



**NCA**

National Crime Agency

# **Suspicious Activity Reports (SARs) Annual Report 2018**

## Statement by the Chair of the SARs Regime Committee

The UK Financial Intelligence Unit (UKFIU) performed strongly in 2017-18 as the demands on the unit increased significantly in terms of volumes and complexity. It received and processed a record number of Suspicious Activity Reports (SARs) (463,938), with 22,619 of those requests for a defence against money laundering (DAML).

As evidenced in this report, the financial intelligence contained within SARs and UKFIU international requests enhances the intelligence picture against money laundering and all serious and organised crime threats. It results in tasked operations and enquiries and enhances existing activity.

Throughout the year the UKFIU has improved its internal processes to make the current regime more effective and better able to achieve operational outcomes. The regular meetings of the NCA Banking, Legal and Accountancy Engagement Groups have improved partnership working and resulted in more focused guidance for the sectors and promoted a better understanding of the issues and concerns around the submitting of SARs.

In March 2018 the UKFIU was visited by Financial Action Task Force (FATF) assessors as part of the UK's mutual evaluation. The UK has a different model to other FIUs, as a result of the distributed model of SARs analysis. This model is the right one for the UK and provides significant operational benefits to UK law enforcement.

The Home Office is leading a SARs Reform Programme. This aims to improve the SARs regime, including by underpinning it with modern IT. The aim is for the public and private sectors to deliver an integrated and transformational world-leading approach that reduces harm, protects the integrity of the UK economy, supports legitimate growth and prosperity, and ensures that there are no safe spaces for economic crime or terrorism financing. The UKFIU and other regime participants have been heavily involved in this.

In light of the increasingly busy and complex last financial year I am very impressed with the commitment and delivery of the UKFIU, with its officers working both hard and effectively to deliver a consistently professional service. I am also impressed by the contribution from reporters and users. These partnerships must be harnessed as Government takes forward necessary reform to SARs in order to ensure the regime is able to respond to the challenges of the future.

**Donald Toon**

Prosperity Director, National Crime Agency

# Key statistics

- 463,938 SARs received between April 2017 to March 2018 (9.60% increase on 2016-17 [423,304]).<sup>1</sup>
- 22,619 DAML requests (20% increase on the previous year's 18,849).

Key statistics	April 2017 to March 2018
Total SARs	463,938
DAML SARs	22,196
DATF SARs <sup>2</sup>	423
DAML SARs refused (and %)	1,291 (5.70%)
DATF SARs refused (and %)	42 (9.93%)
Breaches of confidentiality	3

## DAML requests

- £51,907,067 denied to criminals as a result of DAML requests (refused and granted).

In addition, USD\$500m was denied to criminals as a result of a DAML refusal relating to funds transferred to fraudsters from overseas. The case involved state funds and in order to protect the funds, whilst the investigation continued, NCA investigators made use of the first ever extension of the moratorium period under the Criminal Finances Act 2017 to enable international enquiries. The funds were frozen using a High Court order and funds were returned back to the account they came from, thus thwarting the fraud.

Interventions arising from refused DAML requests	
Restraint sums	£48,102,958
Cash seizure sums	£776,088
Funds recovered by HMRC	£1,709,256
<b>Total<sup>3</sup></b>	<b>£50,588,302</b>
Cases with arrests recorded	28 (40 arrests)
Refusal rate for the period	5.70%

<sup>1</sup> A SAR is a piece of information which alerts law enforcement that certain client or customer activity is in some way suspicious and might indicate money laundering or terrorist financing.

<sup>2</sup> DATF – defence against terrorism financing.

<sup>3</sup> Previous 'refused DAML requests' statistics included funds indemnified by Her Majesty's Revenue & Customs (HMRC). During this financial year no funds were recorded under the indemnification process. After a HMRC review this process is no longer used for DAMLs; HMRC has moved its focus to the powers under the new Criminal Finances Act and hope to use these powers to pursue these funds.

<b>Interventions arising from granted DAML requests<sup>4</sup></b>	
Restraint sums	£1,161,261
Cash seizure sums	£157,504
<b>Total</b>	<b>£1,318,765</b>
Cases with arrests recorded	3 (12 arrests)

The total amount of funds moved to a financial institution's internal fraud ledger (when the information is included in the DAML request) was £378,637,589, thereby denying it to fraudsters and protecting it for future claim by crime victims.

