



Da Afghanistan Bank
Financial Transactions and Reports Analysis Center of
Afghanistan

2023 ANNUAL REPORT



ABOUT US

The Financial Transaction and Reports Analysis Center of Afghanistan (FinTRACA) is a national financial intelligence unit established under the Anti-Money Laundering and Proceeds of Crime Law.

It collaborates with law enforcement agencies, regulators, and international counterparts to protect Afghanistan's financial system from money laundering and terrorist financing. The Center collects, analyzes, and disseminates financial information, leading to investigations, prosecutions, and convictions by the criminal justice system.

VISION

TO BECOME A CENTER OF EXCELLENCE IN FIGHTING AGAINST MONEY LAUNDERING AND TERRORIST FINANCING IN THE COUNTRY BY MAINTAINING INTERNATIONAL BEST PRACTICES.

MISSION

TO SAFEGUARD THE FINANCIAL SYSTEM OF AFGHANISTAN FROM MONEY LAUNDERING, TERRORIST FINANCING AND OTHER PREDICATE OFFENSES IN COLLABORATION WITH LAW ENFORCEMENT AGENCIES, REGULATORS, PROSECUTORS AND INTERNATIONAL COUNTERPARTS.

2023 HIGHLIGHTS.....	4
REPORTING ENTITIES.....	5
RECEIPT OF SUSPICIOUS TRANSACTION REPORTS.....	5
RECEIPT OF LARGE CASH TRANSACTION REPORTS.....	6
CASH AND BNIS REPORTS.....	7
NON-BANKING FINANCIAL SECTORS.....	7
• SIZE OF THE MSPCOS IN AFGHANISTAN	7
• ELECTRONIC HAWALA REPORTING OF MSPCOS.....	7
• MONEY EXCHANGE AND REPORTING	8
STR ELECTRONIC REPORTING OF MSPCOS.....	8
DAB USD AUCTION	9
RECEIPT OF LCTRS FROM NBFIS	9
LAUNCHING NEW HAWALA REPORTING PORTAL.....	9
DNFBPS.....	9
DATA COLLECTION SOURCES	11
ANALYZED CASES AND SPONTANEOUS DISSEMINATIONS	12
RECEIPT OF FEEDBACK FROM LEAS.....	14
NATIONAL COOPERATION.....	15
INTERNATIONAL COOPERATION	16
ENFORCEMENT.....	16
EXCHANGE OF COMPLIANCE ANALYTICAL REPORTS WITH SUPERVISORY BODIES.....	16
FREEZINGS	17
FINTRACA WATCH-LIST	17
NATIONAL ML/TF RISK ASSESSMENT	18
HIGH LEVEL COORDINATION COMMISSION (HLCC).....	18
COMPLIANCE COORDINATION COMMITTEE.....	19
CAPACITY BUILDING PROGRAMS	19
ACRONYMS.....	21

MESSAGE FROM THE DIRECTOR GENERAL

I am delighted to present FinTRACA's 2023 Annual Report, which outlines the Center's major AML/CFT activities and achievements.

FinTRACA is committed to safeguarding Afghanistan's financial sector and combating ML/TF and related crimes.

As inter-agency relations play an important role in strengthening the AML/CFT regime, FinTRACA has continuously strived to establish effective cooperation and coordination with relevant agencies in the fight against money laundering and other financial crimes. To this end, in 2023, the Center held several meetings with LEAs and other relevant agencies on AML/CFT issues, including the conducting of the High-Level Coordination Commission and the Compliance Coordination Committee meetings.

During 2023, FinTRACA also focused significantly on the DNFBPs sector. The DNFBPs sector is one of the vulnerable sectors to ML/TF crimes in the country. Hence, FinTRACA conducted a comprehensive statistical survey in Kabul and Balkh provinces of Afghanistan to assess the DNFBPs sector. The survey will also be conducted in other major cities of the country in the upcoming year. The survey provides a valuable insight for future strategies to cover the sector.

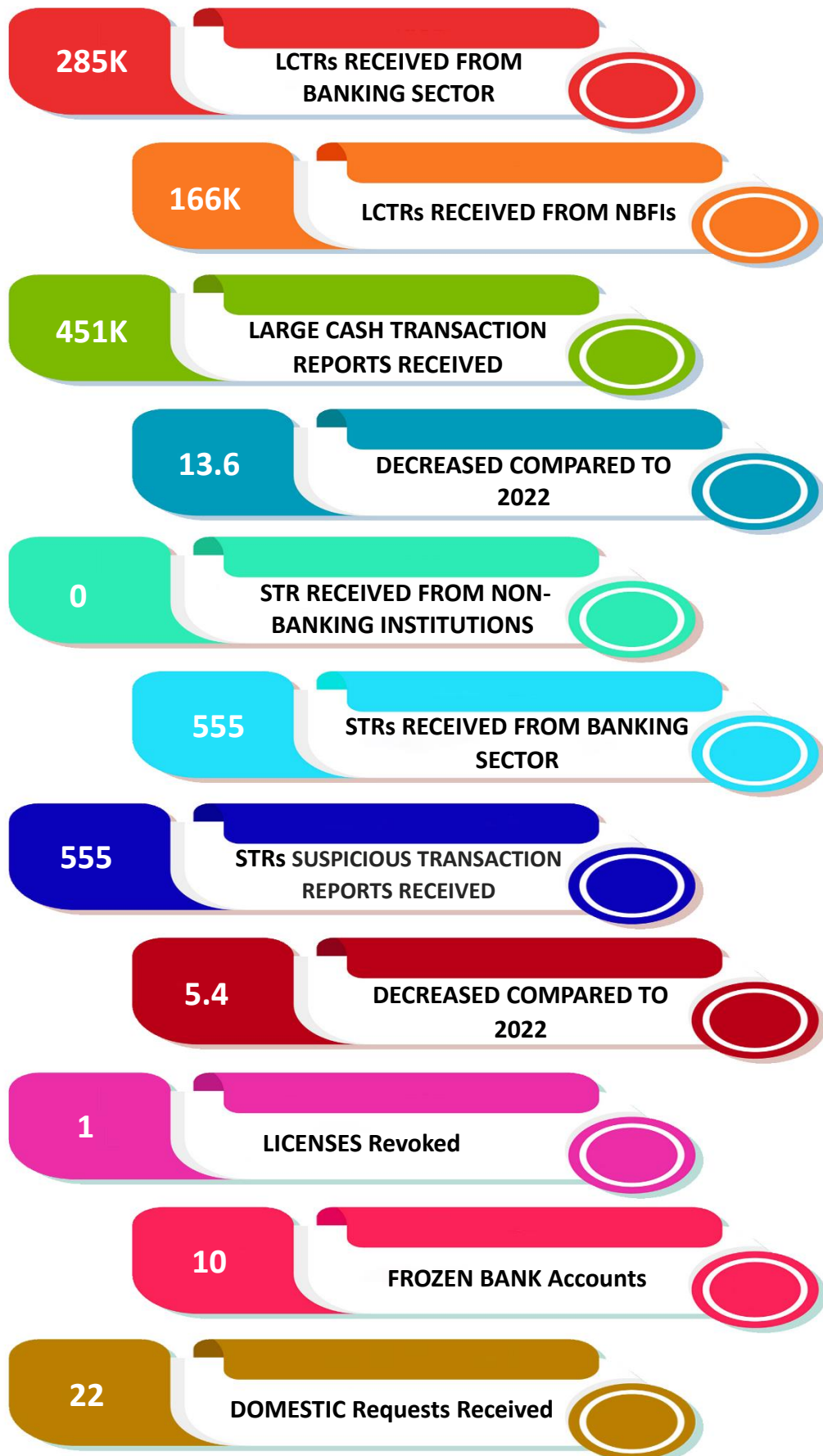
In addition, FinTRACA established a new online Hawala Reporting Portal for MSPCOs in 2023. This platform facilitates easy and timely reporting of hawala and ensures transparency in the financial sector of the country.

