



The Financial Intelligence Unit Annual Report 2023

Swedish Police Authority
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The work of the Financial Intelligence Unit (FIU) in 2023 was marked by the criminal networks and the lethal violence they commit, organised crime that is becoming increasingly international, and the raised terrorism threat level. Economic gain is the driving force behind organised crime, and the FIU has observed that the criminal networks are outsourcing money laundering to an increasing extent. Professional money launderers (PMLs) assist with money laundering and other criminal schemes through their professional role or specialist expertise. In doing so, they help to finance the ongoing spiral of violence. As many PMLs belong to a function that is otherwise intended to protect the financial system, for example a bank or an accounting agency, this type is clearly a threat to society. There are also examples of lawyers – who have a clear role of trust within the judicial system – enabling money laundering for criminal networks, which in itself is a threat to the system.

Illegal crypto exchanges, money laundering using companies and widespread illegal export of Swedish cash are other prominent features of economic crime. The global spread of trade in cryptocurrency makes it easy for criminal cash flows to reach international crime arenas at a time when demand for quick cross-border transactions for money laundering and financing of serious crime is on the rise. At the same time, Swedish cash to the tune of billions of kronor is transported out of Sweden every year – money which probably forms part of international money laundering schemes. In Sweden, a money laundering scheme may involve one or more companies that obtain money on illegal grounds, both through access to the welfare system and through the use of fake invoices and bogus loans. These phenomena and methods need to be detected and prevented – with the help of legislators, government agencies and obliged entities.

Cooperation is vital to combating economic crime, and a new form of collaboration became possible in 2023. This new type of collaboration means that law enforcement agencies, credit institutions and supervisory authorities can now share information with each other in specific cases. This has enabled efforts to combat money laundering and terrorist financing to be broadened and streamlined. The FIU believes that the possibility of working in the same way with other types of reporting entities would further enhance society's capability to combat serious money laundering and terrorist financing.

The work of obliged entities to combat money laundering and terrorist financing forms a considerable part of society's total capability to pre-empt and prevent serious crime. The transactions take place within obliged entities' operations and this is where many of the preventive tools are located to stop proceeds of crime from being placed and transferred further in the financial system. Reports from obliged entities to the FIU are gradually increasing in number and it is clear that awareness levels grew in many sectors in 2023. This work maintains a stable quality, but there is room for improvement on the part of obliged entities in terms of both measures and reporting. Specific information about customers or transactions can be decisive if law enforcement agencies are to act on this information.

If more obliged entities were to increase their crime prevention capability and take a greater responsibility for the anti-money laundering regime – which is intended to protect the financial system – the FIU sees great potential in combating the criminal economy.



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 a function that is present in many countries around the world.

All EU Member States are required to establish an FIU to prevent, detect and effectively combat money laundering and terrorist financing.¹ All FIUs must be operationally independent and autonomous, which means that the FIU is to have the authority and capacity to carry out its functions freely, including the ability to take autonomous decisions to analyse, request and disseminate specific information.² The work of Sweden's FIU is monitored and evaluated by the Financial Action Task Force (FATF)³, resulting in a number of priority proposals for measures to be taken that influence the focus and priorities of the FIU's activities.

Some of the information that forms the basis of the FIU's work comes from entities that are obliged to report under the Act on Measures against Money Laundering and Terrorist Financing⁴, such as banks, gambling services and payment service providers (obliged entities). Only employees of the FIU are able to access the database – the money laundering database – where this information is processed. In 2023, approximately 65 people worked at the FIU.

The work of the FIU

The FIU receives information from many different sources. In addition to receiving reports about suspicious transactions or activities from obliged entities (referred to hereinafter as reports), the FIU also actively seeks information from obliged entities and other FIUs.

The information is processed and analysed and may result in the FIU taking various measures, such as writing intelligence reports, reporting a crime, deciding to impose a restraint order or starting a strategic analysis matter. The results of the strategic analyses are presented in guidance documents, information leaflets and intelligence reports to support both government agencies and obliged entities in their efforts to combat money laundering and terrorist financing.

The FIU also shares information for others to take further action on. The recipients are often other parts of the Swedish Police Authority or other law enforcement agencies. They may also be supervisory authorities or private actors with which the Swedish Police Authority has cooperation agreements.

In terms of law enforcement, the information shared may help an ongoing investigation or result in the recipient reporting a crime to the Police. Supervisory authorities may receive documentation for taking administrative measures and credit institutions may scrutinise the transactions of customers who are suspected of handling money from criminal activity.

¹ Article 32(1) Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (fourth money laundering directive).

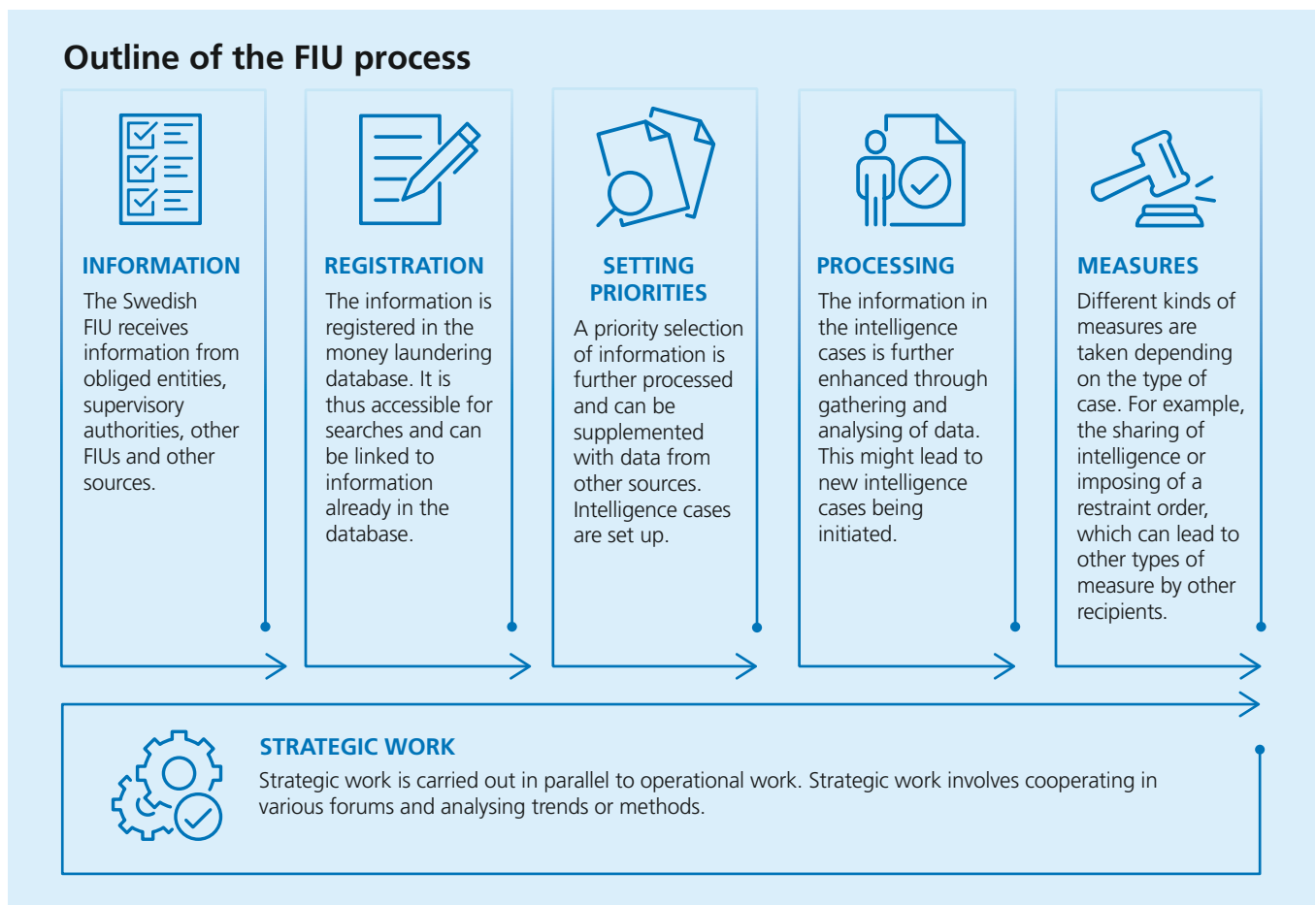
² Article 32(3) of the fourth money laundering directive.

³ The FATF is an international body that works globally to combat money laundering and terrorist financing. For more information, see the fact box in the section on international collaboration.

