

SIA

SARs IN ACTION
MAGAZINE



UKFIU
UK Financial Intelligence Unit

Money Mules

Special Edition

Mule Networks

Read more on Page 5

**New SAR Portal
Launched**

Read more on Page 16



A United Kingdom Financial Intelligence Unit publication aimed at all stakeholders in the Suspicious Activity Reports regime



NCA

National Crime Agency

Message from the head of the UKFIU



Vince O'Brien Deputy Director

Hello and welcome to the 22nd issue of the UKFIU's magazine *SARs in Action*.

In this special edition we focus on the issue of money mules, starting with an article examining common indicators of money mule accounts.

The National Economic Crime Centre takes a look at how money mule networks may form. This is followed by contributions by reporter and law enforcement partners on their roles in combatting money muling. The ways in which the banking sector and law enforcement address this crime highlight the importance of ongoing cooperation with our stakeholders.

The role of education is discussed, in particular how to prevent young people from becoming money mules. There are also explanations of recent engagement by the UKFIU Reporter Engagement Team (RET) with Higher Education Institutions (HEIs), as well as how HEIs identify and address money muling risk. This is followed by some successful case studies showing how SARs have dealt with this type of crime.

In the latter part of this issue, other recent UKFIU developments are addressed, such as the launch of the new SAR Portal for all reporter organisations. There are discussions on the Financial Conduct Authority (FCA) and UKFIU's work on financial crime in the e-money sector. In celebration of Black History Month, two of our great officers describe their journey to the UKFIU and their experiences in the unit. As well as an alert on Anti-Money laundering (AML) registration and how organisations can request support in improving SAR quality.

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➔ Who is the magazine aimed at?

- All law enforcement; this includes senior investigating officers, frontline police officers and police staff
- Reporters
- Regulators
- Supervisors
- Trade bodies
- Government partners
- International partners

➔ Contents

| | |
|--|----|
| Money Mule Account Indicators..... | 3 |
| Mule Networks..... | 5 |
| Addressing Money Mules in the Banking Sector..... | 6 |
| Operation EMMA..... | 8 |
| Educating on Money Muling..... | 10 |
| SAR Quality for Higher Education Institutions..... | 12 |
| Money Muling in Higher Education Institutions..... | 13 |
| Case Studies..... | 15 |
| New SAR Portal Launched..... | 16 |
| FCA and UKFIU on the e-money sector..... | 17 |
| UKFIU People Stories 1..... | 21 |
| UKFIU People Stories 2..... | 23 |
| AML Registration Alert..... | 24 |
| UKFIU Support for Reporters..... | 24 |

➔ Opinions expressed in articles provided by partners are not necessarily the view of the UKFIU/NCA. The UKFIU exercises the right to edit submitted articles.

MONEY MULE ACCOUNT INDICATORS

The National Economic Crime Centre (NECC)

A key mechanism to cash-out the proceeds of fraud against individuals in the public and private sectors is money mule activity. Money mule activity refers to a money laundering process in which proceeds of crime (POC) are moved and transferred through personal and/or business bank accounts.

Mule accounts are defined as intermediary accounts used for money laundering, acting to create complex transaction chains in order to reduce detection by the financial services sector and law enforcement of an organised crime network (OCN) and/or individual offenders.

Mule accounts might be operated by a money mule, which is a person who transfers illegally acquired money on behalf of others, knowingly or unknowingly. Often, a mule account is controlled by a recruiter (sometimes known as a herder), potentially on a temporary basis, after the account holder has provided the recruiter with their account details, bank card, pin and/or passwords in exchange for a fee.

It is worth noting that OCNs and offenders are highly likely to use a combination of different methods to obtain as many mule accounts under their control as possible.

This list covers many of the common indicators that may suggest money mule activity in accounts, transactions and other financial activity. However, this list is not definitive and criminals will be dynamic in their deployment and development of new methods.

1. Significant branch or Post Office cash deposits without legitimate explanation.
2. Same day/closely-spaced cash deposits across multiple branches or regions.
3. Deposit cash values just below transaction thresholds.
4. Purchase of significant volumes of high-value luxury goods.
5. High concentrations of Scottish and Northern Irish banknotes.
6. Test payments (also known as 'coupling') to make small payments to link accounts together to legitimise new payees and IP addresses.
7. Suspicious activity continues despite being contacted by financial firm.
8. Transactions to/from crypto-currency exchanges.
9. Transactions to/from payment service providers or electronic money institutions.

10. For cryptocurrency wallets, funds may re-merge after they have been through a tumbler service.

11. Company accounts linked with a UK company newly registered with Companies House or purchased 'off-the-shelf' from a formation agent.

12. Company accounts used to co-mingle funds from multiple crime types alongside legitimate income.

13. Significant cash deposits or transfers from another account in receipt of cash deposits, followed by a bulk shopping spree on luxury goods.

14. Use of second personal account in order to keep activity from impacting on their primary account.

15. Thousands of pounds being spent at the same retailer or within short periods of time with repeat purchases of the same amount, indicating purchase of duplicate high-value luxury goods.