Of the 1,291 DAML requests which were refused initially, 440 (34.08% of overall refusals) were subsequently granted in the moratorium period.<sup>5</sup>

- 57.39% of DAML requests dealt with without referral to law enforcement for a recommendation.<sup>6</sup>
- 4.32 days – the average turnaround time for responses to reporters for all requests.
- 283 threshold variation requests.<sup>7</sup>
- 2,015 cases closed because the reporter withdrew the DAML request within the notice period, because they had requested a DAML in error, had failed to include a key piece of piece of information but were uncontactable or had failed to submit the additional information in writing to the UKFIU within the notice period.

## International

	<b>Number of financial intelligence requests received</b>	<b>Number of financial intelligence requests made by UKFIU</b>
Egmont network <sup>8</sup>	742	665
FIU.Net network (EU) <sup>9</sup>	472	544
ARO network <sup>10</sup>	224	311
CARIN network <sup>11</sup>	17	39
<b>Total</b>	<b>1,455</b>	<b>1,559</b>

<sup>4</sup> There is no requirement for law enforcement agencies (LEAs) to inform the UKFIU of restraint, cash seizure or arrest figures as a result of granted DAML requests (only refusal) and these figures should be viewed as conservative amounts.

<sup>5</sup> If a request for a DAML is refused within the 'notice period' (seven working days), law enforcement has a further 31 calendar days (the 'moratorium period') – from the day of refusal – to further the investigation into the reported matter and take further action e.g. restrain or seize funds. The 31 days includes weekends and public holidays. The reporter runs the risk of committing a money laundering offence if they proceed during the moratorium period whilst the request is still refused.

<sup>6</sup> While the NCA makes the decision to grant or refuse a DAML request, they will seek LEA advice in certain circumstances.

<sup>7</sup> Deposit taking institutions with concerns that an account may contain the proceeds of crime/used for laundering money may still have to process regular 'lifestyle' payments to/from that account. Legislation permits discretion in relation to such payments, up to a threshold of £250 per transaction. If frequent transactions are over this threshold, the reporter can apply to the NCA for a threshold variation under the Proceeds of Crime Act 2002 (POCA) and seek permission to impose a higher threshold for regular transactions.

<sup>8</sup> Egmont is the coordinating body for the international group of FIUs.

<sup>9</sup> FIU.Net is the secure network for the exchange of data between FIUs in the European Union.

<sup>10</sup> Asset Recovery Network (ARO).

<sup>11</sup> Camden Asset Recovery Inter-Agency Network (CARIN).

Intelligence reports spontaneously received from overseas	1,621
Intelligence spontaneously disseminated (excluding Europol)	470
Intelligence spontaneously disseminated to Europol	204

### UKFIU international 'other' work<sup>12</sup>

In support of UK partners	67
In support of EU partners	34
In support of non-EU partners	117
In support of other <sup>13</sup>	74
<b>Total</b>	<b>292</b>

- 3 Memorandums of Understanding signed with international counterparts.

### Intelligence development

To ensure that the maximum value of SARs intelligence is exploited, the UKFIU daily screens/analyses SARs to identify for potential fast-tracking to LEAs. Over the year the UKFIU:

- 'read and triaged'<sup>14</sup> 26,065 potential vulnerable person SARs (up 64.60%).
- disseminated 3,615 vulnerable person SARs (up 37.61%).
- read and triaged 26,667 potential Politically Exposed Person (PEP) SARs (up 38.19%).
- disseminated 1,419 PEP SARs (up 64.62%).
- read and triaged 31,259 integrity SARs (down 37.74%).<sup>15</sup>
- disseminated 1,227 integrity SARs (up 66.71%).

<sup>12</sup> 'Other work' refers to the number of requests the UKFIU received/sent which fall outside the usual inbound/outbound type requests. These usually refer to general questions on systems, regulations, legislation, etc. and are not counted as usual inbound requests.

<sup>13</sup> 'In support of other' refers to work done supporting Europol/Interpol, CARIN Secretariat, Egmont Secretariat.

<sup>14</sup> "Read and triaged" refers to the total number of SARs returned by the UKFIU key word searching that require reading and triaging by a UKFIU officer.

<sup>15</sup> Integrity SARs relate to knowledge or suspicion of money laundering and/or terrorist financing that concerns an employee of an LEA or the civil service.

## Overall SAR reporting statistics

### Summary of SARs reporting by sector

The UKFIU makes no comment as to the relative volume of reports from different sectors. It is for the sectors and their supervisors to assess if the volume of SARs submitted is proportionate to the risks their sectors face.

