



Republic of Namibia  

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Financial Intelligence Centre

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**FOURTH QUARTERLY REPORT**

**JANUARY – MARCH 2023**

**ISSUED: MAY 2023**

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## 1. ACRONYMS

<b>ADLAs</b>	-	Authorized Dealers in Foreign Exchange with Limited Authority
<b>AML/CFT/PF</b>	-	Anti-Money Laundering/ Counter Terrorist Financing and Proliferation Financing
<b>AI</b>	-	Accountable Institution as provided in Schedule 1 of FIA
<b>FATF</b>	-	Financial Action Task Force
<b>FIA</b>	-	Financial Intelligence Act, 2012 (Act No. 13 of 2012) as amended
<b>FIC</b>	-	The Financial Intelligence Centre
<b>LEAs</b>	-	Law Enforcement Agencies
<b>RI</b>	-	Reporting Institution as provided in Schedule 3 of the FIA

## 2. DEFINITIONS

**Money laundering (ML):** Generally, refers to the act of disguising the true source of proceeds generated from unlawful activities and presenting such in the financial system as sourced from legitimate activities. However, in terms of the Prevention of Organized Crime Act, 2004, as amended (POCA), the definition of ML is broad enough to include engagement, acquisition and concealment of proceeds of crime whether directly or indirectly;

**Proliferation financing (PF)** “the act of providing funds or financial services which are used, in whole or in part, for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons and their means of delivery and related materials (including both technologies and dual use goods used for non-legitimate purposes), in contravention of national laws or, where applicable, international obligations.”<sup>1</sup>

**Terrorist financing (TF)** includes “acts which are aimed at directly or indirectly providing or collecting funds with the intention that such funds should be used, or with the knowledge that such funds are to be used, in full or in part, to carry out any act of terrorism as defined in the Organization for African Unity (OAU) Convention on the Prevention and Combating of Terrorism of 1999, irrespective of whether or not the funds are actually used for such purpose or to carry out such acts.”

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<sup>1</sup> FATF Recommendation 7

### **3. INTRODUCTION**

This is the Fourth quarterly statistical report of the 2022/23 financial year issued by the Financial Intelligence Centre (FIC). It contains statistics on mandatory reports received from various stakeholders in terms of the Financial Intelligence Act, 2012 (Act No. 13 of 2012) as amended (FIA). The report is meant to communicate relevant statistics on the operation of Namibia's national Anti-Money Laundering, Combatting the Financing of Terrorism and Proliferation (AML/CFT/CPF) framework. Amongst others, the report speaks to the reporting behaviour of relevant stakeholders, outcomes of reports forwarded to the FIC, as well as compliance monitoring and supervision activities. Importantly, the report also highlights areas where all stakeholders, including the FIC, could improve in advancing the national framework's overall effectiveness.

#### **3.1 BACKGROUND AND PURPOSE**

The FIC is Namibia's Financial Intelligence Unit (FIU) established in terms of the FIA and is empowered to, amongst others, collect, request, receive and analyse suspicious reports relating to ML/TF/PF and further share actionable intelligence obtained from such activities with identified stakeholders as per the FIA. These reports form part of a database that assists in combatting efforts within the domains of local and international Law Enforcement Agencies (LEAs).

As far as compliance monitoring and supervision is concerned, the FIC has a duty to gain reasonable assurance that Accountable and Reporting Institutions as identified in the FIA have controls in place that minimise ML/TF/PF risks. This includes institutional implementation of internal controls that can detect suspicious activities and enable timely reporting of same to the FIC. Compliance supervision of sectors normally commences with such sectors (or institutions) registering with the FIC as per the FIA. A total of 2,895<sup>2</sup> Accountable and Reporting Institutions were registered with the FIC as of 31 March 2023.

To gain assurance on the level of FIA compliance and thus effectiveness of ML/TF/PF risk mitigation within the regulated populace, the FIC conducts regular on-site and off-site assessment activities, amongst others. Such assessments are followed by interventions such as guidance in the form of assessment reports and where need be, capacity building initiatives. If appropriate, enforcement interventions are also made to further enhance compliance. The FIC

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<sup>2</sup> The figure includes both active and non-active accountable and reporting institutions.

communicates compliance expectations in various ways including the issuing of formal Guidance Notes, Directives, Notices and Circulars to enhance compliance behaviour and increase awareness.

**3.2 APPLICATION**

This quarterly report is directed to all Accountable and Reporting Institutions and other FIC stakeholders. Much of the information presented herein is sourced from quantitative data in the FIC’s domain. The report has been sanitized to minimize the disclosure of sensitive and restricted material.

