

Macro risk products	Risk products	risk description	Link to a specific sector	Sector/product already covered by 4th AMLD	Sector to be analysed	
<i>Risk category</i>	<i>short description of the risk</i>	<i>Substantive description of the risk</i>	<i>yes/no</i>	<i>yes/no</i>		
Credit and financial institutions products	Deposits on accounts	Criminals <u>place</u> the proceeds of crime into the financial system through the regulated credit and financial sector. Money mules are employed to transfer proceeds for instance from cybercrime out of the banking sector using personal accounts	yes	yes	Retail banking sector	
		Investment in shares for integration of proceeds, title of shares to conceal BO, frauds for predicate offence (e.g. insider dealing); brokerage accounts; investment to justify criminal proceeds as profit; predicate investment fraud. Placement of proceeds by using specialised, high-return financial services.			Asset management sector	
					Securities sector	
					Investment sector wealth management sector	
		Criminals use cash front businesses to inject proceeds into legal economy using company accounts with multi-signatories			Corporate banking sector	
	Credit loans and mortgage credit		Low value loans: Terrorists/organised crime groups use "payday", consumer credit or student loans (short-term, low value but high interest) to fund plots. Loans are subscribed for relative low amounts, to easily access to sources of fund untraceable as long as the money is not transferred to others + use of false documentation Cash withdrawals with credit cards: criminals withdraw cash with their own credit cards on an ATM, generating a negative balance on their accounts. They disappear with the funds without any will of reimbursement of this "forced" credit	yes	yes	Credit and financial sector
			High value loans: Terrorists/organised crime groups use high value loans (medium/long-term, high value with normal interest) to fund plots. Loans are subscribed for relative high amounts to access to sources of fund untraceable as long as the money is not transferred to others + use of false documentation	yes	yes	Credit and financial sector
Credit loans: Criminals repay loans with criminal funds (including use of the credit card for repayments in order to legitimise sources of funds). Loans provide cover for criminal sums of money			yes	yes	Credit and financial sector	

		Mortgage credits: Terrorists/organised crime groups use mortgage loans (medium/long-term, high value with low interest) to fund plots. Loans are subscribed for relative high amounts to access to sources of fund untraceable as long as the money is not transferred to others	yes	yes	Credit and financial sector
		Mortgage credits: criminals disguise and invest proceeds of crime by way of real estate investment. Proceeds of crime used for deposit, repayments and early repayment of asset	yes	yes	Credit and financial sector
	Payment services (account based)	Terrorists/Criminals are using the banking and credit system to channel their funds through wire transfer, mobile Payments and Internet-Based Payment Services	yes	yes	Credit and financial sector
	Safe deposits	Cash and other high value items and deeds are stored by criminals in anonymous deposit boxes	yes	yes	Credit and financial sector
	Transfers of funds (non-account based)	Criminals use money and value transfers services provided by financial institutions to place and/or transfer funds that are in cash or in anonymous e-money (non account based transactions)	yes	yes	Credit and Payment sector
	E-money (Prepaid Cards and similar e-money products)	Criminals use characteristics and features of most of new payment methods "directly" using truly anonymous products (i.e. without any customer identification) or "indirectly" by abusing personalised products (i.e. circumvention of verification measures by using fake or stolen identities, or using straw men or nominees etc.) Criminals can load multiple cards with substantial values which can then be transported abroad with limited traceability	yes	yes	E-money sector
	Insurance	Criminals are using fraud to insurance products to fund their activities (work place insurance, car insurance, life insurance...) Life insurance: early redemption life policies to receive lump sums, particularly where product can be transferred	yes	yes	Insurance sector
	Crowdfunding	Criminals post messages on Internet asking for donations in the form of prepaid mobile phone cards which are sold to raise funds; direct requests on Internet (via Tweeter) for specific amounts used ultimately for the purchase of illicit products. Criminals can create platforms to accumulate funds and transfers them abroad for ML purposes or to finance terrorist attacks	yes	no	Crowdfunding sector
Cash and other bearer instruments related products	Use of cash	Criminals frequently need to use a significant portion of the cash that they have acquired to pay for the illicit goods they have sold, to purchase further consignments, or to pay the various expenses incurred in transporting the merchandise to where it is required. Despite the advantages and disadvantages of dealing in cash (detailed earlier in this report), for criminal groups, there is often little choice. The criminal economy is still overwhelmingly cash based ⁴¹ . This means that, whether they like it or not, criminals selling some form of illicit product are likely to be paid in cash. The more successful the criminals are and the more of the commodity they sell, the more cash they will generate. This can cause criminals significant problems in using, storing and disposing of their proceeds. Yet despite these problems, cash is perceived to confer some significant benefits on them	no	no	
	500 EUR banknotes	Criminals use 500€ banknote to make the cash transportation easier (larger the denomination, the more funds can be shrunk to take up less space).	no	no	
	Cash intensive business	Cash intensive business is used by criminals: - <u>to launder large amounts of cash</u> , which are proceeds of criminal activity, by claiming that the funds originate from economic activities; - <u>to finance, through often small amounts of cash, terrorist activities</u> without any traceability	yes	no	sectors of bars, restaurants, constructions companies, motor vehicle retailers, art and antique dealers, auction houses, pawnshops, jewelleries, textile industry, liquor and tobacco stores