April 2017 to March 2018	Volumes	% of total	% comparison to 2016-17
Credit institution – banks	371,522	80.08%	6.30%
Credit institution – building societies	19,640	4.23%	35.81%
Credit institution – others	13,678	2.95%	4.58%
Financial institution – MSBs	21,198	4.57%	80.70%
Financial institution – others	21,446	4.62%	30.41%
Accountants and tax advisers	5,140	1.11%	13.19%
Independent legal professionals	2,660	0.57%	-11.92%
Trust or company service providers	53	0.01%	-26.39%
Estate agents	710	0.15%	32.46%
High value dealers	249	0.05%	30.37%
Gaming (including casinos)/leisure (including some not under Money Laundering Regulations [MLRs])	2,154	0.46%	50.63%
Not under MLRs	5,488	1.18%	-33.76%
<b>Total</b>	<b>463,938</b>	<b>100%</b>	<b>9.60%</b>

### SARs submitted by money service businesses (MSBs)

April 2017 to March 2018	Volumes	% of Total	% comparison to 2016-17
Money transmission	12,366	58.34%	74.61%
Bureau de change	8,006	37.77%	96.08%
Cheque casher	826	3.90%	45.94%
<b>Total</b>	<b>21,198</b>	<b>100%</b>	<b>80.70%</b>

### SARs submitted by regulated and non-regulated gambling

April 2017 to March 2018	Volumes	% of total	% comparison to 2016-17
Gaming/leisure	2,154	57.17%	50.63%
Bookmaker	872	23.14%	-20.80%
Spread betting	742	19.69%	32.50%
<b>Total</b>	<b>3,768</b>	<b>100%</b>	<b>21.90%</b>

# Main report

## Analysis and engagement

The UKFIU participated in a number of SAR working groups, offering guidance on SAR quality and factors impacting on the regime. An example of this was working with reporters in preparation for the Criminal Finances Act where processes and systems were designed collaboratively.

The UKFIU also contributed to supervisor forums, sector affinity groups and SAR engagement groups. A two way communication link in relation to regulator referrals concerning weak practice, indications of non-compliance and matters that may require regulator investigation or action was also set up.

In order to reach small firms and 'one person' type businesses the UKFIU took part in webinars aimed at the accountancy and legal sectors. These events were recorded and are available online allowing further training and educational opportunities. Webinars are in hand for additional sectors.

### Analysis

Analysis of SARs is a responsibility for all end users under the distributed model adopted in the UK. The UKFIU continued to undertake analysis where it could add unique value only.

A number of analytical products were created, often with different versions tailored specifically for law enforcement, reporters and regulators/supervisors/trade bodies. In addition, the UKFIU undertook analytical work in support of international partners and NCA teams regarding priority areas.

Detailed analysis of individual SARs and cases also took place across UKFIU desks, in particular DAML, terrorist financing and vulnerable persons cases, resulting in operational outcomes detailed across this report.

In June 2017 a UKFIU officer visited the Netherlands FIU to share knowledge around organised immigration crime. This was followed by a visit to the Criminal Financing of Organised Immigration Crime workshop in Athens in November 2017 where a presentation was delivered on UKFIU SAR analysis.

As part of a project which included a review of all DAML SARs submitted by a major reporter over one month, two workshops were provided outlining how SARs are received, analysed and disseminated by the UKFIU. These presentations also included a live demonstration of Arena and presentation on vulnerable person SARs.<sup>16</sup> Similar exercises are ongoing with other large volume SAR reporters.

The UKFIU also produced two NCA Alerts and contributed to two others.<sup>17</sup>

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<sup>16</sup> Arena is a search and analysis tool for end users of SARs.

<sup>17</sup> Alerts are direct and indirect warnings by the NCA for business, financial institutions and industry about serious organised crime and its effects.

## **Communication products**

A new UKFIU communication product – the DAML FAQ document – was published in April 2018. This product draws together good practice and interpretations from Money Laundering Reporting Officers from across the SARs regime. Collaborative answers are provided to the most frequently asked questions concerning the DAML process. Regulators, supervisors and trade bodies have indicated that they will use this product as a key reference point on their anti-money laundering (AML) help desks.

The UKFIU disseminated a SARs Reporter Booklet in December 2017.

## **Spotlight on UKFIU**

In September 2017 the NCA devoted two weeks to a 'Spotlight on UKFIU' campaign, promoting the work of the unit and the value of SARs to law enforcement across all enquiries. Partners and UKFIU officers featured in social media videos and blogs, with DD Nigel Kirby hosting a live chat on Twitter. As part of the campaign a lunchtime talk hosted by the UKFIU aimed at NCA officers was video-conferenced across a number of NCA sites.