16. Fraud transactions from multiple source accounts sent into one account.

Types of documents used to pass Know Your Customer (KYC) checks may include:

- **Fraudulently obtained genuine documents** – documents issued authentically but applied for using false information.
- **Counterfeit documents** – a reproduction from scratch of an officially issued document.
- 17.** • **Forged documents** – a genuine document altered in some way, such as with changed personal details (often a utility bill or bank statement).
- **Pseudo documents** – documents with the appearance of a legitimate document, but which are not officially recognised.
- **Impersonation documents** – person is a 'look-alike' presenting someone else's genuine documents.

18. Account holder is a person who, for physical or health reasons, can reasonably not be expected to manage their finances.

If you identify activity that may be indicative of the activity detailed above, and your business falls under the regulated sector, you may wish to make a Suspicious Activity Report (SAR). If you decide to make a report in this way you should adopt the usual mechanism for doing so. It will also help our analysis if you would include the SAR Glossary Code **XXJMLXX** within the text if submitting on SAR online or including **0701-NECC** in the alert reference number section of the new SAR portal.

MULE NETWORKS

Fraud Threat Leadership Team National Economic Crime Centre (NECC)

The National Economic Crime Centre (NECC) Fraud Threat Leadership Team lead the NCA's response to money mule activity. Money muling is a key enabler for fraud in the UK. The NECC's Fraud Threat Leadership Team lead the NCA's response to the threat and coordinate a range of multi-agency activity aimed at protecting the UK public and pursuing those who wittingly become involved in money muling.



- Lower-tech mule networks – these recruit locally through personal/community connections or via social networking.
- Higher-tech mule networks – these recruit online by advertising job opportunities or using social media.

Mule networks are using social media more to recruit mules as they are able to anonymously reach a wide range of potential recruits. Criminals can then operate internationally with minimal risk of their identity being discovered.

Specific demographics can be targeted, for example students and those who are vulnerable. Money mule recruiters can use false investment or employment opportunities to attract people. These recruiters are able to engage mules through content that suggests the work will be simple and profitable. Those targeted by recruiters are often incorrectly told that they will be carrying out legitimate work.



Mule accounts can also be acquired by exploiting vulnerable persons. They can also be opened and operated by criminals under the name of unsuspecting victims, using stolen personal information, without the knowledge of the original account holder.

The NECC leads a multi-agency response to money muling with the aim of raising public awareness about the issue, pursuing and prosecuting recruiters, and protecting those who may be unwittingly financially exploited.

For more information, please visit www.nationalcrimeagency.gov.uk/moneymuling

ADDRESSING MONEY MULING IN THE BANKING SECTOR

Shaun Cole
Nominated Officer
NatWest Group plc

In Issue 14 of SARs in Action (February 2022), my predecessor described the tactics that criminals deploy to recruit money mules, and the associated detection strategies in place across the banking sector. In this follow-on edition, I'll focus on the targeted campaigns we have in place to disrupt money mule activity and outline the ongoing challenges we foresee in this space.



Detecting and preventing fraud and financial crime is paramount to NatWest's strategy of helping people, families and businesses to thrive. In 2022, we publicly pledged to invest £1bn on combating fraud over the next five years. More than ten percent of our workforce are in dedicated fraud and financial crime roles, and all our staff members have a specific performance objective in relation to disrupting financial crime. Our annual spend on fighting fraud and financial crime is now equal to the cost of running our network of local branches. The investment we have made underlines the scale of the threat facing our customers and the industry at large.

Cifas figures released in July 2023 show that 64% of money mule cases involve individuals aged 30 and under.¹ In addition to developing a control framework that is hostile to financial crime activity, we recognise the role we must play in educating our customers and are of the view that early intervention is vital in this space. Our award winning financial education programme MoneySense now includes a scam awareness module specifically targeted at 8 - 12 year olds. This is delivered to primary school children by members of staff and community volunteers up and down the country free of charge. We have also partnered with Marcus Rashford MBE on the NatWest Thrive program to encourage young people to get into good money habits.



¹ <https://www.cifas.org.uk/newsroom/cifas-ukfinance-lessonsplans-moneymules>

“ Cifas figures released in July of this year show that 64% of money mule cases involve individuals aged 30 and under. ”

Digital banking and social media are becoming increasingly intertwined. To help safeguard our customers we provide information about fraud typologies through our online support centre, and have embedded 'Stop and Think' payment profiling technology into our digital banking interface. We also now leverage digital push notifications to enable our customers to connect directly with our Fraud teams. We recognise that young people get much of their news from social media, therefore we recently partnered with comedian Paul Black and posted a series of videos on Instagram and Facebook showing him in the role of “the money mule man” seeking to recruit mules on the streets in Scotland’s major cities.



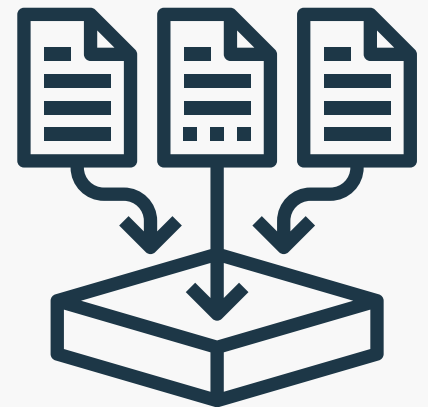
The potential consequences for people who become money mules are life changing, and the current cost-of-living crisis is likely to result in apparent opportunities to make “quick cash” becoming more attractive. Money mule activity brings misery to both victims and participants. NatWest is committed to working closely with industry peers and law enforcement partners to raise awareness of the threat level and ensure our society is better equipped to detect and prevent this activity.