⁴ The Act on Measures against Money Laundering and Terrorist Financing (2017:630).

It is worth noting that it is rarely possible to link a single report to a specific measure. It is often information from several sources that is analysed as a whole to strengthen allegations or conclusions.

The FIU does not automatically receive information about the measures taken by recipients, for example whether someone has been taken into custody on suspicion of money laundering.



Increase in restraint orders

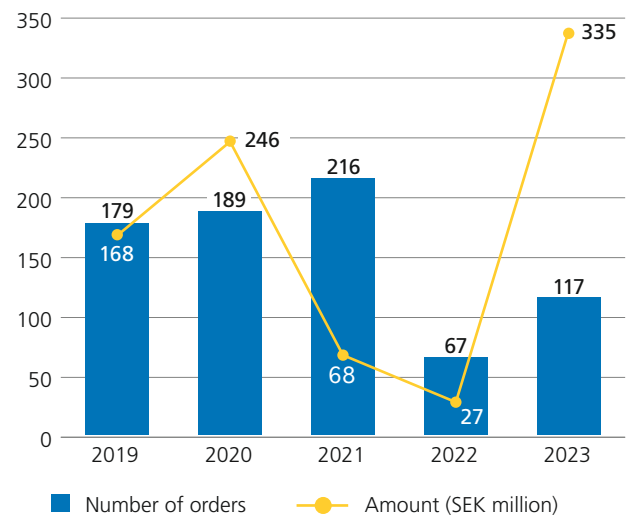
A restraint order is a temporary prohibition to relocate or in other ways make use of assets that are suspected of being the object of money laundering or intended for terrorist financing. Under the Act on Measures against Money Laundering and Terrorist Financing, the FIU is authorised to impose restraint orders⁵. A prosecutor must always examine whether the order is to remain in place, which means that not every restraint order leads to money being seized or a crime being reported to the Police. Both the FIU and obliged entities are in a position to detect circumstances that may result in a restraint order being imposed. Obligated entities must always state a special risk indicator in the reports or contact the FIU directly if they believe there is reason to impose a restraint order. Restraint orders often apply to assets in the form of funds in an account, but in 2023 restraint orders were also imposed for assets in the form of cash, cryptocurrency and securities.

A restraint order is a temporary prohibition to relocate or in other ways make use of assets that are suspected of being the object of money laundering or intended for terrorist financing.

In 2023, the FIU issued a total of 117 restraint orders on a total value of more than SEK 335 million.

The number of orders and the total amount are considerably higher than the previous year, partly because of changes in working methods with a targeted focus on proceeds of crime at a more aggregate level, and partly thanks to closer international cooperation. The FIU has also focused more closely on restraint orders in cases linked to organised crime.

Diagram 1. Restraint orders issued by the FIU



The number of orders and the total amount are considerably higher than the previous year, partly because of changes in working methods with a targeted focus on proceeds of crime at a more aggregate level, and partly thanks to closer international cooperation.

Parallel to the increase in restraint orders, there was also a higher proportion that resulted in money being seized. A total of approximately 10 per cent of the restraint orders were rejected in 2023. The corresponding figure for 2022 was approximately 16 per cent.

Apart from taking autonomous decisions on restraint orders, the FIU can also pass on the information, which may result in criminals' assets being made unavailable. The information may be passed on to an ongoing investigation or another government agency that is able to take back proceeds of crime, such as the Swedish Enforcement Agency. In 2023, information was disseminated in this way on more than 165 occasions, which was an increase of approximately 34 per cent compared with the previous year. The total value of the assets in these instances amounted to approximately SEK 27 million, which is on the same level as the previous year.

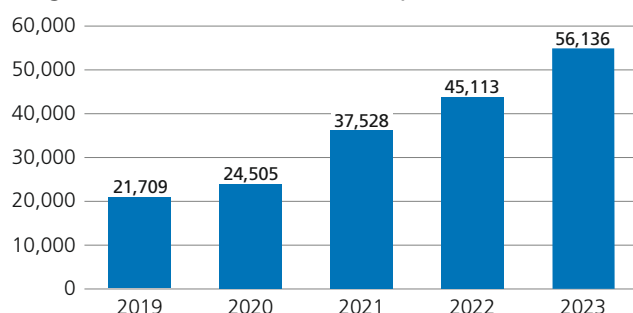
⁵ Chapter 4, Section 11 of the Act on Measures against Money Laundering and Terrorist Financing.



Reporting to the FIU

One of the most important tasks of the FIU is to receive and process information about suspected money laundering or terrorist financing. Some of this information comes from other parts of the Swedish Police Authority, other law enforcement agencies and FIUs in other countries. However, the majority of information comes from reports of suspicious transactions or circumstances that are suspected to be part of money laundering or terrorist financing. These reports are sent by entities that have an obligation to report under the Act on Measures against Money Laundering and Terrorist Financing (obliged entities). Obligated entities can be banks and financial institutions, gaming companies, insurance companies, accountants, legal professionals and art dealers who may, in the course of their work, detect risk behaviour and suspicious transaction patterns. Government agencies can also report to the FIU.

Diagram 2. Number of received reports

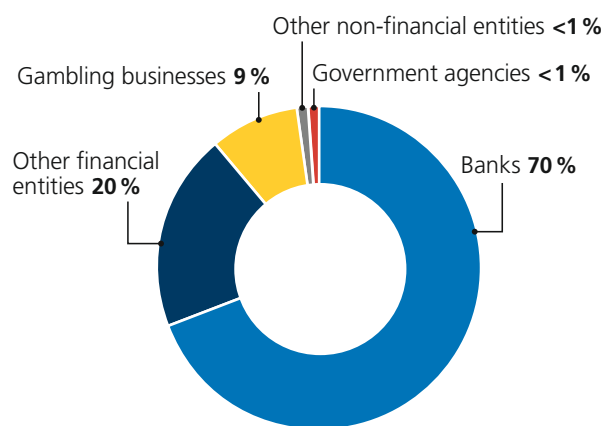


In 2023, the FIU received 56,136 reports, which was an increase of 24 per cent compared with the previous year. This large number of reports reflects a long-term trend in which the number of reports has risen over time (see diagram 2). The increasing

number of reports received does not necessarily mean that money laundering offences increased to a corresponding extent. The view of the FIU is that this increase is down to a combination of factors, such as increased capability on the part of obliged entities to detect and stop suspicious transactions or behaviour, and the fact that the obligation to report covers an increasing number of sectors.

It is also thought that reporting has been affected by a new chapter in the Act on Measures against Money Laundering and Terrorist Financing which entered into force in 2023 enabling collaboration between law enforcement agencies, supervisory authorities and credit institutions.

Diagram 3. Percentage of reports 2023



All sectors submitted more reports in 2023 compared with the previous year. The majority of the reports, 70 per cent, were submitted by banks. Other companies in the financial sector accounted for 20 per cent and the gambling sector accounted for 9 per cent of the total number of reports received. Government agencies with an obligation

to report and obliged entities accounted for some one hundred reports, which is around 1 per cent (see diagram 3).

Increasing numbers of obliged entities are registering in the reporting system, which is a prerequisite for being able to submit reports. The number of registered obliged entities increased by 30 per cent in 2023.

The number of registered entities that submitted reports to the FIU also increased to 363 compared with 322 in the previous year. In the category ‘Accounting or auditing services’ the number of obliged entities that reported doubled.

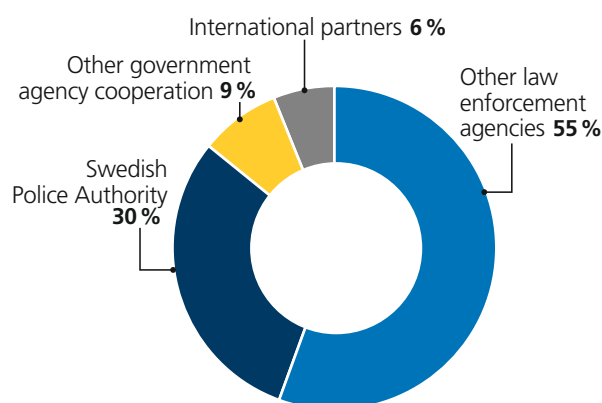
In spring 2020, the current reporting system, goAML, was introduced and this has enhanced the FIU’s analytical capability. This system also makes greater demands in terms of obliged entities having to submit information in line with a pre-determined structure. Reports are examined and reports that do not meet the requirements are rejected. The reporting entity must then supplement the report and re-submit it. In 2023, more than 2,500 reports were rejected, which was a decrease compared with the previous year. The most common reasons for rejecting a report were that basic information about transactions was missing or that the obliged entity had not stated clearly enough why the transaction or the behaviour was thought to be suspicious.

