

Belgian Audit Oversight Board
AML Recommendation of 9 November 2023

Money laundering typologies – Atypical transactions

Scope:

Natural persons or legal entities that carry on activities in Belgium and that are registered or enrolled in the public register of the Institute of Registered Auditors (Instituut van de Bedrijfsrevisoren/Institut des réviseurs d'entreprises).

Summary/Objective:

This recommendation seeks to inform auditors of the usefulness of documented money laundering typologies. The overview it provides can help auditors comply with their AML obligations, such as the requirement that they draw up an overall and an individual risk assessment and in detecting and analysing atypical transactions as required by the Anti-Money Laundering Law¹.

- **Belgian Audit Oversight Board (BAOB) as supervisor of compliance with AML obligations**

Article 85, § 1, 6° of the AML Law designates the BAOB as supervisor of compliance with the AML Law by auditors and trainee auditors, among others. In this capacity, the BAOB may, pursuant to Article 86, § 2, first paragraph, 1° of the AML Law, draw up recommendations to clarify the scope of their AML obligations.

- **Typologies**

A money-laundering or fraud typology groups together certain forms of money-laundering practices or fraudulent transactions on the basis of on their common features. Thus, a group may be based on the sector in which the type of fraud mainly occurs, the underlying goods or services to which the fraud relates, the method used or the actors concerned.

Various national supervisors and international organizations publish such typologies and overviews. The BOAB is providing herewith a non-exhaustive selection of websites of organizations and their relevant publications:

¹ Law of 18 September 2017 on the prevention of money laundering and terrorist financing and on the restriction of the use of cash.

- [the Belgian Financial Intelligence Processing Unit \(CTIF-CFI\)](#), whose tasks include regularly publishing information on typologies;
- the [ICCI](#) recently published interesting and useful typology sheets;
- [Tracfin, the French counterpart to the Belgian Financial Intelligence Processing Unit](#), in which published an interesting annex of case studies to its 2022 annual report;
- the [Financial Action Task Force \(FATF/GAFI\)](#) also provides publications, often addressed to specific sectors.

- **Overall and individual risk assessments**

When drawing up the overall risk assessment, the auditor takes into account the characteristics of its clients, the products, services or transactions offered by the auditor, the countries or geographical regions concerned, and the delivery channels used by the auditor. In preparing the assessment, the auditor takes into account all relevant information at its disposal².

The publications listed above are excellent examples of this sort of relevant information. Depending on its clientele and the services offered, the auditor will, with the assistance of the typologies, identify the money-laundering risks, among other things, and take appropriate measures. The same approach will be taken in the individual risk assessment, which takes into consideration the overall risk assessment and the criteria on which the latter is based³.

- **Atypical transactions**

Article 45 of the AML Law defines an atypical transaction as any transaction that fulfils at least one of the following conditions:

- 1° it is complex;
- 2° it's amount is unusually large;
- 3° it is conducted in an unusual pattern;
- 4° it does not have any apparent economic or lawful purpose.

If the auditor notices such a transaction, the AMLCO must draw up a report of the analysis of the transaction and report the transaction to the CTIF-CFI if he or she suspects or has reasonable grounds to suspect that money laundering or terrorist financing is involved.

The above-mentioned typologies are excellent resources for carrying out the said analysis. The presence of certain characteristics, or the fact that a sector is involved that is particularly vulnerable to certain fraudulent transactions, may be key factors in deciding whether or not to file a report.

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² Article 16 of the AML Law.

³ Article 19 of the AML Law.