



*The Egmont Group
of Financial Intelligence Units*

Strategic Analysis Course

Session 4

Strategic analysis products



Types of Products

- Descriptive products
- Indicators, typologies and trends
- Intelligence products

Descriptive products

What are they?

Summarise and extract patterns



High level information reports



Clear statements and illustrations based on
observations



Operational information

e.g., how much, how frequent, how fast, how different, how variable, etc.



Descriptive products

Examples:

- Number of incoming reports, by type of reporting entity
- Average and total amounts of funds in reported transactions
- Number of reports used in cases or referred to law enforcement investigators, by type of report
- Changes in the number of reports from a certain geographical area over time



Descriptive products

Examples:

- Projections and scenarios
- Number of requests for information from foreign FIUs compared with number of requests to foreign FIUs, both showing number of responses, by type of response
- Number of FIU staff by type (e.g., analyst)



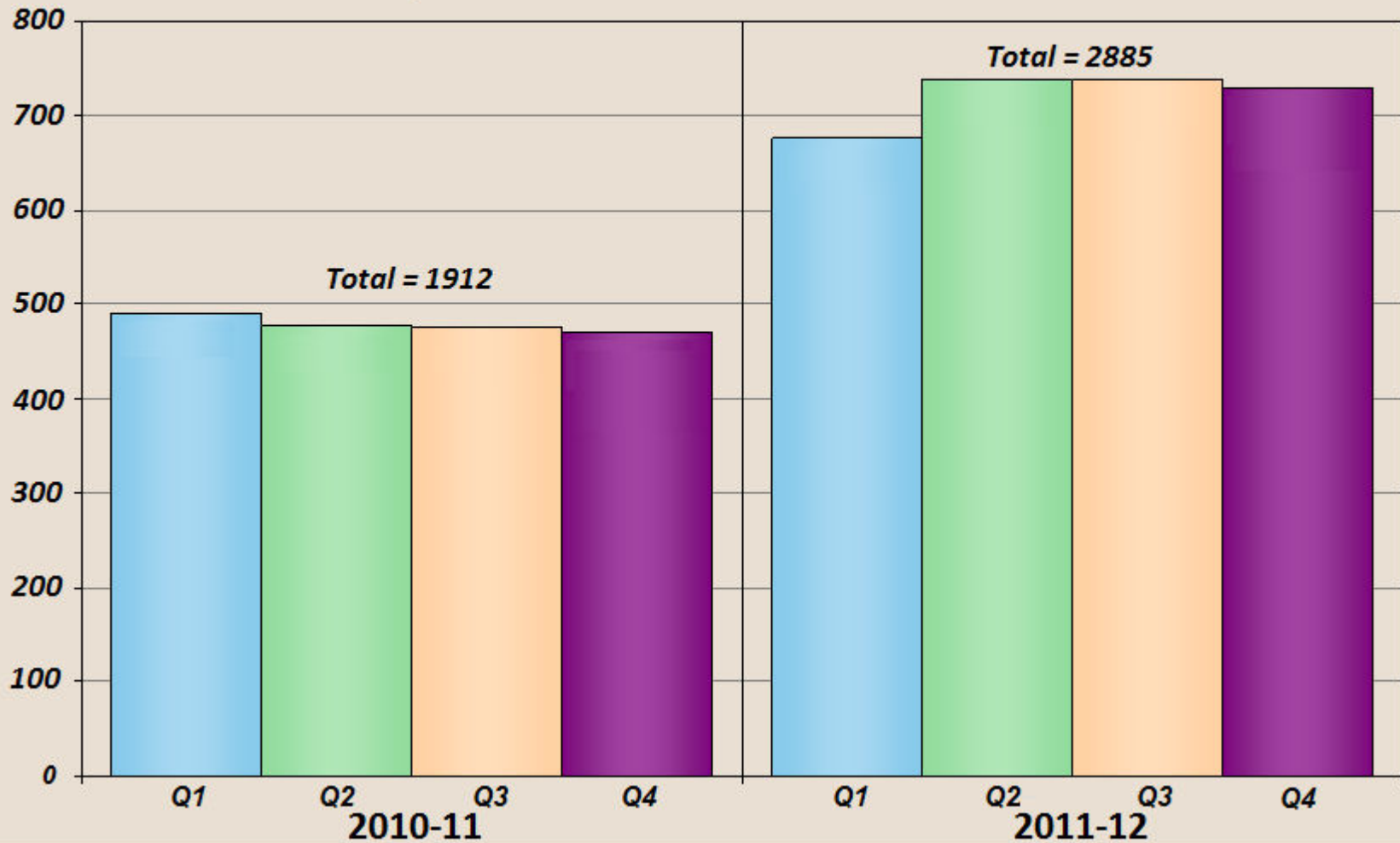
Summary Overview - Inputs

Numbers of Reports Received, by Type					
	Number in Past Month	% Change from Previous Month	% Change from Same Month in Previous Year	YTD Number	% Change from Previous Year
STRs	7,450	↑ 2%	↑ 21%	61,687	↑ 17%
LCTRs	1,503,004	↑ 7%	↑ 58%	17,320,044	↑ 26%
EFTRs	2,530,501	↑ 12%	↓ 02%	21,892,663	↑ 23%
Total Reports	4,040,955	↑ 11%	↑ 30%	39,274,394	↑ 24%



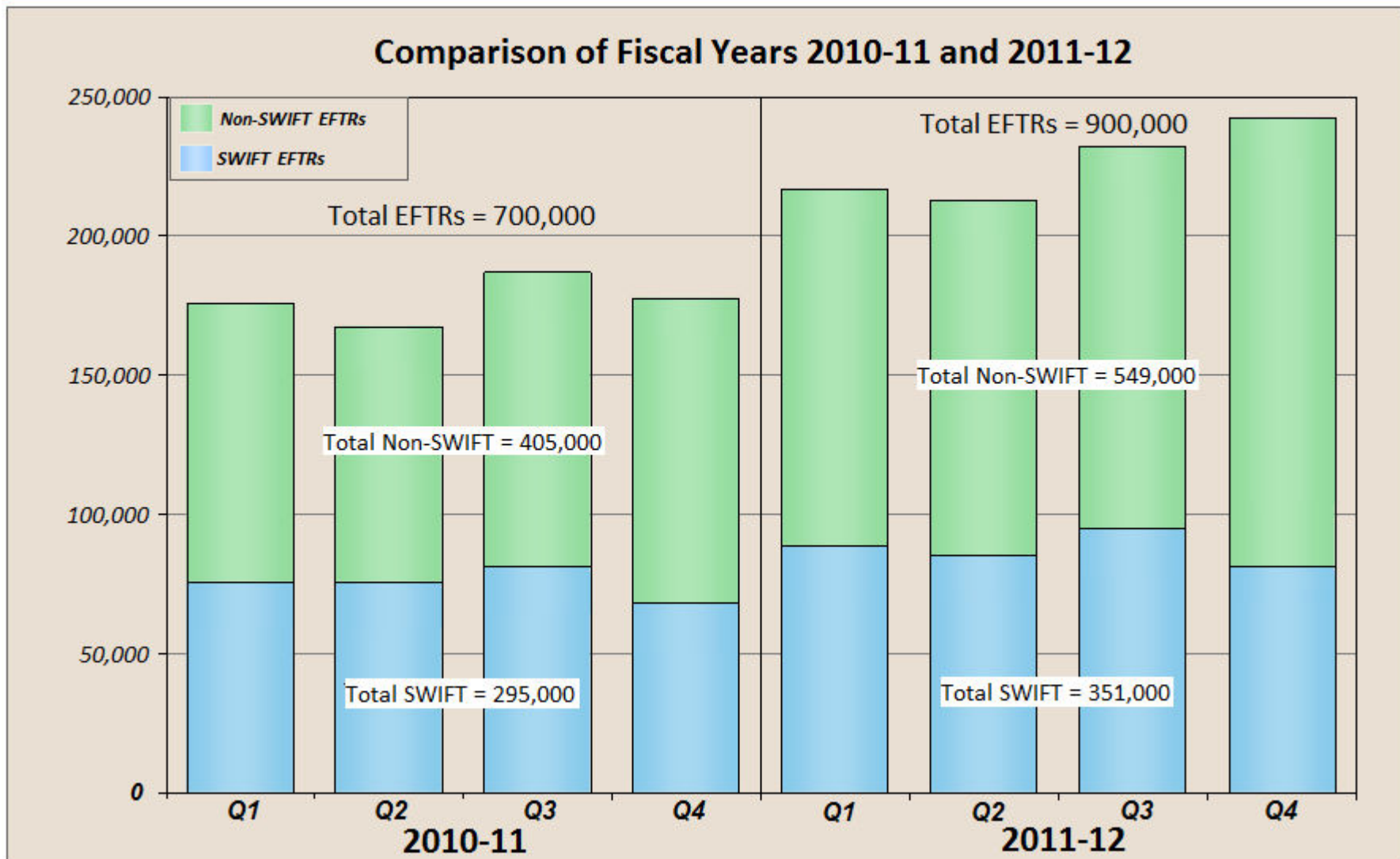
Reporting – Suspicious Transaction Reports (STRs) Received

