



Financial Intelligence Department

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Annual Report 2021

**Financial Intelligence Department  
Royal Monetary Authority**

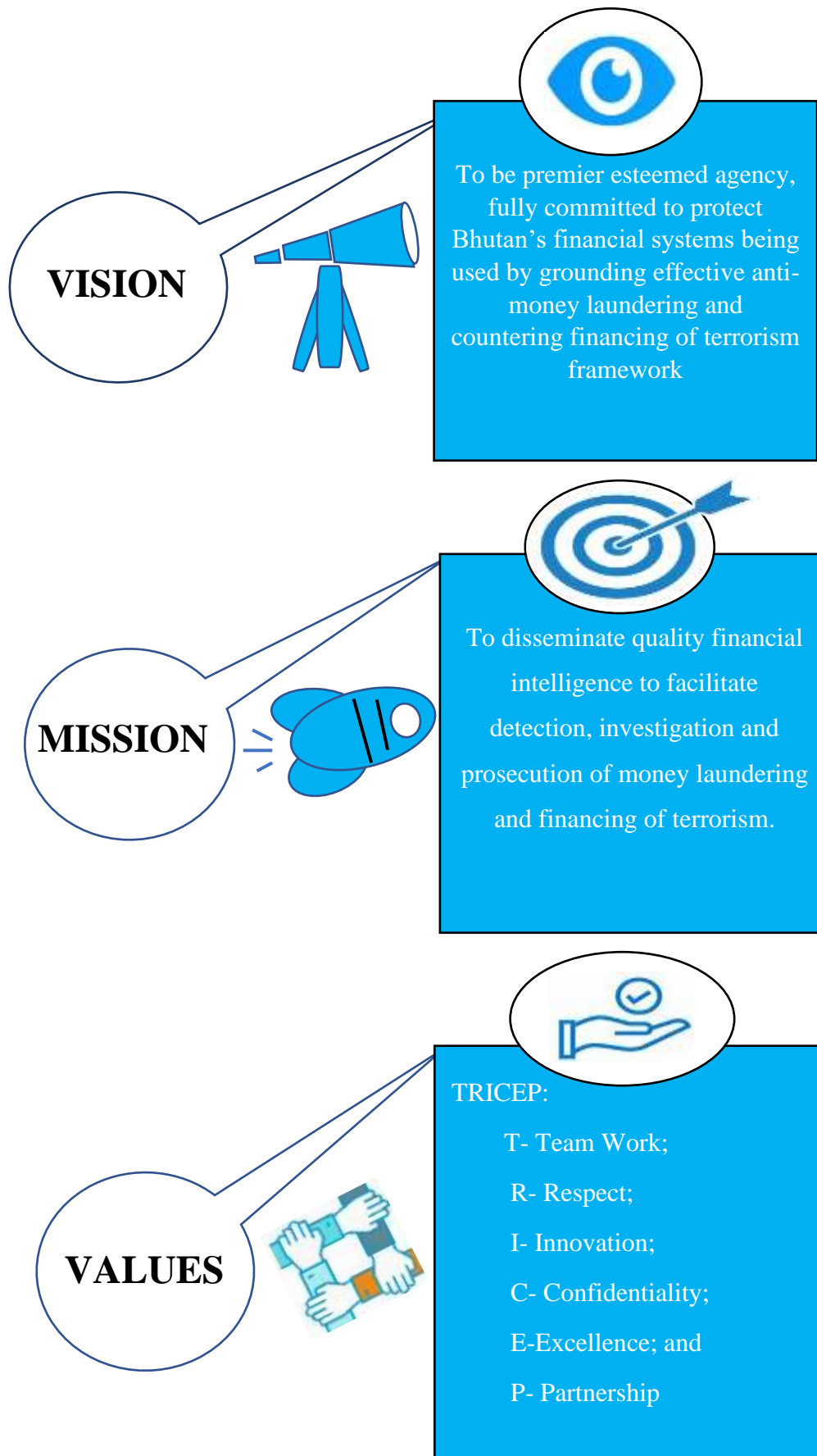
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## Acronyms/Abbreviations

<b>NCC</b>	<b>National Coordination Committee</b>
<b>FID</b>	<b>Financial Intelligence Department (FIU or Financial Intelligence Unit)</b>
<b>AML and CFT</b>	<b>Anti-Money Laundering and Countering of Financing of Terrorism</b>
<b>ML</b>	<b>Money Laundering</b>
<b>TF</b>	<b>Terrorist Financing</b>
<b>PF</b>	<b>Proliferation Financing</b>
<b>FATF</b>	<b>Financial Action Task Force</b>
<b>FSRB</b>	<b>FATF Styled Regional Bodies</b>
<b>STR</b>	<b>Suspicious Transaction Report</b>
<b>CTR</b>	<b>Cash Transaction Report</b>
<b>WTR</b>	<b>Wire Transfer Report</b>
<b>OTR</b>	<b>Other Transaction Report</b>
<b>REs</b>	<b>Reporting Entities</b>
<b>LEA</b>	<b>Law Enforcement Agency</b>
<b>CDD</b>	<b>Customer Due Diligence</b>
<b>NRA</b>	<b>National Risk Assessment</b>
<b>MER</b>	<b>Mutual Evaluation Report</b>
<b>FUR</b>	<b>Follow-up Report</b>



## INTRODUCTION

The Annual Report (AR) 2021 is the fourth AR published by the FID in line with Section 37 (10) of the AML and CFT Act of Bhutan 2018, “*The Financial Intelligence Department shall publish an annual report on its activities, including any trends that have been observed in money laundering or terrorist financing threats to the financial system of Bhutan*”. The AR 2021 covers performance by the FID for the calendar year 2021.

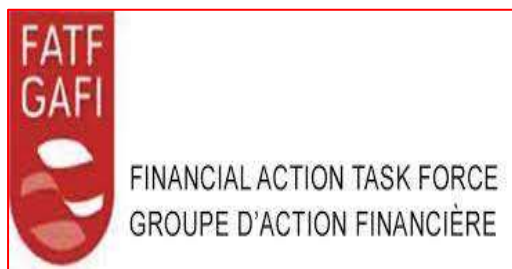
The AR 2021 is divided into six sections:



**SECTION I: AML/CFT REGIME- INTERNATIONAL AND NATIONAL**

This section presents the international anti-money laundering and countering financing of terrorism (AML and CFT) standards and bodies vis-à-vis its impact on Bhutan. Bhutan is a member of the Asia/Pacific Group on Money Laundering (APG), one of the nine FATF- Styled Regional Body (FSRB), to achieve the effective implementation of, and compliance with the 40 Financial Action Task Force (FATF) Recommendations.

**Financial Action Task Force (FATF)**



The FATF also known by its French name *Groupe d'action financière* (GAFI), is an inter-governmental organization established in 1989 at the G-7 Summit in Paris to generate political will to combat money laundering (ML). In 2001, it extended its mandate to include terrorism financing (TF).

As of 2020, the FATF consists of 37 countries and two regional organizations (the Gulf Cooperation Council and the European Commission). Bhutan is not a member of the FATF. There are nine FSRB which constitute a global network to combat ML, TF and proliferation financing (PF) of weapons of mass destruction (WMD).

The mandate of the FATF is to set standards and to promote effective implementation of legal, regulatory and operational measures for combating ML, TF and PF, and other related threats to the integrity of the international financial system. In collaboration with other international stakeholders, the FATF also works to identify national-level vulnerabilities with the aim of protecting the international financial system from misuse.