OPERATION EMMA

Mark Lemoir
Detective Inspector
South West Regional Organised Crime Unit (SWROCU)

In November 2022, the Operation EMMA intensification commenced for the SWROCU. We had been asked to pilot this operation along with other law enforcement agencies, which was very well coordinated by the National Economic Crime Centre (NECC). The main objective was to pursue money mules and their recruiters as well as look at ways to prevent students from becoming involved in this area of criminality.

Operation EMMA involved private sector intelligence driving public sector activity. The banking sector already provides a vast amount of Suspicious Activity Report (SAR) intelligence and that includes some money laundering reports with the reference "Operation EMMA". That enabled our SARs researchers to initially search and see if those SARs gave us any actionable intelligence within our region. We were also given a considerable volume of client data from different banks and building societies totalling 497 customers.



This volume of data created a number of challenges because financial and criminal intelligence development was required. After some fantastic work by our Regional Economic Crime Unit, we identified 195 people out of the initial 497 to visit using a Red / Amber / Green (RAG) system. Green was suitable to visit, Amber required more development and Red were not suitable to visit.

We then renamed those flagged Green as Safeguarding and Intelligence Visits in order to clarify the priority reasons for attending the person's address. The main reasons were for intelligence gathering, offering prevent and protect advice, as well as the very important issue of identifying any safeguarding requirements for that individual.



“As well as gaining some excellent intelligence from these individuals, there was a lot of learning from our involvement in this process.”

Over the four-week intensification period, the South West Proactive Economic Crime Team (PECT) attended 76 addresses and spoke to 45 of the named individuals that were referred to us by the banks and building societies. As well as gaining some excellent intelligence from these individuals, there was a lot of learning from our involvement in this process.



Some of the learning involved the administration of incident reports, making sure we recorded these while adhering to Home Office Counting Rules. It was also essential to ensure all intelligence relating to the visits and any Cease and Desist notices issued were searchable on the Police National Database should the individual come to light again. This learning was later shared with the Cease and Desist national working group that I sit on. The group are hoping to circulate a national guidance document in the next couple of months that will assist law enforcement in ensuring we have a much more consistent and professional approach to the Cease and Desist process.

The intelligence around money laundering is an area that we are very keen to improve on, so the visits mentioned will enable law enforcement to increase their understanding around recruitment, payment, and trends in offending that will give us a much greater opportunity to tackle the issue of money mules with a more informed 4P (Pursue, Prevent, Protect, Prepare) strategy.



One surprising result that came out of our Safeguarding and Intelligence Visits was that 11 of the 45 individuals spoken to were deemed to have required a safeguarding referral. This is almost 25% of suspected “money launderers”, clearly demonstrating the level of vulnerability relating to money mules.

The issue of safeguarding was further highlighted when PECT identified 3 of the individuals as also being victims of romance fraud. This was higher than we would have expected and included victims thinking they were holding and transferring legitimate money for someone they believed they were in a relationship with.

We are looking forward to the next phase of Operation EMMA.

EDUCATING ON MONEY MULING

Trishma Vadolia,
Don't be Fooled Campaign Lead
UK Finance



The UK banking industry spends billions of pounds each year investing in tools to proactively identify and prevent fraud. Despite these efforts, fraud continues to be the most prevalent crime in England and Wales, exceeding £1 billion in 2022.¹ This is the scale of the problem we face, with the banking and finance sector at the forefront of efforts to tackle it.

This is not a fight which can be won by the banking industry alone. Greater action is required from all sectors as criminals continue to exploit weaknesses outside the banking system.

“criminals stole over £1 billion in 2022 through various types of payment fraud.”

Fraud is a significant problem in the UK. It accounts for over 40% of crimes committed in England and Wales. The UK Finance annual fraud report stated that criminals stole over £1 billion in 2022 through various types of payment fraud. This highlights the scale of the challenge, and the banking and finance industry is often on the frontline of efforts to prevent fraud, and also help those who fall victim.

Our data reports that 78% of fraud last year started online, including on social media sites. One specific problem with social media is its use by criminals to recruit young people to act as money mules. Criminals need money mules to launder the profits of their crimes. We see them offering financial enticements, downplaying the risks and obscuring the illegal origins of the funds involved – indeed mules will usually be unaware of where the money comes from or where it goes.

