



ØKOKRIM

Financial Intelligence Unit

Annual report 2023

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Purpose

The purpose of this report is to provide an overview of the Financial Intelligence Unit's production and activities in 2023. Through our annual report we want to provide feedback to all obliged entities about suspicious transaction reports (STRs).

The annual report consists of three parts: Part 1 provides insight into how we share the information we receive. Part 2 sets out to show current trends based on our assessments and analyses. Part 3 gives a statistic overview based on STRs.

The information on which the the annual report is based, is made up of STRs and data received from our international partners in 2023. The report presents information about areas that the FIU considers particularly relevant and is, consequently, not exhaustive. Please note that due to error correction, updates and statutory deletion, some source data may change during the course of the year.

The Financial Intelligence Unit (FIU)

The Norwegian Financial Intelligence Unit (FIU) is organised under the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim) and receives reports about suspicious activity from entities required to submit such reports under the Anti-Money Laundering Act. The information in these reports is processed, enriched and analysed before it is distributed to the police, supervisory and regulatory authorities, and foreign cooperating law enforcement organisations. Another core responsibility of the FIU is to prepare operational and strategic intelligence reports and information products to support the police and other authorities in the effort to combat money laundering and financing of terrorism.

The year 2023

The Financial Intelligence Unit received 23 703 suspicious activity reports (STRs) from obliged entities and 22 383 information from foreign FIUs, a total of 46 086.

The chart below shows that there has been an increase in the number of submitted STRs over the last few years. In 2023, the Financial Intelligence Unit received a total of 23 703 STRs, up from 12 703 in 2020. In addition, the FIU received around 22 383 pieces of information from foreign FIUs, also a significant increase.

Number of reports received

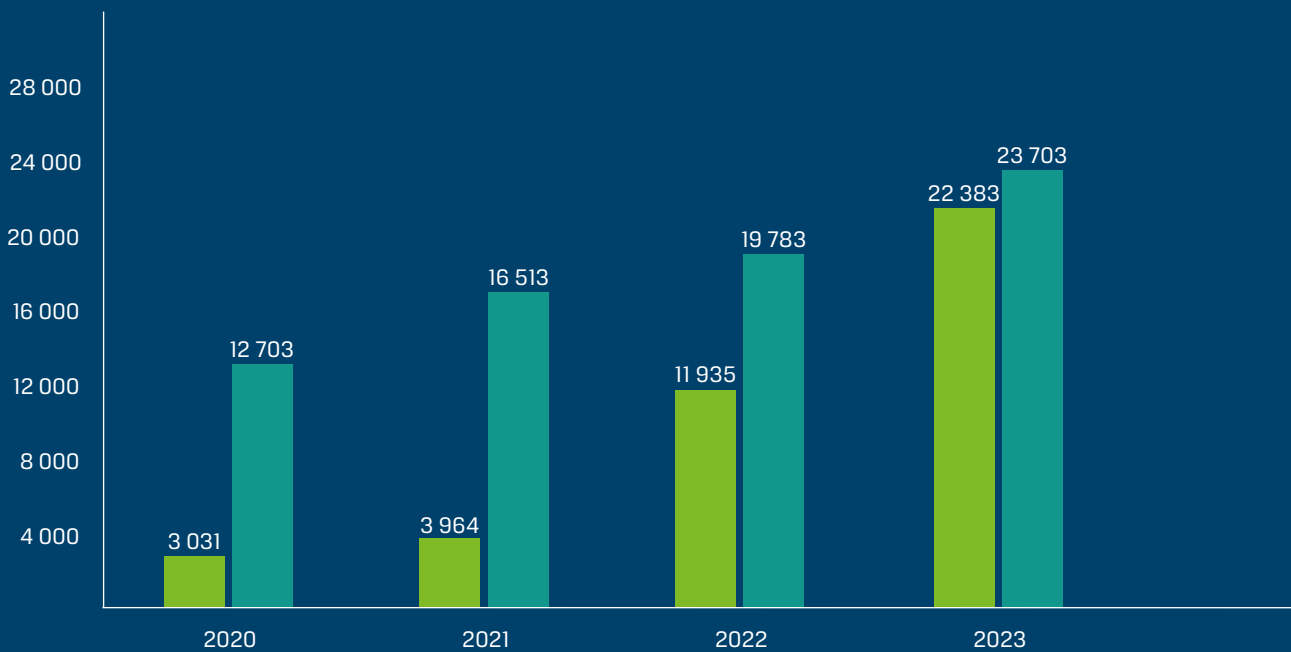


Figure 1: Number of reports received

■ STRs reports
■ Information from other FIUs

The majority of the suspicious transaction reports are still submitted by banks, closely followed by estate agents and payment service providers.

581 unique obliged entities submitted STRs in 2023. The number of entities reporting suspicious transactions has increased every year since 2020. The increase is primarily due to more unique estate agents submitting STRs.

Industry group	Number of obliged entities	Number of STRs
	2023	2023
Banks	127	17 869
Brokers	244	2 359
Payment transfer enterprises	17	1 620
Others, cf. section 4 of the MLA ¹	25	928
Insurance companies	19	386
E-money businesses	1	294
Accountants	85	138
Auditors	36	71
Legal professionals	19	23
Securities firms etc.	8	15
TOTAL	581	23 703

¹ This sub-group mainly consists of online exchange and storage services and other finance and credit institutions.

Table 1: Breakdown of STRs by industry group.

The FIU suspended transfer of NOK 80 424 593

In 2023, the FIU received 126 reports from obliged entities regarding matters for which suspending a transaction was considered. 37 of these transactions, totalling NOK 80 424 593, were suspended.

Suspension of transactions	2023
Number of requests for suspension of transactions	126
Number of suspended transactions	37
Total suspended amount in NOK	80 424 593

Table 2: Suspension of transactions in 2023.

Obligated entities find information unknown to the police

Almost half of the persons were not known to the police before being reported to Økokrim in 2023.

Asymmetrical development

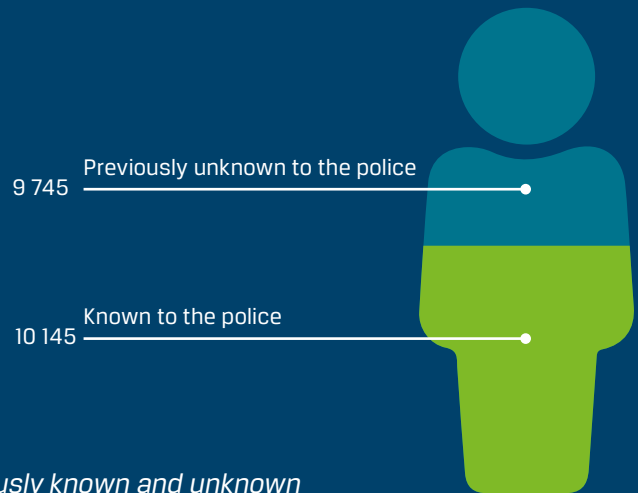


Figure 2: Number of reported private individuals previously known and unknown to the police.

As noted in the National risk assessment for 2022, there has been an increase in the responsibilities and workload of the obliged entities. Private sector entities have raised the problem that the government agencies charged with acting on these reports have not seen a commensurate increase in staff. The figure below shows that, whilst the volume of information received has near trebled, the number of FIU staff remains virtually unchanged.

