Republic of Botswana

Guidance for Specified Parties and Accountable Institutions in Detecting Terrorist Financing

FIA

FINANCIAL INTELLIGIENCE AGENCY

1.0 OVERVIEW

1.1 The Financial Intelligence Act, 2019 under Section 33 obligates Specified Parties and Accountable Institutions to report suspicious transactions to the Financial Intelligence Agency (FIA). Suspicious Transaction Reports (STR) are a vital source of financial information for the FIA to assess, analyse and disseminate to relevant authorities financial intelligence in connection with money laundering, terrorist or proliferation financing activities. STRs can also provide an understanding of the threats against a jurisdiction by identifying terrorism or terrorism financing trends, patterns and changes in the types of crimes being perpetrated.

1.2 The FIA has received a negligible number of STRs involving Terrorist Financing (TF) to provide meaningful indicators and typologies in TF. Therefore, this document provides TF indicators or red flags to assist specified parties and accountable institutions identify transactions or events that might be linked to TF activities. The indicators are not intended as a substitute for the institution's own assessment, based on the knowledge and experience as well as the specific circumstances of the transaction or event.

1.3 The guidance document draws heavily from the publications of the Financial Action Task Force (FATF) and Egmont.

2.0 OBJECTIVES OF THE GUIDANCE NOTE

2.1 This Guidance Note is issued pursuant to Section 6 (2) (e) of the Financial Intelligence Act, 2019 and is intended to assist specified parties and accountable institutions with:
Understanding and complying with the Financial Intelligence Act, in particular, reporting of TF related STRs; and
Developing and implementing effective, risk based compliance programs that enable adequate identification and reporting of suspicious transactions involving TF.

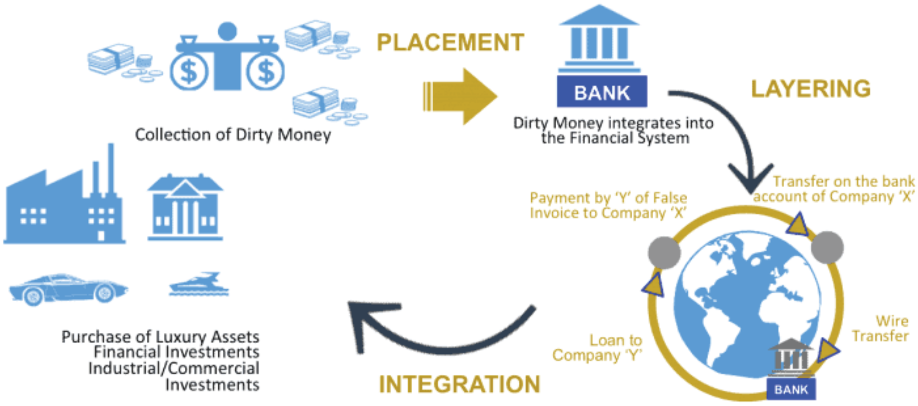
Terrorism Financing

2.2 Terrorism Financing may be defined as an act of collecting and providing funds directly or indirectly with the intention that it would be used by a terrorist or terrorist group. The funds may be raised from legal or illegal sources. Section 5 of the Counter Terrorism Act, 2014 as amended in 2018, criminalises terrorism financing.

Laundering of Terrorist Related Funds

2.3 From a technical perspective, the methods used by terrorists and their associates to generate funds from illegal sources differ little from those used by traditional criminal organisations. Although it would seem logical that funding from legitimate sources would not need to be laundered, there is nevertheless often a need for the terrorist group to obscure or disguise links between it and its legitimate funding sources. It follows then that terrorist groups must similarly find ways to conceal the funds in order to be able to use them without drawing the attention of authorities.

2.4 In examining terrorist related financial activity, Financial Action Task Force (FATF) experts have concluded that terrorists and their support organisations generally use the same methods as criminal groups to launder funds. Some of the particular methods detected with respect to various terrorist groups include: cash smuggling (both by couriers or bulk cash shipments), structured deposits to or withdrawals from bank accounts, purchases of various types of monetary instruments (travellers' cheques, bank cheques and money orders), use of credit or debit cards, and wire transfers. There have also been indications that some forms of underground banking (particularly the hawala system) have had a role in moving terrorist related funds.



