



Egmont Group Statement from Thematic Discussions of the Commission on Crime Prevention and Criminal Justice on the Implementation of the Kyoto Declaration, 10-12 November 2021

FIU's are uniquely positioned to cooperate and support national and international efforts to combat terrorist financing and money laundering, including predicate offences, and are the trusted gateway for sharing financial information domestically and internationally.

In the coming months, the Egmont Group will see the following projects come to fruition:

1. The **Asset Recovery Project** will help to better understand and support the role of FIUs in tracing criminal assets, making use of their suspension/freezing powers, cooperating with Asset Recovery Offices (ARO), and case collection.

An effective asset recovery regime is essential to robust anti-money laundering and counter-terrorism financing crime-fighting systems. It prevents criminals from benefitting from ill-gotten funds and may also return or repatriate victims' stolen assets or allow governments to use these assets to facilitate activities of public benefit.

Successful asset recovery depends on multiple competent public authorities' collective efforts and, in cross-border cases, comprehensive and timely international information exchange. FIUs play a pivotal role in the asset recovery process, primarily in the first two phases, asset tracking and securing assets, since many FIU's have financial transaction suspension power to prevent illicit money from moving across borders. However, due to their investigative and/or prosecutorial functions surrounding money laundering and terrorist financing, some FIUs could play a more significant role in the subsequent criminal asset confiscation process. The project team focused on the legal functions provided to some FIUs based on their nature, not different types of FIUs' (administrative, judicial, law-enforcement or hybrid) specificities, which may justify their more substantial role in the confiscation and asset repatriation/restitution. For example, one FIU is including their local ARO as part of its organizational structure.

Although the draft report is still not endorsed by the HoFIU (which is expected to happen in early 2022), one main conclusion is the need for timely information access, prioritizing FIUs' asset tracking and asset securing, and abilities to postpone transactions effectively. The report presents several recommendations, lessons, and challenges experienced by FIUs and the HoFIU are expected to approve a detailed public report summary as well.

2. The **FIU-FinTech Cooperation Project** focuses on modern finance developments.

Many financial transactions take place virtually and with the FinTech industry's growing development, remotely conducted financial activity and general financial disintermediation will continually increase.

The FinTech industry's services bring many customer advantages, including convenient, fast, inexpensive, and easy cross-border value transfers, all appealing characteristics attracting illicit actors to FinTech platforms which is why jurisdictions establish regulatory and law enforcement regimes to identify and combat the exploitation of these platforms within their borders and/or against their citizens.

Financial activity enabled through Fintech platforms affect their jurisdiction. This is due to many reasons, the most significant being that many Virtual Asset Service Providers and other FinTech companies are now operating in jurisdictions different than the one of registration, without being obliged to notify their presence. Another reason is related to the nature of services provided by the FinTech industry, which in some instances may lead to higher anonymity levels.

In addition to how FIUs can receive an increase in effective reporting and organize efficient international FinTech-related financial intelligence cooperation, the necessary FinTech information to be reported to FIUs needs to be determined. International formatting of information exchange would be incredibly beneficial.

Finally, some typologies are specific to the digital nature of most FinTech technologies and services. FIUs and law enforcement authorities should be aware of new typologies and risks in relation to new products offered by such companies.

This requires that they stay in touch with the sector and ensure they constantly keep up with the high speed of developments.



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Chair, Egmont Group of Financial Intelligence Units

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The Egmont Group of Financial Intelligence Units (FIUs) connects 167 FIUs and its main role is to strengthen efficient information sharing mechanisms among its members to combat money laundering and the financing of terrorism.

Associated Links

- [Egmont Group website](#)
- [Egmont Centre of FIU Excellence & Leadership \(ECOFEL\) website](#)