## **'Flag It Up'**

HMG's anti-money laundering (AML) campaign went live in October 2017 focusing on increasing AML compliance amongst at-risk professionals in the accountancy and legal sectors. While previous years' themes have focused on increasing the number of SARs from these sectors, this time messaging focused on improving the quality of submissions. Donald Toon and Ian Mynot, head of the UKFIU, featured in media articles highlighting the money laundering risks to professional firms, the need for effective SARs reporting and detailing what happens to a SAR after submission. Campaign evaluation has demonstrated that accountants and lawyers who recognised 'Flag it up' were twice as likely to have submitted a SAR, compared to those professionals who did not have knowledge of the campaign.

## **Criminal Finances Act**

The UKFIU (and the NCA more broadly) worked closely with the Home Office to develop the provisions of the Act and plan for their implementation in conjunction with private and other public sector partners. The Act has impacted upon the SARs regime/UKFIU, particularly in relation to the extension of the moratorium period (up to a maximum of six months in certain circumstances). Previously, the 31 day period during which funds could be frozen following refusal of a DAML request was not renewable. This did not always allow sufficient time to develop evidence to progress a case, particularly where information had to be sought from overseas. Between 31 October 2017 (when this was implemented) and 31 March 2018 there were six successful applications for moratorium extensions.

## **Information technology**

### **SARs Reform Programme**

The NCA worked closely with the Home Office as part of its SARs Reform Programme to scope and develop the draft programme, based on a genuine public-private approach. SARs Reform includes, but is not limited to, IT replacement. This is a matter of urgency, as the current IT is old and reaching the end of its life. The IT project intends to encompass new technology to improve the efficiency and



effectiveness of the system as a whole, and deliver an improved approach to reporting and feeding back to reporters on the usefulness of reports submitted. It should allow the UKFIU to reduce inefficiencies and direct resource and efforts towards the highest risks and threats.

The Programme has funded the police and NCA to deliver pilot training courses for law enforcement and develop new e-learning materials, to support and encourage LEAs to further use and exploit SARs in their investigations across all crime types. The e-learning will be rolled out over the coming months.

### **SARs IT systems**

A legacy encryption email system (used to process bulk SAR reports) was replaced with a more current version to increase the security of the delivery of information from reporters to the UKFIU. Significant resources were spent liaising with reporters, with the result that all bulk submitters have now migrated across.

In light of the age of the SARs IT, a SARs sustainment project – which aims to provide upgrades on selected components of the core SARs IT systems – progressed and is due to be completed shortly. These upgrades will, to a degree, reduce the risks of failure and outage of the existing IT.

In December 2017 the UKFIU created a SAR Online Guide providing a quick walkthrough of the secure web-based portal's registration process and its interface. Screenshots and hints were included to assist easier navigation of the system and help improve SAR quality.<sup>18</sup>

### **Arena**

The UKFIU's relationship with LEAs is crucial in fully exploiting SARs information. An increase over the year in active Arena accounts and a desire by LEAs to have more financial intelligence administrators – which allows for greater exploitation of the SARs database, but ensuring that it is done in a controlled environment – demonstrates the growing popularity of Arena as an effective tool against all crimes.

In November 2017 UKFIU officer Dave Johnson and Detective Sergeant Chris Attack of the Metropolitan Police Service were presented with a commendation at the Serious and Organised Crime Exchange conference for their "outstanding services for drive and determination to increase the use of financial intelligence through delivery of the Arena project".

The Home Office funded project saw both officers deliver training in the summer of 2017 to nominated officers from the Regional Organised Crime Units. The course provided in-depth training into the functionality of Arena and the sanitisation and dissemination of SAR material, which could then be cascaded more widely to other Arena users. The course was widely praised; from an end user perspective it illustrates that clear efforts have been made by the UKFIU to drive up the exploitation of SAR intelligence. Under the SARs Reform Programme it was agreed that the UKFIU would also deliver Arena training courses to the Police Service of Northern Ireland and Police Scotland.

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<sup>18</sup> Upon registering, SAR Online can be used by anyone with internet access.

## **Vulnerable persons**

The SARs regime allows for the identification of members of the public who are vulnerable or likely to become vulnerable to financial crime, and the associated money movement. The UKFIU is able to identify new SARs highlighting this and fast-track them to LEAs.

A fast-tracked SAR resulted in a multi-agency approach carried out to protect a vulnerable person who was being physically abused. The reporter was concerned that a customer was abusing their position as a carer to benefit financially. The carer was subsequently prosecuted. Without the SAR this information may never have come to the attention of the authorities.