**FATF's 40 Recommendations**

Number	Old Number <sup>1</sup>			
<b>A – AML/CFT POLICIES AND COORDINATION</b>				
1	-	Assessing risks & applying a risk-based approach *	24	R.33
2	R.31	National cooperation and coordination	25	R.34
<b>B – MONEY LAUNDERING AND CONFISCATION</b>				
3	R.1 & R.2	Money laundering offence *		
4	R.3	Confiscation and provisional measures *		
<b>C – TERRORIST FINANCING AND FINANCING OF PROLIFERATION</b>				
5	SRII	Terrorist financing offence *	26	R.23
6	SRIII	Targeted financial sanctions related to terrorism & terrorist financing *	27	R.29
7		Targeted financial sanctions related to proliferation *	28	R.24
8	SRVIII	Non-profit organisations *		
<b>D – PREVENTIVE MEASURES</b>				
9	R.4	Financial institution secrecy laws	29	R.26
		Customer due diligence and record keeping	30	R.27
10	R.5	Customer due diligence *	31	R.28
11	R.10	Record keeping	32	SRIX
		Additional measures for specific customers and activities		
12	R.6	Politically exposed persons *	33	R.32
13	R.7	Correspondent banking *	34	R.25
14	SRVI	Money or value transfer services *		
15	R.8	New technologies	35	R.17
16	SRVII	Wire transfers *		
		Reliance, Controls and Financial Groups		
17	R.9	Reliance on third parties *	36	R.35 & SRJ
18	R.15 & R.22	Internal controls and foreign branches and subsidiaries *	37	R.36 & SRV
19	R.21	Higher-risk countries *	38	R.38
		Reporting of suspicious transactions	39	R.39
20	R.13 & SRV	Reporting of suspicious transactions *	40	R.40
21	R.14	Tip-off and confidentiality		
		Designated non financial businesses and Professions (DNFBPs)		
22	R.12	DNFBPs: Customer due diligence *		
23	R.16	DNFBPs: Other measures *		
<b>E – TRANSPARENCY AND BENEFICIAL OWNERSHIP OF LEGAL PERSONS AND ARRANGEMENTS</b>				
<b>F – POWERS AND RESPONSIBILITIES OF COMPETENT AUTHORITIES AND OTHER INSTITUTIONAL MEASURES</b>				
<i>Regulation and Supervision</i>				
Regulation and supervision of financial institutions *				
<i>Operational and Law Enforcement</i>				
Financial intelligence units *				
Responsibilities of law enforcement and investigative authorities *				
Powers of law enforcement and investigative authorities				
Cash couriers *				
<i>General Requirements</i>				
Statistics				
Guidance and feedback:				
Sanctions				
Sanctions				
<b>G – INTERNATIONAL COOPERATION</b>				
International instruments				
Mutual legal assistance				
Mutual legal assistance: freezing and confiscation *				
Extradition				
Other forms of international cooperation *				

1. The 'old number' column refers to the corresponding 2003 FATF Recommendation.  
 \* Recommendations marked with an asterisk have interpretive notes, which should be read in conjunction with the Recommendation.

The FATF reviews its member's progress in implementing the FATF's Recommendations through a peer review mechanism by a process called *mutual evaluation*.

#### Asia/Pacific Group on Money Laundering (APG)



The Asia/Pacific Group on Money Laundering (APG) is one of the nine FSRBs. The Asia/Pacific Group on Money Laundering (APG) was founded in February 1997 by 13 original founding member countries in Bangkok, Thailand. Bhutan became the 41<sup>st</sup> member of the APG in July 2011 and APG's current members strength is 41. The APG reviews its members through a process called mutual evaluation and it is a peer review. The mutual evaluation of its members is conducted to determine whether they comply, or to what extent they comply, with their obligations in terms of implantation of the global AML and CFT standards.

#### Egmont Group



The Egmont Group, founded in 1995, consists of 166 FIUs. The Egmont Group is a non-political international entity of FIUs to unite efforts to improve effective exchange of information to combat ML and TF. It provides a secured platform to exchange information on experiences in order to promote the development of effective FIUs and to foster implementation of domestic programs in this field. Bhutan became a member of Egmont Group on 17 July 2020.

#### Financial Intelligence Unit (FIU)

The Financial Intelligence Units (FIUs) are national centralized agencies to receive, request, analyze and disseminate financial intelligence concerning suspected proceeds of crime pertaining to money laundering and financing of terrorism. The Financial Action Task Force (FATF) sets the international standards (Recommendation 29), which the national FIUs have to confirm.



## Recommendation 29

Countries should establish a financial intelligence unit (FIU) that serves as a national center for the receipt and analysis of:

- a. suspicious transaction reports; and
- b. other information relevant to money laundering, associated predicate offences and terrorist financing, and for the dissemination of the results of that analysis.

The FIU should be able to obtain additional information from reporting entities, and should have access on a timely basis to the financial, administrative and law enforcement information that it requires to undertake its functions properly.





## TYPES OF FIUs

### ADMINISTRATIVE FIU

The main rationale for such an arrangement is to establish a “buffer” between the financial sector (and, more generally, entities and professionals subject to reporting obligations) and the law-enforcement authorities in charge of financial crime investigations and prosecutions. Under this structure, the FIU’s power is limited to the receipt and analysis of STR’s and other reports and disseminating relevant information to law enforcement agencies.

### LAW ENFORCEMENT FIU

Under this arrangement, the FIU will be close to other law-enforcement units, such as a financial crimes unit, and will benefit from their expertise and sources of information. In return, information received by the FIU can be accessed more easily by LEAs and can be used in any investigation, thus increasing its usefulness. Law-enforcement-type FIU will normally have the law-enforcement powers of the law-enforcement agency itself (without specific legislative authority being required), including the power to freeze transactions and seize assets (with the same degree of judicial supervision as applies to other law-enforcement powers in the country). This is likely to facilitate the timely exercise of law-enforcement powers when this is needed.

### JUDICIAL FIU

This type of FIU is established within the judicial branch of the state and most frequently under the prosecutor’s jurisdiction. Disclosures of suspicious financial activity are usually received by the prosecutor’s office, which may open an investigation if suspicion is confirmed by the first inquiries carried out under its supervision. The judiciary’s powers (e.g., seizing funds, freezing accounts, conducting interrogations, detaining suspects, and conducting searches) can then be brought into play without delay.

