



# The Financial Intelligence Unit Annual Report 2022

The Swedish Police Authority

May 2023



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# Foreword

The driving force behind organised crime is financial gain. In order to limit the growth of the criminal economy and its negative impact on society and its infrastructure, active measures to prevent money laundering and reinvestment in new criminality are needed. The knowledge of how to seize assets obtained by criminal activities, and the means to follow the money need to be enhanced in the daily police work. The Financial Intelligence Unit (FIU) is a key function in the efforts against money laundering and terrorist financing. By means of cooperation and collaboration with law-enforcement agencies, supervisory authorities and obliged entities, results and effects can be achieved in terms of detecting, preventing and preclude illegal flows.

During the last few years, the FIU has been equipped with several tools in order to act to prevent money laundering and terrorist financing. The added resources during recent years have established the foundation needed to further develop this work. A number of steps has also been taken to implement the legislation that is needed to improve the collaboration and exchange of information. For instance, law-enforcement agencies are now able to request information from FIU databases concerning certain serious offences, i.e. not only money laundering or terrorist financing related offences.

The FIU is taking an active part in the legislative work and contributes with important and unique knowledge in the development of money laundering legislation. During 2022, the FIU has taken part in the governmental inquiry regarding the strengthening of measures against money laundering and terrorist financing. The inquiry has led to a change in the

legislation, and as of 1 January 2023 there are enhanced possibilities to exchange information between authorities and obliged entities. The FIU now has the possibility to request information from several more financial institutions, which improves the mapping and tracing of financial flows.

The modus operandi for the laundering of proceeds of crime are changing and developing as new payment solutions and agents enter the market. The FIU has an important task in analysing the development and drawing the attention to new methods and trends. In this context, the reports on suspected money laundering or terrorist financing being sent to the FIU represent a vast source of information. The reporting has been steadily growing over time, which likely is a result of the obliged entities' preventive efforts based on feedback from the FIU related to phenomena and trends.

The FIU needs to continue its long-term and resilient work on detecting and preventing money laundering and terrorist financing in order to generate knowledge and information to be utilised countering organised crime.



*Johan Olsson*  
*Head of the National Operations Department*

# The tasks and activities of the Financial Intelligence Unit

The Financial Intelligence Unit (FIU) is a part of the Intelligence Division at the National Operations Department of the Swedish Police Authority. The FIU is responsible for intelligence activities concerning money laundering and terrorist financing. The FIU must be independent in receiving, analysing and disseminating information in its area of responsibility.

The FIU consists of approx. 60 employees divided in five groups. The employees have a background from varying parts of the Swedish Police Authority, other government agencies and from the private sector.

## The tasks of the FIU

The activities of the FIU are regulated by a number of laws and ordinances. Since the FIU is situated at the Swedish Police Authority, it is also partly governed by its directions and decisions. They form the basis for prioritisation when different kinds of tasks are being performed by the FIU.

As an intelligence service, a basic task is also to detect, at an early stage, trends that may influence other police activities or cause significant financial risks to society that concern money laundering or terrorist financing.

Part of the information that forms the basis for the work of the FIU comes from obliged entities according to the Act on Measures against Money Laundering and Terrorist Financing<sup>1</sup>, such as banks, gambling companies and payment services. Only employees at the FIU are able to access the database where this information is processed.

The activities of the FIU are being followed up and assessed by the Financial Action Task Force (FATF)<sup>2</sup>, resulting in recommendations influencing the direction and guidance and priorities of the activities.

As an intelligence service, a basic task is also to detect, at an early stage, trends that may influence other police activities or cause significant financial risks to society that concern money laundering or terrorist financing.

## The process of the FIU

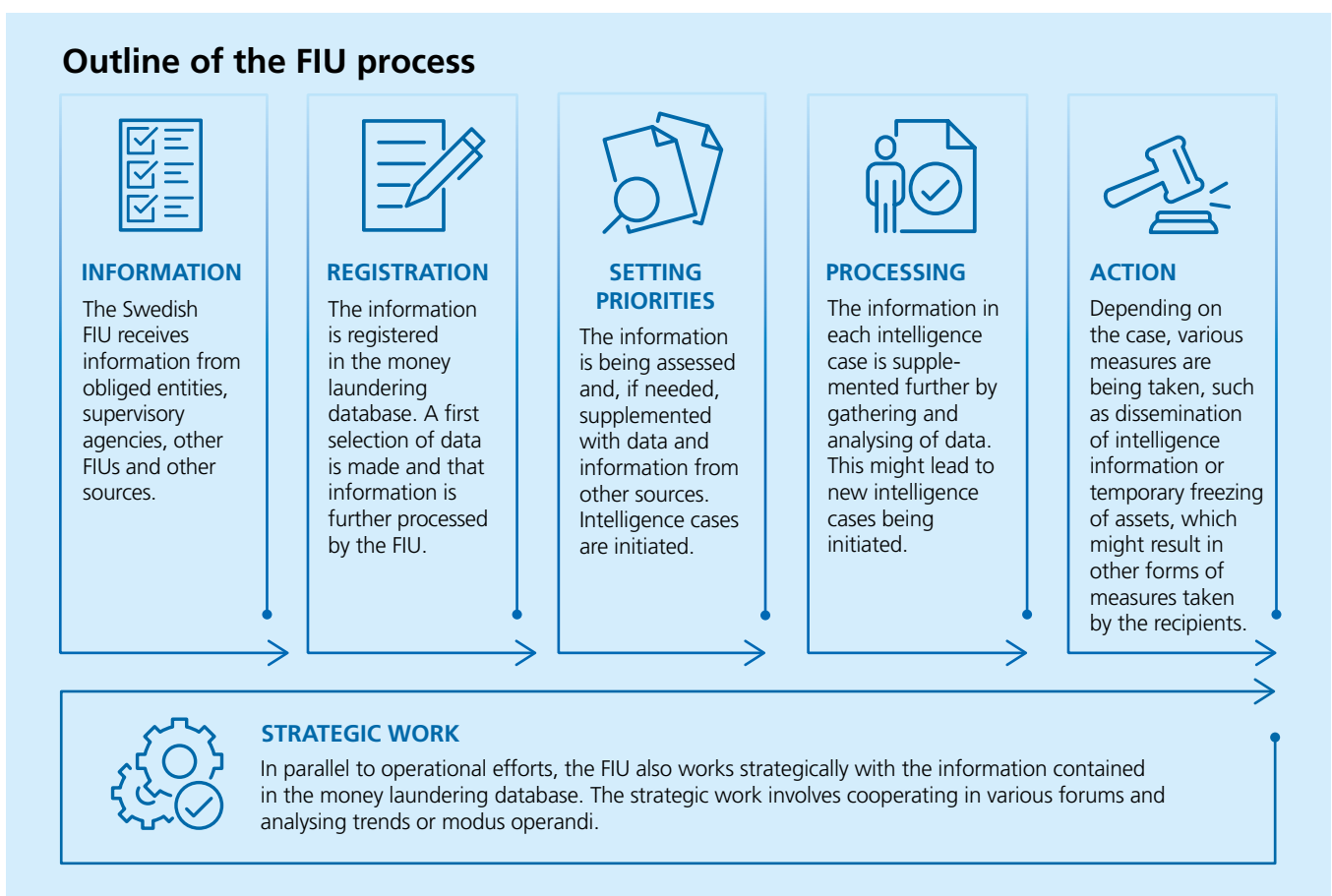
The FIU obtains information from a variety of sources. They may consist of reports on suspicious transactions or activities (so-called suspicious activity reports, or reports for short) from obliged entities, other intelligence information, information from foreign FIUs or using the possibility to request financial information from obliged entities<sup>3</sup>.

The information is processed and analysed in different phases and can result in various types of measures. Examples of measures taken by the FIU may be to produce intelligence information, file a police report, decide to temporarily freeze assets or to initiate a strategic analysis case in a specific area. The strategic analysis cases may for instance result in strategic intelligence reports, guidelines to trade associations or information leaflets like *Finanspolisens informerar* (“Information from the FIU”). These measures may support the obliged entities

<sup>1</sup> Act on Measures against Money Laundering and Terrorist Financing (in Swedish *Lag [2017:630] om åtgärder mot penningtvätt och finansiering av terrorism, or penningtvättslagen, PTL*).

<sup>2</sup> An organisation working globally on combatting money laundering and terrorist financing.

<sup>3</sup> Chapter 4, section 6 of the PTL. In short, obliged entities must promptly respond to the request by the FIU and provide it with the available information about a specific object.



and supervisory authorities in their work against money laundering and terrorist financing. A single suspicious activity report is rarely the only basis for a measure, data and information from different sources is usually analysed in a context to sustain suspicions or conclusions.

