Financial Monitoring Unit (FMU)
Government of Pakistan

QUARTERLY REPORT
Analysis Division

JAN-MAR 2022

Contents

EXECUTIVE SUMMARY

THE TEAM

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STRs
FMU received 5,995 STRs during the first quarter of the year 2022.

MAJOR SECTORS
Major reporting Sectors include Banks (4,450 STRs) and Exchange Companies (1,089).

CTRS
1,003,879 CTRs have been received during the first quarter (Jan-Mar) of the year 2022.

REPORTING DISTRICTS
Top three STR reporting districts (during the first quarter of 2022) are Karachi, Lahore and Islamabad with 1557,794 and 519 reported STRs, respectively.

OFFENCES
Top 3 Offences during first quarter (Jan-Mar) of the year 2022, in terms of number of disseminated Financial Intelligences, are Tax Crimes, Hawala and Hundi and Terrorism Financing, respectively.

STRATEGIC ANALYSIS
During the first quarter of 2022, FMU disseminated Strategic Analysis based on STRs reported on Proscribed Individuals.
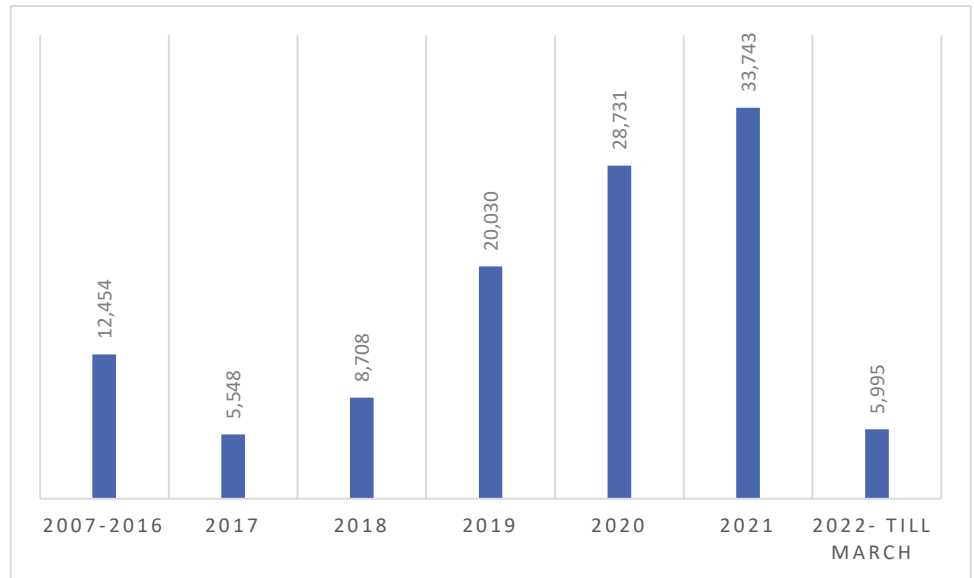
Financial Monitoring Unit known as FMU, a financial intelligence unit of Pakistan. Its core functions are to receive STRs and CTRs, their analysis and dissemination.

The STRs and CTRs are filed by financial institutions and designated non-financial businesses and professions.

Number of reported CTRs during the period of first quarter 2022 has risen by 47% in context of CTRs reported during the same period in last year of 2021.

STRs RECEIVED BY FMU SINCE 2007

Year	STRs
2007-2016	12,454
2017	5,548
2018	8,708
2019	20,030
2020	28,731
2021	33,743
2022- TILL MARCH	5,995