The UKFIU fast-tracked a SAR to a local LEA after the reporter raised concerns that its octogenarian customer was a potential victim of fraud/theft. Just short of £100,000 in total had left the account raising concerns that the customer was being exploited. Officers visited the subject, a referral was made to the adult safeguarding unit, and the subject agreed to not send any further money.

As the result of a SAR indicating a possible romance scam an LEA made enquiries on its internal systems which linked to an ongoing blackmail investigation. Working with financial institutions and using the intelligence gateways, the LEA was able to follow the blackmail funds and identify the offender in another force area. As a result a package of evidence was created and passed to the other LEA who were already investigating similar complaints regarding the same offender and who have now taken responsibility for investigation. This investigative action, generated as the result of the SAR, has contributed to dismantling this criminal enterprise and prevented further loss to future potential victims. The offender received a prison sentence.

A SAR highlighted that a customer had sent a number of money transfers to receivers overseas. The subject was visited by local officers and admitted to having sent money to a sergeant in the US Army who they had met online. Following the visit the subject realised that this had been a fraud. The subject estimated that they had sent approximately £50,000 and had cashed in some of their stocks and shares in order to send more money, effectively losing their savings.

## **HMRC increasing the use of SARs**

A data matching tool that enables the cross referencing of HMRC and third party data with SARs data continued to generate HMRC cases for criminal and civil investigation.

- Yield from civil enquires amounted to £47,576,280.
- Further exploitation of this capability enhanced civil investigations profiled for HMRC's risk-led taskforces, generating intelligence to support a yield of £16,026,692.

- A further £9,726,291 was generated from enhancing HMRC cases already under civil investigation by providing intelligence in SARs.
- Restraint orders and winding up petitions amounting to over £1,101,026 were obtained on new cases identified through DAML referrals.
- A further £5,987,817 was secured from Freezing Orders on cases where a DAML started an enquiry.
- A total of £3,484,672 in restraint was secured on cases already being worked on within HMRC's Fraud Investigation Service teams and the DAML was fed into their enquiries.<sup>19</sup>

## Case studies

The below demonstrate the value of SARs intelligence in tackling a range of crimes.

Feedback from overseas advised that intelligence provided by the UKFIU regarding an individual sending funds to a recipient abroad suspected of being involved with the sexual exploitation of children was used to instigate a criminal investigation. Without the provision of the initial information by the UKFIU the foreign jurisdiction would not have known about the suspected activity.

A money laundering investigation ended with a number of individuals receiving prison sentences and over £600,000 being confiscated and seized. Over £35m was laundered through a number of bogus companies. The case was considered significant and complex due to the number of defendants involved, the number of companies and bank accounts used to launder the funds, the significant amount of money laundered, the use of a professional enabler to lend an air of legitimacy and the fact that monies were sent to different countries. This is an example of the disruption of an international money laundering network. SARs interrogation identified new companies linked to the laundering, new defendants linked to the companies and showed how the flow of funds worked.

An individual received a prison sentence for money laundering related offences, followed by a confiscation order of over £1m; in addition, just short of 200 victims received compensation. Due to the complex nature of the subject's financial dealings, the financial enquiry ran for a number of years and SARs material was instrumental in three main ways:

- SARs initially assisted in identifying the various accounts held by the defendant, either in person or via his business interests. It was detailed enough to point directly at many transfers later incorporated into the money laundering offences. In addition, new accounts were disclosed which had been opened during the course of the enquiry.
- SARs material was helpful in the confiscation enquiry as it ensured that the financial investigator was aware of how the defendant was controlling not only his own personal accounts, but also those of connected companies.
- Further SARs led directly to the uncovering of an insurance fraud.

<sup>19</sup> In relation to the £3,484,672 figure, as these were not new cases identified by DAMLs during the reporting period, they have not been included in the above figures.

An investigation was under way into foreign national subjects in the UK being involved in modern slavery and human trafficking. A large number of SARs assisted in providing an intelligence picture as to how addresses were being used and the use of pre-payment cards. As a result of a day of action a number of subjects were arrested and deported.

An investigation into offences of fraud by abuse of position, false accounting and money laundering stemmed from concerns raised by SAR intelligence. The suspicion surrounded large amounts of credits received by accounts (of which there were quite a few) belonging to their customer. The combined turnover was well in excess of a normal customer profile. The subject was arrested on suspicion of fraud by abuse of position relating to their employment. Documents had been falsified and in an effort to avoid detection and raise less suspicion the subject had opened numerous accounts with different banks and used each one for a different customer. The subject and an accomplice received prison sentences and the subject was subsequently ordered to pay back over £20,000. If it had not been for the intervention of the LEA as a result of SARs this crime may not have come to light. The company reclaimed its losses.

