



**BDCB**  
BRUNEI DARUSSALAM  
CENTRAL BANK



# 20 23

FINANCIAL  
INTELLIGENCE UNIT

# Annual Report

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# Message from the *Managing Director*



**Bismillah Hirrahman Nirrahim**  
**Assalamu'alaikum Warahmatullahi**  
**Wabarakatuh**

It is my great pleasure to present the eighth publication of the Annual Report of the Financial Intelligence Unit (FIU), Brunei Darussalam Central Bank (BDCB) for the year 2023.

As we look back on the year, it is imperative to acknowledge global and regional developments given that security and economic issues transcend national borders. The Association of Southeast Asian Nation (ASEAN) Investment Report 2023 highlighted that foreign direct investments (FDI) inflows into the Southeast Asian region reached an all-time high of USD224 billion in 2022. In 2022, Brunei Darussalam ratified the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), further boosting its appeal as a destination for FDI. To maintain this momentum, it is vital to strike a balance between fostering economic growth and safeguarding the financial sector from illicit financial activities. This can be achieved not only by continuously assessing, identifying, and understanding current and emerging risks, but also by reinforcing anti-money laundering (AML) and combating the financing of terrorism (CFT) measures. Strengthening risk-based supervision in line with these identified risks will be essential to ensuring compliance and enhancing the resilience of the financial system. It is important to acknowledge that as the country's economy diversifies, trade-based money laundering constitutes a profound risk, including the abuse of corporate vehicles.

The heightened geopolitical situation in the Middle East has translated to increased international flows of humanitarian aid including from charitable donations through the financial and the non-profit organisation (NPO) sectors originating from all reaches of the globe, posing inherent terrorism financing (TF) risks. On a related note, the post-COVID-19 years continue to observe fraudulent activity including via the cyber realm. The monitoring of digital and cross-border transactions presents an immense challenge for authorities globally. It is therefore important to foster domestic and international cooperation between relevant agencies as well as sustained awareness of money laundering (ML) and TF risks facilitated by these activities, including among reporting entities and the NPO sector. One of BDCB's key initiatives in combating financial crime is the establishment of a formal Public-Private Partnership (PPP) forum, known as the Crimes Intelligence Research Group (CINRG, 'Synergy'). Currently, CINRG is dedicated to addressing scams by providing a platform for involving both government and private sector entities.

I am pleased to share that in January 2023, comprehensive amendments to the Criminal Asset Recovery Order, 2012 (CARO) came into effect, further enhancing and clarifying existing preventive measures to combat ML/TF to align with updated international standards and in support of Pillar III of Brunei Darussalam's Financial Sector Blueprint (FSBP) (2016-2025). In accordance with a risk-based supervision plan, onsite examinations were conducted on 17 remittance companies in 2023, a sector that has been identified as posing medium-high ML/TF risks.

The risks and vulnerabilities associated with virtual assets (VAs) remain a significant concern. In alignment with Brunei Darussalam's strategic vision of fostering a dynamic and sustainable digital economy, BDCB, through the National Anti-Money Laundering and Combating the Financing of Terrorism Committee (NAMLC), organised a highly successful two-day workshop on VAs. Led by industry experts, the workshop provided key stakeholders from relevant agencies with foundational knowledge on virtual assets and Virtual Assets Service Providers (VASPs). The workshop reflects the nation's dedication and commitment to equipping stakeholders with the necessary expertise to navigate the complexities of the financial landscape related to VAs.

Syukur Alhamdulillah, with the blessings of Allah Subhanahu Wata'ala, 2023 witnessed the conclusion of Brunei Darussalam's third Mutual Evaluation (ME) process where the Mutual Evaluation Report (MER) was successfully endorsed by the APG in July 2023. This resulted in Brunei Darussalam's placement in the Enhanced Follow Up category, on par with Malaysia and Singapore, and second in rank to Indonesia in

Southeast Asia through the achievement of five Substantial Effectiveness ratings.

This positive achievement is an improvement from Brunei Darussalam's previous ME results and is a testament to the hard work that has been done since. The work does not end here and it is now expected for Brunei Darussalam to take steps to enhance its AML/CFT regime as outlined in the recommended actions from the MER published in August 2023. In addition, it is anticipated for the country regime to expand to cover Counter Proliferation Financing (CPF) matters. Moving forward, the recommended actions will be incorporated in the formulation of the next cycle of the National Strategy on AML/CFT and CPF of Weapons of Mass Destruction scheduled for 2024. As we celebrate this momentous achievement, let us reaffirm our commitment as a responsible member of the international community in the effective implementation of international standards to combat ML, TF, and proliferation financing (PF).

To conclude, I would like to take this opportunity to express my sincere gratitude and appreciation to all stakeholders who have contributed to the successful outcome of the ME and to the broader efforts in combating ML/TF, and other crimes. As we move forward to the next year, we must endeavour to continue to maintain this level of excellence, as an organisation and as a country.

**Hajah Rokiah binti Haji Badar**

*Managing Director*

Brunei Darussalam Central Bank

# Foreword by the *Head of FIU*



**Bismillah Hirrahman Nirrahim**  
**Assalamu'alaikum Warahmatullahi**  
**Wabarakatuh**

By the grace of Allah Subhanahu Wata'ala, Brunei Darussalam successfully completed its third Asia Pacific Group on Money Laundering (APG) Mutual Evaluation (ME) achieving substantial results in a number of key areas such as assessment and understanding of risk and risk mitigation, international cooperation, development and use of financial intelligence, and criminal justice measures against terrorist financing. This outcome demonstrates Brunei Darussalam's strong commitment to combat financial crime and major steps taken to comply with the 40 Recommendations set by the Financial Action Task Force (FATF).

The Financial Intelligence Unit, Brunei Darussalam Central Bank (FIU, BDCB) as NAMLC Secretariat and coordinator of the ME, conducted intensive preparations in finalising the MER including in-depth reviews of the draft MER in the first half of 2023 which included a Face-to-Face Meeting in May 2023 attended by the APG Secretariat and Assessor Team. In July 2023, the Brunei Darussalam delegation, led by the Deputy Minister of Finance and Economy (Fiscal) as NAMLC Chair, attended the APG Plenary Meetings where the Brunei Darussalam MER was formally discussed and endorsed. The MER outlines key findings and recommended actions, including key priority areas for Brunei Darussalam to focus on in enhancing its AML/CFT regime.

With the completion of the ME process, NAMLC had agreed for the MER recommended actions to be incorporated into the formulation of the 4th cycle of the National Strategy on AML/CFT and CPF of Weapons of Mass Destruction as part of Brunei Darussalam's high-level commitment and strategic policy in combating ML/TF and proliferation financing of weapons of mass destruction (WMDs).

As the central agency for financial intelligence matters, the FIU, BDCB continues its efforts at the domestic and international levels of inter-agency cooperation and information exchange. The FIU actively engages and partners with domestic security and law enforcement agencies to support the facilitation of actionable financial intelligence.

The prevalence of digital fraud has created new collaborative opportunities for the FIU, BDCB and the new Cyber Crime Investigation Division, Royal Brunei Police Force (RBPF) through both bilateral meetings and multilateral forums. This has provided opportunities for the FIU to act as a nexus to reporting entities, foster closer and swift collaboration and the provision of useful financial intelligence in operational cases to facilitate effective investigations.

Furthermore, with the growing incidents of scams, three Public-Private Partnership (PPP) meetings were held which provided a dialogue platform between the FIU, regulators, law enforcement, and the private sector for sharing information and best practices in tackling fraud, a high-risk ML threat. The initiatives led to the establishment of the Crimes Intelligence Research Group (CINRG, 'Synergy') that aims to identify emerging crime trends, address gaps, and propose strategic or operational actions, including awareness, based on collaborative assessments between PPP participating agencies.

A Memorandum of Understanding (MoU) was signed with the Australian Transaction Reports and Analysis Centre (AUSTRAC) on the sidelines of the Financial Intelligence Consultative Group (FICG) Face-to-Face Meetings in Singapore in February 2023. Brunei Darussalam, through the FIU participated in the Egmont Group Working Group and Regional Meetings virtually in January 2023 and the Egmont Plenary Meeting in Abu Dhabi, United Arab Emirates in July 2023. Underpinning a successful year, Brunei Darussalam retained the position as Co-Chair of the Asia Pacific Regional Group (APRG) for the second and final term, and successfully co-chaired the APRG meetings with Australia, leading thoughtful discussions and gaining insights from the members on important topics such as virtual assets.

On 31 January 2023, the Criminal Asset Recovery (Amendment) Order, 2023 (CARO) came into effect which

strengthens the supervisory powers of the FIU and provides clarity and additional tools of enforcement to the AML/CFT Supervision Unit within the FIU. In June and July 2023, the FIU held briefings to financial institutions (FIs) and designated non-financial businesses and professions (DNFBPs) to present the amendments to the CARO, the Anti-Terrorism Order, 2011 (ATO), and the Anti-Terrorism (Terrorist Financing) Regulations, 2013 (TFR). In line with its supervisory role, onsite inspections on 17 remittance institutions were successfully completed and 22 supervisory letters were issued to entities in various sectors for identified deficiencies and non-compliance issues. As AML/CFT supervisors, the FIU continues to conduct regular monitoring and review to provide guidance and support to institutions towards improved compliance.

In closing, I would like to reiterate my sincere gratitude to my team for their hard work and perseverance, and to all of our stakeholders for their valuable time and contribution especially during the ME process which has been both challenging and rewarding. Let us take a moment to appreciate the dedication and expertise that each of us brought to the Evaluation and continue this enthusiasm and close collaboration among AML/CFT stakeholders.

As illustrated in the achievements and activities described above, the FIU's role is an integral one and I believe that with the support and dedication of our key partners and the private sector, we can continue in upholding our high standards in the collective effort to fight against ML/TF and other serious crimes. It is clear that this journey is far from over, and as we face challenges that are ever-evolving, and in anticipation of the next ME, it is imperative that we continue this close cooperation to ensure that we can fulfil our mandated responsibilities with integrity and efficiency for years to come.

Congratulations again to each and every one of us and to many more successes and continued excellence.

