

FINANCIAL INTELLIGENCE UNIT
ANNUAL REPORT 2023



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FIU IN A NUTSHELL

The Financial Intelligence Unit of the SR (hereinafter referred to as “FIU”) was established in 1996 and is categorised as a police type financial intelligence unit: it is organised generally as a department of the Presidium of the Financial Force under the Act on the Police Force¹. FIU's operation is also governed by a specific law² and other internal legal regulations.

As the central national unit responsible for the prevention and detection of ML/FT/FP, FIU is an independent body tasked with receiving and analysing unusual transaction reports and other information relevant to ML/FT/FP, as well as suspicions of related predicate offences, and for disseminating them to competent national authorities or foreign partner units. Access to FIU's databases and archives is limited to the police officers working at FIU.

FIU as the central national AML/CFT/CPF unit analyses, processes and makes independent decisions regarding the referral of cases or dissemination of information to state authorities and foreign partners in accordance with the AML Act.

FIU places a great emphasis on the continuous education of its employees. In 2023, the main FIU officer education activities included professional training focused on data and graphical information

analysis, information technology, analytical process and preparation of financial analyses.

FIU officers also attended a workshop on best practices in the application of risk factors in the financial sector supervision process, organised in cooperation with experts from the Council of Europe and partners from other jurisdictions.

FIU's main duties include receiving and processing unusual transaction reports (UTRs) from the wide range of obliged persons designated in the AML Act and supervising the obliged persons' compliance with obligations under the AML Act.

FIU also places a strong emphasis on the prevention of ML/FT/FP and supports it by organising training courses for obliged persons, publishing FIU's decisions, issuing methodological guidelines on administrative proceedings for obliged persons, issuing recommendations based on sectoral risk assessment, etc.

¹ Act of the National Council of the SR No 171/1993 on the Police Force, as amended.

² Act No 297/2008 on the prevention of the legalisation of proceeds of crime and the financing of terrorism, and on amendments to certain laws, as amended (AML Act)



UNUSUAL TRANSACTIONS

Pursuant to Article 17 of the AML Act, obliged persons are required to report any actual or attempted unusual transaction to FIU without undue delay. The methods and scope of reporting are specified in the AML Act and other methodological guidelines issued by FIU. FIU also receives information from other state authorities and foreign FIUs.

All information that FIU receives or obtains through its own activity is gathered in FIU's database. This information is subsequently prioritised for further processing in accordance with FIU's internal rules.

One of FIU's priorities is to improve the effectiveness of unusual transaction reporting in all obliged persons' sectors. To that end, training courses were conducted and methodical guidance was developed for obliged persons. The obliged persons' awareness and proper understanding of risks leads to an improved quality and accuracy of unusual transaction reporting.

During 2023, FIU received a total of 2,800 UTRs from obliged persons. The total value of the reported unusual transactions amounted to EUR 1,266,499,364. The number of received UTRs thus increased by 615 compared to the preceding year.

As much as 83 % of the received UTRs were submitted by the banking sector; significantly lower numbers of UTRs were sent by other obligated persons. This indicator reflects the declining trend in unusual transaction reporting by the banking sector: a 7% decrease was recorded in 2022

and a 2% decrease in the last year (in relation to the total numbers of UTRs), while the total number of reports remained about the same.

Number of UTRs received in 2023 from banks

Obliged person	Number of UTRs
NBS	23
Commercial banks	2301
Total	2324

Source: FIU

Number of UTRs received in 2023 from other financial institutions

Obliged person	Total UTRs
Central Securities Depository	3
Insurance/reinsurance companies	14
Securities dealers	4
Supplementary pension trusts	0
Pension fund management companies	1
Payment institutions, payment service agents and electronic money institutions	15
Financial lease providers	81
Asset management companies and depositories	0
Financial agents, financial advisers	2
Exchange offices and other	36
Other	11
Total	167

Source: FIU



**Number of UTRs received in 2023
from other financial institutions**

Obligated person	Number of UTRs
VASPs	61
Lawyers, notaries	6
Postal undertakings	57
Gambling service providers	50
Official receivers	1
Receivables traders	1
Businesses with transactions exceeding EUR 10,000	1
Real estate	5
Total	182

Western Union	17
MoneyGram	110

Source: FIU

Number of disseminations for 2023

Authorised body	Number
LEAs (Article 26(2)(b) of the AML Act)	310
NAKA (Article 26(2)(l) of the AML Act) (of which Counter-Terrorism Unit)	68
Regional/District Directorates of the Police Force	533
National Centre for Special Types of Crime	451
Financial Directorate of the SR	370
Foreign FIUs	405

Source: FIU

When an unusual transaction report has been received and categorised by risk, relevant information is further

analysed and supplemented with information obtained by FIU from other sources, and the output from this processing is then disseminated to the relevant LEA, or another competent authority, in accordance with law.

The Police Force departments to which FIU disseminates information provide feedback under Article 27(2) of the AML Act (information about the results of inquiries or investigation). These feedbacks serve as an important guide for FIU in its efforts to improve the efficiency of its information assessment and analysis work.

When an obliged person deems a transaction to be unusual and, at the same time, there is a threat that the execution of the unusual transaction may thwart or hinder the seizure of proceeds of crime or funds intended for the financing of terrorism, the obliged person must suspend the unusual transaction in accordance with Article 16 of the AML Act. An obliged person also has the obligation to suspend an unusual transaction at a written request of FIU.

An unusual transaction may be suspended only for the period prescribed by law, which is no more than 120 hours, and no more than additional 72 hours if the case is referred to LEAs.

Unusual transactions suspended in 2023

Total number of suspensions	221
Transactions suspended by obliged persons	217
Transactions suspended at FIU's request	4
Transactions suspended and referred to the LEAs having the territorial and subject-matter jurisdiction	177
Total value of suspended unusual transactions	EUR 5,489.768.00

Source: FIU



One of the ways for an obliged person to combat money laundering and terrorist financing is to refuse to enter into, or terminate, the business relationship concerned, or refuse to carry out a particular transaction pursuant to Article 15 of the AML Act. Such preventive measures disable the disposal of funds derived from crime that might potentially be destined for financing terrorism. In 2023, obliged persons took action under that provision of the AML Act in 176 cases and the value of the transactions concerned was nearly EUR 10.1 million.