	Cash, gold and other precious metals courriers	<p><u>Crossborder cash, gold and other precious metal movements</u>. Criminals who generate cash proceeds seek to aggregate and move these profits from their source, either to repatriate funds or to move them to locations where one has easier access to placement in the legal economy.</p> <p>The characteristics of such locations are a predominant use of cash, more lax supervision of the financial system or stronger bank secrecy regulations. It may also be used by terrorists to transfer rapidly and safely funds from one location to another, including by using cash concealed in air transit.</p> <p><u>Cash couriers may use air, sea or rail transport to cross an international border:</u></p> <ul style="list-style-type: none"> - containerised or other forms of cargo, concealed in mail or post parcels: If criminals wish to move very large amounts of cash, often their only option is to conceal it in cargo that can be containerised or otherwise transported across borders. Criminals may also use sophisticated concealments of cash within goods sent by regular mail or post parcel services. In addition, although these concealments tend to be smaller than those within vehicles, or on the person of cash couriers, the 	no	no	
Money value transfer services (MVTS)	Transfers of funds	<p>Criminals may use MVTS services:</p> <ul style="list-style-type: none"> - to commingle funds from legitimate/illegitimate customers (fake ID, fake invoices, ...) - to launder proceeds of crime through settlement system in a third country (using passporting). MVTS channel funds through highly complex payment chains with a high number of intermediaries and jurisdictions involved in the funds circuit, thereby hindering traceability of illicit funds. MVTS operating throughout the payment chain often establish formal and/or informal settlement systems (frequently along with trade-based money laundering techniques) also hampering traceability of illicit funds. - to break large sums of cash into smaller amounts that can be sent below the thresholds requiring stricter identification of the customer - to place the proceeds of crime into the financial system through the regulated MVTS offering payment accounts or similar products. Criminals may also use such regulated MVTS providers to channel their funds - to place and/or transfer their funds, through money remittance services. Risks of ML/TF activity may be particularly increased when funds to be transferred are received in cash or in anonymous e-money 	yes	yes	MVTS sector
Hawala and other similar services	Transfers of funds	<p>Criminals may use Informal value transfer services such as hawala and other similar service providers (HOSSPs):</p> <ul style="list-style-type: none"> - to channel funds from one location to another one . - to break large sums of cash into smaller amounts that can be sent below the thresholds requiring stricter identification of the customer 	yes	yes	"Hawala and other similar service providers" (HOSSPs)
Currency Exchange office services	Conversion of funds	Criminals are converting their funds into another currency to facilitate the conversion, transfer or laundering of funds.	yes	yes	Currency Exchange sector
Virtual currencies	Purchase of goods and transfers of funds	Virtual currency systems can be traded on the Internet, are generally characterised by non-face-to-face customer relationships, and may permit anonymous funding (cash funding or third-party funding through virtual exchangers that do not properly identify the funding source). They may also permit anonymous transfers, if sender and recipient are not adequately identified.	yes	no	Virtual currency sector