**Hajah Nuralia binti Haji Abdul Rahim**

*Executive Director cum Head of FIU*  
Brunei Darussalam Central Bank

# About the *Financial Intelligence Unit*

Background and Structure  
Vision and Mission



## Background and Structure

Money laundering and terrorism financing (ML/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/TF, aims to prevent these illegal activities and the harm they cause to society through the development of the FATF Recommendations or FATF Standards. Brunei Darussalam has built its Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) regime, its legal and institutional framework, following these 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. 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 AML/CFT legal and regulatory framework, the FIU plays a pivotal role in the fight against ML, associated predicate offences, and TF.

## The FIU has three (3) primary functions



### Analysis and 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

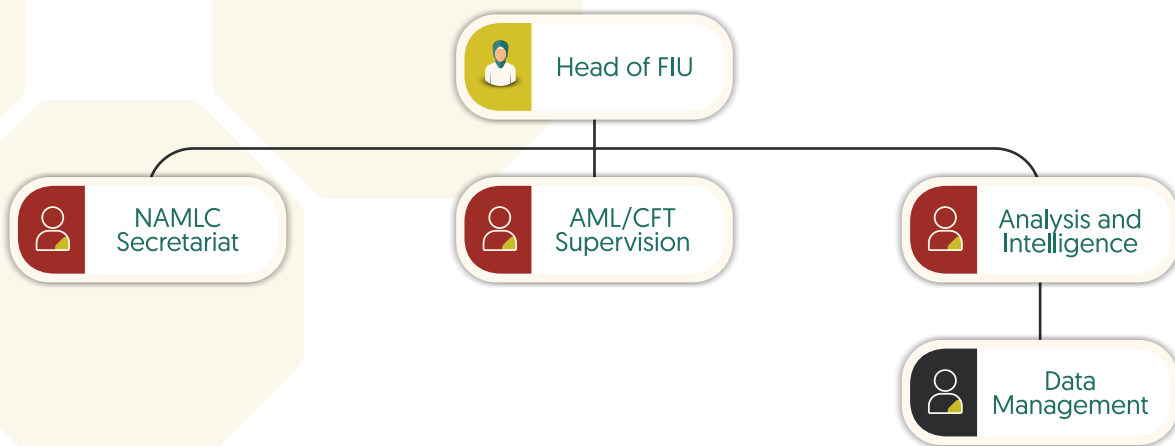
This function's primary role is to monitor the compliance of reporting entities, which includes financial institutions (FIs), designated non-financial businesses and professions (DNFBPs), and dealers in high value goods, towards AML/CFT obligations on a risk-based approach. This includes ensuring that the reporting entities understand their respective ML/TF risks, as well as developing and implementing methods to mitigate those risks.



### National Anti-Money Laundering & Combating The Financing of Terrorism Committee (NAMLC) Secretariat

The NAMLC is the national coordinating body on AML/CFT matters. It oversees the development of national policies on measures to combat ML and TF including AML/CFT related legislation, monitors Brunei Darussalam's compliance to the FATF Standards and facilitates the exchange of information between domestic and international stakeholders.

# Organisational Structure



## Vision

To be recognised as a **reliable financial intelligence provider and partner** in detecting financial crimes including ML, TF and financing of proliferation.

## Mission

Obtain substantial level of effectiveness for BDCB-related Immediate Outcomes in Brunei Darussalam's Mutual Evaluation (ME):

### *Immediate Outcome 3*

Supervisors appropriately supervise, monitor and regulate FIs and DNFBPs for compliance with AML/CFT requirements commensurate with their risks.

### *Immediate Outcome 4*

FIs and DNFBPs adequately apply AML/CFT preventive measures commensurate with their risks and report suspicious transactions.

### *Immediate Outcome 6*

Financial intelligence and all other relevant information are appropriately used by competent authorities for ML/TF investigations.

### *Immediate Outcome 11*

Persons and entities involved in the proliferation of weapons of mass destruction [WMDs] are prevented from raising, moving and using funds, consistent with the relevant United Nations Security Council Resolutions [UNSCRs].



Asia/Pacific Group on  
Money Laundering (APG)  
*Mutual Evaluation of  
Brunei Darussalam*

The APG Mutual Evaluation is a peer review system that examines and determines a country's level of compliance with the international standards on AML/CFT namely the Financial Action Task Force (FATF) 40 Recommendations. The review is conducted by a team of experts drawn together from APG member jurisdictions specially trained and qualified in the FATF assessment methodology.

The assessment methodology comprises two components:

**The 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.

**The 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.

In **2023**, Brunei Darussalam completed its 3<sup>rd</sup> APG Mutual Evaluation, having previously completed its 2<sup>nd</sup> Mutual Evaluation in 2010. In collaboration with other stakeholders including the Attorney General's Chambers (AGC), law enforcement agencies, the FIU, as NAMLC Secretariat, completed the following milestones:

**19 JAN**

The first draft of the Brunei Darussalam Mutual Evaluation Report (MER) received from the APG.

**20 FEB**

Submission of comments to the first draft of the Brunei Darussalam MER to the APG.

**22 MAR**

The second draft of the Brunei Darussalam MER received from the APG.

**11 APR**

Submission of comments to the second draft of the Brunei Darussalam MER to the APG.

**3 -5 MAY**

Face-to-face meetings to discuss the Brunei Darussalam MER draft and issues arising in relation to AML/CFT.



**23 AUG**

Publication of the MER on the APG website.

**2 AUG**

Brunei Darussalam provided final comments on the post-adoption version of the MER to the APG.

**19 JUL**

APG provided the post-adoption version of the MER to Brunei Darussalam for comments.

**13 JUL**

Adoption of the MER at plenary session the 2023 APG Annual Meeting and Technical Assistance Forum in Vancouver, Canada.

**9 JUL**

Brunei Darussalam's Key Issues Document and the MER draft were discussed at the APG Mutual Evaluation Committee Meeting held in Vancouver, Canada.

**26 MAY**

The final draft of the Brunei Darussalam MER was circulated by APG Secretariat to all APG members and observers for comments.

**15 MAY**

The third draft of the Brunei Darussalam MER received from the APG.

**22 MAY**

Submission of comments to the third draft of the Brunei Darussalam MER to the APG.



On **13 July 2023**, the APG Plenary endorsed the Brunei Darussalam's MER and agreed to place Brunei Darussalam in the Enhanced Follow-Up category, requiring annual follow-up reports to be submitted to the APG, necessitating annual follow-up reports to the APG. Brunei Darussalam was rated substantially effective in five (5) key areas, namely:

- » Risk, policy and coordination;
- » International cooperation;
- » Financial intelligence;
- » Terrorism financing investigations and prosecutions; and
- » Terrorism financing preventive measures and financial sanctions.

The category placement means that Brunei Darussalam's level of compliance is on par with that of Malaysia, Singapore and Thailand while ratings are second to Indonesia within the Association of Southeast Asian Nations (ASEAN) region. The MER has also outlined priority areas to improve Brunei Darussalam's system including:

- » Closed engagement with the FI and DNFBP sectors;
- » Better enforcement of beneficial ownership transparency requirements; and
- » Development of a legal framework to combat proliferation financing of weapons of mass destruction (WMDs).

With the next ME scheduled to take place in 2030, the FIU has committed to its part in the overall national AML/CFT institutional framework towards compliance with the FATF Recommendations.

## Final Outcomes of Brunei Darussalam ME

### Technical Compliance Assessment

This assessment addresses the specific requirements of the FATF Recommendations, principally as they relate to the relevant legal and institutional framework of the country, the powers and procedures of the competent authorities.

Level	Ratings Achieved
Compliant	5
Largely Compliant	23
Partially Compliant	10
Non-Compliant	2
Out of 40 Recommendations	

### Effectiveness Assessment

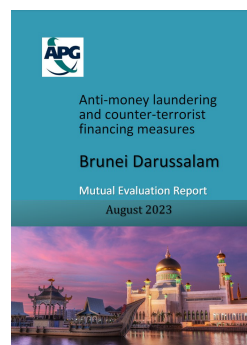
This assessment evaluates the adequacy of the implementation of the FATF Recommendations and identifies the extent to which a country achieves a defined set of outcomes that are central to a robust AML/CFT system.

Level	Ratings Achieved
High Effectiveness	0
Substantial Effectiveness	5
Moderate Effectiveness	5
Low Effectiveness	1
Out of 40 Recommendations	



The MER is available online on the APG website at <https://apgml.org/>

Brunei Darussalam Mutual Evaluation Report (MER)  
published on 23 August 2023



# *Legal and Regulatory Framework*

Criminal Asset Recovery Order, 2012

Anti-Terrorism Order, 2011

Anti-Terrorism (Terrorist Financing) Regulations, 2013

Brunei Darussalam Central Bank Order, 2010

Notices and Guidelines Issued



# Criminal Asset Recovery Order, 2012 (CARO)

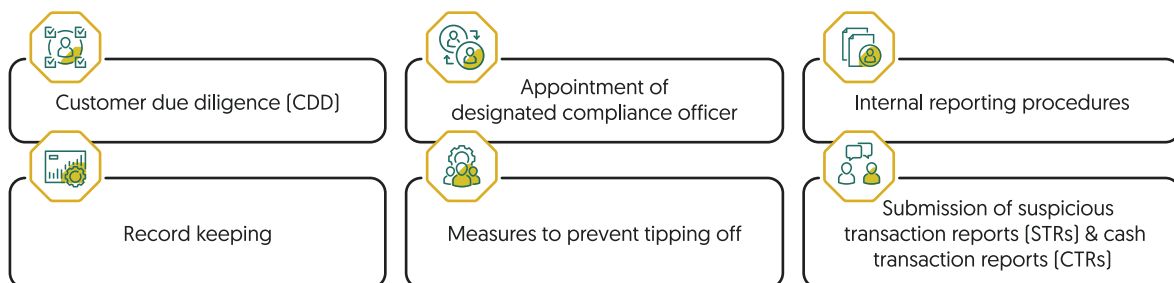
The CARO was enacted on 16 June 2012 as the primary statute governing the AML/CFT regime in Brunei Darussalam. CARO criminalises ML and contains provisions that apply to a wide range of authorities and agencies relevant to AML/CFT.

