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## ADDRESS OF THE DIRECTOR OF THE DEPARTMENT OF FINANCIAL MONITORING



Dear colleagues!

The Department of financial monitoring of the State Control Committee of the Republic of Belarus presents to your attention the review of the main results of work and key events in the sphere of prevention of legalization of income gained in the criminal way, financing of terrorist activity and financing of distribution of weapons of mass destruction for 2019.

The Republic of Belarus actively and consistently supports formation of global system of counteraction to the transnational organized crime, international terrorism, financial fraud and corruption. The considerable efforts are made on implementation of the FATF standards in the national legislation and their effective practical realization.

The credible interbank system of identification of clients is created in our country, control of the sphere of a gaming with use of special computer cash system is organized, the obligatory identification of owners of e-wallets as the instrument of fight against drug trafficking is established.

New issues, which now all countries should face (and Belarus not an exception) are the risks connected with use of virtual assets. Belarus one of the first among of the EAG countries started study a regulation of their turn. However, the successful solution of this problem is possible only in interaction of all states.

At present time the Belarusian «anti-money laundering» system is improved within the Plan of measures on decrease in the revealed risks of legalization of income gained in the criminal way and the financing of terrorist activity for 2019-2020 years. This Plan is developed following the results of carrying out in 2018 the first national assessment of these risks and it assumes improvement of standard and legal regulation, the institutional environment as well as strengthening of personnel and technical potential of the AML/CFT system of the Republic of Belarus.



Completion of two years' large-scale work on carrying out of the international assessment of the national «anti-money laundering» system of the Republic of Belarus became the most significant event of 2019. The final report contains offers on the further directions of improvement of this system.

By the solution of the plenary meeting of the EAG the Republic of Belarus is put on procedure of standard monitoring of EAG with submission of the following report about progress in November, 2022. The successful carrying out of the international assessment allowed emphasizing once again commitment of our country to the international standards in the sphere of fight against money laundering and financing of terrorist activity.

Taking an opportunity I would like to thank heartily all staff of the Department and colleagues from government bodies, and organizations of our country whose high professional level and dedicated work in many respects promoted a positive assessment by the international community of achievements of the Belarusian «anti-money laundering» system and results of works which we have today.

I express sincere gratitude to the Secretariat of EAG, Federal Service for Financial Monitoring as well as colleagues from the foreign FIUs and international organizations for effective and mutually beneficial cooperation in promotion of the international standards matters in the of AML/CFT sphere, including at the international venues.

In conclusion allow me to assure you that the Department intends to continue work on further improvement of national «anti-money laundering» system according to the international standards and to strengthening of its potential.

**Yours sincerely,**

**Viacheslav Reut,**  
Director of the Department of Financial  
Monitoring of the State Control Committee  
of the Republic of Belarus





## MAIN RESULTS

### **Analytical work in 2019:**

171 009 STRs arrived in DFM

1 700 – number of materials, which the Department sent to the law enforcement authorities and foreign FIUs

62,8 million Belarusian rubles – sum of money which went into the state budget in accordance with decisions made by competent law enforcement and supervisory agencies based on information of DFM

554 – number of crimes revealed by the law enforcement authorities based on information of DFM

### **Interagency interaction and international cooperation in 2019:**

End of the international assessment of national «anti-money laundering» system of epy Republic of Belarus (2018-2019).

Signing of the agreement with the FIU of Canada about exchange of information in the AML/CFT sphere (on 01.01.2020 in total 24 agreements with competent authorities of the foreign states are signed)

Active informational exchange with FIUs:

371 – number messages sent to the foreign FIUs

351 – number messages received from the foreign FIUs



## 1. ABOUT THE DEPARTMENT OF FINANCIAL MONITORING



The Department of Financial Monitoring – authority of financial monitoring authorized to carry out activity according to the legislation of the Republic of Belarus on AML/CFT.