The Center aims to explore new ways and technological avenues to provide timely and quality reports on ML/TF trends, patterns, typologies, and red flags of financial crimes affecting the country's financial system.

Finally, I would like to express my sincere gratitude to the employees of FinTRACA and all our partner agencies for their support and dedication in ensuring the success of FinTRACA in 2023.

We look forward to the continued commitment, cooperation and partnership of our partner agencies and counterparts in 2024, both at the national and international levels.

2023 HIGHLIGHTS



REPORTING ENTITIES



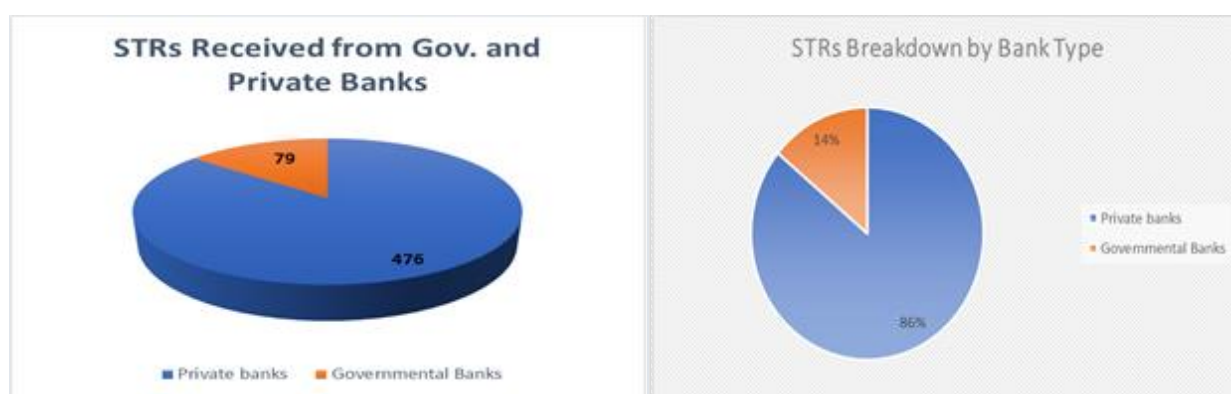
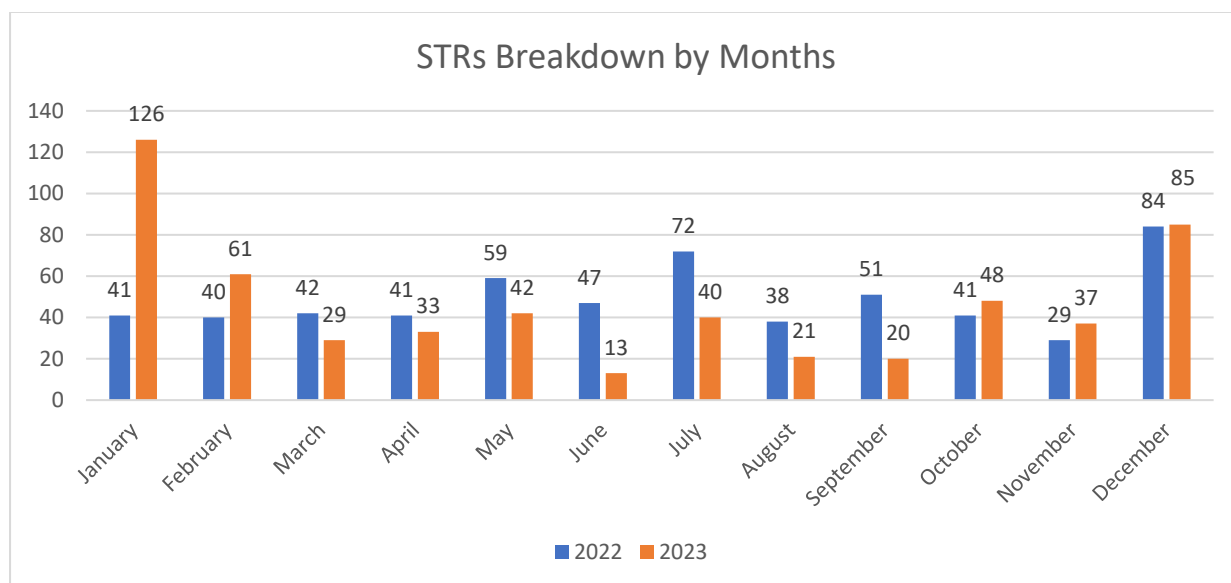
RECEIPT OF SUSPICIOUS TRANSACTION REPORTS

According to the AML-PC Law, reporting entities are required to file STRs where reasonable grounds for suspicion of involvement of a transaction in money laundering, terrorist financing, proceeds of crime, and other predicate offenses exist.