Intelligence information is being shared with other parts of the Swedish Police Authority or

other law-enforcement agencies for further action. The information may strengthen an existing police report or judicial enquiry, or result in the recipient filing a police report. Information on the measures taken by the recipients does not automatically reach the FIU.



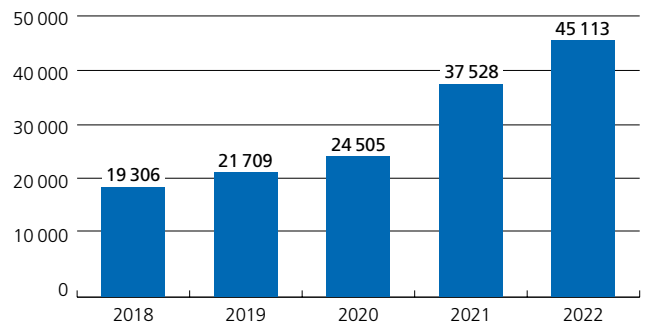
# Reporting to the FIU

One of FIU’s key information sources are the suspicious activity reports delivered by entities that are obliged to report in line with the Act on Measures against Money Laundering and Terrorist Financing (PTL) and by authorities. During the course of one year, the FIU receives thousands of suspicious activity reports on transactions or circumstances that are suspected to be money laundering activities or terrorist financing from obliged entities from various lines of business. Not only banks and financial institutions fall within the scope of the reporting requirement of the PTL, but also gambling companies, pawnshops, insurance agents, traders in goods and government agencies, among others, that might detect risk behaviours and suspicious transaction patterns.

**Increasing number of suspicious activity reports**  
The reporting to the FIU has steadily increased (see Figure 1). During 2022 a new peak was reached with 45,113 reports, which represents an increase by 20 percent compared to the previous year. The largest part of the reports and the largest increase in absolute terms was accounted for by the banks (see Table 1). Together with other obliged entities in the financial sector, the banks accounted for more than 90 percent of the total number of reports.

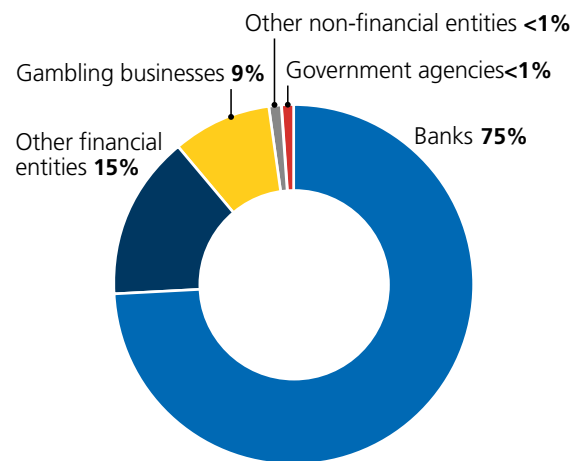
A significant part of the reports also came from the gambling sector. During 2022, obliged gambling companies submitted 9 percent of all reports, which is more than twice as many as in 2021. Part of the increase can be explained by the directed feedback and training activities for the gambling sector. The remainder of the non-financial sector together with government agencies continued to account for just over 1 percent of the total reporting (see Figure 2).

**Figure 1. Number of submitted suspicious activity reports**



The number of suspicious activity reports has gradually increased.

**Figure 2. Percentage of suspicious activity reports 2022**



Banks and other financial entities accounted for the majority of the reports received by the FIU during 2022, while the contribution from gambling businesses, government agencies and non-financial entities accounted for just over a tenth of all the reports.



If the figures are broken down by sector, it is evident that almost all sectors have increased their reporting during 2022. On the other hand, the sectors which comparatively submits few reports, account for the greatest relative increase compared to 2021. These sectors refer to e-money institutions, real estate agents and entities that offers currency exchange and deposits.

The increase of reports gives the FIU better possibilities to temporary freeze assets, serve other law-enforcement agencies with information and analyse new trends in crime. The increasing number of reports doesn't necessarily equate to an increase in money laundering activities. Updated legislation, increased general awareness of how money laundering inflicts the society as well as extensive efforts by obliged entities in recent years have likely led to the

detection and reporting of more suspected transactions and activities.

During 2022, the number of unique obliged entities submitting reports increased from 278 to 322. At the same time, the number of registered organisations in the FIU reporting portal goAML increased by 50 percent. In this field, the FIU notes an increased number of reporting entities in the real estate sector, among lawyers and in the category of company formation and trustee etc. The fact that more obliged entities are registering in the reporting portal, which is a prerequisite for submitting a report, also indicates a growing awareness among these groups of entities. Despite the growing number of both reports and unique obliged entities, many sectors presumably are underreporting.

It should be noted, that suspicious activity reports are not to be considered as police reports. The level of suspicion required for submitting a report is low. The FIU receives information about clients who have shown a deviant behaviour and transactions of which the purpose is unclear, i.e. circumstances that are not to be equated with a suspicion of crime. The information is further processed with information from other sources. Subsequently, an assessment is made of whether the information might indicate a criminal activity or if the transaction can be legitimately explained. All information reaching the FIU may prove an important piece of the puzzle in the intelligence work.

**All information reaching the FIU may prove an important piece of the puzzle in the intelligence work.**

### The quality of the reports

One of the purposes of the goAML was to have better possibilities to make deeper analyses. The increase of reports may also be interpreted as a success of the adaption to the new reporting system. In order for the system to be utilised optimally, the information needs to be structured according to the fixed format. This has posed a challenge for the obliged entities. However, it is a prerequisite for improving the intelligence work, analyses and feedback even more in the long run.

### What is goAML?

- An IT system designed for reporting suspicious activities in the field of money laundering and terrorist financing.
- Developed by a UN organisation, UNODC.
- Used by more than 60 FIUs around the globe.
- Introduced in Sweden during spring 2020.

During 2022, approx. 3,000 reports were rejected due to lacking compliance with the basic requirements concerning information accessibility and structure. The obliged entities were requested to remedy the deficiencies and resubmit their reports.

Some of the more common deficiencies in the reports were the lack of mandatory information, transactions not being reported in accordance with the expected structure or that important information necessary for linking with other reports was not entered in a uniform format. It should be added that the majority of the obliged entities who frequently submit reports have undergone a quality control, with their reporting checked against a basic standard. The reports from these obliged entities are not being scrutinised when submitted and are automatically approved. Feedback is given in other ways to these obliged entities when errors or deficiencies are detected in the automatically approved reports.

In the approved reports the information content and data quality varied, from well-devised analyses and comprehensive transaction lists to a few transactions and brief suspicion descriptions. In the course of the year, the FIU has carried out several activities aiming to improve the data quality. Even though there is still room for improvement, the cooperation with the obliged entities and government agencies has resulted in a positive trend when it comes to data quality (for more details, read the Feedback to obliged entities section).

### Processing of reports

Some of the approved reports are being directly selected for further processing. If a reported account shows a positive balance, the FIU in certain cases has the possibility to temporarily freeze assets in order to prevent the forwarding or hiding of proceeds of crime.

A sample of the submitted reports is passed on for case handling or is used in ongoing operational or strategic work. Reports with a distinct mutual connection are collected in cases for further analysis and supplemented with information from other sources. During the year, intelligence cases of different size and complexity were handled, ranging from smaller cases based on just a few reports to complex surveys of sectors or phenomena. A case is often a compilation of several different reports, which together offer sufficient information for further processing. Therefore, it's not possible for the FIU to know what has happened to a specific report. In other cases, the information contained in a report



## Temporary freezing of assets in 2022

The FIU can decide to temporarily freeze assets in accordance to the Act on Measures against Money Laundering and Terrorist Financing\*, PTL. This measure is temporary pending an account freezing order made by the prosecutor's office. There must be reasonable grounds to suspect that the assets are being the object of money laundering or terrorist financing. However, temporary freezing of assets does not necessarily lead to seizure of assets, nor filing a police report.

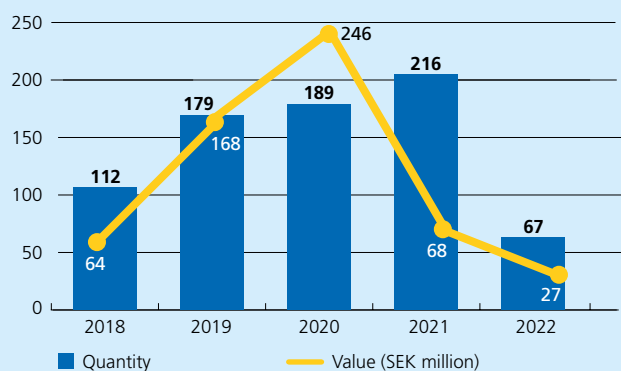
The FIU and the obliged entities are in a position to discover circumstances that may result in a temporary freezing of assets. The obliged entities should always mark a key risk indicator in the report or contact the FIU directly, should they believe a temporary freezing of assets is a possibility. A temporary freezing of assets usually applies to funds held in an account. However, in 2022 the FIU also made such decisions regarding assets in the form of cash.