## Section 3, CARO – Money Laundering Offences

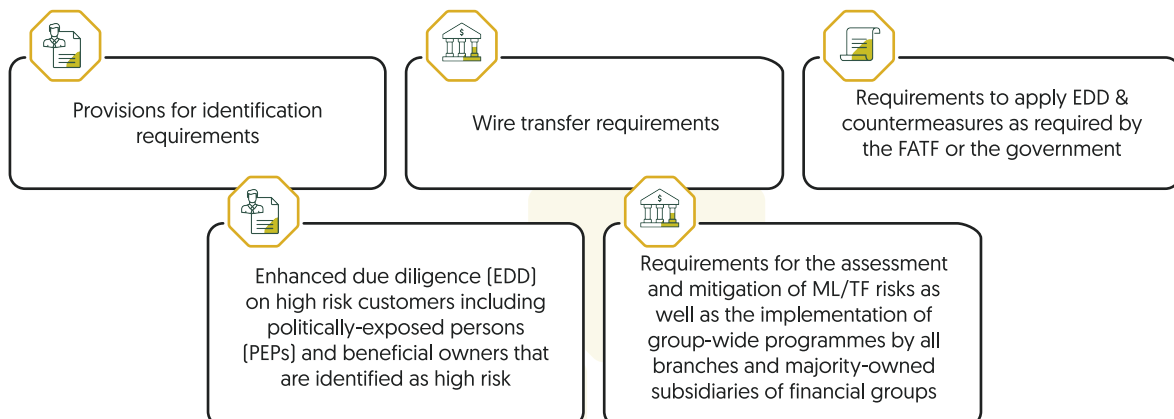
Any person who commits the offence of ML and knows or has reasonable grounds to believe or suspect that it is derived or realised directly or indirectly from the commission of an unlawful activity or fails to take reasonable steps to ascertain whether or not the property is proceeds of crime, is liable 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.

! BDCB as the sole AML/CFT supervisor in Brunei Darussalam.

CARO specifies the AML/CFT requirements for FIs and DNFBPs to implement the obligations which includes:



Demonstrating Brunei Darussalam's commitment in combating ML/TF, CARO was amended on 31 January 2023 to streamline Brunei Darussalam's legislative framework to the standards set forth by the FATF 40 Recommendations. Changes were made to align the AML/CFT requirement to be implemented by FIs and DNFBPs with the international standards set by the FATF, including:



## Functions & powers of the FIU under CARO

! Amendments made to the CARO in January 2023 grant clarifications to the FIU's functions and powers which include authority to access, use and share information, and impose measures and sanctions upon non-compliance



Receive STRs and CTRs from reporting entities and Physical Currency and Bearer Negotiable Instrument (CBNI) reports from the public or businesses



Analyse STRs, CTRs and CBNI reports



Disseminate financial intelligence products to law enforcement agencies and other authorities



Issue guidelines in relation to customer identification, record keeping and reporting obligations, and the identification of suspicious transactions



Conduct research into trends and developments in the area of ML/TF and improved ways of detecting, preventing and deterring ML/TF activities



Educate the public and creating awareness on matters relating to ML/TF



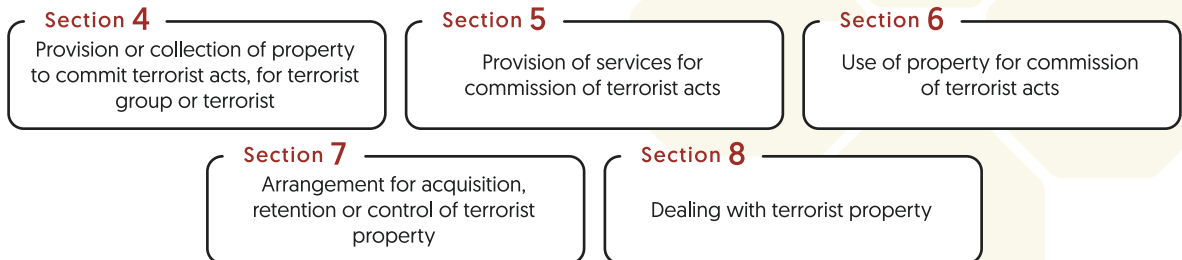
Provide training programs for FIs and DNFBPs in relation to customer identification, record keeping and reporting obligations, and the identification of suspicious transactions



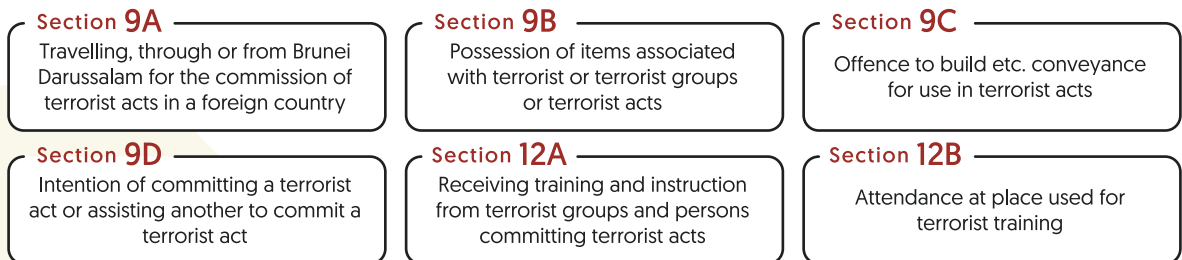
Liaise with, and enter into any agreement with, any foreign government institution or agency, or any international organisation, regarding the exchange of information

# Anti-Terrorism Order, 2011 (ATO)


The ATO was enacted on 18 July 2011 as the primary statute criminalising various TF offences in Brunei Darussalam under the following sections:



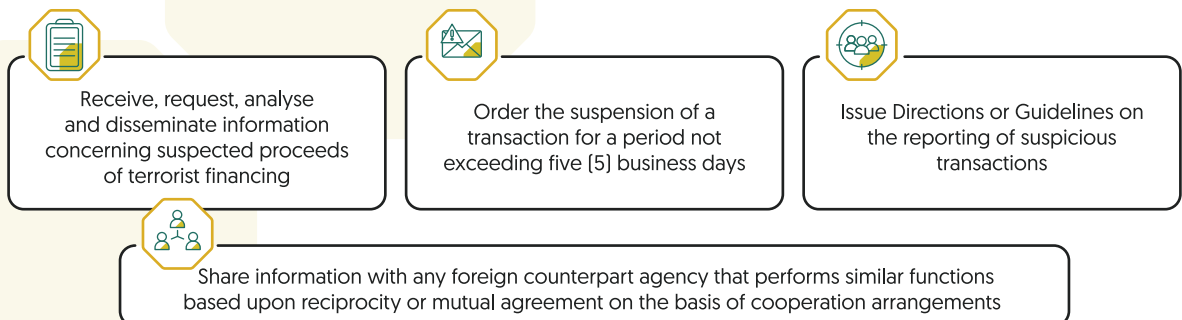
The amendments made to the ATO on 1 November 2022 has provided broader powers to take action against activities of terrorist groups, terrorists, and TF which includes the offences under the following sections:



Other expansion of offences in Section 9 of the amendment includes soliciting and giving support to terrorist or terrorist groups for commission of terrorist acts which includes the use of social media to support or facilitate the activities of a terrorist or terrorist group.

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

## Functions & powers of the FIU under ATO



# Anti-Terrorism (Terrorist Financing) Regulations, 2013 (TFR)


The TFR was issued on 2 April 2013 pursuant to Section 70 of the ATO to implement the United Nations Security Council (UNSC) 1988 [2011], 1267 [1999], 1989 [2011], 2253 [2015] and 1373 [2001] Resolutions [UNSCRs], including any subsequent or successor resolution in Brunei Darussalam.

Under the TFR, FIs and DNFBPs are required to 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; or
- 3 A person is making or has made property or financial services available for the benefit of a designated person.

The TFR requires every person, including FIs and DNFBPs, 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:

- » designated by the UNSC in accordance with Resolution 1267, 1988 and its successor Resolutions; or
- » designated by Brunei Darussalam pursuant to Resolution 1373.

 "without delay" means within a matter of hours of a designation by the relevant UNSC Sanctions Committee or upon having reasonable grounds, or a reasonable basis, to **suspect or believe that a person is a terrorist, a terrorist entity or a person who finances terrorism**, as the case may be.

The amendments made to the TFR on 1 November 2022 are consistent with the United Nations International Convention for the Suppression of the Financing of Terrorism [1999] and relevant resolutions of the UNSCRs, particularly on the following:

- 1 To further clarify the requirement to freeze property of designated persons without delay, which include *persons belonging to or associated with the Taliban, ISIL (Da'esh) and Al-Qaida listed by the UNSC*.
- 2 Section 20[1][c] of the TFR further requires the FIs and DNFBPs to *report any actions taken in relation to any designated persons and are reminded of their obligations to not enter into any new or further dealings* including the provision of any financial services to any designated persons. Further to this, FIs and DNFBPs shall also *inform the FIU of any asset frozen or action taken in compliance with the prohibition requirements* of the relevant UNSCRs, including attempted transactions.

A designated person is a person who is included in Schedule 2 of the Anti-Terrorism [Amendment] Order, 2022 which include:



- » Persons belonging to or associated with the Taliban (Da'esh) and Al-Qaida listed by the UNSC; and
- » Any person who is added to the lists after the date of the commencement of the Order.

## Brunei Darussalam Central Bank Order, 2010 (BDCB Order)

The 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 FIs.

Section 34 of the 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 six (6) Directions under this section.