Reports of suspicious transactions must be filed as soon as practicable, but no later than three working days after the suspicion is formed. After having submitted a suspicious transaction report under this law, reporting entities shall also be required to submit without delay any additional information that might confirm or invalidate the suspicion.

In order to ensure confidentiality, reporting entities, their directors, and employees are prohibited from disclosing to a customer or any other person the fact that a report has been made or any information has been submitted to the FIU or a competent authority in relation to any money laundering or terrorism financing investigation.

FinTRACA received a total of 555 STRs in 2023, which shows a decrease of 5.4% compared to the previous year, 2022.



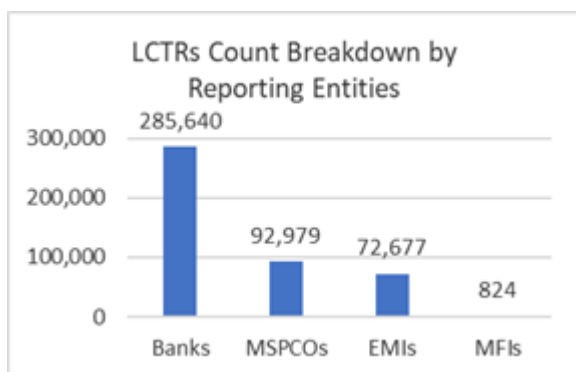
RECEIPT OF LARGE CASH TRANSACTION REPORTS

According to Article #17 of the AML-PC law of the country, reporting entities are obliged to report large cash transaction reports (LCTRs) to FinTRACA. A large cash transaction is any transaction that exceeds the threshold set by the relevant regulation.

Banking institutions must report transactions exceeding AFN 1,000,000 or its equivalent in other currencies to FinTRACA no earlier than the first business day of the month and no later than the fifth business day of a month following the month during which the transaction occurred.

The table below illustrates threshold reporting for bank and non-bank financial institutions.

REPORTING ENTITY	LCTR THRESHOLDS
Banking Institutions	AFN 1,000,000
Money Service Provider Companies (MSPCOs)	AFN 500,000
Micro Finance Institutions (MFIs)	AFN 200,000
Electronic Money Institutions (EMIs)	AFN 50,000



CASH AND BNIS REPORTS

The Regulation Governing the Reporting and Control of Physical Transfers of Currency, Bearer Negotiable Instruments, Gold, Other Precious Metals, or Precious Stones through the Borders of the Country, which is based on Article #7 of the AML-PC law, provides the legal basis for cash and BNIs control at international airports and land borders of the country.

Based on the provisions of the mentioned regulation, the General Directorate of Custom is the competent implementor of this regulation, and DAB is responsible for developing technical training programs for Customs officers. FinTRACA also collects statistics and copies of the cash declaration forms issued to travelers by customs in order to analyze and prepare statistical reports on the physical movement of the currencies through the land borders and international airports of the country.

However, FinTRACA did not receive any cash or BNIs declaration forms from the Customs' ASYCUDA database in 2023 due to the new threshold set by the authorities considering the economic situation in the country.

NON-BANKING FINANCIAL SECTORS

• SIZE OF THE MSPCOS IN AFGHANISTAN

In 2023, 1078 MSPCOs received licenses from DAB, and 323 branches of these MSPCOs were also registered.

FinTRACA created new users in the online Hawala Reporting Portal for MSPCOs and their branches to submit reports to this Center.

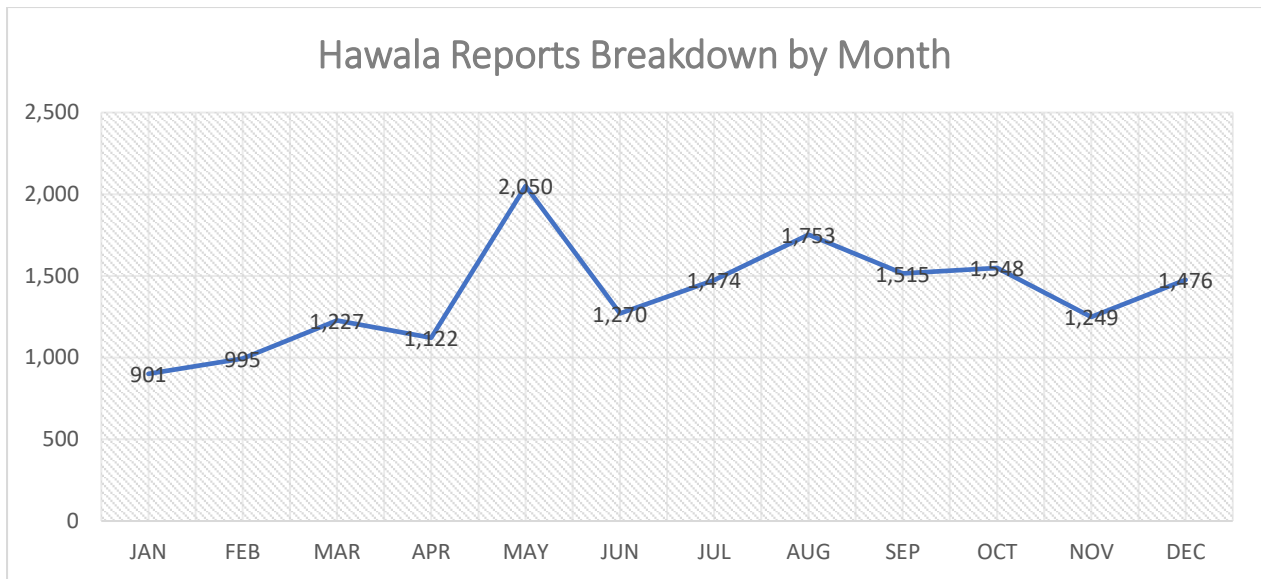
The MSPCOs provide their large cash transaction reports to FinTRACA on a monthly basis.