FIU disseminated information to obliged persons

- o about the effectiveness of their reporting
- o about unusual transactions, and this not only to meet the legal obligation under Article 26(2)(i) of the AML Act, but primarily to keep the obliged persons aware of the current procedures for the assessment and identification of unusual transactions and their reporting to FIU pursuant to Article 14 of the AML Act. This information provides a basis for the obliged person's effectiveness review, and adjustment, where appropriate, of its internal unusual transaction reporting procedures.

ML/FT METHODS AND TRENDS

The occurrence of unusual transactions recorded by FIU was influenced by the current economic developments in the world related to the continued conflict in Ukraine, the persistent growth of consumer prices, as well as inflation which, in line with expectations, has dropped significantly while still remaining above the desired level.

Unusual transactions were, to some extent, also affected by other economic developments and trends, namely the tightening of the monetary policy and its adverse impact on the construction industry

and increased loan prices (and the resulting red in the demand for loans).

The recovery and favourable development of the automotive industry boosted the demand for and trading in cars. These were, and continue to be in 2023, the fundamental factors that determine the trends in the area of unusual transactions. The information derived from the analyses of UTRs for 2023 indicate that the situation in the SR in terms of predicate offences related to ML, and potentially FT, is substantially affected by the undesirable effects arising from the continued war conflict in Ukraine and the increasing flows of people with the Ukrainian nationality, or with a refugee status, who enter the country's territory while there is little or no information available about their identity and, in particular, their integrity (criminal background).

The practice of transferring high amounts of cash declared as originating from donation, business operations in Ukraine, aid from close people, sale of real estate in Ukraine, life-long savings and the like, and depositing it to bank accounts in the SR and subsequently investing the funds in real estate in the SR or transferring them to other bank accounts abroad, continued in 2023, too.

The analysis of UTRs shows that the prevailing economic development trends have given rise to an undesired emergence of high numbers of various business entities (companies and firms) founded by persons from other countries, mainly from Ukraine, Poland, Hungary, Romania, Serbia etc., in the SR. This is often followed by transfers of high amounts of cash between the Slovak bank accounts of such entities and foreign bank accounts, including even debits and credits of above-threshold sums (hundreds of thousands or millions of euros), using a variety of forms, payment models and types of transaction (related to real business operations) such that the observable patterns resemble normal transactions, while the transfers are actually passed through shell companies' accounts without an economic



justification in order to stratify the funds for ML purposes.

In 2023, the analysis of UTRs revealed an increase in the number of foreign entities engaging in business in Slovakia, referring mainly to “more favourable business and tax conditions in the SR”.

Also, there was a trend of creating online betting accounts with various betting companies in which funds of unknown origin were accumulated and then largely transferred to personal accounts. The flow of such funds was often ended by a transfer to an end entity as an alleged payment for the purchase of real estate, or to various virtual asset (VA) dealing platforms, which substantially reduces the traceability of the subsequent flows and uses of the funds.

In 2023, the UTRs received from obliged persons also reflected the political situation in the SR, namely the early parliamentary elections to the National Council of the SR and the related financing of the candidate political parties, which sometimes raised doubts about transparency. The analysed UTRs also included reports of transactions related to contracts with the state financed from taxpayers' funds.

In 2023, the use of various forms of investment in virtual assets as well as abuse of legislative gaps arising from the non-integral approach to legal regulation continued to grow as important forms of money laundering.

Money-laundering schemes

Postal orders

In the course of 2023, FIU identified repeated cases of foreign nationals (Ukrainians) remitting funds through various branches of the Slovak Post company (*Slovenská pošta, a.s.*), either in cash or with a card through payment terminals, using postal orders.

The funds remitted through postal orders were transferred to various accounts with Slovak banks held usually by various natural persons of the same (Ukrainian) nationality, or to bank accounts held by the same person remitting the funds through postal orders. As soon as credited to the target bank accounts, the funds were immediately withdrawn in cash.

Newly established business companies with immediate million-euro revenues

During the monitored period, FIU identified repeated cases where newly established Slovak business companies, usually with foreign statutory representatives (mainly from Ukraine, Hungary, Poland, Slovenia, or Romania), opened bank accounts to which cash transfers from foreign bank accounts started to be credited immediately after the opening and the credited sums were either immediately entirely withdrawn in cash, or transferred in entirety to foreign bank accounts. Such business companies do not report any business links to the SR, and they do not report any economic results either.



Building workers

In the course of 2023, FIU handled a case involving a group of Bulgarian citizens coming from the same municipality and holding passports issued in the same period who opened business accounts at the same bank branches in the SR for newly established “ready-made” companies having their registered offices at the same address and declaring to engage in construction business in cooperation with Slovak business partners. Foreign payments were transferred to those accounts, but the transfers were continuously followed by refund requests from the foreign banks due to “FRAUD”. The credited sums were subsequently transferred to foreign accounts (LU, BG, GB, IT).

Car shops

In 2023, FIU recorded cases involving the establishment of business companies in the SR, mainly by Hungarian citizens, declaring to trade in cars. Considerably large cash amounts were credited to the newly opened accounts of these Slovak business entities with a Slovak bank, which the Hungarian citizens claimed to be derived from the sale of cars in Hungary and which were subsequently sent abroad for the purported purpose of purchasing various expensive cars. The Hungarian citizens submitted various incredible documents or explanations to the Slovak bank with regard to the transactions concerned. They claimed that they were doing the business through the SR because of “better business and tax conditions in the SR”.

ML/FT DEVELOPMENT FORECASTS

Based on the past experience and recorded trends, it can be assumed that the general situation in the upcoming period will be marked by inflation, the overall financial burden borne by the population, a slowdown in investments, a continued rise in interest rates and increasing unaffordability of housing loans as well as ongoing uncertainty arising from the conflict in Ukraine.

Forecasted ML/FT trends

The first ML/FT relevant trend, suggested by the analysis of the obtained information and the current circumstances prevailing in the SR, concerns housing, namely purchases of real estate for cash or non-cash funds of an unproven origin: the pattern usually involves foreign (mostly Ukrainian) nationals depositing considerable amounts of cash in bank accounts in the SR and subsequently buying real estate against a non-cash transfer of the funds. This trend is also increasingly observable among foreigners of other nationalities.

