), and
- the Federal Office for the Protection of the Constitution (BfV), the Federal Intelligence Service (BND) and the Military Counter-Intelligence Service (MAD).

In addition to the cooperation with the national authorities, a continuous dialogue with the reporting entities pursuant to Section 2 (1) GwG is crucial. This dialogue is seen as an ongoing partnership, which the FIU will continue to develop.

Cooperation with Law Enforcement Agencies (LEAS)

As the pandemic situation eased, some face-to-face cooperation with national law enforcement agencies was possible again in 2022, for example in the form of joint workshops and training courses. Exchanges with the attorney general's office, which began in the previous year were also successfully continued. The FIU's leadership has now personally visited all attorney general's office. Building on this, a regular format for exchanges with the judiciary is being prepared.

The meeting of FIU liaison officers, individual case-related formats such as presentations at the

Federal Finance Academy and the kick-off meeting of the working group on cooperation with the fiscal authorities of the federal states were again able to take place in person. In this respect, personal contacts were further intensified in compliance with the applicable hygiene rules.

However, the bi-annual conference with law enforcement agencies in March and September 2022 continue to be offered in an online-only format to allow more people to participate.

Automated Data Access for Law Enforcement Agencies Pursuant to Section 32 (4) GwG

Pursuant to section 32 (4) GwG, the law enforcement agencies and the Federal Office for the Protection of the Constitution are authorised to automatically retrieve data from the FIU in order to fulfil their duties in cases falling under section 32 (3) sentence 1 Nos. 1 and 2 GwG, provided that there are no restrictions on transmission. Together with the law enforcement agencies, the FIU and the Federal Information Technology Centre (ITZ-Bund) were able to further expand the interface provided in 2021. In the course of 2022, live operation was started in cooperation with the Federal Criminal Police Office (BKA), which enabled the

state offices of criminal investigation (LKÄ) to be successively connected to the automated data retrieval system. At the same time, the technical integration of the Customs Investigation Service (Customs Criminological Office and Customs Investigation Offices) was carried out. In 2022, more than 3,700 automated data retrievals were conducted. Access by other authorised authorities, such as the tax investigation authorities of the federal states, the financial control of illicit employment and the Federal Office for the Protection of the Constitution, is also to be implemented.

Evaluation Project at the FIU involving the Judiciary, Law Enforcement Agencies and the Fiscal Authorities of the Federal States

In 2021, the Federal Ministry of Finance (BMF), the Federal Ministry of the Interior and Community (BMI) and the Federal Ministry of Justice (BMJ) agreed on a joint evaluation project involving the judiciary, law enforcement agencies and fiscal authorities of the federal states at the FIU. The German FIU has been investigating since autumn 2022 whether and to what extent the current risk-based analysis and filtering practice of the FIU can be optimised with regard to “other criminal offences”. After extensive preparation, the operational phase of the project began in January 2023

with a total of 36 representatives from federal state justice administrations, police authorities and tax investigation authorities of 13 federal states, including the Federal Criminal Police Office, and was concluded in April 2023 with a joint project report. The coordinated results of the project were presented to the Federal Ministry of Finance (BMF), and from there to the other ministries and will be implemented, among other things, in another joint follow-up project to continue the constructive and beneficial cooperation directly.

Work Shadowing

As a result of the scaling down of COVID-19 measures, during the year under review it was possible to revive the FIU’s established work shadowing formats, which gave colleagues from the fiscal authorities and police forces of the federal states a multifaceted insight into the work of the FIU. In 2022, the FIU also organised work shadowing for Europol liaison officers³⁸ and was thus able to comprehensively develop further cooperation with the European Union Agency for Law Enforcement Cooperation (Europol).

Conversely, numerous FIU employees were able to take advantage of work shadowing opportunities

at various state offices of criminal investigation (LKÄ), with a focus on cross-functional exchanges with the joint (police/customs) financial investigation groups.

The main objective of these inter-agency work shadowing formats is to continuously develop the FIU’s practical cooperation with its partner authorities and thereby promoting mutual understanding and further optimising overarching technical processes, in particular with the law enforcement agencies of the federal states.

³⁸ Each Member State of the European Union has established a “national unit” through which contact with Europol is maintained. In Germany, this national unit is part of the BKA.

Liaison Officers

With the conclusion of the administrative agreement signed jointly by the heads of the North Rhine-Westphalia State Office of Criminal Investigation and the FIU in June 2022, the FIU is now deploying a total of ten liaison officers in all 16 federal states to support inter-agency cooperation.

As of 31 December 2022, liaison officers of the FIU had processed almost 4,650 requests (previous year: 3,780) and other enquiries within the framework of operational cooperation with the law enforcement agencies. This represents a further increase of around 23% compared to 2021.

The **FIU Liaison Officers (FIU LOs)** assigned to the state offices of criminal investigation (LKÄ) are the first direct contact persons of the FIU for the respective law enforcement agencies (police, customs, tax investigation, public prosecution authorities) and other partner authorities in the federal states in the area of operational cooperation. They also support further process optimisation in inter-agency cooperation, in particular with the police authorities and public prosecution authorities. In order to optimise quality, they also ensure targeted, direct communication of facts relevant to the situation.

Cooperation with the Fiscal Authorities of the Federal States

In 2022, the Federal Ministry of Finance (BMF) and the supreme fiscal authorities of the federal states expanded the existing task to create a standardised feedback form. The working group was tasked with developing concrete proposals to improve inter-agency cooperation. The inaugural meeting of this working group, for which participants from all 16 federal states were designated, took place in the summer of 2022 at the FIU's premises in Cologne. After two further online meetings in September and December 2022, concrete proposals, such as the exchange of information on typologies related to carousel fraud, have already been implemented. Other proposals for improvement are currently being finalised.

In addition, the FIU participated in the nationwide anti-money laundering conference of tax investigation authorities in 2022. At the conference, representatives of the FIU addressed questions and suggestions raised by tax investigators from the federal states.

The FIU was also able to contribute to two seminars organised by the Federal Finance Academy. These seminars for officials from the fiscal authorities of the federal states focused on money laundering topics.

Cooperation with Supervisory Authorities

Close cooperation based on trust between the FIU and the relevant partner authorities is an essential condition for successfully combating money laundering and terrorist financing. In this context, pursuant to section 28 (1) sentence 2 no. 3 GwG, the exchange of information and coordination are the legal cornerstones of national cooperation between FIUs and the domestic supervisory authorities. In 2022, this collaborative partnership was continued and further deepened through new concepts.

This year, as in the preceding years, the pandemic made it necessary to use of alternative methods of communication, in addition to the established face-to-face formats, to enable flexible and efficient interaction with the German supervisory authorities.

In September 2022, the FIU organised the first entirely virtual anti-money laundering conference for the supervisory authorities of the non-financial sector. The virtual event format made it possible to welcome a large number of participants to exchange ideas. This included, in addition to the money laundering supervisory authorities of all federal states, the coordinating bodies of the federal states, representatives of the Federal Ministry of Finance (BMF), the coordinating body of the German Federal Government, and the FIU liaison officers. During the conference, participants were informed about the FIU's developments and about upcoming projects. Questions asked interactively in the chat were answered by the respective speakers immediately after the presentations or in the chat.

In addition to the money laundering conference, general exchanges with supervisory authorities were characterised in particular by ad hoc forms of cooperation. For example, the FIU organised various workshops for reporting entities and associations to share knowledge and raise awareness of money laundering issues and supervisory authorities were given the opportunity to present regulatory issues

by adopting their own agenda items. In addition, participation in discussion formats, such as the exchange of information between the Federal Government and the federal states, organised by the Federal Ministry of Finance (BMF), enabled cooperation between the FIU and the federal states supervisory authorities to continue.

In the financial sector, close cooperation with BaFin as the supervisory authority has always been characterised by various continuous formats for exchanging information. The quarterly meetings that have been held since 2018, at which overarching strategic issues in particular are discussed at the management level, are an integral part of this trust-based cooperation. This is complemented by the bi-weekly "Anti-Money Laundering Expert Group", which was introduced at the beginning of 2020 and has since fostered close and consistent cooperation at the working level. The "Anti-Money Laundering Expert Group" is used extensively to discuss operational and ongoing issues and to coordinate appropriate actions. In the reporting period, there were also ad hoc working groups on individual technical issues and work shadowing sessions were also held to enhance operational cooperation.

The FIU assists the supervisory authorities in carrying out their duties pursuant to section 32 (3) second sentence no. 3 GwG by transmitting information relevant to supervision from its own database. This transmitted information may be a point of reference for triggering obligations under money laundering legislation, such as the obligation to identify a business partner or the obligation to establish risk management process. The provision of this information offers the supervisory authorities the opportunity to take supervisory measures, where appropriate, to make reporting entities aware of money laundering prevention issues or to review the implementation of obligations under money laundering legislation.