Figures released in July by fraud prevention body Cifas and UK Finance also showed that those aged under 21 now account for one in five (23%) of all cases filed to the Cifas National Fraud Database that bear the hallmarks of muling.³

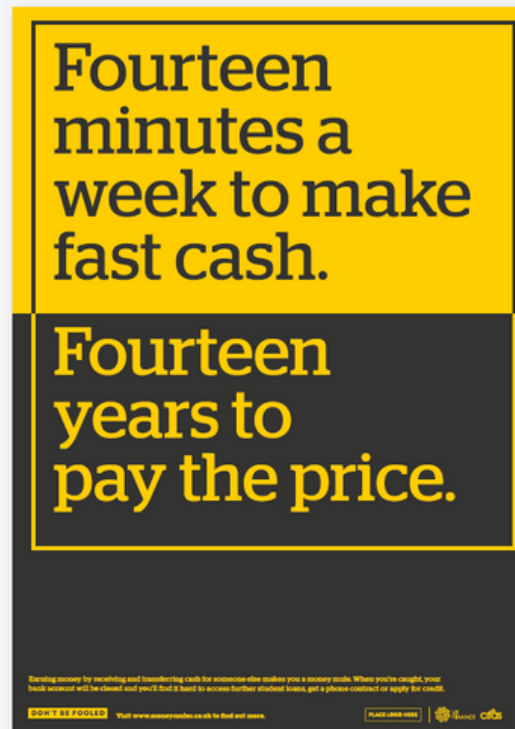


¹ <https://www.ukfinance.org.uk/policy-and-guidance/reports-and-publications/annual-fraud-report-2023>

² *ibid.*

³ <https://www.ukfinance.org.uk/news-and-insight/press-release/uk-finance-and-cifas-launch-lessons>

The scale of the issue continues to be a threat and to prevent more people from falling for the criminals' manipulation, UK Finance alongside Cifas run a campaign called 'Don't Be Fooled'. This campaign seeks to educate on the dangers of money laundering, explaining what a money mule is, how criminals operate and how they recruit. The campaign website provides educational guides, advice and signposts the support available.



We also warn people of the consequences of becoming a money mule, including:

- Closure of your bank account and problems applying for credit
- Difficulties getting mobile phone contracts
- Putting yourself and your family at risk
- Going to prison



Before the summer break, we launched a pilot programme with resources for schools to use as part of the personal, social, health and economic (PSHE) education curriculum. The materials help educate school pupils between 10 and 14 years old about the dangers of this activity, recognising the ever-younger age of people being targeted as money mules.

So far over 300 schools (secondary and primary) and 10 colleges have signed up and the feedback has been really positive.

Alongside this, we know that many money mules are unaware of the criminal nature of their activities and therefore identifying those who recruit money mules also has to be a key part of stopping this activity. There is important work going on here through the new Online Fraud Charter. The government has set out that this Charter will ensure that tech firms take action to block scams, make it easier to report frauds, and ensure that fraudulent content is removed swiftly.



We welcome the government's focus on looking at the role other sectors play in fraud, as it is only through concerted action by all involved that we will begin to tackle the problem that fraud poses.

SAR QUALITY FOR HIGHER EDUCATION INSTITUTIONS

UKFIU Reporter Engagement Team

The UKFIU's Reporter Engagement Team (RET) work with reporters from a wide range of sectors to improve the quality of the thousands of Suspicious Activity Reports (SARs) received by the UKFIU every day.

The value of SARs is wide-reaching. They provide intelligence from organisations and individuals across the public and private sector that may not otherwise be visible to law enforcement. Some SARs provide immediate opportunities to stop crime and arrest offenders, others help uncover potential criminality that needs to be investigated, while others provide intelligence useful in the future.

It is a common misconception that SARs only come from the financial services sector, and are only used to investigate financial crimes. In reality, SARs from other sectors, including the education and charity sector, can provide vital information to assist law enforcement to investigate a wide range of crimes.

RET have recently started engaging with Higher Education Institutions (HEIs) to build relationships and provide an overview of the support the team can offer to HEIs to ensure the sector is responding effectively to the threat of money laundering and terrorist financing and to drive up the quality of SAR reporting.



Although the education sector may not be considered a high volume SAR reporting sector, the UKFIU has observed an increase in SAR submissions from HEIs since 2019. Total SARs submitted by HEIs in 2023 has so far increased by about 72% on the previous year. It is essential that the SARs the UKFIU receive are high quality, and RET want to support the education sector to understand what makes a good quality SAR submission, so the intelligence can be effectively exploited by law enforcement. Since July 2017, about 24% of HEIs have engaged in the SARs regime, meaning about 76% HEIs have not engaged.

RET are able to:

Deliver presentations and workshops

Attend external events and conferences

Provide one-to-one engagements and answers to enquiries



If you are in the education sector and would like support with SAR understanding or how to submit a quality SAR, please do get in touch with UKFIUEngagement@nca.gov.uk

MONEY MULING IN HIGHER EDUCATION INSTITUTIONS

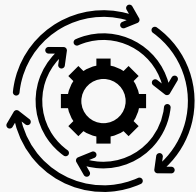
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The opinions of partners are their own and not representative of the views of the UKFIU or NCA



Researchers at Cardiff University, the University of the West of England and Reading University investigated the money laundering risks to which Higher Education Institutions (HEIs) and their students are exposed, as well as how HEIs address identified risks. The article argues that a consistent approach to anti-money laundering (AML) across HEIs is required, which could be achieved by applying existing regulation.