The activity of DFM is regulated by the following:

the Decree of the President of the Republic of Belarus dated on September 14, 2003 № 408 «On Forming of the Department of Financial Monitoring of the State Control Committee of the Republic of Belarus»;

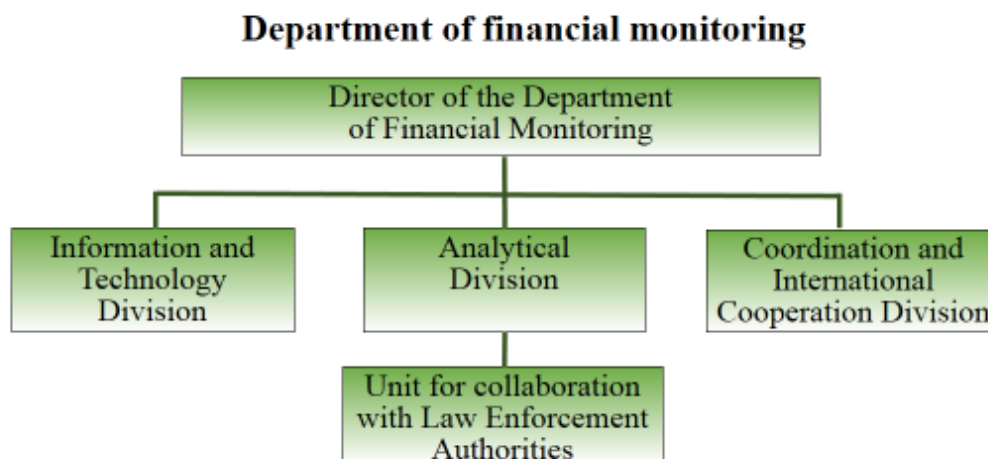
the Law of the Republic of Belarus dated on June 30, 2014 «On measures for prevention of laundering of criminal proceeds, financing of terrorism and financing of proliferation of weapons of mass destruction».

### Main objectives of the Department

- implementation of effective measures for anti-money laundering, combating financing of terrorism and financing of proliferation of weapons of mass destruction (AML/CFT/CFP);
- creation and maintenance of the automated information system for collection, processing and analysis of data on financial transactions that are subject to special control;
- carrying out of international cooperation on the AML/CFT/CFP matters.

### Structure of the Department

The structure of the Department consists of Analytical division, as a part of which there is the unit for collaboration with the law enforcement authorities, Information and technological division, Coordination and international cooperation division (Fig. 1).



*Fig. 1. DFM structure*

The Analytical division takes measures for prevention of legalization of income gained in the criminal way, reveals financial operations, which can be connected with obtaining of the criminal income and their legalization.

The functions of Information and technological division include collection of information about the financial operations, which are subject to special control, maintenance and improvement of databases, development of the new software

The Coordination and international cooperation division carries out the international cooperation in the of AML/CFT/CFP sphere, coordination of the interaction with government bodies and other organizations of the Republic of Belarus within the interdepartmental working groups on AML/CFT/CFP matters, reveals financial operations which can be connected with FT/FP, holds the training events.

### **Interaction**

Being the center of collecting and analysis of information about the suspicious financial operations the Department closely interacts with the Ministry of Internal Affairs, State Security Committee, Financial Investigations Department of the State Control Committee, the Prosecutor General's Office, the Investigative Committee, the National Bank, the State Customs Committee, the State Border Committee and divisions of financial intelligence units of the foreign countries on AML/CFT/CFP issues.

Active interaction of the Department with law enforcement and supervisory authorities is carried out within specialized international operations «Five Elements», «Milky Way» and «Barrier». In cooperation with the law



enforcement authorities of the Republic of Belarus the Department participates in such operations carried out by member states of the Collective Security Treaty Organization as «Illegal immigrant», «Channel» and «Proxy».

In 2019 interdepartmental interaction was directed mainly to coordination of participation of representatives of government bodies in key actions of the international assessment of the national «anti-money laundering» system.