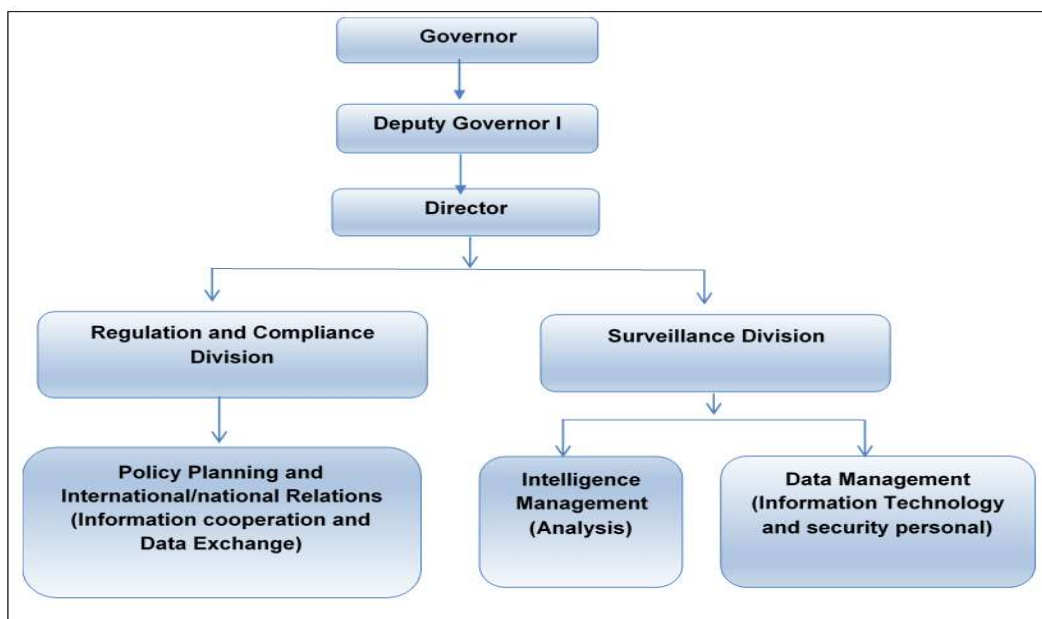
### HYBRID/MIXED MODEL FIU

This hybrid type of arrangement is an attempt to obtain the advantages of all the elements put together. Some FIUs combine the features of administrative-type and law-enforcement-type FIUs, while others combine the powers of the customs office with those of the police. Seychelles is in the process of becoming an administrative FIU, the Seychelles FIU was a hybrid FIU (a mix of Administrative and enforcement models). Under this structure, in addition to its core function of receipt, analysis and dissemination of information, the FIU was empowered to investigate, confiscate and freeze assets relating to money laundering and financial terrorism.

Financial Intelligence Units: An Overview, International Monetary Fund World Bank, 2004

### Financial Intelligence Department (FID)

ML/TF are serious offences which can take years to investigate and prosecute successfully. It is for such reasons that criminals will take any means necessary to obscure the money trail leading back to the underlying crime so that they may avoid detection, investigation and prosecution. In response to this global conundrum, the Financial Intelligence Department (FID) is established under Section 19 of the AML and CFT Act of Bhutan 2018 to comply with FATF's Recommendation 29. Section 20 of the AML and CFT Act of Bhutan 2018 states, *“The Financial Intelligence Department shall be the competent authority responsible for receiving, requesting, analyzing, and disseminating information concerning suspected proceeds of crime and terrorist property, under this Act”*. The FID is an independent and autonomous department established within the Royal Monetary Authority (RMA), and is an administrative model of FIU. Since its establishment in 2018, the FID has been one of the leading agencies in Bhutan responsible for preventing and detecting ML and TF. The organizational structure of FID is shown below.



The history and evolution of FID in Bhutan is shown in the following figure.

### July 2011

- FIU established as a small unit within the erstwhile Financial Regulation Supervision Department (FRSD) in pursuant to Section 141 of the Financial Services Act (FSA) of Bhutan 2011.

### June 2013

- FIU accorded independent unit status within the framework and administrative control of the Royal Monetary Authority (RMA) in line with FATF Recommendations.

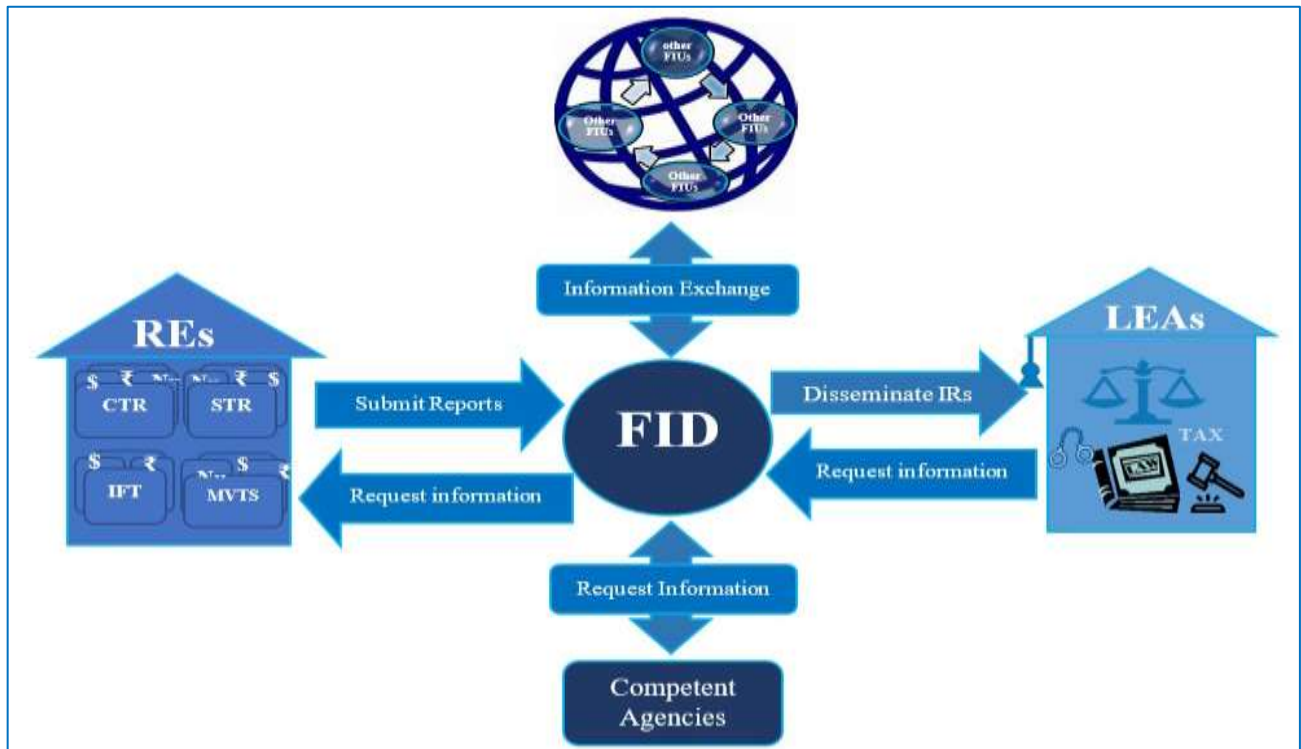
### July 2018

- With the enactment of the AML and CFT Act of Bhutan 2018, the FIU was upgraded to a full-fledged department from 1 July 2018 as the FID.

The FID shall consist of a Head and other staff [**Refer Appendix A**] either assigned from RMA or seconded from other agencies under Sections 27 and 28 of the AML and CFT Act of Bhutan 2018. The FID Head shall be responsible for the *day-to-day operations and management of the department and discharge functions and duties* provided under Section 26 of the AML and CFT Act of Bhutan 2018. The FID Head shall report to the Governor or the Deputy Governor relating to *policy or resources matters for the operation of the department*.

### FID Ecosystem

The FID ecosystem comprises of REs and law enforcement agencies (LEAs), and the FID is the interface between the REs and the LEAs.