Concerted Campaign in 2022: “Use of Cash for the Purchase of High-Value Goods”

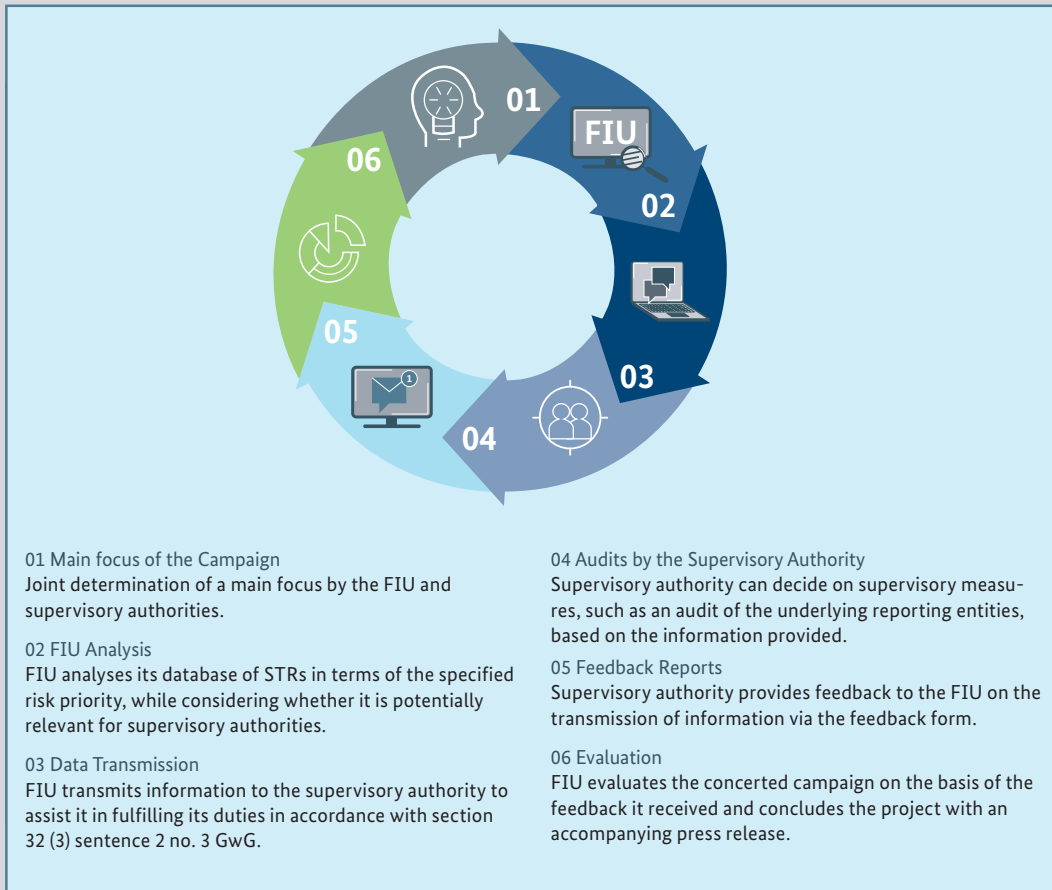


Figure 20: Process breakdown of a concerted campaign

Since 2019, concerted campaigns have emerged as a format for inter-agency cooperation between the FIU and the supervisory authorities in the non-financial sector.

Together with the coordinating bodies of the federal states, “Use of cash for the purchase of high-value goods” was defined as the main topic in the implementation of the concerted campaign in the year under review. By defining this cross-sectoral focus, the FIU was able to send a total of 83 data transmission letters to the relevant competent supervisory authority concerning different reporting entities in seven sectors. The supervisory authorities in all 16 federal states were supported in the performance of their duties in a risk-oriented manner and the reporting entities were sufficiently sensitised to the issue of money laundering by the supervisory authorities.

The offer to involve individual FIU liaison officers in supervisory activities, which was mentioned for the first time in the information submissions, was accepted by the authorities in many cases.

Requests from Domestic Authorities

Upon request, public authorities in Germany, in particular law enforcement agencies and intelligence services, may obtain data from financial information and financial analyses from the FIU under certain conditions, provided that this appears necessary for the investigation of money laundering, terrorist financing or the prevention of other threats or for the conduct of related criminal proceedings. In this way, the FIU can make a valuable contribution to ongoing investigations.

The total number of incoming domestic requests increased again in the year under review, albeit not as much as in the previous year. The slowdown in the rate of increase may be linked with the introduction of automated data retrieval; developments in 2023 will shed light on this.³⁹ With an increase of around 11%, the number of requests in 2022 amounted to 5,114 (2021: 4,596). As in previous years, the FIU received most of its requests from the police authorities and state offices of criminal investigation (LKÄ).

The highest increase was observed among public prosecution authorities. In the year under review, 7.4% of all domestic requests were made by public prosecution authorities (2021: 3.6%).

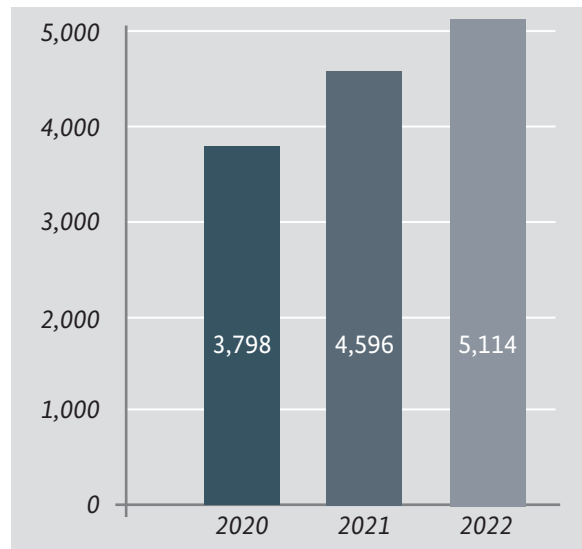


Figure 21: Incoming domestic requests

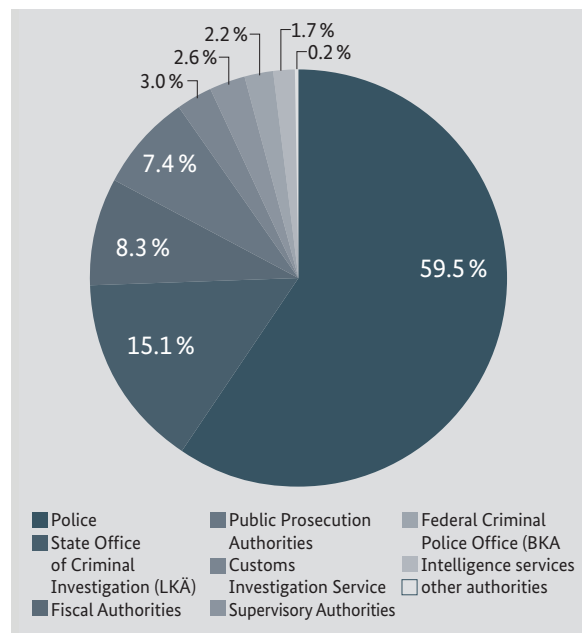


Figure 22: Breakdown of domestic requests according to sender

³⁹ For information on automated data retrieval, see the explanations under “Cooperation with the Supervisory Authorities” in the previous section.

Case Study – Requests by Domestic Authority

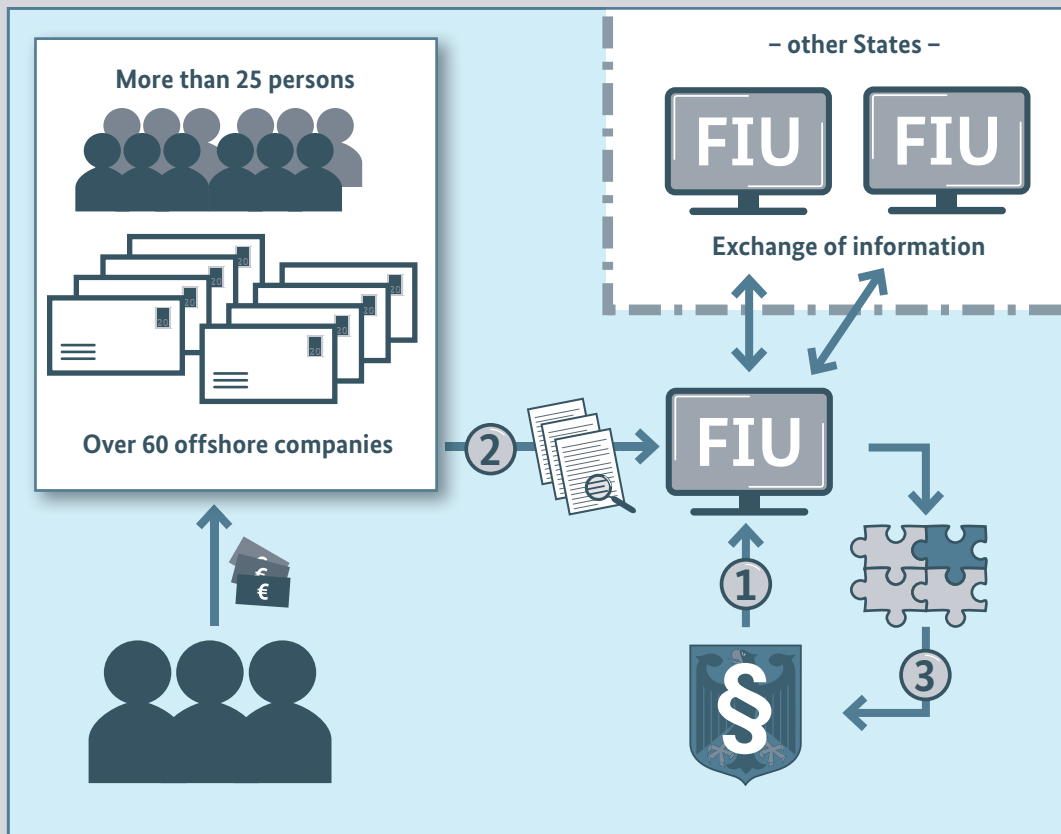


Figure 23: Case Study – Requests by domestic authority

Initial Request

A foreign public prosecution authority was investigating possible money laundering activities by a foreign individual and their immediate family circle. The family is alleged to have invested more than 100 million euros in Europe through a network of letterbox companies, the origin of which cannot be traced. Individuals from Germany are also alleged to have assisted in the case, for example, by acting as directors of offshore companies. The FIU was then asked by a German law enforcement agency, in the form of a formal request, to share existing knowledge about the companies and natural persons allegedly involved (1).

FIU Analysis

This request involved the examination of data on more than 25 individuals and more than 60 companies. At the time of handling the request as a whole, the German FIU had received eleven suspicious activity reports, two outgoing spontaneous reports and one incoming spontaneous report (2). The German FIU was thus able to contribute new intelligence on this suspected international money laundering network. By processing and sharing information, new links in the complex relationships could be identified (3).

The number of domestic requests relating to terrorist financing or state security-related crime rose to a total of 319 in the year under review. The exchange of information in this area mainly takes place between the FIU department specialising in terrorist financing and the Federal Office for the Protection of the Constitution (BfV), the Federal Intelligence Service (BND), the Military Counter-Intelligence Service (MAD) and the state security departments of the police authorities at federal government and federal state.