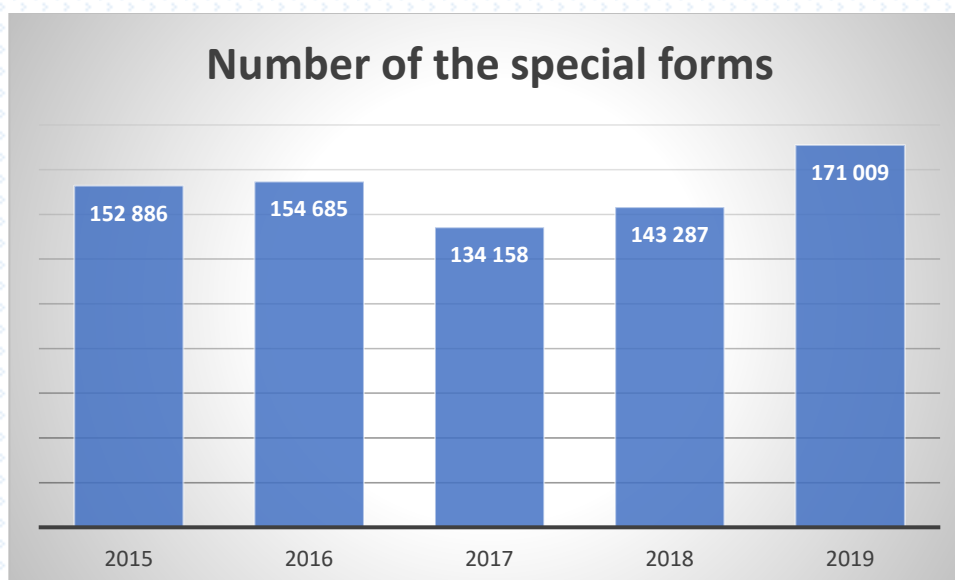
## 2. COLLECTION AND ANALYSIS OF INFORMATION ABOUT FINANCIAL OPERATIONS WHICH ARE SUBJECT TO SPECIAL CONTROL

The efficiency of the Department of Financial Monitoring activity in many respects depends on a level of development of its automated system for collecting, accounting, processing and analysis of information about financial operations, which are subject to special control.

The reports from the entities, which carrying out financial transactions (banks, professional participants of securities market, notaries, real estate agents, institutions providing services related to registration of real estate property, exchanges, insurance companies, dealers in precious metals and stones, audit organizations, lawyers, leasing organizations, postal services operators, gambling operators, etc.) are the key source of information used in activity of the Department.

Daily more than **670** reports about financial operations, which are subject to special control (hereinafter – the special form) are processed arrived from the entities, which carrying out financial transactions. In total in 2019 the Department received and processed **171 009** special forms.

Dynamics of receipt in 2015-2019 of the special forms in the Department is presented in Fig. 2.