It should be noted that a report is not the same as reporting a crime. The level of suspicion for submitting a report to the money laundering database is lower than for reporting a crime. The FIU processes information by adding material to it from other sources, for example. The information is then assessed and appropriate measures taken.

In some cases, the FIU makes the assessment that there is a sufficiently strong suspicion to report a

crime. In 2023, 115 crimes were reported in this way, a decrease compared with the previous year. This lower figure is partly due to the fact that BEC fraud⁶ has been reduced and to changes in working methods at the FIU with a greater focus on more preventive work. This has freed up resources to share information with other parts of the Swedish Police Authority, other law enforcement agencies, international partners or partners in the framework of other cross-agency cooperation. Diagram 4 illustrates the spread of information-sharing in 2023.

Diagram 4. Recipients of information shared in 2023



What is goAML?

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

⁶ BEC (Business Email Compromise). The company receives an email about making an incorrect payment to an account that is controlled by a fraudster.

Tabell 1. Number of reports received per sector, 2019–2023

	2019	2020	2021	2022	2023
Lawyer or junior lawyer at a law firm	6	1	1	1	1
Financial businesses with obligation to report	493	163	383	454	434
Banking and financial institutions including credit market companies	16,831	18,342	27,801	33,665	39,246
Payment services – payment service providers *1	3,045	4,032	6,743	5	0
Payment services – payment institutions				4,943	4,723
Accounting or auditing services (excluding approved accountants or authorised public accountants and registered accounting firms)	19	6	9	33	67
Company formation, trustees etc.	..	0	0	1	3
Mortgage credit businesses	..	12	8	30	19
Real estate agents *2	23	5	6	41	38
Investment funds businesses*3	..	2	2	5	5
Fund businesses – alternative investment funds				1	3
Insurance intermediaries	..	0	1	0	1
Crowdfunding services *4			0	0	0
Electronic money institutions (including reports by agents)	39	13	4	41	301
Other independent lawyers	..	0	3	5	8
Art trade*5		0	0	0	2
Consumer credit businesses	185	87	138	224	340
Life insurance businesses	42	17	33	27	51
Pawn shops	6	12	17	21	23
Auditing (approved or authorised public accountant or registered accounting firms)	20	8	20	28	32
Tax advisers	..	4	0	2	0
Gambling services	614	907	1,444	3,897	4,995
Currency exchange and deposit businesses*6		270	325	1,275	5,306
Securities businesses	19	6	4	4	18
Professional trade in goods	83	122	116	118	154
Supervisory authority	19	8	7	2	0
Other authority*7	239	488	463	290	366
TOTAL	21,709	24,505	37,528	45,113	56,136

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

*1 In 2019–2020, the category 'Payment services' included both payment service providers and payment institutions. As of 2022 the subcategories have been lifted out to form a separate category.

*2 The category 'Estate agents' includes estate agent companies as they became obliged entities in 2021.

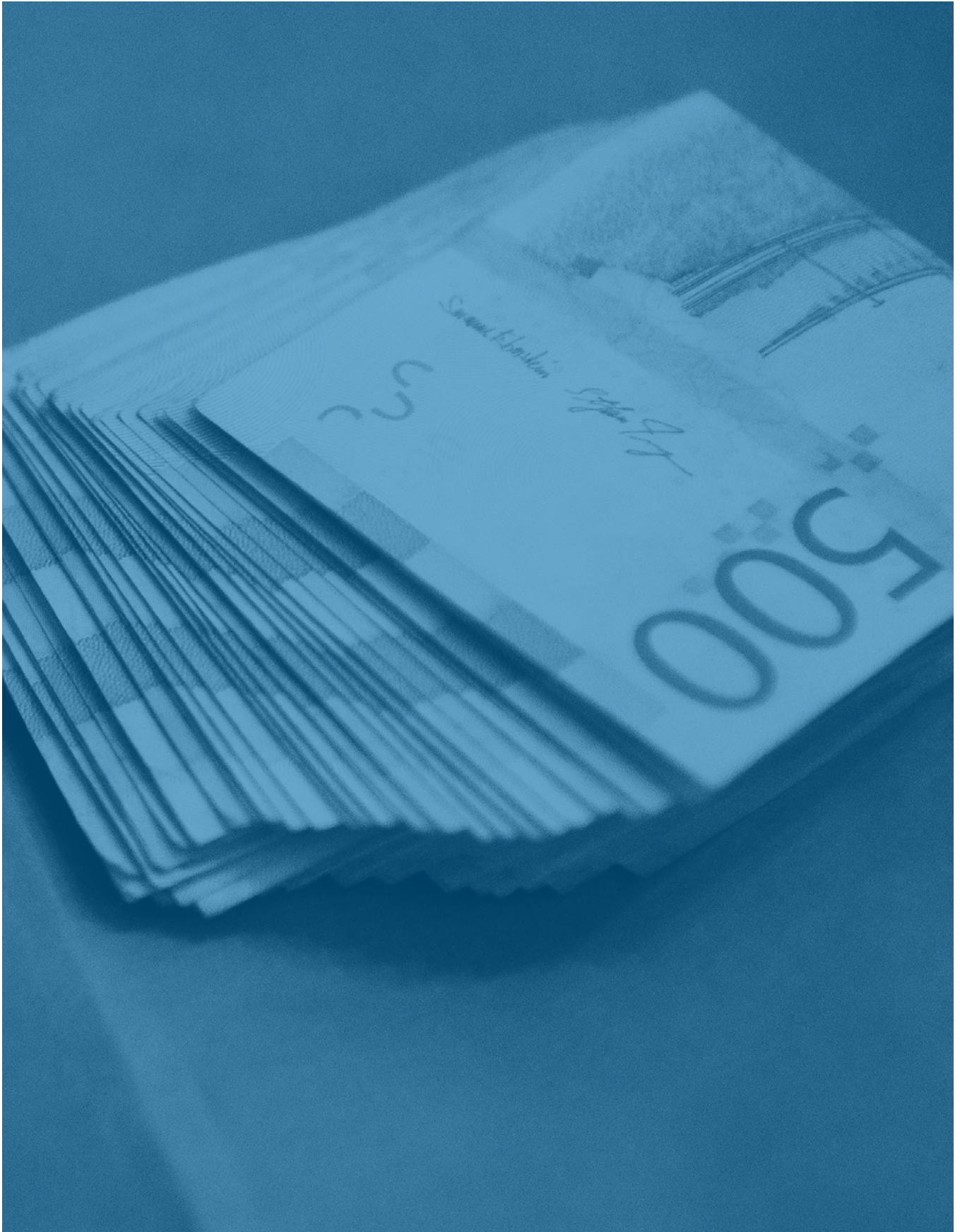
*3 In 2019–2021, all investment fund businesses, including alternative investment funds, were included in the category 'Investment fund businesses'. As of 2022 the subcategories have been lifted out to form a separate category.

*4 Crowdfunding services were included in the Act on Measures against Money Laundering and Terrorist Financing in 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'. As of 2020, currency exchange and deposit businesses have been lifted out and form a category of their own.

*7 In the category 'Other authority' the report type cash declarations from Swedish Customs has been excluded from the list as of 2022, resulting in a smaller number of reports.



Money laundering

The financial infrastructure is key to organised crime and criminal networks. Proceeds of crime are used to finance new crime and need to be placed, layered and integrated in the financial system for effective use. The networks depend on financial flows both in Sweden and through other jurisdictions.

The FIU's operational and strategic work focuses on different kinds of entities with regional, national or international connections. In 2023, the FIU focused strategically and operationally on professional money launderers and money laundering through cash and cryptocurrency, and identified companies used as crime instruments. These focus areas are described in more detail below.

Professional money launderers

A professional money launderer (PML⁷) is someone who systematically launders money for others in return for payment. There is a great deal of demand for this kind of enabler as this particular expertise is not always available within criminal networks. PMLs are sometimes linked to specific criminal networks, although they generally appear to serve several different individuals and criminal networks.⁸

One defining characteristic of PMLs is that they may have access to various kinds of systems or have specific powers by virtue of their professional role that can be exploited for money laundering purposes. This may include bank employees, lawyers, accountants or estate agents, for example.