Comparison of Fiscal Years 2010-11 and 2011-12





Reporting - Electronic Funds Transfer Reports (EFTRs) Received



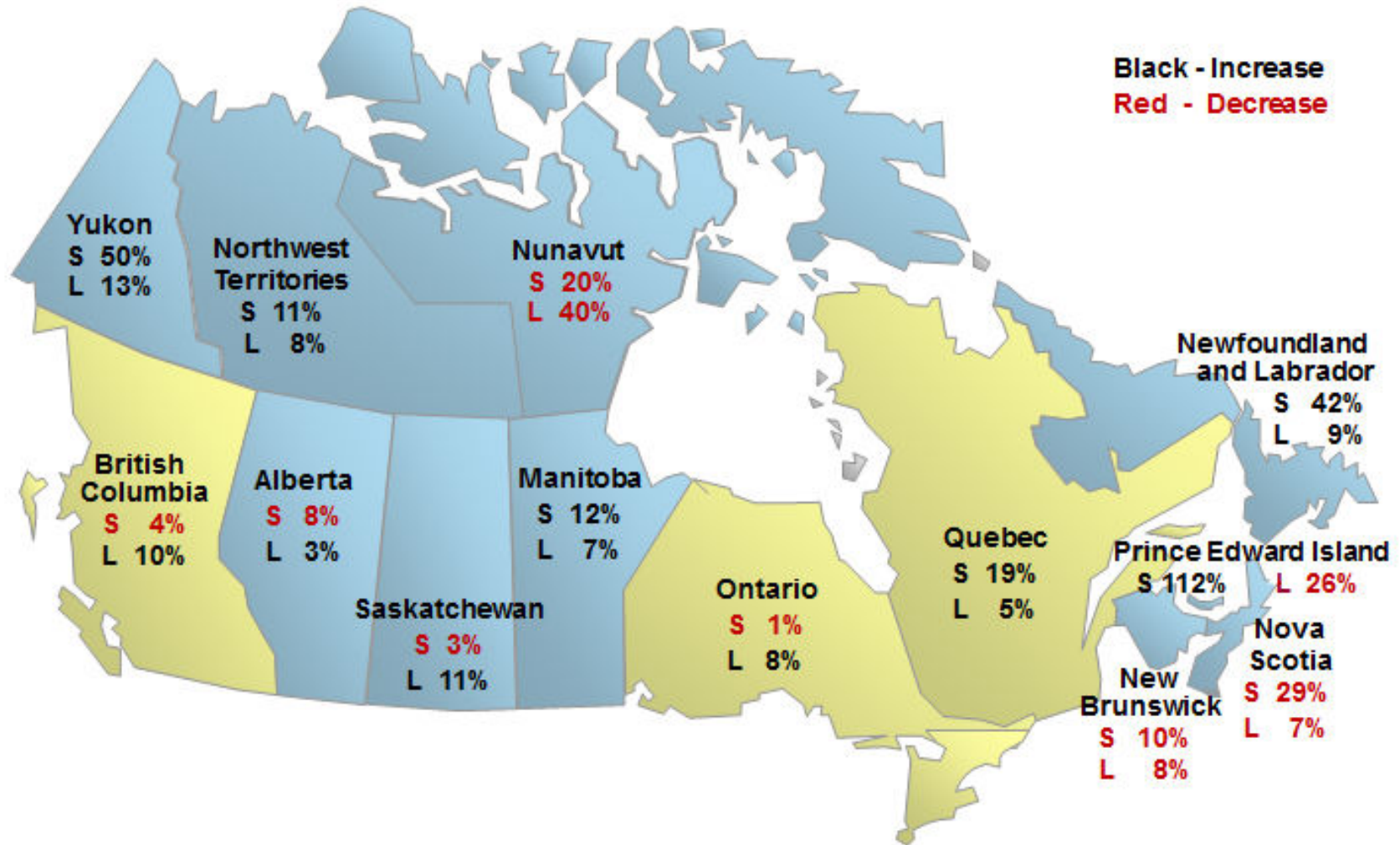


STRs and LCTRs by Geographical Area (Canada)

	STRs		LCTRs	
	Q1	Q2	Q1	Q2
British Columbia	1,253	1,468	430,222	443,689
Alberta	782	733	230,002	276,258
Saskatchewan	327	282	98,234	97,568
Manitoba	291	341	72,000	69,531
Ontario	3,618	3,751	809,325	815,364
Quebec	3,792	3,712	768,368	742,689
New Brunswick	84	85	35,654	38,026
Nova Scotia	109	99	41,575	39,568
Prince Edward Island	9	8	2,356	2,654
Newfoundland. and Labrador	22	31	10,253	10,064
Nunavut Territory	5	4	765	543
Northwest Territories	8	9	826	895
Yukon Territory	2	3	356	402



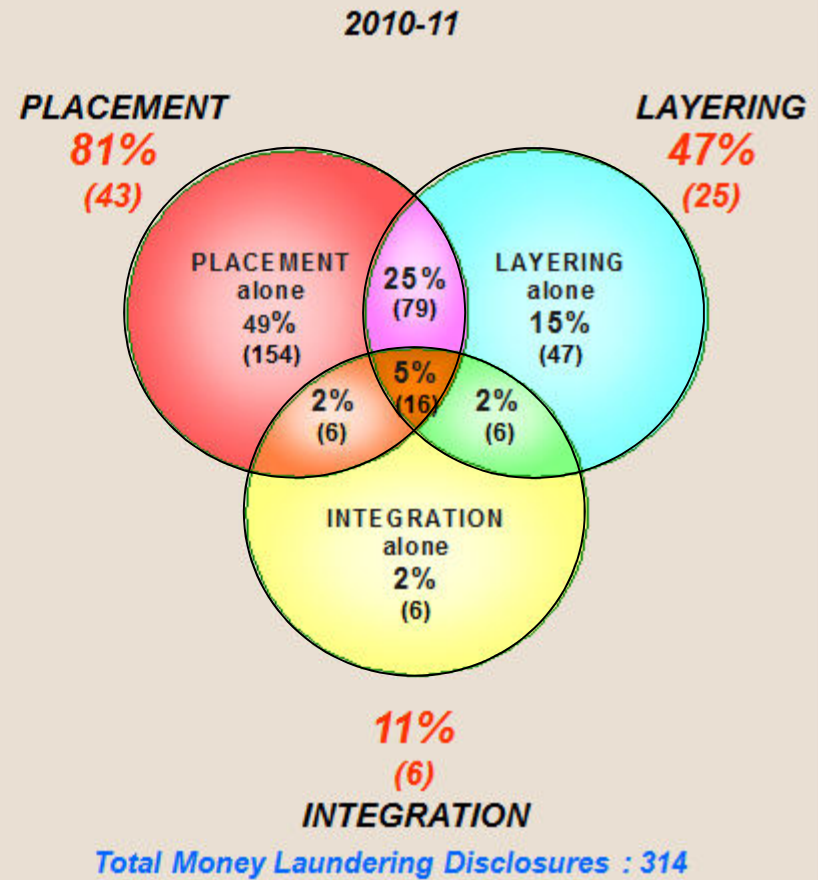
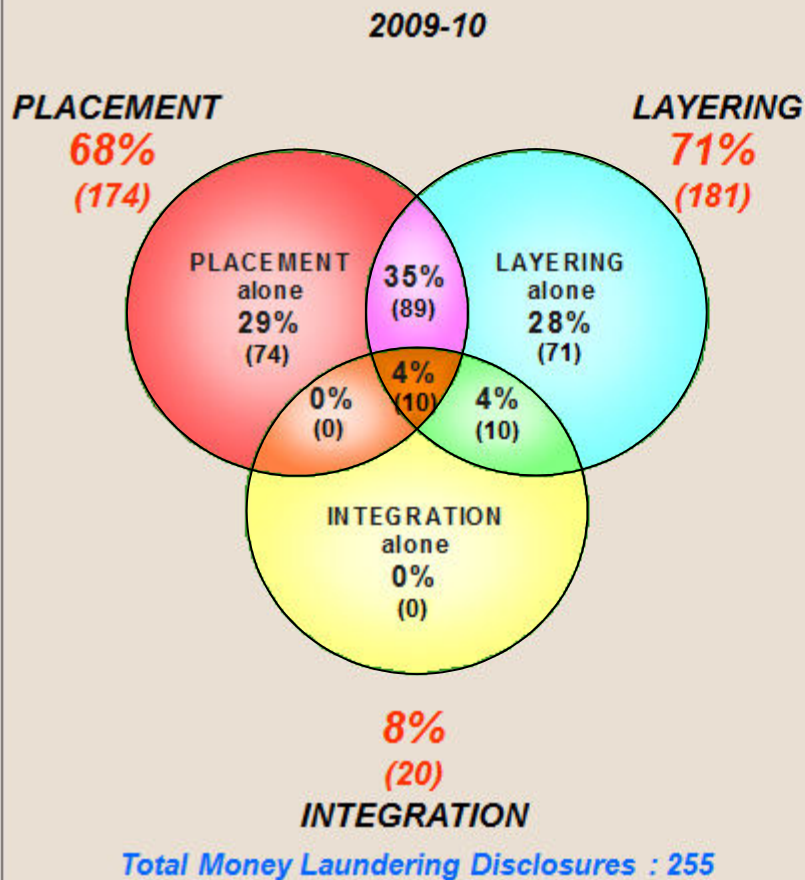
STRs and LCTRs by Geographical Area - Quarterly Changes