Risks to Students and Universities

The NCA identify young people as the most likely to become money mules,¹ and Cifas suggested that there had been a 26% increase in the number of 21-year-olds acting as money mules. Consequently, the researchers found at least 15 individual students who have been charged with laundering the proceeds of crime. For instance, two students were found guilty of laundering more than £10,000 in 2018. The research also highlighted the threat presented by students and terrorism financing. Examples include Yahya Rashid, who used his student loan to fund travel for himself and his associates to Turkey, and Salman Abedi, who used student loans to finance the terrorist attack in the Manchester Arena. Indeed, the entire education sector is vulnerable to dealing with the proceeds of crime. For instance, as part of the Troika Laundromat, British schools, colleges and education consultants received more than £3million from account holders.



¹ <https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/fraud-and-economic-crime/money-muling>

The Legal Framework

Despite these risks, the research finds the Money Laundering Regulations 2017 only apply to the regulated sector and applicable businesses, which does not include HEIs. Indeed, there is no supervisory responsibility for HEIs by HMRC, the FCA, or the Office for Professional Body Anti-Money Laundering Supervision (OPBAS). Nonetheless, HEIs require FCA authorisation for credit activities, which should mean they are bound by the FCA Handbook including AML guidelines. HEIs and their employees are also at risk of criminal liability under the Proceeds of Crime Act 2002 (POCA) and the Terrorism Act 2000 should they fail to introduce AML measures.

How Universities Address Identified Risks

To ascertain how universities currently address AML risks, the researchers sent FOI requests to 120 HEIs in the UK. The overall response rate was high at 91.67%, although some HEIs declined to answer certain questions.

The data revealed that all respondents had an awareness of POCA and the regulations, evidenced by 74 HEIs, or approximately 70% of respondents, having a specific AML policy in place. Only five HEIs, or 4.7% of respondents, do not appear to include AML in any policy. However, despite universities having an awareness of AML legislation, the research found the AML measures taken by HEIs vary significantly in practice.

While 80% of HEIs provide AML training to at least some categories of employees, only 13 made AML training available to all. Concerningly, 20% of respondents stated that they do not provide any internal AML training. 76 HEIs, or over 75% of respondents, provide at least some form of guidance on financial crime to students, although the extent and nature of the guidance varied significantly. However, 25 HEIs, or over 24% of respondents, do not provide any guidance to students on financial or organised crime.



Over 21% of respondents accept cash payments for tuition fees, accommodation, or both, often without limitation. In total, 39 HEIs received over £12million in cash payments in 2019/20. Further, 82 HEIs accept third-party payments on behalf of international students, with only 29 HEIs confirming that third-party payments were subject to further or different checks. Additionally, 53 HEIs, or over 73% of respondents, had not submitted a single SAR to the UKFIU. The vast majority of SARs appear to have been submitted by three HEIs, which submitted 10 SARs, 18 SARs and 77 SARs respectively.

The disparate application of AML measures by HEIs leaves institutions, their employees and students at high risk of both money laundering and criminal liability. To reduce these risks, the paper proposes that the regulations should be applied to the sector.

CASE STUDIES

A reporter had concerns due to a subject attempting to forward funds they had received from unknown sources to unrelated business accounts. The behaviour and high value amounts did not fit the subject's profile, leading the reporter to submit a DAML SAR to exit the relationship and return the funds. The DAML SAR was refused by the UKFIU and forwarded to the relevant LEA. As a result of the intelligence, the LEA was able to obtain an AFO on the subject's account for funds totalling over £100,000. Enquiries are ongoing.

A DAML SAR was submitted by a reporter in order to exit their relationship with the subject, following suspicions regarding the size and international origin of credits received in the subject's account. These credits did not reflect the subject's profile, leading the reporter to suspect the subject was acting as a money mule for the proceeds of crime. The UKFIU refused the DAML SAR and forwarded the intelligence to the relevant LEA. This intelligence allowed the LEA to secure an AFO on the subject's account and confiscate over £20,000.

A reporter submitted a DAML SAR to exit a relationship following suspicions of the subject acting as a money mule. A number of credits totalling over £30,000 had been deposited to the subject's account over a short period of time from unrelated locations within the UK. The UKFIU refused the DAML SAR and disseminated the intelligence to the relevant LEA who was previously unaware of the subject. LEA enquiries established that there were reasonable grounds that the credits were likely obtained as a result of unlawful conduct, allowing the LEA to obtain an AFO. Enquiries are ongoing.

An investigation into a suspected money mule by an LEA led to new information on a linked subject. Through further intelligence, including SARs submitted by multiple reporters, it was uncovered that the linked subject was directing others to commit money laundering. The subsequent investigation supported by SAR intelligence allowed the LEA to obtain a production order on one of the linked subject's accounts containing hundreds of thousands of pounds and the uncovering of an additional suspected money mule now under investigation. Enquiries are ongoing.

NEW SAR PORTAL IS OPEN FOR ALL REPORTING ORGANISATIONS

The SARs Reform Programme is pleased to announce that the new SAR Portal is now open for all reporting organisations to register and use, following the public launch in September 2023. In the first week, we have seen a 250% increase in organisations using the new SAR Portal. All remaining organisations are encouraged to transition as soon as possible. All SARs submitted using the new Portal have an enhanced data structure, improving the utility of SARs. Once registered, the new SAR Portal should become your organisation's sole route of submission, ahead of the legacy SAR Online Portal being decommissioned later this year.