# Notices & Guidelines Issued by the FIU

**2015**

- General Guidance Paper for FIs and DNFBPs
- CTR Specific Guidance Paper for Motor Vehicle Dealers
- CTR Specific Guidance for Banks and Finance Companies
- CTR Specific Guidance for Advocates and Solicitors, Notaries, Other Independent Legal Professions and Accountants
- CTR Specific Guidance for Money Changer and Remittance Companies
- CTR Specific Guidance for Trust and Company Service Providers

**2017**

- Guidance Paper to FIs for the Obligation to submit a 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 [repealed]
- Amendments to the STR Guidance Paper

**2020**

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

**2022**

- Notice and Guidelines on Measures for Non-Face-to-Face Customer Onboarding and Ongoing Customer Due Diligence, issued in collaboration with Technology Risk Division [TRD], BDCB [E-KYC Notice and Guidelines]
- Guidelines on the Obligation to submit a STR under Section 15 of CARO and Section 47 of ATO, replacing the Guidance Paper to FIs for the Obligation to Submit STR

# *Crimes Intelligence Research Group (CINRG – “Synergy”)*

CINRG Framework  
Workstreams  
2023 Developments



# CINRG Framework

The Public-Private Partnership (PPP) forum is a collaborative platform, designed to foster stronger ties between the public and private sectors, with the primary goal of collaboration in addressing financial crime as well as increasing expertise in the area of AML/CFT.

One intended outcome of this initiative is the establishment of a core Crimes Intelligence Research Group (CINRG, “Synergy”) to serve as the main discussion platform for the public and private sectors to build trust, improve communication, and enhance knowledge. The intended deliverables of CINRG include identifying emerging crime trends, assessing significant gaps, and proposing strategic or operational actions based on collaborative assessments. Through this platform, CINRG is designed to foster stronger ties between these sectors, with the primary goal of collaboration in addressing financial crime as well as increasing expertise in the area of AML/CFT.

In January 2023, a survey was issued to potential CINRG participants to gauge the interest in collaboration between the public and private sectors. Positive responses received prompted the FIU to three (3) CINRG meetings on 15 March 2023, 10 May 2023, and 23 August 2023 where these meetings brought together representatives from key FIs.

## Core Members

Financial Intelligence Unit (FIU)

Royal Brunei Police Force (RBPF)

Financial Institutions (Banks)

## Other participating agencies

Cyber Security Brunei (CSB)

Authority for Info-communications  
Technology Industry (AITI)Centre for Strategic and Policy  
Studies (CSPS)

Sectoral supervisors or regulators

Telecommunications companies

Other public sector agencies

Other private sector

The FIU referred to the 2020 ML Threat Assessment update, which identified cheating (fraud) as one of the crimes rated as high ML threat in Brunei. Consequently, CINRG prioritises this offence in its work program. The group assessed the existing strategies and methods used to combat these crimes through SWOT (strengths, weaknesses, opportunities and threats) analysis discussions to identify gaps or weaknesses that could be used to formulate targeted and effective strategic or operational actions. Among the key outcomes thus far achieved include:

- Active participation from the RBPF, CSB, CSPS, AITI, United National Networks (UNN), and four (4) banks in Brunei Darussalam;
- Agreement on common areas of interest to act within the available legislative framework; and
- Identified three (3) areas of work to achieve the desirable outcome of mitigating the threat of scams (workstreams).

# CINRG Framework

The Public-Private Partnership (PPP) forum is a collaborative platform, designed to foster stronger ties between the public and private sectors, with the primary goal of collaboration in addressing financial crime as well as increasing expertise in the area of AML/CFT.

One intended outcome of this initiative is the establishment of a core Crimes Intelligence Research Group (CINRG, “Synergy”) to serve as the main discussion platform for the public and private sectors to build trust, improve communication, and enhance knowledge. The intended deliverables of CINRG include identifying emerging crime trends, assessing significant gaps, and proposing strategic or operational actions based on collaborative assessments. Through this platform, CINRG is designed to foster stronger ties between these sectors, with the primary goal of collaboration in addressing financial crime as well as increasing expertise in the area of AML/CFT.

In January 2023, a survey was issued to potential CINRG participants to gauge the interest in collaboration between the public and private sectors. Positive responses received prompted the FIU to three (3) CINRG meetings on 15 March 2023, 10 May 2023, and 23 August 2023 where these meetings brought together representatives from key FIs.

## Core Members

Financial Intelligence Unit (FIU)

Royal Brunei Police Force (RBPF)

Financial Institutions (Banks)

## Other participating agencies

Cyber Security Brunei (CSB)

Authority for Info-communications  
Technology Industry (AITI)Centre for Strategic and Policy  
Studies (CSPS)

Sectoral supervisors or regulators

Telecommunications companies

Other public sector agencies

Other private sector

The FIU referred to the 2020 ML Threat Assessment update, which identified cheating (fraud) as one of the crimes rated as high ML threat in Brunei. Consequently, CINRG prioritises this offence in its work program. The group assessed the existing strategies and methods used to combat these crimes through SWOT (strengths, weaknesses, opportunities and threats) analysis discussions to identify gaps or weaknesses that could be used to formulate targeted and effective strategic or operational actions. Among the key outcomes thus far achieved include:

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- Identified three (3) areas of work to achieve the desirable outcome of mitigating the threat of scams (workstreams).

# CINRG Workstreams



## Workstream 1

### Education & Awareness

To enhance collaboration among CINRG participants in educating the public on financial fraud and conducting awareness programs



## Workstream 2

### Monitoring & Surveillance

To enhance data collection and collation on financial fraud incidents



## Workstream 3

### Response & Recovery

To enhance information exchange between investigators and banks

CINRG saw an opportunity to enhance existing awareness programs by establishing a joint communications program which involves collaboration between the public relations teams from various agencies. Moreover, CINRG can conduct monitoring and surveillance through the collection of statistics to identify emerging trends for the purpose of maintaining relevance in communications programs. As CINRG brings together parties that play vital roles in the investigative process, the platform provides opportunity to assess critical work processes that need improvement in order to achieve effective investigations.

## 2023 Developments

**JAN**

A survey was conducted to potential CINRG participants to gauge the interest in collaboration between the public and private sectors.

**MAR**

On 15 March 2023, the first CINRG meeting, which brought together all relevant parties, was held, providing an opportunity for participants to engage in an exchange of views and ideas.

**MAY**

On 10 May 2023, the second CINRG meeting was held where the sharing of data and SWOT analysis were conducted.

**JUL**

On 26 July 2023, the first Workstream 1 meeting was held with Public Relations personnel from relevant agencies.

**AUG**

On 23 August 2023, the third CINRG meeting was held where the objectives of the CINRG workstreams were confirmed and a dashboard prototype was presented.

**SEP**

On 5 September 2023, the second Workstream 1 meeting was held.

# The National Anti-Money Laundering and Combating the Financing of Terrorism Committee (NAMLC)

The 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 on AML/CFT matters. 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.

**NAMLC is chaired by the Deputy Minister of Finance and Economy (Fiscal), Ministry of Finance and Economy (MOFE), and its members consist of:**

Commissioner of Police, Royal Brunei Police Force (RBPF) as Deputy Co-Chair	Managing Director, BDCB as Deputy Co-Chair
Director or Deputy Director or Assistant Director, Anti-Corruption Bureau (ACB)	Director or Deputy Director, Narcotics Control Bureau (NCB)
Deputy Managing Director (Regulatory and Supervision) or Assistant Managing Director (Regulatory and Supervision), BDCB	Director or Deputy Director, Internal Security Department (ISD)
Director of Criminal Investigations, Criminal Investigations Department, RBPF	Controller or Deputy Controller, Royal Customs and Excise Department (RCED)
Director of Criminal Intelligence, Department of Criminal Intelligence (DCI), RBPF	Director or Deputy Director, Immigration & National Registration Department (INRD)
Assistant Solicitor General or Principal Counsel, Attorney General's Chambers (AGC)	FIU, BDCB as NAMLC Secretariat

## 20 June 2023: 29<sup>th</sup> NAMLC Meeting

The 29<sup>th</sup> NAMLC meeting primarily discussed preparations for the 2023 APG Annual Meeting and Technical Assistance held in Vancouver, Canada between 9-14 July 2023 where the adoption of the Brunei Darussalam MER was discussed.

Following the publication of the Brunei Darussalam MER on the APG website on 23 August 2023, the recommended actions outlined in the MER will be integrated into the development of the next cycle of the National Strategy on ML/TF, which is scheduled to begin in 2024.

In preparation for the National Strategy cycle and in close collaboration with other stakeholders including NAMLC agencies, and other government agencies, the FIU, as NAMLC Secretariat, has completed the following in 2023:

**20 NOV 2023**

Meeting on CPF Matters

**21 NOV 2023**Meeting on the National Strategy on  
ML/TF with Focal Persons**22 NOV 2023**

Meeting on Beneficial Ownership Matters

**4 - 5 DEC 2023**

Virtual Asset (VA) Workshop

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

The 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 (ME).

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

# *Analysis and Intelligence*

Highlights of 2023

Reports and Statistics

Typology: Misuse of Corporate Vehicles

Management of Information

International Cooperation



# Highlights of 2023

## Suspicious Transaction Reports (STRs)



No. of STRs Received **1,929**

## Intelligence Reports

No. of Intelligence Reports Disseminated **16**



## Cash Transaction Reports (CTRs)



No. of CTRs Received **5,774**

**BND4.02 billion**  
Total Amount Reported in CTRs

## Physical Currency or Bearer Negotiable Instruments (CBNI) Reports

**1,335** No. of CBNI Reports Received

**BND525.86 million**

Total Amount Reported in CBNI reports



Reported Entering Brunei Darussalam

**813** ➤

**BND299.76 million**

Total Amount Reported Entering Brunei Darussalam

Reported Exiting Brunei Darussalam

➤ **522**

**BND226.09 million**

Total Amount Reported Exiting Brunei Darussalam

## Requests for Information (RFI)

**225**

Received from Domestic Agencies and Stakeholders

**122**

Sent to Reporting Entities



Received from International Counterparts

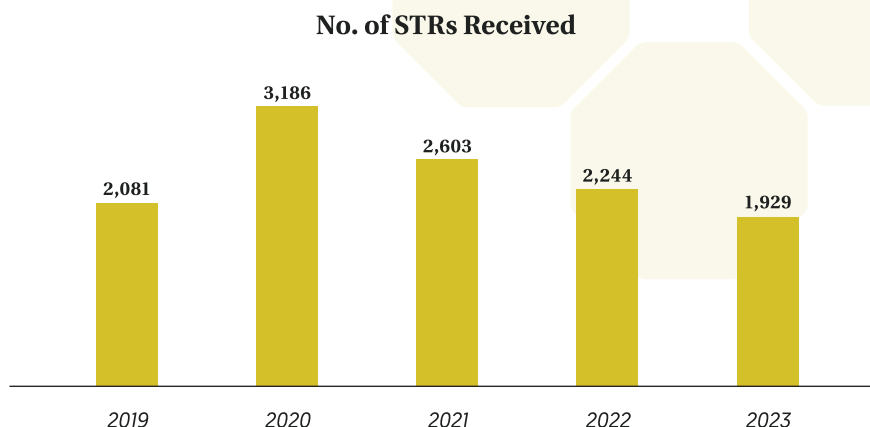
**1**

Sent to International Counterparts

**1**

# Reports and Statistics

## Suspicious Transaction Report (STR)



An STR is filed whenever a transaction(s) or attempted transaction(s) is/are found and with suspected involvement in a serious offence.