• ELECTRONIC HAWALA REPORTING OF MSPCOS

MSPCOs are required to report their large cash transactions to FinTRACA in compliance with Article #17 of the AML-PC law and Article #52 of the MSPCOs Regulation. The threshold amount for reporting LCTRs (Hawala & exchange) is AFN 500,000 or its equivalent in other currencies.

Fortunately, on September 23, 2023, the Center launched a new online reporting portal capable of collecting electronic exchange and hawala transactions simultaneously across different interfaces and enabling companies to submit their hawala LCTRs, such as exchanges, to FinTRACA.

In 2023, FinTRACA received a total of 16,580 hawala reports from MSPCOs.

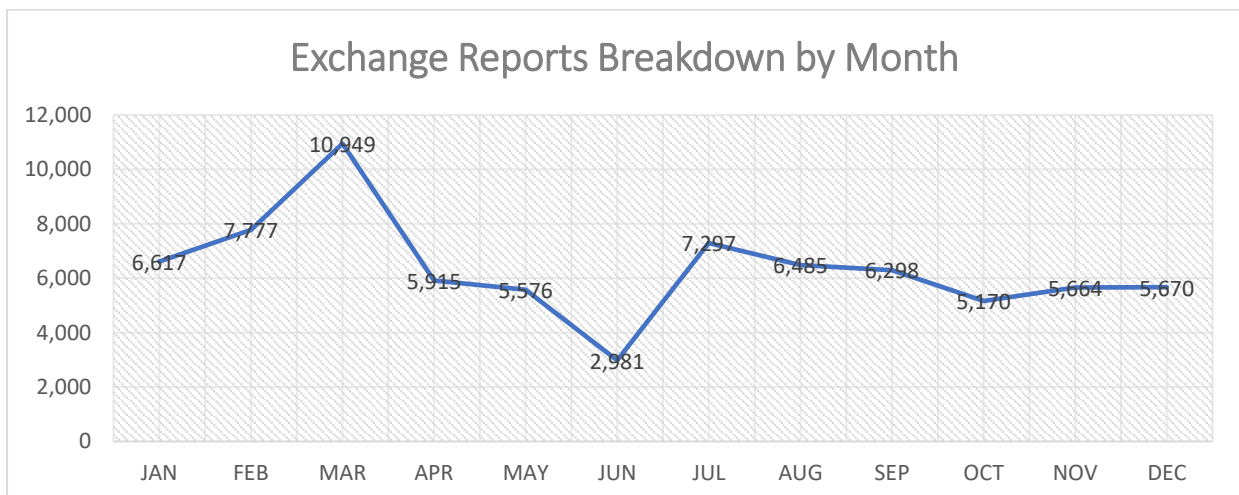


• MONEY EXCHANGE AND REPORTING

As per Article #17 of the AML-PC Law of Afghanistan and the MSPCOs regulation, all licensed MSPCOs are required to report their exchange LCTRs to FinTRACA.

The threshold for reporting LCTRs is AFN 500,000 or its equivalent in other currencies.

In 2023, 76,399 large cash transactions were reported via Hawala and the Exchange reporting portal to FinTRACA.



STR ELECTRONIC REPORTING OF MSPCOS

From December 1st to December 30th, 2023, FinTRACA successfully converted MSPCOs' suspicious transaction reporting from manual to electronic in the Central Zone of the country. The compliance staff members of all MSPCOs in the central zone received training for the implementation of the process.

In line with its action plan, FinTRACA intends to initiate this process in the regional zones next year.

DAB USD AUCTION

As per the provisions of Article #5 of the AML-PC law of the country, money service provider companies are the reporting entities to FinTRACA.

These entities are required to report all the transactions related to the DAB USD auction to FinTRACA via the hawala and exchange reporting portal.

There is no threshold amount for the reporting of the DAB USD auction.

Given the sensitivities and significance of USD banknotes and the impact of the DAB auction on the value of AFN, all transacted amounts in the DAB USD auction process must be reported to FinTRACA via the hawala and exchange reporting portal.

FinTRACA received a total of 5,267 auction reports through hawala and exchange portals during the year 2023.

RECEIPT OF LCTRS FROM NBFIS

The table below illustrates the breakdown of large cash transaction reports received from non-bank financial institutions (NBFIs) in 2023.

EMIs Updates	MFIs Updates	ICs Updates
LCTRs	LCTRs	LCTRs
72,677	824	0

LAUNCHING NEW HAWALA REPORTING PORTAL

The Hawala Online Portal has been developed in three languages to ensure accessibility across Afghanistan via computers, smartphones, and other smart gadgets. This advancement facilitates both the MSP/FXD sector and relevant government authorities in conducting thorough transaction analysis in accordance with Afghanistan's AML/CFT laws. By implementing this system, the sector fortifies itself against exploitation by money launderers and UN Sanctions designates within the country.

FinTRACA is currently receiving hawala reports from all over the country, which enhances transparency and accountability within the financial sector.

DNFBPS

The AML-PC Law and national ML/TF Risk Assessment of Afghanistan emphasize the importance of including DNFBPs in the reporting framework to minimize vulnerability to exploitation by money launderers and terrorist financiers.