A number of SARs were received on an individual raising concerns about a significant amount of transfers in and out of a gambling account and suspicion of receiving fraudulent credits. This was a romance scam investigation and the subject subsequently received a prison sentence for dishonestly making false representation and was found to have benefited from their criminality by almost £1m. The SARs played a significant part in the investigation, identifying bank accounts which formed part of both the criminal investigation and subsequent confiscation.

A long running investigation into large scale mortgage fraud, run by an organised crime group (OCG) consisting of a number of professional enablers, was commenced as a direct result of SARs. A number of individuals received prison sentences. The OCG's enterprise involved supplying falsified employment details and proof of income in relation to mortgage applications (without the knowledge of the mortgage applicants). This was a multi-million pound fraud spanning a lengthy period of time. The SARs flagged a pattern of falsified mortgage applications, identifying the use of similar entities as employers of applicants. Confiscation proceedings are ongoing.

## **Terrorist finance**

- 2,688 SARs pro-actively identified and disseminated to the National Terrorist Financial Investigation Unit (NTFIU) and Counter Terrorism Unit (CTU) network.<sup>20</sup>
- This process involved the targeted review of 21,260 SARs, identified from all SARs received.

The UKFIU provided support to law enforcement and intelligence services in the aftermath of the 2017 Manchester and London terrorist attacks, with the information provided in SARs contributing greatly to the intelligence picture. The work highlighted the flexibility of the UKFIU as officers surged from across the department to support this area of the business. Off the back of this work, the UKFIU has disseminated an analytical report looking at the SAR reporting on the attacks.

In the autumn of 2017, following input from the Home Office Continuous Improvement Unit, the UKFIU's Terrorist Finance Team introduced tools and measures to enable more proactive performance management. The efficiency savings made through process improvements have enabled the team to search against a wider range of databases, increasing their potential to identify hits and potentially demonstrate the link between organised crime and terrorist financing.

### **FATF Mutual Evaluation**

FATF assessors visited the UKFIU in March 2018 as part of this year's mutual evaluation assessment of the UK.<sup>21</sup> The effectiveness of the UKFIU and the SARs regime was of particular interest to the assessors; numerous UKFIU officers were interviewed about SAR analysis and the assessors also received a demonstration of Arena's capabilities. The UKFIU extensively supported HM Treasury and the Home Office in preparation of the visit.

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<sup>20</sup> CTUs are regional units set up as part of a national response to terrorism, in line with the Government's counter-terrorism strategy, CONTEST.

<sup>21</sup> The FATF conducts peer reviews of each member on an on-going basis to assess levels of implementation of the FATF recommendations, providing an in depth description and analysis of each country's system for preventing criminal abuse of the financial system.

# Plan for 2018–2019

The SARs regime can only be successful through collaboration with all regime participants. Such collaboration will be particularly important to work to develop the Home Office-led SARs Reform Programme, including setting out the strategic direction for the regime. Over the year the UKFIU will continue to support the Home Office SARs Reform Programme. In support of the Programme, the NCA has agreed to manage the IT Replacement and Enabled Business Change Project. The UKFIU will also support the Programme in bringing together the different requirements of reporters from the various sectors, regulators, supervisors and law enforcement to inform the SARs Programme design of a reformed SARs regime and the Home Office business case for changes, as well as improvements that can be made in the short term.

The UKFIU will need to engage with this work with minimal impact on its operational capability, given the continuing resource demands. It is anticipated that the volume and complexity of SARs will continue to rise. These increases are such that the NCA has confirmed an additional 46 operational posts for the UKFIU over the next three years. These posts will be used to meet the increasing volumes.

Other activities will take place over the current year to improve the UKFIU, as set out in an internal Annual Management Plan for the year. This will include work to deliver the following:

- Further developing and redefining the processes, operating procedures and culture that allows the UKFIU to be intelligence driven and law enforcement focussed.
- Being visible to reporters and end users and delivering a law enforcement AML response.
- Developing a more active and visible posture in international and terrorist financing spaces.
- Seeking out opportunities to improve our service to existing partners.
- Developing new partnerships with key stakeholders and stronger partnerships with existing partners.

These activities are intended to increase the quality of SARs, and also their use by law enforcement, and as such will dovetail with the longer term ambitions of the Home Office-led reform programme.



