



بروني دارالسلام سنترال بڠكا  
BRUNEI DARUSSALAM CENTRAL BANK

**FINANCIAL  
INTELLIGENCE  
UNIT**

**2021**  
**ANNUAL REPORT**



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## MESSAGE FROM THE MANAGING DIRECTOR



**HAJAH ROKIAH BINTI HAJI BADAR**  
Managing Director

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ  
السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

As the world entered a second year of the COVID-19 pandemic, we began to normalise the consequences of forced innovation. Hybrid work arrangements necessitated by the pandemic placed pressure on nation-wide infrastructure development, especially in the health and telecommunications sector as demand for remote learning, healthcare services, as well as financial services skyrocketed.

Alhamdulillah, Brunei Darussalam was sheltered from the pandemic in the early half of 2021. This has allowed time for the country to strengthen its capacity across all sectors in anticipation of any breakthrough health crisis, which only began in the last quarter of the year. Brunei Darussalam Central Bank (BDCB), alongside financial institutions and relevant agencies, continued to work hand-in-hand to ensure the financial sector's preparedness in facing potential crisis.

Key strategic achievements included updating the National Risk Assessment 2016 with the completion of the Money Laundering Threat Assessment Update 2020, Terrorism Financing Risk Assessment 2020, and the Non-Profit Organisations Sector Review 2020, which were endorsed by the National Anti-Money Laundering and Combating the Financing of Terrorism Committee [NAMLC].

In addition to these efforts, we have also seen an emergence of adopting a digital lifestyle as we are able to carry on our daily life through digital platforms from the comfort of our own homes. Brunei Darussalam's internet penetration rate is ranked high, and the use of digital platforms were rightly accelerated by the circumstances surrounding the pandemic, all of which attributes to the even higher urgency to address risks in the digital sphere.

Hence, cybersecurity has become an even greater priority – not only in ensuring our personal safety and security, but also in protecting our digital assets. As the financial sector is increasingly relying on innovation and adoption of new technologies, the Financial Intelligence Unit's (FIU) role as the Anti-Money Laundering and Countering the Financing of Terrorism's (AML/CFT) supervisor is more prominent to foster innovation whilst addressing potential unprecedented risks to identify and address any negative impacts to the country's financial system.

The FIU has taken a holistic approach towards addressing capacity building needs arising from the wake of the pandemic. Despite the logistical challenges, 2021 saw greater collaborations with various domestic and international stakeholders. Foundational AML/CFT knowledge building progressed through engagements with the domestic law enforcement agencies, including the Royal Brunei Police Force and Narcotics Control Bureau. Training and information sharing opportunities with overseas counterparts was enabled by virtual accessibility.

Despite having faced the challenges brought forth by the pandemic, I believe we can continue to remain steadfast in our efforts to ensure the integrity of the financial sector, and to deliver our mandates in the face of uncertainty. I look forward to closer cooperation with our stakeholders and partner agencies as we shift to the new normal.

With this, I am pleased to present the sixth publication of the Annual Report of the FIU, BDCB for the year 2021.

## FOREWORD BY THE HEAD OF FIU



**HAJAH NURALIA BINTI HAJI ABD RAHIM**  
Head of FIU

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ  
السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

It is my great pleasure to present the Financial Intelligence Unit's (FIU) Annual Report for 2021, highlighting the significant progress made by the FIU as Brunei Darussalam's centre for analysis and AML/CFT supervision.

In continuing our efforts to update Brunei Darussalam's National Risk Assessment, the FIU produced a Sectoral Risk Assessment to gain a comprehensive understanding of the risks and vulnerabilities inherent in the financial system, leveraging the latest data and intelligence available. The Sectoral Risk Assessment augments the Money Laundering (ML) Threat Assessment 2020, Terrorism Financing (TF) Risk Assessment 2020, and Non-Profit Organisation (NPO) Sector Review 2020 which were endorsed by the NAMLC and is a testament to the country's commitment towards combating financial crime in Brunei Darussalam.

In other areas of national cooperation, the FIU participated in the Senior Officials' Meeting on Transnational Crime and Dialogue Partner Meeting, virtually hosted by Brunei Darussalam in July, which was crucial in promoting a collective approach to combat transnational crimes. Additionally, the FIU continued its preparations for the country's Mutual Evaluation throughout the year and submitted the second round of Technical Compliance Questionnaire clarifications to the Asia/Pacific Group on Money Laundering (APG) in January.

On the international front, as an active member of the Egmont Group, a global network of FIUs, I was honoured to be elected as one of the Asia-Pacific Regional Group's Regional Representatives and as one of the Vice-Chairs for the Information Exchange Working Group. These roles presented unique opportunities for the FIU to further contribute to the development of transnational AML/CFT strategies and initiatives on a global scale.

Domestically, Brunei Darussalam was not spared from the effects of COVID-19 as the FIU was forced to navigate new challenges affecting all aspects of life, including the financial industry. The pandemic has accelerated the adoption of new technology and remote working tools, which have proven to be invaluable in maintaining communication and productivity. Nevertheless, we recognise that this transition may bring new risks, including heightened cybersecurity threats and potentially fraudulent activities. Despite the challenges, the FIU remained steadfast and adaptable as we continued to carry out our mandates. The FIU issued Information Circulars on COVID-19 Control Measures and COVID-19 Emerging Risks to all reporting entities to maintain its commitment in protecting the integrity of Brunei Darussalam's financial system against criminal abuse and any changes to the constantly-evolving criminal landscape.

Supervision activities were conducted through remote, virtual means, enabling the FIU to continue monitoring the reporting entities' compliance with AML/CFT requirements. Throughout the year, the FIU issued 27 supervisory letters to entities in various sectors for deficiencies in reporting, transaction monitoring, and other non-compliance matters. Additionally, the FIU conducted a thematic review on sanction screening against the United Nations Consolidated List of Designated Individuals and Entities to better understand the processes that financial institutions currently have in place and detect possible deficiencies. As part of our efforts to keep pace with new technologies, the FIU, in collaboration with BDCB's Technology Risk Supervision division, initiated an industry consultation on the Notice and Guidelines for the use of e-KYC for non-face-to-face customer onboarding and conducting ongoing due diligence to ensure that the system and technology in place are robust and secured against any form of cyber-attacks or threats while adhering to AML/CFT requirements.

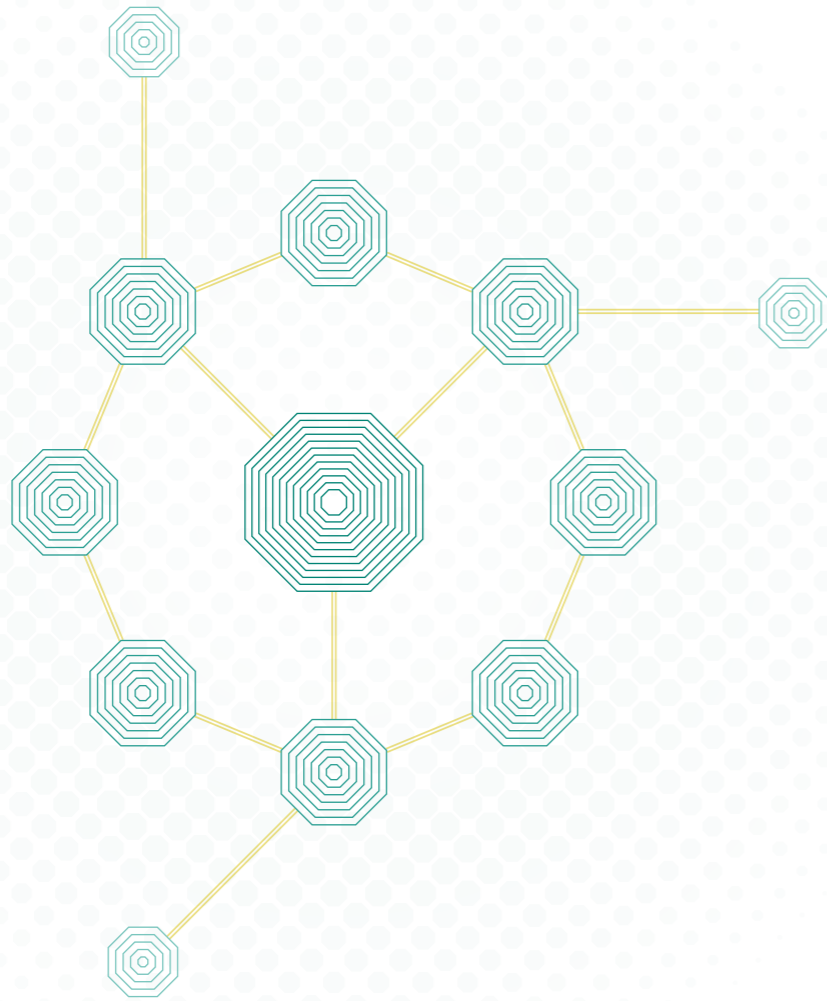
Although physical restrictions were in place, intelligence report disseminations increased in 2021 compared to the previous year as the FIU adopted a more direct collaborative approach with law enforcement agencies and stakeholders, leveraging secure virtual communication channels to enhance intelligence sharing. As we continue to navigate through the pandemic and the uncertainties presented therein, the FIU will continue its pursuit of global and regional efforts to combat ML, TF and other serious crimes.

Towards that end, I would like to extend my sincerest gratitude to our domestic and international partners for their unwavering support and collaboration. Our partnerships and engagement with both public and private sectors will continue to be critical in our efforts to combat ML, TF, and other serious crimes. I would also like to express my appreciation to the FIU team for their dedication and hard work in ensuring the success of our initiatives.

Moving forward, we will remain focused on providing actionable financial intelligence to our stakeholders, and supervising reporting entities' compliance towards AML/CFT standards. We will also continue to enhance our capabilities and collaborative efforts with our partners to address the risks and challenges in the financial system, both domestic and abroad. I am confident that with our collective efforts, we will continue to make progress in combating financial crimes and promoting a sound financial environment in Brunei Darussalam.

## ABOUT THE FINANCIAL INTELLIGENCE UNIT

- Background & Structure
- 2017 - 2021 Milestones



## BACKGROUND & STRUCTURE

Money Laundering (ML) and Terrorism Financing (TF) are serious threats to global security, the integrity of the financial system, and sustainable growth. The Financial Action Task Force (FATF), as the global monitoring body for ML and TF, aims to prevent these illegal activities and the harm they cause to society through the development of the FATF 40 Recommendations, or FATF Standards.

FATF Recommendation 29 requires each country to establish a Financial Intelligence Unit (FIU) as an independent body to serve as the national centre for collecting, analysing and disseminating financial intelligence and information. The role of an FIU is integral in the fight against ML, associated predicate offences, and TF.

In line with FATF Recommendation 29, Brunei Darussalam founded its FIU in February 2007 under the Financial Institutions Division, Ministry of Finance. Subsequent to the establishment of the Brunei Darussalam Central Bank (BDCB) on 1 January 2011, the FIU became a function under BDCB.

Through the powers and responsibilities accorded under the Criminal Asset Recovery Order, 2012 (CARO), Anti-Terrorism Order, 2011 (ATO), and Anti-Terrorism (Terrorist Financing) Regulations, 2013 (TFR), the FIU plays a pivotal role in the fight against ML, associated predicate offences, and TF.

