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MONEY LAUNDERING REPORTING OFFICE SWITZERLAND MROS

Annual Report 2019

April 2020

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1. Foreword

2019 was a challenging year for the Money Laundering Reporting Office Switzerland MROS: in order to address this, a new strategy was defined to transform MROS into a modern and proactive counter crime unit at fedpol. The strategy will strengthen MROS' position as a financial intelligence unit (FIU), capable of providing the Swiss prosecution authorities with comprehensive analytical reports on suspicious financial information.

Last year MROS forwarded more than 2000 analytical reports to the prosecution authorities. Many of the reports led to the opening of new proceedings, while others provided weight to existing cases. The analytical reports were based on the 7705 suspicious activity reports (SARs) MROS received in 2019 (an increase of 25% over the previous year) involving a total asset volume of CHF 12.9 billion at the end of November 2019.¹ As in previous years, most of the assets originated from offences involving fraud or corruption. Nearly all the SARs were submitted by the banking sector or from payment services providers. The number of SARs from asset managers, fiduciaries, attorneys and notaries has not risen in the last few years, unlike the reporting volume from the banking sector.

A further objective of the new MROS strategy is to process SARs more rapidly. At the end of 2019, over 6000 SARs were still pending - an increase of more than 20% compared with the end of 2018. To improve efficiency in processing incoming SARs, the Federal Council has authorised 12 additional full-time positions. Implementing the new strategy, which includes submitting SARs electronically and prioritising cases systematically, will initially increase the workload but significantly reduce processing times in the long-term.

In the future, MROS will be able to better identify trends in money laundering and terrorism financing, and the methods used to carry out these offences. In order to achieve this, a strategic analysis unit was established enabling MROS to significantly improve cooperation with the private sector.

More than 60% of reported assets are attributed to persons domiciled abroad. To prevent such assets from being laundered in Switzerland, MROS relies on effective international cooperation. In 2019, it received nearly 1000 reports from foreign FIUs. Thanks to greater powers under a revised Article 11a paragraph 2^{bis} of the Anti-

¹ On 22 November 2019, data was migrated from the former to the new MROS information system.

Money Laundering Act, AMLA²), as submitted to the parliament by the Federal Council³, it will be able to follow up on this information which, in turn, increases the security of Switzerland. To ensure this cooperation takes place according to accepted legal principles, MROS is strongly involved in the work of the Egmont Group and of the Financial Action Task Force FATF. The MROS

head was elected onto the Egmont Group Steering Committee in 2019 and appointed co-leader of one of the FATF's five permanent working groups.

MROS' achievements would not have been possible without the commitment of its staff. They deserve our recognition and thanks.

Bern, April 2020

Federal Department of Justice and Police FDJP
Federal Office of Police fedpol
Money Laundering Reporting Office
Switzerland MROS

² SR 955.0

³ Bundesblatt BBl 2018 6427, BBl 2018 6525

2. Annual MROS statistics

Preliminary note:

Due to the migration of data from the former to the new information system, MROS is publishing summarised statistics only for 2019. The annual report's content and structure are currently under review, and the report will appear in a new format next year.

