

Engagement Session :

Quality of Suspicious Transaction Report (STR)

- Supervisory Observation : STR Issues

23 November 2022

Presentation Outline

- 01 | **No Internal STR Generated**
- 02 | **Independence to Report STR**
- 03 | **Infective Monitoring & Inadequate Knowledge**

AML/CFT REQUIREMENTS – Supervisory Observations

– STR Issues

COMMON ISSUES

1. No Internal STR Generated



- a. Para 10.79 of the AML/CFT Guidelines requires reporting institution to consider lodging a STR if its customer or potential customer fail to comply with the CDD requirements.
 - ◆ Failed screening (positive hit)
 - ◆ ID or supporting docs invalid
 - ◆ Potential fraud
 - ◆ Unwilling to provide info/docs

- b. All suspicious **activity** or transactions shall be channeled to the Designated Compliance Officer (DCO) for further review.

AML/CFT REQUIREMENTS – Supervisory Observations

– STR Issues

COMMON ISSUES

2. Independence to Report STRs

- Designated Compliance Officer

- a. Sole discretion and independence to report suspicious transactions/activity
- b. Roles on STR shall be included in DCO's job description



AML/CFT REQUIREMENTS – Supervisory Observations

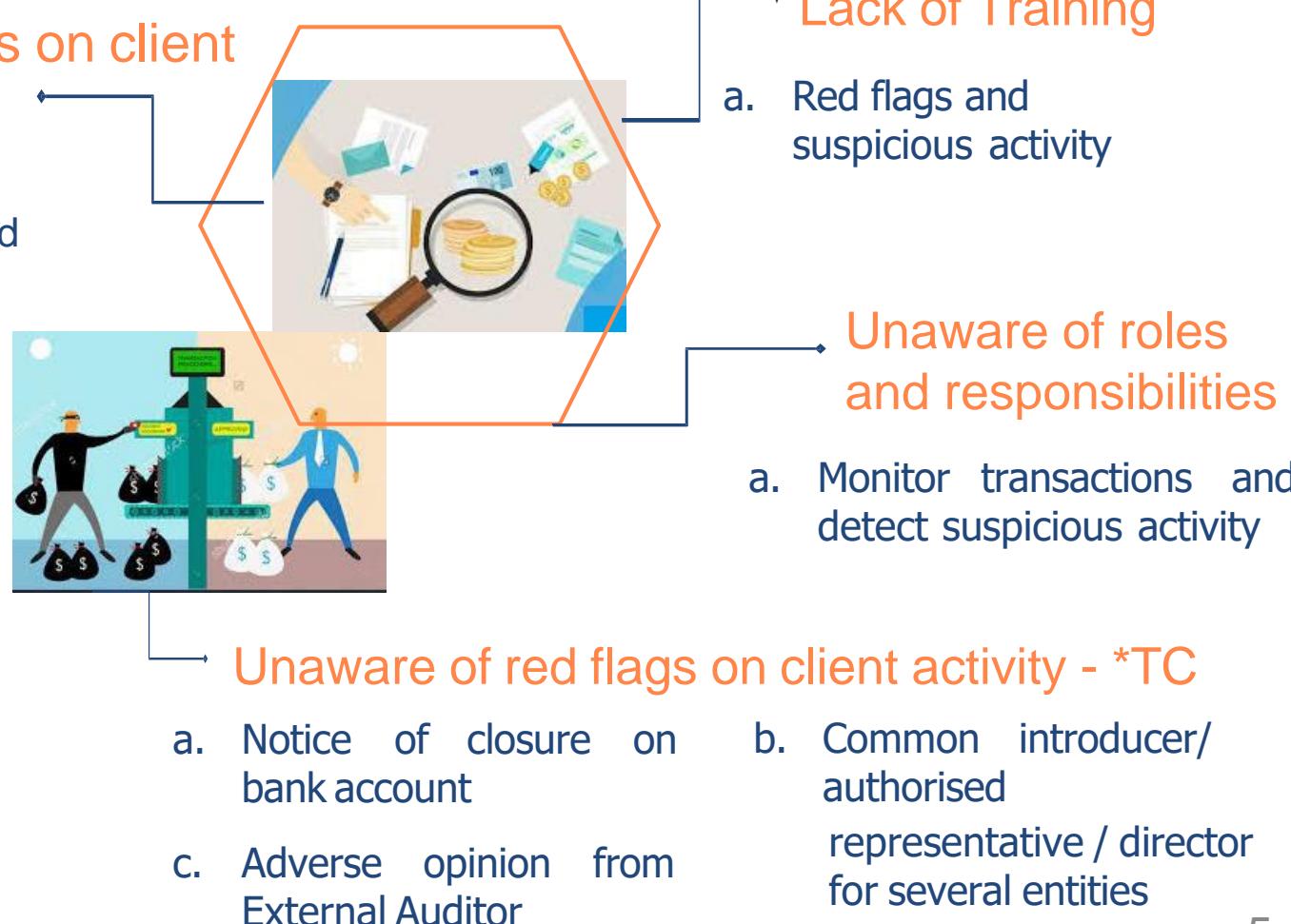
– STR Issues

COMMON ISSUES

3. Ineffective Monitoring & Inadequate Knowledge

Unaware of red flags on client activity

- a. Sudden increase of activity after long period of inactivity
- b. Customer uses multiple bank account (foreign & local) to complete a transaction – deposit and withdrawal from/to different parties
- c. Frequent transactions without economic rationale



THANK YOU

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