In 2022, the FIU decided to temporarily freeze assets on 67 occasions, at a total value of MSEK 27. This is a sharp reduction compared to previous years, largely due to changes in the BEC-reporting by the obliged entities (for more details, read the section Reporting on suspected BEC frauds). The total value otherwise varies naturally over time.

\* Chapter 4, section 11 of the PTL (2017:630).

As mentioned, the number of decisions to temporarily freeze assets has declined. Simultaneously though, there has been an increase on the number of occasions where the FIU has disseminated information to ongoing investigations about the possibilities for money seizure. This type of information was distributed to more than 120 investigations, which is an increase by around 80 percent compared to 2021. The total value of the assets in those instances amounted to approx. MSEK 27.5. The result of this dissemination of information may thus be the same as a decision to temporarily freeze assets hence the proceeds of crime are no longer at the disposal of criminals.

### Temporary freezing of assets



is processed in numerous parallel cases. In addition, on an aggregated level, the information may be included in an intelligence report on current trends and *modi operandi*.

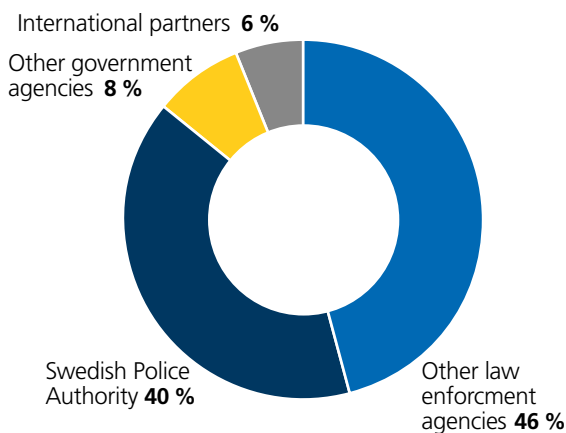
In many instances the information is supplemented with intelligence information and shared with other parts of the Swedish Police Authority, other law-enforcement agencies, international cooperation parties or within the range of other cooperation between authorities. During 2022 the majority of the recipients of the disseminated information were other law-enforcement agencies, including other functions within the Swedish Police Authority (see Figure 3).

The intelligence cases may also result in FIU filing police reports if there are tangible information about potentially committed crimes. Due to the fact

that the FIU is an intelligence service, it means that filing a police report is not the primary task. The main focus for the FIU is to disseminate intelligence information. The recipients are to decide on further action based on the obtained intelligence information. In 2022 a total of 242 police reports were filed, a clear decrease compared with 609 in the year before. One important explanation for this decrease is the improved ability of the banks to detect and prevent so-called BEC frauds<sup>4</sup>, which often used to form the basis for police reports (for more details, read the section Reporting on suspected BEC frauds).

<sup>4</sup> BEC (Business Email Compromise). An email is sent to a company where it is requested to make an improper payment to an account in the control of a swindler.

**Figure 3. Recipients of information in 2022**



The Swedish Police Authority and other law enforcement agencies received the majority of the information disseminated by the FIU.

A major part of the work at the FIU, emanates from proactive efforts. This may entail directed efforts towards an identified risk or vulnerability, a phenomenon, a criminal network or a geographical area. In this work a report could be considered in a completely different context than in the one originally forming the basis for the suspicion.

### Reporting on suspected BEC frauds

The suspicion that money originates from fraud is a common reason for submitting a report to the FIU. In previous years, a substantial part of the reporting concerned the suspicion of money originating from BEC frauds, which is a form of social manipulation. There are indications that this kind of fraud in many cases can be connected to the activities of international criminal networks. This type of fraud frequently also has constituted grounds for decisions to temporary freeze assets, as the bank with the receiving client reported the fraud while the money was still in the account.

In the course of the year, the FIU has noted substantially fewer reports related to BEC frauds than in 2021. The number of decisions to temporary freeze assets in connection with BEC frauds has declined correspondingly.

The main reasons for the reduction of reported suspected BEC frauds are the improved risk models and monitoring of several banks, real time alerts as well as transaction blocking at discrepancies.

This has led to the transactions of the proceeds of crime were blocked before they entered into the swindler's account, which in most cases are accounts belonging to straw men. All banks should make efforts to continue developing an effective monitoring, in order to close the remaining vulnerability gaps.

On the other hand, reports connected to other types of fraud, including social manipulation, have increased in 2022, primarily due to vishing frauds<sup>5</sup>. Vishing frauds in general generate smaller sums than BEC frauds, but the proceeds of crime in total still are considerable. Vishing is believed to be an important source of income for organised crime in Sweden.

Towards the end of the year, the FIU also has noted increasing numbers of reports concerning romance and investment frauds<sup>6</sup>. As is the case with BEC frauds, the proceeds of crime are often layered through cross-border transactions.

It is not confirmed that the decrease in the number of reports connected to BEC frauds correlates to the increased reporting on other types of fraud. There are, however, indications that organised crime networks previously connected to BEC frauds also for some part might be responsible for other types of fraud. Therefore, there are reasons to believe that BEC frauds have started to give way for other types of fraud. For that reason, obliged entities need to continue developing their preventive efforts when it comes to security measures in connection with other forms of fraud.

<sup>5</sup> Vishing takes place when a fraudster calls someone and tries to manipulate that person into handing over information that makes it possible to access his or her bank account.

<sup>6</sup> Romance fraud is based on building a false personal relationship to bring the victim of crime to lend or give away money. The purpose of investment fraud is to deceive a person to transfer money in the belief that it constitutes an investment in financial instruments, companies or the like.

**Table 1. Number of reports received per sector 2018–2022**

	2018	2019	2020	2021	2022
Lawyer or junior lawyer at law firm	..	6	1	1	1
Financial businesses with compulsory registration	166	493	163	383	454
Banking and financing institutions including credit market companies	14,421	16,831	18,342	27,801	33,665
Payment services* <sup>1</sup>	3,764	3,045	4,032	6,743	5
Payment services – payment institutions					4,943
Accounting or auditing services (excluding approved accountants or authorised public accountants and registered accounting firms)	16	19	6	9	33
Company formation, trustees etc.	..	..	0	0	1
Mortgage credit businesses	..	..	12	8	30
Real estate agents* <sup>2</sup>	..	23	5	6	41
Investment funds businesses* <sup>3</sup>	..	..	2	2	5
Fund businesses – alternative investment funds					1
Insurance intermediaries	..	..	0	1	0
Crowdfunding services* <sup>4</sup>				0	0
Electronic money institutions (including reports by representatives)	50	39	13	4	41
Other independent lawyers	..	..	0	3	5
Art trade* <sup>5</sup>			0	0	0
Consumer credit businesses	149	185	87	138	224
Life insurance businesses	32	42	17	33	27
Pawn shops	6	6	12	17	21
Auditing (approved or authorised public accountant or registered accounting firms)	7	20	8	20	28
Tax advisers	..	..	4	0	2
Gambling services	474	481	907	1,444	3,897
Currency exchange and deposit businesses* <sup>6</sup>			270	325	1,275
Securities businesses	10	19	6	4	4
Professional trade in goods	37	83	122	116	118
Supervisory authorities	23	19	8	7	2
Other authority* <sup>7</sup>	133	239	488	463	290
<b>TOTAL</b>	<b>19,306</b>	<b>21,709</b>	<b>24,505</b>	<b>37,528</b>	<b>45,113</b>

.. Indicates that the sector submitted five or fewer reports during the year. From 2020 actual numbers are given.

\*1 From 2015 to 2019, the category Payment services included payment institutions and registered payment service providers, including currency exchange. Starting in 2020, currency exchange and deposit businesses were lifted out to form a separate category. In 2022 the subcategories were lifted out to form a separate category.

\*2 In the category Real estate agents, real estate agent's companies are included as they became obliged entities in 2021.

\*3 In the years 2015–2021, all investment fund businesses, including alternative investment funds, were included in the category Investment fund businesses. Starting in 2022 the subcategories were lifted out to form a separate category.

\*4 Crowdfunding services were included in the Act on Measures against Money Laundering and Terrorist Financing on 10/11/2021.

\*5 Art trade was included in the Act on Measures against Money Laundering and Terrorist Financing in 2020.

\*6 The category Currency exchange and deposit businesses was previously included in the category Payment services. Starting in 2020 Currency exchange and deposit businesses were lifted out and formed a category of their own.

\*7 In the category Other authority the report type cash tax returns from the Swedish Customs has been excluded from the list from 2022, which gives rise to a smaller number of reports.

