

SUSPICIOUS ACTIVITY REPORTS

HOW THEY DO (NOT) INDICATE AML PERFORMANCE

External accountants and other professionals have different obligations under the Anti-Money Laundering Directive. One of these obligations is to report to public authorities when they suspect funds are resulting from criminal activity or related to terrorist financing.

The number of such suspicious activity reports is one of the most commonly used indicators to evaluate how a country or sector performs on anti-money laundering or counter-terrorism financing (AML/CTF). However, it is better not to rely on only one indicator to evaluate AML/CTF* policies.

Different indicators can be used to evaluate AML/CTF* performance



This infographic can give you a better understanding of how the number of reports do (not) indicate AML/CTF* performance when it comes to:

- 1. COMPARISONS BETWEEN COUNTRIES**
- 2. COMPARISONS BETWEEN SECTORS**
- 3. QUALITY OF INFORMATION**

* AML/CTF = anti-money laundering/counter-terrorism financing

1. COMPARISONS BETWEEN COUNTRIES

Differences among EU Member States' methods for recording reports lead to significant differences in the volumes of reports.

NETHERLANDS

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GERMANY



LOW

reporting threshold:

Reporting entities report unusual transaction reports



2.026.299

reports

(2006-2014)



HIGH

reporting threshold:

Reporting entities can only report when they know ("weiß") there is money laundering or terrorist financing



117.217

reports

(2006-2014)

"THIS MAKES ANY COMPARISON OF THE IMPLEMENTATION AND EFFECTIVENESS OF THE EU ANTI-MONEY LAUNDERING DIRECTIVES AND THE EFFECTIVENESS OF SUSPICIOUS TRANSACTION REPORTING DIFFICULT, IF NOT IMPOSSIBLE."
Europol

2. COMPARISONS BETWEEN SECTORS

The number of reports from a sector, e.g. financial institutions or auditors, can be influenced by many different factors. This means that the number of reports filed by a sector is not the same as its AML/CTF* performance. When making comparisons about AML/CTF* performance across time or between sectors, it is important to consider different factors.

Factors influencing the number of reports over time and between sectors



"THE UK [FINANCIAL INTELLIGENCE UNIT] 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 [REPORTS] SUBMITTED IS PROPORTIONATE TO THE RISKS THEIR SECTORS FACE."
UK National Crime Agency

3. QUALITY OF INFORMATION

The number of reports does not reflect the quality of the reported information. Recent figures show:

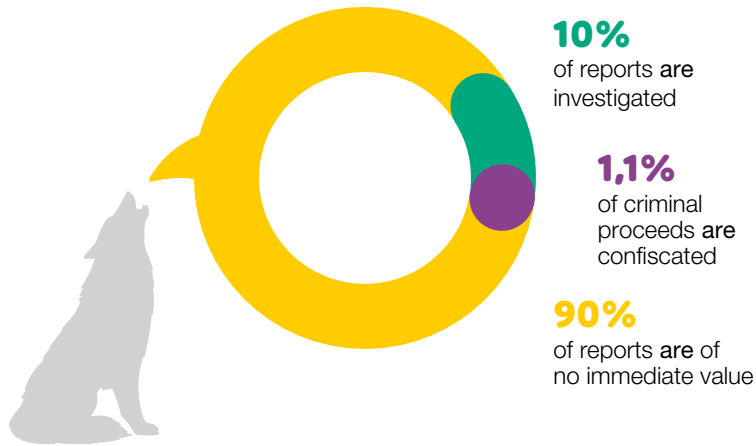
- 70% increase in reports compared to 2006
- continuous growth of reports with little valuable information

MORE CAN BE LESS

Excessive reporting has been referred to as '*crying wolf*', because it fails to identify what is truly relevant.

LESS CAN BE MORE

Recently there was a reduction in the number of reports in five EU Member States. This happened because reporting entities changed their automatic monitoring systems to improve the quality of their reporting.



"TO USE MASS REPORTING TECHNIQUES TENDS TO LOWER THE QUALITY OF THE SUBMISSIONS [...] AND CAN BE COUNTERPRODUCTIVE DUE TO THE RISK OF OVERWHELMING THE SYSTEM."
Transparency International EU

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