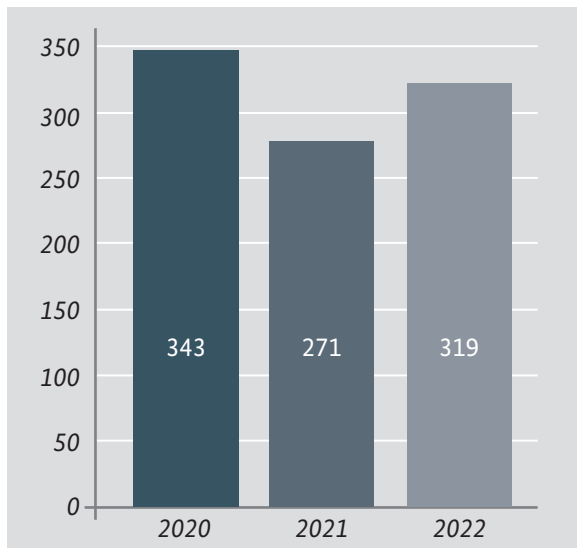


Figure 24: Domestic requests related to terrorist financing and state security, sanctions

As in the prior year, most requests came from the state offices of criminal investigation (LKÄ) and the intelligence services.

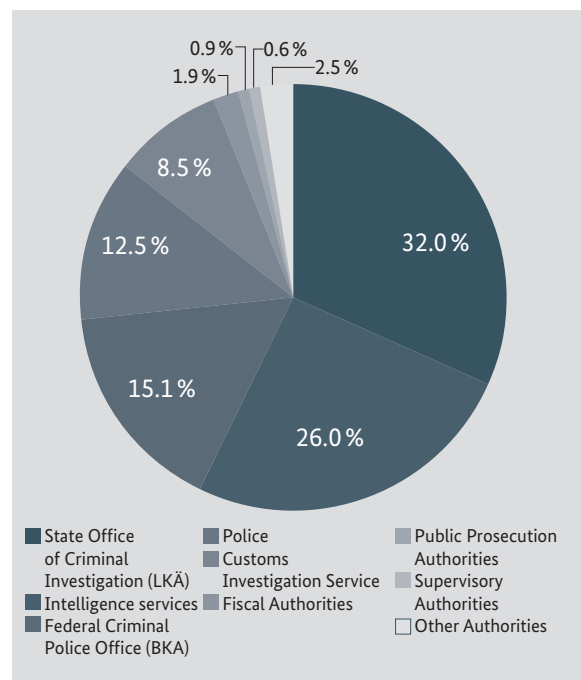


Figure 25: Breakdown of domestic requests related to terrorist financing, state security, sanctions according to sender

Among these domestic requests, the FIU received 38 requests in particular and 31 other requests for information from national law enforcement agencies in the context of the sanctions against Russia and Belarus. A large proportion of these relate to the exchange of information with the Federal

Government's task force. In addition, extensive information was provided to the Federal Criminal Police Office (BKA) in order to trace the assets of sanctioned entities in the Federal Republic of Germany.

The Federal Government's Task Force

The FIU was part of the Federal Government's national task force and the "Clearing" working group, which has been active since April 2022, to accelerate the exchange of information between the federal authorities involved. There were regular expert exchanges on regulatory issues, individual operational cases and the coordination of tasks and activities within the Federal Government departments and the public authorities downstream. Among other things, results of the above-mentioned cooperation with the Transparency Register (Transparenzregister) of the Federal Gazette (BAnz) and the results of the spontaneous information transmission of a foreign FIU regarding the procurement of foreign currency in Belarus were shared with the Federal Government's task force.

Cooperation with Reporting Entities under the GwG

The focus of the FIU's communication with the reporting entities and the associations of the financial and non-financial sector during the year under review was in part to raise awareness among the reporting entities in order to increase the number of registrations in various sectors, in particular in the non-financial sector. A special target group event was held in April 2022 in the form of an online workshop for lawyers conducted jointly with the German Federal Bar (BRAK).

After only one joint anti-money laundering conference for reporting entities and associations from the financial and non-financial sectors was organised in 2021 due to the COVID-19 pandemic, it was possible to return to the usual format of separate anti-money laundering conferences for the respective sectors in 2022. This allowed a greater focus on the specific issues and problems faced by reporting entities in the financial and non-financial sectors.

Occasional in-person events were held with individual reporting entities. For example, expert presentations were given at a special event attended by the anti-money laundering managers of major automobile dealerships in Kassel. There, the FIU addressed questions relating to registration and reporting in particular and presented practical case scenarios relevant to the automobile trade. For the first time, the Immobilienverband Mitte (Central Germany Real Estate Association) was supported at the now established Immobilien-Rechtsforum (Real estate legal forum) digital congress with an expert presentation on combating money laundering, during which the audience made up of professionals, particularly real estate agents, asked the speaker questions on anti-money laundering issues.

In the financial sector, events organised by reporting entities were supported with expert presentations and contributions to discussions. For example, the FIU participated in the conference of

the Association of German Guarantee Banks (VDB) in Berlin, the "FRANKFURT meets BERLIN" event organised by the International Bankers Forum and the panel discussion "Compliance - Quo vadis?" organised by the Deutsches Aktieninstitut in Frankfurt am Main. In particular, topics such as the FIU's risk-based methods and the corresponding risk priorities were discussed, as well as more far-reaching aspects such as the importance of combating money laundering for Germany as a business and financial centre and the role of the FIU in the context of combating money laundering both in Germany and internationally.

In addition, the FIU supported other virtual, external events with various expert presentations on topics such as the FIU's operational risk priorities, sector-specific risks in the respective groups of reporting entities, individual recommendations for improving the quality of reporting, as well as specific solutions to technical problems. This provided reporting entities from the motor vehicle trade, jewellery trade, legal advisory professions and real estate agents in particular with valuable information on potential risks relating to money laundering in their respective sectors.

In 2022, the FIU participated in a total of eight trade fairs with its own stand and engaged in dialogue with the groups of reporting parties represented there. During their visits, numerous professionals in their fields - such as already registered or not yet registered reporting entities, representatives of associations or various chambers of industry and commerce - sought dialogue with officials of the FIU. The mandatory registration with the FIU by 1 January 2024 at the latest and the transmission of STRs also dominated the discussions at the trade fairs. In addition, associations, particularly from the non-financial sector, took the opportunity to request presentations from the FIU on the topic of money laundering prevention for their own events.

Significant improvements in the content and formal accuracy of various STRs related to money laundering were achieved mainly through bilateral discussions in the course of ad hoc cooperation with reporting entities. Reporting entities were contacted by the FIU on an ad hoc basis to discuss the quality of the STRs submitted, independently of the feedback report. This method of entering into dialogue with the reporting entities in a timely manner based on concrete examples of STRs and, if necessary, suggesting the adjustment of internal processes, has already been very well received by the reporting entities in the past and has therefore been further expanded upon.

In addition to these communication formats, relevant information related to the fight against money laundering and terrorist financing was continuously published on the FIU's website. New typology papers were published and existing typology papers were updated in the restricted area of the website:

- “Besondere Anhaltspunkte im Zusammenhang mit Transaktionen mit Bezug zu Kryptowerten und Kryptoverwahrgeschäften” (Specific indicators relating to transactions involving crypto-assets and crypto-custody transactions),
- “Besondere Anhaltspunkte zum Erkennen von Korruption” (Specific indicators for corruption detection)
- “Betrugs- und Geldwäscheaktivitäten im Zusammenhang mit dem Missbrauch des Energiekostendämpfungsprogramms” (Fraud and money laundering activities related to the abuse of the Energy Cost Reduction Programme),
- “Besondere Anhaltspunkte für Sanktionsumgehungen einer ausländischen zentralen Meldestelle im Zusammenhang mit Devisenbeschaffung in Belarus” (Specific indicators for identifying circumventions of sanctions

vis-a-vis a foreign central agency in connection with foreign currency acquisition in Belarus),

- “Auswertebereicht zur Umweltkriminalität” (Environmental Crime Evaluation Report),
- “Besondere Anhaltspunkte für den Nichtfinanzsektor” (Specific indicators for the non-financial sector),
- “Besondere Anhaltspunkte mit Bezug zur Glücksspielbranche” (Specific indicators relating to the gambling sector),
- “Besondere Anhaltspunkte und Hinweise für den Immobiliensektor” (Specific indicators and advice for the real estate sector),
- “Besondere Anhaltspunkte für Geldwäsche im Kfz-Handel” (Specific indicators for identifying money laundering in the motor vehicle trade),
- “Besondere Anhaltspunkte mit Bezug zum Kunst- und Antiquitätenhandel” (Specific indicators related to the trade in arts and antiques),
- “Besondere Anhaltspunkte und Hinweise für den Gold- und Edelmetallhandel” (Specific indicators and advice for the trade in gold and precious metals),
- “Besondere Anhaltspunkte für Sanktionsumgehungen im Kfz-Handel” (Specific indicators for identifying circumventions of sanctions in the motor vehicle trade)

The restricted area of the FIU website is available to all reporting entities registered with the FIU and contains further information on the subject of combating money laundering. After registering, reporting entities will receive access data for this area.

Feedback Reports

In accordance with section 41 (2) GwG, reporting entities receive a feedback report on the relevance of the submitted STRs, in particular to optimise their own risk management. The feedback concept established with the reporting entities and associations aims to provide information to the

reporting entities on their respective reporting behaviour, to permit them to critically check their reporting behaviour and possibly make adjustments to internal processes for the fulfilment of their due diligence obligations. The FIU's feedback concept is subject to continuous improvement.

Public Private Partnership – Anti Financial Crime Alliance

The activities of the national Public Private Partnership - Anti Financial Crime Alliance (AFCA)⁴⁰ were successfully continued in 2022. This is particularly evident in the results achieved in terms of practical guidance for reporting entities, the continued interest in joining the AFCA and the positive development of qualitative and quantitative measures of success over the last three years. The activities of the AFCA, which were initially planned for a period of three years, were extended indefinitely following an evaluation of what had been achieved to date.

Compared to the previous year, the number of members increased by eight institutions, including three reporting entities from the financial sector and five representatives of public authorities. When admitting new members to the AFCA, consideration is always given to ensuring that the individual working committees, in particular the operational working groups, remain effective.

Internal cooperation has also been continuously optimised in line with the organisational developments at AFCA in the year under review (including the indefinite extension of activities, membership administration, changes in the Board). Working Group 1 - "Principles of cooperation", which was set up for this purpose at the beginning of AFCA in 2019, has updated AFCA's founding documents several times in 2022 in line with requirements and provided support to the Board, the Management Office and the other working committees on various topics and issues.