# Money laundering in 2022

The FIU carries out operational and strategic work, focusing on criminal individuals with a regional, national or international connection. The work is characterised by broad collaboration in the form of exchange of information, experience and knowledge. The process is continuously developing. In its

efforts against organised crime, the FIU collaborates with supervisory and law-enforcement agencies as well as private companies.

As a whole, 2022 has been a year of further refining and developing the efforts against money laundering and terrorist financing by the FIU.

## What is money laundering?

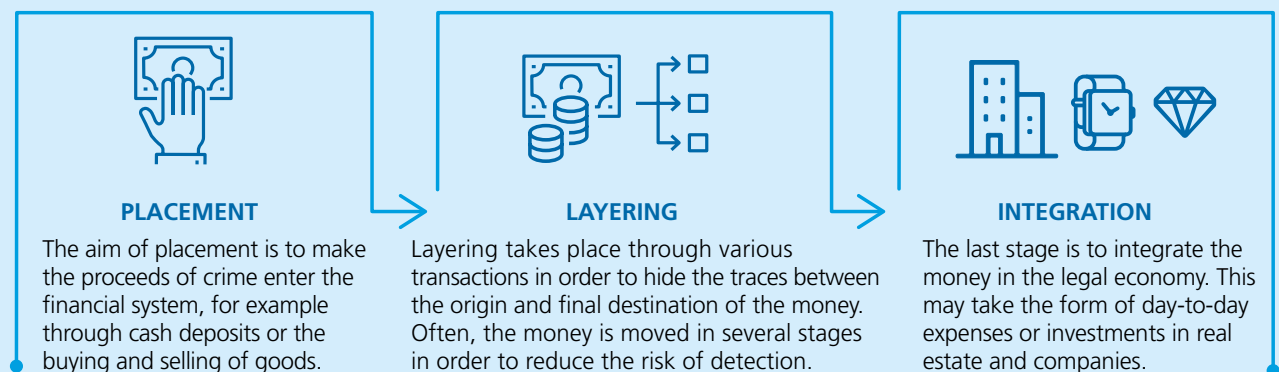
Money laundering is a process where illegally obtained assets are concealed and integrated into the financial system. These measures could refer to storing or transporting cash on behalf of someone or letting someone use your account to transfer money of criminal origin, among other things.

The opportunity to make money is the major incentive behind organised crime. In order to use their proceeds from crime in the legal economy, criminals need to launder them. Normally, money laundering is performed through a series of transactions where the proceeds of crime pass through various owners and change form. It may also be divided into smaller parts. The methods vary, but usually follow the steps described schematically below.

It is worth noting that all proceeds of crime are not laundered. Some are consumed without laundering and others are reinvested in further criminal activities.

There is also so-called reverse laundering where legitimate money is turned dirty, for example in order to avoid taxation.

Where money laundering activities take place within a line of business, the crime in question might be commercial money laundering. In this case, the legal person must have had a risk-taking and reprehensible behaviour, for instance accepting a large sum of cash without checking its origin.



## Operations

During 2022, the FIU has focused on so-called professional money launderers. These are criminal individuals who have the ability to act within or outside of the financial system, and by their profession enable money laundering to others against payment. It may also refer to criminal individuals who generally by their knowledge, experience and contact network enable the laundering of proceeds from organised crime.

**During 2022, the FIU has focused on so-called professional money launderers.**

The professional money launderers need not be connected to specific criminal networks, but launder the proceeds of crime for those who inquire for their services and knowledge. Often, they are in possession of an extensive international criminal contact network and able to administer and organise different money laundering arrangements consisting of transactions, cash and cryptocurrencies, etc. The ability of this type of criminals is a prerequisite for laundering the proceeds of crime from large-scale profitable criminal activities or financing new crimes.

### Example of operational cases in 2022

The following sample of operational cases during 2022 serves the purpose of demonstrating the multitude of cases continuously handled by the FIU. It should be noted that the cases refer to intelligence cases, which not necessarily means that a judicial enquiry or other measure has been taken.

- A case concerned a person who was suspected of facilitating money laundering for organised

crime in numerous particularly vulnerable areas (for more details, read the section Money laundering in vulnerable areas) by layering the proceeds of crime via different accounts connected to their extensive business activities. The person made use of straw men as board members in the companies. A number of judicial enquiries against the facilitator has been initiated.

- By the extensive handling of cash, an exchange office has received and exchanged large amounts of cash originating from criminal activities. The cash was transferred abroad and layered by having it exchanged into other currencies and reinvested in new criminality in other countries. Numerous judicial enquiries have been initiated related to gross commercial money laundering offence and gross accounting offence.
- A family-based network in a particularly vulnerable area was suspected of fraud, extortion and money laundering. On the accounts of numerous family members, the turnover was considerable and depositions of millions of Swedish krona were made. The transactions were assumingly facilitated by an insider placed at an obliged entity.
- A creditor let himself be exploited by providing credit in the context of a vehicle purchase. The creditor thereby facilitated the money laundering. Intelligence information has shown that criminal networks have a demand for credit when purchasing vehicles or apartments and the repayment is being made with proceeds of crime.
- A real estate agent is suspected of complicity in commercial money laundering. The real estate agent has used its client funds accounts for transactions from criminal individuals for the payment of real estates.





- A network offered exchange from cash to cryptocurrency. The network is a part of a vast hawala network (read more about hawala in the section Terrorist financing) that is transferring large sums of cash abroad.
- Several established criminal networks are suspected of transferring proceeds of crime via money mules and companies to Swedish account holders abroad. The money was later withdrawn as cash from foreign accounts.
- A hawala agent received large flows of transactions and cash that subsequently were taken out of Sweden via different means of transport to several countries. According to the suspicion, the money is originating either from criminal activity or will be used for terrorist financing.
- Criminals involved in drug-dealing are suspected of having laundered proceeds of crime in several stages with the assistance from a number of next of kins. The case was initiated by information from the decrypted messaging applications Encrochat, Sky ECC and Anom. The information in the chats correspond to actual account movements.
- A car dealer was suspected of acting as a facilitator for criminal networks by importing cars in which narcotics and/or cash were hidden. Also, this case was initiated by information coming from the decrypted chats.

### Money laundering through cryptocurrencies

The cryptocurrency market is in constant development. Increasingly more businesses are utilising new and refined methods to handle their assets and carrying out transactions. The global range, the swiftness of international transactions and the possibility of acting covertly makes this market especially attractive for the criminal economy. Cryptocurrencies enable methods for hiding, handling and laundering proceeds of crime.

The ways for criminals to launder their proceeds of crime are expected to change as new ways to convert money are evolving. Intelligence shows that cryptocurrencies are utilised by organised crime in combination with more traditional methods of layering money, i.e. bank accounts, cash and payment services. For that reason, a better overall view of the money flows and utilised methods is needed to more effectively counteract money laundering and terrorist financing. In November 2022, the FIU published a report on money laundering and terrorist financing with cryptocurrencies with the aim to provide better knowledge and give an updated situational picture.<sup>7</sup>

A criminal individual wanting to exchange traditional currencies (so-called fiat currencies) for cryptocurrencies needs to either utilise legal currency exchangers or private individuals acting as illegal crypto exchangers to benefit from their proceeds of crime. Information in the decrypted chats shows that apart from the need of a crypto exchanger, criminal groups have a demand for support and administration in their handling of cryptocurrencies in money laundering arrangements.

### Cryptocurrencies enable methods for hiding, handling and laundering proceeds of crime.

Throughout 2022, the FIU continued to strengthen its capacity in relation to cryptocurrencies, for example by skills enhancement measures. The FIU also engaged in spreading knowledge about cryptocurrencies and criminals' methods of using cryptocurrency for money laundering purposes. Awareness has been raised by lectures, dissemination of operational products, police reports and the active engagement in cooperation projects.

### Cash – still largely in use for criminal purposes

Even if the use of digital transaction channels and the trade in cryptocurrencies for criminal purposes are considered to occur more frequently, cash still

plays an important role in the criminal economy according to the compiled information by the FIU.

One focal point of the FIU in 2022 has been to gain an overview of criminal individuals and criminal businesses with a large cash turnover, as well as conducting intelligence cases where the suspected criminal *modi operandi* comprise cash arrangements.

The export of cash is a prerequisite for criminals to be able to pay for and reinvest in new criminality, this often being drug trafficking.

Organised crime to a larger extent acts internationally, and the analyses of the FIU have shown that cash is extensively being exported from Sweden. The export of cash is a prerequisite for criminals to be able to pay for and reinvest in new criminality, this often being drug trafficking. The physical transport of cash across country borders usually forms a part in international money laundering arrangements. Transporting it serves the purpose of laundering the proceeds of crime in different ways and enabling its entry into the legal economy, especially in countries with better opportunities of placing cash in the financial systems than in Sweden. In this context, an especially high risk is represented by countries with strategical deficits in countering money laundering and terrorist financing or where corruption is widespread.