2.5 When terrorists or terrorist organisations obtain their financial support from legal sources (donations, sales of publications, etc.), there are certain factors that make detecting and tracing these funds more difficult. For example, charities or non-profit organisations and other legal entities have been cited as playing an important role in the financing of some terrorist groups. The apparent legal source of this funding may mean that there are few, if any, indicators that would make an individual financial transaction or series of transactions stand out as linked to terrorist activities.

2.6 Other important aspects of terrorist financing that make its detection more difficult are the size and nature of the transactions involved. Several FATF experts have mentioned that the funding needed to mount a terrorist attack does not always call for large sums of money, and the associated transactions are usually not complex. For example, an examination of the financial connections among the September 11th hijackers showed that most of the individual transactions were small sums, that is, below the usual cash transaction reporting thresholds, and in most cases the operations consisted of only wire transfers. The individuals were ostensibly foreign students who appeared to be receiving money from their parents or in the form of grants for their studies, thus the transactions would not have been identified as needing additional scrutiny by the financial institutions involved.

2.7 As a normal part of carrying out their work, specified parties and accountable institutions should be aware of elements of individual transactions that could indicate funds involved in terrorist financing. The list of potentially suspicious or unusual activities provided in this document is meant to show types of transactions that could be a cause for additional scrutiny.

2.8 This list of characteristics should be taken into account by specified parties and accountable institutions along with other available information, including any lists of suspected terrorists, terrorist groups, and associated individuals and entities issued by the United Nations. The reporting entities should further scrutinise the nature of the transaction, the parties involved in the transaction, as well as any other guidance that may be provided by national counter terrorism authorities. The existence of one or more of the factors described in this list may warrant some form of increased scrutiny of the transaction. However, the existence of one of these factors by itself does not necessarily mean that a transaction is suspicious or unusual.

2.9 Specified Parties and Accountable Institutions should pay particular attention to:

2.9.1 Financial Indicators

- The use of funds by non-profit organisation is not consistent with the purpose for which it is established.
- The transaction is not economically justified considering the account holders' business or profession.
- A series of complicated transfers of funds from one person to another as a means to hide the source and intended use of the funds.
- Transactions which are inconsistent with the account's normal activity
- Deposits structured below the reporting requirements to avoid detection

[1]The information in this guidance note concerning terrorist financing has extracts from the FATF publication: Guidance for Financial Institutions in Detecting Terrorist Financing 24 April 2002.

- Frequent ATM activity in areas of conflict
- No business rationale or economic justification for the transaction.
- Unusual cash activity in foreign bank accounts.
- Multiple cash deposits in small amounts followed by a large wire transfer to other countries, in particular, to areas of conflict.
- Use of multiple, foreign bank accounts.

2.9.2 Behaviour Indicators
- The parties to the transaction (sender, beneficiary) are from countries known to support terrorist activities and organisations
- Use of false corporations, including shell companies
- Inclusion of the individual(s) in the United Nations 1267 Sanctions List
- Media reports that the account holder is linked to known terrorist organisations or is engaged in terrorist activities
- Beneficial owner of account not properly identified
- Use of nominee, trusts, family member or third party accounts
- Use of false identification
- Abuse of NPOs
- IP logins in areas of conflict

2.9.3 Activity Inconsistent with the Customer's Business

- Business generates funds from high risk countries (e.g. countries designated by FATF as non-cooperative countries and territories).
- The stated occupation of the customer is not commensurate with the type or level of activity.
- Persons involved in currency transactions share an address or phone number, particularly when the address is also a business location or does not seem to correspond to the stated occupation (e.g. student, unemployed, or self-employed)

2.9.4 Funds Transfers:

- A large number of incoming and outgoing funds transfers take place through a business account, and there appears to be no logical business or other economic purpose for the transfers, particularly when this activity involves high risk countries.
- Funds transfers are ordered in small amounts in an apparent effort to avoid triggering reporting requirements.
- Foreign exchange transactions are performed on behalf of a customer by a third party, followed by funds transfers to locations having no apparent business connection with the customer or to higher-risk countries.