The FIU has 3 primary functions

### The National Anti-Money Laundering & Combating the Financing of Terrorism Committee Secretariat

As the Secretariat to the National Anti-Money Laundering and Combating the Financing of Terrorism Committee (NAMLC), the FIU actively monitors Brunei Darussalam's national compliance towards international AML/CFT standards outlined by the FATF Recommendations.

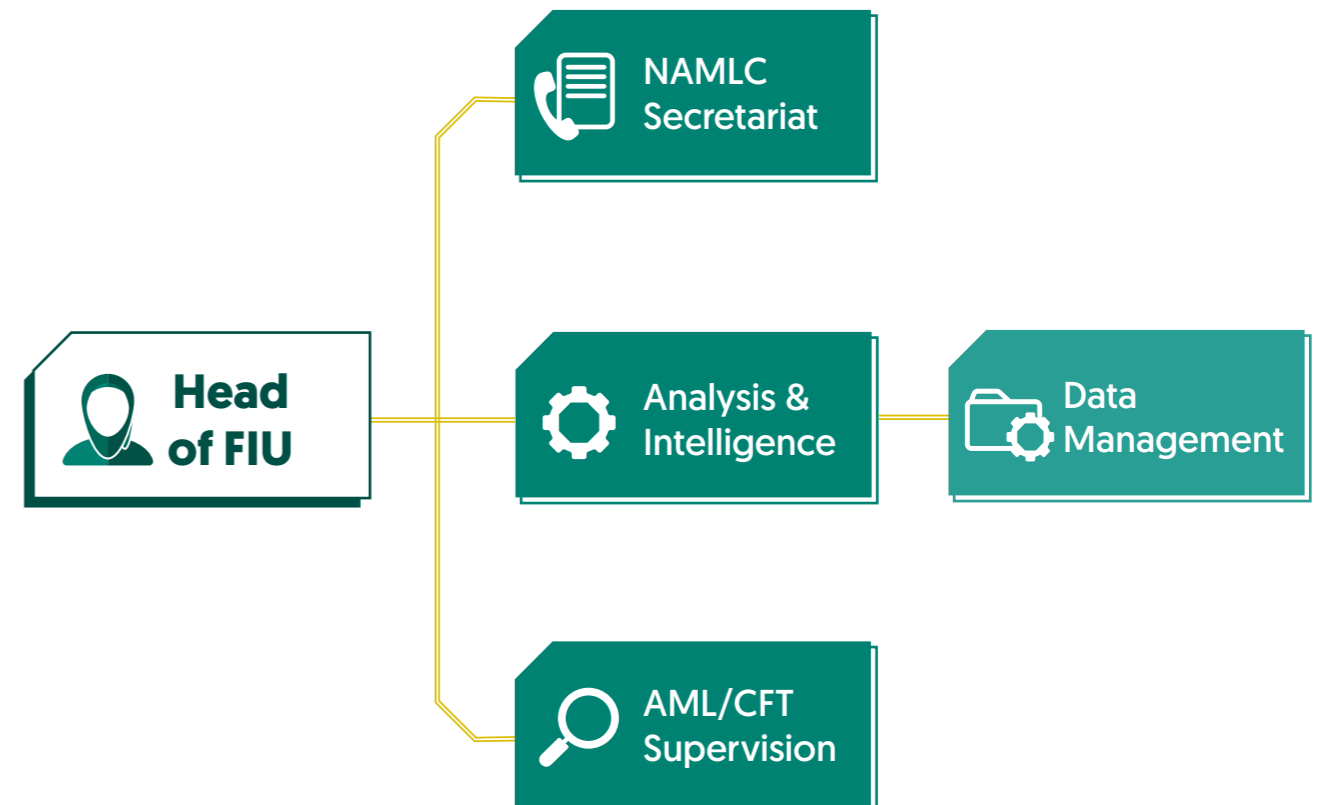
### Analysis & Intelligence

Section 30, CARO prescribes the FIU as the agency responsible for receiving, requesting, analysing, and disseminating reports and information concerning ML, TF, suspected proceeds of crime, and other serious offences. The financial intelligence and information produced by the FIU are disseminated to various partner agencies, both domestic and international.

### AML/CFT Supervision

Responsible for monitoring the compliance of reporting entities, which includes financial institutions (FIs), designated non-financial businesses and professions (DNFBPs), and dealers in high value goods, towards AML/CFT obligations on a risk-based approach. This includes ensuring that the reporting entities understand their respective ML/TF risks, and develop and implement methods to mitigate risks.

## ORGANISATIONAL STRUCTURE



## 2017 - 2021 MILESTONES

# 2017

### MARCH

Issued a Guidance Paper to Financial Institutions for the Obligation to Submit a Suspicious Transaction Report (STR) Under Section 15 of CARO and Section 47 of the ATO (STR Guidance Paper)

### AUGUST

Became a member of Financial Intelligence Consultative Group (FICG) and International Community of Experts (ICE)

Launch of first FIU Annual Report

### SEPTEMBER

Signed an MoU between FIU and Cambodia Financial Intelligence Unit (CAFIU), National Bank of Cambodia

Organised a Counter Terrorism Financing (CTF) workshop

### NOVEMBER

Hosted the first CTF Conference in Brunei Darussalam

Endorsement of the National Risk Assessment 2016 by NAMLC

# 2018

### FEBRUARY

APG Regional Pre-Mutual Evaluation Training Workshop

### MARCH

Won the Team Prize Winner for Most Innovative Idea at the ASEAN-Australia Special Summit Codeathon

### MAY

Signed an MoU with the Suspicious Transaction Reporting Office, Commercial Affairs Department, Singapore Police Force (STRO)

Implementation of Section 39 of CARO, 2012

### JUNE

Issued a Guidance on Obligations Under the TFR, 2013

### JULY

Signed an MoU between FIU and Anti-Money Laundering Intelligence Office (AMLIO), National Coordination Committee for Anti-Money Laundering and Counter-Financing of Terrorism of Laos

# 2018

### AUGUST

Hosted the Financial Intelligence Consultative Group (FICG) Regional Face to Face Meetings

### AUGUST - SEPTEMBER

Hosted the first Regional Financial Intelligence Analyst Course (FIAC)

### NOVEMBER

Launched the Non-Profit Organisations (NPO) and Red Flag Indicators Report Project with Australian Transaction Reports and Analysis Centre, Australia (AUSTRAC) and Pusat Pelaporan dan Analisis Transaksi Keuangan, Indonesia (PPATK)

### DECEMBER

Completed a review of FATF compliance ahead of Mutual Evaluation

# 2019

### FEBRUARY

Imposed a monetary penalty on a financial institution for non-compliance to AML/CFT obligations

### JULY

Imposed a monetary penalty on a financial institution for non-compliance to AML/CFT obligations

### OCTOBER

Conducted a mock assessment on compliance with FATF Immediate Outcome 4

### NOVEMBER

Issued amendments to the Guidance Paper to Financial Institutions for the Obligation to Submit a STR under Section 15 of CARO and Section 47 of the ATO (STR Guidance Paper)

Signed an MoU with the Anti-Money Laundering Council (AMLC), the Financial Intelligence Unit of the Republic of the Philippines

# 2020

## JANUARY

Issued a Guidance Paper to Financial Institutions on AML/CFT Transaction Monitoring Programme

## APRIL

Imposed a monetary penalty on a financial institution for non-compliance to AML/CFT obligations

## MAY

Submission of FATF Technical Compliance Questionnaire responses to APG

## JULY

Submission of FATF Effectiveness Questionnaire responses to APG

Won Best Egmont Case Award (BECA) 2020

## OCTOBER

Imposed a monetary penalty on a financial institution for non-compliance to AML/CFT obligations

# 2021

## JANUARY

Submission of second round of clarifications to the FATF Technical Compliance Questionnaire to APG

## AUGUST

Endorsement of the ML Threat Assessment Update 2020, TF Risk Assessment Update 2020 and Non-Profit Organisations Sector Review 2020 by NAMLC

Issued Information Circulars on COVID-19 Control Measures and COVID-19 Emerging Risks

## DECEMBER

Presentation to the Intelligence Working Committee (JKP) on the ML Threat Assessment Update 2020, TF Risk Assessment Update 2020 and NPO Sector Review 2020

## LEGAL & REGULATORY FRAMEWORK

- Criminal Asset Recovery Order, 2012
- Anti-Terrorism Order, 2011
- Anti-Terrorism (Terrorist Financing) Regulations, 2013
- Brunei Darussalam Central Bank Order, 2010
- Guidance Papers Issued

# CRIMINAL ASSET RECOVERY ORDER, 2012

The Criminal Asset Recovery Order, 2012 (CARO) was enacted on 16 June 2012 as the primary statute governing the AML/CFT regime in Brunei Darussalam. ML is constituted as an offence under Section 3 of CARO.

## SECTION 3 OF CARO – MONEY LAUNDERING OFFENCES

Any person who commits the offence of ML and knows or has reasonable grounds to believe or suspect that it is derived or realised directly or indirectly from the commission of an unlawful activity or fails to take reasonable steps to ascertain whether or not the property is proceeds of crime, is liable on conviction to a fine not exceeding BND500,000, imprisonment for a term not exceeding 10 years or both, and in the case of a body corporate to a fine not exceeding BND1,000,000.

The legislation is applicable to authorities and agencies involved under the AML/CFT regime. The functions and powers of the FIU under CARO include the following: ▽

- 1 Receive STRs and CTRs from FIs and DNFBPs
- 2 Analyse the STRs, CTRs and Physical Currency and Bearer Negotiable Instruments (CBNI) reports
- 3 Disseminate financial intelligence products to competent authorities
- 4 Issue guidelines in relation to customer identification, record keeping and reporting obligations, as well as the identification of suspicious transactions
- 5 Provide training programs for FIs and DNFBPs in relation to customer identification, record keeping and reporting obligations, as well as the identification of suspicious transactions
- 6 Conduct research into trends and developments in the area of ML and TF and improved ways of detecting, preventing and deterring ML and TF activities
- 7 Creating awareness and educating the public on matters relating to ML and TF
- 8 Liaise with, and enter into any agreement with, any foreign government institution or agency, or any international organisation, regarding the exchange of information

AML/CFT requirements for FIs and DNFBPs are also spelt out in the CARO, which includes: ▶



Customer due diligence



Appointment of designated compliance officer



Record keeping



Internal reporting procedures



Measures to prevent tipping off



Submission of STRs and CTRs

# ANTI-TERRORISM ORDER, 2011

The Anti-Terrorism Order, 2011 (ATO) was enacted on 18 July 2011. As the primary legislation for terrorism offences in Brunei Darussalam, the following sections criminalises various TF offences: ▽

## SECTION 4

Provision or collection of property to commit terrorist acts, for terrorist group or terrorist

## SECTION 5

Provision of services for commission of terrorist acts

## SECTION 6

Use of property for commission of terrorist acts

## SECTION 7

Arrangement for acquisition, retention or control of terrorist property

## SECTION 8

Dealing with terrorist property

## PENALTY

Failure to comply with Sections 4 to 7 carries a penalty of a fine not exceeding BND5,000,000, imprisonment for a term not exceeding 30 years or both.