The Court of Appeal ruled on a criminal case on gross commercial money-laundering in 2022. The criminal activities referred to extensive air transports of large amounts of cash, and the convicted persons were found guilty by the Court of Appeal for carrying out eight transports of cash at a total value of around 170 million Swedish krona. According to the court it was apparent by the size of the amount and the circumstances that the money had been transported for money laundering purposes. The court also considered it very likely that the money originated from extensive organised crime activities.

<sup>7</sup> *Penningtvätt och finansiering av terrorism med kryptovalutor.*  
The report is published in Swedish on the Swedish Police Authority website:  
<https://polisen.se/om-polisen/polisens-arbete/finanspolisen/>



## Money laundering in vulnerable areas

The Swedish Police Authority has been working with so-called vulnerable areas since 2014. A vulnerable area can in short be described as a geographically delimited area characterised by low socio-economic status where criminals have an influence on the local society. Drugs being openly trafficked, acts of violence in the open and a widespread culture of silence are characteristics of such an area. Recent development has posed difficulties for the authorities to act in these areas.

Against this backdrop, the FIU carried out an analysis of vulnerable areas during 2022 focusing on financial factors and money laundering.<sup>8</sup> The analysis was based on a review of reports in the money laundering register and other intelligence information. To provide a total picture, the FIU also sought support from banks within SAMLIT<sup>9</sup>.

<sup>8</sup> *Utsatta områden och penningtvätt. En analys av finansiella förutsättningar, penningtvätt och parallella ekonomiska strukturer.* The report is published in Swedish on the Swedish Police Authority website: <https://polisen.se/om-polisen/polisens-arbete/finanspolisen/>

<sup>9</sup> The abbreviation SAMLIT stands for Swedish Anti-Money Laundering Intelligence Taskforce, which is a joint cooperation between the Swedish Police Authority and the five largest banks in Sweden. For more information about SAMLIT, read the section Strategic and operational cooperation.

The banks contributed with analyses of aggregated transaction data on a national level which made it possible to compare the conditions in vulnerable areas with other areas in Sweden.

The analysis showed that residents in vulnerable areas are clearly overrepresented among individuals being reported for money laundering. The suspicious activities reported to the FIU reflects the concentration of criminality in these areas, which is corresponding with the classification of vulnerable and especially vulnerable areas done by the Police.

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The reports indicate that money laundering in vulnerable areas often takes place by relatively simple means, for example with cash. Compared to not-vulnerable areas the suspicions more often are related to cash rather than cryptocurrencies. The money being laundered is mainly considered to





originate from organised crime. Typically, people in vulnerable areas are acting as straw men and passing the money on, while the end recipients are located outside of these areas many transaction steps away.

Vulnerable areas are more cash-intense than other areas. The FIU interprets this more widespread use of cash as indicative of a criminal economy rather than only being characteristic of the everyday economy in the areas. The cash flows seem to be driven by a smaller and younger group of individuals, and the suspicions concerning money laundering in vulnerable areas more often refer to cash.

**The number of unreported cases with companies involved represents a serious vulnerability in the society's defence against money laundering.**

At the same time, the FIU estimates that the number of unreported cases is considerable when it comes to companies being used for laundering money, for example by placing cash from proceeds of crime into the financial system. These might refer to traders in

goods, exchange offices or payment service agents that either don't comply with the money laundering legislation or run a covert, fully illegal business.

The review of the reports showed that this type of facilitators occurs in the reporting to the FIU, but that the suspicions almost exclusively relate to individuals who make use of the companies' services, rather than to the companies as such. The companies may be a counterpart in numerous suspicious transactions with a large number of reported individuals, but the risks regarding the company as such has not been observed by the obliged entities. The number of unreported cases with companies involved represents a serious vulnerability in the society's defence against money laundering.

# Terrorist financing

Terrorist financing is defined as financially supporting terrorism by collecting, or to provide or receive money or, other assets, to be used for terrorist financing. The FIU has during the course of the year conducted several intelligence cases in this field. These cases primarily related to financing of organisations or agents having transferred money during a longer period of time.

This type of cases shows that terrorist organisations also need financial means for other purposes than performing costly terror attacks. Terror activities like recruitment, propaganda and training are performed currently and can be financed with smaller sums over time.

**According to FIU's experience from intelligence efforts against terrorist financing, Sweden first and foremost still is a sending country.**

According to FIU's experience from intelligence efforts against terrorist financing, Sweden first and foremost still is a sending country. That means that money is being collected in Sweden and subsequently transferred to other countries in different ways. The purpose of the transfers is financing terror activities on site in the receiving country.

On 1 July 2022, a new law on terrorist offences was passed in Sweden.<sup>10</sup> The previous three different legislative acts regulating crimes related to terrorism now are merged into one piece of legislation. In connection with the new law, the maximum penalty for terrorist financing, of the normal degree, was raised from two to three years imprisonment.

## Informal payment systems – hawala

The sector with a high risk of being used for terrorist financing is the payment services sector, consisting of several different types of payment service providers as well as agents for those kinds of activities. This sector also includes businesses that partly use informal payment systems for their transactions.

**Intelligence provides support of the assumption that informal payment systems like hawala exist in illegal forms in Sweden and that they are being used both for large-scale money laundering and terrorist financing purposes.**

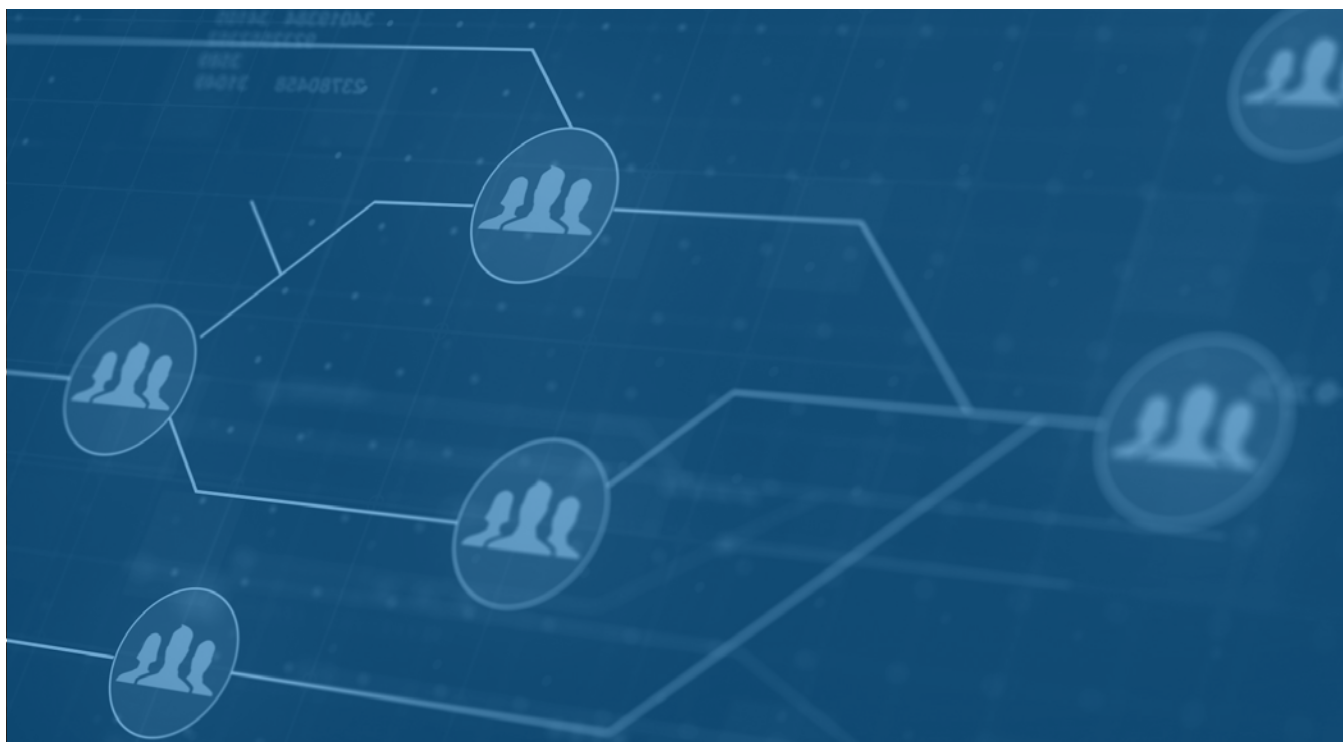
Informal payment systems, or hawala as they are often referred to, as a rule are based around international payment networks with ramifications in primarily the Middle East, Africa and Asia. These networks are also being used in Europe, both for legitimate and illegal purposes. The payment systems in general are built around an infrastructure where cash is being transferred, often by the help of couriers, to level out assets between different agents. It is also common for regular account transactions, digital payment solutions or cryptocurrencies to be used in parts of the chain.