Insurance	84	77	87	148	167	153	151	169	83	102	79	106	1,406
Investment exchange	2	1	3	0	2	1	1	1	0	0	9	2	22
IT	1	0	2	1	0	1	2	1	1	0	0	0	9
Legal other	10	9	16	10	18	9	21	19	19	12	23	15	181
Leisure	0	0	1	1	0	1	0	0	0	0	2	1	6
Licensed conveyancers	6	5	10	9	5	9	3	8	3	8	7	4	77
Local authorities	7	8	4	4	4	6	10	6	2	6	5	6	68
Manufacturer	3	0	2	2	0	0	0	2	0	3	1	1	14
Markets & exchanges	0	0	0	0	4	1	2	0	1	1	0	12	21
Money transmission	675	1,095	781	1,053	1,179	896	1,042	1,142	1,119	1,246	1,095	1,043	12,366
Mortgage provider	2	5	9	2	7	3	3	1	0	4	0	1	37
Motor organisation	13	9	9	11	12	8	4	4	6	14	28	26	144
Other	169	210	178	197	163	194	188	175	127	138	148	172	2,059
Other entities regulated by FCA	285	402	424	480	740	481	460	528	448	919	706	918	6,791
Pension provider	8	6	11	12	1	6	5	8	3	2	6	6	74
Private individual	11	5	9	9	11	5	9	5	5	3	7	8	87
Regulators	8	12	36	26	12	12	23	23	6	18	14	14	204
Retail intermediary	30	38	51	44	24	32	25	37	43	38	40	62	464
Security	2	3	2	1	11	2	5	4	0	3	3	0	36
Solicitors	165	183	207	217	211	176	223	217	156	209	215	223	2,402
Specialist financial services	10	12	12	8	11	13	8	11	6	15	9	5	120
Spread betting	43	68	32	28	60	72	60	62	76	126	61	54	742
Stockbrokers	26	38	13	20	26	20	38	25	21	32	25	19	303
Tax advisers	1	5	2	25	11	3	6	17	5	7	14	8	104
Trust or company service providers	7	1	6	5	4	2	8	8	3	3	4	2	53
Unknown	6	8	37	5	6	4	3	7	7	8	7	7	105
<b>Total</b>	<b>35,255</b>	<b>37,853</b>	<b>41,107</b>	<b>37,738</b>	<b>39,434</b>	<b>35,904</b>	<b>38,308</b>	<b>39,066</b>	<b>32,471</b>	<b>40,856</b>	<b>34,889</b>	<b>51,057</b>	<b>463,938</b>



# Annex B: DAML SARs by industry sector (2017-2018)

SARs are attributed to the industry or profession the reporter identifies itself as belonging to.

Source Type	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	TOTAL
Accountants	7	14	20	9	15	14	16	13	9	19	19	30	<b>185</b>
Anonymous	0	0	0	1	0	0	0	1	0	0	0	0	<b>2</b>
Asset management	18	25	32	24	26	20	21	31	29	40	33	46	<b>345</b>
Auction house	0	1	0	0	0	4	1	0	0	4	2	3	<b>15</b>
Banks	839	922	1,026	903	918	907	1,020	1,016	922	1,288	985	1,307	<b>12,053</b>
Barristers	0	0	0	1	3	1	0	2	0	0	0	0	<b>7</b>
Bookmaker	6	12	12	8	6	7	6	16	5	11	11	9	<b>109</b>
Building societies	31	39	24	30	23	19	49	50	21	16	27	35	<b>364</b>
Bureau de change	4	11	5	7	3	3	6	13	12	5	20	13	<b>102</b>
Capital markets	0	0	0	0	0	0	0	2	0	0	2	1	<b>5</b>
Charity	1	1	0	8	11	0	1	0	0	2	0	1	<b>25</b>
Cheque cashers	0	0	0	0	0	0	0	0	0	0	1	0	<b>1</b>
Clearing house	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Consumer credit	11	6	8	6	17	5	8	7	4	9	5	17	<b>103</b>
Credit card	0	7	2	2	11	2	3	4	6	8	11	5	<b>61</b>
Credit union	0	0	1	2	0	5	2	9	4	0	5	6	<b>34</b>
Education	2	2	1	0	0	0	0	4	0	2	9	8	<b>28</b>
Electronic payment	93	99	103	113	180	118	158	133	123	118	150	186	<b>1,574</b>
Estate agents	16	20	18	18	27	20	26	31	21	30	31	24	<b>282</b>
Finance company	46	66	66	57	16	13	11	15	12	27	13	18	<b>360</b>
Friendly society	0	1	0	0	0	0	0	1	0	0	0	0	<b>2</b>
Gaming	14	15	15	10	11	18	20	23	23	19	30	36	<b>234</b>
Government	0	1	1	2	2	0	3	0	0	0	1	1	<b>11</b>
High value dealers	0	1	1	0	2	0	2	3	2	1	0	1	<b>13</b>
Independent financial advisers	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>