**4. FINANCIAL INTELLIGENCE CENTRE: STATISTICS**

**4.1 OPERATIONAL ANALYSIS**

The regulated populace is responsible for filing reports such as Suspicious Transaction Reports (STRs), Suspicious Activity Reports (SARs), Cash Transaction Reports (CTRs) and Cross Border Movement of Cash Reports (CBMCRs) with the FIC. Charts 1 and 2 below show the volumes of various report types received from different sectors in the reporting period:

**Chart 1: STRs received according to Agency Business Types (Sectors)**

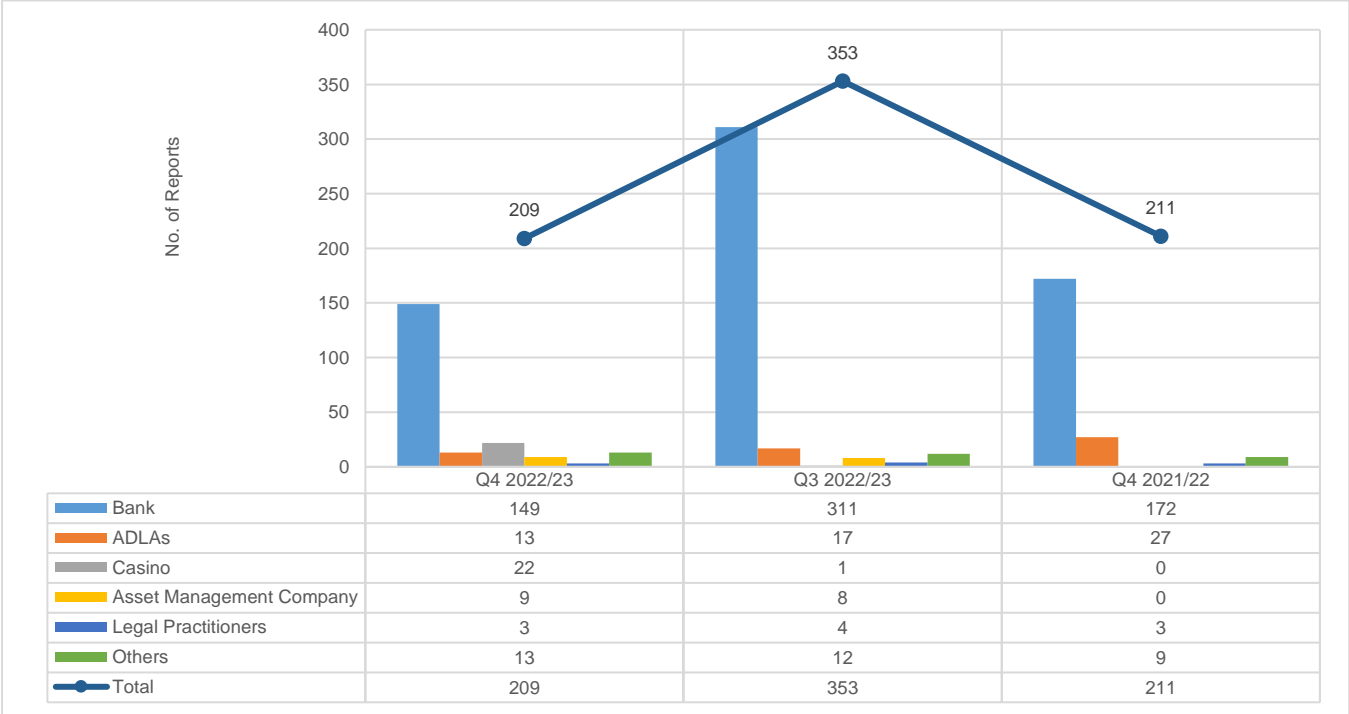


Chart 1 presents a summary of STRs filed by AIs and RIs during the period under review. The number of STRs decreased to 209 STRs when compared to 353 STRs received during the previous quarter. The banking sector continued to file the highest volume of STRs in both periods, followed by Authorized Dealers with Limited Authority (ADLAs).