Membership Structure of the AFCA ⁴¹ (as of 31 December 2022)	
Reporting entities in the financial sector	27
Reporting entities in the non-financial sector	7
Representatives of public authorities	13
Non-reporting entities ⁴²	2

Figure 26: Membership structure of the AFCA in the year under review

40 AFCA is a PPP under the umbrella of the FIU and was established on 24 September 2019 by the private sector and the authorities and agencies involved in preventing and combating money laundering and terrorist financing. The partnership approach with equal input by all participants gives state institutions and the private sector the opportunity to discuss strategic as well as problem- and phenomenon-based issues.

41 A current overview of AFCA members and further information can be found at https://www.zoll.de/DE/FIU/Anti-Financial-Crime-Alliance/anti-financia-crime-alliance_node.html.

42 These are third-parties that fulfil services for reporting entities, but are not themselves reporting entities under section 2 (2) GwG, as for example the German Federal Chamber of Notaries (Bundesnotarkammer).

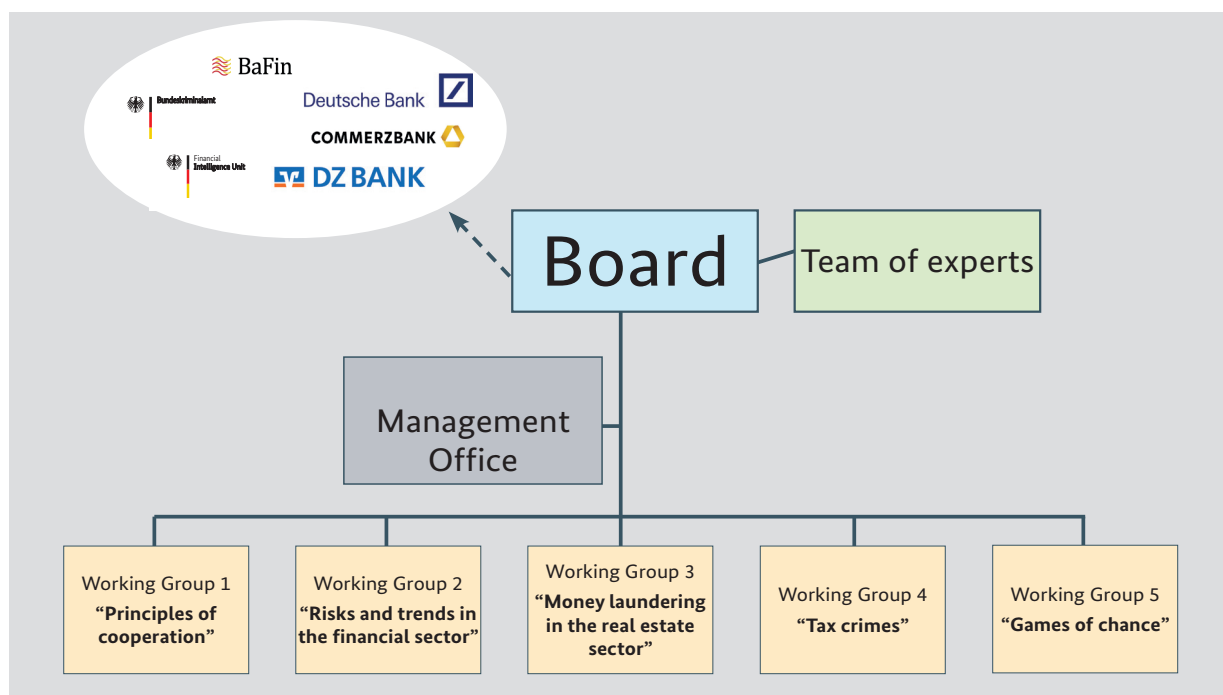


Figure 27: Structure of the AFCA

Even though the geopolitical situation created an enormous workload for everyone involved in 2022, existing projects were continued or completed and work on new topics was started in the individual working committees. Since February 2022, Working Group 2 - “Risks and trends in the financial sector” has been continuously addressing the special sanctions situation with regard to the Russian war of aggression against the Ukraine with the aim of being able to provide guidelines in 2023 with measures for financial institutions against the circumvention of sanctions rules for reporting entities and possibly other institutions involved in the fight against money laundering and terrorist financing. In addition, the white papers “Insurance Wrapper” and “Third Party Acquiring and Financial Crime Risks” were finalised, which contain case studies, risks and red flags as well as basic specialist knowledge on the respective topics.

Also with the aim of supporting reporting entities and authorities in updating measures to prevent and reduce the risks of money laundering and

terrorist financing, Working Group 3 - “Money laundering in the real estate sector” has compiled information and findings on clan crime and money laundering resulting from predicate offences in the guidance paper “Geldwäsche im Immobiliensektor im Zusammenhang mit Clankriminalität” (Money laundering in real estate in connection with clan crime), with a particular focus on case facts and characteristics relating to the real estate sector.

The position paper “Know Your Customer und verstärkte Sorgfaltspflichten in der Praxis” (Know Your Customer and enhanced due diligence obligations in practice) by Working Group 5 - “Games of chance”, which was finalised in the middle of the year, provides reporting entities, authorities and other stakeholders in the gambling sector involved in the prevention of money laundering with practical assistance with regard to due diligence obligations, in particular in the “Know Your Customer process”.

The AFCA working groups are also continuously working on updating the results already published and on topics such as “Digitisation”, “Crypto currencies”, “Financial flows in human trafficking” and “Cross-border money laundering in the real estate sector”.

The results of the working groups (including white papers) are made available to all AFCA members and, by decision of the AFCA Board, to other reporting entities and interested authorities through publications on various password-protected platforms.

The Team of experts, another AFCA working committee, is made up of representatives from the private banking sector, the legal sector and experts from the academic and research community, and it advises and provides support to the Board with regard to AFCA’s strategic objectives. Furthermore, communication and cooperation between the AFCA and industry associations in the financial and non-financial sector takes place via this working committee. In the 2022 reporting year, a further three experts were recruited to participate in this body, bringing the total number of experts to 14.

Together with AFCA, the FAST Initiative (Finance Against Slavery & Trafficking, UN University) roundtable on “Combating human trafficking and the role of the financial sector in Germany” was held on 18 October 2022. Since its foundation, AFCA has been looking at the topic of “Financial flows in human trafficking”, among others, and in 2021, it published the handbook “Finanzströme des Menschenhandels identifizieren und bekämpfen” (Identifying and Combating Financial Flows of Human Trafficking), which is scheduled to be updated in 2023. The third Forum for AFCA

members took place in Frankfurt am Main on 19 October 2022. Around 60 representatives from the ranks of reporting entities, authorities and associations came together in person, exchanged views on a wide range of topics together with other participants connected virtually and listened with interest to the presentations from the AFCA working committees on results achieved and the current state of affairs. These included, among others, presentations by the Team of experts on the challenges and developments in the fight against money laundering as well as various accounts by international guests about the focus and scope of activities in their national public-private partnerships.

In its country report for Germany, FATF expressly highlighted the work of AFCA and in particular the results achieved for reporting entities and emphasised its supporting role in the fight against money laundering.

International Cooperation

Information Exchange with other FIUs

International Committee Work

International Cooperation

Ongoing cooperation with international partners is essential, particularly given the cross-border nature of money laundering and terrorist financing. In order to achieve the common goal of effectively preventing and combating money laundering and terrorist financing, the FIU Germany

works intensively with other FIUs around the world in order to quickly obtain high-quality information for analysis. It is also a dependable partner in international project and committee work.

Information Exchange with other FIUs

Cooperation to prevent and combat internationally organised money laundering and terrorist

financing activities takes place at both an operational and strategic level.

Operational Exchanges

At the operational level, relevant information on international issues is requested or transmitted. In addition, “spontaneous information” is received and transmitted that may be relevant to the other country.

In 2022, the Russian war of aggression against the Ukraine also dominated the bilateral and multilateral exchange of information with other FIUs. FIU Germany plays an active role in the enforcement of sanctions. To this end, it cooperates closely with the authorities responsible for sanctions enforcement, in particular the Customs Criminological Office (ZKA - GZD Directorate VIII), the Central Sanctions Enforcement Office (ZfS - GZD Directorate XI), the Deutsche Bundesbank and the Federal Office for Economic Affairs and Export Control (BAFA).

FIU Germany is an active member of the RRIFS working group, which was founded in March 2022 on the initiative of the FIUs of the G7 countries as well as Australia, New Zealand and the Netherlands in response to Russia’s illegal attack on Ukraine. In particular, the working group aims to intensively exchange information on the respective national sanctions legislation and to coordinate the enforcement of sanctions related to the Russian war of aggression.

As in the previous year, Germany’s FIU exchanged information extensively with a total of 136 FIUs. Cooperation with the FIUs of the EU Member States France, the Netherlands, Poland and Austria was particularly strong. Exchanges with the Spanish and Italian FIUs have more than tripled compared to 2021.

Incoming and Outgoing Information and Requests

The processing and analysis of matters relating to international operational tasks has once again increased significantly. The total number of all incoming and outgoing cases totalled 35,542 in the year under review (2021: 16,959), more than double the previous year's figure. While the number of requests and incoming spontaneous information transmissions is consolidating at a high level, the number of outgoing spontaneous information transmissions has again increased significantly. On the one hand, this reflects the overall increase in the number of incoming reports. If more STRs are received, the number of STRs that are potentially valuable for a partner FIU, and are therefore usually transmitted, also increases. Furthermore, an increase in the efficiency of the process of transmitting spontaneous information to EU-FIUs has also contributed to the increase in these figures. Finally, there was a significant increase in the number of STRs where specifically banking services, especially accounts, were offered with low requirements and in large numbers across borders.

Requests

In a request, a FIU can gain access to personal data at a partner FIU under certain conditions, e.g., if it is intended to prevent, detect and fight money laundering, predicate offences to money laundering or terrorist financing.

Spontaneous Information

Spontaneous information is the proactive transmission of an action that could be of importance for a partner FIU without being tied to a request sent by the partner authority.

It is possible to differentiate between incoming and outgoing cases for both spontaneous information and requests.