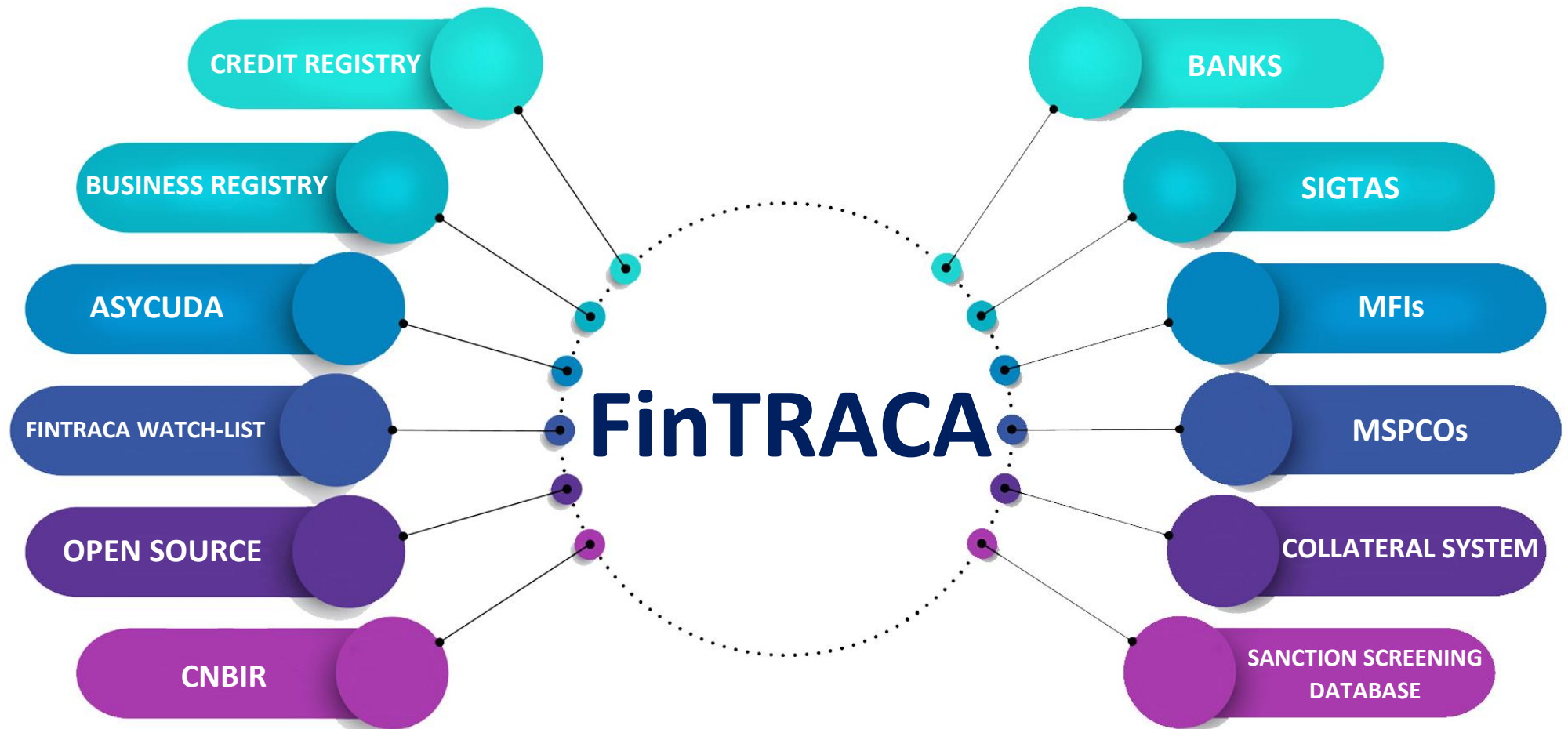
FinTRACA Management assigned a dedicated team, the Designated Non-Financial Business and Professions Section.

This section reviewed case studies on selected DNFBPs, gathered comprehensive statistics, and conducted meetings with the stakeholders to collect data on goldsmiths, gold dealers, and other individuals involved in the trade of precious, semi-precious, and other metals.

In addition, a comprehensive statistical survey was conducted to assess the DNFBPs in Kabul and Balkh provinces of Afghanistan, identifying their strengths and weaknesses, and evaluating their activities.

This analysis provided valuable insights for future strategies aimed at enhancing their performance and effectiveness.

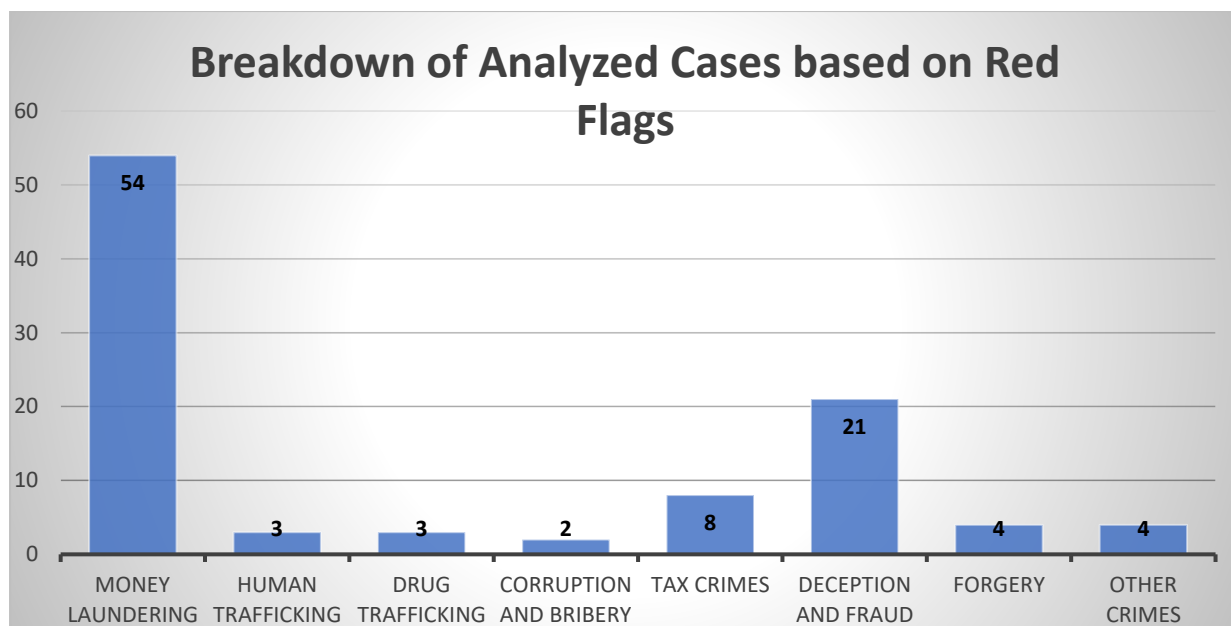
DATA COLLECTION SOURCES



ANALYZED CASES AND SPONTANEOUS DISSEMINATIONS

In 2023, FinTRACA analyzed a total of 99 cases, of which 6 were proactive and 93 reactive. These cases include suspicions of money laundering, human trafficking, drug trafficking, corruption, and bribery, tax crimes, fraud, forgery, and other crimes.