There are also PMLs who do not have professional authority but who do have specialist expertise, such as individuals with financial know-how who can give advice on schemes using companies and different accounts, even in the international arena. It may also be someone who can offer crypto exchange services on behalf of individuals from criminal networks.

A professional money launderer (PML) is someone who systematically launders money for others in return for payment.

In addition to PMLs who are specifically linked to certain sectors, there are whole PML organisations with established money laundering concepts and a clear division of roles within the organisation, such as Hawala networks. Some of the PMLs are multi-disciplinary and have a whole group of companies and use other PMLs or insiders in different sectors.

Measures targeting PMLs can have a greater impact than measures targeting individual money launderers as they often offer their services to more than one person. PMLs provide money laundering services for influential individuals and criminal networks, which in turn are responsible for shootings and explosions. As such, PMLs are helping to finance the ongoing spiral of violence in Sweden.

⁷ The term PML is an acronym of *Professional Money Launderer*. The term and the definition were established by the international body the FATF.

⁸ FIU, *Professionella penningtvättare, PML-aktörer. Branscher, modus och kopplingar till kriminella nätverk*. This report is published, in Swedish, on the Swedish Police Authority website: polisen.se/om-polisen/polisens-arbete/finanspolisen/. An English version of the report is to be published during fall 2024.

What is money laundering?

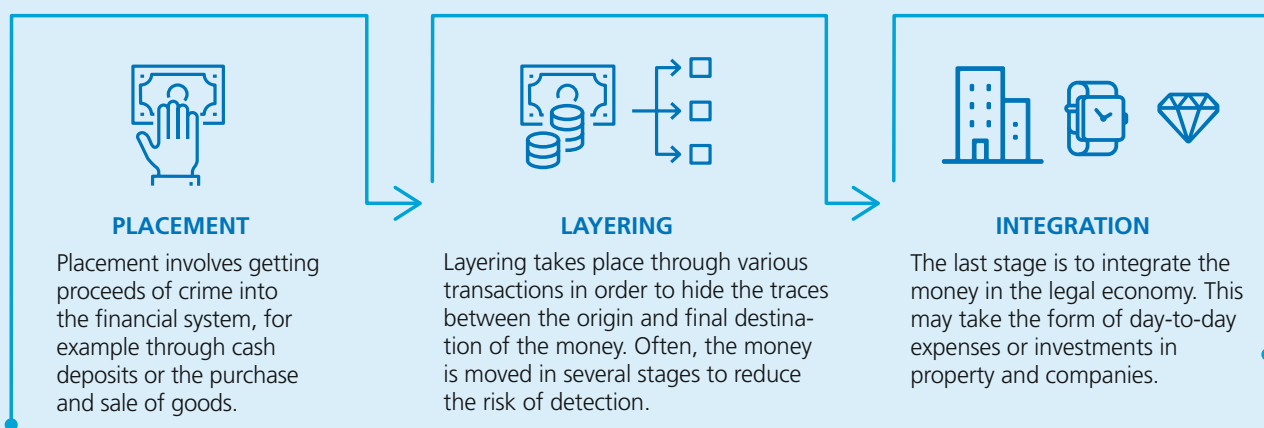
Money laundering can be described in short as taking measures to conceal money originating from crime or criminal activities. These measures vary and can include storing or transporting cash on behalf of someone else or letting someone else use your account to transfer money originating from crime.

The opportunity to make money is the major driving force behind organised crime. In order to use their proceeds of 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 sums. The methods vary, but usually follow the steps described in the illustration below.

It is worth noting that not all proceeds of crime are laundered. Some are used without any money laundering taking place and some are reinvested in future criminal activities.

What is known as reverse money laundering can also occur, which involves turning legitimate money 'dirty', for example in order to avoid taxation.

When money laundering takes place within a business, the perpetrator may be guilty of commercial money laundering. This has to involve reprehensible risk-taking behaviour, for instance when a business operator receives a large sum of cash without checking its origin.



Because PMLs often belong to a function that is otherwise intended to protect the financial system but instead choose to commit crime, there is an additional element to this crime that is a threat to society.⁹ Parallel financial systems that go under the radar of the mechanisms that govern the legal financial system threaten to undermine the economy, state institutions and the rule of law.¹⁰

International cash flows

As cash is an anonymous means of payment it is widely used by individuals from criminal networks to conceal transactions. Sweden is one of the countries at the forefront in terms of the digital payments market and we are moving towards an increasingly cashless society. Cash nonetheless remains a widely used means of payment in large parts of the criminal economy.

⁹ FIU, *Professionella penningtvättare, PML-aktörer. Branscher, modus och kopplingar till kriminella nätverk*. This report is published, in Swedish, on the Swedish Police Authority website: polisen.se/om-polisen/polisens-arbete/finanspolisen/. An English version of the report is to be published during fall 2024.

¹⁰ EU SOCTA 2021 – Serious and Organised Crime Threat Assessment. A corrupting influence: The infiltration and undermining of Europe's economy and society by organised crime. Europol, 2021.

According to the FIU there are strong links between the use of cash in society and the economy of organised crime. Cash is used as payment in areas such as trafficking in human beings, drugs trafficking, violent crime, weapons crime and also work-related crime, with undeclared labour often being paid in cash.

Organised crime is increasingly international in scope, and the moving of cash across country borders is a common part of money laundering schemes. In an international criminal ecocycle there is a major need to move cash. Billions of Swedish kronor are thought to be taken out of Sweden each year. Money laundering, luxury goods consumption and the reinvestment of funds in new crime abroad, such as drug trafficking, are common reasons for moving money out of the country. Cash is also moved out of Sweden in order to finance other serious crime, such as terrorism and extremism. Individuals and criminal networks are very much in need of laundering cash proceeds of crime by placing them in the legal economy, and this often takes place in countries where the risk of detection is thought to be lower. Cash is deposited in foreign bank accounts, layered in different stages or turned into other assets such as exclusive goods, cryptocurrency or property abroad.

Organised crime is increasingly international in scope, and the moving of cash across country borders is a common part of money laundering schemes.

The illegal transport of cash is often carried out by money couriers – in person, by lorry or by air. The logistics are partly organised through informal payment networks such as Hawala. There are often established contacts at currency exchanges, travel agencies and similar businesses, both in Sweden and abroad. According to the FIU, currency exchanges have acted in various ways as illegitimate banks for individuals from criminal networks and are a crucial part of the infrastructure of the criminal economy.

There is a large-scale trade in Swedish currency abroad, both in Europe and beyond. These flows are probably partly a consequence of the very widespread illegal export of Swedish cash, and this trade

is probably a stage in money laundering or commercial money laundering. These activities then give rise to a large-scale flow of Swedish currency coming back into Sweden, which is largely done through legitimate businesses.¹¹

Hawala – transactions outside the regular payment systems

In 2023, the FIU analysed the prevalence of informal payment systems, known as Hawala, that appear in both legal and illegal forms in Sweden and are thought to transfer billions of Swedish kronor each year. Limited documentation and traceability enable a higher degree of anonymity for users and make the system attractive for money laundering and terrorist financing.

These payment systems are often based on trust and are organised around intermediaries. The intermediaries usually belong to networks with far-reaching international activities in the Middle East, Africa and Asia, enabling them to carry out transactions for their clients.