Case Disclosures – Money Laundering Stages Involved

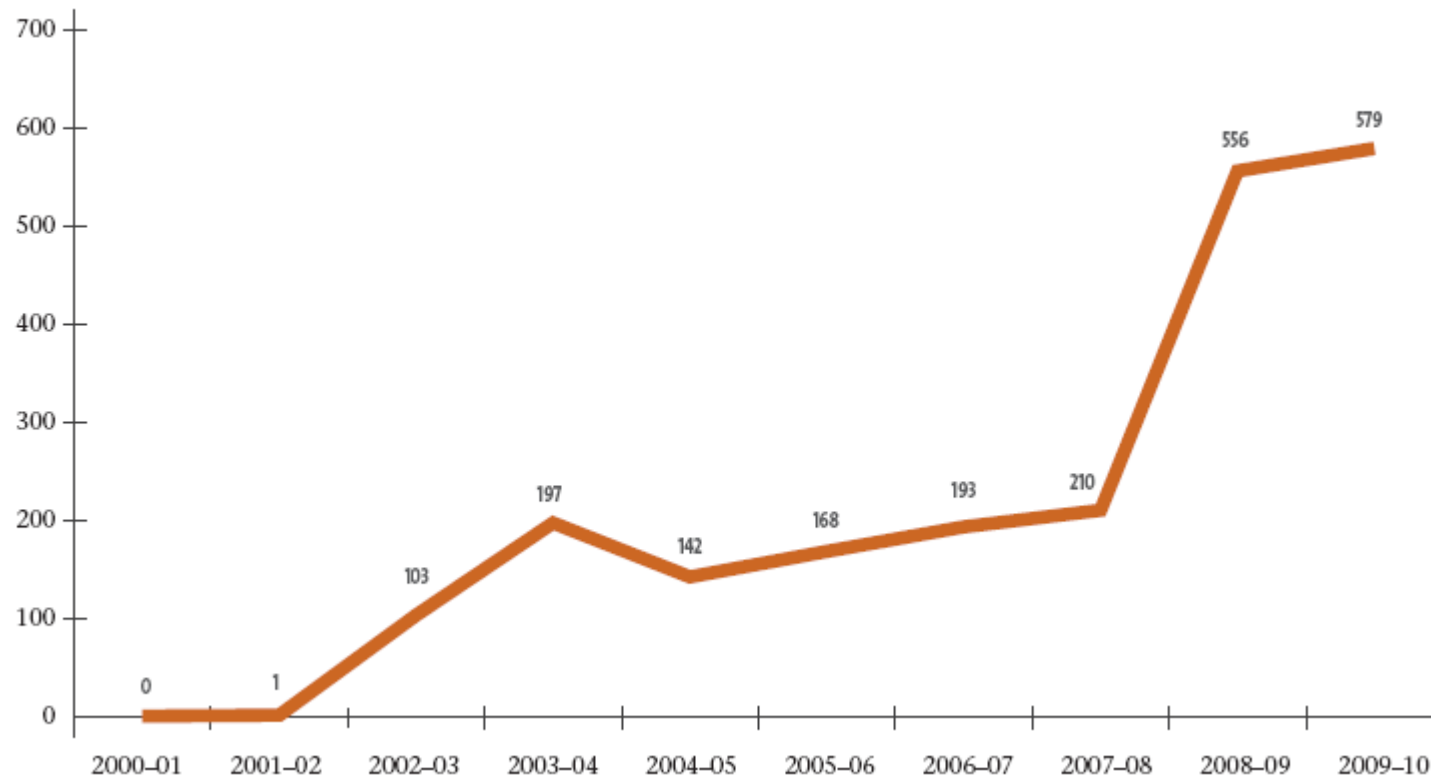
COMPARISON OF FISCAL YEAR 2009-10 AND 2010-11





External reporting

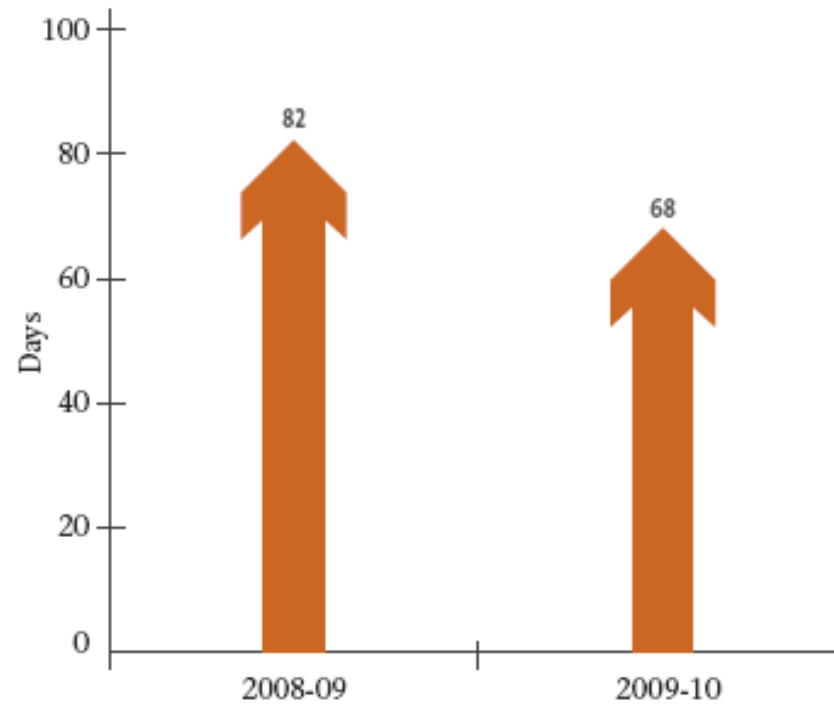
FINTRAC CASE DISCLOSURES FROM 2000-01 TO 2009-10