The FIU has these powers and functions under the ATO: ▽

- 1 Receive, request, analyse and disseminate information concerning suspected proceeds of terrorist financing
- 2 Order the suspension of a transaction for a period not exceeding 3 business days. Issue directions or guidelines on the reporting of suspicious transactions
- 3 Issue directions or guidelines on the reporting of suspicious transactions
- 4 Share information with any foreign counterpart agency that performs similar functions based upon reciprocity or mutual agreement on the basis of cooperation arrangements

The ATO also imposes a legal obligation on all FIs and DNFBPs to report suspicious transactions related to terrorism and TF to the FIU.

## ANTI-TERRORISM (TERRORIST FINANCING) REGULATIONS, 2013

The Anti-Terrorism (Terrorist Financing) Regulations, 2013 was issued on 8 December 2012 pursuant to section 70, ATO to implement the United Nations Security Council Resolutions (UNSCRs) 1988 (2011), 1267 (1999), 1989 (2011), 2253 (2015) and 1373 (2001).

Under the TFR, FIs and DNFBPs are required to submit a report to the FIU if they suspect the following: ▽

- 1 A person is a designated person
- 2 A person is dealing or has dealt with property owned, held or controlled by a designated person
- 3 A person is making or has made property or financial services available for the benefit of a designated person

### PENALTY

The TFR requires every person in Brunei Darussalam and citizens of Brunei Darussalam outside of Brunei Darussalam to freeze without delay funds or other assets of, and to ensure that no funds or other assets are made available, directly or indirectly, to or for the benefit of, any person or entity either (i) designated by the United Nations Security Council in accordance with Resolution 1267, 1988 and its successor Resolutions; or (ii) designated by Brunei Darussalam pursuant to Resolution 1373.

## BRUNEI DARUSSALAM CENTRAL BANK ORDER, 2010

The Brunei Darussalam Central Bank Order, 2010 (BDCB Order) was enacted on 14 December 2010 to establish and incorporate BDCB to act as the central bank of Brunei Darussalam, to formulate and implement monetary policy, to advise the Government on monetary arrangements, and to supervise financial institutions.

Section 34, BDCB Order grants BDCB the power to issue directions or make regulations for the prevention of ML or TF. Between 2018 and 2020, BDCB issued a total of 6 directions under Section 34, BDCB Order.



## GUIDANCE PAPERS ISSUED

2015

- Cash Transaction Reporting General Guidance Paper for FIs and DNFBP and Motor Vehicle Dealers.
- Cash Transaction Reporting Specific Guidance for
  - Banks and Finance Companies;
  - Advocates and Solicitors, Notaries, Other Independent Legal Professions and Accountants;
  - Money Changer and Remittance Companies; and
  - Trust And Company Service Providers.

2017

- Guidance Paper to FIs for the Obligation to Submit a Suspicious Transaction Report (STR) Under Section 15 of CARO and Section 47 of ATO (STR Guidance Paper).

2018

- Guidance on Obligations under the TFR.

2019

- General Guidance Paper to FIs and DNFBPs on AML/CFT.
- Amendments to the STR Guidance Paper.

2020

- Guidance Paper to FIs on AML/CFT Transaction Monitoring Programme.



## NATIONAL COORDINATION

- The National Anti-Money Laundering & Combating the Financing of Terrorism Committee
- Asia/Pacific Group on Money Laundering Mutual Evaluation of Brunei Darussalam
- Sectoral Risk Assessment
- Updates to the National Risk Assessment 2016

## THE NATIONAL ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM COMMITTEE

The National Anti-Money Laundering and Combating the Financing of Terrorism Committee (NAMLC) serves as a mechanism for relevant domestic competent authorities to coordinate, implement and monitor the development and implementation of national AML/CFT initiatives.

As a strategic body, NAMLC formulates policies and provides advisory roles and strategic directions to relevant agencies. NAMLC directs working-level objectives to address operational issues and to work closely with various stakeholders to maintain the integrity and robustness of the country's AML/CFT regime by exchanging information with law enforcement agencies, other competent authorities as well as FIs and DNFBPs.

The FIU acts as the Secretariat to the NAMLC. The following activities took place in 2021: ▾

### 12 August 2021 - 27th NAMLC Meeting (virtual)

The 27th NAMLC Meeting was provided with an update on the APG Mutual Evaluation of Brunei Darussalam whereby the National Action Plan and National Strategy on Money Laundering and Terrorism Financing were discussed. The Meeting also saw the endorsement of the Non-Profit Organisations Sector Review 2020 and updates to the National Risk Assessment 2016 including the Money Laundering Threat Assessment Update 2020 and the Terrorism Financing Risk Assessment 2020.

### 16 December 2021 - Presentation to the Intelligence Working Committee (IWC) on the Updates to the NRA 2016

The NAMLC Secretariat presented the findings of the ML Threat Assessment Update 2020, Terrorism Financing Risk Assessment Update 2020 and the Non-Profit Organisations Sector Review 2020 to the IWC under the National Security Committee as part of the initiative to enhance awareness of the assessment to relevant government stakeholders.



## ASIA/PACIFIC GROUP ON MONEY LAUNDERING MUTUAL EVALUATION OF BRUNEI DARUSSALAM

The Asia Pacific Group on Money Laundering (APG) is an autonomous and collaborative international organisation, where its members and observers are committed to the effective implementation and enforcement of the FATF Standards.

Compliance to the FATF Recommendations is assessed through a mutual peer review system known as a Mutual Evaluation. The review is conducted by a number of experts drawn together from APG member jurisdictions specially trained and qualified in the FATF's assessment methodology.

The assessment methodology comprises of **2 components** ▾

**TECHNICAL COMPLIANCE** assessment addresses the specific requirements of the FATF Recommendations, principally as they relate to the relevant legal and institutional framework of the country, and the powers and procedures of the competent authorities. These represent the fundamental building blocks of an AML/CFT system.

**EFFECTIVENESS ASSESSMENT** differs fundamentally from the assessment of technical compliance. It seeks to assess the adequacy of the implementation of the FATF Recommendations, and identifies the extent to which a country achieves a defined set of outcomes that are central to a robust AML/CFT system. The focus of the effectiveness assessment is therefore on the extent to which the legal and institutional framework is producing the expected results.

The FIU as the NAMLC Secretariat is the coordinator for Brunei Darussalam's preparations, including compiling responses to in-depth questionnaires for submission to the assessment team, and to respond to any other requests for information as required.

In 2020, the APG initiated Brunei Darussalam's 3rd round Mutual Evaluation process. Due to the escalated situation of the COVID-19 pandemic in 2021, the APG agreed to postpone Brunei Darussalam's Mutual Evaluation process until 2022.

In April 2021, the FIU updated its Money Laundering and Terrorist Financing (ML/TF) Risk Matrix of financial institutions to identify high, medium and low risk financial institutions. This institutional-level risk assessment matrix allows supervisors to place more focus on institutions identified to pose a higher risk for ML/TF, with major deficiencies in their AML/CFT controls.

The update of the sectoral risk assessment for FIs and DNFBPs considers the inherent vulnerability of the sectors, the ML/TF controls that are in place and money laundering and terrorist financing threats to the sectors. In early 2021, the sectoral risk assessment on DNFBPs was completed while the sectoral risk assessment on financial institutions is expected to be completed in 2022.

## SECTORAL RISK ASSESSMENT

## UPDATES TO THE NATIONAL RISK ASSESSMENT 2016

On 12 August 2021, the NAMLC agreed to endorse the following updates to the National Risk Assessment, and the NPO Sector Review 2020.

### MONEY LAUNDERING THREAT ASSESSMENT UPDATE 2020

This report is a reassessment of the money laundering threat of Brunei Darussalam.

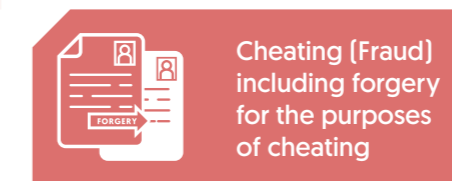
#### METHODOLOGY

The assessment adopts a different methodology from the previous NRA, and analyses a wide range of predicate offences in Brunei, and additional factors alongside context gained from case studies of ML investigations and prosecutions. The threats are assessed through a ranking system from highest threat to lowest threat in the country.

The data period for analysis is 2017 – 2019 and the sources of data are the law enforcement agencies, the Attorney General's Chambers, the FIU, BDCB and open source information.

#### KEY FINDINGS

The top four (4) highest money laundering threats for Brunei Darussalam are: ▾



#### CHALLENGES IDENTIFIED

The challenges identified were primarily related to data collection.

- The data on predicate offences is limited to only common predicate offences. These statistics are also not uniformly collected across agencies.
- There is no standardised format to allow smooth interpretation and analysis of statistics as data methods among agencies supplying the data is varied.
- Additionally, not all of the assets seized during investigations are recorded.

The findings are based on a weighted assessment of the number of predicate offence investigations initiated, number of money laundering investigations initiated, number of ML prosecutions, the amount of proceeds of crime seized and confiscated, connections of inter-relation to other crimes, number of suspicious transactions reports filed to the FIU, links to organised crime, transnational elements of crimes, source and direction of movement of proceeds of crime and a comparison of the level of crime against the Southeast Asia region.

Similar to the 2016 National Risk Assessment on ML and TF, cheating, corruption and bribery, smuggling of alcohol and tobacco and criminal breach of trust still remain among the highest ML threat for Brunei.

In terms of foreign threats, there was only one ML investigation conducted that was based upon a foreign offence. This case led to a successful prosecution and demonstrated that legislative tools are currently in place to address ML threat from foreign predicate offences.

The overall ML threat is maintained at Medium.

**ML THREAT MEDIUM**

# TERRORISM FINANCING RISK ASSESSMENT UPDATE 2020

This report is a reassessment of the terrorism financing risk of Brunei Darussalam.

## METHODOLOGY

The assessment adopts a different methodology from the previous NRA, and analyses additional factors, TF likelihood and TF consequences, in addition to TF threats and vulnerabilities, to produce a TF risk rating.

The data period for analysis is 2017 – 2019 and the sources of data are the FIU, BDCB, regional risk assessments, intelligence and law enforcement agencies and open source information.

## KEY FINDINGS



Brunei Darussalam is situated in a region that has active militant and radicalised groups. In terms of threats, there is a threat of individuals in Brunei who may be sympathisers of regional terrorist groups sending money abroad, especially through the banking and remittance channels for its convenience, or even via the Non-Profit Organisations [NPO] sector, to financially support suspected terrorist organisations or NPOs that are potentially linked to terrorist groups.

The TF Vulnerability assessment found that Brunei's current framework has the capacity for effective exchange of information both domestically and internationally, and the issuance of guidance and supervisory outreach to the private sector has helped to increase awareness of TF.

However, anti-terrorism investigative tools and powers to designate have yet to be utilised in accordance with international standards.

The assessment also found that there is a medium-low likelihood of TF occurring in Brunei Darussalam but this likelihood cannot be ruled out due to the external threats that surround Brunei. Additionally, it is also recognised that the impact of TF will always be severe but the assessment concludes that due to Brunei Darussalam's peaceful state, strict stance against radicalisation and small economy contributes to a medium rating.