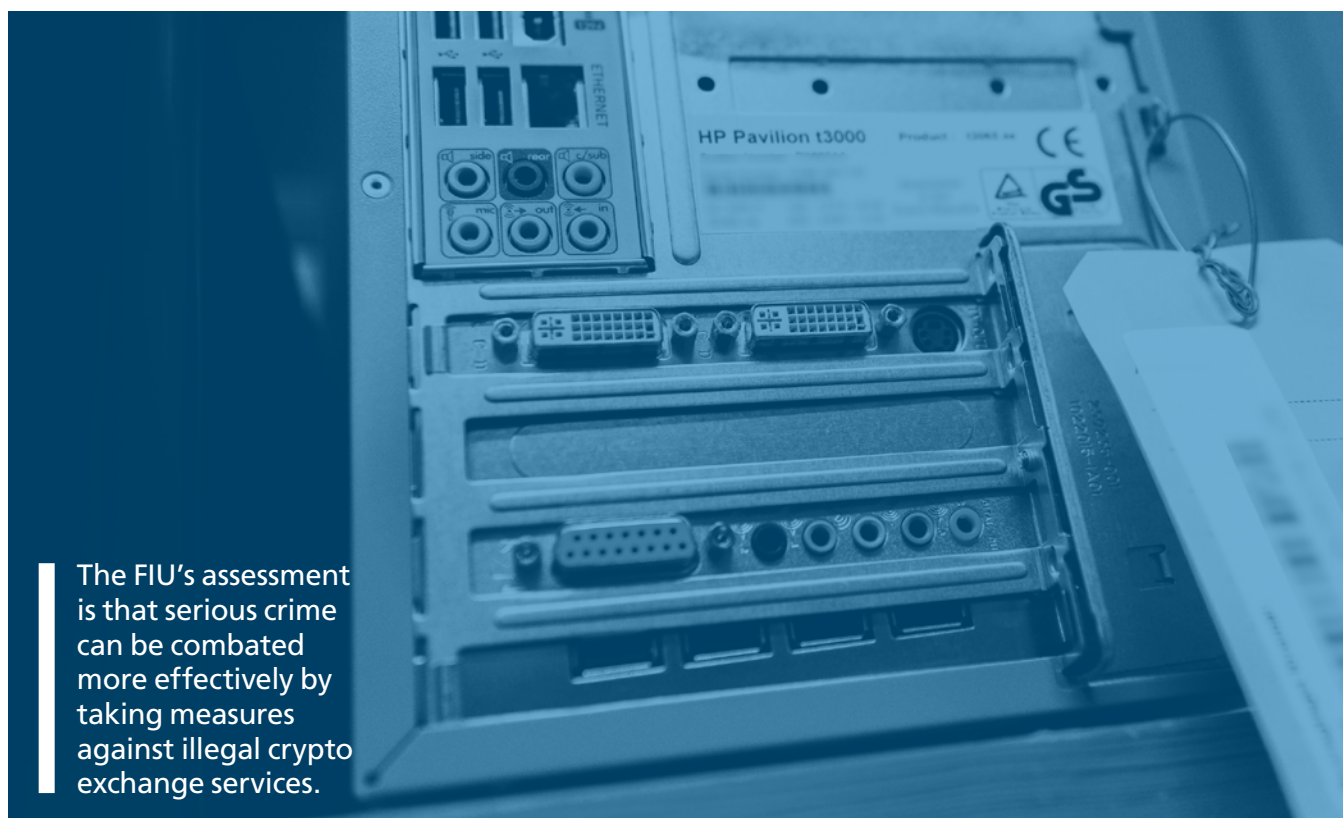
Transactions within these systems can be carried out with or without technical infrastructure, and in addition to cash payments other payment methods are also possible, such as bank transactions, remittances via payment service providers, digital applications, payment using cryptocurrency or trade in gold within the systems.

Money laundering using cryptocurrency

In 2023, the FIU continued its work to combat illegal crypto exchangers, which are a form of PML. As the prevalence of cryptocurrency as both an asset and a payment method has grown in recent years, its attractiveness has also increased in the criminal economy. There is a need in criminal circles to sell and buy cryptocurrency on a very large scale, not least for money laundering purposes.

Illegal crypto exchange is therefore a growing criminal phenomenon in Sweden and poses an ever greater threat to society with the possibility of fast cross-border transactions. Individuals who illegally offer crypto exchange services for individuals from

¹¹ FIU, *Penningtvätt genom utförelse av kontanter*. Report published (in Swedish) at Swedish Police Authority website: polisen.se/om-polisen/polisens-arbete/finans-polisen/



The FIU's assessment is that serious crime can be combated more effectively by taking measures against illegal crypto exchange services.

criminal networks have expertise that is in demand and that is often technical, broad and multifaceted. Trading in cryptocurrency using an established cryptocurrency exchange is considered easier, safer and more cost-effective, but the desire for anonymity, the evasion of control and the exchange of cash carry greater weight among individuals from criminal networks, which is why they use illegal crypto exchange services.

Providers of illegal crypto exchange services therefore play a key role, not just in money laundering but also in fraud and the financing of large-scale drug trafficking. The global reach of the cryptocurrency trade enables criminal flows of money into the international crime arenas where crypto wallets, social media platforms and encrypted communication channels are potential crime instruments. These phenomena must therefore be regarded with great vigilance by legislators, government agencies and obliged entities. The FIU's assessment is that serious crime can be combated more effectively by taking measures against illegal crypto exchange services.

Money laundering using companies

The large-scale money laundering that is enabled by the business environment is exploited by organised crime and criminal networks.¹²

There are many ways of using companies for crime. Companies can act alone or together in schemes with other companies to launder money by using fake invoices, bogus loans between companies and transactions in several stages to conceal the origin of money. Money laundering takes place not only in cash-intensive sectors such as the construction industry and restaurants; it also takes place in real estate companies or financial businesses that are involved in granting credit to business operators.

The large-scale money laundering that is enabled by the business environment is exploited by organised crime and criminal networks.

¹² *Finanspolisen informerar: Revision av företag.* The document is published (in Swedish) on the Swedish Police Authority website: [polisen.se/om-polisen/polisens-arbete/finanspolisen/](https://www.polisen.se/om-polisen/polisens-arbete/finanspolisen/)

The FIU considers that there is still a large number of unreported instances of suspected money laundering transactions linked to companies. The low level of reporting by obliged entities with regard to companies is a serious vulnerability in efforts to pre-empt, prevent and detect money laundering. The FIU has previously drawn attention to the fact that large-scale money laundering is taking place through company accounts at banks and other financial businesses.¹³ Despite the banks and financial institutions' regulations and internal checks, large amounts are still being directed through company accounts.

The FIU's operations

As was the case for other parts of the Swedish Police Authority, the FIU's operations in 2023 were largely marked by the escalating spiral of violence. Over the course of the year, the FIU was involved in the national major incident Frigg¹⁴, set up to combat violent crime committed by criminal networks.

The crime committed by networks generates major proceeds of crime that are handled at both national and international level. The international arena is important for individuals from criminal networks, partly because some of them are operating from abroad, but also to spread risks and finance crime, and because the cryptocurrency that is used has, by its very nature, an international dimension. This requires enablers and specialists, such as PMLs, who have the ability to manage and organise this kind of scheme. In its operations, the FIU has had an ongoing clear focus on this kind of enabler. There has also been extensive international cooperation.

Examples of operational cases in 2023

To demonstrate the breadth of the FIU's operations, below is a selection of intelligence cases that were handled in 2023.

- The FIU contributed to an operation against criminal networks in northern Sweden in order to prevent the region from having geographic areas categorised as 'particularly vulnerable areas'. Here the FIU was able to identify that one of the criminal networks exploited other people's electronic IDs as part of the criminal activity.
- The FIU worked with other government agencies to identify associations that were intended to provide school pupils with tuition but that were suspected of being involved in large-scale fraud. This work led to crimes being reported to the Police.
- The FIU targeted an influential criminal network and identified how individuals were turning over major proceeds of crime from drug smuggling through international crypto platforms and businesses in Dubai. The handling of illegal money flows and businesses in Dubai resulted in these individuals being suspected of committing gross money laundering offences.
- A provider of crypto exchange services associated with one of the networks involved in the ongoing violent conflict is thought to play an important role. The provider enables money laundering and the reinvestment of proceeds of crime from large-scale drug trafficking by handling cryptocurrency in large amounts.
- An accounting business that is believed to cooperate closely with organised crime allows the use of its accounts and draws up fake documents. A Police report was filed by the FIU.

¹³ *Finanspolisen informerar: Banker och finansiella institut som brottsverktyg.*
The document is published (in Swedish) on the Swedish Police Authority website:
polisen.se/om-polisen/polisens-arbete/finanspolisen/

¹⁴ A major incident or event is a sudden, unforeseen incident or a planned event that regular police activities are not adapted to cover and that therefore need to be dealt with in the context of a special structure and command. This might involve additional police officers or particular expertise.



Lessons learnt from Frigg

Since 2022, lethal violence in Stockholm has been escalating in certain criminal network circles and has also spread to other parts of the country, not least to the central region of Sweden. In spring 2023, the FIU initiated a collaboration project¹⁵ together with a number of obliged entities concerning suspected money laundering in the criminal networks that have been the driving force behind the violence. The purpose of this collaboration was to detect, pre-empt and prevent serious money laundering and financing of crime by confiscating assets and limiting the ability of key individuals in criminal networks to carry out illegal financial transactions. Over the course of this work, criminal methods and financial phenomena were identified.