How to Register and Get Support

If your organisation is yet to sign up to the new SAR Portal, please navigate to [SAR Portal | Landing page \(nationalcrimeagency.gov.uk\)](https://nationalcrimeagency.gov.uk/sar-portal) to register now. All guidance material on how to register and use the new SAR Portal can be found via the NCA SARs website [New SAR Portal Guidance \(nationalcrimeagency.gov.uk\)](https://nationalcrimeagency.gov.uk/new-sar-portal-guidance).

For any further questions or technical issues, please reach out to UKFIUSARs@nca.gov.uk. If you would like additional guidance on how to submit high quality SARs, please contact UKFIUEngagement@nca.gov.uk.

User Feedback and Enhancements to the Portal

Ahead of the new SAR Portal being made available to all reporting organisations, it was tested with a number of different organisations. Over a space of five months, an increasing number of organisations were onboarded to test system resilience at scale and to gather user feedback. Overall, 99% of organisations found the initial registration process to be user-friendly and 90% were overall satisfied with the new Portal.

We have analysed all user feedback and have already made several enhancements to the Portal, including an improved 'sort' function for multi-user organisations and the consolidation of fields to reduce the time required to submit a SAR. If you would like to provide feedback for future consideration, please do so via our short [User Feedback Survey](#) or by scanning the QR code below.

New SAR Portal Launch

The NCA's SAR Portal is **now live**.

If your organisation is yet to register for the Portal, please do so now via: [SARsReporting.nationalcrimeagency.gov.uk](https://nationalcrimeagency.gov.uk/sarsreporting)

For access to our guidance library please refer to the [NCA SARs Website](#)

SARs Reform Programme

UKFIU
UK Financial Intelligence Unit

Registration Now Open

THE FCA AND UKFIU ON FINANCIAL CRIME IN THE E-MONEY SECTOR

Financial Conduct Authority UKFIU Reporter Engagement Team (RET)

Fighting financial crime in the payments and e-money sector requires a collective effort across law enforcement, supervision authorities, regulated firms, and Government.

On 18 July 2023, the Financial Conduct Authority (FCA) and UK Financial Intelligence Unit (UKFIU) jointly hosted a webinar on financial crime in the sector, targeted at payments and e-money institutions as well as trade associations and industry advisors.

The FCA is the anti-money laundering (AML) supervisor for all Small and Authorised Electronic Money Institutions (EMIs), and for Small and Authorised Payment Institutions (PIs) that are not Money Service Businesses (for which HMRC is the supervisor).

The webinar built on the FCA's public commitment to reduce and prevent financial crime, as set out in its 3-year strategy, in addition to the latest payments and e-money [portfolio letter](#). It also aligned with recommendation 17 of the Government's Economic Crime Plan 2 to develop a '4P' approach (Prevent, Protect, Prepare, Pursue) to target criminal use of FinTech, and linked enablers such as e-money institutions.

The UKFIU has sole national responsibility for receiving, analysing and disseminating suspicious activity reports (SARs) received from reporters with suspicions of money laundering or terrorist financing. This webinar formed part of the UKFIU's commitment to support reporters to improve the quality of SARs submitted by the regulated sectors and provide better intelligence for law enforcement to exploit in the fight against serious and organised crime.

The webinar offered attendees the opportunity to understand:

Suspicious Activity Reports (SARs) – the reporting process, the role of the UKFIU, and the value of SARs as a vital tool in identifying criminal actors and aiding the UK's action plan for anti-money laundering and counter terrorism financing.

Financial crime systems and controls – the FCA's expectations of the firms it supervises, and examples and case studies of FCA action taken against firms with inadequate controls.

The webinar remains available, on demand, on <https://webinars.fca.org.uk/webinars>.



A reminder of some key principles and good practice for PIs and EMIs supervised by the FCA:

Design of Financial Crime Controls

Your controls should mitigate the risks faced by your business, rather than those of a generic payments business. As such, the design of effective controls should be informed by a robust assessment of the specific risks facing your firm, based on the business model you operate.

This should not be a one-off exercise. You should regularly review your compliance with AML and sanctions requirements, and swiftly fix any issues. You should adapt over time to address new threats and to keep pace with changes in your business and the wider environment in which you operate.

Application of Controls in Practice

Controls should work together to mitigate financial crime risk, and you should avoid placing excessive reliance on just one type of control (such as transaction monitoring). For example, the information you gather when on-boarding a customer (such as about the purpose of an account) can be used to inform transaction monitoring systems.

You should ensure you are adopting a genuinely risk-based approach, not a one-size-fits-all approach (for example, when applying due diligence measures). Your assessment of customer risk and customer due diligence should be kept up-to-date and relevant over time.

When embracing greater automation (for example, with transaction monitoring), you should take care to calibrate your systems to avoid too many false positives or missed alerts.