**!** A serious offence is any offence that is committed for which the penalty is not less than BND 1,000. This includes offences of ML, associated predicate offences, and TF.

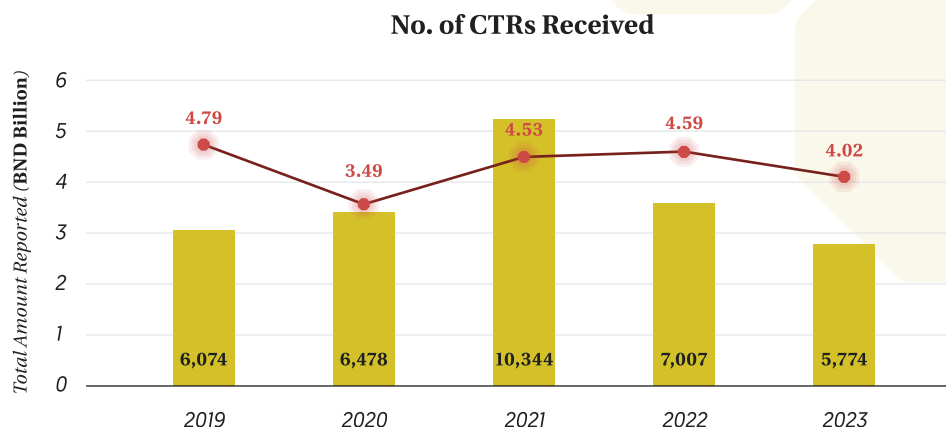
In 2023, the FIU received a total of 1,929 STRs, a decrease of 14% in total reporting compared to 2,244 received in 2022. This is largely attributed to significant system upgrades implemented by a FI within the banking sector. These enhancements were specifically designed to increase reporting mechanism accuracy by reducing false positives. By refining the criteria used to identify suspicious transactions, these improvements ensure that only high-quality and actionable reports are submitted.

**!** The FIU analyses STRs 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.

Reporting Entities	2019	2020	2021	2022	2023
<i>Banks</i>	2,063	3,159	2,558	2,138	1,730
<i>Finance Companies</i>	3	4	1	0	0
<i>Insurance Companies / Takaful Operators</i>	1	1	1	0	3
<i>Money-Changing Businesses</i>	7	2	1	0	3
<i>Remittance Businesses</i>	7	20	42	106	193
<b>Total</b>	<b>2,081</b>	<b>3,186</b>	<b>2,603</b>	<b>2,244</b>	<b>1,929</b>

Table 1: Comparison of the Number of STRs received from 2019-2023

# Cash Transaction Report (CTR)



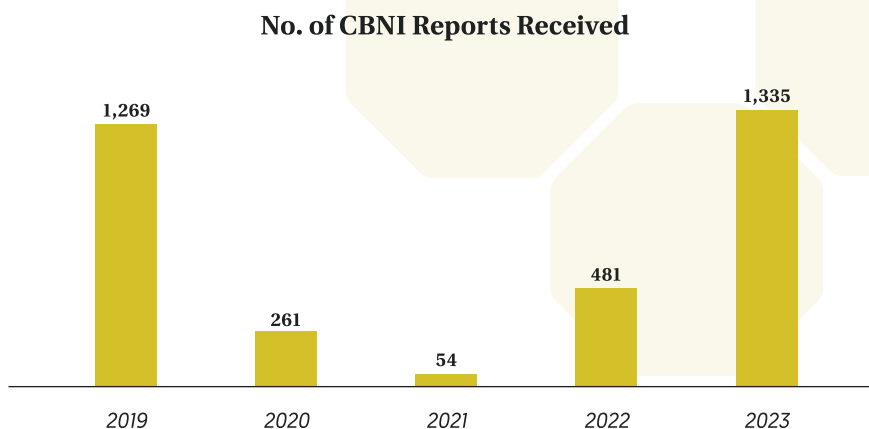
A CTR is filed on any cash transaction(s) amounting to BND15,000 or more, or the equivalent in a foreign currency within a day. The CTR requirement was first implemented in June 2014. CTRs are required to be submitted by FIs, DNFBPs, and dealers in high value goods (specifically motor vehicle dealers)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

In 2023, the FIU received 5,774 CTRs from reporting entities, with 99% of these reports originating from the banking and remittance sectors. Following previously observed patterns, these sectors continue to report the majority of the CTRs received over the years.

Reporting Entities	2019	2020	2021	2022	2023
<i>Advocates and Solicitors</i>	9	6	5	11	2
<i>Banks</i>	3,492	3,079	4,766	3,238	3,041
<i>Motor Vehicle Dealers</i>	457	659	490	476	476
<i>Finance Companies</i>	222	436	199	192	231
<i>Insurance Companies / Takaful Operators</i>	36	24	17	15	28
<i>Money Changing Businesses</i>	333	116	19	124	217
<i>Real Estate Agents</i>	1	0	0	0	0
<i>Remittance Businesses</i>	1,524	2,158	4,848	2,951	1,779
<b>Total</b>	<b>6,074</b>	<b>6,478</b>	<b>10,344</b>	<b>7,007</b>	<b>5,774</b>

Table 2: Comparison of the Number of CTRs received from 2019-2023

## Physical Currency and Bearer Negotiable Instruments (CBNI) Report



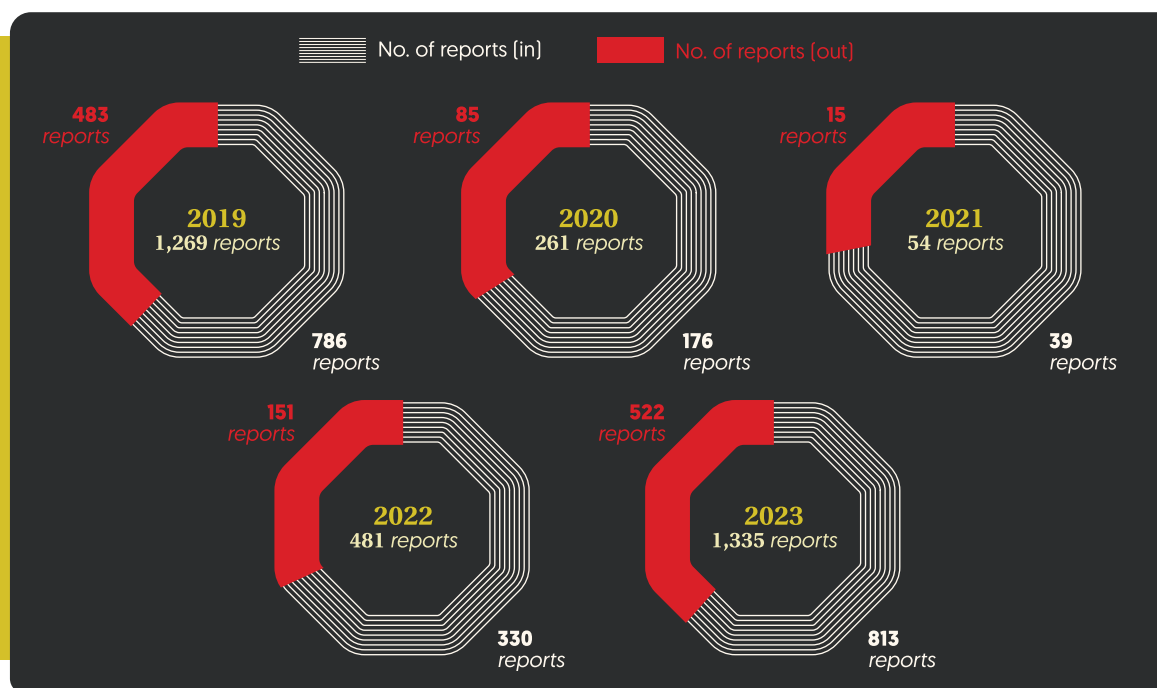
The CBNI reporting requires any persons carrying BND15,000 or more, or the equivalent in a foreign currency across Brunei Darussalam borders to submit a CBNI report to either a Customs or Immigration officer at the border control post. These reports are then forwarded for digitisation, storage, and analysis by the FIU. CBNI reporting is also required for any persons moving CBNI across Brunei Darussalam borders amounting to BND15,000 or above by cargo, courier, postal services, 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 purpose of detecting, investigating, and prosecuting any offences involved under ML/TF and related offences