Among the individuals from criminal networks who were the subject of reports received by the FIU, transaction patterns involving transfers between private individuals, primarily using the mobile payment app Swish, were the most common focus of reports concerning suspected money laundering. The methods used tend to be fairly simple, but it is often difficult to trace the origin of the money because it is transferred quickly and layered across several recipients and in several stages. Some of the more comprehensive cases at the FIU involved com-

panies used as crime instruments. Companies are used to place and layer proceeds of crime, which are often mixed with legitimate money. Similarly, large sums were laundered on behalf of violent individuals involved in the current conflict using providers of crypto exchange services.

Obliged entities have a key function in detecting and preventing money laundering in criminal networks.

Obliged entities have a key function in detecting and preventing money laundering in criminal networks. However, an analysis of the money laundering database showed that many of the individuals from criminal networks had not previously – i.e. before the collaboration started in spring 2023 – been the subject of a report, despite clear deviations indicating suspected money laundering. The transaction patterns of individuals from criminal networks had not always been picked up by transaction monitoring and resulted in scrutiny by obliged entities. The FIU therefore considers that more targeted monitoring is necessary to detect and stop money laundering in criminal network circles. Better KYC information can also strengthen efforts to reduce risks and vulnerabilities. This can also be achieved by more in-depth analyses, above all of company accounts where money laundering is often of a more complex nature.

¹⁵ Chapter 4a of the Act on Measures against Money Laundering and Terrorist Financing.

Terrorist financing

In short, terrorist financing means supporting terrorism financially. This can be done by collecting money or assets in various ways that are used to finance terrorism or used by a terrorist organisation. The funds do not necessarily have to be intended for a specific attack; they can be used for training, material or the purchase of equipment, for example. Smaller transactions may therefore also be of interest in this context.

With transactions that are intended to finance terrorism, the money is layered to conceal the purpose of the transaction, as opposed to money laundering where the money is layered to conceal the origin. The same transfer methods are used regardless of the purpose. For example, transfers may be done using cryptocurrency, Hawala intermediaries, payment service providers or currency exchanges, all of which are more anonymous transfer methods that make detection more difficult. Money that goes to financing terrorism may be essentially legal and may have been collected by a private individual through a foundation or an association, often under the pretext that the money is going to people affected by war or crises for example. The money may also come from organised crime, welfare fraud or other crime.

Strategic monitoring, i.e. seeking information from open sources and always keeping up to date on what countries or regions are affected by tensions, is a basic prerequisite for picking up on signs of terrorist financing. This applies not only to transactions from Sweden to other countries, but also transactions to Sweden from other countries where there may be people wishing to support terrorism in Sweden.

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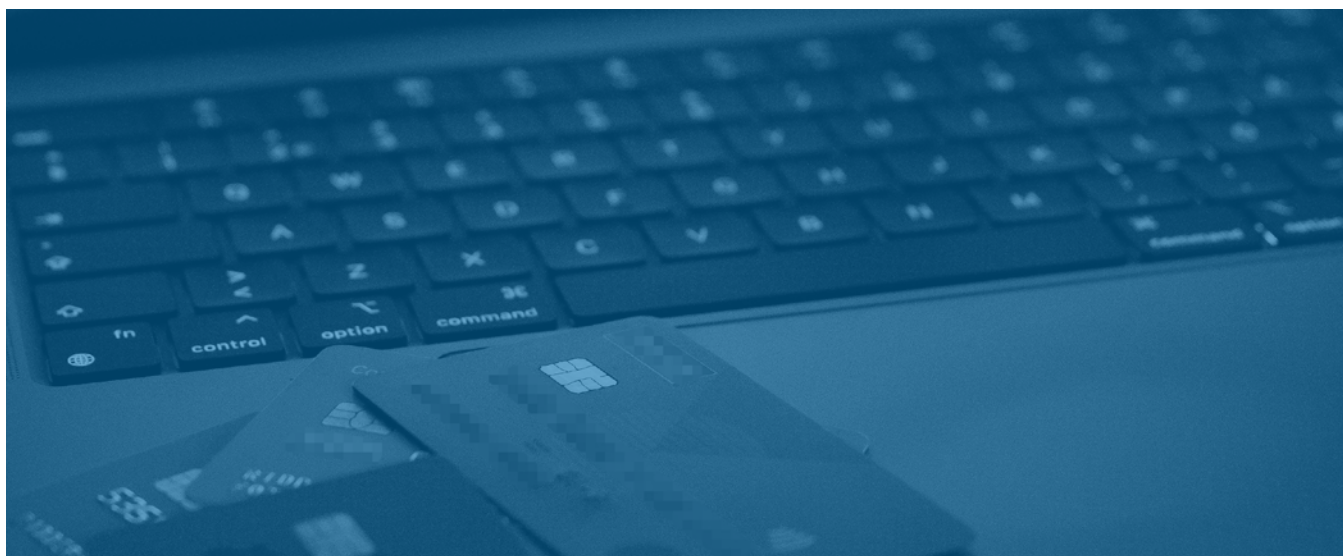
When reports are submitted to the FIU, it is vital that the grounds for suspicion are stated. A clear description and justification as to why these transactions or activities in particular give rise to suspicion of terrorist financing make it easier for the FIU and other government agencies to continue their work on combating terrorism.¹⁶

Violent extremists

The National Centre for Terrorist Threat Assessment considers¹⁷ that the terrorist threat to Sweden probably comes mainly from ‘lone wolves’ who are driven by violent right-wing extremism or violent Islamic extremism. When it comes to financing of violent extremism and terrorism, the PKK and individuals with links to violent Islamic extremism are pointed out as those most likely to engage in collection activities for terrorism abroad, as well as radicalisation and recruitment in Sweden.

¹⁶ *Finanspolisens informerar: Finansiering av terrorism*. This document is published (in Swedish) on the Swedish Police Authority website: polisen.se/om-polisen/polisens-arbete/finanspolisen/

¹⁷ The National Centre for Terrorist Threat Assessment annual assessment 2023 is available from the Swedish Security Service website.



Operations

The FIU engaged in operations targeting several violent extremist circles in 2023. The methods that featured most prominently in these cases were financing through money collection, self-financing or money originating from crime such as drug crime, fraud, accounting offences or violent crime. International links also featured. The FIU also worked with other government agencies, expanded its cooperation within the Swedish Police Authority, participated in skills enhancement measures, carried out a review of obliged entities' reports concerning terrorist financing¹⁸ and conducted international study visits to learn from other countries' methods to combat terrorist financing.

Convicted of attempted terrorist financing

To convict a person of terrorist financing, it has to be proved that the person had the intention or knowledge of assets being used by a terrorist organisation for example, which is often difficult. This, combined with the fact that other offences that carry a higher penalty value may be involved in the case, could be one of the reasons why there are so few convictions.¹⁹

In 2023, a person was found guilty by the Svea Court of Appeal of attempted terrorist financing, among other offences.²⁰ This person had used threats of violence to collect money for the organisation PKK.

The Svea Court of Appeal confirmed the assessment of the District Court that the PKK engages in collection activities, partly through various front organisations and by committing extortion against Kurdish business operators. The Court of Appeal also confirmed the District Court's assessment that the PKK – given its background as an association that has committed a large number of terrorist attacks over a long period of time and its classification by the EU and the United States as a terrorist organisation – is to be regarded as a terrorist organisation. It was therefore possible to convict the person of attempted gross terrorist financing. The person was also convicted of attempted gross extortion and a gross weapons offence. The penalty was four years' and six months' imprisonment.

¹⁸ *Finanspolisen informerar: Finansiering av terrorism*. This document is published (in Swedish) on the Swedish Police Authority website: polisen.se/om-polisen/polisens-arbete/finanspolisen/

¹⁹ Report from the National Council for Crime Prevention, 2021:6 *Finansiering av terrorism. En studie av motåtgärder*.

²⁰ B10051-23, judgment handed down by the Svea Court of Appeal on 20.09.2023.

Feedback to obliged entities

Feedback to and dialogue with obliged entities are important for improving efforts to detect, prevent and prevent money laundering and terrorist financing. The FIU provides feedback in order to increase awareness of methods and trends in this area, and also so that obliged entities can take action themselves to prevent their businesses from being used as part of money laundering or terrorist financing. Feedback is also given to ensure the quality of the reports received by the FIU so that the information can be taken care of in the best way possible.