Another trend with a growing tendency is the founding of business entities in the SR by foreign nationals holding accounts with Slovak banks, which are then used for transfers of funds to other countries without documenting the transactions and the origin of the funds. The alleged reasons for this, as claimed by the foreigners concerned, is “more favourable business and tax conditions” in the SR; this may refer, among other things, to the current legislation allowing residents to establish even several dozens of business companies or sole-trader entities.



Another growing trend is the founding of business companies by Slovak nationals together with third-country nationals or nationals of other Member States (e.g. Hungary, Poland, Romania, etc.) without any economic ties to the SR, which, as follows from the analysis of UTRs, has the purpose of continued commission of tax crime, i.e. carrying out transactions that have the nature tax fraud, tax evasion or tax avoidance with the use and involvement of a so-called missing trader, which is mostly a shell (fictional) company whose statutory officer is either a so-called straw man, or a citizen of another state without any ties to the SR.

So-called “money-mule” fraud and phishing scams targeting socially and economically weaker sections of the population are yet further continued trends with a growing tendency, and so are purchases of crypto-currency, electronic payment gateways and products of foreign fintech banks aiming to hinder the documentation of the flows of funds derived from criminal activity.

As regards terrorist threats in general, the security situation in the SR has been stable for a long time. As for the financing of terrorism through transactions using current bank accounts, it is expected to further have a downward trend because of the availability of online payment gateways and anonymised tools for virtual currency transfers that provides new option; moreover, the patterns observed in the acts of terrorism committed in recent years suggest a rather random and financially less demanding *modus operandi*.



FIU's CONTROL ACTIVITY

The Obligated Persons Control (OPC) Department as an organisational unit of FIU inspects and supervises the fulfilment of and compliance with the obligations of obliged persons arising from the AML Act.

In 2023, the OPC Department staff commenced eleven new inspections of obliged persons. The inspected obliged persons included a securities dealer; two payment institutions, a real estate agency, an auction company, a lawyer, a gambling operator, a dealer in precious metals, a management company, a business, an organisational and economic advising provider, and a crypto-asset service provider.

In three cases, the inspection was ended without a sanction. In one case, a sanction in the form of a fine in the amount of EUR 10,000 was imposed.

In 2023, FIU as an administrative body issued a total of nine decisions in administrative proceedings initiated in 2022 by which fines in the total amount of EUR 170,500 were imposed. In all cases, the sanction of the mandatory public disclosure of the final decision was imposed in addition to the fine.

Statistics on sanctions imposed in 2023

Obligated person/area of business	Sanction type and amount (in EUR)
Exchange office	35,000 / public disclosure of the decision
Exchange office	10,000 / public disclosure of the decision
Organisational advisor	25,000 / public disclosure of the decision
Dealer in precious metals	15,000 / public disclosure of the decision
Virtual currency service provider	50,000 / public disclosure of the decision
Virtual currency service provider	15,000 / public disclosure of the decision
Auction company	8,500 / public disclosure of the decision
Accountant and organisational and economic advisor	2,000 / public disclosure of the decision
Exchange office	10,000 / public disclosure of the decision

Source: FIU



The most frequent administrative offences committed by obliged persons included failure to perform client due diligence and to verify the origin of funds and/or check the transaction against usual patterns, and failure to refuse to execute specific transactions despite a suspicion of money laundering, or to report unusual transactions to FIU without unnecessary delay and non-compliance with

The mandatory requirements for internal AML/CFT action programmes. One case involved a failure to provide the necessary cooperation to FIU during the inspection.

As a part of cooperation with national supervisory authorities, FIU carried out one joint inspection of a gambling provider together with the Office for the Regulation of Gambling.

Inspections of obliged persons in figures

Year	Number of new inspections	Number of issued decisions	Amount of imposed fines in EUR	Number of final decisions publicly disclosed on the FIU website
2018	10	10	76,700	0
2019	12	5	18,300	0
2020	10	5	65,500	0
2021	15	6	1,597,000	1
2022	17	10	2,535,000	10
2023	11	9	170,500	9

Source: OPC Department



VA/VASP

FIU is continuously working on the monitoring and quantification of cryptocurrency market risks.

Technological progress in the segment of smart contracts and their use at decentralised exchanges (so-called DEXs) are clearly among the most significant trends observed in 2023.

The significant rise of decentralized exchanges that do not work with FIAT currencies and are not subject to due diligence requirements (as clients only log into the exchange through a wallet, either software- or hardware-based) causes problems for law enforcement authorities since they are very difficult to monitor.

Crypto-assets are intrinsically of a global nature. They are theoretically available to all market participants under the same conditions, which means that any changes, trends or interventions are essentially reflected almost immediately on a global scale. It is for this reason that a very important step was taken by the US Office for Foreign Assets Control (OFAC), namely the blocking of the Sindbad mixer and accusation of involvement in the laundering of millions US dollars using crypto-assets in connection with Lazarus Group, a North Korean APT.

FIU worked on a sectoral analysis of ML/FT risks in relation to crypto-assets during 2023, in which it highlighted the great

risk associated with the use of the crypto mixer services to prevent, or completely disable, the tracing of crypto-asset flows. Therefore, the sanctioning of the mixer that used to be widely employed in the processes of laundering money and circumventing sanctions is highly welcome and it contributes to the enhancement of transparency and improvement of the reputation of crypto-assets on a global level.

The approval and adoption of the so-called MiCA Regulation³ in 2023 with effect from 30 December 2024 is clearly the most important event for the crypt-asset sector, and the related industry as a whole. For the first time ever, the requirements to be met by entities active in the crypto-asset segment will be unified and harmonised throughout the EU. The creation of uniform standards at the EU level is expected to support innovation, the crypto-adoption process and market growth, and, last but not least, to reduce the risks and threats associated with this market.

As an equally significant benefit, the MiCA Regulation as such, with its comprehensive scope, also covers the regulation of cross-border services of crypto-asset service providers (CASPs), the capital adequacy of CASP entities and the segregation of client funds from CASP funds, and it also covers market manipulation methods, introduces much-needed regulation in the segment of crypto-ATMs and bitcoin-ATMs, and, no less importantly, regulates the functioning of the so-called Stablecoins.