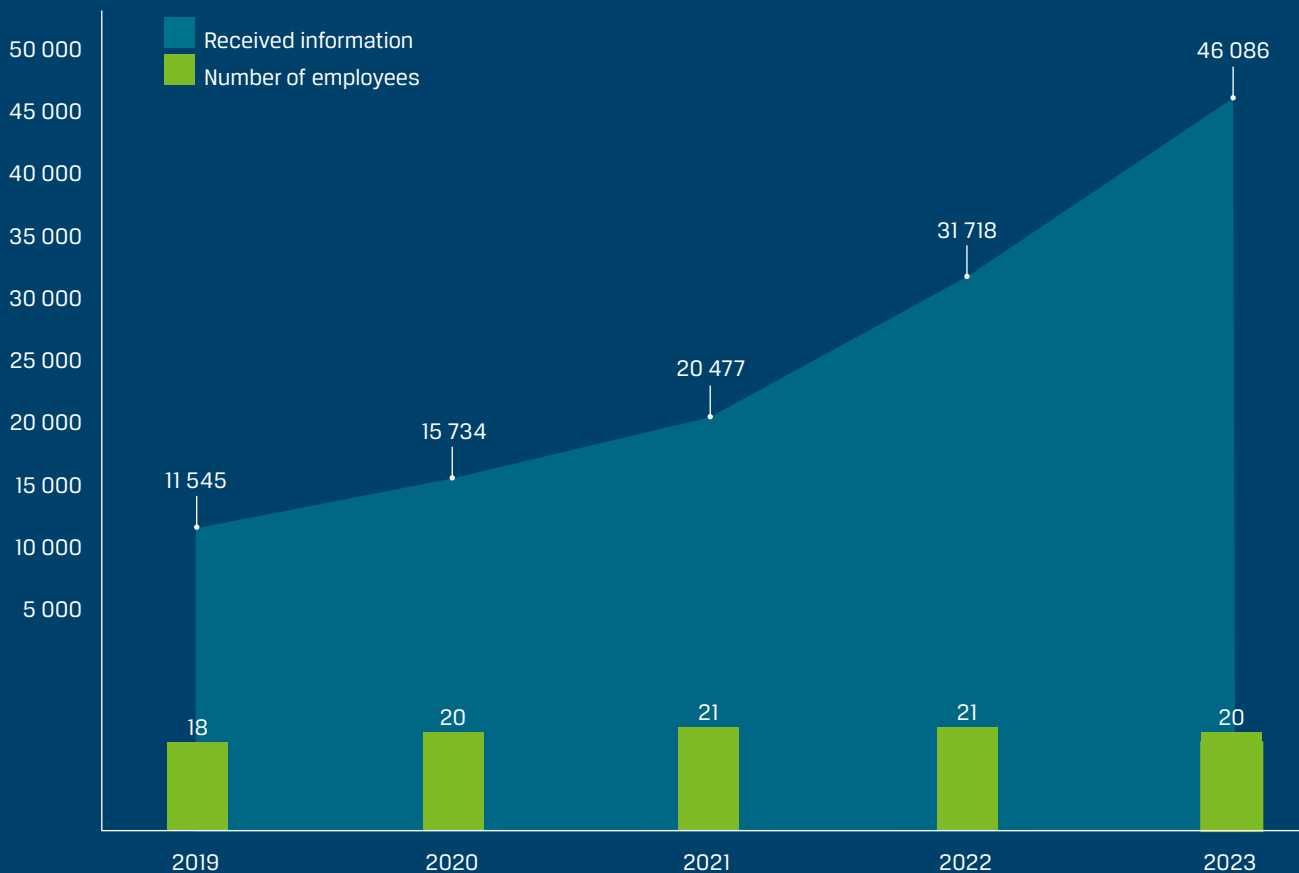


Figure 3: Number of staff in the FIU in relation to information received.

Preface



Lone Charlotte Pettersen
head of the Intelligence and
Prevention Department

Internationally, 2023 was a year marked by war, conflict and uncertainty. Many, both private individuals and businesses have seen their financial position weaken. Norway was no exception, a fact which clearly demonstrates that what happens in the world also affects us here in Norway. From the FIU's perspective, 2023 was another year with a sharp increase in the number of STRs received. The amount of information received from foreign FIUs doubled from the year before. This reflects the fact that crime is not hindered by national borders.

The information submitted to the FIU by obliged entities indicates that the criminals are organised and make use of innovative methods. There is a widespread use of new payment services and professional facilitators. We have noted an increase in the criminals' use of new technologies and also expect to see increased use of artificial intelligence (AI) going forward. There have been examples in other countries of AI being used to commit fraud. Still, with a combination of joint action, awareness, expertise and a focus on prevention, we will be prepared to meet future challenges.

The world has 'shrunk', and cross-border crime is on the rise. Our analyses show that NOK 27 million, or approx. EUR 2 365 000, in cash leaves Norway every day. In autumn 2023, we published a report on the subject of cash in the illegal economy. The report sheds light on cross-border crime and problems associated with the use of cash. Some of the cash circulated in and out of Norway can probably be linked to criminal activity where cash is smuggled out of the country to launder money.

In our work, we are increasingly dependent on national and international cooperation. In 2023, we have maintained close cooperation with our colleagues abroad through the Egmont Group of FIUs and the Financial Action Task Force (FATF). Nationally, we have maintained our cooperation with other government agencies. As regards the private sector, we have i.a. organised and participated in various events with a view to sharing expertise and information.

It is our experience that the obliged entities also in 2023 have put in a considerable effort to handle and report suspicious activity associated with sanctions and sanction evasion. This tends to be complex matters involving large transactions between countries, some of which we do not have an established partnership with. It is often necessary to also investigate whether these matters involve money laundering.

I would like to take this opportunity to thank everyone who has contributed and assisted us in our work in 2023. Demanding years appears to be the new normal. Cooperation remains a key to success in the fight against money laundering and financing of terrorism, and we wish to further develop this in 2024. In this way, we will be better equipped to prevent and fight the threats facing society.



Part 1:
Production and activities in 2023

What is the FIU?

International recommendations, guidelines and legislation require the signatory countries to establish and maintain Financial Intelligence Units (FIUs). The national FIUs form part of the individual countries' efforts to prevent money laundering and financing of terrorism in accordance with article 32 of the EU's fourth money laundering directive, and to work both nationally and internationally. In Norway, the FIU is organised under the Norwegian National Authority for investigation and Prosecution of Economic and Environmental Crime (Økokrim). The FIU, together with the intelligence and prevention units, make up the Intelligence and Prevention Department at Økokrim.

Production

A key task of the FIU is to process and enrich information received through STRs.

The information is assessed and shared, primarily with the police, for use in criminal investigations and confiscation of assets. It is also shared with specialist agencies, supervisory and regulatory authorities and FIUs in other countries. The products prepared and their formats depend on the recipient and the recipient's intended use of the information.

Table 3 shows products shared with the police, regulatory authorities and foreign FIUs in 2023. The products include intelligence reports, replies to requests and exchanged information in general. A product may include data and information from multiple STRs and internal and external sources.

Recipient	Number of products
Police	844
Regulatory authorities	119
FIU in other countries	61
Total	1024

Table 3: Products shared in 2023.

The FIU routinely shares enriched information from STRs through the National Police Intelligence System. Table four shows the number of individuals and organisations that FIU staff have transmitted information about in 2023.

Type of object	Number of objects
Private individuals	4 605
Organisations	178
Total	4 783

Table 4: Information shared about individuals and organisations¹

¹ As at 31 December 2023, the FIU had transmitted information about a total of 45 507 private individuals and 2 103 organisations to the National Police Intelligence System. Individuals and organisations are deleted continuously from the database in accordance with statutory deletion requirements.

The purpose of suspending transactions is to give the FIU time to contact the police for an assessment of whether or not to open an investigation and whether the funds should be temporarily seized as part of criminal proceedings.

This is an intrusive measure, and the FIU makes a thorough assessment before implementing it.

NOK 80 424 593 suspended by the FIU

Under section 27 of the Anti-Money Laundering Act, the FIU can, in certain cases, prevent a transaction from going ahead. In 2023, we received 126 reports of matters for which a suspension of transaction was considered, up by 28 from 2022. The quality of the reports and complexity of the reported matters span from fraud of under NOK 100 000 (EUR 8 800) to suspected sanction evasion and transactions amounting to hundreds of millions of Norwegian kroner. By taking part in the international exchange of data, the FIU contributes to seizing proceeds of crime in Norway and other countries.

Suspending transactions	2023
Number of requests for suspension of transactions	126
Number of suspended transactions	37
Suspended amount	NOK 80 424 593 ²
Assistance to suspend transactions for foreign FIUs	NOK 95 987 449
Total	NOK 176 412 042

Table 5: Suspension of transactions in 2023.