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This skills enhancement feedback enables obliged entities to take measures to reduce the risk of their being exploited for money laundering or terrorist financing. In 2023, the FIU published several leaflets (*Fipo informerar*) containing information for obliged entities about phenomena, schemes or similar in the area of money laundering and terrorist financing. These are available for all (in Swedish) on the Swedish Police Authority website.²¹

In order to constantly improve the quality of reports, the FIU also provides feedback to obliged entities on the reports they submit. Feedback is given both on a general level and a specific level to individual obliged entities about content and the quality of the data in order to improve future reports. It is very important for the work of the FIU that the reports submitted by obliged entities maintain a high quality in terms of both data structure and content. Small details in the reports can be decisive when continuing to work on them. The information that obliged entities have about their customer or the transaction in question may be unique. It is therefore essential that all relevant information is reported so that the FIU has the whole picture.

The FIU also provided other types of feedback in 2023, for example in the form of lectures for several trade associations or support in updating the reporting tool goAML.

As more reports are received from obliged entities and there are more reports for the FIU to handle, the quality of these reports becomes all the more important. This will probably mean that in future there will be a greater focus on information and feedback to, and dialogue with, obliged entities.

²¹ polisen.se/om-polisen/polisens-arbete/finanspolisen/



Strategic and operational cooperation

Society's overall capability is crucial to tackling organised crime. Like the Swedish Police Authority as a whole, the FIU has strived to achieve integrated law enforcement with different parts of society working together.

The FIU cooperates with a number of different stakeholders and in different forums, both nationally and internationally. This cooperation has either a strategic or an operational focus.

Cross-agency cases

The FIU is represented at several regional intelligence centres and at the National Intelligence Centre. Both the regional intelligence centres and the National Intelligence Centre take their cue from the cross-agency situation report on organised crime²² which is published every other year.

The FIU has been the driving force in several cases and contributed to skills enhancement at the National Intelligence Centre and the regional intelligence centres regarding the Swedish Police Authority's focus area, the criminal economy. The FIU contributes by identifying flows of money that come from criminal activity and that is either reinvested in illegal activities or entered into the legal system in Sweden or abroad.

The FIU played a key role in several cases, including the examples below.

- The FIU identified and mapped out trips carried out in which cash amounting to millions (in Swedish, Norwegian and Danish kronor) was physically transported from Sweden via Denmark. This money may originate from criminal activity and is thus part of suspected money laundering.
- This crime is a threat to the system, with proceeds of crime coming from serious fraud and being layered through company groups. A municipality continuously paid benefits in amounts that were too high after having received untrue documentation. The money is laundered in that the benefits are divided up and transferred between various accounts and then transferred further to other businesses/private individuals.
- A multi-criminal family-based network with international groupings and a high capacity for laundering proceeds of crime through companies and property.

Coordination function to combat money laundering and terrorist financing

The FIU participates in the coordination function to combat money laundering and terrorist financing (referred to hereinafter as the coordination function).²³ The coordination function continuously identifies, maps out and analyses the risks and methods of money laundering and terrorist financing

²² The report is published in English on the Swedish Police Authority website: polisen.se/om-polisen/polisens-arbete/organiserad-brottslighet/myndighetsgemensam-satsning-mot-organiserad-brottslighet/

²³ The coordination function is essentially made up of 16 government agencies and the Swedish Bar Association.

in Sweden. The national risk assessment for 2022 concerned Hawala and was published in early 2023.²⁴ The purpose of the risk assessment was to identify, understand and assess the risks of money laundering and terrorist financing through Hawala, and to describe the effects this can have on society.

In 2023, the FIU contributed to the work on the national risk assessment for 2023, which describes threats and vulnerabilities, and the risks of neobanks being exploited for money laundering and terrorist financing.²⁵

Another task of the coordination function is to provide information to obliged entities in order to help them in their general risk assessment work, their risk classification of customers and their monitoring and reporting of suspicious activities and transactions. This information is shared in sector-specific guidance documents or lectures, for example. In 2023, the coordination function organised several webinars entitled *Spot on!* with the participation of the FIU. These webinars were primarily intended for people working in this area, and experts were invited to talk and provide information about current issues in the area of money laundering and terrorist financing.

Collaboration with supervisory authorities and credit institutions

Collaboration under Chapter 4 a of the Act on Measures against Money Laundering and Terrorist Financing entered into force on 1 January 2023 and includes provisions on purpose, participants and prerequisites for collaboration between law enforcement agencies, the Swedish Financial Supervisory Authority and credit institutions or collaboration between law enforcement agencies and supervisory authorities. Collaboration is only permitted for the purpose of pre-empting, preventing or detecting money laundering and terrorist financing that is serious in terms of its nature, complexity or scope. The premise of collaboration under the Act on Measures against Money Laundering and Terrorist Financing is that a participant, despite any secrecy or confidentiality requirements, is to disclose information to another participant if this is necessary for the recipient's participation in the collaboration.

The new legislation has created good opportunities for streamlining work between government agencies and credit institutions at both strategic and operational level.

This new legislation has created good conditions for streamlining work between government agencies and credit institutions, both strategically and operationally. In 2023 the FIU took a number of decisions to collaborate in accordance with the new legislation, and this has helped to strengthen our joint resilience. The purpose of the collaboration is to tackle the serious money laundering in criminal networks that is fuelling the wave of violence that escalated in early 2023. Joint analysis with the credit

²⁴ Work on the national risk assessment regarding Hawala mainly took place in small project groups with representatives of the Swedish Security Service, the Swedish Police Authority (the FIU), the Swedish Financial Supervisory Authority, the Swedish Economic Crime Authority, the Swedish Tax Agency, the Swedish National Council for Crime Prevention and Swedish Customs.

²⁵ A neobank can be described in short as a completely digital bank where services are offered via apps or online interfaces, without any physical branches. Neobanks do not always need to have a banking permit and they can offer various kinds of payment services depending on their permit, or on a larger scale in cooperation with a traditional bank. The national risk assessment for 2023 will be published in 2024.

institutions helped to detect and prevent several forms of illegal money flows. In addition to operational successes, these analyses also led to a better understanding of financial patterns, modes and enablers used by the networks. The FIU has described the lessons learnt from this collaboration in several strategic reports in order to improve the knowledge of obliged entities that were not part of the collaboration but who may detect similar patterns that could be a stage in money laundering. The new possibility to collaborate has thus become an effective and proactive tool for combating money laundering that has elements that can pose a threat to society.

The new possibilities offered by this change in legislation meant that the operational collaboration group within Samlit²⁶ ceased to exist. Strategic collaboration within Samlit did however continue in 2023. One example of this work was an analysis of the risks of money laundering through what are known as trust accounts that belong to estate agents and lawyers.²⁷

International collaboration

In 2023, the FIU had a special focus on Europol and EMPACT. The FIU was in charge of organising an operational action plan concerning the criminal economy, money laundering and taking back proceeds of crime. The action plan involves the Swedish Tax Agency and the Swedish Economic Crime Authority (also Swedish Customs for future operations), as well as the division at the Swedish Police Authority that works on taking back proceeds of crime.

Within the context of EMPACT, the FIU also contributed in 2023 to an international operation to combat fraud and straw men, with the National Fraud Centre as Sweden's responsible coordinating entity. Straw men are considered to constitute an important step in organised crime internationally.

In 2023, the FIU decided to participate in EFIPPP, which means taking part in a forum together with European private financial entities, as well as law enforcement agencies responsible for combating economic crime.

The FIU is also involved in forums with other FIUs and engages in special cooperation with the other Nordic countries. In FIU circles within the EU, questions about the new money laundering legislation were in focus in 2023.

The FIU is involved in selected working groups within the FATF and monitors plenary meetings so as to follow the work on updating recommendations for how countries should combat money laundering and terrorist financing. Two recommendations were made more stringent in 2023. One concerned the ability to trace virtual currencies and the other concerned the possibility to freeze assets without a criminal conviction.

Examples of international forums with FIU participation

FATF

Financial Action Task Force. Works globally on combating money laundering and terrorist financing. Sweden is a member of the FATF. The FATF provides recommendations on establishing international standards for combating money laundering and terrorist financing. The FATF also reviews countries' working methods in this field and assesses their compliance with the standards.

EMPACT

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

EFECC

European Financial and Economic Crime Centre. Located at Europol and works to combat economic and financial crime.

EFIPPP

Europol Financial Intelligence Public Private Partnership. Run by Europol and brings together financial investigation divisions and intelligence divisions, as well as private institutions such as banks.

Egmont Group

Platform for exchange of information and experience between FIUs around the world.

²⁶ Samlit is forum where the FIU collaborates with the five largest banks in Sweden to strengthen efforts to combat money laundering and terrorist financing. Samlit stands for Swedish Anti-Money Laundering Intelligence Taskforce.