³ Regulation (EU) No 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No. 1093/2010 and (EU) No. 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937.



Wide variations across jurisdictions lead to an upward trend in the use of CASPs in the chain of entities participating in money laundering schemes, such as *Crime as a Service (CaaS)* which uses a CASP as a crypto/FIAT or vice-versa conversion point. The unification of demands on entities and the tightening of regulation will lead to a decline in the utilisation of this mode of operation for illicit purposes.

The end of 2023 was marked by preparations for the approval of BTC ETF(s), a step giving a clear signal of the US SEC's respect for BTC as an asset, and, at the same time, making it available for collective investment by *retail* (i.e. by ordinary investors, not only qualified or institutional ones).

In 2023, the crypto-asset and crypto-asset service provider market as such entered a new stage of global transformation into an accepted and innovative industry. In the near future, until the effective implementation of the MiCA Regulation, we will go through a transition period of a gradual cleaning of the market.

FIU closely monitors the trends in crypto-assets, as described above, including through the OPC Department's activities, and reflects them in crypto-asset ML/FT risk assessment updates. Crypto-asset service providers (CASP entities) are categorised as obliged persons under the AML Act and, accordingly, FIU participates in the coordinated efforts to ensure that these entities carry out their operations in compliance with the relevant provisions of the AML Act in order to prevent ML/FT.

TRANSPORT OF CASH

The physical movement of cash across an international border is “one of the oldest and basic forms of money laundering” and is also involved in the financing of terrorism. As follows from the conclusions presented in the report of the National Risk Assessment of money laundering and terrorist financing which affects the internal market and involves cross-border activities, the most frequently “laundered” money is high denomination banknotes of stable and widely used currencies, such as the US dollar, the euro, the Swiss franc and the British pound. The report also highlights that criminals make use of the existing cash reporting mechanisms, for example by using cash declarations repeatedly for the same purpose.

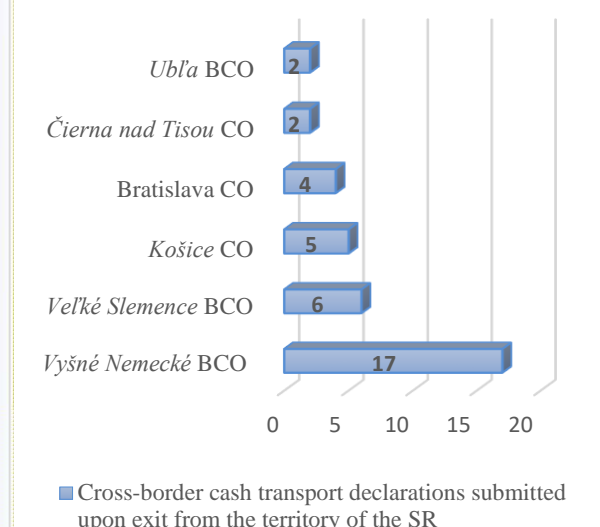
FIU received 352 cross-border cash transport declarations in 2023, of which 316 were submitted upon entry into the territory of the SR and 36 upon exit from the territory. Compared to the previous year, 234 less declarations were received, which amounts to a 34% reduction. As in 2022, most declarations, 172 were received from the *Vyšné Nemecké* Branch Customs Office (hereinafter referred to as “BCO”) of the *Michalovce* Customs Office (hereinafter referred to as “CO”).

The second highest number of declarations (79) was received from the *Veľké Slemence* BCO of the *Michalovce* CO. 57 declarations were received from the *Ubl'a* BCO of the *Michalovce* CO. Only two cash transport declarations were received from each of the *Čierna nad Tisou* 6 BCO of the *Michalovce* CO and the *Airport Tourism* BCO of the *Bratislava* CO.



In line with the reduction in the number of cross-border cash transport declarations submitted upon entry into the country, the number of exit declarations also dropped: 36 declarations were received, of which 17 were from the *Vyšné Nemecké* BCO, 6 from the *Veľké Slemence* BCO, 5 from the *Košice* Airport BCO of the *Košice* CO, 4 from the Airport Tourism BCO of the Bratislava CO and 2 from the *Ubl'a* BCO of the *Michalovce* CO.

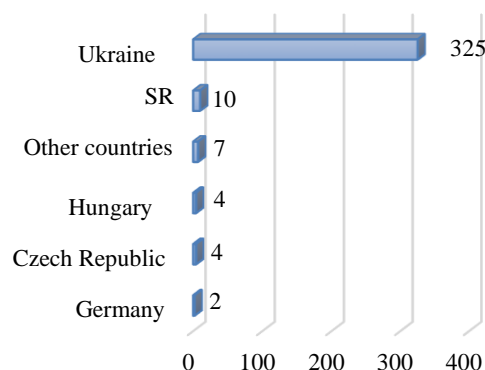
Cross-border cash transport declarations submitted upon entry into the territory of the SR



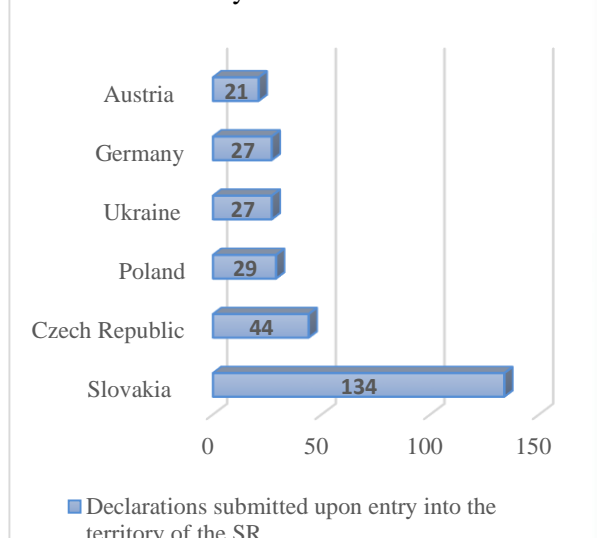
Source: Analytical Unit

In most cases (134), the country of final destination declared in the received cash declarations was the SR. It was followed by other EU countries situated near Ukraine, such as the Czech Republic in 44 cases, Poland in 29 cases. Ukraine and Germany were declared by the carriers as the countries of final destination in 27 cases, Austria in 21 cases.