Based on the factors mentioned, the TF risk rating for Brunei was found to be medium-low, a change from the rating of medium from the 2016 NRA.

## CHALLENGES IDENTIFIED

- Brunei Darussalam is yet to utilise the legislative powers under the ATO to investigate TF suspects, and TFR to designate individuals who are suspected of being terrorists or terrorist financiers.
- Although there has been increased engagement, the banking and remittance sectors remain the higher risk sectors for storing and moving suspected TF funds.
- It is also identified that the NPO sector poses a TF risk and remains a challenge for authorities to monitor as some NPOs in Brunei participate in providing humanitarian assistance overseas.

### 2016 NRA

**TF OVERALL RISK**  
MEDIUM

### 2021 NRA

**TF OVERALL RISK**  
MEDIUM- LOW

# NON-PROFIT ORGANISATIONS SECTOR REVIEW 2020

This report aims to identify the features and types of NPOs which are likely to be at risk of terrorist financing abuse and the nature of those TF threats, and reviews the adequacy of measures that relate to the subset of the NPO sector that may be abused, in line with the requirements of FATF Recommendation 8.

## METHODOLOGY

The review is supported by information from questionnaires and interviews with selected NPOs in Brunei, the FIU, law enforcement and intelligence agencies, the Registrar of Societies, the Registrar of Companies and Business Names, regional risk assessments and relevant FATF publications.

## KEY FINDINGS

The NPOs in Brunei Darussalam that are relevant to the FATF requirements as of the review are: ▽

### 1 SOCIETIES Registered under the Societies Act, Cap.203

CHARITY & WELFARE TYPE

YOUTH TYPE

RELIGIOUS TYPE

EDUCATION TYPE

### 2 COMPANIES LIMITED BY GUARANTEE Registered under the Companies Act, Cap.39

1 INTERNATIONAL SCHOOL

1 MEDIATION CENTRE

1 WELFARE ORGANISATION

2 COMMUNITY ORGANISATIONS

1 COMMERCIAL ARBITRATION CENTRE

In terms of TF threats related to the NPO sector, the review found that certain NPOs in Brunei send charitable donations to countries with conflict zones or have an active terrorist presence, and that there is a threat of individuals in Brunei who may be supporters or sympathisers to send funds through NPOs, both locally or abroad to beneficiaries with links to terrorism.

The review also assessed the adequacy of laws and regulations relevant to NPOs deemed at risk of abuse including the Companies Act, Cap.39 and the Societies Act, Cap.203 which were reviewed against the following criteria: ▽

- 1 Market Entry & Screening
- 2 Annual Filings
- 3 Accountability, Integrity & Public Confidence
- 4 Investigation of TF & Information Exchange
- 5 Non-compliance & Sanction

## CHALLENGES IDENTIFIED

- The level of awareness of TF risks in the NPO sector can be improved through outreach.
- Although some measures are in place to mitigate the abuse of the NPO sector, there is a need to implement a risk-based approach to ensure that those NPOs identified to be most at risk are monitored and supervised.

The NPO sector review will require updating on a periodic basis as Brunei gains further operational experience and has conducted outreach to the NPO sector.

# ANALYSIS & INTELLIGENCE

- Highlights of 2021
- Reports & Statistics
- Trends & Typologies
- Management of Information
- International Cooperation

## HIGHLIGHTS OF

# 2021

### SUSPICIOUS TRANSACTION REPORTS (STR)

# 2,603

No. of STRs Received



### INTELLIGENCE REPORTS

# 27

Number of Intelligence Reports Disseminated

11 non-STR based    16 STR based

### PHYSICAL CURRENCY OR BEARER NEGOTIABLE INSTRUMENTS (CBNI) REPORTS

## 54 CBNI Reports Received

# \$35,210,000

reported in CBNI reports

## 39

ENTERING

Reported Entering Brunei Darussalam  
**\$34,380,000**

## 15

EXITING

Reported Exiting Brunei Darussalam  
**\$829,460**

### CASH TRANSACTION REPORTS (CTR)

# 10,344

No. of CTRs Received



# \$4.53

MILLION  
reported in CTRs

### REQUESTS FOR INFORMATION (RFI)

## DOMESTIC

# 208

Received from Domestic Agencies and Stakeholders

No. of Persons & Entities

499 Persons    034 Entities

# 161

Sent to Reporting Entities

## INTERNATIONAL

# 006

Received from International Counterparts

No. of Persons & Entities

007 Persons    007 Entities

# 002

Sent to International Counterparts

# REPORTS & STATISTICS

## SUSPICIOUS TRANSACTION REPORT (STR)

A Suspicious Transaction Report (STR) is filed whenever a transaction(s) or attempted transaction(s) is/are found with suspected involvement in a serious offence.

A serious offence is any offence that is committed for which the penalty is not less than BND1,000. This includes offences of ML, associated predicate offences, and TF.

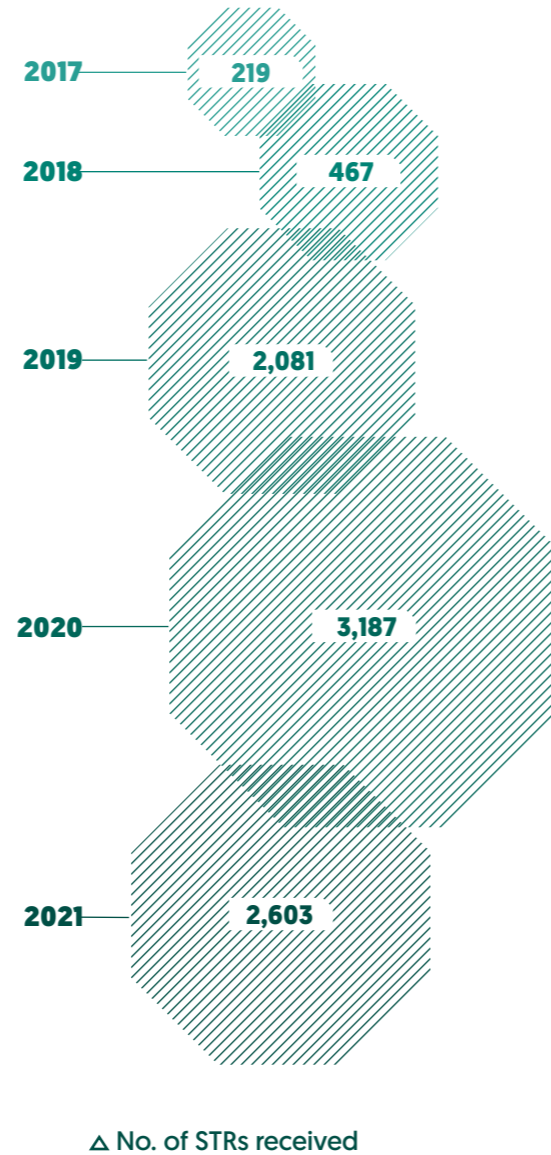
In 2021, the FIU received a total of 2,603 STRs, a decrease of 18% in total reporting compared to 3,186 received in 2020. This is largely attributed to the disruption caused by the re-emergence of COVID-19 in Brunei Darussalam during August to November 2021, which led to on-going nationwide implementation of movement restrictions and business continuity plans.

The FIU analyses these reports and assesses the likelihood of any criminal activity occurring. If the suspicion raised is substantiated, the FIU then disseminates the information to the respective law enforcement agency for investigation.

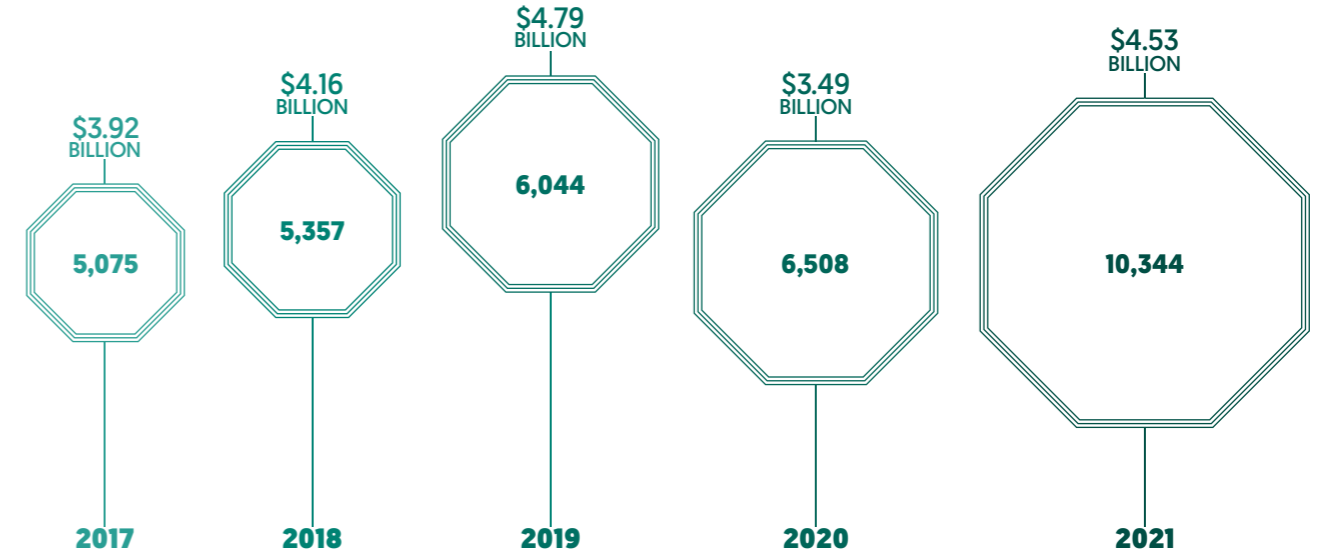
Table 1 details the STRs received from 2017 to 2021 classified by the categories of reporting entities.

Reporting Entities	2017	2018	2019	2020	2021
Bank	210	459	2,063	3,160	2,558
Company Service Provider	1	0	0	0	0
Finance Company	3	6	3	4	1
Insurance/Takaful	0	0	1	1	1
Money Changer	2	0	7	2	1
Remittance Company	3	2	7	20	42
<b>Total</b>	<b>219</b>	<b>467</b>	<b>2,081</b>	<b>3,186</b>	<b>2,603</b>

△ Table 1 | Comparison of the Number of STRs Received from 2017 – 2021



## CASH TRANSACTION REPORT (CTR)



△ No. of CTRs received

A Cash Transaction Report (CTR) is filed on any cash transaction(s) amounting to BND15,000 or more, or the equivalent in a foreign currency within a day. The CTR requirement was first implemented in June 2014. CTRs are required to be submitted by FIs, DNFBPs, and dealers in high value goods (specifically motor vehicle dealers) directly to the FIU through the Integrated Financial Intelligence System (IFIS).

In 2021, the FIU received 10,344 CTRs from reporting entities, where 95% of the reports came from the banking and remittance sector. Following previously observed patterns, these sectors continue to report the majority of CTRs received over the years.

The total monetary value of CTRs received increased from BND3.49 million reported in 2020 to BND4.53 million in 2021. This change appears to contradict the efforts towards a cashless society through the use of new technologies, as there appears to be a higher amount and frequency of use of cash in 2021.

Table 2 details the CTRs received from 2017 to 2021 classified by the categories of reporting entities.