²⁷ *Finanspolisen informerar Klientmedelskonton nyttjas för penningtvätt.* This document is published (in Swedish) on the Swedish Police Authority website: polisen.se/om-polisen/polisens-arbete/finanspolisen/



New legislation

Continued negotiations on the AML Package

In 2023, negotiations on a new legislative package, the AML Package, continued at EU level. The FIU provided its expertise for these negotiations. The AML Package consists of four legal acts:

- an EU regulation to replace most of the fourth money laundering directive;
- an EU directive to replace the remaining parts of the fourth money laundering directive that are not transferred to the regulation;
- a regulation establishing an EU AML/CFT Authority; and
- an EU regulation on information accompanying transfers of funds and certain crypto-assets.²⁸

Ongoing government inquiries

In parallel with the negotiations on the AML Package, a government inquiry²⁹ is under way to submit proposals on the legislative amendments that are necessary to adapt Swedish law to the changes in the regulations that will follow as a result of the AML Package. The inquiry touches on several questions that are important to the FIU. For example, the inquiry is to look in particular at which obliged entities should be covered by the new regulations and whether law enforcement agencies should be given access to information in the money laundering database. The FIU has contributed one expert to the inquiry and is thus providing important expertise. The inquiry is expected to submit its final report in August 2024.

Other inquiries were also under way in 2023 that are important to the work of the FIU. One of these was the final report of the *inquiry into preventive coercive measures*³⁰, which was presented at the end of the year. The report confirms that organised crime has increased in both scope and complexity and in light of this there is a need to obtain information to a greater extent in accordance with the Data Collection Act³¹. The report also proposes that the Data Collection Act be broadened in scope to cover gross money laundering offences or gross commercial money laundering offences³². However, data collection must only take place in cases where the crime is thought to be committed in an organised form or systematically. The FIU takes a positive view of this proposal and it would be an important contribution to operational work.

Need for new legislation

The FIU is continuously identifying needs for new or amended legislation. Such needs can be identified in both operational work – for example, when it is clear that the FIU lacks the right tools to proceed with a case – and in strategic work, in order to reduce vulnerabilities. The needs identified are communicated in various ways, such as in the reports published by the FIU, in the national risk assessment, through comments on legislative proposals or in dialogue with the relevant ministries.

28 Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets.

29 Terms of reference 2022:76 for government inquiry into the EU legislative package on measures against money laundering and terrorist financing.

30 Greater possibilities for the use of preventive coercive measures 2, Swedish Government Official Reports series 2023:60.

31 Act on Acquiring Information about Electronic Communications in Law Enforcement Agencies' Intelligence Activities (2012:278).

32 Section 5 and Section 7, second paragraph of the Act on Penalties for Money Laundering Offences (2014:307).



In 2023, the FIU highlighted the following needs for legislation:

- a review of the Act on Currency Exchange and Other Financial Activities³³ in order to raise the threshold for setting up a currency exchange business;
- a review of the possibilities to introduce a requirement that cash corresponding to a certain amount must be reported to Swedish Customs by travellers within the EU, in the same way as is required for travel beyond the EU external border;
- an expansion of the circle of participants in collaboration under the Act on Measures against Money Laundering and Terrorist Financing to cover other obliged entities in addition to credit institutions; and
- an expansion of the obligation to provide information at request under the Act on Measures against Money Laundering and Terrorist Financing to cover suppliers of electronic identification services.

As is clear from the previous section, the FIU considers that collaboration in accordance with the Act on Measures against Money Laundering and Terrorist Financing provided major operational and strategic benefits in 2023. The possibility of collaborating with other obliged entities, such as payment institutions and gambling business, would provide the FIU with additional tools to pre-empt, prevent and detect serious money laundering and terrorist financing. It should be up to the law enforcement agency to decide which obliged entities should take part in a particular collaboration. If this kind of system is not appropriate, the FIU would like to see a government inquiry tasked with determining the possibilities and conditions for different kinds of obliged entities to collaborate in accordance with the Act on Measures against Money Laundering and Terrorist Financing.

³³ Act on Currency Exchange and Other Financial Activities (1996:1006).

FAQs to the FIU

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

When the FIU receives a report, the report is assessed and a selection of reports are processed, along with other information that is available to the FIU. The information may be shared with entities outside the FIU to aid them in their work.

The report 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 a crime being reported. Many reports do not lead to any immediate measures, but they may be subject to further processing/measures if new significant information is received.

? Should we report all deviating activity or things that we do not understand?

We proceed from the assumption that the obliged entity has the kind of KYC information that enables it to monitor and assess the customer's transactions and activities. If there are transactions or activities that they do not understand or that deviate from the norm, enhanced KYC measures and other necessary measures should be taken. Through these measures, the obliged entity should be able to assess whether there are reasonable grounds for suspecting money laundering or terrorist financing or whether property originates from criminal activity. The term 'reasonable grounds for suspecting' means that the obliged entity is not required to carry out an in-depth investigation into transactions and activities. However, an assessment should be made in order to avoid automatically reporting transactions or activities that may at first glance appear to be suspicious or deviate from the norm. These measures are intended to clarify as far as possible whether the suspicious or deviating transaction or activity has a natural or legitimate explanation.

After such measures, suspicions may be dismissed, in which case they should not be reported. If the suspicions persist or are further strengthened, the obliged entity should report this.

? If our customer has been the victim of crime, such as fraud, should we report the crime to the Police as well as submitting a report to the FIU?

Reporting a crime and submitting a report are two different things. A crime should always be reported by the person who was the victim of the crime. The obliged entity should submit a report if there are reasonable grounds for suspecting money laundering or terrorist financing, or that property otherwise originates from criminal activity.

Fraud, in this case, is regulated in the Swedish Criminal Code and may be a predicate offence to a money laundering offence. Reporting a crime may result in an investigation being launched. Submitting a report is not the same as reporting a crime.

If a customer has been the victim of a crime, the customer can report this crime to the Police directly on the Police website (polisen.se/utsatt-for-brott/polisanmalan) or by dialling 114 14. Regardless of whether or not a crime is reported, the obliged entity should submit a report. The report should include a reference to the K number allocated when the crime was reported.

? Should we report when we decide not to perform a transaction?

Yes. Chapter 4, Section 3, second paragraph of the Act on Measures against Money Laundering and Terrorist Financing states that a report is to be submitted if a transaction is not performed. The transaction should also be marked in some way in the report when it is not performed; see the instructions in the reporting manual in goAML.

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

When a report is sent to the FIU, it is examined in different steps. The first step involves checking the obligatory fields for certain types of report or circumstances. The obligatory fields are called system rules and are listed in XML specifications available from the goAML portal. The report can be submitted even if the fields are left blank, but it will be automatically rejected.

The next step, once a report contains the obligatory fields under the system rules, usually involves examining the report manually, resulting in it being either approved or rejected. During this examination, the contents of the report are assessed in their entirety. In addition to the obligatory fields, it may be necessary for other fields to be filled in, depending on the specific transaction/event being reported. So the determining factor are the circumstances surrounding the suspicions, and everything that is relevant to these suspicions should be reported. It is therefore important that the obliged entity provides all available information, even if the fields are not obligatory.

This examination process may result in the report being rejected again, because the subsequent manual examination looks at the rest of the content.

? Do I have to report via goAML or is there another way?

Reports to the FIU must be submitted via goAML. The reason for this is that the data has to be handled in a structured manner. The information in a report is not just used in itself; the major benefit of this information emerges when the FIU is able to link it to several different reports in a specific transaction flow or a broad analysis of modes and trends. Every contribution from obliged entities is important, and the better and more structured the data reported is, the better the chances of the FIU succeeding in its mission. The FIU is continuously simplifying the reporting process via goAML using various aids and manuals based on the needs of obliged entities.

? Do I have to end a business relationship with a customer if I have reported them to the FIU?

Chapter 3, Section 1 of the Act on Measures against Money Laundering and Terrorist Financing states that an obliged entity is not permitted to maintain a business relationship if the obliged entity does not have sufficient KYC information about the customer to be able to handle the risk of money laundering or terrorist financing that may be associated with the customer relationship and to monitor and assess the customer's activities and transactions.

This means that there is no obligation to end a business relationship when a report is submitted to the FIU. However, submitting a report should, as a rule, lead the obliged entity to re-assess the risk that may be associated with the customer relationship. If there is an increased risk, the business relationship may be maintained if the obliged entity considers, after having taken measures to enhance its KYC information and strengthen its monitoring, that it is sufficiently able to detect and prevent any future suspicious transactions.





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