As per Section 50 of the AML and CFT Act of Bhutan 2018, reporting entities are financial institutions or designated non-financial business and profession, and any other agency identified by the RMA. In the reporting period in 2021, the list of REs identified are:

Sl. No.	Particulars	Number of institutions	Details
1	Financial Institutions	5	BOBL, BNBL, BDBL, DPNBL, T-Bank
2	Non-Financial Institutions	2	RICBL, BIL
3	DNFBPs	0	
4	MVTS	5	Western Union, Money Gram, RIA, International Money Express, Prabhu
5	Securities Broker	7	RICBL, BNBL, BOBL, BDBL, Drukyul Securities, Lekpay Dolma Securities, Sershing Securities Pvt. Ltd

As per Section 187 (14) of the AML and CFT Act of Bhutan 2018 the law enforcement agencies are Anti-Corruption Commission (ACC), the Department of Law and Order (DLO), Bhutan

Narcotics Control Authority (BNCA), Department of Revenue and Customs (DRC), Office of the Attorney General (OAG), Royal Bhutan Police (RBP), and any other agency or authority prescribed in the rules and regulations. The 187 (18) of AML and CFT Act of Bhutan 2018 defined predicate offence as any offence as a result of which proceeds have been generated that may become the subject of an offence of Money Laundering.

### National Coordination Committee (NCC)

FATF Recommendation 2 requires countries to have national AML and CFT policies, informed by the risks identified, which should be regularly reviewed, and should designate an authority or have a coordination or other mechanism that is responsible for such policies. In line with this Section 7 of the AML and CFT Act of Bhutan 2018 states, “*There shall be a National Coordination Committee (NCC) constituted for preventing ML and combating TF*”. The NCC is the apex body responsible for coordinating the implementation of the national AML and CFT strategy, undertaking of the AML and CFT National Risk Assessment (NRA) or to update such assessment, and advise the government on AML and CFT issues. The NCC’s Chairman is the Governor of the RMA and the NCC shall meet at least twice a year. The FID serves as the Secretariat to the NCC.



During the reporting period, two meetings were convened i.e. the 10<sup>th</sup> and 11<sup>th</sup> NCC meeting held on 03<sup>rd</sup> March 2021 and 25<sup>th</sup> June 2021 respectively. The attendees and apologies for each meeting is tabulated below:

10th & 11th NCC Meeting			
ATTENDEES			
1	Dasho Penjor, Governor, RMA (Chairman)	4	Dasho Karma Tshering, Secretary, MoEA
2	Dasho Nim Dorji, Secretary, MoF	5	Aum Deki Pema, Chairperson, ACC
3	Dasho Kinga Singye, Secretary, MFA	6	Mrs. Ugyen Choden, Director, FID (Member Secretary)
APOLOGIES			
1	Dasho Sonam Wangyel, Secretary, MoHCA	2	Brigadier Chimi Dorji, Chief of Police, RBP

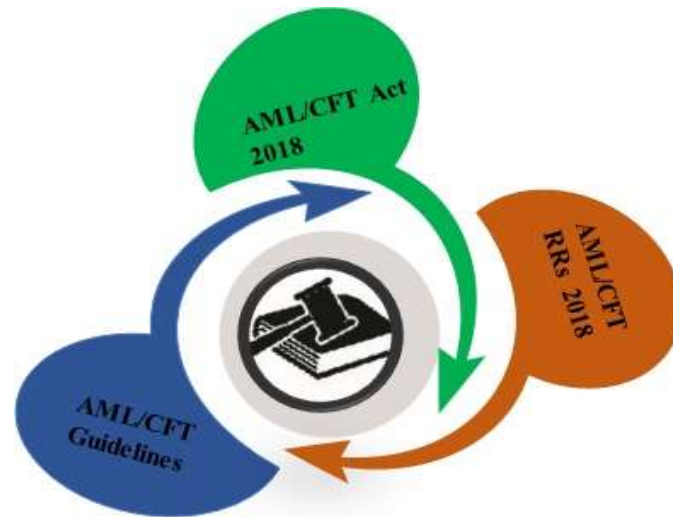
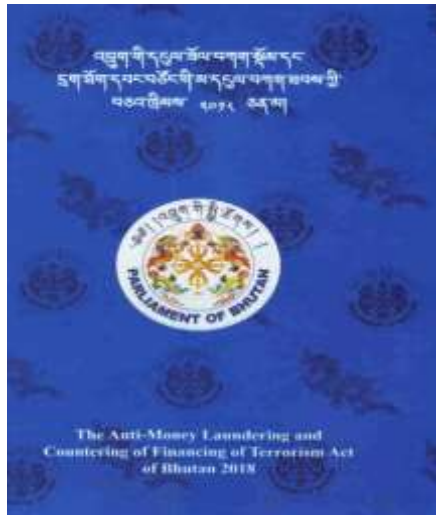
### Technical Committee

Section 17 of the AML and CFT Act of Bhutan 2018 states, “*The National Coordination Committee shall, on the recommendation of the Financial Intelligence Department, constitute a technical committee (TC) to provide advice on technical and other relevant matters*”. The TC’s Chairman is Deputy Governor I of the RMA. For the reporting period, Mr. Phajo Dorjee, Deputy Governor I is the serving Chairman. The TC members are representatives from the relevant agencies, ministries and law enforcement agencies as provided under Section 5, Part II of the AML and CFT Rules and Regulations 2018 and defined under section 187 (14) of the AML and CFT Act of Bhutan 2018 [**Refer Appendix B**]. During the reporting period, the 21<sup>st</sup> and 22<sup>nd</sup> TC meeting were convened on 26<sup>th</sup> April and 21<sup>st</sup> October 2021 respectively.

## SECTION II: SUPPORTING LEGAL FRAMEWORK

### Anti-Money Laundering and Countering of Financing of Terrorism Act of Bhutan 2018

The AML and CFT Act of Bhutan 2018 is the legislation for combating money laundering and countering terrorism financing in Bhutan. The Act was enacted in 2018 and came into force on 22<sup>nd</sup> Day of the 11<sup>th</sup> Month of the Fire Female Bird Year of the Bhutanese calendar, corresponding to the 8<sup>th</sup> Day of January 2018. The Act criminalizes money laundering and financing of terrorism.