Reporting Entities	2017	2018	2019	2020	2021
Advocates & Solicitors	10	12	9	6	5
Bank	3,538	3,236	3,493	3,071	4,766
Finance Company	194	221	215	438	199
Insurance/Takaful	29	29	36	24	17
Money Changer	180	185	330	116	19
Motor Vehicle Dealer	458	462	457	665	490
Real Estate Agent	0	0	1	0	0
Remittance Company	656	1,212	1,503	2,188	4,848
<b>Total</b>	<b>5,065</b>	<b>5,357</b>	<b>6,044</b>	<b>6,508</b>	<b>10,344</b>

△ Table 2 | Comparison of the Number of CTRs Received from 2017 – 2021

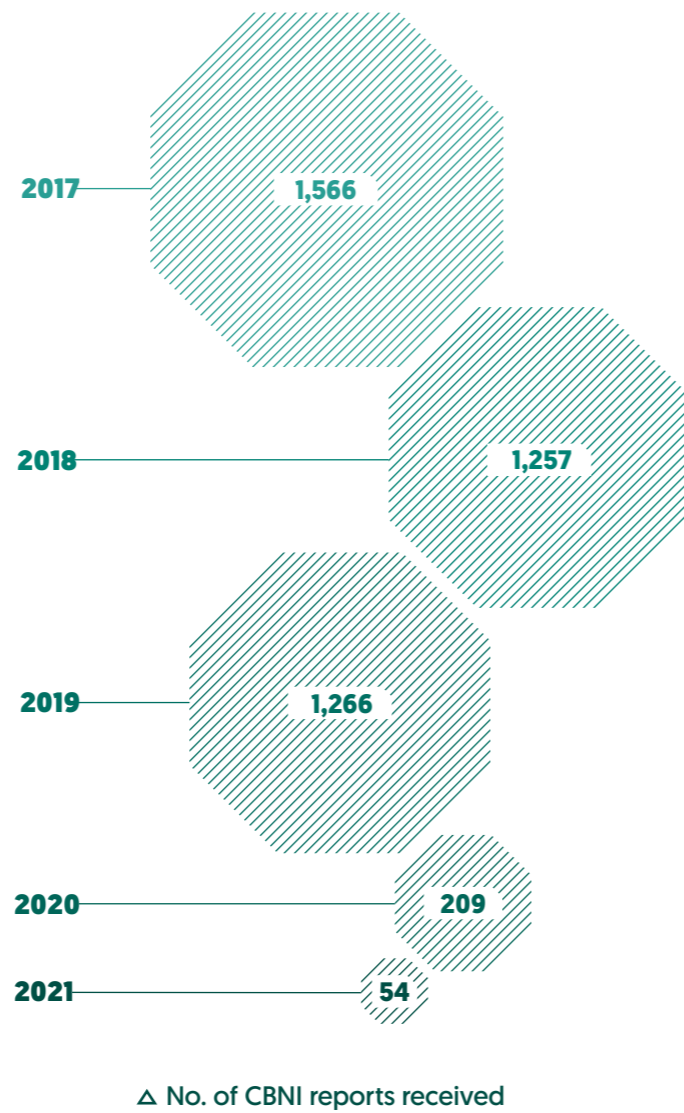
### PHYSICAL CURRENCY & BEARER NEGOTIABLE INSTRUMENTS (CBNI) REPORT

The CBNI reporting requirement was first implemented in August 2011 which requires any persons carrying BND15,000 or more, or the equivalent in foreign currency across Brunei Darussalam borders to submit a CBNI Report to either a Customs or Immigration officer at the border control post. These reports are then forwarded for digitization, storage and analysis by the FIU.

As of May 2018, the CBNI reporting requirement has been expanded to include any persons moving CBNI across Brunei borders amounting to BND15,000 or above by cargo, courier, postal service or any other means.

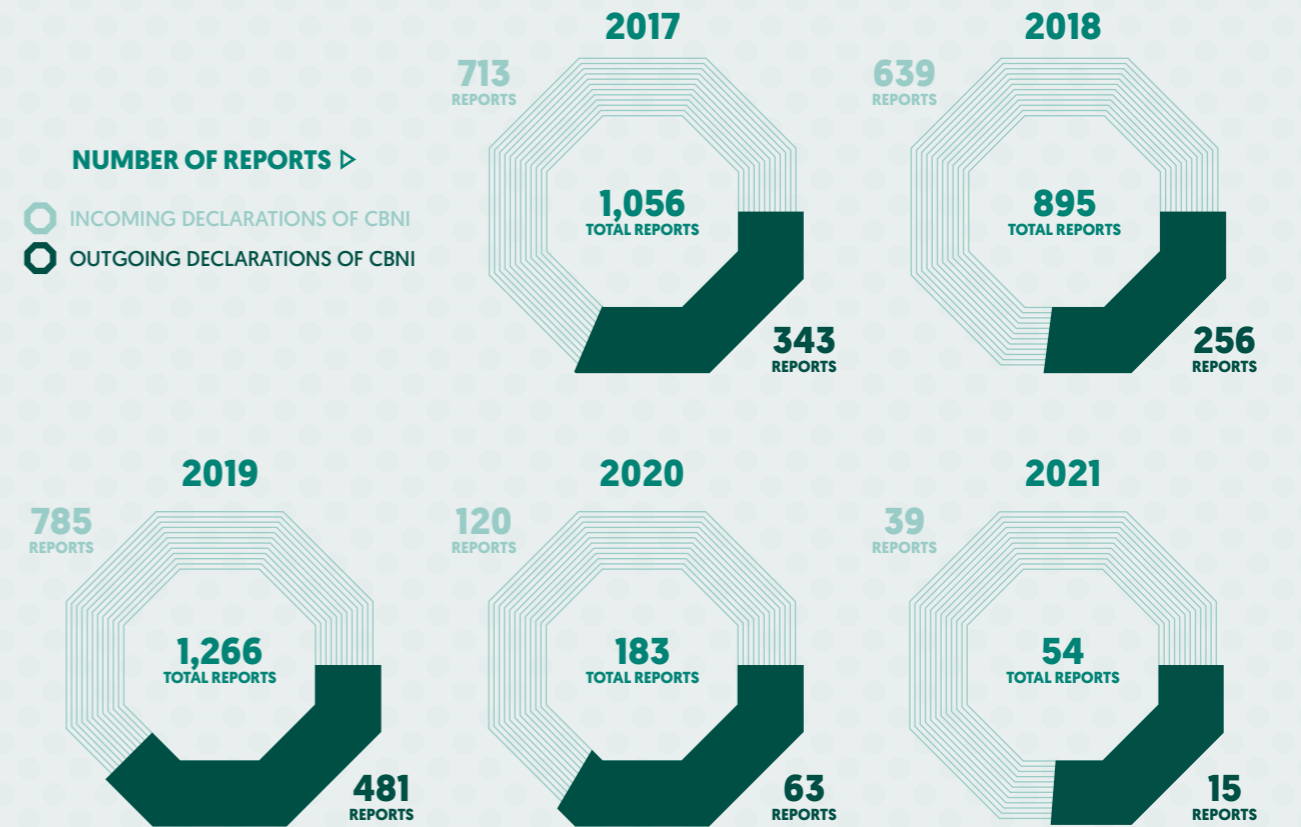
The CARO imposes measures for the disclosure of information regarding movements of CBNI into and out of Brunei Darussalam for the purposes of detecting, investigating, and prosecuting any offences involved under ML, TF and related offences. Failure to submit a CBNI declaration as per the requirements under Section 37 of the CARO is an offence and liable on conviction to a fine not exceeding BND50,000 or imprisonment for a term not exceeding 3 years or both.

Due to travel restrictions set in place to control the infectious spread of COVID-19, the FIU continues to receive a low number of reports in comparison to previous years at 54 reports received in 2021. The majority of CBNI Reports received were for the purpose of conducting business and were submitted by money changers and banks.



### NUMBER OF REPORTS

○ INCOMING DECLARATIONS OF CBNI  
 ○ OUTGOING DECLARATIONS OF CBNI



### VALUE OF CURRENCY DECLARED IN BND MILLIONS

○ INCOMING DECLARATIONS OF CBNI  
 ○ OUTGOING DECLARATIONS OF CBNI

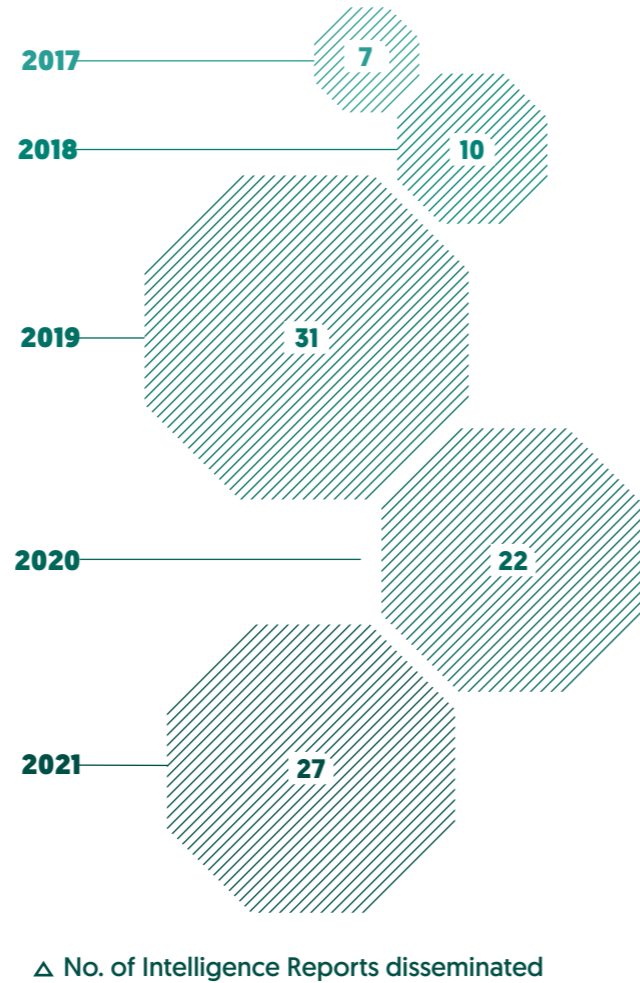


## INTELLIGENCE REPORT

Where there are substantiated suspicions of activity relating to ML, TF, or other serious offences, the FIU disseminates the results of its analysis to relevant authorities and stakeholders in the form of Intelligence Reports based on analysis of STRs or other non-STR reports received by the FIU such as CTRs and CBNI Reports as well as research/analysis of other sources of information available to the FIU. Intelligence Reports aim to assist law enforcement agencies, and other relevant stakeholders in the investigation of criminal activity.

Intelligence Reports disseminated in 2021 increased by 23% from the previous year as the FIU shifted to a more direct collaborative approach undertaken alongside the FIU's stakeholders. The year 2021 saw increased operational engagement in the provision of intelligence and information during on-going financial investigations and prosecutions. The feedback received from law enforcement agencies, that are the FIU's primary stakeholders, indicate that the assistance provided, whether in the form of intelligence reports or direct engagements between an analyst and a law enforcement officer, has been useful in developing financial investigations.