CTRs RECEIVED BY FMU SINCE 2007

Year	CTRs
2011-2015	1,629,271
2016	706,822
2017	798,058
2018	1,055,936
2019	1,366,205
2020	1,941,821
2021	3,220,710
2022 (TILL MARCH)	1,003,879
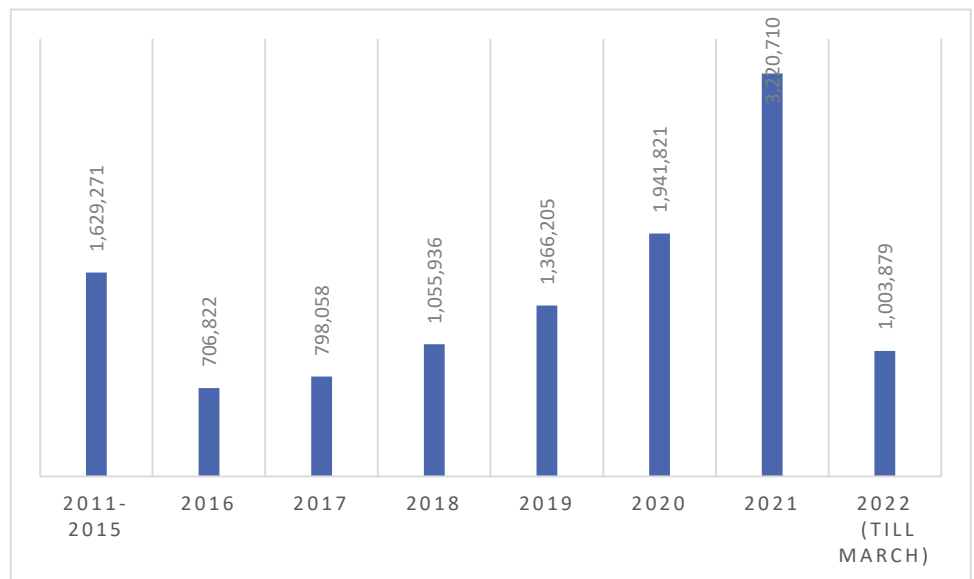
MONTH WISE STRS RECEIVED (JAN-MAR 2022)

STRs REPORTING COMPARISON

In comparison of STRs received during the first quarter of 2021, a decrease has been observed in STRs reported in first quarter of 2022. Mainly due to, less reporting of bio metric verification related STRs by banking sector and FMU's focus upon quality reporting and enhancing the reporting entities understanding.

Month wise Comparison of STRs Received during 2nd Quarter (2021 Vs 2022)

No. of STRs

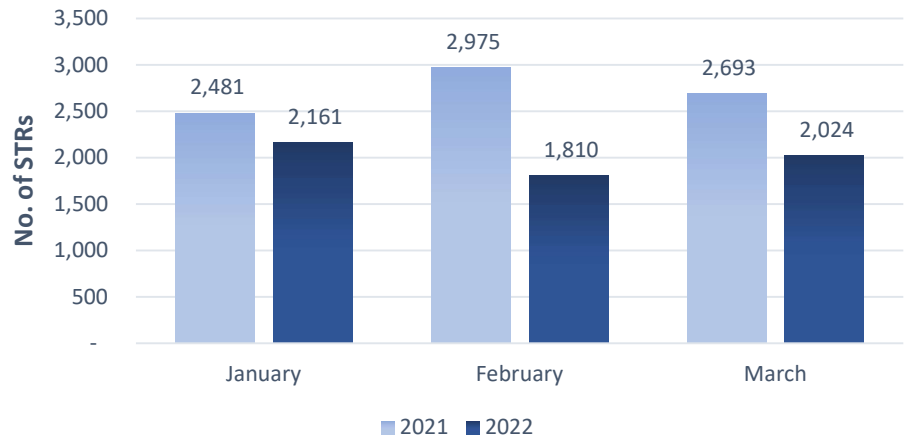|	January	February	March
2021	2,481	2,975	2,693
2022	2,161	1,810	2,024

■ 2021 ■ 2022

STRATEGIC ANALYSIS

FMU has conducted strategic analysis on STRs reported during the period of two years from January-2020 to December-2021, against 844 individuals linked to proscribed individuals linked with Entities of concern (EOCs).