High value goods and assets	Transfers through high value assets (gold and diamonds)	Proceeds of crime (e.g. drug trafficking) are either moved to another country to purchase gold and jewellery which are sold in a third country on the basis of false invoices and certificates, or used directly to buy gold on the national territory and sold to a precious metals broker who then sold it to other businesses. Proceeds of the sale may then be wired to a third party to finance new criminal operations.	yes	yes	High value dealers' sector
	Transfer through high value goods (antiques, art)	Criminals earn revenue from the sale of looted artefacts and antiquities.	yes	yes	High value dealers' sector
	Converting into high value assets	Criminal groups use high value goods as an easy way to integrate funds into the legal economy, converting criminal cash into another class of asset which retains its value and may even hold opportunities for capital growth	yes	yes	High value dealers' sector
Trust and company services	Creation of companies and trusts	<u>Creation of opaque structures</u> : criminals create a long, complex and secretive chain of ownership; owner of another company/ another company registered elsewhere (e.g. offshore zones); designation of nominees that will only appear to be in charge. In particular the activity of the offshore companies constitutes risk concerning ML and also the predicate offences. The main objectives of applying offshore companies: to ensure the anonymity; to return the funds derived from criminal activity into the economy; tax fraud, tax evasion and other activity that impair the state budget; concealment the sources of the funds.	yes	yes	Trust and company services providers
	Business activity through companies and trusts	<u>Front companies used for fraud via false invoicing</u> : criminals use front company to apply false invoices to imported items, with the overpayments siphoned off to terrorist causes. <u>VAT fraud</u> : Criminals are setting up companies in order to seek reimbursement of VAT without actually paying it to the government. Missing trader fraud or VAT carousel fraud are organised by stealing VAT from government by organised crime gangs who exploit the way VAT is treated within multi-jurisdictional trading where the movement of goods between jurisdictions is VAT-free. This allows the fraudster to charge VAT on the sale of goods, and then instead of paying this over to the government's collection authority, to simply abscond, taking the VAT with him. VAT and goods are passed around between companies and jurisdictions to gain fraudulent VAT reimbursement. <u>Trade based money laundering</u> : Criminals use TBML as a mean of justifying movement of criminal proceeds through banking channels (via letter of credit, invoices) or through the use of global transactions, often using false documents regarding the trade of goods and services	yes	yes	Trust and company services providers
	Termination of the business activity through companies or trusts	Fraud using bankruptcy/judicial liquidation of a company: following the bankruptcy of a company, the same company is bought by a former shareholder who creates a new structure to pursue the same business activity without financial difficulties anymore.	yes	yes	Trust and company services providers
Real estate related activities	Investment in real estate sector	Criminals are laundering the proceeds of crime in the country by investing in the real estate sector	yes	yes	letting and real estate agents sector
		Criminals purchase an asset at below market price, paying the difference to the seller under-the-table in cash. Under or over valuation of property: back-to-back loan which may involve financial institutions or mortgage schemes Criminals may invest, as non-resident, in a country (through visa systems) and develop ML/TF network (including via the complicit legal professionals)	yes	yes	
Gambling products	Winning ticket	A criminal purchases a winning lottery ticket from its owner for more than the value of the prize money. The excess payment represents the money laundering commission and they will hold a winning ticket which swaps criminal profits for lottery winnings	yes	yes	gambling sector
	Gaming machines	Criminals used gaming machines to launder proceeds of crime, due to the lack of scrutiny afforded to these machines	yes	yes	gambling sector
	Betting shops	Criminals use cash intensive betting sector to launder proceeds of crime anonymously	yes	yes	gambling sector
	Offline casinos	Gambling is used to legitimise source of money as profits and ownership (arm length) of business	yes	yes	gambling sector
	Online gambling sites	Criminals use stolen credit card numbers and victim's identities to wage on online gambling sites. Winnings are withdrawn and transferred to online bank accounts. Online gambling such as online casinos may be established and run by criminals who use it to disguise and realise the proceeds of crime	yes	yes	gambling sector

Services provided by legal professionals, accountants and auditors	Legal advise from lawyers, notaries and other independant legal professionals	Criminals may employ or require the services of a legal professional (such as laywers, notaries and other independent legal professions) with a more or less level of involvement of the legal professional himself: - misuse of client accounts, - purchase of real property, - creation of trusts and companies/ management of trusts and companies, - undertaking certain litigation, setting up and managing charities - over or under-invoicing or false declaration around import/export goods.	yes	yes	Legal professionals, accountants, auditors sector
	Legal advise from accountants, auditors and tax advisors	Criminals may employ or require the services of accountants or auditors with a more or less level of involvement of the accountant or auditor himself: - misuse of client accounts, - purchase of real property, - creation of trusts and companies/ management of trusts and companies, - undertaking certain litigation, setting up and managing charities - over or under-invoicing or false declaration around import/export goods.	yes	yes	Legal professionals, accountants, auditors sector
Activities surrounding Non profit organisation (NPO)	Collect of funds	Criminals may abuse NPOs to fund localised terrorist activity, or may seek to use NPOs to facilitate cross-border financing by sending money to areas where the NPOs are operating close to terrorist areas of activity. Use of Facebook accounts/Google accounts	yes	no	NPO sector
	Transfers of funds	Establishment of NPOs to "fund raise" whereby criminals funds are gradually sent to the NPOs	yes	no	NPO sector
Other products at risks / horizontal	Sectors retained for TF risks - motor vehicle retailers (cash) - art and antique dealers (high value goods and cash) - auction houses (high value goods and cash) - pawnshops (cash)		yes	no	
	Sectors retained for ML risks - motor vehicle retailers (cash) - art dealers (cash and high value goods) - jewelleries (cash and high value goods) - liquid stores and tobacco (cash) - textile industry (cash, false invoicing) - letting agents (real estate) - constructions companies (cash intensive business and business activity through a company) - pawnshops (cash)		yes	no	
Negative scope	At this stage, SNRA will not cover the following TF risks: - mining, logging and other extractive industry companies - social benefits (only source of funding - no economic sector to analyse) - ransom (no "product" linked to that)		TF		

Negative scope

At this stage, SNRA will not cover the following risks scenarios for ML risks:
- Fraud through skimming mechanisms: criminals use skimming process to steal credit card details and gather illicit funds. Skimming may be used to raise funds online (including phishing and malware attacks). Justification: skimming is considered as a type of fraud - but not per se as a ML modus operandi. The scenario may be relevant from a TF perspective as a sources o funding but the related vulnerabilities will be assessed together with other IT risks for credit institutions.

ML