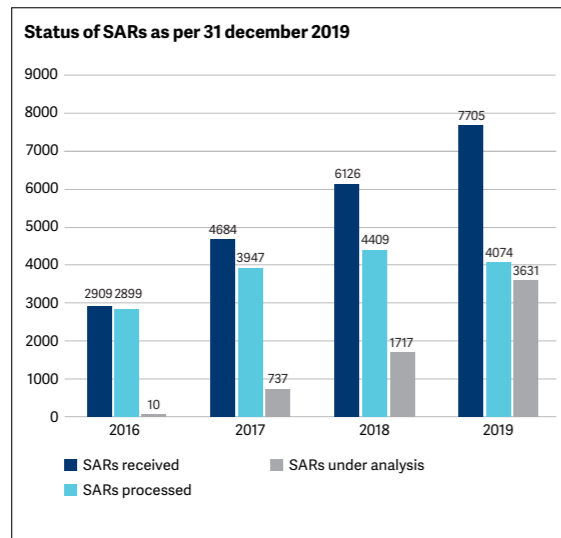
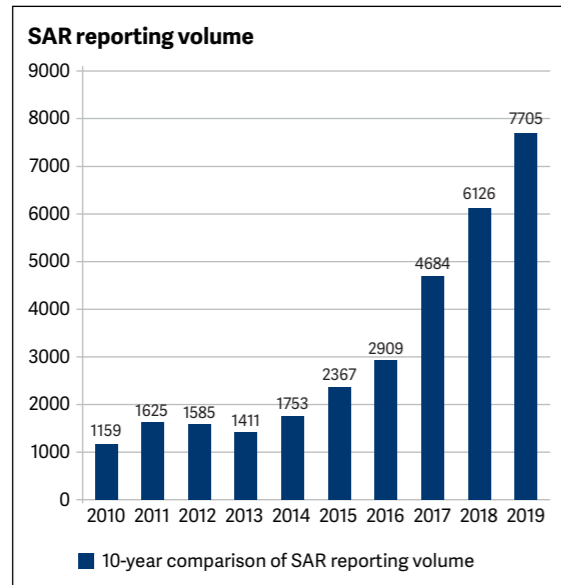
2.1. Overview of MROS statistics 2019

Summary of reporting year (1 January – 31 December 2019)

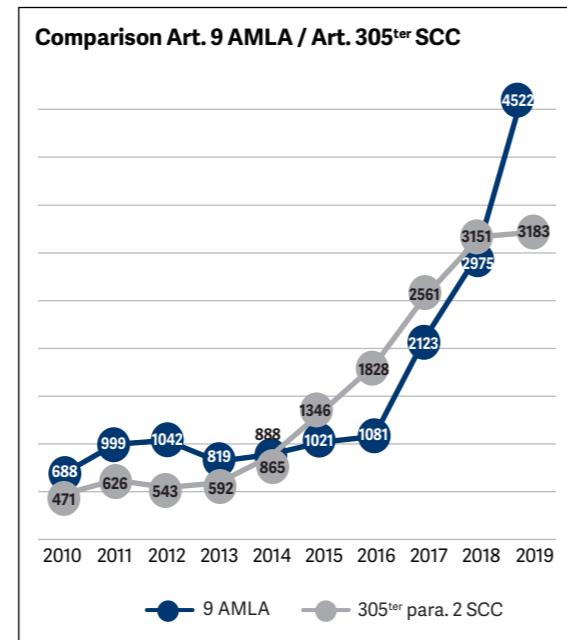
SAR Reporting Volume	2019 Absolute	2019 Relative
Total number of SARs received	7 705	100.0%
Forwarded SARs	2 024	26.3%
Non-forwarded SARs	2 050	26.6%
SARs still under analysis*	3 631	47.1%
Type of financial intermediary		
Bank	6 927	89.9%
Money transmitter	311	4.0%
Credit card company	98	1.3%
Asset manager / Investment advisor	69	0.9%
Other	60	0.8%
Fiduciary	58	0.8%
Casino	57	0.7%
Insurance	26	0.3%
Foreign exchange trader	26	0.3%
Commodity and precious metal trader	26	0.3%
Loan, leasing and factoring business	22	0.3%
Securities trader	20	0.3%
Attorney and Notary Public	5	0.1%
Amounts involved in CHF (only until 22 November 2019) (Total effective assets at time of report)		
Total asset value of all SARs received	12 903 881 661	100.0%
Total asset value of forwarded SARs	4 095 466 915	31.7%
Total asset value of non-forwarded SARs	6 385 722 250	49.5%
Total asset value of SARs still under analysis	2 422 692 496	18.8%
Average asset value of SARs (total)	1 674 741	
Average asset value of forwarded SARs	2 023 452	
Average asset value of non-forwarded SARs	3 114 986	
Average asset value of SARs still under analysis	667 225	

* Per 31 December 2019, 1717 SARs from 2018, 737 SARs from 2017 and ten SARs from 2016 were pending, amounting to a total of 6095 SARs still under analysis.