## TRENDS & TYPOLOGIES



In August 2021, the re-emergence of COVID-19 activated a nation-wide strategy to restrict movement with the exception of essential operations. The FIU determined the operations relating to AML/CFT requirements that are essential for FIs and DNFBPs to maintain during this period included: ▾

- 1 Monitoring of transactions to detect unusual and suspicious transactions.
- 2 Screening all transactions against the Consolidated List of Designated Persons and Entities.
- 3 Reporting of STRs related to TF immediately (within 24 hours).
- 4 Reporting of STRs relating to other crimes including Money Laundering within 5 days.
- 5 Provision of information upon request from the FIU or law enforcement agency.

The pandemic situation also brought about emerging risks based on the observations of several international organisations interested in security. Among these include an increase in the misuse of online financial services and virtual assets to move and conceal illicit funds.

Criminals and terrorists exploit COVID-19 and the associated economic downturn to move into new cash-intensive and high-liquidity lines of business in developing countries, both for the laundering of proceeds as well as to fund their operations, such as by fraudulently claiming to be charities and raising funds through online channels.

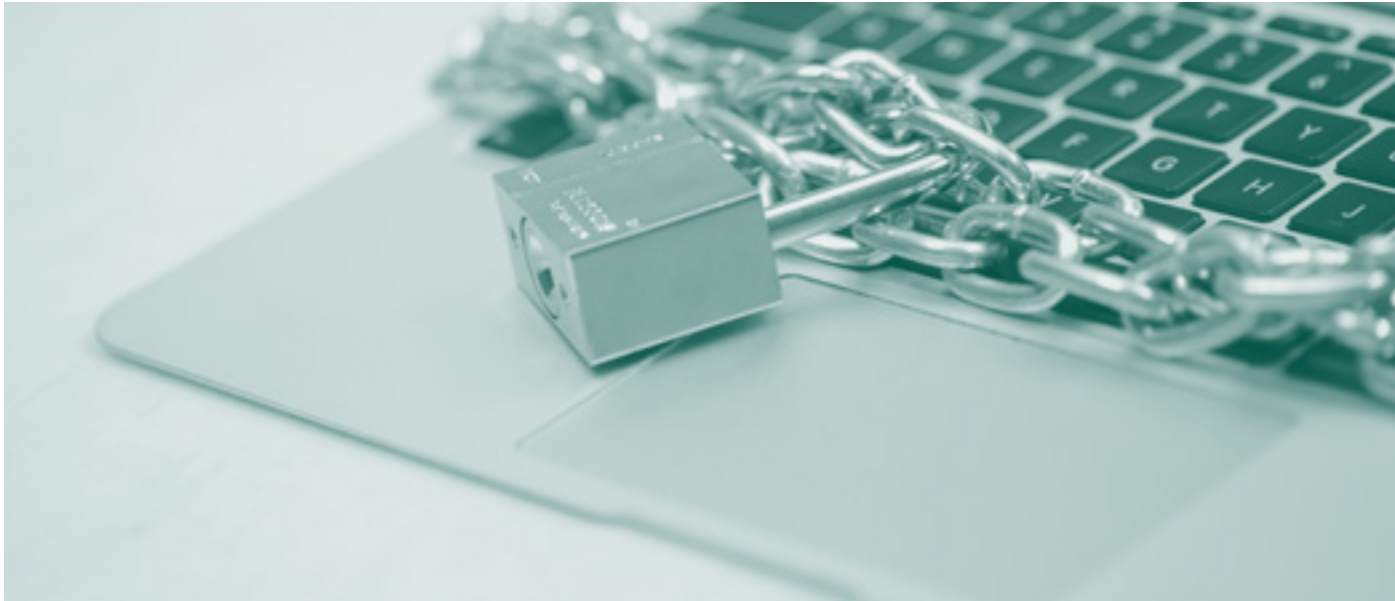
Countries around the region indicated largely similar threats during this period. These include: ▾

- 1 Cyber-fraud or cyber-enabled fraud
- 2 Corruption
- 3 Drug trafficking
- 4 Child pornography or child sexual exploitation

The red flag indicators associated with these crimes, particularly of fraud, include: ▾

- 1 Transmitting funds overseas to "relatives" to "buy face masks"
- 2 Large cash deposits made to previously inactive accounts due to "a cancelled holiday"
- 3 Persons describing their receipt of funds to be from "selling face masks"
- 4 Persons receiving multiple inward transfers of funds within a short amount of time and followed by large amounts of cash having "lost faith in the banking system"
- 5 Persons seeking "emergency" loans

Red flag indicators should not be taken as is to be suspicious but to be taken in addition to other indicators, in order to properly assess for suspicion.



## MANAGEMENT OF INFORMATION

### INFORMATION FINANCIAL INTELLIGENCE SYSTEM (IFIS)



IFIS is a secure online reporting and communication platform that facilitates the submission of reports from reporting entities and requests for information from the FIU's stakeholders. The system acts as the main platform for receiving, analysing, and storing reports and information including STRs, CTRs, CBNI reports, and RFIs.

IFIS utilizes the latest version of goAML, Anti-Money Laundering system, developed by the United Nations Office on Drugs and Crime (UNODC) and designed to meet the data collection, management, analytical, and statistical needs of the FIU.

As of 2021, 111 financial intelligence units have engaged with UNODC among which 56 have already deployed goAML. The FIU upgraded its IFIS to version 4.8 in January 2021 which introduced features that aims to improve data management.

On 28 – 29 April 2021, the FIU attended the virtual International User Group Meeting (IUGM) on goAML hosted by UNODC. The IUG discussed plans for future development of the goAML software including the upgrade to version 5.0, the incorporation of reportable aspects of virtual currencies and other virtual assets into a revised XML format as well as other future areas of cooperation between the IUG and UNODC.



## INTERNATIONAL COOPERATION

### EGMONT GROUP OF FINANCIAL INTELLIGENCE UNITS

The Egmont Group – established in 1995 in Brussels, Belgium – is a global network of 155 FIUs working together to foster and improve international cooperation, provide a platform for the secure exchange of information related to combating ML/TF, and foster the implementation of domestic programs in the field of AML/CFT. Brunei Darussalam, through the FIU, obtained an official membership to the Egmont Group in June 2014.

Through its four (4) Working Groups, the Egmont Group strives to accomplish its mission of development, cooperation, and sharing of expertise between member FIUs. The Working Groups consist of the following: ▽

- Information Exchange Working Group (IEWG),
- Membership, Support and Compliance Working Group (MSCWG),
- Policy and Procedures Working Group (PPWG), and
- Technical Assistance and Training Working Group (TATWG).

As a global network of FIUs, the Egmont Group's membership is divided into eight (8) regional groups. The Regional Groups assist the organization to accomplish its goals of development, cooperation, and sharing of expertise on a regional level. Each Regional Group is represented by a Regional Representative on the Egmont Committee. FIU, BDCB is a member of the Asia and Pacific Regional Group (APRG).



In 2021, the Head of FIU, BDCB was elected as one of the Regional Representatives of the APRG and one of the Vice-Chairs of the IEWG. The elections mark a significant achievement and highlight the FIU's contributions to both global and regional AML/CFT efforts.

The FIU attended the Egmont Working Group and Egmont Plenary Meetings held from 29 January – 10 February 2021 and 25 June – 9 July 2021. More than 500 participants, representing Egmont Group members, international partners, and observers were in attendance. The meetings examined the challenges faced by FIUs in combating ML/TF and associated predicate offences especially in the areas of digital transformation, international cooperation and the improved development of financial intelligence.



## FINANCIAL INTELLIGENCE CONSULTATIVE GROUP (FICG)



The FICG is an information exchange platform for FIUs in the ASEAN, Australia and New Zealand region, intended to identify and improve the understanding of key regional TF risks as well as strengthen collaboration on mutually agreed transnational crime priorities. As a member of the FICG, the FIU attended three (3) virtual FICG meetings on 4 March 2021, 21 June 2021, and 15 September 2021 which discussed updates on current work streams and progress on other initiatives.

On 9 March 2021, the FIU attended the South East Asia Counter Terrorism Financing Working Group (SEACTFWG) meeting to discuss the SEACTFWG report on TF information sharing. The SEACTFWG is a working group under the FICG which was established to develop appropriate work projects aimed at identifying ways to disrupt terrorist group's sources, movements and usage of funds and their overall financial networks in the Southeast Asian region.

In 2021, the FIU provided input to the SEACTFWG Report on Terrorism Financing which aims to encourage the proactive sharing of spontaneous disseminations between FICG members relating to foreign terrorist fighters in the Southeast Asia, Australia, and New Zealand region.

## ASIA/PACIFIC GROUP ON MONEY LAUNDERING (APG)



Brunei Darussalam has been a member of the APG since December 2002 with the FIU as the main contact point. The APG is an autonomous and collaborative international organization, founded in 1997 in Bangkok, Thailand, with 41 members and a number of international and regional observers committed to the effective implementation and enforcement of internationally accepted practices against ML/TF, particularly the FATF 40 Recommendations. APG Annual Meetings are conducted every year to discuss the adoption of Mutual Evaluation reports and follow-up progress reports from members.

In 2021, the FIU attended the virtual APG Annual Meeting hosted by Malaysia which included Pre-Plenary Committee Meetings held from 13 July 2021 – 15 July 2021 and the APG Plenary Meetings held from 27 July 2021 – 29 July 2021. Approximately 200 delegates attended over the three-day period as well as the committee meetings held in the lead up to the plenary. The APG Annual Meeting discussed and adopted the mutual evaluation reports of Tonga, Japan, Korea, and New Zealand. On 18 November 2021, the FIU attended a Special Plenary hosted virtually by Australia to discuss and adopt Vietnam's mutual evaluation report.

The FIU attended five (5) virtual meetings organised by the APG Mutual Evaluation Committee (MEC) on 29 April 2021, 24 June 2021, 13 July 2021, 4 November 2021, and 2 December 2021. The MEC is a consultative and coordination mechanism for APG members and observers to support the mutual evaluation programme through ensuring quality and consistency of assessments, supporting assessment-related training activities, and considering key issues for decision by the APG membership.

## 21ST ASEAN SENIOR OFFICIALS' MEETING ON TRANSNATIONAL CRIME (SOMTC) & DIALOGUE PARTNER MEETING



The ASEAN SOMTC meeting is held annually to address issues of transnational crime and explore areas of cooperation between members in combatting transnational crime, including terrorism, trafficking in persons, cybercrime, illicit drug trafficking, money laundering, arms smuggling, sea piracy, international economic crime, people smuggling and illicit wildlife and timber trafficking.

The FIU as part of the Brunei Darussalam delegation attended the 21st ASEAN SOMTC meeting organised by Brunei Darussalam from 26 July 2021 – 29 July 2021. The meeting was also joined by 10 ASEAN dialogue partners including Australia, China, the European Union, India, Japan, the Republic of Korea, New Zealand, Russia and the United States of America.

## HIGHLIGHTS OF

# 2021

### ONSITE EXAMINATION

The FIU completed an AML/CFT full scope onsite examination on a local bank with an exit meeting held on 14 June 2021.

The bank was assessed for its compliance against AML/CFT measures as required under the following:



Anti-Terrorism Order, 2011

Criminal Asset Recovery Order, 2012

Anti-Terrorism (Terrorist Financing) Regulations, 2013

The examination was initiated in March 2020; however, due to the COVID-19 pandemic, the onsite examination was postponed and only resumed in August 2020.