Cash carriers' nationalities



Country of final



Source: Analytical Unit

If a person invited by a competent authority to declare the types and quantities of the goods carried by them does not declare any goods or cash, the competent authority is authorised to perform checks on natural persons and their luggage and means of transport in accordance with the provisions of the national law.⁴

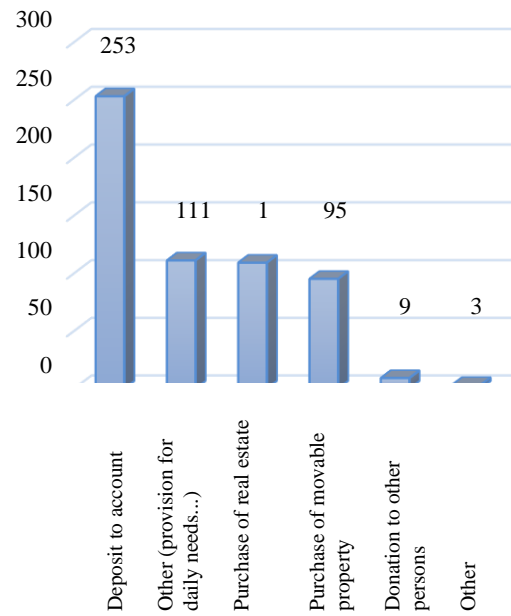


The relevant customs authorities imposed the following sanctions on account of undeclared cross-border transport of cash

Number of detected cases	66
Total undeclared cash amount	1,887,542.02 EUR
Total fine amount	EUR 16,820
Number of seizures	1
Total undeclared cash amount	EUR 203,873.60

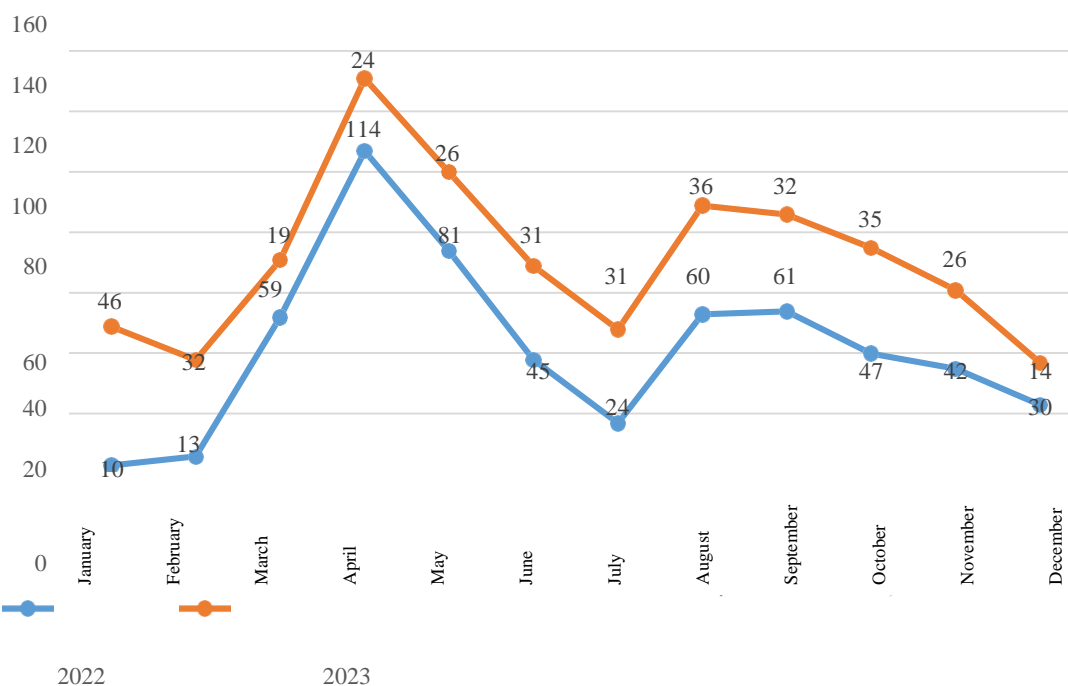
Source: Analytical Unit

Purpose of transported cash declared by obliged persons



Source: Analytical Unit

Development of cross-border cash transport reporting in 2022-2023



Source: Analytical Unit



Identified threats related to the transport of cash

Financing of terrorism:

LEAs collected evidence demonstrating that cash couriers are repeatedly employed by terrorist groups in schemes for financing their operations and terrorist activities. Similar to cross-border cash movements, the analysis of the transport of cash indicates that the engagement of cash couriers is advantageous for criminals or persons financing terrorists as this *modus operandi* is readily available and does not require any specific planning or expertise. The level of FT risk in relation to cash carriers is, therefore, considered to be very significant (level 4):

- Cash couriers from the EU to third countries
 - LEAs confiscated large amounts of funds in conflict zones that were destined for the financing of terrorist organisations, including the residence and foreign travels of their members.
- There may also be a risk of cash being transported to the EU from a third country, particularly from countries exposed to FT risks or areas affected by conflicts; in reality, there are few indications of movements of high-value cash into the EU for FT purposes and the detected cases rather involved smaller amounts and the integration of cash transferred from third countries into the EU financial system.

- Cash transfers by post, or in multiple freight consignments of smaller amounts, without the involvement of a courier who could get arrested, offer an attractive option.
- Perpetrators are often motivated to convert cash into other types of anonymous assets that are not subject to cash declaration obligations (such as prepaid cards).

Money laundering:

The level of ML risk related to cash couriers is considered to be very significant:

- Criminals who generate cash proceeds seek to aggregate the gains and shift them from their source in order to channel them into the legal economy.
- Cash smuggling is also used in non-cash-generating criminal activities, such as cybercrime, phishing or hacking.
- Cash is sometimes combined with other instruments, such as business transactions, crypto-currency transactions and the hawala system, or drug trade.