2.1.1 Total number of suspicious activity reports (SARs)



2.1.2 Comparison of mandatory SARs (Art. 9 Anti-Money Laundering Act, AMLA) with voluntary SARs (Art. 305^{ter} para. 2 Swiss Criminal Code, SCC⁴)



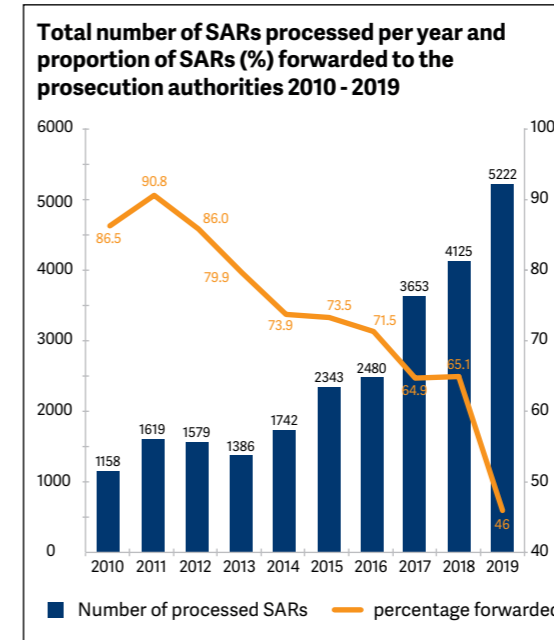
2.1.3 Proportion of SARs forwarded to the prosecution authorities

The fall to 46% in the proportion of SARs forwarded to the prosecution authorities shows that MROS continues to act as a filter, ensuring that the Swiss prosecution authorities only receive information that is relevant to prosecuting cases involving money laundering.

Forwarding information to the prosecution authorities is only one of a range of tasks MROS performs. A further important task is evaluating data to identify trends and methods. In the future, MROS will notify financial intermediaries more often of its strategic analysis findings so that they can adopt more effective anti-laundering measures.

The introduction of the new information system on 1 January 2020 and the relevant amendment

of the MROS Ordinance of 25 August 2004 (MROSO)⁵ means that MROS will no longer forward SARs directly to the prosecution authorities as it did in the past. Instead, the information from financial intermediaries and MROS' analytical report will be sent electronically to the appropriate public prosecutor's office. These statistics are therefore appearing for the last time in the annual report.



2.2. Information exchange with foreign financial intelligence units (FIUs)

FIUs can share information by means of mutual administrative assistance with respect to combating money laundering and its predicate offences, as well as organized crime and terrorist financing.

Cooperation between MROS and foreign FIUs is a crucial element of anti-money laundering strategy. In the case of a SAR involving foreign natural persons or legal entities, MROS has the option of requesting information about these persons or companies from its partner agency in the respective country. Since a majority of SARs submitted

to MROS are of international relevance, information exchange between FIUs is an important tool. The information MROS receives from abroad often benefits investigations.

In the 2019 reporting year MROS sent a total of 167 enquiries to foreign FIUs. Each enquiry concerned, on average, two natural persons and three legal entities. In addition, MROS also sent 193 spontaneous information reports to its partners abroad. A spontaneous information is when a foreign FIU or MROS sends information with a link to Switzerland that requires no reply.

MROS does not only submit information requests to foreign FIUs, it also receives similar requests from its overseas partners. In 2019, with 844 enquiries from FIUs from 103 countries, MROS received more requests than in the previous year (2018: 795 enquiries from 104 countries).