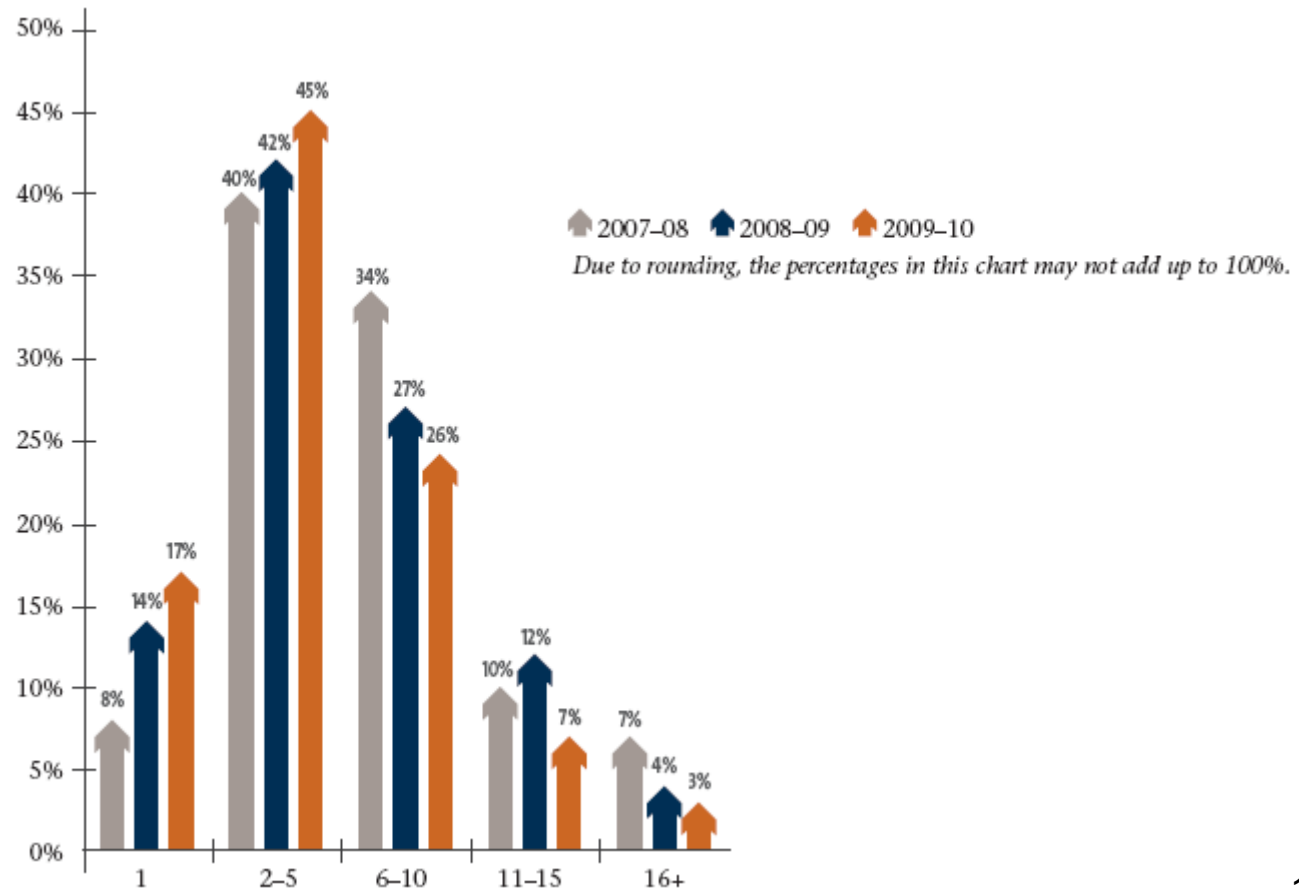
External reporting

DISCLOSURE TIMELINESS AVERAGE TURNAROUND TIME FOR 2008-09 AND 2009-10



External reporting

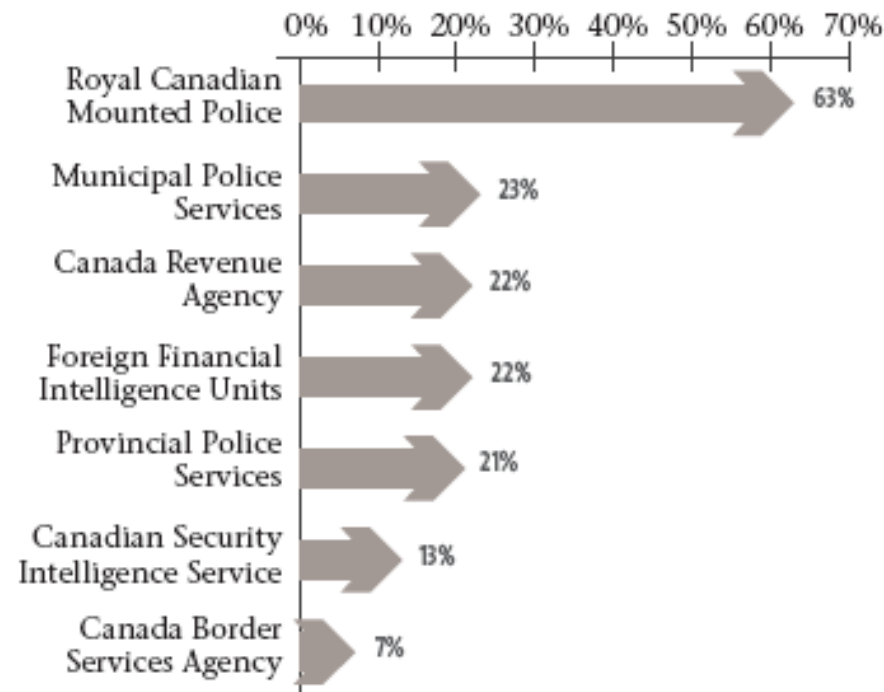
NUMBER OF REPORTING ENTITIES REPRESENTED
IN CASE DISCLOSURES





External reporting

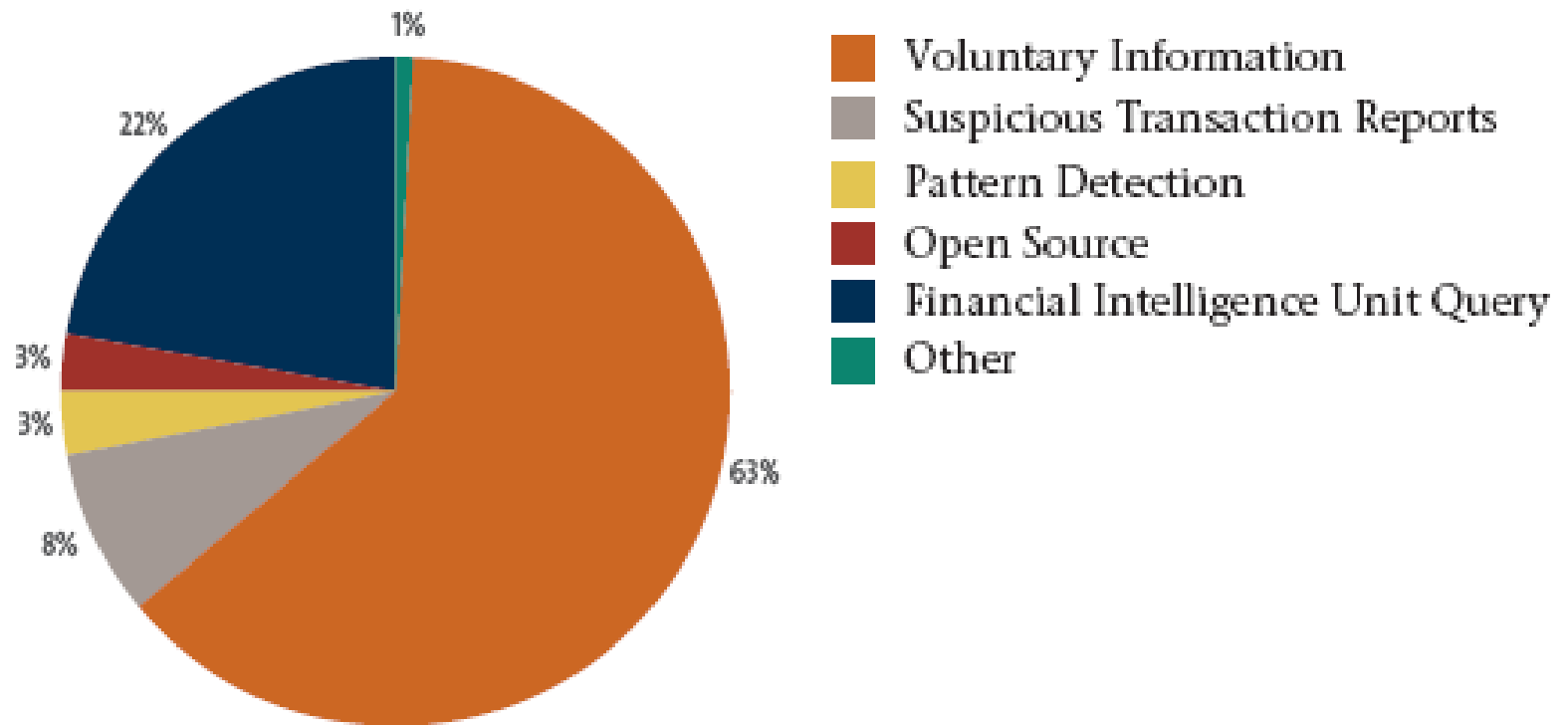
DISTRIBUTION OF DISCLOSURE RECIPIENTS IN 2009-10



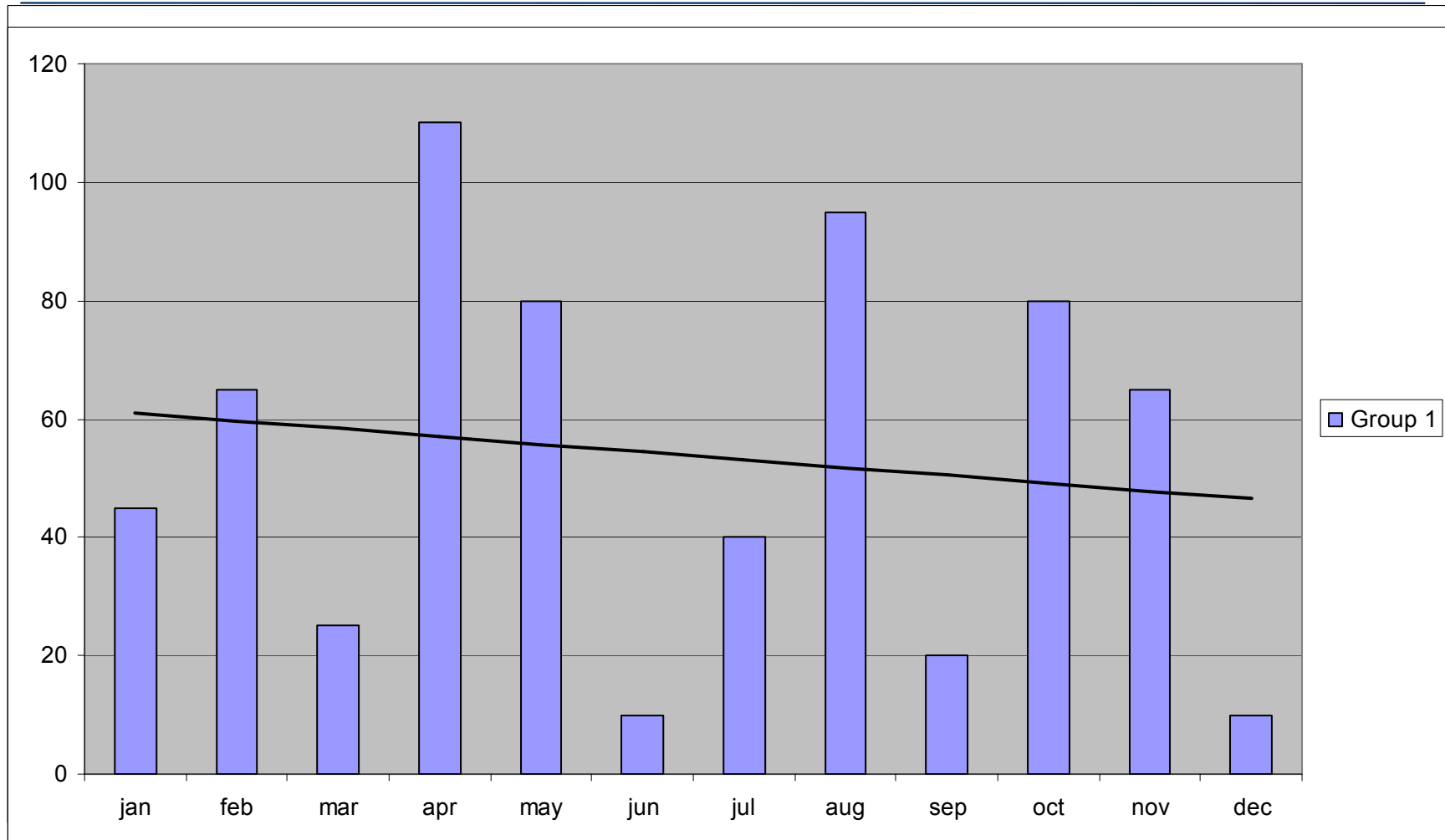
The percentages in this chart do not add up to 100% because FINTRAC disclosures are often destined for more than one recipient.

External reporting

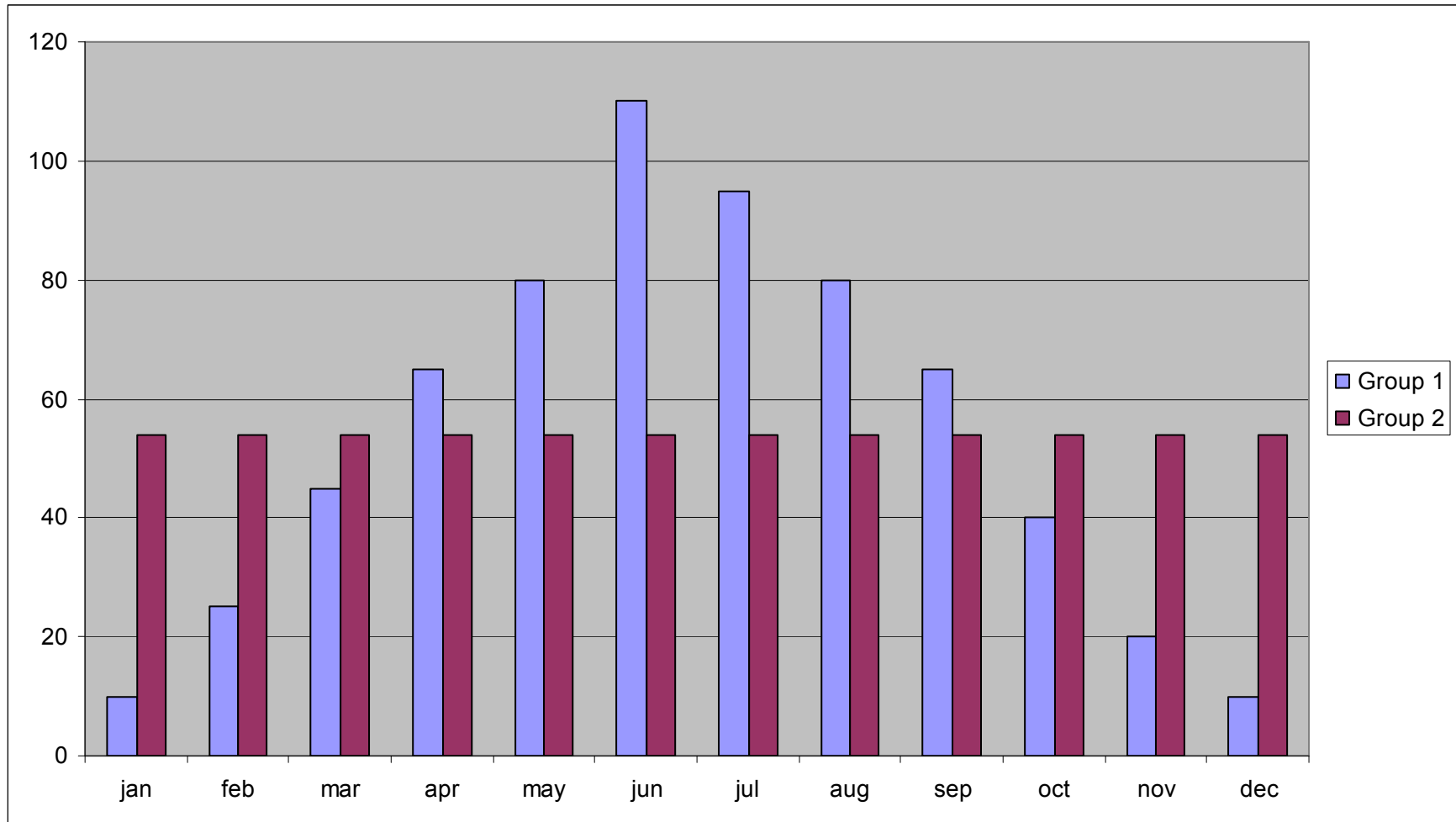
DISTRIBUTION OF CASES ORIGINATORS FOR 2009-10



Descriptive statistics



Comparative statistics





Descriptive products

Not only tables and graphs:

“This year, our compliance group completed a total of 69 examinations, **an increase of 52 percent** over the previous year, and the largest number conducted in a given year to date. Of these, 32 (**47 percent**) were onsite examinations, and 36 (**53 percent**) were desk examinations. In addition, regulators shared the results of 32 assessments that they had conducted.”



Descriptive products

Not only tables and graphs:

“Demand for tactical analysis continued to climb, with a **36 percent increase this year in voluntary information received from police or other agencies.** Our case disclosure output increased again this year, with a record 57 disclosures being developed.”



Financial report contents...

Example: a classification of SARs/STRs by key words or by the activities reported in them.