A similar problem, mainly related to the increased transit of Ukrainian citizens, has recently been reported by banking institutions in border towns that have noticed a disproportionate increase in cash withdrawals via ATMs using payment cards. The persons concerned possess several payment cards and use them repeatedly to withdraw cash in EUR.



The amount of cash withdrawals by means of payment cards via ATMs of one of the Slovak banks alone reached EUR 8.6 million in just two months.

The above makes it necessary for the customs authorities at border crossing points to identify the payment cards and to establish which ones are linked to an account and which ones are prepaid and as such are subject to the cash declaration obligation.

The number of persons crossing our outer border has grown. The nearly sevenfold increase in cross-border cash movement reporting, which is due to increased transits, mainly of displaced persons leaving Ukraine because of the conflict and the resulting bad situation in their country, entails a risk of the misuse of the circumstances for ML/FT.

NATIONAL AND INTERNATIONAL COOPERATION

National Cooperation

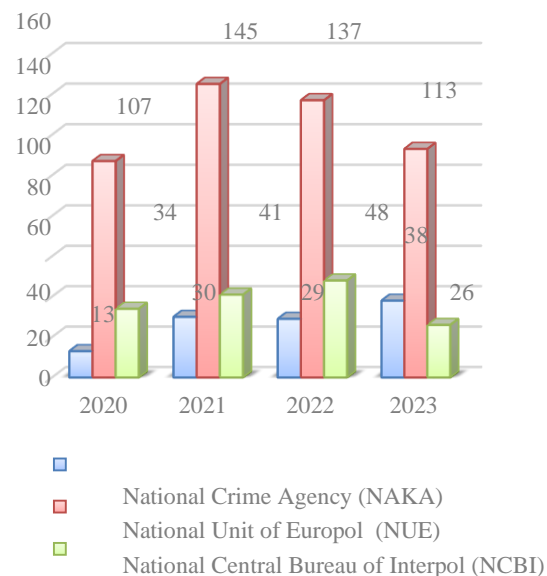
In 2023, FIU continued to develop its cooperation with national authorities in the joint efforts to counter ML/FT. This helped LEAs as well as other relevant bodies to achieve good results. FIU maintained its



Requests

In 2023, FIU processed a total of 203 requests from Police Force departments, which amounts to a 15% decrease on the preceding year. As usually, the highest number of requests was received from the National Unit of Europol (NUE) and the National Central Bureau of Interpol (NCBI), namely 139 requests in total. This is in line with the trend observed in the previous periods.

Overview of executed requests for 2020 - 2023



Source: FIU

capability to carry out high-quality analyses and disseminations of the reported and collected information in accordance with the AML Act.

The requests received in the reporting year were of a general nature and concerned mainly offences of money laundering and related

predicate offences. This mainly included various types of fraud committed through electronic communication (CEO fraud, phishing, investment fraud, solicitation of advance payments), fraud related to crypto-assets, tax crime and, in a few cases, criminal offences related to the conflict in Ukraine (offence of the abuse of power as a public official in connection with suspected financing of purchase of weapons, committed by a criminal group, etc.).



Interministerial Coordination Body

The operation of the NES-LP Group in 2023 was focused on activities aimed at eliminating the deficiencies identified in the Fifth Round Mutual Evaluation Report of the MONEYVAL Committee. The NES-LP Group met three times during 2023.

A particularly significant area of its work was the VA/VASP sector analysis based on the outputs from the process of the Technical Support Instrument (TSI) project led by the Council of Europe and the European Commission.

The standard inter-ministerial cooperation and coordination in the fulfilment of tasks set at the NES-LP Group meetings was in place in 2023, too.

International cooperation

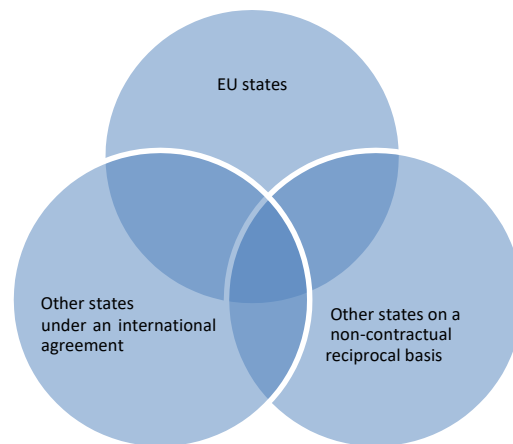
An essential part of effective anti-ML/FT/FP efforts is the mutual exchange of information between FIUs at an international level. The organisational unit of FIU responsible for this area is the International Cooperation Department whose aim is to promote and strengthen this international cooperation with FIUs all over the world. In the vast majority of cases, ML/FT/FP offences have a cross-border reach.

Cooperation between FIU and its foreign counterparts (foreign FIUs) is extremely important in the global fight against ML/FT.

International cooperation is governed primarily by Article 28 of the AML Act and is beneficial not only for the operational analytical work of FIU, but also for the competent law enforcement authorities.

FIU thus engages in cases of tracking the international movement of proceeds of crime and significantly contributes to their identification, location and subsequent seizure.

With whom does FIU exchange information with?



FIU implements international cooperation in order to share, request and receive information related to ML, predicate offences and FT, as well as information that may be necessary to achieve the purpose of AML. FIU shares information primarily via encrypted communication channels (FIU.net and Egmont Secure Web), which it uses to communicate not only with foreign FIUs of the EU Member States, but also of other states that are members of the Egmont Group. FIU is taking an active part in many international committees, groups and working groups of which it is a member, such as MONEYVAL, the Expert Group on Money Laundering and Terrorist Financing (EGMLTF), the EGMONT Group, the EU FIUs' Platform (under the European Commission), the Conference of the Parties to CETS 198 (the so-called Warsaw Convention), the Working Group on Financial Services and Banking Union – AML (under the Council of the EU) and AMON (Europol).



FIU's most intensive interactions with the partner FIUs in the mutual information exchange area in 2023 were with the following countries: Belgium (354 x), Czech Republic (213 x), Ireland (167 x), Ukraine (118x), Lithuania (117 x) and Luxembourg (105x).