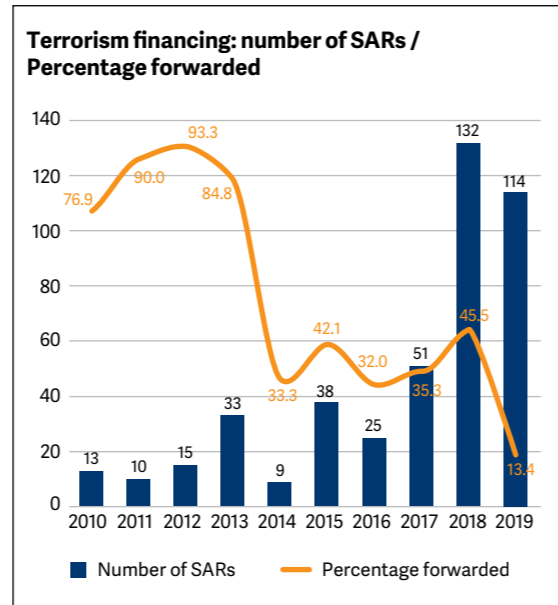
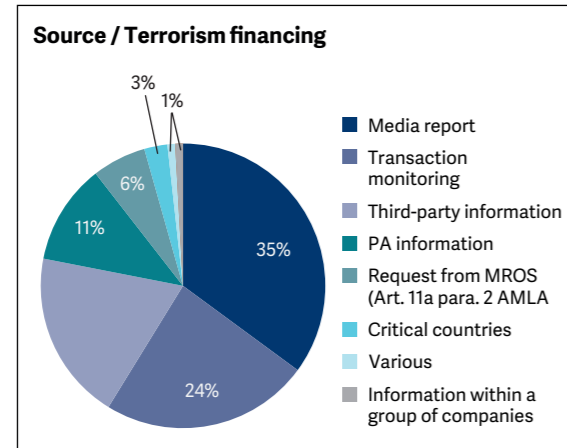
On average, each request for information from a foreign FIU involved three natural persons and three legal entities. Thus MROS received enquiries involving more than 5000 natural persons and legal entities. In addition, it received a total of 442 spontaneous information reports from FIUs from 48 countries.

⁴ SR 311.0

⁵ SR 955.23

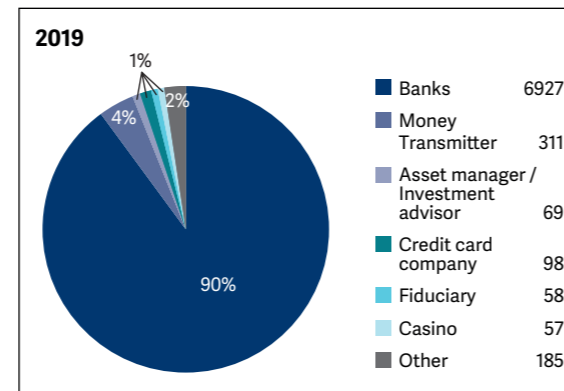
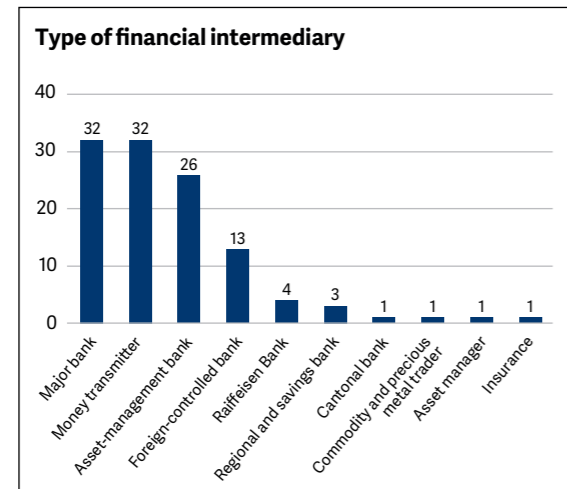
2.3. Terrorism financing

In 2019, MROS received 114 SARs concerning the suspected financing of terrorism. More than three-quarters of these SARs were triggered by media reports (35%), transaction monitoring (24%) and third-party information (19%).