**Chart 2: SARs received by Agency Business Types (sectors)**

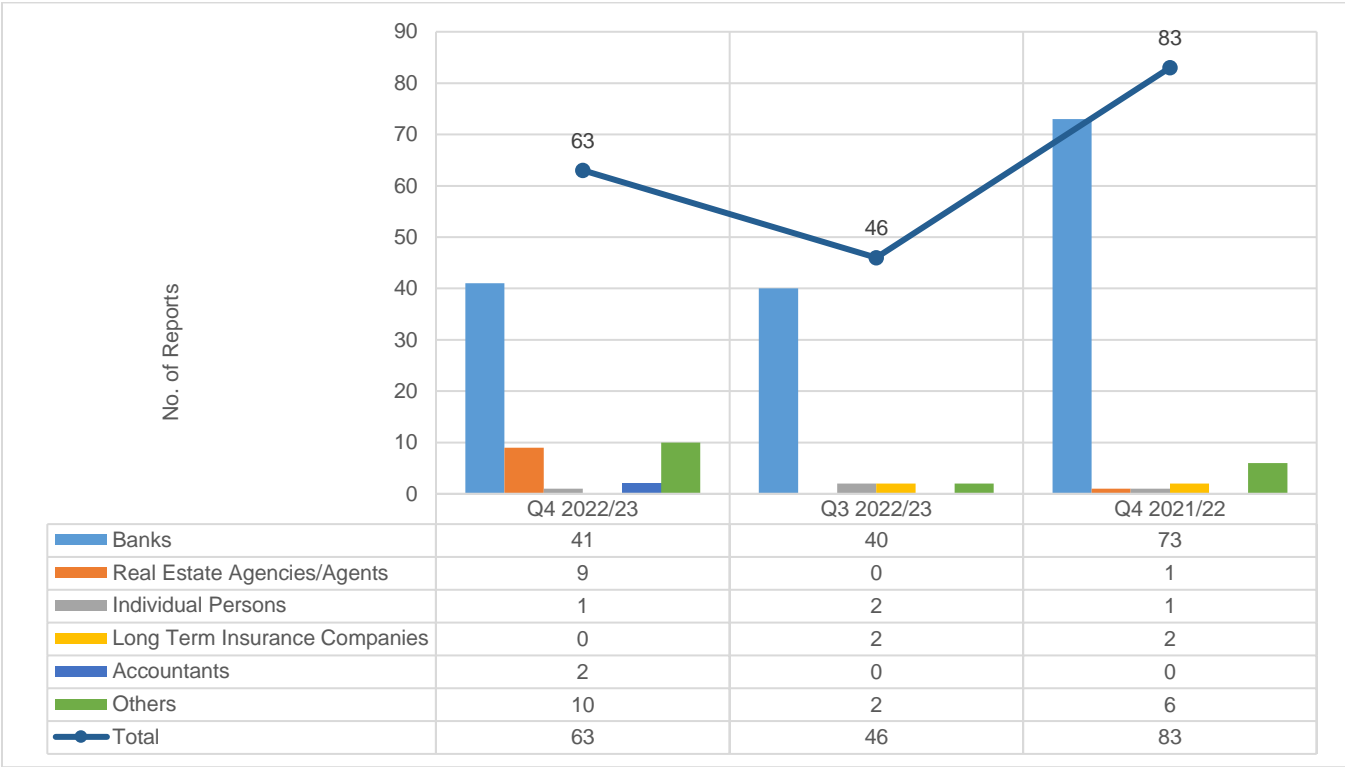


Chart 2 above presents a comparison of the volume of SARs received during the fourth quarter of the 2022/23 financial year with the previous quarter and the fourth quarter of the 2021/22 financial year. In the current quarter, the FIC received 46 SARs from Accountable and Reporting entities. Overall, in the reporting period, the banking sector filed most of the SARs.

**4.2 STRs AND SARs PRIORITIZATION CONSIDERATIONS**

When reports (STRs/SARs) are received, they are reviewed to determine the level of prioritization that needs to be accorded to each one of them. The FIC applies a risk-based approach in determining the level of prioritization per report received. In summary, factors that collectively inform prioritization levels include, but are not limited to:

- known ML, TF and/or PF indicators;

- sanctions and watch lists [e.g. lists of high-risk persons];
- prior reports on the same subject/entity;
- geographic risk areas involved;
- duplicate/erroneous filing (which could result in the STR/SAR being set-aside);
- risk of funds being placed out of reach of law enforcement.
- human resource constraints within FIC’s Financial Investigations and Analyses Division; and
- consideration of the monetary, asset and other values or impacts associated with such report.

**Table 1: STRs filed vs STRs analysed**

	Q4 2022/23	Q3 2022/23	Q4 2021/22
<b>Case File Opened</b>	21	55	25
<b>Low Priority</b>	87	243	183
<b>Set-Aside</b>	0	2	0
<b>Under Cleansing</b>	101	53	3
<b>Grand Total</b>	209	353	211
<b>(%) of STRs escalated to LEAs = <math>\left(\frac{\text{Case File Opened}}{\text{Grand Total}}\right) \times 100</math></b>	10%	16%	12%

In this quarter, the FIC analyzed only 10% of STRs filed, a decrease from the 16% recorded during the previous quarter. The reports escalated for further analysis led to actionable intelligence being forwarded to relevant Law Enforcement Agencies for further processing, including investigation.

At the time of reporting, 101 STRs were still under cleansing<sup>3</sup>. It is further worth noting that a total of 87 STRs were accorded a “low priority” status due to various reasons. Below are some notable reasons for low prioritization:

**Table 2: SARs filed vs SARs analysed**

	Q4 2022/23	Q3 2022/23	Q4 2021/22
<b>Case Files Opened</b>	10	7	9
<b>Low Priority</b>	23	39	74
<b>Under Cleansing</b>	30	0	0
<b>Grand Total</b>	63	46	83

<sup>3</sup> Cleansing - a process of assessing reports submitted to FIC, in order to determine the way forward with such report.