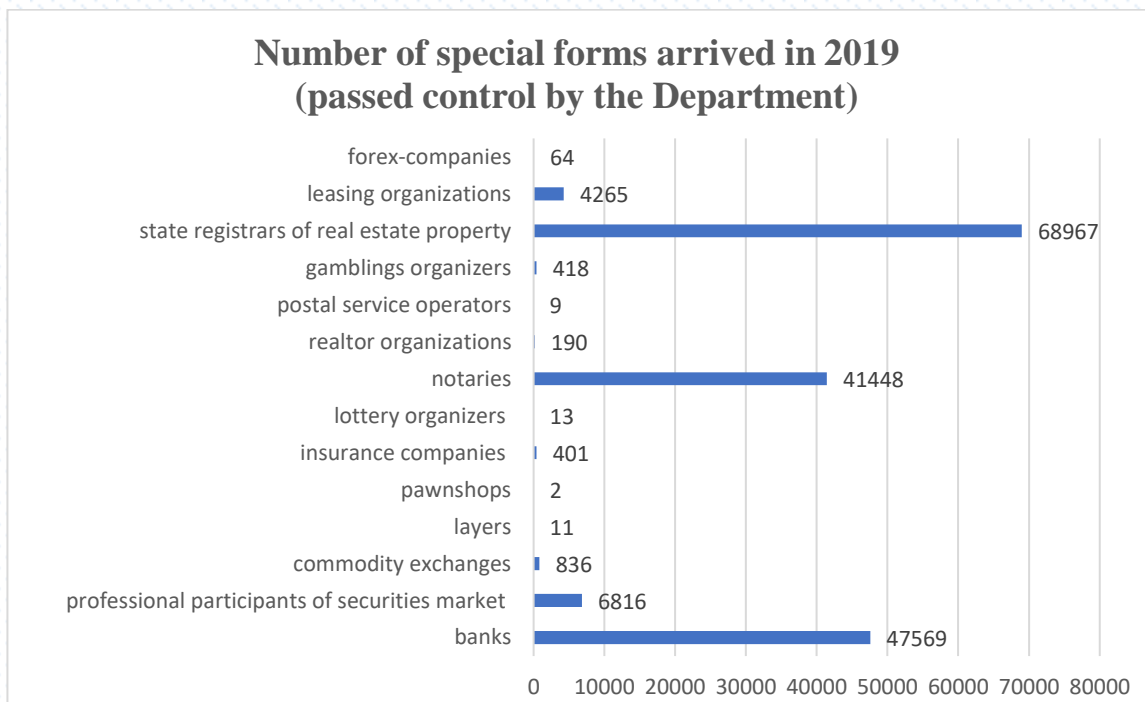


*Fig. 2. Special forms dynamics*



In electronic form 170 462 special forms came to the Department, on paper – 547.

The organizations of the state registration of real estate and banks were the most active in submission of such reports in 2019. They submitted 40,3 % reports (in 2018 – 35,2%) and – 27,8 % reports ( (in 2018 – 34,7%) respectively. The special forms submitted by notaries was about 24,2% of all number of them arrived and passed control (Fig. 3).



*Fig. 3 Number of the special forms*

In 2019 the part of reports about suspicious financial operations was 61,5%, of all number of the special forms which arrived and passed control and the reports about financial transactions, which sum exceeds the established threshold size, – 26,9%.

Besides, the part of reports about financial transactions which are subject special office, corresponding to several conditions of control – 11,5%.



### 3. INTERNATIONAL ACTIVITY

The international cooperation of the Department of Financial Monitoring promotes acceptance of effective measures on AML/CFT/CFP.

The international information exchange between FIUs is carried based on the requests or on its own initiative. Conditions and principles of cooperation between FIUs are defined in documents of FATF and Egmont Group, such as the Statement on the Goals of Egmont Group, the Principles of Information Exchange between FIUs, the Explanatory Note concerning definition of FIUs and the Standard Memorandum of Understanding between FIUs.

#### International agreements

The legislation of the Republic of Belarus does not demand obligatory existence of the cooperation agreement on exchange of information connected with money laundering, predicate crimes and financing of terrorism (ML/FT) for interaction with financial intelligence units of the foreign states. At the same time, the relevant agreements can be required for partners of the Department.

By January 1, 2020 the Department of Financial Monitoring has signed interdepartmental agreements with FIUs of 24 states regarding exchange of information in AML/CFT. In 2019 the Department signed agreement with FIU of Canada (signing took place within events of plenary week of Egmont Group in the Hague).