2.4. Detailed statistics

2.4.1 Type of reporting financial intermediary and dealer according to category

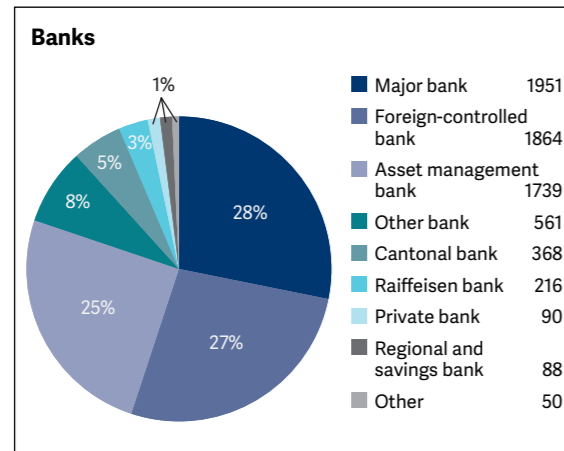


For comparison: 2010–2019

Financial intermediary category	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Bank	822	1080	1050	1123	1495	2160	2502	4262	5440	6927	26861
Money transmitter	184	379	363	74	107	57	129	144	272	311	2020
Asset manager	40	27	49	74	40	45	64	87	60	69	555
Fiduciary	58	62	65	69	49	48	45	50	40	58	544
Credit card company	9	10	22	14	9	13	21	14	71	98	281
Other FI	4	2	4	1	3	5	21	21	143	48	252
Insurance	9	11	9	19	11	12	89	24	35	26	245
Casino	8	6	6	8	9	3	14	28	28	57	167
Attorney and Notary Public	13	31	12	9	10	6	5	4	4	5	99
Loan, leasing and factoring and forfeiting business	1	5	1	4	3	7	10	14	16	22	83
Commodity and precious metal trader	1	1	3	10	3	6	3	11	3	26	67
Securities trader	4		1	1	10	3	3	16	9	20	67
Foreign exchange trader	6	7		5			3	2	3	26	52
SRO		1			2				1	8	12
Supervisory authority					2			2	1	2	7
Currency exchange		3				1		1		0	5
Distributor of investment funds						1		3		1	5
Dealer (according to Article 9a AMLA)								1		1	2
Total	1159	11625	1585	1411	1753	2367	2909	4684	6126	7705	31324

2.4.2 SARs from the banking sector

Year	Total number of SARs	SARs from the banking sector	Proportion of SARs from the banking sector
2010	1159	822	71 %
2011	1625	1080	66 %
2012	1585	1050	66 %
2013	1411	1123	80 %
2014	1753	1495	85 %
2015	2367	2160	91 %
2016	2909	2502	86 %
2017	4684	4262	91 %
2018	6126	5440	89 %
2019	7705	6927	90 %



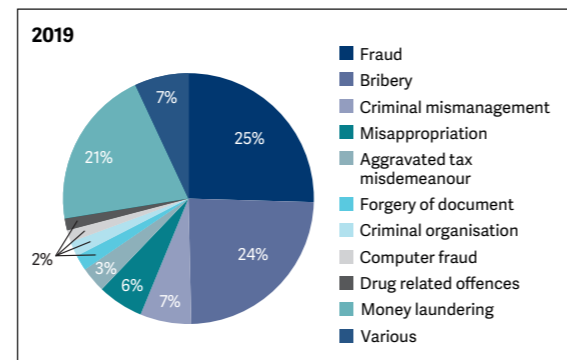
For comparison: 2010–2019

Type of bank	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Foreign-controlled bank	290	389	348	240	383	575	659	1696	1688	1864	8132
Major bank	214	310	308	324	474	763	779	1119	1450	1951	7692
Asset-management bank	55	156	127	114	159	303	309	543	1132	1739	4637
Other bank	99	27	42	230	214	213	323	411	518	598	2675
Cantonal bank	79	75	80	72	75	125	190	221	297	368	1582
Raiffeisen bank	49	60	64	79	134	125	154	166	173	216	1220
Private bank	7	26	60	52	39	38	57	73	105	90	547
Regional and savings bank	25	15	19	6	14	11	29	27	59	88	293
Branch of foreign bank	4	21	2	5	3	7	2	5	18	12	79
Bank with special business clientele		1		1				1		1	4
Total	822	1080	1050	1123	1495	2160	2502	4262	5440	6927	26861