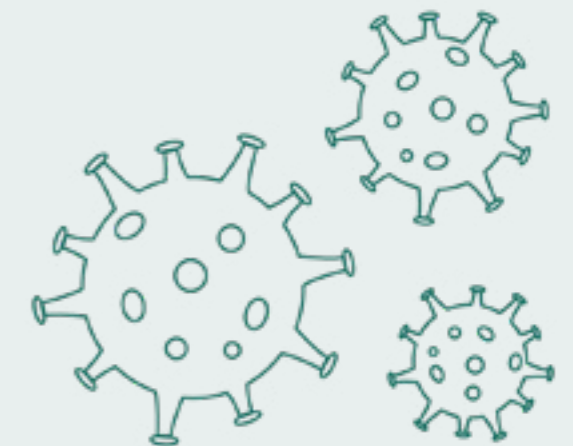
### SUPERVISORY LETTERS



Issues highlighted in the letters relate to possible non-compliance with requirements to report suspicious transactions under Section 15, Criminal Asset Recovery Order, 2012

### OFFSITE EXAMINATION

Due to the COVID-19 pandemic, offsite reviews on financial institutions were also conducted which produced assessment reports. Findings from the assessment reports have resulted in supervisory letters to different sectors.



## AML/CFT SUPERVISION

- Highlights of 2021
- Supervisory Activities & Enforcement Actions
- Outreach & Awareness

# SUPERVISORY ACTIVITIES & ENFORCEMENT ACTIONS

The AML/CFT Supervision monitors the FIs and DNFBPs to support the AML/CFT regime in Brunei Darussalam through risk-based approach for an effective supervisory program.

The FIU examines financial institutions' compliance with AML/CFT obligations through onsite and offsite examinations.

**Onsite and offsite examinations** are conducted on reporting entities to identify gaps and deficiencies, and to assess reporting entities' compliance towards AML/CFT regulatory obligations.

## ONSITE EXAMINATION

An onsite examination is an in-depth examination into an institution's AML/CFT policies and procedures and its implementation throughout the institution by examining documents, interviewing relevant officers from different departments and branches.

In 2021, the FIU completed one (1) onsite examination on a local bank.

## OFFSITE EXAMINATION

Offsite examination is an ongoing monitoring and review of an institution's internal control processes based on desktop reviews and analysis of documents provided or published by the FIs or DNFBPs such as policies & procedures documents, audit reports, and responses to the AML/CFT questionnaires.

Supervisory letters issued in 2021 include matters relating to non-compliance with STR filing requirements under Section 15, CARO, transaction monitoring system review, COVID-19 Control Measures and UN Consolidated List of Designated Individuals and Entities: ▾

A total of 27 supervisory letters were issued in 2021, which highlighted concerns and deficiencies that were identified, through this review. 59% of supervisory letters issued were in relation to AML/CFT deficiencies relating to information on possible non-submission of STR while 44% related to the requirement of screening against the United Nations Consolidated List of Designated Persons and Entities. Responses received from financial institutions provided a better understanding of the processes that financial institutions have in place and the identification of deficiencies in complying with the AML/CFT requirements. ▾

	No. of onsite examination completed	No. of Supervisory letters issued
<b>2018</b>	20	10
<b>2019</b>	3	45
<b>2020</b>	3	17
<b>2021</b>	1	27

### COVID-19 CONTROL MEASURES

The FIU issued the FIU Info Circular relating to COVID-19 Control Measures which determined essential operations to AML/CFT requirements. A survey was circulated to assess the measures implemented by all financial institutions and DNFBPs in ensuring the essential operations continue to be conducted.

### UNITED NATIONS CONSOLIDATED LIST OF DESIGNATED INDIVIDUALS AND ENTITIES

A thematic review on sanction screening against the United Nations Consolidated List of Designated Individuals and Entities was conducted based on responses to surveys issued upon the update of the List throughout 2021. Responses received from financial institutions provided better understanding of the processes that financial institutions have in place and the deficiencies in complying with the AML/CFT requirements.

## SANCTION

With the issuance of guidance papers and outreach and awareness conducted, the FIU expects FIs and DNFBPs to improve their level of compliance. Through ongoing monitoring and supervision of the reporting entities, the FIU is able to detect and identify deficiencies and non-compliance in the reporting entities' AML/CFT systems and processes to ensure: ▾

- 1** Reporting entities effectively implement actions to address deficiencies and non-compliance to regulatory requirements
- 2** Application of appropriate remedial actions and effective, proportionate, and dissuasive sanctions
- 3** Safeguarding of the financial system from potentially being abused by criminals for ML/TF

Directions to serve as a final warning before regulatory actions are taken for deficiencies in reporting entities' AML/CFT framework and vulnerabilities to abuse for ML/TF and other financial crimes. Failure to comply with regulatory requirements or directions issued may be subject to imposition of a fine. In 2021, no new Directions were issued and no fines were imposed.



## OUTREACH & AWARENESS

The FIU carried out the following activities in efforts to enhance stakeholder engagement and assist in raising awareness on AML/CFT obligations: ▾

### AML/CFT REFRESHER COURSE FOR A FINANCIAL INSTITUTION IN MARCH 2021

The FIU organised the refresher course which included an overview of the existing AML/CFT regime in Brunei Darussalam, understanding and application of a risk-based approach, requirements on reporting of cash transactions and suspicious transactions, and on the IFIS.

### EXPOSURE DRAFT ON THE NOTICE AND GUIDELINES ON NON-FACE-TO-FACE MEASURES FOR CUSTOMER ONBOARDING AND ONGOING CUSTOMER DUE DILIGENCE IN DECEMBER 2021

In collaboration with the Technology Risk Supervision Unit, BDCB, the FIU initiated an industry consultation on the Notice and Guidelines with the financial sector and relevant agencies. The Notice and Guidelines aim to standardise the use of Electronic Know Your Customer [E-KYC] procedures in financial institutions' offering of financial products and services. This is to ensure that the use of E-KYC for non-face-to-face customer onboarding and conducting ongoing due diligence adhere to AML/CFT requirements, and the system and technology in place are robust and secure against any form of cyber-attack or threats.



# CAPACITY BUILDING

## **ASIA/PACIFIC GROUP ON MONEY LAUNDERING (APG) TYPOLOGIES WORKSHOP** 2 – 5 FEBRUARY 2021

FIU attended the virtual APG Typologies Workshop from 2 – 5 February 2021 hosted by the APG Secretariat. The workshop brought together AML/CFT experts, including law enforcement agencies, prosecutors, financial intelligence units, along with international, non-government and private sector organisations from across the Asia-Pacific region, to share knowledge and expertise on trends in relation to ML/TF cases and implementation of AML/CFT regimes.

## **UNITED NATIONS OFFICE ON DRUGS AND CRIME (UNODC) OPEN SOURCE INTELLIGENCE FOR CORRUPTION INVESTIGATIONS WORKSHOP** 9 MARCH 2021

The FIU attended a virtual workshop on 9 March 2021 hosted by the UNODC. The workshop featured presentations from various Asia-Pacific region agencies involved in the investigation of grand corruption as well as representatives from INTERPOL. Participating agencies each shared their best practices in tackling corruption investigations that include the identification of hidden assets through social media surveillance, and online news research.

## **EGMONT CENTRE OF FIU EXCELLENCE AND LEADERSHIP (ECOFEL) WORKSHOP ON PUBLIC PRIVATE PARTNERSHIP IN TACKLING ILLEGAL WILDLIFE TRADE** 12 MARCH 2021

The FIU attended the virtual workshop on Public Private Partnership in tackling Illegal Wildlife Trade (IWT) hosted by ECOFEL on 12 March 2021. The objective of the workshop is to foster partnerships between FIUs, environmental agencies, and international organisations from all around the world.

**AUSTRALIAN NATIONAL UNIVERSITY & AUSTRALIAN BORDER FORCE (ANU-ABF) WEBINAR ON TRANSNATIONAL ORGANISED CRIME** 23 MARCH 2021

The FIU attended a virtual webinar on 23 March 2021 hosted jointly by the ANU and the ABF on the topic of Transnational Organised Crime. The webinar laid down and discussed the foundation infrastructure that enables law enforcement, intelligence and prosecution agencies to work together across borders to tackle this type of crime.

**ECOFEL REGIONAL WORKSHOP ON COOPERATION & INFORMATION SHARING BETWEEN FIUs, SUPERVISORY AUTHORITIES & LAW ENFORCEMENT AGENCIES** 12 APRIL 2021

This workshop aimed to streamline the cooperation between FIUs, supervisory authorities, and law enforcement agencies; improve participants' knowledge regarding the strengths of, and impediments to, effective collaboration between these agencies; and provide practical solutions on how financial intelligence is effectively managed among the competent authorities responsible for AML/CFT and support the implementation of relevant international standards.

**ASIA/PACIFIC GROUP ON MONEY LAUNDERING (APG) REGIONAL WEBINAR SERIES ON DESIGNATED NON-FINANCIAL BUSINESSES & PROFESSIONS (DNFBPs) SUPERVISION: "DNFBPs REGULATION: FATF INTERNATIONAL STANDARDS & IMPLEMENTATION"** 28 APRIL 2021

The webinar provided a platform for the FIU to learn from the expertise and experience of international supervisors specialised in DNFBPs supervision, addressing common challenges and gaps on AML/CFT measures, and the opportunity for ongoing engagement between DNFBPs supervisors from various member jurisdictions.

**ASIA/ASIA PACIFIC II REGIONAL WORKSHOP** 15 - 17 JUNE 2021

The FIU attended the virtual Operation TENTACLE – Asia/Asia-Pacific II Regional Workshop on 15 June 2021 to 17 June 2021 hosted by World Customs Organization (WCO). The aim of Project TENTACLE is to raise the awareness of Customs administrations, FIUs and police services regarding money laundering in the Customs area, and also to raise their capacity to combat these identified issues.

This virtual workshop included an in-depth look into trends and techniques used by criminals in bulk cash smuggling and the smuggling of gems and precious metals. The primary focus of the Operation TENTACLE-Asia/Asia-Pacific II efforts that are scheduled to be held, subject to the COVID-19 pandemic developments, at the end of 2021 or beginning of 2022. The Operation intends to focus on the smuggling of currency, gems and precious metals using the mode of air travel including parcel and courier services.

Moving forward the FIU plans to hold operational discussions with the Royal Customs and Excise Department (RCED) as the lead agency representing Brunei Darussalam for Operation TENTACLE.

**APG REGIONAL WEBINAR SERIES ON DNFBP SUPERVISION: "RISK ASSESSMENTS & DNFBPs: REGULATORY & SUPERVISORY STRATEGIES TO ADDRESS RISK"** 16 JUNE 2021

This is the second webinar organised by APG relating to DNFBP supervision, where it addressed topics related to risk-based supervision in the DNFBP sectors, assessment on the effectiveness of measures taken, and cooperation with the DNFBPs sectors in combating money laundering and terrorism financing.