TREND

Quarterly STR Reporting Trend Jan to Mar (2021 vs 2022)

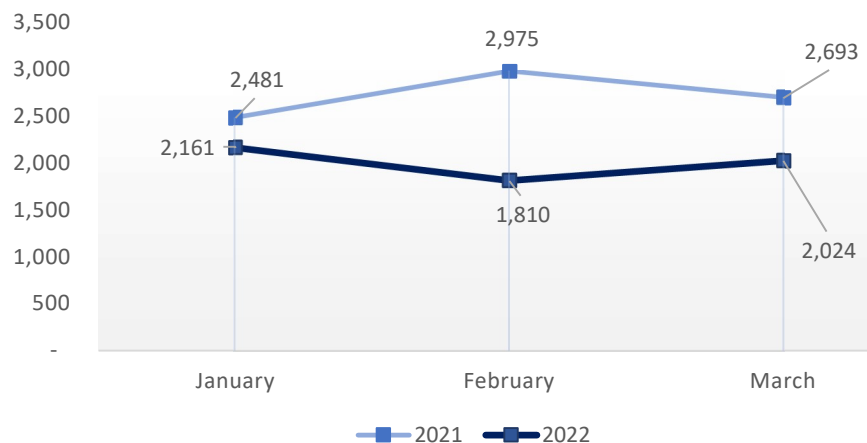|	January	February	March
2021	2,481	2,975	2,693
2022	2,161	1,810	2,024

■ 2021 ■ 2022

Compliance Meeting

In Feb 2022, goAML taskforce and Compliance team conducted one to one meeting with Telenor Microfinance Bank Limited to provide feedback related to STR Reporting Quality.

STRS RECEIVED -SECTOR WISE (JAN-MAR 2022)

	Jan	Feb	Mar	Total
Banking Sector	1,612	1,447	1,391	4,450
Exchange Companies	377	281	431	1,089
Non-Banking Sector	172	82	202	456

Banking Sector

74%

Exchange Companies

18%

Non-Banking Sector

7%
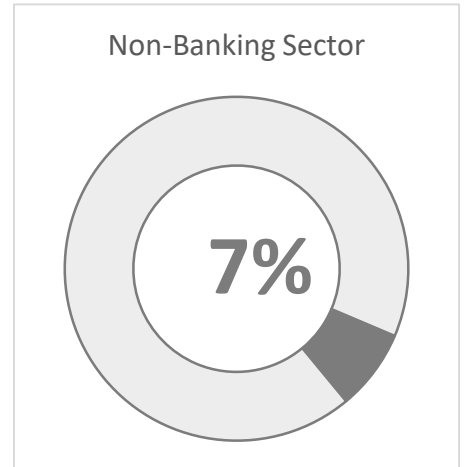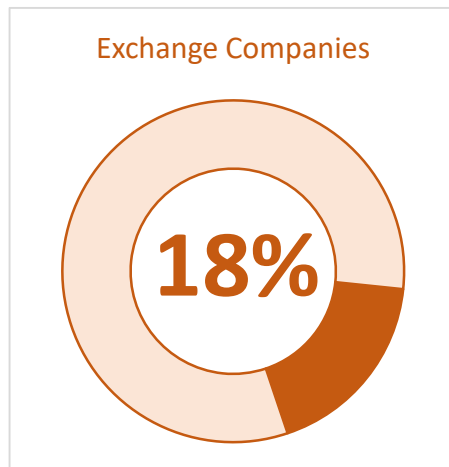
SECTOR WISE DETAILS OF STR REPORTING DURING 1ST QUARTER OF 2022