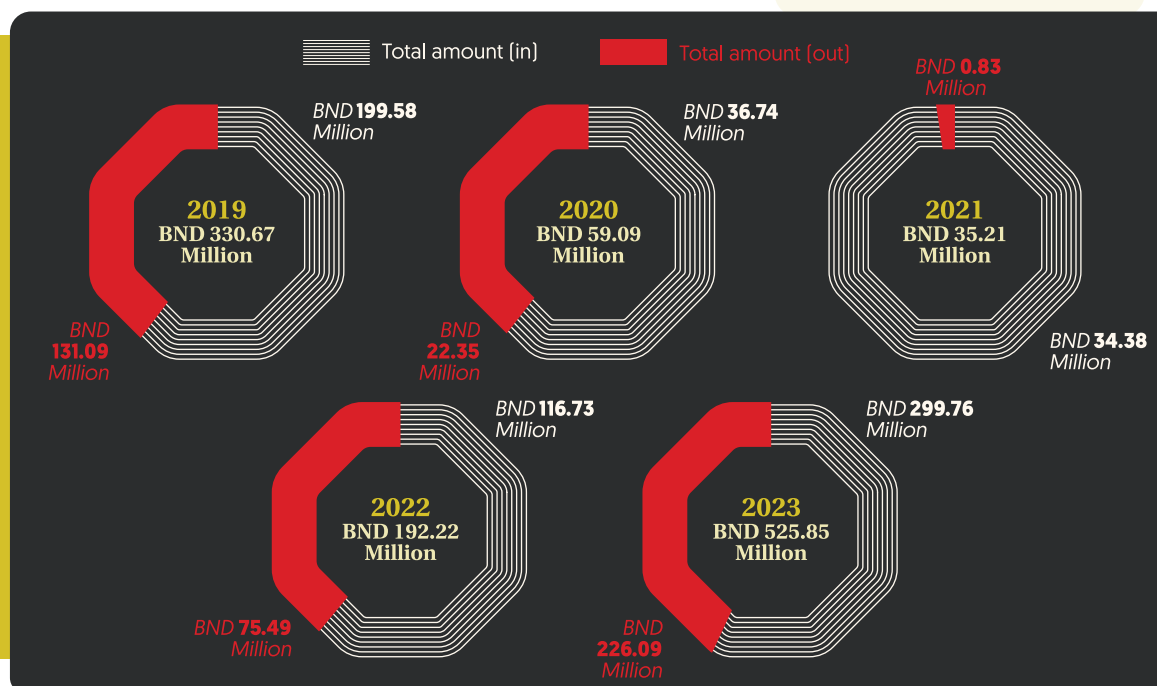


Failure to submit a CBNI declaration as per the requirements under Section 37 of CARO is an offence and liable, upon conviction, to a fine not exceeding BND50,000 or imprisonment for a term not exceeding three years or both, in the case of a natural person. In the case of a legal person, the fine shall not exceed BND100,000.

In 2023, the FIU observed a substantial increase in reports received, totalling 1,335 reports compared to 481 reports received in 2022. This significant increase can be attributed to the lifting of travel restrictions in Brunei Darussalam starting from late February 2022. The majority of CBNI Reports received were for the purpose of conducting business and were submitted by money changers and banks.



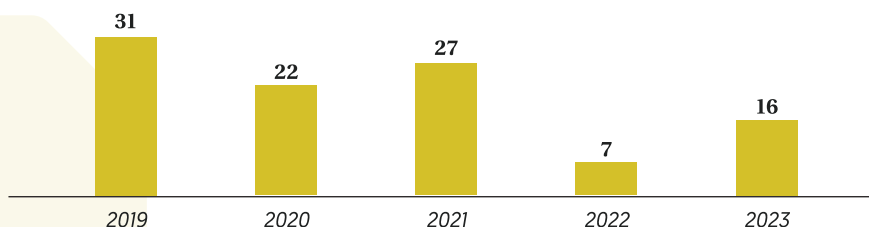
No. of CBNI Reports Received



Value of currency declared in BND Millions

# Intelligence Report

## No. of Intelligence Reports Disseminated

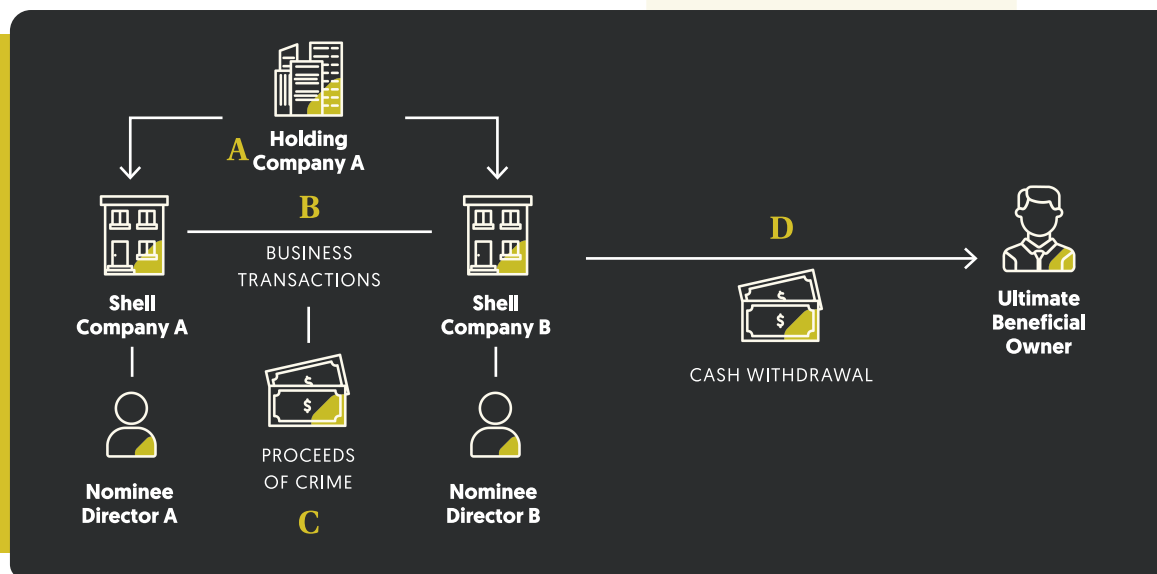


Where there are substantiated suspicions of activity relating to ML/TF, or other serious offences, the FIU disseminates the results of its analysis to relevant authorities and stakeholders in the form of Intelligence Reports based on analysis of STRs or other reports received by the FIU such as CTRs and CBNI Reports, as well as research or 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 activities.

In addition to providing Intelligence Reports, the FIU also adopted a more direct and collaborative approach with its stakeholders in 2023. This involved enhanced engagement in sharing intelligence and information during ongoing financial investigations and prosecutions. The feedback received from the law enforcement agencies, which are the FIU's primary stakeholders, indicates 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.

# Typology: Misuse of Corporate Vehicles

Corporate vehicles such as companies, trusts, and other legal entities with similar structures, play essential roles in conducting legitimate business activities. However, they can also be exploited for illicit purposes such as ML, tax evasion, fraud, and TF. Understanding the ways in which they can be misused and recognising red flag indicators can help FIs to prevent and detect these activities. An example of the modus operandi is depicted below:



- A **Holding Company** is a business entity that primarily owns shares in other companies, also known as subsidiaries, allowing it to control and manage them without directly producing goods or services. In this example, Holding Company has two subsidiary companies: Shell Company A and Shell Company B.
- **Shell Companies** are businesses that exist mainly on paper and do not have significant operations, employees, or physical assets. Shell Company A and Shell Company B are registered in different districts across the country to obscure the link between both companies. Proceeds of crime are funneled through these companies and intermingled with legitimate business transactions to disguise their true origin.
- **Nominee Directors**, also known in some jurisdictions as ‘Sleeping Directors’, are individuals appointed to be registered on official documentation as the director of a company but do not have any role in managing the company. These directors do not have actual control or decision-making powers over the company. Nominee Directors are often registered to keep the identity of the company’s true owner hidden.
- Illegitimate funds are disguised as company profit and withdrawn in cash to complicate the tracing of funds. The **Ultimate Beneficial Owner**, who is the true owner of the assets, remains hidden behind a complex web of corporate structures.

## Red Flag Indicators

- The company uses an address which is only a post office box or a general delivery address, or other type of mail drop address instead of a street address.
- The company does not have any registered employees.
- The company's business type is normally not cash-intensive but conducts significant numbers or amounts of cash transactions.
- The company engages in unusual activities inconsistent with the declared business purpose. (e.g. a retail store engaging in high-value international money transfers).
- The company does not incur normal operating costs. (e.g. a logistics company with no expenses related to office space rent, fuel, or vehicle maintenance).
- The company structure is unnecessarily complex (e.g. a small family-run business set up with multiple layers of subsidiary companies).
- The company conducts transactions or has financial connections with unrelated businesses (e.g. a food importer dealing with an automobile parts exporter).
- The company account activity has transaction patterns that do not make any economic sense, including but not limited to the following patterns:
  - Receiving funds and immediately transferring the received funds to another account without any legitimate business reason.
  - Cash-intensive or a highly active bank account, but the company's operating address is in an area of known low business activity.
  - The company is transferring funds to third party individuals who are not suppliers or service providers to the company.
- A newly established company appears to receive significant publicity and endorsements from prominent figures or government officials but lacks substantial financial flow or business background.
- The company structure involves complex multi-jurisdictional arrangements of corporate vehicles.
- The use of nominee directors to hide the identity of the beneficial owners (e.g. individuals listed as company directors who have no actual control or decision-making power).

# Management of Information

## Integrated Financial Intelligence System (IFIS)



The FIU uses IFIS as its main database, analytical tool, and online communication platform for engaging with the reporting entities and stakeholders. IFIS is a secure online reporting and facility for the submission of reports to the FIU and acts as the main platform for receiving, analysing, and storing reports and information such as STRs, CTRs, CBNI reports and RFIs.

IFIS utilises the latest version of goAML an Anti-Money Laundering system, developed by the United Nations Office on Drugs and Crime (UNODC). As of 2023, goAML has been deployed

in more than 60 countries. As more countries are adopting and utilising goAML, there have been significant enhancements in the data efficiency, accuracy, consistency, and traceability of filed data.

On 11 September 2023, the FIU attended the goAML Database Workshop virtually, hosted by the UNODC. This workshop aimed to enhance the strategic analysis and visualisation capabilities of the goAML software through graph database.

## International Cooperation

### Memorandum of Understanding (MOU)



On 14 February 2023, the FIU signed an MOU with the Australian Transaction Reports and Analysis Centre [AUSTRAC] in Singapore. Under the MOU, both agencies agree to cooperate in the exchange of financial intelligence that may assist in the investigation and prosecution of persons suspected of ML/TF. This marks the strong commitment of both agencies in the global fight against ML/TF and other serious crimes.

The FIU and AUSTRAC have had past collaborations on projects related but not limited to, analyst hubbing programs and capacity building initiatives, prior to the signing of the MOU.

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



### Asia/Pacific Group on Money Laundering

Brunei Darussalam has been a member of the APG since December 2002 with the FIU, as NAMLC Secretariat, as the main contact point. The APG is an autonomous and collaborative international organisation, founded in 1997 in Bangkok, Thailand. It has 42 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.