In Sweden there are no barriers for legitimate hawala agents to be granted a permit for carrying out money remitting services. A condition for being granted a permit, however, is the business' compliance with the requirements for such payment services and compliance with the money laundering and terrorist financing legislation.

Intelligence provides support of the assumption

<sup>10</sup> Law on terrorist offences (Terroristbrottslag 2022:666).





that informal payment systems like hawala exist in illegal forms in Sweden and that they are being used both for large-scale money laundering and terrorist financing purposes. Transactions are for example being made to recipients in countries with strategical deficits in the work against money laundering and terrorist financing according to FATF assessments.<sup>11</sup>

The FIU has during 2022 analysed a number of companies providing payment services in the form of money transfer to countries i.e. on the Horn of Africa. The companies are registered with the Swedish Financial Supervisory Authority (*Finansinspektionen*). The payment service providers were considered to make use of informal payment services in parts of the transaction chain. Money has been paid by clients via the services Swish and the Bankgiro and in cash. The money subsequently has been transferred to recipients on the Horn of Africa via companies in Dubai. According to the assessment of the FIU, the payment service providers are defective in complying with the PTL. There are indications of the businesses and the clients using the payment

services having connections to violent extremist groups and other criminality.<sup>12</sup>

Other intelligence shows that businesses also offered transactions through informal payment systems without being registered or having a permit from the Swedish Financial Supervisory Authority. The number of such agents is estimated to be very large. Legitimate businesses are used as a façade, behind which criminal activities are taking place. Information shows that such activities are being conducted in large scale, for example at exchange offices, for the purpose of using their infrastructure for handling and transporting large sums of money. Some exchange offices serve as financial hubs in the criminal economy and are used by criminals to launder and move proceeds of crime, both within and outside Sweden.

Together with other government agencies, the FIU has contributed during the year in an ongoing effort to deeper analyse the existence of hawala in Sweden. The aim of this work is to describe the phenomena and risks emanating from hawala from a crime perspective.

<sup>11</sup> For more information, <https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-october-2022.html>

<sup>12</sup> *Finanspolisen informerar: Betalningar till Dubai och Afrikas horn*. The report is published in Swedish on the Swedish Police Authority website: <https://polisen.se/om-polisen/polisens-arbete/finanspolisen/>

# Feedback to obliged entities

Feedback is an important part of the work of the FIU to enhance the quality of the reports with the purpose to carry out better operational measures and strategic analyses. As far as possible, the FIU provides feedback on the efficiency and follow-up of the reports to the obliged entities covered by the money laundering legislation. Like previous years, the FIU has put a strong emphasis on giving feedback to the obliged entities.

## New team at the FIU

In view of its statutory mission and the importance of feedback for the enhanced quality and continuous handling of reports, the FIU was equipped with a new team in 2022. The team is responsible for information management, developing the goAML system and providing part of the FIU feedback. The aim is to simplify the reporting and help obliged entities to improve the quality of their reports.



The system goAML builds on structured data, which means that the information being supplied needs to be correctly entered in order for it to be further analysed. Erroneous information in the reports has considerable consequences and is time-consuming for the FIU to handle. During the year, the new team has in different ways put efforts into improving the data quality of the reports. If the data quality is flawed, there is a risk that important information cannot be handled or be linked with information from other reports. Therefore, the obliged entities have a great responsibility to ensure good quality of the information that they report to the FIU. In the worst case, the information might be of no use.

**The team is responsible for information management, developing the goAML system and providing part of the FIU feedback.**

### Feedback in different ways

The FIU provides the individual obliged entities with targeted feedback when deficiencies have been observed that concerns the format or structure of the reports. In such a case, an obliged entity might receive a written opinion and be asked to remedy the flaws in the reporting. Many of the major obliged entities have received such feedback during 2022 and subsequently conducted work to improve their reporting.

Another form of feedback from the FIU is operationally oriented. This might imply that the FIU has requested information from an obliged entity in accordance with the PTL or decided to temporarily freeze assets in a certain intelligence case. These are measures that could indicate the FIU's interest in a certain behaviour or a money laundering arrange-

ment. It could give an indication to the obliged entity that there is a suspicion of money laundering or terrorist financing related to a natural or legal person.

The FIU also provides feedback on a strategic level. This kind of feedback often is based on a quantity data analysis and concerns information about trends and modi operandi in the field of money laundering and terrorist financing. Feedback during 2022 referred for example to the *Finanspolisen informerar: Lån och falska skuldebrev* (“Information from the FIU: Credits and false debt instruments”) and the report *Utsatta områden och penningtvätt* (“Vulnerable areas and money laundering”) that are published (in Swedish) together with other reports on the FIU page on the website polisen.se. The feedback to the Swedish Financial Supervisory Authority has evolved in the course of the year. Some aggregated data have been supplied to the Swedish Financial Supervisory Authority with the purpose of providing a basis for their supervisory work.

Another way of providing feedback is by giving lectures for different fora and taking part in for example trade fairs and conferences. The FIU has during the year participated in the anti-money laundering event *Penningtvättsdagarna* and given lectures for collaborating government agencies and trade associations.

# Strategic and operational cooperation

The FIU is cooperating with a number of different agencies, authorities and others within different fora, both nationally and internationally. The cooperation is operationally or strategically focused. For instance, cooperation can take place within the framework of an intelligence case, to which the FIU is supplying information. The cooperation may also refer to exchanging information about risks and vulnerabilities in the field of money laundering and aims to prevent criminality. The FIU also takes part in the cross-agency efforts against organised crime. The cooperation efforts have been more intensified in certain areas during 2022, which are described more in detail in the respective sections.

**The aim of the cooperation is to improve the efforts to combat money laundering and terrorist financing.**

## Swedish Anti-Money Laundering Intelligence Taskforce – SAMLIT

Since a few years back, the Swedish Police Authority has been cooperating with the five largest banks in Sweden in the Swedish Anti-Money Laundering Intelligence Taskforce (SAMLIT). The aim of the cooperation is to improve the efforts to combat money laundering and terrorist financing. SAMLIT includes one team with an operational focus, Operative Intelligence Group (OIG), one strategically orientated team, Strategic Intelligence Group (SIG) and one team working with legal matters, Legal Working Group (LWG). The FIU has taken part in all teams.

Within the operational team, OIG, the Swedish Police Authority and the banks cooperate on operational cases based on concrete issues concerning

suspected criminals and companies. During the year, the team has worked on nine intelligence cases relating to activities such as money laundering via real estate acquisitions, fraud and violent extremism. The cases have led to the initiation of a number of judicial enquiries, and supporting documentation has been provided to other government agencies for further measures.

One of the pilot projects within the strategic collaboration, SIG, that was initiated during 2021 continued in 2022. One subproject of this group was a knowledge-exchange forum, where the banks and the Swedish Police Authority were able to share experiences about methods, phenomena and risks. The forum also worked as a platform for common development of methods, one example being to identify indicators to be used for detecting suspect transactions.

**One subproject of this group was a knowledge-exchange forum, where the banks and the Swedish Police Authority were able to share experiences about methods, phenomena and risks.**

One example of knowledge-exchange referred to lessons learned from a method project that one of the banks carried out in the course of the year. The aim of this project was to gain an overview of the financial traces resulting from trafficking in human beings. Not only could all other SAMLIT participants benefit from the method work, the project also led to a deepened dialogue with other parts of the Swedish Police Authority working with the crime area in question.

In September 2022, the SAMLIT participants organised an event for a wider circle of banks with the subject money laundering via real estate properties. The aim of the event was to share knowledge about risks and warning flags identified as a result of the collaboration. The event also gave the opportunity to discuss the challenges met by smaller banks in their fight against money laundering.

A thematical request coming from the Swedish Police Authority to the participating banks was another pilot project within the SIG cooperation in 2022. The request concerned the financial conditions in so-called vulnerable areas and represented one foundation for the FIU's analysis of vulnerable areas and money laundering (for more details, read the section Money laundering in vulnerable areas).

### Swedish Financial Supervisory Authority

In 2019 a special collaboration<sup>13</sup> was initiated between the Swedish Financial Supervisory Authority and the FIU, which continued during 2022. Within this framework the FIU has shared information about financial institutions that are suspected of lacking compliance with the money laundering rules or conducting business that require a permit without being in possession of such permission. According to the assessment, these institutions contribute to facilitating money laundering for organised crime. On its part, the Swedish Financial Supervisory Authority has contributed with experiences from its supervisory efforts related to businesses that are assumed to facilitate money laundering or where criminals play an influencing role.