Governance, Oversight, and Record-Keeping

You should ensure that decisions you make about financial crime matters face adequate scrutiny and challenge within your business (for example, from the Board).

Your controls, and the decisions you make, should be well-documented in a form that is suitable for review (for example, by an external auditor or the FCA).

When outsourcing, you retain responsibility for the adequacy of your controls, so you should ensure you have sufficient oversight of any outsourced activities.

Where to Find More Information

More information about the requirements on payments and e-money firms, as well as information about how to notify the FCA if your firm is not meeting those requirements, can be found in [Our Approach](#) document.

You can also report to us, in confidence, about wrongdoing in an area we regulate. More information is available at <https://www.fca.org.uk/firms/whistleblowing>.

Submitting Better Quality SARs – Sense Checker for Reporters

This sense checker is designed to help reporters consider whether the SARs regime is the correct reporting mechanism for your situation. **This flowchart does not, and is not intended to, constitute legal advice. All information is for guidance purposes only.**

Is the subject of my report either in danger of, or is threatening, immediate harm to themselves or others?

Yes

Stop what you are doing and report the situation to the Police via 999 immediately. Consider your obligation to report a SAR after you have done this.

No

Have you considered what legislation you are submitting under? i.e. does your SAR relate to money laundering (covered under the Proceeds of Crime Act) or terrorist financing (covered under the Terrorism Act).

Yes

Consider the type of activity you wish to report and consult the .gov legislation website to understand your obligations. If in doubt, refer to your legal team who can offer advice. The home page of the new SAR Portal provides some further guidance on how to report specific crimes.

No

Are you clear on your suspected criminal property?

This is any property which derives from a criminal act if the alleged offender knows or suspects that it constitutes or represents such a benefit. Criminal conduct is conduct which constitutes an offence in any part of the UK, or would constitute an offence in the UK if it occurred there.

POCA Part 7 section 330 covers failure to disclose (for the Regulated Sector). Consider this when reporting fraud, and ask yourself if the funds you hold represent proceeds of crime or do you hold information that can identify the owner or whereabouts of laundered property? If so, then you have probably covered the required criminal property element for a SAR.

Remember, you **cannot** seek a defence for money laundering where you believe the property will become criminal once the activity you are requesting a defence for has taken place. Refer to DAML FAQs available on the NCA website for further information around this.

Continued on next page

Are you clear on your reason for suspicion?

Depending on the type of suspicion you are reporting you may have an additional obligation to report this through an alternative mechanism. Some common examples are listed on the home page for the SAR Portal. Make sure you re-read your suspicion to check you have included the who, what, why, where, when and how.

More guidance around this can be found in the “Submitting Better Quality SARs” document on the NCA website.



Do you require a defence to a principle money laundering offence (if submitting under POCA) OR a defence against terrorist financing (if submitting under TACT)?

If so, you need to submit a DAML or DATF SAR.

A typical example from the EMI sector is where you wish to cancel your services to the customer and pay funds held back to their nominated account. If you are unsure, re-check POCA and TACT to decide whether you require a defence.



Have you been clear on your prohibited Act?

If you do require a defence to either a money laundering or terrorist financing offence remember, requests must be for a specified activity (or specified series of activities) and also should not be open-ended (such as seeking a defence relating to “handling all business dealings” relating to the subject or account).

For best practice guidance around prohibited acts and requesting a defence, you should refer to the UKFIU document ‘Requesting a defence under POCA and TACT’ on the NCA website.

Remember. The SARs regime is not a route to report crime or matters relating to immediate risk to others. However, if you are reporting ML or TF you may also need to reference a crime in order to describe your reason for suspicion. This is usual but reporters should consider their obligations to report crimes via other routes to ensure the right information gets to the right organisation. Where you do make a crime report to another organisation, it is good practice to include the crime reference and the organisation details in any subsequent SAR you submit about the matter.

UKFIU PEOPLE STORIES 1 - BLACK HISTORY MONTH

Day in the Life

Astrid - Reporter Engagement Team (RET)



How I got here

I am first generation British, both of my parents are from Barbados. They came in the fifties to help build back the mother country after the war. A sense of duty and service drove both my parents, and made me the person I am today. Service, and a drive to help protect those who are vulnerable, is what led me to join the UKFIU within the National Crime Agency (NCA).

I have had a varied career, with significant amounts of experience working in intelligence, with partners both in the UK and internationally.

I became a Civil Servant in the late 1990s, where I started work as a clerk for the Family Division of the Lord Chancellor's Department, now known as the Ministry of Justice. I moved from there to the Home Office, working as an Immigration Officer on the primary control, which gave me the opportunity to meet people from all over the world and from different walks of life.

My next move was a secondment to the National Crime Intelligence Service, (forerunner to the NCA,) where I worked as Desk Officer on the Europol Desk in International. I found this role to be the most interesting of my career. I was dealing with time critical matters such as threats to life, kidnappings, modern slavery and human trafficking, imminent drugs importations, and people smuggling, all of which I was instrumental in helping to disrupt.



Following my secondment I returned to Home Office Immigration Enforcement, where I became an Accredited Financial Investigator (FI) and decided that the best way to disrupt Organised Crime Groups (OCG) was to confiscate the funds they were making from their criminal activity.