When we receive a request to suspend a transaction, we confirm receipt of the request and inform the submitter about our decision. More information about suspension of transactions can be found on the FIU website.³

100% increase in information received from other countries

The Norwegian FIU's exchange of information with its foreign counterparts has grown rapidly since 2020, with a significant increase in received data volumes in 2022 and a doubling in 2023.^{4,5} The bulk of the increase came from FIUs in EU and EEA countries (see figure 5).⁶ The received data concern reports of suspicious activity involving customers based in Norway (XBRs) and cross-border transactions with links to Norway (XBDs). In 2023, the FIU received 21 507 XBDs and 1 311 XBRs.

² NOK 42 159 634 of the total suspended amount of NOK 80 424 593 concerns a request received by the FIU in 2023.

³ <https://www.okokrim.no/rutine-for-stans-av-transaksjon.6397836-560645.html?showtipform=2>

⁴ The exchange of information with FIUs in the EU and EEA is required by an EU directive, and the EU Commission monitors the compliance of the individual FIUs. FIUs in EEA countries are not formally subject to the Commission but are nonetheless monitored in the same way as FIUs in EU member states.

⁵ The FIU also develops technical solutions for automatic sharing. The volumes of cross-border transactions have become too large for manual distribution.

⁶ The figure also includes other information received from FIUs in other countries.

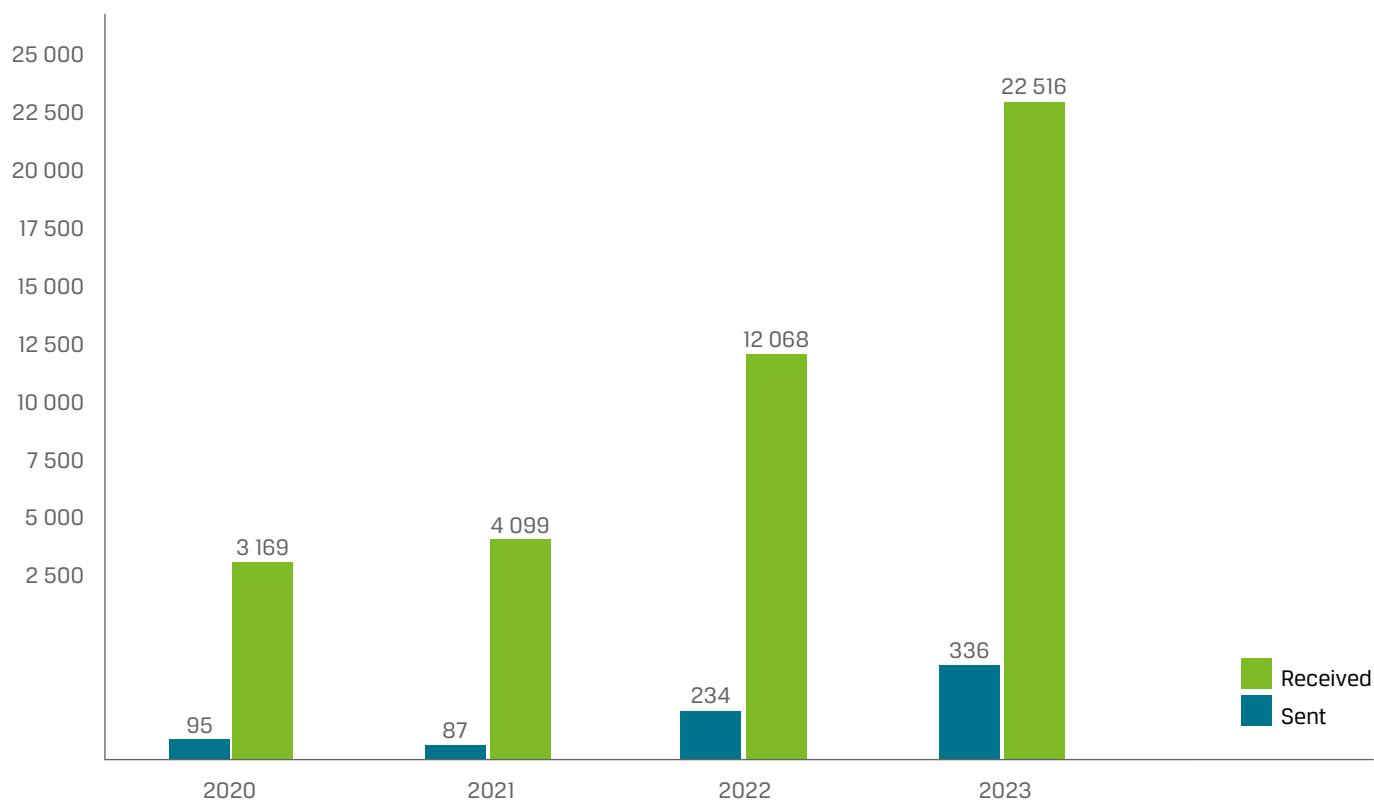


Figure 4: Exchange of data with FIUs in other countries, 2020 to 2023.

The sender expresses an intelligence requirement⁸ by submitting a request to the FIU. The majority of such requests come from the police and regulatory authorities, requesting information about private individuals or organisations recorded in the money laundering database. The remaining requests come from other FIUs.

The data the FIU have in their possession, answers several request

In 2023, the FIU received 689 and processed 664 inquiries.⁷ The response required varied from a detailed intelligence report to a simple entry in the national intelligence system.⁸

Requests received	2023
Police	605
FIU and police in other countries	54
Regulatory authority	30
Total	689

Table 6: Requests received

⁷ By 'processed' we understand inquiries that have been replied to, inquiries where information is being obtained in preparation of a reply, and inquiries that cannot be replied to due to flaws in the request.

⁸ "Intelligence requirements are a set of questions designed to fill an intelligence priority. The questions can be open-ended or closed, depending on the purpose." Police intelligence doctrine.



Majority of International request are related to fraud

The FIU uses Egmont Secure Web and FIU.net as platforms to share information and send and receive requests from other FIUs.

In 2023, the FIU forwarded 221 requests for information from the Norwegian police, most of them concerning matters of fraud, drug-crime and money laundering. The FIU received and processed 53 request from other FIUs, mainly regarding fraud, but also drug-crime tax evasion and corruption.

Request to and from FIUs in other countries	2023
Requests received	53
Replies sent	51
Requests sent	221
Replies received	221

Table 7: Request to and from FIUs in other countries.

Activities

From suspension to confiscation

As part of our heightened focus on confiscation of proceeds of crime, Økokrim has launched a project called "From suspension to confiscation". The objective is to uncover illegal assets that are intact and can be confiscated by ruling out that they have been acquired legally.

The project is intended to facilitate the transition from suspending a transaction (previously 'freezing a transaction') under the Anti-Money Laundering Act to seizing (Criminal Procedure Act) and confiscating assets (Penal Code).

The project focuses on a continuous analysis based on information retrieved from the money laundering database and data from the FIU, to uncover matters that warrant prosecution.

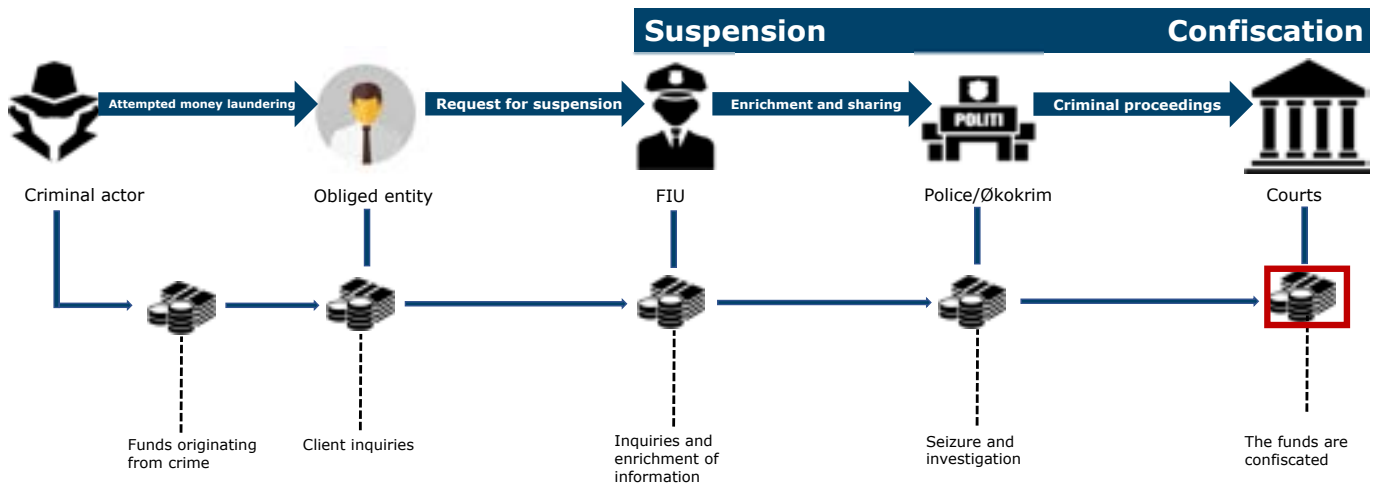


Figure 5: Illustration of the course of events "From suspension to confiscation"

National and international cooperation

Uncovering money laundering and financing of terrorism is challenging, and cooperation is crucial to succeed. This section highlights some of our collaborative efforts in 2023.