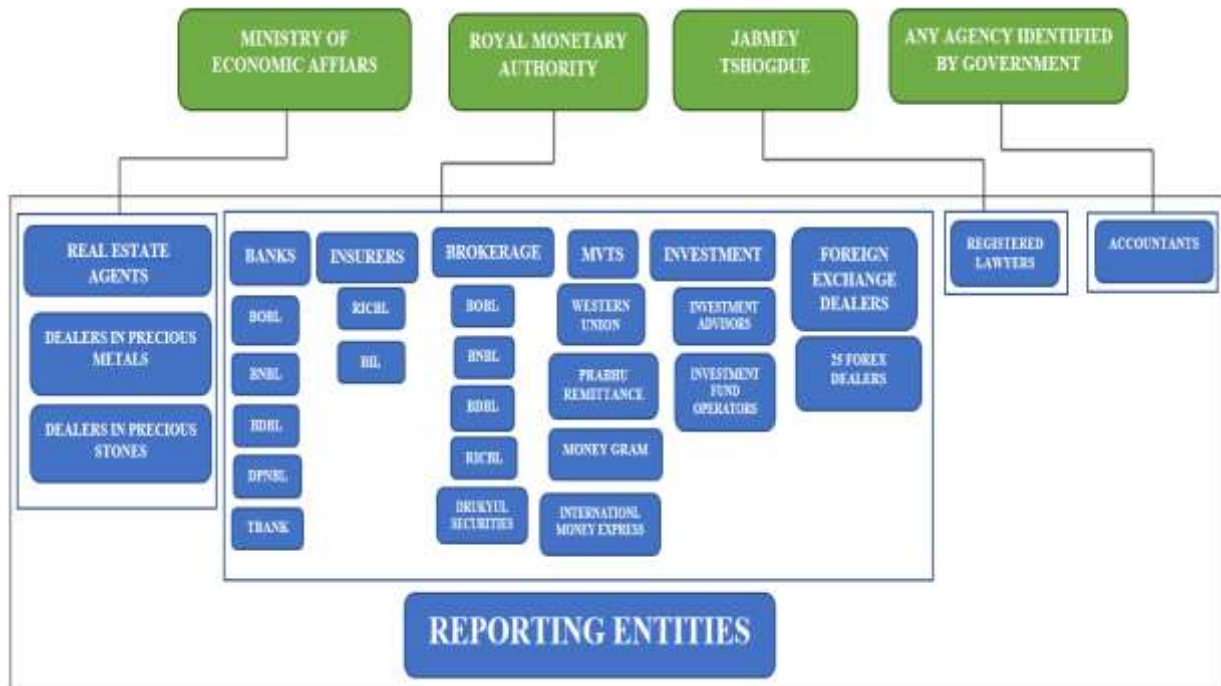


The Act defines ML and TF and has designated the Anti-Corruption Commission (ACC) and the Royal Bhutan Police (RBP) as the competent and relevant investigating authority.

Predicate offences have been explicitly elaborated in section 160 and 161 of the AML and CFT Act of Butan 2018.

#### AML and CFT Act of Bhutan 2018 and the FID

The section 50 of the AML and CFT Act of Bhutan 2018 provides designation of RE by the FID. The designated RE shall submit suspicious transaction report (STR), cash transaction report (CTR), wire transfer report (WTR) and any other transaction report (OTR) as mandated by the Act to the FID within prescribed timeframe. The REs and its supervisors are categorized as follows in pursuant to the Act:





## SECTION III: ANALYSIS AND INTELLIGENCE

### Receipt of STR, CTR and OTR

The AML and CFT Act of Bhutan 2018 mandates the FID as a competent authority to receive suspicious transaction report (STR), cash transaction report (CTR), and other transaction report (OTR) from the REs.

#### 1. Suspicious Transaction Reports (STR)

Reporting entities have an obligation under the sections 69 to 73 of the AML and CFT Act of Bhutan 2018 to submit STR to the FID when they suspect that any service or transaction may be related to an offence of ML/TF. STR remains a key source of information used by the FID to generate intelligence report.

#### WHAT IS SUSPICIOUS TRANSACTION REPORTING?

Money launderers use many different and sophisticated types of schemes, techniques and transactions to accomplish their ends. While it would be difficult to describe all ML methodologies, the following are the more frequently observed signs of suspicions:

- ❖ Transactions that appear inconsistent with a client's known legitimate business or personal activities or means; unusual deviations from normal account and transaction;
- ❖ Unauthorized or improperly recorded transactions; inadequate audit trails;
- ❖ Unconventionally large currency (especially cash) transactions, particularly in exchange for negotiable instruments or for the direct purchase of funds transfer services;
- ❖ Apparent structuring of transactions to avoid dealing with identification requirements or regulatory record-keeping, source of funds and reporting thresholds;
- ❖ Transactions passed through intermediaries for no apparent business reason; and
- ❖ Introduction of a client by an overseas associate or financial institution based in a country or jurisdiction known for drug trafficking and production, other financial crimes and bank secrecy.

In cases where reporting entities detect or suspect suspicious transaction, they are obliged under the law to file an STR with the FID within 2 working days.

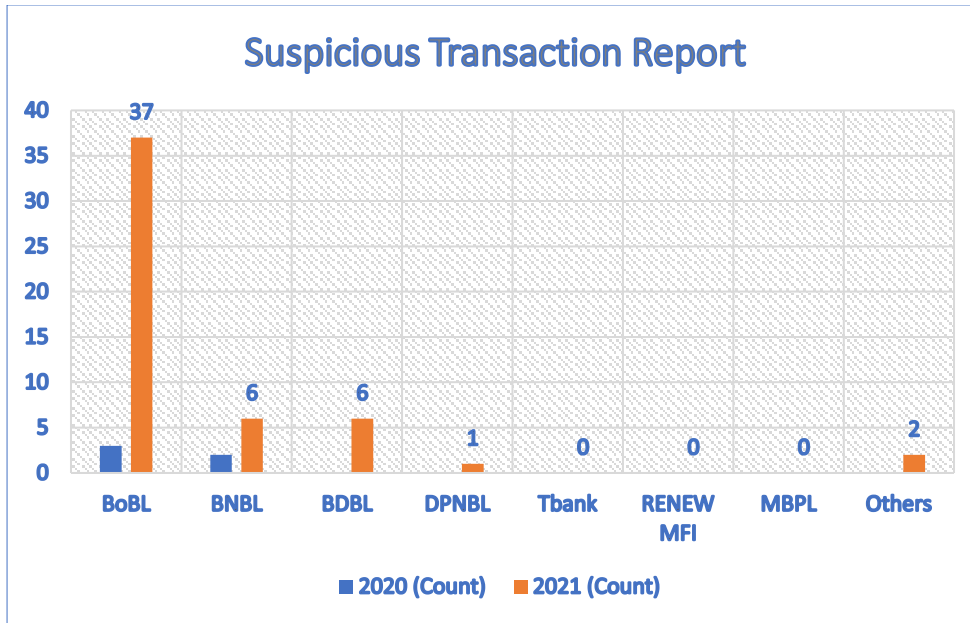


The following table shows the details of STRs submitted by the REs to the FID in 2021, and is compared against the year 2020 figures.

Reporting Entities	2020 (Count)	2021 (Count)
BoBL	3	37
BNBL	2	6
BDBL	-	6
DPNBL	-	1
T-BANK	-	0
RENEW MFI	-	0
MBPL	-	0
Others		2

During the reporting period 2021, the FID received 52 STRs making the figure the highest number of STRs filed over the past years. Two STRs have been received manually in the form of complaints during the year. This represents an increase of 47 STR which can be attributed to improvement in the internal control system of reporting entities for monitoring

and detection of suspicious activities related to predicate crimes as illustrated in graph hereunder.