**OPENPGP TRAINING** 30 JUNE 2021

Two (2) FIU personnel attended a training session on 30 June 2021 hosted by Cyber Security Brunei (CSB). The session featured demonstrations and a practical application of OpenPGP, an encryption program that provides cryptographic privacy and authentication for data communication which aims to increase the security of email communications between government agencies.

**WORLD CUSTOMS ORGANISATION – EGMONT GROUP OF FIUs WORKSHOP ON COOPERATION BETWEEN NATIONAL CUSTOMS AUTHORITIES & FINANCIAL INTELLIGENCE UNITS: OPERATIONAL MATTERS, CHALLENGES & SOLUTIONS** 29 JULY 2021

On 29 July 2021, four (4) FIU personnel participated in this workshop that discussed best practices for cooperation between Customs Authorities and FIUs. It was also attended by an officer from the Royal Customs and Excise Department, Brunei Darussalam. This workshop served as a useful platform to discuss beneficial preparatory measures prior to implementing a joint operation as well as during and after a joint operation.

**SEACEN VIRTUAL WORKSHOP ON COUNTERING THE PROLIFERATION RISK** 3 – 4 AUGUST 2021

On 3 – 4 August 2021, two (2) FIU personnel attended this virtual workshop organised by the South East Asian Central Banks (SEACEN) Research and Training Centre. The workshop provided the latest trends and typologies with respect to North Korean commercial activities most impacted by international sanctions programs. This workshop is aimed to identify and manage complex risks presented by regulatory requirements for North Korea-focused international sanctions.

**ICA CERTIFICATE IN KNOW YOUR CUSTOMER & CUSTOMER DUE DILIGENCE** 4 – 5 AUGUST 2021

Two (2) FIU personnel attended the International Compliance Association (ICA) Certificate on Know Your Customer (KYC) and Customer Due Diligence (CDD) which was held on 4 – 5 August 2021 organised by the Brunei Institute of Leadership & Islamic Finance (BILIF). The course explores the concept of both KYC and CDD, and its significant role in mitigating unwanted risks relating to money laundering and terrorism financing. The training provided an opportunity for participants to have an awareness of how to apply a risk-based approach for everyday operations and to learn more on technological developments having an impact in enhancing the KYC and CDD processes.

It is also designed to equip central banks to meet these challenges. Following the course, an examination took place on 4 October 2021 with both FIU personnel obtaining the above mentioned certification.

**SEACEN ONLINE COURSE ON DATA ANALYTICS & SUPERVISORY TECHNOLOGY** 1 – 3 SEPTEMBER 2021

Five (5) FIU personnel attended the South East Asian Central Banks (SEACEN) course on Data Analytics and Supervisory Technology from 1 – 3 September 2021. This online course was organised by the SEACEN Research and Training Centre and is designed to help supervisors and regulators in SEACEN member central banks and monetary authorities to understand developments relating to data science and data analytics that are useful to extracting actionable knowledge from data, especially big data—extremely large data sets that can be analysed to reveal patterns, trends, and associations for supervisory and decision-making purposes.

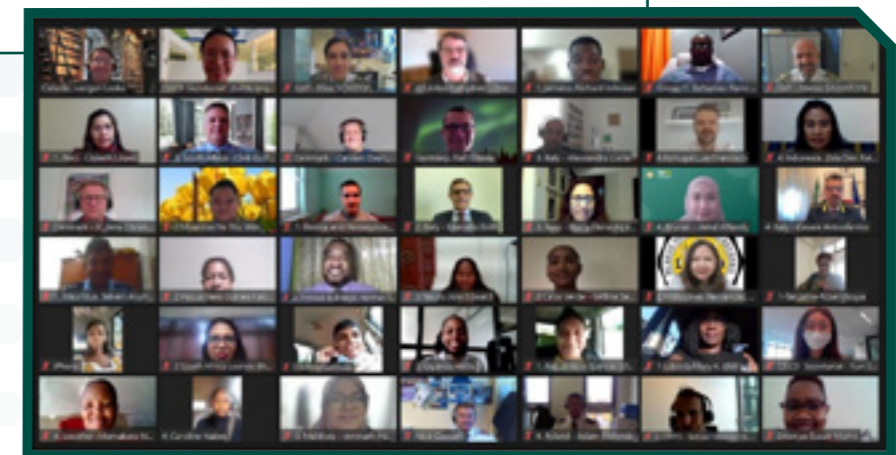
**DATA ANALYTICS WEBINAR** 5 – 7 OCTOBER 2021

Two (2) FIU personnel attended this webinar which was held on 5 October 2021 to 7 October 2021. Hosted by APG in partnership with Malaysia (BNM), this webinar highlighted the latest development on analytics tools and potential application in AML/CFT measures, operational challenges and limitations of data analytics, and as well as the balancing of data analytics and data privacy.

In this webinar, there was also a session for sharing of experience of Data Analytics in FI and AML/CFT Supervision which highlighted the application approach and methods, challenges and limitations of analytics tools, and also the impact and outcome from adoption of the analytics initiative.

**INVESTIGATIVE TECHNIQUES FOR THE CASH ECONOMY (SPECIALTY) VIRTUAL PROGRAMME** 11 – 20 OCTOBER 2021

An FIU personnel participated in this eight-day course which was held from 11 October 2021 to 20 October 2021 hosted by OECD International Academy for Tax Crime (Italy). This programme explored the general investigative techniques, risk indicators, electronic sales suppression systems, electronic investigative techniques, methods of proof and indirect verification of income, legislative and procedural approaches to the cash economy.



### COOPERATION & INFORMATION SHARING BETWEEN FINANCIAL INTELLIGENCE UNITS, LAW ENFORCEMENT AUTHORITIES & PROSECUTORS WORKSHOP 20 – 21 OCTOBER 2021

The Head of FIU along with the Intel Team of FIU attended an online workshop from 20 October 2021 to 21 October 2021 organised by Egmont Centre of FIU Excellence and Leadership (ECOFEL) with the financial contribution of the International Narcotics and Law Enforcement (INL) Bureau of the Department of State of United States of America. The Head of FI, as the Asia and Pacific Regional Representative delivered the opening remarks of this workshop which aimed to provide practical solutions on how financial intelligence is effectively managed among the competent authorities responsible for combating money laundering, associated predicate offences and terrorist financing and support the implementation of relevant international standards.

### APG 3<sup>RD</sup> DESIGNATED NON-FINANCIAL BUSINESSES OR PROFESSIONS (DNFBP) SUPERVISION WEBINAR 27 OCTOBER 2021

On 27 October 2021, two (2) FIU personnel attended this virtual webinar hosted by the Asia Pacific Group on Money Laundering (APG). This webinar provided a platform for APG members to share their experiences in regulating and supervising DNFBPs including low risk sectors.

### APG TRAINING SERIES ON IMPLEMENTING FINANCIAL ACTION TASK FORCE (FATF) STANDARDS RELATING TO VIRTUAL ASSETS/VIRTUAL ASSETS SERVICE PROVIDERS (VA/VASPs) – SESSION 1: INTRODUCTION TO VA/VASPs & THE RELEVANT FATF STANDARDS 2 NOVEMBER 2021

Hosted by the APG, this training series was split into two (2) sessions. The first session was attended by an FIU personnel on 2 November 2021. This session aimed to improve the understanding of the new requirements for VA/VASPs under the FATF standards and support effective implementation by the APG members.

The second session was attended by three (3) FI personnel. In this session the risks associated with VA/VASPs were addressed. Sectoral risk assessments were also conducted including some best practice examples.

### APG TYPOLOGIES WORKSHOP 2021 9 – 11 NOVEMBER 2021

On 9 November 2021 to 11 November 2021, two (2) FIU personnel attended this virtual workshop. This workshop was hosted by the Malaysian government which brought together officials, the private sector and civil society (NGOs) to share knowledge on ML and TF trends and AML/CFT implementation.

It included two sessions:

- Proliferation Financing Risk Assessments: focusing on the recent changes to the FATF standards on proliferation financing (PF) risk assessments, current trends and typologies in PF, and the challenges faced by APG members and private sector entities developing PF-related risk assessments.
- Public Private Partnership (PPP): focusing on the use of PPPs in identification and sharing of typologies as cooperative mechanisms to combat ML/TF/PF.

### MASTER THE 9 FEATURES TO BECOME A MICROSOFT EXCEL EXPERT 24 NOVEMBER 2021

An FIU Personnel attended this course on 24 November 2021 hosted by KCOM Academy. This course covered the features on how to use formula and functions and as well as how to use database analysis and reporting that will ensure the data in Excel spreadsheet is accurate to avoid any costly screw-ups. The aims for this course are to make sure that the attendees will work with Excel confidently, prevent common mistakes and be able to prepare timely reports.

### THE 5<sup>TH</sup> GLOBAL CONFERENCE ON CRIMINAL FINANCES & CRYPTOCURRENCIES 7 – 8 DECEMBER 2021

Three (3) FIU personnel attended this conference which was held on 7 December 2021 and 8 December 2021. It was hosted by Basel Institute through its International Centre for Asset Recovery. This conference helped to create a network of practitioners and experts to collectively establish best practices, assistance and recommendations in this fast-evolving field. The aim is to increase the capabilities of all relevant actors to successfully investigate and prosecute crimes in which virtual assets are involved, as well as manage related risks to companies and national/global financial systems.

<b>ACRONYM</b>	<b>DEFINITION</b>
<b>ACB</b>	Anti-Corruption Bureau
<b>AGC</b>	Attorney General's Chambers
<b>BDCB</b>	Brunei Darussalam Central Bank
<b>AML/CFT</b>	Anti-Money Laundering and Combating the Financing of Terrorism
<b>APG</b>	Asia/Pacific Group on Money Laundering
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>ATO</b>	Anti-Terrorism Order, 2011
<b>AUSTRAC</b>	Australian Transaction Reports and Analysis Centre
<b>CARO</b>	Criminal Asset Recovery Order, 2012
<b>CBNI</b>	Physical Currency and Bearer Negotiable Instruments
<b>CIBFM</b>	Centre for Islamic Banking, Finance and Management
<b>CTF</b>	Counter Terrorism Financing
<b>CTR</b>	Cash Transaction Report
<b>DNFBPs</b>	Designated Non-Financial Businesses and Professions
<b>FATF</b>	Financial Action Task Force
<b>FI</b>	Financial Institution
<b>FIAC</b>	Financial Intelligence Analyst Course
<b>FICG</b>	Financial Intelligence Consultative Group
<b>FIU</b>	Financial Intelligence Unit
<b>IFIS</b>	Integrated Financial Intelligence System
<b>INRD</b>	Immigration and National Registration Department
<b>ISD</b>	Internal Security Department
<b>IWT</b>	Illegal Wildlife Trade
<b>ML</b>	Money Laundering
<b>MOU</b>	Memorandum of Understanding
<b>NAMLC</b>	National Anti-Money Laundering and Combating the Financing of Terrorism Committee
<b>NCB</b>	Narcotics Control Bureau
<b>RBPF</b>	Royal Brunei Police Force
<b>RCED</b>	Royal Customs and Excise Department
<b>RFI</b>	Request for Information
<b>STR</b>	Suspicious Transaction Report
<b>TF</b>	Terrorism Financing
<b>TFR</b>	Anti-Terrorism (Terrorist Financing) Regulations, 2013
<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>UNSCR</b>	United Nations Security Council Resolutions