National level

The Norwegian police

The main purpose of the FIU's cooperation with local police districts and specialist agencies is to exchange data which can potentially lead to criminal proceedings and confiscation. In 2023, the FIU has focused on uncovering child abuse and initiating investigations into these offences. Our experience is that the police investigate these cases, and that information from the money laundering database is instrumental in uncovering such offences.

In autumn 2023, the FIU and the National Criminal Investigation Service (NCIS) agreed that an intern from the NCIS would work at the FIU to exchange competences between the two specialist agencies.

2023 was the first year that the FIU has had a permanent presence at the Police Security Service (PSS). In the FIU's opinion, the co-location facilitates increased cooperation and helps build a shared understanding of the threat situation. To us, the possibility to routinely compare, contextualise and assess information from STRs in collaboration with the PSS is particularly important.

Another important takeaway from the co-location is that financial information is important in almost all cases, including those that fall under remit of the security service.





We have seen that information from STRs can shed light on a wide spectrum of cases in the PSS portfolio. This is valuable information in all cases in which there are suspicious and inconclusive aspects, not only suspicion of financing of terrorism.

Supervisory authorities

The exchange of information and expertise between the FIU and supervisory authorities is key to the public agencies' ability to fulfil their tasks and ensure a risk-based and targeted supervision and follow-up of the obliged entities.

In 2023, the FIU and the Financial Supervisory Authority (FSA) of Norway have exchanged lessons learned and information and discussed various issues associated with their responsibilities in the field of anti-money laundering. The cooperation has consisted of biannual meetings, but also of feedback and operational efforts as and when the need arose. In 2023, the FIU also prepared topical and intelligence reports for the FSA and proposed subjects for audits and supervision.

Regulatory authorities

The FIU continues its collaboration with the Norwegian Tax Administration. In order to ensure an efficient flow of information, a staff member from the Tax Administration is currently on secondment to the FIU. The secondment has proved a success, and the collaboration will continue in 2024.

The FIU also partners with Norwegian Customs on a project basis. In May, representatives of the FIU took part in the Nordic symposium organised by Customs.

PPP (Private Public Partnership)

PPP is a cooperation between banks, insurance companies and public-sector entities. The public-sector participants are the PSS, the Labour and Welfare Administration (NAV), the Tax Administration and Økokrim. The FSA has status as an observer.

The FIU participates actively in PPP through the core group, steering group and various work groups. In 2023, OPS AT published a report on suspicious transactions in large enterprises within the fisheries and shipping industries. A presentation of the report can be found on a number of different communication platforms.

The financing of terrorism is another issue that is high on the OPS AT agenda. In autumn 2023, a reference group consisting of representatives from the public and private sector was set up. The group's objective is to



strengthen the obliged entities' ability to prevent and uncover financing of terrorism, i.a. by building knowledge.

Internationally

The Egmont Group of FIUs⁹

In 2023, the Egmont Group implemented a new and improved encrypted network for the exchange of information between FIUs. This facilitates the sharing of information to fight money laundering and financing of terrorism. The FIU participated in the plenary meeting of the Egmont Group which took place in Abu Dhabi.

In 2023, the Egmont Group published the reports "Abuse of Virtual Assets for Terrorist Financing Purposes", "Illicit Financial Flows from Cyber-enabled Fraud" and "Use of Open Source in FIUs' Operational & Strategic Analysis". The Norwegian FIU has contributed to several of these reports.

FATF¹⁰

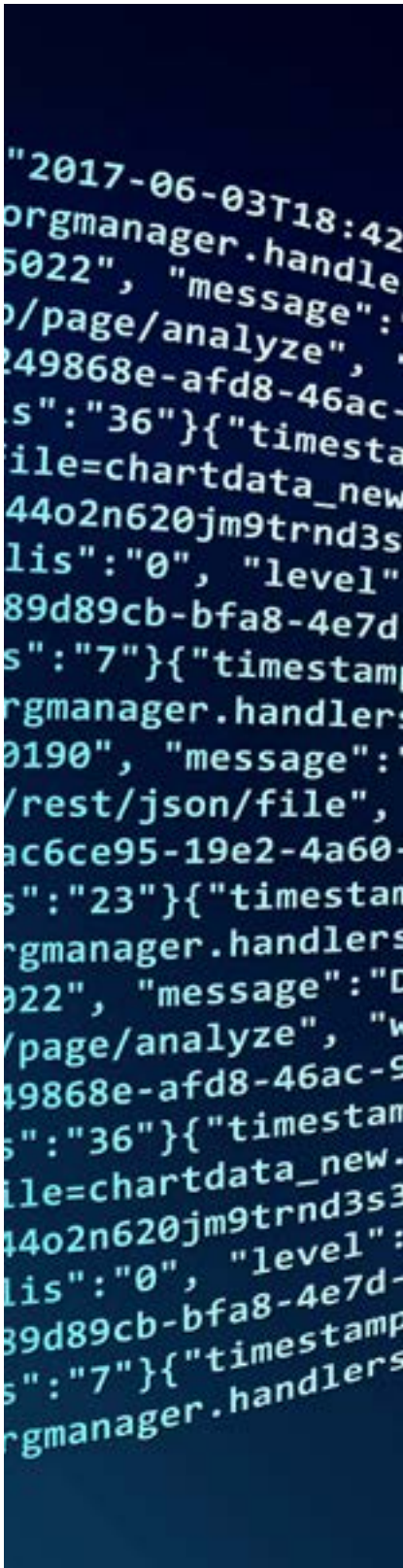
In 2023, FATF specifically focused on the confiscation of proceeds of crime. As part of this effort, the FATF recommendations on this point were revised. The aim is to facilitate a consolidation of the efforts at all levels of the relevant authorities. These include the FIU, the police, the prosecuting authority and other government agencies that contribute to the confiscation efforts.

In addition to taking part in the plenary FATF meetings in Paris, the FIU has been a member of the FATF project team responsible for revising the confiscation standard. The FATF has also published the report "Recovering International Proceeds of Crime through Inter-Agency Networks" on the work of the Asset Recovery Inter Agency Networks (ARINs). The FIU and confiscation experts from Økokrim contributed to this work. The FIU also participated in the "First Learning and Development Forum on Asset Targeting and Recovery Systems" organised by the FATF and the Italian Guardia di Finanza in Rome in February 2023.

The FATF regularly publishes useful reports on their website and on LinkedIn: <https://www.fatf-gafi.org/>

9 Norway's FIU has been a member of the Egmont Group since 1993. The members of the Egmont Group of FIUs shall work towards the objectives set in the group's Charter and Principles for Information Exchange Between Financial Intelligence Units. They have a duty to cooperate and share information with the other FIUs in the Group and to participate in plenary meetings and activities.

10 FATF is an international federation with a leading role in the international effort to combat money laundering and the financing of terrorism and weapons of mass destruction. Norway participates in the FATF cooperation with a multi-agency delegation of which the FIU is a member.



EU FIUs Platform

The EU Commission holds quarterly meetings to promote coordination across FIUs in EU and EEA (European Economic Area) member states. The FIU is a regular participant in these meetings.