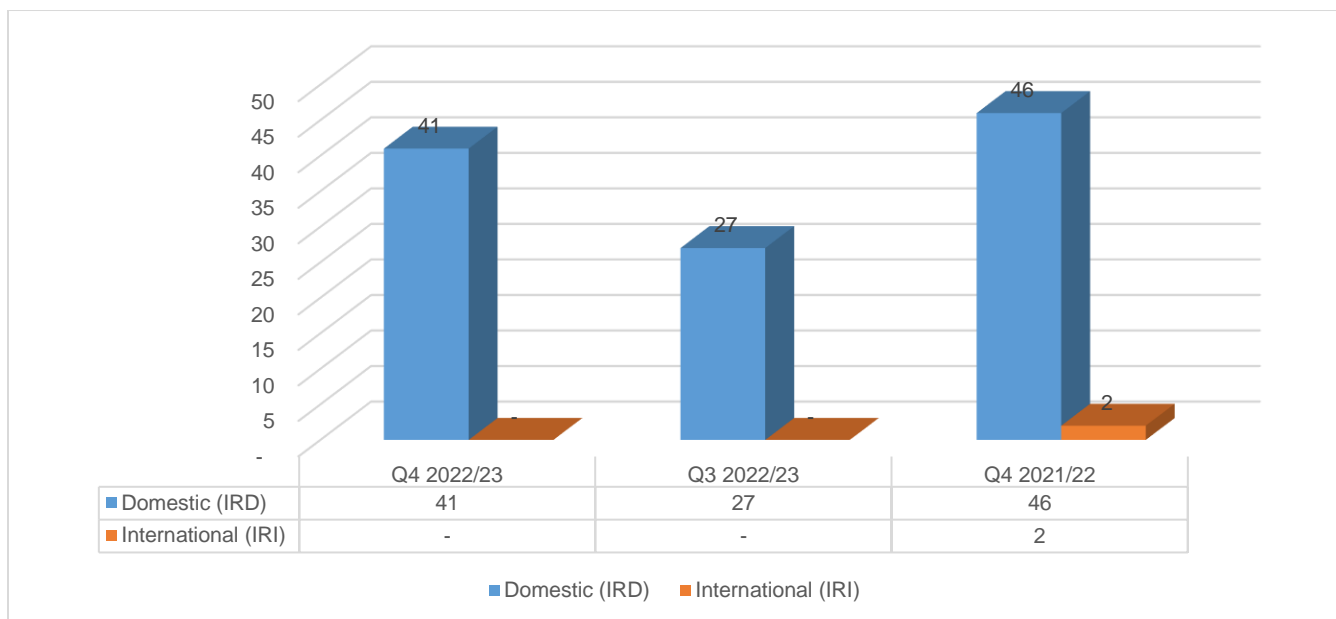
<b>(%) of SARs escalated to LEAs = <math>\left(\frac{\text{Case File Opened}}{\text{Grand Total}}\right) \times 100</math></b>	16%	15%	11%
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In the period under review, 16% of the SARs filed were escalated for further analysis. Further, at the time of reporting 30 SARs were still under cleansing. The reasons cited above for the low prioritization of STRs are similar for SARs.

### 4.3 LOCAL AND INTERNATIONAL COOPERATION

Namibia’s financial system is a component of the international financial system. Efforts to protect the local financial system from potential ML/TF/PF abuse are thus in concert with similar efforts at an international level. Domestic and international authorities coordinate their efforts and activities to advance such combatting efforts to protect the integrity and stability of the international financial system. This section presents a record of such international cooperation and coordination with international agencies and authorities for the period under review.