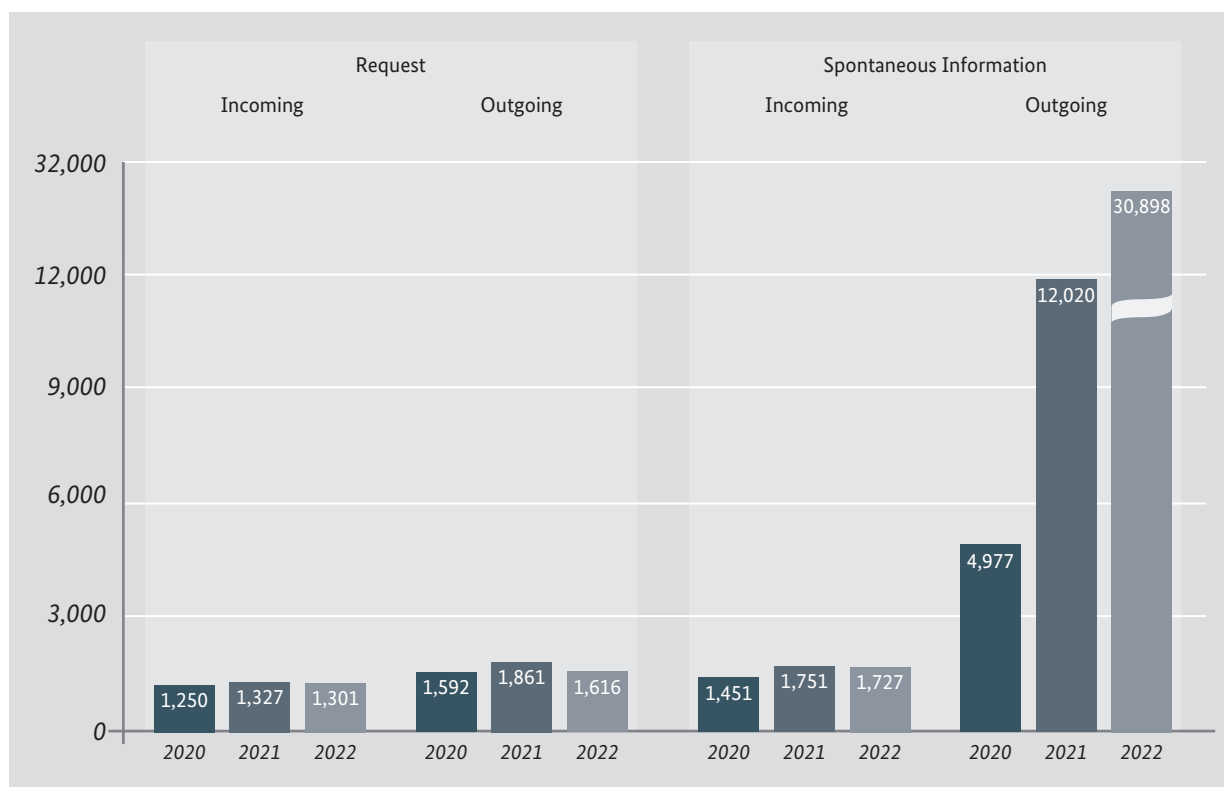


Figure 28: Year-on-year comparison of requests and spontaneous information

The total number of spontaneous information transmissions rose to 32,625 (2021: 13,771), and as in the previous year, the number of outgoing cases again increased significantly to 30,898 (2021: 12,020). At 1,727, the number of incoming spontaneous information remained at the previous year's level.

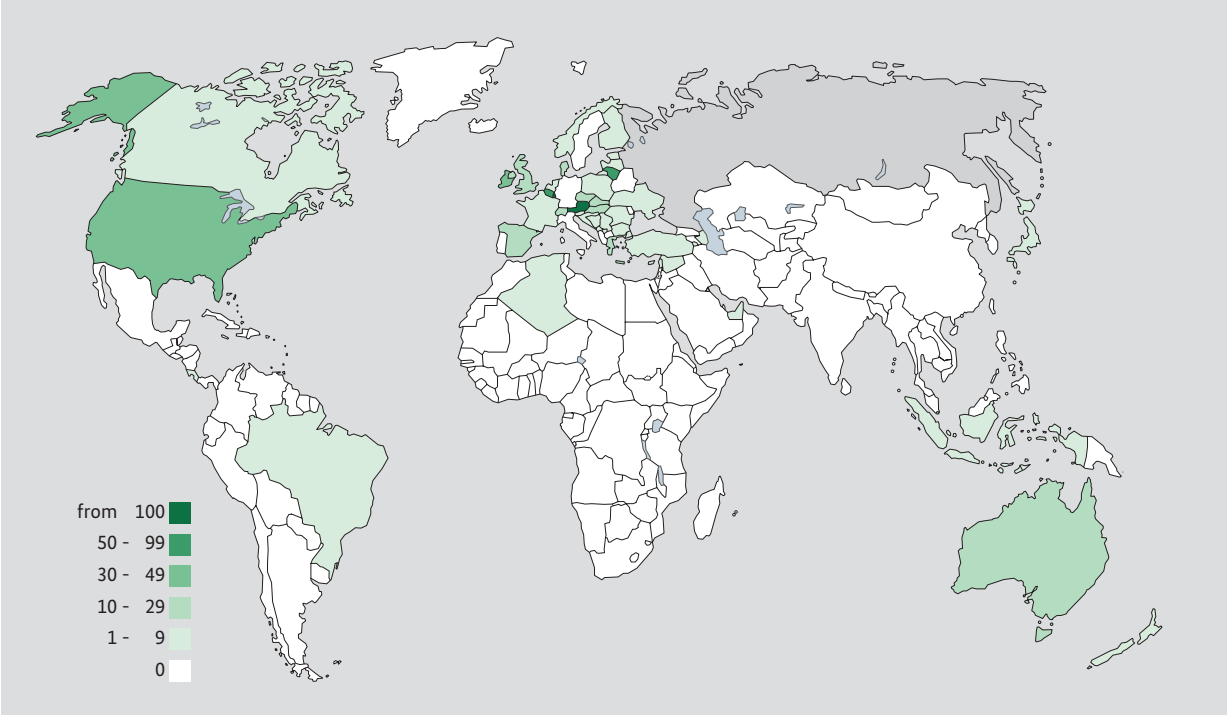


Figure 29: Incoming spontaneous information by country of origin

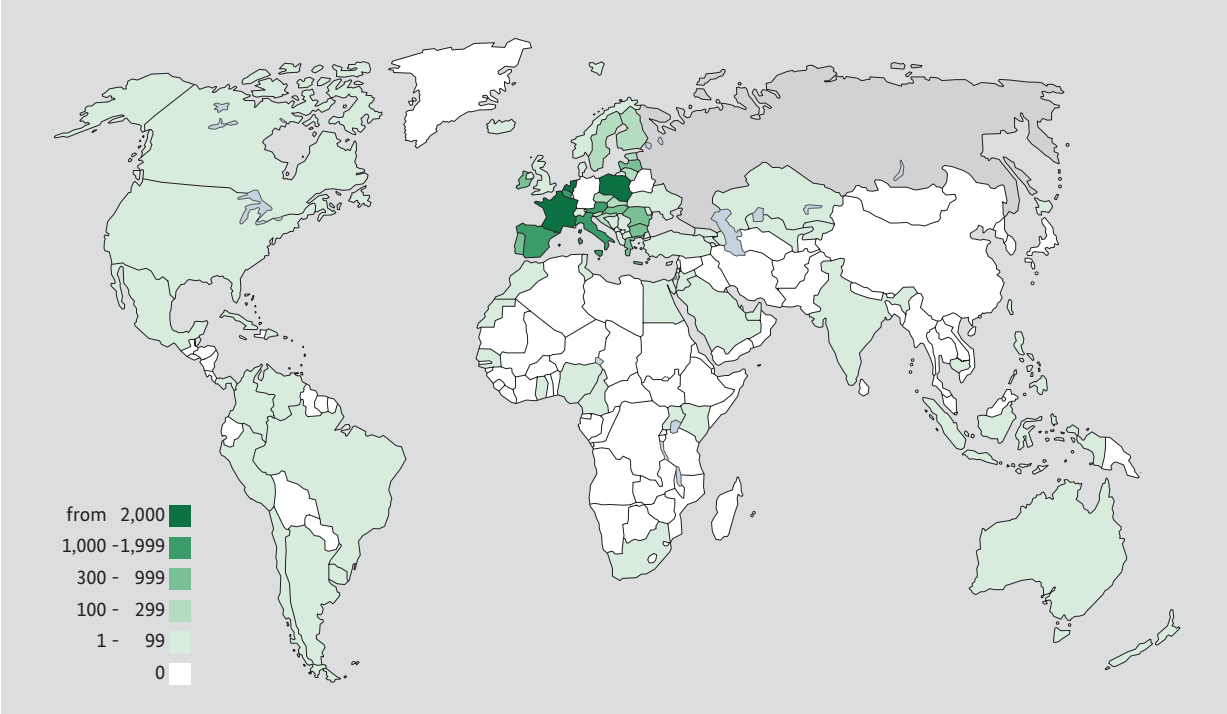


Figure 30: Outgoing spontaneous information by country of destination

Following the large increase in the previous year, the FIU Austria transmitted the most spontaneous information to Germany in the year under review with 633 (2021: 111) cases. In terms of non-EU countries, FIU Germany received the most spontaneous information transmissions from the FIUs in Liechtenstein and the USA.

For outgoing spontaneous information from Germany, transmissions covered 100 FIUs and mainly took place within the EU-FIUs. Just under 13,500 outgoing spontaneous information were sent to the FIU France. Outside the EU, most spontaneous

information cases were directed to the UK's and Switzerland's FIUs.

In both constellations, i.e. spontaneous information from FIU Austria or to FIU France, the figures are likely to be significantly characterised by a higher number of STRs of the type described above, where the registered office of the reporting entities and thus the place of the reporting obligation and the location of the customer subject to the report are in different countries. Overall, increasing numbers reflect a steady deepening of international cooperation.