Beyond the coordination and facilitation of operational cooperation, this yields valuable insight into the ongoing work with the extensive EU anti-money laundering package, which is expected to be adopted by the end of 2024. The strong increase in Cross Border reports (XBD and XBR) received from FIUs in the EU/EEA area and the upcoming implementation of the EU AML package will make the EU FIUs Platform an important forum in the years to come. The FIU has participated in EU FIUs Platform meetings in Brussels. In December, the FIU presented the report "Cash? No way in Norway" in a plenary meeting with the EU FIUs Platform.¹¹

Nordic collaboration on risk assessment

In 2023, a cooperation was initiated between the Nordic countries to compile a Nordic threat assessment on the smuggling of cash. The FIU is Norway's representative in the cooperation. One of the working meetings was held in Stockholm in October with participants from the Swedish National Operational Unit (NOA) and the Finnish ministry of finance present. Representatives of the Danish FIU and Icelandic police also take part in the cooperation. The work on the threat assessment continues, and it is expected to be published by the end of 2024.

Sharing of knowledge/feedback

During the course of the past year, the FIU has conveyed information to obliged entities through a number of different channels. We have prepared and distributed five strategic products (see FIU's publications) to inform the obliged entities of relevant trends and MOs. Furthermore, we have participated in a number of events and conferences and held meetings with obliged entities.

Anti-money laundering conference

In autumn 2023, Økokrim joined forces with Finance Norway and the FSA to organise the annual anti-money laundering conference. For the first time, the participants were welcomed by the heads of the different host organisations. The FIU held a number of presentations at the conference. We focused on trends in the reporting of suspicious matters, avoidance of sanctions and the report "Cash? No way in Norway".

AML brief by Økokrim

The FIU is an important contributor to Økokrim's preventive efforts parti-

¹¹ <https://www.okokrim.no/naa-er-det-nok-kontanter-i-den-kriminelle-oekonomien.6628831-549307.html>



cularly with regard to obliged entities. In 2023, Økokrim held three webinars for parties obliged to submit suspicious transaction reports under the Anti-Money Laundering Act (obliged entities). The primary objective was to share information about trends and MOs in order to become better prepared to prevent money laundering, financing of terrorism and economic crime.

The FIU is pleased that a high proportion of obliged entities has followed our webinars, thus reaching hundreds of connected entities. We will continue our webinars in 2024.

Cash in the illicit economy

In autumn 2023, we published a report on the subject of cash in the illegal economy. The report deals with the circulation of Norwegian banknotes out of Norway and back into the country. The report points out that whilst approximately NOK 10 billion (EUR 877 million) are declared into Norway each year, only a fraction of this is declared out of the country. Norwegian Customs, Oslo Police District and the NCIS are amongst the contributors to the report.

Following independent assessments, a number of Norwegian banks have concluded that the risk of money laundering and financing of terrorism associated with receiving cash from abroad is unacceptably high. There has consequently been a substantial reduction in the return of Norwegian banknotes from abroad. The FIU has had an ongoing dialogue with several obliged entities regarding the consequences and effects of these cash restrictions.

A hand holding a magnifying glass over scattered coins on a grey surface. The coins are of various denominations and colors, including gold, silver, and copper. The magnifying glass is positioned over a large pile of coins on the right side of the image. The text is centered over the image.

Part 2: Money laundering and financing of terrorism

Suspicious transaction reports

Adequate descriptions and assessments by the submitter are crucial to the quality of the suspicious transaction reports, as is the registration of objects and links between them. Below are some more examples of data that have proved useful in 2023 (the list is not exhaustive).

- *registration of transactions and attachments in accordance with the requirements for financial records from obliged entities (DSOP)*
- *description of measures and KYC checks*
- *bank statements (based on the template from the DSOP programme)*
- *IP addresses*
- *email correspondence*
- *bank account number for the sender and recipient*
- *network analysis*
- *purchase and settlement agreements*

Money laundering

With STRs coming from a variety of obliged entities and lines of business, the scope for high quality analyses, data compilation from different obliged entities and enrichment of information has augmented. Generally, the information received from obliged entities is useful and exhaustive. Particularly useful are STRs describing risk-based customer measures and in which the grounds for suspicion are enriched with the obliged entity's own assessments.

Additional documentation that underpins the reports is also important. High-quality data and recorded information about links between the involved objects and transactions are a prerequisite for the FIU to be able to take full advantage of the reports.

This became particularly clear in one specific case in 2023. We received reports of suspicious activity from various obliged entities that, when put together, described an organised criminal network. The network had an extensive, bewilderingly complex transaction pattern and company structure and employed false documents and professional facilitators. The FIU enriched and transmitted the information on suspicion that this was a set-up to launder proceeds of profit-motivated crime, such as fraud, drug crime and tax evasion.

In cases concerning sexual offences against children, data from obliged entities have contributed to several criminal convictions, including convictions of aggravated rape of children under 14 years of age. In the domain of employer crime, the FIU has received useful information, regarding i.a. a group suspected of illegal activity in the construction and transport industries. Several obliged entities have submitted reports regarding the same network, thus contributing to the FIU uncovering and transmitting information about this group. The reports included adequate descriptions of the grounds for suspicion along with relevant documentation and dynamic updates on previously reported matters. After enriching the data, the FIU shared them with other entities. This, in turn, resulted in charges being brought and key actors being convicted.

Obliged entities receive feedback from the FIU whenever STRs are used as a basis for operational analyses or to answer requests. However, the actual number of STRs used far exceeds the number conveyed to the obliged entities. This is due to the fact that the FIU does not currently provide feedback to the entities when using information from their reports as a basis for MO reports or topical reports, risk and threat assessments, preventive efforts, presentations, webinars or other exchanged information. A large proportion of the data received by the FIU that is not used in operational analyses, is used for other purposes at a later point in time.

Crime in the transport industry

A man in his forties has ties to two transport businesses that both have received payments of approx. NOK 17 million from a larger Norwegian company within the space of one year. The funds were quickly transferred on from the businesses' accounts to thirty other transport businesses and sub-contractors. These transport businesses are all recently established sole traders. The names are similar, and they all proved to be registered at the same address. The majority of the relevant sole traders are from the same country. They are recent immigrants to Norway and registered with foreigner's Norwegian identity number and Norwegian postal addresses only. The FIU suspects that it is, in fact, the aforementioned man who controls these transport businesses. Very little taxes are paid.

Based on the available information, the FIU prepared intelligence reports that were shared with the police

Increasing complexity

This chapter describes some of the challenges faced by the FIU in 2023 based on data from STRs and the international exchange of information.

Over the past few years, the FIU has seen a significant increase in the volumes of information, both received through STRs from a wide spectrum of obliged entities and from international partners. The information submitted to the FIU shows that the methods used to launder money are increasingly complex and innovative. The chain of actors is getting longer, and organised methods are used to launder the proceeds of the crimes. For example, funds are transferred via a number of new payment services by the intermediary of straw persons and shell companies. The funds are placed abroad in, e.g., property and valuables. Professional facilitators can make the cash flows appear legitimate and organised. The fact that there are multiple stages makes it extremely difficult and time-consuming for obliged entities and authorities to trace the funds.

The FIU has observed a significant increase in the number of actors that have multiple customer relationships with several different obliged entities, regardless of their geographical location. Most obliged entities have established procedures for rejecting or terminating high-risk customer relationships. Such actors will try to establish new customer relationships with other obliged entities, in order to continue the suspicious activity. Actors whose customer relationship has been terminated, will need to find a new place for laundering illegal proceeds, resulting in them moving or spreading their activity across different groups of obliged entities, nationally and internationally.

As far as we have been able to establish, the money laundering methods used are not specific to the types of crime. The methods used are more likely to depend on the size of the proceeds and the perpetrators' capacity, skills, scene and network. Whereas the proceeds from certain types of crime can be laundered quickly, proceeds from larger-scale tax evasion or misappropriation of estates in bankruptcy are often laundered over a longer period of time. In the latter case the laundering process often involves professional facilitators arranging money transfers from foreign bank accounts/companies to buy fixed property or other lasting assets in Norway.¹²

Below is a description of selected money laundering techniques that have posed a challenge to the FIU and obliged entities in 2023.

¹² "Professional facilitators are persons who, based on their position and professional knowledge, are engaged to facilitate i.a. laundering of proceeds from crime." National risk assessment for 2022.