**Chart 3: Incoming Requests: Domestic and International**

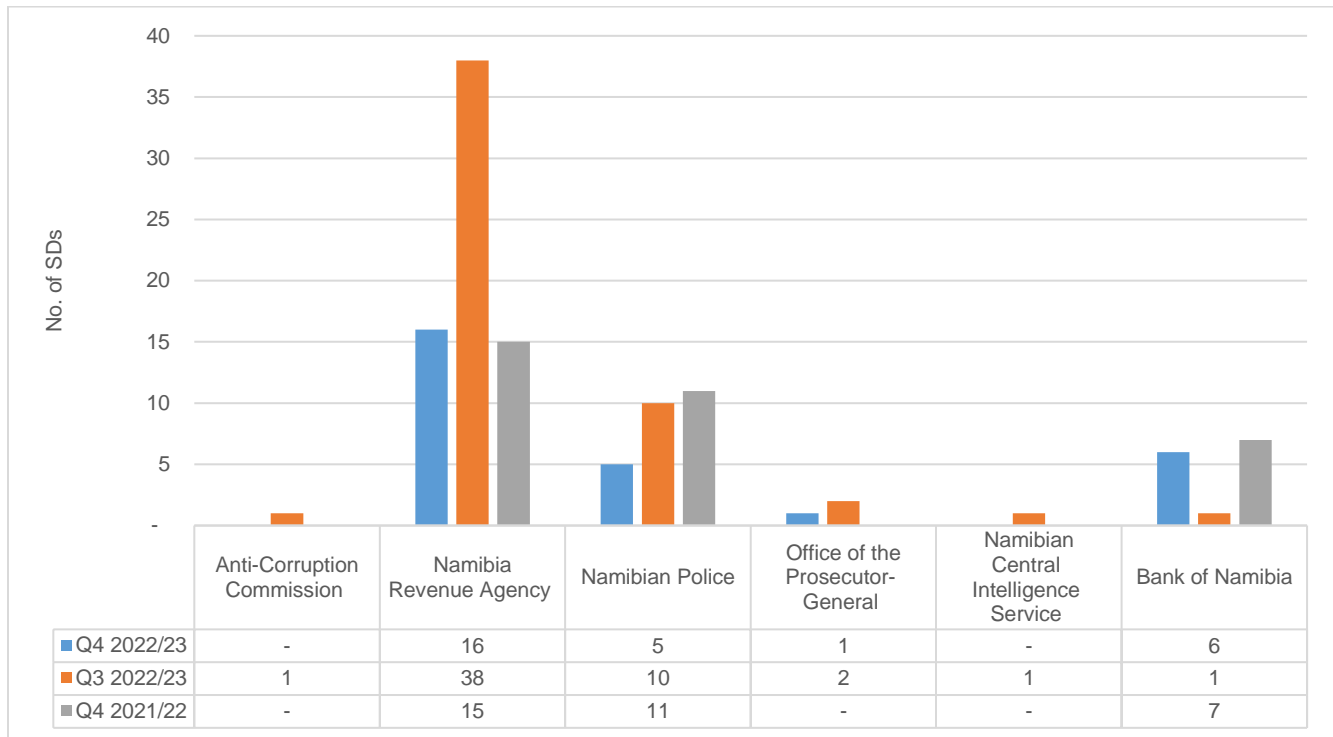


The chart above presents a summary of the number of Incoming Requests for both Domestic (IRD) and International (IRI), as received by the FIC during the specified reporting quarters. The number of requests received totalled 41 IRDs in the period under review.<sup>4</sup> Incoming requests reflect stakeholders searching for information/assistance from the FIC. Such can be from local

<sup>4</sup> FIC will increase existing efforts to further outline to Competent Authorities Nationally, the value addition FIC’s output can have to existing cases under investigation by such authorities, and or by informing them (Domestic and International) of criminal activities which would otherwise have gone unnoticed.

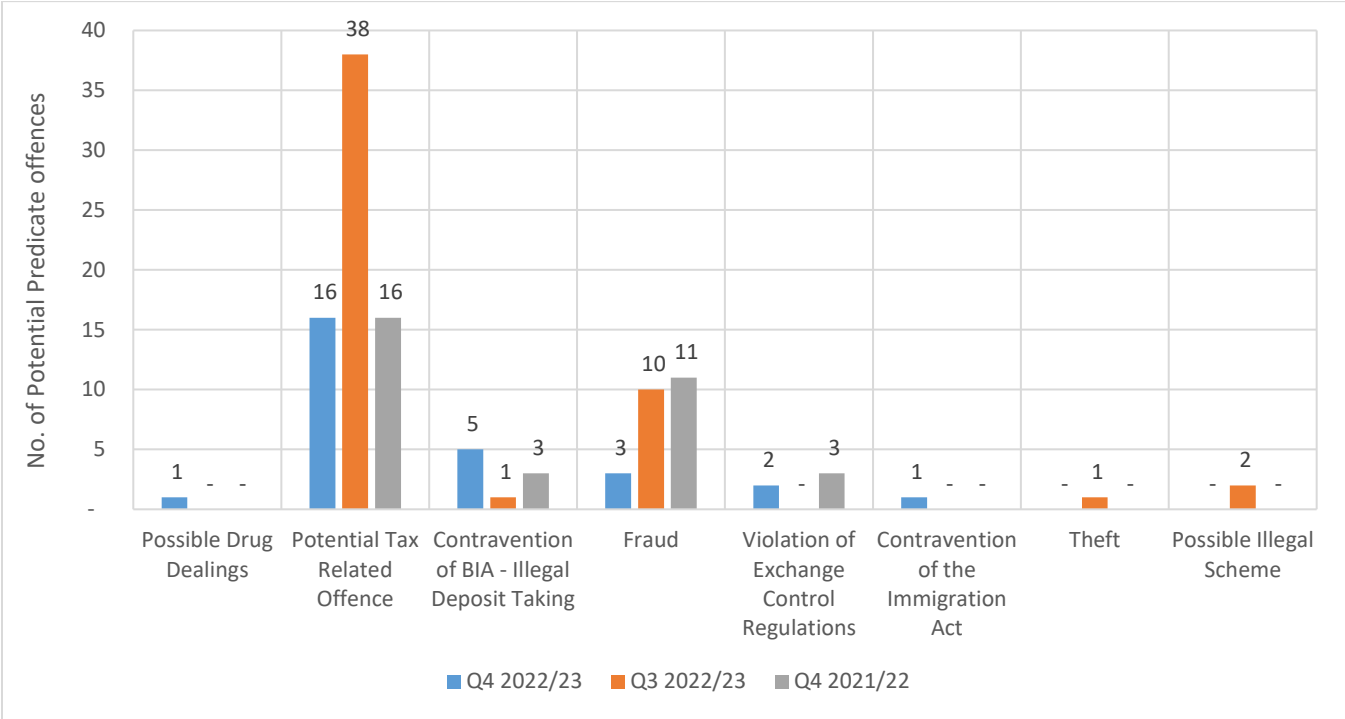
or international stakeholders. About 80% of these IRDs was received from the Namibia Police’s Erongo Region - Commercial Crime Investigation Sub-Division