2.9.5 Other Transactions that Appear Unusual or Suspicious

- Transactions involving foreign currency exchanges are followed shortly by funds transfers to higher-risk locations.
- A customer obtains a credit instrument or engages in commercial financial transactions involving the movement of funds to or from higher-risk locations when there appear to be no logical business reasons for dealing with those locations
- Insurance policy loans or surrender values that are subject to a substantial surrender charge.

2.9.6 Non-Profit Organisations
- Transactions conducted in the accounts of non-profit or charitable organizations for which there is no apparent economic or plausible reason and the transactions apparently do not match with the regular business activities of the organization.
- Use of the accounts of a non-profit organization or charity to collect funds for immediate transfer to a small number of foreign/domestic beneficiaries.
- Movement of funds to/from the areas of frequent military and terrorism activities by non-profit organizations.
- Wire transfers conducted in the account of a non-profit organization to/from the high risk jurisdictions or to countries of specific concern.
- A non-profit organization is involved in charity related activities in the areas of conflict or high-risk jurisdictions.

- High volume of cash-based activity noticed in the account of a non-profit organization without any economic or plausible reason.

3.0 REPORTING SUSPICIOUS TRANSACTIONS TO FIA

3.1 When a specified party or accountable institution forms a suspicion that a transaction is connected to the commission of the offence of terrorism or terrorist financing, an STR must be submitted to the FIA as soon as possible but not later than five (5) working days. This is in accordance with Regulation 21 of the Financial Intelligence Regulations, 2019.

3.2 STRs are submitted through an internet based portal called the goAML at web page https://www.fia.org.bw/goamlcln. However, entities without the technological capacity, must submit by completing an STR form (Form B), which is annexed and submitting the report to FIA:

- By fax 3931754
- By mail to the following address:

The Director General
Financial Intelligence Agency
Private Bag 0190
Gaborone

For further enquiries call 3998400

Approved by the FIA Management on the ____________day of ____________ 2021.

SIGNATURE :____

ACTING DIRECTOR GENERAL

Republic of Botswana

SUSPICIOUS TRANSACTION REPORT

A suspicious transaction is reportable to the Financial Intelligence Agency under the Financial Intelligence Act 2009

Report reference no.

____

Date........./......./..........

INSTRUCTIONS FOR COMPLETING THE REPORT FORM:

- Complete as much of this form as possible, providing clear and accurate information
- **All fields are mandatory, if you are unable to answer the question or it isn't relevant please indicate with Not Applicable (N/A)**
- Complete the form in black ink and CAPITAL LETTERS
- Mark appropriate boxes with a cross (X)
- **For detailed instructions on how to complete this form please refer to STR guidelines issued by the FIA**
- A report must be submitted within 5 days of the suspicious transaction.

Send completed forms by Post to:

The Director
Financial Intelligence Agency
Private Bag 0190
Gaborone Botswana

or Fax to: +267 3905742

PART A: REPORT DETAILS

Is this an amendment or addition to a report previously submitted?	☐ Yes ☐ No If no, proceed to Part B.
If yes, list the reference number(s) of previous report(s)	
If yes, list the Part(s) and Section(s) of the previous report that are affected (i.e. Part A , B or C or sections 1,2 or 3, etc.)	

PART B: DETAILS OF THE ACCOUNT / PRODUCT / PERSON / ORGANISATION TO WHICH THE SUSPICIOUS TRANSACTION RELATES

SECTION 1: DETAILS OF THE ACCOUNT / PRODUCT	
Account name and / or title	
Account number	☐☐☐☐☐☐☐☐☐☐☐☐☐
Name and location of institution branch/office where the account is held **Branch/office identification number** **Name of institution** **Name of ward / suburb / city / town** **Village name** **District** **Country**	