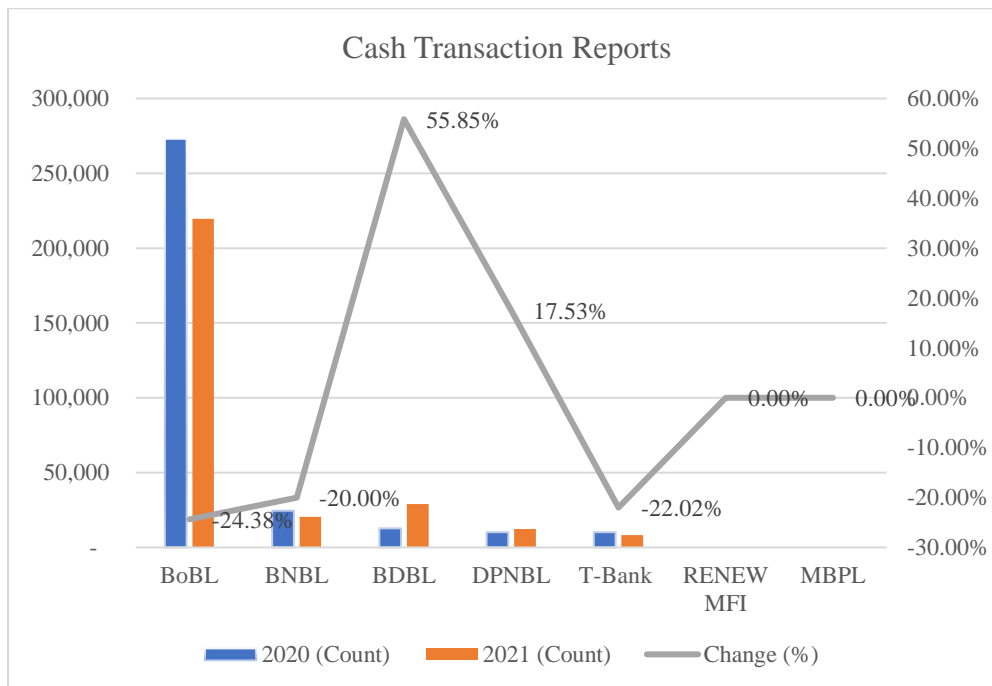


## 2. Cash Transaction Reports (CTRs)

CTRs are those transaction reports that the REs are mandated to submit to the FID under Section 74 of the AML and CFT Act of Bhutan 2018 and it includes cash transactions of the value which equals to or exceeds the Nu.500,000.00 which is prescribed in the AML and CFT Rules and Regulations 2018.

The following table shows the details of CTRs submitted by the banks in 2021, and a trend on CTRs submission.

Sl. No	Reporting Entity	2020 (Count)	2021 (Count)	Change (%)
1	BoBL	273,014	219,496	-24.38%
2	BNBL	24,392	20,326	-20.00%
3	BDBL	12,814	29,024	55.85%
4	DPNBL	10,202	12,371	17.53%
5	T-Bank	10,081	8,262	-22.02%
6	RENEW MFI	-	-	0.00%
7	MBPL	-	-	0.00%
	<b>Total</b>	<b>330,503</b>	<b>289,479</b>	<b>-14.17%</b>



In this reporting period (2021), the FID received a total of 288,414 CTRs from the banks. As compared to previous reporting period of 2020, the Department has seen a decrease of 14.17% CTRs submitted. This decrease can be attributed to inaccessibility of banking system during the work-from-home modality implemented by the Government due to the COVID-19 pandemic.

### 3. Other Transaction Reports (OTRs)

OTR includes report of International Fund Transfer (IFT-SWIFT & IFT-INR), Money Value Transfer Service (MVTS), Insurance (INS), Securities Broker (SB). The table below shows the different OTRs submitted by the respective REs to FID.

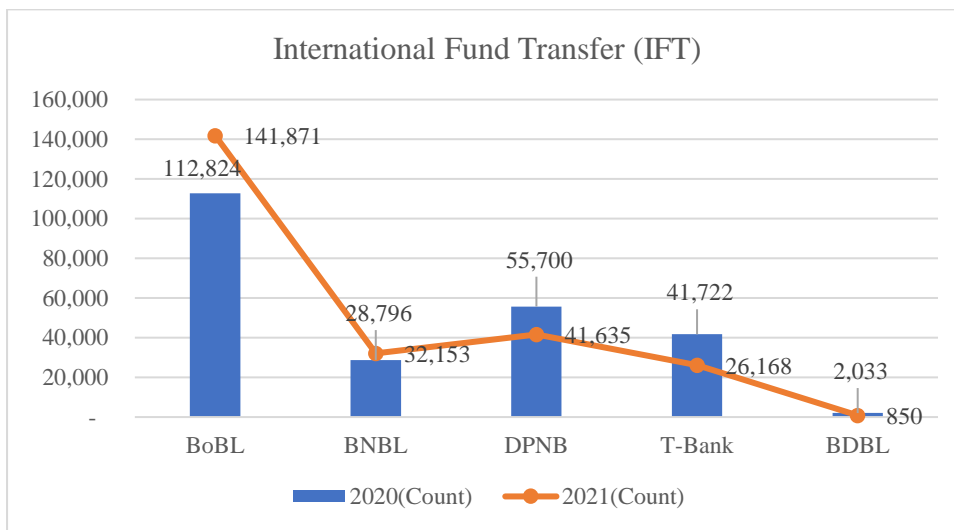
REs	MVTS	IFT	INS	SB
BoBL	√	√	×	√
BDBL	×	√	×	√
BNBL	√	√	×	√
DPNBL	×	√	×	×
T-BANK	√	√	×	×
RICBL	×	×	√	√
BIL	×	×	√	×
Bhutan Post	×	×	×	×

#### 3.1 International Fund Transfer (IFT-SWIFT & IFT-INR)

The International Fund Transfers are initiated in one country and settle in another. These payments require a routing or SWIFT code. The IFT includes both inflow and outflow of the fund and involves both hard currencies and INR as well.

The table below shows the number of IFT transactions initiated by the respective REs during the reporting period.

Banks	2020(Count)	2021(Count)	% Change
<b>BoBL</b>	112,824	141,871	25.75%
<b>BNBL</b>	28,796	32,153	11.66%
<b>DPNB</b>	55,700	41,635	-25.25%
<b>T-Bank</b>	41,722	26,168	-37.28%
<b>BDBL</b>	2,033	850	-58.19%
<b>Total</b>	<b>241,075</b>	<b>242,677</b>	0.66%



During the reporting period (2021), the FID received a total of 242,677 IFT transaction report from the banks. The BoBL and BNBL saw a substantive increase in the IFT report submitted while DPNB, T-Bank and BDBL saw a diminishing trend of IFT report submitted to the FID. This decrease may be attributed to inaccessibility of banking system during the work-from-home modality implemented by the Government due to the COVID-19 pandemic. However, as compared to previous reporting period of 2020, the Department has seen an overall increase of IFTs report submitted by 0.66%.

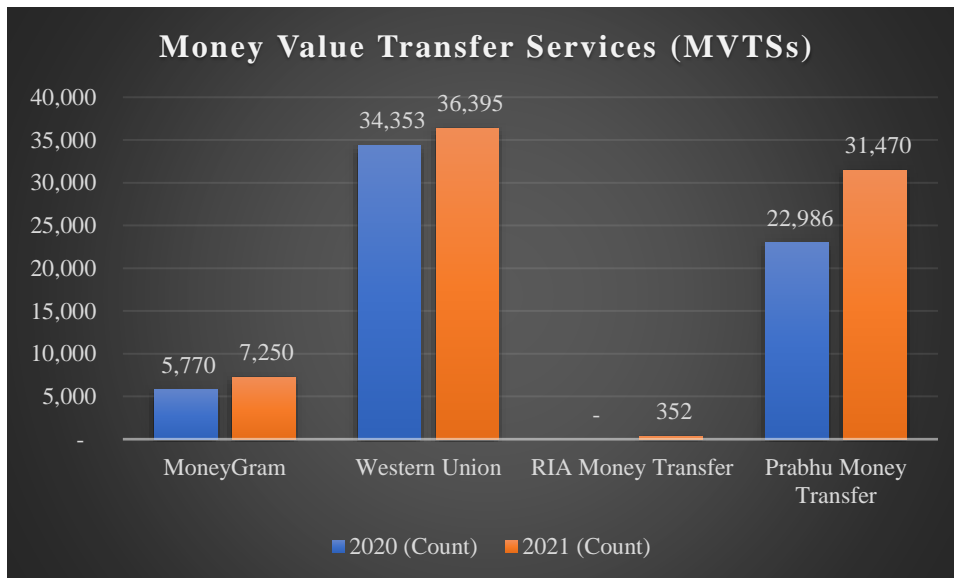
### 3.2 Money Value Transfer Services (MVTs)

According to the FATF, “money or value transfer services (MVTs) refers to financial services that involve the acceptance of cash, cheques, other monetary instruments or other stores of value and the payment of a corresponding sum in cash or other form to a beneficiary by means of a communication, message, transfer, or through a clearing network to which the MVTs provider belongs.