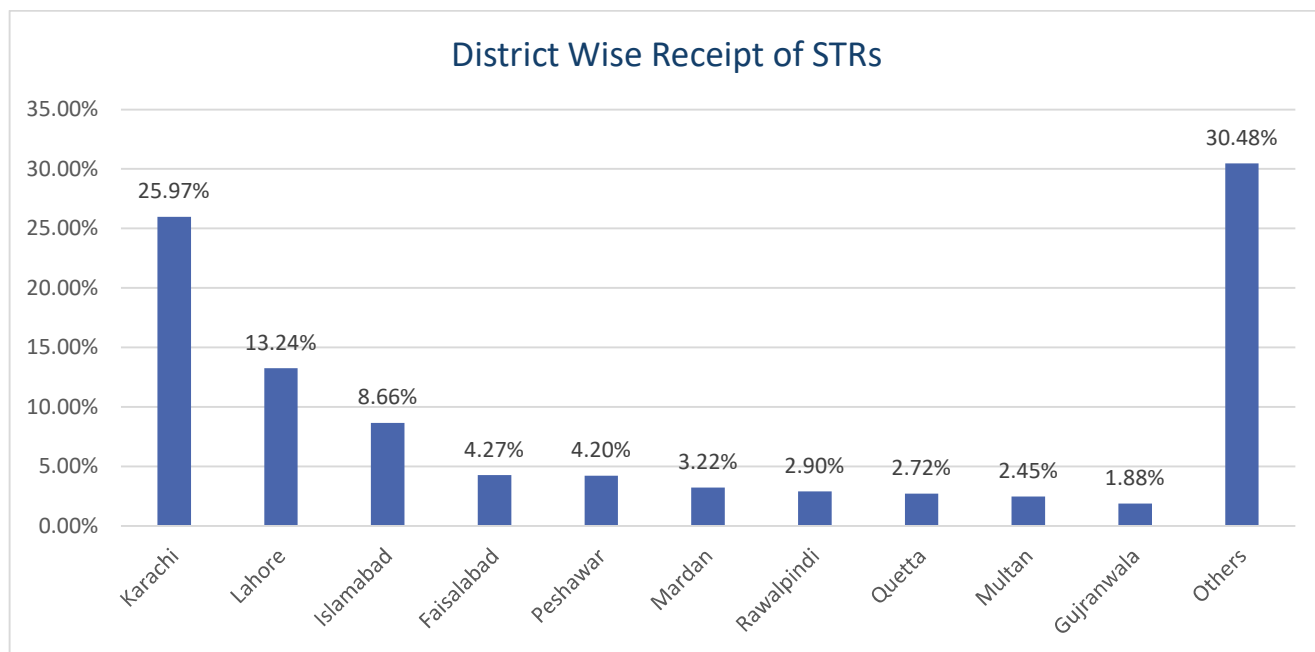| Sr. No.	Reporting of STRs (Institutions Wise)	Jan	Feb	Mar	Total
1	**Banking Sector**	**1612**	**1447**	**1391**	**4450**
1	Private Commercial Banks	739	894	774	
2	Islamic Banks	249	223	251	
3	Foreign Banks	2	0	1	
4	Specialized Banks	0	2	2	
5	Public Commercial Banks	92	131	116	
6	Micro Finance Banks	530	197	247	
2	**Exchange Companies (A) & (B)**	**377**	**281**	**431**	**1089**
7	Exchange Companies (A)	361	264	417	
8	Exchange Companies (B)	16	17	14	
3	**Non-Banking Sector / NBFIs**	**32**	**58**	**67**	**157**
09	Insurance	15	37	49	
10	Brokerage Firm	0	4	3	
11	Asset Management Company	14	13	13	
12	Micro Finance Institutions (MFIs)	3	4	2	
4	**Supervisory Bodies (SBP, SECP, Directorate DNFBP)**	**01**	**5**	**0**	**06**
13	SECP	1	5	0	
5	**SBP BSC & CDNS**	**136**	**7**	**131**	**274**
14	SBP, Banking Services Corporation (SBP-BSC)	131	0	114	
15	Central Directorate of National Savings	5	7	15	
16	Others	0	0	2	
6	**DNFBPs**	**0**	**2**	**0**	**2**
7	**Electronic Money Institution (EMI)**	**3**	**10**	**3**	**16**
8	**LEAs**			**1**	**1**
	Total	**2,161**	**1,810**	**2,024**	**5,995**

TOP TEN STR REPORTING DISTRICTS (JAN-MAR 2022)

District	No. of STRs	% of Total STRs
Karachi	1557	25.97%
Lahore	794	13.24%
Islamabad	519	8.66%
Faisalabad	256	4.27%
Peshawar	252	4.20%
Mardan	193	3.22%
Rawalpindi	174	2.90%
Quetta	163	2.72%
Multan	147	2.45%
Gujranwala	113	1.88%
Others	1827	30.48%
Total STRs	**5,995**	**100%**

