

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

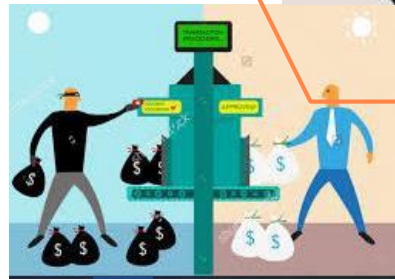


Lack of Training

- a. Red flags and suspicious activity

Unaware of roles and responsibilities

- a. Monitor transactions and detect suspicious activity



Unaware of red flags on client activity - *TC

- a. Notice of closure on bank account
- b. Common introducer/ authorised representative / director for several entities
- c. Adverse opinion from External Auditor

THANK YOU

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