Purchases of photos and videos sexualising children

A payment service company reported a number of transfers from an adult male to girls between the ages of 13 and 16. The messages associated with the transactions hinted at purchases of photos and videos of a sexual nature.

We filed a police report with the relevant police district based on the information received. The investigation resulted in a criminal prosecution, and the man was sentenced to nine months' imprisonment.

Misuse of new payment services

The FIU has observed an increase in the use of new payment services. We receive an increasing number of reports of private individuals receiving or transferring funds via several different, Norwegian-based or foreign, payment services. The chain of payment consists of several different payment services and providers. The FIU has received feedback describing a fragmentation of the informational basis for obliged entities, which makes the chain of payment less transparent. For example, the fact that assets can be moved across national borders using new payment services complicates the retrieval of information about the assets. Obligated entities can carry out transactions that appear to be domestic but for which the assets may be transferred on to high-risk countries through one or more payment services.

There has been a significant increase in STRs concerning cryptocurrency. In 2023, the FIU received almost 2 000 STRs pertaining to cryptocurrency from Norwegian cryptocurrency exchanges and other obliged entities, mainly banks.¹³

The key actors and entities most often mentioned in these STRs are foreign cryptocurrency exchanges. The reports indicate that Norwegians increasingly often use the services of foreign cryptocurrency exchanges to conduct suspicious transactions, without the intermediary of a Norwegian cryptocurrency exchange. We also have indications that some criminals conduct transactions via foreign cryptocurrency exchanges known for inadequate customer due diligence .

A number of Norwegian obliged entities have rejected transactions to this kind of cryptocurrency exchanges with the result that criminal actors have taken to use foreign neo-banks to conduct transactions to the said cryptocurrency exchanges.

The FIU has received an increasing number of STRs regarding NFTs and DeFi.¹⁴ Individuals referred to in these reports receive payments from a number of individuals and make investments with no clear purpose. The funds' origins are unknown. The FIU has also received STRs regarding gaming services, particularly the sale of so-called skins¹⁵ in computer games. The proceeds are disbursed in relatively large sums through various payment services, but it is unclear whether or not the funds are linked to money laundering.

¹³ The source data are selected based on key words associated with cryptocurrency.

¹⁴ <https://www.okokrim.no/getfile.php/5092547.2528.wsnnuzijatltml/Nasjonal+risikovurdering+hvitvasking+og+terrorfinansiering+2022-nett.pdf>

¹⁵ https://finance.yahoo.com/news/gaming-skins-just-became-50-143352555.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d-3cuZ29vZ2xllm5vLw&guce_referrer_sig=AQAAALeTf0t09NEidxtu..lyiMwl2n9aBQcr-4j-OP_awlZ-aG-IbTdfVcaFhkFo2yVmi3wjl9S2QXul-Nih9GWwulzK5UEDtNf2DwTq8HQJ8XKFJmbEBVZnbaYBIWH6xTTel5BaTDC7kmQQzc76q8mYtxcG9CGzWdPizrdhZjgKeKAJZk

Corrupt employees

In 2023, the FIU received a number of STRs about corrupt employees.

- *A bank clerk allegedly received bribes to grant loans on incorrect grounds.*
- *A bank manager is to have received bribes to grant loans on incorrect grounds or to customers who had not been approved for a loan.*
- *An employee of a public-sector organisation purportedly received a bribe in the form of an under-priced home as payment for services they had provided in their capacity of a public-sector worker.*

NOK 15 million seized

In early 2023, the FIU helped seize funds from abroad in a matter pertaining to embezzlement in a Norwegian bank. Parts of the proceeds had been transferred to the offender's stock trading account with a Swedish broker.

The FIU contributed to the freezing, seizure and transfer back to the bank in Norway of NOK 15 million from the account in Sweden.

Organised criminal groups launder money through the acquisition of property and valuables

As a result of increased reporting by estate agents, the FIU has recorded an increasing number of cases of suspected money laundering by means of property acquisitions. The FIU has uncovered that organised criminal groups use a number of straw persons and shell companies to conceal proceeds from a variety of profit-motivated crimes. The organisers had straw persons invest funds in property to launder the proceeds on their behalf.

In 2023, the FIU received upwards of 300 STRs about individuals who had invested in cars, gold and watches. The FIU particularly noted that organised criminal groups that used to withdraw large amounts of cash, now increasingly seemed to launder proceeds by investing in valuable objects.

The FIU has received a significant number of reports expressing a suspicion that other identities are being used to invest the proceeds in property or valuables. It is not always clear whether the person in question has volunteered their identity¹⁶ or may have been coerced into giving up their details. By using alternative identities, the organisers conceal their actions and make it harder to follow the flow of money.

Corrupt employees in the finance industry

In 2023, the FIU observed and reported a number of matters involving corrupt employees and professional facilitators, including several bank employees involved in embezzlement. There were several corruption investigations based on suspicions that bank employees had received money and misused their position to grant loans on incorrect grounds. Employees in the banking and finance sector are particularly at risk of criminals taking advantage of them to pursue their business, and the FIU therefore asks obliged entities to be alert to this and to establish strong internal procedures.

¹⁶ The FIU has observed that individuals have moved to Norway to lend their identity to the organisers for money. Such persons may be under duress, but this is difficult to determine.

"Tax savings"

The FIU received a request for suspension of transaction from an estate agent. The estate agent alerted the FIU to a client's responses to the Know Your Customer (KYC) check in connection with a house sale. The client, who was a permanent resident in Norway, was selling his home for NOK 7 250 000 (EUR 635 000). He wanted the entire settlement transferred to a bank account in Sweden.

When asked why he wanted the settlement paid into a Swedish bank account, the client replied that it was 'to save tax'. Based on the estate agent's request, the FIU decided to suspend the transaction. The Norwegian Tax Administration was notified and seized nearly NOK 540 000 in outstanding taxes from the man's trust account with the estate agency.

Money laundering across national borders

The increased possibility to place funds in other countries is a challenge. Gathering information about such matters is time-consuming and also raises the need for expert knowledge of local legislation and the services offered. During the second half of 2023, a recurring phenomenon was that shortly after proceeds had been generated from a criminal offence, bank cards were used abroad. This makes it more difficult to follow the money and seize and confiscate funds. The FIU has seen an increase in funds originating from crime being placed in jurisdictions associated with a heightened risk of money laundering.

Selling and buying fixed property, in Norway and abroad, is still a common MO for money launderers. The FIU has information about Norwegian nationals selling property abroad and taking settlement in cash which cannot be traced back to legal sources. There are also examples where foreign nationals have invested in fixed property in Norway but the obliged entities are unable to obtain satisfactory documentation of the origin of the funds.

Increased number of requests for suspension of transactions

These requests mainly come from banks, but recently also from other obliged entities such as estate agents and cryptocurrency exchangers. The suspension requests submitted to the FIU span from stand-alone transactions from individuals (e.g. fraud) to transaction(s) made by large international companies and corporations. Making sufficient enquiries as to the origin of these funds is challenging for the obliged entities as well as for the FIU / Økokrim / the police. Requests are mainly sent when there is suspicion of money laundering, fraud or tax evasion.

In the FIU's experience, obliged entities increasingly exercise their legal right not to carry out transactions. It is nevertheless expected that obliged entities will continue to submit requests due to an increase in suspected money laundering across national borders, attempts to circumvent sanctions, new payment services and efforts to identify the funds' origin and/or ultimate beneficiaries.

Final and enforceable judgment for financing of terrorism

We are pleased that we, during the course of 2023, also succeeded in obtaining a final and enforceable judgement for financing of terrorism. The case sheds light upon the entire 'food chain' involved in the effort to combat financing of terrorism, all the way from analysis work and STRs submitted by banks and payment providers to the exchange of information between countries, enrichment and analysis at the FIU, investigation at the Police Security Service and – finally – conviction upon trial in two different court instances. A number of learning points can be drawn from the district court judgement and the final decision of the appeal court. The same case also throws light on unlicensed payment services and so-called "hawala" services. This is not news in 2023, but the threat is very much still present and a recurring subject of STRs from various sectors. Unlicensed payment services and hawala services will in all likelihood remain a threat in 2024, with respect to both money laundering and financing of terrorism. Factors such as the ongoing wars in Gaza and Ukraine and restrictions on import and exchange of Norwegian banknotes from abroad serve to further put these forms of money services high up on the agenda.