13 Suspicious transactions related to use of Inter Caisse System (client anonymity)

Table 7: Top 25 most frequently reported reasons for suspicion in a sample of French STRs from Quebec

Rank	Most frequently reported reasons for suspicion in French STRs from Quebec
1	Large cash deposits
2	Even dollar amounts deposited/transferred
3	Bills of small denomination in large amounts
4	Unusual account activity/customer behaviour
5	Suspicious use of ATM
6	Structuring (wires and large cash) below the \$10,000 reporting threshold
7	Customer provides false identification or does not provide any identification
8	Deposits/transfers and immediate withdrawal/depletion of account balance
9	Client exchanges large quantities of small denomination bills for large denominations in the same currency
10	Casino activities/transactions are undertaken by third parties

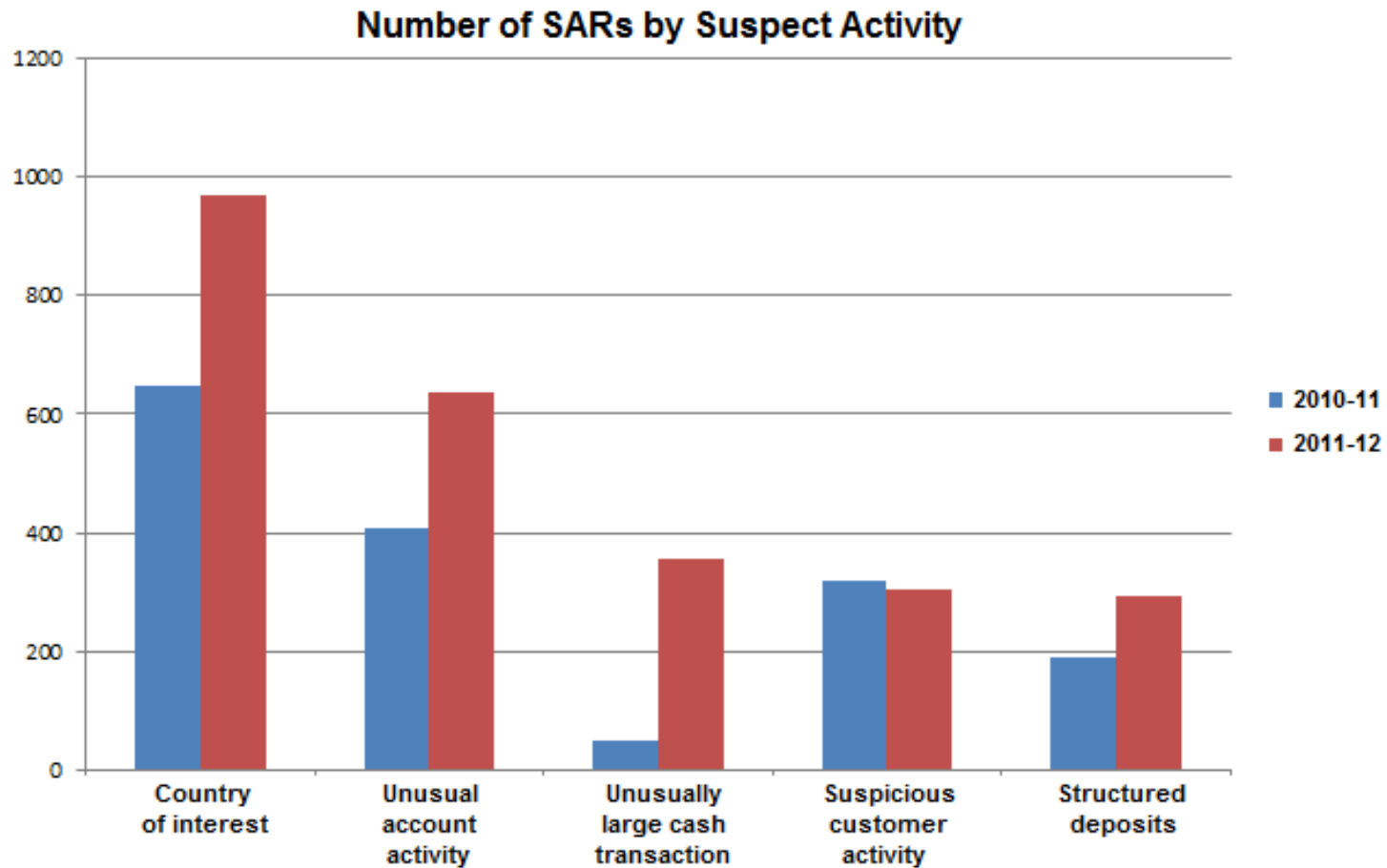


Activity

4.1 Graph



Possible result





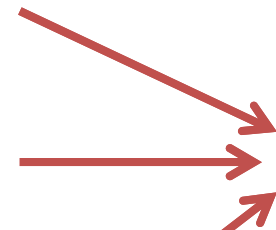
Descriptive products

Benefits to the FIU:

Planning

Performance management

Helps the FIU to tell its story

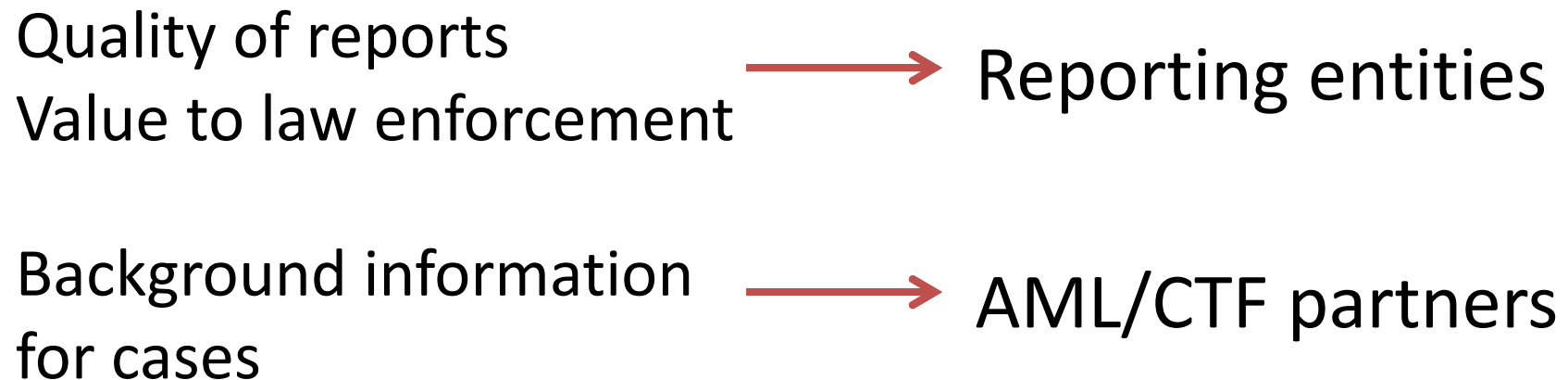


FIU



Descriptive products

Benefits to others:



Visualisations

Carte Figurative des pertes successives en hommes de l'Armée Française dans la campagne de Russie 1812-1813.
Dressée par M. Minard, Inspecteur Général des Ponts et Chaussées en retraite Paris, le 20 Novembre 1869.

Les nombres d'hommes présents sont représentés par les largeurs des zones colorées à raison d'un millimètre pour dix mille hommes; ils sont de plus écrits en travers des zones. Le rouge désigne les hommes qui entrent en Russie; le noir ceux qui en sortent. Les renseignements qui ont servi à dresser la carte ont été puisés dans les ouvrages de M. M. Chiers, de Ségur, de Fezensac, de Chambray et le journal inédit de Jacob, pharmacien de l'Armée depuis le 28 Octobre. Pour mieux faire juger à l'œil la diminution de l'armée, j'ai supposé que les corps du Prince Jérôme et du Maréchal Davout qui avaient été détachés sur Minsk et Mohilow et qui rejoignent vers Orscha et Wilkopsk, avaient toujours marché avec l'armée.

