

Feedback by the FIU to gambling operators

Overview of the reports sent by gambling operators to the FIU in 2020, and their use by the FIU

In 2020, the Financial Intelligence Unit (hereinafter: FIU) received a total of **118** reports from the gambling sector, of which 3 were marked "urgent". There were 8 different reporting entities, the largest of which sent 60% of all reports.

14 of the reports received in 2020 were sent for in-depth analysis. Here, it is important to emphasise that the fact that only a portion of the reports received was sent for in-depth analysis does not mean the rest of the reports were insignificant because often, their importance becomes relevant over a longer period of time and they are used to prepare strategic analyses of the typologies and trends in the sector.

Table 1. Distribution of reports sent to the FIU in 2020 by groups.

Reporting entity group	Total
Credit institutions	4,594
Financial institutions	1,524
Agencies and persons from other countries	587
Virtual currency service	530
Professionals (legal, audit, etc.)	307
Public agencies	284
Non-obliged subject	252
Gambling operators	118
Other private entities	94
TOTAL	8,290

The gambling sector was one of the few obliged sectors where the reporting activity decreased compared to previous years. A significant factor was probably the restrictions caused by the coronavirus pandemic, which closed down both casinos and gambling halls for months. In the case of the FIU, this was mainly reflected in the number of Currency Transaction Reports (78 CTRs), which has dropped by more than a half, having been by far the most common type of reports submitted by gambling operators over the years. What is positive is that the submission of reports concerning remote gambling increased drastically. Compared to 2019, gambling operators submitted significantly more reports of transactions suspected of money laundering in 2020: 19 Unusual Activity Reports (UAR), 18 Suspicious Transaction Reports (STR) and 3 Unusual Transaction Reports (UTR) were submitted. It should also be pointed out that gambling operators did not submit any Unusual Activity Reports with reference to a high-risk country (TR_UAR) or Terrorist Financing Reports (TFR). In 2019, as many as 75 of the latter were sent, but the majority of them were not justified because only the fact that a party to a

transaction is in some way linked to a risk country, without any signs indicating unusual nature of the transaction, is not sufficient to submit a report.

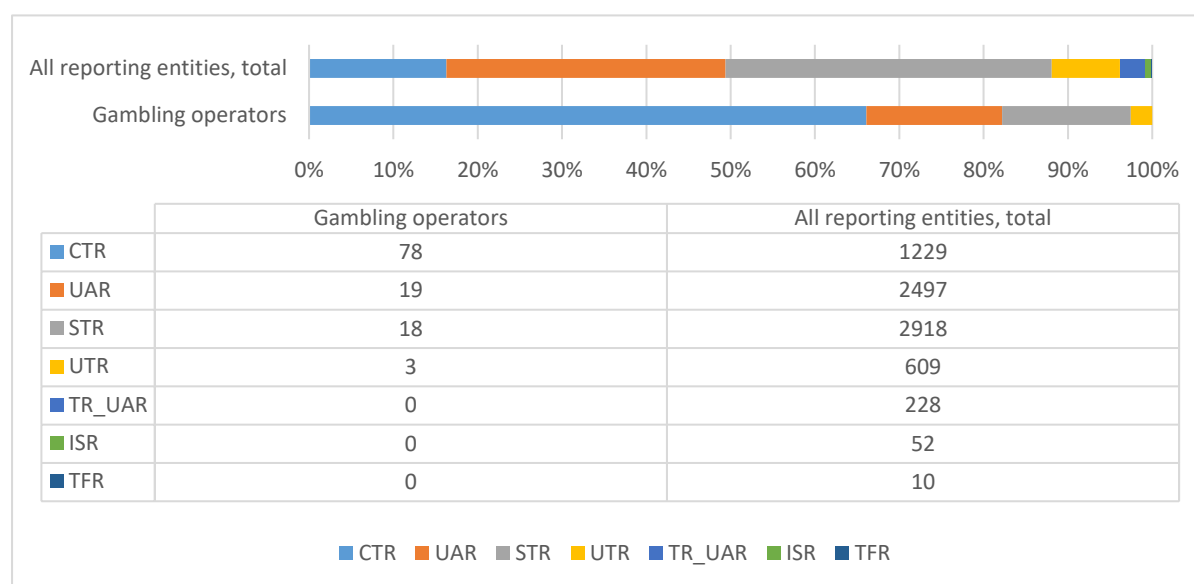


Figure 1. Distribution of reports sent by gambling operators and all reporting entities to the FIU in 2020 by report types.

In money laundering reports, gambling operators most often – on 15 occasions – marked unusual activity in gambling (8. UAR) as the reason for sending a report. This was followed by indicator 2.2 (STR), used on 7 occasions: the person was previously known for being suspected of money laundering or the suspicion has arisen in the course of applying due diligence measures.

The quality of the reports by gambling operators, and recommendations for the future

The quality and substantiality of the reports by gambling operators have generally been increasing; the latter, in the particular, in the second half of 2020. The formal side of the reports has been mostly good, and no significant errors have occurred. As a positive point, the online form has been used widely, but seven reports were also sent by e-mail. However, pursuant to § 50 (2) of the MLTFPA, reports should be submitted via the online form or via the X-road service.

General due diligence in the sector has shown signs of improvement, but the FIU has higher expectations to service providers with a particularly low number or zero reports so far. The reports show that the activity by gambling operators in preventing money laundering is rather poor; instead of preventing suspicious transactions, the results of such transactions are responded to. A widespread issue is that often, no questions are asked about the origin of the assets, even though it is an obligation. While remote gambling operators rely heavily on credit institutions to move the money, the expectations of the FIU towards reporting unusual or suspicious activities/transactions identified through internal controls are higher.