District Wise Receipt of STRs

Bar chart of District Wise Receipt of STRs:
- Karachi: 25.97%
- Lahore: 13.24%
- Islamabad: 8.66%
- Faisalabad: 4.27%
- Peshawar: 4.20%
- Mardan: 3.22%
- Rawalpindi: 2.90%
- Quetta: 2.72%
- Multan: 2.45%
- Gujranwala: 1.88%
- Others: 30.48%

DISCLOSURES SENT TO LEAS
(JAN-MAR 2022)

Total Disclosures	Proactive Disclosures	Reactive Disclosures
501	292	209

Proactive Disclosures (Q1 2022)

FBR-IR	FIA	CTDS	FBR-CUSTOMS	NAB	SBP	SECP	ANF
113	111	22	17	13	9	5	2

Reactive Disclosures (Q1 2022)

OTHERS	CTDS	SBP	FBR-IR	NAB	FIA
133	25	20	15	11	5
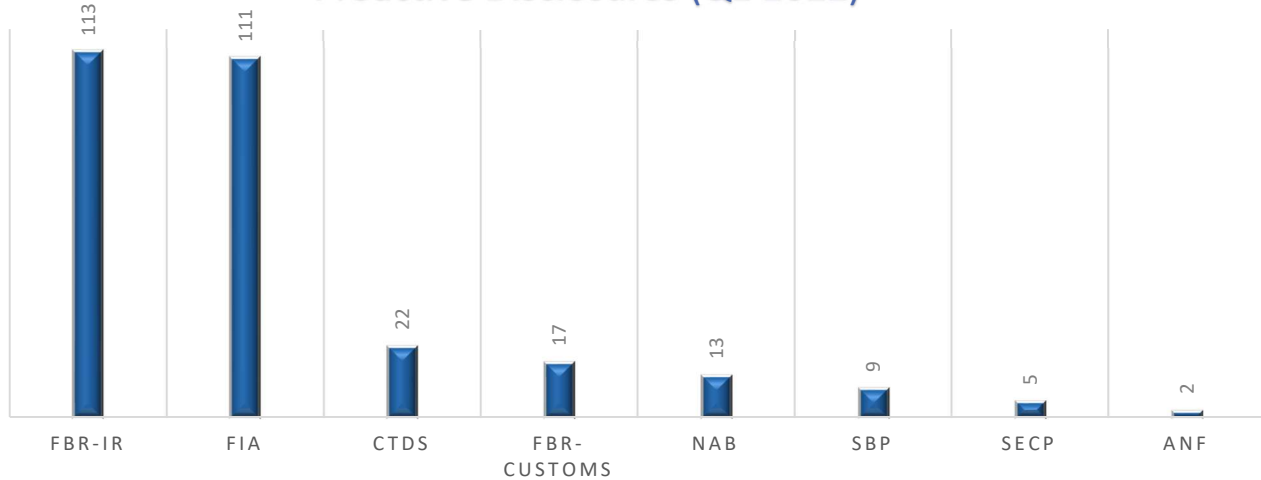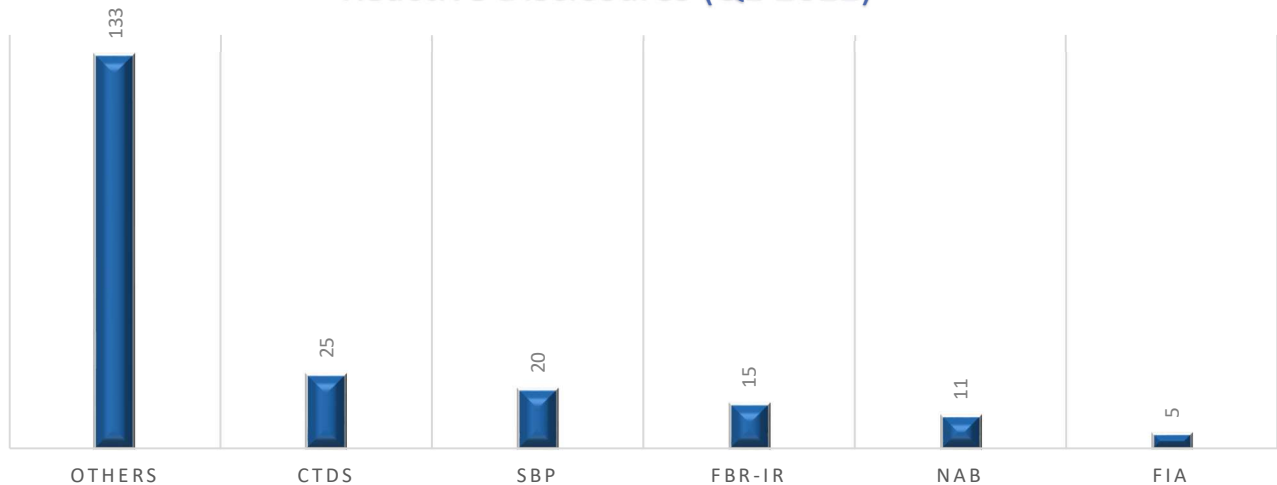
FINANCIAL INTELLIGENCES DISSEMINATED TO LEAS (PREDICATE OFFENCE WISE)