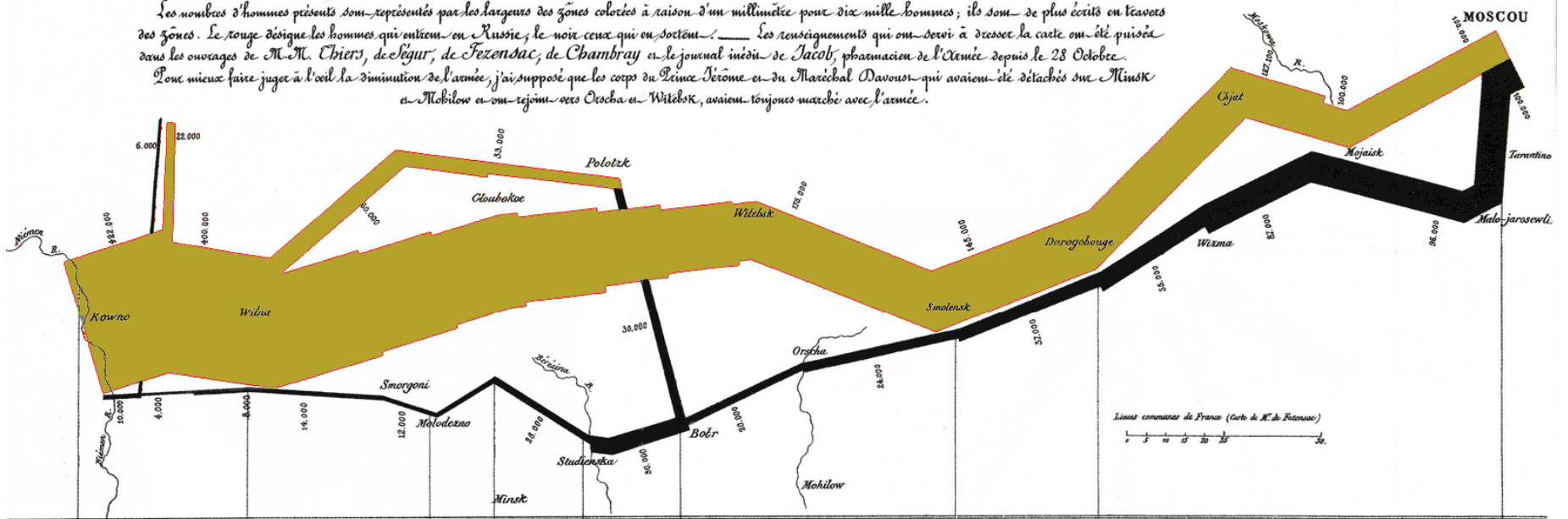
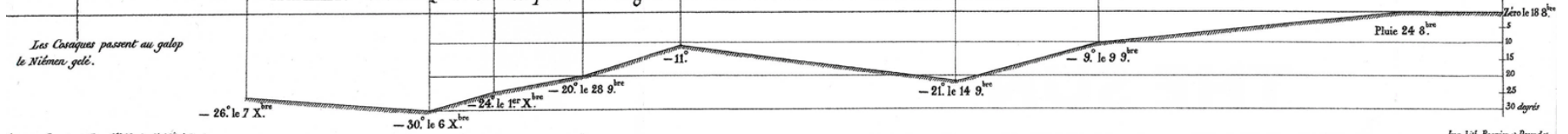


TABLEAU GRAPHIQUE de la température en degrés du thermomètre de Réaumur au dessous de zéro.

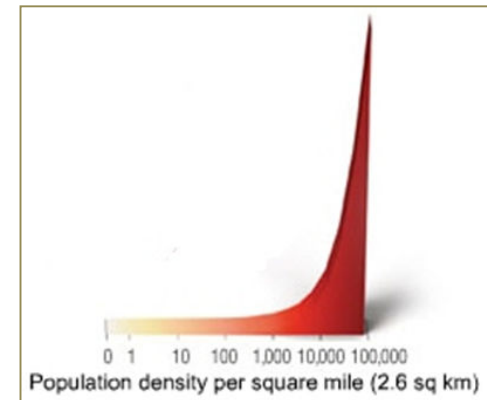


Auq. par Reynier, à Par. 5^{me} Mars 5^{me} 6^{me} à Paris.

Imp. Lit. Regnier et Desvres.



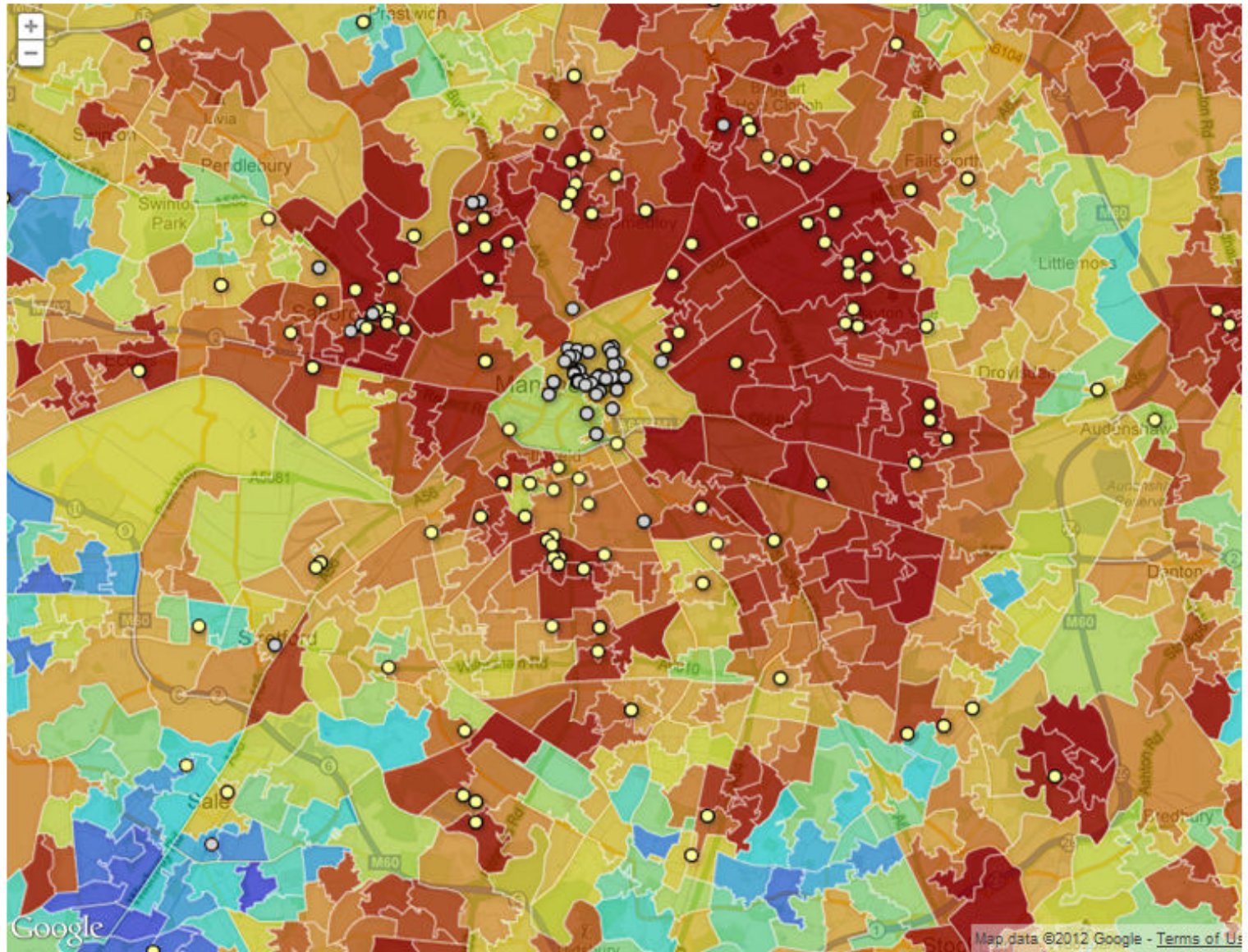
80% of the U.S. population lives in a metropolitan area
Populations of top five shown





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Key ○ Offence ● Accused address Deprivation Poorer Richer





Indicators

What is an indicator?

An indicator is an observable characteristic of an “event” that points to the possibility of specific activities occurring.



Indicators

Examples:

- Cash deposits in different branches of the same bank
- Transfers to accounts on which there are no other transactions
- Transfers followed by cash withdrawals
- More concern about speed than cost



Activity

4.2 Indicators



Typologies

What is a typology?

A typology is the study or systematic classification of types that have several characteristics or traits in common



Typologies

Example 2:

Organized criminal groups in South and Central America most frequently use bulk cash smuggling methods to move funds internationally, while European groups most frequently use electronic funds transfers through the formal financial system.



Typologies

Why develop typologies?