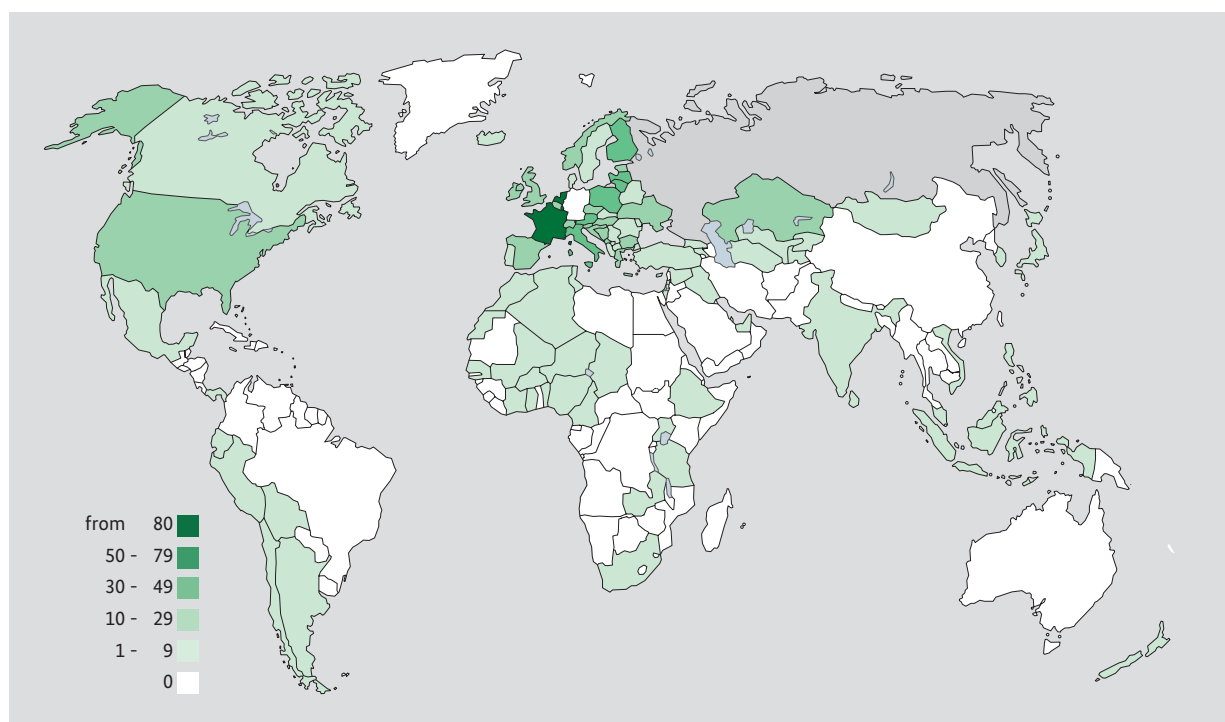


Figure 31: Incoming requests by country of origin

The total number of requests received by FIU Germany totalled 1,301 in the year under review, which is roughly on a par with the previous year (2021: 1,327). 384 requests were received from FIUs from a total of 76 non-EU countries and 915 from FIUs from a total of 26 EU countries. Cooperation

with Liechtenstein's FIU (39 requests) was particularly close at non-EU level. Among EU countries, the FIUs France (154) and Luxembourg (149) stood out in particular this year. FIU Germany also received two requests from Europol.

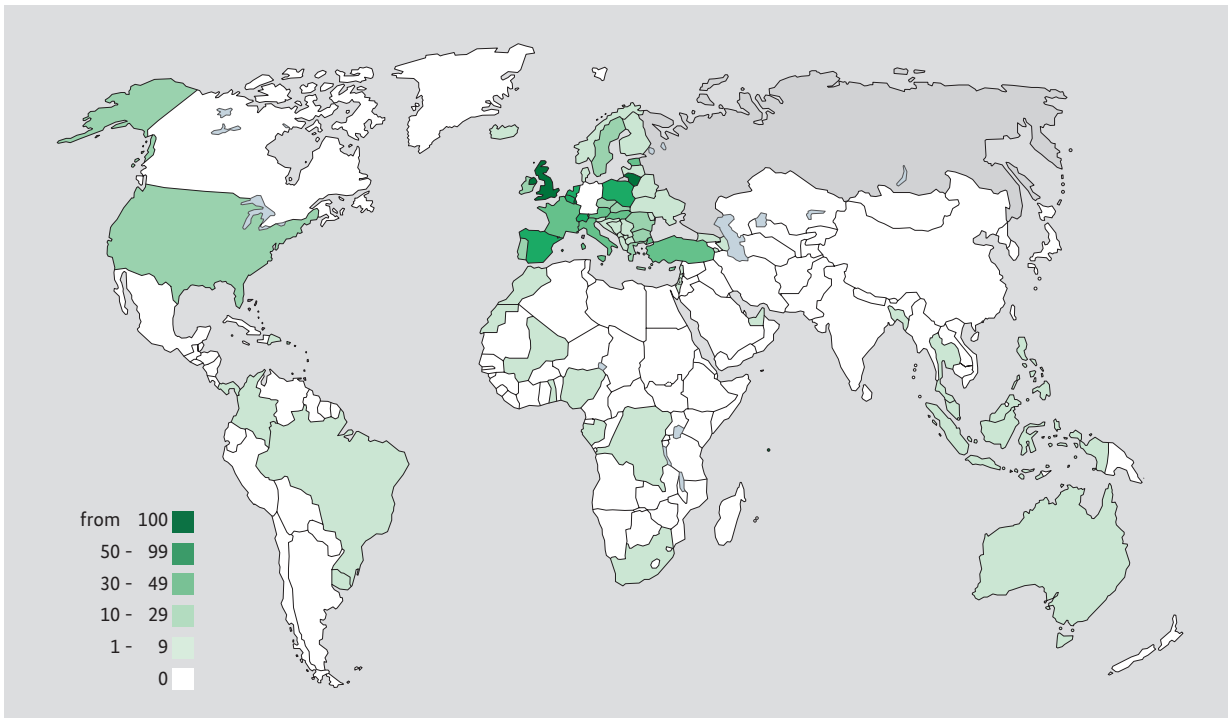


Figure 32: Outgoing requests by country of destination

The total number of outgoing requests submitted by FIU Germany to its partner authorities totalled 1,616 in the year under review (2021: 1,861). This decrease is due, among other factors, to various, individually minor adjustments and changes in work processes and should partly be seen as a special statistical effect. A total of 1,089 requests were sent to FIUs in 26 EU countries alone, most of

them to the FIUs in Luxembourg (294) and Lithuania (117). FIU Germany sent 527 requests to a total of 53 FIUs in non-EU countries. More than half of these went to the Seychelles FIU (144) and the UK FIU (139). This cluster can be attributed to a significant extent to the fact that payment flows via financial service providers based in these countries stood out.

Case Study – Deception by Email (Business Email Compromise)

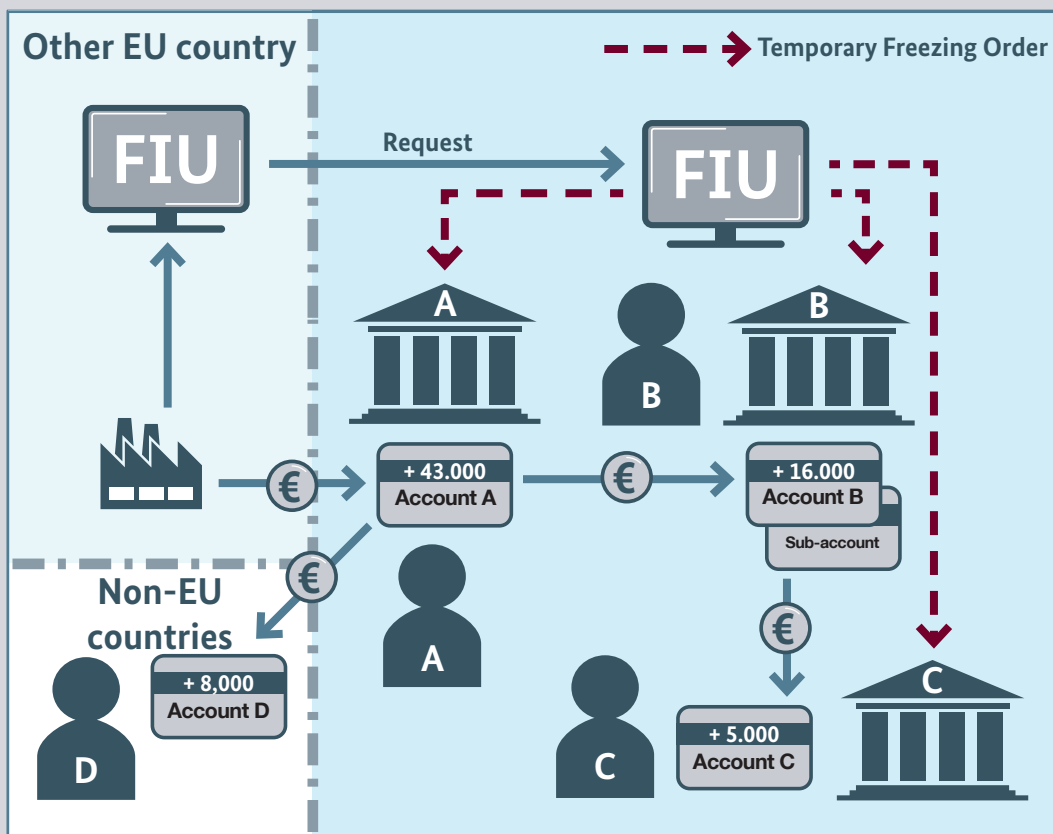


Figure 33: Case Study – Deception by email (business email compromise)

In the context of an international request from a European FIU, the FIU Germany was informed that a transfer of 43,000 euros was made at the expense of a company located abroad on the basis of a deceptive email (business email compromise).

The funds were transferred to a beneficiary account held in Germany (account A at bank A). Subsequently, 8,000 euros were transferred to a foreign account. In addition, a total of 16,000 euros was transferred directly and indirectly to third parties with German accounts (account B with sub-accounts).

As a reaction, FIU Germany issued a total of three temporary freezing orders⁴³ on four accounts, which meant that, for the purpose of further analysis, the funds held in these accounts were blocked from further disposal.

⁴³ For more information on temporary freezing orders, see the explanations under “Temporary Freezing Orders” in the “Suspicious Transaction Reports (STRs)” section.

To combat and prevent the financing of terrorism and other crimes related to state security, intensive cooperation also takes place at the international level. Compared to the previous year, the

cases where information was exchanged increased to 449 (2021: 417). This also includes requests relating to the circumvention of sanctions.