Financing of terrorism

More information received from obliged entities

In line with the general trend for 2023, the FIU saw a rise in the volume of information regarding suspected financing of terrorism both from Norwegian obliged entities and from our international partners. Amongst the FIU's top priorities are the effort against financing of terrorism and our cooperation with the Police Security Service. The increase in reports from obliged entities is an extremely positive development. This is seen as a reflection of a general improvement in the obliged entities' ability to uncover suspicious transactions which may be associated with financing of terrorism.

Certain groups of obliged entities offer products and services that carry a higher innate risk of serving as a channel to finance terrorism. Other obliged entities face a lesser risk of their operations and services being exploited in this way. The statistics for the STRs received show that a wide range of industries reported suspicions of financing of terrorism in 2023. However, the vast majority of these obliged entities are banks. In excess of 88% of STRs based on suspected financing of terrorism originated from savings or commercial banks.

STRs in which the obliged entity has indicated a suspicion of terrorism	2020	2021	2022	2023
Legal professionals	1		1	
Others, cf. section 4 of the MLA	10	20	22	8
Banks	330	349	405	564
E-money businesses	1		2	
Insurance companies	4	2	8	12
Brokers	2	11	12	25
Accountants	2	4	3	3
Auditors	1	1		1
Securities firms etc.	2	1	5	
Payment transfer enterprises	56	67	13	22
Total	409	455	471	635

Table 8: STRs submitted based on a suspicion of financing of terrorism (2020–2023).

When considering STRs that have been used in projects set up by the FIU in 2023, in which the analysis comprises suspicion of financing of terrorism, 85% of the STRs were submitted by banks, and 15% by other obliged entities.



Only in around 20% of the reports used in 2023 in projects set up by the FIU based on suspicion of financing of terrorism had the obliged entity selected the option 'Suspicion of financing of terrorism'. In other words, the box 'Suspicion of financing of terrorism' had not been ticked in over 80% of the STRs used by the FIU in their analyses of financing of terrorism. In the FIU's opinion, this shows that all kinds of suspicious activity reported in STRs is relevant in the context of analysing the activity for signs of financing of terrorism, as it is an indication of irregularities. All irregularities are relevant when analysing financing of terrorism and related crimes.

The FIU points out that all STRs in which the obliged entity has expressed a suspicion of financing of terrorism, are enriched and assessed by the FIU as they are received.

Furthermore, the FIU has noted a decline in the number of STRs regarding financing of terrorism from certain reporting sectors in 2023 compared with previous years. The FIU has no explanation for this, given that the overall trend for STRs regarding money laundering and financing of terrorism in general seems to be on the rise.

Below is a selection of phenomena reported in 2023, which may be considered as trends and developments in the MOs used to finance terrorism.

Money flowing from or via registered businesses

Through a number of analyses of suspected financing of terrorism conducted in 2023, the FIU uncovered money flows going from registered Norwegian businesses and, in the majority of the cases, out of the country, to foreign recipients.

In one of the cases worked by the FIU, an SRT described irregular money flows from a Norwegian company in the construction industry to a charitable trust, also in Norway. The trust transferred the funds to another Norwegian business registered as a travel agency, but that also worked as an agent for a payment service in another country. The FIU's analysis showed that a number of actors with links to the said Norwegian construction business also had historic ties that might strengthen the suspicion that the funds were intended to finance terrorism or related criminal activity. Additionally, the FIU had previously received STRs concerning an independent actor who now played a key role in the same Norwegian construction business. The bank had terminated the customer relationship with the person concerned as they had failed to provide satisfactory answers to their Know Your Customer (KYC) check and the origin of their funds and identity of the recipient abroad, remained unknown.



Crowd-funding and purchases through social media platforms

2023 saw a significant rise in STRs describing customers purchasing goods and making donations through various online social media platforms. Typical examples are platforms that include features for live streaming of events, such as TikTok, Likee, Twitch, Bigo Live etc. The purchases often appear in account statements as transactions to distribution platforms such as Google Play in connection with the sale of virtual coins, gifts, diamonds or other virtual assets. These can then be donated or used as a digital means of payment to other users of the same social media platform. The recipient of the virtual gifts can convert them to "legal tender" such as cryptocurrency, gift vouchers, prepaid cards etc. We know from other countries that terrorist organisations such as the Islamic State (ISIS) have made use of social media platforms online to reach a wider audience in their fundraising efforts.

Fraud

In June 2023, Økokrim spoke out publicly about the extensive and growing problem of fraud, calling it a "menace to society". In 2023, STRs pertaining to fraud, primarily cases where the proceeds had been sent out to an unknown recipient abroad, were by far the biggest category of STRs in which the 'Financing of terrorism' box was ticked. Roughly one third of all STRs for which the option 'Financing of terrorism' was ticked were reports of various types of fraud. In 2023, the FIU learned that some of the proceeds from a cryptocurrency investment fraud scheme with several Norwegian victims but likely foreign perpetrators had been transferred to cryptocurrency addresses with possible ties to financing of terrorism.

In 2023 the FIU also worked to uncover a number of possibly false fundraising initiatives organised by private individuals and organisations. The ultimate beneficiary of the funds had not been verified, and the available data about the actors involved strengthened the fear that the funds might be used to finance terrorism.

Part 3: Statistics



Reporting time

Most STRs are submitted 2–30 days after a transaction has gone through.

Figure 9 shows the number of days from a transaction at an obliged entity to the submittal of an STR.¹⁷ Most STRs are submitted 2–30 days after a transaction has gone through. We quote from the FSA's guide to the Anti-Money Laundering Act: "In order to fulfil the statutory obligation to report suspicious activity, it is necessary to investigate indications of money laundering and financing of terrorism in a timely manner. As a general rule, there should be no backlog of suspicious activity pending investigation. Investigations should be initiated without undue delay, i.e. within two days. Even though investigations are launched without delay, they may take time. In such cases, an STR must be forwarded to Økokrim immediately after the obliged entity has concluded that the suspicion is not unfounded."

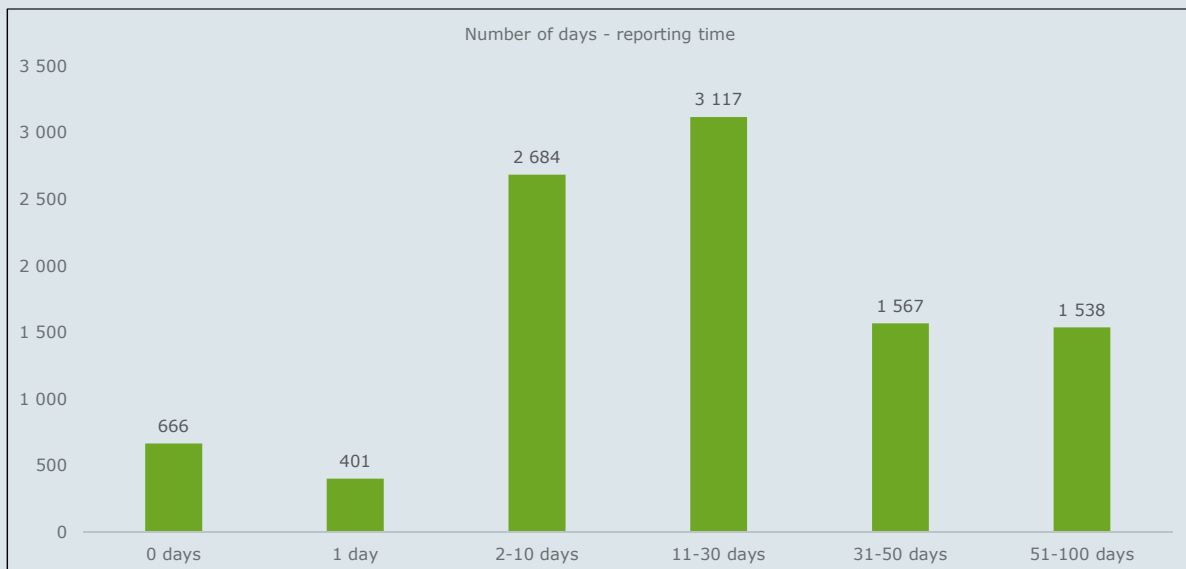


Figure 6: Breakdown of the reporting times by number of days

¹⁷ The reporting time is calculated as follows:

- The starting point is the most recent transaction (the newest date).
- Calculation: Number of days from date of last transaction to the STR's time stamp.
- If the STR does not contain any transactions, or no dated transactions, it will not be included.
- For STRs which report future (planned) transactions or which report the suspicious activity on the day of the transaction, the number of days is set to zero.