Breakdown Of Analyzed Cases by Red Flags					
No	Red Flags	No. of Cases	Type Of Cases	No. Involved natural and Legal Persons	No. of STRs
1	Money Laundering	54	Reactive	353	164
2	Human Trafficking	2	Reactive	2	2
		1	Proactive	3	1
3	Drug Trafficking	3	Reactive	15	6
4	Corruption and Bribery	1	Reactive	6	1
		1	Proactive	9	0
5	Tax Crimes	8	Reactive	31	11
6	Deception and Fraud	20	Reactive	74	31
		1	Proactive	1	0
7	Forgery	1	Reactive	4	2
		3	Proactive	5	1
8	Other Crimes	4	Reactive	18	7
TOTAL		99 Cases	6 Proactive Cases 93 Reactive Cases	521 Persons	226 STRs

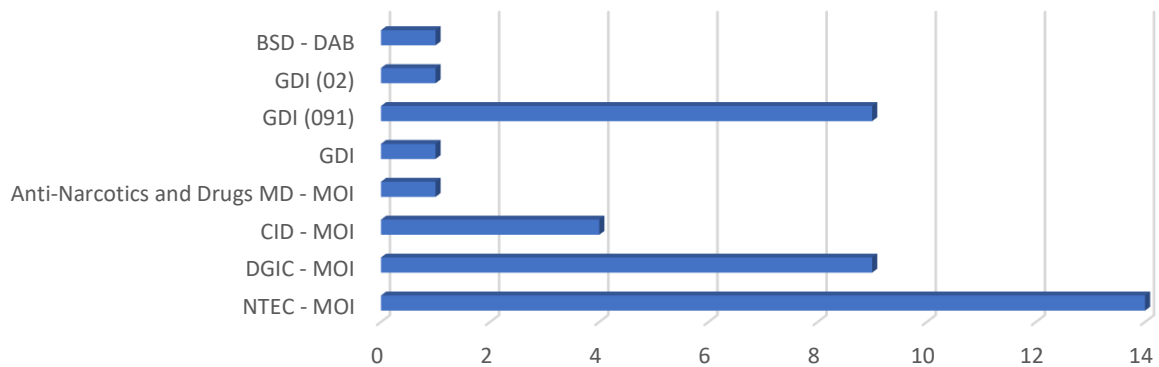


Of the all analyzed cases, 40 cases with reasonable grounds for suspicion of money laundering and other predicate offenses, along with reports on the facts, results of the analysis, and supporting documents, were disseminated to law enforcement agencies for documentation, investigation, and further legal action.

Breakdown of Disseminated Cases in 2023

No	No of Cases	Name of Agency
1	14	Directorate Of Technical Detection and Operation (MOI)
2	9	Directorate General of Intel and Countering Crimes (MOI)
3	4	General Directorate of Crime Investigation Department (MOI)
4	1	Anti-Narcotics and Drugs Ministerial Deputy (MOI)
5	1	General Directorate of Intelligence (GDI)
6	9	General Directorate of Intelligence 091 (GDI)
7	1	General Directorate of Intelligence 02 (GDI)
8	1	Banking Supervision Department (DAB)
Total Disseminated Cases	40 Cases	

Breakdown of Disseminated Cases based on Agency



RECIPT OF FEEDBACK FROM LEAS

In 2023, FinTRACA received feedback on 25 cases that were disseminated to law enforcement agencies. The feedback reveals that most cases are still in detection, investigation, or judicial transfer processes, and only a few have been archived.

The table below shows the total number of feedbacks received from LEAs in 2023.

LEAs	No. of Feedbacks	Status of Cases
NTEC - MOI	17 cases	2 cases archived
		5 cases under detections
		7 cases under investigation
		3 cases transferred to judicial authorities
Supreme Court	1 case	under the court conviction process
CID - MOI	4 cases	3 cases archived
		1 case under detection
General Directorate of Combating Terrorism - MOI	1 case	under investigation
Directorate General of Intel and Countering Crimes -MOI	1 case	archived
Non-Banking Supervision Department -DAB	1 case	license termination
Total No of Feedbacks Received	25 cases	

NATIONAL COOPERATION

In 2023, FinTRACA received 22 requests for financial intelligence information from law enforcement agencies.

FinTRACA responded to all requests. This included 35 subjects.

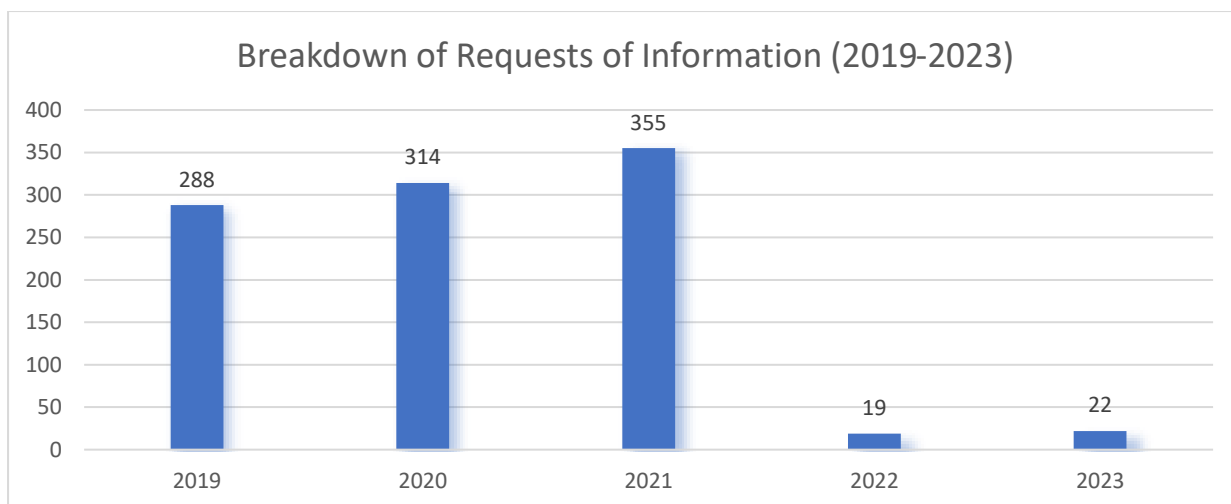
The basis for the exchange of financial intelligence information is provided in Article 28 of the AML-PC Law and the domestic MOUs signed with these agencies.