(JAN-MAR 2022)

	Designated categories of offences as per FATF	Q1 Jan-Mar 22
1	TF (UNSCR-1267)	2
2	TF (UNSCR-1373)	9
3	TF (others)	15
	TOTAL - Terrorism Financing	**26**

	Designated categories of offences as per FATF	Q1 Jan-Mar 22
1	Trafficking in human beings and migrant smuggling	2
2	Illicit trafficking in narcotic drugs and psychotropic substances	3
3	Corruption and bribery/Unexplained Assets as per NAO/Cheating Public At large/ unjustified High Turnover	21
4	Fraud; / Ponzi	15
5	Misuse of Donations	1
6	Smuggling / Offences under Customs Act	8
7	Currency Smuggling	7
8	Tax Evasion / Tax Crime	108
	TOTAL	**165**

	Other offences	Q1 Jan-Mar 22
1	Regulatory Violation/ Regulatory Advice	8
2	Virtual Currency	3
3	Trade Based Money Laundering (TBML)	7
4	Hawala/Hundi	65
5	Illegal Trade in Financial Instruments /FCY	8
6	Ground Check	10
	TOTAL	**101**

Note: Several STRs may be aggregated to constitute one disclosure/ financial intelligence and may involve multiple dissemination.

MONTH WISE CTRS RECEIVED
(JAN-MAR 2022)

	Jan	Feb	Mar
Currency Transaction Reports (CTRs)	314,783	303,727	385,369

Month Wise CTR Reporting Trend (Jan- Mar 2022)
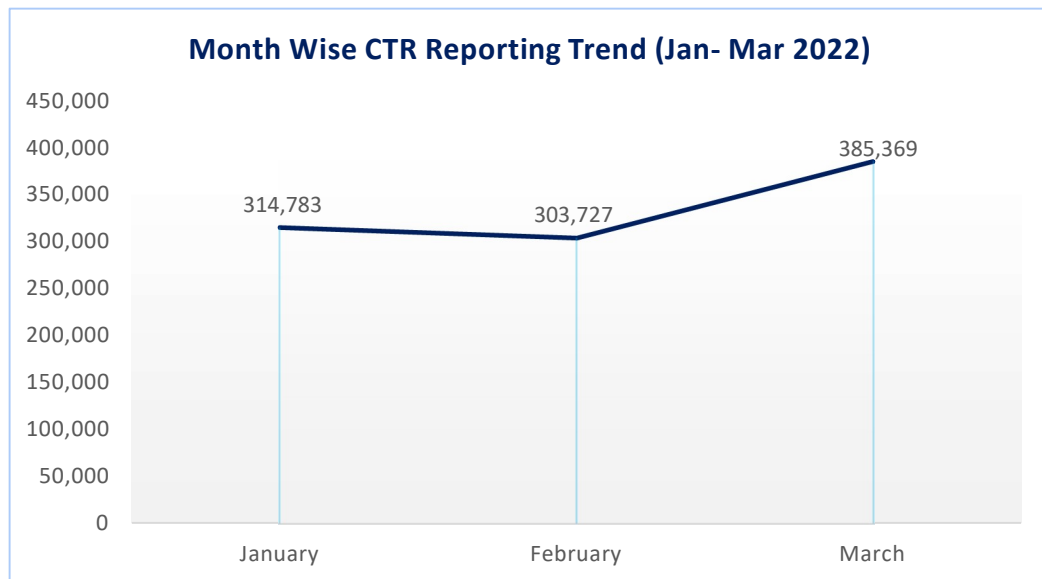
STRATEGIC ANALYSIS OF STRS REPORTED ON PROSCRIBED INDIVIDUALS LINKED WITH ENTITIES OF CONCERN (EOCS)