2.4.3 Suspected predicate offences

What the chart represents

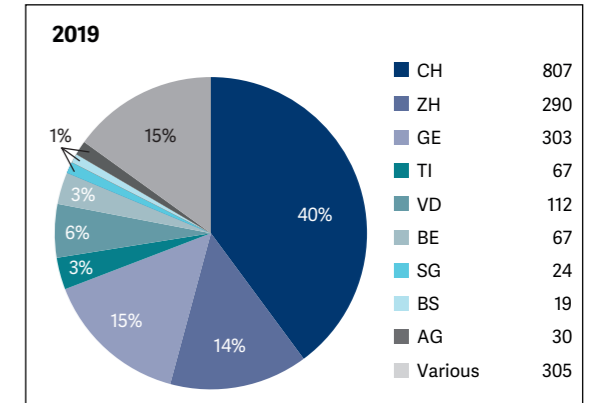
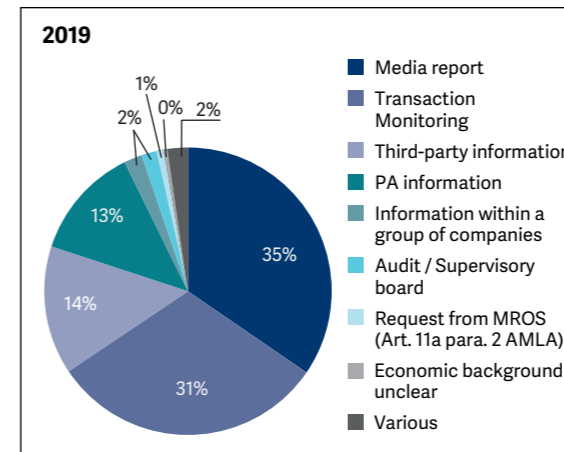
This chart shows the predicate offences which were suspected. The category 'money laundering' includes cases where a variety of predicate offences were suspected, or where the specific predicate offence was not clear.



2.4.4 Factors arousing suspicion

What the chart represents

This chart shows what sources triggered financial intermediaries' suspicions and prompted them to submit a SAR to MROS.



2.4.5 Prosecution authorities concerned

What the chart represents

This charts shows to which prosecution authority MROS forwarded the SARs it received from financial intermediaries.

Legend

AG	Aargau	NW	Nidwalden
AI	Appenzell Innerrhoden	OW	Obwalden
AR	Appenzell Ausserrhoden	SG	St. Gallen
BE	Bern	SH	Schaffhausen
BL	Basel-Landschaft	SO	Solothurn
BS	Basel-Stadt	SZ	Schwyz
CH	Office of the Attorney General	TG	Thurgau
FR	Fribourg	TI	Ticino
GE	Geneva	UR	Uri
GL	Glarus	VD	Vaud
GR	Graubünden	VS	Valais
JU	Jura	ZG	Zug
LU	Lucerne	ZH	Zurich
NE	Neuchâtel		

For comparison: 2010–2019

Authority	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
CH	367	468	484	386	583	933	736	1322	1265	807	7351
ZH	141	183	203	205	162	239	230	258	359	290	2370
GE	140	153	202	168	162	144	293	326	405	303	2296
TI	135	126	185	140	95	113	115	144	89	67	1209
VD	24	68	26	33	34	46	55	44	108	112	550
BE	29	46	51	15	60	30	58	41	47	67	444
SG	17	76	30	18	39	36	48	60	33	24	381
BS	36	51	41	23	15	22	58	50	21	19	336
AG	14	50	27	15	23	28	50	30	46	30	313
ZG	16	19	8	14	18	27	21	15	50	38	226
LU	6	13	1	15	8	9	80	7	39	37	215
SO	13	7	15	16	23	17	28	33	29	25	206
BL	5	13	16	5	2	12	12	34	37	58	194
TG	13	8	11	10	6	27	33	30	17	27	182
NE	7	10	8	8	13	17	18	24	35	29	169
FR	9	7	5	11	14	8	18	26	33	31	162
VS	6	6	15	8	13	12	28	18	27	17	150
SZ	9	8	7	10	12	12	5	20	10	8	101
GR	8	8	9	7	2	9	15	11	9	9	87
SH	2	8	5	7	4	2	9	7	3	7	54
NW	1	9	1	4	1	3		1	17	4	41
JU	2	1	1	2	9		6	3	14	3	41
AR	1	1	2	2	1	1	2	6	5	6	27
GL			1	1			1	3	5		11
OW					1		4			6	11
AI		1	2			1		5			9
UR	2	1	2								5
Total	1003	1441	1358	1123	1300	1748	1923	2518	2703	2024	17141