The table below illustrates the total financial intelligence information requests received by FinTRACA in 2023:

No	Agencies	Total Requests Received
1	General Directorate of Intelligence (GDI)	5
2	Ministry Of Interior (Police)	17
Total Executed Requests of Information		22
No. of Subjects Included		35

Predicate Offences related to upon Request Disclosures

PREDICATE OFFENCE	YEAR				
	2019	2020	2021	2022	2023
Money Laundering	10	7	8	6	4
Terrorist Financing	53	78	81	1	3
Asset Registration &	35	37	40	-	1
Corruption & Bribery	24	85	130	2	-
Drug Trafficking	61	48	31	-	-
Tax Crime	5	2	-	-	1
Fraud	2	2	-	4	9
Kidnapping and Hostage	6	1	1	1	1
Extortion	1	-	-	-	-
Forgery	7	5	4	1	1
Robbery and Theft	2	-	2	1	-
Wired Fraud	4	1	-	-	-
Murder, Grievous Bodily Injury	-	2	-	-	-
Human Trafficking	-	5	-	-	-
Smuggling	-	2	-	-	1
Other	78	39	58	3	1
TOTAL	288	314	355	19	22



INTERNATIONAL COOPERATION

The residing AML-PC Law of the country provides legal basis for international cooperation in the fight against money laundering and financing of terrorism.

According to the mentioned law, FinTRACA may exchange information with any counterpart agency on the basis of reciprocity or mutual agreement, either spontaneously or upon request.

In 2023, FinTRACA did not exchange any request for information with the counterpart FIUs.

FinTRACA is committed to contributing to the global fight against money laundering and terrorist financing in line with domestic laws and international AML/CFT standards. The Center seeks to establish and accelerate bilateral cooperation efforts with international organizations and counterpart FIUs on cooperation in combating ML/TF in 2024.

ENFORCEMENT

Based on Article #24 of the AML-PC Law and the MSPCOs Regulation, FinTRACA has the authority to implement enforcement actions against the MSPCOs that violate the law and regulations. These enforcement measures include issuing written warning letters, notices, revocation or suspension of license.

The table below displays the enforcement actions taken by FinTRACA against the violating MSPCOs in 2023:

Issuance of Notices	Suspension of Licenses	Revoked Licenses
2	3	1

EXCHANGE OF COMPLIANCE ANALYTICAL REPORTS WITH SUPERVISORY BODIES

As part of the continuous coordination and cooperation between FinTRACA and the DAB Banking Supervision Department (BSD), FinTRACA regularly shares compliance analytical reports with BSD

regarding the performance of commercial banks in terms of reporting large cash and suspicious transactions.

These reports include technical issues in LCTR and STR, updating KYC forms, the collection of required documents for LCTRs, the implementation of risk assessments and relevant national and international sanctions lists.

In 2023, FinTRACA shared a total of 11 compliance analytical reports with the Banking Supervision Department of DAB.

FREEZINGS

10 corporate and individual bank accounts were frozen by FinTRACA in the year 2023, from January to December.

The total frozen amounts in these accounts equate to 20,223,526 AFN, 809 US dollars, and 2,552 Euros. These amounts were frozen in the commission of corruption, fraud, and money laundering.

FinTRACA conducted these freezes either proactively or as per the requests of LEAs. The legal basis for the freezing of bank accounts by FinTRACA is provided in Article 37 of the AML-PC Law.

The table below illustrates the total amounts frozen in 2023.

Year	Frozen Accounts	Frozen Amounts		
		AFN	USD	EUR
2023	10	20,223,526	809	2,552

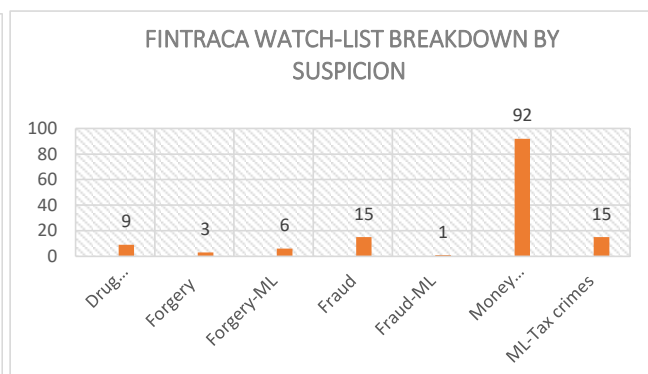
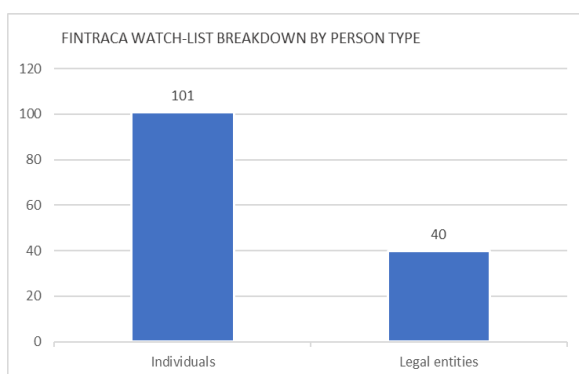
FINTRACA WATCH-LIST

FinTRACA Watch-List is a surveillance tool that assists reporting entities in implementing EDD measures. It helps in identifying high-risk subjects with irregularities and potential risks for money laundering and other predicate offenses.