The purpose of Financial Monitoring Unit's (FMU) strategic analysis is to assist for devising strategy or decision making by Law Enforcement Agencies (LEAs) and other stakeholders to proactively tackle menace of Money Laundering (ML) and Terrorism Financing (TF).

This strategic analysis has been conducted by the FMU, to assess and analyze the financial activities of the proscribed individuals, associated/affiliated with Entities of Concern (EOCs) and other banned organizations, that are assessed as medium threat to country as per National Risk Assessment. The organizations / entities on 1st schedule are domestically proscribed entities to comply with the resolution by United Nations Security Council (UNSC) 1373.

This strategic analysis is conducted to cover the broader prospects based on the STRs reports received on proscribed individuals linked with Entities of concern (EOCs) and other medium risk rated entities as per National Risk Assessment during the period January 01, 2020, to December 31, 2021. The analysis was performed for the review of sectoral trend of reporting of STRs, geographic presence, financial activity, major channels / products used, major type of account being maintained by the proscribed individuals based on available information.

Based on the Strategic Analysis, FMU recommended its reporting entities to conduct detailed transactional analysis before reporting of the individuals associated / linked to entities of concern. Further, it was recommended that the reporting entities should continue to develop capacity of the Banking Officials relating to the understanding and assessment of terror financing risk at operational level.

TYPOLOGY: PONZI SCHEME

Background of the Case:

Accounts of sole proprietorship business concern "CPE" were reported by a bank, upon the suspicion of high turnovers in accounts through numerous small value inter-bank fund transfers from multiple geographies. As per the account details, the said business was owned by Mr. S, who was engaged in digital marketing and advertising services through social media. Mr. S along with Mr. O has also registered the same business as private limited company in name of "CPE Pvt. Ltd" and another business in name of "G&M Pvt. Ltd" with similar principal activities.

The individuals were attracting public to invest in online paid-to-click programs with the promise to investors a share of the program's profits in exchange for paying an upfront fee or buying products. The business of "CPE" was also being reported in adverse media news and social media campaign as the grieved public was reclaiming the investments.

Modus Operandi:
- As per the FMU analysis, despite registering the business as private limited companies, the individuals were maintaining sole proprietorship accounts and conducting all business-related transactions through these accounts.
- The individuals received funds worth hundreds of million through more than 25,000 inter-bank funds transfer transactions each comprising between Rs. 3,000 to Rs. 50,000, however, most of the counterparties were conducting one of transactions.
- As per record provided by reporting entity, the individual has received funds in one account from more than 200 branches of same reporting entity while the funds were mostly transferred from unrelated counterparties like housewife, students, and salaried persons accounts.

Banking Instruments / Products / Services used:
Inter-bank funds transfers, Cash deposits and withdrawals

Action Taken:
The Financial Intelligence was shared with following designated agencies:
- FIA for probing the MLM/Ponzi Scheme
- FBR-IR for tax evasion

Outcome:

Based on FMU financial intelligence, LEAs initiated inquiry against the reported individuals and have arrested both individuals.