The APG meets at least once a year at a general plenary meeting with all members and observers. The purpose of the annual meetings is to discuss the APG's strategic directions and work programme.

### APG Annual Meetings and Technical Forum



Between **11 to 14 July 2023**, the delegation from Brunei Darussalam, led by the Deputy Minister of Finance and Economy (Fiscal), MOFE as Chair of NAMLC, and accompanied by the Managing Director of BDCB as Deputy Co-Chair of NAMLC, the Executive Director of FIU along with officers from the AGC and the FIU, attended the APG Plenary meetings in Vancouver, Canada. The Plenary was chaired by Canada and Australia, and attended by representatives from 41 member countries, seven observer countries, and 11 international organisations. During the Plenary session on 13 July 2023, the Brunei Darussalam MER was discussed and subsequently adopted by the APG.

### Mutual Evaluation Committee (MEC) Meeting

On **9 July 2023**, two FIU members attended the MEC meeting chaired by New Zealand and Macao FIUs in Vancouver, Canada. The MEC is a sub-committee under the APG that manages the APG's ME programme and considers draft MERs and Mutual Evaluation policy issues.

## Egmont Group of Financial Intelligence Units



OF FINANCIAL INTELLIGENCE UNITS

- Policy and Assistance and Training 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 which assist the organisation 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 (EC). The EC is the consultation and coordination mechanism for the Heads of the Financial Intelligence Unit and Working Groups. The EC's primary function includes assisting the Egmont Group's various activities, from internal coordination and administration to international representations. The EC also oversees the Egmont Group Secretariat's work and is comprised of both working group and regional group members. The FIU is a member of the Asia and Pacific Regional Group (APRG).

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 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);

### Asia Pacific Regional Representative Catch-Up

On **18 January 2023**, the FIU attended the Asia Pacific Regional Representative Catch-Up session virtually. Participants of this meeting include Egmont Group members, international partners, and observers.

### The Egmont Working Group and APRG Meetings

From **30 January 2023 to 3 February 2023**, the FIU attended the Egmont Working Group and Regional Group Meetings virtually. Participants of this meeting include Egmont Group members, international partners, and observers. The event was hosted by the Egmont Secretariat.

## Egmont Group of FIU APRG Meeting

On **8 March 2023**, the Head of FIU, Brunei Darussalam co-chaired the Asia and Pacific Regional Group meeting with Australia. The meeting discussed the following:

- Adoption of summary records (July 2022 APRG meetings in Riga);
- Egmont Group Chair's priorities for 2023-2024;
- Update on 2023 Egmont Biennial Census;
- Update on Support and Compliance Process (SCP) Review Project;
- Egmont Group IT Renewal;
- APRG Business Plan;
- Financial Intelligence Consultative Group (FICG) and The Pacific Financial Intelligence Community (PFIC) updates; and
- The Egmont Centre of FIU Excellence and Leadership (ECOFEL) update on Asia and Pacific initiatives.

## Egmont Group of FIUs Plenary Meeting



From **3 to 7 July 2023**, two (2) FIU members attended the 29<sup>th</sup> Egmont Plenary Meeting held in Abu Dhabi, United Arab Emirates (UAE), hosted by the UAE FIU. As a member since 2014, the FIU has participated in the annual plenary to reaffirm its commitment to comply with international standards (FATF Recommendation 29) as well as the Egmont Group Principles. The plenary facilitated both strategic and operational level sessions including:

- Egmont Committee Meeting;
- Egmont Working Group Meeting;
- Egmont Regional Group Meeting;
- Head of FIU and EC Closed Session;
- Operational Training Session; and
- Best Egmont Group Case (BECA) Workshop.



At the same time, the Head of FIU, Brunei Darussalam, was reselected as one of the two (2) APRG Representatives for a two (2) year term. The FIU, Brunei Darussalam co-chaired the APRG meeting remotely. The meeting discussed Egmont Committee priorities, the APRG priorities, and viewed the BECA submissions from APRG member FIUs.

## Financial Intelligence Consultative Group (FICG)



**Financial Intelligence  
Consultative Group**

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.

### Information Sharing Platform (ISP) Working Group meetings

As a member of the FICG, the FIU attended the following meetings:

#### 16 January 2023

The meeting was hosted by the FICG Secretariat virtually. The meeting discussed the status update from the last ISP Working Group meeting in November 2022 and the preparations for the FICG Face-to-Face Meeting in February 2023.

#### 29 March 2023

The ISP meeting was hosted by the AUSTRAC virtually. The meeting discussed on the framework structure and review of the project and platform risks captured during the ISP sessions in Singapore.

#### 2 August 2023

The FIU attended the FICG meeting virtually. The meeting discussed the latest developments within the FICG working group projects.

### FICG Face-to-Face Meeting in Singapore

From **14 to 16 February 2023**, two (2) FIU members attended the FICG face-to-face meeting hosted by the Suspicious Transaction Reporting Office (STRO), Singapore Police Force in Singapore. The meeting discussed the following:

- The strategic direction of FICG;
- Proposed model and approach for ISP;
- Design and implementation, including timeframes for ISP;
- Commitment by member countries;
- Supporting arrangements, including governance, standards, and ICT support requirements;
- Regional response mechanism to enhance operational collaboration to combat fraud; and
- New lines of effort for the FICG and working groups.

# *AML/CFT* Supervision

Highlights of 2023  
Risk Based Supervision  
Supervisory Activities and Enforcement Actions  
Outreach and Awareness



# Highlights of 2023

## ONSITE EXAMINATION

*The FIU conducted onsite examinations on **17 remittance companies.***

*The remittance companies underwent an evaluation of their adherence to AML/CFT measures in accordance with the guidelines outlined in the following regulations:*

- ATO, 2011;
- CARO, 2012; and
- TFR, 2013.

## SUPERVISORY LETTERS

*The FIU issued **22 supervisory letters.***

*A majority of the supervisory letters highlighted issues relating to possible non-compliance with requirements to report suspicious transactions under Section 15 and 16 of CARO.*

## OFFSITE EXAMINATION

*The FIU conducted offsite examinations on **eight banks and four existing Payment Service Providers.***

*The FIU conducted offsite examinations through the use of a questionnaire on eight banks and four payment service providers. The questionnaire aims to provide an overview of each institution's current AML/CFT measures including taking into account the provisions implemented under the AML/CFT legislative frameworks including the CARO, ATO, and TFR. Information gathered enhances FIU's understanding of ML/TF risks and the bank's level of compliance.*

## OUTREACH AND AWARENESS

*Engagement with the Board of Valuers and Estate Agents (BoVEA) and conducted a Legislative Amendments Briefing to all FIs and DNFBPs, including company service providers (CSPs).*

## Risk-Based Supervision

AML/CFT Supervision is conducted on a risk-based approach to allow for better allocation of resources, focusing on higher risk institutions.

The institutional-level risks of reporting entities are assessed by considering the sectoral risk score derived from the Brunei Darussalam National Risk Assessment 2016 (NRA) on ML/TF, along with information obtained from BDCB prudential regulators, institutional ML/TF risk assessments, and other relevant data. This allows for the ranking of sectors and the institutions within them based on their levels of ML/TF risks. Institutions with high ML/TF risks are prioritised for onsite examinations.

## Supervisory Activities and Enforcement Actions

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

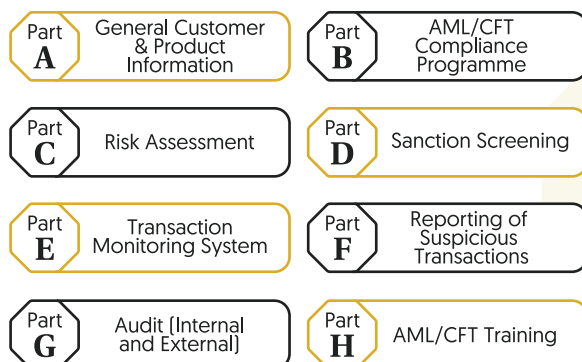
## AML/CFT Onsite Examination

This is an in-depth examination into an institution's AML/CFT programme and its implementation throughout the institution by examining written policies and procedures, interviewing relevant officers, as well as reviewing systems and processes in place against the requirements stipulated under CARO, ATO, and TFR.

Between **July and August 2023**, the FIU conducted onsite examinations on 17 remittance companies. These onsite examinations assessed the institutions' understanding and implementation of preventive measures for ML/TF, specifically on aspects of sanctions screening, transaction monitoring, and suspicious transaction reporting.

## AML/CFT Offsite Examination

This is an ongoing monitoring and review of an institution's internal control processes through desktop reviews and analysis of documents provided or published by FIs or DNFBS. These documents include policies and procedures, audit reports, and responses to AML/CFT questionnaires. The questionnaire is structured into eight sections, as follows:



### Site Visits

On **24 July 2023 and 13 September 2023**, the FIU participated in dialogue sessions with payment service provider (PSP) companies, which were hosted at their respective headquarters. These sessions included discussions on the progress updates regarding their future plans as PSPs.

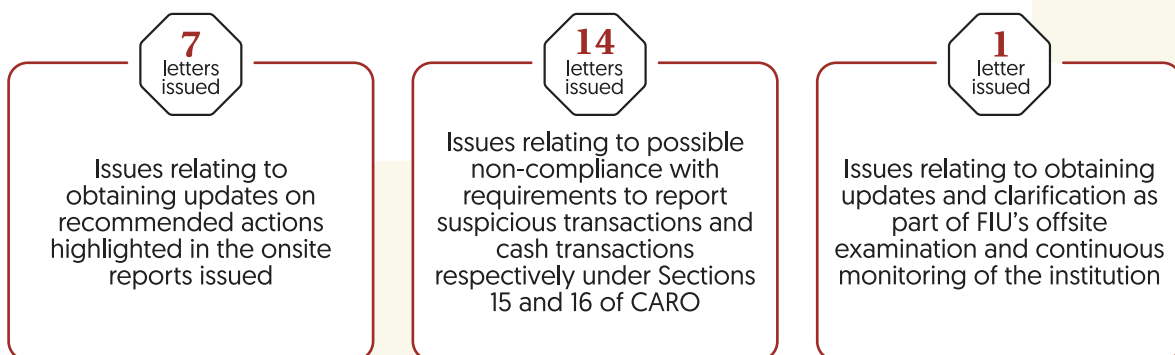
The questionnaire aims to provide an overview of each institution's current AML/CFT measures, taking into account the provisions implemented under the AML/CFT legislative frameworks, including the CARO, ATO, and TFR. Information gathered would enhance FIU's understanding of ML/TF risks and the FI's level of compliance.