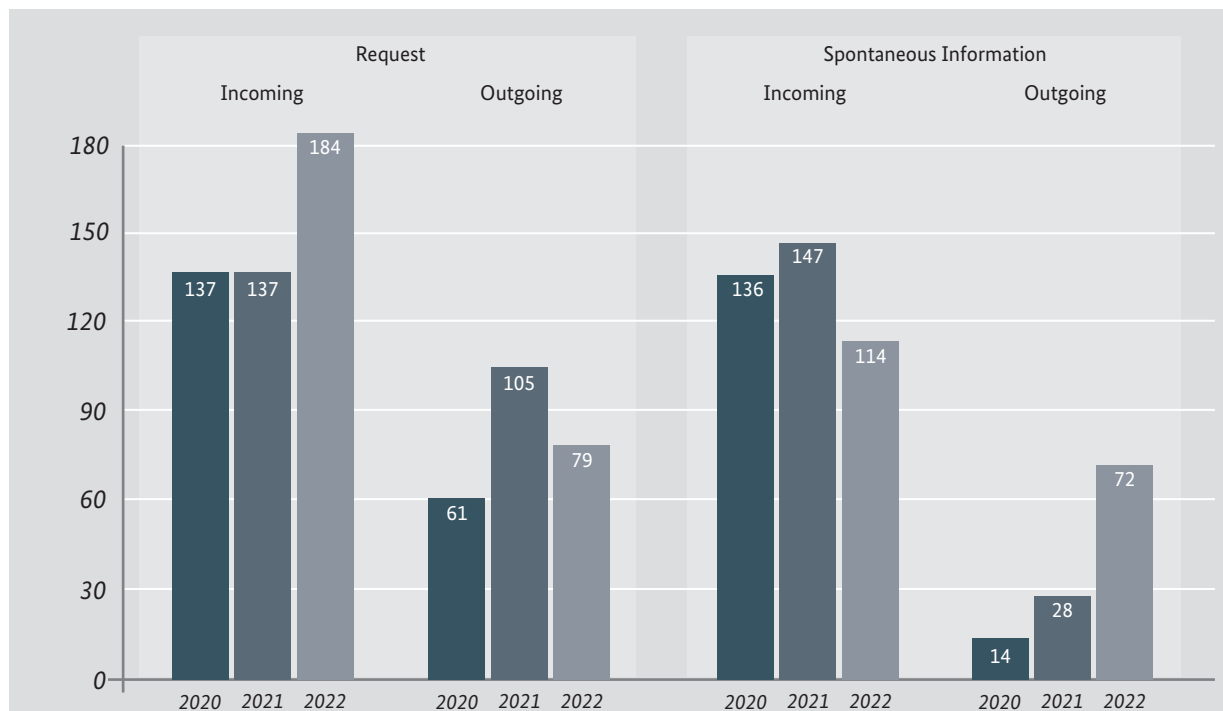


Figure 34: Year-on-year comparison of requests and spontaneous information relating to terrorist financing, state security, sanctions

While cooperation with the FIUs in Luxembourg, France and the USA has been particularly strong over the last three years, 2022 was the first-time intensive cooperation with the FIU of Ukraine stood out.

previous year at 184 (2021: 137). New here is the intensive exchange with the FIUs of Ukraine (19, of which 13 are in the area of sanctions), which now occupies third place behind France (46) and Luxembourg (43).

A large increase can be seen in outgoing spontaneous information. With 72 cases (2021: 28), the FIU sent significantly more spontaneous information to a larger number of FIUs in different countries. As in the previous year, the most spontaneous information cases, 22, relating to terrorist financing or state security were sent to the FIU France (2021: 12). Again, there is a significant gap to the second-placed FIU Austria here with seven outgoing spontaneous information (2021: 4).

In addition to the high number of incoming requests from FIU Ukraine, it is noticeable that cooperation with the US FIU is also marked by developments in the area of sanctions. Here, 43 out of a total of 46 incoming spontaneous information received were in the context of sanctions. Furthermore, the exchange with the FIU of the United States in this area accounts for well over half of the total amount of 70 incoming spontaneous information related to the sanctions against Russia and Belarus.

In the year under review, the FIU Germany also received significantly more requests than in the

Country	Outgoing Request
Luxembourg	2
British Virgin Islands	2
other FIUs	9
Total	13

Country	Incoming Request
Ukraine	16
United States	4
other FIUs	12
Total	32

Table 4: Number of outgoing and incoming requests related to sanctions against Russia and Belarus, broken down by country

Country	Outgoing Spontaneous Information
United Kingdom	3
Italy	3
Luxembourg	2
Portugal	2
Netherlands	2
France	2
Spain	2
Republic of Ireland	2
Austria	2
other FIUs	8
Total	28

Country	Incoming Spontaneous Information
United States	43
Australia	8
Luxembourg	5
Netherlands	3
Belgium	2
Lithuania	2
Ukraine	2
other FIUs	5
Total	70

Table 5: Number of outgoing and incoming spontaneous information related to sanctions against Russia and Belarus, broken down by country

Strategic Exchanges

Other examples of the multilateral and professional exchanges with other FIUs include participation in several meetings of the Egmont Group and participation in the meeting of German-speaking FIU Heads, which was organised by FIU Austria in December 2022. The purpose of these meetings were joint discussions on current topics, FIU-specific processes and further cooperation. Among other topics, discussions centred on current issues such as STRs relating to virtual assets and the identification of the beneficial owners, as well as national legal frameworks

governing feedback reports to reporting entities and processes in the area of operational analysis. Successful formats such as public-private partnerships and the individual cooperation at national level with the law enforcement agencies were also discussed.

In all meetings, participants considered the exchange of experience, the transfer of knowledge and the systematic comparison of working processes in different FIUs as valuable for the success of their own work.

International Committee Work

In addition to the bilateral information exchange between FIUs, committee work is a key component of international cooperation. Intensifying and optimising international relations enables the FIU to actively press ahead with improving the framework conditions for combating money laundering and terrorist financing, to identify

new trends and challenges at an early stage and to develop solution strategies together with FIUs around the world.

Russia's illegal invasion of Ukraine has also had an impact on the committee's work during the year.

Financial Action Task Force (FATF)

The Financial Action Task Force (FATF) is the most important international institution for combating and preventing money laundering, terrorist financing and proliferation financing. It currently comprises 37 countries as well as the European Commission and the Gulf Cooperation Council. The FATF develops minimum standards (known as "Recommendations") for combating money laundering and terrorist financing and is supported by a secretariat affiliated with the OECD that is based in Paris. It is also at the centre of a global network consisting of a further nine regional partner organisations. Through the network's members, over 200 jurisdictions worldwide have committed to implementing the FATF's standards. As a founding member, Germany has been supporting the FATF since 1989. This commitment is based on the conviction that the challenges of an increasingly interconnected world with globalised financial flows can only be met through close cooperation with international partners.

Member States regularly undergo evaluations that assess their implementation of FATF standards. In the case for Germany, its evaluation began in September 2020. Main focus was on assessing the effectiveness of national efforts to combat money laundering and terrorist financing. On 25 August, the FATF published its country report (Mutual Evaluation Report - MER) on Germany. In the report, Germany was assessed as having achieved an overall rating of "moderate".

The term of office of the FATF President is two years. On 1 July 2020, Germany took over the FATF Presidency for two years (until 30 June 2022) and set an ambitious agenda. By setting priorities during Germany's presidency, the FATF has succeeded in addressing key political challenges of our time, such as digitisation, migration, environmental protection and combating terrorism. In addition, by tightening the FATF standard, which aims to achieve transparency regarding

the beneficial owners of companies and organisations, an important message has been delivered in the fight against the global concealment of illegal assets in front companies. Transparency standards will increase worldwide, making it even more difficult for criminals to conceal and invest their illegally acquired assets. Despite the particular challenges and conditions made more difficult by the COVID-19 pandemic, the FATF and its regional organisations have succeeded in maintaining their work and review procedures and thus ensuring that the global fight against money laundering and terrorist financing continued uninterrupted. A major factor in this was reinforcing the FATF's

global network, which was also a priority of the German Presidency.

At the hybrid FATF plenary session in June 2022, which coincided with the conclusion of the German FATF presidency and brought over 300 delegates from all over the world to Berlin, both Federal Chancellor Olaf Scholz and Federal Minister of Finance Christian Lindner emphasised that the fight against money laundering and terrorist financing is and remains a priority of German policy. The FATF presidency was transferred to T. Raja Kumar, former Secretary in the Ministry of Home Affairs of Singapore, on July 1, 2022.

Egmont Group of FIUs

Egmont Group

The Egmont Group of FIUs is a global association of FIUs that provides a platform to securely exchange expertise and financial intelligence to combat money laundering and terrorist financing. It had 166 members worldwide in the year under review.

In 2022, the FIU Germany took on new roles within the Egmont Committee, the working groups, and the Regional Group of EU-FIUs.

In addition to the work in the eight Regional Groups, a key part of the Egmont Group's mission is cooperation between FIUs in the four working groups:

Information Exchange Working Group (IEWG)

The IEWG, which is the largest Egmont working group, focusses on bolstering operational cooperation and develops projects in key FIU-relevant issues. Publications created in the course of individual projects are made available to all FIUs that are members of the Egmont Group and, in some cases, to reporting entities and law enforcement agencies. In 2022, the German FIU participated actively in the IEWG as a member of the following projects:

- “Detecting TBML and the Abuse of Corporate Structures”: The content of this project directly builds on the project “Conclusions from large scale cross border money laundering schemes”⁴⁴, which was completed in mid-2022 and for which FIU Germany was the project lead.
- “Extreme Right-Wing Terrorism Financing: Phase II”: This is the follow-up project to the “Extreme Right-Wing Terrorism Financing: Phase I” (ERWTF) project, which was completed in 2021 and in which the German FIU also participated.
- “The use of open source intelligence (OSINT) in FIU operational and strategic analyses”.

44 See the explanations in the remainder of this section.

Membership, Support and Compliance Working Group (MSCWG)

The main objective of this working group is to examine the applications of candidate countries wishing to join the Egmont Group and to consider how to deal with Egmont members who no longer meet criteria for Egmont Group membership.

