

relating to a scheduled offence or the value of any such property.

#### 4. What does FID-RMA do with the information received by it?

FID-RMA processes and analyses financial information and disseminates actionable intelligence in appropriate cases to relevant law enforcement and intelligence agencies.

#### 5. When should the verification of identity of clients be undertaken?

Verification has to be undertaken at the time of starting an account-based relationship as well as while executing any transaction with a client.

#### 6. Are cash transactions only to be reported as suspicious transactions?

-No, the requirement to report any suspicious transaction applies to all types of transaction regardless of whether cash is involved. Thus non- cash transactions, such as telegraphic transfers, that may appear suspicious, should also be reported.

-There is no minimum monetary threshold amount for reporting suspicious transactions. Thus a transaction considered suspicious should be reported to the FID-RMA regardless of the Ngultrum amount of the transaction.

#### 7. When to Report a Suspicious Transaction?

A suspicious transaction must be reported to the FIU no later than 2 working days after forming the suspicion or the receipt of the information being reported on.

### THREE STAGES IN MONEY LAUNDERING CYCLE

**Placement:** Where the dirty money is placed into the financial institutions or retail economy through Bank Deposits etc.

**Layering:** Means separating the illegally obtained money from its source through a series of financial transactions that makes it difficult to trace the origin i.e. Several bank-to-bank transfers, wire transfers between different accounts in different names in different countries, changing the money's currency etc.

**Integration:** Means converting the illicit funds into an actually legal form i.e. by Purchase of high value goods/property, purchasing businesses, automobiles and other assets.

The Picture below shows the different stages of Money Laundering:



#### CONTACT US

Financial Intelligence Department  
Royal Monetary Authority of Bhutan  
Chhophel Lam, Kawajangsa, Thimphu, Bhutan  
Tel: +975-2-323111; Fax: +975-2-322847  
Email: [fiu@rma.org.bt](mailto:fiu@rma.org.bt)

ROYAL  
MONETARY  
AUTHORITY



### BACKGROUND

The Anti-Money Laundering and Countering of Financing of Terrorism (AML/CFT) Act 2018 states the establishment of independent and autonomous department to be known as the Financial Intelligence Department, within the Royal Monetary Authority of Bhutan.

Financial Intelligence Department (FID-RMA) is responsible for receiving, processing, analyzing, and disseminating information received from reporting entities relating to suspicious financial transactions to enforcement agencies and foreign FIUs.

The FID established within RMA is an administrative type and is under the direct supervision of the Deputy Governor. The Administrative Model is a centralized, independent, administrative authority, which receives and processes information from the financial sector and transmits disclosures to investigators and other law enforcement agencies for prosecution. It functions as a "buffer" between the financial and the law enforcement communities.

## OBLIGATIONS OF REPORTING ENTITIES UNDER AML/CFT ACT

Under AML/CFT Act, every reporting entity (banking company, financial institution, intermediary or person carrying on designated business and profession) is required to appoint a Compliance Officer and communicate their names, designations and addresses to FID. The reporting entity is also obligated to client due diligence, maintain record of specified transactions for the prescribed period and furnish report of the prescribed transactions to RMA-FID.

### REPORTING OBLIGATIONS

- submit a monthly report of any wire transfer to the FID
- submit a monthly report of cash transactions (CTR) of the value of which equals to or exceeds Nu. 500,000
- submit a Suspicious Transaction Report (STR) to the FID, if a Reporting Entity has reasonable grounds to suspect that any property, the subject of a transaction with which it is involved is:
  - 1) The proceeds of some form of criminal



activity whether committed in Bhutan or elsewhere; or

- 2) Related, linked to, or is to be used for, terrorist acts or by a terrorist or a terrorist organization or by a person who finances terrorist acts.

### SUSPICIOUS TRANSACTION

Transaction which is inconsistent with a customer's known legitimate business or personal activities or with the normal business for that type of account.

The following factors should be considered while detecting suspicious transactions:

- the customer's usual occupation, business or principal activity;
- the customer's transaction history;
- the customer's income level and source of income;
- reasons for the transactions as provided by the customer;
- the customer's behavior or appearance;
- the frequency of transactions;
- the size and complexity of the transaction;
- the identity or location of any other person(s) involved in the transaction;
- the usual or typical financial, business or operational practices or behavior of customers in the similar occupation or business category;
- the availability of identification documents and other documentation.



## FREQUENTLY ASKED QUESTIONS (FAQ)

### 1. What is Money Laundering?

Money Laundering involves disguising financial assets so that they can be used without detection of the illegal activity that produced them. Through money laundering, the launderer transforms the monetary proceeds derived from criminal activity into funds with an apparently legal source.

### 2. What is a Money Laundering Offence?

Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of an offence of money laundering.

### 3. What are Proceeds of crime?

"Proceeds of crime" means any property derived or obtained, directly or indirectly, by any person as a result of criminal activity