**Chart 4: Spontaneous disclosures (SDs)**



Spontaneous Disclosures are disclosures of intelligence or information made by the FIC to other combatting agencies or authorities. In the reporting period, the FIC disseminated 28 disclosures to LEAs. Further, the chart indicates that Namibia Revenue Agency (NamRA) received the highest number of disclosures in the period under review, followed by the Bank of Namibia.

**Chart 5: Potential Predicate Offences**



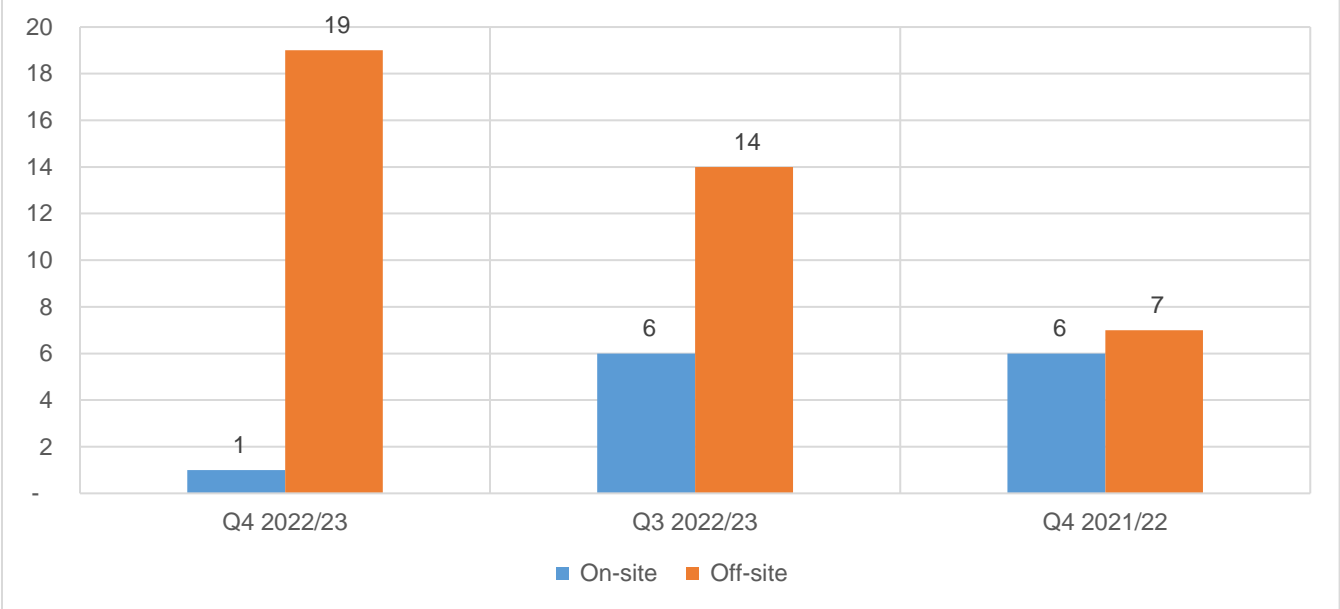
Overall, 28 potential predicate offences were recorded in the period under review (after FIC analysis). Potential tax-related offences featured as the leading predicate offence followed by Contravention of Banking Institutions Act - Illegal Deposit Taking. Potential tax-related offences need NAMRA’s confirmation to determine certainty as statistics herein are limited to FIC analysis and dissemination.

**4.4 COMPLIANCE ASSESSMENTS**

Continuous efforts are made to increase FIA supervisory coverage as well as enhance the quality of overall supervisory activities in the regulated populace. The object of such is to enhance ML/TF/PF risk management controls at the institutional level. Only the Namibia Financial Institutions Supervisory Authority (NAMFISA) and the FIC are designated as supervisory bodies in terms of the FIA. All other sectors not supervised by NAMFISA for FIA compliance purposes are directly supervised by the FIC. The FIC conducts on-site and off-site FIA compliance assessments (inspections). These are undertaken to gain assurance on the level of control effectiveness implemented in different sectors to mitigate ML/TF/PF risks. The FIC’s Compliance Monitoring and Supervision Division employs a risk-based approach in its

supervisory activities. Such approach informs the nature, frequency and extent of relevant supervisory activities employed in supervision.