The trend of intensive cross-border reporting of unusual transactions by foreign institutions (providing services in the territory of the SR on the basis of the free movement of services in the EU) continued also in 2023; the cross-border reports were disseminated through the relevant FIUs and more intensive communication took place in the riskiest cases. Furthermore, intensive cooperation with the FIU of Ukraine continued, not only with regard to the recorded increased movement of funds (mainly cash), but also in relation to the activity of Ukrainian citizens in the territory of the SR.

International cooperation case

In 2023, the International Cooperation Department (ICD) of FIU not only successfully gathered and disseminated financial information and analyses through its own activities,

but it also took part in the international exchange of information with an EU Member State in a case involving a Slovak company holding bank accounts with two different institutions in two EU Member States.

The company carried out numerous debit and credit transactions through the accounts in a relatively short time, which indicated an attempt to conceal the origin of the funds and to circumvent possible monitoring mechanisms introduced in relation to foreign obliged persons. The company did not show any signs of a regular business activity and, in view of the different risk indicators identified in this case, a suspicion arose of the commission of predicate tax crime and subsequent money laundering. The information obtained through the international cooperation of the FIUs was disseminated to the competent authority, the Criminal Office of the Financial Administration of the SR, which established that the Slovak company concerned optimised tax in 2023 by artificially increasing service costs to reduce its taxable profit by more than EUR 1.1 million. The competent authorities will take further action on this matter.

Overview of information exchange within the framework of international cooperation between FIUs

Year	Number of requests sent abroad*	Number of executed requests from abroad	Number of disseminations sent abroad**	Number of disseminations relevant to Slovakia received from abroad
2023	244	204	322	797
2022	240	250	488	724
2021	177	231	391	612
2020	237	250	417	278

Source: FIU's statistical data

* "Includes FIU's own requests as well as requests processed for Slovak LEAs"

The number of disseminations to foreign FIUs includes the total number of disseminations, not only those based on UTRs (dissemination of information obtained by own activity, supplementary information, etc.).



As follows from the statistics presented on the previous page, international cooperation also involves the exchange of spontaneous information, i.e. analytical products of FIU and foreign FIUs that are subsequently further analysed and, if necessary, referred to the competent authority for further action (e.g. to a police authority for operational inquiries; to LEAs for analytical purposes; to government bodies that carry out duties in the field of protection of the constitutional system, internal order and security of the state, etc.).

FIU further gathers, processes and analyses information based on requests received from foreign FIUs and receives responses to its own requests sent to foreign FIUs. The ICD is thus a very important intermediary between the foreign sources of information and the competent authorities having the power to conduct criminal, administrative or other relevant proceedings. A significant portion of the information handled by FIU is of a cross-border nature, which makes the ICD an irreplaceable actor.

EVALUATIONS OF FIU MONEYVAL

As the MONEYVAL national coordination body, FIU was making efforts in 2023 to support the effective implementation of legal, regulatory and operational measures in accordance with the recommendations resulting from the Fifth Round of Mutual Evaluations by the MONEYVAL Committee. The work was primarily focused on ensuring technical compliance with the FATF Recommendations; the current rating of the SR in this regard is partial compliance (PC).

In the first half of the year, FIU held several national-level working meetings with the competent authorities focused on the combating of ML/FT/FP. Based on the discussion, FIU submitted to the MONEYVAL Committee a request for a review of the FATF Recommendations No. 8 – Non-profit organisations, No. 26 – Regulation and supervision of financial institutions and No. 28 – Regulation and supervision of designated non-financial businesses and professions (DNFBPs). Also, the second Follow-up Report (FUR) on Slovakia's progress was prepared.

In April 2023, a high-level meeting of the MONEYVAL Committee was held in Warsaw, Poland, under the auspices of the Minister of Finance of the Republic of Poland. It was the first meeting of this type in the history of the MONEYVAL Committee, reflecting the importance of the AML/CFT efforts in Europe. During the meeting, the Member States' representatives approved the MONEYVAL Strategy for 2023 - 2027 together with the High-level Declaration and strategic priorities of the MONEYVAL Committee for that period. The documents are available at: <https://www.coe.int/en/web/moneyval/high-level-meetings>. At the meeting, the representatives of the FATF, the European Commission, the Conference of the Parties to the Warsaw Convention and the Egmont Group appreciated the deepening of relations and cooperation between the meeting participants.

The 65th Plenary Session of the MONEYVAL Committee was held in May 2023 in Strasbourg, France where new procedural rules for the 6th round of mutual evaluations were discussed. The draft new rules place increased demands on the Member States as well as the process itself.



At the same time, rules for the nomination of *evaluators*, *scrutineers* and *rapporteurs* were discussed and approved at the meeting under which the Member States are required to delegate evaluators for all areas of evaluation and to ensure their training according to the designated principles. Accordingly, the SR is obliged to ensure participation in three evaluations and to no at least two persons for each of the evaluated areas. During the plenary session, the output of the ML risk typology project for the assessment of ML risks in the context of virtual assets and virtual asset service providers was discussed and accepted. This important typological document is available at: <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/targeted-update-virtual-assets-vasps-2023.html>.

At the 65th Plenary Session of the MONEYVAL Committee, the SR was nominated as a *rapporteur* for the Follow-up Report for Cyprus, namely for FATF Recommendations No. 13 and No. 15.

The 66th Plenary Session of the MONEYVAL Committee took place in Strasbourg, France in December 2023 where the Follow-up Report for Slovakia was approved through the so-called silent procedure. Also, the sequence of the 6th round of evaluations by the MONEYVAL Committee was also approved during the session and the *on-site visit* to the SR is scheduled for September/October 2027.

It follows from the above that the SR's outputs, which include namely the technical compliance questionnaire and information/report on the assessment and understanding of the ML/FT risk, will be expected at least 7 months before the actual visit to the country, i.e. in February/March 2027.

FIU also sustained on behalf of the SR the position of rapporteur for the Follow-up Report for Cyprus, which was among the key items on the 66th plenary session agenda.

The SR will continue its efforts to eliminate the still persisting deficiencies and inform MONEYVAL on the progress in strengthening the implementation of AML/CFT/CPF measures. This includes, among other things, steps to harmonise the national legislation with the EU legislation and the FATF international standards and to improve the efficiency of processes in order to reinforce the AML/CFT regime.