Within the field of cooperation on a strategic level, the information exchange was targeted to identified threats, vulnerabilities and risks influencing the supervisory responsibility of the Swedish Financial Supervisory Authority. Furthermore, a common analysis of agents conducting hawala activities (for more details, read the section Terrorist financing), the subject of the yearly national risk assessment, contributed to strategic as well as administrative and operational measures.

The coordination function for the prevention of money laundering and terrorist financing The FIU is taking part in the coordination function for the prevention of money laundering and terrorist financing. This is a cross-agency cooperation led by the Swedish Police Authority made up of representatives from 16 government authorities and the Swedish Bar Association.

The mission of the coordination function is to identify, map out and analyse risks and methods for money laundering and terrorist financing in Sweden, as well as being a forum for information exchange and knowledge transfer.

Within the scope of the work that has been led by the coordination function during 2022, the FIU has been involved in several working groups that, among other things, have produced an information leaflet about warning signals related to so-called straw men and has participated as speakers at webinars. The FIU has also played a central role in the analysis work and the preparing of the national risk assessment for 2022.

<sup>13</sup> According to the Act on the Obligation to Provide Information in the Context of Cooperation against Certain Types of Organised Crime (LUS, 2016:774).



## International cooperation

During 2022, the FIU has participated in a number of international fora on a strategic and operational level, both globally and within the EU. The international cooperation contributes to the process development of the FIU. The aim of the cooperation within the EU is to increase the capacity as well as contribute on how to counter money laundering and terrorist financing more effectively. There are several international collaboration fora (for more details, read the information box).

### The international cooperation contributes to the process development of the FIU.

Within the framework of the Empact cooperation the Swedish Police Authority has made concerted efforts and set up a secretariat, to which the FIU contributes with follow-up. The FIU also has been in charge of an operational action plan within the Empact work concerning the criminal economy, money laundering and asset recovery. Furthermore, the FIU participates in other operational action plans within Empact.

Within the range of another action plan, coordinated by the Swedish National Fraud Centre (*Nationellt Bedrägericentrum*), the FIU has contributed in a large-scale international effort focusing on straw men. The straw men are considered to constitute an important step in organised crime internationally.

Egmont and the FIU.net function both as meeting forums and as communication channels between FIU's in different countries. By sharing information with other FIU's, the Swedish FIU has both shared and received new information. The Swedish FIU also participate in a cooperation with its counterparts in the other Nordic countries.

During the year, the FIU has attended meetings held within the framework of the global organisation FATF. The FIU is taking part in their plenary sessions and some of the FATF working parties. The aim of FIU's participation is to ensure Sweden's high level of work in countering money laundering and terrorist financing.



## Examples of international fora with FIU participation

### Egmont Group

Platform for exchange of information and experience between FIU's around the world.

### FIU.net

Communication system for FIU's within the EU for information exchange.

### Empact

The European Multidisciplinary Platform Against Criminal Threats. European cooperation against serious and organised crime.

### FATF

Financial Action Task Force. Working globally on combatting money laundering and terrorist financing. Sweden is a member of FATF. FATF provides recommendations to establish international standards for combatting money laundering and terrorist financing. Additionally, the FATF is reviewing the countries' working methods in this field and assesses their compliance with the standards.

### EFECC

European Financial and Economic Crime Centre. Located at Europol and counteracts economic and financial crime.

During 2022, the FIU has taken the responsibility together with the Swedish Tax Agency, the Swedish Economic Crime Authority and the Swedish Customs to set up a liaison officer post with a focus on financial and economic crime at the EFECC. The post is located at the FIU. FIU members of staff also have taken part in trainings and the exchange of services in order to actively contribute to the Swedish EU presidency during spring 2023.



# Legislation 2022

The money laundering legislative framework is continuously developing, both nationally and internationally. The FIU actively takes part in these efforts and contributes with insights in this field. When it comes to the national legislation, important additions to the money laundering legislation<sup>14</sup> have been drawn up in the course of the year.

Legal frameworks for operational cooperation and the possibility to request for supplementary information are legislative changes that have been requested by the FIU. The changes are expected to give the FIU better possibilities to counteract money laundering and terrorist financing more effectively, both on an operational and strategic level. The legislative changes entered into force on 1 January 2023 (see the information box).

**The changes are expected to give the FIU better possibilities to counteract money laundering and terrorist financing more effectively, both on an operational and strategic level.**

During the year, the legal act on financial information in the combatting of crime<sup>15</sup> has entered into force. With this new act the Swedish Economic Crime Authority, the Swedish Tax Agency, the Swedish Customs and other parts of the Swedish Police Authority to a larger extent than before may gain insights in information in the hands of the FIU about money laundering and terrorist financing in cases where information is needed to prevent, detect, investigate or prosecute serious crime. This means that the information possessed by the FIU

to an increasing extent can strengthen and be of use to judicial enquiries concerning other crimes than money laundering or terrorist financing, for example in a murder investigation or to detect and preclude drug trafficking.

## International legislative work

During the year, the negotiations of a new legislative package has continued within the EU, the so-called AML package<sup>16</sup>. The FIU has in different ways been involved in the – periodically intense – negotiations. The AML package consists of four legal acts:

- One EU regulation replacing most part of the Directive on Anti-Money Laundering and Terrorist Financing (AMLD IV).
- One EU directive replacing the remaining parts of the fourth money laundering directive that have not been transferred to the regulation.
- One EU regulation establishing a new authority on EU level, the Anti-Money Laundering Authority (AMLA).
- Alterations in the regulation 2015/847<sup>17</sup>, principally meaning that some transfers of crypto assets will be subject to the same information requirements as for example bank transfers.

The negotiations are expected to be concluded during spring 2023. In parallel with the negotiations, work is being started to implement the statutory changes required to adapt the Swedish legislation to the AML package.<sup>18</sup> This investigation is being supported by an expert from the FIU.

<sup>14</sup> PTL, as changed by SFS 2022:1537 (Swedish Code of Statutes).

<sup>15</sup> Act on financial information in the combatting of crime (Lag [2022:613] om finansiell information i brottsbekämpningen).

<sup>16</sup> AML standing for Anti Money Laundering.

<sup>17</sup> Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006.

<sup>18</sup> Committee terms of reference (*kommittédirektiv*), EU's legislative package on measures against money laundering and terrorist financing, Dir 2022:76.

The national centralised bank account registry (the so-called Mechanism), is a system of accounts and safe deposit boxes. It serves the purpose of providing immediate answers on queries about at which institutions<sup>19</sup> a natural or legal person has accounts and safe deposit boxes. When data are directly accessible for queries in the system there is no need to make inquiries at other individual institutions about possible client engagements. After a change<sup>20</sup> in the Act on a system of accounts and safe deposit boxes it is now possible for intelligence staff as well as investigative staff of the Swedish Police Authority to request data by queries in the system.

The new act<sup>21</sup> entered into force already in 2020 and the system was launched in 2021. However, the possibility of making queries was initially restricted due to the low quality of the data and the small number of institutions connected to the system. For the same reasons, the FIU only has had limited possibilities of making queries in the system during the first part of 2022.

The lacking quality implied that each piece of information had to be verified before it could be processed further and that queries about client engagement needed to be directed to the not yet connected institutions, in order to gain a full picture of a person's accounts and safe deposit boxes. Not until towards the end of the year the data from the system was deemed more reliable, and in combination with the growing number of connected institutions the FIU could make use of the system in a larger extent in its

operational activities. The full potential of the system will however not be reached until all institutions are connected. In the end of 2022, 103 institutions were connected of a total of around 120.



### **New provisions in the Act on Measures against Money Laundering and Terrorist Financing entering into force on 1 January 2023**

A new chapter in the Act on Measures against Money Laundering and Terrorist Financing, or PTL, makes new forms of collaboration possible in order to prevent, preclude or detect money laundering and terrorist financing that is considered serious based on its nature, complexity or extent. It enables collaboration between law-enforcement agencies, the FIU and credit institutions on the one hand and between law-enforcement agencies and supervisory authorities on the other.

The obligation to reply upon requests from the FIU has been extended to clearing organisations carrying out clearing or payment settlement activities or organisations providing financial infrastructure for immediate payment services. Thereby also these obliged entities must, at the request of the Swedish Police Authority or the Swedish Security Service, without delay provide the information needed for an investigation into money laundering or terrorist financing.

As a consequence of the changes in the obligation to give information, the Swedish Police Authority has adapted the related regulations (PMFS 2022:12).

<sup>19</sup> Institutions refer to credit institutions and foreign credit institutions conducting business from a branch in Sweden, investment firms and foreign investment firms conducting business from a branch in Sweden in possession of a permit for receiving client funds on a client funds account.