**Chart 6: Compliance assessments**



In the fourth quarter of 2022/23, the FIC conducted 1 and 19 on-site and off-site assessment activities, respectively.

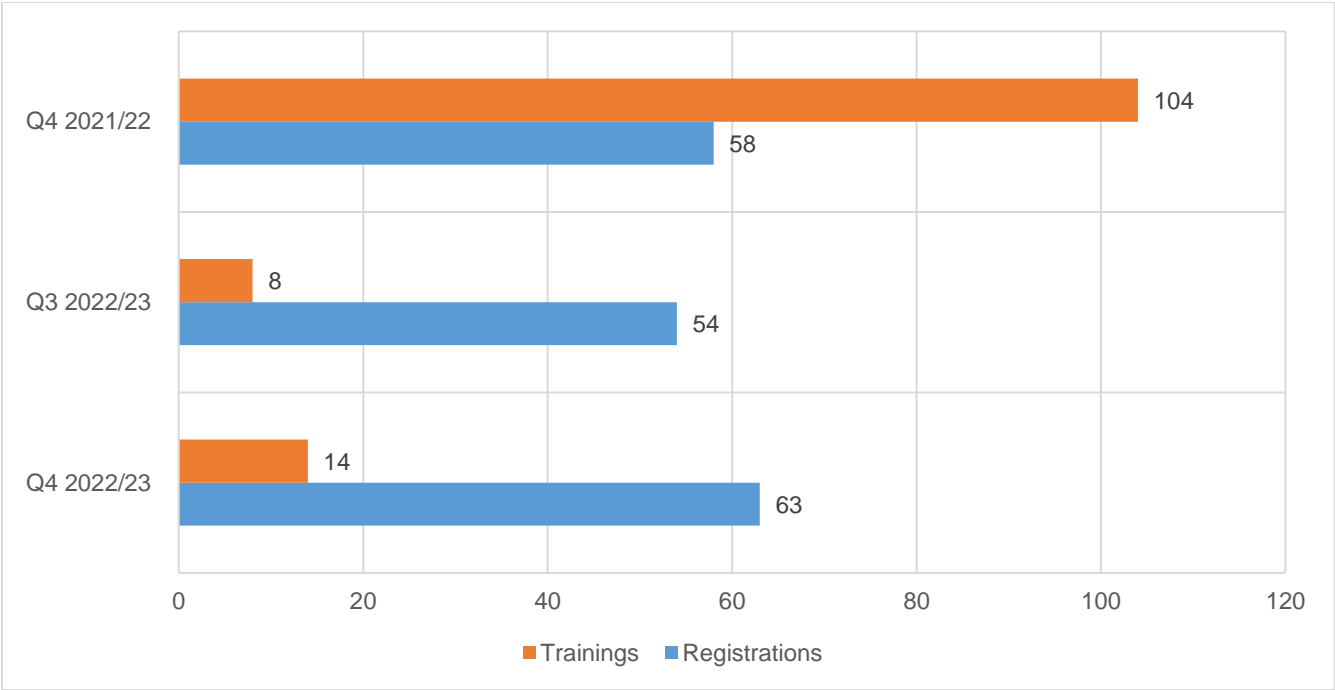
**Table 3: Compliance assessment coverage of AIs and RIs since inception to 31 March 2023**

Sectors	Registered Institutions	FIC Risk rating	No of FIC institutions assessed	Percentage coverage
Accountants	84	Low	8	10%
ADLAs	5	Medium	5	100%
Auctioneers	21	Low	15	71%
Banks	12	High	12	100%
Casinos	11	Medium	5	45%
Customs Clearing and Forwarding Agents	222	High	8	4%
Dealers in Precious Metals and Stones	21	Low	7	33%
Legal Practitioners	269	Medium	169	63%
Lending Institutions	9	Medium	5	56%
Money and Value Transfer Service Providers	9	Low	3	33%

Motor Vehicle Dealers	112	High	74	66%
Non-Profit Organizations	49	High	0	0%
Real Estate Agencies	1250	Medium	127	10%
Trust and Company Service Providers	47	Low	2	4%
<b>Total</b>	<b>2,121</b>		<b>441</b>	

As of 31 March 2023, the FIC had a total of 2,121 active entities registered as Accountable and Reporting Institutions. Further, a total of 441 institutions have been assessed since inception. It is worth noting that the above table only covered the AI's and RI's supervised by the FIC. Institutions under the supervision of NAMFISA are excluded from the table. Accordingly, Banks, Customs Clearing and Forwarding Agencies, Motor Vehicle Dealers and Non-Profit Organizations are considered high-risk sectors for potential money laundering.