Account type	☐ Cheque ☐ Savings ☐ Credit card ☐ Custodial ☐ Store value card ☐ Foreign currency ☐ Bullion ☐ Insurance ☐ Lease/hire purchase ☐ Loan ☐ Mortgage ☐ Remittance ☐ Trading ☐ Superannuation/ADF ☐ E-currency ☐ Betting ☐ Investment Other ____________			
Account opening date	Day	Month	Year	Account currency
Account closing date	Day	Month	Year	Account balance at date of closure
Name of person who closed the account and what happened to the balance of the account i.e. international transfer / transfer to another account				
Does the account have any linked accounts?	☐ Yes ☐ No If Yes supply account details at end of report			
Name of account signatories (if more space is required please add in the section 2 narrative or on an additional page)	1.		2.	
Description of assets				
Jurisdiction where assets are held		Estimated value of assets		

SECTION 2: DETAILS OF THE ACCOUNT OWNER/HOLDER							
Given name(s) or title(s)				Surname			
Other known name(s)/ alias(es)							
National Identity no. (Omang)							
Business / Company name				Business / Company registration number			
Account holder type	☐ Individual ☐ Company ☐ Partnership ☐ Association ☐ Trust ☐ Government body ☐ Registered body Other ____________________						
Nature of relationship to Bank							
Is the relationship current or historical?	☐ Current ☐ Historical			Client number - provided by your organisation			
Identification document type	☐ National ID card ☐ Passport						
Identification number							
Identification issuer				Place of issue			
Identification issue date	Day	Month	Year	Expiry date	Day	Month	Year

Physical address Street number and name Name of ward / suburb / city / town / Village name District Country (if overseas)					
Telephone /Cell / email details					
Date of birth /incorporation/ Registration	Day	Month	Year	Place of birth/ incorporation/ registration	
Employment/industry type					
Employer details Name of employer Street number and name Name of ward / suburb / city / town Village name District Country (if overseas)					
If the account owner is an individual, please specify	☐ Male ☐ Female			Country of citizenship	
Nature of person on whose behalf the transaction was conducted	☐ Account owner ☐ Authorised agent ☐ Employer Other ________________________				

SECTION 3: DETAILS OF THE PERSON CONDUCTING THE TRANSACTION (IF DIFFERENT FROM ACCOUNT OWNER/HOLDER)							
Given name(s) or title(s)				Surname			
Other known name(s)/ alias(es)							
Business / Company name				Business / Company registration number			
Identification document type	☐ National ID card ☐ Passport						
Identification number							
Identification issuer				Place of issue			
Identification issue date	Day	Month	Year	Expiry date	Day	Month	Year

Physical address Name of employer Street number and name Name of ward / suburb / city / town Village name District Country (if overseas)	
Telephone /Cell / email details	

Date of birth	Day	Month	Year	Place of birth	
Gender	☐ Male ☐ Female		Country of citizenship		
Details of physical profile	☐ Scar on face ☐ Walked with a limp ☐ Dirty/heavily worn clothing ☐ Tattoo(s) Other_______________				

SECTION 4: DETAILS OF THE BENEFICIARY CUSTOMER (IF APPLICABLE)			
Name of other institution involved			
Beneficiary account number (if known)			
Given name(s) or title(s)		Surname	
Other known name(s)/ alias(es)			
Business / Company name		Business / Company registration number	
Identification document type	☐ National ID card ☐ Passport		
Identification number			
Identification issuer		Place of issue	

Identification issue date	Day	Month	Year	Expiry date	Day	Month	Year

Physical address Name of employer Street number and name Name of ward / suburb / city / town Village name District Country (if overseas)	
Telephone /Cell / email details	

Date of birth/ incorporation / registration	Day	Month	Year	Place of birth/ incorporation/ registration	
Gender	☐ Male ☐ Female		Country of citizenship		

SECTION 5: DETAILS OF ANY OTHER PARTY TO WHICH THE SUSPICIOUS TRANSACTION RELATES			
Given name(s) or title(s)		Surname	
Other known name(s)/ alias(es)			
Business / Company name		Business / Company registration number	
Person type	☐ Individual ☐ Company ☐ Partnership ☐ Association ☐ Trust ☐ Government body ☐ Registered body Other ____________________		
Nature of relationship to suspicious transaction e.g. conducted the transaction with person of interest			
Identification document type	☐ National ID card ☐ Passport		
Identification number			
Identification issuer		Place of issue	