The table below shows the number of MVTs transactions conducted by three reporting entities during the reporting period.

MVTs	2020 (Count)	2021 (Count)	% Change
------	--------------	--------------	----------

<b>MoneyGram</b>	5,770	7,250	20.41%
<b>Western Union</b>	34,353	36,395	5.61%
<b>RIA Money Transfer</b>	-	352	100.00%
<b>Prabhu Money Transfer</b>	22,986	31,470	26.96%
<b>Total</b>	<b>63,109</b>	<b>75,467</b>	<b>16.38%</b>

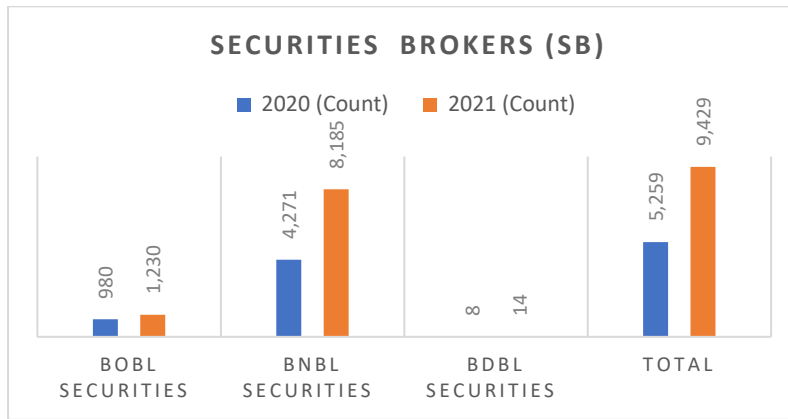


During the reporting period (2021), the FID received a total of 75,467 MVTs transaction report from the banks. The RIA Money Transfer only started sometime in 2021 and no data were available for year 2020, hence it saw a 100% raise. The other three MVTs saw a substantive increase during the reporting period. As compared to previous reporting period of 2020, the Department has seen an overall increase of MVTs report submitted by 16.38%.

### 3.3 Securities Brokers (SBs)

The Securities Brokers are required to submit Securities Brokers Report to the FID in line with Section 37 (1) and Section 75 of the AML/CFT Act of Bhutan 2018 read with Section 121 of the AML/CFT Rules and Regulations 2018. The RE shall submit the OTR-SBs to the FID within tenth day of the succeeding month. The table below shows the number of Securities Brokers (SBs) report submitted to the FID by three reporting entities during the reporting period.

SB	2020 (Count)	2021 (Count)
<b>BoBL Securities</b>	980	1,230
<b>BNBL Securities</b>	4,271	8,185
<b>BDBL Securities</b>	8	14
<b>Total</b>	<b>5,259</b>	<b>9,429</b>



During the reporting period (2021), the FID received a total of 9,429 SBs transaction report from the securities brokers. As compared to previous reporting period of 2020, the Department has seen an overall increase of SBs report submitted by 44.23%.

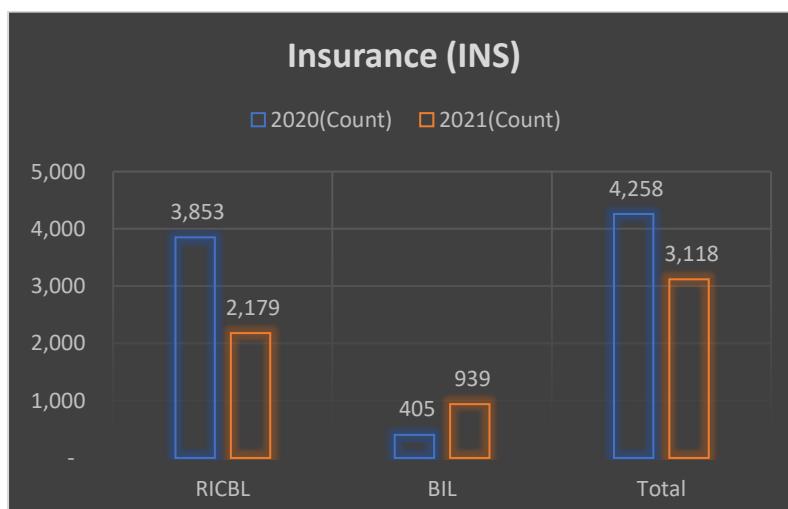
### 3.4 Insurance (INS)

In pursuant to Section 37 (1) and Section 74 of the AML/CFT Act of Bhutan 2018 the Insurance Companies are required to submit cash transaction report on loan repayment and insurance premium transactions as follow:

- All loan repayment cash transaction exceeding BTN 300,000.00
- All insurance premium transactions (cash/cheque/transfers) above BTN 500,000.00

The RE shall submit the OTR-INS to the FID within tenth day of the succeeding month. The table below shows the number of Insurance (INS) report submitted to the FID by the two reporting entities during the reporting period.

INS	2020(Count)	2021(Count)
<b>RICBL</b>	3,853	2,179
<b>BIL</b>	405	939
<b>Total</b>	<b>4,258</b>	<b>3,118</b>



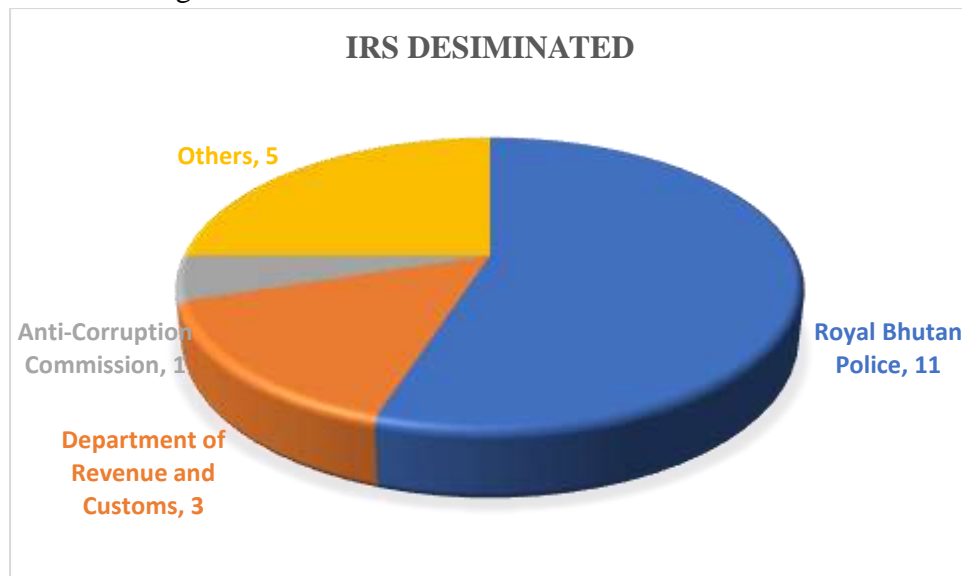
During the reporting period (2021), the FID received a total of 3,118 INS transaction report from the insurance companies. As compared to previous reporting period of 2020, the Department has seen an overall decrease of INS report submitted by 36.56%.