**Chart 7: FIC Registration and Training of Accountable and Reporting Institutions**

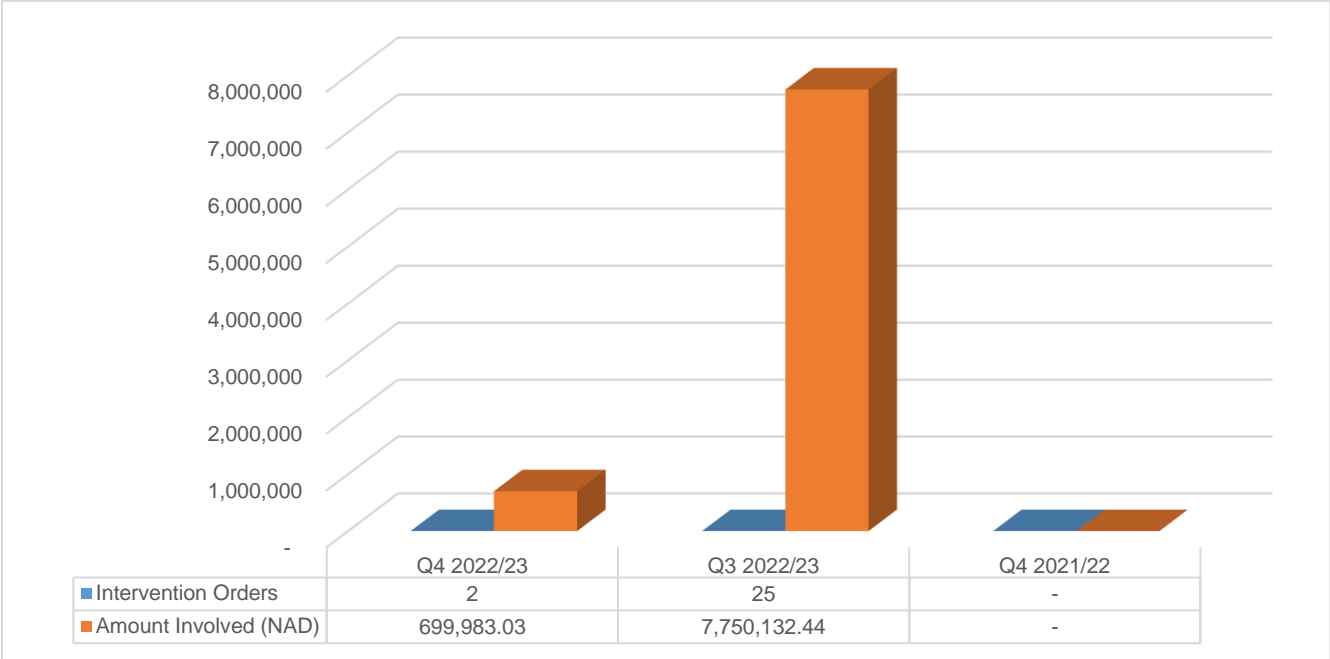


Training and registration are essential to supervisory activities. Training or capacity building in particular is essential as it enhances compliance behavior. Equally, the registration of institutions with the FIC enhances supervisory effectiveness. During the period under review, the FIC trained 14 institutions and registered 63 Accountable and Reporting Institutions. During Q4 2021/22 the Compliance team was engaged in a National Awareness Campaign which comprised of

compliance assessments as well as training sessions for the NPOs, CCFAs and Real Estate Agencies, hence the increased number of training.

**5. PARTNER AGENCIES: STATISTICS**

**Chart 8: Asset Recovery (Intervention Orders)**



The above chart shows the number of intervention orders issued by the FIC as well as the monetary values involved. In the period under review, 2 intervention/restriction orders were issued involving a total amount of NAD 699,983.03.

It is important to note that the Receiver of Revenue’s Tax Assessment outcomes (NAMRA) emanating from the FIC’s Spontaneous Disclosures were not included in this report. Additionally, preservations and forfeitures as a result of such disclosures disseminated by the FIC to the Office of the Prosecutor General were also not included in this report. The amounts provided herein therefore only speak to the data within the domain of the FIC.

## 6. CONCLUSION

To our esteemed stakeholders, it is essential to ensure that reports submitted to the FIC are relevant, timely and meet quality expectations, especially in terms of explaining grounds for suspicions (with STRs/SARs). The FIC humbly requests stakeholders to consider such areas and implement measures to positively impact the national Anti-Money Laundering, Combatting the Financing of Terrorism and Proliferation framework. It is only through these reports that useful and meaningful intelligence can be produced for further use by the FIC, Law Enforcement and other relevant bodies.

The report equally presents FIC observations on areas that may need improvement. The FIC will internalize to find ways to enhance its outputs, particularly around resource constraints which often hamper its outcomes.

A handwritten signature in black ink, appearing to read "P.P. K. Barry". The signature is stylized and includes a large, sweeping flourish at the end.

**Z. BARRY**

**ACTING DIRECTOR: FINANCIAL INTELLIGENCE CENTRE**