“ I utilise my experience as a Financial Investigator to demonstrate the benefits of the SAR regime

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I took another secondment, this time to the Foreign Commonwealth and Development Office, where I was posted to Thailand and Ethiopia. I continued to use my expertise as an FI to disrupt a people smuggling gang and, with the help of international authorities, eight people were arrested. Financial investigation work has always been a passion of mine - follow the money and take it away from the OCGs!

My Role and How I Protect the Public

My current role within the UKFIU Reporter Engagement Team (RET) is to provide support and guidance, to the regulated sector and reporters, on best practice relating to the submission of good quality Suspicious Activity Reports (SARs) which can be exploited by law enforcement. I visit reporters, and utilise my experience as an FI, to demonstrate the benefits of the SAR regime and how good quality SARs can help law enforcement tackle and disrupt serious and organised crime. I also stress that SARs not only assist financial investigations but can benefit other criminal investigations as well.

On a Great Day

A great day for me is when a reporter submits a good quality SAR, that can be acted upon by law enforcement, and subsequently get them positive feedback. It's rare but it does happen.

To find out more about working at the UKFIU please see the [NCA website](#)



UKFIU PEOPLE STORIES 2 - BLACK HISTORY MONTH

Day in the Life

Sian - SARs Exploitation Team (SET)



I'm Sian and I joined the National Crime Agency (NCA) nearly 5 years ago now. The time seems to have flown by!

During my time in the Agency, I've worked in the UKFIU Defence Against Money Laundering (DAML) team, Reporter Engagement Team (RET), the National Targeting Centre (NTC), Investigations as a trainee Financial Investigator (FI) and now I'm back in the UKFIU on the SARs Exploitation Team (SET).

How I Got Here

Funnily enough, the first time I'd ever heard of the NCA was in my first job as a waitress at a popular pub chain. I was eager to begin a meaningful career and one of the regular customers suggested that I should look up the NCA as they do 'really interesting things'. Looking back he was probably an NCA officer but from there I began to look at roles.

What made the NCA stand out to me, compared to other law enforcement agencies (LEAs), were the equal opportunities within their recruitment process and the diverse workforce.

I feel that I've had really good opportunities so far, such as going out on warrants relating to County Lines gangs with West Midlands Regional Organised Crime Unit (WMROCU). I've also been out with NCA Investigations for the arrests of subjects linked to an operation investigating a multi-million pound drug importation ring spanning the UK and Middle East.

My Role and How I Protect the Public

I'm now a senior officer within the UKFIU, and my current role in SET is to teach LEAs how to utilise SARs to enhance their investigations, or build an intelligence picture. So far I am enjoying my role and I can't wait to see how it will evolve over the next year or two with the SARs reform programme.

I'm really proud to be part of a really diverse workforce!

AML REGISTRATION ALERT

The UKFIU has recently been receiving numerous phone calls regarding AML registration and Annual Fee enquiries. **Please be aware that the UKFIU is responsible for the SARs regime and does not deal with AML registration. Please contact your regulator or supervisor directly regarding these queries.** We are aware that the UKFIU telephone number appears as the top search result in Google when searching for HMRC Anti Money-Laundering supervision guidance. This is incorrect and is in the process of being corrected, you should contact HMRC directly via MLRCIT@hmrc.gov.uk if your query pertains to this.

UKFIU SUPPORT FOR REPORTERS

The UKFIU's Reporter Engagement Team supports reporters to submit better quality SARs by providing a range of engagement options, including:



- Bringing SARs to Life - a short presentation for reporters providing an overview of the UKFIU and the SARs regime
- SARs Best Practice Workshop - an interactive, in-person workshop for reporters designed to improve understanding of what makes a good quality SAR
- One to one feedback and query sessions to support reporters with specific questions

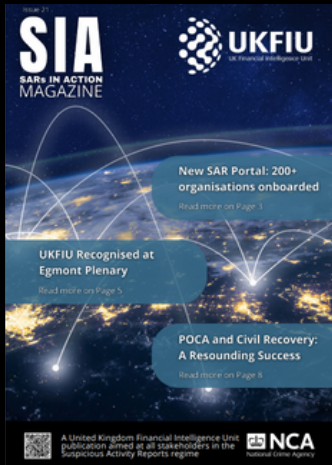
The Reporter Engagement Team are also available to speak at and attend events and conferences aimed at the regulated sectors.

If you would like more information about how the Reporter Engagement Team can support your organisation, contact us on UKFIUEngagement@nca.gov.uk. There are also a number of useful guidance documents available on the NCA website to help reporters submit good quality SARs.



Missed an issue?

You can download previous copies of the SARs IN ACTION magazine from the National Crime Agency's website www.nca.gov.uk



“

We'd love to hear what you think of the publication, what topics you'd like us to consider and we're always open for possible articles and collaborations. Please send any feedback to ukfiufeedback@nca.gov.uk

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Our podcasts can be found on Spotify, Audible, Amazon Music and most streaming sites.



Updates can also be found on our LinkedIn page and on X (formerly Twitter) at [NCA_UKFIU](https://twitter.com/NCA_UKFIU).