In 2023, the FIU issued the AML/CFT questionnaire to the following:

- Eight banks with the purpose of updating the information previously collected in 2019; and
- Four existing PSPs with the aim to obtain an overview of each institution's current AML/CFT measures.

## Supervisory Letters

A total of **22 supervisory letters** were issued in 2023, as follows:



Responses received from FIs provided a better understanding of the processes that FIs have in place and the deficiencies in complying the AML/CFT requirements.

	2019	2020	2021	2022	2023
<i>Onsite Examinations completed</i>	3	3	1	7	17
<i>Supervisory Letters issued</i>	45	17	27	22	22

## Sanction

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:

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

## Outreach and Awareness

In 2023, the FIU conducted the following activities to assist in raising awareness on AML/CFT obligations as well as to enhance AML/CFT supervisory practices:

### Engagement with the BoVEA

*28 January 2023*

The Land Department, Ministry of Development, in collaboration with the Brunei Institute of Geomatics (BIG), conducted a briefing with real estate agents as part of the BoVEA's Continuing Professional Development (CPD) programme to outline the duties and responsibilities involved in the selling and renting of real.

The FIU was invited to give an introductory presentation on AML/CFT which covered the following:

- An introductory briefing to the FIU, the FATF, NRA, and the AML/CFT legislative framework;
- AML/CFT obligations of all FIs and DNFBPs;
- Brunei Darussalam's AML/CFT Regime; and
- Relevant reference materials.



### Legislative Amendments Briefing

*30 June 2023 and 7 July 2023*

The FIU conducted a briefing to all FIs including money changing and remittance companies, insurance companies and takaful operators, securities companies, and PSPs. Additionally, the briefing was also given to DNFBPs which included auditors and accountants, advocates and solicitors, gold dealers, real estate agents, and company service providers (CSPs). The objective of the briefing was to notify and update all reporting entities on the amendments made to CARO, ATO, and TFR, as well as to remind them of their obligations, and the prohibitions and offences as set out in the legislations.





*Capacity  
Building*

## APG Co-Chairs Priorities: Technical Seminar on Beneficial Ownership

30 March 2023

The seminar was attended by FIU, together with the Registry of Companies and Business Names (ROCBN) division, Ministry of Finance and Economy, Brunei Darussalam. The seminar was hosted by the Department of Finance, Canada in partnership with the APG Secretariat. The seminar discussed the changes to the FATF Standards and Guidance and a range of experiences of FATF members in the implementation of a beneficial ownership registry.

The FATF adopted amendments to Recommendation 24 to strengthen the global response to tackling concealment of beneficial ownership of legal persons in March 2023. The amendments require countries to follow a risk-based approach and to consider the risk of legal persons in their countries.

## Sentiment Analysis and Open Source Intelligence (OSINT) Workshop

8 - 9 May 2023

Two FIU officers attended a workshop organised by Cyber Security Brunei (CSB) which aimed to introduce open source intelligence tools and sentiments analysis in identifying potential security threats. The workshop also provided tutorials on setting up a virtual machine and using Python to automate OSINT operations.

## International Seminar on Enhancing Capacity to Recover Stolen Assets in Southeast Asia

23 - 25 May 2023

An FIU officer attended the seminar organised by the UNODC in Thailand. The seminar gathered representatives of law enforcement authorities and specialised anti-corruption agencies, financial intelligence units, agencies responsible for the management of recovered stolen assets, and other relevant agencies from across Southeast Asia in addition to international experts.



On the basis of the recommendations produced in the Regional Anti-Corruption Conference for Law Enforcement Professionals in Southeast Asia and a series of consultations undertaken in the region by UNODC, the objectives of the seminar were to:

- Strengthen cooperation between countries to collect intelligence and evidence for tracing stolen assets internationally;
- Promote beneficial ownership transparency;
- Enhance understanding of the necessary legal and institutional frameworks for the recovery of assets through criminal or civil actions; and
- Share best practices and guidelines on asset management and return of assets to the country of origin.

## **The Mobile Defence Intelligence Research and Analysis Course (MDIRAC)**

*19 - 30 June 2023*

An FIU officer participated in this course hosted by the Directorate of Intelligence, Ministry of Defence. The course was delivered by instructors from the Defence Force School of Intelligence, Government of Australia covering in-depth research and analytical skills for operational use.

## **CPF Activities Involving Virtual Assets**

*27 July 2023*

The FIU attended the webinar hosted by the APG, the Ministry of Foreign Affairs of the Republic of Korea and the United States Department of State. The objective of the webinar is to improve the regional awareness and understanding of the Proliferation Financing (PF) involving virtual assets and virtual asset service providers (VA/VASPs).

The webinar also aimed to increase regional cooperation to combat PF by jurisdictions subject to FATF countermeasures. The webinar included presentations on the cases and examples of PF tactics, techniques, and procedures including recent FATF activities on combating PF. It also focused on strengthening the global regulation of VA/VASPs.

## **Virtual Forum - Strengthening Cooperation Mechanism for the Protection of the NPO sector from Exploitation for Purposes of ML/TF**

*24 August 2023*

The FIU attended a virtual forum, organised by the Department of Foreign Affairs, Manila. The forum aimed to raise awareness of the vulnerability of NPOs to ML/TF exploitation and to highlight the efforts of the government and the private sector in safeguarding the civic space against such risks.

## **Egmont Secure Web (ESW) Training**

*29 August 2023*

Two members of the FIU participated in the training conducted by the Egmont Group. The training encompassed an onboarding session for the ESW system and aimed to familiarise all FIUs with the new system.

## **Monetary Authority of Singapore (MAS) Sharing Session: Regulation and Supervision of Payment Systems Providers (PSPs) and Payment Service Operators (PSOs)**

*5 September 2023*

Three FIU members attended the virtual sharing session hosted by MAS. The sharing session included a presentation by BDCB on the overview of Brunei Darussalam's payments landscape, and presentations by MAS on their regulation and supervision of PSPs and PSOs.

## goAML Graph Database Workshop

11 September 2023

Four FIU members attended the workshop virtually, hosted by UNODC. This workshop aims to enhance the strategic analysis and visualisation capabilities of the goAML software through a graph database.

## Integrated Financial Intelligence System (IFIS) Refresher Course to Law Enforcement Agencies

7 and 9 November 2023

The FIU organised an IFIS Refresher Course to law enforcement agencies. The primary objective of this course is to familiarise law enforcement agencies with on the functions of IFIS including the process and timeline for submitting requests for information. During both sessions of the course, the FIU outlined its primary functions which aimed to improve comprehensive understanding by the law enforcement agencies. Emphasis was placed on FIU's role as an intermediary between law enforcement and banks, as well as its involvement in requesting the freezing of accounts.

## APG-Focused FATF Standards Training Course

6-10 November 2023



An FIU officer attended the training hosted by the FATF and APG Secretariat in Kuala Lumpur, Malaysia. The Standards Training Course aims to enhance participants' understanding of the FATF Standards on AML/CFT as well as the implementation of effective measures to combat ML/TF.

# Abbreviations

Abbreviations	Definition
ACB	Anti-Corruption Bureau
AGC	Attorney General's Chambers
AITI	Authority for Info-communications Technology Industry
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
APG	Asia/Pacific Group on Money Laundering
APRG	Asia/Pacific Regional Group
ASEAN	Association of Southeast Asian Nation
ATO	Anti-Terrorism Order, 2011
AUSTRAC	Australian Transaction Reports and Analysis Centre
BDCB	Brunei Darussalam Central Bank
BoVEA	Board of Valuers and Estate Agents
CARO	Criminal Asset Recovery Order, 2012
CBNI	Physical Currency and Bearer Negotiable Instruments
CInRG	Crimes Intelligence Research Group
CPF	Counter Proliferation Financing
CSB	Cyber Security Brunei
CSP	Company Service Provider
CSPS	Centre for Strategic and Policy Studies
CTR	Cash Transaction Report
DARe	Darussalam Enterprise
DNFBPs	Designated Non-Financial Businesses and Professions
ECOFEL	Egmont Centre of FIU Excellence and Leadership
EDD	Enhanced Due Diligence
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FIs	Financial Institutions
FICG	Financial Intelligence Consultative Group
FIU	Financial Intelligence Unit
IEWG	Information Exchange Working Group
IFIS	Integrated Financial Intelligence System
INRD	Immigration and National Registration Department
ISD	Internal Security Department
ISP	Information Sharing Platform
MAS	Monetary Authority of Singapore
ME	Mutual Evaluation

MEC	Mutual Evaluation Committee
MER	Mutual Evaluation Report
ML	Money Laundering
MOFE	Ministry of Finance and Economy
MOU	Memorandum of Understanding
MSCWG	Membership, Support and Compliance Working Group
MTIC	Ministry of Transport and Infocommunications
NAMLC	National Anti-Money Laundering and Combating the Financing of Terrorism Committee
NCB	Narcotics Control Bureau
NPO	Non-Profit Organisation
NRA	National Risk Assessment
PEP	Politically Exposed Person
PF	Proliferation Financing
PPP	Public-Private Partnership
PPWG	Policy and Procedures Working Group
PSP	Payment Service Provider
RBPF	Royal Brunei Police Force
RCED	Royal Customs and Excise Department
RFI	Request for Information
ROCBN	Registry of Companies and Business Names Division
STR	Suspicious Transaction Report
SWOT	Strengths, Weaknesses, Opportunities, Threats
TATWG	Technical Assistance and Training Working Group
TF	Terrorism Financing
TFR	Anti-Terrorism (Terrorist Financing) Regulations, 2013
UNN	United National Networks
UNODC	United Nations Office on Drugs and Crime
UNSCRs	United Nations Security Council Resolutions
VA	Virtual Asset
VASP	Virtual Asset Service Provider
WMDs	Weapons of Mass Destruction