Insurance	11	13	9	19	37	22	21	16	11	18	15	14	<b>206</b>
Investment exchange	1	0	0	0	0	0	0	0	0	0	1	1	<b>3</b>
IT	0	0	0	0	0	1	2	0	0	0	0	0	<b>3</b>
Legal other	7	7	5	4	11	3	13	7	11	9	12	8	<b>97</b>
Leisure	0	0	0	0	0	1	0	0	0	0	0	0	<b>1</b>
Licensed conveyancers	5	5	7	4	2	8	2	8	2	8	5	2	<b>58</b>
Local authorities	6	3	2	2	2	3	3	4	1	1	3	4	<b>34</b>
Manufacturer	3	0	1	0	0	0	0	1	0	2	0	1	<b>8</b>
Markets & exchanges	0	0	0	0	1	1	0	0	0	0	0	1	<b>3</b>
Money transmission	20	34	36	45	62	41	54	24	29	52	55	40	<b>492</b>
Mortgage provider	0	0	0	1	2	0	0	0	0	0	0	0	<b>3</b>
Motor organisation	0	0	0	1	0	0	0	1	1	1	3	2	<b>9</b>
Other	53	70	59	62	43	59	35	67	37	38	41	47	<b>611</b>
Other entities regulated by FCA	78	95	124	189	325	221	152	169	116	474	293	400	<b>2,636</b>
Pension provider	0	0	2	1	0	0	0	0	2	1	0	0	<b>6</b>
Private individual	2	1	0	2	0	0	0	0	0	0	1	3	<b>9</b>
Regulators	0	0	0	1	0	0	0	0	0	0	0	0	<b>1</b>
Retail intermediary	3	1	6	2	1	1	0	1	1	0	1	0	<b>17</b>
Security	0	0	0	0	3	1	0	0	0	0	0	0	<b>4</b>
Solicitors	124	137	162	156	156	133	160	147	117	155	155	151	<b>1,753</b>
Specialist financial services	0	0	0	0	1	1	0	0	0	1	1	0	<b>4</b>
Spread betting	35	64	25	22	49	64	39	49	59	107	48	38	<b>599</b>
Stockbrokers	10	15	5	8	9	7	12	11	8	10	15	6	<b>116</b>
Tax advisers	0	1	0	1	0	0	0	1	0	1	0	0	<b>4</b>
Trust or company service providers	2	0	2	1	1	0	0	1	0	0	1	1	<b>9</b>
Unknown	3	3	1	0	1	1	0	2	3	3	0	1	<b>18</b>
<b>Total</b>	<b>1,451</b>	<b>1,692</b>	<b>1,781</b>	<b>1,722</b>	<b>1,977</b>	<b>1,724</b>	<b>1,846</b>	<b>1,883</b>	<b>1,591</b>	<b>2,480</b>	<b>2,005</b>	<b>2,467</b>	<b>22,619</b>

## Annex C: Terrorist finance SARs by industry sector

Source type	Number of SARs disseminated to NTFIU/CTUs from 1 April 2017 to 31 March 2018	As a percentage of all terrorist finance SARs in this period
Accountant/accountancy service provider	9	0.33%
Anonymous	3	0.11%
Asset management	3	0.11%
Banking	1,926	71.65%
Bookmaker	3	0.11%
Building society	95	3.53%
Bureau de change	36	1.34%
Charity	4	0.15%
Cheque casher	3	0.11%
Consumer credit	13	0.48%
Credit card	25	0.93%
Credit union	3	0.11%
Electronic payment	42	1.56%
Estate agent	18	0.67%
Finance company	19	0.71%
Gaming/leisure	6	0.22%
Government	5	0.19%
High value dealers	1	0.04%
Insurance	45	1.67%
IT	1	0.04%
Legal other	2	0.07%
Manufacture	1	0.04%
Money transmission	294	10.94%
Motor organisation	1	0.04%
Other	47	1.75%
Other entities regulated by the FCA	38	1.41%
Pension provider	4	0.15%
Private Individual	2	0.07%

Retail intermediary	2	0.07%
Solicitor	30	1.12%
Specialist financial service	5	0.19%
Spread betting	2	0.07%
<b>Total</b>	<b>2,688</b>	<b>100%</b>