TSI Project of the European Commission

The Technical Support Instrument (TSI) is an EU programme that provides EU Member States with individual technical expertise for the design and implementation of reforms. The support is demand-based and does not require co-financing from the Member States. It is an important pillar of the EU initiative to help the Member States to mitigate the economic and social consequences of the COVID-19 crisis.

A number of workshops and conferences were held in 2023 under the TSI project and representatives of FIU attended the conferences as active contributors.



A two-day workshop on sector-specific assessments of risks in connection with organised crime and cross-border threats took place in Bratislava in March 2023. Participants from four countries (SR, Ukraine, Poland, Czech Republic) were presented with effective tools for conducting sector analysis in the given area. FIU officers contributed to the training event by presentations on ML/FT risk assessment.

A conference on financial investigation was held in Bratislava in May 2023. The two-day training event was focused primarily on the conduct of financial investigations. In addition to FIU officers, among the event participants also were representatives of NAKA, the National Centre for Special Types of Crime (NCODK) and the General Prosecutor's Office of the SR. The training comprised a series of theoretical lectures followed by interactive practical exercises.

A conference on the confiscation and seizure of assets and the management of seized assets took place on 14-15 June 2023. This was followed by a conference on the application of the Council's methodology to be used by FIU in the preparation of the Report of the 3rd National Risk Assessment of ML/FT, organised by SR in cooperation with Council of Europe also in June.

European Banking Association

At the end of 2022, FIU was subject to assessment and evaluation by the EBA. The subject of assessment was FIU's approach to the supervision of banks in the area of AML/CFT and the measures



adopted by FIU in this regard for the period from January 2019 to November 2022.

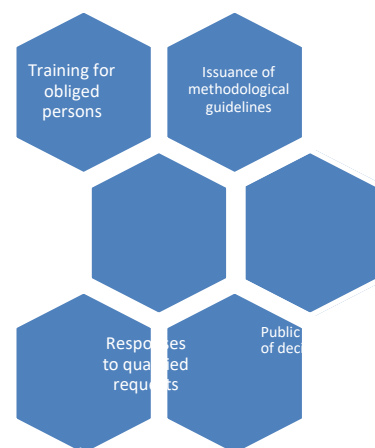
The EBA evaluation resulted in a final report, which was delivered to FIU in June 2023. The report proposed recommended actions that FIU should take to reinforce its approach to AML/CFT.

In September 2023, FIU sent the EBA its *Action Plan* to rectify the identified deficiencies and made a commitment to inform the EBA about the progress achieved at quarterly intervals.

At the end of 2023, FIU sent the EBA its 1st report on the measures taken to eliminate the identified deficiencies.

FIU will send the EBA the final report on the implemented measures at the end of June 2024.

FIU AND PREVENTION





FIU's Training Activities

Due to the ongoing need for education and information exchange between FIU and obliged persons, FIU officers continued to provide training to obliged persons also in 2023. The training courses mainly targeted financial sector entities to provide to them, in particular, a clarification on correct procedures for the detection and reporting of unusual transactions by obliged persons.

FIU officers participated in training events under the Recovery and Resilience Plan as well as goAML implementation training. They also delivered lectures for an accredited financial investigation course for NCODK and for an ad-hoc training course at the Secondary Vocational School of the Police Force in Bratislava.

In 2023, FIU developed the *“Information for non-governmental non-profit organisations on countering the financing of terrorism”* document intended for representatives of the non-profit sector as a guidance for the prevention of the misuse of non-profit organisations for FT purposes.



Qualified Requests

As a part of its methodological activities in 2023, the OPC Department provided consultations to obliged persons and prepared a total of 15 responses to qualified requests for the interpretation of provisions of the AML Act to eliminate application problems encountered in the obliged persons' practice, or to eliminate ambiguities in the interpretation.

The OPC Department delivered a total of 10 responses to requests of NBS for documents for the purposes of specific proceedings in connection with the granting of licenses and prior approvals. The OPC Department staff also participated in the organisation of a number of training courses for obliged persons, including several banks, the Slovak Chamber of Tax Advisors, the Slovak Chamber of Auditors, the Chamber of Notaries of the SR, etc..



OVERVIEW OF SELECTED STATISTICAL DATA

Overview of selected statistical data for the period 2020 - 2023

	2020	2021	2022	2023
Number of UTRs received	2,008	2,042	2,185	2,800
Number of UTRs disseminated to LEAs	177	189	249	465
Number of postponed UTRs disseminated to LEAs	71	63	81	177
Number of disseminations to the FD SR	702	715	547	370
Number of requests received from abroad	250	231	250	204
Number of requests sent abroad	237	177	240	244
Number of spontaneous disseminations received from abroad	278	612	724	797
Number of spontaneous disseminations sent abroad	417	391	488	322
Number of inspections	10	15	17	11
Number of processed requests	192	239	238	203
Number of cash transport declarations	123	83	586	348
Transported cash amount (in EUR thousand)	4,010	2812	36,837	14,046



ABBREVIATIONS

AML/CFT/	Anti-Money Laundering / Countering the Financing of Terrorism (CFT) and
CPF	Countering Proliferation Financing (CPF)
EBA	European Banking Authority
EGMLTF	Expert Group on Money Laundering and Terrorist Financing
EU	European Union
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FIU	Financial Intelligence Unit of the Presidium of the Police Force of the SR
FT	Financing of Terrorism
FP	Financing of Proliferation
OPC	Obligated Persons Control
ML	Money Laundering (legalisation of proceeds of crime)
MEKO	Interdepartmental Coordination Body
NAKA	National Crime Agency of the Presidium of the Police Force
NCODK	National Centre for Special Types of Crime
NES-LP	National Expert Group on AML/CFT
UTR	Unusual Transaction Report
NUE	National Unit of Europol
NCBI	National Central Bureau of Interpol
LEA	Law Enforcement Authority
ICD	International Cooperation Department of the Financial Intelligence Unit
SR	The Slovak Republic
TSI	Technical Support Instrument
UNODC	United Nations Office on Drugs and Crime
VA	Virtual Asset
VASPs	Virtual Asset Service Providers



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