- Support analysis
- Provide greater understanding of whole picture
- Direct resources
- Assist reporting entities in understanding ML/TF activity



Activity

4.3 Typologies

Typologies

Qualitative information
Quantitative information

Predict trends

- Provide guidance to reporting entities
- Strengthen analytical work
- Enhance intelligence products being disseminated



Typologies

Further FIU applications

- Monitor ML/TF trends and vulnerabilities
- Recommend legislative changes in response to identified risk
 - Identifies legislative gaps
 - Provides supporting material for legislative change
- Provide advice to policy makers



Typologies

Reporting entity applications

- Monitor accounts and transactions
- Identify high risk customers and products / services
- Improve risk management policies
- Identify suspicious transactions
- Improve quality of STRs submitted to FIU
- Enhance relationships



Typologies

Law enforcement applications

- To improve financial investigations and evidence gathering
- Assist ML/TF prosecutions
- Identify additional avenues of investigation
- Ensure a more comprehensive investigation and prosecution outcome



Typologies

International efforts

Financial Action Task Force (FATF)

- Annual Typologies Report
- FATF project assistance

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- plenary meetings
- research and project assistance

Regional Working Groups on Money Laundering

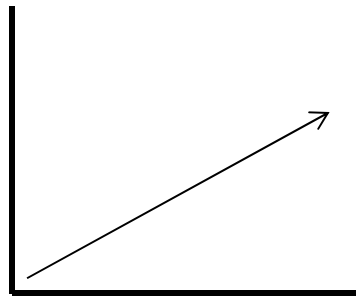
- Annual Typologies Report
- Project assistance

Other financial intelligence units

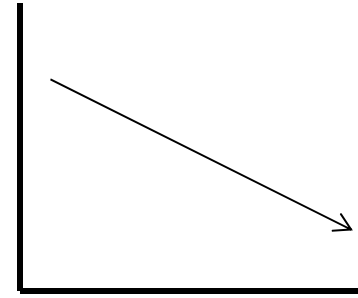
- information sharing
- technical assistance & training

Trends

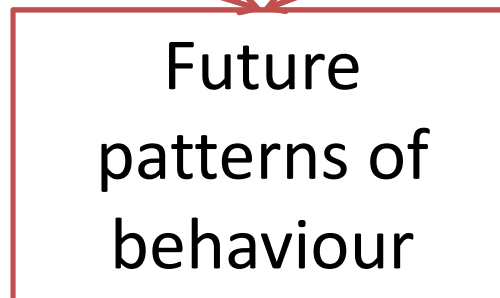
What is a trend?



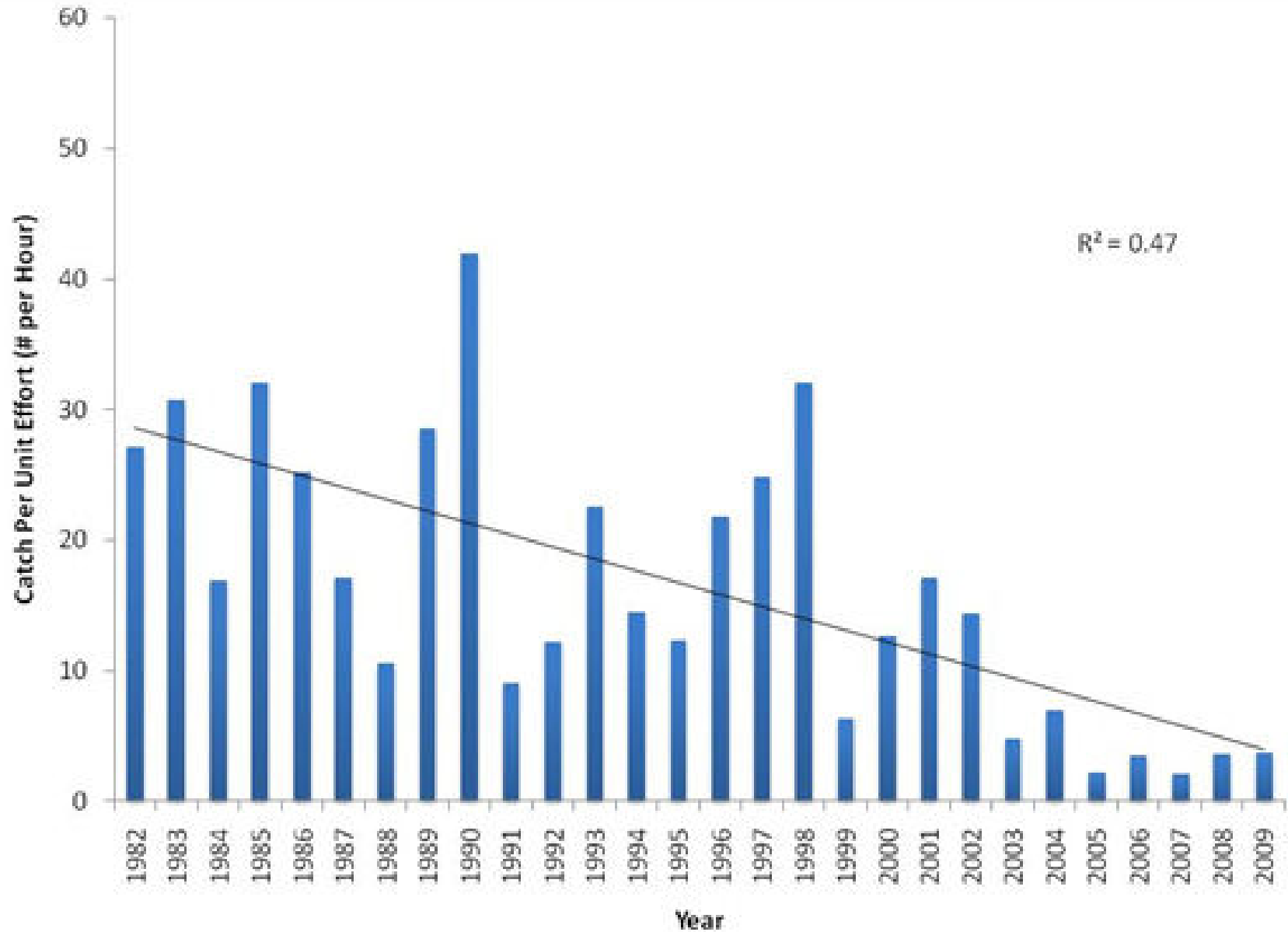
Money flows to Country A



Use of technology



Future
patterns of
behaviour





Strategic intelligence products

- What are they and why we do them?
- Who do we do them and what are the benefits?
- Types of products
- Examples



Strategic intelligence products

What are strategic intelligence products?

- Formal assessments aimed at answering specific questions
- Forward looking and predictive



Strategic intelligence products

What do they contain?

- financial transaction data
- other relevant information such as open source and academic research

What do they attempt to achieve?

- Conclusions and judgements
- What is observed – ‘What does it mean?’
- Causative factors – ‘Why is it happening?’
- Predictive – ‘Where is it going?’



Strategic intelligence products

Who is the audience?

- FIU
- Other domestic LEAs or security organizations
- Policy decision makers
- Other FIUs
- International organisations
- Public



Strategic intelligence products

Why do we produce them?

- Inform
- Advise
- Educate

What are the benefits?

- Add a financial component to the strategic intelligence picture
- Support stronger policy-making
- Support tactical analysis prioritization



Strategic intelligence products

Types of products:

- Vulnerability assessments
- ML/TF intents, capabilities and practices
- ML/TF risks associated with certain countries
- Assessments of significant events
- Time-series or geographic analysis



Strategic intelligence products

They focus on:

- The nature of crimes / groups
- Threat assessments of such crimes / groups
- The vulnerabilities of financial and other relevant systems (e.g., trade)
- Risks (as a function of threats and vulnerabilities)



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Strategic intelligence products

Strategic Analysis
Artefact



Strategic intelligence products

- Working with relatively small initial internal data/ information sets
- Leverage other information to provide a wider context for the internal information

Q: From where might such information come?



Strategic intelligence products

Example 1:

The FIU receives approximately 150 STRs per year.

25 STRs point to persons and transactions apparently related to a certain outlaw motorcycle gang.

Q: How might this lead to the development of an advanced intelligence product?



Strategic intelligence products

Example 2:

Background

The casino sector wants to update its AML training program, which is over ten years old. The sector wants to know whether the issues addressed in its training program reflect the current situation.

Problem to be addressed

The casino sector is interested in knowing whether there are new money laundering methods and techniques being used in casinos, and how these methods and techniques can be identified.



Strategic intelligence products

Example 2 cont:

Questions (to help reporting entities understand their vulnerabilities)

- Have money laundering methods/techniques using casinos changed over the past 10 years?
- If so, what are their characteristics?



Activity

4.4 Asking the right questions



Questions