The database was established under legal powers designated to FinTRACA in accordance with Articles 32 and 24 of the AML-PC law and annex (iii) of the AML/CFT RPMR.

FinTRACA regularly releases the list of high-risk subjects to reporting entities.

Following is the statistical summary of designated subjects, which has been sent through 22 notifications to the reporting entities:



The following table illustrates the statistics on the implementation of FinTRACA Watch-list by the reporting entities in 2023

No	Action Taken	Description
1	Closed Bank Accounts	33 bank accounts have been closed
2	High Risk	96 subjects have been categorized as high-risk
3	STR	7 STRs have been filed.
4	No Credit	2 accounts categorized as "no credit"

NATIONAL ML/TF RISK ASSESSMENT

The National Risk Assessment (NRA) plays a crucial role in understanding the risks of money laundering and terrorist financing and in enhancing the national AML/CFT regime.

FinTRACA, the national ML/TF risk assessment coordinator, coordinated the implementation of the NRA action plan with the relevant agencies. The Centre shared the action plan with these agencies and followed up on its implementation.

FinTRACA is committed to continue to work with these agencies to ensure the full and effective implementation of the Action Plan.

HIGH LEVEL COORDINATION COMMISSION (HLCC)

FinTRACA coordinated the 7th meeting of the High-Level Coordination Commission (HLCC) on September 21, 2023. The establishment of the HLCC is in line with the provisions of the AML/PC Law and is purposed to establish an effective inter-governmental agency coordination mechanism between 8 member ministries and government agencies to enhance collective efforts of the country to combat terrorist financing, money laundering, and other predicate offenses and increase the effectiveness and outcomes of the AML/CFT regime in the country.

The 7th meeting of HLCC was held in the Supreme Council Hall of Da Afghanistan Bank, chaired by the First Deputy and Acting Governor of Da Afghanistan Bank, and attended by deputy ministers and high-ranking representatives of the member agencies.

The main purpose of these meetings was to coordinate the efforts of the LEAs and other relevant government agencies for combating all types of financial crimes, including money laundering and the financing of terrorism, and supervise the application of the AML/CFT regime in the country.

COMPLIANCE COORDINATION COMMITTEE

The Compliance Coordination Committee, established in September 2016 by FinTRACA, aims to enhance cooperation, coordinate key AML/CFT compliance issues, follow up on UNSCR sanctions, analyze compliance deficiencies in the banking sector, and keep banks informed of APG/FATF-related issues.

The Compliance Coordination Committee comprises the Director General of FinTRACA, Deputy Director General and Compliance section Director of FinTRACA, Deputy Director General of DAB's Risk and Compliance Department, the Deputy Director General or AML/CFT section manager of DAB's Banking Supervision Department, the Executive Director of Afghanistan Banking Association, and the chief compliance officers of commercial banks.

The Committee has held nine meetings since it was established. Its ninth meeting took place on June 18, 2023 at the head office of Da Afghanistan Bank.

The meeting, which was chaired by the Director General of FinTRACA, discussed the responsibility of commercial banks in relation to AML/CFT issues, the implementation of relevant UNSCR resolutions, joint efforts, and recent developments in AML/CFT issues

CAPACITY BUILDING PROGRAMS

Fulfilling the responsibilities assigned to FinTRACA in the regulatory framework of the country, the Center organized and delivered capacity- building programs to the compliance and operation employees of commercial banks, MSPCOs and employees of MOI on countering ML/TF.


The table below shows the number of training programs provided by FinTRACA in 2023.

No	Training Course	No. of Participants	Location	Date
1	<ul style="list-style-type: none"> • AML/CFT laws and regulations; • Duties and Responsibilities of FinTRACA; • Filing STRs and LCTRs; • Importance of FinTRACA Watch list; • implementation of international sanctions lists and; and • understanding the red flags and indicators of ML/TF. 	35	Training Center of DAB, Kabul	16 th and 25 th October, 6 th November and 10 th December 2023
2	<ul style="list-style-type: none"> • Introduction of FIU; and • money laundering and importance of information exchange. 	6	MOI, Kabul	10-11 October, 2023

3	<ul style="list-style-type: none"> • Introducing the new Hawala Reporting Portal; and • The electronic Reporting of suspicious transactions. 	1303	Training Center of DAB, Kabul	01-30 December, 2023
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ACRONYMS

AFN	Afghani
ABA	Afghanistan Banks Association
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
AML/CFT RPMR	AML/CFT Responsibilities and Preventative Measures Regulation
AML-PC LAW	Anti-Money Laundering and Proceeds of Crime Law
ARD	Afghanistan Revenue Department
BNI	Bearer Negotiable Instrument
BSD	Banking Supervision Department
CFT LAW	Combating The Financing of Terrorism Law
DAB	Da Afghanistan Bank (Central Bank of Afghanistan)
DNFBP	Designated Non-Financial Businesses and Professions
FATF	Financial Action Task Force
FI	Financial Institution
TF	Terrorist Financing
FXDCO	Foreign Exchange Dealers Companies
LCTR	Large Cash Transaction Report
ML	Money Laundering
MOF	Ministry Of Finance
MOI	Ministry Of Interior
MOU	Memorandum Of Understanding
MSB	Money Service Business
MSP	Money Service Provider
MSPCO	Money Service Provider Companies
GDI	General Directorate of Intelligence
NRA	National ML/TF Risk Assessment
STR	Suspicious Transaction Report
WG	Working Group
NTEC	National Target Exploitation Center
UNSCR	United Nations Security Council Resolution
EDD	Enhanced Due Diligence
LEAs	Law Enforcement Agencies
NBFIs	Non-banking Financial Institutions



TELEPHONE: +93 202106154
EMAIL: info@FinTRACA.gov.af
WEB: www.FinTRACA.gov.af