Identification issue date	Day	Month	Year	Expiry date	Day	Month	Year

Physical address Name of employer Street number and name Name of ward / suburb / city / town Village name District Country (if overseas)	
Telephone /Cell / email details	

Date of birth/ incorporation / registration	Day	Month	Year	Place of birth/ incorporation/ registration	
Employment/industry type					

Employer details Name of employer Street number and name Name of ward / suburb / city / town Village name District Country (if overseas)			
Gender	☐ Male ☐ Female	Country of citizenship	

PART C: TRANSACTION DETAILS

Amount of transaction and currency of transaction					
Date of transaction	Date	Month	Year	Time of transaction	
Name and location of institution branch/office where the transaction was conducted Branch/office identification number Name of institution Name of ward / suburb / city / town Village name District Country (if overseas)					
Has the suspicion been formed as a result of multiple transactions?	☐ Yes ☐ No	Has the suspicious activity had a material impact on the financial soundness of the Bank?	☐ Yes (if more space is required please add in the section 2 narrative or on an additional page) ☐ No		

Period of transactions:		Day	Month	Year
	From			
	To			
Type of transaction	☐ Account opening ☐ Telegraphic transfer ☐ Account deposit/withdrawal ☐ Property transfer ☐ Negotiable instruments ☐ Disposal of securities ☐ Bet placed ☐ Remittance ☐ E-currency transfer ☐ Purchase of traveller's cheques Other _______________			

Type of funds/payment instrument transacted	
Transaction channel/ mechanism	☐ Face-to-face/in person ☐ Electronic/internet ☐ Telephone instruction Other ______________________________
Status of transaction	☐ Complete ☐ Suspended ☐ Processing
Remarks/comments/ explanations made by the customer regarding why the transaction was conducted	

PART D: REASON FOR SUSPICION

SECTION 1: IDENTIFY YOUR CATEGORY OF SUSPICION

☐ Suspicious behaviour	☐ ATM/cheque fraud
☐ Large or unusual cash deposits/withdrawal	☐ Unusual business/account activity
☐ Irregular or unusual international banking activity	☐ Known/suspected criminal
☐ Inconsistent with customer profile	☐ Avoiding reporting obligations
☐ Large or unusual inward/outward remittance	☐ Internal fraud
☐ Unusually large foreign currency transaction	☐ Counterfeit currency
☐ Country/jurisdiction risk	☐ False name/identity or documents

Other ____

SECTION 2: DESCRIPTION NARRATIVE

Please describe clearly and succinctly the factors or unusual circumstances that led to the suspicion of money laundering or terrorism financing activity. Provide all relevant details and explain what you found suspicious.

Note: If required additional pages can be added to this report, initialled by the authorised individual

PART E: DETAILS OF ACTION ALREADY TAKEN BY YOUR INSTITUTION

Has a law enforcement agency been contacted in regards to this suspicion?	☐ Yes ☐ No
If yes, please provide details of the law enforcement agency contacted. Name of agency Physical: Street number and name Name of ward / suburb / city / town Village name District Name of law enforcement agency contact person Contact phone	
Has any other action been taken in regards to this suspicious activity?	☐ Yes ☐ No
If yes, please provide details.	

PART F: ADDITIONAL AVAILABLE INFORMATION

Please provide a list of additional documents that your institution has available and may be able to provide to the FIA or another law enforcement agency upon request to assist with investigation of this suspicious transaction.	
Is an image or Closed Circuit Television (CCTV) of the suspicious transaction available	☐ Yes ☐ No

PART G: DETAILS OF THE BANK AND PERSON LODGING THE REPORT

SECTION 1: DETAILS OF THE BANK	
Full name of Bank	
Bank identification number	
Primary regulatory institution	

SECTION 2: DETAILS OF THE PERSON MAKING THE SUSPICIOUS TRANSACTION REPORT	
Person/officer name	
Person/officer position title	
Person/officer contact details	Phone Email
Signature/declaration of the reporting officer	

For Official Use Only

END OF REPORT