### Dissemination of Intelligence Reports

The IRs are those reports that the FID has shared, either on their own or upon request by any LEA where there is a suspicion that ML, TF, or other predicate offence has taken or is about to take place. In this reporting period, the FID has shared fifteen IRs to the LEAs. The following shows the number of STRs received, cases clubbed, cases created/analyzed, IRs disseminated to relevant LEAs and cases closed internally.



The following Pie Chart shows the number of IRs shared to different LEAs.



Out of 52 STRs received, 28.85% were shared with LEAs for an appropriate action. Out of 29 cases created/analyzed, 48.28% (14 STRs) were closed internally which constitutes five STRs under “Other” category. Other category includes those reports shared with other department within RMA, reports kept for further observation etc. The highest number of IR shared was with the Royal Bhutan Police. These reports mainly consist of IR on online Teer game.

### Requests from and to Relevant Domestic LEAs

The FID receives numerous requests from relevant domestic LEAs. Similarly, the FID also requests information from the domestic LEAs. The following table shows the details of requests received and sent by the FID to the domestic LEAs for the reporting period 2021 and 2020.

Year	2020	2021
Requests from LEAs	50	14
Requests Responded by FID	50	14
Requests to LEAs	-	1
Requests Responded by LEAs	-	1

### Requests from and to Foreign FIUs

The FID received five requests from foreign FIUs for information exchange during the reporting period 2021. Similarly, during the same period, the Department also sent six requests to foreign FIUs requesting for information to facilitate in analyzing the STRs.

Year	2020	2021
Requests from Foreign FIUs	-	5
Requests to Foreign FIUs	1	6



## SECTION IV: FORGING ALLIANCES AND COOPERATION

### MoUs Signed: International

The FID is able to exchange information and intelligence with Egmont Group FIUs for ML, TF, and predicate offences investigation. The FID is also authorized to exchange information with foreign FIUs freely without necessity of having MoU or formal arrangements.

In line with Section 37 (9) of the AML and CFT Act of Bhutan 2018 and as advocated under Recommendation 40 of the FATF, the FID in order to rapidly, constructively and effectively provide the widest range of international cooperation in relation to money laundering, associated predicate offences and terrorist financing, signs memorandum of understanding (MoU) with foreign FIUs. During the reporting period, the FID has signed MoU with FIUs of Maldives, Thailand and Lao People's Democratic Republic (Laos PRD). The total number of MoUs signed with foreign FIUs as of 2021 stands at twelve.

The table and the map below show the year of signing the MoUs with foreign FIUs.

S.L #	Name of FIU	Date/Month/Year
1	FIU Bangladesh	17 <sup>th</sup> July 2014
2	FIU Korea	17 <sup>th</sup> July 2014
3	FIU Sri Lanka	16 <sup>th</sup> July 2017
4	FIU Cambodia	19 <sup>th</sup> July 2017
5	FIU Myanmar	31 <sup>st</sup> October 2017
6	FIU India	26 <sup>th</sup> July 2018
7	FIU Malaysia	19 <sup>th</sup> August 2019
8	FIU Philippines	20 <sup>th</sup> August 2019
9	FIU Nepal	2 <sup>nd</sup> December 2020
10	FIU Maldives	4 <sup>th</sup> April 2021
11	AMLO Thailand	29 <sup>th</sup> April 2021
12	FIU Laos PRD	27 <sup>th</sup> May 2021



### MoUs Signed with Domestic Agencies

During the reporting period, the FID has signed MoUs with Department of Cottage and Small Industries for collection of information to facilitate its intelligence development. As of the reporting period (2021), the FID has MoUs with ten different domestic agencies.



The figure above shows the year of signing the MoUs with different national agencies for information sharing.

## **SECTION V: CAPACITY BUILDING/STAFF TRAINING**

For FID to remain at par with international development on the growing risk of AML-CFT and to counter these risks, it is of paramount importance that the staffs are updated and their skills are strengthened through timely trainings and workshops. Capacity building is crucial for the employees to minimize over reliance on the outside experts/TA. However, during the reporting period the Bhutan FID staff could not participate (either in person or virtually) in local and overseas workshops and seminars, including regional meetings organized by international bodies owing to COVID-19 pandemic lockdown. The department look forward to train more of its staff on New Technologies and other development in ML, TF risk and countering measures through APG and FATF organized meetings and trainings/workshops.

## **SECTION VI: IMMEDIATE PRIORITIES**

### **Immediate Priorities**

The immediate priority for Bhutan should be to enact a law on mutual legal assistance (MLA). Ever since the adoption of MER in 2016, Bhutan is consistently rated as Non-Compliant on FATF's Recommendation 37.

All agencies should take responsibility to improve the ratings for those FATF recommendations which are rated NC and PC ratings. Bhutan could be placed under international cooperation review group (ICRG) if measures are not taken in a timely manner to improve the ratings.

**APPENDIX A**

Sl. No.	Name	Designation	Status
1	Mr. Dophu Dorji	Director	Appointed on 12 October 2020
2	Ms. Ugyen Choden	Director	Appointed on 11 February 2021
3	Mr. Tshering Penjor	Expert	Regular
4	Ms. Dema	Senior Analyst	Regular
5	Ms. Thinley Cheki	Senior Analyst	Regular
6	Mr. Yeshey Nidup	Analyst	Regular (EoL)
6	Mr. Tshering Tobzang	Analyst	Regular
7	Mr. Dorji Norbu	Assistant Analyst	Appointed on 1 Jan 2020

During the reporting period, the existing Director left the department to assume the post of Executive Director, Department of Currency Management and an official from the Department voluntarily separated from Royal Authority of Bhutan.

## APPENDIX B

Technical Committee Members			
Sl. No.	Name	Designation	Agency
1	Mr. Phajo Dorjee (Dy. Governor)	Chairperson	Royal Monetary Authority
2	Lt. Colonel Lobzang Dorji	Member	Royal Bhutan Police
3	Mr. Ugyen Tshering	Member	Bhutan Narcotic Control Authority
4	Ms. Tshering Lhadn	Member	Ministry of Foreign Affairs
5	Mr. Sangay Thinley	Alternate Member	Ministry of Foreign Affairs
6	Mr. Jigme Tenzin	Member	Department of Immigration
	Ms. Kinely Wangmo	Alternate Member	Department of Immigration
7	Mr. Chencho Tshering	Member	Ministry of Foreign Affairs
8	Mr. Damche Tenzin	Member	Royal Monetary Authority
9	Ms. Tshoki Choden	Member	Ministry of Foreign Affairs
10	Mr. Karma Lhatu	Member	Department of Revenue and Customs
11	Mr. Karma Yeshey	Member	Ministry of Economic Affairs
12	Mr. Karma Dorji	Member	DLO, MoCHA
13	Mr. Sherab Tharchen	Member	Anti-Corruption Commission
14	Mr. Namgay Rinchen	Member	Office of Attorney General
15	Mr. Karma Tenzin	Member	CSOA
16	Ms. Ugyen Choden	Member	Financial Intelligence Department
17	Ms. Thinley Cheki	Member Secretary	Financial Intelligence Department