<sup>20</sup> Law amendment act (2020:272) on a system of accounts and safe deposit boxes, SFS 2022:618.

<sup>21</sup> Act (2020:272) on a system of accounts and safe deposit boxes.

# FAQ's to the FIU

## ? What happens when a report is submitted to the FIU?

When the FIU receives a report, the report is assessed along with other information that is available to the FIU. The information may be processed and relevant intelligence is shared with entities outside the FIU to aid them in their work. It may also be investigated further within the FIU.

Further information is obtained from various sources, which may result in the information being shared with partners or the filing of a police report. Many reports are not used at first, but are saved in the money laundering register to be retrieved again if further information is received.

## ? When do we report to the FIU, and what does "reasonable grounds for suspicion" really mean?

The assessment of whether to report to the FIU must be based on the obliged entity's know your customer information (KYC) and risk assessments. The level of suspicion required for reporting to the FIU is low. The legislation refers to transactions and behaviour that deviate from what the obliged entity may reasonably expect, considering its KYC and the products and services it provides. It may also refer to activities and transactions that do not deviate, but that may be presumed to be part of money laundering or terrorist financing activities. If the assessment – after the sharpened measures for KYC and other necessary measures – leads to reasonable grounds for suspicion of money laundering or terrorist financing, this must be reported.

## ? Are we allowed to tell anyone that we submitted a report to the FIU?

No. Chapter 4, section 9 of the Anti-Money Laundering Act (2017:630) states that obliged entities that submit reports are bound by professional secrecy and are not allowed to disclose, to the client or any third party, that a report, was submitted to the FIU. However, this information may be shared with supervisory authorities and law-enforcement agencies, among others, and in certain circumstances within the group and with other obliged entities that are involved in the same transaction with the same client.

## ? Do we report everything that deviates or that we do not understand?

The starting point is that the obliged entity is supposed to have enough KYC information to understand transactions and behaviours. In cases of transactions or behaviours that are not understood, the first thing to do is to enhance customer due diligence measures.

That may lead to the suspicions being dismissed, in which case they should not be reported. At other times, enhanced customer due diligence measures result in stronger suspicions, which must be reported. If the assessment is made that the risk of money laundering or terrorist financing cannot be managed, the business relationship with the customer should be discontinued or the customer should be denied access to the services that were abused. Another basic rule is that the reporting should be done promptly. This means that there are cases where enhanced customer due diligence measures cannot be performed before the reporting. Such measures should then be done after the report has been submitted and should be the starting point for further measures.



### ? **If our client is the subject to a crime, i.e. fraud, do we make a report to the Police as well as a report to the FIU?**

A police report and a report to the FIU are two different things. A police report is always to be made by the person who has been subject to a crime. An obliged entity must submit a report to the FIU if there are reasons to suspect that a transaction stems from a criminal act.

Different types of crime, i.e. fraud, fall within the scope of the Swedish Criminal Code and may constitute a predicate crime for a money laundering crime. A police report may prompt the initiation of a judicial enquiry. Please note that a report to the FIU is not the equivalent of a police report. A report to the FIU has a lower level of suspicion than a police report, which means that the information is subject to strict confidentiality and the FIU is therefore the only entity with access to the information.

If a client has been subject to a crime, he or she can make a police report directly on the web site of the Police ([polisen.se/utsatt-for-brott/polisanmalan](http://polisen.se/utsatt-for-brott/polisanmalan)) or, alternatively, call the Police at 114 14. The obliged entity must send a report concerning suspected money laundering as a possible consequence of the crime, preferably with a reference to the K-no. of the police report. After that, other important information from the money laundering register can be communicated to the judicial enquiry.

### ? **Are we supposed to report when we decide to not perform a transaction?**

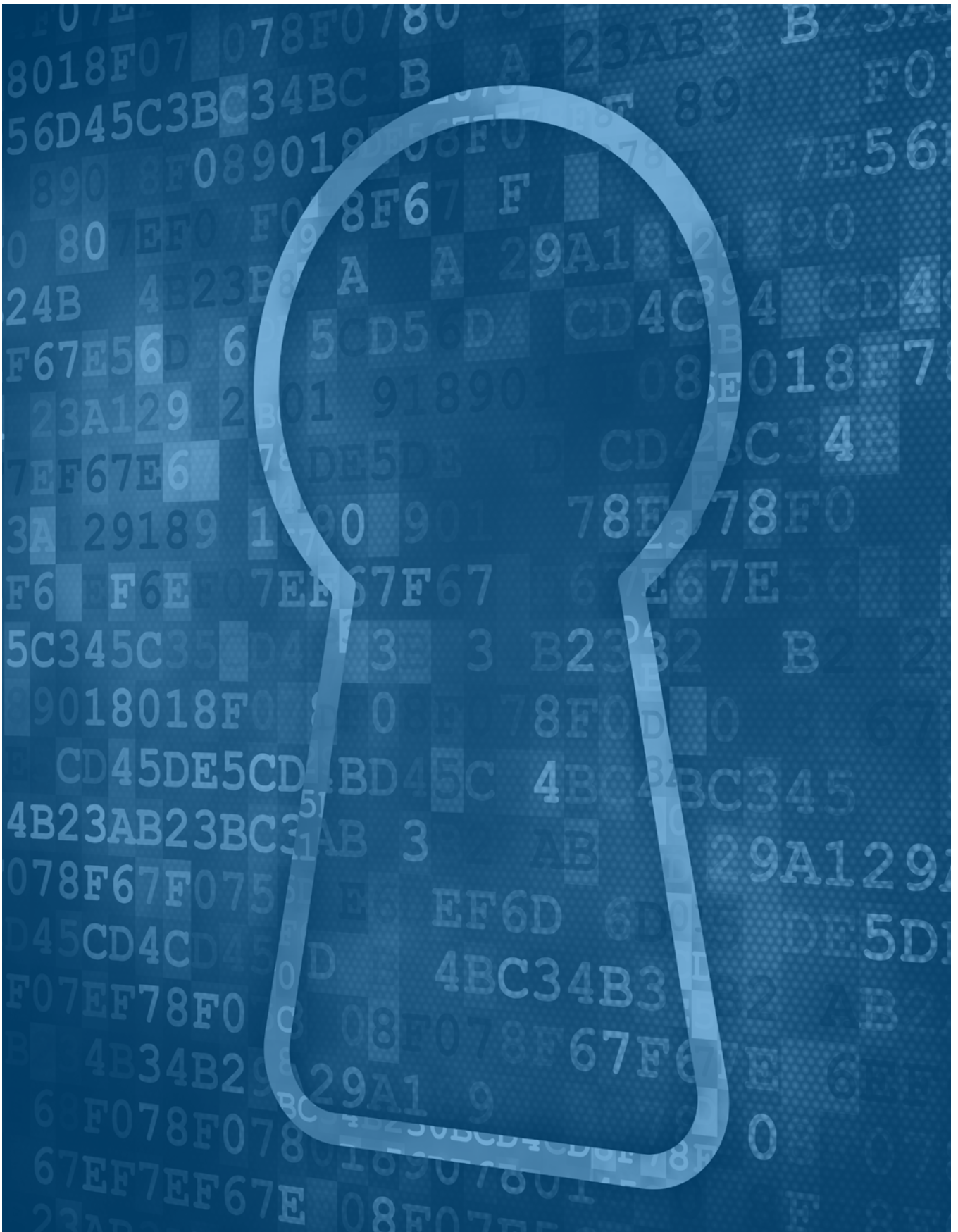
Yes. Chapter 4, Unit 3, second paragraph of the Act on Measures against Money Laundering and Terrorist Financing (2017:630) states that a report must be submitted even if the transaction was not performed. The same applies if a business relationship with a client was discontinued due to the risk for money laundering or terrorist financing.

### ? **Why are our reports repeatedly being rejected, always with different errors?**

When a report is sent to the FIU it is examined in different steps. As a first step the mandatory fields for certain types of reports or circumstances are being checked. These so-called business rules are listed in the XML specification accessible in the goAML web portal. The report thus can be submitted even if the field is left blank, but it will automatically be rejected.

In the next step, after having fulfilled the business rule criteria, the report typically is checked manually before being accepted or rejected. In the examination, all of the content is being assessed. The existence of certain mandatory fields does not mean that other, non-mandatory fields, do not need to be filled out. Therefore, it is important that the obliged entity fills out all available information, even if the fields are not mandatory.

This examination process might result in the report being rejected again, because the manual examination takes the other content of the report into consideration.





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**Publisher**  
Swedish Police Authority

**Production**  
Communications Department,  
National Communications

**Ref. no**  
A667.178/2022

**Published at**  
polisen.se in May 2023

**Graphic design**  
Blomquist Communication

**Photos**  
Swedish Police Authority,  
Mostphotos, Getty