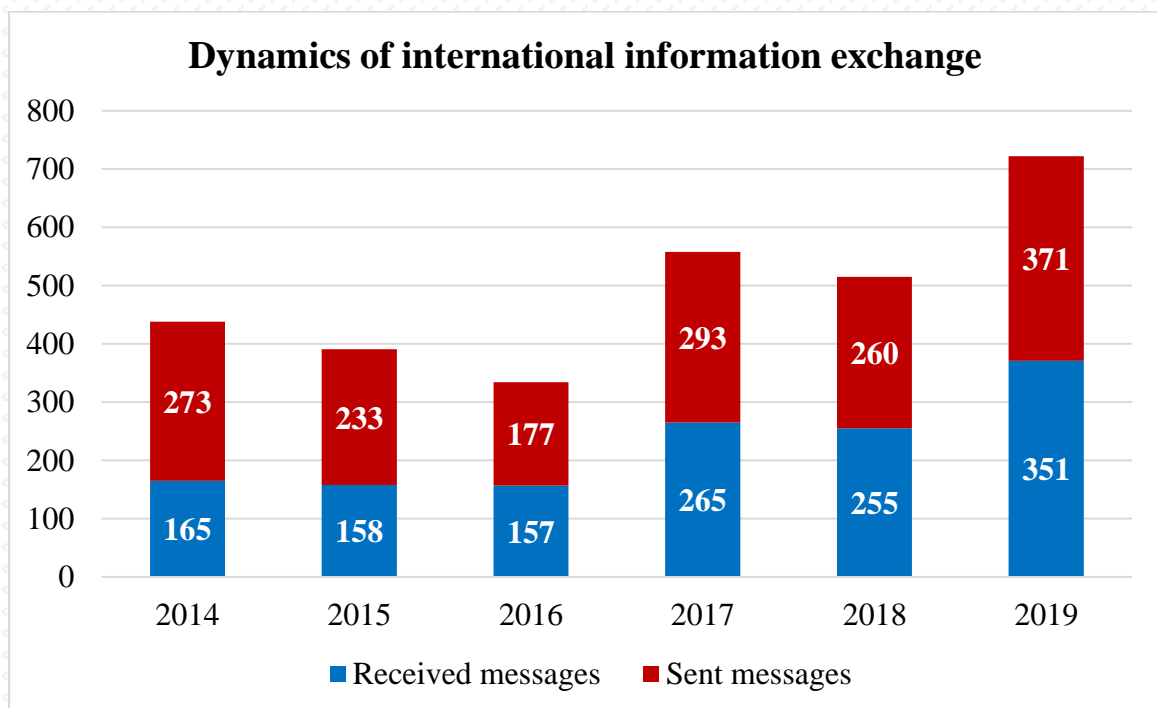


## International information exchange

The Department has contacts with the financial intelligence units of more than 90 foreign countries.

In 2019 the international information exchange was carried out with 56 foreign FIUs. The Department sent 371 messages to these FIUs and 351 messages arrived from them.

The exchange of information most actively was carried out with FIUs of Latvia, Russia, Lithuania, Estonia, the Czech Republic and Germany. In 2019 the Department received initiative messages from the FIUs of Austria, Germany, Malta, Latvia, Gibraltar and the Czech Republic regarding suspicious financial operations performed by the Belarusian citizens and organizations.



*Fig. 4 International information exchange*





## Cooperation with international organizations

The active work in the sphere of combating «money laundering» is also conducted within participation in other international organizations.

### EAG

The Eurasian group on combating money laundering and financing of terrorism (EAG), being a regional group of Financial Action Task Force (FATF) type, is designed to facilitate the wide dissemination of the FATF recommendations and to carry out an assessment of their performance by the member states of organization. The monitoring of implementation by the countries of the international obligations in the of AML/CFT sphere is carried out on the basis of mutual evaluations of «anti-money laundering» systems.



*EAG - one of nine regional groups on the FATF type created in 2004 for ensuring effective interaction at the regional level and integration member states of EAG in the AML/CFT international system according to the conventional international standards in this sphere.*

*In 2011 EAG received the status of the international intergovernmental organization. Members of the EAG are 9 countries - Belarus, India, Kazakhstan, China, Kyrgyzstan, Russia, Tajikistan, Turkmenistan and Uzbekistan. In accordance with the resolution of the President of the Republic of Belarus, the Department of Financial Monitoring represents the national interests in the EAG. The status of the observer is provided to 15 countries and 23 international organizations.*

**In 2019** the events of the 30 Plenary week of EAG (May 27-31, 2019, Moscow, Russia) and 31 Plenary week of EAG (November 25-29, 2019, Ashgabat, Turkmenistan) took place.