Policy and Procedures Working Group (PPWG)

The PPWG's mandate is to develop operational guidelines and provide advice on strategic issues affecting the Egmont Group. In particular, the PPWG also deals with the application and, where necessary, revision of the Egmont Group's central documents, such as the Group Charter and the Principles for Information Exchange.

The head of the International Cooperation department of FIU Germany is one of the two Deputy Chairs of the PPWG. Additionally, the German FIU is leading the new projects "Icons system for the dissemination of EG documents" to support structured communication of Egmont Group documents and "IndiE - Independence in Egmont; Understand better the FIU Boards - context, opportunities, challenges" focusing on the independence of an FIU.

Technical Assistance and Training Working Group (TATWG)

The efforts of the TATWG are consistently focused on improving the effectiveness and professionalism of Egmont Group members and candidate FIUs. This is done by identifying, developing, and delivering technical assistance and training to Egmont Group members.

After the annual Egmont Working Group meetings were held exclusively online at the beginning of the year under review, an Egmont Group Plenary Meeting was held again as an in-person event in July 2022, for the first time in three years. The Egmont Group Plenary in Riga was organised by FIU Latvia. The head of the International Cooperation department of FIU Germany was elected during the Egmont Group Plenary as one of the two Regional Representatives of the Regional Group "Egmont Europe I" (EEIR), and thus elected into the Egmont Committee.

**International Cooperation Project – Successful Completion
“Conclusions from Large Scale Cross Border Money Laundering Schemes”**

The uncovering of various money laundering scandals in recent years, in particular the so-called “Laundromats”, spectacularly exposed the extent of cross-border money laundering systems and networks. According to estimates by international research networks, at least USD 20 billion were channelled via the so-called “Russian Laundromat” between 2010 and 2014, and around EUR 2.5 billion via the so-called “Azerbaijani Laundromat” between 2012 and 2014. In 2018, it became public knowledge that suspicious payments totalling EUR 200 billion had allegedly been made via Danske Bank in Estonia, followed by the discovery of the so-called “Troika Laundromat” in 2019.



Once such “laundromats” have been shut down, the question always remains as to what new routes and methods will be used by money launderers and how these can be identified (as early as possible) in the future.

This is precisely the starting point for an international strategic evaluation project that FIU Germany has been leading at the Egmont Group since 2019. Twelve FIUs worked closely together as part of the Egmont project “Conclusions from large scale cross border Money Laundering schemes” (in short: “Laundromat” project). The goal of the project was to draw helpful insights and lessons for the future from the analysis of data and case constellations from past Laundromats.

The project group not only benefited from the wide-ranging experience of the participating FIUs, but also carried out joint, transnationally coordinated data collection and analyses. In addition to the FIUs from twelve countries, 19 banks from seven countries were also involved in analysing the project.

The project has now been successfully completed in the reporting year. This project provided valuable insights into the methods of past Laundromats and developed practical tools for future analyses, including the identification of unusual payment flows.

The successful leadership of this well-received project was also singled out for praise by the Egmont Group. At an international meeting in July 2022, the FIU Germany was awarded a “Certificate of Appreciation” in recognition of exceptional performance.

The results of the intensive project are not only available to FIUs of the Egmont Group, but are also shared by the FIU with partner authorities and in the course of the Public Private Partnership - Anti Financial Crime Alliance (AFCA).



EU-FIUs Platform

FIU Germany regularly participates in the meetings of the **EU-FIUs Platform** organised four times a year by the European Commission's Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG-FISMA). FIU representatives from the European member states and candidate states, as well as representatives from other Directorates-General of the EU Commission, the Egmont Group Secretariat, the European Banking Authority and Europol take part in the expert panel discussions.

Among others, the EU-FIUs platform provides information on current legislative proposals and EU projects to combat money laundering and terrorist financing. The FIUs also have the opportunity to discuss the consequences of the Russian war of aggression against the Ukraine here.

During meetings of the Coordination and Support Mechanism Working Group (CSM Working Group), representatives of 14 European FIUs discuss the planned proposals of the European legislative package on combating money laundering and terrorist financing in regular online meetings. On the basis of these discussions, the CSM Working Group prepares common positions on regulations that are of high relevance to EU-FIUs. These include, for instance, the planned establishment of an EU Anti-Money Laundering Authority (AMLA) to combat money laundering and terrorist financing as a central EU regulatory agency. Other relevant measures from the legislative package are rules for designing the reporting processes and procedures for suspicious cases, as well as cooperation in analysis work within the scope of "joint analysis teams". A joint analysis team is a coalition of several EU-FIUs on an operational level, or a collaboration of analysts from different EU-FIUs, dealing with money laundering and terrorist financing phenomena across Europe's borders as a whole.

EU-FIUs Platform

The EU Financial Intelligence Units' Platform (EU-FIUs Platform) was set up by the European Commission in 2006 with the aim of facilitating the exchange of information between European FIUs and to foster their cooperation. The German FIU is a permanent member.

The publications of the CSM Working Group are information resources and structured argumentation guides intended for the European FIUs and the European Commission, and are used to support the work of the ministries and public authorities involved in the legislative processes. The working group was founded in September 2020 on the EU-FIUs platform and is led by FIU Germany.

Another key topic of the EU-FIUs Platform is the European Commission's intention to redesign FIU.net, a decentralised electronic communication system for the exchange of information between all 27 European FIUs. Within a multinational working group, concepts are being developed that take into account the current requirements for functionality and user-friendliness, and are intended to be implemented in the new version of FIU.net.

In addition to the exchange of operational data via FIU.net, FIUs have access to information on the platform provided by the European Commission through the integrated "FIU.net-WIKI".

Europol and Europol Financial Intelligence Public Private Partnership (EFIPPP)

EFIPPP is the first transnational mechanism for cooperation between the private and public sectors in the fight against money laundering and terrorist financing. Experts from financial institutions, FIUs, law enforcement agencies as member organisations, but also from national and international agencies and research institutes, associations and other public authorities are involved in the project as observers and participants in working groups and plenary meetings. The main topics looked at in 2022 were new methods and typologies of money laundering and terrorist financing, proliferation, virtual assets, business email compromise⁴⁵, mule accounts⁴⁶, investment fraud, virtual IBANs and, in particular, sanctions circumvention schemes in the wake of the Russian war of aggression against the Ukraine. The FIU took part in the quarterly EFIPPP Plenary Meeting dealing with these issues and actively participated in the continuing work of the “Threats and Typologies”, “Terrorism Financing & Proliferation”, “Crypto Assets”, “Investment Fraud” and “Circumvention of Sanctions” working groups.

In terms of sanctions, a number of central agencies, law enforcement agencies, European public authorities and relevant companies from the public sector exchanged information on the effects of the war in September 2022. Representatives of FIU Germany presented the role and tasks of their FIU against the background of possible sanction circumventions, in particular with regard to the extension of competences under the First EU Sanctions Package⁴⁷. Additionally, they provided statistics and key findings on incoming STRs with potential links with regard to sanction circumventions and featured reports deemed relevant. Furthermore, representatives of the German FIU explained the measures initiated both internally and externally, which included awareness-raising for reporting entities in general and on specific occasions via the FIU website or through specific approaches. Further measures included information exchanges with other public authorities in the context of sanctions enforcement, and creating typology papers. The FIU also continued its involvement at this level in the year under review through its participation in the EFIPPP and by providing human resources support to the EFIPPP Secretariat in the first half of 2022.

45 Business email compromise refers to the process of compromising a company through fraudulent phishing emails.

46 Mule Accounts refer to accounts used by a “Money Mule” (financial agent) to forward funds received from criminals, which were obtained illegally.

47 For more details on the sanctions packages, see the explanations given in “STRs in the Russian War of Aggression against the Ukraine” in the section “Suspicious Transaction Reports (STRs)”.

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List of Abbreviations

Abbreviation	Definition
AFCA	Anti Financial Crime Alliance
AMLA	Anti-Money Laundering Authority
AWG	Foreign Trade and Payments Act of 6 June 2013, as last amended by Article 2 (11) of the Act of 20 December 2022 (Federal Law Gazette I p. 754)
BAFA	Federal Office for Economic Affairs and Export Control
BaFin	Federal Financial Supervisory Authority
BfV	Federal Office for the Protection of the Constitution
BKA	Federal Criminal Police Office
BMF	Federal Ministry of Finance
BMI	Federal Ministry of the Interior and Community
BMJ	Federal Ministry for Justice
BMUV	Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection
BMWK	Federal Ministry of Economic Affairs and Climate Action
BND	Federal Intelligence Service
CSM	Coordination and Support Mechanism
dApps	Decentralised Apps
DeFi	Decentralised Finance
EFIPPP	Europol Financial Intelligence Public Private Partnership
EKDP	Energy Cost Reduction Programme
Europol	European Union Agency for Law Enforcement Cooperation
FATF	Financial Action Task Force
FISMA	European Commission Directorate-General for Financial Stability, Financial Services and Capital Markets Union
FIU	Financial Intelligence Unit / Central Agency for Financial Transaction Investigations
FIU LOs	FIU liaison officers
GwG	Money Laundering Act of 23 June 2017, as last amended by Article 12 of the Act of 10 March 2023
GZD	Central Customs Authority
IEWG	Information Exchange Working Group
ITZBund	Federal Government Information Technology Centre
LKA/LKÄ	State Office(s) of Criminal Investigation
MAD	Military Counter-Intelligence Service
MSCWG	Membership, Support and Compliance Working Group
NFT	Non-Fungible Token
NGO	Non-Governmental Organisation

Abbreviation	Definition
NPO	Non-Profit Organisation
NRA	National Risk Assessment
PPP	Public Private Partnership
PPWG	Policy and Procedures Working Group
RRIFS	Russia Related Illicit Finance and Sanctions
SDG I	Economic Sanctions Enforcement Act (Sanktionsdurchsetzungsgesetz - SanktDG) of 19 December 2022
StPO	Code of Criminal Procedure, as published on 7 April 1987, as last amended by Article 2 of the Act of 25 March 2022
STR	Suspicious Transaction Reports
TATWG	Technical Assistance and Training Working Group
TBML	Trade-based money laundering
ZAG	Payment Services Supervision Act (Zahlungsdiensteaufsichtsgesetz – ZAG) of 17 July 2017, as last amended by Article 13 of the Act of 22 February 2023
ZfS	Central Sanctions Enforcement Office
ZKA	Customs Criminological Office

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