Suspicion codes

Unclear origins of funds

When filing STRs, the obliged entities can categorise their suspicions by ticking relevant codes (Altinn reporting form item 4.3). Entities can tick more than one box in an STR.

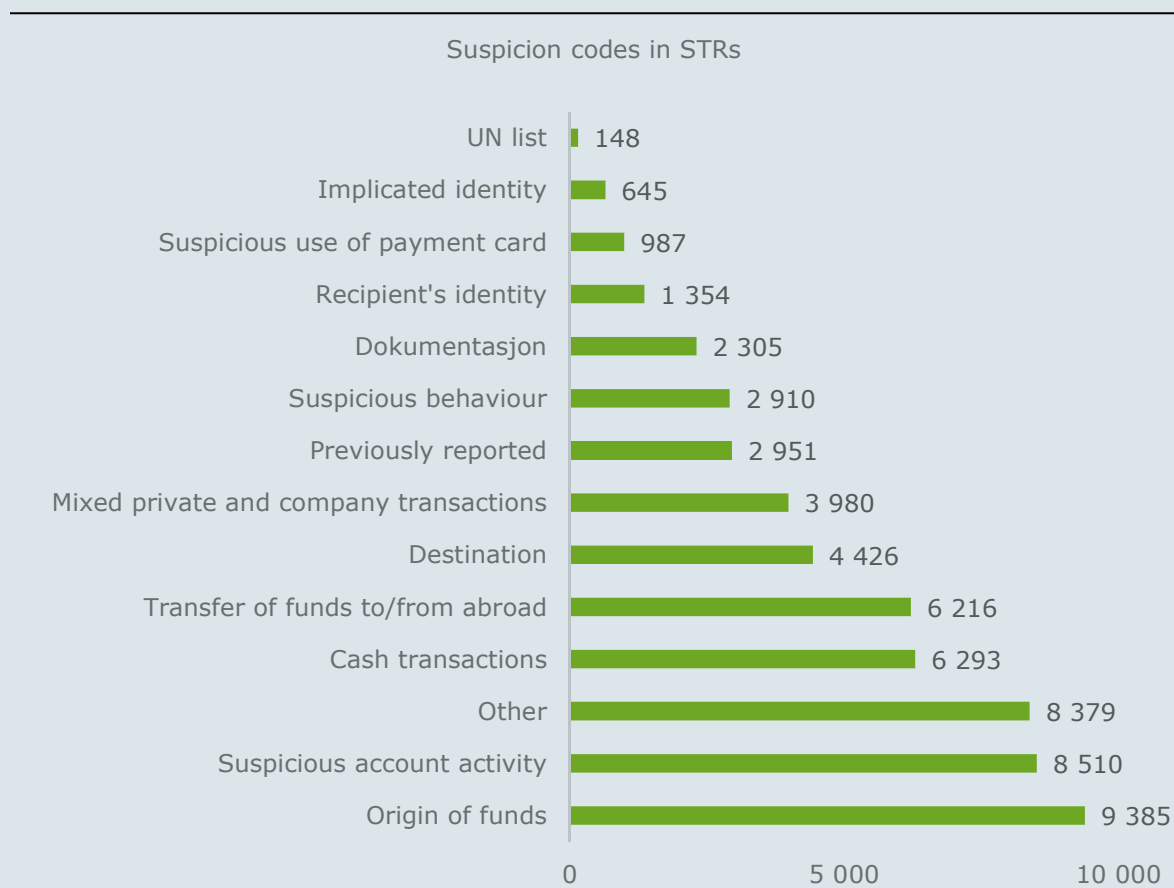


Figure 7: Suspicion codes used in STRs in 2023

Figure 7 provides an overview of the suspicion codes used in STRs in 2023. Different industry groups use different suspicion codes. Compared with 2022, there was an increase in the use of most suspicion codes, except 'Recipient's identity' and 'Mixed private and company transaction'. 'Origin of the funds' was the most widely used code in the STRs submitted in 2023, closely followed by 'Suspicious account activity' and 'Other'. The top three are as in 2022.

The below tables show a breakdown by industry group of the codes employed.

Suspicion codes	Lawyers	Others, cf. section 4 of the MLA	Banks	E-money businesses
Others		30	6 592	177
Mixed private and company transactions	4	45	3 149	114
Destinations	4	421	3 247	
Documentation	3	85	1 720	
UN list	1	2	59	
Implicated identity	3	166	354	
Suspicious behaviour	3	182	2 182	
Cash transactions	6	104	5 900	
Previously reported	0	18	2 650	
Origin of the funds	12	235	7 117	
Recipient's identity	2	125	1 067	
Transfer of funds to/from abroad	6	264	4 631	1
Suspicious account activity	2	255	8 062	31
Suspicious use of bank card / smart card or similar	1	72	868	

Table 9: Breakdown of suspicion codes by industry group

Suspicion codes	Insurance companies	Brokers	Accountants	Auditors
Others	113	1 186	48	33
Mixed private and company transactions	168	421	54	16
Destinations	5	46	12	4
Documentation	11	311	56	18
UN list	5	11	4	0
Implicated identity	8	45	5	2
Suspicious behaviour	28	420	21	10
Cash transactions	39	83	19	18
Previously reported	11	162	3	3
Origin of the funds	165	1 383	34	13
Recipient's identity	5	32	13	4
Transfer of funds to/from abroad	50	150	41	19
Suspicious account activity	2	45	17	10
Suspicious use of bank card / smart card or similar	3	0	2	3

Table 10: Breakdown of suspicion codes by industry group

Suspicion codes	Securities firms	Payment transfer businesses
Others	8	184
Mixed private and company transactions		9
Destinations	1	686
Documentation	5	96
UN list		66
Implicated identity	1	61
Suspicious behaviour	5	58
Cash transactions		124
Previously reported	2	102
Origin of the funds	3	422
Recipient's identity		106
Transfer of funds to/from abroad	1	1 053
Suspicious account activity	2	83
Suspicious use of bank card / smart card or similar		38

Table 11: Breakdown of suspicion codes by industry group

Who are the subjects of the reports?

The table below shows the number of individuals and organisations mentioned in STRs each year. These are individuals and organisations who, directly or indirectly, can be linked to the suspicious activity reported. In 2023, a total of 40 800 individuals and 9 103 organisations were reported to the FIU. Another 21 358 individuals and 2 345 organisations were recorded as implicated.¹⁸ Both reported and implicated entities are up from the previous year.

Reported	Number
Private individuals	40 800
Organisations	9 103
Total	49 903

Table 12: Number of private individuals and organisations that were the subject of reports in 2023.

Reported - implicated	Number
Implicated - private individuals	21 358
Implicated - organisations	2 345
Total	23 703

Table 13: Number of implicated individuals and organisations in 2023.

¹⁸ In the present reporting form, the obliged entity indicates whether or not they believe that a private individual or organisation is implicated in the suspicious activity. To be implicated means to play a key role in the suspicious activity.

Publications by the FIU in 2023



January

List of indicators of sexual offences against children

The list details possible indicators of and MOs for the various categories of sexual offences.



January

Topical report: Blank title deeds

The report describes the challenges and risks of misuse and laundering of proceeds of crime associated with the use of blank title deeds.



June

Annual report

The report provides an overview of the FIU's operations and output in the previous year.



June

List of indicators of laundering of Norwegian cash.

As a result of the Norwegian cash restrictions, we also compiled a list of indications that Norwegian cash is being laundered.



November

Cash in the illicit economy

The report indicates that a large proportion of the Norwegian cash in circulation is being used in the illegal economy. NOK 27 million, or approx. EUR 2372000, in cash is taken out of Norway every day.

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