The representatives of the State Control Committee as well as of other 10 government agencies took part in these events (the National Bank, the Prosecutor General's Office, the Investigative Committee, the Ministry of Internal Affairs, the Ministry of Taxes and Tax Collection, the Ministry of Finance, the Ministry of Justice, the State Customs Committee, etc.)

Plenary sessions provided the platform for discussion of practical work of member states in the sphere of CFT, exchange of experience and the best





practices in the sphere of ML, discussions of the training of specialists for national «anti-money laundering» systems, carrying out a supranational risks assessment of ML/FT in the region.

For the Republic of Belarus a key objective of the specified actions was defending of the final report on the international assessment of «anti-money laundering» system of the Republic of Belarus

Within these events agreements were reached on strengthening of personnel capacity of the Belarusian «anti-money laundering» system, creation of the Belarusian segment of the international center of risks assessment of ML/FT, participation of the Belarusian experts in the assessment of Turkmenistan, Uzbekistan, Kazakhstan.



Membership of the Department in EAG allows to take part in events of ***Financial Action Task Force (FATF)***



*FATF – Financial Action Task Force on Money Laundering, - the inter-governmental body sets international standards and making policy in the AML/CFT sphere which are recognized around the world. The organization is created in 1989 according to the decision of heads and government of the states of «the big seven». Now the FATF network includes more than 200 states and jurisdictions.*

In February, June and October, 2019 by the invitation of the Chairman of EAG representatives of the Department and National bank took part in events of the FATF plenary weeks. Participation in this events allowed to examine experience of carrying out of the international assessment of the «anti-money laundering» systems and defending of the final report as well as with the planned changes of the international standards in fight against money laundering and financing of terrorism, the best international practices on implementation of these standards and control of ML/FT risks.



## CHFUI



*CHFUI (Council of the Heads of Financial Intelligence Units of the state participants of the Commonwealths of Independent States) образован в 2012 году. Council is designated to improve the efficiency of interaction and information exchange between FIUs as well as to reduction in compliance with the FATF standards and harmonization of legislations of the CIS state parties.*

Within the activities of the Council, the following issues are discussed detection and suppression of activity of the professional «laundering» platforms (operations «Five Elements» and «Milky Way») and international terrorist organizations and their operating cells in territories of the CIS countries (operation «Barrier»), carrying out of money laundering and terrorism financing risks assessments.

The representatives of the Department took part in the events of 12<sup>th</sup> meeting of CHFUI (May 27-29, 2019, Moscow, Russia) and 13<sup>th</sup> meeting of CHFUI (November 25-27, 2019, Ashgabat, Turkmenistan).



#### **4. PREPARATION AND TRAINING OF SPECIALISTS FOR NATIONAL AML/CFT/CFP SYSTEM**

In 2019 19 events in a format of round tables, the training seminars, courses in the form of video conferencing mode jointly with financial intelligence units of Russia, Kazakhstan, Tajikistan, Uzbekistan, Kyrgyzstan, Armenia are held. The Department coordinated participation in these events of 273 representatives of government bodies and organizations of the Republic of Belarus.

In November, 2019 the International Educational and Methodical Center of Financial Monitoring (Russia) organized for specialists of government bodies and the organizations of our country in the form of video conferencing mode a week training course on the topic «Implementation of the international standards in the sphere of prevention of legalization of income gained in the criminal way and financing of terrorist activity».

With assistance of the International Educational and Methodical Center of Financial Monitoring the training for representatives of the government agencies and the Belarusian higher education institutions in accordance with the program «Development of qualification of specialists in the sphere of counteraction to money laundering, terrorism financing and financing of distribution of the weapons of mass destruction» was organized.

The specialists of the Department also participated in the training seminar on typology of laundering of the criminal income organized by the Council of Europe in Minsk, in a regional seminar on a topic «Development of the market of crypto currencies and risks connected with it: drugs, money laundering, corruption» (September, 2019), organized by the UNP UN and OSCE as well as in 9 other offside training events organized by EAG (8), FATF (1) and the Council of Europe (1).

The Department coordinates training of experts- estimators for participation in mutual assessments of the «anti-money laundering» systems of the EAG member states. 7 representatives of government bodies of the Republic of Belarus were trained in 2019 as the experts-estimators in the international estimates in the AML/CFT/CFP sphere with obtaining of the corresponding certificates of EAG (6) and FATF (1).

The Department organized training on a constant basis of the young specialists in accordance with the international educational program within EAG. 6 representatives of the Republic of Belarus was selected in 2019 for receiving of the higher education and enlisted in higher education institutions of the network institute in the AML/CFT sphere.





## 5. MUTUAL ASSESSMENT OF «ANTI-MONEY LAUNDERING» SYSTEM OF THE REPUBLIC OF BELARUS

In 2019 the international assessment of the Belarusian «anti-money laundering» system regarding its compliance to standards of FATF passing in 2018-2019 within activity EAG came to the end.

### **Reference:**

*FATF has a great influence in the world. If getting into the «black» list of OECD can threaten with bad reputation, then getting into such FATF list following the results of the international assessment threatens with loss of a possibility of carrying out financial operations with the advanced and well-founded countries which are in the head of FATF (36 countries, including the USA and the advanced EU countries).*

The assessment was carried out by experts from the Secretariat of EAG, the Russian Federation, Kyrgyzstan, Tajikistan and Uzbekistan.

The State Control Committee provided implementation in full of the Schedule of key events of the assessment:

the visits of experts-appraisers of EAG to the Republic of Belarus are organized: technical mission (January 28-31, 2019), visiting mission (March 10-22, 2019), «face to face» meeting (September 5-6, 2019). It was held 102 meetings with representatives of 15 government bodies and representatives of the private sector.

The report about the assessment of «anti-money laundering» system of the Republic of Belarus prepared by experts contains ratings by 40 criteria of compliance of the legislation of the Republic of Belarus to the FATF Recommendations and 11 criteria of overall performance of the system. The positive sides of the Belarusian «anti-money laundering» system as well as the available shortcomings and the recommended measures for their elimination were noted in the report.

According to the conclusions, which are contained in the Report, the Republic of Belarus has deep understanding of risks of money laundering and financing of terrorism, the effective strategies and laws, directed to elimination of the revealed risks, are developed in the country. In the Report was noted considerable efficiency of precautionary measures in combating financing of terrorism, application of the target financial sanctions for financing of distribution of the weapons of mass destruction, use of operational financial information for identification, investigation and criminal prosecution of illegal activity, implementation of the international cooperation.



The inadequate control of sector of non-profit organizations (public associations, funds, the religious organizations) in the sphere of counteraction to financing of terrorism and insufficient measures for ensuring transparency of legal entities were mentioned as key disadvantages of the Belarusian «anti-money laundering» system.

Based on final ratings, the Republic of Belarus will be on procedure of regular monitoring of EAG with submission of the report about progress of the Belarusian «anti-money laundering» system in November 2022.





## ABBREVIATIONS

DFM, Department	– Department of financial monitoring of the State Control Committee of the Republic of Belarus
EAG	– Eurasian group on combating money laundering and financing of terrorism
ML	– money laundering
FT	– financing of terrorism
FP	– financing of distribution of the weapons of mass destruction
AML/CFT	– anti-money laundering and combating financing of terrorism
AML/CFT/CFP	– anti-money laundering, combating financing of terrorism and financing of proliferation of weapons of mass destruction
FIU	– financial intelligence unit
Special form	– report about financial operations, which are the subject to special control
CHFIU	– Council of the Heads of Financial Intelligence Units of the state participants of the CIS
FATF	– Financial Action Task Force
ITMCFM	– International Educational and Methodical Center of Financial Monitoring (Russian Federation)

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